

The Longhorn economy

UT SPORTS SPENDING PART ONE OF TWO

By [Eric Dexheimer](#)

AMERICAN-STATESMAN STAFF

Sunday, September 30, 2007

\$107.6 million

This year, the University of Texas athletics department will for the first time spend more than \$100 million. That's double the amount of just six years ago. Since 2000, sports expenses have grown twice as fast as UT spending overall.

The rapid growth is the result of the Longhorns' financial independence. Unlike other departments at the University of Texas, athletics gets to spend virtually everything it earns.

And thanks largely to income generated by the UT football team (and, to a lesser degree, men's basketball) the department earns plenty. The Longhorns' move to the Big 12 conference in 1996 gave the team additional national exposure. That, coupled with the team's on-the-field successes and an explosion in expensive luxury seating (next year the football stadium will boast three premium club seating areas and 111 suites costing between \$50,000 and \$88,000 a year each) have tripled football revenues over the past ten years, to about \$63 million this year.

At the same time, UT has made a deliberate decision to limit the intercollegiate sports it supports. Ohio State University's athletic department also spends about \$100 million per year on sports. But the Buckeyes have twice as many teams as the University of Texas, which has one full time athletic department employee for every two student-athletes.

Indeed, following a national trend, the number of Longhorn student-athletes has fallen slightly, so the amount of money the university spends per athlete has soared, from \$113,000 in 2003 to \$210,000 this year. That's 10 times the average of all Division I and II schools, according to the National Collegiate Athletic Association. It's eight times what the University of Texas spends educating each student.

Administrators say that because the sports program is self-supporting the importance of such numbers is exaggerated. "We eat what we kill," said Ed Goble, the athletic department's chief financial officer.

Critics disagree. "There is no justification for such escalation," said Donna Lopiano, a former UT women's athletics director and recently retired CEO of the Women's Sports Foundation. "It's an embarrassment to spend \$100 million on 500 kids."

An athletic department that spends money simply because it can results in "a degree of extravagance that is

totally out of whack with what transpires in the rest of the university," said UT accounting professor Michael Granof, who points to sports facilities he terms "beyond opulence." He, along with other reformers, has proposed merging athletics into the university's general fund so its rapidly growing expenditures — four coaches and an administrator now earn more than the university's president — can be reviewed alongside other departments' budgets.

UT's spending also has consequences that reach far beyond Austin, said Dan Fulks, an accounting professor at Transylvania University who studies university sports finances for the NCAA. Programs like UT's, he says, drive up the cost of all college sports — and, in some instances, the price of higher education in general — as schools with less-lucrative teams scramble to maintain a pace of spending that NCAA President Myles Brand has called "not sustainable."

Fewer than 10 out of more than 1,000 college athletic programs nationally make money or break even, according to Brand. (Fulks puts the number slightly higher.) That means 99 out of 100 schools subsidize the cost of intercollegiate sports, often in the form of student fees, which according to the College Board are rising at a rate faster than inflation.

Trying to keep up with athletic superpowers compels competitors to literally mortgage their futures for sports. At Big 12 rival Texas Tech University, four in every 10 dollars of the school's annual debt service goes to repay loans taken out to build or rehab sports facilities.

The loan payments have made Tech's football program one of the most expensive in the country, according to NCAA figures. Last year the athletic department ran a multi-million-dollar deficit, which wiped out its reserve fund.

Big-time sports can cost schools money in other ways, too. This spring, an analysis of Division I-A schools by the Journal of Sports Management found athletic department donations represent a larger and larger share of total university giving. "In some cases, the increase in athletics giving may be coming at the expense of academic gifts," said co-author Jeffrey Stinson, a North Dakota State University marketing professor.

Most schools operate on athletic budgets a fraction the size of UT's. But a review of the Longhorn's expenses by the American-Statesman shows that, in ways big and small, there is a huge difference between athletic programs that buy what they need — and those that spend \$100 million.

Longer seasons, chartered jets

UT administrators cite many benefits of the school's athletic department, including rallying school spirit and increasing freshman applications. Locally and nationally, the publicity generated by the Longhorns bathes the entire university in a pleasant burnt orange glow.

"It certainly gets our alumni and community involved in our campus," said President William Powers, Jr., adding that participating in intercollegiate athletics "is a valuable experience for student-athletes."

Lucrative sports programs do allow some students to attend college who might not otherwise get the opportunity. The UT athletic department will pay the university about \$7.6 million this year to cover the full or partial cost of tuition and room and board for 412 student-athletes on scholarship. A third of that goes to football players.

The scholarship figure has grown every year as the price of attending UT has risen. But it also reflects the increasingly competitive nature of big-time college sports.

At schools like UT, many athletes stay in school year-round. For football and basketball players, summer sessions are virtually mandatory to get a jump on conditioning and to take summer courses to supplement

academic calendars later cramped by practices and games. The extra summer sessions cost \$364,000 for football alone.

A winning season adds more to the scholarship bill. Post-season play means athletes are still "in school" when others are home on vacation, so their expenses must be covered then, too. That cost \$222,000 last year for football players. When added to the summer costs, one in every four football scholarship dollars is spent on covering expenses incurred when most other students are not in class.

The trend of year-round sports is spreading. Last year the men's swim team's summer scholarship bill tripled; the women's track and field summer costs doubled. In all, \$1.27 million will go toward covering athletes' summer and post-season costs this year.

An athlete's education costs more than a regular student's in other ways, too. The athletic department this year will pay \$1.79 million— \$450,000 for the football team alone — to tutor and assist Longhorn athletes with their classwork. That's up more than a quarter from two years ago and works out to \$3,500 per student-athlete, in addition to the regular \$8,000 annual cost of tuition. Academic counselors who travel with the teams add more in travel costs.

UT hires about 200 tutors each year, not all simply to help with classwork. While the Longhorns don't break down tutors' tasks, a review of Texas A&M's athletic budget shows the department paid \$30,000 to "class checkers" who make sure athletes attend classes. UT pays \$32,000 a year on "quality control" — essentially football dorm supervisors who help the coaches.

The cost of travel rises yearly, and Texas spends more on it than any school except Wisconsin, Ohio State and Florida — all of which boast more student-athletes than UT, according to a database of financial information compiled by the Indianapolis Star.

The Longhorns' success is partly responsible. Arranged at the last minute, post-season travel costs more than regular season trips. The UT baseball team's travel bill doubled between 2005 and 2006, thanks to post-season play.

When the Longhorn football team won the 2005 national championship, it was invited to the White House. The athletic department picked up the tab — \$143,000, plus \$19,000 for lunch. (A&M spent \$16,000 on tickets to Seaworld and the San Diego Zoo during its Holiday Bowl trip last year.)

The Longhorns also travel in higher style than many other schools. Every year the athletic department charters about 20 flights, at approximately \$90,000 each, from Continental Airlines.

Sometimes it's to get players back to school more quickly, to get to locations not easily serviced by regular flights or simply to make trips easier on the team. This year's men's basketball travel budget jumped by nearly a third after the team started taking larger commercial charters instead of regional jets so they could avoid refueling stops.

Other times the Longhorns spend the money because they can. By tradition and Mack Brown's preference, the football team charters planes to football games in nearby Houston and Dallas. Each practice, football players board a bus near the football stadium and ride it to the practice field to keep them out of harm's way crossing major intersections on foot. The service costs about \$300 per day.

Hydroworx and PlayStations

Big-time schools know that attracting a steady stream of top high school athletes is crucial to their continued success, and the University of Texas spends about \$1 million a year recruiting and flying star prospects to Austin. What the teenagers see when they arrive is important, and the school is constantly burnishing its

facilities.

Darrell K. Royal-Memorial Stadium is in the midst of a \$175 million rehab eight years after a \$90 million upgrade; the baseball stadium is getting a \$26 million facelift. The golf teams play out of a new \$1.5 million clubhouse on a course that just got a \$500,000 upgrade.

After the facilities are completed, the meter keeps running. Thanks primarily to the football stadium upgrades, the Longhorn athletic department's yearly debt service will double over the next year, to about \$15 million annually. Utilities — air conditioning, heat, water — and maintenance cost the athletic department another \$4.75 million a year — \$115,000 just to keep the department's grass football, softball and soccer fields soft and green.

Heavily recruited high schoolers expect flashier personal amenities, too, and UT obliges. Following its Rose Bowl victory, the football team was rewarded with a \$200,000 renovation of its players lounge, a retreat with four TV projectors (screens drop from the ceiling at the push of a button embedded in a six-foot replica of the UT tower), six flat screen TVs, four X-boxes and three PlayStations.

Two floors down, the football locker room boasts another new lounge area, with five flat-screen TVs and a three-dimensional, lighted 20-foot Longhorn on the ceiling. Men's and women's basketball players can relax in their own private living rooms, each with large TVs, video games and recliners. (New recliners cost \$15,020 last year.) The golf teams have a private player lounge at their new clubhouse.

The Longhorns spend about \$3 million a year to outfit and staff athletic facilities with trainers, therapists, physicians, chiropractors and masseuses. There are four weight rooms. The football team recently purchased the latest in treatment for sore muscles and recovering bodies: a new hydrotherapy room costing \$155,000. This year, it added a rehab pool with an underwater treadmill monitored by video cameras (\$43,000) and cold-water pool (\$23,000).

Nutritional supplements — Gatorade, Powerbars, etc. — cost \$180,000 last year. Medical bills — what the university pays to treat its injured athletes beyond what their personal insurance covers — added just over \$600,000, 40 percent of that to treat football players. A high-tech system that monitors an athlete's core body temperature from afar cost \$7,000.

The athletic department continues to show its appreciation once recruits become Longhorns. Each year, it gives various rewards to players and personnel — letter jackets and blankets, but also rings, watches, iPods and other swag earned for conference victories and championships. The gifts totalled \$537,000 last year.

The department spends about \$35,000 annually on the Hall of Fame luncheon for female athletes. By tradition, the football team goes to a movie the night before games: \$700.

UT athletes never lack for the best gear, either. Under a sponsorship deal (being renegotiated), Nike provides a \$1.6 million annual allowance for equipment purchases, which the Longhorns regularly exceed.

The football team alone bought \$408,000 worth of gear in 2006. Upon arriving on campus, each player receives 40 separate pieces of gear and apparel, including multiple shirts, shorts, tights, sweats, gloves, warm-ups, towels, practice shoes, game shoes, running shoes, cross-training shoes and sandals. Everything is replaced when torn, broken or well-worn.

'If the world were different'

The Longhorns' other constituency is those it depends on for revenue — paying fans. Much of the sports program's soaring income is attributable to the explosion in premium seating and well-heeled fans, in particular, are lavished with attention.

Last year, the department spent \$380,000 to rehab Athletics Director DeLoss Dodds' suite overlooking the football field, where he hosts donors and dignitaries. (The suite's food and drink bill for last year's Ohio State game: \$1,257.) Another \$340,000 was spent entertaining the Letterwinners Association, comprised of former athletes.

Money spent wooing and thanking big-spending fans — part of "development" — will come to \$3.6 million this year. That includes subsidized parking and parties for big donors on game days in premium seating areas — this year the Goalpost Club was added to the Endzone Club and Centennial Room — and gatherings throughout the year for Longhorn Foundation supporters. The Longhorns employ 14 full-time athletics fundraisers. (The Aggies have 18.)

About \$262,000 will be spent in 2007 preparing, cleaning, maintaining and stocking the luxury suites for football, baseball and basketball. (Stocking the football coaches' wives suite costs about \$800 a game).

Making money costs money, and last year the athletic department hired two new salesmen to hawk basketball tickets more aggressively. Transforming the department-produced TV show, "Longhorn Sports Center," from a seasonal to a year-round feature added \$160,000.

Today's fans demand more than just a game; Longhorn fans demand even more. The football stadium's new high-definition video and sound system that debuted last year cost about \$9 million, much of that for the scoreboard. Less known is that UT also paid \$3.9 million to buy out the company that owned advertising space on the old board.

Each home football game costs about \$400,000 to host, a quarter of that for security, including \$3,500 per game for bomb-sniffing dogs, an expense added since the Sept. 11, 2001, terrorist attacks; and \$682 a game for the Texas Ranger who shadows Brown. The \$50,000-per-game cost of running the football scoreboard doesn't include special programming; last year's new Running of the Horns introduction cost \$23,830.

Every game also typically features a theme to entertain and inspire fans. Hence last year's bills for "rental of camo decor package" (\$2,030), "wagon props for visual motivation" (\$3,200) and "cage with wildcats for visual motivation" (\$1,125). A "Just Do What You Do" banner cost \$3,900.

Other diversions add up. Paying the Longhorn band to go to the Rose Bowl cost about \$500,000. Entertainers who perform at basketball games cost between \$500 and \$1,000 a game.

When the football team won the national championship, the party the department threw for the campus a week later cost \$92,838.67.

In all, the Longhorns expect to spend \$107.6 million in the 2007-08 season. UT president Powers says that while such a large tab is "always an issue, to a large extent, it's a business decision."

"If our revenues decreased, if the world were different, we'd have to change," Goble said. "But we're able to maintain our philosophy. Because we have the resources."

edexheimer@statesman.com; 445-1774

About this series

The University of Texas athletics department will spend about \$210,000 for each of UT's 511 student-athletes.

Sunday


Exactly what that money buys and why the sports budget has grown so rapidly.

Monday

The tax breaks that fuel athletics spending and the struggles of some schools to keep up.

Find this article at:

<http://www.statesman.com/search/content/sports/stories/longhorns/09/30/0930utsportsmain.html>

 **Click to Print**

[SAVE THIS](#) | [EMAIL THIS](#) | [Close](#)

Check the box to include the list of links referenced in the article.