UNIVERSITY OF OREGON

DATE: February 7, 2014
TO: Professor Margie Paris, University Senate President
FROM: Michael Gottfredson, President
SUBJECT: Senate Resolution US12/13-20

Any discussion of budgets and finances must take place within the context of the University of Oregon as a whole; a complex but unified entity with many interrelated parts. The schools, colleges, departments, centers, institutes, and auxiliary units that together comprise the university all have their own distinct functions and purposes, which collectively support the university's mission of education, research, and service.

In May 2013, the University Senate passed resolution US12/13-20, Payments by the Athletics Department for Academic Purposes. This resolution asks the president to require the UO Athletics Department to transfer from its operating budget to the general university budget annually: 1) the "full cost of providing tutoring and academic support for student-athletes," 2) the "full cost of the bonds used to purchase the Knight Arena land," and 3) a sum equal to 2% of its prior-year spending on athletics. The resolution prescribes these funds to be used for student scholarships. Together, the proposed payments represent approximately $4.5 million annually that would come from the athletics operating budget on an ongoing basis.

I responded to the resolution in a timely manner, as required by our constitution. As I said in my initial response [Appendix I], I appreciate that the resolution brought to my attention the 2004 Task Force Report on Intercollegiate Athletics [attached] as well as the multiple formal agreements and understandings between athletics and central administration that were in place before I became president.

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At the December meeting of the Senate, I reported some of my findings thus far. Now, having undertaken further consultation, I can report in more detail.

Securing additional resources to support our academic mission is among my highest priorities. To explore the complex issues raised by the resolution, I met several times over the summer and fall with our Director of Intercollegiate Athletics and the Senior Associate Athletics Director for Finance, the Vice President for Finance and Administration and the Vice Provost for Budget and Planning, other senior academic administrators, the Senate president, and twice with the Senate Budget Committee (which is, under our shared governance system, the appropriate consultative body on such matters). I requested that the Athletics Director respond to the issues raised by the resolution [Appendix II] and asked for recommendations from campus budget officers [Appendix III].

I asked that data pertinent to the issues be made readily accessible, and was very pleased that much of the information necessary for an informed understanding of these issues had been posted by athletics for some time. This not only includes pertinent financial data and peer comparisons, but also memoranda of understanding between athletics and university officials. These documents are available on the Athletics Department Financial Information webpage [http://bit.ly/1iy1qdQ].

When compared to our peers within the Pac-12 or our BCS public university counterparts, the UO anchors the low end of the spectrum of institutional support however that is measured and defined. The UO is the *only* university among our OUS or public Pac-12 peers that does not provide any direct institutional support to its Athletics Department. When all funding sources are counted, including state lottery funds and student incidental fees (which fund the student ticket allocation at a considerable discount), the UO provides $2.5 million in "indirect support" to its athletics programs—less than 92% of the 228 publicly reporting universities with Division I athletics. [See Appendix B, memo from the Athletics Director, for supporting documents]. The consensus is that our athletics department receives no general fund support from the university. (The 2004 Task Force Report (attached) reached the same conclusion, calling the notion that the campus subsidizes athletics "a myth" (page 22).)

Additionally, the Athletics Department makes significant financial contributions to the general support of the university. Unlike many schools, which provide tuition waivers for student-athletes, the UO requires the Athletics Department to pay the full cost of tuition for all scholarship student-athletes. In FY14, this will generate approximately $10.5 million for the university in tuition, fees, and book and housing stipends. Student-athletes are broadly recruited, and represent a significantly higher proportion of nonresidents than does the general student population. Approximately 87% of athletics scholarships are for nonresident student-athletes, while about 44% of our undergraduate enrollments are nonresident, resulting in a substantial tuition differential paid by athletics (over $2 million annually). This amount is sufficient to cover the costs of athletics-related advising and student services. It is, however, proper for student advising and tutoring to be under the jurisdiction of academic affairs, as it is now, and funded via the academic budget.

This year, athletics will provide an additional $850,000 in scholarship funds and stipends for books and room and board for non-athletes—student managers, graduate assistants, band members, cheerleaders, and graduate student trainers. And, athletics generates about $1 million in gift assessments, which support general campus, rather than athletics, development activities.

The Senate's resolution proposes that the "full cost" of bonds related to the land purchase for Matt Knight Arena be paid by the Athletics Department. The annual debt payments on the land purchase are $1.86

million. By previous agreement, athletics pays $1.36 million and the general campus pays $502,200. This reflects the fact that some of the land purchased was used for general university purposes and that construction of the new arena would free up land on University Street for other uses. This agreement is documented in the MOU Regarding Debt Service on Purchase of Land for the New Arena (May 27, 2009), which is publicly posted on the Athletics Department Financial Information webpage [http://bit.ly/1iy1qdQ]. The Athletics Department is currently responsible for annual debt payments totaling $16.2 million related to this project, of which $1.36 million is for the land purchase. It is appropriate that we honor this existing agreement and other long-term obligations, which the Athletics Director outlined in his memo to me [Appendix B, referenced above].

Currently net fund transfers show that athletics now fully covers costs, and student advising is properly funded and under the jurisdiction of Academic Affairs. Should athletics also be required to pay 2% of its operating budget to the general fund, as proposed in the Senate's May resolution?

While the financial position of the Athletics Department is stable, athletics is not in a position to transfer more funds to the general university budget than it does currently. The department has considerable long-term liabilities and competes at the highest level for staff. As the Athletics Director indicates in his memo, meeting these long-term financial obligations is challenging. Additional transfers of recurring funds would have a significant adverse effect on the prospects of meeting these obligations at this time. A financially stable athletics department that can meet these long-term *university* obligations and continue to perform at the highest level is critically important.

Therefore, I have concluded that it is not in the best interest of the university to implement the specific recommendations of the Senate

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resolution. I find the current financial arrangements with the Athletics Department to be appropriate and reasonable.

We are fortunate to have an athletics program that is efficient, effective, and transparent. It is successful and impressive by any measure, achieving a level of competitive success and visibility, through a process of planned growth and strategic investment, that is both remarkable and to be commended. It is essentially financially self-sufficient, as the university expects auxiliary operations to be. And it achieves national excellence without the very considerable general fund resources most of our peers dedicate to their programs—a tribute both to the generosity of our supporters and the highly effective leadership of our athletics director and staff.

The underlying aim of the resolution, to discover new funds to help support academic functions, is critically important. We will continue to look diligently to all appropriate sources to help fund our core academic mission. Athletics is certainly no exception. As we look forward, I am optimistic that new future revenues, such as those generated by our involvement with the Pac-12 Network, might provide such an opportunity for additional academic support. I have asked the Provost, the Vice President for Finance and Administration, the Vice Provost for Budget and Planning, and the Athletics Director to review our incremental Pac-12 Network revenue as we go forward with an eye to this objective.

The radical decline in state funding for the university has placed great stress on our institution. It is imperative that we seek and acquire significant additional support for recruitment and retention of faculty and staff, for scholarship support, and for state-of-the-art teaching facilities and research space. This is the focus of our efforts in philanthropy and will also be the focus of our renewed efforts with the state.

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I was impressed to learn that the Senate Budget Committee has reviewed the athletics budget annually. I appreciate that they devoted two recent meetings to reviewing the Senate resolution and its implications with me. The Vice President for Finance and Administration has indicated that the Budget Advisory Group will initiate annual reviews of all auxiliary operations, including athletics, beginning this spring, in addition to their traditional reviews of nonacademic general fund budgets. I am encouraged that these processes will provide appropriate critical advice to the Senior Vice President for Academic Affairs, Provost, and me in the future as an integral part of our budget process.

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APPENDIX I

UNIVERSITY OF OREGON

July 8, 2013

TO: Professor Margie Paris, University Senate President

FROM: Michael Gottfredson, President

SUBJECT: Senate Resolution US212/13-20

In accordance with the University of Oregon Constitution, I am writing to report on the status of any possible Presidential actions in response to Senate Resolution US212/13-20. The matters that are at the heart of the May 8, 2013 resolution are both complex and quite significant to our University and, as such, deserve careful consideration. I assure you that I am giving them such consideration. I appreciate that the resolution brought to my attention the 2004 Task Force Report on Intercollegiate Athletics as well as the multiple formal agreements and understandings between athletics and central administration that were in place before I became president. These are posted on the athletics department website. Included are agreements about debt service for lands purchased for the arena, the transfer of MacArthur Court use and other documents pertinent to the senate resolution.

One intent of the resolution is to ensure that athletics is paying an appropriate share of the costs associated with tutoring and advising of student athletes and for the arena. This is clearly an appropriate aim and one with which I am fully supportive. More analysis needs to be undertaken to ascertain the nature of these obligations while preserving legitimate expectations derived from the existing agreements. We will expeditiously work to resolve these issues in collaboration with athletics.

The 2004 Task Force recommended a voluntary contribution to non-athletic scholarships once the financial situation of the department stabilizes. This is an attractive recommendation and one I will explore actively with the Director. The current obligations of the department are still considerable, and pre-date our current Director. We will especially focus on this idea in association with enhanced Pac-12 Network revenue.

Perhaps in one of our upcoming regular weekly meetings you and I can discuss whether the best subsequent step would be a report from me at an early Fall Senate meeting, a written response, or a combination of those communications.

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APPENDIX II

Date: January 28, 2014

To: Michael Gottfredson, President

Jamie Moffitt, Vice President for Finance and Administration

From: Rob Mullens, Director of Athletics RM

Re: Athletic Department Financial Overview

This document has been prepared to provide an overview of the impact of intercollegiate athletics at the University of Oregon and the current financial landscape of the Department of Athletics (DOA).

DOA Growth and Visibility

Oregon Athletics is at an all time high. Unprecedented success and visibility in recent years is the result of a vision of growth in DOA resources and infrastructure. The vision is being realized and the future is full of opportunity for continued success. The football program currently generates approximately 70% - 75% of DOA revenue, has competed in four consecutive BCS bowl games and is now widely considered to be one of the top programs in the country. Oregon is also the only NCAA Division 1 school sponsoring 18 or fewer NCAA championship sports to ever finish in the top 15 of the NACDA Director's Cup (14^{th} in 2009-10 and 15^{th} in 2012-13). This achievement reflects our goals of broad-based competitive excellence and an exceptional student-athlete experience.

Unprecedented competitive success and a commitment to innovation have enabled Oregon Athletics to build a highly visible national brand. Included as **Appendices A and B** are a few significant metrics demonstrating the strength of our brand including television ratings, social media engagement, competitive success, and fan interest.

The DOA has collaborated with other areas of the University to leverage this success and visibility to the benefit of the entire University. During 2013-14 every home and away football and men's basketball game will be televised nationally and these broadcasts all include designated inventory for institutional promotional spots. These broadcasts alone represent over 130 hours of live national TV coverage featuring the University of Oregon, including the institutional spots highlighting academic excellence. Pac-12 Networks (distributed nationally through over 50 satellite and cable operators) has also significantly enhanced the visibility of the entire University. The Pac-12 Networks Campus Content Initiative enables the University of Oregon to produce and distribute content highlighting the strengths of our campus and academic programs via Pac-12 Networks. DOA success has also presented significant opportunities to the University in the areas of donor/alumni engagement and student admissions/recruitment. Prospective students and casual followers of athletics throughout the world have taken notice of the University, in large part due to the successes of Athletics.

DOA Fiscal Sustainability and Value to University

The DOA's unprecedented success on the field and in the classroom has been achieved in large part through planned investment. Since 2007 the DOA has added three sports (Baseball and Acrobatics & Tumbling (2008), Sand Volleyball (2014)) bringing the DOA's total number of varsity sports to twenty (A&T and Sand Volleyball are not yet NCAA Championship sports). During this same period, the DOA's facility infrastructure has been upgraded to allow UO to compete among the nation's elite athletic programs. The growth in the DOA budget has been driven by a number of factors including the retention of high achieving coaches, escalating scholarship costs (over the past five years athletics scholarship costs have increased by 37%), the addition of close to $16M in annual debt service related to the Matt Knight Arena project, and other operational changes.

DOA budget growth has been funded primarily by a combination of increased ticket sales, donor contributions, and Pac-12 Conference distributions. The DOA has achieved this progress while remaining far less reliant on institutional support than our peers in the Oregon University System **(Appendix C)**, the Pac-12 **(Appendices D and E)** and around the country **(Appendices F and G)**. Among publicly reporting Division 1 Universities, Oregon ranked 216th out of 228 in subsidy (As defined by the NCAA, subsidy includes institutional support, student fees, and other state/government funding allocated to athletics) as a percentage of total revenue. Oregon also had the lowest combined subsidy in a comparison of Oregon to the ten publicly reporting Pac-12 schools (not including Stanford and USC) from FY09 through FY12. In FY12 the DOA's subsidy was $2.48M and consisted of student incidental fees ($1.53M) and sports lottery funds ($950K). The student incidental fee funding transferred from the ASUO to the DOA is negotiated annually and is used by the ASUO to purchase football and basketball tickets from the DOA. The incidental fees received by the DOA cover approximately 45% of the full retail value of the tickets allocated to UO students. The DOA transfers 45% of the sports lottery funds received to the University through an agreed-upon assessment. Additionally, on an annual basis the DOA makes significant financial payments directly to campus including overhead assessments ($2.4M), gift assessments ($950K), scholarships ($10.5M), as well as various other services ($1.5M). Gifts to the DOA generate over 50% of the total gift assessments collected by the University which help fund the costs of the University Advancement office. The success of the DOA has also helped to increase gross University licensing revenues by 245% from $1.1M in FY08 to $3.8M in FY13 (campus receives 57% of gross licensing revenue at this time).

With the decline in state support, the University of Oregon has become dependent on the revenue generated by non-resident enrollment. Currently 44% of all undergraduate students are classified as non-resident. The visibility and branding from a highly successful athletics program plays a significant role for the University in the recruitment and retention of non-resident students. The DOA recruits heavily outside the state of Oregon to identify the most talented student-athletes with approximately 73% of our 485 student-athletes classified as non-residents. Approximately 87% of athletics scholarships are for non-resident student-athletes. The DOA pays the full cost of tuition for all scholarship student athletes (unlike many of our peers who receive tuition waivers), and in FY14, scholarship costs for the DOA will total approximately $10.5M. Given the University-wide non-resident enrollment ratio of 44%, athletic scholarships generate an additional $2.2M - $2.3M in tuition revenue to the University. Additionally, in FY14 the DOA will provide approximately $850K in scholarships to student managers, graduate assistants, cheerleaders, band members, and graduate student trainers (GTFs) who support DOA operations.

DOA Financial Obligations

The current financial position of the DOA is relatively stable, however, the DOA faces unique and considerable challenges which fall outside the scope of the normal operating budget. Over the next eight years the DOA has several significant financial obligations which will require careful planning. These obligations include the debt assumed to construct PK Park ($12M principal and interest), under-funded deferred compensation commitments ($4M), a utility infrastructure agreement with EWEB within the Autzen complex ($5M), a line of credit ($10M) which must be re-paid and significant deferred maintenance on existing DOA facilities. Additionally, our existing softball facility infrastructure is insufficient to meet the overall needs of the program and also presents potential student-athlete equity issues for the University.

To address this issue, the DOA is in the process of exploring options for a new softball stadium to replace Howe Field.

The much needed Matt Knight Arena project was completed in January 2011. The DOA is responsible for annual debt payments totaling $16.2M related to the arena project. The Legacy Fund is a quasi-endowment created to provide financial stability to the DOA in the short-term as the arena debt was assumed by the DOA. In the long-term, the plan for the Legacy Fund is to become a substantial endowment which will help ensure the financial sustainability of the DOA. Approximately $130M in gifts and pledges was raised for the Legacy Fund. The DOA has relied heavily on the Legacy Fund by drawing $14.5M in FY12, $12.5M in FY13 and a planned withdrawal of $11.5M in FY14 to fund the arena debt. The original arena financing plan called for the DOA to draw $9.5M from the Legacy Fund and for the DOA to fund the remainder of the debt through DOA operating surpluses. Programmatic changes which occurred in athletics subsequent to the approval of the original arena financing model resulted in the DOA's heavier than anticipated reliance on the Legacy Fund described above. Our long-term goal with the Legacy Fund is to identify additional revenue streams and cost efficiencies in the operating budget which allow us to reduce the DOA's reliance on it each year with the goal of building up a significant balance which can serve as a DOA endowment when the arena debt is retired in 2038. Through FY22, the cumulative impact of reduced annual contributions from the Legacy Fund on the athletics budget (based on the current financial plan) is $38M.

The financial obligations described above along with the reduced contributions from the Legacy Fund represent approximately $69M in expenses which must be absorbed by the DOA budget over the next eight years. The figures above do not include deferred maintenance issues on existing athletic facilities or the potential costs associated with a new softball facility, however, they do accurately reflect the significant magnitude of the financial obligations facing the DOA.

<u>Reliance on Football Revenue/Success</u>

As mentioned earlier, football generates approximately 70% - 75% of all DOA revenue. A large portion of the revenue generated by the football program is used to fund the DOA's remaining 19 sport programs and various student-athlete support units. The Oregon football program has made remarkable strides over the past five years and is currently positioned as one of the most successful and visible programs in the country. While Oregon Athletics is generating the revenues ($94.6M in 2011-12, most recent available data) necessary to compete at the highest level **(Appendix H)**, it is being done with a football stadium seating capacity ranked 56th nationally and football attendance ranked 28th nationally. Autzen stadium's seating capacity is 37% smaller than the average football stadium size of the top 20 revenue generating programs and Oregon's average football attendance is 31% lower than the average of the top 20 revenue generating programs. These statistics indicate that our current athletics budget is being maximized relative to our football stadium size/fan base while at the same time being far less reliant on institutional support than our peers.

Our heavy reliance on football revenues is not unusual among schools in our competitive peer group, however, our smaller fan base and stadium size has required that we be aggressive with football ticket pricing and per-seat donation requirements. Football season ticket prices have risen by 65% since 2007 **(Appendix I)**. For the past two seasons (2012 and 2013) the football season ticket renewal rate dropped to 90% from what had traditionally been a rate of over 95%. In recent years (and according to a recent fan survey), we have seen increased price sensitivity among our football fan base despite the unprecedented competitive success of the football program. This is an important trend which we must carefully monitor as we make pricing decisions in the near term. To remain financially stable, we will need to further diversify our revenue streams.

Other Financial Considerations

Beginning in FY13 the Pac-12 signed a 12-year broadcast agreement with ESPN and Fox and also launched Pac-12 Networks. The ESPN/Fox agreement added approximately $4.9M in TV revenue to the FY13 athletics budget and this distribution is scheduled to grow by an average of 4.9% annually through FY24. These timely new revenues have been utilized to assist with our financial obligations and to reduce reliance on the Legacy Fund. Pac-12 Networks is currently distributed nationally across over 50 different cable and satellite providers, however, continues to seek additional distribution partners which will enhance the profitability of the new Network. At this time Pac-12 Networks has yet to generate significant operating surpluses and has not yet made distributions to the membership. Our current six-year financial forecasts rely on distributions from Pac-12 Networks beginning in FY14 to balance future budgets and meet the obligations detailed above. These increased TV revenues helped close the gap between Pac-12 institutions and our competitive peers in other BCS conferences. As a point of reference, for FY14 Oregon is budgeted to receive a $19M distribution from the Pac-12, while in the Big 10 Conference, each school is expected to receive an FY14 distribution of approximately $26.4M which includes $10M from the operations of the Big 10 Network. Beginning in FY15, the college football playoff and new Rose Bowl agreement will increase bowl revenues distributed to each Pac-12 member by approximately $2.5M. Within our budget model, these broadcast and bowl revenues are being utilized to help ease our reliance on the Legacy Fund, to fund the inflationary pressures on the DOA budget, and to fund a portion of the DOA financial obligations described above.

As the NCAA continues to explore legislative changes and issues surrounding Division alignment, there are likely additional financial impacts in the very near future. The most likely short-term impact could be the implementation of a cost-of-attendance stipend for scholarship athletes with a current estimated cost of $500K per year. Other permissive legislation such as eliminating restrictions on the number of meals student-athletes can receive is likely to have significant financial impacts.

The DOA embraces its important role within the overall University community and we remain proud of our many contributions. Oregon has built an innovative, highly successful athletics program which we are confident has assisted in enhancing the profile of the entire University as well as the Eugene/Springfield community. By several metrics, Oregon currently has one of the most visible brands in all of college athletics. The DOA faces considerable financial pressures and we take great pride in being responsible stewards of our resources and have embraced the challenges associated with competing at the highest level while also remaining financially sustainable. We look forward to further developing our program by providing our student-athletes with the support services to be successful in the classroom and in competition, while also enhancing the broader University community. The DOA will continue to be strong stewards of our generated resources and will continue to have dialogue with the Vice President for Finance and Administration on the allocation of future growth. We look forward to being leaders in future opportunities to enhance the University of Oregon mission.

APPENDIX A

THE #NATIONALBRAND

THE OREGON DUCKS AND CABLE TV RATINGS

2011 OREGON VS AUBURN

BCS CHAMPIONSHIP GAME MOST VIEWED CABLE BROADCAST IN TELEVISION HISTORY

(16.1 rating, 18.66 mil. households)

4PM ET ON FOX SPORTS 1

DATE	RATING	VIEWERS	AWAY	HOME
11/29/13	1.4	2.18M	OREGON ST.	OREGON
10/12/13	1.0	1.77M	OREGON	WASHINGTON
11/16/13	0.4	747K	UTAH	OREGON
8/31/13	0.3	412K	NICHOLLS ST.	OREGON
10/5/13	0.2	358K	WASHINGTON ST.	CAL
11/9/13	0.2	302K	KANSAS	OKLAHOMA ST.
11/23/13	0.2	225K	CAL	STANFORD
9/21/13	0.1	159K	UL-MONROE	BAYLOR

7PM ET ON ESPN

DATE	RATING	VIEWERS	AWAY	HOME
10/26/13	2.3	3.67M	UCLA	OREGON
10/19/13	1.4	2.33M	ARKANSAS	ALABAMA
11/2/13	1.4	2.28M	TENNESSEE	MISSOURI
10/5/13	1.3	2.24M	LSU	MISSISSIPPI ST.
9/14/13	1.2	1.88M	VANDERBILT	SOUTH CAROLINA
11/9/13	1.2	1.99M	VIRGINIA TECH	MIAMI
10/31/13	0.8	1.13M	USF	HOUSTON

10PM ET ON FOX SPORTS 1

DATE	RATING	VIEWERS	AWAY	HOME
10/19/13	0.6	1.14M	WASHINGTON ST.	OREGON
8/31/13	0.4	710K	BOISE ST.	WASHINGTON
9/14/13	0.3	396K	OREGON ST.	UTAH
10/3/13	0.3	569K	UCLA	UTAH

9PM ET ON ESPN

DATE	RATING	VIEWERS	AWAY	HOME
11/7/13	3.6	5.73M	OREGON	STANFORD
8/31/13	1.9	3.17M	LSU	TCU
9/20/13	1.4	2.12M	BOISE ST.	FRESNO ST.
11/1/13	1.2	1.77M	USC	OREGON ST.
10/4/13	0.6	913K	UTAH ST.	SAN JOSE ST.
9/27/13	0.6	838K	NEVADA	SAN DIEGO ST.

Ratings courtesy of sportsmediawatch.com

2 YEARS IN A ROW OREGON HAS BEEN THE MOST SELECTED TEAM ON EA SPORTS NCAA FOOTBALL

- The Oregon Ducks YouTube page ranks #1 in college athletics.
- We are one of only two schools to rank in the top 10 in Facebook fans, twitter followers and YouTube subscribers.
- Our football Facebook page ranks #3 in the NCAA behind only Michigan and LSU with over 720K followers.
- The official Pintrest account ranks #2 in college athletics.
- The official Instagram account ranks #1 in college athletics.

APPENDIX B

96 SELLOUTS THIRD LONGEST HOME SELLOUT STREAK IN COLLEGE FOOTBALL BEHIND NEBRASKA AND NOTRE DAME

Oregon is the only school in the history of College Football Gameday to host the program in five consecutive years.

2010 2011 2012 2013

Oregon is the only football program in the country to play in a BCS bowl each of the past 4 years and just the fourth school in history to accomplish this feat.

75 Consecutive weeks Oregon has appeared in AP Top 25 poll , 3rd longest streak in nation behind Alabama and LSU.

.751 Oregon currently ranks sixth in winning percentage in this century behind Boise State, Ohio State, Oklahoma, Texas and LSU.

OREGON IS THE ONLY SCHOOL IN THE COUNTRY TO WIN AT LEAST TEN GAMES DURING THE REGULAR SEASON FOR THE PAST FIVE YEARS.

Alabama and Oregon are the two winningest programs of the decade at 46-6 (.885).

CREATED BY THE OREGON DEPARTMENT OF INTERCOLLEGIATE ATHLETICS

OREGON

ATHLETICS DEPARTMENT OVERVIEW

Appendix C

OUS SYSTEM INSTITUTIONAL SUPPORT

OUS Institution	Direct Institutional Support	Direct Institutional Support To Total Athletics Expenses	Student Incidental Fee Allocation To Total Athletic Expenses	Combined Direct Institutional Support AND Student Incidental Fee Allocation
WOU	$2,466,786	54%	23%	77%
EOU	$1,183,336	52%	24%	77%
PSU	$4,559,507	41%	30%	70%
SOU	$402,440	48%	16%	64%
OIT	$832,752	39%	17%	56%
OSU	$9,059,123	19%	5%	24%
UO	$0	0%	2%	2%

OUS Board Report (FY2011)
Source: http://www.goducks.com/fls/500/pages/athlfin/OUS-Institutions-AD-Support-Student-Fees.pdf?DB_OEM_ID=500

OREGON

ATHLETICS DEPARTMENT OVERVIEW

Appendix D

Pac-12 Institutional Support/Allocated Funding (1 of 2)

Direct Institutional Support (Millions)						
Rank	School	2008-09	2009-10	2010-11	2011-12	Total
1	University of Colorado	$5.59	$5.50	$13.74	$14.16	**$38.99**
2	Arizona State University	$7.31	$9.00	$9.32	$8.89	**$34.52**
3	University of California, Berkeley	$8.89	$9.95	$8.24	$7.07	**$34.15**
4	Oregon State University	$3.61	$3.75	$9.05	$10.50	**$26.91**
5	Washington State University	$5.88	$5.36	$7.67	$6.05	**$24.96**
6	University of Arizona	$4.72	$5.70	$6.39	$6.19	**$23.00**
7	University of Utah	$3.98	$4.36	$3.96	$3.96	**$16.26**
8	University of Washington	$1.99	$2.18	$2.45	$3.06	**$9.68**
9	University of California, Los Angeles	$0.21	$0.06	$0.06	$0.06	**$0.39**
10	**University of Oregon**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**

Student Fees (Millions)						
Rank	School	2008-09	2009-10	2010-11	2011-12	Total
1	University of Utah	$3.71	$4.16	$5.41	$6.01	**$19.29**
2	University of California, Los Angeles	$2.49	$2.75	$2.52	$2.71	**$10.47**
3	University of California, Berkeley	$3.18	$2.14	$2.25	$2.44	**$10.01**
4	Oregon State University	$2.11	$2.14	$2.27	$2.44	**$8.96**
5	Washington State University	$1.87	$1.86	$1.60	$1.12	**$6.45**
6	University of Colorado	$1.55	$1.57	$1.56	$1.55	**$6.23**
7	**University of Oregon (3)**	**$0.00**	**$1.54**	**$1.46**	**$1.52**	**$4.52**
8	Arizona State University	$0.00	$0.00	$0.00	$0.00	**$0.00**
9	University of Washington	$0.00	$0.00	$0.00	$0.00	**$0.00**
10	University of Arizona	$0.00	$0.00	$0.00	$0.00	**$0.00**

OREGON

ATHLETICS DEPARTMENT OVERVIEW

Appendix E
Pac-12 Institutional Support/Allocated Funding (2 of 2)

Direct State or Other Governmental Support (Millions)						
Rank	School	2008-09	2009-10	2010-11	2011-12	Total
1	**University of Oregon (4)**	**$1.39**	**$1.14**	**$0.96**	**$0.95**	**$4.44**
2	Oregon State University	$1.34	$1.09	$0.93	$0.92	**$4.28**
3	Arizona State University	$0.00	$0.00	$0.00	$0.00	**$0.00**
4	University of Washington	$0.00	$0.00	$0.00	$0.00	**$0.00**
5	University of Utah	$0.00	$0.00	$0.00	$0.00	**$0.00**
6	Washington State University	$0.00	$0.00	$0.00	$0.00	**$0.00**
7	University of Arizona	$0.00	$0.00	$0.00	$0.00	**$0.00**
8	University of California, Los Angeles	$0.00	$0.00	$0.00	$0.00	**$0.00**
9	University of Colorado	$0.00	$0.00	$0.00	$0.00	**$0.00**
10	University of California, Berkeley	$0.00	$0.00	$0.00	$0.00	**$0.00**
Total Allocated Funding To Athletics (Millions)						
Rank	School	2008-09	2009-10	2010-11	2011-12	Total
1	University of Colorado	$7.14	$7.07	$15.30	$15.71	$45.22
2	University of California, Berkeley	$12.07	$12.09	$10.49	$9.51	$44.16
3	Oregon State University	$7.06	$6.98	$12.25	$13.86	$40.15
4	University of Utah	$7.69	$8.52	$9.37	$9.97	$35.55
5	Arizona State University	$7.31	$9.00	$9.32	$8.89	$34.52
6	Washington State University	$7.75	$7.22	$9.27	$7.17	$31.41
7	University of Arizona	$4.72	$5.70	$6.39	$6.19	$23.00
8	University of California, Los Angeles	$2.70	$2.81	$2.58	$2.77	$10.86
9	University of Washington	$1.99	$2.18	$2.45	$3.06	$9.68
10	**University of Oregon**	**$1.39**	**$2.68**	**$2.42**	**$2.47**	**$8.96**

Notes:

1. The information above was compiled from required annual NCAA EADA submissions.
2. Information for Stanford and University of Southern California is not available.
3. Student fees at University of Oregon are negotiated between Athletics and ASUO for the student ticket allotment at Autzen Stadium and Matt Knight Arena. The student fee revenue received by UO Athletics represents approximately 50% of the face value of the tickets provided to the students.
4. UO Athletics pays 45% of all State/Governmental Support (Lottery Funds) received back to University.
5. UO Athletics currently pays approximately $2M per year in overhead assessments and an additional $1M in gift assessments which are used towards funding the UO's central development operations.
6. **Allocated funding includes all funding which is not generated directly by the Department of Athletics including student fees, institutional support, and state/government support.**

OREGON

ATHLETICS DEPARTMENT OVERVIEW

Appendix F

Category	Revenues	Expenses	Subsidy	%Subsidy
BCS School Averages	84,625,330	80,305,765	5,472,360	7.86%
PAC 12 School Averages	65,739,899	65,000,175	8,885,299	15.49%
University of Oregon	94,635,829	89,709,350	2,475,860	2.62%
Oregon vs. BCS Averages	**10,010,499**	**9,403,585**	**(2,996,500)**	**-5.24%**
Oregon vs. PAC 12 Averages	**28,895,930**	**24,709,175**	**(6,409,439)**	**-12.87%**

Note: The data above is taken from a USA Today compilation of 2011-12 NCAA EADA submissions by 52 Bowl Championship Series (BCS) schools. The data above does not include 11 BCS schools which were not required by open records laws to disclose their NCAA EADA submissions publicly.

- Oregon's subsidy includes approximately $1.5M in student incidental fees which fund the student ticket allocation and approximately $1.5M in funds allocated from the state lottery. The incidental fees received are approximately 50% of the market value of the tickets allocated to students. Of the $1M in state lottery funds, 45% is paid back to University through an agreed-upon assessment.

Subsidy Statistics

- Oregon ranks **210th out of 228 Division 1 schools** (highest to lowest) in dollar subsidy and 216th of 228 Division 1 schools (highest to lowest) in subsidy as a % of total revenue.

- Oregon subsidy is the smallest (in dollars and as % of revenue) among the 10 PAC-12 schools reported on.

Appendix G

National Revenue, Subsidy, and Attendance Statistics

% Subsidy Rank	School	% Subsidy	FY12 Revenues	Rank	2012 Avg FB Attendance	Rank
228	Texas	0.00%	$163.30	1	100,884	4
227	Ohio State	0.00%	$142.00	2	105,330	2
226	LSU	0.00%	$114.80	7	92,626	7
225	Penn State	0.00%	$108.30	8	96,730	5
224	Oklahoma	0.00%	$106.50	9	85,243	13
223	Nebraska	0.00%	$81.60	26	85,517	12
222	Purdue	0.00%	$70.60	35	43,588	55
221	Michigan	0.18%	$140.10	3	112,252	1
220	Iowa	0.56%	$97.90	15	70,474	21
219	Kentucky	0.94%	$88.40	19	49,691	41
218	Tennessee	0.97%	$102.90	12	89,965	8
217	Arkansas	1.95%	$99.80	14	68,046	23
216	Oregon	2.62%	$94.60	16	57,490	28
175	Oregon State	31.90%	$58.70	48	43,424	56

Note: Data from 2011-12 NCAA EADA Submissions

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ATHLETICS DEPARTMENT OVERVIEW

Appendix H

	School	Conference	Total Revenue	Football Stadium Capacity
1	Texas	Big 12	$163,295,115	100,119
2	Ohio State	Big Ten	$142,043,057	102,329
3	Michigan	Big Ten	$140,131,187	109,901
4	Alabama	SEC	$124,899,945	101,821
5	Florida	SEC	$120,772,106	88,548
6	Texas A&M	SEC	$119,702,222	82,589
7	LSU	SEC	$114,787,786	92,542
8	Penn State	Big Ten	$108,252,281	106,572
9	Oklahoma	Big 12	$106,456,616	82,112
10	Auburn	SEC	$105,951,251	87,451
11	Wisconsin	Big Ten	$103,803,040	80,321
12	Tennessee	SEC	$102,884,286	102,455
13	Florida State	ACC	$100,049,444	82,300
14	Arkansas	SEC	$99,757,482	72,000
15	Iowa	Big Ten	$97,902,974	70,585
16	**Oregon**	**PAC-12**	**$94,635,829**	**54,000**
17	Michigan State	Big Ten	$93,946,707	75,005
18	Georgia	SEC	$91,670,613	92,746
19	Kentucky	SEC	$88,373,452	67,606
20	Louisville	ACC	$87,840,501	56,000
			AVERAGE	**85,350**

University of Oregon National Rankings

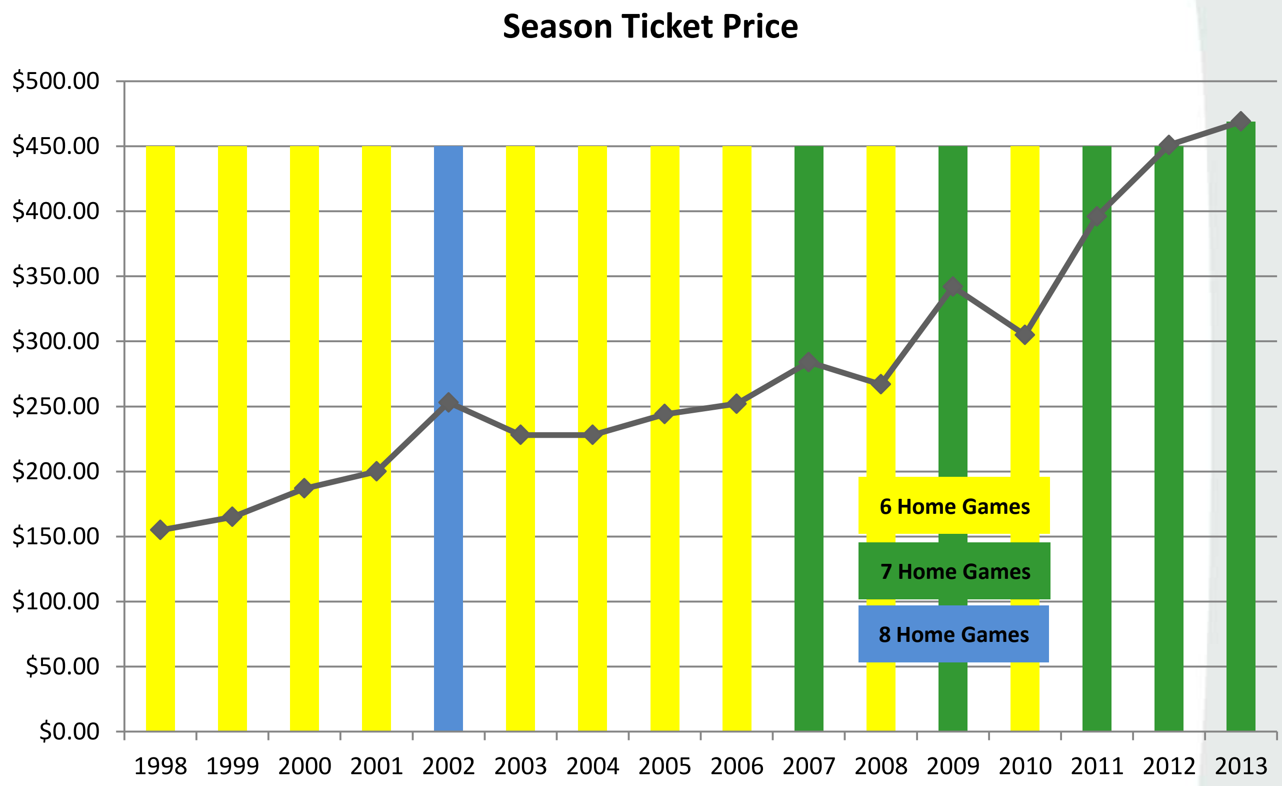
- #1 football attendance as % of stadium capacity (106.4% for 2012 season)
- #16 in total revenue generated (FY 2011-12)
- #28 in average home football attendance (2012)
- #56 in stadium seating capacity

OREGON

ATHLETICS DEPARTMENT OVERVIEW

Appendix I

Football: Historical Season Ticket Price Data



2013 Football Season Ticket= **$469**

APPENDIX III

To: Michael Gottfredson, President

From: Jamie Moffitt, Vice President for Finance and Administration & CFO
Brad Shelton, Vice Provost for Budget & Planning

Cc: Scott Coltrane, Interim Senior Vice President & Provost

Date: February 5th, 2014

Re: Athletics Budget

As you requested, we have reviewed the current budget for the Athletics Department. As part of this review, we met with senior leadership from the Athletics Department, including the Athletic Director and the Executive Senior Associate Athletic Director for Finance & Administration. Additionally, as is the case every year, Athletic leadership came and met with the Senate Budget Committee to share information about the current financial position of the department. As we progress with the FY15 Budget Process, the budget of the Athletic Department, along with all other auxiliary operations, will also be reviewed by the Budget Advisory Group.

Based on our review we believe the current financial arrangements between the Athletic Department and the University to be appropriate. As is the case with all auxiliary operations, the Athletic Department is expected to cover all of their costs with funds they generate; we do not provide them with any general funds to support their operations. Additionally, like all auxiliary operations, they are expected to pay administrative overhead to cover central administrative costs and to pay fees on gifts raised. Last year (FY13), these assessments totaled approximately $2.4 million for administrative overhead charges and $950,000 for gift fees.

Unlike many Athletic Departments across the country, the Athletic Department pays full out-of-state tuition to the University for all non-resident scholarship athletes. A survey of other PAC-12 institutions revealed that the majority provide multi-million dollar fee waivers to their Athletic Departments. Last year (FY13) the Athletic Department paid $6.8 million to the University to fund tuition scholarships for athletes. On top of this, we also learned that the Athletic Department paid the University approximately $800,000 to support scholarships ($600,000 in tuition remissions and $200,000 for other forms of financial aid) for students who are not student athletes. In total, the Athletic Department provided $10.0 million (FY13) in tuition and other forms of financial aid for University of Oregon students.

While we are always looking for additional resources to support general University operations, we feel that it would be unwise to require the Athletic Department to contribute further resources to the University at this time. Over the last decade the Athletic Department has taken on many financial obligations that it must meet in the coming years (e.g., arena debt, PK Park debt, deferred compensation, etc.). We are concerned that a decision to require an additional fund transfer today would not permit the Athletic department to invest the resources necessary to ensure that they continue to generate adequate revenue to continue to cover all of their obligations. If this were to occur, we could face a situation where the University would be obligated to cover these expenses with general funds – a situation we need to avoid.

After reviewing the Athletic Department budget, it is clear that they are counting on almost all available future revenue streams (e.g., ticket revenue, conference revenue, gifts, etc.) to cover current expenses and upcoming obligations. However, we would suggest that one particular revenue stream – that of any proceeds distributed by the PAC-12 Conference due to the new PAC-12 Network be analyzed more closely. At the current time, the Conference is not in a position to distribute any proceeds from the PAC-12 Network. As the Network grows, however, if the situation were to improve and the Conference were able to distribute significant funds from this enterprise, we would suggest that these distributions be subject to a review process with the Provost, Athletic Director, Vice President for Finance & Administration, and Vice Provost for Budget & Planning to determine whether some portion of these funds could be transferred to the University for general use.