

July 22, 2015

MEMORANDUM

TO: State Board of Regents  
FROM: David L. Buhler  
SUBJECT: Utah State Auditor Report on Athletics Revenue Subsidization

Background

On July 7<sup>th</sup>, the Office of the Utah State Auditor released an Analysis Report on NCAA Athletics Revenue Subsidization for Utah's Public Colleges and Universities. A full copy of the report is attached.

Issue

The State Auditor's Office released a report on athletic subsidies for each of the eight USHE institutions, comparing both total and per student subsidies for fiscal years 2012, 2013, & 2014. The analysis was based upon the annual NCAA report provided by the five USHE institutions that are in Division 1 (UU, USU, SUU, WSU, & UVU) and on an [S-13] budget form provided to the Office of the Commissioner for the remaining three institutions (DSU, SLCC, & Snow C). The purpose of the Report was to demonstrate the extent of overall subsidy to intercollegiate athletics at the eight USHE institutions.

Commissioner's Recommendation

This is an informational item only; no Regent action is being requested.

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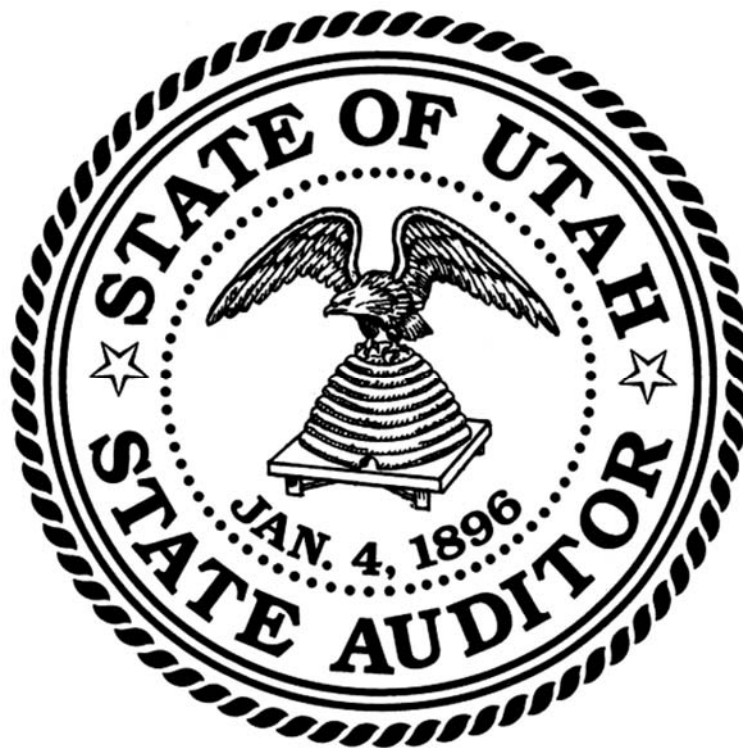
David L Buhler  
Commissioner of Higher Education

DLB/GLS  
Attachment: Office of the Utah State Auditor Analysis Report

**Analysis Report No. AR 15-02**

**NCAA Athletics Revenue Subsidization  
for Utah's Public Colleges  
and Universities**

July 7, 2015



**OFFICE OF THE  
UTAH STATE AUDITOR**



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**UTAH STATE AUDITOR**

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The Office of the Utah State Auditor (Office) examined National Collegiate Athletic Association (NCAA) athletics revenue at Utah’s eight public colleges and universities (institutions) to identify the level of subsidization of athletics revenue at these institutions. While every institution subsidizes its NCAA sports, the amount and percentage of the subsidy varies greatly as well as the amount of the direct and indirect burden that the subsidy places on the students. The purpose of this report is to provide information to the general public, institution leaders, and policy makers to allow them to determine the appropriateness of the subsidization.

**Background**

As part of this examination, the Office reviewed the athletics revenue reported by Utah’s eight public colleges and universities for fiscal years 2012, 2013, and 2014. Five of the institutions—University of Utah, Utah State University, Weber State University, Utah Valley University, and Southern Utah University—provide an NCAA Agreed-Upon Procedures (AUP) Report, and the Office reviewed the revenue reported on these reports. The remaining three institutions—Dixie State University, Salt Lake Community College, and Snow College—are not required to have an NCAA AUP report; therefore, the Office reviewed the athletics revenue reported to the Utah System of Higher Education (USHE) on Form S-13: Report on Intercollegiate Athletics.

**Analysis**

At each of the eight institutions the Office identified total money targeted for NCAA-level athletics, labeled “Total Athletics Revenue” in the tables included in this report. The “Total Athletic Activity Revenue” includes revenue generated by the athletic activities, such as ticket sales, contributions restricted to athletics, NCAA conference distributions, sponsorships/licensing/media revenue, sports camps, concessions, and merchandise. The difference between these two numbers is identified as the “Total Athletics Subsidy” and represents any shortfall between funds generated by the athletic activities and funds targeted for NCAA athletics, including but not limited to student fees restricted to athletics, tuition waivers, direct institutional support, and state support, as well as indirect institutional support for Utah State University, Weber State University, and Utah Valley University. The remaining five institutions do not allocate all indirect institutional expenses—such as accounting, payroll, physical plant, and other general administrative costs—to their NCAA athletic programs although these expenses benefit the athletic programs; as such, the “Total Athletics Subsidy” is understated for these institutions.

To make comparisons easier, the subsidy has also been calculated on a full-time equivalent (FTE) enrollment basis to show the athletics subsidy per FTE enrolled student which is labeled “Amount Subsidized per FTE Student.”

Table 1 shows the extent of the overall dollar subsidy of NCAA athletics at Utah’s eight public colleges and universities for fiscal year 2014. The subsidy totaled over \$56 million and ranged from over \$14 million annually at Utah State University and nearly \$10 million at the University of Utah to less than \$1.3 million at Snow College.

**Table 1. Subsidization of Athletics Revenue at Utah Public Colleges and Universities in FY 2014**

School	Total Athletics Revenue <sup>1</sup>	Total Athletic Activity Revenue <sup>2</sup>	Total Athletics Subsidy <sup>3</sup>	Percent Subsidized	FTE Student Enrollment <sup>4</sup>	Amount Subsidized per FTE Student <sup>3</sup>
University of Utah	\$ 56,470,309	\$ 46,608,203	\$ 9,862,106	17.5%	29,498	\$ 334.33
Utah State University	25,152,919	10,973,374	14,179,545	56.4%	20,010	708.62
Weber State University	13,377,336	4,493,849	8,883,487	66.4%	14,448	614.86
Utah Valley University	11,191,569	1,590,150	9,601,419	85.8%	19,642	488.82
Southern Utah University	9,728,291	2,637,534	7,090,757	72.9%	6,087	1,164.90
Dixie State University	5,449,121	1,848,635	3,600,486	66.1%	5,977	602.39
Salt Lake Community College	1,966,175	236,303	1,729,872	88.0%	17,479	98.97
Snow College	1,668,640	374,130	1,294,510	77.6%	3,210	403.27
<b>Total</b>	<b>\$ 125,004,360</b>	<b>\$ 68,762,178</b>	<b>\$ 56,242,182</b>	<b>45.0%</b>	<b>116,351</b>	<b>\$ 483.38</b>

(1) Total Revenue per the NCAA Agreed-Upon Procedures Report for the year ended June 30, 2014 or the Utah System of Higher Education Form S-13: Report on Intercollegiate Athletics for 2013-2014 Actual.

(2) Revenue generated from athletic activities, including ticket sales, contributions restricted to athletics, NCAA conference distributions, sponsorships/licensing/media revenue,

(3) The subsidy includes student fees restricted to athletics, tuition waivers, direct institutional support, and state support, as well as indirect institutional support for USU, WSU, and UVU.

(4) Annualized FTE Budget Related Only (source: Utah System of Higher Education 2015 Data Book Tab C)

Figure 1 compares the percentage of NCAA athletics revenue subsidization for all eight Utah public colleges and universities during fiscal year 2014. In fiscal year 2014, the University of Utah subsidized 17.5 percent of its total NCAA athletics revenue, which was the lowest percentage among the eight institutions. Salt Lake Community College subsidized the most at 88.0 percent.

**Figure 1**

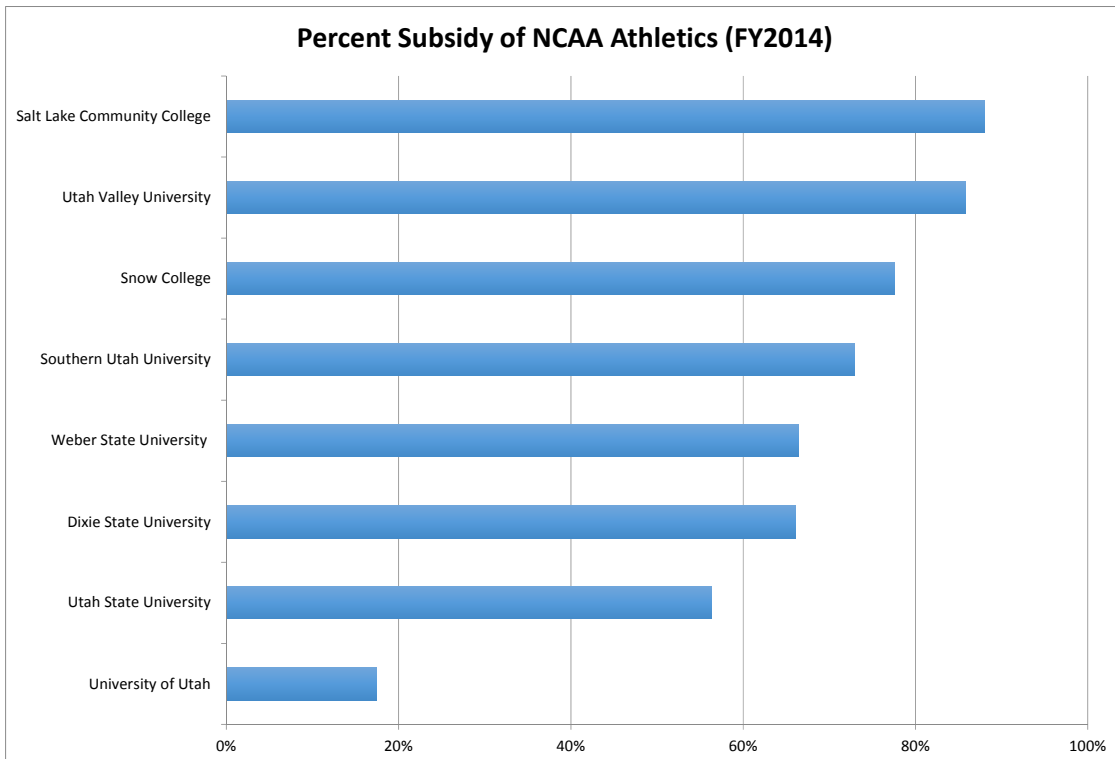
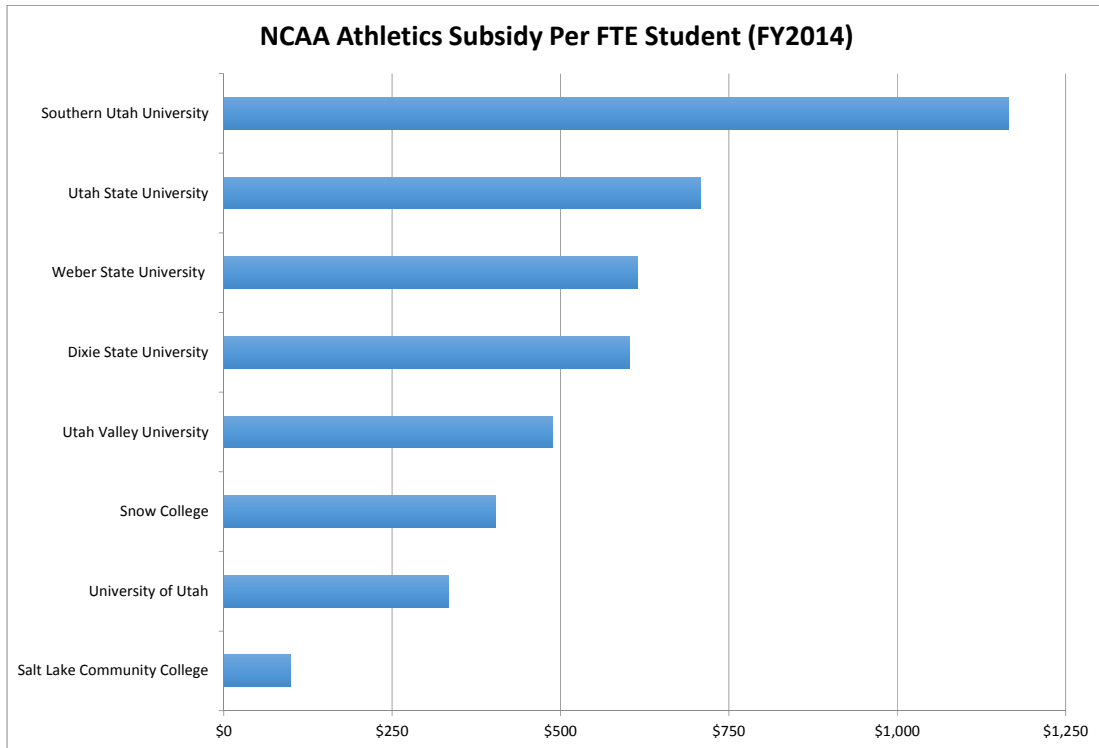


Figure 2 demonstrates the dramatic differences in per student dollar spending by institution during fiscal year 2014. Salt Lake Community College had the lowest per FTE student subsidization amount among the eight institutions at \$98.97. Southern Utah University had the highest per FTE student subsidization amount at \$1,164.90.

**Figure 2**



**Summary**

The State of Utah and its students subsidize NCAA athletics in the state at over \$56 million every year. The total amount of subsidy of NCAA athletics varies dramatically between Utah’s eight public colleges and universities, and the total amount often varies from percent subsidized or amount of subsidy per FTE student. The University of Utah has the lowest subsidy on a percentage basis, the second lowest per FTE student, but the second highest total subsidy at nearly \$10 million annually. Utah State University has the highest total subsidy at \$14 million, the second lowest subsidy on a percentage basis at 56%, but the second highest on a per FTE student basis at \$708.

Because of the amount and complexity of available information related to NCAA athletics, the Office has tried to pull together the results from our review in a manner to enable the institutions, policy makers, and the public to more readily see the results of our analyses. We encourage policy makers to review the information in this report and consider the following questions:

- To what extent should NCAA athletics be subsidized?
- To what extent should students be required to subsidize NCAA athletics?

**OTHER ANALYSES FOR  
FISCAL YEARS ENDED  
JUNE 30, 2012 THROUGH JUNE 30, 2014**

The charts and tables on the following pages  
provide additional information  
to allow for multi-year comparisons.

**Table 2. Subsidization of Athletics Revenue at Utah Public Colleges and Universities in 2013**

School	Total Athletics Revenue <sup>1</sup>	Total Athletic Activity Revenue <sup>2</sup>	Total Athletics Subsidy <sup>3</sup>	Percent Subsidized	FTE Student Enrollment <sup>4</sup>	Amount Subsidized per FTE Student <sup>3</sup>
University of Utah	\$ 46,855,280	\$ 36,615,781	\$ 10,239,499	21.9%	29,812	\$ 343.47
Utah State University	23,684,264	9,994,238	13,690,026	57.8%	20,385	671.57
Weber State University	12,333,964	4,139,304	8,194,660	66.4%	15,299	535.63
Utah Valley University	10,053,547	1,148,080	8,905,467	88.6%	20,712	429.97
Southern Utah University	10,178,699	2,836,360	7,342,339	72.1%	6,380	1,150.84
Dixie State University	4,787,053	1,446,930	3,340,123	69.8%	6,257	533.82
Salt Lake Community College	1,957,376	209,489	1,747,887	89.3%	18,256	95.74
Snow College	1,654,618	397,327	1,257,291	76.0%	3,238	388.29
<b>Total</b>	<b>\$ 111,504,801</b>	<b>\$ 56,787,509</b>	<b>\$ 54,717,292</b>	<b>49.1%</b>	<b>120,339</b>	<b>\$ 454.69</b>

(1) Total Revenue per the NCAA Agreed-Up on Procedures Report for the year ended June 30, 2013 or the Utah System of Higher Education Form S-13: Report on Intercollegiate Athletics for 2012-2013 Actual.

(2) Revenue generated from athletic activities, including ticket sales, contributions restricted to athletics, NCAA conference distributions, sponsorships/licensing/media revenue, sports camps, concessions/merchandise.

(3) The subsidy includes student fees restricted to athletics, tuition waivers, direct institutional support, and state support, as well as indirect institutional support for USU, WSU, and UVU.

(4) Annualized FTE Budget Related Only (source: Utah System of Higher Education 2015 Data Book Tab C)

**Table 3. Subsidization of Athletics Revenue at Utah Public Colleges and Universities in 2012**

School	Total Athletics Revenue <sup>1</sup>	Total Athletic Activity Revenue <sup>2</sup>	Total Athletics Subsidy <sup>3</sup>	Percent Subsidized	FTE Student Enrollment <sup>4</sup>	Amount Subsidized per FTE Student <sup>3</sup>
University of Utah	\$ 40,756,665	\$ 30,774,171	\$ 9,982,494	24.5%	29,376	\$ 339.82
Utah State University	21,061,242	8,271,411	12,789,831	60.7%	20,985	609.47
Weber State University	11,562,166	3,759,701	7,802,465	67.5%	15,262	511.23
Utah Valley University	9,205,759	795,578	8,410,181	91.4%	21,602	389.32
Southern Utah University	9,415,221	2,338,829	7,076,392	75.2%	6,427	1,101.04
Dixie State University	5,930,808	675,630	5,255,178	88.6%	6,554	801.83
Salt Lake Community College	1,993,380	278,220	1,715,160	86.0%	19,255	89.08
Snow College	1,639,327	413,624	1,225,703	74.8%	3,259	376.10
<b>Total</b>	<b>\$ 101,564,568</b>	<b>\$ 47,307,164</b>	<b>\$ 54,257,404</b>	<b>53.4%</b>	<b>122,720</b>	<b>\$ 442.12</b>

(1) Total Revenue per the NCAA Agreed-Up on Procedures Report for the year ended June 30, 2012 or the Utah System of Higher Education Form S-13: Report on Intercollegiate Athletics for 2011-2012 Actual.

(2) Revenue generated from athletic activities, including ticket sales, contributions restricted to athletics, NCAA conference distributions, sponsorships/licensing/media revenue,

(3) The subsidy includes student fees restricted to athletics, tuition waivers, direct institutional support, and state support, as well as indirect institutional support for USU, WSU, and UVU.

(4) Annualized FTE Budget Related Only (source: Utah System of Higher Education 2015 Data Book Tab C)

