

Agendum
Oakland University
Board of Trustees Formal Session
June 5, 2017

**ANCILLARY ACTIVITY OPERATING BUDGET FOR THE
FISCAL YEAR ENDING JUNE 30, 2018**

A Recommendation

1. **Division and Department:** Intercollegiate Athletics and Finance and Administration
2. **Introduction:** The proposed budget for Intercollegiate Athletics is presented for approval for the fiscal year ending June 30, 2018.

The ancillary activity presented represents an operation connected with and in support of the educational mission of Oakland University (University). Each ancillary budget is presented in a similar format, using common terminology and revenue, expense, and University Support categories. The “all funds” budget model is used to construct the proposed budget. The all funds model provides a comprehensive picture of the financial activities of each unit. This format depicts operating and capital transactions in the General Fund, Auxiliary Fund, Designated Fund, Expendable Restricted Fund, and Plant Fund. Gifts are included, but the fund balances in permanent endowments are not included as there is no discretion with regard to their use. Distributions from endowments are included.

3. **Previous Board Action:** The Board of Trustees (Board) approved the FY2017 ancillary budgets on April 11, 2016.
4. **Budget Implications:** See individual program descriptions for budget implications.
5. **Educational Implications:** See individual program descriptions for educational implications.
6. **Personnel Implications:** See individual program descriptions for personnel implications.
7. **University Reviews/Approvals:** The budget was prepared by Intercollegiate Athletics, reviewed by the Financial Performance Review Committee, Budget and Financial Planning Office, Vice President for Finance and Administration, and President.
8. **Recommendation:**
RESOLVED, that the Board of Trustees approves the FY2018 budget for Intercollegiate Athletics, with expenditures and transfers not to exceed the

**Ancillary Activity Operating Budget for the
Fiscal Year Ending June 30, 2018
Oakland University
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expense total as reflected in the attached budget, except as set forth; and, be it further

RESOLVED, that all expenditures and transfers beyond the approved expense total must have prior approval of the President or his/her designee and these amounts will be reported on a periodic basis to the Board of Trustees; and, be it further


RESOLVED, that the Board of Trustees authorizes the President, the Director of Athletics, and their respective designees, to perform all acts and deeds and to execute and deliver all contracts, instruments and documents required by this resolution that are necessary, expedient and proper in connection with the FY2018 budget and the ongoing administration of the FY2018 budget; and, be it further

RESOLVED, that said contracts, instruments and documents shall be reviewed by and be in a form acceptable to the Vice President for Legal Affairs and General Counsel prior to execution, and be in compliance with the law and with University policies and regulations and conform to the legal standards of the Vice President for Legal Affairs and General Counsel.


9. Attachments:

A. Description of Program and Proposed Budget, FY2018

Submitted to the President
on 5/24, 2017 by



Jeffrey F. Konya
Director of Athletics



John W. Beaghan
Vice President for Finance and Administration
and Treasurer to the Board of Trustees

Recommended on 5/24, 2017
to the Board for approval by



George W. Hynd
President

Department of Intercollegiate Athletics

Description of Program

The Oakland University (OU) Department of Intercollegiate Athletics has been fully participating in Division I athletics since 1999-2000. In 18 years, the Golden Grizzlies have won 28 regular-season conference championships, 67 conference tournament titles and have had 51 NCAA tournament appearances.

OU has 18 varsity sports: baseball, men's basketball, women's basketball, men's cross country, women's cross country, men's golf, women's golf, men's soccer, women's soccer, softball, men's swimming & diving, women's swimming & diving, women's tennis, men's indoor & outdoor track, women's indoor & outdoor track, and volleyball.

The Golden Grizzlies play their court sports (volleyball, and men's and women's basketball) at the Athletics Center (O'rena) which has a capacity of 4,000, with baseball, softball and soccer games played at the Oakland Athletic Fields. Oakland swimming and diving competes in the Oakland Aquatics Center, which has a capacity of 1,000, and OU's Katke-Cousins golf course is the home course for the men's and women's golf teams. The track & field and tennis programs compete at the Outdoor Recreation and Athletic Complex.

<u>Key Performance Indicators</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>
<u>RPI Tier 1 Athletic Teams</u>			
Men's Basketball	134	116	102
Women's Basketball	238	209	156
Men's Soccer	72	65	159
Women's Soccer	251	132	242
Men's Swimming/Diving	11*	22*	25*
Women's Swimming/Diving	31*	23*	27*

* Mid-Major Ranking

RPI (Ratings Percentage Index) is a rating system utilizing three factors: Division I winning percentage; schedule strength; and opponents' schedule strength.

Number of Student Athletes	327	327	326
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Department of Intercollegiate Athletics

<u>Key Performance Indicators (continued)</u>	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>
Graduation Rates- All Students/Student Athletes	43% / 57%	46% / 63%	44% / 63%
Graduation Success Rate- Student Athletes	80%	80%	80%

Freshman-Cohort 2007/2008, 2008/2009, and 2009/2010 Graduation Rates: These are the most recent graduating classes for which the required six years of information is available. "All Students" represents all undergraduate students who were enrolled in a full-time program of studies for a degree. "Student Athletes" represents those student athletes who received athletics aid from the University for any period of time during their entering year.

The main difference between the two rates is that the Graduation Success Rate takes into account the successful completion of graduation requirements for transfer students.

FY2017 Explanation of Major Changes

Increased operating revenues are reflective of one-time increases in NCAA and Horizon League allocations, increased ticket sales, increased retail and concession sales, and increased facility rentals. Decreased gifts and grants are due to a classification change moving endowment earnings to investment income, as well as receiving less than expected from the President's Invitational golf outing; accordingly, increased investment income is due to the aforementioned classification change.

Decreased compensation is primarily due to salary savings. Increased supplies and services are due to increased spending in radio and broadcast fees, increased sports insurance premiums, increased retail and concession expenses, and increased rental expenses. Other University Support and Capital Expenditures decreased by approximately \$698,500 because the Lepley renovation architecture and engineering phase activity was included in the FY2016 University ledgers. Additional capital expenditures include the purchases of new vans for men's and women's golf, the conversion of the women's golf van, and the purchase of new pole vault equipment.

Department of Intercollegiate Athletics

FY2017 Explanation of Major Changes (continued)

Major capital expenditures for FY2017 are estimated to be \$168,405.

Pole vault facility and equipment	\$ 14,000
Concessions tent	7,524
Broadcast equipment	5,295
Women's golf van & conversion	93,042
Men's golf van	48,940
Return of funds from closed project	<u>(396)</u>
	\$168,405

FY2018 Budget Assumptions

The Oakland University Department of Intercollegiate Athletics' budget reflects the revenues and expenditures of its continuing participation in NCAA Division I and league affiliation to The Horizon League. Budget assumptions for Fiscal Year 2018 have been projected based on Horizon League competition:

1. External revenues have been modified to reflect future expectations in the areas of tickets sales, NCAA and Horizon League revenues, and the ongoing third-party sponsorship agreement.
2. Gift revenue changes are reflective of future expectations as well as a change in reporting classification, with endowment earnings now being reported as investment income.
3. Increase in revenues due to increased rentals and sponsorships.
4. Increase in compensation due to merit increases and coaches' bonuses.
5. Major capital expenditures of \$30,000 for FY2018 include a conversion for the men's golf van purchased in FY2017.

Oakland University
Ancillary Activities Operating Budget
Athletics
Proposed Budget - All Funds
FY2018

	FY2017 BUDGET	FY2017 ESTIMATED ACTUAL	FY2018 PROPOSED BUDGET
Revenue:			
Operating Revenue			
Ticket Sales	\$ 215,000	\$ 237,000	\$ 215,000
Team Guarantees	217,500	192,800	200,000
NCAA/League Revenues	758,556	1,206,652	787,081
Other	1,075,000	1,254,833	1,404,573
Total Operating Revenue	<u>\$ 2,266,056</u>	<u>\$ 2,891,285</u>	<u>\$ 2,606,654</u>
Retail Sales	33,000	84,700	68,500
OU Purchased Services	-	-	-
Gifts and Grants	600,000	533,900	500,000
Investment Income	1,000	29,100	29,100
Total Revenue	<u>\$ 2,900,056</u>	<u>\$ 3,538,985</u>	<u>\$ 3,204,254</u>
Expenditures:			
Compensation	\$ 5,770,982	\$ 5,553,823	\$ 6,035,571
Supplies and Services	2,006,084	1,968,367	2,028,887
Travel	1,313,000	1,460,508	1,327,925
Repairs and Maintenance	-	-	-
Cost of Retail Sales	20,000	38,490	27,000
Equipment	-	-	-
Insurance	125,000	130,701	155,000
Utilities	-	-	-
Debt Service	-	-	-
Overhead charged by OU	-	-	-
Other Transfers	-	-	-
Total Expenditures	<u>\$ 9,235,066</u>	<u>\$ 9,151,889</u>	<u>\$ 9,574,383</u>
Net Income	<u>\$ (6,335,010)</u>	<u>\$ (5,612,904)</u>	<u>\$ (6,370,129)</u>
University Support:			
Student Tuition Allocation	925,413	925,413	925,413
Other University Support (General Fund budgets)	6,139,377	5,515,468	5,491,043
Total University Support	<u>\$ 7,064,790</u>	<u>\$ 6,440,881</u>	<u>\$ 6,416,456</u>
Net Income with University Support	<u>729,780</u>	<u>827,977</u>	<u>46,327</u>
Ending Balances prior to Major Cap. Expenditures:			
Restricted Fund Balance *	\$ 649,540	\$ 1,096,518	\$ 1,096,518
Unrestricted Fund Balance	548,781	200,000	77,922
Less: Major Capital Expenditures	729,500	168,405	30,000
Total Ending Fund Balance	<u>\$ 468,821</u>	<u>\$ 1,128,113</u>	<u>\$ 1,144,440</u>
Athletic Programs		\$ 383,063	
Endowments/Scholarships		119,484	
Facility Development		143,915	
Student Athlete Funds		450,056	
Restricted Fund Balance *		<u>\$ 1,096,518</u>	

**Oakland University
Athletics
Proposed Major Capital Expenditures
FY2018**

Item Description	Estimated Cost
Conversion for existing men's golf van (van was purchased in FY2017)	\$ 30,000

FY2018 Total \$ 30,000