

November 21, 2011

Response to the Report of the “President’s Commission on Intercollegiate Athletics”

Introduction

Intercollegiate athletics is integral to the lives and education of our student-athletes. It is an integral part of the mission of the University of Maryland to support our student-athletes so that they succeed in the classroom, in their sport, and in the game of life.

Sports are also an integral part of American society. The core of a university’s house is education, research, and the arts, and its front porch is intercollegiate athletics. To the tens of thousands who come cheer our Terp teams, and to the national sports media, Maryland Athletics is the public face of the institution. Successful athletic programs instill pride, loyalty, and school spirit among our students, alumni, and supporters; attract prospective students; and generate increased private support for the entire University.

The financial challenges that face the Department of Intercollegiate Athletics (“ICA”) are, therefore, of concern to all constituencies of the University. Last July, I formed the President’s Commission on Intercollegiate Athletics (“Commission”) to review the finances and operations of ICA. This was a representative group of 17 members, co-chaired by Barry Gossett, a member of the Board of Regents of the University System of Maryland, and Linda Clement, Vice President for Student Affairs. Its charge was to make recommendations to secure greater excellence in academics and athletics and to ensure the long-term financial sustainability of ICA.

Responses to the Commission’s Report

On November 14th, I made public the report of the Commission. I then invited responses to this report from:

- (1) Athletic Director Kevin Anderson.
- (2) The University Athletic Council (“UAC”), composed of about 27 faculty, staff, students, alumni, and administrators—chaired by Professor Nick Hadley, the Faculty Athletic Representative—who constitute the official advisory body to the President on athletic matters.
- (3) The University Senate Executive Committee (“SEC”), composed of about 18 faculty, staff, and student members, chaired by Professor Eric Kasischke.

I also asked UAC and SEC to comment on the response of Director Anderson. The Commission co-chairs and Director Anderson met with UAC and SEC.

In addition, the M Club, a large group of former varsity letter-winners, submitted on its own initiative its response to the report. M Club president, Marjorie Baker, is a member of UAC.

I thank them for their responses, which helped inform my thinking. All four sets of responses are posted at www.president.umd.edu/PCIA/. I thank again the Commission for its due diligence and report.

Meetings with student-athletes and coaches

Director Anderson met with all the affected student-athletes and coaches before submitting his response.

Over the past week, I also met with all the affected teams, including about 90 student-athletes and the coaching staff. The student-athletes are some of the most impressive young people I have encountered in my career. They love their collegiate experience at the University of Maryland. They are successful students. They are generous in community service. They are proud ambassadors of the institution. The coaches are consummate professionals—talented, dedicated, and enthusiastic representatives of the University.

Our conversations on the recommendation to reduce the number of varsity teams were fraught with sadness and anguish. As the parent of a student-athlete at another school, I know that my daughter would also feel devastated if her team were to be discontinued. I appreciate the years of commitment it takes to compete at the collegiate level; the sense of identity and family that is forged with a team; the personal qualities and life skills that athletics can help develop. It is their passion, resiliency, maturity, and commitment to their University, to their teammates, and to their sport that I will always value. I am proud to serve as their President.

There was one request that many student-athletes and coaches made: that I not prolong unduly the announcement of my decision. They understood that I need to consult widely and deliberate carefully before deciding, but they also wanted as much time as possible to plan ahead.

Responses from parents, alumni, supporters, and the public

My office received e-mail petitions from more than 10,000 people to save various teams. My office also received over 500 personal e-mails in support of the teams. I read many of them. Some of the messages from parents and supporters of our student-athletes were deeply moving. My staff or I responded to each of them. I thank all those who wrote to share their support of, and commitment to, our student-athletes.

Decision on Commission's recommendation #1: Reducing the number of teams and the cost of administration

I concur with the entirety of this recommendation, including the Commission's "painful conclusion" to discontinue six athletic programs (eight teams), effective July 1, 2012: men's cross-country, indoor track, and outdoor track; men's swimming and diving; men's tennis; women's acrobatics and tumbling; women's swimming and diving; and women's water polo. All athletic scholarship commitments and affected coaches' contracts will be honored.

Two groups endorsed this recommendation, with regret: the Athletic Director and the University Athletic Council. A third group, the University Senate Executive Committee "did not reach consensus." It acknowledged that ICA must "cut expenses" and "the number of student athletes," but urged that there be "roster reductions [across teams] ... rather than discontinuance of entire teams."

Director Anderson in his response noted that implementation of the Commission's recommendation of a 10% reduction in administrative costs comes on top of the nearly 20% across-the-board cuts in ICA operating expenses since FY09.

I agree with his judgment that ICA "at this point has no choice but to reduce the number of teams as well." We can no longer postpone deciding on an issue that has been raised before. Inaction could be ruinous for the future of ICA.

Director Anderson's recommendation for a "Save the Programs Campaign"

Director Anderson also recommended that supporters of any discontinued teams "be given the opportunity to raise 8 years' worth of total program costs by June 30, 2012" and, thereafter, to raise endowment funding by 2020 in order to support the program in perpetuity. He is prepared to commit two senior development officers to this cause.

I accept his recommendation. This approach has been adopted by other universities faced with painful choices in balancing their athletic budgets. The fundraising targets were set to achieve financial sustainability, not to defer the decision to discontinue programs.

If there is anything that our remarkable student-athletes have taught me over the past week, it is that there is no challenge that we cannot meet, no goal that we cannot achieve, if dedicated and passionate supporters work together for a common and urgent cause.

I am pleased to announce that the M Club immediately committed \$1M to this campaign. I thank the former letter-winners for their inspiring support of our student-athletes. I have asked our Vice President for University Relations to work with ICA to find ways the University can further support this fundraising campaign.

Impact of ACC realignment

In spring 2011, Director Anderson, Faculty Athletic Representative Nick Hadley, and I actively advocated to our counterparts in the ACC to expand from 12 to 14 or 16 schools. We wanted to ensure ACC's leadership role in the on-going conference realignments that are changing the landscape of intercollegiate athletics. The eventual expansion to 14 schools also had a positive financial impact on every member school due to anticipated increases in television revenue. Our circumstances would have been far more challenging today had the ACC not expanded.

**Decision on Commission recommendation #2:
Revamping fundraising**

I concur that the fundraising activities of ICA and the University should be more collaborative and better coordinated in order to maximize philanthropic support. The Vice President for University Relations will work with ICA development staff to review and implement the Commission's specific recommendations. The challenges facing ICA should not be theirs alone to face. The entire University has to assist in all appropriate ways. We are one University.

**Decision on Commission recommendation #3:
Reinvesting resources in remaining teams**

I support the recommendation that funds recovered from budget reductions and revenue enhancements be invested in support services, such as academic advisers, athletic trainers, and sports medicine. These services will enhance the academic and athletic success of the students in the remaining teams.

The University of Maryland has one of the largest slates of varsity sports in the Atlantic Coast Conference and in the nation. As a result, given current budget realities, our teams are among the most thinly funded in the ACC on a per student-athlete basis. To continue to make deep cuts across all programs—to impose a democracy of pain—is not the path to excellence.

In the academic area, when our University faced severe budget reductions in the past, we made the hard choice to terminate academic programs, valued as they were. We did not over-extend ourselves by continuing to offer a multitude of programs to meet every demand.

So it should be in athletics. In a time of constrained resources, we have to choose: should we have fewer programs so that they can be better supported and, hence, more likely to be successful at the highest level? Or, should we keep the large number of programs that are under-supported compared to their conference peers?

The Commission's recommendation to downsize to 19 teams would place the University of Maryland just below the ACC average of 21 teams. Our investment per student-athlete would rise from near the bottom to the top half of the ACC.

The Commission's financial plan is prudent and sustainable. It does not seek to eliminate immediately the budget deficit, which was several years in the making. It stretches out the deficit reduction period to avoid causing even broader pain today.

It balances the annual operating budget by fiscal year 2015 and it balances the cumulative operating deficit by fiscal year 2019. It also starts rebuilding an ICA contingency fund for unanticipated expenses. This fund was depleted last year to cover the growing deficits of previous years.

The implementation of the Commission's recommendations will restore ICA to fiscal health and sustainability by 2019, provided that assumptions about future revenues and expenses hold true.

**Decision on Commission recommendation #4:
Greater clarity in ICA financial reports**

The financial statements of intercollegiate athletics everywhere are complex and detailed, with different ways of reporting multiple sources of revenues and expenses. They may seem opaque to lay readers. Different oversight agencies—the NCAA, the Board of Regents, the internal financial departments of the University—also have different accounting criteria and practices.

I endorse the recommendation to bring greater clarity and utility to the financial reports. Since April 2011, the University System of Maryland Board of Regents has been working on a new reporting format to be implemented system-wide. ICA will work with the Board of Regents on this new reporting format. I also ask ICA to develop clear benchmarks to monitor revenues and expenses periodically throughout the year.

Conclusion

The finances of Maryland Athletics in national context

The financial challenges of ICA are not unique to our institution. Over 90% of the athletic programs in NCAA Division I schools operate in the red and cannot be self-sustaining. The average NCAA Football Bowl Subdivision athletic department runs an annual deficit of about \$11M, a gap that is covered by institutional support, student fees, and/or general fund dollars.

Maryland Athletics does not receive state funds, as do some other public universities. Student fees which in part support intercollegiate athletics, while substantial, are still below those of many other institutions. In these tight economic times, we must live within our means, not spend more than we can afford, and still offer a good-sized menu of non-revenue sports for a variety of student-athletes, without diverting resources from the core academic functions of the University.

The current business model of intercollegiate athletics nationwide is inequitable and unsustainable. Universities rely on the two revenue-producing sports—football and men’s basketball—and the lucrative television contracts associated with these sports, in order to underwrite all the other sports for which there is a smaller cadre of passionate followers.

If we believe—as I do—that intercollegiate athletics is an integral part of the college educational experience and not only commercialized mass entertainment, then we must come together to reform this financial model. As President, I will continue to work with the ACC, the NCAA, and other national organizations to address the escalating financial “arms race” in intercollegiate athletics. We have to reset the balance between academics and big time athletics in higher education.

The Terp spirit: Turning challenge into opportunity

Here at the University of Maryland, we have one of the country’s best athletic directors. Director Anderson came into difficult circumstances not of his own making. He has proven himself to be a highly-principled, energetic, and compassionate leader, who is dedicated to providing every student-athlete the opportunity to perform at the highest level in the classroom and on the field, and to become good citizens and leaders of our country.

We are also privileged to have outstanding coaches and athletics staff with the same values of professionalism, high standards of integrity, and commitment to the development of the whole student-athlete—always seeking to strive and to win, and to play by the rules. I am confident that the contributions that all of our coaches are making, and will continue to make, will ensure the success of Maryland Athletics.

Finally, to the legions of Maryland supporters, who faithfully stand by our teams and our student-athletes in up times and down because of their loyalty to the University of Maryland, I want to express to you my heartfelt appreciation.

We are one team, one Maryland. We have the vision and the resolve to turn challenge into opportunity. This is the can-do spirit that defines us as Terrapins.

Thank you for your continuing support of our student-athletes and the University of Maryland.

Sincerely,

Wallace D. Loh
President
University of Maryland