

An Examination of General Education Funding Support Used
To Cover Deficits in Intercollegiate Athletics as a
UNI Auxiliary/Enterprise for the Years 1997-2007

By

Dr. A. Frank Thompson, UNI Professor of Finance
Curriculum Vitae with Education/Research and Consulting
In the area of Financial Analysis may be found
at: www.uni.edu/thompsona/home.htm

Source Documentation: Annual Audited Financial Statements of the University of Northern Iowa, submitted to the Iowa Board of Regents, for the fiscal years 1997 to 2007. These audits are completed by Certified Public Accountants and are independently and objectively reported. This information can be obtained in two ways. First, Rod Library contains these statements – years 1997 to 2006 may be found on the fourth floor, call number: LD2584.I6 F5 Supplement to the Annual Financial Report [the supplemental filing provides detailed information on auxiliary/enterprises at UNI]. The year 2007 may be found in the reference section on the first floor of the library under the same call number. Alternatively, and perhaps more efficiently, you can obtain this information through My Universe. After signing on to My Universe, on the right hand side of the page, go down to “Tools for Success” and click on the link “Online Reports”, next go down to Annual Financial Report and click on “Supplement to the Annual Financial Report”, scroll down menu to select the fiscal year you want, click on that year, and then you can access the reporting schedules dealing with the various ancillary/enterprises by clicking the running report button at the bottom. The schedules list revenues at the top followed by expenses, when expenses exceed revenues (i.e., revenue over expenses are negative) there will be a separate section called Transfers. Under transfers there is a item called General Education Fund Support which represents the monies that are moved from General Education over to the auxiliary/enterprise to pay for the deficit for the fiscal year. In some years, unlike academic departments and colleges, the ancillary/enterprises were allowed to carry over losses from year to year which then required more general education in a future year. The schedules used in this report were Schedules 5, 8,9,11,12,13.

Attached is a summary of the financial deficits from UNI's auxiliary/enterprises from 1997 to 2007 based on the Supplemental Annual Report prepared by the independent, CPA auditors working for the Iowa Board of Regents. The majority of these deficits were paid at the end of each fiscal year by transfers of funds from the general education fund into Athletics. The general education fund represents the pool of money available to the university to provide academic programs, promoting teaching, scholarship and service to the greater community of Iowa. Also included in this report are copies of the UNI Mission Statement, as well as, the Vision Statement. Nowhere in these two statements is there a declaration that athletics is a significant element to the focus and outline of priorities to which the goals of the university are attached. On the other hand, there appears to be much in the way of emphasis within these statements on UNI providing a quality education, development of students through a dynamic learning environment, promotion of student scholarship, a foundation on a strong liberal arts curriculum, and valuing intellectual vitality.

Over the past 10 years there has been \$65.92 million transferred out of general education funds at the end of the fiscal year in order to balance funding deficits in Athletics, Maucker Union, the Wellness Center, the Gallagher-Bluedorn Performing Arts Center, and the Health Center. \$42.459 million of that amount went into paying for losses in Athletics representing 64% of the total. In each of the years from 1997 to 2007, the Athletic Department sustained increasing losses – in other words, every year the Athletic Department lost more money than the year before. The compound rate of increase in Athletic Department losses was 8.755% per annum.

Within the Athletic budget there is a provision for student scholarships, however, these monies are considerably less than the other expenses associated with Athletics. In looking to the matter of athletic scholarships, it should be noted that in the budgets of all academic units on campus [colleges and departments] there is no line item that specifies an amount of general education funding for the purpose of academic student scholarships. If there are academic student scholarships provided by a department or college, it is done with funds that have been raised from alumni, friends of the university or corporate sponsors. The UNI Foundation has the responsibility of raising funds for all scholarships, whether they be for academic or athletic purposes. The difference is that academic programs cannot access general education money to institute or increase academic student scholarships.

The 2007 reported \$5.28 million deficit represents an amount that is over twice as large as it was in 1997. This amount represents a significant drain on resources available to academic teaching, particularly in light of recent initiatives to shave limited dollars out of current academic programs. In years past, auxiliary/enterprise programs were intended to be run in ways sufficient to add more dollars to the university and ultimately academics. Now, a number of these programs, Athletics, the Wellness Center, Gallagher-Bluedorn and the Health Center are losing money and taking money out of the general education fund. The initiatives appear to have been embarked on without the benefit of faculty approval or oversight. These issues are not only appearing in Athletics, but also elsewhere – for example, in 2000 Gallagher-

Bluedorn has an infusion of \$634,350 of general education funds, in 2007 that amount increased to \$1,186,359. With most businesses that are losing money, the managers will be held accountable to reducing costs and seeking to expand revenues to cover losses. In the last 10 years, the managers of these operations appear to have been given salary increases [in some cases far greater than the academic faculty] for increasing operating losses necessitating more money being diverted from academics. Unless the UNI Faculty Senate begins addressing this academic funding issue, it is likely that these deficits will continue to increase and that there will be even more committees looking into how to reduce funding from academic departments to meet the deficits in auxiliary/enterprise endeavors at UNI.

UNI Mission Statement off the Web at:

<http://www.uni.edu/president/1996-2001strategicplan/fspmishn.html>

The mission statement of the University is a formal declaration of the role of UNI. It describes those the University serves and what it does for them. The mission is broad, but establishes a clear focus and outlines priorities to which the goals of the plan respond.

Mission Statement

The University of Northern Iowa is Iowa's only public university that is distinguished by its emphasis on undergraduate education. The University contributes to the development of students by providing a diverse, dynamic learning environment characterized by excellence in teaching. The University supports exemplary undergraduate programs founded on a strong liberal arts curriculum and offers master's and selected doctoral programs that contribute to the intellectual vitality of the academic community. The University increases knowledge and promotes student growth through scholarship and service, and shares its expertise with individuals, communities, and organizations.

UNI Values and Vision Statement off the UNI Web at:

<http://www.uni.edu/president/1996-2001strategicplan/fspvalue.html>

Values

The basis for the development of the plan is a set of values which are the fabric of the institution. They are the expectations that are held in common and are reflected in the goals set forth in this plan. The guiding values are:

- The UNI community values intellectual vitality, which is characterized by creativity, knowledge, curiosity, aesthetics, critical thinking, and wisdom.
- The UNI community values intellectual and academic freedom, dialogue, and the free exchange of ideas. The freedom to examine diverse and controversial ideas is essential.
- The UNI community values excellence in all of its endeavors. A continuous pursuit of quality is essential in achieving excellence.

- The UNI community values an ethical, caring, and diverse community which is characterized by honesty, integrity, respect, fairness, empathy, equal opportunity, trust, and civility.
 - The UNI community values individual well-being, which is characterized by the development and health of the body, mind, and spirit.
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Vision

The values, in combination with the context in which the University exists and the long tradition it maintains, underlie the vision for which this plan strives. The vision is presented to provide guidance for the future of UNI. In this way it gives direction that supports the values held by the campus community.

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Vision Statement

The University of Northern Iowa shall be a university community that nurtures an environment of intellectual vitality. A commitment to excellence, coupled with continuous improvement, will result in UNI being recognized nationally as an innovative, dynamic, and exciting community in which to learn, teach, and work. UNI will be known for educational quality, a student-centered focus, scholarship, teacher-scholar faculty, and service beyond the campus

Report on Financial Deficits from UNI's Auxillary Enterprises from 1997 to 2007
 Based on Audited Financial Statements Contained in the UNI Supplements
 to the Annual Financial Report at the end of each fiscal year 1997 to 2007

Transfers from the General Education Fund to Support Deficits						
Statement Date	Athletic Deficit	Maucker Union	Wellness Center	Gallagher Bluedorn	Health Center	Total Contribution
6/30/1997	\$2,282,768	\$666,761				\$2,949,529
6/30/1998	\$2,591,291					\$2,591,291
6/30/1999	\$2,863,457	\$724,598	\$685,377		\$303,470	\$4,576,902
6/30/2000	\$3,177,904	\$709,268	\$1,031,782	\$634,350	\$12,581	\$5,565,885
6/30/2001	\$3,572,435	\$757,250	\$1,351,660	\$799,770	\$5,696	\$6,486,811
6/30/2002	\$3,858,672	\$737,106	\$1,142,127	\$854,534		\$6,592,439
6/30/2003	\$4,149,209	\$748,114	\$1,014,924	\$889,357		\$6,801,605
6/30/2004	\$4,662,997	\$770,547	\$1,047,405	\$964,428		\$7,445,377
6/30/2005	\$4,860,848	\$887,640	\$1,075,760	\$1,004,518		\$7,828,766
6/30/2006	\$5,156,086	\$796,276	\$1,351,482	\$1,164,205	\$389,040	\$8,857,089
6/30/2007	<u>\$5,284,052</u>	\$849,828	\$1,466,051	\$1,186,359	\$396,058	<u>\$9,182,348</u>
	\$42,459,719					\$65,928,512

Some Conclusions:

Over the past 10 years there has been \$65.92 million transferred out of the general education funds at the end of the fiscal year in order to balance funding deficits in Athletics, Maucker Union, Wellness Center, Gallagher-Bluedorn, and the Health Center. 64% of the \$65 million taken from general education went to pay for athletic budget losses from 1997 to 2007.

Of that \$65.928 million, \$42.26 million was transferred into Intercollegiate Athletics ----- in other words, of the funding from general education went into covering deficits from the Athletic budget.

Over the past 10 years the amount of general education funding required to meet deficits in the Athletic budget increased from \$2.82 million in 1997 to \$5.28 million in 2007. General education funding into the Athletic budget increased every year throughout the period from 1997 to 2007. The compound annual rate of increase in covered athletic department deficits out of the general fund was: 8.755% per annum.

