

INTERIM REPORT
OF THE
AD HOC COMMITTEE ON FBS FOOTBALL

Presented at the
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Interim Report of the Ad Hoc Committee on FBS Football

Max Page and Nelson Lacey, Co-Chairs

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The Ad Hoc Committee on FBS Football was created by a vote of the Faculty Senate on December 13, 2011 of the following motion:

“That the Faculty Senate establish a broadly representative Ad Hoc Committee, appointed by the Rules Committee and approved by the full Faculty Senate, to monitor and evaluate the costs and financial impacts of FBS Football, reporting back at least once each semester to the full Faculty Senate.”

The Ad Hoc Committee arose out of a concern about the process by which the UMass administration moved the football program into the Mid-American Conference (MAC), an FBS (Football Bowl Subdivision) league, and the costs of such a move. The purpose of the committee is to evaluate the costs of FBS football on an ongoing basis. This report focuses on the very straightforward expenses and revenues of the program.

The committee is composed of 17 members of the faculty, students and staff, some of whom are supportive of the move to the FBS, others who have been vocally opposed. But our goal has been to present as full a picture of the expenses and revenues of the program, so that the Senate can have a healthy debate based on a set of accepted numbers.

In order to explain the expenses and revenues in an accessible manner, and thereby support an open discussion about the future of the football program, we have distilled the data we have assembled to the most fundamental figures. Much more detail is available through budget spreadsheets from the Athletic Department.

However, while we have relied on the Athletic Department budget spreadsheets as a starting point for our discussion, the charge of the committee is broader: to look at the full range of costs associated with the FBS move, not just the revenues and expenditures of the Athletic Department.

We would like to note that while there was concern among some senators about the transparency of the process and the data offered by the previous administration, we are pleased that we have had good cooperation from Whitmore and the staff of the Athletic Department. Individuals will certainly disagree about what lessons we should take from the numbers. But we can confidently say that we have been given all information we have requested, and in a very timely manner.

The Athletic Department Budget

The starting point of this discussion must be the Athletic Department budget predictions and actual revenues and expenditures. We begin by looking at the budget projections for the football program. In the subsequent section, we will look at additional costs associated with the program.

The Athletic Department produced a “Financial Pro Forma Summary” in advance of the transition to FBS football, offering projections of football budgets all the way up to FY2020.

The baseline on the pro forma was FY11, the last year before UMass moved into the FBS. In that year, UMass spent the following on the football program:

\$4,379,889, of which \$3, 157,800 came from the university (in direct support, student fees, out-of-state waivers) or the state (in the form of Board of Higher Education fee waivers). Throughout the report, we will refer to these resources as “institutional support.”

In FY12, the first year in the transition to FBS, the pro forma projected increased spending on football:

\$5,428,581, with \$4, 273,764 of institutional support.

The actual FY12 budget turned out to be higher:

\$5,983,990, with \$4,967,638 of institutional support.

In FY13, the pro forma projected that the total football budget would be:

\$6,468,373, with \$4, 178,794 from university resources. Starting in FY13 and going all the way to FY20, the pro forma predicts that revenues will exceed expenses.

The actual, audited FY13 budget turned out to be higher:

\$6,897,021, with \$4,489,764 of institutional support. In FY13, the program generated \$1,995,633 of revenue.¹

For FY14 , the pro forma projected that the total football budget would be

\$ 6,918,966 with \$4, 509,084 of institutional support.

¹ The football team ended FY13 with a deficit of \$411,624 which was carried over to FY14. The bulk of the revenue shortfall was in weak ticket sales.

The actual, audited FY14 football budget was higher -- \$7,238,764, with \$4,788,758 of institutional support. One major expense item not included in the above budget is a one-time buyout of several coaches' contracts, amounting to \$1,055,330. Including this buyout as a program expense raises the football budget to \$8,279,856, with \$5,829,850 of institutional support. The program generated \$2,450,006 in revenues.

In the current year, FY 15, the Athletic Department projects that the football budget will be \$8,078,467, with \$5,291,534 of institutional support. The program is projected to generate \$2,909,365 in revenues.

In sum, the annual Athletic Department base budget for football, as compared to a pro-forma set of financial statements that are now four years old, has grown by \$3,698,578. Financial support from the university and the state for the football team budget has grown over these four years by \$2,133,734 (to \$5,291,534). Program generated revenues, again compared to the pro-forma, have grown from virtually zero to almost \$2,500,000.

Additional Expenses

The above numbers do not represent the complete picture. There are a number of other expenses which must be added to gain a complete accounting of the expenses associated with the move to FBS football.

1. Gender Equity Scholarships. Moving to the FBS required an increase in football scholarships (from 63 to a maximum of 85). In order to maintain gender equity, the university is required to offer the same amount of female and male scholarships. FY13, the university spent an additional \$208,470 on scholarships for female students. In FY14, the university spent \$277,000. The numbers fluctuate based on the relative number of male and female scholarship recipients. The Athletic Department projects this number to remain relatively stable in FY15 (\$242,508) but the pro forma projects that by 2020, the cost for additional female scholarships to be \$1,227,183 in 2020.

2. Marketing. In FY 13, \$ 860,182 was spent on marketing the new FBS football program, as well as providing buses and tailgates for students. In FY14, \$778,330 was spent in these areas; In FY15 the amount is expected to remain virtually level (\$780,000).

3. McGuirk Stadium Improvements (Press Box and Football Team Facility). Almost immediately after the move to the Mid-American Conference (MAC), then-Chancellor Holub announced that there would be a renovation to McGuirk Alumni Stadium, as called for in the contract with the MAC. A new press box was planned (to accommodate ESPN cameras) as well as an addition to the north end of the stadium, which would serve as the home of the football team. These projects were taken on as part of the agreement with the MAC, but it is also true that McGuirk Stadium has had only minimal renovations since its construction in 1965. The project grew from its initial \$30 million total estimate in 2011 to \$34.5 million in 2012 and finally, in 2013, to \$36.8 million. The total estimated principal and interest payments for the 30-year debt is \$65.6 million.

The debt service for this year will be \$1.34 million. Next year (FY16) it will rise to \$2.6 million. These amounts are to be paid out of the university operating budget. In addition, now that the building has opened, the annual operating costs of the new training facility are, according to UMass budget office, roughly \$1.1 million. A fuller accounting of how much FBS football will cost in the coming years must include \$3.7 million in building-related yearly spending. These amounts are included below, in the FY15 estimates.

Summary

The spending on the football program in FY13, the first year of FBS-level play, using audited numbers is as follows:

\$6,897,021 FY13 football program budget
\$534,242 additional marketing
\$208,469 gender equity scholarships
\$7,639,732 total spent in FY 13

We must, however, subtract the non-institutional revenues (from ticket sales, guarantees, contributions and NCAA sponsorship) generated by the program in FY13. They total \$1,995,633. The final total of what the university spent on the football program in FY13 is \$ 5,644,099.²

The spending on the football program in FY14 was as follows:

\$7,238,7648
\$279,856 FY14 football program budget
\$778,330 marketing, student buses, etc.
\$277,000 gender equity scholarships
\$8,294,094 total spent in FY 14

The amount of revenues generated by the program in FY14 was \$2,450,006. Therefore, the total net amount of university support for football in FY14 was \$5,844,088.

The spending on the football program in FY15 is projected to be as follows:

\$8,078,467 FY15 football program budget
\$780,000 marketing, student buses, etc.
\$242,508 gender equity scholarships
\$1,340,000 debt service on McGuirk press box and football training facility
\$1,084,000 operating expenses of football training facility
\$11,524,975 total projected spending in FY15

Program-generated revenues are estimated to add up to \$2,909,365.

Therefore, the total net amount of university spending on football in FY15 is estimated to be \$8,615,610.

² The Athletic Department only received \$5,232,475 in total revenues, ending the year with a deficit.