

Most NCAA Division I athletic departments take subsidies

Steve Berkowitz, Jodi Upton and Erik Brady, USA TODAY Sports 12:48 p.m. EDT July 1, 2013



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At a time of tight budgets throughout higher education, even the nation's few financially self-sufficient major-college athletics departments are continuing to receive subsidies in the form of student fees, school or state support, a USA TODAY Sports analysis finds.

Just 23 of 228 athletics departments at NCAA Division I public schools generated enough money on their own to cover their expenses in 2012. Of that group, 16 also received some type of subsidy — and 10 of those 16 athletics departments received more subsidy money in 2012 than they did in 2011.

The median subsidy increase for those 10 programs was a little more than \$160,000. Relative to these programs' budgets, that's a small amount, but the increases were part of a huge rise in the subsidies provided for major-college sports programs as a whole. Subsidies for all of Division I athletics rose by nearly \$200 million compared to what they were 2011. That is the greatest year-over-year dollar increase in the subsidy total since USA TODAY Sports began collecting finance information that schools annually report to the NCAA; the first year of those data covers the schools' 2004-05 fiscal year.

DATABASE: [School revenues, subsidies \(http://www.usatoday.com/sports/college/schools/finances/\)](http://www.usatoday.com/sports/college/schools/finances/)

NCAA: [Member revenue, spending increase \(http://www.usatoday.com/story/sports/college/2013/05/01/ncaa-spending-revenue-texas-ohio-state-athletic-departments/2128147/\)](http://www.usatoday.com/story/sports/college/2013/05/01/ncaa-spending-revenue-texas-ohio-state-athletic-departments/2128147/)

METHODOLOGY: [How USA TODAY Sports compiled the data \(http://www.usatoday.com/story/sports/college/2013/05/10/college-athletic-department-revenue-database-methodology/2150123/\)](http://www.usatoday.com/story/sports/college/2013/05/10/college-athletic-department-revenue-database-methodology/2150123/)

The data now are collected in conjunction with Indiana University's National Sports Journalism Center.

Athletics departments getting subsidy money when they are self-sufficient "raises a major question about institutions, which are always trying to play catch-up in the athletic realm, relying on institutional and government subsidies and student fees to make ends meet at a time when we have very limited resources," says Anne D. Neal, president of the American Council of Trustees and Alumni. "And that raises questions as to whether institutions are paying attention to their primary purpose, which is education."

LSU, Nebraska, Ohio State, Oklahoma, Penn State, Purdue and Texas were the only schools to report no subsidy money in 2012. Michigan reported receiving less than \$260,000: \$16,000 in federal work study funding and the remainder from the university to cover the salary of academic services director Phil Hughes, according to athletics spokesman Dave Ablauf.

\$71 MILLION SURPLUS: [NCAA hits record number in 2012 \(http://www.usatoday.com/story/sports/college/2013/05/02/ncaa-financial-statement-surplus/2128431/\)](http://www.usatoday.com/story/sports/college/2013/05/02/ncaa-financial-statement-surplus/2128431/)

All 23 of the self-sufficient schools are from conferences whose champions automatically qualify for the Bowl Championship Series, which makes sense because that's where the money is.

However, other programs in these conferences remained far from self sufficient in 2012. Rutgers, for instance, spent \$28 million more than it generated — a deficit it covered with about \$18.5 million from the school and \$9.5 million in student fees. This constituted a slight improvement over 2011, when Rutgers spent \$28.5 million more than it generated.

The Scarlet Knights will move from the Big East to the Big Ten in 2014. They weren't recruited for recent success in their marquee sports: Rutgers men's basketball has not made the NCAA tournament since 1991 and football has only minor bowl games to its credit in recent years.

GAMBLING IN GOLF: [NCAA sees growing habit \(http://www.usatoday.com/story/sports/college/2013/05/07/ncaa-college-athletes-gambling-golfers/2139261/\)](http://www.usatoday.com/story/sports/college/2013/05/07/ncaa-college-athletes-gambling-golfers/2139261/)

Cincinnati, another Big East program, received \$16.5 million in subsidies in 2012 — up from \$14.7 million in 2011. That made 2012, not adjusting for inflation, the seventh consecutive year of subsidy increase. However, Cincinnati still added nearly \$1 million to a cumulative athletics operating deficit that it said was \$34.9 million as of the end of its 2012 fiscal year.

Cincinnati has racked up wins with its deficits. Its men's basketball team made the NCAA tournament the last three seasons and its football team has played in four consecutive bowl games, including the Orange in 2009 and Sugar in 2010. All this while subsidies that the Bearcats athletics department receives, not adjusted for inflation, have nearly tripled since 2004-05, its final year in Conference USA.

Even with \$10.3 million in subsidies, Arizona State, a member of the Pacific-12, fell more than \$5.7 million short of covering its expenses — the fourth consecutive year in which it has had an overall annual operating deficit.

All this comes at a time when academic spending at many schools is declining or not increasing at the same pace as athletics spending, according to a recent report by the Delta Cost Project at the non-profit American Institutes for Research. That report was based on data from the Education Department and data collected by USA TODAY Sports for its annual College Athletics Finances Database.

13 ATHLETIC DEPARTMENTS THAT EXCEED \$100 MILLION TOTAL REVENUE

"Polls are showing Americans think institutions need to reduce their tuition and fees," Neal says. "And obviously to keep these athletics programs afloat, what they're doing is demanding more institutional funds and more student fees."

On its 2010 through 2012 reports to the NCAA, Arizona State said each year's deficit had been covered by additional money from an institutional reserve fund — a combined total of more than \$8.9 million. On its 2009 report, the school said that year's deficit had been covered in part by \$166,000 from an auxiliary reserve and in part through the athletics department being required to carry, and eventually repay, \$883,000.

For some of the self-sufficient athletics programs, subsidies have remained basically steady or grown in recent years.

- Alabama's program received nearly \$5.5 million in institutional funds in 2012, up from more than \$5.2 million in 2011. It reported sending nearly \$4.4 million of an \$16.7 million total surplus back to the university — \$1 million for faculty support and nearly \$3.4 million in licensing money. .

University spokeswoman Cathy Andreen said in an e-mail: "...the University continues to provide institutional support for Athletics, (because) UA believes that Title IX sports are important and we invest in them to ensure their ongoing success — as demonstrated by our softball, gymnastics and women's golf national championships" won during the 2011-12 school year.

- Florida also cites women's sports funding as a major reason for the nearly \$4.4 million in subsidies its athletics program received in 2012, the second consecutive year — and the third time in six years — in which Gators sports programs generated over \$11 million more than they spent. (The 2012 subsidy amount was slightly lower than the 2011 number.) However, part of the subsidy funding results from a state law that requires all state universities to retain, and use for women's athletics, an amount equal to the sales taxes they collect from tickets for sports events. At Florida in 2012, this amounted to more than \$1.5 million of the more than \$1.9 million in government support Florida athletics reported receiving, according to athletics department spokesman Steve McClain. The rest of the government support amount is an allocation that Florida's athletics program receives from the university overall state appropriation for education and general purposes, McClain said.

In addition, roughly 75% of the more than \$2.4 million in student athletic fees Florida collects are earmarked for women's sports, McClain said. Those fees — which have not increased since 1992, according to McClain — allow students to buy football tickets at a heavy discount and gain free admission to all other Florida athletic events.

- Texas A&M's program went from getting no subsidy in 2010 and less than \$10,000 in 2011 to getting \$5.2 million in 2012 — a year in which the program generated \$32.7 million more than it spent. The surplus was mainly attributable to a \$35.3 million, one-year increase in contributions, most of which was tied to facilities projects, athletics director Eric Hyman said.

Meanwhile, because of its move to the Southeastern Conference from the Big 12, A&M lost its share of Big 12 revenues before beginning to receive an SEC revenue share. The athletics department was able to cover about \$4.1 of what athletics CFO Jeff Toole said was a \$9.3 million funding gap. The university provided the remaining \$5.2 million in the form of an interest-free loan that athletics department will have 10 years to repay.

Other schools with self-sufficient athletics programs have been following through with planned efforts to reduce subsidies.

- Kansas State's program has been self-sufficient in seven of the past eight years, including generating \$9.5 million more than it spent in 2012. It received a little more than \$2.7 million in subsidies, including \$1 million from the university's general fund.

In 2010 the subsidy from the general fund was cut by 10% "in response to state budget issues across the university," athletics director John Currie said. "Then the next year the president and I agreed that given the fact that we had been able to grow our annual giving and grow our ticket sales that it was appropriate that we go ahead and phase out that (component of the subsidy) support."

Currie said the amount for athletics from the general fund will be \$750,000 this year; \$350,000 in 2014, then zero. Subsidies won't disappear entirely, though. Currie said Kansas State's student government earlier this year voted to provide about \$500,000 in student fees in each of the next three years.

"Obviously we're grateful to our fans and our donors who make" self-sufficiency possible, said Currie, who became the school's AD in 2009. " ... But the key thing is living within your means and making smart decisions both on the revenue side and the expense side."

- Texas Tech athletics had not been self-sufficient in any of the seven years prior to 2012. However, with a \$2.6 million increase in donations and a \$7.4 million increase in its share of Big 12 and NCAA revenues, it became self-sufficient in 2012. As a result, it received over \$2 million less from the university in 2012 than it had in every year since 2006.

The program continued to get nearly \$2.8 million in student fees in 2012, but AD Kirby Hocutt said: "As revenues continue to grow, we have not required the same level of support."

SOME SCHOOLS IN THE BLACK STILL GET SUBSIDIES

In 2011-12, athletics programs at 23 of 228 Division I public schools generated enough money from media rights contracts, ticket sales, donations and other sources (not including subsidies from institutional or government support or student fees) to cover their expenses.

Amounts not adjusted for inflation.

SCHOOL	TOTAL REVENUE	GENERATED REV.	SUBSIDY	TOTAL OPERATING EXP.	DIFF.	2011 SUBSIDY
Texas A&M	\$119,702,222	\$114,502,222	\$5,200,000	\$81,792,118	\$32,710,104	\$9,856
Texas	\$163,295,115	\$163,295,115	\$ 0	\$138,269,710	\$25,025,405	\$ 0
Michigan	\$140,131,187	\$139,872,302	\$258,885	\$115,200,187	\$24,672,115	\$272,684
Ohio State	\$142,043,057	\$142,043,057	\$ 0	\$124,419,412	\$17,623,645	\$ 0
Arkansas	\$99,757,482	\$97,808,302	\$1,949,180	\$82,470,473	\$15,337,829	\$1,850,500
LSU	\$114,787,786	\$114,787,786	\$ 0	\$101,989,116	\$12,798,670	\$ 0
Florida	\$120,772,106	\$116,415,649	\$4,356,457	\$105,102,198	\$11,313,451	\$4,367,071
Alabama	\$124,899,945	\$119,438,745	\$5,461,200	\$108,204,867	\$11,233,878	\$5,235,300
Oklahoma	\$106,456,616	\$106,456,616	\$ 0	\$96,250,328	\$10,206,288	\$ 0
Kansas State	\$63,271,615	\$60,535,682	\$2,735,933	\$50,994,785	\$9,540,897	\$3,291,651
Washington	\$82,594,783	\$79,529,283	\$3,065,500	\$73,833,643	\$5,695,640	\$2,458,983
Auburn	\$105,951,251	\$101,734,643	\$4,216,608	\$96,315,831	\$5,418,812	\$4,307,040
Nebraska	\$81,631,252	\$81,631,252	\$ 0	\$77,037,282	\$4,593,970	\$ 0
Texas Tech	\$67,928,350	\$64,174,371	\$3,753,979	\$60,346,836	\$3,827,535	\$5,788,180
Kentucky	\$88,373,452	\$87,546,280	\$827,172	\$84,929,819	\$2,616,461	\$819,124
Purdue	\$70,624,394	\$70,624,394	\$ 0	\$68,056,269	\$2,568,125	\$ 0
Oregon	\$94,635,829	\$92,159,969	\$2,475,860	\$89,709,350	\$2,450,619	\$2,419,855
Florida State *	\$100,049,444	\$92,270,583	\$7,778,861	\$90,278,878	\$1,991,705	\$7,528,006
Michigan State	\$93,946,707	\$89,739,977	\$4,206,730	\$88,100,432	\$1,639,545	\$3,650,280
Penn State	\$108,252,281	\$108,252,281	\$ 0	\$107,389,258	\$863,023	\$ 0

Tennessee	\$102,884,286	\$101,884,286	\$1,000,000	\$101,292,015	\$592,271	\$1,000,000
South Carolina	\$87,608,352	\$85,270,084	\$2,338,268	\$84,963,037	\$307,047	\$2,248,275
Indiana	\$72,973,954	\$70,191,874	\$2,782,080	\$69,915,060	\$276,814	\$2,686,769

* Under Florida law, all state universities must retain, and use for women's athletics, an amount equal to sales taxes they collect from tickets for sports events. Florida State's figures were taken from its financial report to the NCAA, on which it reported as ticket revenue what athletics department spokesman Rob Wilson said was \$1,380,262 in retained sales tax. Ticket revenue is a form of generated revenue; the state sales-tax retention is a form of subsidy. Even with Florida State's figures adjusted, its athletics program was self-sufficient in 2011-12 by \$611,443.

Sources: Individual schools, USA TODAY research in conjunction with the Indiana University's National Sports Journalism Center

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Steve Berkowitz



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