

**UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS  
JOINT MEETING OF THE  
STUDENT AFFAIRS AND  
ATHLETICS AND THE  
FINANCE COMMITTEES  
JULY 13, 2001**

JOINT MEETING OF THE  
STUDENT AFFAIRS AND ATHLETICS COMMITTEE  
AND THE  
FINANCE COMMITTEE

Friday, July 13, 2001  
10:00 a.m. - 12:00 noon  
Troutman Sanders Mays and Valentine  
23<sup>rd</sup> Floor Conference Room  
1111 East Main Street, Richmond

Student Affairs and Athletics Committee Members:

|                                |                                  |
|--------------------------------|----------------------------------|
| Gordon Rainey, Jr., Chair      | Elsie Goodwyn Holland            |
| Charles M. Caravati, Jr., M.D. | Benjamin P.A. Warthen            |
| Thomas F. Farrell, II          | Sasha L. Wilson                  |
| Charles L. Glazer              | John P. Ackerly, III, Ex Officio |

Finance Committee Members:

|                                |                                  |
|--------------------------------|----------------------------------|
| William H. Goodwin, Jr., Chair |                                  |
| Thomas F. Farrell, II.         | Thomas A. Saunders, III          |
| Charles L. Glazer              | Joseph E. Wolfe                  |
| Timothy B. Robertson           | John P. Ackerly, III, Ex Officio |

AGENDA

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- REPORT BY THE EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING OFFICER (Mr. Sandridge)
  - Financial Analysis of the Athletics Task Force Report 1

UNIVERSITY OF VIRGINIA  
BOARD OF VISITORS AGENDA ITEM SUMMARY

BOARD MEETING: July 13, 2001

COMMITTEE: Joint Meeting of the Student Affairs  
and Athletics Committee and the Finance  
Committee

AGENDA ITEM: Financial Analysis of the Athletics Task  
Force Report

ACTION REQUIRED: None

BACKGROUND: At the April 6 Board of Visitors meeting, the Chair of the Athletics Task Force presented a report for the Board's review. At the April meeting, the Board passed a resolution receiving the report, expressing the intent of the Student Affairs and Athletics and Finance Committees to review it and report back to the Board at a subsequent meeting. The resolution further stipulated that the Executive Vice President, the Athletic Director, and the Chair of the Virginia 2020 Strategic Planning Task Force on the Department of Athletics serve as staff to assist in the review of the report. The Board provided the following strategic guidelines to the Student Affairs and Athletics and Finance Committees:

- The University should strive to comply with the practical intent of Title IX.
- The University should strive to balance and keep in balance the Athletics Department's budget through operating efficiencies, cost containment, revenue enhancements and fundraising efforts.
- The University should strive to have comparable funding for women's and men's teams, including scholarships, staff salaries, administrative and travel expenditures.
- The University should strive to have all University of Virginia teams competitive with our peer universities while maintaining academic standards consistent with our commitment to student academic success.

At a joint meeting of the Student Affairs and Athletics and Finance Committees on June 4, a resolution was passed which outlined a work plan consistent with the April resolution, augmented by evaluations to be conducted by specific Board members. In addition, the President was asked to develop

options to the recommendations of the original Task Force report, including the establishment of endowments and other fundraising for non-revenue sports, to ensure the long-term financial stability of Athletics at the University without the tiering or elimination of any sports. The Committees determined that analysis of the report would be presented at a special meeting of the Student Affairs and Athletics and Finance Committees to be held before the July Retreat.

DISCUSSION: As noted in the Task Force report, the future success of the Athletics Department will be determined by the adherence to the following four principles: academic excellence, athletic excellence, compliance with NCAA guidelines and applicable federal statutes and fiscal responsibility and solvency.

The first principle, academic excellence, can be measured many ways, but graduation statistics and GPAs are the most commonly used metrics. The second principle, athletic excellence, is defined for purposes of analysis by attaining a "consistent Top Ten ranking" in the Sears Cup standings. Compliance with NCAA guidelines and applicable federal statutes, and fiscal responsibility and solvency are basically self-explanatory. Title IX compliance is covered in this principle.

A preliminary review of the eight-year history of the Sears Cup reveals that ten schools have consistently performed well in this ranking. These include Stanford, University of California at Los Angeles, University of Florida, University of Arizona, University of Michigan, University of North Carolina, Pennsylvania State University, University of Southern California, University of Texas and University of Nebraska. Analysis presented at the meeting will include relevant data about these programs to help determine general areas where the University could make strategic investments, monitor costs more closely and achieve a strategic advantage. It is widely known that athletic success, as denoted by the Sears Cup, does not necessarily translate to success in all other areas. Many of the schools mentioned above would fail to meet the standards we have set with regard to the latter three principles underlying the Task Force report (especially academic excellence and fiscal solvency).

Using the Sears Cup as a general goal, the average expense budget for a top athletics program is in the range of \$34-\$36 million per year. (The University of North Carolina, the lone Atlantic Coast Conference institution in the Sears Cup top ten,

falls within this range). The University of Virginia's athletics program has a current expense budget of about \$26 million - a gap of some \$9 million in today's dollars. The average figure does not take into account differences between schools for number of sports offered, total number of athletes, student body size, Title IX issues, etc. In the follow-up report for this meeting, we will account for these important distinctions where data is available to support such an analysis.

The Board may determine that incremental expenses need to be targeted to areas where we can increase our point total for the Sears Cup rankings. We anticipate that many of these programs will be women's sports and "Olympic" sports. Further, the Board may decide to invest in the revenue-generating sports to ensure that they remain a significant source of funding for the Athletics Department as a whole; however, the report will refrain from making specific recommendations about funding levels for each sport.

Additional resources for these expenses come from a number of areas including student fees, private fundraising, efficiency enhancements/administrative cost savings, TV revenues, marketing, ticket sales and other initiatives.

The ultimate objective, although not necessarily expected at this meeting, is a five-year plan showing general expenses, funding sources, key success factors and, most importantly, a balanced budget. If pursuit of the Sears Cup standings and other goals do not permit fiscal solvency within five years, then the report will note the shortfall and suggest alternatives for the Board's consideration.