Virginia Athletics generated record revenues in 2019-20

The University's athletics department's financial situation improved despite a partially pandemic-affected year

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Virginia Athletics generated $110,283,933 in total operating revenues during the 2019-20 fiscal year, according to the department's annual financial report — obtained by The Cavalier Daily through a Freedom of Information Act request. Virginia's revenues last year, which increased by 0.06 percent from 2018-19, mark an all-time high for the University.

Additionally, Virginia's expenses fell for the first time since 2009, totaling $111,779,897 in 2019-20 — 0.75 percent lower than the previous year. The slight increase in revenues and decrease in expenses yielded a reduced deficit of $1,495,964, compared to $2,402,121 in 2018-19. The athletics department plans to cover this deficit with a short-term operating loan from the University.

"The Athletics Department strives to support 750+ student-athletes across our 27 sports, while being fiscally responsible," said Steve Pritzker, Virginia Athletics' chief financial officer, in an email to The Cavalier Daily.

Notably, the audited report — filed to the NCAA in January — consists of financial data reflecting a 12-month period including the 2019 fall season and the 2020 spring season that was shortened by the COVID-19 pandemic.

Virginia's most lucrative revenue stream in 2019-20 was monetary contributions from individuals, corporations, foundations and other groups, which accounted for $27.7 million — or over 25 percent — of total revenues. The next three largest sources of revenue — media rights, ticket sales and student fees — added up to over $48 million.

The major driver of Virginia's revenue growth was the football program. Propelled by its strong recent track record, Virginia football was directly responsible for over $43 million in revenue in 2019-20, which represents a 33 percent year-over-year increase.

"Two of the larger drivers for revenue growth have come from an increase in the ACC distribution — which is significantly tied to football — as well as progress in our on-field football performance," Pritzker said. "We are trending in a positive trajectory, having gone from no bowl participation to competing in the Military Bowl, Belk Bowl and a New Year's Six Bowl."

The football team's finances benefited from increased ticket sales and contributions as well as more sales from novelties, parking and concessions — all of which can be attributed to the team's growing popularity. In addition, Virginia football enjoyed a new revenue stream in 2019-20 with over $7 million coming in from ACC distributions of bowl revenue.

According to Pritzker, Virginia also saw "an uptick in football home game revenue" because the football team played one more home game in 2019 than it did in 2018, and Virginia's 2019 home schedule included a marquee matchup with in-state rival Virginia Tech.

Furthermore, Virginia's football program generated $11.7 million more in revenues than every other team combined. Men's basketball was the second-most lucrative team, earning $13.3 million in revenues. Just six other teams — baseball, women's basketball, men's lacrosse, rowing, women's soccer and women's track and field — crossed the $1 million mark.

Despite Virginia football's big year, Virginia Athletics' total revenues barely improved from 2018-19. This can largely be attributed to the decline of other revenue streams including media rights, NCAA distributions and other miscellaneous revenues. Altogether, these revenue streams brought in $8.7 million less than the year before.

"We receive travel reimbursements from the NCAA for attending postseason competition," Pritzker said. "The cancellation of the winter and spring championships, as well as reduced NCAA-specific revenue, led to the decline in NCAA Distributions. Additionally, there is a bit of variation in the timing of the receipt of funds from the ACC Network."

A major financial blow was dealt to Virginia and other schools when March Madness — the NCAA Division I Men's Basketball Tournament — was canceled. Since the tournament generates virtually all of the NCAA's revenues, the NCAA distributed $375 million less than what it had originally planned to pay out to member schools.

The athletics department's most substantial expense was compensation paid to head coaches, assistant coaches and their support staff. In total, Virginia Athletics paid $45.1 million to coaches and staff in 2019-20. Virginia paid a further $20.9 million in athletics aid and scholarships for student-athletes. These costs alone made up nearly 60 percent of Virginia's total operating expenses.

While Virginia's expenses remained fairly consistent across the board between 2018-19 and 2019-20, the department was able to realize some cost savings in a number of areas. In particular, Virginia cut costs by a total of $4.5 million in team travel and overhead and administrative expenses alone.

"The U.Va. Athletics department issued a spending freeze immediately following the cancellation of the spring season," Pritzker said. "This has been crucial in saving departmental resources."

Some of these savings, especially those related to travel, can also be attributed to COVID-19. Since the pandemic cut the seasons of many winter and spring sports short in 2020, Virginia did not have to pay for a significant portion of these teams' regular season and postseason travel. For example, Virginia men's basketball's travel expenses were nearly $1 million less than in 2018-19 — presumably due to the cancellation of the 2020 NCAA Tournament. Moreover, Virginia also saved hundreds of thousands of dollars in travel costs related to several other sports like baseball and lacrosse.

However, the majority of these cost savings were canceled out by increased spending on debt payments, leases and rental fees on athletics facilities. In 2019-20, Virginia spent $9.4 million in this category — more than twice as much as it spent the year prior. Without this development, the athletics department could have potentially posted a budget surplus for the first time since 2016.

After taking expenses into account, just two varsity teams were profitable in 2019-20 for Virginia Athletics. The football and men's basketball programs generated surpluses of $15.6 million and $2.4 million, respectively. On the other hand, Virginia's other varsity teams lost a combined $15.9 million, with deficits ranging from $375,262 — for women's golf — to $3.1 million — for women's basketball. Accordingly, the athletics department's reliance on football and men's basketball to remain financially sustainable became even more apparent in 2019-20.

Virginia Athletics' 2019-20 finances did not appear to suffer from the pandemic, but the bulk of the negative impact of COVID-19 will likely be reflected in the department's 2020-21 report.

While the pandemic affected the tail end of the last fiscal year, COVID-19 has reshaped the entirety of this fiscal year — and financial ramifications are inevitable. From modified schedules to the lack of fan attendance, lost revenue from ticket sales, television deals and other game-related revenue streams is expected. On top of this, Virginia will have to pay for additional expenses related to COVID-19.