

State Auditor Mike Foley Voices Concerns on Husker Ticket Give-Away to State Employees

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Contact: Mike Foley 402-471-2111

In a letter sent today to the Nebraska Accountability and Disclosure Commission (NADC), State Auditor Mike Foley disclosed that agencies of State government are spending over \$1 million in government funds each year buying advertising on the Husker Sports Network and receiving hundreds of tickets to University of Nebraska athletic events and other incentives in addition to the advertising services purchased.

Over the past three years, the incentives have included over 2,500 tickets to University of Nebraska athletic events, tailgate party passes, travel and tickets to away games, and autographed footballs. The game tickets have included skybox and premier seating for particular games and in some instances, season tickets.

Foley's concerns center around the sometimes too cozy relationship between vendors who seek State contracts and the State officials who negotiate and sign them and later receive gifts from the vendors. Other concerns relate to lax accounting controls over State property in those instances where the tickets were one of the negotiated products to be received under the terms of the contracts.

State agency officials argue that the vast majority of the tickets are used to advance the mission of governmental programs such as offering Husker tickets as prizes to be won through the State Lottery or promotion of a cancer screening program. However, weak accounting controls and the fungible nature of sports tickets place them at high risk for abuse. Foley's auditors found many instances where State employees, family members and their guests are personally using them to attend games.

The issue came to light when the Nebraska Corn Board contacted Foley's office last month seeking guidance on the propriety of tickets and incentives it

had received and used. Foley learned that the agency entered into an advertising contract with the Husker Sports Network and later received 28 tickets to the November 7, 2009 Nebraska vs. Oklahoma football game and tailgate party. Ten of those tickets were skybox seats for the game. The Corn Board was in the process of negotiating a new contract and wanted guidance on accepting additional sports tickets and travel incentives being offered as part of the new contract.

Foley has been working closely with officials at the NADC to study the matter and the NADC issued a staff advisory opinion last week to the Corn Board spelling out the applicable provisions of Nebraska law. On January 27, 2010, the Corn Board voted unanimously to enter into a new advertising contract with the Husker Sports Network but to decline any further tickets or incentives.

Other agencies are receiving dozens if not hundreds of tickets and because of weak accounting controls and lax attitudes, tickets are often being used by State employees. Foley noted, "I am not comfortable with how some agencies are spending large sums of public money and receiving gifts and incentives for personal use in return. My view on this is really quite simple: State employees and their family and friends should not be attending Husker sporting events on the public's dime."

Foley cautioned State personnel to be mindful of Nebraska statute that provides that state government officials may not use their public positions or public resources for personal financial gain.

In addition, the NADC staff opinion makes clear that sports tickets purchased with public funds are State assets and must be treated as such.

Foley stated that there are probably both appropriate and inappropriate ways for State agencies to handle questions like this. For example, Foley noted that the Nebraska Game & Parks Department received some football tickets but made them available to the public via a contest on its web site. But in other cases, agency personnel are bargaining for tickets as part of their advertising contracts and then using them personally. Foley said that all of his work on this question is being turned over to the NADC for whatever further action they deem appropriate.

The Husker Sports Network is a trade name owned by IMG a private company operating under a 13-year contract with the University of Nebraska. The broadcasting rights contract guarantees revenue to the University of at least \$109 million and does not provide for any tickets. In separate transactions, Husker Sports Network/IMG purchased roughly \$100,000 of sports tickets from the University last year and used them as gifts and incentives with its government and private sector advertising clients.

The State Auditor's letter and attachments to NADC shows that the Nebraska State Lottery received over 1,400 tickets in the past three years and has given them as prizes to Lottery players and to retail outlets who promote the State Lottery. The agency has some controls to safeguard the tickets but acknowledges that in several instances, tickets were used by State Lottery employees.

The Nebraska Department of Health and Human Services (DHHS) received hundreds of tickets as part of its "Stay in the Game" cancer screening advertising campaign conducted in partnership with the Nebraska Medical Association. DHHS can account for who used some of the tickets but has no documentation on who ultimately used most of them.

At the Office of Highway Safety, its "Click it or Ticket" and other advertising contracts resulted in the agency receiving over 200 tickets over the past few years. The auditors found many instances where State employees used them personally for themselves, family, and friends. For many of the tickets, agency officials say they simply have no records of who actually used them.

The University of Nebraska also used public funds to purchase advertising on the Husker Sports Network and its contract provided for two club level seats for each of the seven home football games of the 2009 season as well as two season tickets for the volleyball games and two season tickets for the men's basketball games. Some of these tickets were sold at face value to employees and others were given without charge to University employees in what may be a violation of Board of Regents policy on such matters.

Foley's letter to NADC and detailed attachments display which agencies received tickets and who ultimately used them to the extent that such information was provided.

A copy of the letter and attachments can be found on the State Auditor's web site (see link below) under "What's New"

<http://www.auditors.state.ne.us>