

University of New Mexico Department of Athletics
Analysis and Review

Overview

The University of New Mexico has a proud history of intercollegiate athletics, including three NCAA national championships and 30 conference championships. The University currently sponsors 22 varsity sports, with all but four competing in the Mountain West Conference.

Like many of its peers within the Mountain West Conference and around the country, UNM is faced with multiple challenges in maintaining a healthy and competitive athletics program. Foremost among these are the rapidly escalating costs associated with intercollegiate athletics. Over the past 12 months, it has become clear to University leadership that changes must be made to ensure the long-term financial viability of the Athletics Department. This took on more urgency as the scope of our financial challenges became apparent and University officials began to consider solutions. In March 2018, the UNM President established the UNM Athletics Budget Task Force to address the significant financial concerns and to make recommendations regarding FY 2018 and FY 2019, as well as to address the long-term financial health of UNM Athletics. In April 2018, the UNM Board of Regents approved a deficit-reduction plan for FY 2020-2029 that included \$1.9 million in cost-savings per year from the reduction in sport offerings as part of an overall plan to address the need for \$3.4 million in annual cost reductions and reallocation of resources.

In addition to the financial challenges facing UNM Athletics, a recent independent report commissioned by the University determined that UNM Athletics has potential issues with federal Title IX laws regarding gender equity. These two significant challenges require urgent action.

The University engaged a long-time respected college athletics administrator to review all aspects of the Athletics Department and analyze what changes ought to be made. While this review is ongoing, immediate action must be taken to address these issues. The Director of Athletics launched a comprehensive review and analysis to provide recommendations to the President regarding revenue opportunities, expenses reductions and cost containments, including what, if any, sports offerings would need to be eliminated. More than two dozen universities have eliminated varsity sports programs in the last five years to address financial, gender equity or other concerns, and despite the significant impact on student-athletes, this option must be considered.

The financial audit reports, the Title IX audit, and the large accumulating deficit have given the process urgency and left UNM with few good options. The recommendations provided within this report are truly the last, best options to ensure the long-term success of UNM Athletics.

This report provides the background of the challenges and recommendations for moving forward.

Current Financial Status

Due to specific, widely reported events regarding financial management, the Athletics Department, the University and the State of New Mexico conducted numerous financial audits of the Department, with the most recent of which was completed by UNM's Office of Internal Audit in May 2018. These audits found fault with many financial reporting, accounting and auditing processes and procedures

within the Athletics Department. Since then, the Athletics Department has taken significant action to address these issues. Systemic faults revealed by the audits and internal budget reviews intensified an ongoing financial deficit. Prior to the infusion of institutional funds and land-sale proceeds, the Athletics Department's projected deficit for FY18 stood at approximately \$2.1 million. If the Department continues down its current path, the projections in future years will only increase the annual deficit. In addition, these annual deficits do not consider a cumulative deficit over the past 10 years of approximately \$4.7 million, which Athletics is tasked to pay back at a \$500,000 annual cost beginning in FY21, as outlined in the New Mexico Higher Education Department financial master plan approved by the UNM Board of Regents. It is simply not sustainable to operate an organization with escalating costs, declining revenues and deficit spending.

Over the past decade, expenses have continued to increase, revenues have decreased and the operating budgets for each sport program have been incrementally reduced. While there is guaranteed revenue from conference distributions and multimedia rights deals, as well as an apparel agreement (Nike), the fluctuations in all other areas have a significant impact on the Athletic Department's bottom line from year to year. Significant shortfalls in budgeted ticket sales and fundraising efforts over the past two years, as well as expense budgets that were not properly adjusted to reflect the decline in revenue, have put the Athletics Department in deeper peril.

These financial challenges are significant and potential solutions are limited, having been further reduced by the findings in May 2018 of the Title IX audit.

Current Title IX Status

Title IX of the Education Amendments of 1972 "protects people from discrimination based on sex in education programs or activities that receive Federal financial assistance." Compliance and enforcement of Title IX falls on the U.S. Department of Education's Office of Civil Rights (OCR). As it relates to college athletics, Title IX commonly refers to gender equity in athletics departments, ensuring that men and women have equal opportunities and resources to compete.

The need to assess UNM's compliance with Title IX in the near future resulted in the retention Helen Grant Consulting, national experts in Title IX assessments. They were and charged with conducting a comprehensive, independent review of the Athletics Department's Title IX practices.

In May 2018, the consultants presented their final report to the University, which was made public days later. Refer to the following link to access the UNM Athletics Title IX assessment:

http://golobos.com/documents/2018/5/30/UNM_TITLE_IX_2016_2017_SUMMARY_FINAL.pdf

Exhibit A – Title IX Report

UNM seeks to comply with all Title IX obligations, as well as University policies and procedures.

In UNM’s situation, reaching substantial proportionality is the only viable means for complying with the Accommodation of Interest and Abilities component of Title IX. As of July 1, 2018, UNM compliance with proportionality can only be achieved with the addition of women’s sports or the elimination of men’s and women’s sports, coupled with strict roster management.

Full-time undergraduate male students currently comprise 44.6% of UNM enrollment, with women comprising 55.4%. However, in athletics, 56.2% of student-athletes are male compared to 43.8% female.

AY 2016-2017 Undergraduate Enrollment & Participation Rate Analysis

Full-time Undergraduate Male Students:	8,765 (44.6%)
Full-time Undergraduate Female Students:	<u>10,883</u> (55.4%)
	19,648
Male Participants	317 (56.2%)
Female Participants	<u>247</u> (43.8%)
	564

There is a minus 11.6% difference, favoring men, between the male and female participation rates and the male and female full-time, undergraduate enrollment rates, which is equivalent to approximately 145 participation opportunities—a significant number. The University has determined that the inequity and proportionality issue must be addressed immediately, or risk possible administrative action by OCR.

The Title IX report goes into detail regarding the awarding of financial aid, the adequacy of facilities, financial support for sports and many other related areas. It is the consultants’ recommendation that to comply with Title IX, UNM must consider implementation of Roster Management Plans and must consider the restructuring of its sports offerings (elimination of sports) to maximize participation opportunities for women in the current sports. The restructuring and “downsizing” of NCAA Division I athletics departments to address Title IX and financial concerns continues to increase across the country.

To simply reduce the number of men’s scholarships or add women’s sports could harm the competitive balance of UNM teams and would not align with the MWC sports offerings. In the short and long- term, UNM Athletics must achieve financial stability and gender equality. Unfortunately, in many cases, those goals are not congruent. Reducing costs would further exacerbate the Title IX concerns, whereas addressing gender equity issues will result in further deficits. The equation is complicated. The recommendations detailed below will address both concerns and include revenue enhancement, expense reductions, costs containment and debt/deficit service.

Revenues

Conference Distribution and Media Rights

Currently, the University each year receives approximately \$1.1 million from the Mountain West Conference as part of conference-wide media deals with ESPN, CBS Sports Network and other partners. The media deals expire in 2020, and no one is confident that future media deals, whether with traditional broadcast outlets or through new entities in the game (Twitter, Amazon, Facebook, etc.), will result in an increase in per-school revenues. In fact, it is possible that future media deals may result in *less* revenue to schools.

Individual schools also receive revenue from selling their multimedia rights to third-party entities, and UNM is currently in the final year of a multi-year agreement with Learfield, valued for FY 2018-19 at \$4,456,500 guaranteed. Our current agreement with Learfield, a UNM partner since 2007, is one of the most valuable in the Mountain West Conference and one of the most valuable in the Group of Five conferences. However, it is unlikely that future multimedia rights deals for UNM will result in a significant new influx of revenue, but can provide opportunities to increase support for the Athletics Department through marketing, graphics creation and video production support.

Corporate Sponsorships and Partnerships

Currently, UNM Athletics generates approximately \$1 million from annual corporate partnerships, including the naming rights for The Pit and Dreamstyle Stadium. There are multiple opportunities to increase revenue through sponsorships and naming rights, such as the field in the football stadium, club and suite levels and other athletics facilities. Most of the revenue obtained from naming rights agreements goes directly to offset The Pit debt, as well as debt on the baseball stadium. Future revenue opportunities need to be developed to assist with Department operations and, more importantly, to help grow support for student-athletes. Corporate sponsorships play an important role that extends beyond the financial benefits. For example, UNM can enhance the fan experience by engaging corporate sponsors to create exciting fan zones to improve the game day experience.

Ticket Sales

Like most athletics departments, ticket sales from UNM men's basketball, football and women's basketball help drive the annual fiscal picture for the Athletics Department. Season ticket sales and individual game sales for football have been declining, and 2018 is projected to follow that trend. Fans have more options than ever before to watch games, as many other institutions are facing similar challenges and are realizing that even with a successful product on the field, ticket sales remain stagnant or in decline. Unfortunately, in past years, administrators did not decrease the budgeted revenue nor adjust expenses accordingly, which only added to the deficit. One thing is clear: our Lobo men's basketball program is a source of pride for our state and the community, and fan support is strong. Regardless of the decline in ticket sales over the last couple of years, we are excited and hopeful for an upward trajectory in basketball ticket sales.

Efforts are underway to reorganize our ticket operations and to improve the customer experience, including implementation of new software and new platforms to provide better service to our fans. This new ticketing software system will modernize our current ticketing system by targeting new opportunities to grow ticket sales for all our sports. We are committed to providing fans with a better, more efficient ticket-buying experience, which then can translate into additional funds. Increasing the number of online ticket sales reduces the expense of traditional ticket sales conducted over the phone or in person.

Lobo Club/Donations

For FY18, the Lobo Club raised \$2.2 million for the Lobo scholarship fund. Based on our history, the size of the potential donor base and continuing capital campaign payments, it is anticipated that UNM will see a modest year-over-year increase in donations. Over the past six months, Athletics and the Lobo Club staff have jointly focused on addressing the internal and external audit findings, as well as reviewing operations. The emphasis on establishing better policies and procedures has helped us to address all the consultant's findings. In addition, a payment process was established that led The Lobo Club to sell 100% of suites and club seats for FY18. This has helped to establish trust with donors, which in turn has also led to FY19 increases in most fundraising categories, compared to FY18 at this time last year.

The focus moving forward is on fully restructuring the Lobo Club and growing the number of donors, increasing the amounts of donations and expanding offerings through endowments to support our coaches and student-athletes.

Game Guarantees

The college football game guarantee market continues to increase and UNM remains a coveted match-up for Power 5 schools that are willing to pay UNM fees of upwards of \$1 million for scheduled games. While the guarantee amount has risen, it has become more difficult to schedule, with many teams' slates filled up to eight to 10 years in advance. If UNM can secure future opponents for large guarantees, that might translate into an influx of monies, but these revenues are not guaranteed reoccurring commitments. In addition, there are competitive and safety concerns for our football student-athletes in scheduling multiple guarantee games in one season.

Facility Revenues

While the priority use for each of the UNM Athletics facilities is for its student-athletes and events, new revenue can potentially be generated through rental fees. The Pit currently is home to the PBR Rodeo, exhibition tennis matches, high school state basketball tournament games, high school state cheer competitions, several spirit competitions and the Harlem Globetrotters, in addition to University events such as graduation. UNM could seek out new revenue from hosting professional basketball exhibition games, promoters hosting tennis matches, concert promoters and by hosting the APS Metro Championship. Of course, UNM Athletics events and teams would continue to have priority, but UNM will place a higher priority on growing revenues from outside events.

Dreamstyle Stadium hosts events such as Nitro Circus, Sunrise Celebration, the state band competition, a UNM Cancer Center cycling fundraiser and some high school football games, in addition to the home slate of UNM football games. Potential revenue opportunities at Dreamstyle Stadium include concerts, monster truck shows, professional sporting events and the state high school football championship.

Several other UNM Athletics facilities, such as track, baseball, softball and our tennis facility, can be used as host venue for outside entities, thereby creating additional facility revenue.

Other Revenues

Other revenue streams include licensing, apparel, e-commerce/team store, parking, concession sales and health care reimbursements.

UNM Athletics currently has a shoe and apparel agreement with Nike through July 2020. The University may negotiate a new partnership with Nike at any time but may not contact any third-party vendors prior to February 2020. The partnership with Nike provides UNM with \$1,050,000 in product, along with performance incentives. UNM's Nike agreement is one of the best apparel deals in the Mountain West Conference. As in any renegotiation, there may be opportunities to increase the amount of Nike shoe and apparel product, as well as the possibility of cash and/or additional performance incentives and, of course, an agreement with a different apparel provider might also enhance revenues.

Concessions sales at UNM have been challenging over the last several years. Shrinking attendance at athletic events has led to an expected drop in concession revenues. UNM Athletics is working aggressively with our concessions partner, Levy, to increase revenue by gathering feedback from fans, by providing more options through creative offerings, and by engaging locally known vendors to build on New Mexico's traditionally rich food culture. Initiatives such as the student-priced menus at basketball games have proven to be successful and the Department must continue to be creative in the concessions space. UNM has had an agreement with Pepsi for concession stand "pouring rights" for more than 10 years and is currently in the process of finalizing a new agreement with Pepsi. The previous pouring rights agreement was tops in the Mountain West Conference, and our expectation is that we will remain at the top of the Mountain West Conference in this category with the new agreement.

UNM Athletics works with the UNM Bookstore for e-commerce (internet merchandise sales) and event sales. Gross sales for FY15 were \$22,241.97, \$17,151.41 in FY16 and \$13,240.35 in FY17 – clearly a downward trend. To help reduce expenses and increase revenue, all online traffic is now directed to the UNM Bookstore website, as the Lobo Den Store website has been discontinued. For team store and event sales, Athletics continues to work with the UNM Bookstore and has an agreement in place until June 2019, after which Athletics may remain in the partnership or engage with an industry leader. This will provide an opportunity starting in 2020 to leverage resources to combine e-commerce and the Team Store to better serve UNM constituents. These sale opportunities can be enhanced to generate additional revenue.

EXPENSE REDUCTIONS

Assuming revenues remain steady, if not on the decline, attention turns to expenses, where the rapidly escalating costs of sponsoring 22 sports does not look to slow anytime soon. The rising costs of providing financial aid through scholarships, head and assistant coaches' salaries, health benefits and staff salaries, recruiting budgets, travel costs, student welfare, mental health support and operations are among just some of the areas that have imposed an enormous financial burden on the Athletics Department. In sponsoring sports, UNM must provide sufficient resources for the programs to be competitive and to ensure that we are providing our student-athletes with an excellent experience during their time at UNM.

UNM Athletics has already taken many steps to reduce expenses and has a plan in place to initiate further reductions.

Organizational Structure of the Athletic Department

A full review of the administrative structure, as well as an examination of staff responsibilities, is currently underway. Decisions on a reorganization of our Athletics Department will be made over the next several months. Understanding our Department's direction moving forward is a critical piece in the implementation of an organizational plan. The reorganizational structure may include adding or eliminating positions. This will allow the Department to maximize resources and potentially lower expenses while protecting the support of our student-athletes.

In FY16, the Athletics Department had more than 137 full-time employees, a number that did not include tutors, graduate assistants and several other part time employees. To reduce expenses, the Department, like many other areas on campus, has continued to make significant sacrifices to its staff by eliminating positions or imposing a hiring freeze on vacant positions. Over the past four years, the Department has used staffing adjustments to help address financial challenges.

The Athletics Department now has 126 full-time employees, including coaches and staff members, who support our student-athletes through internal operations, including facilities, compliance, the athletic training room, finance, academic support, strength and conditioning. Those in external operations provide services that include development, marketing, video production, ticketing and communications. These employees—and these positions—are vital to maintaining operations and providing the best opportunity for success.

Since July 2016, Athletics has saved more than \$700,000 between unfilled vacant positions or positions put on hold for cost savings. For FY 2019, to further assist with the budget shortfall, the already-reduced Athletics Department placed three additional positions on hold, for a savings of \$96,000.

The Athletics Department is understaffed when measured against peers in the Mountain West Conference and similar-sized universities. In addition to not having enough personnel in key areas,

some UNM coach and staff salaries have fallen below the mean for the MWC. While a reduction in personnel may seem like an option to remedy the current financial challenge, UNM Athletics cannot do so without jeopardizing the health and safety of student-athletes, and compromising chances for competitive success and hampering efforts to increase revenue.

Operational Expenses

While a large share of UNM Athletics expenses is in salary and benefits for the 126 employees, the second-largest expense is the operation of the Department. Currently, the FY 2018 UNM Athletics budget is approximately \$33.5 million, which ranks eighth out of the 12 Mountain West Conference schools.

As with reducing staff, any reduction in operational expenses can continue to jeopardize our student-athletes, staff and fans. Reductions in external areas such as marketing could result in less revenue.

The growing costs of maintaining facilities, providing medical and mental health assistance, equipment, uniforms, computers, insurance, travel, recruiting expenses and so many other areas, necessitated a comprehensive review of all expenses. For example, starting in the fall of 2018, the football team will not stay at a local hotel the night before home games, for a savings of approximately \$35,000. This change to their routine will be re-evaluated after the season to assess the benefits of the savings toward the well-being of our student-athletes. Athletics is also looking at its event management practices and staffing services for all events to continue to reduce overall costs.

UNM Athletics is also exploring the potential for reimbursements from health insurance companies for student-athlete services rendered by Athletics trainers under the supervision of the team physicians.

Cost Containment and University Investment in Athletics

UNM Athletics must also take on cost containment strategies for long-term viability. These containment measures include the sharing or transferring of redundant services to University oversight and responsibility, a decrease in the number of scholarships provided to student-athletes and a reduction in the number of UNM Athletics sport offerings.

Shared Services

In the past six months, the Athletics Department has started to implement cost containment strategies by sharing some operational services with the Main Campus, a practice followed by many other departments on campus. The Athletics Business Department and the Athletics Human Resources Unit now report to Main Campus, with a dotted line to the Director of Athletics. The

University has assumed the financial costs of those units, saving the Department approximately \$250,000 each year.

Consideration should also be given to the merging of the following areas, with employees in these units reporting to University officials but with a dotted reporting line to the Director of Athletics. Given that recent changes in NCAA rules have made the task of management much greater, this shared approach would strengthen communication and collaboration between Athletics and the University and ensure compliance and integrity in all endeavors.

Athletics Compliance - The unit could become a part of the Main Campus Compliance Office. While Athletics Compliance would still be managed day-to-day by the Director of Athletics, it would also be fully integrated with the Main Campus Compliance Office. The annual savings to Athletics would be approximately \$150,000.

Academic Services - The Department's Academic Support Services unit does tremendous work in supporting student-athletes' progress towards graduation. Currently, there are seven staffers, along with 19 part-time tutors per semester who provide academic support. As its mission is directly tied to the University and is aligned with the Office of the Provost, consideration should be given to having the Office of the Provost assume financial and day-to-day oversight of Academic Support. It would more closely tie the academic areas to the University and would allow for a significant cost reduction for Athletics – approximately \$250,000 annually.

Athletics Communications -- The unit would become a part of University Communications and Marketing, while day-to-day management would still reside in Athletics. This would lead to better continuity of messaging and daily collaboration, and Athletics would realize savings of approximately \$200,000 a year.

Institutional Support

The Department must continue to work closely and in collaboration with the University in all its initiatives. UNM ranks eighth of 12 Mountain West Conference members in institutional support (Air Force not included), with the average athletics department receiving \$9.31 million in institutional support in 2017. In 2017-18, the UNM provided Athletics with \$6,477,683 in support. Of this total, \$4,363,683 million was in direct funding, while \$2,114,000 was a one-time transfer to support the current year budget deficit. As an institution, UNM must look at the opportunity to increase support of Athletics on a recurring basis.

Student Support

The University—especially Athletics—is keenly aware of the financial burdens placed on all students through tuition, room and board, fees and books. However, as UNM continues to study possible opportunities to help stabilize Athletics, a modest increase in student fees can be of substantial benefit to athletics.

In FY 2017-18, Athletics received \$3,851,603 in total revenue was received from student fees. In preparing the Athletics' budget for the 2018-19 academic year, the directive from the institution was that the student fee revenues to Athletics will drop to \$3,681,708. By comparison, the average student fee-generated athletics revenue for Mountain West Conference departments was \$4.98 million, ranking UNM sixth of 12 and below the average of other Group of Five conferences.

Athletics will continue to have open dialogue with UNM student leaders and university administration to see if opportunities to enhance revenues might arise in the future.

Scholarship Opportunities

A full scholarship for a UNM student-athlete is approximately \$18,000, not including a Cost of Attendance supplement of \$3,572. On the surface, reducing scholarships might seem to be a viable option to cut costs, but too many cuts can impede success for the entire Department, not to mention the individual sports affected. To truly begin to have a financial impact, UNM would need to eliminate almost 40 full scholarships, and those cuts would drastically impact the competitiveness of our teams, as coaches would have fewer available scholarships to offer high level student-athletes. Also, to help achieve compliance with Title IX, nearly all scholarship cuts would have to come in the men's sports, which would severely limit their prospects for competitive success.

However, strategic and limited reductions in the number of scholarships in a sport that can save money, assist in balancing gender equity and not hamper the chances for success must be considered, to limit the number of sport programs that would need to be discontinued.

Debt/Deficit Obligations

The final area to be addressed for long-term stability in the Department of Athletics is the significant debt for The Pit renovation, as well as the \$4.7 million accumulated deficit from the past 10 years. Alleviating these significant expenses from Athletics will go a long way to ensuring competitive success.

The Pit renovation was completed in 2010 at a cost of \$60,600,000, funded by \$18.6 million in state bonds and \$42 million in UNM bonds. UNM relied on private philanthropy and suite sales to cover the costs of the renovation. The current annual debt payment on The Pit fluctuates yearly, but average annual payments going forward will be approximately \$1,760,570. Suite sales revenues and facility naming rights revenues help address the annual debt payment. It is recommended that the University assume the annual debt payment from Athletics for the duration of the obligation, freeing up much-needed resources for student-athletes.

As noted previously, financial audits have identified a \$4.7 million accumulated deficit, outlined in the Higher Education Department financial plan, which has been approved by the Board of Regents. As part of Athletics responsibility in this plan, they are scheduled to begin making an annual payment of more than \$480,000 toward reducing that deficit starting in FY 2021. The University and Athletics need to seek alternative options for reducing the annual payments. These savings

would result in a significant annual savings for the Department, allowing it to infuse funds back into supporting the well-being of our student-athletes.

State of New Mexico Support

The State of New Mexico provided The University of New Mexico with \$2,617,380 in funding for FY 2018. As part of UNM's continued dialogue with state leaders, a concerted effort must be made to increase that state support, as it is a critical piece in sustaining a viable budget to support our student-athletes. In the past, the two Division I universities in the state have received an equal level of state funding, but in recent years it has not always been distributed evenly, and an emphasis should be placed on ensuring equal funding moving forward.

Sport Programs

Current budget realities and future financial projections, as well as the necessity of complying with federal gender equity guidelines, mean it simply unviable to sponsor 22 varsity sports. The financial and gender equity issues present a unique challenge for the University, and addressing an issue in isolation might exacerbate the other. Simply eliminating a sport to save money might not aid in Title IX compliance, while eliminating a sport for Title IX compliance might not save enough money. Similarly, adding a sport to move toward Title IX compliance would only deepen the financial challenge.

The decision to discontinue a sport is one of the most agonizing decisions that an institution can make. Since 1988, there has been a net loss of nearly 1,000 Division I men's programs. In the past five years alone, more than 60 Division I men's teams and more than 40 Division I women's teams have been dropped around the country, and more eliminations are expected.

Eliminating a sports program does not result in an immediate savings, as the University would honor the financial aid for all current student-athletes in the affected sports through graduation. The immediate cost savings comes in the elimination of operations for the sport, including travel, equipment, salaries, etc.

In evaluating whether a sports offering should continue, some of the factors taken into consideration include, in no order:

Impact: Number of student-athletes, coaches and staff affected by elimination

Title IX: Compliance with federal equity laws and the need to try to continue sponsoring women's sports with large participation numbers

Finances: Impact on Department finances including costs, revenues and associated costs to support the program (Strength & Conditioning, Athletic Training, Academic Advisors, etc.)

Conference Affiliation: To continue to compete at the Division I level, UNM must sponsor a minimum of 16 varsity sports. To remain a member of the Mountain West Conference, it must sponsor at least four MWC-sponsored sports (these currently consist of UNM football, men's and women's basketball and volleyball); the ability for UNM to be competitive in a conference; costs associated with conference travel and the number of programs sponsored in the NCAA

Facilities: Financial resources needed to build or to maintain competitive facilities; costs of facility maintenance and opportunity for success in recruiting and competition

Program History: Recent and long-term on-field success of a program, as well as the number and impact of alumni from program

Impact/Support: Fan and community interest in the program; its impact on local and state communities and throughout the region

Private Support: Donor support for the program and the number of endowments, if any

Scheduling: Conference scheduling; travel partners; levels of competition and ability for post-season competition

Academics: Academic performance, including APR and GSR of a program; impact on Department academics

There is no formula or matrix used to determine which programs should or should not be eliminated. Rather, these factors serve as data points in the analysis.

The Director of Athletics, senior athletics staff and the outside consultant gathered all relevant data and began a thorough and deliberate analysis.

The Director of Athletics recommends that a Roster Management Plan be implemented for all sports, with significant roster changes to Men's Cross Country and Men's Indoor and Outdoor Track & Field. It is also recommended that the Women's Swimming and Diving team discontinue its diving program, and that several other UNM women's teams increase the number of non-scholarship participation opportunities.

Based on the Foundational tenets: Finances, Title IX impact and Alignment with the Mountain West Conference, the Director of Athletics recommends to the President that UNM no longer sponsor the following varsity sports programs, effective July 1, 2019:

Men's Skiing

Women's Skiing

Men's Soccer

Women's Beach Volleyball

The data and rationale behind these sports programs can be found in Exhibit B.

Together, the reduction of sports and roster modifications of these sports offerings will save an estimated \$1.148 million annually. This is expected to result in participation rates for FY 2019-20 of 57.22% for females and 42.78% for males once the reductions and RMPs are implemented. The elimination of these programs (and the roster modifications of others), will allow for the more effective use of available resources, including support staff in the training room, academics and media relations, etc.

The University will honor all scholarships through a student-athlete's graduation from UNM, as per NCAA eligibility requirements. The University will also make all efforts to support those student-athletes who wish to continue their academic and athletic careers at another institution. Student-athletes who choose not to remain at UNM will forfeit their funding to complete their degrees at UNM.

CONCLUSION

Therefore, it is the recommendation of the Director of Athletics that the President ask the UNM Board of Regents to approve the following actions:

- Effective July 1, 2019, UNM Athletics will no longer sponsor men's and women's skiing, beach volleyball and men's soccer as varsity sports;
- UNM will honor the scholarships of all current student-athletes in the four affected sports through their graduations, as long as they remain in good academic standing;
- The Department of Athletics will also discontinue the diving program and immediately institute a Roster Management Plan for men's cross country, as well as outdoor and indoor track & field and many of our other sports.

In addition to these steps, the University and UNM Athletics will undertake the following actions over the next 12 months:

- The Department of Athletics will continue to examine its organizational structure, operational budgets and long-term expenses and make necessary and prudent changes to reduce expenses prior to the start of FY 2020;
- The Department of Athletics will aggressively pursue new and additional revenue streams prior to the start of FY 2020;
- The Department of Athletics will ensure that it continues to work toward Title IX compliance and make all necessary changes and adjustments to ensure compliance;

- The Department of Athletics will further engage with constituents, including students, faculty, alumni, donors, Regents, local and state officials and community members to strengthen the Department by ensuring the long-term financial stability and competitiveness of our sports programs;

These recommendations address the challenges identified by the numerous financial audits of the Department of Athletics, the conclusions of the Title IX assessment and the administrative direction set forth in April 2018 by the Board of Regents regarding the accumulated deficit. There is no perfect solution to the significant challenges that the Department faces. These recommendations come after months of intensive analysis, discussion and deliberation and with the input of outside experts.

The reduction in the number of sports offerings and scholarship opportunities recommended above are not taken lightly. The impact on student-athletes – both past and present – on the coaches and staff leading those programs and on the greater New Mexico community, is recognized and understood. These are recommendations no university or administrator would ever want to propose or consider, but the current situation demands extreme measures and difficult decisions.

These recommendations are painful for all of us. Our students are at the core of all that we do and we understand that, if approved, these changes will forever impact the lives of many outstanding young men and women. We have pledged our full support to them, we will honor their scholarships through graduation and we will do all that we can to support them should they seek to continue their education and athletic careers at another institution.

FY18, FY19 and FY20 Budget and FY18 Projected Actuals by Exhibit P21

Revenue/Expense Description	FY18 Original Budget	FY18 Revised Budget	FY18 Projected Actuals (1) (2)	FY19 Budget	FY20 Proposed Budget
Pooled Revenues (1)					
NCAA/Mountain West Conference	5,200,000	4,638,299	4,766,295	4,750,000	4,750,000
Media Rights/Sponsorship/Licensing/Commissions/Naming Rights	5,965,500	5,865,500	5,808,500	6,625,000	6,625,000
Student Fees	4,000,000	3,851,603	3,851,603	3,681,708	3,681,708
Fundraising	3,100,000	2,200,000	2,200,000	2,400,000	2,400,000
State Appropriation	2,617,300	2,617,300	2,617,300	2,641,500	2,641,500
Facility Rental/Merchandise/GIK	2,681,626	2,540,077	2,498,032	2,400,000	2,400,000
Special Events and Other Revenues	2,450,000	2,199,000	2,958,294	2,035,000	2,035,000
Transfers to/from Campus	(146,043)	1,504,033	1,588,784	974,000	
Land Proceed Transfer	-	814,207	814,207	789,039	
Sub-total	25,868,383	26,230,019	27,103,016	26,296,247	24,533,208
Directed Revenues (by Sports)					
Men's Basketball Tickets	4,200,000	3,653,733	3,653,733	3,800,000	3,800,000
Football Tickets	1,900,000	1,539,833	1,539,833	1,200,000	1,200,000
Women's Basketball Tickets	330,000	398,630	398,630	375,000	375,000
Other Sports Tickets (3)	115,000	194,362	144,832	115,000	115,000
Football Game Guarantees	1,100,000	1,543,624	1,600,000	1,100,000	1,100,000
Sub-total	7,645,000	7,330,182	7,337,028	6,590,000	6,590,000
Total	33,513,383	33,560,201	34,440,043	32,886,247	31,123,208
Expenses (2)					
Salaries	10,717,382	10,986,161	10,959,073	11,272,844	11,340,576
Payroll Benefits	3,461,574	3,461,574	3,118,080	3,271,643	3,291,307
Communication Charges	60,949	60,899	84,338	110,268	110,268
Other Expense	4,150,256	3,336,718	2,961,851	782,164	782,164
Patient Care Costs	58,550	53,550	149,079	98,300	98,300
Plant Maintenance	123,750	272,827	270,803	250,457	250,457
Services	3,757,852	3,193,323	4,314,887	4,967,038	4,967,038
Student Costs	577,077	1,525,559	1,240,404	894,190	1,144,190
Grant-in-Aid	5,024,660	4,876,981	4,876,981	4,800,000	5,300,000
Supplies	1,477,057	968,343	1,507,598	2,055,696	2,055,696
Travel	3,552,976	4,272,966	3,914,361	3,809,977	3,809,977
Utilities	551,300	551,300	441,724	573,670	573,670
Total	33,513,383	33,560,201	33,839,180	32,886,247	33,723,643
Net	-	-	600,863	-	(2,600,435)
<i>(1) Revenues based on projected actuals through fiscal year-end 6/30/18</i>					
<i>(2) Expenses based on fiscal year to date on non-salary expenses through 5/31/18, however projects salaries and fringes through 6/30/18</i>					
<i>(3) Other sports tickets include men's and women's soccer and track, baseball, softball, and volleyball</i>					

Exhibit A

Title IX Report

[http://golobos.com/documents/2018/5/30/UNM TITLE IX 2016 2017 SUMMARY FINAL.pdf](http://golobos.com/documents/2018/5/30/UNM%20TITLE%20IX%202016%202017%20SUMMARY%20FINAL.pdf)

Exhibit B

Sport Reductions and Roster Management Plans

Recommended for Elimination

Men's Skiing

Multi-Year APR:	987, 972, 971, 971 ('14- '17) ('17 lowest among UNM men's sports)
2017 APR:	1000
GSR	86, 75, 80, 82 ('14- '17)
Competitive Success:	3 out of last 4 years finished in bottom half of conference; 7 th in NCAA's last season; NCAA only sponsors 11 Division I teams on the men's side
Cost Savings:	\$315,694.00*
Endowments:	3 (both men and women)
Conference Affiliation:	Rocky Mountain Intercollegiate Ski Association
Facilities:	No True Athletic Facility
Impact:	12 student-athletes, 2 coaches (Between Men's and Women's Ski Program)
Support:	There is donor support of the men's ski program from individuals as well as from the State of New Mexico through tourism initiatives.

Men's skiing is sponsored at the varsity sport level by just 11 institutions in Division I. While the sport is popular in select regions around the country, it simply does not have the sustainability and interest levels among college athletes on a broad scale. In addition, despite some ski opportunities within the state, there are very few Division I caliber New Mexico high school students who have been recruited to UNM and who ultimately choose to attend. Over the last four years, just one New Mexico men's skiing prospective student-athlete enrolled at UNM. Not being affiliated with the Mountain West Conference and receiving no revenue from its affiliation with the Rocky Mountain Intercollegiate Ski Association is also a concern. The ski teams travel is very costly to UNM Athletics compared to other sports and the current team must travel a great distance to practice.

Women's Skiing

Multi-Year APR:	984, 992, 986, 967 ('14-'17) ('17 ranks last of all women's sports)
2017 APR:	950 (ranks last of all UNM women sports)
GSR	71, 75, 78, 71 ('14-'17)
Competitive Success:	3 out of last 4 years finished in bottom half of conference; Last season finished 7 th in NCAA; NCAA only sponsors 12 Division I teams on the women's side
Cost Savings:	\$315,694*
Endowments:	3 (both men and women)
Conference Affiliation:	Rocky Mountain Intercollegiate Ski Association
Facilities:	No True Athletic Facility
Impact:	8 student-athletes, 0 coaches** (women's ski coaches also coach men's skiing so total staff loss with both programs eliminated is 2)
Support:	There is donor support of the women's ski program from individuals as well as from the State of New Mexico through tourism initiatives.

Women's skiing is sponsored at the varsity sport level by just 12 institutions in Division I. While the sport is popular in select regions around the country, it simply does not have the sustainability and interest levels among college athletes on a broad scale. In addition, despite some ski opportunities within the state, there are very few Division I caliber New Mexico high school students who can or have been recruited to UNM and who ultimately choose to attend. Not being affiliated with the Mountain West Conference and receiving no revenue from its affiliation with the Rocky Mountain Intercollegiate Ski Association is also a concern. The ski teams travel is very costly to UNM Athletics compared to other sports and the team must travel a great distance to practice.

Men's Soccer

Multi-Year APR:	967, 969, 980, 982 ('14 - '17)
2017 APR:	988
GSR	78, 80, 76, 53 ('14-'17)
Competitive Success:	8-6-4 ('17-'18) 5 th , 6 th , 5 th , 4 th (9 teams in the conference); won CUSA Tournament in 2016; reached NCAA Final Four in 2013
Cost Savings:	\$605,630
Endowments:	0
Conference Affiliation:	Conference USA
Facilities:	UNM Soccer / Track Complex – Adequate
Impact:	29 student-athletes, 3 coaches, 1 Director of Operations
Support:	There is strong support in Albuquerque and other areas of the state

UNM men's soccer has a proud history in a state that has shown its support for the game. Not affiliated with the Mountain West Conference, the soccer team is affiliated with Conference USA which is good in men's soccer but whose teams are located across the country, which creates a costly travel expense. In fact, men's soccer has the second highest cost per participant than any other Lobo sport. Men's soccer also has a large roster size (29) and reducing the roster size to save money and to assist in Title IX compliance would compromise the opportunity for competitive success.

Beach Volleyball

Multi-Year APR:	1000 ('17)
2017 APR:	1000
GSR	No score yet
Competitive Success:	3-11 ('14-'15); 17-9 ('15-'16); 17-10 ('16-'17); 9-14 ('16-'17)
Cost Savings:	\$9,621 (would cost \$342,707 to build new facility)
Endowments:	0
Conference Affiliation:	Independent
Facilities:	No facilities approximately \$342,707 to build
Impact:	5 student-athletes, 0 coaches* (17 participants but all but 5 participate in indoor volleyball)
Support:	Minimal support due to limited history

The UNM beach volleyball program is just four years old and is one of only 55 beach volleyball programs in the country. The program is not affiliated with a conference which presents scheduling challenges. More importantly, the program does not have adequate training or competition facilities. Building a training/competition facility would cost at least \$340,000. In addition, to build a truly competitive program, UNM would need to invest in hiring a stand-alone head coach, create a stand-alone budget for beach volleyball separate from indoor volleyball and increase support staff in the department to better serve the student-athletes.

Women's Diving

The UNM women's swimming and diving program trains and competes in a facility that has had limited improvements and there simply is no funding to enhance the area or to construct a new one. Our facility also lacks a tower for platform diving which make it challenging for our student-athlete divers to train or compete. The program has struggled in recent years, with an average conference finish of seventh. There are few in-state prospective student-athletes. The swimming team members and the program would continue in its present form with more of an emphasis on strengthening their opportunity for success.

Men's Cross Country and Track & Field

The recommendation is to modify the men's track & field roster due to the high number of participants. To comply with Title IX, UNM must reduce the overall number of male student-athletes as the costs of increasing the number of female student-athletes is prohibitive. The reduction in grants-in-aid and the elimination of one coaching position will save approximately \$100,000 annually. The Department is aware that there is a significant economic impact on the local community through home track meets (MLK Invitational, UNM Invitational, UNM Classic, UNM Don Kirby Elite & Invitational, and MWC Indoor Championship).

Eliminating Four (4) Sports - Men's Skiing, Men's Soccer, Women's Skiing, Women's Beach Volleyball (Drop 2 Men's Sports/2 women's Sports)

Modification of Sports - Swimming and Diving (phasing out Diving); Significant Roster Management Men's Cross Country and Track and Field

	2017-2018	2018-2019	2019-2020	2018-2019	2019-2020
Men's Sports					
Baseball	37	37	35		
Basketball	16	16	16		
Football	116	116	113		
Golf (13)	13	12	11		
Skiing	12	12			
Soccer	29	29			
Tennis	9	9	9		
Track:XC (5)	16	10	10		
Indoor (14)	31	20	20		
outdoor (14)	32	20	20		
Total	311	281	234		
Women's Sports					
Basketball	14			16	16
Golf	7			9	9
Beach Volleyball	17			18	
Skiing	8			8	
Soccer	36			34	35
Softball	25			23	25
Swim/Diving	21			27	32
Tennis	9			10	10
Track:XC (5)	20			32	39
Indoor (14)	43			55	65
outdoor (14)	43			55	65
Volleyball	16			17	17
Total	259			304	313

2017 - 2018 Participation Figures

UNM Full-Time Undergraduate Males	8,264	43.69%
UNM Full-Time Undergraduate Females	<u>10,649</u>	56.31%
TOTAL	18,913	

2017 - 2018

Athletic Male Participants	311	0.00%
Athletic Female Participants	<u>259</u>	45.44%
TOTAL	570	

2018 - 2019

Athletic Male Participants	281	48.03%
Athletic Female Participants	<u>304</u>	51.97%
TOTAL	585	

2019 - 2020

Athletic Male Participants	234	42.78%
Athletic Female Participants	<u>313</u>	57.22%
TOTAL	547	

M. Soccer	\$ 743,574.32
M. Skiing	\$ 360,911.00
W. Skiing	\$ 147,834.00
Beach	\$ 62,327.00
Diving	\$ 76,572.00
Reduce Men's Track Scholarships	\$ 70,000.00
Elimination of Track Coach	\$ 50,560.00
Reduce Sch. Men's except FB&MBB	\$ 20,000.00
Savings	\$ 1,531,778.32
NCAA sport Sponsoring Funding	
Reduction NCAA GIA	\$ 357,697.68
Reduction of Ticket Revenue	\$ 26,006.00
Total Savings	\$ 1,148,074.64

UNM Full-Time Undergraduate Male/Female Enrollment (approximate . 3 yr. Avg./ -250 Males & -149 Females)

Estimate			Difference
Estimate 2018 - 2019	Male	-250 8,014.00	43.29%
	Female	-149 <u>10,500.00</u>	56.71%
		18,514.00	4.75%
Estimate 2019 - 2020	Male	-250 7,764.00	42.86%
	Female	-149 <u>10,351.00</u>	57.14%
		18,115.00	0.08%
Estimate 2020 - 2021	Male	-250 7,514.00	42.41%
	Female	-149 <u>10,202.00</u>	57.59%
		17,716.00	0.37%
Estimate 2021 - 2022	Male	-250 7,264.00	41.95%
	Female	-149 <u>10,053.00</u>	58.05%
		17,317.00	0.83%

Sports	Employee/end of contract	Salaries & Benefits(.28)	Health Insurance Foreign SA	Course Fees	GIA	Operating Budget	Game Expenses	Total	Less Ticket Revenue 17-18	Less of NCAA GIA and Sports Sponsorship
Men's sports										
Skiing	Head Coach (6/30/19)	\$ 102,912.00								
	Assistant Coach (6/30/19)	\$ 66,255.00								
	Grad Student	\$ 20,597.00								
	Total Salaries (M&W)	\$ 179,764.00	\$ 13,352.00	\$ 2,197.00	\$ 82,432.00	\$ 83,166.00		\$ 360,911.00		\$ 94,223.88
	Benefits									
Men's										
Soccer	Head Coach (6/30/19)	\$ 144,600.32								
	Head Coach Media	\$ 32,000.00								
	Head Coach Deferred Comp	\$ 60,000.00								
	Assistant Coach (6/30/19)	\$ 54,400.00								
	Assistant Coach (6/30/19)	\$ 58,240.00								
	Total Salaries & Benefits	\$ 349,240.32	\$ 11,013.00	\$ 6,538.00	\$ 216,332.00	\$ 150,766.00	\$ 9,685.00	\$ 743,574.32	\$ 26,006.00	\$ 111,938.96
Track	Track Coach	\$ 50,560.00			\$ 70,000.00			\$ 120,560.00		
Reduce Sch Men's Except FB&MBB					\$ 20,000.00			\$ 20,000.00		
Women's Sports										
Skiing			\$ 6,626.00	\$ 1,223.00	\$ 56,819.00	\$ 83,166.00		\$ 147,834.00		\$ 98,828.24
Swimming	Diving Coach (6/30/18)	\$ 52,480.00			\$ 24,092.00			\$ 76,572.00		
Beach Volleyball				\$ 425.00	\$ 41,902.00	\$ 20,000.00		\$ 62,327.00		\$ 52,706.60
								\$ 1,531,778.32	\$ 26,006.00	\$ 357,697.68

Totals
Total Savings \$ **1,531,778.32**
Loss Rev. GIA/NCAA Sponsorship \$ **357,697.68**
Loss Ticket Revenue \$ **26,006.00**
Total Savings \$ **1,148,074.64**

Based on 2017-2018 Participation Numbers

Sport	Scholarship	Walk-On	Athletes on Roster	Athletes Affected	Equivalencies	Coaches Affected	
Men's Skiing	8	4	12	12	5.16	2*	Same Coaches Coach WSKI; GA Should Grad SP19
Men's Soccer	26	3	29	29	9.83	4	Includes Director of Ops
Reduce MTR to 9.1	8			8	3.5		
Total Men Affected	42	7	41	49	18.49		
Women's Beach Volleyball	2	15	17	5	1.1	2*	12 Women Play Indoor and Beach; Coaches would remain employed at UNM as they coach Indoor as well
Women's Skiing	6	2	8	8	3.34	2*	Same Coaches Coach MSKI; GA Should Grad SP19
Women's Dive	5	0	5	5	1.18	1	
Total Women Affected	13	17	30	18	5.62		
Total Coaches Affected	7	Ski GA is not in total coach allotment; Should Grad SP19					