ANALYZING THE EFFECT OF THE SEATING-RIGHT TAX DEDUCTION ON ATHLETIC DEPARTMENTS IN THE PAC-12

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In 2017, President Donald J. Trump signed the Tax Cuts and Jobs Acts (TCJA), making the changes effective for the 2018 tax year. This Act eliminated The Seating-Right Tax deduction which allowed donors to deduct 80% of their donation toward securing the right to purchase season tickets for any Pac-12 team. The research below aims to analyze if this implementation would have any effect on the University of Oregon Athletic Department, Pac-12 Athletic Departments, or showcase change in donor behavior. The primary focus being whether this tax change had a negative impact on athletic departments, more specifically the revenue generating sports, football and men's basketball teams. By directly contacting all Pac-12 Athletic Departments via email, their seating contribution revenue for men's football and basketball from their 2017-2019 seasons were obtained. During this time various interviews took place allowing the opportunity to gauge athletic department's reactions to this tax change. Once that information was collected the next step was to interview donors about their donating habits and gather their response to the new changes. Overall, there has been a decrease in seating contributions, but the data showed that this decline was not directly correlated to the eliminated deduction. In fact, the elimination of the Seating-Right Tax

deduction did not affect a donor's willingness to donate at all. Based on the information collected it can be concluded that donors are not making these contributions solely for the tax benefits, but for the benefit of the program and the opportunity to enjoy collegiate athletics.

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Introduction

Athletic Departments have a long tradition of relying heavily on the contribution of donors. Donations and gifts are one of the main sources of revenue for athletic programs and provide funding for all student athletes. "These donations help support capital campaigns such as stadium renovations, student-athlete scholarships, sports program operating costs, and academic support services." (Howard, 2018) Without the generous donations of donors, athletic departments would not be what they are today, and many smaller school departments would not survive without them. My thesis looks at the Seating-Right Tax deduction that was enacted in 2017, and the potential affect it might have on donations in the following years. I begin by discussing the background on the tax laws before the tax change went into effect and how the University of Oregon Athletic Department prepared for this transition. Next, I go more in depth about the changes that occur after the passing of the Tax Cuts and Job Acts and how the different Pac-12 athletic departments responded. Concurrently, I collected seating donation data and responses from eight Pac-12 athletic departments about their seating donation revenue. Finally, I assessed whether or not the tax change had any impact on overall seating donations and compared the data to my predictions.

Background

Standard Deduction (Prior to 2018)

Tax deductions allow individuals to subtract certain qualifying expenses from their taxable income, reducing their overall tax bill. The Internal Revenue Service (IRS) created the standard deduction in 1944 as a way to simplify the tax system. Taxpayers can elect to either take the standard deduction and avoid having to track their qualifying expenses throughout the year or deduct the total of all qualifying expenses they incurred during the year which is referred to as “itemizing deductions.” If a taxpayer's qualifying expenses exceed the standard deduction allowed in a year, then they would elect to itemize deductions on their tax return. The standard deduction amounts change each year and depend on a taxpayer's filing status. The filing status consists of 5 different categories as demonstrated below for the 2017 tax year.

2017 Standard Deductions	
Filing Status	**2017 Tax Year**
Single (Unmarried)	$6,300
Head of Household	$9,300
Married Filing a Joint Return	$12,600
Surviving Spouse (Qualifying Widow or Widower)	$12,600
Married Filing a Separate Return	$6,300

Table 1:2017 Standard Deduction

There are additional amounts that can be added to a taxpayer's standard deduction if they meet certain criteria. Taxpayers who are 65 years of age and older at the end of the tax year or who are blind, are allowed an additional standard deduction of $1,550 if they file as single or head of household. If an individual meets both criteria, they qualify for a deduction of up to $3,100. Additionally, if a person files as married, surviving spouse, or married filing a separate return and meets one or both criteria, then they qualify for a deduction of $1,250. If both parties filing as married meet both requirements, then their deduction can total up to $2,500. There is no additional standard deduction allowed for dependents who are blind and/or 65.

Itemized Deduction (Prior to 2018)

Itemized deduction is the sum of all qualifying expenses that is subtracted from an individual's income to determine their taxable income, also known as adjusted gross income (AGI). A taxpayer can elect to itemize deductions instead of taking the standard deduction. The table below lists the categories of itemized deductions allowed in 2017 before the implementation of the Tax Cuts and Jobs Act.

2017 Itemized Deductions		
Itemized Deductions	**Limitation Type**	**Limit Described**
Medical Expense	Floor	10% of AGI under age 65 and 7.5% for over
Taxes	No limit	You elect to deduct state or local general sales taxes you paid in a tax year
Home Acquisition	Ceiling	Interest up to $1,000,000 of debt principal unless filing married then the limit is $500,000
Investment Interest	Ceiling	Interest up to the amount of the net investment income

Cash Charitable Contribution	Ceiling	50% of AGI
Charitable Contributions of long-term capital gain property	Ceiling	30% of AGI
Casualty and Theft Losses	Floor	10% of AGI
Miscellaneous Itemized Deductions	Floor	Exceed 2% of AGI

Table 2: 2017 Itemized Deductions

Itemized deductions are limited by a floor or ceiling depending on the deduction. Deductions that have a floor or minimum must exceed the taxpayer's AGI before the excess can be included in as an itemized deduction. Deductions with a ceiling, such as charitable contributions, are limited based on various percentages of adjusted gross income. Before 2018, "about 30% of taxpayers have itemized deductions (on Schedule A) because their total itemized deductions were more than the standard deduction based on their filing status."(Pickering, 2020) Taxpayers can maximize the use of their standard deduction or itemized deduction by using the highest of the two in one year and the other the next year.

Prior to 2018, taxpayers with a certain income were subjected to an itemized deduction phase-out or limit called, The Pease Limitation. The Pease Limitation was used to put a cap on how much taxpayers could claim as itemized deductions if their income was over a certain threshold. This particular phase-out does not apply to all itemized deductions, specific categories such as medical expense, investment expense, theft and casualty losses were excluded, while home mortgage interest, state and local taxes, charitable contributions, and certain miscellaneous deductions became limited for wealthier taxpayers. The limit was based on filing status before 2018.

When a taxpayer's AGI exceeds the stated limits, their total itemized deduction is reduced by 3% of AGI above the applicable threshold. Also, if the taxpayer is a wealthier individual whose AGI surpasses the thresholds, their itemized deduction is capped at 80% of their AGI (the balance). The table below shows the limits for 2017.

Filing Status	**AGI Limit for 2017**
Single	$261,500
Married filing joint	$313,800
Married filing separate	$287,650
Head of household	$156,900

Table 3: The Pease Limitation Thresholds

Charitable Contribution - Tax Incentive

Section 170 of the U.S. Tax Code discusses charitable contributions, which is one example of an itemized deduction. According to Section 170, taxpayers are allowed to deduct gifts made to qualified charitable organizations up to a regulated amount. Only a gift with a value of $250 or more is a qualifying expense. In addition to being eligible for receiving a gift, one would need a statement from the charitable organization outlining the contribution made even if the organization gave the taxpayer any goods or service in return. If a taxpayer receives a good or service in return for a contribution, only the portion of the gift in excess of the fair value of the good or service received is deductible. For example, if a taxpayer is at dinner and makes a $100 donation and receives a $25 meal, then the taxpayer can deduct $75 as a charitable contribution for tax purposes.

Charitable contributions increase a taxpayer's itemized deductions, allowing them to choose whether to take the standard deduction or to itemize deductions depending on the total amount of their qualifying expenses relative to the standard deduction allowed in a given tax year. Section 170 allows for an additional incentive for donors to contribute to athletic programs because Universities are classified as qualified charitable organizations.

Effects on the Athletic Department (Duck Athletic Fund)

The Oregon Duck Athletic Fund (DAF) is the primary source of funding for the University of Oregon Athletic Department. Over the years, the DAF has fundraised to compensate for expenses throughout athletics, but also to fund scholarships. The DAF raises over $12 million annually for student-athlete scholarships. These funds support more than 450 athletes across all Oregon varsity sports. Back in 2017, the Oregon Duck Athletic Fund had a total of 7,510 donors. They estimate about 80% of their donor population are transactional donors, meaning they donate money for various reasons, including, but not limited to securing the right to purchase season tickets that will result in tax benefit. The other 20% of donors are philanthropic donors who support charities of meaning and value. A review of the Athletic Department's budget at the University of Oregon indicates that $27 million (22%) of the department's $123 million fiscal year 2020 athletic budget is funded by gifts and donations. As the expenses for athletic operation cost increases, donations play a pivotal role in covering those costs.

Former Associate Director of Development at the University of Oregon Athletic Department, James Batley, was not expecting the elimination of the Seating-Right Tax deduction. The department did not anticipate the change, nor did they believe that it would have an impact on only non-profits, but that it would directly impact athletic departments in the NCAA. With the elimination of the deduction, the DAF looked to other nonprofit organizations and athletic departments to see what changes were being made to compensate for the potential loss while staying in compliance. Before the end of 2017, the University of Oregon made their donors aware of the changes coming in 2018 and allowed prepayments of donations/gifts to the Oregon Athletic Department for the coming year. Without having much knowledge of the new tax reform and how it would affect donations, they ultimately tried to predict what quick changes needed to be made before the end of the year to capitalize on donations. Between their transparency of what their intentions were and the ability to contact donors quickly the DAF brought in $10 million in the month of December 2017 alone.

Review of the Literature

Tax Cuts and Jobs Acts

On December 22, 2017, President Donald J. Trump signed the Tax Cuts and Jobs Acts (TCJA), an overhaul of legislation changing the tax landscape from 2018 to 2025. Its purpose was to stimulate the economy in both short and long term. However, in the long run, a smaller increase in Gross Domestic Product (GDP) and Gross National Product (GNP) is expected to occur. (Gale, 2018) The new law would reduce federal revenue significantly while allowing economic growth. This could take away from government agencies that rely on the taxpayers dollars. The Act also decreases funding to agencies that fight against money laundering and fraud, which is vital for keeping large and small businesses accountable for their financials. In some ways, the simplified taxes will increase complexity for health care programs by raising premiums along with reducing health insurance coverage. It will also affect state and local public spending, charitable organizations, and housing. It is estimated that the TCJA will increase the national deficit by $1.8 trillion through 2028 imposing future damages on future generations. Through this Act, Congress placed limits on itemized deductions causing a reduction in the number of taxpayers who can benefit from this option. It also significantly increased the standard deduction, creating incentives for taxpayers to choose the standard deduction over itemizing expenses.

Changes to the Standard Deduction

The Tax Cut and Jobs Act has significantly increased the standard deduction by doubling the amount of each of the filing status. The amounts were indexed annually due to inflation. The increase in standard deduction created incentives for taxpayers to pick the standard deduction over the itemized deduction since they would need to have enough qualifying itemized expenses to surpass their filing status deduction. As a result, the number of taxpayers choosing to itemize their deductions decreased significantly following the TCJA. (Gale, 2018) The table below shows the change in the standard deduction for the 2017, 2018 and 2019 tax years.

Filing Status	**2017 Tax Year**	**2018 Tax Year**	**2019 Tax Year**
Single (Unmarried)	$6,300	$12,000	$12,200
Head of Household	$9,300	$18,000	$18,350
Married Filing a Joint Return	$12,600	$24,000	$24,400
Surviving Spouse (Qualifying Widow or Widower)	$12,600	$24,000	$24,400
Married Filing a Separate Return	$6,300	$12,000	$12,200

Table 4: Changes to the Standard Deductions

Not only did the standard deductions for filing status change due to the passing of tax cuts, but the amounts changed for taxpayers who classify as being at least 65 years old or blind. Those who meet at least one of the criteria and filing as single or as heads of household had their additional standard deductions increased to $1,600 and those who meet both criteria saw an increase to $3,200. Taxpayers filing as married, surviving spouses and married filing a separate return who meet at least one of the criteria saw an increase to $1,300 and up $5,200 if the couple both met each criteria. There is still no additional standard deduction allowed for dependents who are blind and/or 65. Taxpayers can maximize the use of their standard deduction or itemized deduction by using the higher of the two for one year and selecting the other for the next year.

Changes to the Itemized Deduction

Beginning in 2018, the new TCJA bill went into effect causing drastic changes to itemized deductions. This Act created additional limitations and eliminations, making itemized deductions less accessible to taxpayers. As a result of the tax change, tax benefits dropped affecting the three major itemized deductions such as, state and local taxes, mortgage interest, and charitable contributions from 2017 to 2018. (Gale, 2018) It is estimated that the share of all households that itemized will shrink to 10% due to the tax overhaul. (Gale, 2018) The changes that occur to qualifying itemized deductions are located on the chart below. These restrictions for itemized deductions will last from 2018 to 2025 before any changes are allowed to be made.

Itemized Deductions After 2018		
Deductions	**Limitation Type**	**Limit Described**
Medical Expense	Floor	7.5% of AGI
Taxes	Ceiling	10,000
Home Acquisition	Ceiling	Interest on up to 750,000 of debt principle
Investment Interest	Ceiling	Interest up to the amount of net investment income

Cash Charitable Contribution	Ceiling	60% of AGI
Charitable Contributions of Long-Term Capital Gain Property	Ceiling	30% of AGI
Casualty Loss from Federally Declared Disaster Only	Floor	10% of AGI
Miscellaneous Itemized Deductions	No deduction	

Table 5: Changes to Itemized Deductions

Each itemized deduction was affected in different ways. The itemized deductions that were noticeably changed were Taxes, Home Acquisitions, Cash Charitable Contribution, Medical Expense, and Miscellaneous Itemized Deductions. For taxes, taxpayers can still deduct state and local real estate, personal property, and either income or sales tax but the total State and Local Tax limitation is capped at $10,000. Under the Home Acquisition Deduction, the tax change limited the deduction on home mortgage interest on the first $750,000 of mortgage loans taken out after December 15, 2017. Also, homeowners may no longer deduct interest paid on home equity loans unless the debt is used to build, purchase, and improve homes. Homeowners can still deduct mortgage interest on their primary or secondary home. A positive change occurs with the increase in the ceiling for Cash Charitable Contribution. The TCJA increased the limit for Cash Charitable Contribution deduction from 50% to 60% of adjusted gross income. The medical expenses floor was lowered to 7.5% of adjusted gross income from 10%. Under the Miscellaneous Itemized deductions section, TCJA eliminated deductions for unreimbursed employee expenses, tax preparation fees, and other miscellaneous deductions. It also eliminated the deduction for theft and personal casualty losses. On the upside, taxpayers can still claim a deduction for casualty losses due to federally declared disasters. (Gale, 2018) The TCJA also eliminated the Pease Limitation on itemized deductions as discussed in the previous section.

Elimination of the Seating-Right Tax Deduction

The tax cuts might have negative effects on collegiate athletic departments, primarily affecting schools within the Power 5 Conference, which the Pac-12 is a part of. Each institution inside of this conference is known to have high operating costs and revenue from their revenue-generating sports including football and basketball. When looking at the data provided, football single-handedly generates over $3 million per home game all of which is used to cover the cost of the event. I am exploring the elimination of the Seating-Right Tax deduction and how this tax change might impact revenue generation from ticket sales.

Prior to 2018, University of Oregon donors and fans were required to donate a certain amount of money to the athletic department to secure the right to purchase season tickets for certain seating locations at football and basketball games. The required donations increase with the quality of the seats. After the athletic department approves of the donation and sends a receipt back to the donor, the donor can deduct 80% of the contribution on their taxes. As an example, to secure the seat rights to purchase box seats on the 50-yard line at the University of Oregon football game, alumni would need to donate $2,401 to secure the right to purchase preferred season tickets for all the home games. When filing taxes, the donor could deduct $1,920.8 ($2,401 x 80%) under their itemized deductions. This charitable contribution deduction would benefit taxpayers by increasing the total of their itemized deductions on their tax return.

Research Question

My thesis aims to analyze the effects, if any, of eliminating the Seating-Right Tax deduction on the University of Oregon Athletic Department, Pac-12 Athletic Departments, and any change in donor behavior. The following questions were used to gain more insight on this topic, "How has the University of Oregon's Athletic Department been affected and how have future plans changed due to the tax change?" The answers obtained will support further investigation into the impact of this tax change within the Pac-12 Athletic Departments and any concerns and/or reactions regarding this change.

My next question is, "Do athletic departments anticipate a decrease in Football and/or Men's Basketball seating donations in either the short or long term? Will there be a change in attitude with donors and if so, will that change cause the number of donors along with annual donations to decrease?" The answers will reflect a possible trend in how donors are going to respond in regard to the tax change.

Research Methods and Limitations

I began my research process by digging into the Tax Cuts, Job Act and the changes made to taxes as a whole. I then narrowed my focus to learning about the elimination of the Seating-Right Tax deduction and it became evident that a seemingly small tax change can have a big impact, specifically, on the revenue stream of various athletic departments. There is no conclusive evidence to why the Seating-Right Tax deduction was eliminated with the signing of this act. This elimination of this deduction gave me the opportunity to explore the effects it may have on both accounting and sports.

Initial Findings

At the beginning of 2019, I interviewed the DAF Assistant Athletic Director of Operations about the actions the Oregon Athletic Department took in response to the change and how the Pac-12 communicated this change. Below you will find a listing of each institution's course of action or thoughts around the elimination of the Seating-Right Tax deduction:

The University of Oregon- No plans to make any changes to their donations structure such as their priority point system. The tax change was at the bottom of their list for reasons not to donate

University of Utah- Did not provide any information

Oregon State University- The tax change ranked 12 out of 15 on their survey for non-renewal reasons

University of California-Los Angeles- Their university's foundation would not give donation receipts for anything tied to seating contributions

Washington State University- Communication with donors needs to be focused around a philanthropic viewpoint rather than transactional

The University of Washington- The tax change ranked 13 out of 16 on their survey of non-renewal reasons

The University of Southern California- Changed from gift receipts to payment acknowledgment

The University of Colorado-Boulder- Their university's foundation would not give donation receipts for anything tied to seating contributions

The University of California-Berkeley- Did not provide information

Arizona State University- Consulted with EY about tax reform

Stanford University- Their university's foundation would not give donation receipts for anything tied to seating contributions

The University of Arizona- Were mainly concerned about the effect on football donations rather than basketball

Data Collection and Interview Insight

Before assessing any seat donation amounts, universities felt the elimination of the Seating-Right Tax deduction brought little concern to donors and was not the primary reason that donors are not making contributions. This insight led me to collect recent data from each institution in order to analyze their donations over the two years the tax change has been in effect.

Second, I emailed each university about the donation revenue they saw from Football Seating/Parking Contributions, Football Sky Suite Contributions, and Men's Basketball Seating Contributions from 2015 to 2019. I wanted to be able to look at their overall historical trend in donation revenue for this time frame to see if the elimination of the deduction beginning in the 2018 tax year had any affect. The fluctuation of revenue could be explained for an assortment of reasons, beginning with team success, player changes, coaching and administrative changes, donor involvement, and media spotlight.

Next, using tables, I analyzed the amount of donation revenue before and after the tax change to see if any impact occurred during 2017-2019. Along with collecting donation amounts, I surveyed other Pac-12 departments on their donor count before and after the tax change, and the amount of revenue collected in December of 2017 versus their usual December donations. Their response to the questions will be displayed in the tables below.

Lastly, I Interviewed Oregon donors to gain insight into their reason for donating and if the elimination of the Seating-Right Tax deduction affected their willingness to contribute. In conclusion, I will assess if the data I collected demonstrates that the tax change had an overall impact on athletic departments within the Pac-12.

Limitations

Data limitations did occur while writing this thesis. One limitation was not being able to get a response from every school in the Pac-12. Fortunately, enough to 8 of the 12 institutions responded to my inquiries. Another limitation for data arose when I noticed that each school differs in how they account for donations whether it is based off of their fiscal-year, year-end year or calendar year. The University of Oregon's totals were calendar year figures based on the year in which the sport's athletic seasons started. For example, the Football season 2017-2018 will count towards the total of 2017. Therefore, donation totals could be higher in either 2017 or 2018 due to the collection of as many donations as possible to prepare for the tax change. Institutions also did not start tracking their total seat donations until 2014 so it is hard to notice if there is a decade long pattern for seat donations.

Results

Pac-12 Football Data Collection and Analysis

Football	Football Seating/Parking Contribution			Football Sky Suite Contributions			Donors		
PAC 12 Univerisities	2017	2018	2019	2017	2018	2019	2017	2018	2019
University of Washington	$15, 823,451	$17,618,893	$17,077,962	$1,674, 146	$1,952, 418	$1,835, 824	6028	6236	6281
University of Oregon	$12,991,235	$12,395,795	$11,689,524	$1,956,325	$2,016,350	$1,855,804	6034	5505	5208
Oregon State Univeristy	$7,035,200	$6,844,350	$6,153,717	$1,174,000	$1,097,000	$872,133	4125	3788	3434
University of Califronia-Berkeley	$1,615,301	$1,706,258	$1,322,468	N/A	N/A	N/A	2283	2213	1890
Stanford Univeristy	$5,301,500	$4,249,950	$4,206,900	$187,500	$175,000	$175,000	1801	1716	1687
University of Califronia-Los Angeles*	$5,500,000	$5,500,000	$5,500,000	N/A	N/A	N/A	N/A	N/A	N/A
University of Arizona	$8,176,165	$9,122,899	$7,924,460	$479,210	$442,070	$346,199	4438	4839	4417
Arizona State Univeristy	$6,657,001	$7,136,628	$7,025,716	$287,663	$287,273	$242,108	N/A	N/A	N/A

All tickets sales are at the schools respective fiscal year end

No information from University of Colorado-Boulder,University of Southern Califronia, University of Utah, Washington State University

*Do not take two separate donations for football and basketball. For donors that have season tickets in both football and basketball, the larger per seat donation is required and covers the seat donation for both sports. We raise roughly $11M annual on per seat donations. Donations divide for football and men's basketball.

Table 6: Pac-12 Football Seating Contribution

Looking at the data, every school in the 2017-2019 Football Seating/Contribution category was trending downwards except for the University of Washington, who saw an increase in their donations by $1.2 million over those two years. Washington's intake of donations could be due to its 2018 seat reallocation discussed in the Pac-12 survey questions below. Through 2017 and 2019 Football Sky Suite Contribution was relatively upward trending during 2017 and 2018 compared to general football seating except for Stanford, Oregon State University, and the University of Arizona who saw a slight decrease. It was surprising to see donors/companies still holding on to their Sky Suites after 2017 since the donations are priced higher than regular season tickets but came with no additional tax benefit. I thought the figures would have trended downward similar to general season tickets with 2017 being the highest in donations, but this could be due to the influx of donations preparing for the tax changes. In 2019, all institutions saw a decrease in donations to Sky Suite Contributions which aligns with the Football Seating/Contribution's trajectory. Overall, it is difficult to definitively conclude that the tax change caused a significant impact on donations for Football Seating/Contribution and Football Sky Suite Contribution but their totals are trending downward now and could fall further.

Pac-12 Men's Basketball Data Collection and Analysis

Men's Basketball	Men's Basketball Seating Contributions			Donors		
PAC 12 Univerisities	2017	2018	2019	2017	2018	2019
University of Washington	$1,865,050	$1,995,625	$2,500,000	723	798	913
University of Oregon	$1,382,351	$1,475,868	$1,349,710	6034	5505	5208
Oregon State Univeristy	$338,400	$403,875	$415,750	4125	3788	3434
University of Califronia-Berkeley	$477,360	$327,116	$262,441	279	177	144
Stanford Univeristy	$1,009,750	$947,250	$937,250	630	587	585
University of Califronia-Los Angeles	$5,500,000	$5,500,000	$5,500,000	N/A	N/A	N/A
University of Arizona	$11,017,135	$10,720,032	$10,427,393	3008	2927	2822
Arizona State Univeristy	$1,277,292	$1,798,842	$1,643,175	N/A	N/A	N/A

All tickets donations are based on the insitutions respective fiscal year end or calendar year

No information from University of Colorado-Boulder,University of Southern Califronia, University of Utah, Washington State University

***Do not take two separate donations for football and basketball. For donors that have season tickets in both football and basketball, the larger per seat donation is required and covers the seat donation for both sports.We raise roughly $11M annual on per seat donations. Donations divide for football and men's basketball.**

Table 7: Pac-12 Men's Basketball Seating Contribution

Looking at the 2017-2019 Men's Basketball Seating Contribution, there was no correlation between the different institution's donation trends. As an outlier, the University of Arizona did exceptionally better than other Pac-12 schools in donations averaging over $10 million annually. Again, the University of Washington had an upward trend starting in 2017 along with the University of Oregon and Oregon State University. Other institutions were able to accumulate larger sums of donations in 2017 but also experiencing a decrease over time in donations. Overall, their per-seat donations were similar to that of the football donations. Basketball per-seat donations could also expect to see a decrease over time.

Pac-12 Universities Tax Change Survey Questions

The survey questions below examine the responses from eight surveyed athletic departments and give an institution specific perspective on the Seating-Right Tax deduction. The first question asked, “Was there an influx in gifts the month before the tax change, December 2017, compared to previous months in order to analyze if the increase in donations was motivated by the tax change?” The next question was to assess if any particular department took any precautions prior to the tax change to reorganize their operational practices pertaining to seat contributions. Finally, a review donor participation to see if there were any trends that arose after the tax change.

Pac-12 Universities	**1) Were you able to track an influx of gifts in the months of November/December 2017 due to the pending tax reform changes and if so, what is the total amount? Also, what are your usual donations within those months?**
University of Washington	Every 5 years our football and basketball season ticket holders go through a full seat reallocation. 2018 was a reallocation year for football which created a unique situation in which season ticket holders who did not know their seat-related gift until their seat selection in February and March. Due to the tax law change, we allowed season ticket holders to make a non-refundable gift into a seat-related holding fund which was then applied to their 2018 seat-related gift after they selected their seats during reallocation. Men's Basketball season ticket holders also made contributions to the holding fund which was then applied to their balance when they renewed their seats. This allowed season ticket holders to receive the tax benefit for their 2018 seat gifts for Football/ Men's Basketball. **We received $4.5 million to the holding fund from December 18th through December 31 after the news of the tax law was communicated.**
University of Oregon	**2016: $5,873,523** **2017: $8,472,436** **2018: $3,366,541**
Oregon State University	Yes, we allowed donors to make gifts in advance of the tax legislation. We provided donors the opportunity to pay their seat contributions

	three years in advance or through the 2020 football season.**159 donors elected to make their 2019 seat contribution in advance equaling $996,000. 81 donors elected to make their 2020 seat contribution in advance equaling $340,000**
University of California-Berkeley	N/A
Stanford	No, we did not see an influx of gifts in these months and did not communicate to donors to encourage giving before the calendar year-end. **We received the typical amount of donations for calendar year-end in December that year, which is around $2 million.**
University of California-Los Angeles	At this point, we have not been negatively affected by the elimination of the tax deductions for seat donations. We have seen a decrease in season ticket sales over the last two years. **We received roughly $3 million in giving at the end of 2017. This included annual gifts that people typically make but chose to donate before the tax law changed.** This also included people who prorated their giving for multiple years.
University of Arizona	Our average excluding 2017 over the last five years is $2.8 million in the months of November and December. **In 2017, that total was $12.2 million or an additional $9.4 million than the other years.**

Table 8: Pac-12 Survey Question #1

Pac-12 Universities	**2) Since the tax change in 2018, has your school made any changes to operational practices pertaining to per seat contribution, football suites, or priority point systems?**
University of Washington	**We have not made any changes** to operational practices pertaining to per seat contribution, football, suites, or priority point systems.
University of Oregon	An extensive review of our priority point system was done by outside tax advisors and an opinion statement was **provided indicating that our priority point system did not need to change**. Seating contributions are tracked separately now to provide proper tax receipts. Tax receipts and gift acknowledgment text has changed in order to reflect the current IRS rules and better educate donors of the change.
Oregon State University	**Yes, we rolled out our new business practice.**
University of California-Berkeley	**Since the tax change in 2018, all per-seat donations have been made to our general fund**. We use giving days such as Big Give and Giving Tuesday to offer double priority points to those who donate (they can give to any sport). All per-seat donations must be in before the start of the season or your tickets get held. We offer priority points for a large range of giving such as consecutive years of giving, how much you give, and double priority points on special days.

Stanford	**We have not made any significant changes to our priority seating model since the tax change in 2018** but have made internal changes including our recording of gifts, preferred gift methods, and how they count within university giving. We plan to continue to monitor our priority seating program to see if any changes need to be made if renewals drop due specifically to the tax laws.
University of California-Los Angeles	**We have not changed our structure**.
University of Arizona	**We recently announced changes to our season ticket and benefits structure where we have combined the season ticket cost into one total**. We are also now counting the total to donors' annual benefits level. As far as points the only change is we are now providing priority points on the total of the season ticket cost and not just the amount that was a priority in the past. We implemented some renovations in our Skybox on our third floor but this wasn't tied to a tax law change.

Table 9: Pac-12 Survey Question #2

Pac-12 Universities	**3) What is your total donor count toward those three categories of contribution for the years: 2017,2018, and 2019 (the total figure for all)?**

PAC 12 Univerisities	Football Donors			Bastketball Donors		
	2017	2018	2019	2017	2018	2019
University of Washington	6028	6236	6281	723	798	913
University of Oregon	6034	5505	5208	6034	5505	5208
Oregon State Univeristy	4125	3788	3434	4125	3788	3434
University of Califronia-Berkeley	2283	2213	1890	279	177	144
Stanford Univeristy	1801	1716	1687	630	587	585
University of Califronia-Los Angeles	N/A	N/A	N/A	N/A	N/A	N/A
University of Arizona	4438	4839	4417	3008	2927	2822
Arizona State Univeristy	N/A	N/A	N/A	N/A	N/A	N/A

Table 10: Pac-12 Survey Question #3

Discussion

Pac-12 Seating Contribution Tables Discussion

In conclusion, both football and men's basketball show evidence of an increase in donations in 2017 in anticipation of tax changes. It also appears that some donors may have shifted donations into 2017 for tax reasons, but no consistent evidence that overall giving to athletic departments has decreased in response to tax changes. It can be seen that both football and basketball trended downwards after the time of the tax change. Although there could be several reasons including the tax change for this decrease in total donations.

Pac-12 Survey Discussion

In summary, athletic departments saw an influx of donations in the November and December 2017 by offering donors a chance to make prepayments to seat contributions. Athletic departments allowed donors to donate up to three years in advance and capitalized on the contributions. The influx was part of regular donations along with tax change preparations. Three athletic departments made changes due to the tax change while four athletic departments continued their operations without any changes. After the tax change, all athletic departments put emphasis on its already established priority point system for donors' benefit, except for the University of Washington, who does not have a points system, saw donor participation for Men's basketball and football trend downward after the tax change, but it is hard to know if that will continue in the long term.

Donor interviews- Anecdotal Evidence

I had the opportunity to interview donors about their relationship with the University of Oregon and to learn about why Oregon is their institution of choice. Also, I questioned if the elimination of the Seating-Right Tax deduction had any sway on their decision to purchase the rights to season tickets. I previously predicted that most donors were transaction donors and because of this thought that the elimination of the deduction would have had an impact on the generosity of the donors. To my surprise, the responses I received demonstrated that the elimination of this write-off did not deter donations, in fact it seemed to have little to no impact on their generous gifts. I was delighted to hear that the people I spoke to were philanthropic donors, meaning their donations were given because of their love and passion for University of Oregon. They also felt that their donation came with a sense of pride, along with a stake in the University of Oregon causing them to be emotionally invested in the success in not only the program(s) they donated to, but also the institution as a whole.

In asking why donors continue to donate to the University of Oregon, their responses varied, but one consistent similarity was rooted in childhood memories, volunteering, and family legacies. Two of the donors mentioned memories of attending an Oregon football game. One donor recounts the time he attended a University of Oregon football vs. Stanford game, while he was a student at another college, to see Dan Fotus and Jim Plunkett battle it out on the field. From that point forward, he was hooked on the University of Oregon. While the other donor remembered as a kid getting the chance to meet Mel Renfro, his football idol. After a game, Mel gave the donor his chinstrap from his helmet as a gift and the donor still has it to this day. From that experience, he went on to both attend and play football at the University of Oregon, and his kids followed his legacy. Donors also felt connected to the University of Oregon by volunteering. They helped establish and coordinate fundraising campaigns for different sectors of the university ranging from academics to sports. By staying involved, their relationship with the university continues to grow and they see how their impact on the university has lasting effects.

Donors have been supporting the University of Oregon for over 100 years through their generous donations of both money and time. One of the donors interviewed has been involved with Oregon for over 40 years, with other donors only behind by 5 years or less, really speaking to the commitment each of them feel to the university. Each donor has been a season ticket holder for each football, men's and women's basketball, and baseball for over a decade. Each of them expressed a sense of pride with their contributions, stating it is the most rewarding investments they make because it gives them a chance to support student-athletes both financially and athletically as fans.

Prior to 2018, all the donors were informed of the elimination of the Seating - Right tax deduction in various ways. The main source of information came from the DAF. They reached out to all their donors in order to be transparent about the changes that were coming. Donors were initially surprised, but they were more concerned about how it would affect the athletic department revenue, which this paper is intended to address. After the news, a few donors decided to stop giving or were more conservative about their donations, causing them to consider which sports they wanted to continue to hold season tickets to, if any.

Overall, the majority of donors interviewed said the tax change has not affected their giving to football and basketball season tickets. Their love and sense of pride in both the football and men's basketball superseded a tax change, and they feel fortunate to have discretionary funds to spend on supporting sports programs. With the exception of one donor, donors did not itemize their taxes, nor did they even know they could claim a deduction. Additionally, a donor acquired more season tickets for both softball and women’s basketball due to the success both programs are seeing. This speaks to the culture of the Oregon donors and goes to show that a lot of them are philanthropic donors, rather than transactional, meaning the elimination of this deduction did not affect their willingness or desire to donate. In fact, many donors not only donate to the athletic fund, but also donate to many other programs across campus to help facilitate success. Evidence also suggests a correlation between a donors age and the number of season tickets they hold. When donors had families, they had more season tickets for a specific sport and as both donors and their children aged, the number of season tickets they purchased decreased.

Conclusion

The elimination of the Seating-Right Tax deduction, while not directly related to the decrease in donations, is part of the reason athletic departments across the Pac-12 are seeing a downward trend in donations. While the tax change may not affect the donor's willingness to donate as previously assumed, it was intriguing to learn more about the donors' reasoning as to why they may not be donating as much as in previous years, and to find out why the appeal of buying season tickets to football and basketball games continues to decrease. It is possible that as the donor's age, membership contributions decrease because they are on a fixed income after they retire, or because their interest and/or ability to attend games decreases. That leaves the question of if athletic departments are able to entice younger donors, who have less of a disposable income, with the cost of season tickets steadily increasing year over year. It is also possible that potential younger donors are not establishing their career in the same state as their alma mater, therefore not feeling connected enough to the university to donate. A way to counteract a potential loss of donors due to location would be to keep donors connected virtually, but also increase alumni outreach to help generate that sense of pride that has a lot of impact on the generosity of donation.

While technology is another area that could help with donor outreach, it could also hurt the athletic department's ability to bring in donations for season tickets. Advancement in technology impacts stadium attendance, allowing fans to access games from their TVs, phones, tables and a multitude of streaming services and not having to attend the games in person. As a result, decreasing the athletic department’s revenue because it eliminates the need to be physically at the event.

Much has changed in our world since the initial writings of this thesis, and it is important to note the impact of COVID-19 and the repercussions that this outbreak could have on the football and basketball season, especially after seeing the cancellation of winter sports championship games, and spring sports' seasons. The current situation nationwide promises to affect donations and funding for college sports in a way that no one could have anticipated, or easily remedy. There is no timeline as to when this will end, and therefore the future of these sports remains unknown. This could affect the overall revenue of the athletic departments in the Pac-12 way more than I ever anticipated the elimination of the Seating-Right Tax deduction would cause.

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