Cut from the Team

Athletics Program Eliminations in the Age of COVID-19

Huron Insights

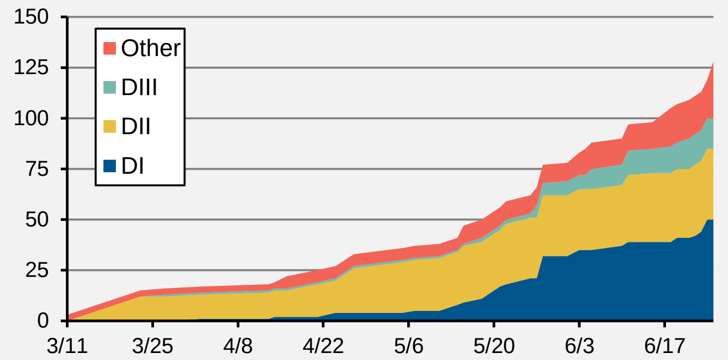
Athletics

The financial strains of the COVID-19 pandemic have driven many institutions to reassess the size and funding levels for athletics departments. More than 45 institutions have eliminated programs since the start of the crisis in March – largely for financial reasons – though most of these institutions were discussing eliminations, or “cuts”, before the current crisis. We anticipate program eliminations to continue through the end of the summer, though there will be a slowdown as institutions approach the fall term.

Recent Cuts by the Numbers

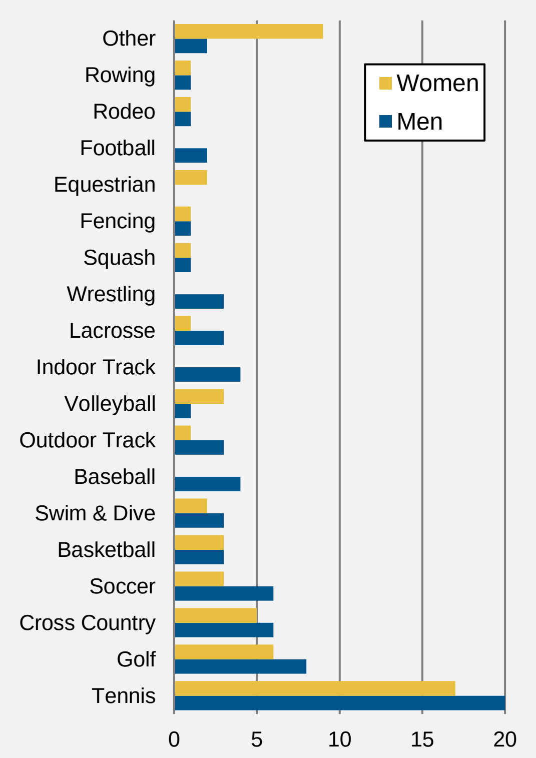
Historically, most athletics departments across the US have been significantly subsidized by institutional funds. In 2018[1], Division I FCS athletics departments ran an average $13.9M annual deficit – 74% of the median athletics budget – which needed to be backfilled by institutional funds. Given the high cost of some teams and competing strategic priorities, institutions often eliminate programs during times of financial crisis. In the wake of the Great Recession in 2008-2009, institutions eliminated over 200 athletic programs[2].

Figure 1: Programs cut by Division, 2020



In the last three months, 46 institutions have eliminated 128 varsity athletic programs[3]. Most of these cuts have been attributed to anticipated budget shortfalls because of the COVID-19 pandemic. **Old Dominion University** and the **University of Cincinnati** were the first Division I institutions to announce cuts in March 2020. Both institutions cited strategic alignment and increased financial pressures from the COVID-19 pandemic as rationale for these cuts.

Figure 2: Programs cut by Sport, 2020



Of the 128 programs cut since the start of the COVID-19 pandemic, 29% have been tennis programs and 11% have been golf programs; the other 60% of programs are spread across 26 different sports. Institutions have targeted programs such as tennis and golf due to high relative operating costs, facility needs, and limited visibility on campus paired with limited to no program revenue. Other sports with lower operating costs – like track and field – have not been cut as frequently.

Budget Reality and Rationale

Institutions have evaluated several criteria in addition to finances when considering program cuts – including Title IX compliance, student diversity, impacts on enrollment and philanthropy, and overall program success. However, most institutions that announced program eliminations recently have cited either ***budgetary constraints*** or ***strategic restructuring*** as the primary rationale.

Most institutions that have cut programs have projected budget shortfalls caused by the COVID-19 pandemic and have cited projected deficits as a reason to eliminate athletic programs. For example, the **University of Connecticut** announced the elimination of four programs on June 24, as part of a directive to reduce the institutional support of athletics by 25% (approximately $10M) in response to the financial pressures of the COVID-19 crisis. Connecticut cited several factors in the determination of which sports would be cut, including “cost of programs, existing and traditional strengths of each program, the quality of facilities…and Title IX compliance considerations.”[4]

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While most of the recent cuts are due to the financial strains of the COVID-19 pandemic, some institutions have taken the opportunity to reduce the number of sports teams for strategic reasons and reallocate funds within the athletics department. For example, on May 28, **Brown University** announced a significant athletics restructuring effort to cut eight varsity sports teams and elevate two club teams to varsity status, while leaving the overall budget the same. Brown focused on shifting financial resources within the athletics department to invest in select sports teams and highlighted several reasons why the eight sports teams were selected for elimination including, "athletic competitiveness, roster sizes, and the quality of facilities."[5]

In the Works for a While

Regardless of the motivation, most institutions that have announced recent cuts have been weighing these decisions long before the COVID-19 crisis began – the current environment just accelerated their decisions. Recently, in eliminating its men's lacrosse and baseball programs, **Furman University** stated it was, "already in the process of developing a comprehensive long-term strategy for its athletics programs in alignment with its investment in its academic mission and vision…the financial impact of the COVID-19 pandemic accelerated this process."[6]

The Difference a Conference Makes

The Mid-American Conference (MAC) has the highest number of program cuts of all Division I conferences. Two high profile examples in the MAC include **Central Michigan University** – which eliminated its men's track and field program to save $628,798[7] – and the **University of Akron** – which announced a 23% reduction in its athletics budget (roughly $4.4M) by eliminating three programs and reducing personnel expenses in the athletics department[8].

None of the Division I institutions in the "Power 5" conferences (ACC, Big Ten, Big 12, Pac-12, & SEC) have eliminated any athletic programs. These institutions tend to generate higher revenues through lucrative sponsorship contracts and conference revenue distributions – which means they are likely better able to weather the financial impact of the current crisis. For example, Power 5 conferences stand to generate $4.1BN in revenue from the upcoming football season alone[9]. Institutions in the "Group of 5" conferences such as the MAC do not generate as much revenue and often have thinner margins – which coupled with institutional financial constraints is forcing program eliminations.

Figure 3: Conference Comparison[10]

The following table illustrates the disparity in the financial situation for football teams in "Power 5" conferences (illustrated by the Southeastern Conference) and the "Group of 5" conferences (illustrated by Conference USA) in 2018. Institutions in Conference USA need to support 61% of their football budgets, whereas SEC institutions only need to cover 1% of their football budgets.

Conference	2018 Revenue	Conference Revenue[1]	Institutional Support[2]
Southeastern Conference	$1.9BN	35%	1%
Conference USA	$433.5M	10%	61%

1 Includes NCAA/Conference distributions, media rights, and post-season awards

2 Includes institutional support, government support, and student fees

Looking to the Future

As higher education continues to be confronted with budget shortfalls and COVID-19-related restrictions, we anticipate that cuts will continue until the financial outlook stabilizes. The number of announcements has grown steadily over the past two months – with an average of 1.7 teams eliminated each day since the start of May – but we anticipate that eliminations will slow as institutions head into the fall term. Also, since many of the initial announcements were under discussion before the pandemic, the fast pace of announcements likely represented a backlog of institutional decision-making. Ultimately, as institutions continue adapting to the "new normal", we anticipate that intercollegiate athletics will continue evolving and reshaping over the coming months.

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