

State of Arkansas

76th General Assembly

Regular Session, 1987

SENATE BILL 315

By: Senator Yates

"AN ACT TO ENCOURAGE REDUCTIONS IN DEFICITS ASSOCIATED WITH INTERCOLLEGIATE ATHLETICS, TO PROVIDE PENALTIES FOR DISREGARDING THE PUBLIC INTEREST IN BALANCED BUDGETS FOR ATHLETICS, AND TO PROVIDE FOR FAIR COMPETITION AMONG TEAMS MEETING THE REQUIREMENTS FOR SUCH COMPETITION."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. DEFINITIONS. A. "Campus" means a four-year undergraduate public college or university campus existing under the laws of the state of Arkansas, and engaging in intercollegiate athletics.

B. "Intercollegiate athletics" refers to competitive athletics programs which provide scholarships to players, charge fees for attendance, and utilize revenues produced by such charges to defray the cost of competition with another campus or other campuses.

C. "Deficit" refers to that amount by which the net operating expenses of an intercollegiate athletic program exceeds a reasonable allocation of student fees as determined from time to time by the State Board of Higher Education. That amount has been established as \$350,000.00 per campus per year for many years, and nothing exceeding such a standard is deemed reasonable under current financial conditions.

D. "Operating expenses" means all expenses associated with intercollegiate athletics, including, without limiting the generality of the foregoing, all personnel costs, routine operating expenses, team travel and equipment costs, player scholarships, maintenance and care of athletic facilities, including in the case of facilities provided by appropriations from state tax sources a reasonable amortization of the costs of such improvements, and similar expenses, direct and indirect of such intercollegiate athletic programs.

E. "Operating revenues" means those funds received from the conduct of intercollegiate athletic competition, including, without limiting the generality of the foregoing, gate receipts, private gifts and grants, receipts from television and/or radio coverage, proceeds from bowl games or national tournaments, and all other income received by the campus connected with its program of intercollegiate athletics, but not including any allocation of student fees or revenues derived from such activities as bookstore sales, food service profits, and other auxiliary enterprises not connected with athletics.

F. "Net operating expenses" means the amount by which "operating expenses" are hereinabove defined exceed "operating revenues" as hereinabove defined.

SECTION 2. PURPOSE. It is the purpose of this Act to regulate and reduce the amount of deficits which may be incurred by campuses in the conduct of intercollegiate athletics; to provide incentives for fair competition by restricting any campus from competition within the State of Arkansas so long as its intercollegiate athletic programs are being subsidized in excessive amounts of cash funds appropriated by the state, and to provide penalties for failure to operate intercollegiate athletics upon the same principles of a balanced budget without deficit spending as are required of other operations of the State of Arkansas.

SECTION 3. Beginning with the 1986-87 fiscal year, the Arkansas Department of Higher Education shall collect intercollegiate athletic income and expense information from each state-supported four-year institution of higher education and provide such information, along with comparison with at least five previous years to members of the Boards of Trustees at all involved institutions, the Governor, and each member of the General Assembly no later than November 15 of each year.

SECTION 4. All campuses having deficits in intercollegiate athletic programs of less than one million dollars per year shall, commencing with the 1987-88 fiscal year, reduce the deficit by one-fifth (20%) each year until all such deficits shall have been eliminated by 1992-93.

SECTION 5. Beginning with the 1988-89 fiscal year, each campus which

has not reduced its deficit by one-fifth (20%) in the previous year shall have an amount equal to the deficiency from the required 20% reduction withheld from state allocations by the chief fiscal officer of the state, the amount withheld to be transferred to War Memorial Stadium for improvements of same.

SECTION 6. Any campus having an annual deficit of more than one million dollars attributable to intercollegiate athletics for the fiscal year 1986-87 or any subsequent year shall be allowed one grace year to reduce the deficit below one million dollars per year. In the event the deficit is not reduced below one million dollars for said grace year, the campus is required to immediately cease from intercollegiate athletic competition, and to submit to the State Board of Higher Education a plan of reorganization of athletic expenditures so as to reduce expenditures until the deficits have been brought below the amount of \$500,000 in excess of the standard allocation established by the State Board of Higher Education. Upon certification that the annual deficit has been reduced below the level of \$500,000, the campus shall be authorized to resume intercollegiate athletics, but shall be required to continue its deficit reductions and payments to War Memorial Stadium as hereinbefore provided.

SECTION 7. EMERGENCY CLAUSE. It is hereby found and determined by the Seventy-Fifth General Assembly that intercollegiate athletic deficits have continued to grow and that financial needs of state-supported universities are of such significance that excessive intercollegiate athletics deficits must be eliminated. Therefore, an emergency is hereby declared to exist and this Act, being necessary for the immediate preservation of the public peace, health and safety, shall be in full force and effect from and after its passage and approval.

