

UT SPORTS SPENDING: FINANCIAL DECISIONS

UT athletics officials wary of sharing profits

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AMERICAN-STATESMAN STAFF

Sunday, September 30, 2007

Last summer, the University of Texas came up with a way for it and the Ex-Students' Association — the Texas Exes — to make tens of millions of dollars off the UT football team.

According to the deal, the Exes pay UT to reserve rooms at the new on-campus Executive Education and Conference Center on home football game weekends over the next 15 years. Cost: \$110,000 per room for 90 weekends. The alumni organization then offers the room packages to big donors in exchange for contributions ranging from \$198,000 to \$1.5 million, according to a spokesman, and keeps the profits.

If all rooms sell out as expected, the university will collect about \$33 million. The Exes will pocket millions more.

Such creative deals are important because, while the Longhorns boast one of the more profitable intercollegiate sports programs in the United States, the athletics department spends virtually every dollar it collects making the sports program bigger and better.

Athletics department officials say they are reluctant to share profits with the university for fear of sparking divisiveness. "We have to be careful," said Nick Voinis, associate athletics director for communications. "You don't want to give money to, say, the business school, because then the engineering school will ask for money."

He said that the volatile nature of college sports also makes generosity risky. "We could lose three or four great players at the beginning of the year and just bottom out. Or, heaven forbid, something happens to Mack Brown."

As the cost of university athletics has soared in recent years and criticism of the spending has sharpened, a handful of successful sports programs have begun pitching in money to support their school's educational mission.

The University of Kentucky's athletics department donated \$1 million toward the school's new library. It also has pledged \$10 million over several years to fund academic scholarships. Last fall, Ohio State University's athletics department made a \$5 million contribution toward its library renovation.

This past August, the University of Florida Athletic Association gave \$6 million to the university to cover the costs of academic scholarships threatened by state budget cuts. The Louisiana State University athletics

department contributes annually to the Chancellor's Excellence Fund, and a dollar from every football and men's basketball ticket also goes into the Campus Beautification Fund.

The Longhorn athletics department gives relatively little to UT directly or regularly. The athletics department pays about \$1.5 million a year to the university's general fund as reimbursement for athletics-related administrative services.

About \$600,000 of the \$5 million to \$6 million UT earns annually from nationally licensed sales of shirts, hats and other paraphernalia festooned with burnt orange insignia also flows to the president's office for use at his discretion. The remainder goes to the athletics department, which, in good years, may give the university more. That last happened the year after the national championship season, when sports gave the school \$2.65 million, including \$500,000 to endow the Mack Brown Distinguished Chair for Leadership in Global Studies. President William Powers Jr. said the remainder of the money was spent on "high priority" academic programs.

Like the hotel deal, the university also enjoys various windfalls from the teams' popularity. Revenues from football and men's basketball subsidize unprofitable sports, primarily women's teams. Michael Granof, an accounting professor and board member of the University Co-op, said most apparel sales are to students. Those sales spike after big victories, particularly in football.

How to divvy up sports profits is rarely discussed on college campuses. When all expenses are accounted for, the NCAA estimates that only a half-dozen schools can claim excess revenues. (Others say the number is as high as 19.) For the rest, sports must be subsidized. Colleges and universities paid about \$3.6 billion last year to support teams, according to NCAA President Myles Brand's testimony to Congress this year.


Texas law prevents state schools from using state money or tuition on sports programs. Universities skirt the rule by drawing cash from student fees and other money generated on campus. The University of Texas-El Paso pays about \$10 million annually to prop up its sports program. The Cougars cost the University of Houston about \$9 million a year more than the teams earn.

Even UT, which says its Longhorns are totally

self-sufficient, chips in some money to sports. The university is picking up about \$11 million of the \$175 million tab for the football stadium's current renovation, to pay for parts of the stadium that will be used by the student body as a whole. The office of the UT president also pays \$100,000 a year for the use of two luxury suites at the stadium.

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