



NMSU and UNM Sports Entertainment Expenditures Continue to Burden Academic Programs and Students

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INTRODUCTION

With the price of a college education rising in New Mexico (and across the nation) is it right for students and their families to bear the cost of supporting semi-pro athletic teams? Should taxpayers be expected to foot the bill for sports teams? And finally, should institutes of higher learning be in this business in the first place?

Mario Moccia, New Mexico State University's (NMSU) Athletic Director's believes the cost is worth it. He was asked in 2015 "does it make financial sense to continue on this model for a college Football team?" He responded:

No. But the reality is Football is a big part of the fabric of any institution, of the community, obviously more so at some places than others, but it's a big part of college life.

Whether we're doing well at the box office, I still think it's a great rallying cry for everybody to come together ... I think it's beneficial even if it's not turning a quote-unquote profit.¹

In 2017 NMSU won its first football bowl victory in over sixty years, so his observation may have had some short-term credence. But it was back to a more typical performance 2018 as NMSU notched yet another losing season.

NMSU is hardly alone. The University of New Mexico shares the spotlight for sports entertainment excesses and certainly was at the center of the sports/financial debate during the 2019 Legislature. In 2018, columnist Sherry Robinson questioned the sustainability of UNM's sports programs in a piece, "Time to Ask: How is UNM Athletics paying for itself and Helping the University."² She reports nearly \$700,000 in missing revenue, comingling of state and private money, and cronyism. Her broader point is UNM's sports entertainment is serving at the expense of academic programs and on the backs of its students.

In fact, it is UNM athletics and the decision to cut a few sports programs due to budget challenges (and ongoing legislative efforts to restore those sports) that have generated recent headlines and attention. Efforts in the Legislature to repeal those cuts failed in the Legislature, but the debate

¹ Davis, Ron. "Why This NM University Would Keep A Struggling Division I Football Team." *Albuquerque Business First*, August 28, 2017 <https://www.bizjournals.com/albuquerque/news/2017/08/28/why-this-nm-university-would-keep-a-struggling.html>.

² Robinson, Sherry. "Time to Ask: How is UNM Athletics paying for itself Helping the University," *Los Alamos Monitor*, January 3, 2018. <https://www.lamonitor.com/content/time-ask-%E2%80%98how-unm-athletics-paying-itself-and-helping-university%E2%80%99>.

highlights what should be a useful and important discussion about sports and New Mexico's universities.³

House Bill 320 was set to provide the UNM Board of Regents with two million dollars to bring back three minor sports—skiing, beach volleyball, and soccer. Fulfilling a Democratic Party campaign promise the bill would have helped redress the long funding inequity between major and minor sports funding at the university.⁴ UNM's Board of Regents voiced opposition to the largess, saying it did not ask for salvation.

The bill's other components would have required UNM to annually provide the Legislative Finance Committee (LFC) with coaches and Athletic Department officials salaries and other payments to coaches as well as reporting of travel expenses and other information.⁵ Opponents rightly point out that the Legislature should not be micromanaging the University internal affairs. Yet neither university has positively responded to the LFC 2010 admonition regarding major sports vis-à-vis NMSU's Mission Statement.⁶

This paper is not just about any specific university or sports program, nor is it about the success or failure of particular sports on the field or arena. Rather, it is about priorities and whether costly semi-professional sports make sense within the overall context of taxpayer-funded universities in New Mexico.

THE NATIONAL PLAYBOOK

It is difficult to reconcile these costly sports entertainment programs with NMSU and UNM's primary educational missions and the major infusions of taxpayer money they require.

According to their mission statements, both NMSU and UNM seek to provide their stakeholders with comprehensive educational, research, and service programs. The word order, educational, research, and service suggest a prioritization that in practice appears misaligned. Here we are specifically referring to the two institutions' male dominant basketball and football programs. While each institution also supports an array of minor sports, those programs do not receive comparable funding and related institutional support that is lavished on the basketball and football programs at the expense of academic programs.

A 2010 *Albuquerque Journal* article reported that \$4.1 million was to be diverted from general instruction and research lines "to prop up athletic programs."⁷ It then reported that the LFC had advised NMSU that athletic programs were "not central" to the university's educational mission. It recommended that the NMSU administration reduce the amount of academic money that was being diverted to balance athletic programs' budget. The same assessment could be safely applied to UNM and

³ Boyd, Dan, "Senate Panel Spikes House Bill's Sports Mandate," *Albuquerque Journal*, March 11, 2019, <https://www.abqjournal.com/1290738/senate-panel-spikes-unm-sports-mandate-from-budget-bill.html>.

⁴ Dan McKay, Geoff Grammer, and Dan Boyd, "Dem leaders move to save UNM sports." *Albuquerque Journal*, January 25, 2019 <https://www.abqjournal.com/1272759/house-leaders-offer-2m-to-save-unm-soccer-other-sports.html>.

⁵ *Ibid.*

⁶ Higher Education at UNM and NMSU, Legislative Finance Committee, August 11, 2010, https://www.nmlegis.gov/Entity/LFC/Documents/Program_Evaluation_Reports/HED%20-%20New%20Mexico%20State%20University,%20University%20of%20New%20Mexico.pdf

⁷ Romo, Rene. 2010, "NMSU Athletics To Get \$4.1M from Academics," *Albuquerque Journal*, August 14. <https://www.abqjournal.com/news/state/1404919state08-14-10.htm>.

many other big-name institutions nationally. Of the NCAA’s major sports divisions, relativity, few pay for themselves. NMSU’s response appears muted at best.

This paper will review institutional budget performance with subsidies, season records, and head coach remuneration that suggest the misalignment continues, more often supported by anecdote and myth – burdens assigned to their primary stakeholders – students, faculty, staff, and taxpayers. NMSU, UNM, and peer flagship public institutions throughout the nation overstate the institutional value of their basketball and football programs. They proudly point to elevated school spirit, the prospect of ever larger gate receipts, licensing revenue, donations, legislative largesse, and increased student applications propelled by successful men’s basketball and football Division I programs.

Even if the recent seasons were not successful, additional financial support would surely lead to a more competitive team next season. Competitive teams are defined by consistent high conference standing and post-season tournament appearances if not a success. Unfortunately, for the majority of institutions, the financial turnaround remains on an ever-receding horizon dependent on next “investment.”

This nationwide playbook litany has been largely supported by anecdotal accounts and myths rather than hard performance data. Cornell economist Robert Frank found few among the NCAA Division I Football teams, the top tier of the sport, which does not need millions in student fees and university support to balance the books. The few that do tend to be concentrated in the nation’s premier conferences rather than their lesser known regionals counterparts.⁸ Unfortunately, for many institutions, the performance turnaround remains on an ever-receding horizon, and dependent on the next year’s institutional investors. F. King Alexander, Louisiana State System President, has been quoted “You can almost pick off the top four or five in each conference and say, “They’ll make it, but the rest are not going to be able to keep up.”⁹

Further, it should be noted that not all conferences enjoy the same national celebrity and cash flow enjoyed by the ACC, Big Ten, and Big 12, Pac-12 and SEC conferences. The conferences that NMSU and UNM have been associated with do not enjoy national celebrity.

FACT CHECKS

NMSU and UNM’s appropriations continue to remain uncertain while instructional and research expenses increase each year. Basketball and football programs remain disappointing cash drains in most recent years. Financial records are summarized in Tables I and II provide a basis for comparing fact with the mythical litany.^{10 11} Season and post-season performance records are presented in Tables III, IV, V, and VI^{12 13 14 15} will close the loop and suggest a long-term failed promise.

⁸ Knight Commission on Intercollegiate Athletics. “Sports 101,” 2009. <https://www.knightcommission.org/>

⁹ Rabalais, S. “Alexander discusses issues facing LSU, SEC.” *The Advocate*, May 2014, http://www.theadvocate.com/baton_rouge/sports/lsu/article_fb490216-7536-52b8-b440-6e292d204875.html.

¹⁰ New Mexico State University. 2018. “Aggies School History.” <https://www.sports-reference.com/cbb/schools/new-mexico-state/>.

¹¹ University of New Mexico, 2017. “Final Responsive Documents.”

¹² New Mexico State University, 2017. “All About New Mexico State University.”

¹³ New Mexico State University, 2018. “Aggies School History.” <https://www.sports-reference.com/cbb/schools/new-mexico-state/>

¹⁴ University of New Mexico, 2017 “Lobos School History.” <https://golobos.com/>

¹⁵ University of New Mexico, 2017 “New Mexico Lobos School.” <https://golobos.com/>

The *Albuquerque Journal* reported in July 2017 that the UNM athletic department expected a \$97,811 deficit for the fiscal year ending June 30, 2017. 2017 was the eighth deficit since 2008. It is modest when compared to the \$1,535,257 booked in 2016. In total, the department has shorted the University \$4.4 million in recent years.¹⁶ Retired Vice President for Athletics, Paul Krebs, was then reported to have presented bright forecasts that things would improve next year.

The fiscal 2017 deficit would have been deeper were it not for an unbudgeted \$1.5 million from Football television appearances last season and saving \$170,000 by freezing numerous positions. These one-time actions were also supplemented by the annual mandatory student athletic fee, charged to students. Subtracting the windfall and staff savings and the student athletic fee the deficit would have been much larger.

NMSU's annual expense appetite too often exceeds its revenue streams. Its attempts to cut expenses have to date proved unsuccessful in light of inadequate revenue. From the 2015 fiscal year through 2018, NMSU Athletics cut \$1,053,792 from its recurring budget and \$511,700 from its non-recurring budget yet it posted deficits. Without the subsidies from the university and mandatory student athletic fee, the deficits would have been even deeper. The equestrian program, a competitive showcase albeit minor sport, was dropped.

Its 2018 fiscal year budget is expected to be marginally less than its \$17,442,281 2017 budget. The athletic program expects \$3,206,820 from student fees and \$4,372,717 from the university instruction and general fund. External sources \$2.1 million in NCAA and conference distributions, \$2.96 million in game guarantees, and \$1.2 million in ticket sales.

The Financial Record

The authors filed Inspection of Public Records requests for each institution's Basketball and Football program's financial performance for the last ten seasons. Tables I and II summarize their performances. In spite of the annual rosy predictions made by their athletic program leaders and endorsed by NMSU and UNM executives and subsequently their Governing Boards both institutions' Basketball and Football programs have failed to at least break even in recent years.

On average its Football program expenses have been twice total revenue. For its most recent season, its costs exceeded total income by 65%. NMSU Basketball's aggregate revenue and expense totals are less than half of the Football aggregate; its costs were two and a third times greater than its income. For its most recent season expenses surpassed revenue. Table I presents the aggregate revenue, expense and balances for NMSU's Basketball and Football over the over a decade,

The Performance Record

Tables III, IV, V and VI present each program's wins, losses, wins record season and postseasons respectively. Save for a lackluster 2017 season, predictions for a better Aggie Football season on the horizon have yet to materialize. Nor is there any reason to see a brighter future. Unlike its Football record, the Aggie Basketball performance record is better. It has won two-thirds of its season games. In the postseasons, it has made it to the NCAA Tournament six times. A first-round loss in 2018 was its most recent. Neither institution can claim affiliation with a major conference. Aside from a few

¹⁶ (Grammer, Geoff. 2017, "UNM Athletics To Post Another Deficit, Builds 2018 Budget On Optimistic Projections." *Albuquerque Journal*, July 18. <https://www.abqjournal.com/1008386/revenue-up-for-unm-athletics.html>.)

Cinderella seasons, they have not tallied impressive season or postseason win-loss records. The prediction that “next year will be better” continues.

Coaches’ Salaries

Tables VII and VIII present Head Basketball and Football Coaches’ salaries by the institution.^{17 18} The seven digit coaching salaries in the Premier Conferences frequently make national headlines. Lest it is forgotten, UNM gifted its then Basketball Coach, Craig Neal, a \$200,000, salary increase, in his 2014 contract extension. At \$950,000, he became among New Mexico’s highest-paid public employees as well as the Mountain West Conference’s. The spread between Mr. Neal’s salary and the faculty, affirms the misalignment between UNM’s education mission and sports entertainment.

There are nearly 2000 professors listed in the salary book.¹⁹ Their average is near \$120,000 though this figure is heavily skewed by several top-earning professors, almost all of whom come from the medical school. In total, less than 10 percent in the professorial ranks earn salaries of \$250,000 or more a year. More than half the professors in the Salary Book make less than \$100,000 a year.

Also affirming the misalignment with UNM’s published mission, the revised contract dropped a bonus for team academic success. Then Vice President for Athletics, Paul Krebs, was quoted that “he feels academic success is to be expected and no longer needs to be included in incentive clauses.” Mr. Neal’s 2014 contract revision also gifted him a \$1 million golden parachute; he was abruptly fired in Spring 2017 with three years remaining on his 2014 revised contract.

Mr. Neal’s replacement, Mr. Paul Weir will be paid \$300,000 in his first year of a six-year UNM contract. With endorsements and public appearances, his total remuneration could reach \$625,000. Mr. Weir is said to leave NMSU with a \$500,000 buyout.

Constraints and Conclusions

With the preponderance of hard data, the answer seems clear. Continued deficit spending on the forecast that things will be better in the next Basketball and Football season has not been validated.

The promise that more talented coaches and athletes will be recruited is flawed. Their talent pools are limited by the draw of Basketball’s Power Seven athletic conferences and Football’s Power Five conferences. Elite conference institutions should hold a greater attraction for highly successful and sought-after coaches and athlete recruits.

A review of Table V escalating coaches’ salaries and incentives are imperfect predictors of success or attracting and holding top-tier coaches.

Increasing revenue by scheduling games with superior opponents is a tactic used throughout the nation. Its ethics are questionable often leading to predictable defeats that embarrass both the athletics and their institution.

Charging students mandatory athletic fees is also ethically questionable, especially since it adds to their tuition and fees debt. Permitting students to vote with their feet would validate or invalidate one of the rationales from traditional support playbook.

¹⁷ New Mexico State University, 2017. “Basketball and Football Coach Listings. “<https://nmstatesports.com/>

¹⁸ University of New Mexico 2018 University of New Mexico. 2018” Basketball Record by Year.” www.sports-reference.com/cfb/schools/new-mexico/

¹⁹ University of New Mexico. 2018 “Football Record by Year.” www.sports-reference.com/cfb/schools/new-mexico/.

Recommendations

In a poor, sparsely populated state like New Mexico the best outcome is for the two major universities to act together in aligning their Basketball and Football programs with financial and long-term performance realities. These sports entertainment programs should not outweigh fundamental mission priorities. Rather we suggest a modest proactive plan to align them with institutional mission statements. These actions will also aid in coping with two uncertainties, tuition revenue and the level of state subsidies.

Specifically, NMSU and UNM Regents should each develop and implement a plan for terminating or combining enough sports programs (football is the obvious choice, but the discussion cannot be limited to football) no later than June 2023. An orderly phasing of one red ink sport will lead to significant staff, travel, infrastructure, maintenance, and, overhead savings. In aggregate, these savings can be assigned to higher priority academic programs. The unethical burden of mandatory student athletic fees should also be eliminated no later than September 2022.

Successful implementation will reflect a long-awaited response to the LFC’s 2010 assessment on the marginal centrality of dominant intercollegiate programs.²⁰ Supporting the minor sports might attract more student attention and participation on otherwise boring Friday nights and Saturday afternoons. Some of the money saved could be allocated to support the many minor sports at each institution.

Table I

NMSU’s Football and Basketball Program Balances 2009 -- 2018								
	Football	Football	Football		Basketball	Basketball	Basketball	Combined
NMSU	Revenue	Expenses	Balance		Revenue	Expenses	Balance	Balance
2018	2,539,500	4,203,234	-1,663,734		776,500	1,932,676	-1,156,176	-2,819,910
2017	3,355,108	4,111,871	-756,763		669,500	2,122,346	-1,452,846	-2,209,609
2016	2,478,380	4,287,435	-1,809,055		926,945	1,912,710	-985,765	-2,794,820
2015	1,667,750	3,958,427	-2,290,677		976,500	1,667,531	-691,031	-2,981,708
2014	2,554,000	4,419,147	-1,865,147		942,250	1,670,337	-728,087	-2,593,234
2013	1,821,250	4,095,097	-2,273,847		926,500	1,679,388	-752,888	-3,026,735
2012	2,628,750	3,730,885	-1,102,135		807,000	1,561,066	-754,066	-1,856,201
2011	1,500,000	3,668,084	-2,168,084		823,500	1,916,604	-1,093,104	-3,261,188
2010	1,725,000	3,849,354	-2,124,354		786,000	2,033,954	-1,247,954	-3,372,308
2009	1,600,000	4,940,201	-3,340,201		750,000	2,428,107	-1,678,107	-5,018,308
Total	21,869,738	41,263,735	-19,393,997		8,384,695	18,924,719	-10,540,024	-29,934,024

²⁰ Higher Education at UNM and NMSU, Legislative Finance Committee, August 11, 2010, https://www.nmlegis.gov/Entity/LFC/Documents/Program_Evaluation_Reports/HED%20-%20New%20Mexico%20State%20University,%20University%20of%20New%20Mexico.pdf

Table II

UNM's Football and Basketball Program Balances 2009 -- 2018

UNM	Football Revenue	Football Expenses	Football Balance	Basketball Revenue	Basketball Expenses	Basketball Balance	Annual Surplus
2017	-348,330	421,854	-770,184	-680,828	299,231	-980,060	-1,750,243
2016	18,925	602,254	-583,329	-335,428	316,659	-652,087	-1,235,416
2015	-20,340	496,008	-516,347	314,780	310,770	4,010	-512,338
2014	-28,238	481,979	-510,217	303,294	289,567	13,726	-496,491
2013	495,759	769,986	-274,227	321,806	474,095	-152,290	-426,517
2012	206,072	674,655	-468,583	533,518	551,582	-18,064	-486,647
2011	146,502	679,996	-533,495	333,812	463,056	-129,244	-662,739
2010	-5,095	703,539	-708,634	269,212	424,517	-155,305	-863,939
2009	-271,518	729,481	-1,000,999	-365,603	442,974	-808,577	-1,809,575

Table III

NMSU Basketball Performance 2009-17

Season	Basketball Wins	Basketball Losses	Basketball Postseason Wins	Basketball Postseason Losses	Basketball Win Pct.
2016-17	28	6	0	1	0.80
2015-16	23	11	0	0	0.68
2014-15	23	11	1	1	0.67
2013-14	26	10	1	1	0.71
2012-13	24	11	1	1	0.68
2011-12	26	10	1	1	0.71
2010-11	16	17	0	0	0.48
2009-10	22	12	0	1	0.63
2008-09	17	15	0	0	0.53
2007-08	21	14	0	0	0.60
2006-07	25	9	0	1	0.71

Table IV
NMSU Football Performance 2009-17

Season	Football Wins	Football Losses	Football Postseason Wins	Football Postseason Losses	Football Win Pct.
2016-17	6	6	1	0	0.54
2015-16	3	9	0	0	0.25
2014-15	3	9	0	0	0.25
2013-14	2	10	0	0	0.17
2012-13	2	10	0	0	0.17
2011-12	1	11	0	0	0.08
2010-11	4	9	0	0	0.31
2009-10	2	10	0	0	0.17
2008-09	3	10	0	0	0.23
2007-08	3	9	0	0	0.25
2006-07	4	9	0	0	0.31

Table V
UNM Basketball Performance 2009-17

Season	Regular Season Wins	Regular Season Losses	Postseason Wins	Postseason Losses	Total Win Pct.
2016-17	17	14	0	0	0.55
2015-16	17	15	0	0	0.53
2014-15	15	16	0	0	0.48
2013-14	27	7	1	1	0.78
2012-13	29	6	1	1	0.81
2011-12	28	7	2	1	0.79
2010-11	22	13	0	0	0.63

2009-10	30	5	1	1	0.84
2008-09	22	12	0	0	0.65
2007-08	24	9	0	0	0.73
2006-07	15	17	0	0	0.47

Table VI
UNM Football Performance 2009-17

Season	Regular Season Wins	Regular Season Losses	Postseason Wins	Postseason Losses	Total Win Pct.
2017	3	9	0	0	0.25
2016	9	4	1	0	0.71
2015	7	6	0	1	0.50
2014	4	8	0	0	0.33
2013	3	9	0	0	0.25
2012	4	9	0	0	0.31
2011	1	11	0	0	0.08
2010	1	11	0	0	0.08
2009	1	11	0	0	0.08
2008	4	8	0	0	0.33
2007	9	4	1	0	0.71
2006	6	7	0	1	0.43

Table VII

Head Basketball Coaching Salaries

Year	UNM	NMSU
2016-17	153,000	250,000
2015-16	153,000	339,991
2014-15	153,000	339,991
2013-14	153,000	339,991
2012-13	624,200	339,991
2011-12	624,200	339,991
2010-11	624,200	339,991
2009-10	624,200	339,991
2008-09	624,200	339,991

Table VIII

Head Football Coaching Salaries

Season	UNM	NMSU
2017	422,690	364,044
2016	422,690	364,044
2015	422,690	364,044
2014	422,690	364,044
=2013	422,690	364,044
2012	422,690	370,260
2011	300,000/140,000*	370,260
2010	300,000	370,260
2009	300,000	370,260
2008	240,000	222,686

*In season change of coaches