

**Agendum
Oakland University
Board of Trustees Formal Session
June 4, 2018**

**INTERCOLLEGIATE ATHLETICS OPERATING BUDGET
FOR THE FISCAL YEAR ENDING JUNE 30, 2019**

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, 2019.

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 the 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 FY2018 ancillary budget on June 5, 2017.
4. **Budget Implications:** See the program description for budget implications.
5. **Educational Implications:** See the program description for educational implications.
6. **Personnel Implications:** See the program description 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 Student Affairs, Vice President for Finance and Administration, and President.
8. **Recommendation:**
RESOLVED, that the Board of Trustees approves the FY2019 budget for Intercollegiate Athletics, with expenditures and transfers not to exceed the expense total as reflected in the attached budget, except as set forth; and, be it further

**Intercollegiate Athletics Operating Budget
for the Fiscal Year Ending June 30, 2019
Oakland University
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RESOLVED, that all expenditures and transfers beyond the approved expenditure 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 FY2019 budget and the ongoing administration of the FY2019 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 Athletics Notes & Assumptions
- B. Athletics Proposed Budget – FY2019
- C. Proposed Major Capital Expenditures

Submitted to the President
on 5/25, 2018 by



Glenn McIntosh
Vice President for Student Affairs and Chief Diversity Officer



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

Recommended on 5-29, 2017
to the Board for approval by



Ora Hirsch Pescovitz
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 19 years, the Golden Grizzlies have won 28 regular-season conference championships, 71 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 women's volleyball.

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

Key Performance Indicators

RPI Tier I Athletic Teams	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>
Men's Basketball	116	102	180
Women's Basketball	209	156	192
Men's Soccer	65	159	91
Women's Soccer	132	242	303
Men's Swimming/Diving	22*	25*	25*
Women's Swimming/Diving	23*	27*	36*

* 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	326	335
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Department of Intercollegiate Athletics

<u>Key Performance Indicators (continued)</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>
Graduation Rates- All Students/Student Athletes	46% / 63%	44% / 63%	47% / 67%
Graduation Success Rate- Student Athletes	80%	80%	82%

Freshman-Cohort 2008/2009, 2009/2010, and 2010/2011 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.

FY2018 Explanation of Major Changes

1. Increased operating revenues are reflective of a timing difference in payments made by the NCAA, resulting in Oakland receiving two payments in FY2018 (this payment will be made once a year going forward), and additional ticket sales from two basketball events hosted at Little Caesar's. Revenue from gifts and grants decreased due to large gifts in the prior year in support of capital projects.
2. Decreased compensation is due primarily to salary savings for vacant positions, most notably the Director of Athletics position. The increase in supplies and services is due primarily to higher than budgeted game guarantee expenses related to four basketball games for which Oakland paid the visiting teams. The cost of retail sales was reduced due to a partnership with Campus Den, which now provides merchandise sales at Oakland basketball games; this partnership meant that Oakland no longer had to purchase apparel and other items for sale at games.
3. University Support increased due to a reclassification of Oakland University Credit Union (OUCU) funds from sponsorship revenue to University Support, as well as a one-time additional payment of \$137,500 from OUCU.

Department of Intercollegiate Athletics

FY2018 Explanation of Major Changes (continued)

4. Capital expenditures increased due primarily to the purchase and installation of a new videoboard and new corner scoreboards in the O'rena, the cost of which was funded by University reserves. The other large capital expenditure was the purchase of two (2) track and field vans.
5. Major capital expenditures for FY2018 are estimated to be \$669,930.

Videoboard and corner scoreboards	\$ 540,195
Two (2) track and field vans	65,310
Women's soccer lockers	7,670
Computers for academic center	7,924
Batting cages	9,036
Synthetic turf debris cleaner	7,430
Facilities radios	10,007
Access control for storage rooms	12,687
Baseball/Softball facility upgrades	9,994
Return of funds from O'rena tech upgrades	(323)
	\$ 669,930

6. Net Income with University Support is projected as a deficit primarily due to the four unbudgeted basketball guarantee games costing approximately \$190,000.

FY2019 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 FY2019 have been projected based on Horizon League competition.

1. External revenues have been modified to reflect future expectations in the areas of ticket sales, NCAA and Horizon League revenues, and the ongoing third-party sponsorship agreements.

Department of Intercollegiate Athletics

FY2019 Budget Assumptions (continued)

2. Gift revenue changes are reflective of future expectations as well as a change in reporting classification, with earnings distributed to endowment spend funds now being reported as investment income rather than gift revenue.
3. Revenues from rentals and sponsorships are projected to increase. However, total revenues are expected to decrease due primarily to lower retail sales revenues resulting from an agreement with Campus Den to take over on-site merchandise sales, lower ticket sales from the lack of offsite events in FY2019, and lower NCAA revenues due to a one-time extra payment of \$135,000 in FY2018 that will not be repeated in FY2019.
4. Compensation is projected to decrease due to lower coaches' bonuses, lower fringe benefit rates, and a reduction in part-time wages.
5. Planned major capital expenditures of \$81,000 in FY2019 include \$75,000 for broadcasting equipment to be reimbursed by the Horizon League, and a \$6,000 ice machine for the athletic training room to replace the existing machine which is at the end of its useful life.
6. There is an anticipated deficit in Net Income with University Support due to a contracted men's basketball tournament at the O'rena that is expected to cost approximately \$200,000 for game contracts, officials, and staffing.

Oakland University
Ancillary Activities Operating Budget
Athletics
Proposed Budget - All Funds
FY2019

	FY2018 BUDGET	FY2018 ESTIMATED ACTUAL	FY2019 PROPOSED BUDGET
Revenue:			
Operating Revenue			
Ticket Sales	\$ 215,000	\$ 294,207	\$ 215,000
Team Guarantees	200,000	181,500	180,500
NCAA/League Revenues	787,081	842,413	727,782
Other	1,404,573	1,368,754	1,291,675
Total Operating Revenue	<u>\$ 2,606,654</u>	<u>\$ 2,686,874</u>	<u>\$ 2,414,957</u>
Retail Sales	68,500	69,246	38,500
OU Purchased Services	-	-	-
Gifts and Grants	500,000	365,000	350,000
Investment Income	29,100	31,812	32,000
Total Revenue	<u>\$ 3,204,254</u>	<u>\$ 3,152,932</u>	<u>\$ 2,835,457</u>
Expenditures:			
Compensation	\$ 6,035,571	\$ 5,776,547	\$ 5,964,724
Supplies and Services	2,028,887	2,555,963	2,109,408
Travel	1,327,925	1,250,000	1,150,000
Repairs and Maintenance	-	16,000	10,000
Cost of Retail Sales	27,000	3,103	5,000
Equipment	-	966	1,000
Insurance	155,000	156,001	186,000
Utilities	-	-	-
Debt Service	-	-	-
Overhead charged by OU	-	-	-
Other Transfers	-	20,000	-
Total Expenditures	<u>\$ 9,574,383</u>	<u>\$ 9,778,580</u>	<u>\$ 9,426,132</u>
Net Income	<u>\$ (6,370,129)</u>	<u>\$ (6,625,648)</u>	<u>\$ (6,590,675)</u>
University Support:			
Other University Support	6,416,456	6,437,642	6,612,574
Total University Support	<u>\$ 6,416,456</u>	<u>\$ 6,437,642</u>	<u>\$ 6,612,574</u>
Net Income with University Support	<u>\$ 46,327</u>	<u>\$ (188,006)</u>	<u>\$ 21,899</u>
Ending Balances prior to Major Cap. Expenditures:			
Restricted Fund Balance *	\$ 440,178	\$ 372,579	\$ 259,780
Unrestricted Fund Balance	279,567	112,833	117,796
Videoboard and Corner Scoreboards	-	540,195	-
Less: Major Capital Expenditures	30,000	669,930	81,000
Total Ending Fund Balance	<u>\$ 689,745</u>	<u>\$ 355,677</u>	<u>\$ 296,576</u>
Athletic Programs	\$ -	-	-
Endowments/Scholarships	-	111,073	-
Facility Development	-	-	-
Departmental	-	-	-
Student Athlete Funds	-	261,505	-
Restricted Fund Balance *	<u>\$ 372,579</u>	<u>\$ 372,579</u>	<u>\$ 372,579</u>

**Oakland University
Athletics
Proposed Major Capital Expenditures
FY2019**

Item Description	Estimated Cost
Broadcast Equipment	\$ 75,000
Ice Machine	6,000
FY2019 Total	<u><u>\$ 81,000</u></u>