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Special Report

# West Virginia University Institute of Technology Athletic Department

## AUDIT OVERVIEW

The WVU Tech Athletic Department Cannot Support  
Itself and Is a Financial Drain on the University

WVU Tech's Decision to Switch Athletic Associations  
and Conferences Was Made for the Wrong Reasons  
and Has Become a Significant Financial Drain for the  
School



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## EXECUTIVE SUMMARY

### **Issue 1: The WVU Tech Athletic Department Cannot Support Itself and Is a Financial Drain on the University.**

West Virginia University Institute of Technology (WVU Tech) has been experiencing financial difficulties for several years. As of the end of fiscal year 2008, the Athletic Department had a deficit of over \$1.4 million. This review concludes that some of the Athletic Department's financial losses are attributed to a lack of administrative oversight. The evidence suggests that WVU Tech does not have a consistent philosophy on how the Athletic Department fits into the institution's overall educational programming. In one sense, the Athletic Department has been used as a vehicle to increase enrollment and revenue through liberal scholarship awards. There has been a disregard for achieving the Athletic Department's mission of maximizing academic achievement, and providing student athletes a competitive and quality experience. Given the financial condition of the WVU Tech, the institute needs to examine areas of the school where these financial losses can be reduced.

### **Issue 2: WVU Tech's Decision to Switch Athletic Associations and Conferences Was Made for the Wrong Reasons and Has Become a Significant Financial Drain for the School.**

West Virginia University Institute of Technology (WVU Tech) switched collegiate athletic associations and sports conferences in 2006. Reasons provided by the former provost for switching from the National Collegiate Athletic Association (NCAA) to the National Athletic Intercollegiate Association (NAIA) were to improve recruiting and competitiveness. However, the Legislative Auditor believes WVU Tech officials, who are no longer with the school, decided with poor foresight to leave the NCAA and West Virginia Intercollegiate Athletic Conference (WVIAC) and join the NAIA and Mid-Southern Conference (MSC) in order to avoid likely sanctions against the school's athletic program that would have resulted from releasing a self-report completed on its athletic program in 2005. Since joining the MSC, WVU Tech's expenses for travel have increased over 240 percent. The current WVU Tech administration is making efforts to rejoin the NCAA and the WVIAC.

Still, re-admittance into the WVIAC is not guaranteed. Efforts by the Governor and the Legislature should be made to assist WVU Tech in this area. However, WVU Tech should serve any sanction against it that may result from the 2005 self-report, if required for re-admittance into the NCAA and the WVIAC.

## Recommendations

1. *WVU Tech needs to develop and adhere to a policy on what role the Athletic Department has in the school's overall educational programming.*
2. *The Legislative Auditor recommends that the WVU Tech Financial Office and Provost's Office exercise greater oversight of expenditures and take appropriate measures to limit the financial losses of the WVU Tech Athletic Department, including the possibility of reducing or eliminating sports programs.*
3. *WVU Tech and the Athletic Department should emphasize achieving, to a greater extent, the mission statement of the Athletic Department.*
4. *The Legislative Auditor recommends that the Legislature consider requiring state institutions of higher education to do a cost/benefit analysis prior to any decision to change college athletic associations or sports conferences in order to determine if such a change would create a financial hardship for the school.*
5. *The Legislative Auditor recommends that WVU Tech make all necessary efforts to be re-admitted into the NCAA and the WVIAC.*
6. *The Legislative Auditor recommends that the Governor and the Legislature contact the WVIAC and request that WVU Tech be re-admitted to the conference.*
7. *The Legislative Auditor recommends that WVU Tech serve any sanctions against it that would normally result from infractions detailed in the 2005 self-report, if required for re-admittance into the NCAA and the WVIAC.*

## OBJECTIVE, SCOPE & METHODOLOGY

This performance review of the West Virginia University Institute of Technology Athletic Department is authorized by West Virginia Code, Chapter 4, Article 2, Section 5. The West Virginia University Institute of Technology (WVU Tech) Athletic Department sponsors both intercollegiate and intramural athletics for students. WVU Tech is a member of the National Association of Intercollegiate Athletics Division I and competes in the Mid-South Athletic Conference. WVU Tech currently sponsors 12 intercollegiate sports. Men's sports include wrestling, cross country, football, basketball, baseball, soccer, and golf. Women's sports include basketball, cross country, softball, soccer, and volleyball.

### **Objective**

The purpose of this review of the WVU Tech Athletic Department was to identify inefficiencies in the department and to make recommendations to correct the inefficiencies to improve the overall performance of the department

### **Scope**

This review covers the historical period of the development of the Athletic Department from 1989 to the present, although the main focus of the review takes place during the academic years of 2007 and 2008.

### **Methodology**

The analysis for this review was conducted primarily through information provided by WVU Tech, interviews with athletic and administrative staff, information provided by the West Virginia Intercollegiate Athletic Conference (WVIAC) Commissioner, observations by staff of the Legislative Auditor's Office, and information received from other state institutions of higher education. The Performance Evaluation and Research Division received assistance from the Legislative Auditor's Post Audit Division in the analysis of housing waivers provided to students in AY 2007 and AY 2008. All aspects of this performance review are in accordance with Generally Accepted Government Auditing Standards.





## ISSUE 1

### **The WVU Tech Athletic Department Cannot Support Itself and Is a Financial Drain on the University.**

#### **Issue Summary**

West Virginia University Institute of Technology (WVU Tech) has been experiencing financial difficulties for several years. The institution has had financial losses in the amount of over \$1.2 million for fiscal year 2008. As a result, the Legislature has had to provide financial assistance in the form of additional appropriations. Given the financial condition of WVU Tech, the institute needs to examine areas of the school where these financial losses can be reduced. One particular area of concern that is examined in this report is the Athletic Department. As of the end of fiscal year 2008, the Athletic Department had a deficit of over \$1.4 million. This review concludes that some of the Athletic Department's financial losses are attributed to a lack of administrative oversight. The evidence suggests that WVU Tech does not have a consistent philosophy on how the Athletic Department fits into the institution's overall educational programming. In one sense, the Athletic Department has been used as a vehicle to increase enrollment and revenue through liberal scholarship awards. However, this has been done at the expense of accepting student athletes who soon leave the institution. There has been a disregard for achieving the Athletic Department's mission of maximizing academic achievement, and providing student athletes a competitive and quality experience.

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*As of the end of fiscal year 2008, the Athletic Department had a deficit of over \$1.4 million.*

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*There has been a disregard for achieving the Athletic Department's mission of maximizing academic achievement, and providing student athletes a competitive and quality experience.*

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#### **The Athletic Department's Financial Losses Are a Significant Burden to WVU Tech**

Table 1 shows expenditures and revenues of WVU Tech's athletic department for the past three fiscal years. The table shows that the Athletic Department has had financial deficits in each of the last two fiscal years in amounts exceeding \$1 million.

<b>Table 1</b>			
<b>WVU Tech Athletic Department Expenditures, Revenues and Deficits</b>			
<b>FY 2006-2008</b>			
	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Annual Expenditure*</b>	\$790,839	\$1,312,403	\$1,489,729
<b>Annual Revenue</b>	\$424,234	\$120,654	\$72,624
<b>Annual Deficit</b>	\$366,605	\$1,191,749	\$1,417,105
<i>Source: WVU Tech</i>			
<i>*Expenditures do not include scholarships awarded to student athletes.</i>			

It is clear that the Athletic Department is a significant part of the school’s overall financial difficulties. Therefore, it is important for WVU Tech to find ways to limit the Athletic Department’s losses. The Legislative Auditor has determined that the causes for the large deficits in the Athletic Department are:

- a lack of stable administrative oversight that has led to poor and costly decisions,
- a lack of a consistent philosophy on the Athletic Department’s role in WVU Tech’s overall educational programming, and
- a lack of a consistent practice to achieve the Athletic Department’s Mission Statement.

The Athletic Department’s Mission Statement is to provide an atmosphere that will create the following three outcomes for all student athletes:

1. Maximize academic achievement culminating in a degree.
2. Put all teams and individuals in a position for competitive success.
3. Provide a high quality experience for every constituent of Tech students, athletes, coaches, alumni, and community.

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*The Athletic Department’s Mission Statement is to provide an atmosphere that will create the following three outcomes for all student athletes.*

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WVU Tech’s student athletes have a graduation rate that has fluctuated between a low of 17 percent and a high of 42 percent from 2004 through 2008 (see Table 2). The Athletic Department’s graduation rate has generally been below the school’s overall graduation rate, with the exception of AY 2004.

<b>Table 2</b>					
<b>WVU Tech’s Student Athlete Six-Year Graduation Rates</b>					
<b>2004-2008</b>					
<b>Year</b>	2004	2005	2006	2007	2008
<b>Athletic Department’s Grad. Rate</b>	40%	21%	17%	31%	42%
<b>WVU Tech’s Grad. Rate</b>	26.4%	35.2%	32.8%	50.2%	N/A

*Source: WVU Tech Athletic Department*

Part of WVU Tech’s Athletic Department goals stated in the most recent Athletic Department handbook, printed January 19, 2005, were to abide by the rules and regulations of the National Collegiate Athletic Association (NCAA) and the West Virginia Intercollegiate Athletic Conference (WVIAC). However, at the time, WVU Tech violated these organizations’ rules and was put on probation where it continued to violate many of the same rules and regulations.

WVU Tech recruited and gave scholarships to players who became ineligible to participate in their respective sport.<sup>1</sup> During the fall of 2007, 39 of the 138 members of WVU Tech’s football team (28 percent of the team) were ineligible to play in games yet still practiced with the team. Also, all players who were ineligible to play would not have received any scholarship money unless approved by the Athletic Director. This is a relatively large percentage of the football program and it likely did not provide these students with a good experience at the school. The Legislative Auditor does not know what academic year (freshman, sophomore, etc.) these ineligible student athletes were in at the time of becoming ineligible. A previous study conducted by the Legislative Auditor in February 2009 on WVU Tech indicated that 24.5 percent of all student athletes in AY 2008 left WVU Tech in their first or second semester. This data suggests that the academic standards of the

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<sup>1</sup>The Legislative Auditor was unable to determine if the recruits were ineligible at the time they were recruited or after they were enrolled in the institution.

Athletic Department can be higher, which, in turn, would enhance the experience student athletes have at WVU Tech.

The Athletic Department has had a lack of consistent and stable leadership in the top position. Table 3 shows that WVU Tech has had 14 Athletic Directors since 1989, including 3 over a 15-month period from 2002 to 2004 and 4 from 2008 to 2009.

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*The Athletic Department has had a lack of consistent and stable leadership in the top position...WVU Tech has had 14 Athletic Directors since 1989, including 3 over a 15-month period from 2002 to 2004 and 4 from 2008 to 2009.*

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<b>Table 3 Tenure of Athletic Directors WVU Tech Athletic Department</b>	
<b>Athletic Director</b>	<b>Year</b>
Sandra Elmore	1989-91
Gene Dillon (Interim)	1991-92
Terry Rupert	1993-96
Jeff Kepreos (Interim)	1996-98
Mike Nease (Interim)	1998-99
Mike Springston	1999-02
Reggie Smith	2002-03
Tim Epling	2003-04
Sandra Elmore (Interim)	2004-05
Gary Prince (Interim)	2005-06
Louis Talerico	2006-08
Pete Kelly (Interim)	2008-09
Kenny Howell (Interim)	2009
Frank Pergolizzi	2009-Present
<b>Total – 14</b>	<b>Total – 19 Years</b>
<i>Source: WVU Tech Athletic Department</i>	

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*The WVU Tech football team also had a high turnover rate for its head football coaches, having eleven head coaches in the same time period 1989 to 2008.*

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The WVU Tech football team also had a high turnover rate for its head football coaches, having eleven head coaches in the same time period 1989 to 2008 (see Table 4).

<b>Table 4 Tenure of Football Head Coaches WVU Tech Athletic Department</b>	
<b>Head Football Coach</b>	<b>Year</b>
Bob Gobel	1989
Jim Marsh	1990
Kevin Bradley	1991
Bob Gobel	1992-95
Paul Price	1996-98
Mike Springston	1999-02
Mauro Monz	2003-04
Bill Briggs	2005
Shane Beatty (Interim)	2006
Shane Beatty (Interim) <sup>2</sup> , William Kerher (Interim)	2007
Scott Tinsley	2008-Present
<b>Total – 11</b>	<b>Total – 19 Years</b>
<i>Source: WVU Tech Athletic Department</i>	

### The Athletic Department Has Been Operating With a Lack of Restraint on Spending

The Athletic Department has accumulated a deficit that continued to grow each year from FY 2006 to FY 2008 (see Table 5). According to the former Interim Athletic Director, the main problem for the Athletic Department in the past has been the lack of monitoring or management of spending. The Athletic Director is responsible for awarding the overall athletic budget including scholarships.

As shown in Table 5, the Athletic Department’s expenditures have exceeded revenues by over \$1 million for the past two years, with expenses increasing and revenues decreasing. Athletic department revenues consist of student fees (only shown in FY 2006), game guarantees, concessions, private contributions, ticket sales, advertising, and miscellaneous revenue collected. It is important to note that one reason for the significant drop in revenue from FY 2006 was that student fees, which were normally distributed to the Athletic Department, are being distributed to the

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*The Athletic Department’s expenditures have exceeded revenues by over \$1 million for the past two years, with expenses increasing and revenues decreasing.*

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<sup>2</sup>Coach Beatty quit after two games.

Educational and General (E&G) fund. Monies in the E&G fund are used for educational and general purposes for the institution, including the Athletic Department. Annual expenditures of the Athletic Department do not include institutional scholarship awards. This is shown separately in Table 5 because scholarship awards do not represent an actual dollar outlay. However, scholarships awarded to student athletes represent a potential loss of revenue and an additional cost for the institution to accommodate these students.

According to WVU Tech’s former Chief Financial Officer (CFO), the athletic budget has been a “work in process” the last few years. The FY 2008 budget was based on a percentage of their FY 2007 budget. Unfortunately, the administration at the time was unable to stay within that budget. Furthermore, there was a practice of offering “bed waivers” to athletes without any real consideration of the lost revenue to the campus. WVU Tech’s athletic program is not self supporting. For the most part, the Athletic Department is mainly funded from state appropriations and E&G funds.

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<b>Table 5 WVU Tech and Athletic Department Comparison, FY 2006 - FY 2008</b>			
<b>WVU Tech</b>	<b>2005-06*</b>	<b>2006-07</b>	<b>2007-08</b>
<b>Expenses</b>	\$790,839	\$1,312,403	\$1,489,729
<b>Revenues</b>	\$424,234	\$120,654	\$72,624
<b>Net Balance (Loss)</b>	(\$366,605)	(\$1,191,749)	(\$1,417,105)
<b>Athletic Scholarship Awards</b>	\$816,231	\$1,080,761	\$1,735,059
<i>Source: WVU Tech Athletic Department</i>			
<i>*Revenues in FY 2006 include athletic fees. After FY 2006, athletic fees were not distributed to the Athletic Department.</i>			

One factor that explains the increase in expenditures in FY 2007, shown in Table 5, was the school’s decision to change sports conferences in 2006, which led to significantly higher travel expenses. This is discussed in detail in Issue 2 of this report. Another factor was an increase in student athletes that resulted in an increase in athletic department personnel and equipment costs. Table 6 shows the increase in student athletes at WVU Tech.

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<b>Table 6</b>				
<b>WVU Tech Total Enrollment and Student Athlete Enrollment</b>				
<b>2004 to 2008*</b>				
<b>WVU Tech</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>
<b>Overall Enrollment**</b>	2,357	2,217	2,153	2,210
<b>Student Athletes</b>	169	N/A <sup>3</sup>	304	411

*Source: WVU Tech Athletic Department.*  
*\*Numbers are taken from the Fall Semester for each year.*  
*\*\* Includes CTC students*

The WVU Tech and Glenville State University Athletic Departments are comparable in the sense that both schools have similar overall student populations, similar numbers of student athletes and teams, and both institutions are located in rural locations. Fiscal Year 2006 is the most recent comparable year due to the fact that both schools received student fees as part of its athletic department revenues. After 2006 WVU Tech no longer received student fees as part of its athletic department revenue. WVU Tech’s student fees were, instead, diverted to the educational and general (E&G) fund. The Glenville State Athletic Department has continued receiving student fees into its athletic revenue, thus making other fiscal years non-comparable.

<b>Table 7</b>		
<b>WVU Tech and Glenville State Athletic Department Comparison FY 2006</b>		
<b>WVU Tech</b>	<b>2006 Without Institutional Scholarship Funds</b>	<b>2006 With Institutional Scholarship Funds</b>
<b>Expenditures</b>	\$790,839	\$1,607,070
<b>Revenues</b>	\$424,234	\$424,234
<b>Balance</b>	<b>(\$366,605)</b>	<b>(\$1,182,836)</b>
<b>Glenville State</b>	<b>2006 Without Institutional Scholarship Funds</b>	<b>2006 With Institutional Scholarship Funds</b>
<b>Expenditures</b>	\$1,298,290	\$1,708,798
<b>Revenues</b>	\$1,709,376	\$1,709,376
<b>Balance</b>	\$411,086	\$578

*Source: WVU Tech and Glenville State University Athletic Departments.*

<sup>3</sup>For 2005-06, an accurate number of student athletes was not provided by the WVU Tech Athletic Department. An exact number of student athletes was not kept in the Banner system and was not ascertainable from the squad lists in the athletics department.



When comparing WVU Tech and Glenville State with and without institutional scholarship funds it is clear that Glenville State has higher expenditures, but also has a positive balance. Alternatively, WVU Tech has a significant negative balance with and without institutional scholarship funds (see Table 7).

According to the former Interim Athletic Director, in the past, the Athletic Department's focus was to recruit out-of-state student athletes in order to raise the enrollment and to earn more revenue for the institution. The cost of tuition for a full-time in-state student is \$6,964, whereas the tuition for a full-time out-of-state student is \$12,748 for AY 2009. However, in AY 2007 and AY 2008 WVU Tech lost a large number of student athletes who left after one year. In AY 2007, 26 percent of the baseball players and 30 percent of the football players left. In AY 2008, with larger team rosters, 29 percent of the baseball players left, and again 30 percent of the football players left.

Due to the difficulty of retaining student athletes and keeping them in academic compliance, the Athletic Department is now focusing on recruiting in-state student athletes with high academic and "moral standards" according to WVU Tech's former Interim Athletic Director. WVU Tech hopes this new recruitment philosophy will draw more local interest and community support.

The WVU Tech Athletics Model for FY 2009<sup>4</sup> had a revenue projection of \$44,902 and an expense projection of \$1,173,332 for a loss of \$1,128,430 before adjustments. After adjustments, the projected loss is \$2,262,447. The projected costs of adjustments include the costs of scholarships (including waivers), football field turf replacement (\$750,000 over 10 years), forgone savings from capacity reduction, and housing operational costs for athletes.

According to the school's WVU appointed CFO, the FY 2009 budget was a gross dollar amount that was agreed upon between the CFO and the former Interim Athletic Director. It was agreed that the Athletic Director had complete discretion on how to spend this budget. During FY 2007 and FY 2008, housing waivers were a separate cost item. In FY 2009 they were absorbed in the current scholarship program, therefore the current scholarship program includes housing waiver costs. These scholarships are for well defined dollar amounts. Any student that meets the criteria for a certain level of scholarship receives that scholarship. WVU Tech used historical student information as data

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<sup>4</sup>The Athletics Model for FY 2009 was provided by WVU Tech in collaboration with West Virginia University.



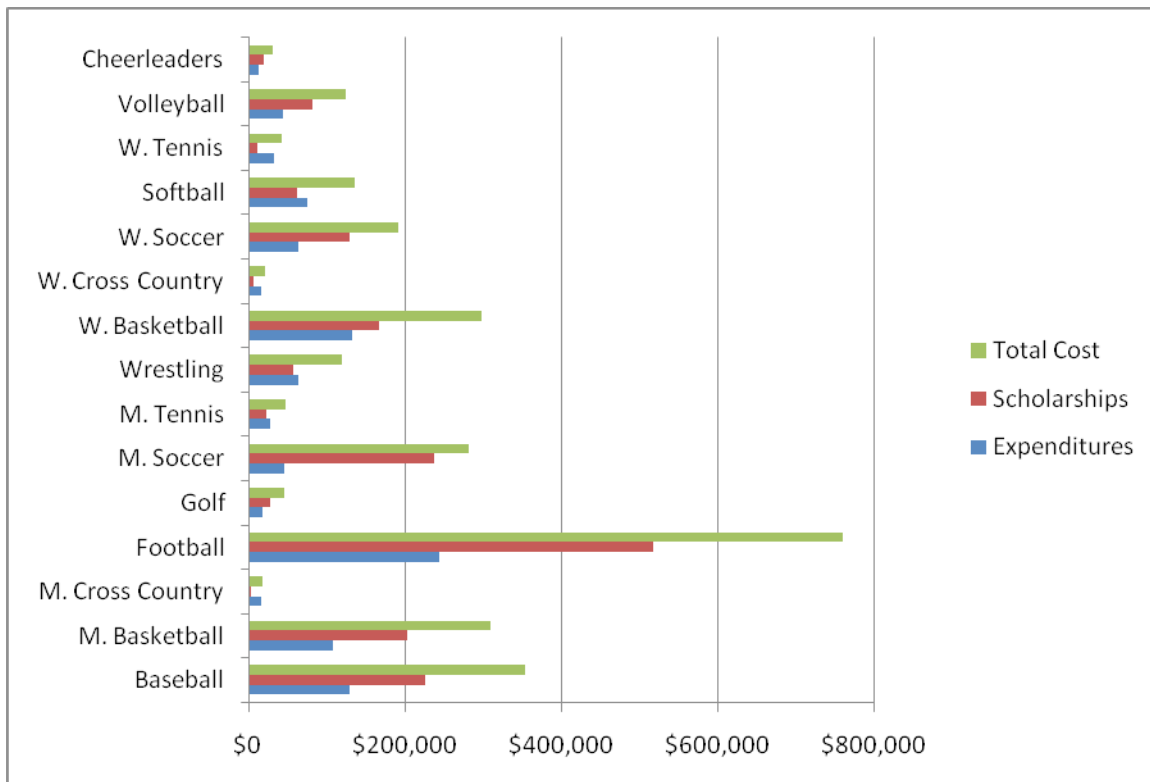
to establish appropriate academic criteria and dollar amounts for the scholarships. The goal was to establish scholarships that would increase the yield of enrolled students from those admitted through financial assistance that resulted in a net increase of the revenue to expenditure ratio for WVU Tech.

### Breakdown of Individual Athletic Department Sports Program Costs

Figure 1 shows the expenditures and scholarships for each WVU Tech athletic team for FY 2008. The chart shows that for most sports the cost of scholarships outweighs the cost of expenditures, which consists of personnel, general operations, equipment, home game costs, repairs, and travel expenses. The football team is by far the most expensive to operate with \$242,677 going towards expenditures and \$516,679 going towards institutional scholarships for a total expense of \$759,356. A large portion of the WVU Tech athletic expenditures could be reduced if the football team was discontinued or reduced in size. It should be noted that both the men’s and women’s tennis teams were eliminated after the spring of 2008.

*The chart shows that for most sports the cost of scholarships outweighs the cost of expenditures, which consists of personnel, general operations, equipment, home game costs, repairs, and travel expenses.*

Figure 1: WVU Tech Athletic Team Expenditures with Scholarships for FY 2008.



## Lack of Oversight from the Athletic Department and WVU Tech Administration Led to Questionable Expenditures

According to the WVU Tech Athletic Department, \$20,318 was reported for athletic recruiting expenses for FY 2008. This included \$3,996 for men's soccer, \$1,266 for men's basketball, \$1,473 for football, \$2,040 for men's tennis, \$1,731 for women's basketball, \$7,724 for women's soccer, \$480 for softball, and \$1,607 for women's tennis. The head men's/women's soccer coach who was also the head men's/women's tennis coach spent \$15,368 (76 percent of all recruiting costs) on recruiting for the soccer and tennis teams alone, which included trips to Venezuela, England, Scotland, Romania, Serbia, and Canada. The operating cost for the men's soccer team in FY 2008 was \$44,912. The cost of scholarships to supply the men's soccer team with players was \$235,744.

A survey of other, comparable West Virginia institutions of higher education was conducted. Institutions included in the survey were Concord University, Fairmont State University, Glenville State College, Shepherd University, West Liberty University and West Virginia State University. These schools were asked the amount of their athletic department recruiting budgets and if they paid for recruiting trips outside of the country. While WVU Tech's overall recruiting expenditures were in line with those of the institutions surveyed, none of them permitted or paid for recruiting trips outside of the country as WVU Tech did for its soccer and baseball coaches.

Shown in Figure 2, each team is broken down to show the number of players, the total cost per player, the average team expenditure per player, and the average institutional scholarship awarded per player. From this comparison, it can be determined that the men's and women's soccer teams received the highest amount of scholarship per player followed by men's and women's basketball. For FY 2008 the average institutional scholarship awarded to the men's soccer team was \$7,368; the women's soccer team was \$8,542; the men's basketball team was \$6,326; and the women's basketball team was \$6,894.

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*The head men's/women's soccer coach who was also the head men's/women's tennis coach spent \$15,368 (76 percent of all recruiting costs) on recruiting for the soccer and tennis teams alone, which included trips to Venezuela, England, Scotland, Romania, Serbia, and Canada.*

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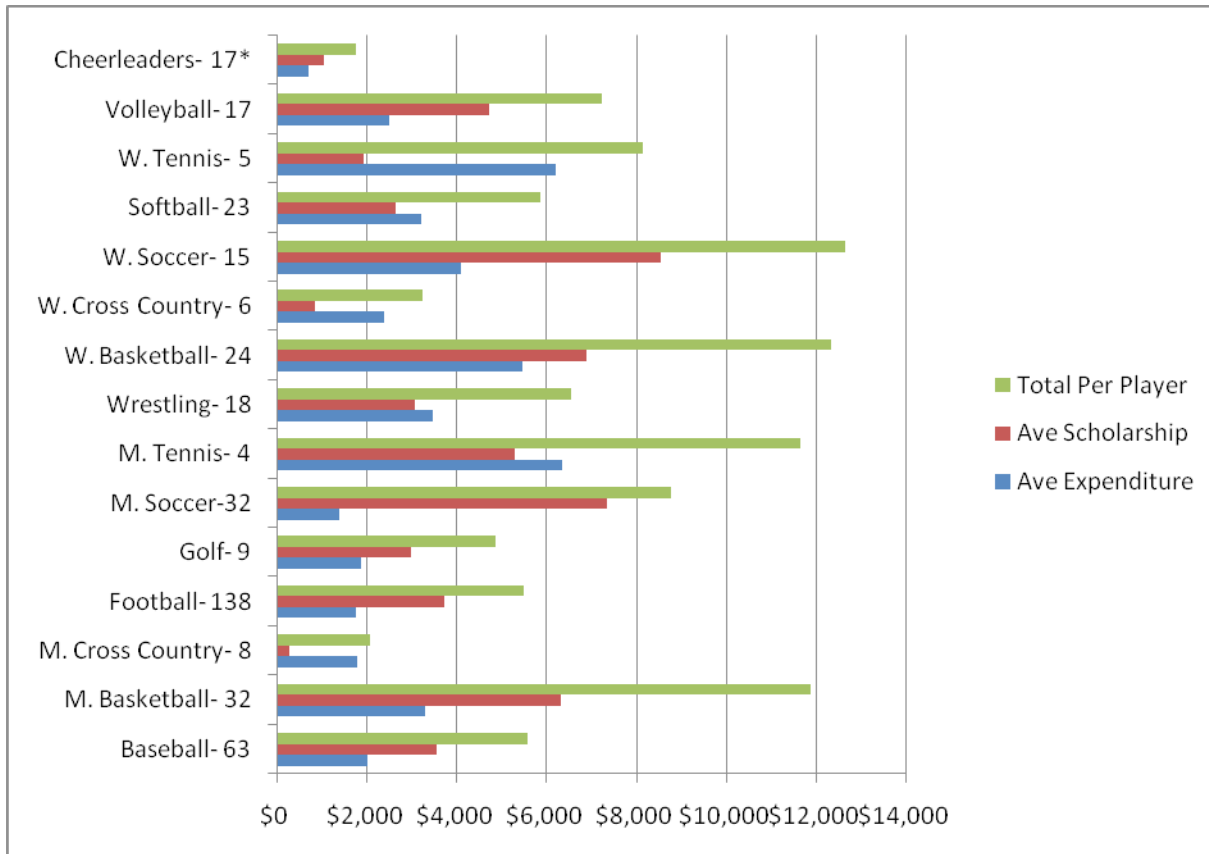


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*While WVU Tech's overall recruiting expenditures were in line with those of the institutions surveyed, none of them permitted or paid for recruiting trips outside of the country as WVU Tech did for its soccer and baseball coaches.*

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**Figure 2: WVU Tech Total Cost, Average Scholarship, and Average Expenditure Per Player for FY 2008.**



\* Number of Players.

The Head Soccer Coach may be partially to blame for the overall costs of his teams. Nevertheless, the WVU Tech administration is mainly at fault for allowing this expensive conduct to happen and for neglecting its fiduciary responsibilities. According to the Athletic Department, the athletic director is currently responsible for awarding the overall athletic budgets including scholarships and the compliance coordinator is responsible for tracking the adherence of those budgets. However, this was basically the same operating procedure of the past where the athletic director was required to sign-off on all expenses and travel requests. All decisions were, and still are, left up to the discretion of the athletic director without oversight from the WVU Tech Financial Office or Provost’s Office.

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## Housing Waivers

As stated in the February 2009 Legislative Auditor’s Special Report on the West Virginia Institute of Technology, for AY 2007 and AY 2008, WVU Tech issued housing waivers to over 50 percent of the students in its resident halls. Other state institutions, such as West Virginia University and Marshall University issued housing waivers to only four percent of students in resident halls during the same period. Although WVU Tech intended to use up to 256 housing waivers, even more housing waivers were issued due to apparent confusion on the part of the institution’s officials. The discounts were so great that fewer than half of the students in the residence halls in each year actually paid for housing. WVU Tech lost over \$1.5 million as the result of discounted housing over the two-year period. In addition, first-time student athletes, who received the larger number of housing waivers in each year, did not return for a second season. WVU Tech realized that the housing waivers had failed to achieve their goal to attract students, and discontinued them for AY 2009, in favor of discounting housing in scholarship packages instead of issuing housing waivers.

WVU Tech’s past recruiting philosophy was to recruit out-of-state student athletes in order to raise the enrollment and to earn more revenue from the various sources towards payment of student education (Promise scholarships, SEOG, Pell Grants, other outside scholarships, etc.) (see Table 8). A motivating factor in having a liberal scholarship policy for student athletes is the outside education payment revenues (OEPR) the institution receives for the students.

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*WVU Tech lost over \$1.5 million as the result of discounted housing over the two-year period.*

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Year	Award	OEPR	Net Revenue
2007	\$990,653	\$2,982,583	\$1,991,930
2008	\$1,798,651	\$3,981,395	\$2,182,744

*\*Outside Education Payment Revenues (OEPR) are other sources of educational funding that is received by WVU Tech for respective student athletes. Such funding includes grants, loans, outside scholarships and funding from the student and/or the student’s family.*

Housing waivers were issued in the 2007 and 2008 academic years as part of the overall academic aid packages used to attract students. One of the former Provost’s primary methods of reducing the costs for new student athletes was with the offer of room waivers. The former Provost was quoted in saying:

*If those rooms are going to be empty anyway, why not put a football player in them? If we were turning kids away from the dorms because we didn’t have room, then I could see it... But if we can give a kid a bed waiver, what does it cost us? It doesn’t cost much.*

In the fall of 2007, the cost of a double in Maclin Hall was \$1,850 per semester and the cost of a quad in Hirise Hall was \$1,550 per semester. This initiative was part of an overall academic aid package intended to attract students to WVU Tech. The aid package was supposed to be based on the athletic prowess of student athletes and the academic prowess of students. The Athletic Director and the Director of Admissions were responsible for managing the number of housing waivers. However, housing waivers were not part of the initial scholarship limitations given to the coaching staff. These waivers were made available at a later date and were accessible to the Athletic Department on an unlimited basis. Each program coach had the ability to award the waivers at his or her discretion.

Table 9 compares the total institutional aid amounts awarded to student athletes by WVU Tech and Glenville State College. The total number of student athletes at both of these institutions is similar. However, WVU Tech has offered more than twice the amount of scholarship money to its student athletes.

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<b>Table 9</b>			
<b>Total Value of Student Athlete Scholarships Awarded</b>			
<b>Comparison for FY 2006 to FY 2008</b>			
	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>
<b>WVU Tech</b>	\$816,231	\$1,080,762	\$1,753,059
<b>Number of Student Athletes</b>	N/A	304	413
<b>Glenville State</b>	\$410,508	\$365,871	\$512,121
<b>Number of Student Athletes</b>	193	205	232

*Source: WVU Tech and Glenville State College Athletic Departments*

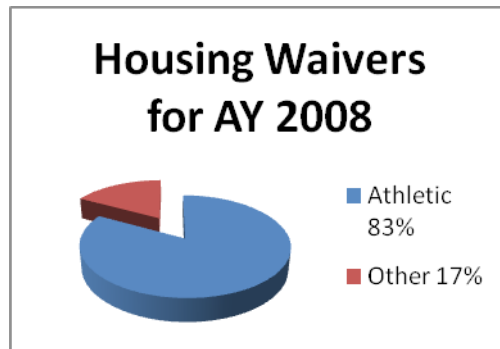
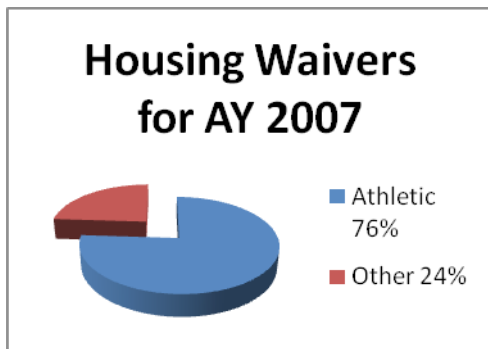
During AY 2007 and AY 2008, WVU Tech issued a large number of housing waivers valued for the full amount of the least expensive dormitory room. The following are the numbers of housing waivers, and the corresponding value of the housing waivers issued to students for each academic year:

- **AY 2007** – WVU Tech issued 533 housing waivers for the entire academic year (289 in the fall semester, and 244 in the spring semester) valued at \$631,330 for both semesters. **Athletes received a total of 404 of the housing waivers valued at \$479,810, or 76 percent of the waivers issued.** Individual housing waivers were valued at \$1,200 which was the amount of the least expensive dormitory room.
- **AY 2008** – WVU Tech increased the number to 619 housing waivers (350 in the fall semester, and 269 in the spring semester) totaling \$947,128 for both semesters. **Athletes received a total of 517 housing waivers valued at \$786,116, or 83 percent of the housing waivers issued.** Individual housing waivers increased in value to \$1,550 which reflected a rise in housing rates.

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*Over the four semesters of the two academic years, WVU tech waived \$1,578,458 in housing revenue, of which \$1,265,926 went to athletics.*

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Over the four semesters of the two academic years, WVU tech waived \$1,578,458 in housing revenue, of which \$1,265,926 went to athletics. This came at a time when four-year student enrollment declined by 177 full-time enrolled students from AY 2007 to AY 2008. For the corresponding fiscal time period, the college financial statement showed a \$1.2 million deficit. WVU Tech also expected to post a deficit for the following fiscal year.



Athletic students receiving housing waivers may have intended to play a team sport at WVU Tech for one season, or may not have been eligible to play despite receiving an athletic housing waiver. The Legislative Auditor determined that in AY 2008, there were 33 students receiving athletic housing waivers who were not eligible to play for WVU Tech according to the NAIA requirements. Some of the ineligible students left after one semester, and some left at the end of the year. The ineligible students were as follows:

- 15 students on the football roster,
- 11 students on the baseball roster,
- 2 students on the men’s soccer roster,
- 2 students on the women’s basketball roster,
- 2 students on the volleyball roster, and
- 1 student on the wrestling roster.

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*The Legislative Auditor determined that in AY 2008, there were 33 students receiving athletic housing waivers who were not eligible to play for WVU Tech according to the NAIA requirements.*

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## **WVU Tech’s Football Program**

In the past three years the WVU Tech football team has had a record of 2–31 with a win less record of 0–11 this past season. The football team has not won a conference championship since 1989 when it was co-champion with Concord College. From 1990 to 1999 they only won seven games. Since the 1989 season, the WVU Tech football team has only had one winning season when they went 6-5 in 2002. This type of performance and the inability to retain a head coach creates concern to what benefit the football team is to the institution.

In the fall of 2004, the student enrollment was down and the Athletic Department had a deficit of \$1.2 million. The WVU Tech administration calculated that the only way to make up for the financial deficit was by adding new in-state and out-of-state students. The former Provost believed that going after new students was a positive way of building a strong Athletic Department, and a strong Athletic Department meant having a strong football team. The former Provost is quoted as saying, “I think that the football program at Tech gets us 50 to 60 kids that might not otherwise come to Tech... I look at it primarily as a way to get these kids to go to school.” The football team at WVU Tech has

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been a critical topic in the past few years due to its performance, or lack thereof, and the financial drain it has had on the institution.

For FY 2008, the football team had \$242,677 in expenditures and only \$52,750 in revenues. However, these figures do not include the institutional scholarship expenses for football. Once this expense is added, the overall expenditure for football comes to \$759,356 with a budgetary shortfall of \$706,606. Furthermore, this came at a time when the number of players was increased to 138. It should be noted that WVU Tech has since reduced the size of the football team to approximately 85 to 90 players for the last two seasons. Table 10 shows the expenditures and revenues for the football program for years 2005 to 2008. (Similar information for the rest of WVU Tech’s athletic teams is in Appendix B.)

*For FY 2008, the football team had \$242,677 in expenditures and only \$52,750 in revenues.*

<b>Table 10</b>				
<b>WVU Tech Football Expenditures and Revenues for Years 2005 to 2008</b>				
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Expenditures**</b>	\$81,566	\$107,769	\$233,585	\$242,677
<b>Revenues</b>	N/A*	\$3,233	\$0	\$52,750

*Source: WVU Tech Athletic Department*  
*\*N/A revenue information was not available.*  
*\*\* Institutional scholarship expenses not included.*

The issue of whether or not to retain the football program at WVU Tech came under consideration in the fall of 2004 when the WVU Tech Athletic Strategic Planning Committee conducted a cost benefit analysis of each scenario. In the fall of 2004 there were 64 players on the squad list for football, plus 32 additional football players not included on the squad list for a total of 96 football players. The report shows, using the numbers from FY 2004, WVU Tech would have reduced costs by \$297,000 if football was eliminated. Additional issues impacting the decision include compliance with Title IX, an increase in insurance premiums, addition of three men’s sports if football is eliminated, and regional competitiveness. A main concern of the report is that if football was eliminated, would the student athletes that come to play in the newly acquired sports teams come from out-of-state? Payment of the non-resident student rate is imperative to the Athletic Department budget as well as to the institution’s overall budget. A major conclusion of the analysis was that for FY 2004, the expenditures for all sports with the exception of woman’s volleyball exceeded revenue. The most significant

*The issue of whether or not to retain the football program at WVU Tech came under consideration in the fall of 2004 when the WVU Tech Athletic Strategic Planning Committee conducted a cost benefit analysis of each scenario.*



over expenditure occurred in football. WVU Tech's overall decision was to continue the football program.

Regarding WVU Tech's intentions of rejoining the WVIAC and the NCAA, according to the WVIAC Commissioner, there would be no stipulation that would have to be met if the football program was discontinued. The WVIAC has no requirement for any member institution to sponsor specific sports. Every WVIAC institution must meet NCAA Division II sport sponsorship regulations of at least 10 sports, five for men and five for women, and at least one men's and one women's sport in each of the three sport seasons (fall, winter, spring).

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## Football Field Renovations

Extra expenditures will result from the need to improve field conditions at Martin Field to ensure player safety. The turf at Martin Field is between 9 and 10 years old, and improvements need to be made. According to the former Interim Athletic Director, new turf would cost \$350,000. However, according to the FY 2009 WVU Tech Athletics Model, the field turf replacement would cost \$750,000 which would be paid for over 10 years. In addition, the new head football coach would like WVU Tech to install lights at Martin Field so games could be played at night. A rough estimate for all improvements (new lights, turf, bleacher renovation, and a new field-house with home and visiting team locker rooms as desires) would be around \$2 million.

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According to the Compliance Coordinator, work orders have been placed to salvage the press-box and also to re-stitch the field turf. He stated, "Work orders are put in every year to maintain current facilities." The extra expenditures needed to keep the football facilities up-to-date only support the argument to discontinue the football program at least until the institution obtains financial stability.

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*Even though the football team has had a dismal record over the past few years, "money games" against NCAA Division I-AA teams were scheduled to raise revenue.*

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## Football "Money Games"

One way the Athletic Department has tried to produce more revenue in the past was by having the football team schedule "money games." These are games where money is agreed to be paid by opposing institutions in exchange for games played. Even though the football team has had a dismal record over the past few years, "money games" against NCAA Division I-AA teams were scheduled to raise revenue. WVU

Tech found itself out-matched when trips to Western Kentucky (63-3 in 2005, 87-0 in 2007), McNeese State (76-0 in 2006), and Delta State (61-0 in 2006) resulted in horrible losses, deflated morale, and battered bodies. The 2007 trip to Western Kentucky had a payday of \$45,000.

## Conclusion

The WVU Tech administration has not provided adequate oversight of its Athletic Department. A major concern is that WVU Tech has not developed a consistent policy on what the Athletic Department's role is in the institution's overall education programming. While the Athletic Department has a mission statement that seeks to have a high graduation rate and provide a competitive and quality experience for its students, these goals are not being sufficiently achieved. A significant percentage of student athletes leave the institution after one or two semesters. The school's liberal scholarship policy for student athletes appears to have a low academic standard that results in some becoming ineligible to play their respective sport and consequently they leave the institution. This likely does not provide a positive experience for these students. In addition, a liberal scholarship policy facilitates relatively large sports teams that increase expenses, and can be more difficult to manage.

Furthermore, the evidence suggests that WVU Tech has not controlled the losses that are being incurred in the Athletic Department and that have become a significant burden on the school. Administrative decisions have led to an increase in travel costs, an overall increase in Athletic Department expenditures due to the increase in student athletes, and a loss of potential revenue by the liberal distribution of housing waivers. The lack of administrative oversight has also led to questionable expenditures within the Athletic Department.

The Legislative Auditor recommends that WVU Tech begin to limit the losses that are being incurred in the Athletic Department by reducing or even eliminating sports programs that are a significant factor in the Athletic Department's financial condition. WVU Tech should establish the role the Athletic Department has with respect to the institution's educational programming. In addition, greater emphasis should be given in achieving the mission of the Athletic Department.

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*While the Athletic Department has a mission statement that seeks to have a high graduation rate and provide a competitive and quality experience for its students, these goals are not being sufficiently achieved.*

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*Furthermore, the evidence suggests that WVU Tech has not controlled the losses that are being incurred in the Athletic Department and that have become a significant burden on the school.*

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## **Recommendations**

1. *WVU Tech needs to develop and adhere to a policy on what role the Athletic Department has in the school's overall educational programming.*
2. *The Legislative Auditor recommends that the WVU Tech Financial Office and Provost's Office exercise greater oversight of expenditures and take appropriate measures to limit the financial losses of the WVU Tech Athletic Department, including the possibility of reducing or eliminating sports programs.*
3. *WVU Tech and the Athletic Department should emphasize achieving, to a greater extent, the mission statement of the Athletic Department.*



## Issue 2

### **WVU Tech’s Decision to Switch Athletic Associations and Conferences Was Made for the Wrong Reasons and Has Become a Significant Financial Drain for the School.**

#### **Background**

West Virginia University Institute of Technology (WVU Tech) switched collegiate athletic associations and sports conferences in 2006. The school switched from the West Virginia Intercollegiate Athletic Conference (WVIAC) of the National Collegiate Athletic Association (NCAA) to the Mid-South Conference (MSC) of the National Association of Intercollegiate Athletics (NAIA). WVU Tech was a member of the WVIAC for over 81 years. Other state institutions that are members of the WVIAC are Bluefield State College, Concord University, Fairmont State University, Glenville State College, Shepherd University, West Liberty University and West Virginia State University. Reasons provided by WVU Tech for switching from the NCAA to the NAIA were to improve recruiting and competitiveness. The NAIA’s rules on academic qualification are not as stringent as those used by the NCAA, particularly in the area of course requirements. WVU Tech believed this move would increase its pool of potential athletic recruits. However, the Legislative Auditor believes the actual reason for switching college athletic associations and athletic conferences was to avoid potential sanctions that most likely would have resulted if a 2005 WVU Tech self-report on its athletic department were to be released. WVU Tech has claimed that the decision to rejoin the NAIA had no connection to the self-report.

The athletic director at that time, who is no longer with the school, claims that over three months of “extensive study” beginning in October 2005 went into the decision to move back to the NAIA. However, there is no documentation supporting the existence of a cost/benefit analysis, or that one was ever done, to determine if changing college athletic associations and athletic conferences was in the best interest of the school. The request to move from NCAA to the NAIA was submitted to the West Virginia University Board of Governors on January 12, 2006 and approved on February 10, 2006.

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*WVU Tech believed this move would increase its pool of potential athletic recruits. However, the Legislative Auditor believes the actual reason for switching college athletic associations and athletic conferences was to avoid potential sanctions that most likely would have resulted if a 2005 WVU Tech self-report on its athletic department were to be released.*

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## 2005 Self-Report Revealed Significant Problems

In March 2005, a letter from the West Virginia Intercollegiate Athletic Conference (WVIAC) Commissioner indicated that the institution was being placed on conference probation and being declared ineligible for conference championships in all sports.<sup>5</sup> The letter indicated this action was occurring due to the serious rules compliance and institutional control problems that exist with the WVU Tech intercollegiate program. One of the probation requirements made by the Commissioner was to employ an independent consultant to review and develop a report of the program.

WVU Tech had a self-report conducted by an independent consultant that revealed violations made by coaches, players and the administration. The self-report titled, “West Virginia University Institute of Technology: Review of Certain Components of the Athletic Department’s Compliance Program” was completed by the independent consulting firm, the Compliance Group, in the summer of 2005. The cost of the report was \$80,730 and was paid by WVU Tech.

The report details violations the independent consultant believes occurred and the reasons for this position, information about other possible violations that WVU Tech eventually concluded that the available information did not support a finding of a violation, and corrective and punitive actions taken by the institution. The report was to be submitted by the institution to both the NCAA and the WVIAC to indicate the institution’s commitment to compliance. The report was submitted to the WVIAC but never to the NCAA. The report also has not been released to the public. Nevertheless, on August 1, 2005 WVU Tech’s Provost made a statement about the report in a Charleston Daily Mail news article:

*We are going to make it public... I believe that the way you fix something is that you admit you have a problem. I think we’re getting it fixed. If I didn’t think that, I wouldn’t be doing this.*

The majority of the violations in the report were the result of breakdowns and inadequacies in operating procedures or lack of monitoring by the school. These included the participation of ineligible student athletes, the non-completion and untimely completion of squad lists, and an improper use of an outside bank account. Generally speaking,

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<sup>5</sup>This was not the first time WVU Tech had problems with violations. In 1991,

*a few football players were found to be ineligible and the team had to forfeit three wins and a tie.*

most of the violations were not deliberate or intentional actions by coaching staff members, other WVU Tech employees, or representatives of the institution's athletic interests. The vast majority of the violations could have been prevented if appropriate systems, such as compliance oversight, had been in place.

During the time frame of the report, WVU Tech did not have a person assigned to the compliance function. When turnover occurred in the athletic director or compliance coordinator positions, little continuity existed in the utilization of compliance systems. Further, few significant efforts were undertaken to bolster the institution's compliance efforts. This failure to initiate or reinforce previous compliance processes resulted in the coaching staff, other athletic department staff, and other university staff either not understanding the compliance systems or expressing confusion on what policies existed. In addition, they understood that there was little possibility that violations could have been detected. Most importantly, due to the interim nature or lack of personnel, there was a belief that few repercussions would occur for failure to adhere to compliance procedures.

Although recommendations were made to help the Athletic Department take steps to regain NCAA and WVIAC compliance, WVU Tech chose to leave the NCAA and WVIAC after the AY 2006 to join the NAIA and the out-of-state MSC. A plausible explanation for this exit was that WVU Tech was already on probation from the WVIAC. If WVU Tech chose to stay in the NCAA and the WVIAC, the self-report would have been released to the NCAA, which would most likely have resulted in further sanctions from the WVIAC as well as additional sanctions from the NCAA. Officials at WVU Tech, who no longer are employed at the institution, chose to take the route that would not require the institution to suffer any punitive sanctions that would result from releasing the report to the NCAA and move to the NAIA and the MSC, making the report a moot issue. The report would have tarnished WVU Tech's image, therefore, it was not released to the public.

Since joining the NAIA and the MSC, WVU Tech's Athletic Department has suffered the same problems as before, such as lack of departmental controls, and high turn-over-rates for coaches and athletic directors. In addition, WVU Tech has experienced an increase in

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*The vast majority of the violations could have been prevented if appropriate systems, such as compliance oversight, had been in place.*

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*Although recommendations were made to help the Athletic Department take steps to regain NCAA and WVIAC compliance, WVU Tech chose to leave the NCAA and WVIAC after the AY 2006 to join the NAIA and the out-of-state MSC.*

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expenditures that are a result of moving from the WVIAC to the MSC.

## **Playing in the MSC Has Significantly Increased Travel Costs for WVU Tech**

Due to the locations of the schools in the MSC, the travel expenses for WVU Tech also increased. Most schools in the conference are located in Kentucky and Tennessee, with the most distant in Georgia and Mississippi (see Appendix C for map of MSC school locations, see Appendix D for distances from WVU Tech). All WVIAC schools, except two, are located inside the state of West Virginia (see Appendix C for map of WVIAC school locations, see Appendix D for distances from WVU Tech). Total one-way driving distance from WVU Tech to schools in the WVIAC equals 2,300 miles, while total one-way driving distance to schools in the MSC equals 5,494 miles. This is an increase in one-way driving of nearly 3,000 miles. **The travel expense for FY 2006 (the most recent FY that WVU Tech was in the NCAA) was \$83,878 as compared to the FY 2008 travel expenses of \$287,230 concluding that since WVU Tech has joined the NAIA it has paid approximately \$200,000 extra in travel costs per year.**

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## **WVU Tech Intends to Rejoin the NCAA and WVIAC**

After two years in the NAIA and the Mid-South Athletic Conference, WVU Tech has decided that it wants to rejoin the NCAA and WVIAC. WVU Tech claimed that it left the NCAA and WVIAC in order to participate in a conference in which they could compete. However, it seems apparent that by not submitting the self-report conducted by the Compliance Group, WVU Tech was trying to avoid further disciplinary action by the NCAA and the WVIAC. In addition, NAIA rules on academic qualification are not as stringent as those used by the NCAA, which would allow the Athletic Department to recruit with more flexibility. Apparently, WVU Tech thought that the operating costs would not increase or that the access to a larger pool of recruitable athletes would offset those costs.

In February 2008, WVU Tech officially applied to rejoin the WVIAC. The WVIAC Commissioner stated:

*... Tech has indicated that they would like to return to the WVIAC. Our board has taken the position that Tech must first achieve active NCAA Division II membership (which is a three year process) and then we would CONSIDER them for conference membership. I would require that the report in question be filed with the NCAA as part of their*

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*After two years in the NAIA and the Mid-South Athletic Conference, WVU Tech has decided that it wants to rejoin the NCAA and WVIAC.*

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*membership evaluation for re-entry to the Conference if it got to that point.*

In order for WVU Tech to rejoin the WVIAC, it would have to be approved by the WVIAC Board of Directors and pay a \$10,000 dollar entrance fee. In order for WVU Tech to rejoin the NCAA there would be a required minimum three-year transitional process (two years exploratory and one year provisional) and also a \$25,000 entrance fee would have to be paid by June, 2009. In the spring of 2008 a non-refundable \$1,000 application fee was paid to the WVIAC but not the full \$10,000.

In April 2009, the WVIAC Commissioner gave a statement on the status of WVU Tech rejoining the WVIAC and NCAA, he stated:

*The position of the WVIAC on the possibility of WVU Tech rejoining the Conference is that when and if WVU Tech regains active membership in NCAA Division II and then makes application to the WVIAC, they would be evaluated just as any other potential new member would be evaluated with a decision at the time being made by the WVIAC Board of Directors after a recommendation of the WVIAC membership committee.*

There should be efforts to assist WVU Tech's re-admittance to the WVIAC by the Governor and the Legislature since it is in the best fiscal interest of the State with WVU Tech being a state institution. This would not be the first time that a school had the left the WVIAC and rejoin the conference later. This happened in 1986 when West Virginia Wesleyan College left the WVIAC only to rejoin in 1988. If required as a condition for re-admittance into the NCAA and WVIAC, WVU Tech should serve any sanctions that would normally result from infractions detailed in the 2005 self-report from both organizations.

## **Conclusion**

WVU Tech officials, who are no longer with the school, decided with poor foresight to leave the NCAA and WVIAC and join the NAIA and MSC in order to avoid likely sanctions against the school's athletic program that would have resulted from releasing a self-report completed on its athletic program in 2005. Since joining the MSC, WVU Tech's expenses for travel have increased over 240 percent. The current WVU Tech administration is making efforts to rejoin the NCAA and the WVIAC. Still, re-admittance into the WVIAC is not guaranteed. Efforts by the Governor and the Legislature should be made to assist WVU Tech in this area. However, WVU Tech should serve any sanction against it

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*Since joining the MSC, WVU Tech's expenses for travel have increased over 240 percent.*

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that may result from the 2005 self-report, if required for re-admittance into the NCAA and the WVIAC.

## **Recommendations**

4. *The Legislative Auditor recommends that the Legislature consider requiring state institutions of higher education to do a cost/benefit analysis prior to any decision to change college athletic associations or sports conferences in order to determine if such a change would create a financial hardship for the school.*

5. *The Legislative Auditor recommends that WVU Tech make all necessary efforts to be re-admitted into the NCAA and the WVIAC.*

6. *The Legislative Auditor recommends that the Governor and the Legislature contact the WVIAC and request that WVU Tech be re-admitted to the conference.*

7. *The Legislative Auditor recommends that WVU Tech serve any sanctions against it that would normally result from infractions detailed in the 2005 self-report, if required for re-admittance into the NCAA and the WVIAC.*

## Appendix A: Transmittal Letter

### WEST VIRGINIA LEGISLATURE *Performance Evaluation and Research Division*

Building 1, Room W-314  
1900 Kanawha Boulevard, East  
Charleston, West Virginia 25305-0610  
(304) 347-4890  
(304) 347-4939 FAX



John Sylvia  
Director

September 25, 2009

Dr. Scott Hurst, Provost  
West Virginia University Institute of Technology  
215 Old Main  
405 Fayette Pike  
Montgomery, WV 25136

Dear Dr. Hurst:

This is to transmit a draft copy of the Performance Review of the West Virginia University Institute of Technology Athletic Department. This review is scheduled to be presented during the October 2009 interim meeting of the Legislative Oversight Commission on Educational Accountability (LOCEA). We will inform you of the exact time and location once the information becomes available. It is expected that a representative from your agency be present at the meeting to orally respond to the review and answer any questions the committee may have.

We need to schedule an exit conference to discuss any concerns you may have with the report. We would like to have the meeting on between September 30, and October 2, 2009. Please notify us to schedule an exact time. In addition, we need your written response by noon on October 7, in order for it to be included in the final report.

We request that your personnel not disclose the report to anyone not affiliated with your agency. Thank you for your cooperation.

Sincerely,

A handwritten signature in blue ink that reads "John Sylvia".

John Sylvia

Enclosure

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*Joint Committee on Government and Finance*

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## Appendix B: WVU Tech Team Cost Analysis

### WVU Tech Men's Athletic Teams

<b>WVU Tech Baseball</b>		
	<b>FY 2007</b>	<b>FY 2008</b>
<b>Scholarship Cost</b>	\$159,208	\$224,343
<b>Other Expenditures</b>	\$60,944	\$127,327
<b>Total Expenditures</b>	\$220,152	\$351,670
<b>Revenues</b>	\$1,000	\$0
<b>Loss</b>	(\$219,152)	(\$351,670)

<b>WVU Tech Men's Basketball</b>		
	<b>FY 2007</b>	<b>FY 2008</b>
<b>Scholarship Cost</b>	\$173,486	\$202,426
<b>Other Expenditures</b>	\$124,949	\$106,055
<b>Total Expenditures</b>	\$298,435	\$308,481
<b>Revenues</b>	\$0	\$800
<b>Loss</b>	(\$298,435)	(\$307,681)

<b>WVU Tech Men's Cross Country</b>		
	<b>FY 2007</b>	<b>FY 2008</b>
<b>Scholarship Cost</b>	\$0	\$2,225
<b>Other Expenditures</b>	\$4,349	\$14,460
<b>Total Expenditures</b>	\$4,349	\$16,685
<b>Revenues</b>	\$0	\$0
<b>Loss</b>	(\$4,349)	(\$16,685)

<b>WVU Tech Football</b>		
	<b>FY 2007</b>	<b>FY 2008</b>
<b>Scholarship Cost</b>	\$388,384	\$516,679
<b>Other Expenditures</b>	\$233,586	\$242,677
<b>Total Expenditures</b>	\$621,970	\$759,356
<b>Revenues</b>	\$0	\$52,750
<b>Loss</b>	(\$621,970)	(\$706,606)

<b>WVU Tech Golf</b>		
	<b>FY 2007</b>	<b>FY 2008</b>
<b>Scholarship Cost</b>	\$11,200	\$26,818
<b>Other Expenditures</b>	\$9,409	\$16,946
<b>Total Expenditures</b>	\$20,609	\$43,764
<b>Revenues</b>	\$0	\$0
<b>Loss</b>	(\$20,609)	(\$43,764)

<b>WVU Tech Men's Soccer</b>		
	<b>FY 2007</b>	<b>FY 2008</b>
<b>Scholarship Cost</b>	\$62,463	\$235,774
<b>Other Expenditures</b>	\$38,441	\$44,912
<b>Total Expenditures</b>	\$100,904	\$280,686
<b>Revenues</b>	\$0	\$0
<b>Loss</b>	(\$100,904)	(\$280,686)

<b>WVU Tech Men's Tennis</b>		
	<b>FY 2007</b>	<b>FY 2008</b>
<b>Scholarship Cost</b>	\$5,094	\$21,200
<b>Other Expenditures</b>	\$8,433	\$25,473
<b>Total Expenditures</b>	\$13,527	\$46,673
<b>Revenues</b>	\$0	\$0
<b>Loss</b>	(\$13,527)	(\$46,673)

<b>WVU Tech Wrestling</b>		
	<b>FY 2007</b>	<b>FY 2008</b>
<b>Scholarship Cost</b>	\$0	\$55,491
<b>Other Expenditures</b>	\$12,688	\$62,460
<b>Total Expenditures</b>	\$12,688	\$117,951
<b>Revenues</b>	\$0	\$0
<b>Loss</b>	(\$12,688)	(\$117,951)

<b>WVU Tech Men's Total</b>		
	<b>FY 2007</b>	<b>FY 2008</b>
<b>Scholarship Cost</b>	\$799,835	\$1,284,955
<b>Other Expenditures</b>	\$492,800	\$640,311
<b>Total Expenditures</b>	\$1,292,635	\$1,925,266
<b>Revenues</b>	\$1,000	\$53,550
<b>Loss</b>	(\$1,291,635)	(\$1,871,716)

### WVU Tech Women's Athletic Teams

<b>WVU Tech Woman's Basketball</b>		
	<b>FY 2007</b>	<b>FY 2008</b>
<b>Scholarship Cost</b>	\$158,588	\$165,462
<b>Other Expenditures</b>	\$153,017	\$131,180
<b>Total Expenditures</b>	\$311,605	\$296,642
<b>Revenues</b>	\$0	\$2,000
<b>Loss</b>	(\$311,605)	(\$294,642)

<b>WVU Tech Women's Cross Country</b>		
	<b>FY 2007</b>	<b>FY 2008</b>
<b>Scholarship Cost</b>	\$0	\$5,168
<b>Other Expenditures</b>	\$4,349	\$14,373
<b>Total Expenditures</b>	\$4,349	\$19,541
<b>Revenues</b>	\$0	\$0
<b>Loss</b>	(\$4,349)	(\$19,541)

<b>WVU Tech Woman's Soccer</b>		
	<b>FY 2007</b>	<b>FY 2008</b>
<b>Scholarship Cost</b>	\$45,601	\$128,130
<b>Other Expenditures</b>	\$37,186	\$61,679
<b>Total Expenditures</b>	\$82,787	\$189,809
<b>Revenues</b>	\$0	\$0
<b>Loss</b>	(\$82,787)	(\$189,809)

<b>WVU Tech Softball</b>		
	<b>FY 2007</b>	<b>FY 2008</b>
<b>Scholarship Cost</b>	\$22,483	\$61,109
<b>Other Expenditures</b>	\$28,154	\$74,105
<b>Total Expenditures</b>	\$50,637	\$135,214
<b>Revenues</b>	\$0	\$0
<b>Loss</b>	(\$50,637)	(\$135,214)

<b>WVU Tech Woman's Tennis</b>		
	<b>FY 2007</b>	<b>FY 2008</b>
<b>Scholarship Cost</b>	\$9,350	\$9,725
<b>Other Expenditures</b>	\$8,016	\$31,122
<b>Total Expenditures</b>	\$17,366	\$40,847
<b>Revenues</b>	\$0	\$0
<b>Loss</b>	(\$17,366)	(\$40,847)

<b>WVU Tech Volleyball</b>		
	<b>FY 2007</b>	<b>FY 2008</b>
<b>Scholarship Cost</b>	\$44,905	\$80,510
<b>Other Expenditures</b>	\$25,622	\$42,581
<b>Total Expenditures</b>	\$70,527	\$123,091
<b>Revenues</b>	\$0	\$0
<b>Loss</b>	(\$70,527)	(\$123,091)

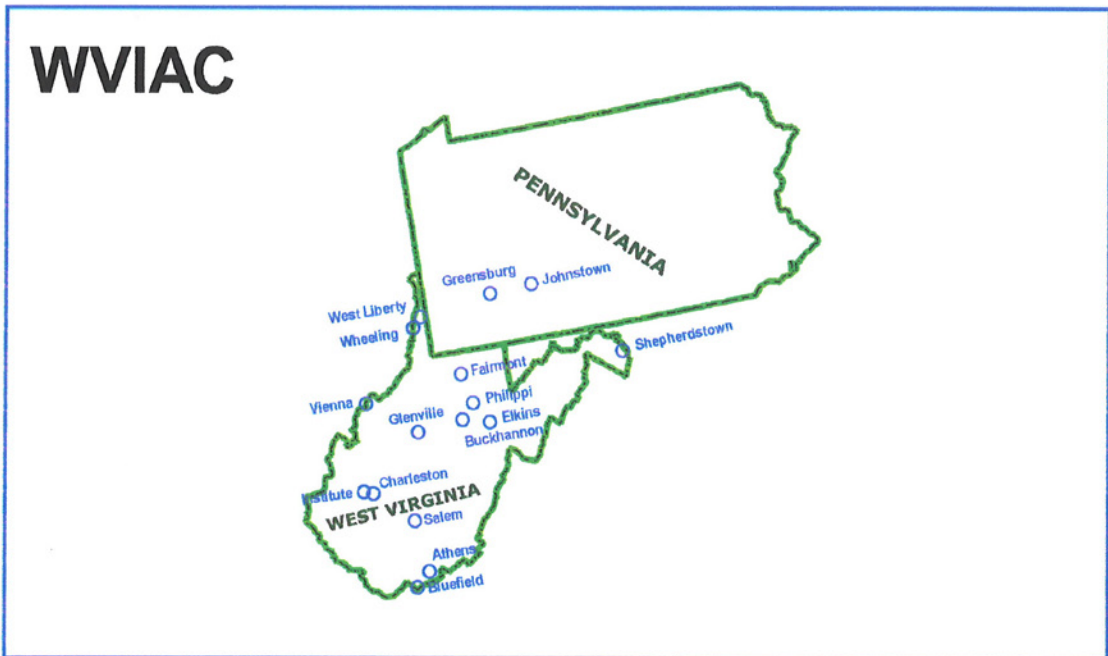
<b>WVU Tech Cheerleaders</b>		
	<b>FY 2007</b>	<b>FY 2008</b>
<b>Scholarship Cost</b>	\$0	\$18,000
<b>Other Expenditures</b>	\$2,316	\$12,264
<b>Total Expenditures</b>	\$2,316	\$30,264
<b>Revenues</b>	\$0	\$631
<b>Loss</b>	(\$2,316)	(\$29,633)

<b>WVU Tech Woman's Total</b>		
	<b>FY 2007</b>	<b>FY 2008</b>
<b>Scholarship Cost</b>	\$280,927	\$450,104
<b>Other Expenditures</b>	\$256,343	\$355,040
<b>Total Expenditures</b>	\$537,270	\$805,144
<b>Revenues</b>	\$0	\$2,000
<b>Loss</b>	(\$537,270)	(\$803,144)



## Appendix C: Maps of MSC and WVIAC School Locations

### MSC vs. WVIAC





## Appendix D: WVIAC and MSC Institution Distances from WVU Tech

<b>WVIAC</b>		
<b>Institution</b>	<b>Location</b>	<b>Miles from WVU Tech</b>
Alderson-Broadus College	Philippi, WV	96
Bluefield College	Bluefield, WV	91
University of Charleston	Charleston, WV	28
Concord University	Athens, WV	77
Davis and Elkins College	Elkins, WV	147
Fairmont State University	Fairmont, WV	149
Glenville State College	Glenville, WV	108
Ohio Valley College	Vienna, WV	109
University of Pittsburgh, at Johnstown	Johnstown, PA	278
Salem International University	Salem, WV	150
Seton Hill University	Greensburg, PA	225
Shepherd University	Shepherdstown, WV	303
West Liberty University	West Liberty, WV	215
West Virginia State University	Institute, WV	37
West Virginia Wesleyan College	Buckhannon, WV	81
Wheeling Jesuit University	Wheeling, WV	206
		<b>TOTAL = 2,300</b>

<b>MSC</b>		
<b>Institution</b>	<b>Location</b>	<b>Miles from WVU Tech</b>
Belhaven College	Jackson, MS	789
Bethel College	McKenzie, TN	506
Campbellsville University	Campbellsville, KY	285
Cumberland University	Lebanon, TN	411
Faulkner University	Montgomery, AL	639
Georgetown College	Georgetown, KY	213
Kentucky Christian University	Grayson, KY	107
Lambuth University	Jackson, TN	542
Lindsey Wilson College	Columbia, KY	313
Pikeville College	Pikeville, KY	135
Shorter College	Rome, GA	465
St. Catharine College	Catharine, KY	217
Union College	Barbourville, KY	296
University of the Rio Grande	Rio Grande, OH	97
University of the Cumberlands	Williamsburg, KY	296
University of Virginia's College at Wise	Wise, VA	183
		<b>TOTAL = 5,494</b>



## Appendix E: Agency Response

### **WVU Institute of Technology Response to the Legislative Auditor's Performance Review of West Virginia University Institute of Technology Athletic Department Presented During the October 2009 Interim Session**

**Submitted on October 8, 2009 by Campus Provost, Scott M. Hurst, Ph.D.**

#### **Introduction**

The Tech administration wants to emphasize to the reader of the Legislative Auditor's Performance Review of West Virginia University Institute of Technology Athletic Department that the bad practices described in the report are past practices and do not reflect current operations. Tech's current operational practices were initiated in the fall of 2008. This report is based on information that precedes these changes in practice. The period of time described in this report precedes the tenure of the majority of the Tech's current administrators. The Tech administration not only agrees with the recommendations but has implemented changes consistent with all aspects of the recommendations under Tech's control in the fall of 2008 or immediately thereafter.

The Tech Campus Provost, Tech Associate Campus Provost, Tech Chief Financial Officer and the Tech Athletic Director met on September 29, 2009 to discuss and develop a response to a draft copy of the Performance Review of West Virginia University Institute of Technology Athletic Department received and distributed on September 25, 2009. The discussion immediately focused on what must be misstatements of material fact in the report. The Issue 1 Summary indicating a \$1.2 million financial loss for the institution as a whole, and over \$1.4 million loss for the Athletic Department, serves as an example of error in material fact. This could not be accurate unless the institution, excluding the Athletic Department, made a profit of \$200 thousand. This is highly unlikely given the subsequent description of bed waivers that left very little revenue recovered from the largest revenue generating auxiliary component of WVU Tech, housing. The statement that Tech no longer received any student fees as part of its athletic department revenue after 2006 is a second example of error in fact. It was also recognized in these discussions that these misrepresentation of material facts were part of the underlying problems identified by the Legislative Auditor. The Legislative Auditor used information that was provided for the most part by Tech or WVU on behalf of Tech for the development of the report on the two issues. Sorting and correcting specific data would not change the assessment of Athletic Department Operation or change the recommendations. Thus, the Tech response will focus on providing examples of actions Tech has taken and is taking to satisfy the recommendations of the Legislative Auditor. While recent past history does not reflect the value of the Athletic Department to the overall mission of Tech, the longer term history that

precedes the period of the audit demonstrates the inherent value of the Athletic Department to the students that Tech exists to serve. The Tech Administration believes the competencies of our current administration, the internal controls we are incorporating in our operations, and the integral role athletics is expected to play in student education, student life and community relations will reconstitute the former value of the athletic department and its programs to the Tech mission.

## **Examples of Current Practices Consistent with and Demonstrating Implementation of the Legislative Auditor's Recommendations**

1. *WVU Tech needs to develop and adhere to a policy on what role the Athletic Department has in the school's overall educational programming.*

The Tech Athletic Department is expected to provide an environment that fosters success in the classroom. While an environment that prepares the athletes to be competitive and successful on the field or court is important, the focus of the student-athlete acquiring a good education is the primary goal. Tech athletics has provided the organizational structure and surrogate family-like atmosphere that has led to the academic success of many student-athlete graduates. Many of these graduates may not have been academically successful if the personal support structure provided through participation in athletics had not been available. This is a core value of the Tech Athletic Department, and the educational value of the Tech Athletic programs is obvious.

2. *The Legislative Auditor recommends that the WVU Tech Financial Office and Provost's Office exercise greater oversight of expenditures and take appropriate measures to limit the financial losses of the WVU Tech Athletic Department.*

The current Tech administration has initiated internal controls to ensure all units of the institution spend within fiscally sound budgets. These budgets are provided by the new Chief Financial Officer to each unit after vetting by the Tech Cabinet and approval of the Campus Provost. These oversight controls and the budgeting process are consistent with this recommendation.

- 3. WVU Tech and the Athletic Department should emphasize achieving, to a greater extent, the mission statement of the Athletic Department.*

The Tech Administration recognizes that the Athletic Department must be an integral component of student life and community relations. The general student body must value the opportunity to attend sporting events and believe that the athletic teams promote a positive image of Tech to satisfy this student life objective. Similarly, the greater community must support the athletic teams through attending the athletic events and providing financial and other types of support for the athletic teams. The greater community support is more likely with increased participation of students from West Virginia participating on the athletic teams and increased competition with teams closer to Montgomery. The response to recommendation 1 is applicable to this recommendation as well.

- 4. The Legislative Auditor recommends that the Legislature consider requiring state institutions of higher education to do a cost/benefit analysis prior to any decision to change college athletic associations or sports conferences in order to determine if such a change would create a financial hardship for the school.*

Completion of this type of “due diligence” is currently an inherent business practice for Tech regarding all changes in operations, including an operational change of the magnitude of changing conferences.

- 5. The Legislative Auditor recommends that WVU Tech make all necessary efforts to be readmitted into the NCAA and the WVIAC.*

For Tech to completely realize its objectives of having an Athletic Department that is an integral component of student life and community relations, Tech must attract local student-athletes and compete with local teams. Rejoining the West Virginia Intercollegiate Athletic Conference would facilitate accomplishing these objectives. Thus, rejoining the WVIAC, of which Tech was a founding member, is a goal of Tech.

- 6. The Legislative Auditor recommends that the Governor and the Legislature contact the WVIAC and request that WVU Tech be re-admitted to the conference.*



Tech would appreciate any help the legislature or Governor can provide regarding the re-admission of Tech into the WVIAC. This process, however, must be completed in a manner that is thoughtful of ongoing WVIAC operations and the current obligations Tech has to the Mid-South Conference. The vetting process described in recommendation 4 for finances must also be applied to relationship restructuring. Tech must and can be accepted by the WVIAC as a valuable conference partner. Due diligence must be completed to ensure that a good relationship with the WVIAC is formed and the Mid-South Conference obligations are relieved in a professional manner.

7. *The Legislative Auditor recommends that WVU Tech serve any sanctions against it that would normally result from infractions detailed in the 2005 self-report, if required for re-admittance into the NCAA and the WVIAC.*

The Tech Athletic Department is currently undergoing a self-study that uses the 2005 self-report as one document to guide that study. Operations, policies and procedures are modified to address negative findings in the study as they are identified. Serving sanctions that would normally result from the infractions identified in the self-study is a component of being a good steward of the organization levying those sanctions. Tech expects to serve any sanctions that would normally result from infractions detailed in the 2005 self-report as part of the reformation of the relationship with the WVIAC.



WEST VIRGINIA LEGISLATIVE AUDITOR

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