

Budget Review Sub-Committee Report of the University Athletics Council

Report to the Faculty Senate

L. Prochaska, Chair, W. Wood, M. Miller, R. Grant, ex-officio

Overview

The University Senate asked J. John, Chair of the University Athletics Council to prepare a report on the budget of the WSU Athletics Department. Chair John named the committee members and charged the committee with preparing the report. The committee then asked R. Grant, Director of Athletics, for audit reports from the University (performed by C.P. Cheng, Chief Auditor, University Audit and Consulting Services), Crowe-Horwath, LLP, acting for the State of Ohio, NCAA EADA Report prepared by WSU for the NCAA, and the salient results from Horizon League EADA NCAA audit reports. The findings of the committee are summarized below.

Data and Evaluation

The Athletics Department consistently overruns its budget, for example, last year it was \$525,000 over a budget allowance of \$10,700,000. Five year average of cost overruns was \$425,000 +/- 196,000. The Athletics Department total operating expenses ran from 2.5%-2.9% of the University's total expenditures. The committee also examined the budget data from both other Horizon League schools (Valparaiso, Cleveland State, Youngstown State, University of Illinois Chicago, University of Wisconsin, Green Bay and Milwaukee, Oakland University, and University of Detroit) and other state of Ohio public universities (excluding Ohio State and University of Cincinnati). The average expenditure for athletics in Horizon League Schools was \$11.4 +/- 1.8 million. WSU budget plus cost overruns fall within this range. For state of Ohio public universities (excluding NCAA Division I Football expenditures), the average amount spent for athletics was \$ 15.8 +/- 3.9 million. WSU's budget falls below one standard deviation of the other Ohio public universities. The committee decided to focus on administrative expenses as a possible mechanism to explain the budget overrun WSU has experienced. Again, using the Horizon League data, the average administrative cost in the conference was \$2.0 +/- 0.6 million whereas WSU spends \$2.2 million. This expenditure is not excessive when compared within the league. WSU Athletics budget overruns were not focused in one specific area of the budget but excess spending was prevalent through all budget categories. Factors which are not included in the data analyzed include: 1) WSU Athletics offers partial scholarships which attracts additional students to the University; 2) WSU Athletics provides free advertisement for the University in local and national media; 3) WSU Athletics enhances campus life; 4) WSU students pay a activity fee for facilities, intramural programs, and athletic event tickets.

Conclusions and Recommendations

It is clear that either the WSU Department of Athletics is either underfunded for its mission by the WSU administration or it is unable to regulate its spending due to internal Departmental issues. The data suggest that WSU's budget overrun is due to underfunding of the Athletics Department budget for its current mission and not due to capricious financial expenditures. **The budget review committee recommends that the administration provide the Athletics Department a hard budget for its mission in the university and that the Athletics Department live within that budget.** The Athletics Department should address some internal issues that include the significant imbalance between expenditures between women's and men's in areas such equipment.

After our analysis, the budget review committee recommends that the administration explicitly describe its goals for athletics. In doing so, they should fund athletics with a realistic budget that will be adhered to like any other academic unit on campus.