

**Report on the Status and Future of
Intercollegiate Athletics at Portland State University**

**Presented to President Steve Percy
by the Athletics Future Committee**

November 22, 2021

Introduction and Background

In February of this year, PSU President Steve Percy formed an Athletics Future Committee (“AFC” or the “Committee”) to review the status of intercollegiate athletics at PSU and to make recommendations to the President and campus leadership about the future.

The initial Committee membership consisted of the following:

Linda Williams – Committee Chair/Special Assistant to the President
Val Cleary – PSU Athletics Director (Ex Officio Member)
Greg Hinckley – PSU Board of Trustees
Wally Van Valkenburg – PSU Board of Trustees
Peter Stott – PSU Board of Trustees/Viking Supporter
Steve Petruzelli – PSU Foundation/Viking Supporter
Motu Sipelli – ASPSU President
Teri Walters – ASPSU Representative
Sarah Schwarz – PSU Foundation President & CEO
David Burgess – Faculty Senate Representative
Hillary Hyde – Faculty Senate Representative
Teresa Niedermeyer – Executive Assistant to the President/Admin support for committee

During the course of our work, the Committee membership changed. In July, Val Cleary resigned as PSU Athletic Director and was replaced by Linda Williams as Interim Athletic Director. Because of Linda’s new role, she replaced Ms. Cleary as an ex-officio committee member, David Burgess was asked to assume the role of AFC Chair, and Brian Janssen was added to the committee. Brian serves as Director of Student Organization Advising and Leadership Development at PSU and as the Faculty Representative to the Athletic Department. Changes in leadership at ASPSU also resulted in Nya Mbock and James Peterson replacing Motu Sipelli and Teri Walters.

The Committee held its first meeting March 10, 2021. At that meeting, the Committee voted to retain Collegiate Consulting LLC (“Collegiate Consulting”) to conduct a review of PSU Athletics, including an assessment of the program’s current strengths, weaknesses, opportunities and challenges. Collegiate Consulting describes itself as a “comprehensive solutions-based consulting company focused exclusively on the collegiate marketplace.” At the time the Committee engaged Collegiate Consulting, it was advising 25 other universities and conferences across the National Collegiate Athletic Association (“NCAA”) and the National Association of Intercollegiate Athletic (“NAIA”) and had recently completed a similar review for Eastern Washington State University.

Following its initial meeting, the AFC continued to meet regularly to review and discuss various aspects of intercollegiate athletics at PSU. Topics included student athlete academic performance, student athlete diversity, athletic department finances, facilities, compliance

(both NCAA and Title IX), student engagement, alumni and donor participation, and competitive performance.

Collegiate Consulting conducted its review of PSU Athletics over the course of the summer and submitted a draft report of its findings to the AFC in August. The Committee subsequently met with principals of Collegiate Consulting to discuss the report and ask questions. The Committee received a final draft of the report in October. That report has been provided to you separately.

After receiving the Collegiate Consulting report, the Committee began the process of preparing this report. The Committee agreed that our report should address the following issues:

1. What is the purpose of having intercollegiate athletics at PSU?
2. What is the current state of intercollegiate athletics at PSU?
3. What strategic decisions need to be made about the future of intercollegiate athletics at PSU?

Our report will address each of these issues separately.

Purpose and Current State of PSU Athletics

1. What is the Purpose of Intercollegiate Athletics at PSU?

The Committee found no current or recent articulation of the reasons for having intercollegiate athletics at PSU. To make strategic decisions about the future of Athletics, the Committee believes it is first necessary to identify how Athletics furthers the mission of PSU and what benefits (if any) PSU receives from having intercollegiate athletics.

As discussed below, the value PSU currently receives from intercollegiate athletics is negatively impacted by lack of resources, both financial and nonfinancial, compared to peer institutions. This resource shortfall has made it difficult for PSU to compete effectively in ways that provide value at other institutions. At the outset, therefore, the Committee believed it would be helpful to identify ways in which an adequately supported intercollegiate athletic program could provide value to PSU even if Athletics is not currently providing the full potential of that value.

Based on our review of intercollegiate athletics generally, including input from Collegiate Consulting and a review of athletics at PSU peer institutions, we believe it is possible for an appropriately supported intercollegiate athletic program to contribute to PSU's mission and provide value to the institution in several ways, including: (A) by attracting and providing opportunities for a diverse population of student athletes; (B) by fostering a sense of community and pride of institution; (C) by promoting the PSU brand to prospective students;

(D) by promoting the PSU brand and engaging the University within the Portland community and beyond; (E) by engaging alumni; and (F) by enhancing philanthropic support for PSU.

A. *Attracting and providing opportunities for a diverse population of student athletes.* The primary purpose of PSU (as with any university) is to educate students and prepare them for future success. Intercollegiate athletics is one of many ways in which U.S. colleges and universities provide educational opportunity for students. Some student athletes receive financial aid based on their participation in athletics, while others participate because they have the talent and passion to compete at the intercollegiate level. The Committee believes that regardless of whether a student receives financial aid for competing, participation in intercollegiate athletics has the ability to build and teach character, leadership, good sportsmanship, teamwork, health, physical fitness and safety, social skills, and the necessity of hard work and perseverance to achieve success.

A successful intercollegiate athletic program can also result in increased enrollment of diverse students at the university. Data from the Collegiate Consulting report shows that PSU Athletics successfully supports a diverse population of student-athletes, including those coming from communities that have been historically excluded and under-represented in higher education. As discussed more fully below, PSU student athletes as a group are more racially diverse than the general undergraduate student body. (Collegiate Consulting Report p. 292.)

B. *Fostering a sense of community and pride of institution.* While not everyone has an interest in competitive sports, studies have shown that identification with a team is associated with lower levels of alienation and loneliness, and higher levels of collective self-esteem and positive emotion. The phenomenon of supporting one's "home team" occurs at virtually all levels of social engagement, from national teams (as in the Olympics and World Cup soccer) to small, rural communities that identify with the local high school team. Most institutions of higher education in the US have intercollegiate athletics, likely due to this phenomenon.

C. *Promoting the university brand to prospective students.* Studies have found that university athletic success can lead to increases in applications, although this phenomenon is more pronounced at universities competing at higher levels than PSU (e.g., the "power five" football conferences and schools that regularly appear in the NCAA men's basketball tournament). At lower levels, athletics may simply be one way of promoting the University's brand to students who have a general interest in intercollegiate athletics. The Committee believes a competitive athletics program would provide PSU with a potential branding benefit with at least some prospective students.

D. *Promoting the PSU brand and engagement within the Portland community and beyond.* As the only public university in the Portland metro area, PSU has historically viewed its relationship with the community as an important part of its mission- (to "Let Knowledge Serve the City"). Although PSU Athletics has not often played a particularly prominent role in this relationship, it is possible that intercollegiate athletics could provide another connection

between the community and the University. Portland's principal professional teams, the Blazers, Timbers, and Thorns, are part of the community fabric in the Portland region. To a lesser extent, so are the college teams fielded by the University of Oregon and Oregon State University. A successful PSU Athletics program could further connect the University to the community by increasing PSU's visibility and bringing more residents of the City to campus.

E. Engaging alumni. An engaged and connected alumni can benefit a university both through philanthropic support and by providing career and networking opportunities for current students. One of the ways in which a university can cultivate and maintain relationships with its alumni is through Athletics. Again, although not all alumni are interested in athletics, a significant number may be, especially when teams achieve success. Athletic events also provide an opportunity to bring alums to campus and to connect them with one another in a way that is difficult to duplicate with other events.

F. Enhancing philanthropy. As at many universities, PSU Athletics is supported by a generous and committed donor group. Many but not all of these donors are alumni, so it is important to consider the impact of intercollegiate athletics on philanthropic support separately from its impact on engaging alumni. Intercollegiate athletics provide opportunities to better connect donors to the university through branding (maintaining visibility for the university with donors) and engagement (bringing donors to events). The branding and engagement function of Athletics may increase the propensity of donors to prioritize the University in their philanthropic plans, some of which may go beyond just support for the Athletics program.

2. Current State of Intercollegiate Athletics at PSU

Having identified the purpose of having intercollegiate athletics at PSU, the Committee looked at the question of how well the University's current Athletics program serves those purposes. While we found some areas of success, we generally concluded that our Athletics program through no lack of effort from its staff and coaches is doing a mediocre to poor job of advancing the purposes described above.

On the positive side, PSU student athletes generally perform well academically. Student-athletes at PSU outperform full-time undergraduate students, with an average GPA 0.1 point higher and a six-year graduation rate 37 percent higher than the average full-time undergraduate student at Portland State.

Notwithstanding the fact that PSU commits fewer resources to Athletics than the Big Sky average, the graduation success rate for PSU student athletes also exceeds the conference average. For men, 86 percent of PSU student athletes graduate within six years compared to a mean average of 80 percent. (Collegiate Consulting Report p. 82.) For women, the average at PSU is 93 percent against a conference average of 89 percent. (Collegiate Consulting Report p. 84.)

PSU student athletes also contribute to campus diversity. In response to data requests from Collegiate Consulting, PSU reported a then-current full-time undergraduate population of 11,630 students. Of these students, 49 percent were identified as white. When comparing this to the student-athlete population, only 38 percent of student-athletes were identified as white. The majority of student-athletes identified as “non-white.” (Collegiate Consulting Report p. 292.) (Because student athletes account for less than three percent of the total student population, their contribution to overall campus diversity on a percentage basis is relatively small.)

Student athletes at PSU also benefit from receiving financial aid (for room and board as well as tuition), although the level of aid varies among sports and among individual students within each sport.

PSU does not track post-graduate outcomes for student athletes (or for students generally in any meaningful way), so it is difficult to determine how much participation in PSU Athletics benefits our student athletes in their careers. It seems reasonable to assume, however, that PSU student athletes benefit from their participation in the ways student athletes generally benefit (i.e., by developing habits and skills associated with good sportsmanship, teamwork, health, physical fitness and safety, social skills, hard work and perseverance). In addition, a recent national Gallup-Purdue Index study of college graduates shows former student-athletes over time are more likely to be thriving -- or strong and consistent -- than non-student-athletes.

Beyond the benefits provided to student athletes themselves, however, the Committee did not find PSU intercollegiate athletics to be materially advancing most of the other purposes described above. While these issues could be further studied, the following is a summary of our findings:

A. PSU Athletics suffers from a lack of resources, which has limited its ability to serve many of the purposes for having an intercollegiate athletics program

(i) PSU Intercollegiate athletics is underfunded compared to peers. Collegiate Consulting reported that PSU’s total revenue from Athletics in FY2019, including institutional support, student fees, ticket sales, sponsorships and philanthropy, was \$14.99 million compared to median revenue of \$18.41 million for other schools in the Big Sky Conference (the athletic conference of which PSU is a member). Sacramento State, Montana State and Northern Arizona, all of which might be considered peer schools to PSU in athletics, each generated over \$20 million in revenue. Of all Big Sky schools, only Idaho State generated less revenue than PSU. (Collegiate Consulting Report pp. 110-111.)

PSU also ranks near the bottom of the conference in institutional support for Athletics. PSU Athletics received \$6.6 million in FY2019, which ranked eighth in the conference against median support of \$9.06 million. (Collegiate Consulting Report p. 125.) Funding for Athletics at PSU represented 1.51 percent of total institutional expenses compared to a conference median of 2.51 percent, placing PSU as the ninth lowest in the conference. Only Idaho State provides a

lower percentage to the athletics department. In contrast, California State Sacramento, which has total institutional expenses comparable to PSU, allocates 2.56 percent of its total expenses to athletics. (Collegiate Consulting Report p. 125.)

(ii) *Football plays off campus.* Since 2019, PSU has played home football games at Hillsboro Stadium, a facility located 15 miles from campus. Seating capacity at Hillsboro is 7600, which is the lowest in the Big Sky Conference. Other challenges include the following:

- Because of its distance from campus, the stadium is not easily accessible for students. Drive time from campus to the stadium is approximately 25 minutes, and transportation by light rail takes even longer.
- Tailgating, which for some attendees is an important part of the game day experience, is currently restricted by City of Hillsboro regulations.
- PSU does not control concessions at the stadium.

(iii) *Football and men's basketball generally have not had competitive success.* Across colleges and universities generally, football and men's basketball tend to have the highest levels of visibility, both on campus and in the broader community. Those programs therefore tend to present the greatest potential for fostering a sense of community and pride of institution, promoting the university brand, and engaging alumni. At PSU, football and men's basketball programs have had a few instances of success, but have generally been in the middle of the pack competitively. Since joining the Big Sky Conference in 1996, PSU has had winning percentages of 45 percent in football and 48 percent in men's basketball.

(iv) *PSU generates low levels of ticket and sponsorship revenue.* Collegiate Consulting reported that PSU earns the second-lowest amount for ticket sales in the Big Sky Conference (\$301,740 vs. a conference median of \$376,984). (Collegiate Consulting Report p. 114.) For licensing and sponsorships, PSU ranks seventh in the conference (\$341,872 vs. a conference median of \$487,340). (Collegiate Consulting Report p. 115.)

(v) For most of the last decade, PSU Athletics has been budgeted to operate with an annual deficit. From 2012 through 2020 actual *expenditures have exceeded revenue eight of the nine years resulting in an average annual deficit of \$561,480.* Since Athletics has no plausible means for eliminating these deficits, the budgeting process arguably understates the realistic level of institutional support needed to maintain the program. The budgeting issue is especially bleak when considering the operating budgets of the *marquee sports where football and women's basketball rank last and men's basketball ranks next to last in the Big Sky.* (Collegiate Consulting Report p. 35 & 36.) These budgets impact the levels of support for each of these teams for marketing, fundraising, recruitment, game operations, travel and equipment, (to name a few), thus setting up the teams at an immediate disadvantage before the seasons even start.

B. In light of the resource challenges, PSU athletics provides limited benefits beyond the benefit to the individual student athletes.

(i) *PSU students report low levels of engagement with intercollegiate athletics.* As part of its review, Collegiate Consulting conducted a survey of PSU students to determine their levels of interest in PSU Athletics. The firm received 952 responses (105 of which identified themselves as student athletes). Twenty-six percent reported having attended a PSU home game, meet or match and only 22.5 percent reported reading about PSU's teams in the campus newspaper/website. While 37 percent reported that they would attend more games, meets or matches "if I knew when and where they were," only 30 percent said they were "interested in creating new traditions for athletic competitions" and only 34 percent said they "would attend athletic competitions if more students were in attendance." The committee acknowledges that there is an upper limit to the percent of students who are materially interested in athletics but the survey does indicate a missed opportunity to engage a higher percentage of the students who are interested in sports.

(ii) *PSU Athletics doesn't appear to play a meaningful role in attracting applicants (other than student athletes).* In the Collegiate Consulting survey, only 12 percent of the respondents said that athletics impacted their decision to attend PSU (a percentage that roughly corresponds to the percentage of respondents who identified as student athletes).

(iii) *Athletics provides little visibility for PSU in the community.* Given the lack of consistent competitive success in football or men's basketball, absence of strategic planning, and minimal funding and staff for marketing and communications, PSU Athletics tends to generate relatively low levels of fan engagement and media attention in the Portland metro region. Based on the level of ticket sales for both sports, it also appears that few attendees at the games themselves come from outside the PSU community. The Viking Pavilion is a point of strength here for its potential to deliver on brand promotion, community engagement and sense of place not only for athletic events but other larger group gatherings as well.

(iv) *Alumni and donor engagement have suffered from lack of competitive success and a perception that the program lacks leadership and direction.* The ability of PSU Athletics to engage alumni and enhance philanthropy has been limited by lack of competitive success and a perception among those groups that the program lacks leadership and direction. Although the foundation did contribute a combined total of \$4.6 million from 2015 through 2020, (Collegiate Consulting Report p. 229), there is a sense that the engagement has not reached its full potential. In a survey of 1,579 "external stakeholders" of PSU Athletics (alumni, donors, etc.) conducted by Collegiate Consulting, 28.3 percent reported that they do not follow PSU athletic teams. While 27.7 percent agreed that the performance of PSU Athletics teams is important, more than 70 percent could not name a PSU coach, more than 68 percent did not keep track of team schedules, and over 80 percent do not follow PSU teams on social media. Finally, 51 percent of the external stakeholders agreed or strongly agreed that it is "important that all PSU

teams be competitive in the Big Sky Conference,” compared to 27 percent who disagreed or strongly disagreed.

Collegiate Consulting reported that lack of competitive success in PSU’s two marquee programs, football and men’s basketball, has generated general frustration on the part of donors. Donors and alumni expressed particular frustration that the opening of the Viking Pavilion prior to the 2018-19 basketball season has not generated more success in men’s basketball. (Collegiate Consulting Report p. 258.)

Concerns over lack of leadership and direction also were expressed in focus groups. Collegiate Consulting reported that “Nearly everyone interviewed referenced a lack of vision and clear plan for Athletics. Requests for the most current athletic strategic plan, communications plan, marketing plan, ticket sales, etc., indicated those documents did not exist. Multiple internal interviewees, as well as previous administrative and athletic administrators, stated they were unsure if an athletic strategic plan had ever been developed.”

We should note that Athletics has made efforts over the past 12 months to address some of these challenges. For example, prior to 2020, there was no dedicated Athletics staff for sales and marketing efforts. In 2020 and 2021, two external sales organizations were hired to lead ongoing ticket sales and sponsorship campaigns. COVID interrupted the successful launch of both, but they are now in operation and early results are favorable and improving. Since her appointment as Interim AD, Linda Williams has met with a number of donors and begun conversations around a strategic plan for Athletics. Nevertheless, the lack of sufficient funding and resources continues to present a challenge.

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In analyzing the purposes for having intercollegiate athletics at PSU and the current state of the program, the Committee also discussed the challenges facing the University more generally, including declining enrollment and the financial pressures to reduce academic programs. The committee also recognizes that the athletic departments administrators, coaches and staff have and continue to struggle through no lack of effort to provide the best experience for student-athletes, fans and the institution given the annual budget constraints. Given the challenges within Athletics and the relative benefits Athletics generates for the University at the current level of investment, the Committee believes the President and the Board of Trustees must consider alternatives to the current approach. We list those alternatives below, along with brief discussion of some of the advantages and disadvantages to each.

Strategic Options for the Future

Because the Committee concluded that the status quo does not serve the best interests of the University, we focused our attention on four alternatives to the current approach. Each of

these four options has both advantages (opportunities) and disadvantages (risks). The four options we will address are:

1. No change in the current program, but increase institutional support for Athletics and develop a strategic plan with a long-term goal of increasing revenue from ticket sales, sponsorships and philanthropy.
2. Stay in NCAA Division I but eliminate football; develop a strategic plan with a long-term goal of increasing revenue from ticket sales, sponsorships and philanthropy.
3. Move Athletics to Division II or Division III (with or without football)
4. Phase out intercollegiate athletics at PSU.

1. Option 1: No Change in Program Offerings but Increase Institutional Support

The option that would involve the least disruption to Athletics would be to maintain PSU's existing program. This option would maintain current levels of financial and other support for student athletes. It would also further, at least at some level, the purposes of having intercollegiate athletics at PSU: student and community engagement, branding, alumni engagement, and philanthropy.

The Committee recommends this option only if PSU increases institutional support for Athletics. As discussed above, PSU Athletics as currently operated does not generate strong engagement by either students or the broader community. Because the football team plays home games in Hillsboro, attendance at games by students, alumni and other supporters is modest. Because neither football nor men's basketball have had consistent competitive success in recent years, and given the lack of strategic direction within the Department, Athletics also has struggled to promote the PSU brand.

For intercollegiate athletics to provide value to PSU, the University must fund the program at a level that allows its staff to support the program at an appropriate level and its teams to be competitive. Since PSU moved to NCAA Division I, Athletics has been continually underfunded compared to peer institutions. There appears to have been an assumption that other revenue sources could and should make up for the shortfall in institutional funding. That assumption was and continues to be unrealistic. To materially increase other revenue sources, additional institutional support is needed.

The Committee is not in a position to determine precisely how much increased support would be necessary to justify maintaining the current program. That task will require additional financial analysis and scenario planning. According to Collegiate Consulting, however, as previously noted, the median average for direct institutional support in the Big Sky Conference is \$8.81 million. PSU Athletics received \$6.6 million in FY2019, which ranked us eighth in the conference and over \$2 million below the median (with over half of PSU's support in the form

of tuition remissions). Given that PSU operates in a market with a higher cost of living than most other Big Sky competitors, it seems unlikely that PSU can develop a competitive program without significant additional investment by the University. Collegiate Consulting identified several areas where it believes PSU should add staff in order to increase revenue from tickets and sponsorships, increase philanthropic support, maintain stability within the Department and make the program more competitive.

The lack of resources devoted to Athletics limits PSU's ability to field competitive programs. Collegiate Consulting provided the Committee with data collected for the Learfield IMG College Directors' Cup, an annual award presented by the National Association of Collegiate Directors of Athletics to colleges and universities that demonstrate the most success in college athletics. According to the Learfield data, the three schools that had the most competitive success in the Big Sky Conference over the five-year period ending in FY2019 were Northern Arizona, Montana State and Eastern Washington. (Collegiate Consulting Report p. 69). The athletics budgets at those three universities for 2019 ranged from \$18.3 million to \$23.2 million. (Collegiate Consulting Report p. 51).

Any increase in institutional support from PSU should be accompanied by a plan to increase other revenue sources, including ticket sales, sponsorship revenue and philanthropy. This needs to be part of a broader strategic plan for Athletics developed by the Athletic Director and supported by the President and University leadership. As noted above, PSU does not appear to have had such a plan in recent years.

If the University pursues this option, the Committee recommends a multi-year commitment from the University in order to enable Athletics to realistically pursue additional revenue sources. Athletics would need to establish goals for annual increases from donors, sponsors and alumni and should conduct regular meetings to measure actual performance against the agreed upon goals. Continued University support past the initial commitment would be dependent on success in meeting revenue goals from external sources and demonstrating that Athletics is furthering PSU's mission and goals. Given the need to limit additional cost of attendance for students, the plan should not assume increased support from student fees.

Even with additional institutional support, the Committee believes the current program may not be sustainable unless PSU develops a plan to locate a football facility closer to campus. Donors to PSU Athletics have expressed a willingness to contribute to the cost of a new stadium, but Athletics would need to conduct a feasibility study to determine a design, location, and additional funding sources. Generating support for a new stadium will also likely require that the football program have more competitive success on the field than it has had in recent years. Developing such a facility would likely be a three to six-year process requiring significant investment of time and resources by both PSU and the PSU Foundation.

The Committee is also mindful that PSU faces financial challenges across the University, and that increasing institutional support for Athletics will be difficult at a time when academic programs are under review for potential reduction. Members of the University community,

including students, faculty, and staff, may oppose increased investment in Athletics. Efforts to increase philanthropic support for Athletics could also be viewed within the University community as competing with efforts to raise funds for other institutional needs (although it is also possible that fund raising for Athletics could complement other fund-raising efforts).

Another risk to this approach is the fact that there is no guarantee that increased institutional support will result in a more competitive program or increases in other funding sources. This approach will also require continued reliance on student fees at a time when those fees are already under strain.

Finally, the feasibility of pursuing this option may be affected by an anticipated NCAA restructuring of college sports across all divisions. The NCAA announced in July a plan to “convene a special constitutional convention in November, with action expected to be taken at the NCAA's scheduled Convention in January.” The outcome of that process could either expand or narrow the choices available to PSU with respect to the future of Athletics.

For example, PSU currently has contracts in place for future football games (as well as men’s basketball games) that guarantee certain payments to PSU (so-call “money ball games”). These contracts involve games against universities that recruit and compete at a higher level than PSU and other Big Sky schools. There is a risk that a restructuring of Division I football may result in a loss of those games at some point in the future, which would require replacement of the resulting lost revenue.

In sum, pursuing this Option would require PSU to view Athletics as an investment in the future and to understand that such an investment inevitably entails risk. Any such investment will also require the hiring of an Athletic Director who has the talent and vision to lead a transformation of the program.

Recommendation: Pursue this Option only if the University is willing to increase institutional support and develop a realistic strategy for increasing other sources of revenue.

2. Option 2: Stay in NCAA Division I but eliminate football

If PSU were able to eliminate the football program but retain its Division I status, the University may achieve many of the benefits of having intercollegiate athletics without the increase in institutional support needed to sustain the current program. Because of the number of student athletes needed to compete in football, together with corresponding travel and other costs, football is a significant contributor to the ongoing deficit spending in Athletics. Eliminating football would also eliminate the need to fund improvements at Hillsboro Stadium or develop a football stadium on or near campus, which is one of the challenges identified under Option I.

A number of institutions compete at the NCAA Division I level without a football program. For PSU, retaining D-1 status has greater potential for furthering the purpose of intercollegiate athletics (i.e., recruitment and enrollment, community engagement, branding, alumni

engagement, and philanthropy) than moving to a lower division or eliminating Athletics altogether. Eliminating football would also reduce, but might not necessarily eliminate, ongoing deficit spending for Athletics.

There are a number of challenges to pursuing this option. First, the Big Sky Conference requires full members to compete in football, so PSU would need a waiver of this requirement to remain in that conference. We have no assurance that such a waiver would be granted, and if the Conference refuses to provide one, it is unclear whether there is a viable alternative Division I conference that would accept PSU without football. If PSU elected to withdraw from the Big Sky Conference, it may be required to pay an exit fee to the conference.

Additionally, as noted above, PSU has contracts in place for future “money ball” football games. If PSU terminates its football program, depending on the timing of the termination, it may be required to pay termination fees under those contracts.

Elimination of football also would result in loss of scholarship opportunities in that sport for student athletes, many of whom are BIPOC students. Depending on the timing of any change, the University may need to meet scholarship and other commitments made to any affected student athletes. The optics of eliminating football may have other negative consequences that are difficult to quantify, but could include negative media and reputational harm to the University, which could in turn adversely impact enrollment.

Finally, there is a risk that the loss of football would adversely impact philanthropy, although it is difficult to predict that impact without knowing how much benefit might be generated by presenting donors with a strategy for a sustainable and competitive program for the remaining sports.

Another consideration relevant to this option is that PSU would need to add a new men’s sport to replace football in order to meet NCAA requirements for Division I membership and to comply with Title IX requirements for gender equity. The replacement sport would likely be less costly than football, but there would be some costs and the new sport would take time to develop. One possible replacement could be men’s volleyball, which would leverage the value of the new Viking Pavilion.

As compared to Option 1, this option has the potential to generate more support (or at least less opposition) within the PSU community. Football is generally understood to be the most expensive program in Athletics, so eliminating it would demonstrate a commitment by Athletics to shared sacrifice at a time when other parts of the University are being asked to make reductions.

Like Option 1, this Option may be affected by the NCAA’s proposed restructuring of college sports described above.

Recommendation: Pursue this Option if PSU is unwilling to significantly increase institutional support but wishes to maintain some of the benefits of having intercollegiate athletics. Under this option, PSU will need to more fully analyze the impact of eliminating football on conference membership, including the financial and non-financial impact of moving to another conference. We also will need to develop a strategic plan for Athletics and probably increase investment in men's and women's basketball.

3. Option 3: Move Athletics to Division II or Division III (with or without football)

The Committee did not spend a significant amount of time discussing a move to a lower division. The primary advantage to such a move would be that it could lower costs because PSU could offer fewer sports and scholarships than are required for Division I schools. Competing in a lower Division would allow PSU to maintain some intercollegiate athletics, which would still further the purpose of having intercollegiate athletics at the University. The move could also reduce Athletics' reliance on student fees and be seen within the campus community as an acknowledgement by PSU Athletics of the need to reduce costs in a financially challenging environment.

There are, however, significant impediments and disadvantages to this Option. First, it is unclear whether there is a D-2 or D-3 conference that would accept PSU. The lower division conferences that would make sense for PSU to move to from a geographic standpoint are generally populated by colleges and universities with lower profiles and significantly smaller student populations than PSU.

Additionally, while expenses may be reduced, revenue would be significantly reduced as well. The game guarantee money described above for football and men's basketball would likely be eliminated if PSU moves to a lower division, as would certain NCAA revenue. Collegiate Consulting projected that external revenue, which currently accounts for 25 percent of the total Athletics budget, would decrease to six percent of budget if PSU moved to Division II. (Collegiate Consulting Report, p. 196.) Such a move could also reduce alumni and donor engagement, and may be viewed as an abandonment of the commitment to Athletics that donors believe was made when PSU invested in the Stott Center.

Finally, as noted above, a move to a lower division could also require PSU to pay an exit fee to the Big Sky Conference, as well as penalties under contracts for money-ball games.

The Committee discussed the fact that the divisional landscape may change over the next several years, and it is possible that it PSU might be a better fit for a lower division at some future date. In the current structure, however, the Committee does not believe such a move would be in the University's best interests.

Recommendation: Pursue this option only if Options 1 and 2 are rejected and after a more thorough analysis of costs and disadvantages.

4. Option 4: Phase out intercollegiate athletics at PSU

The Committee does not recommend pursuing this option at this time. The Committee recognized that this option would eliminate the deficit spending Athletics currently generates (at least in the long term) and reflect an acknowledgement by PSU of the need to reduce costs in a financially challenging environment. However, this option generates all of the disadvantages identified in Options 2 and 3, and also results in PSU losing all benefits of having intercollegiate athletics. In particular, eliminating Athletics altogether would result in the loss of an academically high achieving group of student leaders who play an important role on the PSU campus and in many diverse communities, the loss of brand awareness generated by Athletics and its achievements, and a potential loss of philanthropic support not only for Athletics, but for other parts of the University as well.

To be clear, elimination of intercollegiate athletics would not eliminate club and intramural sports at PSU. Those programs involve little institutional expenditure and could be expected to continue in essentially the same form as they currently operate. Additional programs (such as electronic sports) could be added in the future depending on student interest.

Recommendation: Pursue this option only if the University is unwilling to invest in any alternative and after a more thorough analysis of costs and disadvantages.

Conclusion

The Committee believes that there is value in having intercollegiate athletics at PSU. At an appropriate level of investment, with effective leadership, and with a comprehensive strategic plan, Athletics could help PSU recruit and retain students, further its equity and diversity goals, and enhance its relationship with alumni, donors and the community.

The program in its current state either does not provide most of these benefits or provides them at a less than optimal level. We have therefore presented four alternatives to the status quo, two of which the Committee believes would enable PSU to better realize the potential benefits of intercollegiate athletics.

Unless PSU elects to phase out intercollegiate sports altogether (option 4), whichever other option PSU elects to pursue will require a commitment by the President to support Athletics at a level above what has been provided in recent years, as well as a strong leadership and a commitment to excellence within the Athletic Department. Given PSU's advantages, including its urban location in a major metro area, an impressive new on-campus arena, and an engaged group of generous alumni and other donors, our Committee believes Athletics can become a high performing program for PSU, but only if we develop and execute a strategic plan, set goals for the program, and make the financial commitments necessary to meet those goals.