Faculty Concerns on Athletics Budget Update – Key Points

- The Athletics Department (AD) ran an operating deficit of $8M in FY22.
- In FY22, the campus provided $10M of supplemental support to offset lower-than-projected revenue; this raised the AD internal debt by $7.9M.
- Central resources have been used to cover AD operating deficits over many years, resulting in an internal debt of $89.6M.
- The AD FY24 budget is projected to increase by ~3.6% while all academic departments are projected to take a ~6% cut.
- The Administration has not kept its pledge to include faculty representatives on an AD internal debt task force to enact a transparent, enforceable repayment plan to recoup the $89.6M debt.

February 21, 2023

Dear President Schulz, Provost and Executive Vice President Chilton, and Board of Regents Chair Dickinson,

We are writing today as senators representing the faculty of Washington State University to express serious concerns about the Athletics Department (AD) Budget Update discussed during the January 26-27, 2023 WSU Board of Regents meeting. Our major concerns are highlighted in the summary box; we expand on these concerns below.

Concerns Related to the AD Budget Update – Attachments A and C
Attachment A of Information Item #1 reports that in FY22 the campus provided $10M of supplemental support to cover an $8M operating deficit (see footnote d of Attachment A). It is noted that the $10M comes from “savings from debt refinancing.” The $10M of campus supplemental support in FY22 is not only greater than the $8M FY22 operating deficit but covers nearly all of the $10.8M annual external debt payment. In his presentation to the Board of Regents, Mr. Brent Meyer described the $10M stopgap as “reinvested savings from the debt refinancing,” though no further details were provided regarding which entity was doing the reinvesting or which debt had been refinanced. The AD internal debt stands at $89.6M after the campus supplemental support in FY22 (Attachments A and C; note that this is termed “accumulated deficit” in the tables but is actually internal debt), an increase of $7.9M from FY21. If we understand the publicly available information (including the documents provided at the Board of Regents meeting and the recording of the presentation) correctly, it appears that at least $7.9M of WSU funds were “reinvested” in the AD during FY22 in the place of future savings on interest that would have been paid by the AD. We respectfully request that the Administration identify and itemize the source(s) of the $10M FY22 “reinvestment” to help us better understand the $7.9M increase in internal debt.

According to Attachment C, AD total expenses are projected to be $81.5M in FY23 and $84.4M in FY24. Faculty find it unacceptable that the AD budget is projected to grow by 3.6% in FY24 while the entire academic enterprise will take a 6% budget cut. What is the rationale for increasing the AD budget while slashing the operating budget for academics? According to the President’s past remarks to the Faculty Senate, WSU has no data that demonstrate that our participation in Pac-12 athletics affects student enrollment or retention. How does disinvesting in academic colleges and departments while increasing the AD budget benefit the overall health of a university reeling from sustained drops in enrollment?

Attachments A and C now include two separate rows for tracking the AD “accumulated deficit”—i.e., internal debt to WSU. The values in these rows differ by many millions of dollars. The documents do not
provide an explanation for the sizable differences, and no explanation is provided in the recording of the presentation. Based on a footnote to the tables, it appears the lower values were produced by a new collaborative methodology whereby AD capital contributions and donations are counted against internal debt. However, there is no line item for debt payments made to WSU out of those (or any) AD funds. In fact, it is unclear that those contributions may be used for debt payments. We respectfully request that the Administration clearly explain the methodology used to produce such discrepant internal debt values to help us better understand the long-term implications for tracking AD internal debt.

Another Call for Athletics Internal Debt Repayment Plan
Years ago, we accepted President Schulz’s kind invitation to serve as part of a task force to design a binding, enforceable, publicly transparent repayment plan for WSU to recover the (now) $89.6M of internal debt. Faculty senators have repeatedly reached out to remind the Administration of this pledge and to offer our help in developing a solution to the AD internal debt problem. Unfortunately, we have not been included in the process and AD internal debt has predictably ballooned amid continued inaction. Given the sizable and persistent drop in enrollment across the system and the recent cratering of the value of the Pac-12 conference, diverting WSU funds to subsidize continued deficit spending by the AD, resulting in massive internal debt, is not only unsustainable but acutely detrimental to our faculty, staff, students, and stakeholders. Our ability to fulfill WSU’s land grant mission—teaching, research, and outreach—is greatly compromised by budget cuts. The $89.6M AD debt owed to central resources is needed now more than ever to ensure that we can meet our mission.

As academic units wither under continued budget cuts and our institution’s national ranking plummets, the AD budget continues to grow even though its small market revenue has fallen short of covering its big-time operating expenses year after year—leaving WSU to pick up the multi-million-dollar tab year after year. If the last 10 years are any indication of what is to come, we fear that in lieu of an enforceable internal debt repayment plan, WSU will continue to internalize ~$200M of outstanding AD external debt while at the same time allowing the AD annual budget to increase as academic budgets regularly face deep cuts. This is unacceptable.

Despite repeated public promises to enact a repayment plan for the internal debt, the Administration has not publicly announced a plan to recoup the $89.6M funneled to the AD to cover years of operating deficits. Faculty have been extremely patient, but to no avail. We ask once again, this time publicly, that the Administration follow through on its pledge to create an AD internal debt task force that includes faculty members appointed by the Faculty Senate, so that we can work together towards a solution that holds the AD budget accountable to all WSU stakeholders now and into the future.

Sincerely,

Luke Premo, Faculty Senator, College of Arts and Sciences

Von Walden, Faculty Senator, Voiland College of Engineering and Architecture

Glen Duncan, Faculty Senator, College of Medicine
This letter was made available to career-track and tenure-track faculty before delivery. A total of 261 WSU faculty members added their signatures to the letter.

Jacob Lewis
Dogan Gursoy
Nishant Shahani
Xueying Wang
Tracy Klein
Julie Menard
Jon Oatley
Jennifer Watts
William Hamlin
Rosa Karina Gallardo
Wenji Dong
Xianming Shi
Katherine Hirchak
Karl Englund
Joe Cook
Patricia Cady
Jean-Sabin McEwen
Crystal Smith
Naomi Chaytor
Marsha Quinlan
Lisa Fournier
Jae Kennedy
Barry Moore
Jenifer McIntyre
Alexander Spradlin
Ananth Jillepalli
Benjamin Belzer
Jiyue Zhu
Patty Wilde
Daniel Thornton
Erin Thornton
Brian Clowers
G. Leonard Burns
Kate Watts
Heiko Jansen
Elizabeth Siler
John Schneider
Felix Munoz-Garcia
Ana Espinola-Arredondo
Timothy Ginn
Jia Li
James Krueger
Sakire Arslan Ay
Angela Henricks
Lonika Sood
Tom Jobson
Lee Daffin
Gary Haldorson
Jesse Brunner
Andy Cavagnetto
Alan Malfavon
Ken Faunce
L. Kirk McAuley
Lisa Shipley
Patrick Solverson
Kirk Peterson
Carrie Vielle
K. W. Hipps
Paul Buckley
Cliff Berkman
Mechthild Tegeder
Alex Li
Colin Criss
Donna Campbell
Marian Sciachitano
Kandy Robertson
Lynn Levy
Charles Robbins
SM Tomie Gowdy-Burke
Jeff Jones
Brian Saam
Michael Allen
Alexander Dimitrov
Kevin Vixie
Eric Roalson
Julie Larsen
Bert Tanner
Gregory Roberts
Deborah Williams
Guy Worthey
Pavithra Narayanan
Mark Hasse
Georgina Cox
Mark Swanson
Paul Bonamy
Dedra Buchwald
Steven Tomsovic
Cheyenne Frazier
Sabine Davis
Jose Vazquez
Soo-Yeun Lee
James Harbertson
Samantha Reisz
Krista Nishida
Dana Bowers
Markus Keller
Jason Gerstner
Michael Rabby
Amy Mazur
Xiuyu Wang
Matt Stichter
Michael Neff
Jennifer Sexton
Jeffrey Olivarez
Asaph Cousins
Cynthia Gleason
Lindsey du Toit
William Luers
Matthew Whiting
Peter Boag
Andra Chastain
Deirdre Griffin-LaHue
Michael Ritter
Laura Kuhlman
Kevin Murphy
Colin Grier
Lisa DeVetter
Carol Miles
Marcelo Diversi
Helmut Kirchhoff
Jenny Zambrano
Michael Jorgensen
Susan Peabody
Doreen Main
Joseph Kremer
Kristin Cutler
Julie Padowski
Mary Paine
Achour Amiri
Cecilia Rodriguez Furlan
Laurie Mercier
Richard Sharpe
Louis Nottingham
Amy Meredith
Tricia Glazebrook
Michael Salamone
Jillian Haines
Shuwen Wang
Brenda Grell
Mark Pavek
Renee Hoeksel
David Marcus
Cameron McGill
Nick Giruzzi
Cameron Peace
Sheng-Chi Liu
Erik Johnson
Julian Dodson
Terese King
Shikha Prashad
Jennifer Andreas
Joe Hedges
Allison Coffin
Alair MacLean
L. Heidenreich
Michael Pieracci
Norman Lewis
Dick Gomulkiewicz
Ali Saberi