



NCAA Dashboard Indicators:
Are the Warning Lights **Flashing**? 

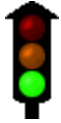
Dr. Dallas Branch, Jr.
West Virginia University

Dr. Brian Crow
Slippery Rock University

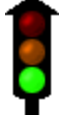
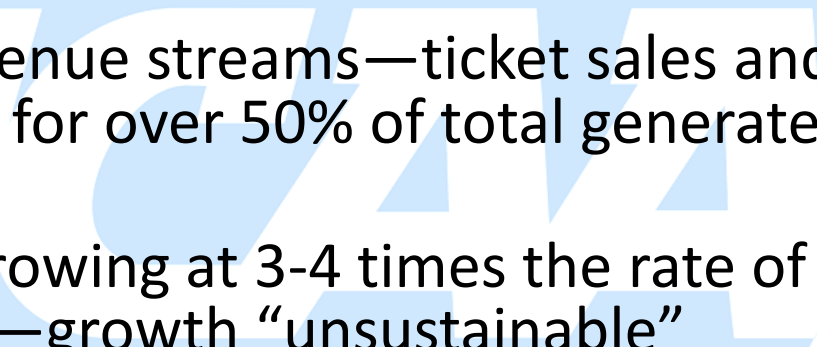



NCAA Financial Dashboard

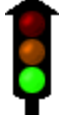
- NCAA has researched revenue and expenses since 1969
- First clarification of terminology under which data are collected (includes salary and facility data)
- First time defines and distinguishes revenue generated by the athletic department (generated revenue) and from other sources (allocated revenue)
- Replaces previous revenue and expense reports from the Equity in Athletics Disclosure Act (1999) used by the Department of Education in preparing its required annual report to Congress on gender equity in intercollegiate athletics
- 3-year financial data (2004-2006). First report issued May, 2008
- Originally 26 financial reporting indicators, now 36
- Change from **average** data to **median** data to mitigate large donations i.e., Oklahoma State's \$240 million donation from T. Boone Pickens in 2006
- Purpose: To provide the most accurate and effective financial tool to date to inform campus decision-makers (CEO, CFO, ADs, financial admin.) on athletics spending
- Cohort comparisons (FBS, FCS, Public, Private, BCS, non-BCS)



Warning Signs

- 
- Economic downturn
 - Self-sufficiency—for the last three years, only 16 FBS schools generated enough revenue to pay for their athletics programs
 - Institutional support reduced at State level over the last decade
 - Few additional revenue streams—ticket sales and donations account for over 50% of total generated revenue
 - Athletic budgets growing at 3-4 times the rate of academic budgets—growth “unsustainable”
 - Growing dependence on allocated revenue— institutional, state, and student support (subsidiation of athletics)
 - Largest expenses—coaches’ salaries (32%) and grants-in-aid (16%)
- 

Allocated versus Generated Revenue

-  Allocated Revenue (25% FBS and 75% FCS—2006)
 - Student fees directly allocated to athletics
 - Direct institutional support (direct financial transfers from the general fund)
 - Indirect institutional support (utilities payment, maintenance and support salaries made on behalf of athletics)
 - Direct government support—funds received from state and local government agencies designated for athletics (WVU receives \$100K from State for Rifle Program)
- Generated Revenue
 - Ticket sales
 - Donor contributions
 - Radio/TV and marketing revenue and rights
 - Guarantees and other revenue sources not dependent upon outside entities



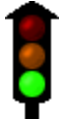
Proposals to Reduce Expenses

- The “low-hanging fruit” approach
 - Eliminate off-campus housing before home games
 - Create sport-by-sport squad travel limit (football)
 - Reduce regular season number of games
 - Eliminate non-traditional seasons for competing
 - Eliminate foreign travel
 - Reduce air transportation (bus vs air)
 - New revenue-sharing model (BCS \$\$)
- Reduce coaches’ compensation?? (FBS)®
- Reduce athletic department personnel??



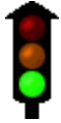
Barriers to Change

- Presidents have “limited power” to change athletic financing on their campuses
- TV rights contracts further erode administrative authority
- “Raising revenue easier than cutting expenses...cutting costs...is heavy lifting” (Jim Delany, Big 10 Commissioner)
- Attitude—2009 Knight Commission survey indicated presidents feel “powerless” to do much about commercialization and arms race
- “Level playing field” and financial parity not realistic (Wally Renfro, NCAA Vice President and Special Adviser to President)



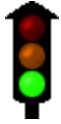
The Perfect Storm?

- Economic recession
- Tuition increases (32% proposed in California system)
- Cuts in higher education budgets
- Expenses growing 2-3 times those of institution
- Financial gap between “have and have-nots” widening (Of the 120–member FBS, top-level generates revenue 14 times higher than bottom level)
- Presidents wary of acting independently without trustee or other presidents’ support—don’t see themselves as the catalyst for change
- Risks of reducing expenses for presidents



University of Cincinnati

NCAA four-year study 2005-2008



- 2005 “subsidies” \$5.6 million (26.7%)
- 2008 “subsidies” \$10.7 million (33.1%)
- \$24 million operating debt
- State budget cuts
- Hiring “frosts” for some, “freezes” for other faculty/staff
- Bigger class loads
- Cuts in scholarships to 3 sports



Case Studies

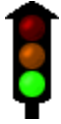
University of Cincinnati



- Operating Revenue \$43,925, 633
- Operating Expenses \$44,780,811
- Operating Deficit **\$855,178**
- Student Fees \$0.00
- Direct State support \$0.00
- Direct institutional support \$12,740,343



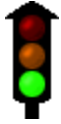
West Virginia University



- Operating Revenue \$55,658,165
- Operating Expenses \$53,368,035
- Operating Deficit \$2,290,130
- Student Fees \$3,953,618
- Direct State support \$100,000
- Direct institutional support \$102,230



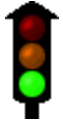
The Ohio State University



- Operating Revenue \$119,711,581
- Operating Expenses \$119,859,608
- Operating Deficit **\$148,027**
- Student Fees \$0.00
- Direct State support \$0.00
- Direct institutional support \$0.00
- Response—Raise price of public football tickets \$7 (will generate \$8 million)



For More Information



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<http://colegesports101.knightcommission.org>

NCAA

Thank You

