

STUDENT AFFAIRS LEADERSHIP COUNCIL

**Budget Models and Fundraising
Strategies of Division III Athletics
Programs**

Custom Research Brief



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**THE ADVISORY BOARD COMPANY
WASHINGTON, D.C.**

I. RESEARCH METHODOLOGY

Project Challenge:

A member institution approached the Council with the following questions about budget and fundraising models among Division III athletics programs:

- **Scope:** *How many students participate in varsity sports? How many varsity teams exist? How do athletics offerings contribute to college recruitment? What concrete metrics do other institutions reference to evaluate the importance of athletics to recruitment?*
- **Budget:** *What is the athletic program's budget? What is the process for adding or eliminating sports in response to budget and enrollment concerns?*
- **Funding Sources:** *What is the breakdown of sources of financial support? About how much of the budget is funded through athletics fundraising efforts? How are intramural and club sports funded?*
- **Athletics Fundraising**
 - **Management:** *Which office manages athletics fundraising (e.g., athletics or institutional development office)? What is the relationship between athletics and college fundraisers? Is there a development officer assigned to athletics fundraising? What are the roles of the director of athletics and coaches in fundraising?*
 - **Booster Club:** *Is there a college booster club? If so, to whom does it report?*
 - **Interaction with Other Fundraising Efforts:** *Are donations to athletics linked to gifts to other parts of the institution (e.g., must athletics gifts be affiliated with gifts to the college's annual fund)? Do intramural and club teams also benefit from fundraising efforts? If so, which office manages these efforts?*
- **Capital Projects:** *How are athletics capital projects funded? Are athletics capital projects included in broader institutional capital efforts? To what extent does a campus master plan determine priorities for athletics projects?*

Project Sources:

- Advisory Board's internal and online research libraries (www.educationadvisoryboard.com)
- National Center for Education Statistics (NCES) (<http://nces.ed.gov/>)
- Contact institution Web sites

I. RESEARCH METHODOLOGY

Research Parameters:

The Council interviewed directors of athletics at the following institutions:

A Guide to the Institutions Profiled in this Brief				
Institution	Region	Type	Approximate Total Enrollment	Classification
College A	Northeast	Private	1,700	Baccalaureate Colleges -- Arts & Sciences
University A	Northeast	Private	3,400	Research Universities (high activity)
College B	Northeast	Private	2,300	Baccalaureate Colleges -- Arts & Sciences
College C	Mid-Atlantic	Private	2,500	Baccalaureate Colleges -- Arts & Sciences
University B	Northeast	Private	2,400	Baccalaureate Colleges -- Arts & Sciences
College D	Northeast	Private	2,700	Baccalaureate Colleges -- Arts & Sciences
College E	Northeast	Private	3,100	Baccalaureate Colleges -- Arts & Sciences
College F	Northeast	Private	2,300	Baccalaureate Colleges -- Arts & Sciences

Source: National Center for Education Statistics, Carnegie Foundation for the Advancement of Teaching

II. EXECUTIVE OVERVIEW

Key Observations:

- ❖ **Profiled athletics programs offer an average of 20 varsity sports and serve an average of 424 varsity athletes.** Across profiled institutions, an average of about 16.6 percent of the student body is comprised of varsity athletes. At most contact institutions, between 1,000 and 1,200 students participate in intramural sports and between 150 and 300 compete in club sports.
- ❖ **Contacts at most institutions report that athletics does not drive college recruitment.** However, at College A and College C, where between 25 and 30 percent of the student body plays a varsity sport, contacts report that athletics does contribute significantly to recruitment. Contacts at College C report that athletic recruitment yields approximately 1,000 applications per year, or about 20 percent of the college's total applications.
- ❖ **The median operations budget among profiled athletics programs is \$762,500, but this sample represents a wide range.** Operations budgets vary from \$183,000 at College B to approximately \$2 million at University B. Profiled women's colleges, along with College D, function with operations budgets of approximately \$500,000 or less, while the remaining programs operate with budgets of over \$1 million. The median staffing budget is \$1.25 million.
- ❖ **Across contact institutions, allocations from the college budget finance nearly 100 percent of athletics operating expenses.** Though all profiled athletics departments supplement college funding with external donations, contacts at most profiled institutions do not consider donations to be part of athletics operating budgets. College C's athletics department is an exception; the department fundraises approximately 15-20 percent of its operating budget.
- ❖ **The athletics department finances intramural sports and student fees fund club sports at most profiled institutions.** Club sports receive a direct allocation from student fee revenue at one institution. At four institutions, club sports receive funds from the student government or student activities division, which are in turn funded through a student fee.
- ❖ **An athletics booster club manages athletics fundraising at five profiled institutions, while the athletics department fundraises on its own behalf at the remaining three institutions.** The director of athletics serves as booster club director at most institutions, though a committee of stakeholders manages booster clubs at two institutions.
- ❖ **Contacts at four profiled institutions report that athletics staff work with a staff member in the college development office to identify donors and coordinate athletics outreach with other college fundraising.** Contacts at four other institutions report poor communication and conflict over gifts with the development office.
- ❖ **Administrators do not link athletics donations to other types of donations at any contact institution (i.e., an athletics donations does not require a donation to the annual fund).** However, athletics departments at College C and College D divide gifts intended for a specific team between the team and the general athletics budget.
- ❖ **Most athletics capital projects are funded from an annual college budget allocation. At two contact institutions, athletics departments or booster clubs solicit donations for most of the funds required for capital projects.**

III. FUNDING ATHLETICS BUDGETS

Introduction to Profiled Athletics Programs

Among contact institutions, an average of 424 students participate in varsity sports at a single institution. Annual operations budgets vary between \$183,000 at **College B** and approximately \$2 million at **University B**; the median operations budget is \$525,000. Staffing budgets vary between \$188,000 at **College F** and \$3 million at **University B**.

Overview of Profiled Athletics Programs					
Institution	Varsity Athletes	Varsity Teams	Club and Intramural Athletes	Approximate Annual Operations Budget	Approximate Annual Staffing Budget
College A	600	31	1,300	\$1.3 million	Information unavailable
University A	320	17	1,300	\$1.8 million	\$1.3 million
College B	315	14	215 (club) [†]	\$183,000	\$2 million
College C	500	22	400	\$1 million	Information unavailable
University B	750	32	1,200 (intramural)	\$2 million	\$3 million
College D	400	19	500 (intramural)	\$525,000	\$1.2 million
College E	260	13	200 (club)	~\$500,000	\$1 million
College F	250	14	150 (club)	\$509,000	\$188,000

[†] Intramural sports are not offered at College B.

Contacts Report No Formal Guidelines for Adding or Removing Sports

Contacts do not identify any formal procedures followed when adding or removing a varsity sport. However, contacts at **College A** note that such a change would require input from upper-level administrators, the board of trustees, and likely the faculty. Contacts at **College C** emphasize that administrators would add a sport only in response to equal gender access concerns.

III. FUNDING ATHLETICS BUDGETS

Funding Mechanisms for Varsity Athletics

Colleges Fund Most Department Operating Expenses

Contacts across profiled institutions report that allocations from the college budget finance most operating and staffing expenses. At six contact institutions, college funds account for nearly 100 percent of the athletics operating budget.

At College C, fundraising reportedly accounts for 15 to 20 percent of the athletic department's operating budget.

Raised Funds Not Considered Part of Operating Expenses

Athletics departments across contact institutions supplement college allocations with external fundraising. However, administrators at most contact institutions consider donations separate from the normal departmental operating budget. External donations often fund special projects or events, such as training trips or competitions. Most fundraising occurs through an athletics booster club, the athletics department itself, or individual team projects. This report discusses fundraising in greater detail in sections IV and V.

Ticket Revenue is not a Significant Revenue Driver

At University A, College B, College C, and University B, athletics administrators require spectators to buy tickets for athletic events featuring certain sports. Net ticket revenue accounts for less than five percent of the athletics department's operating budget at most institutions.

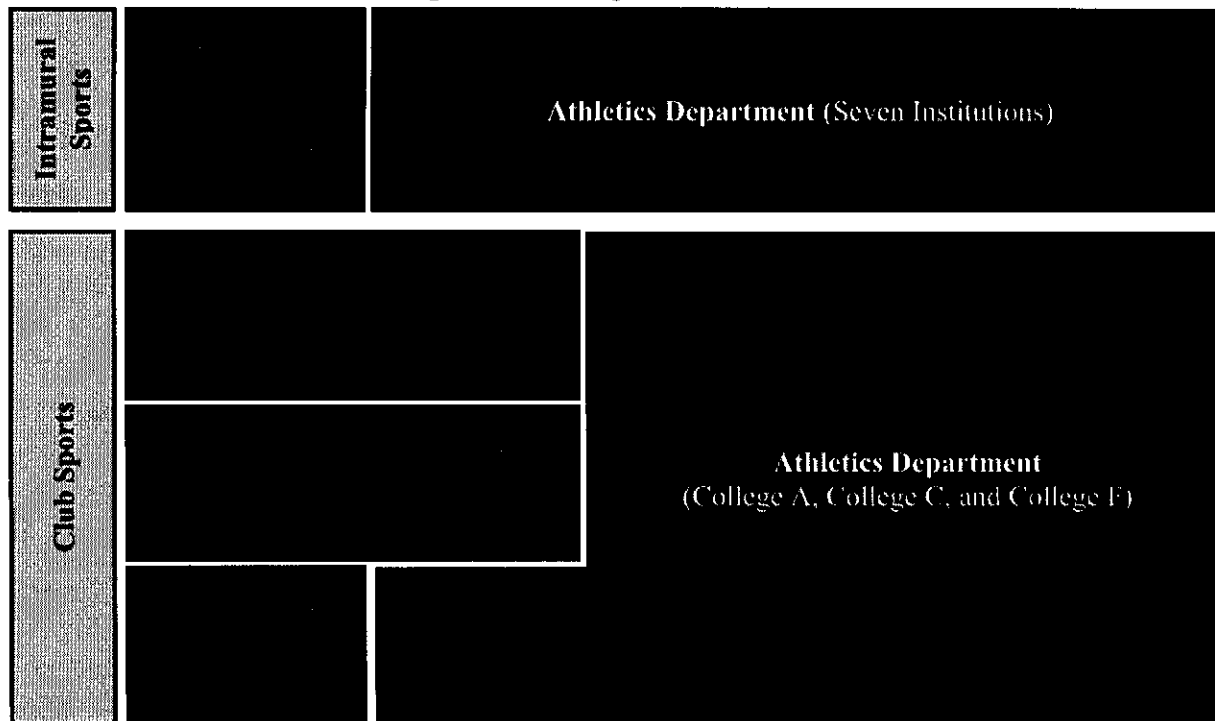
Ticket Revenue at Select Profiled Institutions			
Institution	Ticketed Sports	Ticket Prices	Annual Ticket Revenue
University A	Basketball	Information Unavailable	Gross: \$2,000 Net: Negligible
College B	Swimming/Diving Basketball Soccer Field Hockey Lacrosse	<ul style="list-style-type: none"> • Adults: \$3 • Season Pass: \$20 • Students: Free 	Net: \$6,000-\$7,000
College C	Football	<ul style="list-style-type: none"> • Adults: \$4 • Students: \$6 	Net: \$8,000-\$11,000
University B	Hockey Football	<ul style="list-style-type: none"> • Adults: \$7 • Seniors: \$5 	Gross: \$128,000 Net: Negligible

III. FUNDING ATHLETICS BUDGETS

Funding Mechanisms for Intramural and Club Sports

At most profiled institutions, athletics departments fund intramural sports through their operating budgets. A student activities fee, by contrast, funds most clubs sports teams.

Intramural and Club Sports Funding Sources across Contact Institutions



Supporting Intramural and Club Sports through Athletics Fundraising

Intramural and club sports teams do not benefit from athletic department fundraising at most institutions, with the exception of College A and College F. At College A, athletics administrators may feature club sports in a newsletter or letter requesting support.

Most Club and Intramural Teams Fundraise Independently

Contacts at three institutions report that intramural and club teams raise their own funds. Though club sports at College C are nominally funded through the athletics department budget, contacts report that teams normally raise enough money to completely support themselves.

IV. FUNDRAISING STRUCTURES AT PROFILED INSTITUTIONS

Fundraising Responsibilities

Athletics departments across contact institutions fundraise independently of the institutional development or advancement offices. Most profiled departments raise between \$40,000 and \$70,000 per year, though at **College A** and **College D** athletics staff raise approximately \$400,000 and \$250,000 per year, respectively. Contacts explain that athletics booster manage most of an institution's athletics fundraising activities, though independent outreach by athletics administrators is also common.

Overview of Fundraising			
Institution	Amount Raised Annually	Primary Source of Donations	Booster Club
College A	\$400,000	Booster Club	✓
University A	\$75,000-\$100,000	Departmental Outreach (Independent of Booster Club)	✓
College B	\$40,000	Booster Club	✓
College C	Information unavailable	Departmental Outreach (Independent of Booster Club)	✗
University B	\$70,000	Team Fundraising	✓ (For Hockey Only)
College D	\$250,000	Booster Club	✓
College E	\$20,000	Booster Club	✓
College F	\$42,000-\$85,000	Booster Club	✓

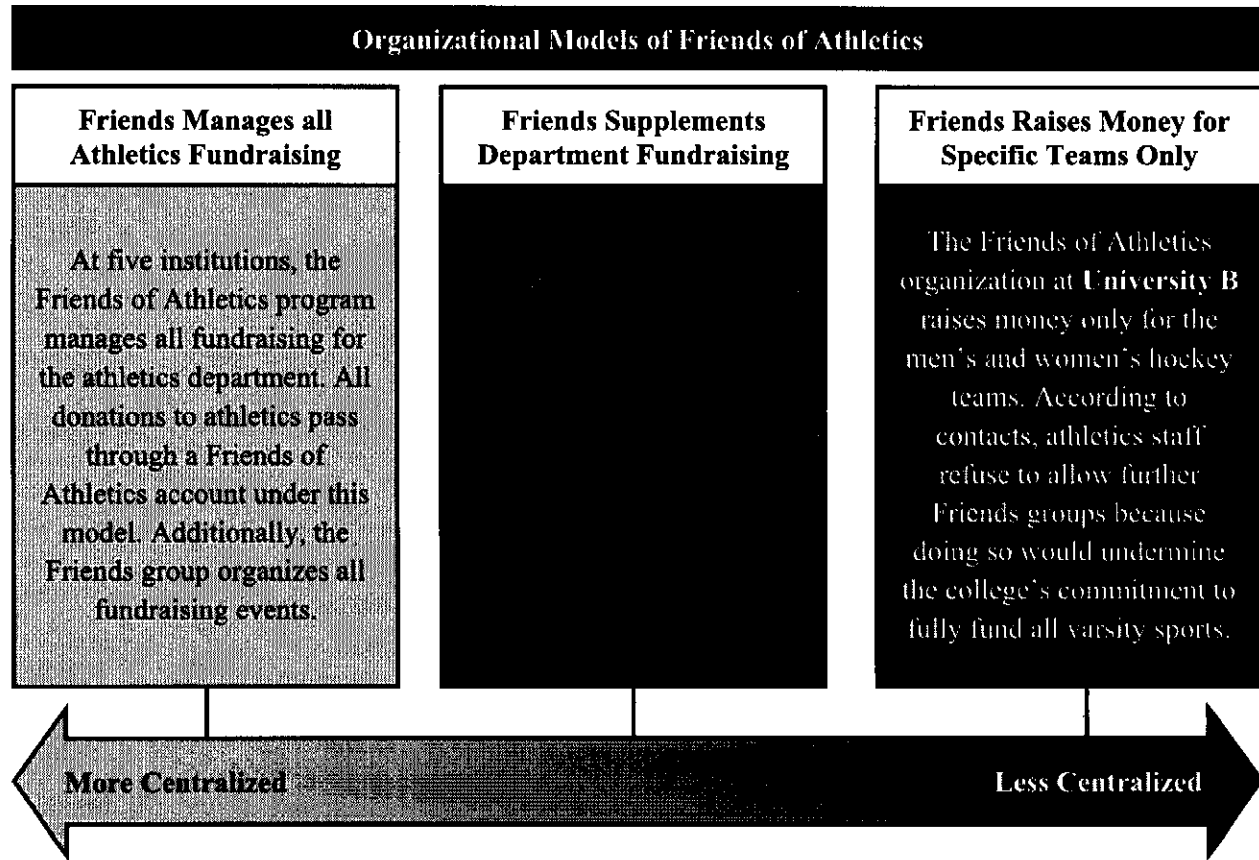
Booster Clubs Manage Most Athletics Fundraising

At nearly all contact institutions, an athletics booster club called Friends of Athletics fundraises on behalf of the athletics department. Athletics department personnel typically staff the booster club, and, at four contact institutions, the director of athletics manages the organization. At five contact institutions, Friends of Athletics organizations function as centralized hubs for all athletics-related fundraising. However, at two institutions, Friends of Athletics groups instead provide supplemental fundraising support. **College C** is the only institution without a Friends of Athletics program.

Oversight of Friends of Athletics Groups	
Director of Athletics (Four Institutions)	The director organizes events and fundraising outreach with the help of support staff. A liaison from the development office may assist the director in some fundraising tasks.
Stakeholder Committee (Two Institutions)	Committees have 12 members, including the director of athletics, alumni, and students. Individual committee members may be responsible for organizing events such as homecoming.
Development Office (College A)	Two dedicated development professionals manage Friends of Athletics. The director of athletics has no formal administrative role but participates in events and fundraising outreach.

IV. FUNDRAISING STRUCTURES AT PROFILED INSTITUTIONS

Booster Clubs Manage Most Athletics Fundraising (Cont.)



IV. FUNDRAISING STRUCTURES AT PROFILED INSTITUTIONS

Fundraising Responsibilities (Cont.)

Development Office Can Complement Athletics Fundraising

Across institutions, a booster club or the athletics department manages athletics fundraising, although, at four institutions, the college development or advancement office assists athletics fundraising efforts. According to contacts, this cooperation provides two benefits: superior donor targeting and coordination with institutional fundraising activities.



➤ *Donor Targeting*

Contacts at **College A** and **College D** report that the alumni information databases kept by development staff can identify potential donors on a larger scale than the athletics department can. Contacts at **College D** add that the development office produces and sends newsletters, fundraising letters, and other materials.

➤ *Coordination with Institutional Fundraising*

At **College A** and **College C**, representatives from the athletics and development offices plan the timing of outreach to avoid bombarding alumni with donation requests from multiple fundraising campaigns. Coordination also allows development personnel to leverage athletics personnel as advocates during conversations with athlete-alumni.



Contacts at several institutions caution that rivalry over access to donors inhibits cooperation between athletics and development staff and limits fundraising success.

↳ **Potential Challenge: Alone, development staff lack knowledge of specific sports and, in some cases, relationships with athlete-alumni.**

Contacts at one institution assert that development and athletics staff rarely discuss potential donors or outreach strategies, and, consequently, development professionals may overlook athlete-alumni who remain in contact with athletics staff. Contacts add that development officers sometimes lack specific knowledge of individual sports and, as a result, are unable able to connect with alumni about their athletic experiences.

↳ **Potential Solution: Assign permanent development liaisons.**

Contacts at four institutions report that the development office assigns a permanent liaison to the athletics department or the Friends of Athletics group. Contacts at **College D** assert that liaisons have increased trust between the athletics and development offices and have decreased the perception of rivalry. At **College D**, the liaison assists the director of athletics in running the athletics booster club, while at **University B**, the development liaison raises money for athletics capital projects.

↑

Contacts at **College C** note that constant turnover in the development liaison position have limited the effectiveness of the role. Inexperienced liaisons with a limited understanding of the athletics department and its priorities may be unable to effectively coordinate between the two offices.

IV. FUNDRAISING STRUCTURES AT PROFILED INSTITUTIONS

Donations to Athletics Not Linked to Annual Fund Contributions

Across institutions, administrators do not allocate a portion of athletics donations to the annual fund or any other part of the college. However, administrators repurpose donations within the athletics department itself at two contact institutions. At **College D** and **College C**, athletics administrators split donations made on behalf of individual teams between the specified team and the general athletics budget.

Mechanisms for Sharing Team Donations with General Athletics Budgets

Split Team Donations with Department

At **College D**, administrators divide all donations intended for a specific team in half; one half remains with the team, while the other half is shifted into the general athletic department budget. Contacts report that the department's half of the donation must be used for a purpose that benefits all teams, such as in increase in the department meal subsidy for trips. The portion remaining with the team may be spent as the specified team's coach wishes. Contacts add that splitting donations helps support poorly funded sports that might not otherwise attract donations.

Assign a Fixed Amount to Department

Administrators at **College C** redirect \$50 of any team gift over \$100 to the general budget (as opposed to splitting team donations evenly between team and the athletics budget). Contacts report that administrators often earmark this \$50 sum for the opposite-sex counterpart of the sport receiving the donation. For example, the \$50 removed from each gift to men's lacrosse might be designated for the women's lacrosse team. Contacts report that this system helps demonstrate compliance with Title IX regulations.

V. FUNDRAISING STRATEGIES

Fundraising Practices across Contact Institutions

Contacts identify a number of fundraising strategies, most of which fall into three categories: 1) direct outreach to potential donors via mail, e-mail, phone, or in-person visits; 2) fundraising events targeted at alumni; and 3) team-based fundraising driven by student athletes and coaches.

Description of Common Fundraising Practices			
Type of Fundraising	Examples of Specific Tactics	Corresponding Tactics Yield Highest Value at...	Oversight
Direct Mail or Fundraising Conversations	<ul style="list-style-type: none"> • Periodic fundraising letters • Team-specific newsletters • Phone communication • In-person visits 	...College A ...University A	Friends of Athletics or Director of Athletics
Alumni Events	<ul style="list-style-type: none"> • Hall of fame induction ceremony • Golf or tennis tournament • Awards banquets 	...Mt. Holyoke College ...College D	
Team Fundraising Events	<ul style="list-style-type: none"> • Basketball lessons from student athletes • Fruit or bake sales • Team memorabilia sales 	...University B	Team Coaches and Students



V. FUNDRAISING STRATEGIES

The Role of Coaches and Directors of Athletics

At most institutions, the director of athletics plays a large administrative role in coordinating direct mailings (paper or electronic) and alumni events, but directors of athletics play a smaller role in team fundraising. Instead, coaches organize team-specific fundraising events and produce content for team newsletters, fundraising letters, or events.

Newsletters and Fundraising Letters	Alumni Events	Team Fundraising
Coaches		
At six institutions, coaches produce outreach materials with information specific to their teams. Coaches may also participate in phone or in-person visits with potential athlete-alumni donors.	Coaches attend department-wide fundraising events, such as hall of fame inductions or awards ceremonies.	At all profiled institutions, coaches help student-athletes organize team-specific fundraising events, including baked goods or team memorabilia sales.

Notable Fundraising Strategies

Contacts recommend three additional fundraising strategies: opening an online store for athletics memorabilia and arranging a donation challenge for donors.

Open Online Store	Athletics administrators at University B partnered with third-party vendor Victory Promotions to design an online store that sells University B -themed athletic clothing. If customers select clothing with the logo of a particular varsity team, then the selected team receives a portion of the sale. As a result, teams have an incentive to drive sales to the site.
Devise a Donation Challenge	At College D , athletics staff challenged donors to meet a collective goal during fundraising drives (e.g., donate toward a \$10,000 goal). Staff identified an anonymous donor who pledged an additional donation if other donors met the challenge. Thus, donors were encouraged to increase their donation in order to secure the additional pledge.

VI. ADDITIONAL CONSIDERATIONS

At five contact institutions, administrators allocate funds from the college's annual budget to finance most athletics-related capital improvements. At three contact institutions, administrators finance capital projects through fundraising. Contacts report that athletics capital projects are not normally included in the university strategic plan.

Funding from College Budget Allocations Most Typical

At most contact institutions, athletics administrators apply for college funding for capital projects through the normal, annual budget allocation process. Contacts at one institution note that the athletics department occasionally supplements college allocations with fundraising; in a particular case, the department was able to finance 50 percent of the cost of a new turf field through fundraising, and budget allocations covered the remaining cost.

Capital Project Fundraising Also Occurs

Fundraising efforts finance the majority of capital projects at **College A**, **College D**, and **University B**. Contacts at **College A** and **University B** report that senior administrators must approve any capital project request, after which athletics staff or development office staff raise the majority of required funds.

Fundraising Responsibilities

- The Friends of Athletics organization coordinates capital project fundraising at **College A**
- Athletics department itself leads fundraising at **University B**.
- Development office staff manages fundraising at **College D**.

Capital Athletics Plan at *College D*

Contacts at **College D** report that the athletics department instituted a \$60 to \$70 million athletics capital plan in the 2011-2012 school year. Administrators expect that the institutional development office will raise all of the funds required by the plan.

Relationship between Athletics and Recruitment

Contacts at most profiled institutions report that athletics does not drive student recruitment because prospective students reportedly plan to attend college and are attracted to contacts institutions' individual campus cultures independent of athletics considerations. However, contacts report that athletics has a significant influence on recruitment at **College A** and **College C**. At **College C**, according to contacts, recruitment efforts result in 1,000 applications annually, or roughly 20 percent of the college's application pool.

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