

# THE FIGHT TO KEEP UT'S ATHLETIC DEPARTMENT IN THE BLACK WAS A LOSING BATTLE

A review of dozens of university e-mails obtained by The Blade shows that in addition to the battles on the football field and basketball arena, over the past two years there was a fight behind the scenes to control athletic spending and balance the athletic budget — a contest UT didn't win.

Hi Tom -

It has come to my attention that 10 pendants / rings at a cost of \$135 were purchased for the wives of football coaches. (Please see end of attached email bolded and in blue) I need to know the appropriate way to handle this as we have not done this in the past. Do you just need this info for 1099 purposes? Do we need to have them reimburse for them? Also, Mark Beier and AJ are contract laborers, is there something I need to do there? Please advise.

After UT's football team won the GMAC Bowl in December, 2005, the athletic department bought commemorative rings for coaches and team members. When the bills came due, Suzette Fronk, assistant athletic director for business affairs, noticed that \$135 rings or pendants were also purchased for the wives of 10 UT coaches. The coaches would have to pay taxes on the value of the rings, according to UT Controller Thomas Page.

MOB -

Thank you for the information. I would like to suggest that we hold off from any additional equipment purchases though until closer to the end of FY 07 just in case they go over in other areas since it is imperative that next year each sport remain balanced. In '06 FB spent \$30,000 more on equip than in '05 and spent \$12,000 more on professional development in '06 than '05 which means we do not have an additional \$90,000 for equipment necessarily, do you not agree? Please advise..

Thanx,

S-

By deciding not to fly to play a 2006 football game against Northern Illinois, UT saved \$90,000, money that Ms. Fronk recommended be set aside to help balance the budget. After Athletic Director Mike O'Brien initially agreed, the football team decided to use the money to buy more equipment, including \$21,000 more for extra clothing for coaches — a decision Mr. O'Brien last week said was a mistake.

Dawn, shouldn't we invoice the folks for the cost of the flights in lieu of W2's? When other University employees travel and take their spouses, family members or friends, we make them pay for the personal travel. Thanks, Tom

I agree that we should be consistent and people should pay for personal travel and reimburse the university.

Two months after the men's basketball team flew to the Virgin Islands for a 2006 early season tournament, Mr. Page questioned why the athletic director's and coaches' wives and family members, as well as other nonessential personnel were not charged for flying with the team. Dawn Rhodes, assistant vice president of budget and finance, agreed, saying that the university needed to be consistent. UT records show that a university donor, as well as wives and girlfriends of athletic department staff members paid for the trip, but the athletic director's and coaches' wives and family members flew for free.

Hi Suzette,

As you know, the year end analysis that we compiled back in December 2006 estimated that Athletics would have approximately a \$1.4M negative fund balance contribution for FY07. Also mentioned in the analysis were the funds owed from the MAC that have not been received. When looking at FRS currently it seems the FY07 amount would probably be in the negative \$1.7M - \$2.0M range. Could you provide a year end estimate based on the information in FRS, Payment Net, and the Athletic foundation accounts?

We are compiling a summary of the auxiliary department fund balances and FY08 budgets for the Board of Trustees and want to include the most current estimates.

Thanks,

Patrick

By May it became clear that the athletic department would be deep in the red by the end of the fiscal year on June 30. Patrick Okerbloom, senior budget analyst, predicted up to a \$2 million deficit in an e-mail to Ms. Fronk, but last week he told The Blade the deficit would be \$1.5 million. The athletic department, which is being subsidized with more than \$10 million this year in student fees and general revenue, has asked university officials for an additional \$677,166 in student fees in the next fiscal year, a 7 percent increase.