

Issues, Ideas and Ideologies

Using Athletics to Bolster Academic Innovations

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A common business marketing model calls for companies to use existing successful programs to leverage new and innovative ideas. We have adopted that approach at UK.

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Financial Benefits

When it comes to branding, UK Athletics is as strong as they come in collegiate sports. If you live outside Kentucky, it is hard to comprehend the popularity of our sports programs, particularly football and men's basketball. UK games are the state's hottest tickets.

That popularity gives UK and its athletic programs an advantage over most athletic departments. For instance, UK's sports programs are fully self-supporting, receiving no money from state or university funds. That's a rarity in collegiate sports.

Even though many schools claim their athletics departments are profitable, the vast majority do not live up to the true standard of self-support. According to Dr. Daniel L. Fulks, an

accounting professor at Transylvania University who studies the economics of college athletics for the NCAA, only 21 of 117 Division I schools that show a positive net revenue.

UK is one of only a handful of schools nationwide that, year after year, maintains a positive fund balance, Fulks said.

UK Athletics does receive about \$600,000 annually from student activity fees in exchange for quality seating at athletic events. However, UK Athletics gives that – and more – back to the university. UK Athletics provides over \$1.1 million to the university's academic enterprise each year. UK Athletics also will pay \$1.2 million in 2007-08 to cover all university-provided services, such as building maintenance.

The athletics budget for the 2007-08 fiscal year is \$62.5 million. Besides the student activity fund income, UK Athletics generated the rest of its budget through ticket sales, fund-raising, Southeastern Conference distribution, multi-media contracts, and its investment portfolio.

The Athletics Association spent roughly 25 percent of its \$62.5 million 2006-07 budget on campus, making UK the largest single vendor for UK Athletics. Of that amount, nearly \$8 million was spent on athletic scholarships. UK Athletics funds 264 scholarships - per NCAA limits – to our student-athletes. In addition, UK paid for a fifth year of school for students who had exhausted their eligibility. UK Athletics also provides about 80 scholarships per year for managers, trainers, graduate assistants, and interns. The total number of scholarships paid by UK Athletics is about 340 per year.

UK Athletics receives no financial breaks on tuition and room-and-board, paying "dollar-for-dollar" on expenses. For out-of-state and international athletes, the Association pays out-of-state tuition. This is the difference between UK and most other colleges and universities. Fulks said some schools pay in-state tuition for out-of-state athletes.

Having a self-supporting athletics department gives UK added financial flexibility not afforded many colleges and universities. Football and men's basketball, UK's largest revenue-producing sports, do not simply support their own interests. Revenues generated by those sports help fund the other 20 sports at UK. Those revenues also help fund equipment, modern training facilities, and academic centers for all UK athletes.

Even though our Athletics Association has been considered self-sustaining for many years, it was a recent paradigm shift that enabled it to become a true self-supporting unit.

For many years, UK's general fund paid various facility costs for athletics. In the early part of the decade, state appropriations to UK were cut by over \$70 million. Transferring the athletic facility maintenance costs to the Athletics Association made the department truly self-sustaining, freeing up \$2.2 million from UK's general fund.

At the same time, UK Athletics administrators took a newfound interest in supporting the entire University. UK has become a national leader in using athletic resources to fund academic needs. In 2002-03, the UK Athletics Association initiated a monumental effort, agreeing to provide the university \$1 million each year for 10

years. The funds are used to support non-athletic scholarships.

When the Athletics Association negotiated its 10-year, \$80.5 million multimedia rights contract in October 2004, one of the largest in NCAA history, it agreed to contribute \$1.36 million to help fund five new scholarships for UK's Singletary Scholars program. Singletary Scholars are UK's strongest academic performers, receiving full tuition, room and board, and a stipend.

In addition, UK Athletics provides the University prime advertising in the football and men's basketball radio broadcasts valued at nearly \$1 million dollars annually.

Honoring and Attracting the Best and Brightest

UK Athletics means more than bottom line economics to the University of Kentucky. UK Athletics takes great pride in highlighting UK's academic, research, and outreach accomplishments.

Since fall 2001, we have honored our academic and research all-stars during the first time-out of every home basketball game and at every home football game. During each game a student, faculty member, researcher, or department is recognized for making a positive impact on campus or in the community.

UK Athletics has been an outstanding steward in supporting programs that

attract the best and the brightest to the University.

One such initiative is our "Class of Kentucky" program. High schools from around the state nominate talented sophomores for the honor program. Facilitated through UK's Office of Undergraduate Admission and University Registrar, the program helps UK identify the state's brightest young minds at an early age. We monitor their progress throughout high school, hoping to keep these students in the state when they make their college choice.

UK Athletics played a major role in the formation of the program, helping with Class of Kentucky's original funding. UK Athletics leveraged several major athletic sponsors to support this new academic venture.

With Class of Kentucky now in its fourth year – and financially self-sufficient – we are starting to see the fruits of our labor. The connections we developed during those formative high school years have helped our student recruiters make inroads in retaining Kentucky's home-grown talent – the type of students who will lead UK in its mission to become a Top 20 public research university.

Athletic events – particularly basketball and football games – are ideal for recruiting top students as well as potential professors and researchers. The sense of community support at games provides academicians a

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glimpse of what it is like to be associated with the University of Kentucky.

Athletics and Enrollment

When UK sports teams (mainly men's basketball and football) compete for championships, it isn't only our ticket office that is swamped with calls. UK Admissions is another department that feels the impact.

"When our teams receive national exposure – like competing in Final Fours and bowl games – we see a spike in applications," said Don Witt, Director of Undergraduate Admission and University Registrar.

Such an increase in applications has been evident at other schools with competitive athletic programs. In *The Anniston Star's* special report on collegiate athletics, published in February 2007, reporter Steve Ivey captured the phenomenon.

"The fall after winning the 2003 BCS National Championship, Louisiana State received 11,077 applications, nearly 1,000 more than the year before. The university enrolled 22 percent more out-of-state students than the year before.

"Auburn saw similar results the next year. The 2004 Tigers went 13-0 and received national attention after being snubbed from the BCS title game despite achieving a perfect record.

"In the fall of 2005, the

number of applicants to Auburn rose by more than 1,400. The number of out-of-state freshmen jumped 22 percent." – *Field Gold, The Anniston Star, February 25, 2007, Steve Ivey.*

That phenomenon is not limited to college football. In his March 15, 2004 article "Score," *Wall Street Journal* reporter Ron Lieber spotlighted what the basketball program has meant to the entire landscape of Gonzaga University.

"Ever since the men's basketball team began scoring big in the NCAA basketball tournament, the university has seen rapid growth in applications, enrollment, and donations."

University of Florida President J. Bernard Machen understands how athletic success can positively impact the public consciousness. Over a 12-month period, Florida accomplished the unprecedented feat of winning back-to-back men's basketball titles and the BCS national football championship. In a recent interview, President Machan was quick to mention the increased attention his university has received since winning those titles.

"The media attention that comes from this kind of athletic success is amazing," President Machen said in a June 19 audio interview with the *Chronicle on Higher Education.*

"Now people from California, Maine and North

Dakota have taken a look at the University of Florida in a way that maybe they haven't in the past. It has resulted in a significant spike in applications to the university. Our visibility is out there."

President Machen did caution that the increased athletic publicity could act as a double-edged sword, if not properly balanced with the university's academic endeavors.

"It is true that unless we work hard to emphasize the non-athletic components, we are going to get cast only in the athletic image," he said. "Not that we don't want to be successful athletically but we want to try to use that to piggyback onto athletics to show the other things we are doing."

Leveraging UK's athletic brand position is at the heart of our new marketing campaign. Called "See Blue," the plan will capitalize on UK Athletics' brand awareness across Kentucky and the U.S. Regional marketing studies show that individuals outside of the Commonwealth recognize UK's proud tradition of athletic excellence. The concept will attempt to place UK academics and related accomplishments on par with our sports fame.

See Blue will help us attract the kind of students, staff, and faculty that are essential to our state-mandated mission of becoming a Top 20 public research university.



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Developing Passion for Kentucky's Flagship University

After graduating from the University of Kentucky in 1968, I pursued a graduate degree at the Massachusetts Institute of Technology. I soon realized that the greater Boston area did not share Kentucky's passion for UK basketball. I tracked down scores and team updates in any way I could – scouring newspapers for box scores and any scrap of news I could find.

Over the years, I have heard similar stories from dozens of UK graduates. That passion for UK Athletics – that connection to *their* teams – has helped this University build a community of devoted supporters. And that support extends far beyond fields of play.

Just this spring, UK became one of only 31 American universities to successfully complete a billion dollar capital campaign. Having raised \$1.029 billion in our first-ever comprehensive capital campaign, UK reached its billion dollar goal nine months ahead of schedule. The campaign drew widespread support, recruiting 122,000 donors who gave nearly 640,000 gifts.

Our capital campaign was driven by our passionate supporters. Even though many of our donors first became fans of a UK athletic team, they provided financial support for UK's academic

and research initiatives. Only 12 percent of campaign funds supported UK Athletic programs – proving that our fans care just as deeply about success in the classroom as they do about winning the next game.

In Closing

In these days of tight budgets, colleges and universities need to do all they can to garner attention for their many under-publicized academic successes. By leveraging our athletic prowess to help market and fund our academic initiatives, we can ultimately fulfill the University's most prominent mission of enhancing our academic programs.

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By leveraging our athletic prowess to help market, recognize, and fund our academic initiatives, we can ultimately fulfill the university's most prominent mission of enhancing our academic programs.