Financial performance of the Athletics Department

A comparison with other departments based on stadium size.

Context

- There are some athletics departments which contribute up to $6M to their university's general fund or some other academically-related fund. Why do they do this – do they:
  - Value their university's academic missions more?
  - Run their operations more efficiently?
  - Utilize an excess of funds which they were able to generate because of favorable market conditions?

Basic Claims

- The athletics departments which make direct financial contributions are those which generate significant surpluses.

- The athletics departments which generate surpluses have favorable market conditions, as represented by stadium size.

Basic Claims

- While market conditions, as represented by stadium size, would predict the UO athletics department's operational budget would be significantly subsidized, in fact it overperforms significantly by being operationally self-supporting.

Before we begin looking at numbers

Let's agree: one measure of financial performance is clearly better than another if it:

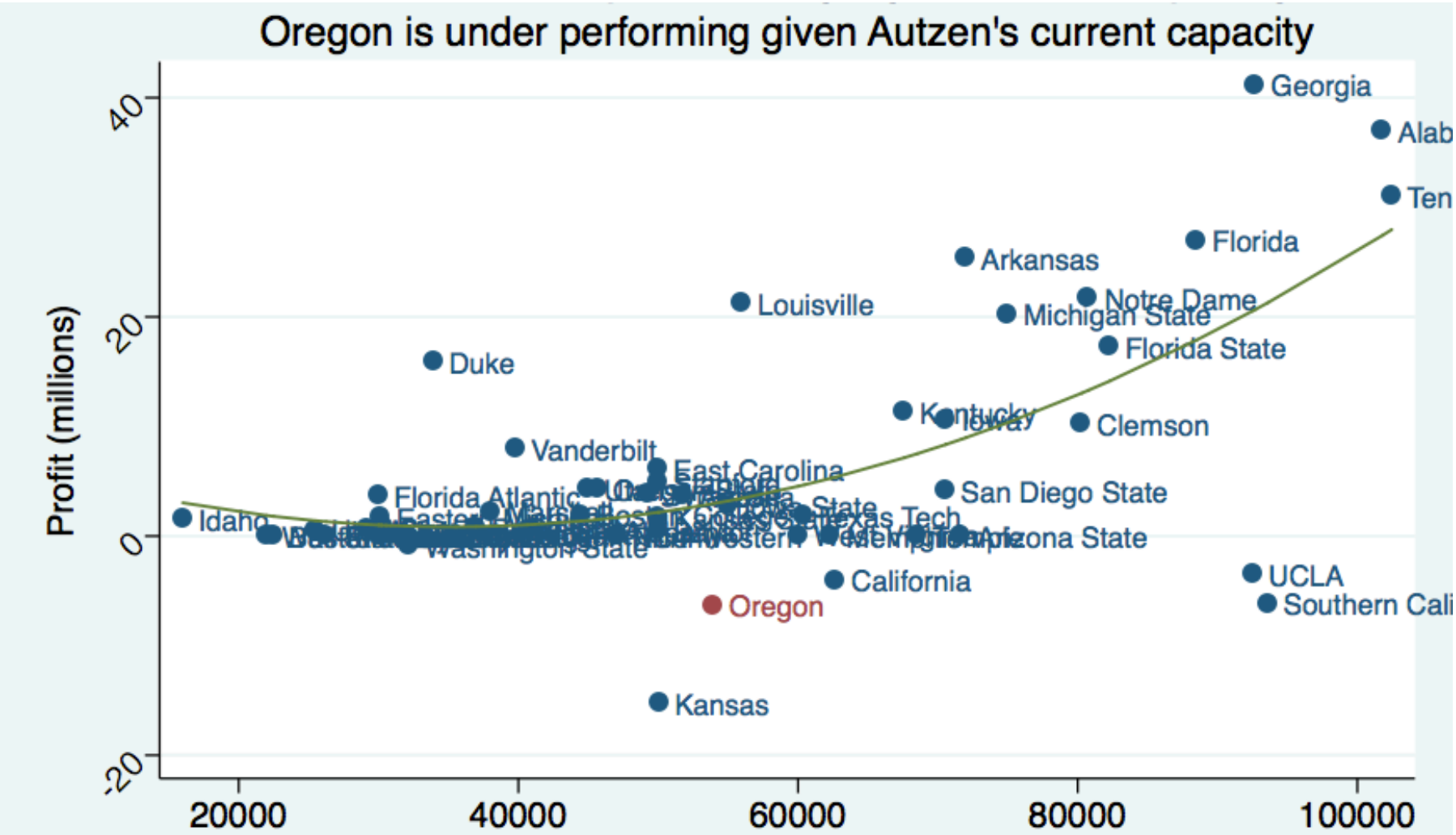
- Better accounts for institutional support (e.g. a department getting $5M in general fund money and showing an even balance is not doing as well as a department getting no general fund monies but shows a $2M deficit).

Before we begin looking at numbers

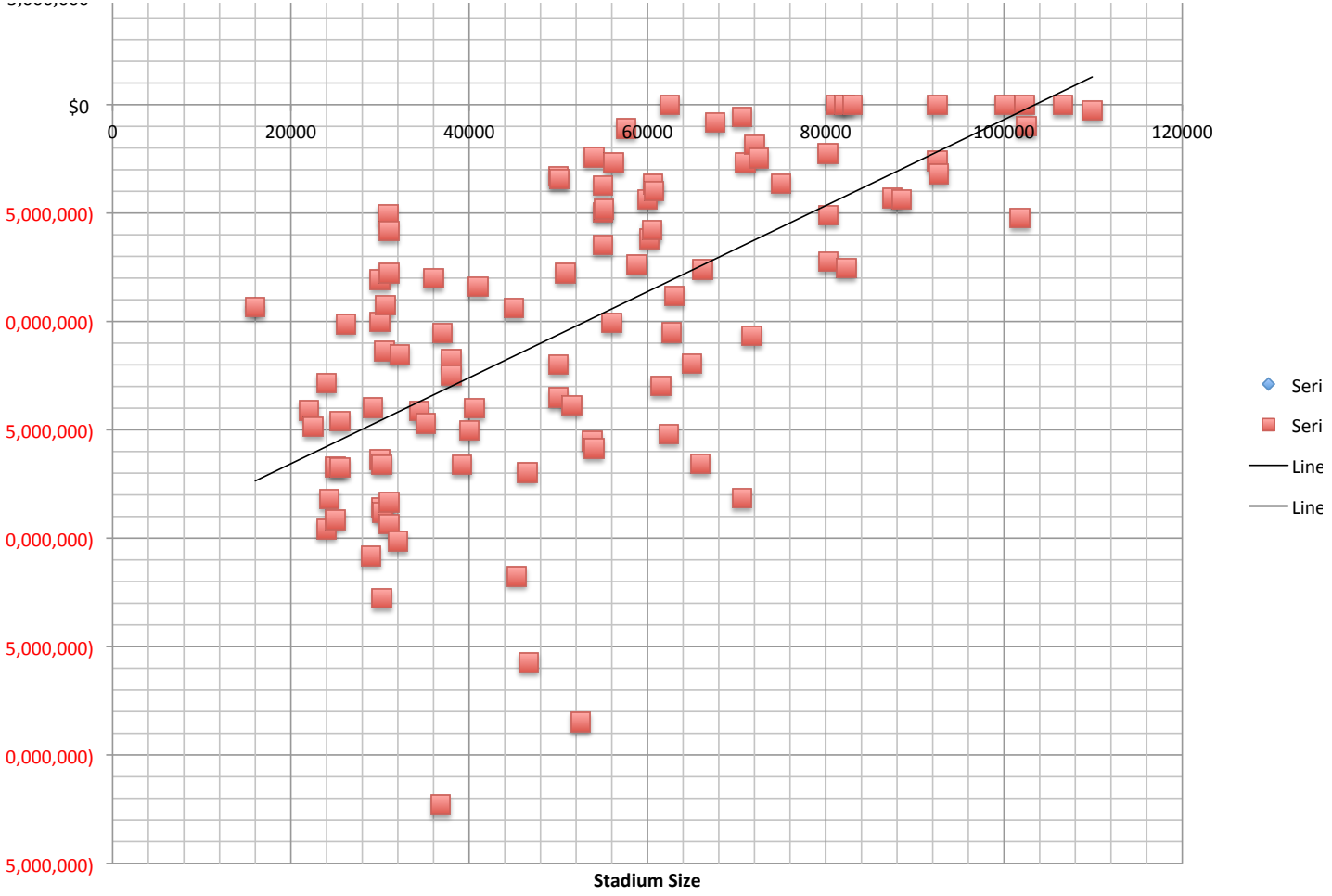
Let's agree: one measure of financial performance is clearly better than another if it:

- Reflects more of the operational budget, and better fits the internal numbers which universities use.

Glen's analysis



Dev's (first) analysis



Discrepancy

- In Glen's analysis, UO underperforms by $9.6M.
- In Dev's first analysis, UO overperforms by $7.5.

The discrepancy, larger than one would expect from usual caveats about point data, comes from the use of two different reports of financial data.

Two financial reports

The EADA report is filed with the Federal Government (Department of Education).

One primary purpose is to track gender equity through spending at the team level.

It is publicly available.

Two financial reports

The NCAA report is filed with the NCAA (also has an internal variant).

In addition to gender equity, it is used by the NCAA to keep track of industry trends.

It is not generally publicly available, except through public information requests.

Two financial reports

Both reports are based on the same underlying data, namely the internal accounting of each athletics department, and contain many of the same numbers.

But the NCAA report has revenues broken down more finely, and in particular tracks direct institutional support, while the EADA report does not have an item reflecting institutional support.

Two financial reports

Because EADA does not track institutional support, but many are interested in those numbers, USA Today filed public records requests to gain access to NCAA reports.

(UO's now posted on goducks.com)

USA Today keeps that data on its website, which tends to be the most cited source for these kinds of discussions.

Two financial reports

Glen's analysis used data from EADA reports.

Dev's first analysis used the "Subsidy" (= direct institutional support + student fees) item from the NCAA data, as reported by USA Today.

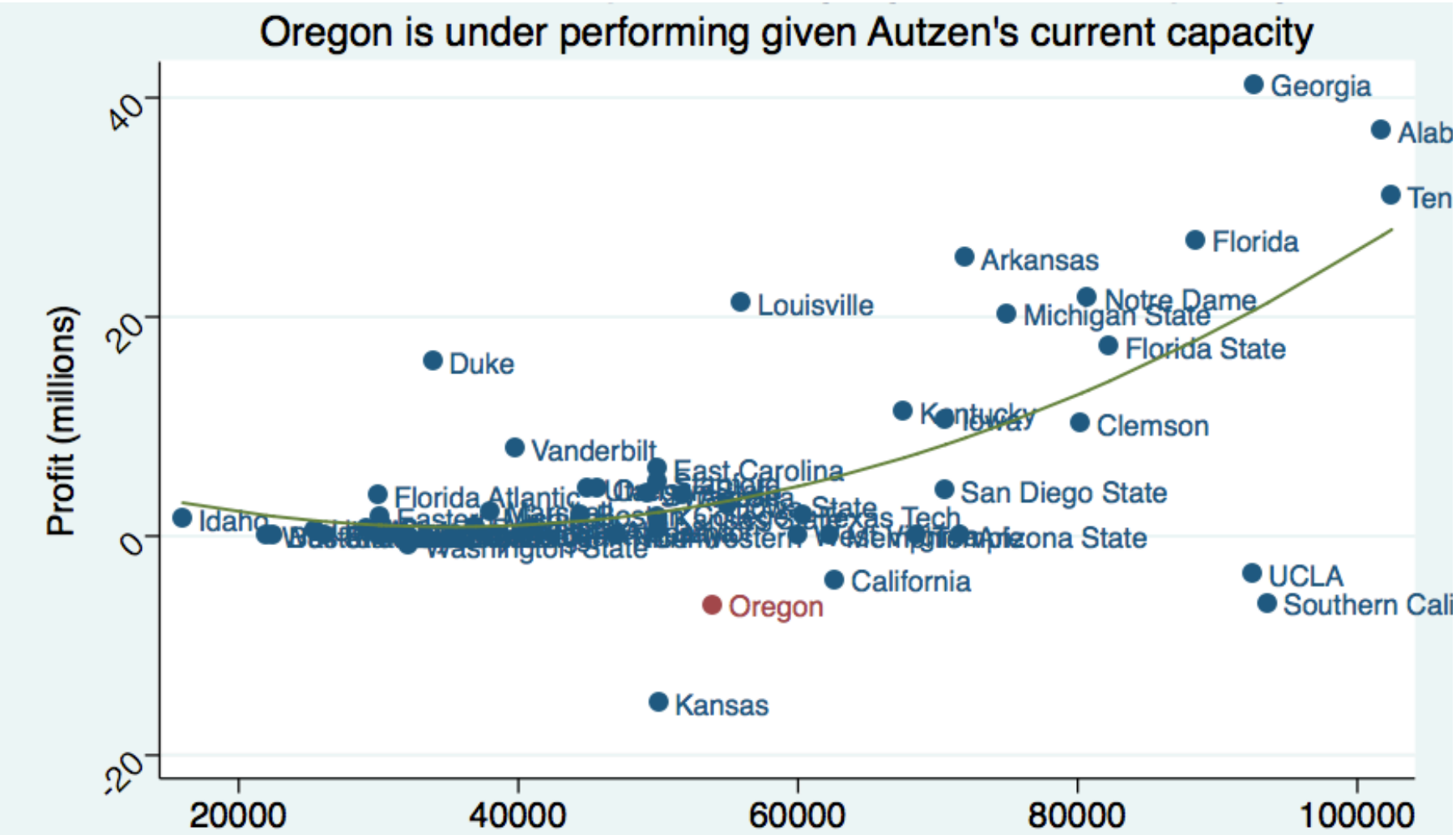
Difference #1

EADA data (used by Glen) does not account for amounts of institutional support. Most departments report being at least even using institutional support.

NCAA data (used by Dev) which does account for amounts of institutional support.

This difference explains some features we see in the graphs.

Glen's analysis



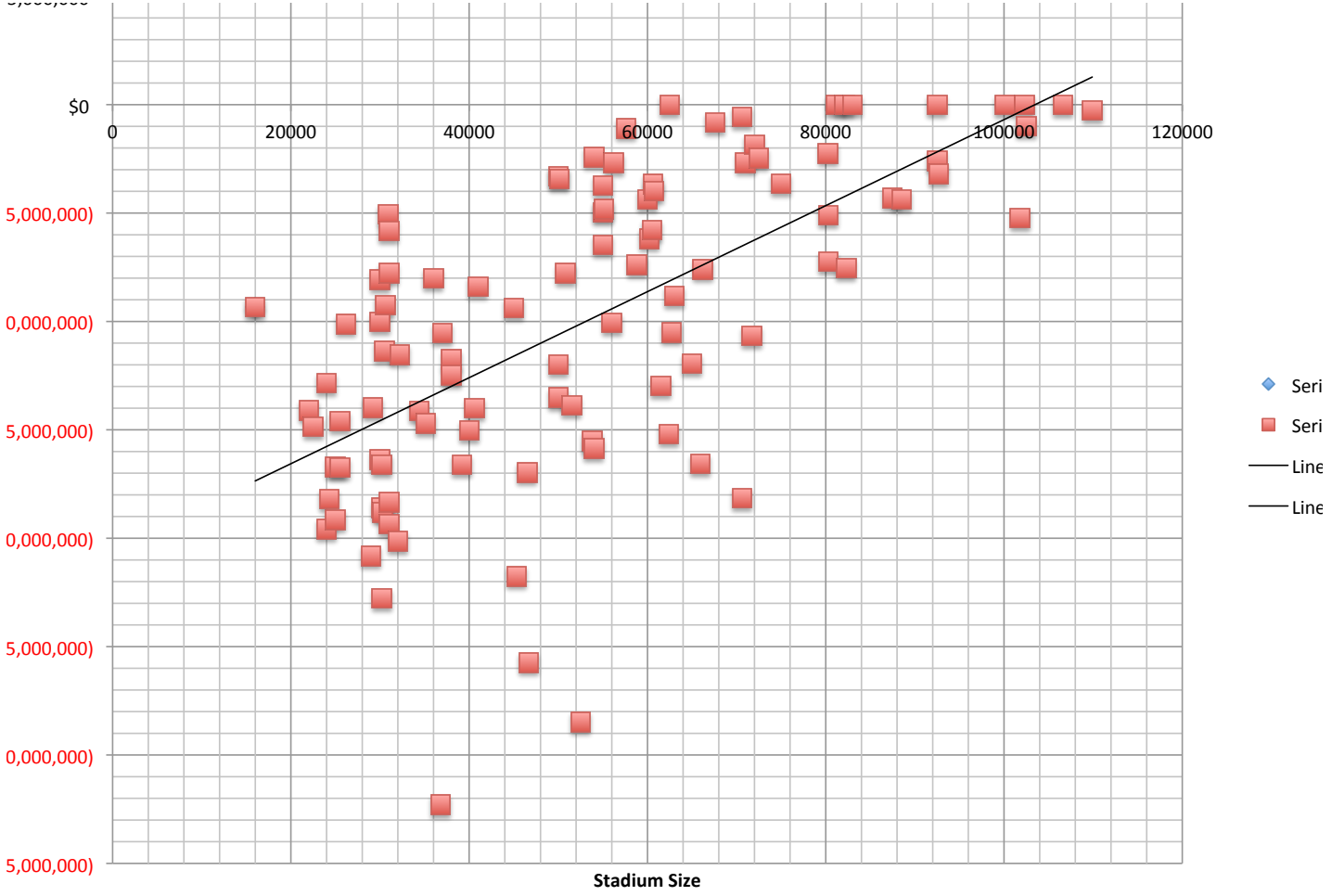
Difference #2

Using revenue minus expenses (as Glen did) can discriminate between departments with surpluses.

Using only subsidy numbers (as Dev did) does not.

We can again see this on the graphs.

Dev's (first) analysis



(Conjectural) Difference #3

The EADA reports have lines for “total revenues – expenses” and “grand total revenues – grand total expenses”.

The difference between these are revenues/ expenses not allocated to any particular team (team allocations being important for equity).

It seems that Glen used totals rather than grand totals (look at U GA).

Difference #4

EADA data is available for all institutions, while NCAA data as reported by USA Today is only available for public institutions.

The size of the data set, however, is already cut down much more by restricting to institutions with stadium size available on Wikipedia.

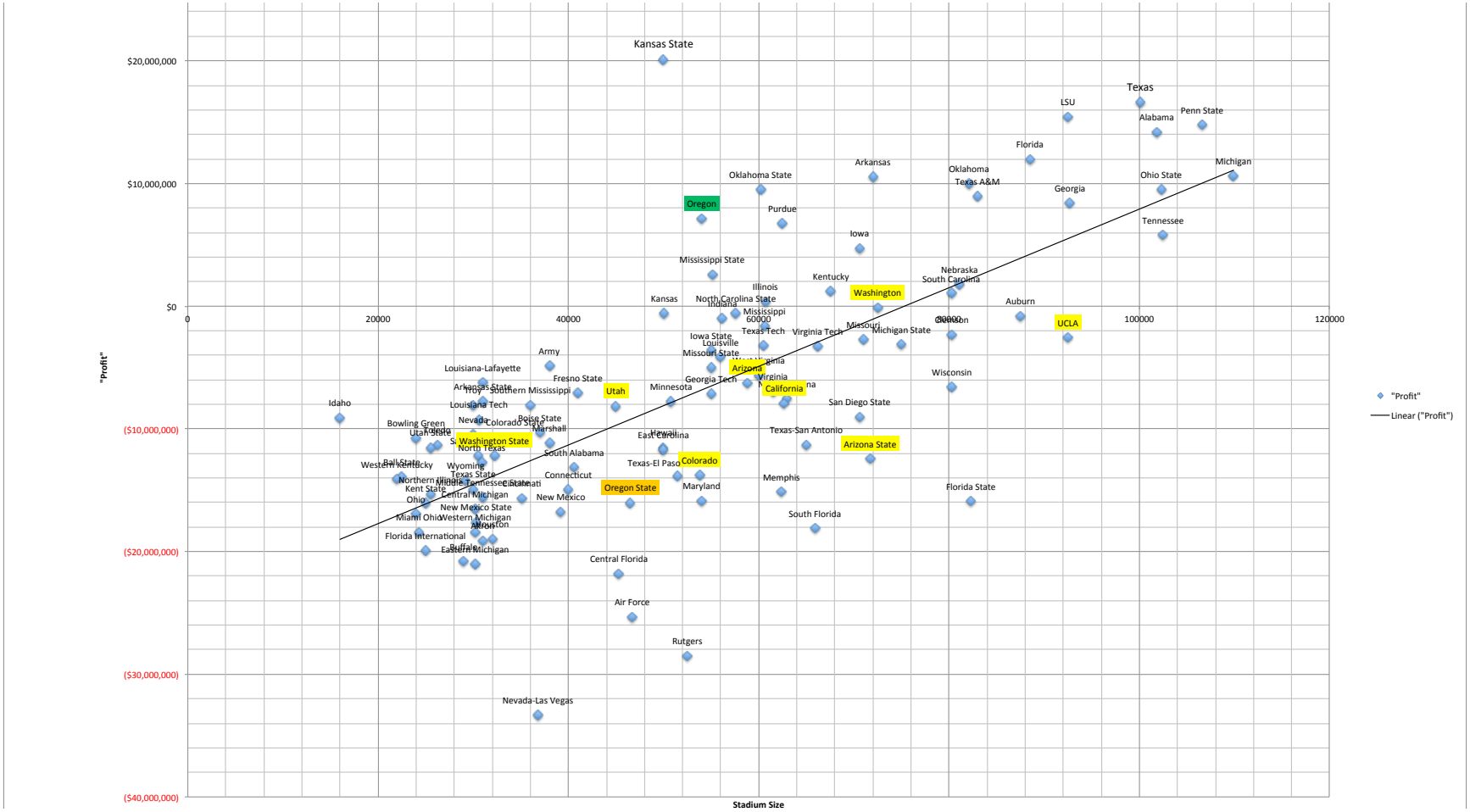
New best approach

Use NCAA data (which includes institutional support), and take

Revenues – Expenses – Inst. Support

Inst. Support well approximated by USA Today's subsidy number, differing only by student fees (and standard uncertainties).

Revenue – Expenses - Subsidy v. Stadium Size Regression



Some point analysis

- UO Now Comes out at roughly $14.5M better than expected (+$7M reported vs. -$7.5M expected)

- But, such statements (including similar above) need to be taken with a big grain of salt: Single data points are subject to large errors (e.g. 2010 UO numbers with Jaqua Center showed a $40M “profit”). Only aggregate, trend analysis has much value.

- That said, UO reality is $0, so could “eyeball” UO about $7-12M above expectations.

Looking at the data itself

- The top schools (by revenue-expense-subsidy) are mostly “traditional football powers”, with some exceptions easy to explain and others more surprising.

- The announced donations to academic programs are typically $2-6M. Departments with larger differences between revenues and expenses are probably accumulating significant reserves.

Looking at the data itself

- Relative to Pac-12 or to state universities located in college towns, UO also seems to be doing relatively well.

- Rutgers, a decent comparator with a unionized faculty for decades, is among those which subsidize their athletics departments to the greatest extent (almost $30M).

Which data gives a valid measure?

The IAC should have clarity on this essentially academic question.

Note that to “look good” with respect to Glen’s original analysis, the University could:

- Give millions of dollars to the Athletics Department to then be put in the Legacy Fund.
- (maybe) If allowed, change accounting for EADA report to make more expenses not allocated.

Misinterpretation

Stadium size is being used as a manageable independent variable – short-hand for "basic market conditions."

Its use does not give an argument for Autzen expansion, for which some market analysis would be required.

(No plans for Autzen expansion have been mentioned or argued for.)

Next steps

What do our “educative standards” compel us to do with our understanding of this financial comparison, both as individuals involved and as a committee?