

**COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515**

January 11, 2022

Dr. Julio Frenk
Office of the President
University of Miami
230 Ashe Building
1252 Memorial Drive
Coral Gables, FL 33124

Dear President Frenk,

The Committee on Ways and Means of the U.S. House of Representatives has a long history of oversight of organizations granted Federal tax exemption. Much of that oversight is conducted through its Oversight Subcommittee (Subcommittee), which I chair. Because the University of Miami (UM) benefits from Federal tax exemption, I write today to request important information about how the university's lucrative athletics program is furthering the educational purposes for which UM receives tax exemption. This inquiry is particularly timely in light of recent reports about the exorbitant compensation that your university will reportedly pay its new football coach.

Educational organizations, including private universities like UM, comprise one of the largest segments of the tax-exempt sector. Undoubtedly, most of the activities undertaken by UM further the university's exempt purposes. However, recent reports about compensation that UM will pay its new football coach have raised significant concerns about whether the university is operating consistent with its tax-exempt status. Specifically, UM's new head football coach, Mario Cristobal, reportedly will receive more than \$80 million in compensation. Additionally, UM must pay Mr. Cristobal's former employer, the University of Oregon, \$9 million as part of a buyout.

It is unclear how spending tens of millions on lucrative compensation contracts and buyouts furthers UM's overall educational mission and benefits your student body as a whole. Contracts such as these also present a stark contrast to the benefits received by the university's student-athletes, whose grants-in-aid each semester pale in comparison to their coaches' compensation. Student-athletes make an enormous commitment of time and effort as team members, but it is the coaches that are profiting handsomely from their labor. These issues are not confined just to Division I football programs either. Men's basketball programs merit scrutiny as well, given the compensation provided to coaches.

To help us understand how UM sets compensation for your Division I football and men's basketball programs, as well as how these programs protect athletes and contribute to UM's educational purpose, the Subcommittee requests answers to the questions below by no later than **February 14, 2022**.

Compensation:

1. How many university employees have a compensation package (amounts provided in pay and benefits) above \$1 million each year? How many of these employees work for the athletics department? What departments employ the other university employees earning in excess of \$1 million? How many employees in the athletics department are paid over \$5 million each year?
2. Who is the university's highest paid employee and how much does such employee earn?
3. What categories of employees (*e.g.*, administrators, deans, professors, development officers, athletic coaches, assistant coaches, team doctors) receive more than \$1 million in compensation each year, and how many employees are in each category?
4. Can university employees generally receive outside earnings? Is there any limit to the amount that a university employee can earn beyond his or her university salary/payroll/compensation package? From what outside activities are head football and men's basketball coaches and their coaching staffs permitted to receive earnings?
5. How much tax has the university paid under Section 4960 of the Internal Revenue Code each year since its enactment? How many employees have triggered the tax in each of those years?
6. For employees compensated above the Section 4960 cap, what is the median and average dollar amount of the excess above the cap?
7. What factors and criteria does the university utilize to determine the size and scope of the compensation packages for the head football coach and the head men's basketball coach? Who within the university must approve these compensation packages? Who in the university negotiates with potential head coaches and their staffs?
8. What non-cash compensation is paid to UM's head football and men's basketball coaches and their coaching staffs? Please provide types of such compensation, such as health benefits, life and other forms of insurance, in-kind property (*e.g.*, houses, cars, and planes), and university benefits (*e.g.*, meals, tuition remission). Please specify by employee.
9. What compensation currently is being paid to former coaches under so-called "buyouts" of their contracts? How many coaches in each year over the past ten years have received such payments? What is the total amount of buyouts that has been paid over the past ten years? Please specify by sport.

Serving UM's educational mission:

1. How do UM's football and men's basketball programs contribute to the university's educational mission (other than the production of income)?

2. Why should the Federal government subsidize the university's athletics programs and escalating coaches' salaries and other non-cash benefits?
3. With the increasing commercialization of the university's football and men's basketball programs, how does the university distinguish its activities from professional sports leagues?

Students:

1. What is the total cost per year over the past ten years of your grants-in-aid (*i.e.*, scholarships, including non-cash benefits) to football and men's basketball team members? How many full scholarships is each team allotted? How many partial scholarships? What is the average value of the scholarship? How does that average amount compare to the average amount of the scholarships received by non-student-athletes?
2. Could you provide a side-by-side comparison, by sport, of (i) the total cash and non-cash compensation received by your head football and men's basketball coaches compared to (ii) the total aid, including cost of attendance and any other indirect benefits, including the value of training tables, tutors, and catastrophic insurance against athletic injury, received by a student-athlete on each of those teams on an annual basis over the past ten years?
3. What is the demographic makeup of students on the football and men's basketball teams by race and family income level? Similarly, what is the demographic makeup of the football and basketball coaching staffs?
4. How many, and what percentage, of student-athletes playing football and basketball graduate from your university with a degree over four, six, and ten years?

Revenue and expenses of the athletics department:

1. What were the revenue and expenses for UM's football and men's basketball programs over each of the past ten years? Please break revenue out by category (*e.g.*, tuition, endorsements, sponsorships, royalties, licensing, television contracts, radio programming). How much of this revenue, if any, is from booster clubs, affiliated foundations, and other alumni donations? Please separately identify recruitment expenses.
2. Do the football and men's basketball programs generate revenues in excess of program expenses? If so, are revenues used to support the non-athletic educational operations of the university? Specifically, what other operations have these revenues supported each year in the past ten years and how much per operation per year?
3. Has UM used other sources of university revenue, including revenue from medical programs, to pay the compensation of the football and men's basketball head coaches? Have increases in revenue from the university's health system impacted any decision-making within the athletic department?

4. If the football and men's basketball programs are not self-sufficient or were not in any of the past ten years, did non-university entities, such as booster clubs or alumni donors, finance either program?
5. What were the five biggest non-tuition sources of revenue for the football and men's basketball programs annually over the past ten years? What percentage of the total cost of those programs do those sources provide?

Governance of the athletics department:

1. How is the annual budget set for the university's athletics department? How many years in advance are included in budget projections? Who sets the budgets for the football and men's basketball programs? To what extent is the budget coordinated with or based on representations of financial support by those outside the university (e.g., booster clubs, alumni, shoe or equipment companies)? What contracts does the athletics department have with outside contractors?
2. Who is responsible for fundraising for the athletics department? In which, if any, sports are student-athletes required to raise funds to support the team? Is it separate from the rest of the university's fundraising? Does the university's overall development program incorporate the needs of the athletics department?
3. Who makes the decision to terminate an employee in the athletics department with compensation of \$1 million or more each year? How does the need for or entitlement to a buyout factor into such a decision?

Facilities:

1. What was the cost of, and how did the university fund, the construction, renovation or rehabilitation of its newest football and basketball facilities over the past ten years?
2. Are training and practice facilities and equipment available to the student body at-large? Do student-athletes with scholarships have their own training facilities?
3. How do expensive state-of-the-art sports facilities contribute to the educational mission of the university?
4. Do any student fees go towards the maintenance of the football and basketball facilities? If so, what percentage? Do student fees support other athletics facilities?

Your answers will assist the Subcommittee in its oversight of tax-exempt universities and colleges and their engagement in intercollegiate athletics. Thank you for your prompt attention to this matter.

Sincerely



Bill Pascrell, Jr., *Chair*
Subcommittee on Oversight