

Contributions from schools have likely receded, but the future appears precarious for the athletics finances at Arizona's largest universities.

Jason Wolf and Alison Steinbach Arizona Republic

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The stands at Arizona Stadium were empty on a cool Saturday evening in Tucson, Arizona, in December 2020, when the University of Arizona football team kicked off against Arizona State University in its final game of a bizarre and tumultuous season.

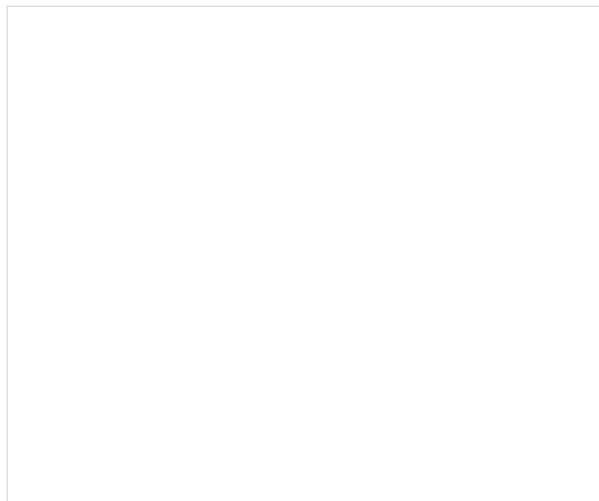
Both schools were fortunate to play — not only for the rivalry, but also for the TV money.

Canceled sporting events, scant ticket sales and decreased donations from alumni and boosters during the first year of the COVID-19 pandemic led to unprecedented revenue shortfalls at major college athletics departments across the country. It was just one of the issues universities had to juggle amid a wider, multifaceted financial crisis.

Many responded to the economic upheaval with budget cuts. At UA, Gary Rhoades and his colleagues faced mandatory furloughs, saving the school tens of millions of dollars. The professor of higher education, who didn't care to watch the Sun Devils rout the Wildcats that night to win the Territorial Cup on ESPN, was recently disgusted to learn where spending increased.

"We furloughed faculty and staff so that we could bail out the athletic department," Rhoades said.

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provide their athletics departments with \$125.5 million in fiscal 2021, which included the abbreviated football season, according to annual financial disclosure reports filed with the NCAA.

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It was a massive increase in funding from previous years by each school, according to by The Arizona Republic of financial reports compiled in the [Knight-Newhouse College Athletics Database](#), which offers a considerable but imperfect picture of major college athletics finances.



Arizona State Sun Devils forward Jalen Graham (24) jumps for the opening tipoff against San Diego State Aztecs forward Nathan Mensah (31) to begin the game at Desert Financial Arena in Tempe on Dec. 10, 2020.

MARK J. REBILAS/USA TODAY SPORTS

ASU gave its athletics department \$57.9 million in institutional support in fiscal 2021 — 10 times more than it gave the year before and more than any other public university in the United States, according to the database — plus another \$11.3 million in student fees.

repaid. It was nearly five times more than the school provided its athletics department the year before. UA athletics also received \$3 million in student fees.

The extent to which these subsidies have continued remains unclear. The 2022 fiscal year ended on June 30, but the schools have not provided public records about their spending requested by The Republic. They must file annual athletics financial reports with the state by Sunday.

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ASU and UA officials defended the elevated financial support in 2021, describing intercollegiate athletics as a critical component of the university and the student experience.

Sports economists said contributions from ASU and UA to their athletics departments likely have receded, though perhaps not to pre-pandemic levels, and cautioned the future appears precarious for the athletics finances at Arizona's largest universities.

The Pac-12 Conference, of which ASU and UA are members, is negotiating a new media rights deal, which accounts for a significant portion of its schools' annual athletics finances. But the conference is losing the nation's second-largest media market with the University of Southern California and the University of California, Los Angeles defecting to the more lucrative Big Ten Conference in 2024.

Recruiting and retaining elite athletes is growing more expensive as players are paid for the use of their name, image and likeness and able to transfer schools without sitting out a year. And the College Football Playoffs are expanding from four teams to 12 beginning with the 2024 season, increasing the competition for a national championship.

"It's a period of great uncertainty and peril for the finances of college sports," said Andrew Zimbalist, a professor of economics at Smith College in Massachusetts and an editorial board member at the Journal of Sports Economics. "And unless something is done to disrupt the direction that it's going in, college athletic departments might be experiencing deeper and deeper deficits over the coming years."

The athletics revenue crunch in Arizona is bound to continue.

Larger and larger subsidies from the state's public universities to their athletics departments could become the norm as the Sun Devils and Wildcats try to keep pace with the most competitive programs in Division I.



Arizona State takes the field to play UCLA during a Pac-12 game at Sun Devil Stadium in Tempe on Dec. 5, 2020.

ROB SCHUMACHER/THE REPUBLIC

ASU did not furlough or reduce staff but found the \$57.9 million for institutional support of its athletics department by restructuring debt service at “historically low interest rates,” according to a university spokesperson.

The school declined to answer further questions about its restructured debt. A public records request filed in September for documents related to the university restructuring its debt service in fiscal 2021 remains outstanding.

“Arizona State University, unlike most other universities during the pandemic, furloughed no one, laid no one off, and kept our operations advancing fully,” ASU President Michael Crow said in a written statement to The Republic. “We were able to do this while successfully managing all of our university activities, including Sun Devil Athletics, an integral part of the university’s identity and the student experience.”

At UA, a portion of the \$53.3 million was likewise savings from restructuring debt service, but most — \$40.2 million — was provided as a loan the athletics department must repay over 15 years, with interest, according to university spokesperson Pam Scott.

allowing the university to maintain a first-class experience for its 500-plus student-athletes,” Scott wrote in an email to The Republic.

UA loaned athletics another \$14.8 million in 2022, Scott said, which may not account for support that year and increases the total the department must repay to \$55 million.

Experts predicted that won’t happen.

“When central admin loans its athletics department money, it’s sort of like when the dad gives a kid \$20 and says, ‘You’ll pay me back, right?’” said David Carter, a professor of sports business at USC and founder of the consulting firm Sports Business Group. “They’re not giving it back. They can call it a loan. They can call it a short-term bridge. They can allocate it around the university as they see fit, from a facilities budget, from this or that financial source, but ultimately these prove to be grants, if you will.”

The reason is straightforward: Most Division I athletics departments, except for the true football powerhouses, spend more money than they generate and would run an annual operating deficit without financial support from their universities. They’re designed to spend every dollar they raise, often along with an annual subsidy.

The ASU and UA athletics departments would have faced a deficit every year since at least fiscal 2010 without millions in institutional support from their schools, and in recent years, millions more in student fees, according to public records.

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Gary Rhoades, professor of higher education at University of Arizona

ASU, UA athletics were ‘already in the red’

Major college athletics departments receive funding from numerous sources, including conference media rights agreements, corporate sponsorships, advertising, licensing, donors and ticket sales.

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But it’s often not enough, and most athletics departments receive help from their schools to make ends meet.

ASU and UA have each typically given their athletics departments between \$6 million and \$10 million each year since at least fiscal 2010. UA’s subsidy surged to \$20 million in fiscal 2021 prior to the pandemic.

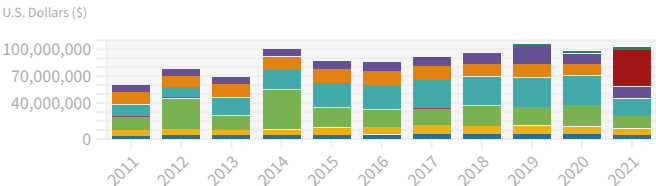
The ASU athletics department carried \$245.2 million in debt at the end of fiscal 2021, according to public records. UA athletics carried \$133.7 million in debt.

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Sources of revenue for UA athletics department

Major college athletics departments receive funding from numerous sources. Click on a source below to see how revenue streams have fluctuated over the past 10 years.



- Sources of Revenue
- Other revenue

Corporate sponsorship, advertising, licensing

Donor contributions

Competition guarantees

NCAA/conference distributions, media rights, and post-season football

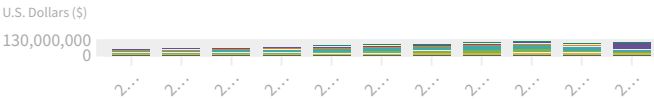
Ticket sales

Institutional/government support

Loan

Student fees

Major college athletics departments, once relying heavily on media rights and season ticket revenue streams have fluctuated over the past 10 years.



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Source: [Knight-Newhouse College Athletics Database](#)

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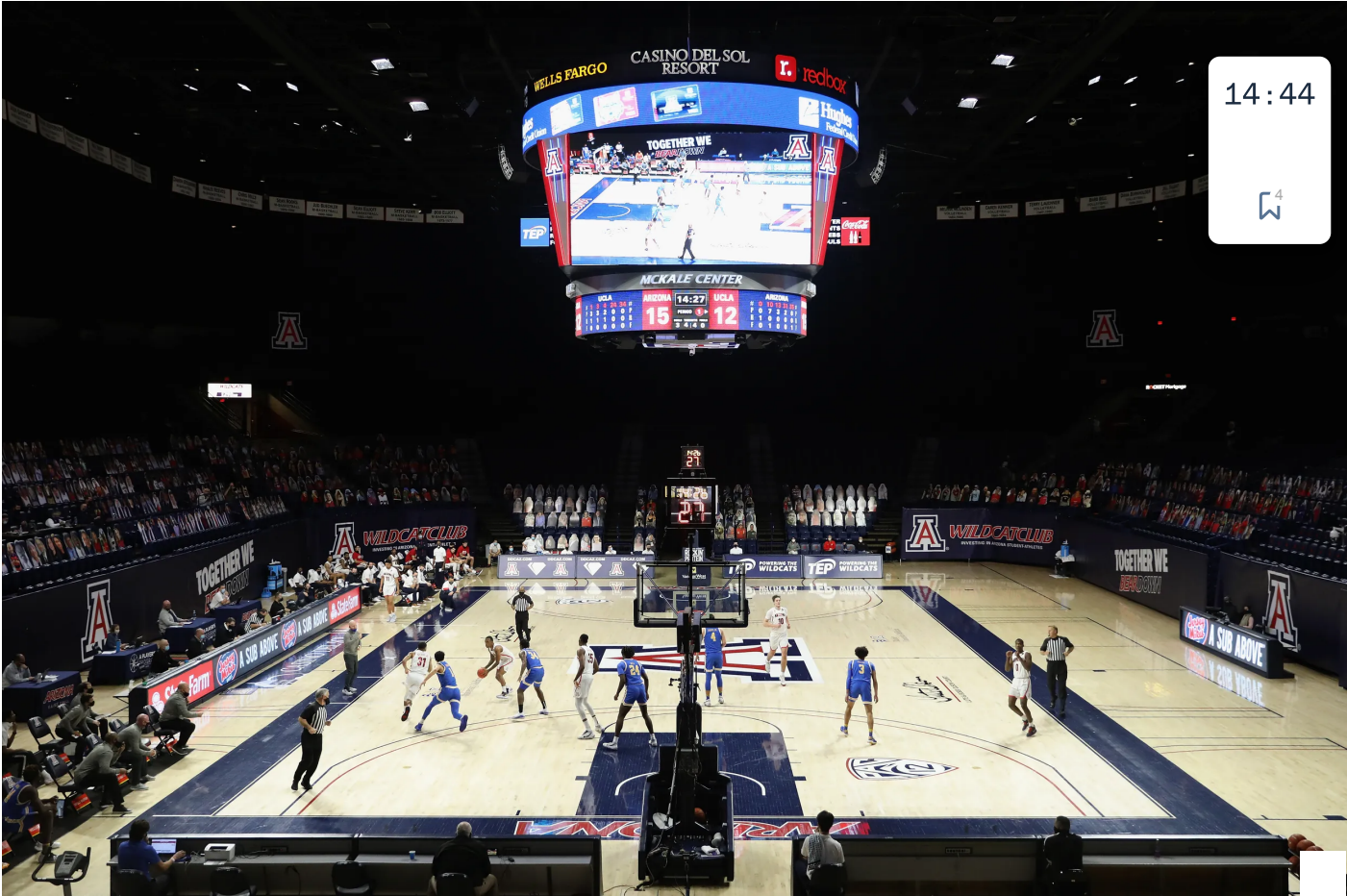
THE ARIZONA REPUBLIC

In recent years, both athletics departments’ budgets were further supplemented by student fees: ASU students have forked over another \$10 million to \$11 million each year since 2014; UA students gave \$1 million to \$3 million each year since 2017.

It’s still not enough to keep pace with annual athletics spending, which has surpassed \$100 million at both schools.

The ASU and UA athletics departments continued to lose money, despite collecting student fees, in aggregate right up until the pandemic, when media rights payouts, donor contributions and ticket sales plunged.

“It’s a lot more difficult when you’re already in the red and you lose a bunch of your revenue, as opposed to most of the schools in the SEC and most of the schools in the Big Ten that were operating closer to (breaking even) with no institutional subsidy in the first place, before

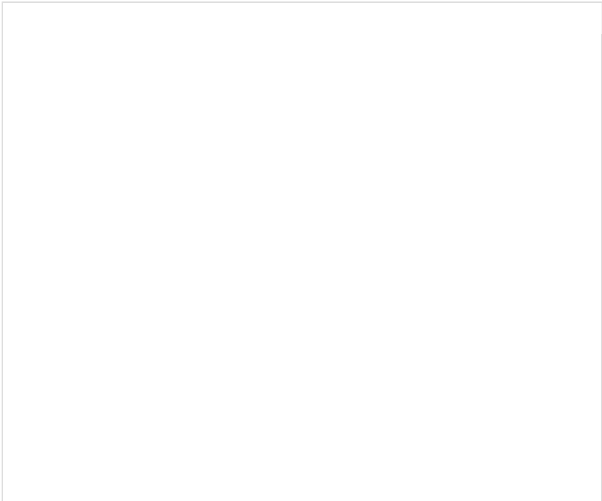


The Arizona Wildcats men's basketball team takes on the UCLA Bruins at McKale Center on Jan. 9, 2021, in Tucson.

CHRISTIAN PETERSEN/GETTY IMAGES

Help for athletics among highest in US during pandemic

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ASU and UA reported to the NCAA that they provided their athletics departments with \$57.9 million and \$53.3 million in institutional support in fiscal 2021, respectively, which covered about half of each athletics department's expenses.

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Nationwide spending on institutional support is reflected in the Knight-Newhouse College Athletics Database, a collaboration between the Knight Commission on Intercollegiate Athletics, Syracuse University's Newhouse School of Public Communications and USA TODAY. The Republic is part of the USA TODAY Network.

The database provides a comprehensive — but imperfect — picture of nationwide athletics subsidies in fiscal 2021 because of inconsistencies in the ways schools handled financial reporting.

For example: Only one other Division I public school, the U.S. Air Force Academy, gave its athletics department more than \$50 million in support that year, according to the database. But other service academies' athletics departments did not provide information based on loopholes in public records reporting requirements.

Also, UA's reporting contained an error. The athletics department should have counted its \$40.2 million loan from the university as debt, rather than revenue from institutional support, an NCAA spokesperson confirmed. UA instead reported that its debt decreased by \$5.7 million in 2021. There is no penalty associated with the incorrect filing, and the school declined to comment on it.

Since experts predicted the \$55 million won't get repaid, the difference may be a matter of semantics.

"You're taking money that's supposed to go for the educational program at the university," Zimbalist said, "and you're moving it from educational function to football or to other sports."

At least 10 Division I schools, including ASU, reported their athletics debt increased by more than \$30 million in 2021, according to the Knight-Newhouse database. The Sun Devils added \$39.8 million to their burden, none of which was attributed to an internal loan, according to a university spokesperson. Four schools reported more than \$40 million in added debt.

Knight-Newhouse database.

One additional school, Rutgers University, gave more than \$30 million. The Scarlet I have received scrutiny for lavish athletics spending and reporting loans as revenue, c to NCAA guidelines, artificially inflating athletics department earnings and concealing budget deficits.

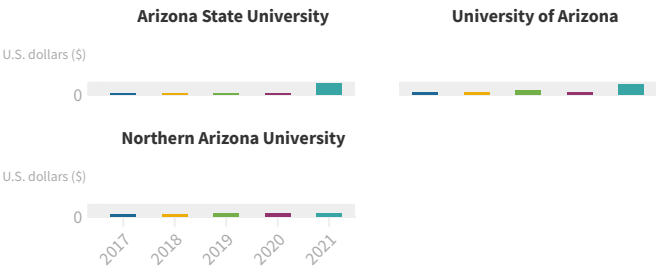
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Among the Arizona schools’ Pac-12 peers, the University of California, Berkeley, reported the next-largest infusion of institutional support at \$17.6 million, which accounted for 19% of its athletics department’s revenue, according to the Knight-Newhouse database.

Financial support for athletics at Arizona universities

ASU and UA combined to provide their athletics departments with \$125.5 million in financial support and student fees in fiscal 2021, a massive increase from previous years, according to financial reports compiled in the Knight-Newhouse College Athletics Database.



That level of spending is typical in the Football Championship Subdivision and mid-major conferences, where athletics departments with lesser revenue streams lean harder on their

For example: Northern Arizona University, the state's only other public university, often funds as much as three-quarters of its athletics department's budget. The school gave its athletics department \$16.7 million, or 69% of its revenue, in fiscal 2020, nearly as much money as ASU (\$5.7 million) and UA (\$11.8 million) combined.

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In fiscal 2021, NAU's direct athletics support dipped to \$15.4 million while the subsidies ASU and UA skyrocketed.



The Sun Devils and Wildcats didn't spend all the money right away: ASU athletics closed fiscal 2021 with a \$13.9 million surplus. UA athletics had an excess \$8.3 million.

The universities declined to reveal how much they have since spent on athletics.

Annual comprehensive financial reports, released in October, combine the athletics department's finances with other "auxiliary" revenue and expenses. But a clearer picture will emerge once the schools file annual athletics financial reports with the NCAA.

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(I)t's really about marketing and branding the entire university. The vessel just happens to be athletics.

David Carter, professor of sports business at the University of Southern California

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'Broken priorities' vs. big picture

Laurie Stoff, a professor at ASU's Barrett Honors College and a leader of the United Campus Workers of Arizona union, said devoting tens of millions of dollars to athletics is the wrong approach for a university with a mission of inclusive public education.

Many campus employees aren't getting paid what they should, Stoff said, and students struggle with tuition costs, housing and debt. The union advocates for higher wages,

“Maybe a good use of that \$58 million would be to provide extended health care benefits to graduate students who have eyes and teeth and children,” Stoff said.

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Taylor Street at Arizona State University's downtown Phoenix campus is filled with students on the first day of classes on Aug. 18, 2022.

ANTRANIK TAVITIAN/THE REPUBLIC

The Arizona universities have made financial decisions in recent years while factoring in less support from the state. Arizona cut more funding from higher education and raised in-state tuition more than any other state in the nation in the decade following the Great Recession, according to the Center on Budget and Policy Priorities, disinvestment that birthed fierce battles and criticism of the Board of Regents, which governs the three state schools.

No state has provided less financial support for higher education per full-time equivalent student than Arizona each year since 2014, according to the National Science Foundation.

Despite decreasing support from the state, university administrators have found creative ways to grow their budgets.

“It’s investing tens of millions of dollars in an auxiliary unit at the same time that the main body of the institution is getting savaged,” Rhoades said. “During the worst health or economic crisis arguably in a century, who do you help first? You look at the athletic department and say, ‘Who are we actually helping?’”

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From a big-picture perspective, the \$125.5 million provided to ASU and UA athletics in fiscal 2021 represented a small piece of each school’s total annual expenses, which surpassed \$3 billion at ASU and \$2 billion at UA.

And the return on investment may be greater than it appears.

“You’re not justifying it within athletics alone,” said Carter, the sports economist at USC. “You’re justifying it by saying, ‘This department of the university is only worth a couple percent of our revenue. But it’s 20 times that in terms of brand.’ So when we think about giving the athletic department money, it’s really about marketing and branding the entire university. The vessel just happens to be athletics.”

Pac-12 media rights worth far less than Big Ten, SEC



The Pac-12 Conference logo at United Airlines Field at Los Angeles Memorial Coliseum before a game.

KIRBY LEE-USA TODAY SPORTS

There is hope a new Pac-12 media rights deal can help stem future losses, despite USC and UCLA leaving in 2024 for the far wealthier Big Ten.

In August, the Big Ten signed the richest media rights deal in college sports history, receiving \$8 billion over seven years from CBS, Fox and NBC, an average of \$1.15 billion per year until 2030, according to Sports Business Journal.

Each Big Ten school will receive, on average, around \$70 million per year.

But the Pac-12 may command only half as much when its current deal with Fox and ESPN expires in 2024. It has paid schools an average of \$21 million per year since 2012.

“My estimation is they’re going to get around \$30 million per school,” said Bob Thompson, the former president of Fox Sports Networks and Fox Sports International and the founder of Scottsdale-based Thompson Sports Group.

Thompson compared the Pac-12 to the Big 12 Conference, which earned an average of \$20 million per school per year from its last media rights deal and is similarly losing two marquee

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In October, the Big 12 signed an extension with Fox and ESPN that pays its schools an average of \$32 million per year until 2031, nowhere near Big Ten and SEC money.

“The first thing people have to get out of their mind is that they need to generate the same amount of dollars that the SEC and the Big Ten do,” Thompson said. “It’s a fool’s game to try and chase that. You’re going to have to learn to operate within what’s realistic for your conference and your institution. You can’t put it on the state to make the difference. You can’t put it on the students. You just have to operate in a different world. You have to operate on a smaller budget.”

leaving the rest behind.

How much will ASU and UA continue to spend on athletics?

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“You don’t need \$100 million to run an athletics program,” Matheson said. “They just need to spend that amount on an athletics program. You can always spend less. The question is whether you can spend less and still keep those wins coming.”



Jason Wolf is a sports enterprise and investigative reporter for The Arizona Republic. Reach him at jason.wolf@gannett.com and follow him on Twitter at [@JasonWolf](https://twitter.com/JasonWolf). USA Today sports reporter Steve Berkowitz contributed to this report.

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