



The Economics of Football

Presented by:

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May 29, 2007



What I-A Football would cost at UNC Charlotte?

Football Expenses

Coaches (salary/benefits)	\$	1,342,000	Head Coach @ \$350,000 / 10 assistants @ \$75,000 average + benefits
Financial Aid - Academic Year	\$	1,285,500	Based on 85 scholarships (57 in-state @ \$11,500 / 28 out of state @ \$22,500)
Financial Aid - Summer	\$	477,750	Based on 63 scholarships (42 in-state @ \$5,750 / 21 out of state @ \$11,250)
Team Travel	\$	450,000	Based on 6 road games (4 bus / 2 fly)
Game Guarantees	\$	300,000	Assumes 5 home games (2 non-conference @ \$150,000 / 3 home and home w/conference or independent)
Recruiting	\$	200,000	
Equipment	\$	200,000	Annual - start up would likely be double
Other expenses	\$	150,000	Printing / office supplies / communications / technology / sideline communication
Preseason	\$	90,000	Housing / meals for three weeks prior to school opening
Officials	\$	75,000	Assumes 5 home games @ \$15,000 per crew
Video Operations	\$	75,000	
Car Allowances	\$	54,000	Based on 10 car allowances @ \$5400 each
Admin Travel	\$	35,000	
Training Room / Insurance	\$	175,000	
Annual Operational Expenses	\$	4,909,250	

Other Football Specific Expenses

FT Staffing (salary/benefits)	\$	677,100	Two trainers @ \$60,000 each / one SID @ \$45,000 / three admin support @ \$30,000 / one head video coordinator @ \$50,000 / one asst video coordinator @ \$30,000 / two strength coaches @ \$50,000 each / one Director of FB ops @ \$40,000 / 2 academic coordinators @ \$40,000 / one equip mgr @ \$40,000
PT Staffing (salary/benefits)	\$	90,000	Three trainers @ \$15,000 each / one video intern @ \$15,000 each / one strength intern @ \$15,000 each / one equipment intern @ \$15,000
Student Staffing (salary)	\$	20,000	Two student admin support @ \$5,000 each / two student video @ \$5000 each
Annual Operational Expenses (w/support)	\$	5,676,350	

Other Variables

Stadium / Playing Facility Expenses	\$	196,000	Five home games @ \$6185 + 12% of gate @ Memorial Stadium + operational expenses
Annual Op. Expenses (w/support & facility)	\$	5,872,350	



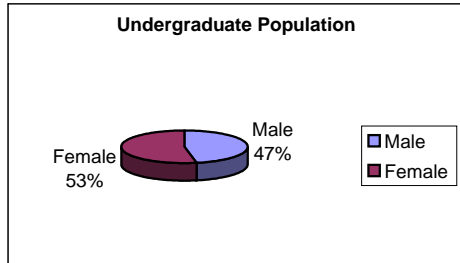
Football's Effect on Equity

Title IX of the Educational Act of 1972, as it relates to college athletics, provides that proportionate opportunities and funding shall be given to female student-athletes equivalent to the full-time undergraduate population of the institution.

Without football:

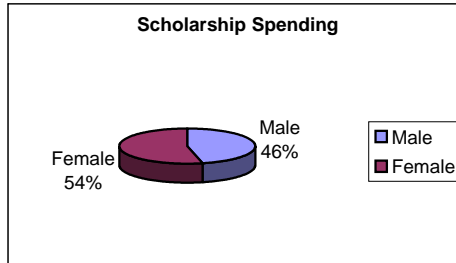
Full time Undergraduate Enrollment
at UNC Charlotte (2005-2006)

Males: 6440
Females: 7175



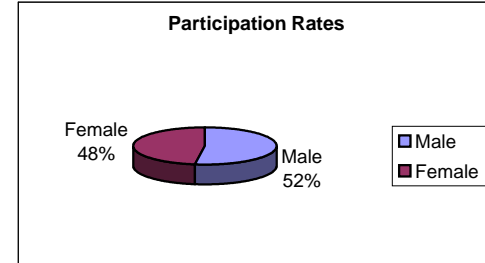
Current Scholarship Spending
at UNC Charlotte (2005-2006)

Males: \$ 907,220
Females: \$ 1,049,002



Current Participation Rates
at UNC Charlotte (2005-2006)

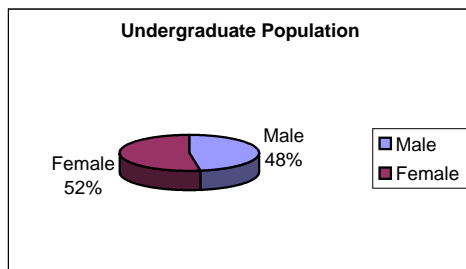
Males: 199
Females: 182



With football (assuming no additions to women's program):

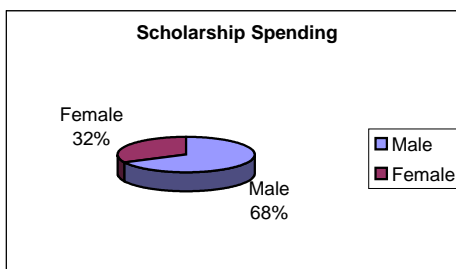
Full time Undergraduate Enrollment
at UNC Charlotte (add 100 males)

Males: 6540
Females: 7175



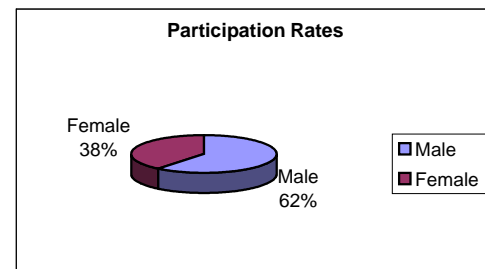
Projected Scholarship Spending
at UNC Charlotte (add 85 scholarships)

Males: \$ 2,192,720
Females: \$ 1,049,002



Projected Participation Rates
at UNC Charlotte (add 100 males)

Males: 299
Females: 182





What else would need to be addressed? A look at Athletic Department Expansion

Program Expansion Expenses - Staffing

Assoc AD / Football Operations	\$	73,200	@ \$60,000 + benefits
Asst Foundation Director	\$	73,200	@ \$60,000 + benefits
Asst Foundation Director	\$	73,200	@ \$60,000 + benefits
Asst AD / Facilities	\$	61,000	@ \$50,000 + benefits
Info Tech Specialist	\$	61,000	@ \$50,000 + benefits
Asst Director of Marketing	\$	48,800	@ \$40,000 + benefits
Asst Director of Marketing	\$	48,800	@ \$40,000 + benefits
Asst Academic Coordinator - women's sports	\$	48,800	@ \$40,000 + benefits
Asst Academic Coordinator - women's sports	\$	48,800	@ \$40,000 + benefits
Asst Strength Coach - women's sports	\$	48,800	@ \$40,000 + benefits
Asst Sports Info - women's sports	\$	48,800	@ \$40,000 + benefits
Asst Athletic Trainer - women's sports	\$	48,800	@ \$40,000 + benefits
Asst Compliance Director	\$	42,700	@ \$35,000 + benefits
Asst Compliance Director	\$	42,700	@ \$35,000 + benefits
Admin Asst - women's sports	\$	36,600	@ \$30,000 + benefits
Asst Ticket Manager	\$	36,600	@ \$30,000 + benefits
Asst Business Office	\$	36,600	@ \$30,000 + benefits

Annual Staffing Expansion Expenses \$ 878,400

Title IX

Women's Sport #1 - Operations / Salary	\$	300,000
Scholarships - Field Hockey (12) - 75/25	\$	237,000
Women's Sport #2 - Operations / Salary	\$	300,000
Scholarships - Lacrosse (12) - 75/25	\$	237,000
Women's Sport #3 - Operations / Salary	\$	300,000
Scholarships - Swimming (14) - 50/50	\$	238,000

Annual Title IX Expansion Expenses \$ 1,612,000

Other Expenses

Playing Facility Upkeep	\$	120,000
Marching Band	\$	250,000
Additional Printing Expense (Sports Info)	\$	30,000
Additional Nutritional Supplies (Strength/Cond)	\$	50,000
Additional Promotional (Marketing)	\$	100,000

Annual Other Expenses \$ 550,000

Total of All Program Expansion Expenses \$ 3,040,400



How would we pay for football and department expansion?

Football Revenues

Student Fees	\$	5,850,000	Based on a dedicated annual \$300 fee
Game Guarantees	\$	1,500,000	Based on 3 buys @ \$500,000 or 2 buys @ \$750,000
Ticket Purchases	\$	562,500	Assumes 5 home games @ 7,500 tickets @ \$15 per ticket
Corporate / Donor Support	\$	1,000,000	
Annual Operational Revenues	\$	8,912,500	



The Student Investment

\$50 increment /
\$250 option

		Student Fee					
		Operations*	Football	Operations	Football	Total	
2007-08	\$	445		\$ 8,174,000		\$ 8,174,000	
2008-09	\$	467	\$ 50	\$ 8,639,500	\$ 925,000	\$ 9,564,500	
2009-10	\$	491	\$ 100	\$ 9,206,250	\$ 1,875,000	\$ 11,081,250	
2010-11	\$	515	\$ 150	\$ 9,785,000	\$ 2,850,000	\$ 12,635,000	
2011-12	\$	541	\$ 200	\$ 10,414,250	\$ 3,850,000	\$ 14,264,250	
2012-13	\$	568	\$ 250	\$ 11,076,000	\$ 4,875,000	\$ 15,951,000	

Football Accumulation (Pre-"Kickoff") **\$ 9,500,000**

		Combined Fee*		
2013-14	\$	859	→	\$ 16,963,275
2014-15	\$	902	→	\$ 18,036,900
2015-16	\$	947	→	\$ 19,175,479

* 5% growth annually in rate

\$60 increment /
\$300 option

		Student Fee					
		Operations*	Football	Operations	Football	Total	
2007-08	\$	445		\$ 8,174,000		\$ 8,174,000	
2008-09	\$	467	\$ 60	\$ 8,639,500	\$ 1,110,000	\$ 9,749,500	
2009-10	\$	491	\$ 120	\$ 9,206,250	\$ 2,250,000	\$ 11,456,250	
2010-11	\$	515	\$ 180	\$ 9,785,000	\$ 3,420,000	\$ 13,205,000	
2011-12	\$	541	\$ 240	\$ 10,414,250	\$ 4,620,000	\$ 15,034,250	
2012-13	\$	568	\$ 300	\$ 11,076,000	\$ 5,850,000	\$ 16,926,000	

Football Accumulation (Pre-"Kickoff") **\$ 11,400,000**

		Combined Fee*		
2013-14	\$	911	→	\$ 18,000,150
2014-15	\$	957	→	\$ 19,139,400
2015-16	\$	1,005	→	\$ 20,347,575

* 5% growth annually in rate



Our Future Home? A look at finances inside Conference USA (2004-05)

Reported Expenses

	Salaries	Recruiting	Team Travel	Equipment	Total Football Expenses	Total Departmental Expenses
Memphis	\$ 1,884,274	\$ 196,965	\$ 630,914	\$ 147,482	\$ 7,030,198	\$ 24,289,381
Houston	\$ 1,597,823	\$ 58,172	\$ 399,210	\$ 127,322	\$ 7,008,100	\$ 22,677,457
Texas-El Paso	\$ 1,340,728	\$ 163,438	\$ 1,006,577	\$ 218,339	\$ 6,701,805	\$ 21,325,403
UAB	\$ 1,373,188	\$ 12,021	\$ 1,054,723	\$ 255,182	\$ 6,046,874	\$ 18,872,742
ECU	\$ 1,610,016	\$ 139,117	\$ 583,829	\$ 235,616	\$ 5,878,869	\$ 21,763,041
Central Florida	\$ 2,115,528	\$ 213,260	\$ 461,214	\$ 211,892	\$ 5,243,258	\$ 20,730,846
Marshall	\$ 1,273,312	\$ 193,217	\$ 677,892	\$ 250,445	\$ 4,992,762	\$ 16,516,504
Southern Miss	\$ 1,332,792	\$ 139,589	\$ 503,473	\$ 292,701	\$ 4,928,391	\$ 16,588,414
Average	\$ 1,565,958	\$ 139,472	\$ 664,729	\$ 217,372	\$ 5,978,782	\$ 20,345,474
Charlotte						\$ 8,931,266

Reported Revenues

	Ticket Sales	Guarantees	Inst Support / Student Fees	Donations/Corp	Total Football Revenues	Total Departmental Revenues
Texas-El Paso	\$ 1,969,639	\$ 375,000	\$ 1,581,258	\$ 1,288,475	\$ 7,279,013	\$ 21,325,408
UAB	\$ 592,559	\$ 1,307,810	\$ 1,319,612	\$ 1,968,446	\$ 6,579,779	\$ 18,784,112
Marshall	\$ 1,551,690	\$ 785,893	\$ 683,301	\$ 1,134,501	\$ 5,422,949	\$ 16,323,459
ECU	\$ 2,067,688	\$ 1,748,080		\$ 412,658	\$ 5,012,329	\$ 21,128,219
Southern Miss	\$ 1,375,554	\$ 1,488,912		\$ 880,135	\$ 4,969,368	\$ 18,246,484
Memphis	\$ 2,395,837	\$ 921,429		\$ 409,325	\$ 4,621,398	\$ 24,289,381
Houston	\$ 819,500	\$ 1,473,104		\$ 76,000	\$ 3,073,860	\$ 22,089,418
Central Florida	\$ 1,145,224	\$ 775,000	\$ 236,633		\$ 2,159,191	\$ 22,089,418
Average	\$ 1,489,711	\$ 1,109,404	\$ 477,601	\$ 771,193	\$ 4,889,736	\$ 20,534,487
Charlotte						\$ 9,406,115

Institutional / Government Support (Total for All Programs)

	Institutional	Student Fees	Governmental	Total Inst/Govt
Central Florida	\$ 1,474,967	\$ 11,932,441	\$ 348,929	\$ 13,756,337
Houston	\$ 8,900,000	\$ 3,537,318		\$ 12,437,318
UAB	\$ 6,396,125	\$ 2,710,489		\$ 9,106,614
Texas-El Paso	\$ 4,994,481	\$ 2,952,176		\$ 7,946,657
ECU	\$ 681,761	\$ 6,663,961	\$ 132,293	\$ 7,478,015
Southern Miss	\$ 1,890,959	\$ 5,232,082		\$ 7,123,041
Marshall	\$ 2,430,614	\$ 3,667,214		\$ 6,097,828
Memphis	\$ 763,101	\$ 3,881,276	\$ 13,551	\$ 4,657,928



The First Years - A look into I-AA Atlantic 10 Public Institutions (2004-05)

Reported Expenses

	Salaries	Recruiting	Team Travel	Equipment	Total Football Expenses	Total Departmental Expenses
Massachusetts	\$ 643,705	\$ 120,997	\$ 261,219	\$ 119,879	\$ 3,273,833	\$ 18,502,005
James Madison	\$ 964,218	\$ 52,311	\$ 207,032	\$ 168,513	\$ 3,167,890	\$ 21,151,103
Rhode Island	\$ 676,826	\$ 33,907	\$ 199,488	\$ 65,523	\$ 3,090,554	\$ 17,538,456
William & Mary	\$ 644,583	\$ 72,576	\$ 257,724	\$ 75,591	\$ 3,049,056	\$ 12,960,128
New Hampshire	\$ 582,079	\$ 64,194	\$ 217,063	\$ 65,374	\$ 2,761,815	\$ 20,127,683
Maine	\$ 607,019	\$ 47,215	\$ 287,342	\$ 60,957	\$ 2,387,107	\$ 13,327,987
Towson State	\$ 407,361	\$ 41,128	\$ 126,434	\$ 83,634	\$ 1,601,773	\$ 13,140,714
Average	\$ 646,542	\$ 61,761	\$ 222,329	\$ 91,353	\$ 2,761,718	\$ 16,678,297
			Charlotte		\$	\$ 8,931,266

Reported Revenues

	Ticket Sales	Guarantees	Inst Support / Student Fees	Donations/Corp	Total Football Revenues	Total Departmental Revenues
Rhode Island	\$ 81,880	\$ 25,000	\$ 2,593,378	\$ 175,025	\$ 2,949,670	\$ 17,704,718
James Madison	\$ 354,297	\$ 235,000	\$ 1,718,030	\$ 35,495	\$ 2,913,120	\$ 21,555,198
William & Mary	\$ 496,279	\$ 325,000	\$	\$ 1,169,243	\$ 2,642,719	\$ 13,023,529
Maine	\$ 135,300	\$ 345,000	\$ 1,698,555	\$ 76,512	\$ 2,350,272	\$ 13,402,505
New Hampshire	\$ 75,384	\$ 225,000	\$ 1,257,687	\$ 116,493	\$ 1,804,507	\$ 20,272,981
Towson State	\$ 58,584	\$ 7,500	\$ 465,133	\$ 22,652	\$ 553,869	\$ 14,097,541
Massachusetts	\$ 173,611	\$ 195,000	\$	\$ 39,822	\$ 249,705	\$ 19,344,591
Average	\$ 196,476	\$ 193,929	\$ 1,104,683	\$ 233,606	\$ 1,923,409	\$ 17,057,295
			Charlotte		\$	\$ 9,406,115

Institutional / Government Support (Total for All Programs)

	Institutional	Student Fees	Governmental	Total Inst/Govt
James Madison		\$ 17,818,323		\$ 17,818,323
Massachusetts	\$ 847,921	\$ 6,844,792	\$ 7,543,153	\$ 15,235,866
New Hampshire	\$ 6,560,189	\$ 6,913,818		\$ 13,474,007
Rhode Island	\$ 7,145,429	\$ 5,560,009	\$ 19,514	\$ 12,724,952
Towson State	\$ 1,514,415	\$ 8,905,238		\$ 10,419,653
Maine	\$ 6,945,656			\$ 6,945,656
William & Mary		\$ 6,374,773		\$ 6,374,773



Where this all stacks up - The net effect

Revenues

Student Fees	\$ 5,850,000	Based on a dedicated annual \$300 fee
Game Guarantees	\$ 1,500,000	Based on 3 buys @ \$500,000 or 2 buys @ \$750,000
Ticket Purchases	\$ 562,500	Assumes 5 home games @ 7,500 tickets @ \$15 per ticket
Corporate / Donor Support	\$ 1,000,000	
Total Annual Operational Revenues	\$ 8,912,500	

Expenses

Annual Operational Costs for Football Program	\$ 5,872,350
Other Expansion Costs (Dept Growth / Title IX)	\$ 3,040,400
Total Annual Operational Expenditures	\$ 8,912,750

Revenues

Conference USA average (2004-05)	\$ 20,534,487	Atlantic 10 average (2004-05)	\$ 17,057,295
Charlotte (w/o Football)	\$ 10,480,271	Charlotte (w/o Football)	\$ 10,480,271
Charlotte (add Football)	\$ 8,912,500	Charlotte (add Football)	\$ 8,912,750
Total Revenues	\$ 19,392,771	Total Revenues	\$ 19,393,021

Expenses

Conference USA average (2004-05)	\$ 20,345,474	Atlantic 10 average (2004-05)	\$ 16,678,297
Charlotte (w/o Football)	\$ 10,480,271	Charlotte (w/o Football)	\$ 10,480,271
Charlotte (add Football)	\$ 8,912,500	Charlotte (add Football)	\$ 8,912,750
Total Expenses	\$ 19,392,771	Total Expenses	\$ 19,393,021



Capital Expansion

Capital Expansion Expenses - Football

Playing Facility	\$ 75,000,000	(This cost could be +/- substantially based on specs)
Practice Field - Grass	\$ 500,000	
Practice Field - Grass	\$ 500,000	
Practice Field - Turf	\$ 1,000,000	
Office Facility	\$ 15,000,000	

(w / training, weight, academic, locker room fac)

Capital Expansion Costs (Football Only) \$ 92,000,000

Capital Expansion Expenses - Title IX

Practice Field - Grass (Lacrosse / Field Hockey)	\$ 500,000
Practice Field - Turf (Lacrosse / Field Hockey)	\$ 1,000,000
Game Facility - Lacrosse / Field Hockey	\$ 15,000,000

(w / training, office, locker room fac)

Capital Expansion Costs (Title IX Compliance) \$ 16,500,000

Capital Expansion Costs \$ 108,500,000

Conference Affiliation Expenses

Move from Atlantic 10 to Division I-A league	\$ 3,000,000	(TCU paid \$2,000,000 to join C-USA)
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A Brief Look at UNC Charlotte's Sponsorship History

- Charlotte 49ers Athletics contracted Signature Sports Group (SSG) in the 1997-98 academic year for sponsorship sales and management services
- Prior to that time, corporate sponsorships were sold and managed "in house" and the maximum revenue generated in one season was \$74,000 (1996-97) - the first in Halton Arena
- Prior to opening Halton Arena, all corporate sponsorships sold consisted of radio and temporary signage (banners) at municipal facilities such as former Charlotte Coliseum and Cricket Arena
- Multi-media (signage, radio, TV, promotion, Internet, etc.) sponsorship rights have been consolidated since 2003—less conflict selling, more cohesion
- Current relationship provides 49ers Athletics with guaranteed annual revenue stream regardless of market factors such as economic conditions or competitive landscape



The Financial Snapshot - Sponsorship Intake

- Annual Revenue Guarantee \$215,000
- Media Guarantee \$50,000
 - Radio Broadcast (WFNZ clearance fee + Talent)
- Total Minimum Financial Guarantee \$265,000

- Barter Value (Offsets Expenses) - Supplements Marketing Budget \$65,000 - \$100,000
 - 49er Pride Rewards Program
 - Sponsor Giveaways, Halftimes Acts, etc.

Success Factors:

- ❖ Multi-year contracts
- ❖ "Blue Chip" sponsors
- ❖ High retention rate—85% average over the last decade on an annual basis



Current Sponsorship Levels

DOLLAR LEVELS

of Sponsors

- | | |
|-----------------------|----|
| • \$1,000 - \$9,999 | 15 |
| • \$10,000 - \$19,999 | 10 |
| • \$20,000 - \$29,999 | 4 |
| • \$30,000 - \$39,999 | 1 |
| • \$40,000+ | 5 |

TOTAL of 35 Corporate Sponsors



Major Sponsorship Categories

- Financial Institutions
 - Bank RBC (exclusive retail banking)
 - Other TIAA-CREF (exclusive in their sub category)
 - Telecommunications CTC (exclusive)
 - Medical (Hospital) Carolinas Medical Center (exclusive)
 - Retail Supermarket Harris Teeter (exclusive)
 - Soft Drink Pepsi (exclusive via pouring rights in Arena)
 - Automotive Carolina Ford Dealers (non-exclusive)
 - Fast Food Multiple (non-exclusive)
-
- ❖ Historically speaking, category exclusivity has been important and in some cases necessary to secure sponsorships in major categories based on our limited offerings
 - Men's basketball only, no premium seating (suites) and no TV rights
 - ❖ There is time to "make adjustments" to category exclusivity and/or category exclusivity language in order to open up those categories and add sponsors to the overall roster... i.e. exclusive in relation to signage in Arena, game broadcast media, internet, in-game promotions, etc.



The Media Landscape - Radio

- 25 out of the past 35 years, the Charlotte 49ers men's basketball broadcasts have been on the 610 AM radio dial
- Sports properties pay rights fee to clear on-air programming time
- Limited number of stations are willing to break format for sports programming
- Saturday programming is much more available in the Charlotte market
- Competitive sports property landscape limits options and raises costs
- Options for 49ers basketball have been limited because it does not have the power of partnering with a station or network of stations with football
- Paying a rights/clearance fee for an FM station for football will provide better opportunities to grow basketball programming and reach a significantly larger audience
- Football would enhance the University's sports reputation and give it media "life" from August through spring football practice



Other School Comparisons

- Based on research from the 2005 NCAA Budget Report, schools that are in similar positions to Charlotte in terms of location, conference and those that have recently started football generate between 2%-5% of their overall budget from sponsorships
- Schools used for comparison are Appalachian State and Coastal Carolina for their local ties and Division I-AA football status; UMASS due to its Division I-AA football and fellow conference member in the Atlantic 10 Conference; UAB and USF based on their locations in large (more comparable) markets and as former conference members of Conference USA.

University	Sponsorship Revenue	Overall Budget	% of Budget Sponsorship
Appalachian State	\$ 349,607	\$ 7,634,231	4.58%
Coastal Carolina	\$ 227,315	\$ 11,045,399	2.06%
East Carolina	\$ 768,162	\$ 21,128,219	3.64%
U Mass	\$ 735,424	\$ 19,344,591	3.80%
UAB	\$ 294,079	\$ 18,784,112	1.57%
USF	\$ 1,042,549	\$ 20,565,871	5.07%

Data collected from Indianapolis Star, 2005 "NCAA Budget Report"

Division I-AA
Former C-USA member with Charlotte



Competition for the Sports Dollar

- Carolina Panthers - Premier sports league in the US, premier property in Charlotte
- Charlotte Bobcats - Addition of brand new state-of-the-art arena has bolstered their corporate client roster
- Charlotte Checkers - new uptown arena has helped in like manner to the Bobcats
- Charlotte Knights - moving to brand new uptown ballpark will have a positive financial impact
- NASCAR (Two Races plus All-Star Race) - in the heart of core footprint
- NASCAR Hall of Fame - will attract new sponsors to be part of the unveiling
- Wachovia Championship - continues to grow in name and stature on annual basis
- Other College Properties fighting for the Charlotte market sponsor \$ (ACC, SEC, Davidson, ASU & Winthrop) - includes tournaments and possible championships brought to Charlotte
- College Bowl Game at Bank of America Stadium
- Arena Football Franchise possible re-entry into Charlotte market
- Senior PGA Event in Hickory, NC



Sponsorship Considerations of Major Impact

- On-Campus Stadium (Owned by Charlotte)
 - Incremental revenue from suites, premium seats, scoreboard, video, signage, sampling and parking rights
 - Sell naming rights for the stadium, the field, parking decks, sampling/fanfest areas, etc.
 - Develop a media center to leverage for Press Box naming rights with a local radio and/or TV partner
- Rent Stadium
 - Revenue limited to conditions and terms of rental contract which severely limits sponsorship growth potential—lack of sponsorship inventory
- Elasticity of Current Sponsors
 - How many companies can expand the financial commitment of their current sponsorships?
 - Football allows for a more extensive nine-month to year around sponsorship platform
 - Budgets might not be able to expand to correlate the incremental property spend
 - Competition - previous slide validates sponsor choices will always be plentiful
- University Contacts
 - A coordinated effort between the University and Athletic Department can maximize future sponsorship opportunities with all potential vendors and contract applicants—evaluate before sending out RFP's
- Control?
 - How much inventory will be under the control of the University/Athletic Department? - i.e. naming rights, signage inventory, media inventory, etc.
 - For example: Halton Arena/Pepsi Pouring Rights