



Collegiate Consulting Report

EXECUTIVE SUMMARY

Collegiate Consulting was retained by Tarleton State University to conduct a feasibility study and explore options and opportunities for a possible transition from NCAA Division II membership to NCAA Division I Football Championship Subdivision Membership. Key components and deliverables of the feasibility study were to include:

- Qualitative Interviews of Key Constituencies
- Overview of NCAA Division I
- Application Process
- Southland Conference Analysis
- Budget Analysis
- Salary and Staffing Analysis
- Athletic Financial Aid Assessment
- Facility Benchmarking
- Title IX Assessment
- Pro Forma

Collegiate Consulting conducted on-campus interviews with TSU stakeholders and a comprehensive facility tour and review May 13 – 15, 2014. Collegiate Consulting also held discussions with Southland Conference officials, Directors of Athletics and Presidents from Southland Conference institutions to discuss the interest, viability and timing of TSU potentially moving from Division II to Division I and Lone Star Conference membership to Southland Conference membership.

TSU has a current enrollment of 10,937 students and will witness a 9-to-11 percent enrollment increase for the 2014-15 academic year. TSU ranks first in the Lone Star Conference in relation to undergraduate enrollment and overall enrollment ranks fourth. In the 13-member Southland Conference, TSU would rank fifth in undergraduate enrollment and sixth in overall enrollment, placing it in the top-40 percentile within the conference. First and second-year students are required to live on-campus with a new 500-bed facility to open in August 2014. The institution has a \$146.3 million total institutional operating budgets and an endowment slightly less than \$50 million. TSU would rank in the top-half of the Southland Conference with respect to cost of attendance, institutional budget and endowment.

The athletic program has a long and rich history of success at both the NAIA and Division II level, making the transition to Division II at the beginning of the 1994-95 athletic year. Athletics has a total budget of \$5.6 million for 2013-14 with sport-by-sport operating expenses that rank fourth in the Lone Star Conference. The 2014-15 athletic budget for TSU increased to \$6.6 million. The program competes with 14 sports (6 – men/8 women) at Division II and meets the Division I/FCS sport minimum. The number of sports programs would rank in the bottom of the



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Southland Conference, tied with New Orleans, Nicholls State and Northwestern State for the fewest sports in the conference. From a national standpoint, TSU has made significant competitive strides. In 2012-13, TSU finished 103rd in the national Learfield Division II Director's Cup, which measures overall competitive success and this past year, TSU finished 40th overall and third within the Lone Star Conference. In the Southland Conference, only one institution, Sam Houston State ranked in the top-100 with Northwestern State and Southeastern Louisiana finishing in the top-150.

The initial elements of the feasibility study was the examination of the requirements and protocol to move to Division I. The report goes into detail with regard to NCAA requirements to make a divisional move, but the key bullet points are:

- Tarleton State would need to secure an invitation to join the Southland Conference
- \$1.4-\$1.5 million application fee, which is due at application
- Fourteen varsity programs (TSU meets requirement)
- Offer 50% of maximum scholarships for varsity programs
- June 1 application deadline

Since the NCAA lifted the Division I membership moratorium in August 2011, only a handful of institutions have begun the transition from Division II to Division I membership. Those include The University of Massachusetts Lowell, Northern Kentucky University, The University of Nebraska at Omaha, Grand Canyon University as well as former Lone Star members Abilene Christian University and University of the Incarnate Word that began the process to Division I and Southland Conference membership in 2013-14. The primary reasons that only six institutions have moved forward with Division I membership are the conference invitation requirement and the \$1.4-\$1.5 million application fee are high barriers to entry. Currently there are 5 to 7 Division II schools in various stages of exploring Division I membership, but all activity is still preliminary.

One of the questions posted during the on-campus visit is the reasons to move to Division I. It is critical to note, the decision is an institutional decision not an athletics decision. Perhaps the most important reason given by institutions is to increase profile and reach of the institution based on "the front porch" theory which impacts branding, marketing, alumni outreach, etc. and provides benefits to advancement, community engagement and student enrollment. An alignment with aspirant peer institution is a common theme for divisional change. As noted within the report, several institutional benchmarks are more in alignment with Southland Conference institutions than the Lone Star Conference. Another key reason for divisional transitions, is an athletics change is in conjunction and coordination with the institution's strategic plan and growth initiatives. One of the key benchmarking data points, illustrated TSU's 33 percent growth in applicants and a 9 to 11 percent increase in enrollment. Of the 11 institutions which have transitioned from Division



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II to Division I since 2005, the average increase in enrollment has been 13 percent with FGCU showing an impressive 62 percent increase in enrollment. Institutional endowment figures have increased 47 percent amongst the 11 institutions.

Following the examination of NCAA rules and requirements and benchmarking comparisons of the most recent Division II movement, comprehensive benchmarking and analysis was conducted with TSU's current athletic budget and staffing in relation to the Southland Conference.

The Southland Conference has undergone significant membership change in the past 24 months with departure of The University of Texas at San Antonio, The University of Texas at Arlington and arrival and near immediate departure of Oral Roberts University. In addition, both Sam Houston State University and Lamar University continue to explore Football Bowl Subdivision (FBS) opportunities. The Southland Conference has added the University of New Orleans, Houston Baptist University and former Division II and Lone Star institutions Abilene Christian University and University of the Incarnate Word as full members. Currently, the conference has 13 members with ORU's departure at the end of the 2013-14 athletic year. The membership turmoil has caused the conference and its presidents to take a step back and re-examine its membership strategy and they are currently in a holding pattern with regard to actively researching any new members. Conversations with conference and institutional stakeholders have indicated that a departure by SHSU and/or Lamar to FBS would expedite membership discussions.

As noted in the institutional comparisons, TSU ranks favorably with regard to benchmarking metrics of the Southland Conference. From an athletics standpoint, TSU ranks low in number of sports sponsorship. The conference average is 16, compared to 14 for TSU. Average travel distance within the conference for TSU would be 5.5 hours, with the number driven up due to the Louisiana schools (UNO, Nicholls State, Southeastern Louisiana). A comparison of student athlete and overall graduation rates, illustrates that TSU is in alignment with the Southland Conference.

As with all Division II institutions making a change to Division I, there are significant differences when comparing budgets, staffing and scholarships. The average total athletic budget in the Southland Conference is \$10.3 million with TSU currently at \$5.6 million for 2013-14; a \$4.7 million differential. A sport-by-sport comparison of operating budgets (which is exclusive of salaries and scholarship) indicates that TSU would need to increase its current operating budgets for its 14 programs by \$1.1 million to meet the Southland Conference average. The largest increases would be in football (\$349,332), men's basketball (\$162,218) and women's basketball (\$104,759). Those three sports account for 58% of the projected operating budget increase.



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Scholarships would increase with a transition from Division II to Division I. TSU currently offers 105.8 scholarships for 14 sports programs. The NCAA maximum for those programs is 171.30 scholarships and the Southland Conference average for those programs is 155.90, an increase of 50.10 scholarships, which based on current cost of attendance is slightly below \$1 million in increased costs. Football would receive the highest number of scholarships increasing from 36 to 63 scholarships as part of a move to Division I. The current men's sports would add 32.20 scholarships with the women's programs increasing by 17.90 scholarships.

Staffing and salaries were examined in comparison to the Southland Conference at both the administrative and coaching level. As an important note of clarification, it is not best or common practice to adjust current administrative or coaching salaries with a divisional change, although as witnessed within the industry the AD, football, men's basketball and women's basketball staff have received salary adjustments. However, what is key to note, is that all new and subsequent hires should be at the Division I and Southland Conference salary averages.

The average number of administrative staff within the Southland Conference is 32 with TSU currently at 18.50 administrative staffers, which takes into account full- and part-time positions and individuals with multiple duties. On the administrative side, Collegiate Consulting recommends the addition of 11 new staff with nine full-time positions and two graduate assistants. Based on filing a Division I membership on June 1, 2015, the timing for the new hires would be five after July 1, 2015 and the remaining six after July 1, 2016. The total projected expenses, including salary and benefits, for the 11 hires is \$505,446. There are four positions recommended for external positions and four positions within academics and compliance.

A comparison of coaching staffing within the Southland in relation to TSU illustrates that the institution should make six assistant coaching hires for its current sports programs. All of the recommended positions are full-time, with projected salary and benefits at \$286,615. The hiring timeline was split between after July 1, 2015 and July 1, 2016 (start of next fiscal year). Overall, the new staffing recommendations would add 17 new positions at an initial projected cost of \$792,061. TSU would need to place all full-time administrative and coaching staff on 12-month salaries, which is common and considered a best practice within Division I.

As part of a transition to Division II to Division I, it is strongly recommended to modify the organizational chart and the Director of Athletics a direct report to the President, which is recommended by the NCAA, due to the importance and profile of Athletics within the University's mission and goals. It is also recommended and a best practice within Division I intercollegiate athletics to have the Director of Athletics as a member of the President's Executive Council.



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With the increase to football scholarships from 36 to 63, it is recommended that TSU consider adding an additional women's program. Collegiate Consulting researched equestrian and women's soccer. Based on overwhelming feedback during the on-campus visits, equestrian is strongly recommended. TSU has the facilities to house equestrian, which would provide significant start-up costs savings. The average annual operating cost for equestrian is \$150,000 with annual coaching staff costs at \$77,022. The scholarship maximum for equestrian is 15, with Collegiate Consulting projecting a four-year ramp up to 10 scholarships at an annual cost of approximately \$200,000. Including operating, staff and scholarships, the projected annual expenditures for equestrian is slightly more than \$425,000. A key point that was repeatedly made during interviews and focus groups regarding equestrian was the opportunity due to the facilities and strength of club rodeo for TSU to win a national championship in equestrian.

Collegiate Consulting reviewed all current athletic competition facilities as well as support facilities (office space, locker rooms, training room and strength & conditioning) to evaluate their readiness as a Division I facility and recommended improvements. One of the most important items that TSU will need to address is a dedicated office for its current staff as well as the accommodation for 20 new athletic administrators and coaches. The current space does not accommodate the TSU athletic staff with the women's basketball assistant and cheerleading coaches not having dedicated office space.

TSU is in the initial planning phase for a \$23 million renovation to Memorial Stadium, which would include a new press box, luxury suites, hospitality, removal of the track and increase capacity from 7,000 to 10,000. It is recommended that the field house be incorporated into renovation discussion due to the shortage of office and meeting room space for the football coaching staff. As part of the \$23 million renovation, track & field would receive a new track, with the removal of the track within the stadium is still under consideration.

Wisdom Gym (MBB, WBB) and Wisdom Gym South (VB) are in alignment with Southland Conference basketball and volleyball venues. Upgrades have been made to each venue in recent years and Wisdom Gym South would be the only dedicated volleyball venue in the Southland Conference.

The Cecil Ballow Baseball Complex and TexAnn Softball Complex would rank in the bottom-half of the Southland Conference. Each of the facilities are functional and have dedicated locker room space, sports medicine, storage and indoor hitting tunnels. The competition venues have dedicated seating, press box and lighting. There are discussions to expand the footprint with athletics potentially being able to take over the Horticulture Building.

Tennis recently underwent significant facility renovations with the addition of lights, storage, canopies and wind screens with new locker rooms for the 2014-15 athletic



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year. The Potishman-Lard Tennis Courts would rank in the top-half of the Southland Conference. TSU plays golf at Harbor Lakes GC and has access to the course, club house, driving range and practice areas.

A critical need for TSU will be to find dedicated spaces for an academic study hall, which is a best practice within Division I and the Southland Conference. TSU would need office space for academic coordinators, a computer lab with minimum of 50 computers and study hall(s) dedicated for student athletes. The space currently occupied by the equipment and laundry room or racquet ball courts, which are underutilized, would have the square footage needed to accommodate TSU academics. The opportunity to utilize both of those spaces would also provide the square footage necessary to accommodate office space for existing and new staff.

We would additionally recommend creating a "true" entry space for TSU athletics, and would recommend trading spaces in Wisdom Gym with the kinesiology department. This would provide an entry for the general public. The new aquatic center is currently under discussion, and athletics could use the current indoor pool as an indoor practice facility.

The increase in expenditures of approximately \$4.2 million would mean a corresponding increase in revenue to support Division I athletics. The primary source of revenue within Division I and the Southland Conference is student athletic fees. The institution currently charges \$16 per hour with a 13 hour cap for student athletic fees, with an increase in 2014-15 to \$22 per hour. Additionally, athletics receives 27-28% of the student activity fees. A common practice within Division I and the Southland is to utilize general university funds, tuition waivers and auxiliary revenue to supplement student athletic and activity fees. The range within Division I and Southland for institutional support ranges from 69% to 82%. TSU would need to consider utilizing non-designated tuition revenue to supplement athletics or using institutional funds to support all scholarships (tuition waivers) while athletic and activity fees support operating budgets and salaries.

External revenue and NCAA revenue comprise the remaining 18% to 31%. A review of game guarantee revenue for football and men's basketball shows that TSU would generate approximately \$400,000 per football game against FBS opponents and \$65,000-\$90,000 for men's basketball game guarantees. Collegiate Consulting had projected two football guarantee games annually, generating \$800,000-\$900,000 and 3-4 men's basketball guarantee games, generating \$195,000-\$360,000.

Institutions receive revenue from the NCAA and conference in the form of academic enhancement funds, scholarships awarded, sport sponsorship and NCAA basketball revenue. In 2013-14, Southland Conference institutions averaged approximately \$500,000 from NCAA and conference revenue streams. It is important to note that the NCAA men's basketball distribution is only available to institutions which are full members of the NCAA. Game guarantee, conference and NCAA revenue could



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potentially add \$1.5-\$1.75 million in annual revenue to TSU. After three years within the membership process, TSU would receive sports sponsorship and grant-in-aid revenue.

External revenue in the form of ticket sales, corporate sponsorship and fundraising will see an increase with a move to Division I. TSU currently generates approximately \$50,000 from ticket sales revenue with the Southland Conference averaging \$365,244. Basketball and football would see significant increases in revenue with conservative projections of \$300,000 per annum. Athletics generates \$300,000 through annual fund, corporate sponsorship and sport-by-sport fundraising. The Southland Conference averages approximately \$750,000. Collegiate Consulting projects advancement to double its fundraising revenue through a move to Division I and separate corporate sponsorship cash to generate \$200,000-\$250,000 initially.

The timing of a move to Division I is fluid, due to the conference having to issue an invitation prior to an institution being able to apply for Division I membership. As noted in the Southland Conference section, President Dottavio would need to make initial fall 2014 in-person/on-site visits to Southland Conference President's Dr. Pattillo (SFA) and Dr. Killebrew (TAMUCC). Since the conference has tabled expansion discussions, the nature of the conversations would be to share TSU's due diligence and interest and readiness for Division I membership.

TSU is well positioned to successfully move to Division I due to its strong academic background, size and enrollment growth. A review of Southland and Lone Star institutions illustrates that TSU is more in alignment with Southland Conference institutions, especially with the movement of ACU and UIW to the Southland. Athletics has a strong history of on-field success and the current \$6.2 million budget provides a strong financial foundation to move to Division I. The institution would need to increase its athletic budget by approximately \$4 million, but as noted in the feasibility study, Division I external revenue streams – game guarantee, NCAA, conference revenue, ticket sales, fundraising and corporate sales - would account for approximately \$2.25-\$2.50 million of the increase, with the institution needing to increase support by \$1.50-\$1.75 million.

A best case scenario would be an invitation to join the Southland during the 2014-15 academic year; TSU would submit its membership application and strategic plan on June 1, 2015 and would begin its year one in 2015-16. The process to full NCAA Division I membership is four years, thus athletics would become a full member starting with the 2019-20 athletic year.