



# University of Denver FACULTY FORUM

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## Comments from Susan E. Sadler, Faculty Senate President

The University's plan to save back \$5 million dollars as budgetary buffer against economic challenges came at the close of our self-study process, leading up to the NCAA Certification site visit in February 2002. Faculty were invited to participate in discussions evaluating the self-study and to offer comments about DU's vision and the reality of Division I Athletics. However, due to either time constraints or conscious choice, participation was limited. For this reason, I have outlined below what I see to be the faculty issues regarding the NCAA Certification Review process and in the plans for improvement that have been proposed by the Steering Committee.

◆ **GOVERNANCE AND RULES COMPLIANCE** – Administrators are enthusiastic in their support of the athletics program, and the University is generally in compliance, except for a few minor lapses. Procedures to address and correct these are already in place.

◆ **ACADEMIC INTEGRITY** – We continue, and will continue, to recruit student-athletes who are competitive academically as well as athletically. According to DU admission policies, all students are admitted to the undergraduate programs according to the same criteria. DU does not admit athletes provisionally.

The absence of our student-athletes from class remains a concern, since participation in the Sunbelt Conference (paired with the present local, national,

and global security issues) necessitates substantial travel.

Advising issues were given significant consideration. The committee recommends (and the Athletic Department agrees) that faculty advisors are the primary advisors for all undergraduates.

The issue of full course load was examined and discussed extensively. Students may, during quarters of heavy competition and travel, reduce their course load to 12 hrs – the minimum to maintain full-time student status. But an average of 15-16 hrs are required each quarter in order for a student to graduate after four years.

◆ **FISCAL INTEGRITY** - The University will continue to significantly subsidize the Ritchie Center and the Department of Athletics. In part, this is shaped by the budgetary decision to finance these facilities and programs out of tuition revenues instead of charging them to student fees (see Q & A below).

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◆ **EQUITY, WELFARE & SPORTING BEHAVIOR** - DU has a long history of working toward gender equity under Title IX. The NCAA Certification Steering Committee recommends that the University work toward the most financially prudent goals as it strives to achieve gender equity compliance by a roster management plan that targets substantial proportionality of student participation in team sports.

The Athletic Department has made some strides in working toward an increased participation of domestic minorities in staff and student ranks. The recommendation is for coaches and administrators to strive for a heightened responsiveness to minority issues in recruitment and hiring. Community outreach programs are being planned. The Steering Committee recommends that there be reasonable expectation for budgetary requests to support these efforts. ❖



## Responses to Senate Questions from Provost Robert Coombe

**Q:** *Faculty frustrations reflect a deeply seated mistrust of the administration's decision to move to Division I athletics. Even now, some continue to worry that our athletic initiative is our "budgetary albatross." Can you respond to this concern?*

**A:** It's well known that only a few NCAA Division I athletics programs generate revenue in excess of expenses. Most require a subsidy at some level, and although this has certainly been true at DU our athletics program is by no means an "albatross". Our current subsidy for the athletics program, when expressed as a percentage of our total expenditures (about 2%), is in fact not substantially different from our percentage subsidy when we had a Division II program. As the athletics budget has grown, so has

our overall revenue, and many have suggested that the visibility generated by our athletics programs and the capital projects of the last few years has been a major contributor to our growing numbers of student applicants. Further, there are a number of other programs at DU that, when viewed as isolated entities, lose money. As with athletics, we choose to pursue these programs because they make important contributions to the University's culture, beyond revenue.

I think that a lot of the concern felt by the University community about athletics has come from the fact that when originally proposed, the program went forward with overly optimistic revenue projections. Further, while expenses and revenues associated with athletics are "becoming more known entities" (as Janet Allis indicated in her description of this year's approved budget), we still seem to be too aggressive in our revenue estimates. Our inability to make good on these projections over the years has no doubt contributed to the notion that athletics is an "albatross". As we build our operating budget for the coming year (FY '03), we intend to build in a considerable dose of realism in projecting revenues from athletics.

Another source of concern stems from the fact that we tend to lump the financial performance of athletics in with the net costs of operating the Ritchie Center, which are considerable. While the two are unquestionably tied (and we're not trying to sidestep this), it is true that the Ritchie Center is used for many activities beyond athletics, like recreation, the Coors fitness center, and events. These activities make a different sort of contribution to the University community, and have different budgets. The total subsidy for the athletics program *and* the operation of the Ritchie Center is about \$6 million, with equal contributions to the two. Keep in mind, though, that contribution margins for all of the University's programs generally don't include allocated indirect costs, and that when these indirect costs are taken into account it is apparent that a number of our units also lose significant amounts of money. This is counterbalanced by the fact that other units make

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substantial amounts of money. It is the overall configuration that is in balance each year.

While we certainly want (and expect) better financial performance from athletics and the Ritchie Center, in my mind the real questions about athletics are programmatic rather than financial. Can we make Division I athletics work in a manner that is fully integrated with the academic culture at DU and preserves our institutional integrity? Can we focus on the academic growth of our student athletes as well as their performance on the field? Can the Ritchie Center become an important element in the overall health and well-being of all of our students, faculty and staff? When people think of the athletics teams at DU, is that thought enveloped by an image of academic excellence? If so, then the athletics initiative at DU will have succeeded.

**Q:** *Why does the University use tuition dollars to fund athletics and recreation? Doesn't this limit funding initiatives for academics?*

**A:** Although DU is substantially decentralized in its management and operations, we are not completely so. Each unit is by no means a "tub on its own bottom". When indirect costs are allocated out, most units are in the black but some are in the red. Although the cost of instruction is higher in some academic units than in others, we charge tuition at a fixed rate (for undergraduates, at a flat rate) under the assumption that students are paying for the entirety of the DU experience, and some averaging is appropriate and necessary. We use tuition dollars (albeit a really modest fraction of each tuition dollar, perhaps 2 cents) to subsidize athletics because it's a major part of the University experience for student athletes, and a significant part for many others.

**Q:** *Don't NCA accreditation recommendations DEMAND increased funding for academics? How will these demands be met in the short term and long term?*

**A:** One of the 9 "concerns" raised in the NCA report was that fund-raising had been dedicated primarily to enhancement of the physical plant. The

NCA visitors called for a process to identify academic priorities with future fund-raising in mind. This is hardly a demand that more of our current resources be applied to academic programs. That being said, though, I certainly agree that now is the time to focus our efforts on improving the academic environment at DU, for both students and faculty members. I believe that Chancellor Ritchie and the Board of Trustees also hold this view. To that end, and in accord with the NCA recommendation, UPAC has completed the process of establishing new statements of our vision, values, and mission, and has identified 11 goals to be addressed in the next three to five years. Many of these goals are related to the academic enterprise at DU. This year, we are introducing a process to integrate the goals into budget development, in an effort to identify specific, real outcomes and to build the necessary resources behind them. This process will result in the prioritization suggested by the NCA visiting team.

**Q:** *What portion of the \$5.4 million budget savings comes from academics? From physical plant? From athletics?*

**A:** I've attached a bar chart that shows the distribution of the \$5.4 million saved from operating budgets this year. Of the total, 61.5% came from academic and administrative units reporting to the Provost, and 18.5% came from units reporting to the Vice Chancellor for Business and Financial Affairs. 12.6% came from budgeted "institutional priorities" funds (funds for new programs or projects beyond our base operations), and 7.4% from units reporting to the Chancellor. Of the total amount saved, about 17% was in deferred maintenance and transfers. These planned savings *do not* include additional actions taken to address specific revenue shortfalls projected in some units; these shortfalls were accounted for by expense reductions and transfers from gain share accounts before the savings plan was enacted. Athletics was among these units. While we have chosen not to reveal the amounts saved by individual units, it is true that the expenditure reduction in athletics, as a percentage of its operating

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budget, was substantially greater than the average among all units.

**Q:** *Any 2-year budgetary plan will have residual effects that will carry over into a longer-lasting recovery period. Is academic recovery likely to lag behind athletic and recreation program recovery?*

**A:** Our programs in athletics and recreation are still evolving into a stable configuration, and I think that it's a bit misleading to speak of "recovery." At the moment, we must accept that there is considerable uncertainty in budgeting for these areas. The Chancellor, the Board of Trustees and I are committed to making Division I athletics work at DU. In the next few years, we will aggressively seek to define activity and expenditure levels for the athletics program that work for the University as a whole. I pledge that this evolution will be a transparent and public process, as it must be if the end result is to be accepted by the University community.

In one sense, academic "recovery" from the two-year savings plan will be short, since the dollars saved from base operations budgets will once again be available for expenditure in FY '04. Remember that these funds have not been removed from anyone's base budget. There is a larger and longer-term issue, though, and this is associated with our financial sustainability as growth in the population of students and related growth in tuition revenues levels off. We cannot continue to increase our numbers of students indefinitely, nor can we continue to have substantial tuition rate hikes each year. Somehow, though, we must retain a level of financial flexibility that allows us to quickly respond to the very rapidly changing educational landscape. Over the next few years, we must all work hard to develop new revenue streams and expenditure budgets that ensure continued flexibility as we achieve a stable size and configuration. This will not be easy, but it is necessary if we are to significantly improve the quality of our institution. ❖

