

New Jersey Swimming Inc / Board of Directors  
Meeting April 2014  
Member at Large / Club Development Chair Report  
Matthew Donovan / SVY Swimming

1. NJ Logo – this issue has come to a stand still – It has been strongly advised by USA Swimming (via Matt Farrell) for us to not pursue this agenda
2. I spoke with Peter Clark of USA Swimming and he is planning a visit to New Jersey in June of this year - Specific date = TBD
3. An opportunity to apply for a USA Swimming Grant (of approx \$2,000.00) was offered to NJ Swim to partner in a Pilot program to help foster Club development was reviewed. Upon further discussion with Kip H, Tristen and USA Swim (MJ) – it was decided to decline this offer. It is my experience in my last 1-2 years on this job that we do not need the money and would be unfair to take it away from an LSC that has greater needs. In the past I have needed little to no money to achieve my duties in the position and cannot see using the money and offer a quality report back to USA swimming (due December 2014). It was also suggested that if for some reason we did need the money, we might be able to find some in the current NJ swim budget.
4. In the article below (USA Today Feb 2014) – we will note that RU is adding \$47 Million to its athletic budget and not reinstating the Mens Varsity swim team. Is this a campaign that NJ swim wants to Champion once again?

## Subsidy of Rutgers athletics jumps 67.9% to \$47 million

Keith Sargeant and Steve Berkowitz, USA TODAY Sports

Rutgers University president Robert Barchi oversaw a record external subsidy for a public university athletics program in 2013. (Photo: USA TODAY Sports)

### Story Highlights

- The external subsidy from the school is the largest seen for a Division I public institution
- The subsidy provided more than half of the athletic department's budget in 2012-13
- President Robert Barchi expects the department to be financially independent by 2020

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In order to fund a sports program that university officials say will generate close to \$200 million of additional revenue in its first 12 years in the Big Ten, [Rutgers subsidized the athletics department nearly a quarter of that amount last year](#), according the institution's financial report filed to the NCAA last month. The report, obtained in response to an open-records request from USA TODAY Sports and Indiana University's National Sports Journalism Center, shows that the Rutgers athletics department received nearly \$47 million in subsidies from the university's allocations fund to make up for a shortfall in the approximately \$79 million athletics budget during the 2012-13 season. It's an increase of 67.9% from the \$27.9 million subsidy the athletics department received in 2012.

### SPENDING: College athletic finance database

The \$46,996,697 total subsidy, which includes \$9,877,989 in student fees, \$12,601 in government support specifically earmarked for the athletics department and \$37,106,107 in direct institutional aid, is

by far the most an NCAA Division I public school athletics program has received in a single year during the nearly 10 years for which USA TODAY Sports has examined spending and revenue data.

The nearly \$47 million subsidy from an institution that partially relies on taxpayer funds means the state university subsidized 59.5 percent of the athletics department's total allocations. That's the largest percentage since 2005 — a 15.8 percent spike from last year — and its total allocated revenue is an amount that is greater than the total athletic operating revenues of all but 53 of Division I's 228 public school athletics programs in 2011-12.

Although the student fees subsidy increased 3.8 percent from last year, direct-institutional support more than doubled from the \$18.5 million that the university provided in 2012. The more than \$37.1 million is almost double the greatest amount of direct institutional support any Division I public school has received in a single year since 2004-05, and it would have covered the total operating expenses of 164 Division I public-school athletics departments in 2011-12.

Since 2005, Rutgers has generated \$262.3 million in athletics revenue while the university has subsidized the program with \$238.6 million. Rutgers distributes 10,000 complimentary tickets to students for football games and grants free access to other sporting events, a perk afforded to students whose fees have totaled \$69.2 million since 2005.

Rutgers receives approximately 21 percent its revenue from state appropriations, which means taxpayers fund part of the school's overall operating budget. According to the 2013 FY financial report, Rutgers' \$78,989,475 budget made up approximately 4 percent of the university's nearly \$2 billion allocations fund. While generated revenue decreased 11 percent to approximately \$32 million in 2012-13, spending spiked as the result of a controversy stemming from Mike Rice's mistreatment of his men's basketball players. Included in the 2013 expense ledger is \$2,266,716 in severance payments, which is mostly comprised of a \$475,000 buyout for Rice and a \$1.2 million settlement for Tim Pernetti to resign as athletics director amid the fallout of the bullying controversy. The athletics department only spent \$1.9 million combined in severance payments over the previous eight years.

A \$1.26 million drop in ticket sales and \$2.8 million less in contributions helped contribute to a \$4 million overall decrease in generated revenue. Rutgers officials are confident the ticket figure, which at \$8.7 million dropped to its lowest point in six years, will soar next year thanks to a schedule that includes traditional Big Ten football powers Penn State, Michigan and Wisconsin.

"I would say given all the turmoil we experienced last year, a dip in fundraising is to be expected," said Janine Purcaro, chief financial officer for Rutgers athletics. "It was unfortunate, but I think all that is behind us now and we're seeing a lot of renewed support from our supporters, friends and alumni, especially as we're moving forward going to the Big Ten Conference."

While Rutgers' coaching salaries approached \$10.4 million, its travel tab while competing mostly in the American Athletic Conference increased 17 percent to nearly \$5.2 million.

The 2.2 percent increase in tuition that the university approved for 2012-13 contributed to a \$100,000 rise in student aid, while recruiting, equipment and travel combined to go up approximately \$1 million. The membership line item saw a \$5 million spike due to the \$2.5 million check Rutgers cut to the Big East upon announcing its withdrawal and an additional \$2.5 million that the conference withheld in distribution revenue.

"I would say 85 percent of that increase in total subsidy is related to the one-time expenses or extraordinary items that occurred in 2013," Purcaro said. "The majority are related to conference change, termination of the Nelligan Sports Marketing Agreement, or the events from this spring with the Mike Rice and Tim Pernetti (settlements). Those make up the majority of the increases."

While allocated student fees have risen every year since 2005, direct-university support had been consistent at approximately \$18 million per year since 2009.

Rutgers President Robert L. Barchi said earlier this month he expects the athletics department to be financially independent within the next six years, shedding the need for institutional support once it begins receiving the full share of the Big Ten's per-school distribution in 2020.

"I think it is still a reasonable goal," Purcaro said. "All these financial results were known when president (Barchi) issued his statement following the settlement with the American Athletic Conference. Honestly the release of the NCAA report really doesn't have any effect on this overall plan. As he said, and it remains an accurate statement, that there are these one-time expenses incurred by the university that will put us in position to be more self-sufficient after the transition period to the Big Ten is complete and once the athletics department receives its full share of the Big Ten Conference revenue share. We have a transition plan, and once we get there we'll be in good position."

Barchi said the university projects that over the next 12 years the increase in revenue from moving to the Big Ten will approach \$200 million. While the Big Ten is reportedly set to distribute more than \$25 million to each of its member schools this year, Rutgers received \$9.5 million in direct NCAA/conference distribution aid last season.

In addition, Barchi pointed to a recently signed marketing deal with IMG College that is expected to guarantee nearly \$6 million in annual revenue. Rutgers, which spent \$7 million last year to buy out the remaining three years of its existing relationship with Nelligan Sports Marketing, has totaled \$5.8 million combined in sponsorship revenue since 2010-11, including slightly more than \$2 million last season. But all of those revenue streams added up wouldn't make up for the largest single-season subsidy recorded by an NCAA Division I public school athletics program. From 2004-05 through 2011-12, the previous single-year high was set by the University of Nevada-Las Vegas, a \$34 million figure that university department officials have said takes into account money used to support overall operations of the on-campus Thomas and Mack Center, which annually hosts numerous non-UNLV events.

According to Rutgers' 2013 fiscal year report, \$6 million of the \$9.8 million in facilities/maintenance fees went toward annual debt service related to athletics facilities. Rutgers, which completed a \$102 million expansion of its football stadium in 2009, has \$92.9 million in athletically-related facilities debt, according to the financial statement.

**Keith Sargeant covers Rutgers University athletics for [mycentraljersey.com](http://mycentraljersey.com).**