

# Intercollegiate Athletics

## Summary

USG policy on all matters pertaining to intercollegiate athletics.

## Purpose

To provide guidance on USG policy on all matters pertaining to intercollegiate athletics.

## Policy

### 4.5 Intercollegiate Athletics

*(Last Modified on April 19, 2013)*

This policy governs USG institution establishment of intercollegiate athletics, expansion of sports, changes in intercollegiate athletic competition levels, and funding of intercollegiate athletics programs (BoR minutes, March 2013).

#### 4.5.1 Purpose

*(Last Modified on April 19, 2013)*

Participation in and enjoyment of intercollegiate athletics are important components of the overall collegiate experience and also provide valuable benefits to the communities in which universities and colleges are located. The Board of Regents of the University System of Georgia is committed to promoting such participation and opportunities within the mission, values, and goals of each USG institution. However, decisions made with respect to athletic programs may have significant financial implications for the institutions, and, subsequently, affordability for USG students. These programs must be operated in an ethically and fiscally responsible manner consistent with the rules, regulations, and principles of the national intercollegiate athletic associations and the conferences with which the institutions are affiliated (BoR minutes, March 2013).

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#### 4.5.2 Board Oversight

*(Last Modified on April 19, 2013)*

The Board of Regents provides oversight and broad policy guidelines for the operation and budget activities of intercollegiate athletics programs in a manner consistent with the operation of other USG units (BoR minutes, March 2013).

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### **4.5.3 Delegation of Authority**

*(Last Modified on April 19, 2013)*

The president of each USG institution is assigned ultimate responsibility and authority for the operation, fiscal integrity, and personnel of the institution's athletics program, including appointment and supervision of the athletics director(s). Each president is also responsible for ensuring that the institution's athletics program is in compliance with all applicable federal and state laws, in compliance with the regulations of any athletic conference affiliation, and that the mission, values, and goals of the athletics program are compatible with those of the institution (BoR minutes, March 2013).

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### **4.5.4 Authorization and Approvals**

*(Last Modified on April 19, 2013)*

Any USG institution that wants to establish an intercollegiate athletics program, expand its current intercollegiate athletics program, make a change in conference that requires significant program or resource expansion, or change competition levels, shall first obtain approval from the Board of Regents. Prior to any action on behalf of the institution, the president of the institution shall first notify the Chancellor of the scope of the intended change and the Chancellor shall determine if written notice to the Board is required. If it is determined that a formal review and approval by the Board is required, the institution shall submit for that approval a full proposal to the Board of Regents for integrated review as outlined in Section 4.5.5 (BoR minutes, March 2013).

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### **4.5.5 Criteria for Proposal of Athletics Expansion**

*(Last Modified on April 19, 2013)*

Consideration will be given to proposals that:

1. Are based on an institution submission of a five-year operational and capital plan for intercollegiate athletics that includes projected expenditures and revenues and sources of funding including institutional funds, athletic fees, ticket sales, unrestricted endowment income, and other sources such as sponsorships, community giving, and alumni donations;
2. Demonstrate support and approval for the plan based upon widespread consultation with the institution academic and student governing bodies and community constituents;

3. Stipulate that grants-in-aid will be administered in strict compliance with intercollegiate athletic rules and regulations and may be funded from athletic fee revenues, unrestricted endowment income, and other allowable funding sources;
  4. Assure that equitable athletic opportunity will be provided for members of both sexes, so that no person, on the basis of sex, will be excluded from participation in, be denied the benefits of, or be subject to discrimination in the overall intercollegiate athletics program of the institution;
  5. Stipulate that the operation of intercollegiate athletics cannot come at the expense of academic programs and essential activities at an institution or by diverting funds from other major institution functions;
  6. Discuss the facilities implications of any required changes in or additions to capital facilities in order to upgrade intercollegiate athletics; and,
  7. Ensure that all funds utilized in support of the intercollegiate athletics program will be allocated, administered, and expended directly under the authority of the institution president in strict compliance with intercollegiate athletics regulations and institutional guidelines for the establishment and conduct of institution intercollegiate athletics boards (BoR minutes, March 2013).
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#### **4.5.6 Monitoring**

*(Last Modified on October 20, 2016)*

1. The USG shall annually review institutional intercollegiate athletics programs for financial and program soundness. To assist with this task, each President of an institution that participates in intercollegiate athletics shall furnish a report annually to the Chancellor that addresses academic, fiscal, and compliance issues associated with intercollegiate athletics. This annual report's format will be prescribed in the Business Procedures Manual.
2. Institutions will provide to the Chancellor copies of the annual reports submitted to the appropriate national intercollegiate athletic association and conferences regarding academic progress and graduation success rates of student-athletes.
3. The Chancellor will submit a summary of the institution reports to the members of the Board and will advise the Board Chair of any Board actions needed.
4. Each institution is to immediately notify the Chancellor of all NCAA/NAIA/NJCAA major infractions or investigations, conference investigations, or any other events or situations which might spark unusual public interest in the athletic program. As a part of the notification the institution should provide sufficient detail concerning the situation to ensure the USG can respond appropriately to inquiries.
5. Each institution is required to report to the USG chief business officer regarding all projected/known fiscal shortfalls, where current fiscal year intercollegiate athletic expenses are expected to exceed current fiscal year intercollegiate athletic revenues, as soon as it is determined, along with the reason(s) for the shortfall and the plan in both the short and long term for resolving the issue. Projected or actual use of institutional reserves in support of intercollegiate athletics must be highlighted in the required report.

6. There shall be an annual audit of any separately incorporated athletic association, with a copy of the audit to be filed with the USG chief audit officer. (BoR Minutes, March 2013, May 2016)
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#### **4.5.7 Management of Athletic Affairs**

*(Last Modified on October 20, 2016)*

Management and control of intercollegiate and intramural athletic affairs shall be the responsibility of the respective institutional authorities. Each institution participating in a program of intercollegiate athletics is expected to take the necessary steps to ensure that its management of the program is in compliance with the provisions of applicable federal laws and the regulations of any governing body and athletic conference with which it is affiliated. (BoR Minutes, 1983-84, p. 170; May 2016)

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#### **4.5.8 Funding of Intercollegiate Athletic Programs**

*(Last Modified on July 27, 2016)*

For the purpose of this policy, the USG has adopted the definitions of revenues and expenses provided by the NCAA for the Financial Reporting System as outlined below and to be further defined in the USG Business Procedures Manual. The NCAA Financial Reporting System aims to capture all revenues and expenses on behalf of an institution's intercollegiate athletics program, including those by outside entities, i.e. foundations, booster clubs, etc. and institutions similarly shall include all intercollegiate athletics revenue and expense to include entities operating on behalf of the institution's athletics program.

As used in this Policy, "Athletics Operating Revenue" is the total revenue generated by the institution's intercollegiate athletics program. "Direct Institutional Support" is the direct financial support provided by the institution to the athletics programs, e.g., tuition funds used to support intercollegiate athletic activities. "Subsidy" is the sum of direct institutional support and student fees and does not include the value of out-of-state tuition waivers. "Subsidy Percentage" is the subsidy divided by athletics operating revenue as defined in the USG Business Procedures Manual. "Athletics Operating Expense" is the total expense spent by the institution's intercollegiate athletics program. Athletics Operating Revenue, Direct Institutional Support, Subsidy, Subsidy Percentage, and Athletic Operating Expense shall be further defined in the USG Business Procedures Manual.

Institutions may expend Education & General fund resources on behalf of the institution's intercollegiate athletics program except as noted: Institutions must not expend Fund 10000 state appropriations on athletics and must not expend Education & General fund resources in support of athletic scholarships.

A. A form will be provided to ensure a standardized reporting format for each institution to annually report its intercollegiate athletics revenues and expenses in accordance with Section 4.5.6.1.

B. The subsidy percentage shall not exceed:

- 10% for NCAA DI-A institutions affiliated with the ACC, Big Ten, Big 12, Pac-12 or SEC; often referred to as the Power 5;
- 65%: NCAA DI-A institutions affiliated with other conferences;
- 75% for NCAA Division I-AA institutions;
- 80% for NCAA Division II institutions;
- 85% for NAIA and NJCAA institutions.

C. Except for the Power 5 institutions, total athletic operating expenses may not increase by more than 5% annually unless approved in advance by the Chancellor.

D. Effective July 1, 2016, each institution exceeding the allowable subsidy percentage in the prior fiscal year shall submit to the Chancellor a plan for approval that reduces the subsidy over a fiscal year period, not to exceed four years, until the subsidy percentage complies with the requirements of subsection B. Failure to be in compliance in four years shall, at the discretion of the Chancellor, result in athletics programming mandates from the Chancellor including but not limited to reduction/change in sport offerings, change in conference affiliation, and change in governing body/division membership. Any institutions below these caps as of July 1, 2016 for Fiscal Year 2016 but exceeding them in a future fiscal year will have one year to get back in compliance.

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#### **4.5.9 Athletic Programs in Associate Degree Institutions**

*(Last Modified on July 27, 2016)*

The USG associate degree institutions are authorized to establish and participate in a program of intercollegiate and intramural athletics. Intercollegiate football programs may be established only with prior approval of the Board (BoR Minutes, 1993-94, p. 185).

#### **Related USG Policy**

4.5.1-9

#### **Last Update**

See each section for updates.

#### **Responsible Authority**

USG Board of Regents