



## BOARD OF REGENTS

### SUMMARY OF ITEM FOR ACTION, INFORMATION OR DISCUSSION

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**TOPIC:** Update on CSU Plans to Address Structural Deficit in the Intercollegiate Athletics Program

**COMMITTEE:** Education Policy

**DATE OF COMMITTEE MEETING:** June 2, 2010

**SUMMARY:** The Committee last heard from CSU concerning its athletic deficit in November 2009. At that time, CSU President Dr. Reginald Avery told the Committee that Coppin was making some headway in addressing its structural deficit problem and that he was in the process of doing an overall assessment of the athletics program and had hired a consultant to study the viability of changing NCAA divisions from Division I to Division II or III. He agreed to provide a more extensive report to the Committee in the spring.

The attached report summarizes progress made to date. Dr. Avery and his staff will be at the Committee meeting to discuss their plans and to respond to questions from the Committee.

**ALTERNATIVE(S):** This is for information only.

**FISCAL IMPACT:** This is for information only.

**CHANCELLOR'S RECOMMENDATION:** This is for information only.

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COMMITTEE RECOMMENDATION: Received as information. DATE: June 2, 2010

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BOARD ACTION: DATE:

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SUBMITTED BY: Irwin L. Goldstein (301) 445-1992 irv@usmd.edu

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# COPPIN STATE UNIVERSITY

May 20, 2010

## MEMORANDUM

TO: Members of the Education Policy Committee  
University System of Maryland Board of Regents

FR: Reginald S. Avery, Ph.D.  
President

RE: CSU Athletics Department Deficit Reduction Plan: Phase II

I am pleased to provide you this update on our ongoing efforts to eliminate the subsidy our Auxiliary operations provide to Coppin State University's Athletics Department budget -- and then to eliminate the accumulated deficit. In October, 2008, I presented to you an initial plan to begin to address the structural issues with the operating deficit (Appendix A). In that plan, which I now think of as Phase I, the University was going to substantially increase the student athletic fee and assign additional duties to coaches without a commensurate increase in pay. This allocated work effort was to support the University's intramural program. We have now accomplished both of these actions. In FY 2005 the student athletic fee for a full time student was \$325; in FY 2010, it is \$679 (Appendix B). The intramural program in the Department of Health and Human Performance, School of Education, has absorbed \$75,000 of the coaches' salaries through work effort directed to this program. We have not requested an increase in the student athletic fee for FY 2011, as was planned, because of the impact of the recession on our students and their parents, and our desire to hold down the cost of attending CSU to them during this difficult financial period. With these adjustments, and after a scrubbing of the Athletic Department budget during the budget review process for this year, the Athletics Department budget is still approximately \$875,000 out of balance.

In order to better understand our options, we commissioned a study by NACDA Consulting. We received their report this past December. While the report is fairly lengthy, its conclusions are easy to summarize. HBCUs, as a group and for historic and cultural reasons, are committed to playing intercollegiate athletics at the highest level at which they can compete. Our athletic program is in the bottom tier of funding. The consultant thought that we were better served by staying in Division I because at present we receive \$850,000 from guarantee monies, NCAA, Conference and TV distributions that would not be available to us if we were Division II or Division III.



There is only one Division II conference in this area that we could join: the CIAA Conference. Otherwise the travel expense increase would outweigh any budgetary savings. This conference, though, is only interested in schools with football programs. Division III schools normally average 18 sports. While it is true that there is no athletics-only financial aid in Division III, in order to field competitive athletic teams these colleges and universities offer need and merit based aid that is proportional between student athletes and non-student athletes. The consultants' report indicated that 90% of all Division III students receive some form of financial aid. Such a move would not appreciably lower our scholarship budget.

After consultation with the University's stakeholders and supporters, and considering the impact of this decision on the University's academic mission, students and faculty, I have made the decision to remain in the MEAC conference and to continue to compete in the fourteen Division I sports that are the current NCAA minimum. To bring the deficit under control, we intend to take the following actions to achieve a balanced budget by FY 2013 and to begin paying down the accumulated debt in FY 2014:

- Athletic scholarship costs will be reduced by \$400,000 through a two-part strategy. Recruitment will focus on in-state, Maryland athletes. In order to remain competitive, we will continue to recruit a limited number of out-of-state students but these recruitments will be thoughtfully considered and personally approved by me. The change in mix, from out-of-state to in-state, will produce scholarship savings of approximately \$200,000. As the second part of this plan, the University will be implementing a scholarship program beginning in FY 2011 to provide waivers for the out-of-state portion of tuition for gifted and talented individuals. This program will be available for our student athletes but also for majors such as the visual and performing arts, music, and related disciplines. These tuition waivers will offset \$200,000 of scholarship costs.
- The Athletics' Department's out-of-state travel budget will be reduced from its current funding of \$285,000 in FY 2010 by \$50,000 in two stages beginning in FY 2011.
- Beginning in FY2012, there will be no guarantee game revenue sharing as part of any Athletics Department coach's contract. Guarantee games will be kept at the level necessary to produce an annual budget savings, using FY 2010 as the base year, of \$200,000 beginning in FY 2012.
- The salary budget (\$1.4 million in FY 2010) will be reduced \$225,000 in three equal increments beginning in FY 2011. This will be partly achieved by allocating a portion of the Athletics Director's salary to the appropriate funding sources within the University consistent with cost allocation practices. Coaches will be renewed or hired with the requirement for dual academic appointments where part of their funding will be attributed to their instructional duties.
- While this phase of the deficit reduction strategy is predicated entirely on expense reduction, fund raising will be aggressively pursued with an initial annual target of \$50,000 in FY 2011. This source of revenue to the program will come from sponsorships, net income from events in the new Physical Education Complex, advertising, annual and planned giving. These funds will be used to begin to pay down the accumulated deficit.

The deficit reduction targets through FY2013 are as follows:

Fiscal Year	Operating Deficit	Budget Reductions				Year over Year Change
		Scholarships	Travel	Salary	Game Guarantees	
2010	\$875,000					
2011	\$625,000	(\$150,000)	(\$25,000)	(\$75,000)		(\$250,000)
2012	\$200,000	(\$125,000)	(\$25,000)	(\$75,000)	(\$200,000)	(\$425,000)
2013	Balanced Budget	(\$125,000)		(\$75,000)		(\$200,000)
<b>Total</b>		(\$400,000)	(\$50,000)	(\$225,000)	(\$200,000)	(\$875,000)

What this means, though, is that Phase III will be the most challenging part of this strategy. While the Athletics Department budget will be operating with a budgeted surplus for FY 2014, by that time the accumulated fund balance deficit will have increased to \$7.5 million. Phase III will have to be accomplished through revenue enhancement: game receipts, sponsorships and fund raising. Much of the groundwork for this phase will be laid while we are eliminating the operating deficit. To be successful, this strategy will take several large gifts. I understand, as you do, that gifts of this nature are the hardest to develop with donors. But I have committed to the Chancellor that this will receive my full attention. Gifts for the Athletics Department will be a fund raising focus for us.

I would like to mention, in closing, my heartfelt belief that athletics, from intramurals to intercollegiate, is an essential part of the college experience. We want to offer our students, as other universities do, the full range of opportunity for participation: both individually and as a community. I am proud of our student athletes. Their overall grade point average is 3.10. They are some of our finest students and many serve as role models on campus.

I want to assure you that I am committed to fiscal accountability and responsibility. As we make our annual reports, you will track our progress. I hope we can move faster than this schedule depicts, but we will not move more slowly.

Appendices:

- A. Report: October, 2008 to the Educational Policy Committee of the Board of Regents:  
 The Phase I deficit reduction strategy
- B. Student Athletic Fee Schedule

cc: Chancellor William E. Kirwan; Dr. Irv Goldstein; Mr. Joe Vivona



# COPPIN STATE UNIVERSITY

## Coppin State University Department of Intercollegiate Athletics Deficit Reduction Proposal October 2008

### **Background**

Coppin State University (CSU) is a Division I-AA (without football) member of the National Collegiate Athletic Association (NCAA), and a member of the Mid-Eastern Athletic Conference (MEAC). The University currently fields 14 varsity teams that include six men's and eight women's programs. Men's varsity teams compete in baseball, basketball, cross country, tennis and indoor and outdoor track and field. Women's varsity teams compete in basketball, bowling, cross country, softball, tennis, indoor and outdoor track and field, and volleyball.

The intercollegiate athletic program is a vital component of the University. The Department of Intercollegiate Athletics strives to achieve the same standards of excellence in its athletic program as exist within the University's regular teaching, research, and public service efforts. The University believes in the idea that the student-athlete is first and foremost a student, possessing individual rights, academic abilities, personal interests and ambitions comparable to those of other members of the general student body.

### **New Athletic Director**

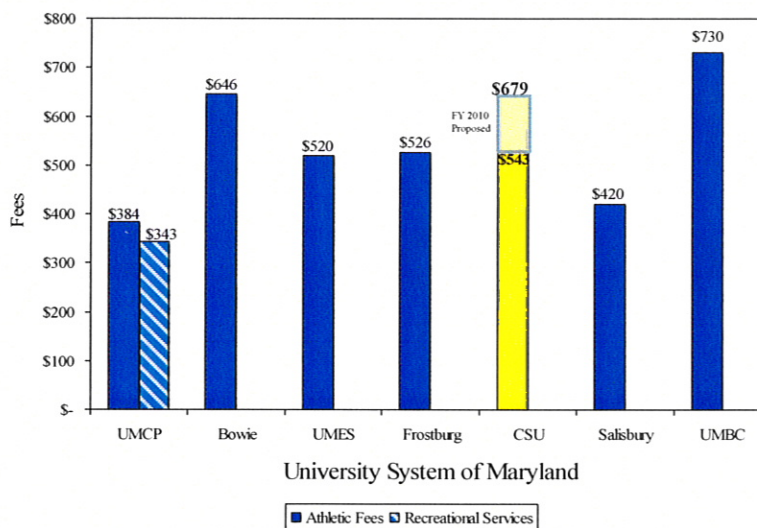
On July 30, 2008, Dr. Reginald Avery appointed Mr. Derrick Ramsey as the director of athletics at CSU. Mr. Ramsey, a former player in the National Football League, has an outstanding record of success in collegiate athletics. In his more than 10-year career in intercollegiate athletics, Mr. Ramsey has served as a department of athletics administrator at Kentucky State University and the University of Kentucky, and he was a student-athlete while attending Kentucky. With his extensive collegiate athletic experience, Mr. Ramsey understands the importance of balancing academics and athletics and is committed to ensuring that our student-athletes are successful athletically, but more importantly, academically. During his tenure at Kentucky State, Mr. Ramsey significantly reorganized the athletic department's budget, administration and academics. For example, over 24 percent of the student-athletes at Kentucky State earned a grade-point average of at least 3.0; and he also oversaw the implementation of a 5,000-square foot academic and fitness center. In addition, Mr. Ramsey has an extensive background in community relations and fundraising. The appointment of this experienced administrator demonstrates the University's strong commitment to the athletic department.

## Deficit Reduction Action Plan

The University has a rich, athletic tradition that provides programs which help student-athletes achieve their maximum potential – both academically and athletically. While there are financial concerns, CSU continues to maintain high expectations for its athletic program including the development of an intramural and recreational sports program.

To reduce the athletic department deficit, the University will increase revenue as well as decrease expenditures. Approximately 68 percent of the revenue that the athletic department receives comes from student athletic fees while the remaining revenue consists of game guarantees (15 percent) and other direct revenue such as ticket sales, concessions, and NCAA tournament revenue (17 percent). To reduce the deficit, the University plans to increase the athletic fee 25 percent in FY 2010 and 6 percent annually beginning in FY 2011. In general, the student athletic fee charged to CSU students is comparable to the athletic fees charged at other University System of Maryland Institutions (Chart A). With a 25 percent increase in the athletic fee in FY 2010, CSU's athletic fee remains consistent with other USM institutions.

Chart A. FY 2009 Athletic Fees: Full-Time Undergraduate Students



Excludes UB, UMB and UMUC.

The athletic fee at Towson is inclusive with the auxiliary services fee which is \$1,118.

In addition to an increase in the athletic fee revenue, the University will raise additional revenue by fundraising to alumni, friends, and corporate sponsorships. CSU's goal is to increase annual fundraising to \$250,000 by FY 2014 (an increase of \$50,000 per year). Although not a significant amount of funds, this is a considerable improvement over the University's current fundraising efforts. These revenue enhancements, coupled with positive enrollment forecasts for FY 2009 and beyond will assist CSU in meeting its target of enhanced revenue.

Currently, CSU provides limited intramural and wellness activities. The University will expand and develop a comprehensive intramural and recreation program and provide outstanding recreation, wellness and fitness programs to students, faculty, staff, and the neighboring community. This program will serve as an integral part of overall student development,

enhancement, and retention efforts and will provide opportunities for both competitive and recreational experiences designed to meet the needs and interests of students, faculty, staff, alumni, and the University community.

The goals of the intramural and recreation program are as follows:

- Enhance student retention, academic performance and satisfaction by providing organized extra-curricular activities;
- Improve quality of life on campus;
- Provide collaborative opportunities for faculty and student development;
- Increase wellness and fitness by providing organized events that will encourage participation;
- Become more community-friendly and inclusive;
- Promote the importance of ethics and productive citizenship; and
- Explore and expand career discussions and opportunities.

To develop this program, the Department of Intercollegiate Athletics will collaborate with the Office of Residence Life. All athletic coaches and staff will receive dual appointments so that in addition to their coaching assignments, they will be required to devote at least 20 hours per week providing intramural services, camps and clinics, as well as recreational, health, and wellness programs for the University and community. In addition, athletic coaches and staff will be required to play an active role in managing the University's new physical education complex; a multi-use facility currently under construction that will house indoor and outdoor facilities and support intercollegiate athletics, the Health/Physical Education/Recreation and Dance (HPERD) academic program, and community outreach programs. The Department of Intercollegiate Athletics is structured to provide an organized, comprehensive intramural and recreational program. As part of these shared services, the Office of Residence Life will be responsible for half of the salary and benefits of the staff providing the intramural and recreational services. As this program expands, the University anticipates more revenue generating opportunities from activities such as athletic events, concerts, camps and clinics, and fitness club memberships. Table I shows the debt reduction and revenue projections for FY 2009 to FY 2014 (Attachment A).

As a vital component of Coppin State University, the intercollegiate athletic program has a beneficial influence on the University and the surrounding community. The athletic program along with the expansion and development of comprehensive intramural, recreational, and wellness programs, promote the mission of the University through teaching, scholarship, university service, and community service. This proposal supports the University's effort to improve the financial health of the athletic department while developing programs that attract new students, enhance retention and graduation efforts for the entire student body, and provides opportunities for both competitive and recreational experiences to meet the needs and interests of students, faculty, staff, alumni, and the surrounding community.

**Schedule of Student Athletic Fees  
Coppin State University  
From FY 2005 to FY 2010**

<b>Fiscal Year</b>	<b>Annual Student Athletic Fee</b>	<b>Year Over Year Change (\$ &amp;%)</b>
2005	\$325	
2006	\$338	\$13 (4%)
2007	\$348	\$10 (3%)
2008	\$522	\$174 (50%)
2009	\$543	\$21 (4%)
2010	\$679	\$136 (25%)
<b>Total Change</b>	<b>\$354</b>	<b>\$354 (109%)</b>