



University System of Georgia

Creating A More Educated Georgia

## **Athletics Special Review**

**May 10, 2016 – *Summary Report***

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## Key Observations

- 1) Mandatory student athletic fees**
  - a) Largest athletics funding source for almost all institutions**
  - b) Growth in total revenue and amount charged**
  - c) Significant percentage of overall fees – ranges from 7.9% to 46.5% (excluding special institutional fee)**
- 2) Direct institutional support**
  - a) Increased across all segments totaling \$12.6M in FY15**
- 3) Athletics expense**
  - a) Increased 61.8% from FY08-FY15**
  - b) Personnel costs and student aid largest expenditure categories for almost all institutions**

## USG Intercollegiate Athletics Special Review

**Athletics student fee revenue was the largest funding source for athletics departments in FY15; next largest source was direct institutional support (excluding UGA & Ga Tech).**

Fiscal Year 2015 Revenue	USG (less UGA & Ga Tech)		All USG	
Source of Funds	Total	% of Total	Total	% of Total
Athletic Student Fees	\$81.1M	55.9%	\$89.4M	26.4%
Direct Institution Support	\$25.8M	17.8%	\$27.9M	8.2%
Indirect Institution Support (Facilities, etc.)	\$10.3M	7.1%	\$10.3M	3.0%
Contributions	\$6.9M	4.7%	\$52.0M	15.4%
Game Guarantees	\$5.7M	4.0%	\$6.4M	1.9%
Conference Distributions	\$4.6M	3.2%	\$31.4M	9.3%
Other Revenue	\$4.0M	2.7%	\$9.3M	2.7%
Ticket Sales	\$2.9M	2.0%	\$38.1M	11.3%
Royalties/Licensing/Ads/Sponsors	\$2.7M	1.9%	\$20.6M	6.1%
Broadcast/TV/Radio/Internet Rights	\$0.6M	0.4%	\$36.1M	10.7%
Endowment/Investment Income	<u>\$0.5M</u>	0.3%	<u>\$16.9M</u>	5.0%
<b>TOTALS</b> (may not add due to rounding)	<b><u>\$145.1M</u></b>		<b><u>\$338.4M</u></b>	

Included in  
Subsidy

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## USG Intercollegiate Athletics Special Review

**Personnel costs and athletics student aid were generally the largest two expenditure categories for USG athletic departments.**

Fiscal Year 2015 Expenses	USG (less UGA & Ga Tech)		All USG	
Expenditure Type	Total	% of Total	Total	% of Total
Coaching/Support Staff Personnel Costs	\$46.3M	32.5%	\$106.8M	34.0%
Athletics Student Aid	\$42.7M	29.9%	\$62.8M	20.0%
Indirect Institutional Support	\$10.3M	7.2%	\$10.3M	3.3%
Team Travel	\$10.2M	7.2%	\$19.0M	6.0%
Other Expense	\$8.0M	5.6%	\$17.4M	5.5%
Equipment/Uniforms/Supplies	\$5.4M	3.8%	\$8.6M	2.7%
Direct Facilities/Maintenance/Rental	\$5.2M	3.6%	\$27.7M	8.8%
Direct Overhead/Administrative Support	\$4.2M	3.0%	\$28.5M	9.1%
Game Expenses	\$3.6M	2.5%	\$11.2M	3.6%
Medical Expenses & Medical Insurance	\$2.6M	1.8%	\$6.4M	2.0%
Fundraising/Marketing/Promotion	\$1.8M	1.3%	\$5.6M	1.8%
Recruiting	\$1.6M	1.1%	\$5.3M	1.7%
Guarantees	\$0.7M	0.5%	\$4.6M	1.5%
<b>TOTALS (may not add due to rounding)</b>	<b><u>\$142.6M</u></b>		<b><u>\$314.2M</u></b>	

## Key Recommendations / Policy Changes (1 of 2)

- 1) Allow use of Institutional Funds to support athletics within established parameters; maintains prohibition on use of Fund 10000 State Appropriations for athletic expenditures (*proposed 4.5.8, 7.2.2*)**
- 2) Limit use of athletic fees and institutional funds as percentage of total budget (with phase-in period) by governing association (*proposed 4.5.8*)**
  - a) Six institutions out of range in FY15**

## Current Subsidy Percentage Compared to Proposed Caps (1 of 2)

Competitive Segment	Institution	FY15 Subsidy Percentage Actual	Subsidy Percentage Proposed Limit
NCAA: DI – FBS (Power 5)	University of Georgia	2.8%	10%
	Georgia Institute of Technology	7.2%	
NCAA: DI – FBS Other	Georgia Southern University	62.5%	65%
	Georgia State University	67.8%	
NCAA: DI - FCS	Savannah State University	58.7%	75%
	Kennesaw State University	74.3%	
NCAA: DII	Valdosta State University	62.2%	80%
	Albany State University	68%	
	Augusta University	69.3%	
	Clayton State University	69.5%	
	University of North Georgia	69.8%	
	Georgia Southwestern State University	69.9%	
	Columbus State University	73.1%	

## Current Subsidy Percentage Compared to Proposed Caps (2 of 2)

Competitive Segment	Institution	FY15 Subsidy Percentage Actual	Subsidy Percentage Proposed Limit
NCAA: DII (continued)	Georgia College & State University	74.1%	80%
	University of West Georgia	77.1%	
	Fort Valley State University	78.8%	
	Armstrong State University	81.4%	
NAIA	Dalton State College	33%	85%
	College of Coastal Georgia	67.8%	
	Georgia Gwinnett College	79.2%	
	Middle Georgia State University	87.4%	
NJCAA	South Georgia State College	65%	85%
	Darton State College	80%	
	Abraham Baldwin Agricultural College	82.6%	
	Georgia Highlands College	84.1%	
	East Georgia State College	89.7%	
	Gordon State College	91.1%	
	Atlanta Metropolitan State College	99.3%	

## Key Recommendations / Policy Changes (2 of 2)

- 3) Limit allowable growth in athletics expense to 5% annually (proposed 4.5.8)**
- 4) Require annual athletics reports to enhance oversight to include financial information along with additional questions and key indicators (*proposed 4.5.6*)**
- 5) Review selected institutional athletics programs to determine financial viability and proper division alignment (*proposed 4.5.6*)**
- 6) Require reporting of potential governing association infractions, investigations, etc. and projected annual operating shortfalls along with corrective action plan (*proposed 4.5.6*)**



## **Action Item - Policy Revision**

**Recommendation - That the Board approve revisions to the following policies:**

- 1. 4.5 Intercollegiate Athletics**
  - a) 4.5.6 Monitoring**
  - b) 4.5.7 Management of Athletic Affairs**
  - c) 4.5.8 Funding of Intercollegiate Athletic Programs**
  
- 2. 7.2 USG Budget**
  - a) 7.2.1.5 Student Services**
  - b) 7.2.2 Auxiliary Enterprises Revenues and Expenditures**

**Questions?**