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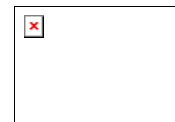
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## For Athletics, a Billion-Dollar Goal Line

By BRAD WOLVERTON

The nation's biggest athletics departments are quietly trying to raise hundreds of millions of dollars for separate sports endowments, heating up the competition for donors and raising questions about institutional priorities during the economic crunch.

At least eight programs hope to bring in more than \$100-million each to defray the rising costs of college sports, a *Chronicle* survey has found. The athletics department at the University of California at Berkeley is shooting for \$500-million. Duke University's wants \$350-million. Boston College's says it needs \$250-million.

They all have Stanford University in their sights. The Cardinal's athletics endowment, which topped \$500-million last year, kicks out \$25-million or more every year for scholarships and other program needs and has helped the university capture the Directors' Cup as the country's winningest sports program for 14 consecutive years.

Duke, whose athletics endowment reached \$150-million last year, has to raise \$13-million a year in private donations to cover its athletes' scholarships. "If we could take that \$13-million and use it to enhance the program as opposed to paying a bill, we would be in an advantageous spot," says Tom Coffman, associate director of athletics for development and planning.

It's not just elite institutions trying to score big funds. Five other athletics programs — at Florida State University, Louisiana State University, Oklahoma State University, the University of Minnesota, and the University of Texas — all have goals of \$100-million-plus sports endowments.

In all, more than two dozen athletics departments are involved in or planning endowment campaigns, the *Chronicle* survey found. Their combined goal: \$2.3-billion.

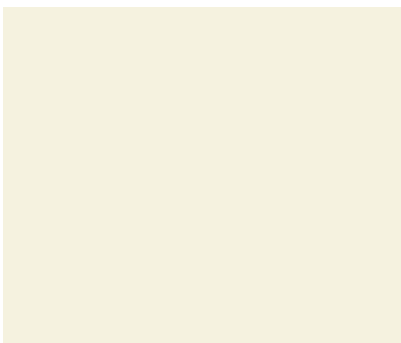
Athletics contributions already cut into donations for academic programs on some campuses. Now athletics fund raisers are making a bigger play for bequests, worrying some academic gift officers who have been chasing the same prospects as the economy has soured.

"The fact that athletics crosses all disciplines and colleges makes this more challenging, because they can go into any alumni base — engineering, pharmacy, sciences, and arts — to solicit estate gifts," says David Cave, a senior major-gifts officer at the University of Michigan. "And they might have a certain edge because of their approaching donors with benefits."

### Shifting Focus

As sports spending has gone up and institutional subsidies for athletics have gone down, private donations have become the lifeblood of many athletics departments. Last year 54 of the biggest sports programs brought in a total of \$1.1-billion in cash gifts, the *Chronicle* survey found.

A big chunk of that money, 27 percent, went to build or renovate facilities. Since 2002 athletics programs have raised nearly \$4-billion for capital expenses.



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#### For Athletics, a Billion-Dollar Goal Line

The nation's biggest athletics departments are trying to raise hundreds of millions of dollars for sports endowments, increasing the competition for donors.

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But with most athletics departments projecting declines in annual giving for at least the next year, many programs are shifting their fund-raising tactics. They are endowing everything: coaches' salaries (\$1-million for the volleyball coach at the University of Virginia), team expenses (\$8-million for the men's golf program at the University of Georgia), even scholarships (\$32-million for 284 of Ohio State University's athletes, including the entire second string on the football team).

In some cases, the money provides coaches with that little something extra they always seem to need, such as the latest video-editing system or overseas airfare. In other cases, it offers the peace of mind that a position or program won't go away. "There's nothing more important than securing the future — and that's what endowment does," says Chuck Sleeper, senior associate athletic director at Michigan State University, which is planning a \$50-million campaign.

Recent endowment appeals have succeeded for several programs. Over the past five years, Pennsylvania State University has raised \$55-million for its athletics endowment, Georgia has brought in \$54-million, and Florida State has collected \$43-million toward its \$110-million goal.

But with a steady flow of capital needs, few programs can afford to set aside money. Last year just 9 percent of contributions to the biggest programs went to their endowments. And with donors' assets shrinking, some insiders believe that athletics fund raisers may have to keep the endowment pitch in the bag.

"Endowment' is a nice thing to say, and in a perfect world everyone would say that," says Mark Ingram, associate athletic director for development at the University of Tennessee. "The current economic climate calls for it but doesn't necessarily allow for it."

Besides, endowment donations can take years to cultivate, and athletics fund raisers are not known for their patience.

"Part of what makes athletics work is there's an urgency," fueled by coaches' rising salaries and constant building, says Bruce Flessner, a fund-raising consultant. "Other parts of the academy have a longer payout."

Sports donors are also used to getting something in return for their gifts, which could make philanthropic endowment donations harder to land. Almost every large athletics program requires a minimum annual donation in exchange for the right to buy football or men's basketball tickets — and the bigger the gift, the better the seats. According to the *Chronicle's* survey, more than 40 percent of donations to the country's biggest sports programs last year went for seats or suites.

"We've created this culture of give and take, where we're holding people hostage to get a seat," says Jennifer Cohen, senior associate athletic director for advancement at the University of Washington. "We're going to have to work hard to overcome that."

### **Donor Perks**

Or maybe not. Two of the most successful athletics departments have built (or plan to build) huge endowments by dangling seats before donors.

Berkeley, where the athletics fund hit \$40-million last year (like many, it has since fallen), hopes to fulfill its \$500-million goal by offering donors 50-year seat licenses to Bears football games. (See article, next page.)

The University of North Carolina at Chapel Hill started its scholarship endowment in 1968, offering four men's-basketball season tickets to anyone who paid \$35,000 to cover a player's four-year cost of attendance (it now costs \$500,000 to endow such a scholarship). The fund has since brought in nearly \$100-million in contributions, and with savvy investments has grown to almost twice that size.

To help raise endowment money, North Carolina focuses on estate gifts, sharing a planned-giving officer with the university's foundation. It also employs five major-gifts officers.

While most other programs have concentrated on annual gifts to meet their operating needs — feasting when their teams have winning seasons, suffering when they lose — Carolina relies on its steady endowment earnings to pay for many of its expenses.

"When someone expressed interest in four basketball tickets, we might've had a capital campaign going on, but we did not divert that money from the endowment," says John Montgomery, executive director of the Rams Club, the university's athletics fund-raising arm.

As a result, the endowment's earnings now cover the Tar Heels' \$8-million to \$9-million a year in athletics scholarships.

To thank the alumni and friends who pay for those scholarships, North Carolina arranges two dinners a year so donors can meet "their player," as Mr. Montgomery says. "It reinforces the philanthropic part of the gift."

Many programs give donors access to closed-door practices, opportunities to travel with teams, and other contact with students that concerns some athletics officials.

"We like to have student-athletes understand that their scholarship didn't just fall from the sky — it was made possible by someone who cares about the program," says Tom Hof, senior associate athletic director for external relations at Ohio State University. "But you have to be careful about the interaction between donors and student-athletes because there are people who can abuse it."

### Planned-Giving Push

Unlike North Carolina, few athletics programs employ planned-giving officers. But other programs are considering it. "If I hire another development officer, it would be a planned-giving specialist," says Mr. Sleeper, of Michigan State. "With the wealth transfer taking place, we would all be foolish not to look at these types of gifts."

Instead of hiring their own people, many athletics departments are starting to lean on their institution's planned-giving experts. That can be a plus, say university development officers, because it helps them stay on top of what the athletics department is doing. (Some of the big athletics endowment campaigns are run in conjunction with campuswide efforts, but others are independent.)

Many athletics programs have started placing planned-giving advertisements in game programs and are stepping up their estate-planning appeals.

Virginia Tech, which hopes to add \$10-million to its athletics endowment over the next five years, is even suggesting to donors how much of their estates they should leave to the sports program, says Lu Merritt, director of development for athletics.

"We're asking people, 'After you've taken care of your family and taken care of your church, would you consider leaving Virginia Tech athletics 5 percent?'" he says. "It seems like a small part of their estate, but it can really add up."

It certainly has for Stanford. But even the mightiest endowment is no panacea, says Jeff Shilling, Stanford's senior associate athletic director for development.

"At a time like this, when we've seen an unprecedented drop in the financial markets," he says, "being dependent on the markets might not be at the top of the list of exposures you'd want to have."

### FUND-RAISING TARGETS

More than two dozen athletics departments are involved in or planning endowment campaigns. Here are the programs with the biggest goals:

1. U. of California at Berkeley	\$500,000,000
2. Duke U.	350,000,000
3. Boston College	250,000,000
4. U. of Texas	200,000,000
5. Louisiana State U.	155,000,000

But many athletics donors expect something in return. Last year more than 40 percent of the contributions to the biggest athletics programs went for the right to buy the best seats. Of the programs that raised at least \$20-million, the largest percentage of donations that went for priority seating or luxury suites were at these universities:

1. U. of Georgia	83%
2. Pennsylvania State U.	81
3. U. of Florida	77
4. U. of Texas	75
5. U. of Nebraska	69

SOURCE: Chronicle survey

### HOW DO ATHLETICS ENDOWMENTS MEASURE UP?

At every college, athletics endowments are dwarfed by their universitywide counterparts. Even the University of North Carolina at Chapel Hill's sports endowment, the largest in a Chronicle survey, is one-tenth the size of the university's total endowment. But that gap shrinks, and often reverses, when the endowments are measured on a per-student and per-scholarship-athlete basis. By that measure, North Carolina has endowed its athletes four times as much as other

undergraduates. Below are the top 10 athletics endowments, based on the survey, and how they stack up against their institutions' overall endowments.

Institution	Sports endowment*	Athletes	Endowment per athlete	Overall endowment†	Undergraduates	Endowment per student
1. U. of North Carolina at Chapel Hill	\$212,000,000	437	\$485,126	\$2,164,444,000	17,628	\$122,784
2. Duke U.	\$150,717,426	339	\$444,594	\$5,910,280,000	6,394	\$924,348
3. Boston College	\$100,000,000	262	\$381,679	\$1,670,092,000	9,860	\$169,380
4. Georgia Tech	\$80,058,950	292	\$274,174	\$1,608,682,000‡	12,565	\$128,028
5. U. of Virginia	\$61,873,981	477	\$129,715	\$4,370,209,000	15,078	\$289,840
6. U. of Washington	\$56,000,000	380	\$147,368	\$2,184,374,000	28,570	\$76,457
7. U. of Georgia	\$51,000,000	403	\$126,551	\$705,316,000‡	25,335	\$27,840
8. Pennsylvania State U.	\$49,390,069	450	\$109,756	\$1,590,000,000	36,815	\$43,189
9. U. of Connecticut	\$48,051,366	340	\$141,328	\$337,945,000	16,348	\$20,672
10. Ohio State U.	\$46,139,682	660	\$69,909	\$2,338,103,000	39,209	\$59,632

**NOTE:** Enrollment numbers are for main campuses.

\* Sports endowment figures are from June 30, 2008, while institutional endowment totals are from June 30, 2007, the latest data available.

† Includes endowments for the institutions and their foundations.

**SOURCES:** National Association of College and University Business Officers; National Center for Education Statistics; *Chronicle* reporting

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