

Contact: Patrice Sayre

PROPOSALS TO REDUCE GENERAL UNIVERSITY SUPPORT FOR ATHLETICS

Action Requested: Consider approval of proposals from Iowa State University and the University of Northern Iowa to reduce General University fund support for Athletics.

Executive Summary: At the March 2010 Board of Regents meeting, the Regents passed a resolution directing Iowa State University and the University of Northern Iowa to assess the feasibility of, and to formulate plans that would over an appropriate time period, substantially reduce or eliminate general fund subsidies for intercollegiate athletics.

The presidents were requested to return to the Board at the September 2010 meeting with their assessments, plans, and timelines. NOTE: While the resolution referenced "Iowa's public universities", only ISU and UNI were asked to propose reductions; SUI has not provided general fund support for athletics since FY 2007.

Presidents Geoffroy and Allen will present their plans to the Regents.

Iowa State University

- ISU has reduced the general university support to Athletics significantly from nearly 11% of the Athletic budget in 2001 to 3.8% of its annual budget in 2011.
- It is anticipated that the remaining general fund support (\$1.6 million) will be eliminated during the 2010-11 fiscal year by utilizing student financial aid set aside reimbursement, similar to the University of Iowa athletics program.

University of Northern Iowa

- UNI has reduced the general university support to Athletics by over 13% from FY 2009 to Budgeted FY 2011.
- UNI believes intercollegiate athletics should not be treated as a self-sustaining auxiliary.
- UNI has set a four-year time frame, FY 2012 - FY 2015, for achieving its desired reduction in university general fund contributions to \$4.2 million, a nearly 18.3% decrease from FY 2009.
- Athletics would not receive more than 2.4% of the University general fund budget in future years.

Background: The Regent universities have consistently reduced general university support for Athletic budgets over the years (see Attachment A). In order to optimize resources in response to significant reductions in State appropriations FY 2009 and FY 2010, the Board of Regents resolved at the March 2010 meeting to direct Iowa State University and the University of Northern Iowa to assess the feasibility of, and to formulate plans that would over an appropriate time period, substantially reduce or eliminate general fund subsidies for intercollegiate athletics.

The presidents were requested to return to the Board at the September 2010 meeting with their assessments, plans, and timelines.

The universities were asked to respond to the following:

1. Describe the positive impact athletics has on the university and the general public. Include economic impact, results of any student/alumni surveys done in recent years showing support of collegiate athletics, etc.
2. Provide general background of the primary historic uses of general fund support for athletics.
3. Describe the feasibility/practicality of substantially reducing/eliminating general university support for athletics over a period of time and the potential impact of this reduction to the athletic department.
4. If it is practical for your university to reduce/eliminate university support for athletics over a period of time, provide the proposed time frame for the reductions and justifications for that particular length of time. Provide year-by-year estimates of university support levels for athletics until it is eliminated or reduced to a "floor" amount. Describe cost reduction measures or revenue enhancement plans that absorb or replace the university support reductions.
5. Describe reductions made in FY 2010 university support levels when compared to the original Board approved budget
6. Would reduced university support levels negatively impact your ability to adhere to Title IX requirements? Explain.
7. ISU Only – Describe the impact, if any, of the Big 12's recent reduction to ten members had on the university's proposed plan to reduce university support for athletics.

Iowa State University and the University of Northern Iowa have provided their proposed plan in Attachments B and C, respectively.

ATTACHMENT A

GENERAL UNIVERSITY SUPPORT AS A PERCENT OF ATHLETIC REVENUE

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Estimates FY 2010	Budget FY 2011	
ISU												
University Supp.	2,403,465	2,778,396	3,066,035	2,544,403	2,640,797	2,824,102	2,914,240	2,953,733	3,063,043	1,613,607	1,600,107	
Total Revenues	22,321,609	25,208,150	29,395,806	28,433,019	29,767,490	31,318,792	29,377,887	35,545,380	39,734,786	40,577,950	41,656,070	
Percentage	10.8%	11.0%	10.4%	8.9%	8.9%	9.0%	9.9%	8.3%	7.7%	4.0%	3.8%	
UNI												
University Supp.	3,572,435	3,848,105	4,149,209	4,662,997	4,860,848	5,107,784	5,169,052	5,354,845	5,231,210	4,439,174	4,550,183	
Total Revenues	6,850,063	7,106,376	7,302,909	8,334,558	8,847,641	9,491,077	10,383,017	11,118,688	12,172,753	11,582,690	11,730,483	
Percentage	52.2%	54.2%	56.8%	55.9%	54.9%	53.8%	49.8%	48.2%	43.0%	38.3%	38.8%	
SUI												
University Supp.	1,925,000	2,166,137	2,437,361	2,223,359	1,923,359	873,359	773,359	-	-	-	-	
Total Revenues	32,202,744	34,647,487	40,830,771	44,789,900	43,447,164	46,535,924	60,021,149	63,171,328	65,337,558	67,519,971	70,689,727	
Percentage	6.0%	6.3%	6.0%	5.0%	4.4%	1.9%	1.3%	0.0%	0.0%	0.0%	0.0%	

Source: Comprehensive Annual Fiscal Report; may vary from audited financials

ATTACHMENT B

**IOWA STATE UNIVERSITY
PLANS TO REDUCE UNIVERSITY SUPPORT FOR ATHLETICS**

- 1. Describe the positive impact athletics has on the university and the general public. Include economic impact, results of any student/alumni surveys done in recent years showing support of collegiate athletics, etc.**

Iowa State's Intercollegiate Athletics ("Athletics") programs support **The Iowa State University Strategic Plan** for 2010-2015. The mission of the strategic plan is to "*Create, share, and apply knowledge to make Iowa and the world a better place.*"

Athletics strives to ensure that student-athletes experience both academic and competitive success. In the past year, Iowa State University's student-athletes were the top performing Regent institution in the State both academically and athletically. Iowa State student-athletes finished the year with the 7th best graduation rate in the country, 34th best in the country athletically and 13th best in the country for combined academics and athletics.

One vision in the strategic plan is to declare "*Iowa State will be a treasured resource for Iowa, the nation, and the world.*" Intercollegiate Athletics hosts a multitude of events each year that are enjoyed by Iowa residents and by non-residents who come to campus each year. These events not only contribute to the overall quality of life enjoyed by Iowans, but also support the state's economy.

Additionally, the strategic plan states "*Iowa State will be a magnet for attracting outstanding faculty and staff who create, share, and apply knowledge to improve the quality of life*", and "*Iowa State will be a magnet for attracting outstanding students who seek an education that prepares them to make a difference in the world.*" Athletics' programs support these priority areas given that Athletics is a significant factor in the recruitment of students. Athletic events draw thousands of alumni and friends to campus each year. Collectively, these events are one of the most significant means of maintaining contact with the University's faculty, staff, alumni and friends. Attendance at Athletic events is often the first introduction to campus for several prospective students.

Athletics is not aware of any recent economic impact or student/alumni surveys commissioned in recent years which would speak specifically to support of college athletics at Iowa State University.

- 2. Provide general background of the primary historic uses of general fund support for athletics.**

Athletics general fund support has been used to assist in meeting Title IX requirements established in 1972. One of the fundamental requirements of Title IX is that equitable opportunities to participate in intercollegiate sports must be offered to members of each gender. Compliance is shown if the athletics participation rate of the under-represented sex is substantially proportionate to the school's full-time undergraduate enrollment. Since women's sports do not generate revenues sufficient to cover these costs, university support was allocated accordingly.

- 3. Describe the feasibility/practicality of substantially reducing/eliminating general university support for athletics over a period of time and the potential impact of this reduction to the athletic department.**

Over the last several years, the University has reduced the general university support to Athletics significantly from over 12% of its annual budget in 2005 to less than 4% of its annual budget in 2010. It is anticipated that the remaining general fund support (\$1.6 million) will be eliminated during the 2010-11 fiscal year by utilizing student financial aid set aside reimbursement, similar to the University of Iowa athletics program.

- 4. If it is practical for your university to reduce/eliminate university support for athletics over a period of time, provide the proposed time frame for the reductions and justifications for that particular length of time. Provide year-by-year estimates of university support levels for athletics until it is eliminated or reduced to a “floor” amount. Describe cost reduction measures or revenue enhancement plans that absorb or replace the university support reductions.**

See response to question #3.

- 5. Describe reductions made in FY 2010 university support levels when compared to the original Board approved budget**

For FY10, actual University support was reduced \$500,000, from amounts budgeted for FY10.

- 6. Would reduced university support levels negatively impact your ability to adhere to Title IX requirements? Explain.**

As enrollments of men and women change at ISU, the elimination of University support may make it more difficult for Athletics to continue to meet Title IX requirements.

- 7. ISU Only – Describe the impact, if any, of the Big 12’s recent reduction to ten members had on the university’s proposed plan to reduce university support for athletics.**

The future Big 12 conference membership change has no impact on the University’s proposed plan to reduce University support to Athletics.

ATTACHMENT C

**UNIVERSITY OF NORTHERN IOWA
PLANS TO REDUCE UNIVERSITY SUPPORT FOR ATHLETICS**

***General Fund Support of University of Northern Iowa Athletics
September 2010***

Introduction

The Board of Regents, State of Iowa passed a resolution at its March 2010 meeting directing the Iowa universities to assess the feasibility of and to formulate plans that would, over an appropriate time period, substantially reduce or eliminate general funds subsidies for intercollegiate athletics. The university presidents were instructed to submit their assessments, plans and timelines at the September 2010 Board of Regents meeting.

In July 2010, the Board Office staff also requested specific information, including:

- A description of the positive impact that athletics has on the University of Northern Iowa (UNI) and the general public, including surveys and economic reports that illuminate support for intercollegiate athletics.
- Background of the primary historic uses of general fund support for athletics.
- The practicality of substantially reducing or eliminating general university support for athletics over a period of time and the potential impact of this reduction to the athletic department.
- The time frame for the reductions or elimination and a justification for that period of time.
- Reductions made in FY10 university support levels and contrast that with the original Board-approved budget.
- An assessment of the reduced university support levels on UNI's ability to adhere to Title IX requirements.

Since April 2010, the UNI administration, including the Vice President for Administration and Financial Services and the Director of Athletics, with input from the university cabinet, leadership of faculty, students, alumni association, UNI Foundation, and the Cedar Valley community, has been carefully reviewing the directives in the resolution, analyzing options to address the directives, and formulating a plan. These stakeholders provided input on the benefits and costs of having Division I athletics and the potential impact of substantially reducing or eliminating general fund support for intercollegiate athletics. The proposed plan outlined in this report takes into consideration their input.

Two important principles guided UNI in addressing this resolution.

- A quality comprehensive undergraduate education provides students with outstanding classroom experiences and meaningful out-of-the classroom experiences including but not limited to the following: performing arts, visual arts, lecture series, cultural events, international travel, competitive athletic events, and student leadership opportunities.
- As a Division I athletics program, the university must provide sufficient resources so student welfare is not compromised and the teams have the opportunity to be competitive and successful.

Intercollegiate Athletics' Positive Contributions to UNI and the General Public

Since 1892, when off-campus baseball competition began, intercollegiate athletics have been an important part of UNI. In 1981, UNI joined NCAA Division I and Division I-AA football. Since 1981, in response to budget challenges, the sports of men's tennis, swimming and baseball were eliminated. Today, seven UNI men's and ten women's athletic teams compete at the NCAA Division I level. In the last five years, UNI student athletes have won more than 20 team conference championships. UNI also has consistently been in the top 100 NCAA Division I sports programs vying for the prestigious Learfield Sports Cup.

The positive contributions of an athletics program, however, must include more than the success on the athletic field. The focus in this section will be on other ways the Department of Intercollegiate Athletics at UNI is making positive contributions to the university and to the general public.

A review of the literature on the issue of the benefits of having intercollegiate athletics, particularly Division I athletics, suggests several major benefits to the university including the impact on the recruiting of students and faculty, fundraising, connecting with alums, maintaining morale and school spirit on campus, and marketing of the university.

The review of the literature also suggests that studies demonstrating the existence of benefits from having intercollegiate athletics are matched by an equal number of studies discounting these alleged benefits. In short, citing the literature in support of either position is not productive.

The important question is: What are the benefits of UNI's Department of Intercollegiate Athletics on the university and general public? Given the timing (essentially the summer of 2010) and the short timeframe (five months), the approach taken to address this question was to review any available studies and reports on UNI athletics and to seek input from the leadership of the major UNI stakeholders and community stakeholders. Meetings were held with the following to seek their input and to provide a framework for their input: chair of the Faculty Senate, president, vice president and other leaders of the Northern Iowa Student Government, chair of the Intercollegiate Athletics Advisory Council, chair of the Board of Directors of the Alumni Association, chair and trustees of the UNI Foundation Board, mayors of both Waterloo and Cedar Falls, and leaders of tourism and economic development organizations in Cedar Valley.

Intercollegiate Athletics' Positive Contributions to UNI

The Department of Intercollegiate Athletics provides a number of positive contributions to UNI including enhancing existing academic programs, recruiting students, building school spirit and connecting alums and friends to the university. The most important impacts that can be verified include the following:

- UNI offers a number of majors such as athletic training, physical education, health education, health promotion, and leisure, youth and human services that benefit from a Division I intercollegiate athletics program. Intercollegiate athletics provides the teaching laboratories, a setting for practicum and internship experiences, and research opportunities for undergraduates, graduate students and faculty. Division I athletics supply a pool of elite subjects that allow the development of scholarship in these areas of study. Over six hundred students, mostly non-athletes, are majoring in these programs and thus indirectly served by intercollegiate athletics. Decisions that lead to

the downsizing of the Department of Intercollegiate Athletics adversely affect quality of these academic programs, especially the athletic training program, which has more than 170 students.

- The evidence with respect to inquiries about admission to UNI suggests that UNI athletics does have a positive impact on student recruitment. The data on the impact of the successful basketball season this past year suggest a substantial impact on student interest in UNI. At this time last fall, we had approximately 12,000 inquiries about UNI from prospective students; this year, we have had more than 17,000 inquiries—a 40 percent increase. Because of the timing of the NCAA tournament, the impact will not be felt this fall but in the Fall 2011. It should be noted that our admissions office also increased its efforts to expand the pool of applicants so that must also be considered as a reason for the increase. UNI conducted an analysis of the impact of the men's basketball team success this past year on the university with respect to marketing value—which was in the millions of dollars given the size of the TV market and the value of being on the cover of *Sports Illustrated*. This did not include the marketing value of the subsequent coverage by ESPN of the ESPY award.
- In addition, the existence and quality of UNI's athletic facilities offer several significant contributions. Among others, they expand the overall inquiry and applicant pools in the admissions process by having programs and events at the UNI-Dome, including the annual high school football playoffs, and McLeod Center that attract thousands of prospective students and their parents to campus each year.

Intercollegiate Athletics' Positive Contributions to the General Public

Input from the Cedar Falls and Waterloo political and economic development leaders strongly suggests significant impact results from having a major, Division I athletic program and facilities at UNI. Reference was made by several that UNI through its Gallagher-Bluedorn Performing Arts Center and athletics programs was the pivotal factor for Target locating its major distribution centers in Cedar Falls. The Waterloo Tourism Bureau estimated the economic impact of one event, the NWCA National Duals, is in excess of \$2 million in spending in the community every year. The impact of UNI auxiliaries, including UNI athletics, was characterized as substantial by the head of the Cedar Falls Tourism and Visitors Bureau.

Concluding Observations on Benefits

The task of estimating the benefits of having Division I athletics is difficult given the indirect nature of many of the benefits. To be sure, there are certain aspects of having Division I athletics that can be negative including the misbehavior of student athletes that can create a negative image of the university. The UNI athletic program has and continues to operate a program with very few such episodes. In fact, this past year, the off court or off field behavior was exceptional for almost all of the student athletes. For example, Josh Mahoney, a starting line backer on the UNI football team won the Walter Byers Award, which is given to only one male student, out of all the athletes from all three divisions, each year by the NCAA. He was awarded \$48,000 to attend law school at the University of Chicago. The UNI women's basketball team had the 7th highest grade point average in the nation. The overall grade point average for the spring 2010 semester for all of the student athletes was 3.16. More examples of academic excellence could be given for the athletic teams.

At UNI we believe the quality of the educational experience requires both strong academics, where the focus is appropriately located, but also a variety of high quality extracurricular activities. It is important to note that UNI is a residential campus with more than 90 percent of the students being undergraduate students, who expect and deserve high-quality extracurricular activities, including intercollegiate athletics. Intercollegiate athletics, along with the Gallagher-Bluedorn Performing Arts Center, the Maucker Union, and the Wellness/Recreation Center are auxiliaries that add to the educational experience for all students, particularly the undergraduate students. We have a number of academic programs that require substantial cross subsidy to continue but we would not consider making these programs pay their own way.

Not only would the elimination of intercollegiate athletics, along with the elimination of the other "non-essential" non-academic programs, reduce the value of the educational experience, it would arguably reduce the enrollment at the university. In addition to the over 400 UNI intercollegiate athletes – representing 3.1 percent of the 13,000 students on campus – 6,500 unique UNI students (representing 50 percent of the student body) attended at least one athletic event in 2009-2010 academic year. Many of the student-athletes at UNI are not on scholarship or hold what is called a partial scholarship. The lesson learned from the termination of the baseball program is that the vast majority of players leave, scholarship or non-scholarship players. It would take a reduction of less than one thousand students to create a loss of tuition revenue equal to the current level of university general fund support of the Department of Intercollegiate Athletics at UNI.

Primary uses of general fund support for athletics historically

Before UNI gained NCAA Division I status in 1981, intercollegiate athletics was primarily funded through the Department of Physical Education and Recreation budget. Most coaches taught physical-education classes so their salaries were paid from university general fund monies or summer school tuition. Thirty years ago when UNI moved to Division I, its 1980-81 budget indicated that state support, that is, the university general fund support, of the Department of Intercollegiate Athletics totaled \$1.18 million or 72 percent of the total \$1.64 million Department of Intercollegiate Athletics' budget.

In contrast, during FY09, \$5.2 million of the university general fund money was allocated to the Department of Intercollegiate Athletics, which equaled 43 percent of their total budget. During FY09, 21 percent of the budget was covered by sport program income including ticket sales; 9.9

percent from student fees and activity passes; 9.4 percent from fundraising; 9 percent from marketing income, and 7.7 percent from other miscellaneous revenue sources. Within the total FY09 university general fund budget of \$171 million, the university general fund allocation to the Department of Intercollegiate Athletics was \$5.2 million or 3.1 percent. Table I shows the amount of university general fund support of Department of Intercollegiate Athletics from 1981 to 2010. Graph I and Graph II show the historical and relative importance of university general fund support of the Department of Intercollegiate Athletics. Graph III shows the historical allocated support compared to the generated support in the Department of Intercollegiate Athletics.

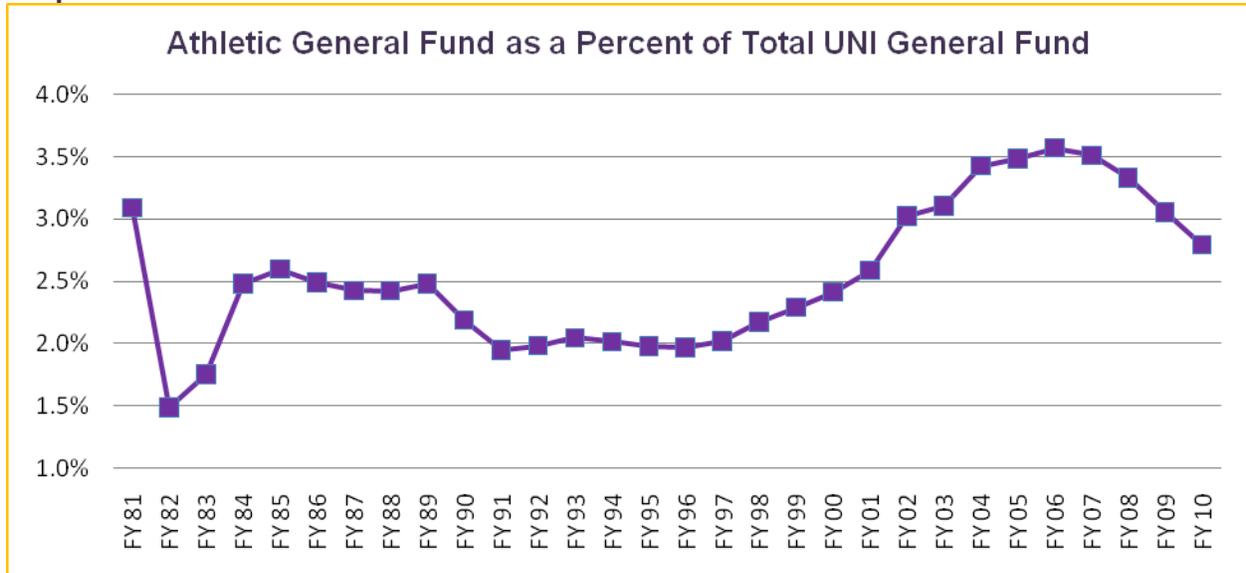
Table I: General Fund—Total UNI Amount and Amount Supporting Athletics¹

FY	UNI GF (000s)	Athletic GF (000s)	Athletic Student Fee (000s)	Athletic Budget (000s)	Athletic GF / UNI GF	Athletic GF / Athletic Budget	Allocated Support / Athletic Budget	Generated Support / Athletic Budget
FY 81	\$ 38,197	\$ 1,180	\$ 0,103	\$ 1,640	3.1%	72.0%	78%	22%
FY 82	\$ 41,719	\$ 0,620	\$ 0,221	\$ 1,405	1.5%	44.2%	60%	40%
FY 83	\$ 46,647	\$ 0,818	\$ 0,229	\$ 1,575	1.8%	52.0%	67%	33%
FY 84	\$ 47,409	\$ 1,176	\$ 0,263	\$ 2,037	2.5%	57.8%	71%	29%
FY 85	\$ 52,265	\$ 1,357	\$ 0,292	\$ 2,245	2.6%	60.4%	73%	27%
FY 86	\$ 52,227	\$ 1,300	\$ 0,321	\$ 2,216	2.5%	58.6%	73%	27%
FY 87	\$ 55,849	\$ 1,355	\$ 0,343	\$ 2,482	2.4%	54.6%	68%	32%
FY 88	\$ 61,126	\$ 1,481	\$ 0,364	\$ 2,838	2.4%	52.2%	65%	35%
FY 89	\$ 66,675	\$ 1,652	\$ 0,388	\$ 3,156	2.5%	52.3%	65%	35%
FY 90	\$ 78,597	\$ 1,719	\$ 0,420	\$ 3,266	2.2%	52.6%	66%	34%
FY 91	\$ 86,487	\$ 1,684	\$ 0,463	\$ 3,426	1.9%	49.2%	63%	37%
FY 92	\$ 87,661	\$ 1,738	\$ 0,513	\$ 3,465	2.0%	50.1%	65%	35%
FY 93	\$ 94,163	\$ 1,927	\$ 0,526	\$ 3,829	2.0%	50.3%	64%	36%
FY 94	\$ 98,484	\$ 1,985	\$ 0,542	\$ 4,030	2.0%	49.2%	63%	37%
FY 95	\$ 102,498	\$ 2,030	\$ 0,557	\$ 4,288	2.0%	47.3%	60%	40%
FY 96	\$ 107,990	\$ 2,124	\$ 0,576	\$ 4,457	2.0%	47.7%	61%	39%
FY 97	\$ 113,115	\$ 2,283	\$ 0,586	\$ 4,795	2.0%	47.6%	60%	40%
FY 98	\$ 119,173	\$ 2,591	\$ 0,554	\$ 5,141	2.2%	50.4%	61%	39%
FY 99	\$ 125,042	\$ 2,863	\$ 0,557 ²	\$ 5,460	2.3%	52.4%	62%	38%
FY 00	\$ 131,731	\$ 3,178	\$ 0,569	\$ 5,994	2.4%	53.0%	62%	38%
FY 01	\$ 138,132	\$ 3,572	\$ 0,623	\$ 6,850	2.6%	52.2%	61%	39%
FY 02	\$ 127,599	\$ 3,859	\$ 0,683	\$ 7,150	3.0%	54.0%	64%	36%
FY 03	\$ 133,749	\$ 4,149	\$ 1,086	\$ 7,307	3.1%	56.8%	72%	28%
FY 04	\$ 136,102	\$ 4,663	\$ 1,225	\$ 8,335	3.4%	55.9%	71%	29%
FY 05	\$ 139,510	\$ 4,861	\$ 1,111	\$ 8,848	3.5%	54.9%	67%	33%
FY 06	\$ 144,459	\$ 5,108	\$ 1,125	\$ 9,492	3.6%	54.8%	66%	34%
FY 07	\$ 150,468	\$ 5,169	\$ 1,281	\$ 10,396	3.4%	50.8%	62%	38%
FY 08	\$ 161,019	\$ 5,354	\$ 1,210	\$ 11,121	3.3%	48.2%	59%	41%
FY 09	\$ 171,192	\$ 5,231	\$ 1,210	\$ 12,176	3.1%	43.0%	53%	47%
FY 10	\$ 159,444	\$ 4,449	\$ 1,213	\$ 11,630	2.8%	38.3%	49%	51%

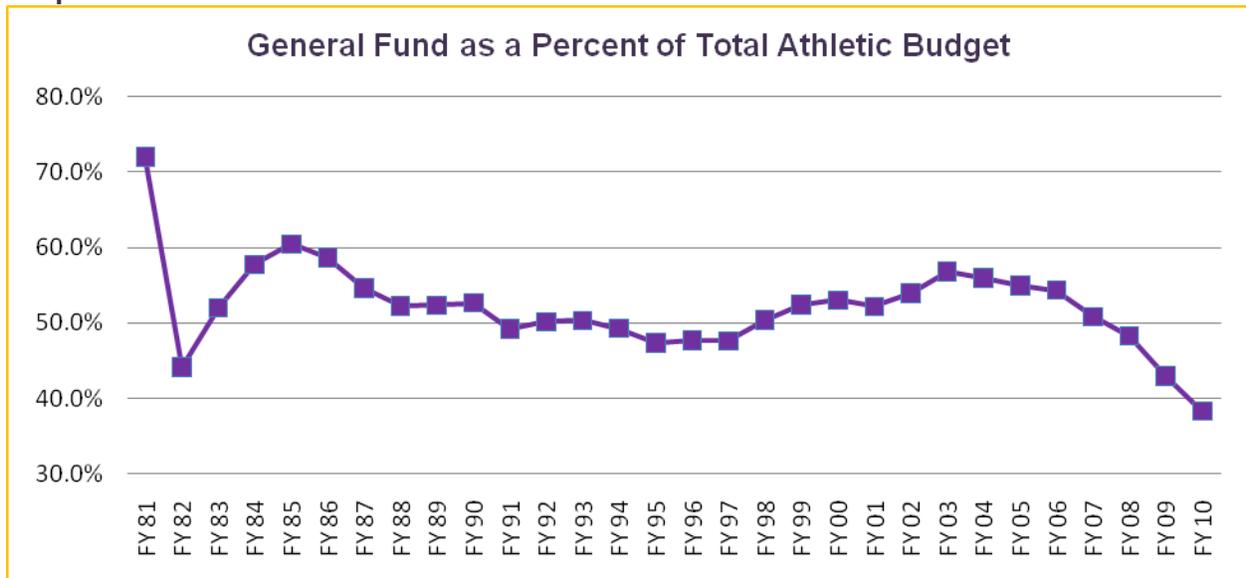
¹Based on actual values from the Supplement to the Comprehensive Annual Financial Report

² Student fees were erroneously classified as a transfer in the FY09 Supplement to the Comprehensive Annual Financial Report

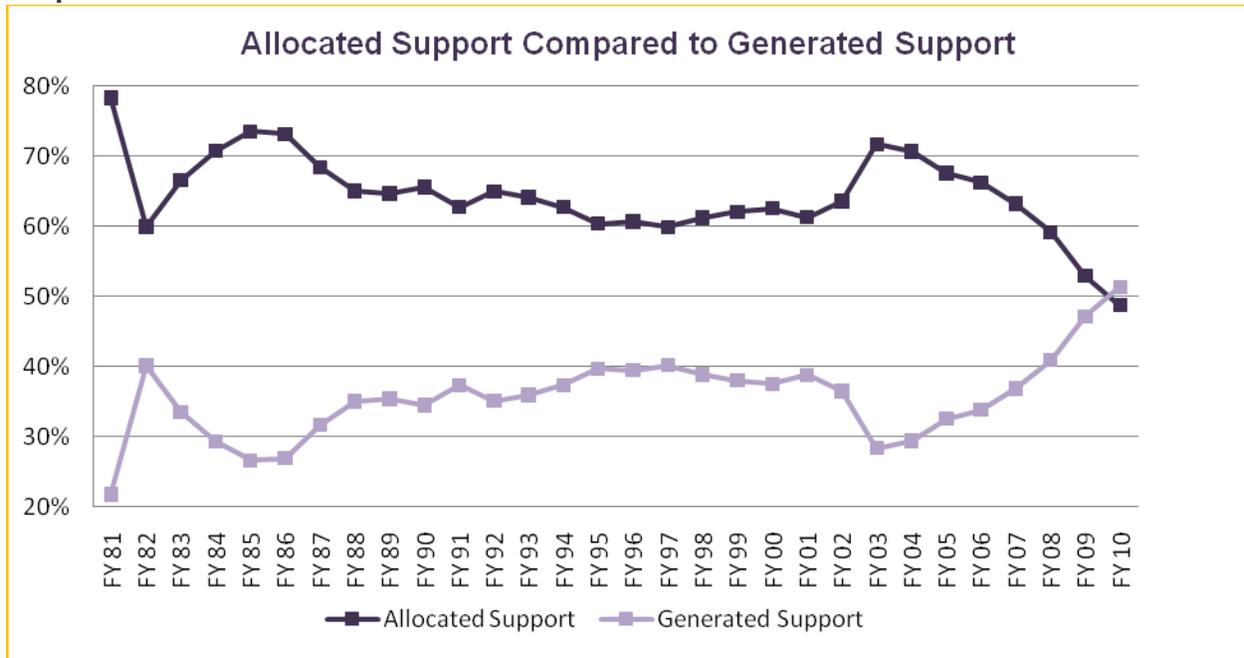
Graph I



Graph II



Graph III



There are three typical funding models in Division I athletics. In one model, the department generates 100 percent of its revenue. Even in this model, there is ordinarily some student fee component to their revenue stream. Another model, similar to UNI's structure, has a modest student fee component, while providing significant support from the general education fund. The third model relies heavily on student fees to support the operating budget, with modest or no general education fund dollars.

In the Missouri Valley Conference, examples of two of the different support models exist. Illinois State, Southern Illinois and Indiana State each support their departments with over \$5 million in student fees annually, with less than \$2 million in general education fund support. Missouri State and Northern Iowa rely on heavier support from the general education fund with less than \$1.5 million in student fees.

Practicality of ending or largely reducing general fund support for athletics

Eliminating university general fund support of intercollegiate athletics would terminate Division I athletics at UNI, and most likely intercollegiate athletics at any level at UNI. In lieu of eliminating university general fund support, UNI is proposing a four-year, three-step plan that continues substantially reducing university general fund support for its Department of Intercollegiate Athletics by FY15. UNI believes this significant decrease can be achieved without damaging the quality and vitality of UNI Department of Intercollegiate Athletics by identifying and securing alternative revenues.

Under the proposed plan, the amount of university general fund support would decrease by 18.3 percent and budgeted general fund support for athletics would represent only 2.4 percent of the projected university general fund budget at the end of FY15. The pro forma budget is based on the following assumptions:

- Intercollegiate athletics' expenses will increase annually by an average of 3 percent from the FY11 level.
- Other intercollegiate athletics' revenues will increase annually by an average of 3 percent from the FY11 level.
- The university general fund budget will increase annually by 3 percent from the FY11 level.

The university expects to accomplish this substantial reduction by:

- Retaining the student financial aid tuition set-aside based on the portion of tuition paid by the Department of Intercollegiate Athletics which is self-generated (51.5% in FY12). This amounts to approximately \$150,000, or 18 percent set-aside on self-generated tuition dollars in FY12.
- Adding a "guarantee" football game in FY13 against a bowl subdivision (FBS) opponent. Currently, UNI plays Iowa or Iowa State annually. The net gain from a second FBS opponent is estimated to be \$450,000. FY13 is the first year UNI has an opening in its football schedule to add a second guarantee game.
- Increasing generated revenues by \$75,000 annually, primarily through increased fundraising. Endowment growth in the past two years, along with future commitments to the endowment will result in increasing returns, which are used to offset scholarship costs. Additionally, the annual fund, called the Panther Scholarship Club, will be expected to continue significant growth. The annual fund in FY11 has grown nearly 20 percent, and with additional staffing and commitment to the Panther Scholarship Club, we believe continued growth is reasonable. This estimated growth is based on best judgment and analysis of attainable funding. Lacking this growth, a similar decrease in expenses will be necessary to balance operating expenses.

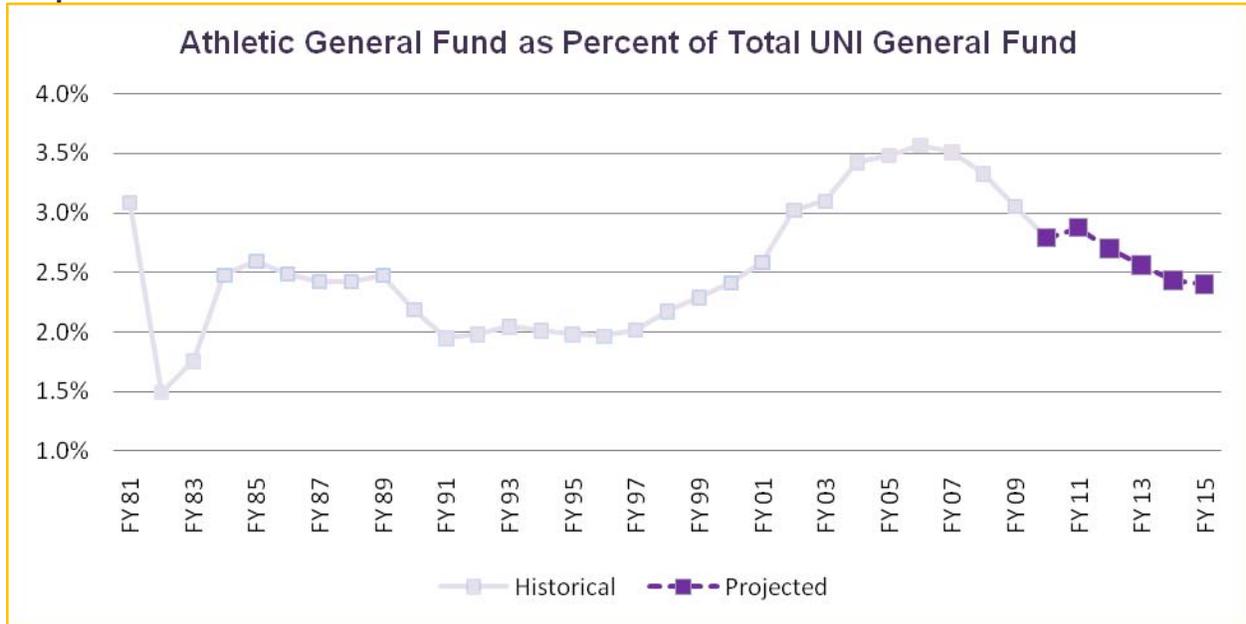
As recently as FY04, just 29 percent of the department's expenditures were covered by generated revenues. With the general fund reduction in FY10, the athletic department generated more than 50 percent of its expenditures for the first time in history. This plan continues the trend, with the generated revenue accounting progressively increasing to 56 percent of the budget in FY15.

A level of university general fund support below 2.4 percent of the university's general fund can only be offset with decreases in expense. Further reduction in support will not only reduce or eliminate the ability of UNI to remain competitive, but also diminish the ability to generate income. In order to ensure UNI athletics are consistent with the guiding principles of the institution stated on page 2 of this document, any additional decrease of expenses must be met by decreasing participation opportunities or elimination of one male and perhaps one female sport program. We also remain cognizant that elimination of more than one male sport, or more than two female sports, will terminate UNI's eligibility to retain standing as a Division I institution.

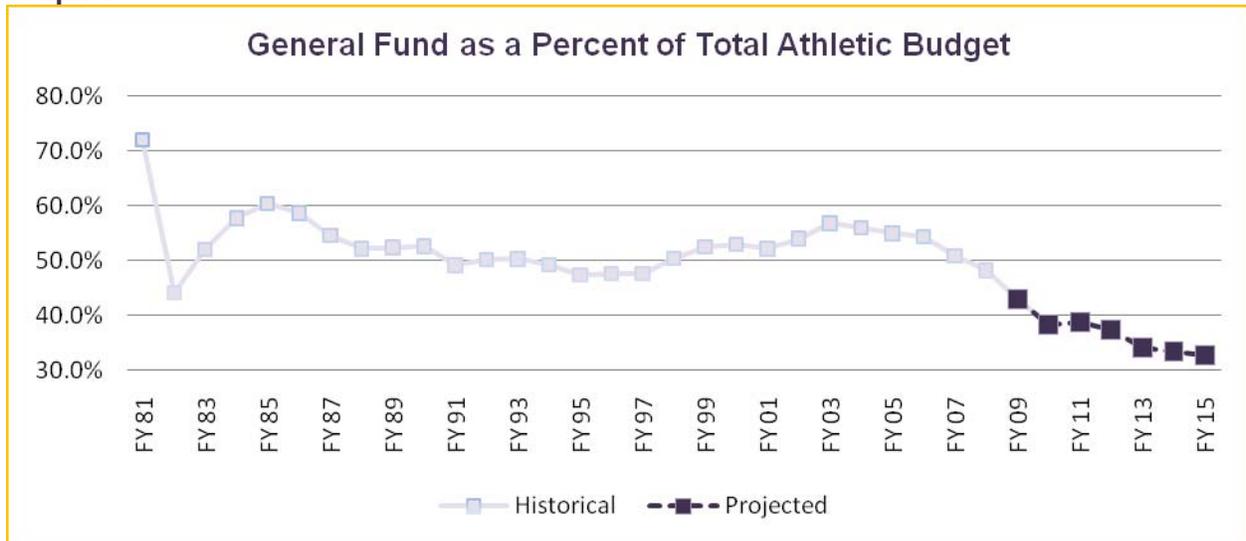
As a result of these steps, UNI expects university general fund support to decrease to \$4.2 million by FY14, nearly a 19.7 percent decrease from the FY09 base year. The total projected Department of Intercollegiate Athletics budgeted general fund monies in FY15 would be 2.4 percent of the FY15 projected university general fund budget. Going forward, 2.4 percent of the university general fund budget is the maximum percentage athletics would receive. See Graph IV and Graph V for the impact of this proposed plan on the relative importance of general fund

support both to the Department of Intercollegiate Athletics' budget and to the overall university general fund budget.

Graph IV



Graph V



The time frame for the reductions and a justification for that period of time

UNI has set a four-year time frame, FY12-FY15, for achieving its desired reduction in university general fund contributions. This transition period allows UNI to negotiate a second “guarantee game” with a notable football opponent and would allow the new strategies and efforts in fundraising to provide the increase in annual cash flow of at least \$75,000.

Recent intercollegiate athletic budget changes from initial approved budget

Due to the financial challenges facing the state in both FY09 and FY10, reductions to the Department of Intercollegiate Athletics occurred in each of the two fiscal years.

Prior to FY10, the Department of Intercollegiate Athletics budget was reduced by almost \$200,000. During FY10, the budget was further reduced by over \$750,000. The reduction to date is 17.9 percent³ since July, 2008 of the Department of Intercollegiate Athletics budget.

During this same period, the university general fund decreased by 6.8 percent. These dramatic decreases in support from the general fund resulted in the elimination of the baseball program, reductions in administrative staff, delays in hiring, and adjustment of sport program budgets. In addition, scholarship budgets were frozen, which, when coupled with tuition increases, resulted in fewer scholarships offered during the current fiscal year.

Assessment of reduced general fund support on Title IX

The department requires substantial university general fund support to remain in compliance with federal gender equity laws, commonly referred to as Title IX. The university is committed to gender equity in all areas of the university, including the Department of Intercollegiate Athletics. That commitment includes appropriate funding of men’s and women’s athletic programs. A reduction in university general fund support greater than what is being proposed in this plan would jeopardize the university’s ability to remain compliant where the university is already facing significant challenges.

Conclusion

UNI recognizes that these are difficult financial times for the university and the State of Iowa. The University appreciates the need to carefully review all programs, academic programs and non-academic programs that enrich the student experience to make sure that they are needed and being operated efficiently and effectively.

UNI believes intercollegiate athletics should not be treated as a self-sustaining auxiliary. Only a handful of the nation’s largest Division I athletic programs are financially self-sufficient, and no university that plays in the post-season football championship series, which includes UNI, generated athletic revenues which exceeded expenses in FY09.

³ Based on original budget, not actual values

UNI considers its plan for reducing general fund support for intercollegiate athletics to be aggressive but yet realistic. With this plan, UNI also believes it will not reduce its essential student-athlete welfare, enthusiasm, and success.