

Minutes for Faculty Senate – Budget & Planning Committee Meeting

February 11, 2019 at 3:30 pm in Strong Hall 611

Attendees from Athletics: Phil Fulmer, Reid Sigmond, Brett Huebner, Joe Scoggins

Attendees from FSB&P: Larry McKay, Nick Geidner, Alex Rodrigues, Lou Gross, Christopher Boyer, Beauvais Lyons, Beth Schussler, Sean Schaefer, Misty Anderson, Ken Baker, Tyler Wall

1. Meeting with Athletics staff and FSB&P members.

Opening remarks by Phil Fulmer, Athletic Director

- Fulmer's introduction – he has been AD for about 14 months, lots has happened, very excited about basketball team, has also seen big improvements in volleyball and golf, Thornton Center is doing very well, big improvements in communications between athletics, campus and public, wants to work with campus and hopes support will grow

Questions for Fulmer & his staff. Note Fulmer provided initial answer to most questions, with staff providing additional details when appropriate.

- Athletics started reporting to campus a few years ago. How has that impacted communications?
 - o It has been very successful. Fulmer said his participation in upper-level administrative meetings has made him more aware of what happens on campus. Answering directly to system president (when he was head football coach) was awkward.
 - o Fulmer says Athletics represents the state of TN, as well as UTK
- Role of Board of Trustees' committee on athletics. Have they had undue influence on AD or UT Athletics?
 - o No. The Board has not had an inappropriate oversight role above the Chancellor.
- Compliments about Athletic efforts to promote faculty and student activities.
- Is the SEC likely to move to 3-year advance planning for football home games, like the Big 10?
 - o Big 10 plays more conference games, so it is easier for them to prepare schedule. UT usually schedules football games about a year ahead for conference games and longer on non-conference games. In terms of football scheduling, SEC is about in the middle relative to other major conferences. The 2020 schedule will come out in August or September of 2019. Some non-conference games are already on the UT website for 2020. While acknowledging that media contracts are a factor, Fulmer said he appreciates the concerns about the impact of not having the home schedule set further into the future. He indicated he would discuss this with other athletics directors within the SEC.
- Questions about athletic budget for last year (see attachment)
 - o Tax reform act of Dec 2017 (which got rid of deduction for seat licenses) didn't have much impact on donations in 2018. Not sure whether it will result in decrease of donations in 2019.
 - o UT Foundation does not charge Athletics for handling their donations, but the Foundation does collect interest on cash in-hand gifts, as well as a percentage of

estate gifts. Foundation returns 4.5% of endowments to Athletics, which is the same percentage as for gifts to academic units.

- What is the expected revenue upside as a result of strong performance by men's basketball team? UT saw a surge in basketball revenue last year (\$500-700K increase in season tickets), which was likely related to SEC basketball championship last year. Expect further increases this year.
- What about revenue from TV contracts for basketball? These are very long-term SEC contracts with the SEC – not just UT. The ESPN contract ends in 2034 and the CBS contract ends in 2024. Neither are sensitive to recent UT basketball success and UT expects renewals to be relatively flat or a modest increase.
- What about revenue from concessions? Some improvements in concession sales, because they have made it easier and faster to purchase.
- Potential for future alcohol sales? How did MTSU and TSU get alcohol sales approved? MTSU/TSU approved at last minute by state legislature without much public scrutiny. SEC has restrictions on alcohol sales in general admission areas. UT has committee investigating alcohol policy. Some areas could be designated as special areas for sports. However, the big money for alcohol sales is from concerts. Alcohol sales would attract more concerts and bringing in higher UT per capita fees for event attendance (example: could increase from current \$2-3/person to \$5-7/person). The net profit from concessions go directly to Athletics, not to UT, for all events (sports or not). However, part of this goes into cleaning, repairs, debt service, etc.
- Basketball arena suites bring in about \$1.3 million of total revenue each year (about \$35-50K/season per suite).
- Stadium renovations? Moving forward, but a little slower than expected. Audiology is getting ready to move out. Athletics has raised \$55M already from outside the university. Safety and fan experience are key issues in renovation, because east stadium facilities are very old. Current budget for renovations has not been determined yet. Expect \$155-185 budget. This depends on donations and the scope of renovation. Ground-breaking is hoped for December 2019.
- Homeland security guidelines for football? They provide guidance on best practices on perimeters, gate management, etc. Magnetometers at gates are likely to come soon.
- Asked about why there is no football parking or tailgates on Circle Drive on the Hill? Fulmer does not know, but he will find out. This is a potential source of revenue.
- Update on former football coach, Butch Jones, buy-out? Fulmer thinks Jones will get a job with Alabama, but they have not announced it yet. This should be at higher salary than Jones received last year, which will reduce cost of UT buy-out.
- What changes are UT anticipating for future contracts to reduce buy-outs? Hard to do, because it is market driven. Send us your ideas, especially on the mitigation clauses (if they get another job). Pressures on market value contracts include competition from other colleges and NFL, as well as the influence of sports agents.
- UT has approximately 250 scholarship athletes across all sports, with a little over 500 student athletes in total. Scholarships (tuition/fees) support is the biggest single expense for Athletics (if you include health insurance, etc.).
- Questions about academic majors and career mentoring.
 - Is UT good enough academically to attract top athletes, some of whom have opportunities at Stanford, Ivy Leagues, etc. Athletics says it has not been a big

problem for UT. Added that an important factor is the willingness of academic programs to schedule classes and labs in fashion that will allow student athletes to participate in afternoon practices. Cited example of engineering departments in providing flexible schedule to allow former UT quarterback, Joshua Dobbs, to major in an engineering discipline. Discussion of graduate transfer students coming to UT athletic programs.

- What programs are UT athletes majoring in? Is it getting more diverse? Time demands are difficult to manage, which influences which majors they choose. Gave example of woman soccer player majoring in Theater, which has high time demands during shows. College of Business does quite well with student athletes. Many student athletes receive partial scholarships, so they have to pay some of their tuition, which is expensive if students are from out of state. Hence, some major in fields where TN has an agreement with neighboring states to get in-state tuition. Discussed possibility of athletes creating their own program through independent degree option such as College Scholars in the College of Arts and Sciences.
- Career mentoring for student athletes? Yes, they are trying to provide more mentoring. Athletics hosted a job fair with 32 companies last week. They are making more efforts to provide career planning and short duration summer internships (prior to start of summer practices).
- Questions about future Athletic contributions to academic programs?
 - When/if will Athletics resume payments, beyond athletic scholarships, to the academic side of the house? Former Chancellor Cheek set guidelines 7 years ago, for having athletics reach a \$25M reserve goal, before they pay to academics. Since then, Athletics revenue has grown 35% but are not anywhere near the desired \$25M reserve. When are they going to start paying even a little bit? Fulmer said that back in the day (under AD, Doug Dickey) they never tried to build reserves. Goal was to spend everything by the end of each year. If they had developed a reserve back then, it might be possible. Fulmer would like to make payments, but they just do not have the money. Skepticism expressed by members of FSB&P, who suggested that Athletics aim for making small, targeted transfers to academic areas now that would have an impact, while providing good visibility for athletics. They could consider it as part of their advertising budget. Over time, these could grow to become more significant. Fulmer was asked about cost containment, and benchmarking against other athletics program in the SEC. He indicated that they do benchmark, but gave an example of paying more for a charter flight (rather than a bus) to make sure students return to class rested and ready for their coursework.
- Questions about sports related head injuries?
 - UT is doing better testing of students when they arrive and during their stay at UT to help detect injuries. Preventative measures have been undertaken (example: better helmets) and keep improving. Women's soccer is the worst college sport for head injuries. Lawsuits for sports injuries have focused on the national or conference level and some are coming to conclusion with agreements to set up funds to provide support for injured athletes. Fulmer and his staff are very concerned about injuries, but they think the long-term viability of football is still very good.
- Potential for greater academic – athletics educational and research collaboration
 - Discussion. M. Anderson thanks Fulmer for their support for several recent media communications efforts.

2. Upcoming FSB&P meetings

- March 25
 - o Dixie Thompson, Dean of Grad School
- April 15
 - o David Manderscheid, Sr. VC and Provost