

## **SPECIAL COMMITTEE ON ATHLETICS**

### **Final Report to Academic Senate**

#### **EXECUTIVE SUMMARY**

To: Academic Senate, Santa Cruz Division

Since 1981, UC Santa Cruz has participated in intercollegiate athletics as a member of the National Collegiate Athletics Association (NCAA), Division-III (D-III). The current program consists of 15 women's and men's teams, with approximately 300 student athletes. In FY 2016, expenditures for coaches and administrative salary, travel, NCAA fees, equipment and uniforms, and other operating expenses totaled approximately \$1.9M. The budget has risen significantly above previous levels due to the University's agreement to increase the salaries for coaches, consistent with a living-wage scale. In 2016, the program was funded by revenue from student fees, philanthropy, and a \$1M Chancellor supplemental fund. The University announced previously, and maintains, that the Chancellor supplemental fund will not continue past 2017. They have directed OPERS to introduce a referendum for student fees to support intercollegiate athletics, which is the common practice at other UC and CSU campuses.

Recognizing that the faculty and other key stakeholders had not yet been engaged in the process, at its winter 2016 meeting the Academic Senate approved the creation of a Special Committee on Athletics (SCA) to examine the value and costs of NCAA athletics at UCSC. In lieu of a referendum, in spring 2016, the administration conducted an "opinion poll" as part of the student elections process. The question posed was: "Would you support a new student fee of approximately \$90 per quarter (\$270 per year) to retain the current NCAA Athletics program at UC Santa Cruz?" While the students were voting, the SCA issued an interim report at the spring Academic Senate meeting. This report cited a wide range of co-benefits for maintaining a NCAA program and recommended that additional research on the issue be performed prior to any ultimate decisions. At that same meeting, the Chancellor announced his intent to await further input, which, in addition to the SCA continuing its work, included a University Foundation/Alumni Council ad hoc committee, which would focus on the program's business model. The results of the opinion poll were released shortly thereafter. In a student election with a strong turnout of 43.79%, 63.53% of students voted, yes, that they would support a significant fee increase to support competitive athletics.

Both the SCA and Foundation/Alumni ad hoc committees worked over the summer and in the fall of 2016 to aid the administration in finding a sustainable model for funding competitive athletics. The SCA, as charged, has examined the co-benefits of an athletics program as regards all major stakeholders: students, faculty, alumni, and community. We have also examined carefully the program's budget, both expenditures and revenue. This report presents our primary findings and issues a series of recommendations.

#### **Findings**

- For over 35 years, UCSC has maintained a modest and successful athletics program within D-III of the NCAA.

- The student athletes are a diverse population of the student body who, by any metric, have distinguished themselves academically and in athletics.
- There are substantial benefits to having an intercollegiate athletics program at UCSC.
- These benefits extend beyond the support of current student-athletes and impact many aspects of the wider campus community. We also recognize that there is significant potential for additional positive impacts.
- The student athletes and coaches are engaged with the Santa Cruz community and are exemplary representatives of UCSC.
- The UCSC athletics program receives national attention and positively promotes the University's image.
- There is the potential, capacity and willingness from parents, alumni and University Relations to expand philanthropy related to athletics, but these will require institutional support and guidance to be successful.
- The budget for the UCSC athletics program is comparable to the median budget of NCAA D-III institutions without football.
- Current student fees directly supporting intercollegiate athletics are significantly lower at UCSC than other UC and CSU schools participating in NCAA.
- Other UC and CSU schools participating in NCAA use institutional funding to support the program.
- A minimal NCAA D-III program supporting several hundred students at UCSC will require an operating budget of approximately \$2.2M per year (FY16 dollars).
- The combined revenue from alumni donations, gate fees, licensing, etc. is unlikely to exceed \$400k per year in the next 5 years with current practices.
- The athletics coaches have shown an interest and willingness to teach PE and run/participate in summer camps for additional revenue.
- Given an estimated budget of \$2.2M and likely maximum revenue of less than \$1M from the permanent athletics budget, central funds, and external sources of revenue, we find that the program will require revenue from an additional student fee.

## **Recommendations**

- Given the strong and diverse positive effects of the UCSC athletics program, we recommend the University continue to support the activity. However, the funding model of UCSC athletics should not negatively impact our academic programs nor current activities or programs within student services.

- We recommend that the athletics program review its staffing model as regards assistant coaches.
- We recommend that the University continue to contract the head coaches with compensation consistent with a living wage. This should be accomplished through a combination of salary, stipend for instruction in PE classes, and income generated by running summer sports camps.
- We recommend that the athletics program, with additional support from the administration and University Relations, set an annual target of \$500k from the revenue streams of philanthropy, licensing, summer camps, and PE instruction.
- We recommend the central campus provide approximately \$500k annually to support the athletics program.
- We recommend that the University make every reasonable effort to maintain a NCAA athletics program at UCSC. We recognize that funding support will be predominantly through student fees, but the University should actively promote other funding streams (e.g. alumni donations, licensing, summer camps) and central funds.

### **Additional Recommendations**

*Prior to OPERS' submission of a referendum packet, our committee derived the following recommendations which were communicated to the referendum's authors:*

- We believe that NCAA athletics at UCSC provides significant benefits to a wide range of student, campus, alumni, and off-campus communities.
- We recommend that the referendum modify the existing intercollegiate athletics fee to be approximately \$35 per quarter.
- In accordance with SFAC's recommendation, the referendum should include a sunset provision of approximately 20 years.

*We have reviewed the final referendum and are pleased that OPERS has addressed many of our recommendations. Lastly, we offer a few additional summary recommendations:*

- We recommend that the University make a concerted effort to pass the referendum. This should include additional Town Hall events (co-sponsored by SFAC and SUA) to explain the finances and co-benefits and to seek endorsement of the referendum.
- We recommend that the University openly express its support for an athletics program at UCSC and highlight its benefits for campus-life, alumni relations, and community engagement.

## **SPECIAL COMMITTEE ON ATHLETICS**

### **Final Report to Academic Senate**

#### ***Introduction***

Since 1981, UC Santa Cruz has participated in intercollegiate athletics as a member of the National Collegiate Athletics Association (NCAA), Division-III. The current program consists of 15 women and men's teams of approximately 300 student athletes. In 2016<sup>1</sup>, expenditures for coaches and administrative salary, travel, NCAA fees, equipment and uniforms, and other operating expenses totaled approximately \$1.9M. The budget has risen significantly above previous levels due to the University's agreement to pay coaches a full-time (9 month) living-wage salary. In 2016, the program was funded by revenue from student fees, philanthropy, and a \$1M Chancellor supplemental fund. The University announced previously, and maintains, that the Chancellor supplemental fund will not continue past 2017. They have directed OPERS to introduce a referendum for student fees to support intercollegiate athletics, which is the common practice at other UC and CSU campuses.

At its winter 2016 meeting, the Academic Senate approved the creation of a Special Committee on Athletics (SCA) to examine the value and costs of NCAA athletics at UCSC. In spring 2016, the administration conducted an "opinion poll" as part of the student elections process. The question posed was:

*"Would you support a new student fee of approximately \$90 per quarter (\$270 per year) to retain the current NCAA Athletics program at UC Santa Cruz?"*

According to the University campus elections website:

*"If a simple majority of students who vote in the 2016 election vote YES, the question will be placed on the 2017 ballot as a student fee referendum. If the simple majority threshold is not met, the NCAA Athletics Program will be eliminated by June 2017 when the temporary funding expires."*

While the students were voting, the SCA issued an interim report at the spring meeting. This report cited a wide range of potential co-benefits for maintaining a NCAA program and recommended that additional research on the issue be performed prior to any ultimate decisions. At that same meeting, the Chancellor announced his intent to wait for such additional input. This will include input from a University Foundation/Alumni Council ad hoc committee that focused on the program's business model. The results of the opinion poll were released shortly thereafter. In a student election with a strong turnout of 43.79%, 63.53% of students voted, yes, that they would support a significant fee increase to support competitive athletics.

Both the SCA and Foundation/Alumni ad hoc committees worked over the summer and in the fall of 2016 to aid the administration in finding a sustainable model for funding competitive athletics. The SCA, as charged, has examined the co-benefits of an athletics program as regards all major stakeholders: students, faculty, alumni, and community. We have also examined

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<sup>1</sup> Office of Physical Education, Recreation & Sports (OPERS) Financial Review (2016)

carefully the program's budget, both expenditures and revenue. This report presents our primary findings and issues a series of recommendations.

## 1. NCAA ATHLETICS

The National Collegiate Athletics Association (NCAA) is a non-profit organization that promotes, organizes, and regulates intercollegiate athletics within the United States and Canada. It originated in 1910 primarily as a governing body to establish rules and eligibility for college competition and before long (1921) began arranging national championship tournaments and competitions. The NCAA helps students perform athletics at a high level of competition while pursuing a full academic degree. Over the past 100 years, the NCAA has also grown into an approximately \$1 billion revenue association, and the influences of business and profit are at the fore in many of its higher-profile activities.

Members of the NCAA are almost exclusively four-year colleges and universities, with membership granted through a multi-year application process. Currently, there are 1,121 universities and colleges within the NCAA. We believe this includes every university with a student body comparable to UCSC. Members must pay an annual fee to the NCAA to participate. Schools may generate revenue through participation in the NCAA through television contracts, conference revenue, licensing, advertising, etc. However, few programs generate a net income.

There are three divisions within the NCAA which separate roughly by level of athletic competition. UCSC competes in Division III. The following text (abridged) is found in the NCAA's description<sup>2</sup> of the three divisions:

**Division I (D-I):** Among the three NCAA divisions, D-I schools generally have the biggest student bodies, manage the largest athletics budgets and offer the most generous number of scholarships. Schools who are members of D-I commit to maintaining a high academic standard for student-athletes in addition to a wide range of opportunities for athletics participation. With nearly 350 colleges and universities in its membership, Division I schools field more than 6,000 athletic teams, providing opportunities for more than 170,000 student-athletes to compete in NCAA sports each year.

**Division II (D-II):** D-II is a collection of almost 300 colleges and universities that provide thousands of student-athletes the opportunity to compete at a high level of scholarship athletics while excelling in the classroom and fully engaging in the broader campus experience. This balance, in which student-athletes are recognized for their academic success, athletics contributions, and campus and community involvement, is at the heart of the D-II philosophy.

The D-II approach provides growth opportunities through academic achievement, learning in high-level athletics competition and a focus on service to the

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<sup>2</sup> <http://www.ncaa.org/about>

community. The balance and integration of these different areas of learning provide D-II student-athletes with a path to graduation while cultivating a variety of skills and knowledge for life after college.

**Division III (D-III):** More than 170,000 student-athletes at 444 institutions make up D-III, the largest NCAA division both in number of participants and number of schools. The D-III experience offers participation in a competitive athletic environment that pushes student-athletes to excel on the field and build upon their potential by tackling new challenges across campus. It is the responsibility of each member institution to establish and maintain an environment that values cultural diversity and gender equity among its student-athletes and intercollegiate athletics department staff.

*Academics are the primary focus for D-III student-athletes. The division minimizes the conflicts between athletics and academics and helps student-athletes progress toward graduation through shorter practice and playing seasons and regional competition that reduces time away from academic studies. Participants are integrated on campus and treated like all other members of the student body, keeping them focused on being a student first. (Emphasis added)*

To be eligible for end-of-the-year, national championship tournaments, teams must compete in a minimum number of events within their Division during the season. Within each Division, most sports are sub-divided into conferences to promote regional competition. Teams within a conference may generate and share revenue as a single entity.

Lastly, there is a separate athletics organization -- the National Association of Intercollegiate Athletics (NAIA) -- which is comprised primarily of smaller colleges and universities. This includes UC Merced and the CSU Maritime Academy, although Merced plans to move to NCAA athletics as it grows.

## 2. ATHLETICS AT UC SANTA CRUZ

### 2.1 Overview

Similar to most other 4-year universities, there are three levels of athletic competition at UCSC: intramurals, club sports, and NCAA athletics.

Intramural sports enable any active students, faculty, and staff members to compete on campus in an athletic activity (not strictly traditional sports, e.g. inner-tube water polo). Emphasis is on participation, not competition. There are 24 competitive club sports teams<sup>3</sup> at UCSC comprised of undergraduate and graduate students, participating primarily in traditional sports (e.g. soccer, rugby). Participation is restricted by academic standing and some teams hold tryouts to restrict the team size. The UCSC club teams fund themselves and compete with other club teams at nearby colleges and universities. In the 2016-17 academic year, there are 15 NCAA athletic

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<sup>3</sup> There are an additional approximately 25 non-competitive club sports teams.

teams at UCSC. Most teams hold tryouts to restrict the size according to several considerations (number of athletes that can compete at a competition, NCAA regulations, travel budget). Each has a coaching staff funded by the athletics program.

Each of these programs are run by staff at OPERS and each has a unique funding model. A summary is given in the following Table.

| Activity    | Eligibility   | Funding Model  | Participation in 2015-6   |
|-------------|---|--|---|
| Intramurals | Students, staff, faculty who pay the \$25 participation fee.      | Participant support supplemented by OPERS staff.                   | Over 20 activities with nearly 2,000 participants.                      |
| Club sports | Students in good academic standing.                               | Primarily funded by participants' dues.                            | 24 competitive teams with approximately 1,000 athletes.                 |
| NCAA        | Students who satisfy the NCAA rules, including academic standing. | Funded through student fees and other, smaller sources of revenue. | 15 teams competing within the NCAA; approximately 300 student athletes. |

### 3. NCAA AT UCSC

#### 3.1 Overview

The NCAA program at UCSC began in 1981 under Chancellor Sinsheimer in Division III (D-III), when the undergraduate population numbered 6,200 students. The program has maintained D-III status while steadily increasing the number of sports teams to 15. These are: (Men's) basketball, cross-country, soccer, swimming & diving, tennis, track & field, volleyball; (Women's) basketball, cross-country, golf, soccer, swimming & diving, tennis, track & field, volleyball. The current participation is approximately 300 student athletes.

Over 5,000 student athletes have participated in UCSC athletics, distinguishing themselves in the classroom and in competition. MIT, Emory, NYU, and the University of Chicago are examples of other institutions that support D-III athletic programs -- an academically selective and rigorous cohort. All other UC campuses (save UC Merced) are members of the NCAA at D-I or II. Their athletics budgets and programs dwarf those of UCSC. All other CSU campuses (save the Maritime Academy and Channel Islands) are members of the NCAA at D-I or II and also have much larger athletic budgets than UCSC.

As a member of D-III, UCSC does not offer athletic scholarships to student athletes. Furthermore, applicants are not given special preference for admissions on the basis of athletic ability. The requirements to maintain D-III status for institutions with more than 1,000 students are: (1) pay an annual fee and costs for game expenses (\$67k in FY16); (2) maintain 12 participating teams in NCAA competition; (3) submission of a series of annual reports on

finances, graduation rates, compliance, self-assessment, etc..<sup>4</sup>

Over the past 20 years, the number of schools in Northern California participating in NCAA D-III has dwindled as most have transitioned to D-II. None of the existing D-III programs within California have a student body population comparable to UCSC. These changes have had several impacts on UCSC's program. First, most UCSC teams are not in a conference, but are 'independents' without a base level of scheduled events. To achieve eligibility for end-of-season tournament play, UCSC teams must schedule competition with other willing D-III members. Frequently, this involves out-of-state travel. Also, for reasons discussed below, fewer schools are willing to come to UCSC for competition. As an example, the UCSC men's soccer team hosted only 5 home games in 2016 and travelled to Oregon, Texas, and southern California during its season. In the Appendix, we briefly discuss possible benefits of transitioning to a D-II program. The focus of this report, however, is on the cost-benefits of the existing D-III program.

In 2016, the program had 11 full-time head coaches with 12-month salaries supported by 10 assistant coaches paid full-time for 9 months. The program is typically administered by an Athletics Director, although OPERS laid off the position in Fall 2016 citing a lack of funds. Additional staff supporting NCAA athletics included 4 athletic trainers (3 positions are currently filled), one Graduate assistant trainer, and two associate athletic directors. Section 6 discusses the budget profile of this staffing level. Additional staff at OPERS, administrative and financial, spend part of their time supporting the athletics program.

### **3.2 Athletics Program Highlights and Achievements**

UCSC teams have consistently combined high academic achievement with athletic success. We will cite overall statistics for GPA and graduation rate to show that our NCAA athletes perform comfortably above campus averages. Their academic achievements have been recognized nationally as well. For example, in 2016 the women's basketball team was ranked fourth overall nationally with a team GPA of 3.605, "making the Banana Slugs ... the only D-III program in the country to finish in the top 10 academically and make the NCAA Tournament this past season" ([www.goslugs.com](http://www.goslugs.com)). The women's and men's track teams, with team GPAs of 3.3 and 3.5 respectively, earned All-Academic honors for the 2015-2016 season from the U.S. Track & Field and Cross Country Coaches Association. Overall, UCSC Athletics had 185 participants honored as scholar-athletes during the 2015-16 academic year.

These same teams and athletes have also achieved notable success in competition. In 2015-16 the teams made 6 appearances at NCAA championships and 4 Golden State Athletic Conference Championships. There were 3 All-Americans, 2 Conference MVPs, and 2 Conference Coaches of the Year, along with 80 All-Conference Athletes. Fall 2016 achievements included 2 cross-country runners who qualified for and participated in the D-III national championship. Emily Scheese was coach of the year for D-III independents in women's soccer, as was Jamey Harris for cross country. Among other achievements from recent years, in 2015 the men's volleyball team was ranked in the top ten nationally for D-III and made it to the quarterfinals of the national championship, producing 3 All-Americans and top honors for their coach Todd Hollenbeck.

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<sup>4</sup> [http://www.ncaa.org/sites/default/files/d3\\_membership\\_requirements\\_20151120.pdf](http://www.ncaa.org/sites/default/files/d3_membership_requirements_20151120.pdf)



### 3.3 Facilities

Athletics facilities at UCSC are built and maintained by OPERS. The facilities currently include two gymnasias (for basketball and volleyball), two sets of tennis courts, two main athletic fields, and one swimming pool. All of these meet the rules and regulations of the NCAA for the existing sports teams. The track and field team competes at only away meets, while the golf team practices at Pasatiempo and hosts a tournament at Pacific Grove golf links. Currently, none of the NCAA athletics budget is directed to facilities.

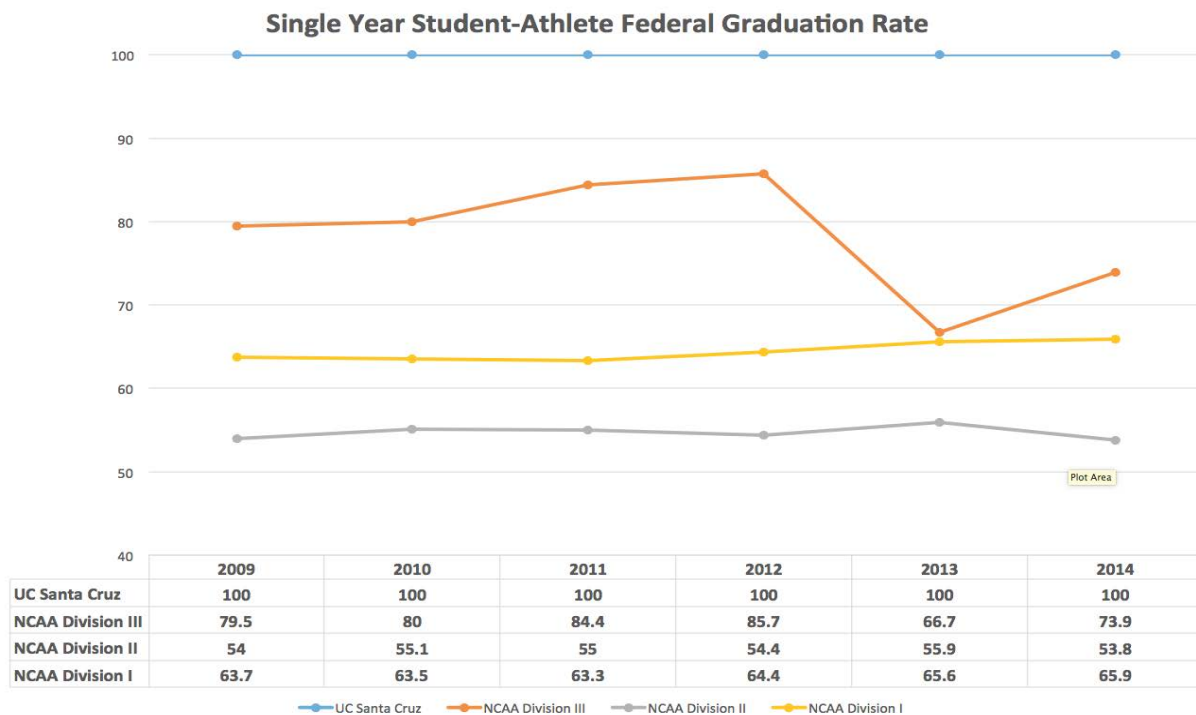
**FINDING:** For over 35 years, UCSC has maintained a modest but successful athletics program within Division-III of the NCAA.

## 4. STUDENT ATHLETES AT UCSC

### 4.1 Overview of Student Athletes

Approximately 300 undergraduates will participate this year on the NCAA teams at UCSC (52% are women). The program has recently added a men's track and field team and is expanding the women's track and field squad. This will further increase participation.

The UCSC athletes are talented students who have performed significantly above campus averages in the classroom. According to OPERS, NCAA student-athletes at UCSC have a 3.3+ average GPA (versus a 3.08 campus average). 71% of the student athletes have a GPA of 3.0 or better, and 31% have 3.5 or better. Regarding retention, athletics reports a 100% graduation rate for five years in a row (see Figure below). This greatly exceeds the campus average of 58%.



In the annual reports to the NCAA on UCSC student athletes, the data on ethnicity show that the

participants are as diverse as the overall student body.

#### **4.2 Engagement with Campus Student Organizations**

In Fall 2016, the Student Fee Advisory Committee (SFAC) sponsored a Town Hall event for the student body to discuss the future of UCSC athletics. The meeting was well attended by student athletes (who passionately expressed the value of the program to their student life), members of Student Union Assembly (SUA) leadership, members of SFAC, and a small sample of the general student body. The discussion focused on the values of athletics to campus life and the University and how to enhance the impact on the overall student body. Our committee recognized the value of student-athletes engaging with student governance, and we recommend that they maintain this dialog within their colleges and at regular SUA meetings. This can further integrate the program within other student activities and campus life, and may promote student participation at athletic events.

***FINDING:*** The student athletes are a diverse population of the student body which, by any metric, have been a very successful cohort academically and have distinguished themselves in competition.

### **5. THE UNIVERSITY-WIDE BENEFITS OF ATHLETICS**

#### **5.1 Admissions and Retention**

An important aspect of the UCSC Athletics Program is its contribution to student recruitment and retention. Through athletics we attract a talented and diverse cohort of students who wish to compete at the NCAA level. If the administration terminates athletics, that source of applicants will be eliminated. Many of the current student athletes have expressed their intent to transfer from UCSC if the program is terminated. In addition, diversity in many different forms -- demographic, regional, and ideological -- and the ability for students to learn to work as a team with others from very different backgrounds in pursuit of a shared goal was explicitly referenced by former student athletes and parents of current athletes as a key benefit of the UCSC athletics program. Several individuals specifically noted that the ability to work together was a critical skill for future employment success.

The absence of athletics at UCSC could well have a broader and ongoing effect on admissions and retention. It is not simply the scholar-athletes who will enroll elsewhere. We must consider the potential impact on applicants who are not athletes. Upon learning UCSC has no intercollegiate athletics program, their first -- and quite rational -- reaction might be to wonder what else is lacking at our university. In fact, alumni and parents of current students who were interviewed brought up this point specifically and commented that they knew prospective students and parents of prospective students whose very positive opinions of UCSC were decreasing because of the rumored threat of the closure of athletics.<sup>5</sup> In addition, athletics is

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<sup>5</sup> No college or university of UCSC's size is without an athletics program.

often linked to student experience, specifically by providing opportunities for students to understand their campus and fellow students and experience a shared identity. Participating in athletics, either as athletes or as spectators, enables a feeling of belonging and sense of pride. University Relations staff have identified this sense of student experience and shared identity and pride as a major motivator for facilitating a stronger campus community, both in the present and in their future as alumni and potential donors.

In a different way, athletics is one of the few opportunities that allow students to engage with their peers from other institutions. Students have expressed their desire to attend athletics events in order to see friends who attend other schools.

As noted above, the retention rate for student athletes at UCSC has been 100% for five years running. Meanwhile, improving student retention is a major priority at UCSC. Over the past several years, the administration has developed several recruitment and retention programs at substantial administrative cost. For example, the Retention Services budget at UCSC for 2015-2016 was \$4.1 million.<sup>6</sup> The UC Office of the President has made an additional investment to improve retention and graduation rates at UCSC, to the tune of \$1.6 million annually (for four years, starting 2014-2015).<sup>7</sup> A Student Success Steering Committee, charged with investigating and addressing retention and time-to-degree challenges at UCSC comprises a whopping 27 faculty and staff members, at a less tangible (but no less real) cost in time and energy.<sup>8</sup> In the context of such investments in improving retention and graduation rates, the track record of NCAA athletics at UCSC for attracting and retaining students who achieve in the classroom and graduate on time should be understood as at least partially offsetting the costs of operating the Athletics program.

## **5.2 Student Success**

Athletics, like other performance-based extracurricular activities (e.g., theater, musical ensembles, student government, etc.) requires students to develop skills such as discipline, self-motivation, accountability, teamwork, competition, ability to contribute to something greater than oneself, and leadership. These are skills that complement the more individual-oriented academic skills learned in the classroom. Former student athletes and parents who were interviewed observed that participation in athletics while carrying a full academic load taught critical life skills for time management, balancing competing priorities, commitment to a community and community interests, and negotiating personal interests against team needs. Athletics fosters a more holistic, well-rounded person who is more successful not just in academics but in their future careers. Individuals who were interviewed observed that participation in athletics and other performance-based extracurricular activities greatly increased the desirability of job candidates and made them more successful in their post-graduate careers and as local and global citizens.

## **5.3 Alumni**

At most universities, student athletics offers a sustained connection between the university and its alumni. This holds true even for smaller, D-III programs (e.g., Amherst, Pomona). Overall,

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<sup>6</sup> UCSC Office of Planning & Budget, “The UC Santa Cruz Budget – A Bird’s Eye View: 2015-16 Edition,” p. 115.

<sup>7</sup> CPB Annual Report, 2014-2015 (AS/SCP/1807-4), p. 4.

<sup>8</sup> UCSC Student Success website, <https://studentsuccess.ucsc.edu/sssc>, accessed 11/30/2016.

our student athlete alumni have a favorable impression of their experience at UCSC, and University Relations reports alumni interest in providing support. For instance, when highly respected men's tennis coach Bob Hansen retired, tennis alumni raised an endowment in his honor that generated several five-figure gifts. The men's tennis endowed fund has a market value in the \$25-30K range. Given that our student athlete alumni are typically in their 20s, 30s, and 40s, and have not yet reached maximum earning potential, this kind of support is remarkable for demonstrating their commitment and appreciation to the University and the athletics program. At the same time, our research has revealed that alumni appreciation of athletics has been severely tempered by the administration's handling of the athletics program and the proposal to terminate the program. It has been reported to us that major gifts to the University have been rescinded or postponed specifically because alumni are dismayed by the prospect of termination. As our research uncovered, when alumni feel that their university is not even covering the basics of a program for which they care deeply, there is a limit to what those alumni are willing to contribute, even if they have significant funds to offer.

#### **5.4 Fundraising and University Relations**

The concerns of alumni are shared among a wider group of supporters, including parents of current and former students and members of the local community. Parents are often shocked by the very lean budgets for athletics programs. In response, parents often support their children's athletics experiences, on top of paying tuition, simply so that their children have a good experience. Yet parents have expressed serious concerns about being asked to pay for basic items (uniforms, equipment) that they believe should already be provided by the University, and parents have conveyed strong dissatisfaction in repeatedly being asked to provide ever larger donations on top of the high tuition and fees that they are already paying. In addition, these parental donations represent a very unstable source of revenue, as parents are not inclined to continue supporting athletics after their children graduate. Moreover, expecting parents to pay for their children's participation in athletics discriminates against students whose parents are unable to provide financial support, thus limiting diversity. Significantly, as noted, we have reports that several very large planned gifts to upgrade university athletics facilities and programs have been withdrawn. These programs and facilities would not be exclusive to the athletics program but shared by and benefit the larger university community, comprised of students, faculty, staff, and Santa Cruz residents. Hence, this potential loss would not only damage the public image of the University, but would also reflect poorly on the University's efforts to engage meaningfully with supporters in ways that benefit the entire university community on and off campus.

Beyond fundraising in terms of soliciting donations, athletics has the potential to generate other significant forms of revenue in the form of licensing, partnerships, and sponsorships. To date, university licensing efforts have been limited thereby missing out on potential revenue streams. A committee is currently exploring possibilities for licensing a campus slug mascot and thereby capturing those lost revenues. With an athletics program, the University's slug mascot will have greater visibility and potential for reaching a larger audience. More importantly, when universities increase their profile in their local communities, they benefit from partnerships with other institutions, including nonprofit and corporate entities. Currently, UCSC does not pursue opportunities to form partnerships with other entities. Cross-marketing with shared events and shared appearances would bring greater visibility to UCSC, both in the local communities and beyond. The potential benefits include positive effects on reaching a wider pool of prospective

applicants as well as potential resources in the form of revenue. This would seem to be particularly significant given the administration's stated goals of creating more and stronger connections with Silicon Valley. Additionally, with greater visibility of the campus and its unique strengths would come opportunities for sponsorships. While an obvious immediate benefit would be sponsorships that support athletics and student-athletes, these opportunities have the potential to benefit other programs on campus.

## **5.5 Community**

UCSC's athletics program is deeply invested in the larger community beyond campus. The majority of the 300 student athletes at UCSC engage in a range of outreach activities within Santa Cruz County. These include youth clinics, summer camps, volunteer coaching in youth programs, and coaching and mentoring in school K-12 programs. Athletics is one of the few UCSC programs that consistently engages our university with the surrounding community, not simply by presenting positive images of UCSC to the local community, but also by sending some of our highest achieving students to work directly in the community and provide immediate material benefits to the local population. Thus, student-athletes provide tremendous public service, especially to Santa Cruz county schools. Additionally, the program provides the community one of the few opportunities to attend high-level sporting events in the county and feel connected to UCSC.

Several teams and coaches organize or contribute to clinics or other events that take them into the surrounding community or that bring the community to campus. The women's and men's basketball teams have run or helped with free clinics for local youth, both on campus or at venues such as the Boys and Girls Club downtown. Women's basketball has supported a local girl's basketball league (G-Ball) by volunteering for evaluations and at games, worked for Toys for Tots, and helped UCSC Veterans (tickets to a game and a campus barbecue). At least three teams, including women's and men's swimming (the largest teams), volunteer at large local athletic competitions, including the Santa Cruz Triathlon, which is also a fundraiser for local athletics programs. Women's golf volunteers at golf tournaments and is partnering with a charitable golf organization, First Tee of Monterey County, to bring a group of its participants (youth who are mostly from under-represented families) for a campus tour. At least two teams participated in beach or campus cleanup days. Moreover, the use by the women's and men's basketball teams of the Kaiser Permanente Arena in downtown Santa Cruz for their home games is another positive extension of UCSC into the community.

## **5.6 Summary of Findings**

From the previous sub-sections, we derive the following findings:

**FINDING:** There are substantial benefits to having an intercollegiate athletics program at UCSC. These extend beyond the support of current student-athletes and impact many aspects of the campus community as a whole. We also recognize that there is significant potential for greater impact (see Appendix).

**FINDING:** The student athletes and coaches are engaged with the Santa Cruz community and are exemplary representatives of UCSC.

**FINDING:** The UCSC athletics program receives national attention and

positively promotes the University's image.

**FINDING:** There is the potential, capacity and willingness from parents, alumni and University Relations to expand philanthropy related to athletics, but these will require institutional support and guidance to be successful.

Over the past year, we have engaged students, fellow faculty, the administration, alumni, and the local community on the topic of UCSC athletics. Their impressions and responses have ranged from general ambivalence (e.g. no previous knowledge on the topic) to overwhelming support. The primary criticisms have been indirect, e.g. UCSC has great needs to sustain academic excellence and bolster student services in a difficult financial climate. These are important concerns that apply to any program on campus. Therefore, we recommend:

**RECOMMENDATION:** Given the strong and diverse positive effects of the UCSC athletics program, we recommend the University continue to support the activity. However, the funding model of UCSC athletics should not negatively impact our academic programs nor current activities or programs within student services.

## 6. UCSC ATHLETICS BUDGET

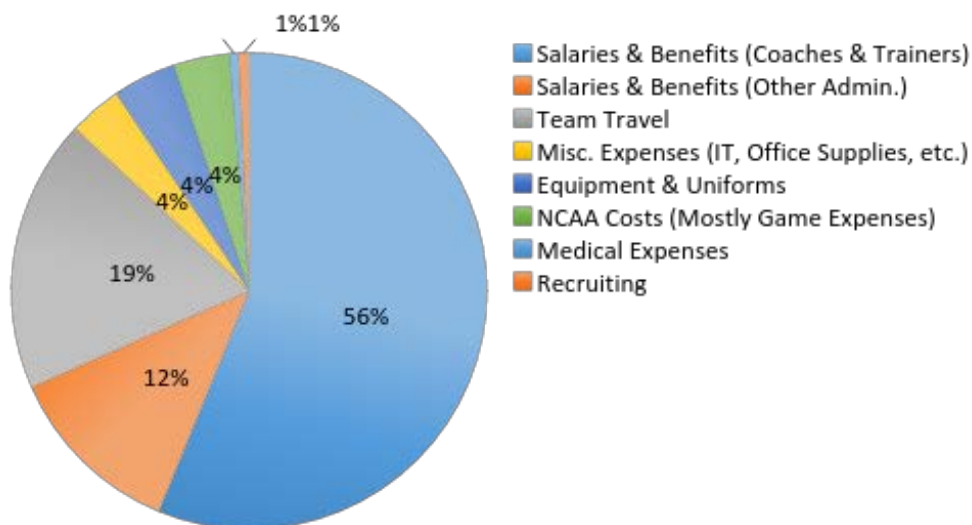
### 6.1 Overview

UCSC is noteworthy for its lean athletics budget. Total expenses for FY16 were \$1,968,399, which is at least 10 times less than most other UCs. Since UCSC is essentially prohibited from using state funds to pay for Athletics (or other non-academic activities), the costs of Athletics are almost entirely met by a combination of student fees and philanthropy.

### 6.2 Expenditures

Similar to most university departments and organizations, salaries and benefits for staff account for the vast majority of Athletics expenditures. In FY16, personnel expenditures for coaches, trainers, and administrative staff amounted to \$1,347,654, or nearly 70% of all outlays. The staff were 11 full-time head coaches supported by 10 assistant coaches, an athletics director with two associates, and 4 athletic trainers with one graduate assistant trainer. (It should also be noted that the Athletics program was not fully staffed in FY16, so full staffing would lead to increased expenditures in future years. Current projections for FY17 put salary and benefit expenditures at \$1.6 million.) After coaching, the next largest expenditure was for team travel for competition. UCSC Athletics spent \$361,399 on team travel in FY16 (accounting for about 18% of outlays). Travel costs are inflated at UCSC relative to other D-III schools, due to a lack of local competition. After personnel expenses and travel, the remaining 14% of expenditures in FY16 went mostly toward miscellaneous operating expenses (such as IT), uniforms and equipment, and NCAA membership (including game expenses, such as referees). Figure 2 offers a summary of expenditures at UCSC for FY16.

## Athletics Expenditures, FY16



In 2014, the University agreed to new contracts with the coaches that paid them a living wage and also increased administrative support (e.g. addition of an athletic trainer). The average coaches' salary and benefits per team in 2016 is approximately \$68,000. This includes assistants, who are paid full-time for 9 months at UC minimum wage. These changes in staff salary have considerably raised the total expenditures for UCSC athletics, although the amount is near the median of other D-III programs (see below).

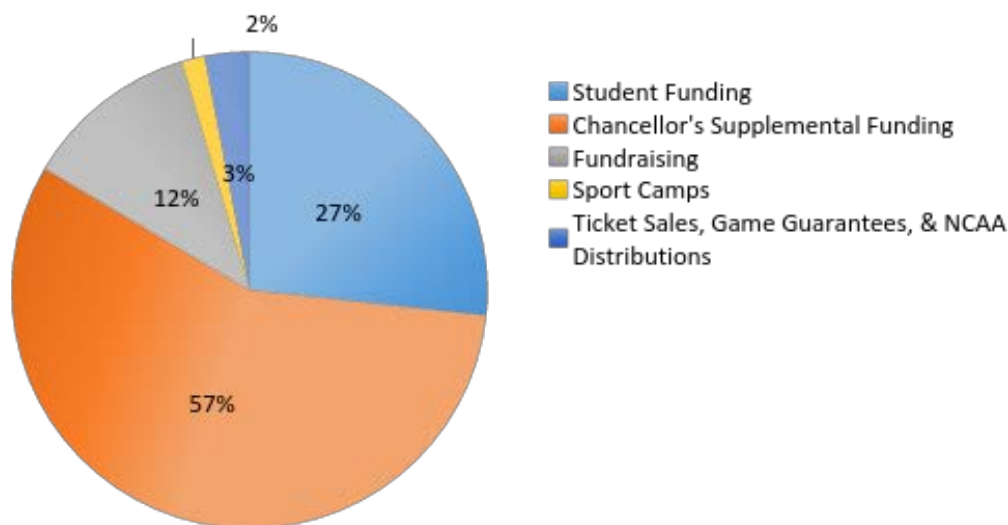
In 2016, the University commissioned a 'forensic' audit of OPERS with additional emphasis on the athletics program. Their estimate for the budget of a fully-staffed athletics program for FY17 is approximately \$2.2M.

### 6.3 Revenue

As a student activity, the permanent budget for UCSC intercollegiate athletics has been drawn from the Student Services Fee (#20000; \$258k in FY16), a \$5 per quarter student fee (#20370; \$176k), and a fraction of the Student Programs Fee M7 (#20360; \$34k). The program is also supported by philanthropy (\$209k in FY16), and modest income from ticket sales, game guarantees, NCAA conference distributions, and sports camps (~\$80k in FY16).

Prior to 2014, this revenue (with modest support from central funds) was approximately sufficient to sustain the program. With the increase in coaches' salaries and administrative support, the expenditures now greatly exceed this revenue. Therefore, the University agreed to temporarily supplement the budget with Chancellor's funding totaling \$1M in each of FY15 and FY16. The University further directed OPERS to identify and develop new revenues which led to a referendum for student fees that could sustain the program going forward. A ballot measure failed in 2015, and a new referendum will be part of the 2017 student elections. Fundraising has also declined in the last year, at least partly due to the uncertain future of athletics at UCSC. Several coaches at UCSC reported to the committee that alumni and parents of student athletes have voiced reluctance to donate to a program that is under consideration for termination.

## Athletics Revenue, FY16



A breakdown of the revenue and expenditures for UCSC athletics from FY14-FY16 is given in the Appendix (Table 9.1.1).

### 6.4 Comparative Analysis

**6.4.1 Expenditures:** Every NCAA member institution must submit an annual financial report detailing all expenditures related to its athletics program.<sup>9</sup> In FY14, the median athletics budget for a D-III NCAA program without football was \$1.7M. The expenditures for UCSC in FY15 were \$1.7M. Even with its increase to \$1.9M in 2016, the UCSC program may be considered typical of other D-III institutions. We note, however, that the rate of increase over these years is considerably higher at UCSC than the median D-III institution. Unfortunately, there is no public D-III school in California to use as a cost comparison.

**FINDING:** The budget for the UCSC athletics program is comparable to the median budget of NCAA D-III institutions without football.

**6.4.2 Revenue:** Other UC and Cal State campuses, most of which are either D-I or II, typically have much higher student fees designated for NCAA athletics. For example, Riverside has a \$105 per year fee and Merced \$150 per year. Merced, it should be noted, is currently a member of NAIA but plans a transition to NCAA. UCSD funds its annual ~\$7M budget for student athletics primarily from student fees.

<sup>9</sup> <http://www.ncaa.org/sites/default/files/2015%20Division%20III%20RE%20report.pdf>



At several UC campuses at least, the central administration makes a substantial contribution toward athletics. As an example, the Irvine athletic budget includes “institutional support” of \$9.5 million while student fees provide \$3.8 million. Riverside provides about \$8 million in direct institutional support and \$2 million in student fees.

D-II CSU campuses also have higher dedicated fees and varying levels of direct institutional support. Chico’s annual NCAA athletics fee is \$190, which provides about 80% of the total budget. Monterey Bay has a \$60 annual fee, but other university funding covers about 75% of the NCAA sports budget.

In sum, other California state university campuses use a range of funding models, but all combine significant central funding and student fees.

**FINDING:** Current student fees directly supporting intercollegiate athletics are significantly lower at UCSC than other UC and CSU schools participating in NCAA.

**FINDING:** Other UC and CSU schools participating in NCAA use institutional funding to support the program.

## 6.5 Discussion

Because any future, additional student fee for intercollegiate athletics at UCSC follows from the program’s increased expenditures relative to increases in other revenue sources, our committee has considered each of these carefully.<sup>10</sup>

Regarding expenditures, we have identified no aspect of the program that could be considered lavish, or even bloated. Indeed, the UCSC student athletes regularly pay for their own equipment and travel for athletic events. The teams greatly benefit from and even rely on philanthropy to meet standard needs. The facilities for competition are sufficient, yet spartan. There are no athletic scholarships. The program’s budget is consistent with the median D-III NCAA member.

One aspect of the current program that we believe needs additional study is whether to continue to support assistant coaches at full-time for 9 months. This is not standard practice at D-III (nor even many NCAA D-II programs), and we recommend that the program carefully examine the cost-benefits of this staffing model. Even with a reduction in assistant coach salaries (or benefits), we conclude that intercollegiate athletics at UCSC will require approximately \$2.2M (FY16 dollars) to sustain a viable program. This estimate is consistent with and has been informed by the recent audit of OPERS.

**FINDING:** A minimal NCAA D-III program supporting several hundred students at UCSC will require an operating budget of approximately \$2.2M per year (FY16 dollars).

**RECOMMENDATION:** We recommend that the athletics program review its

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<sup>10</sup> We note there that the Foundation/Alumni ad hoc committee has been instrumental in this process.

staffing model as regards assistant coaches.

### **6.5.1 Alternative Revenue Sources**

We now discuss revenue sources for athletics other than student fees, and highlight the most promising areas that were identified by our committee and the Foundation/Alumni ad hoc committee.

### **6.5.2 Licensing**

The University is currently revising its policies for licensing/branding UCSC and how to optimally implement its policies for revenue generation. The administration should consider the benefits of allowing athletics to establish and market its own brand or to share in campus-wide licensing revenue. This is common practice at other universities, but is not currently within the UCSC model.

### **6.5.3 Philanthropy**

Private donations to the athletics program have been relatively modest and declining (ranging from approximately \$230,000 in 2012 to \$150,000 for January-November 2016). Donations have ranged from relatively small financial gifts (\$500-10,000), typically designated to individual athletics programs, to parental support in the form of buying uniforms, equipment, and meals for athletes while they are traveling for games. In our conversations with University Relations and donors it is clear that there is potential for formal fundraising for both specific programs and the athletics program more generally. For instance, one parent who spearheaded a challenge gift to benefit the athletics program for her own alma mater offered to work with fellow parents of current student athletes to design a similar program. Another parent noted that she and other parents regularly subsidized teams. University Relations staff report that they also have the capacity to develop potential philanthropic gifts from private individuals.

However, to date, the university administration has elected not to assign fundraising for athletics and other non-academic purposes to current or future development staff, thereby effectively preventing them from pursuing support for any programs outside college academic programs. It is very unusual for university development programs not to have staff who support athletics or other non-academic programs. The administration should consider the potential benefits of enabling University Relations to develop philanthropic opportunities in these areas, with focus both on generating sustained giving from donors and on building an endowment to support the athletics program into the future.

### **6.5.4 PE Instruction**

In our conversations with the UCSC coaches, they expressed a willingness and interest to serve as instructors for Physical Education classes. This could offset salary during the off-season (especially for assistants), and further integrate the program within campus life.

### **6.5.5 Summer sports camps**

Each year, the campus hosts a wide range of sports camps during the summer. These are primarily administered by Conference Services, through agreements with organizations like USA Camps. A subset of the coaches participate, and the athletics program has

received modest compensation (\$26k in FY16). The coaches have expressed a strong interest in increasing their involvement, which could include running the camps themselves. Such arrangements are common at other universities which increase the coaches' exposure and the program's recognition in addition to increased revenue for the program and a supplement to coaches' salaries.

The total revenue from summer sports camps at UCSC has been modest (approximately \$250k in FY16) with only approximately 10% directed towards athletics.

**FINDING:** The combined revenue from alumni donations, gate fees, licensing, etc. is unlikely to exceed \$400k per year in the next 5 years with current practices.

**FINDING:** The athletics coaches have shown an interest and willingness to teach PE and run/participate in summer camps for additional revenue.

**RECOMMENDATION:** We recommend that the University continue to contract the head coaches with a living wage. This should be accomplished through a combination of salary, stipend for instruction in PE classes, income generated by running summer sports camps, and other sources.

**RECOMMENDATION:** We recommend that the athletics program, with additional support from the administration and University Relations, set an annual target of \$500k from the revenue streams of philanthropy, licensing, summer camps, and PE instruction.

## **6.6 Institutional Support for Athletics Program**

Given the wide ranging benefits of NCAA athletics to the University (Section 5) and the standard practice at other UC and CSU schools to provide institutional support, we believe that UCSC should also provide central funds to this program.

**RECOMMENDATION:** We recommend the campus provide approximately \$500k annually to support the athletics program.

This institutional funding could be reduced as revenue from the other sources listed above increase. Indeed, the University is incentivized to maximize those opportunities.

**FINDING:** Given an estimated budget of \$2.2M and likely maximum revenue of less than \$1M from the permanent athletics budget, central funds, and external sources of revenue, we find that the program will require revenue from an additional student fee.

The above findings and recommendations set boundary conditions on any business model that would maintain an NCAA athletics program at UCSC. Drawing upon a draft of this report and input from the Foundation/Alumni ad hoc committee, OPERS has developed a new business model and submitted a referendum to increase the intercollegiate athletics student fee (see

Section 10).

Weighing the costs and benefits of the UCSC athletics program to the entire university community -- student athletes, the student body, our alumni, our neighboring community -- our committee concludes that the University should make every reasonable effort to continue this program.

**RECOMMENDATION:** We recommend that the University make every reasonable effort to maintain a NCAA athletics program at UCSC. We recognize that funding support will be predominantly through student fees, but the University should actively promote other funding streams (e.g. alumni donations, licensing, summer camps).

## **7. A STUDENT REFERENDUM**

In this section, we describe our committee's research and recommendations on the construction of a student fee referendum to support intercollegiate athletics. These were derived prior to OPERS submission of a draft referendum in December 2016. The following section comments on the final referendum for the May 2017 student elections.

### **7.1 2017 Athletics Referendum Background**

Although the 2016 Opinion Poll showed strong student backing for the UCSC athletics program, previous student fee referenda have not produced sufficient support to enact new assessments. We believe that the careful analysis of the budget, cited in this report, allows for a much more modest request for student funding, one that will allow sustainability of the athletics program while recognizing other demands on student and campus resources.

December 16, 2016, was the deadline for submission of 2017 Student Fee Referenda to the Dean of students. Although drafting of the referendum for an increased NCAA athletics fee is the province of the OPERS director, the Special Committee on Athletics communicated to Director Willer, through a draft of this report, relevant considerations from our discussions and consultations. This section captures the discussion and recommendations presented by our committee to OPERS.

### **7.2 SCA Recommendations to OPERS**

SCA discussions (as elaborated in this report) that are relevant to issues that must be included in the referendum text<sup>11</sup>:

- Cost (SCA evaluation of audit and ad hoc committee budget analyses)
- How students were consulted (SUA representative member of SCA, SCA meets with SUA representatives, SCA presents at SFAC Town Hall )
- When the fee will be assessed (SCA discussion of possible recommendation for 'escalator' fee assessment)
- Ballot statement which includes: why the fee is needed, how it will be used and how

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<sup>11</sup> <http://deanofstudents.ucsc.edu/elections/pdf/2016/campus-elections-orientation-presentation.pdf>

students will benefit (extended SCA discussions, see body of this report)

- Per Chancellor's prerogative, the 2017 athletics referendum will not require petitions or other additional endorsements to be placed on the Student Fees Referendum.

Although our report speaks to the value of NCAA athletics to the students and to the campus community as a whole, the committee members recognize the burden to students of the current high costs of university education. Our report does not presume to diminish the competing needs for scarce resources. With these considerations in mind, we offer the following estimates as regards the referendum.

We believe it reasonable to recommend that the students pass a referendum to maintain NCAA athletics by supplementing it with a stable, modestly sized budget. While we have identified a few ways the program may reduce current expenditures, in our analysis the program requires a sustained budget of approximately \$2.2M per year (FY16 dollars). The revenue from existing student services and M7 fees provides approximately \$300k. We recommend the business model assume \$700k per year from a combination of licensing, philanthropy, summer camps backed by central funding. One therefore requires approximately \$1.2M of additional revenue. This implies an intercollegiate athletics fee of approximately \$35 per quarter, assuming 17,000 students and the standard 33% return to financial aid. The administration should also consider staggering the fee, i.e. stage the increase from the current \$5 per quarter to the new total over two or three years.

**RECOMMENDATION:** We recommend that the referendum modify the existing intercollegiate athletics fee to be approximately \$35 per quarter.

We recognize that cost-of-living increases and inflation will increase the athletics budget over time. Therefore, we encourage the referendum authors to consider a modest inflator in the student fee. Otherwise, expenditures may need to be held in check by reductions in staff salaries and benefits.

In our discussions with the Student Fee Advisory Committee (SFAC), that body has emphasized a strong desire that every student fee include a sunset provision. While this practice may be more relevant to fixed-term expenditures (e.g. to pay off a loan) than a long-term program like athletics, we consider this to be an acceptable practice. Indeed, it is difficult to predict how intercollegiate athletics will evolve in the coming decades.

**RECOMMENDATION:** In accordance with SFAC's recommendation, the referendum should include a sunset provision of approximately 20 years. We believe, together with the Foundation/Alumni ad hoc committee, that there is a business model that can maintain a successful athletics program at UCSC for the foreseeable future. We further believe that the impacts of this program can be significantly enhanced without additional costs to fully leverage the investment of student fees, and have identified several areas where the students, faculty, alumni, and administration can further leverage the program to enhance student life, build on-campus community, improve alumni relations, and engage with the broader community. The resultant program would greatly benefit the campus both internally and externally.

## 8. THE 2017 REFERENDUM

On December 15, 2016, OPERS submitted a packet of files to the Dean of Students which initiated the referendum process for a student fee to support intercollegiate athletics. OPERS developed their submission with input from a draft of this report, and our committee had the opportunity to review and comment on the packet prior to its submission. In January 2017, the draft referendum was revised by OPERS after consultation with the UCSC administration, the SFAC, the SUA, and our committee. The key components of the final referendum are:

- The student fee for intercollegiate athletics would increase by \$40 per quarter (from \$5 to \$45).
- The packet includes a forecast of expenditures for athletics of approximately \$2.2M, \$2.3M, and \$2.4M in FY18, FY19 and FY20 respectively.
- 33% of the student fee assessment is designated by the campus for ‘return-to-aid’ funding and is not directly applicable to the athletics budget
- The funding model assumes \$500k of institutional funding per year indefinitely, and also contributions from licensing, philanthropy and summer camps.
- A portion of the fee (\$5 per quarter less the 33% return-to-aid) creates a fund functioning as an endowment (FFE) that will provide financial assistance to students in need for activities related to wellness and fitness.
- The fee is subject to a review for sunset in 25 years.

One of the above items, the revenue for the FFE for financial assistance, requires further explanation. The concept is to generate a permanent source of financial assistance for students that are eligible for the Educational Opportunity Program (EOP<sup>12</sup>) for activities related to wellness and fitness. This may include PE classes and dues for Club teams, but will not serve to provide assistance for intercollegiate athletics. Even if the student fee is sunset in 25 years, the FFE will continue to provide financial support for students in need. The FFE mirrors a similar FFE for intercollegiate athletics that will be created by the referendum.

**FINDING:** Overall, the referendum developed by OPERS is consistent with the main findings and recommendations of this report. It would provide a long-term funding model to maintain an intercollegiate athletics program at UCSC.

Given that this may be considered the last chance to keep a UCSC athletics program, the University should give the process its full support. This should include co-hosting (with student leadership) one or more Town Hall assemblies with students in Spring 2017.

**RECOMMENDATION:** We recommend that the University make a concerted effort to pass the referendum. This should include additional Town Hall events (co-sponsored SFAC and SUA) to explain the finances and co-benefits and seek endorsement of the referendum.

**RECOMMENDATION:** We recommend that the University openly express its support for an athletics program at UCSC and highlight its benefits for campus-life, alumni relations, and community engagement.

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<sup>12</sup> <http://eop.ucsc.edu/about/about-eop-Criteria.html>

Respectfully Submitted;  
SPECIAL COMMITTEE ON ATHLETICS

Lissa Caldwell

Greg O'Malley

Gene Switkes

Dan Wirls

Mary Knudtson, *Ex Officio*

J. Xavier Prochaska, Chair

Hector Navarro, *Student Representative*

February 27, 2017

## 9. APPENDIX

### 9.1 Supplementary materials

The following Table details expenditures and revenue for UCSC athletics in fiscal years 2014-2016, inclusive. Each of these years has been audited.

| UCSC Athletics Revenue & Expenses  |                 |                 |                 |
|--|-----------------|-----------------|-----------------|
|  | FY 2014         | FY 2015         | FY 2016         |
| <b>Revenue</b>   |                 |                 |                 |
| <b>Institutional Funding</b>   | \$ 760,716.76   | \$ 1,497,220.34 | \$ 1,470,011.61 |
| <i>Student Funding</i>   | \$ 425,716.76   | \$ 497,220.34   | \$ 470,011.61   |
| 13676 MEN'S TENNIS PROG ENDW FUND AT UCSC                                    | \$ 943.14       | \$ 991.96       | \$ 1,020.55     |
| 20000 University Student Services Fee  | \$ 215,259.86   | \$ 277,653.83   | \$ 258,350.71   |
| 20360 Student Programs Fee M7  | \$ 45,103.57    | \$ 45,449.98    | \$ 34,217.32    |
| 20370 Intercol Athletics Sports Team Fee                                     | \$ 164,410.19   | \$ 173,124.57   | \$ 176,423.03   |
| Chancellor's Supplemental Funding  | \$ 335,000.00   | \$ 1,000,000.00 | \$ 1,000,000.00 |
| <b>Fundraising</b>   | \$ 276,088.39   | \$ 267,820.54   | \$ 209,395.68   |
| Ticket Sales   | \$ 7,265.90     | \$ 7,128.87     | \$ 7,761.57     |
| NCAA/Conference Distributions (include. All Tourn. Rev.)                     | \$ 22,461.84    | \$ 7,825.84     | \$ 33,288.48    |
| Game Guarantees  | \$ 24,585.00    | \$ 10,600.00    | \$ 12,250.00    |
| Royalties, Licensing, Advertisements and Sponsorships                        | \$ -            | \$ -            | \$ -            |
| Sports Camps   | \$ -            | \$ 19,197.75    | \$ 27,572.95    |
| Misc. Expense Error  | \$ -            | \$ (2,899.45)   | \$ (972.76)     |
| <b>Total Revenue</b>   | \$ 1,091,117.89 | \$ 1,806,893.89 | \$ 1,759,307.53 |
| <b>Expenses</b>  |                 |                 |                 |
| Earnings & Wages (W2 & 1099)   | \$ 429,647.94   | \$ 731,845.49   | \$ 887,404.18   |
| Benefits (Paid by the University & Related Entities)                         | \$ 134,775.03   | \$ 396,491.00   | \$ 460,249.79   |
| Subtotal Earnings, Wages and Benefits  | \$ 564,422.97   | \$ 1,128,336.49 | \$ 1,347,653.97 |
| NCAA Assoc. Costs  | \$ 80,709.45    | \$ 69,331.02    | \$ 73,836.16    |
| Membership & Dues  | \$ 11,538.50    | \$ 11,310.00    | \$ 12,991.15    |
| Game Expenses  | \$ 69,170.95    | \$ 58,021.02    | \$ 60,845.01    |
| Equipment, Uniforms and Supplies   | \$ 71,468.11    | \$ 107,186.65   | \$ 84,015.33    |
| Team Travel  | \$ 386,304.42   | \$ 311,306.47   | \$ 361,398.89   |
| Recruiting   | \$ 3,112.07     | \$ 9,983.47     | \$ 13,930.07    |
| Medical Expenses/Medical Insurance   | \$ 13,558.40    | \$ 16,097.00    | \$ 12,234.21    |
| Misc. Operating Expenses   | \$ 19,677.90    | \$ 84,736.70    | \$ 70,224.12    |
| Office Supplies(Printer, paper, pens, etc.)                                  | \$ 4,904.16     | \$ 6,775.94     | \$ 7,540.26     |
| IT (InfoUser, Computers, Phones, Software)                                   | \$ 8,491.27     | \$ 7,102.14     | \$ 31,418.91    |
| Internal Mtgs & Events and non-game travel (awards banquet, campus meetings) | \$ 2,690.78     | \$ 22,518.22    | \$ 4,982.20     |
| External Mtgs & Events (NCAA mtgs, CE, Prof Dev.)                            | \$ 324.75       | \$ 26,895.35    | \$ 3,540.74     |
| Other (anything else that doesn't fit in the other cat's)                    | \$ 3,266.94     | \$ 21,445.05    | \$ 22,742.01    |
| Royalties, Licensing, Advertisements and Sponsorships                        | \$ -            | \$ -            | \$ -            |
| Sports Camps   | \$ -            | \$ 8,206.00     | \$ 5,106.30     |
| <b>Total Expenses</b>  | \$ 1,139,253.32 | \$ 1,735,183.80 | \$ 1,968,399.05 |
| <b>Athletics Annual NET (+ gain/-loss)</b>                                   | \$ (48,135.43)  | \$ 71,710.09    | \$ (209,091.52) |
| Prior FY Ending Balance  | \$ 82,614.17    | \$ 34,478.74    | \$ 106,188.83   |
| <b>Total Athletic Dept. Year End Balance</b>                                 | \$ 34,478.74    | \$ 106,188.83   | \$ (102,902.69) |

Table 9.1.1



## **9.2 Potential Participation in Division II (D-II)**

Although not a direct part of the committee's charge, the question of whether UC Santa Cruz athletics was participating in the most suitable, practical, and advantageous division of the NCAA was raised by athletes, coaches, administrators and other stakeholders during our deliberations. Moreover, during the 2014 search for a new Director of Athletics this was one of the main issues discussed by the search committee with all the candidates, many of whom believed it was an important consideration for the future of the program. While the committee makes no recommendation, we investigated and discussed the advantages and disadvantages of D-III compared to D-II.

UCSC is significantly larger than most D-III institutions and most D-III institutions are private rather than public. But that issue of "fit" is secondary to the practical concerns that motivate this question: UCSC is not located near other D-III institutions. This complicates several aspects of the program, including travel safety and expenses, participation in athletic conferences, ability to participate in championships, and ability to have home games with peer institutions.

Aside from UCSC, Mills College (private, 821 female undergraduates) is the only D-III school in northern California. Nine private D-III institutions are in southern California, including Cal Tech, Pomona-Pitzer, Occidental, Redlands, and Whittier. By contrast, 12 D-II institutions are in northern California, including seven CSU campuses, all of which are participants in the CCAA conference; several more public CCAA members are in southern California, including UC San Diego and other CSUs.

Participation in D-II could produce significant reductions in the travel budget while increasing the safety of the student-athletes (many trips to southern California are taken in vans driven by coaches or even athletes, for example, and it would allow for more home games in many sports). But this and other advantages (including increased opportunities for revenue) would have to be weighed against other considerations, including the potential shift in ethos. D-III, as noted in our report, is focused on athletes as scholars, first and foremost. That UCSC maintains its D-III status might be viewed as a statement of principle regarding the relevant place of athletics in academia and, as such, may be an attractive feature to potential students and their parents. There are, for example, no athletic scholarships allowed. D-II also emphasizes student scholarship and success, but does allow athletic scholarships. Without careful planning and institutional commitments, a move to D-II might degrade the remarkable academic standard set by current UCSC student-athletes.

While the immediate and primary goal is to see whether competitive athletics can be put on a sustainable path, the committee recommends, if and when the program is on a solid financial footing, that UCSC consider moving to D-II.

## **9.3 Timeline of SCA Activities**

- February 2016 -- Academic Senate approves the formation of an ad hoc Special Committee on Athletics.
- April 2016 -- The SCA is constituted by the Committee on Committees. The SCA meets

several times in Spring quarter.

- May 2016 -- The SCA prepares an Interim Report and presents at the May meeting of the Academic Senate. The AS resolves that the SCA will extend its service through the 2016-2017 academic year.
- Fall 2016 -- The SCA engages with key stakeholders of the NCAA athletics program -- students, SUA, alumni, coaches, upper administration, OPERS administration and SFAC.
- October 19, 2016 -- The SCA attends a student Town Hall hosted by the SFAC to discuss Athletics and solicit student input.
- December 2016 -- The SCA completes, and distributes to key stakeholders for input, a draft of its full report.
- December 2016 -- The SCA provides direct input into the drafting of a new referendum for student fee support of NCAA athletics.
- February 2017 -- Completion of this report.

#### **9.4 Opportunities to further engage athletics in the University and increase its co-benefits**

Section 5 highlighted areas where the current athletics program provides significant co-benefits to the University. Currently, the University has done little to publicize or take advantage of the opportunities brought by athletics. For instance, student athlete activities and successes on and off the field could easily be included in university media venues such as Tuesday Newsday and in alumni publications. Existing athletics media ([www.goslugs.com](http://www.goslugs.com)) should be integrated within the campus-wide social media. Student athletes could increase the visibility and impact of their service activities within the UCSC and local communities by sponsoring annual, campus-wide activities that bring in more student, faculty, and staff engagement. Lastly, University Relations could develop and implement a formal fundraising program around athletics.