

## FCS ADA | CORNER

The tough economic times of recent years have certainly presented significant challenges for administrators of higher education institutions in the United States. Nationally, these institutions have faced unprecedented financial hurdles with reductions in funding from governmental sources compounded with endowment losses and increased costs specifically related to ‘uncontrollable, inflationary expenses’ of employee benefits and utilities. During the same time period, stakeholders have demanded a higher output of skilled students to meet the demands of today’s workforce. The majority of institutions have been forced to take drastic steps to reduce spending along with generating additional revenues from students through tuition and fee increases, fundraising and other sources, while at the same time continuing the emphasis on the core values of teaching, research and service. At many institutions, this has created larger financial challenges for the non-teaching areas of campus including student services, intercollegiate athletics and facilities.



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Intercollegiate athletics, especially programs at the Division I level, have always sparked conversations among higher education constituents relative to funding and the role that athletics plays in today’s collegiate environments. These debates have risen to an all-time high amongst faculty, students, administrators and even our loyal alumni during this economic downturn.

Tennessee Tech University, a member of the Ohio Valley Conference, is a Division I institution whose football team competes at the Football Championship Subdivision (FCS) level. The majority of these financial debates on the Tennessee Tech campus have focused on the increased budgets of Division I intercollegiate athletics programs and the increased cost per student-athlete. The trend of increased budgets at Tennessee Tech has been similar to our peers nationally, but very different than the perception of our constituents. Our constituents receive information on a daily basis from the national media where the primary focus tends to be on the major bowl subdivision programs whose expenses are significantly higher than a program like Tennessee Tech.

So, how do we answer the questions and explain to our constituents the additional expenditures that have become necessary to operate a Division I athletics program? Of course, the answer is to communicate, communicate and communicate. At Tennessee Tech, we have worked to increase our engagement with our faculty senate, student government, alumni, administration and the general public. We have highly utilized the NCAA Dashboard Indicators for data, presentations, educational sessions and conversations that clearly show our expenditures, revenues and other important data.

During these conversations, we have taken this opportunity to educate all constituents on what we call ‘uncontrollable, inflationary expenses’ for both the university and the department of intercollegiate athletics. These ‘uncontrollable, inflationary expenses’ are necessary, mandated expenses

which increase, but where a conscious decision to allocate additional resources to them was not made. They are almost a ‘cost of doing business expense.’ Primarily for Tennessee Tech, these expenses are the increased cost of employee benefits and utilities. For intercollegiate athletics, they are the cost of scholarships which include tuition, fees, meals and housing, while secondary ‘uncontrollable, inflationary expenses’ have been similar to those we have experienced as consumers relative to insurance, transportation, hotels and meals. Our constituents have really been able to understand this concept, especially since their personal households also have experienced these same types of increases.

The scholarship budget for Tennessee Tech athletics due to ‘uncontrollable, inflationary increases’ has ballooned from \$2,664,449 during fiscal year 2004, to \$4,719,830 during the current fiscal year. It would have surpassed \$5 million had we not suspended the operations of two sports programs (rifle and women’s tennis) to meet mandated budget reductions for fiscal year 2011. We realized nearly \$300,000 in scholarship savings from these sport suspensions. It has taken both allocated revenues from Tennessee Tech and our students along with additional generated revenues to balance this budget increase of \$2,055,381 for scholarships alone. Constituents can understand this eight-year 77 percent scholarship budget increase in the overall athletics budget when broken down in its simplest form, and they value our commitment to student-athlete scholarships and Title IX. Tennessee Tech athletics is one of a few institutions nationally where the participation rate of student-athletes is equal to the institution’s total undergraduate student population male/female ratio. Therefore, our scholarships are budgeted at this same male/female percentage. This provides an additional challenge in our budgeting, but is valued by our institution and constituents. Additionally, we constantly remind our constituency that a scholarship expense for intercollegiate athletics is primarily revenue for the campus as a whole, or a specific unit of campus like housing or food services.

We have approached all these financial challenges as an opportunity, to not only communicate and become more accountable for increases in intercollegiate athletics expenses, but also to explain costs for which we have no control along with educating our constituents on the financial realities of Division I athletics. Specifically, we have placed emphasis on peers in the Football Championship Subdivision and our fellow members of the Ohio Valley Conference. This approach has resulted in knowledgeable constituents and has reduced debate relative to intercollegiate athletics costs. Tight financial times are still ahead for institutions of higher education and intercollegiate athletics programs. As campus leaders, we need to continue to find simple communication methods that reach our entire campus constituency. We must capture the opportunity to highly educate them that increases in the total athletics budget are not out-of-control, excessive spending on intercollegiate athletics, but rather that athletics budgets are often increased by ‘uncontrollable, inflationary expenses.’

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