

MSU Athletic Program Budget Overview

Links to articles recently posted in the Chronicle of Higher Education and the Huffington Post on the increasing subsidies that students and universities are paying to maintain competitive athletic programs has raised a number of questions across our campus. The following details regarding MSU's athletic budget are presented to further inform the campus about the overall investment in athletic programs at MSU and the how those investments are funded.


The take-away from the articles show MSU near the top of a list of institutions with the highest percentage of their total athletic budgets paid from an institutional subsidy at 86.2% of a \$10,833,587 budget. Two factors that have a significant impact on that percentage are 1) whether the institution charges a mandatory student athletic fee, and 2) the size of the athletic program budget.

Mandatory Student Athletic Fee

MSU does not charge a dedicated athletic fee to students to support the athletic program but instead allocates necessary funds to support the program from the total student tuition and fee revenue collected each year. Whether charged as a mandatory student athletic fee or funded from within the tuition revenue, students pay the funds that subsidize athletics. However, by not charging it as a dedicated athletic fee the University has the flexibility to use the revenue on the highest institutional strategic priorities each year. If charged as a mandatory athletic fee, the revenue collected could only be used for athletic programs. In the metric highlighted in the article, this revenue is included as part of the university subsidy instead of as athletic revenue because it wasn't billed as a dedicated student athletic fee. If charged as a mandatory athletic fee MSU's subsidy percentage would be significantly lower.

Athletic Budget Size

The list of institutions (including MSU) that were highlighted in the article as those with the largest percentage of their athletic budget subsidized by the university include some of the smallest-budgeted athletic programs. The screen shots below from the table included in the articles show the institutions sorted by the largest percentage subsidy (left table) and then in contrast by with lowest percentage of subsidy (right table). Note the differences in the size of athletic budgets of the institutions with the highest subsidy compared to the size of the athletic budgets of the institutions with the lowest subsidy.

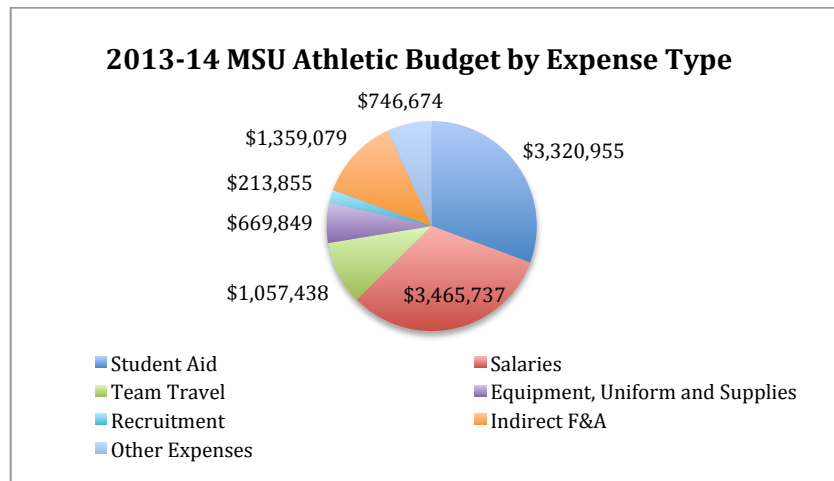
THE CHRONICLE OF HIGHER EDUCATION			THE CHRONICLE OF HIGHER EDUCATION		
Institution	% of revenue from subsidies (subsidies)	Athletics revenue	Institution	% of revenue from subsidies (subsidies)	Athletics revenue
New Jersey Institute of Technology New Jersey Independent	90.6% (\$11,899,220)	\$13,136,737	Louisiana State University at Baton Rouge Louisiana Southeastern Conference	0.0% (\$0)	\$133,679,256
University of California at Riverside California Big West Conference	89.0% (\$13,788,851)	\$15,484,936	University of Texas at Austin Texas Big 12 Conference	0.0% (\$0)	\$161,035,182
Central Connecticut State University Connecticut Northeast Conference	88.0% (\$12,959,383)	\$14,731,018	University of Oklahoma at Norman Oklahoma Big 12 Conference	0.0% (\$0)	\$129,226,692
Indiana University-Purdue University at Indianapolis Indiana The Summit League	87.8% (\$7,184,587)	\$8,179,405	University of Nebraska at Lincoln Nebraska Big Ten Conference	0.0% (\$0)	\$94,797,692
 Morehead State University Kentucky Ohio Valley Conference	86.2% (\$9,341,671)	\$10,833,587	Purdue University at West Lafayette Indiana Big Ten Conference	0.0% (\$0)	\$71,372,206
University of Texas at Arlington Texas Sun Belt Conference	86.2% (\$10,152,846)	\$11,781,630	Ohio State University Ohio Big Ten Conference	0.0% (\$0)	\$145,232,681
Longwood University Virginia Big South Conference	86.1% (\$8,416,143)	\$9,774,504	University of Michigan at Ann Arbor Michigan Big Ten Conference	0.2% (\$256,316)	\$157,899,820
Winthrop University South Carolina Big South Conference	85.9% (\$10,775,669)	\$12,549,290	University of Iowa Iowa Big Ten Conference	0.6% (\$683,917)	\$105,958,954
Utah Valley University Utah Western Athletic Conference	85.8% (\$9,601,419)	\$11,191,569	University of Kentucky Kentucky Southeastern Conference	0.9% (\$861,548)	\$96,685,489

Sources: NCAA Revenue and Expense Reports, 2010-2014 and the Department of Education's Integrated Postsecondary Education Data System (ipeds), 2010-2014

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Scholarship Expenditures

A primary expenditure supporting any athletic program is the student scholarship expense. There is minimal discretion in the total cost of a program's scholarship expense because each school must maintain basically the same number of students on their team rosters to be competitive and they also must follow common NCAA scholarship rules. Therefore, the scholarship expense will show as a much higher subsidy percentage for a small-budget school such as MSU. Below is a breakdown the MSU's athletic budget by expenditure category. It should be noted at the \$1.359 million reported as "Indirect F&A" are not funds available within the athletic budget but instead represent an imputed value required by NCAA in an annual report. This figure is an estimate of MSU's total cost for utilities, maintenance and operating costs of all facilities prorated for the square footage of the campus facilities occupied by athletic programs.



Note: Indirect F&A are not actual funds budgeted in athletics but an imputed value to represent the cost of utilities and facility maintenance and operating costs based on total square footage of campus allocated to athletics.

Coach / Administrator Salaries

Another primary expenditure included in a school's athletic program budget is the salary line supporting coaches and administrators. However, this primary expense has more discretion within the institution than the scholarship budget and will vary significantly based on program size, number of sports offered and the school's athletic conference. The chart below shows MSU's coaching salaries compared to OVC peers. The cell colors graduate from green to yellow to red with green representing the lowest salaries paid within the conference and red representing the highest salaries paid within the conference for each position. With the exception of one sport, MSU paid its coaches and administrators salaries in 2014 that were at or below the average of its OVC peers.

	Athletic Director	Sr. Woman Admin.	Men's Basketball	Women's Basketball	Football	Baseball	Volleyball	Soccer	Track
APSU	\$136,000	\$63,569	\$208,603	\$83,707	\$147,175	\$81,200	\$53,059	\$52,421	\$48,152
EIU	\$160,000	\$61,200	\$167,600	\$115,000	\$170,000	\$67,061	\$47,175	n/a	\$84,426
EKU	\$165,272	\$50,735	\$223,169	\$112,791	\$186,230	\$67,958	\$65,975	\$47,232	\$99,763
JSU	\$147,084	\$44,151	\$126,072	\$82,997	\$181,000	\$131,006	\$53,000	\$52,965	\$42,038
MOR	\$125,000	\$50,078	\$175,000	\$95,000	\$115,000	\$66,000	\$80,000	\$55,000	\$42,735
MUR	\$127,684	\$51,113	\$310,500	\$94,583	\$145,000	\$65,000	\$49,042	\$48,000	n/a
SEMO	\$143,551	\$83,404	\$124,848	\$88,408	\$130,000	\$66,625	\$52,000	\$57,772	\$53,000
SIUE	\$144,750	\$92,439	\$135,000	\$130,000	n/a	\$60,000	\$52,275	\$51,409	\$52,000
TSU	\$110,713	\$80,648	\$190,000	\$114,441	\$225,000	n/a	\$67,500	n/a	\$78,226
TTU	\$154,280	\$77,353	\$135,320	\$119,648	\$160,045	\$72,420	\$60,900	\$62,000	\$67,000
UTM	\$145,000	\$57,037	\$200,000	\$140,000	\$134,517	\$75,000	\$47,496	\$44,225	\$42,040
Average	\$141,758	\$64,702	\$181,465	\$106,961	\$159,397	\$75,227	\$57,129	\$52,336	\$60,938

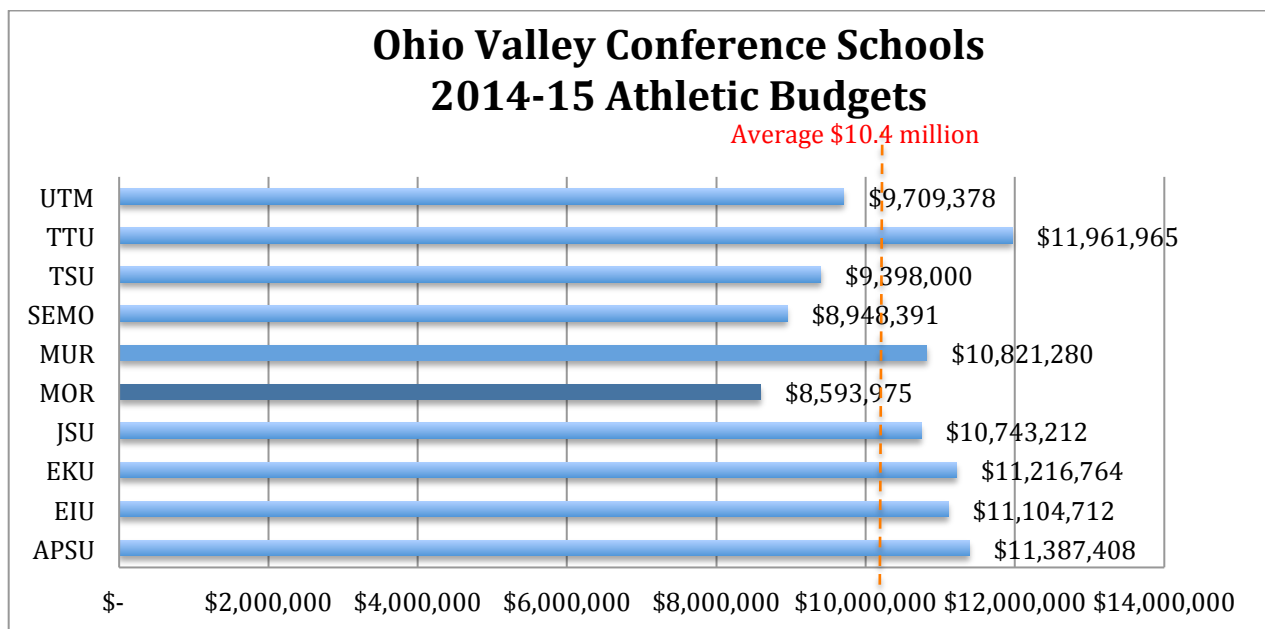
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A more relative metric for comparison would be the value of the subsidy rather than the percentage that the subsidy represents of the total athletic budget. The table below compares MSU with each of the Kentucky Public Universities using the same metric. Note that MSU contributes the smallest total subsidy amount compared with other public regional universities even without the use of a mandatory student fee to support athletics that would reduce the percentage of subsidy.

THE CHRONICLE OF HIGHER EDUCATION			
Institution	% of revenue from subsidies <small>(subsidies)</small>	Athletics revenue	
University of Kentucky <small>Kentucky Southeastern Conference</small>	0.9% <small>(\$861,548)</small>	\$96,685,489	
University of Louisville <small>Kentucky Atlantic Coast Conference</small>	8.8% <small>(\$7,768,599)</small>	\$88,745,348	
Western Kentucky University <small>Kentucky Conference USA</small>	56.9% <small>(\$15,758,435)</small>	\$27,716,031	
Murray State University <small>Kentucky Ohio Valley Conference</small>	65.3% <small>(\$11,236,842)</small>	\$17,217,807	
Eastern Kentucky University <small>Kentucky Ohio Valley Conference</small>	80.0% <small>(\$10,432,816)</small>	\$13,033,265	
Northern Kentucky University <small>Kentucky Atlantic Sun Conference</small>	84.6% <small>(\$10,113,985)</small>	\$11,951,518	
Morehead State University <small>Kentucky Ohio Valley Conference</small>	86.2% <small>(\$9,341,671)</small>	\$10,833,587	←

Sources: NCAA Revenue and Expense Reports, 2010-2014 and the Department of Education's Integrated Postsecondary Education Data System (IpedS), 2010-2014

The following chart compares MSU's athletic budget to budgets of its OVC peer institutions. Belmont University and Southern Illinois University Edwardsville have been excluded as outliers. Belmont is a private university, SIUE just joined the OVC from Division II and neither university has a football program--typically the most expensive sport.



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Indirect Benefits

Other factors to consider in assessing the investments in the MSU athletic program and return on those investments should include the 414 student athletes (including cheer) that likely would not attend MSU without the opportunity to participate in sports. These students generated over \$5.9 million in tuition revenue plus the related revenue they spent for housing, dining and other auxiliary services on our campus. Student athletes represent 16.1% of MSU's under-represented minority population and the total population of student athletes maintained higher-than-average retention and graduation rates compared to the total MSU student population.

The athletic program also provides significant indirect benefits to the university from continuous media exposure, institutional branding, bringing visitors to campus and enhances the overall campus experience for students. The athletic programs serve as venues for our marching and pep bands and provide numerous experiential learning opportunities in areas such as communications, marketing, sport management and health and human performance programs.

Without the athletic program, the reported \$10.8 million budget invested by the institution in athletics would be offset by revenue reductions including \$5.9 million in tuition revenue, \$1.5 million in revenues and guarantees generated by athletics, \$1.4 million for indirect F&A assigned to athletic budget for purposes of NCAA report and the funds billed and received an additional \$1.5 million from student athletes to support the university's housing, food service and other auxiliary programs.