



October 1999

## DIVISION OF INTERCOLLEGIATE ATHLETICS

The University of Wisconsin-Madison's Division of Intercollegiate Athletics operates 23 athletic programs, including 12 for women and 11 for men. In fiscal year (FY) 1999-2000, the Division will spend approximately \$40.8 million to support these programs, in which 695 students are expected to participate. After deficits in FY 1998-99 and FY 1999-2000, the Division's cash reserves are expected to decline by approximately \$1.2 million, to \$2.7 million at the end of FY 1999-2000.

### **Expenditures Have Increased by \$17.8 Million Since Fiscal Year 1994-95**

The Division's expenditures are expected to increase \$17.8 million, or 77.5 percent, from FY 1994-95 through FY 1999-2000, to a total of \$40.8 million. In contrast, revenues are expected to increase \$15.9 million, or 63.8 percent. Expenditures have increased as a result of a \$7.7 million increase (57.8 percent) in athletic program costs, a \$6.7 million increase (115.1 percent) in facilities costs, and a \$3.4 million increase (88.2 percent) in administrative costs.

Athletic program costs increased primarily because of a \$1.8 million increase in football expenditures and a \$1.6 million increase associated with three new women's programs: ice hockey, softball, and lightweight crew. Most of the increases in facilities and administrative costs are attributable to debt service and operating costs associated with the Kohl Center. However, in contrast to earlier reports, the Kohl Center generated approximately \$1.2 million more revenue from athletic events, concerts, and special events than its FY 1998-99 operating costs.

### **Expenditures Need to Be Better Controlled**

To ensure that the Division maintains financial stability, its athletic program costs and administrative expenses will need to be better controlled. For example, the Division spends more on post-season play than it receives for participating in events such as football bowl games and basketball and other tournaments. In FY 1998-99, the cost of post-season play exceeded revenues by \$458,500. The majority of this shortfall is attributable to the football team's 1999 Rose Bowl appearance. The Division spent \$2.1 million for the 1999 Rose Bowl—almost twice as much as it spent for the 1994 Rose Bowl—and the number of attendees whose trips were paid by the Division increased by 74, to a total of 832.

Noticeable improvements have been made in the administrative oversight and support provided to the Division's athletic programs and operations since 1989. However, these improvements have come at a cost. From FY 1994-95 through FY 1999-2000, the number of administrative staff increased by 28.3 full-time equivalent employees, or 71.5 percent. The Division is currently authorized 189.7 full-time equivalent employees.

### **More Comprehensive Financial Management Reporting Is Needed**

Although information on all of the Division's costs and funds is provided to Athletic Board members through a number of different documents, the Division's financial statements do not include all of the costs of its operations or all of the revenues that support these costs. For example, the State Building Commission provided \$100,000 in 1999 for the development of plans to improve Camp Randall Stadium, and the University of Wisconsin-Madison provides utilities to the Division's facilities at no charge. To assist Athletic Board members and others in analyzing the Division's financial condition and evaluating equity among athletic programs for women and men, it is important that the Division provide comprehensive information on expenditures funded by other sources.

In addition, although they are not recorded on the Division's financial statements, cash balances held in intercollegiate

athletic accounts at the University of Wisconsin Foundation are available for the Division's use. Our review of the Foundation's records found that, as of June 30, 1999, \$1.2 million was available to the Division for any purpose, and another \$2.7 million was designated for specific athletic programs.

### **The Division Plans \$61.0 Million in Capital Projects**

The Division's ambitious capital projects plans warrant close scrutiny. The Division has identified approximately \$61.0 million in capital projects that, if approved, would increase debt service costs by at least \$4.2 million over the next five years. These projects include \$3.0 million for an expansion of the crew boathouse, \$5.0 million for an expansion of the McClimon Track and Soccer Stadium, \$11.5 million for a swimming and diving pool, and \$40.0 million for improvements to Camp Randall Stadium. If planned renovations at Camp Randall Stadium cost more than the \$40 million currently estimated, debt service costs would be substantially higher. Based on comparable renovations at stadiums of other members of the Big Ten Conference, costs could eventually total more than \$100 million.

As the level of annual debt service increases, so does the Division's risk of future financial shortfalls. Consequently, we have recommended that the Division develop a long-range plan for funding its future capital projects that will include an annual assessment of the level of debt service its programs can reasonably support. In addition, to better ensure financial stability, it may be appropriate to reduce the scope of some of the planned capital projects or to delay other projects until either donations have been raised or program revenues have increased sufficiently to fund debt service costs.

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[full report, PDF file \(277KB\)](#)