

Akron-AAUP Position Paper on Athletics Spending at The University of Akron

Executive Summary

Akron-AAUP realizes that the University of Akron (UA) is in a financial crisis. To address this crisis, the administration has asked colleges to propose FY21 budgets with cuts ranging from 18% to 35%. Wages and benefits comprise the major portion of the academic budget; therefore, we anticipate significant faculty reductions. Akron-AAUP firmly believes that making these kinds of cuts is not a feasible means of addressing this budget crisis, will not lead to future success for the University, will negatively impact student success and graduation rates, and will create so much negative publicity that the University may never return to pre-COVID 19 enrollment levels.

For years, the University has disinvested in academics while simultaneously losing millions on its athletics programs. In the spirit of shared sacrifice, we believe that it's time to move to a responsible and sustainable model of funding for athletics. This change is necessary if we are to preserve and protect the University's central mission of education and research, attract future students, and ensure that current students have the quality programs and faculty they need to succeed.

The vast majority of the University's revenue comes from student tuition and fees--from its academic programs. Athletic programs, on the other hand, cost far more than they bring in. The University has been losing an average of \$21.52M per year on athletic programs for the last ten years. **This totals \$215.23M in lost revenue over that span.** This is unnecessary, and at a time when the University is proposing to cut an anticipated 25% of its overall academic budget, it is no longer defensible. It is also not fair to our students, who are subsidizing athletics at a higher rate than students at other Ohio public universities.

In this report, we present data showing that many millions of dollars must be diverted from the General Fund each year to support Athletics. Yet the Administration has failed to address this problem. We acknowledge that there would be an up-front cost in the first year to leave Division I football, and given the University's current financial status, this upcoming year may not be the year to do so. However, the Board of Trustees and the Administration must do more to cut the drain on UA's finances caused by Athletics now and should commit to structural change in the future. This would allow the University to preserve the quality of its programs for our students by saving faculty jobs.

We welcome a conversation with the University's leadership about this subject and other potential avenues for reducing the cost of athletics. It's only through shared governance, transparency, and collaboration that the University can confront our current challenges and set itself on a sustainable path.

We urge all faculty, administrators, staff, students, and community members to read the full report.

The Current Situation

As part of their effort to address a budget shortfall of \$65M, the University of Akron administration has asked colleges to propose FY21 budgets with cuts ranging from 18% to 35%. As wages and benefits are the major portion of the academic budget, we anticipate significant faculty reductions.

UA has announced its intent to lay off an unspecified number of faculty with little-to-no notice under the *force majeure* clause in Article 15 or Article 33, Section 3, of the Collective Bargaining Agreement (CBA). These cuts to faculty are in addition to the retirement or separation of 151 bargaining unit faculty since July 2016 (when BUF numbered 669) to the present day (518 BUF). In addition, 25 visiting faculty positions have been eliminated for the upcoming year.

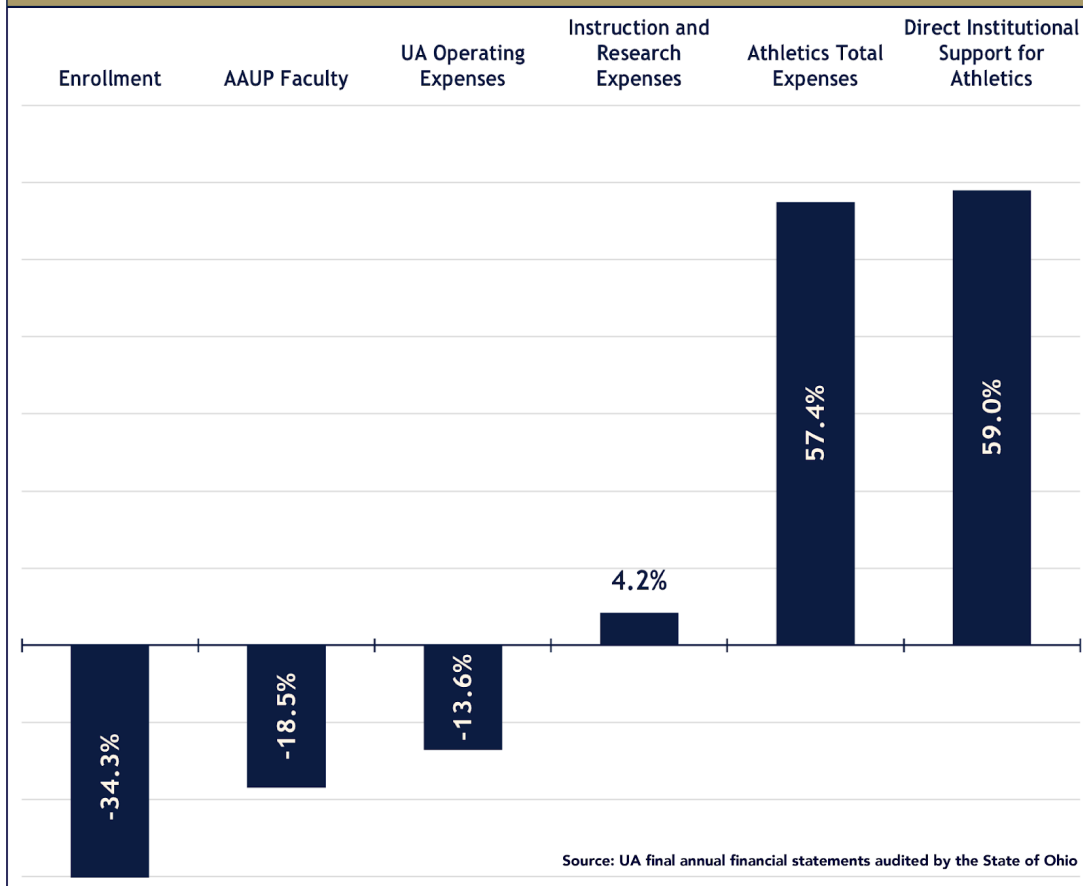
Using recent history as a guide, the 20% reductions in programs after the Academic Program Review (APR) in 2018 resulted in negative and extremely damaging publicity that cut enrollment dramatically. Enrollment dropped by 2887 students (-13%) between the August 2017 announcement of the APR cuts and Fall 2019. The recent announcement of the college reorganization was reported in the news media as a loss of 6 out of 11 colleges and led to even more negative publicity, including national negative press by mention in Netflix series *Patriot Act* with Hasan Minhaj. How will the regional and national news media respond to announcements that 25% of the academic budget is being reduced, including faculty layoffs? And, how many prospective students will decide not to come to a university associated with those headlines?

Even within the context of COVID-19, UA simply cannot afford any more of this kind of publicity. Only two other public Ohio universities have announced cuts of permanent faculty, BGSU (17 Non-Tenure-Track Faculty) and Ohio University (53 NTT Faculty). **No other public Ohio university has announced the firing of tenured faculty.**

Between 2010 and 2019, total expenditures at UA dropped by 13.6% (\$395M to \$341M). The number of Bargaining Unit Faculty (-18.5%) decreased by significantly more across these years (and this does not include the 49 positions lost to voluntary buyouts since fall 2019). Instructional and department research expenditures were up 4.2%, but direct institutional subsidies for Athletics increased by 59% (from \$16.4M to \$26M).

Continuing to invest in athletics while disinvesting in the learning mission has put us on an unsustainable trajectory.

Change in Expenditures, 2010-2019



Is there another way to save money that won't hurt enrollment and will put UA on the path to sustained financial health?

UA has been resistant to cutting athletic spending -- indeed, the just-announced cuts of \$4.4M in allocations from the general fund to athletics is the first cut to the athletics' budget in years. This is only a 12% cut to the total 2019 athletics' budget (\$37.28M) and a 17% cut of the 2019 allocation from the university (\$26M). It is not nearly enough when the University is considering a 25% reduction in the academic budget.

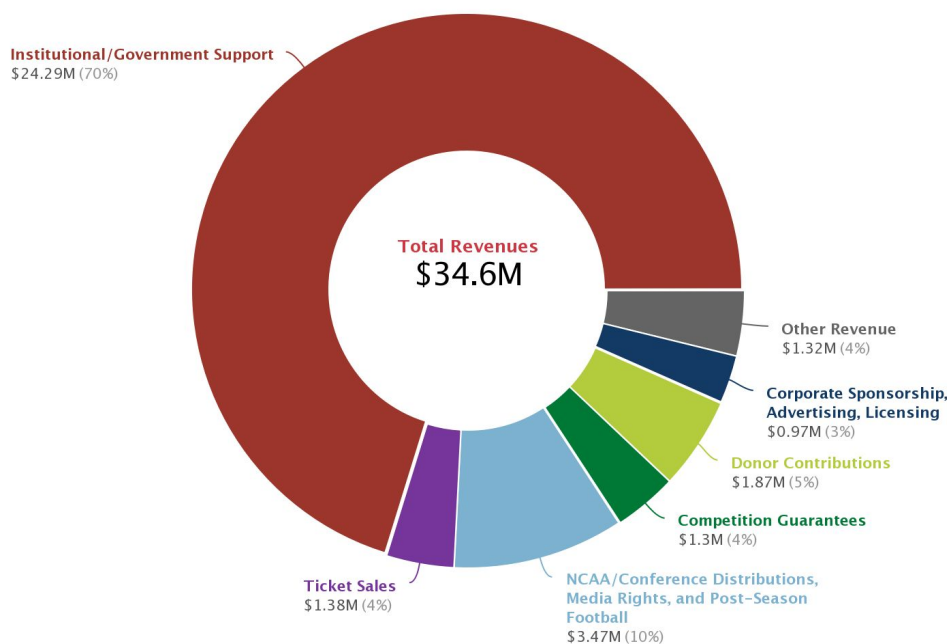
For years, faculty, regional news media, the community and students have asked why UA continues to compete in Division I Mid-American Conference (MAC). UA has offered two general responses: (1) dropping a division wouldn't save money due to the costs of dropping out of the MAC; and (2) athletics are the "front porch" of the university and, as such, attract students. Both responses have been unaccompanied by any actual evidence. In contrast, even sports commentators wonder why MAC schools - especially UA - do not drop out of Division I football.

What would we expect to pay if we dropped to Division II?

After years of spending, UA has been unable to establish itself as competitive in the MAC with the exception of men's soccer and track and field. It has certainly been unable to transform itself into a revenue-generating program. In 2018, only 29 of the nearly 350 Division I schools were able to generate more revenue than they cost -- and this was the most schools ever to report a profit.

As you can see below, in 2018 the Knight Commission reported that 70% of UA's athletics revenues came from direct institutional support, student fees, government support and indirect institutional support. Donor contributions, often cited as a reason to keep Division I athletics, only amount to \$1.87M. Whatever community support that exists for athletics is not translating into enough donations and tickets sold for this argument to stand.

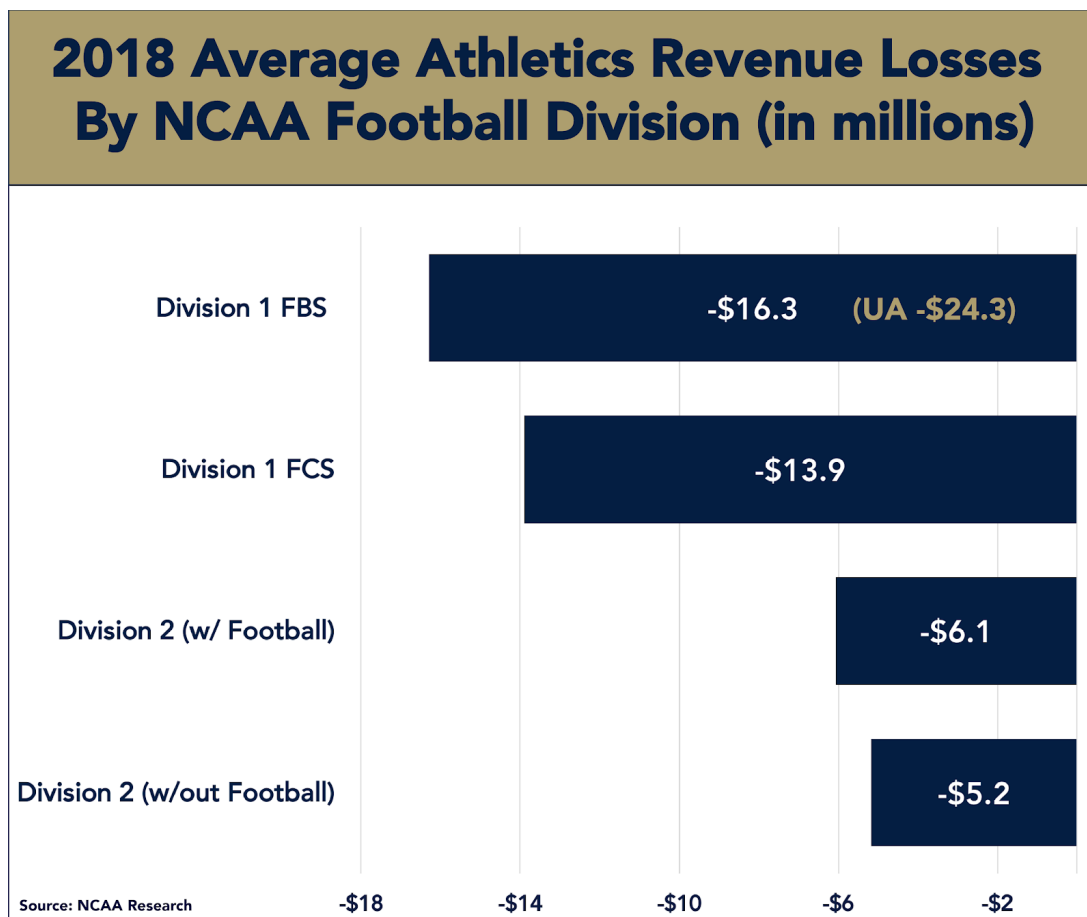
University of Akron – 2018



*Amounts reflect current dollars.
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The median net generated revenue (the average or expected cost of supporting athletic programs in the NCAA) is -\$16.29M for Division I Football Bowl Subdivision (FBS) (this is UA's subdivision), and -\$13.9M for Division I Football Champion Subdivision (FCS). Note that UA's net generated revenue for 2018 is -\$24.29M. The average university in Division I FBS generates only 40% of the revenue needed to support athletics. UA is much worse than average, as we only raise 30% of what we spend in athletics. The average university in our NCAA division **loses more than \$16M per year on athletics, and UA lost about \$8M more than that in 2018 alone.**

In Division II with football, the median total athletic spending is **much lower at \$6M**. Moving to Division II would clearly result in large savings even if we spend above the median in order to be competitive.



If a deficit of \$65M won't prompt the Board of Trustees and upper-level administration to have a real conversation about spending on athletics, what will?

And why is firing faculty seen as a better decision for a university than dropping a division in athletics?

Cutting faculty and programs in line with enrollment declines hasn't worked for us in the past, and we have yet to see any data that suggest it will work in the future. If we stay on this trajectory without reducing the athletic burden on our revenue-generating academic programs, there won't be a university left, and no university also means no athletics.

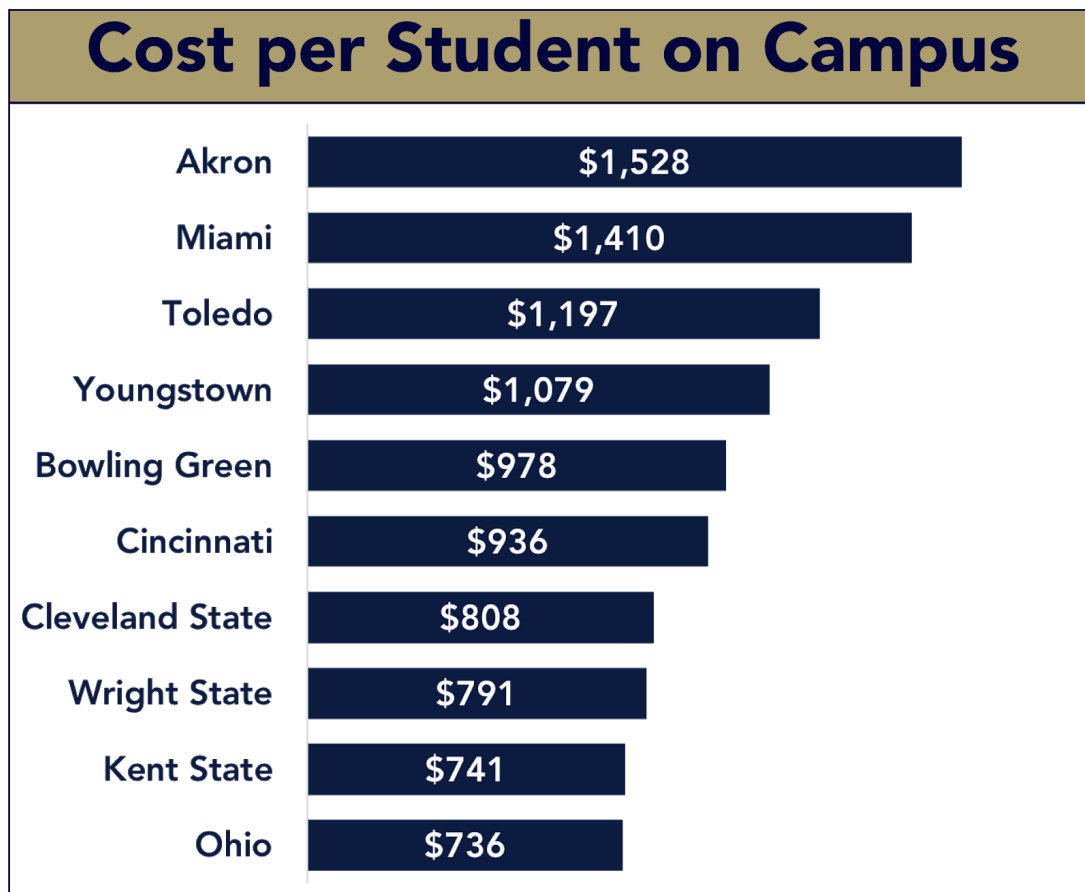
See Appendix I for a summary of current coaches' salaries and perks.

Is Athletics UA's "front porch" for attracting students?

There is no objective evidence to support the notion that students choose The University of Akron because of its athletics programs. In a survey by a team of researchers led by Professor

David Ridpath (Ohio University) of 3258 students at MAC schools, 73% ranked intercollegiate athletics as either “extremely unimportant” or “unimportant” in influencing their decision of school. Student attendance at UA athletics events is among the lowest in its division according to [NCAA reports](#). Currently, our university spends \$600,000 biannually to buy enough tickets to meet the minimum “paid attendance” requirements for the NCAA’s FBS designation.

Students are also expected to subsidize athletics at the highest level in the state (from a March 2nd [article](#) in cleveland.com).



In 2014, UA discontinued charging students a specific athletics fee and replaced that source of revenue with transfers from the general fund (reported to NCAA as "Institutional Support"). Only one other public university in Ohio - Ohio University - allocates student fees for athletics in this way. This obscures how athletics is being funded and by whom.

Given all of this, it's not likely that many students would be upset if UA deprioritized athletics spending.

Setting the University on a Sustainable Path

UA isn't alone in its prioritization of athletics over academics. Many universities have fallen into the same trap. Could we achieve distinctiveness and generate positive publicity by being the university that bucks the trend? What if we announced to prospective students, the community, and the faculty that our students and our programs are so important we are willing to cut athletics for their benefit? Wouldn't that attract students?

Let's have a discussion about how much we can afford to spend on athletics. Let's ask our athletics director to come up with a plan for conference participation that would maximize our teams' strengths and immediately reduce support from the general fund from \$26M to \$12M. This amount would allow UA to spend a little more than the median for Division II and incorporate \$5M for the stadium and other facilities' debt service. Any additional costs must be paid for from revenue generated by athletics.

UA is in a financial crisis. We are insisting that the Board of Trustees make greater cuts to their allocations to athletics for the upcoming year and reduce the number of faculty positions being cut. There is no justification for continuing to lose more than \$20M per year to participate in the MAC.

We demand to know why *force majeure* has been invoked for the faculty but not for the coaches and staff.

We are calling on the Administration to work with the faculty to preserve the academic mission of the University. The Board of Trustees must uphold its fiduciary responsibility to the institution, which means that it must make sustainable financial decisions. The University has an ethical and legal responsibility to its students: to provide them with the education for which they and the taxpayers are paying. Our academic programs, not our athletics, are our true front porch.

We MUST protect our students and our mission and stop this institution's decline.

Data Sources

Enrollment

The University of Akron, Institutional Research and Strategic Analysis, Fall Semester Census Enrollment - Total UA

https://www.uakron.edu/ir/docs/FALL%20CENSUS%20ENROLLMENT_2019-revised.pdf

Total UA Expenditures, Operating Expenses

The University of Akron, Financial Reports 2010-2019, from the Ohio Auditor of State, with additional context on historic variance in budget reporting from UA. <https://ohioauditor.gov>

Instructional & Department Research Expenditures

The University of Akron, Financial Reports 2010-2019, from the Ohio Auditor of State

<https://ohioauditor.gov>

AAUP Faculty

The University of Akron, Archival Services, Rate of Compensation records, 2010-2019

Athletics Total Expenses & Direct Institutional Subsidies/Support for athletics

The University of Akron, Financial Reports 2010-2016, from the Ohio Auditor of State

<https://ohioauditor.gov>

The University of Akron, Agreed-upon Procedures Report 2017-2019, from the Ohio Auditor of State <https://ohioauditor.gov>

Also Rich Exner, writer for Cleveland.com (and he obtained his number directly from The University of Akron)

Commentary from regional news media

<https://www.wksu.org/post/view-pluto-budget-cuts-kent-akron-should-include-dropping-division-i-football#stream/0>.

Median Revenue Information for Division 1

https://www.ncaa.org/sites/default/files/2019RES_D1-RevExp_Report_Final_20191107.pdf

Median Revenue Information for Division II:

https://ncaaorg.s3.amazonaws.com/research/Finances/2019D2RES_D2RevExpReportFinal.pdf

Information Regarding the 29 Revenue Generating Division 1 Schools:

<http://www.ncaa.org/about/resources/research/finances-intercollegiate-athletics>

University Rule 3359-20-01

<https://www.uakron.edu/ogc/UniversityRules/pdf/20-01.pdf>

Appendix - Salaries and Perks of University of Akron Athletics Personnel

Name	Position	Base Salary	Supplemental Compensation	Incentives	Comments
Tom Arth	Football Coach	\$425,000	\$50k for media work; \$25k from apparel; Club membership up to \$6k; Car or \$600/mo. stipend	Up to \$100k for athletics (cumulative); up to 20k for academic (annual)	UA agrees to maintain the funding level for Asst. coaches & support personnel in the program as of 12/14/18. 2 year extension option must be exercised by 12-31-20
Jared Embick	Men's Soccer Coach	\$300,000	Car, Club membership up to \$6k	+5% base salary if NCAA financial four; Various other, up to \$10k	They increased his salary from \$220k to \$300k in MAY 2019
John Groce	Men's Basketball Coach	\$400,000	Additional \$250k payable quarterly, car	Up to \$160k cumulative	
Tom Hanna	Women's Volleyball Coach	\$85,000	Car	Various, up to \$10k	
Noreen Herlihy	Women's Soccer Coach	\$75,000	Car	Various, up to \$10k	
Melissa Jackson	Women's Basketball Coach	\$200,000	Car, Club membership up to \$6k	Various, up to \$10k	
Jenny King	Women's Golf Coach	\$51,262	Car	Various, up to \$25k	
Christy Mitchell	Lacrosse Coach	\$53,300		Various, up to \$3k	
Denis Mitchell	Head Track Coach (M&W)	\$120,000	Car	Various, up to \$15k	
Brian Peresie	Women's Swimming & Diving Coach	\$100,000	Car	Various, up to \$15k	
Meagan Pettipiece	Softball Coach	\$85,000		Various, up to \$3k	
Chris Sabo	Baseball Coach	\$60,000		Various, up to \$5k	
David Trainor	Men's Golf Coach	\$63,036	Car	Various, up to \$25k	
Larry Williams	Director of Athletics	\$285,000	Car or \$1000/mo. stipend; club membership	Various, up to \$140k annually	

Data is from FY2020