

**INTERCOLLEGIATE ATHLETICS OPERATING BUDGET
FOR THE FISCAL YEAR ENDING JUNE 30, 2021**

A Recommendation

1. **Division and Department:** President's Division and Intercollegiate Athletics
2. **Introduction:** The proposed budget for Intercollegiate Athletics is presented for approval for the fiscal year ending June 30, 2021.

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:** On June 10, 2019, the Board of Trustees (Board) approved the FY2020 ancillary budget for Intercollegiate Athletics.
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 Athletics budget was reviewed by the Financial Performance Review Committee, Budget and Financial Planning office, Director of Athletics, Vice President for Finance and Administration, and President.
8. **Recommendation:**
RESOLVED, that the Board of Trustees approve the FY2021 Budget for Intercollegiate Athletics, with expenditures and transfers not to exceed the 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, 2021
Oakland University
Board of Trustees Formal Session
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RESOLVED, that any expenditure level in excess of the approved amount that is not funded by a direct revenue increase must have the prior approval of the President or his/her designee and those amounts shall be reported on a periodic basis to the Board of Trustees; and, be it further

RESOLVED, that subject to satisfaction of the requirements set forth in all applicable Board of Trustees policies, the Board of Trustees authorizes the President, the Vice Presidents, 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 FY2021 budget and the ongoing administration of the FY2021 budget; and, be it further

RESOLVED, that any and all such 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 Budget Notes & Assumptions
- B. Athletics Proposed Budget – FY2021

Submitted to the President
on _____, 2020 by

Steven Waterfield
Director of Athletics

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

Recommended on _____, 2020
to the Board for approval by

Ora Hirsch Pescovitz, M.D.
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 the 1999-2000 academic year. In 21 years, the Golden Grizzlies have won 31 regular-season conference championships, 74 conference tournament titles and have had 52 NCAA tournament appearances.

OU has 19 varsity sports: baseball, men's basketball, women's basketball, men's cross country, women's cross country, esports, 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. Esports will compete at GameTime in Auburn Hills.

Key Performance Indicators

NET Tier I Athletic Teams	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>
Men's Basketball	180	209	222
Women's Basketball	192	310	290
Men's Soccer	91	77	122
Women's Soccer	303	262	199
Men's Swimming/Diving	25*	24*	15*
Women's Swimming/Diving	36*	42*	23*

* Mid-Major Ranking

NET (NCAA Evaluation Tool) is a rating system utilizing several factors, including game results, strength of schedule, scoring margin, and the quality of wins and losses.

<u>Key Performance Indicators (continued)</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>
Number of Student-Athletes	335	331	328
Graduation Rates- All Students/Student Athletes	47% / 65%	46% / 75%	55% / 76%
Graduation Success Rate- Student Athletes	82%	84%	87%

Freshman-Cohort 2010/2011, 2011/2012, and 2012/2013 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 primary difference between the two rates is that the Graduation Success Rate takes into account the successful completion of graduation requirements for transfer students.

FY2020 Explanation of Major Changes

Decreased operating revenues are a result of 70% reduction in NCAA distributions due to the cancellation of the 2020 NCAA Division 1 men's basketball tournament, the cancellation of spring and summer athletic facility rentals, and the cancellation of spring sports (some of which would have been ticketed). Retail sales decreased due to poor performance the on-site retailer at basketball games. Gifts and grants increased due to the addition of a dedicated development team.

University Support is higher due to one-time funding and loans for the following projects, all of which became known during FY2020 and were thus unbudgeted:

- Backboards: \$8,000 (one-time funding)
- Basketball broadcasts on WMYD TV20: \$60,000 (one-time funding)
- Aquatics center repairs: \$40,000 (one-time funding)
- A new mascot head: \$5,000 (one-time funding)
- Pole vault equipment: \$4,000 (one-time funding)
- A new statistics system: \$2,500 (one-time funding)
- Document scanners: \$1,000 (one-time funding)
- Baseball batter's eye: \$51,480 (university loan)
- O'rena stage equipment: \$130,897 (university loan)

FY2020 Explanation of Major Changes (continued)

Decreased compensation is due primarily to reduced part-time and student labor from the cancellation of spring sports and rental events. Supplies and services are higher due to some of the unbudgeted projects and initiatives mentioned previously as well as team travel costs and expenses related to hosting the Horizon League swim and dive championships. The cost of retail sales is lower due to fewer apparel sales by teams.

Major capital expenditures for FY2020 are estimated to be \$123,906.

O'rena stage	\$ 95,106
Baseball field batter's eye	<u>28,800</u>
	\$123,906

FY2021 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 2021 have been projected based on Horizon League competition:

1. Operating 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. These expectations are using a conservative model assuming that, due to ongoing COVID-19 concerns, spectators will not be permitted at athletic events and rental activities will be impacted.
2. Gift revenue changes are reflective of future expectations, including the assumption that COVID-19 economic issues will impact donors' ability to make discretionary contributions.
3. The decrease in investment income is due to projected market return reductions related to COVID-19.
4. The increase in compensation is due to positions created during FY2020, partially offset by reduced casual labor using the conservative model referenced above.
5. The decrease in supplies and services is due to reduced expenses using the conservative model referenced above.

FY2021 Budget Assumptions (continued)

6. Base budget reductions lowered expected university support by \$113,471.
7. The expected fund balance deficit will be addressed in greater detail as more information is known, including the exact deficit at the close of FY2020, the progression of the athletic and financial environments throughout FY2021, and the dissemination of information from the NCAA and the Horizon League. In the short term, the Horizon League Board of Directors has agreed to disburse \$100,000 to each member institution in FY2021, and the FY2022 budget creation process will assess the status of the FY2021 budget so that, if necessary, FY2022 expenses can be budgeted to reduce or eliminate the deficit. The FY2021 budget was created conservatively relative to revenues and expenses so improved revenues during the fiscal year will help offset the deficit.

Oakland University
Ancillary Activities Operating Budget
Department of Intercollegiate Athletics
Proposed Budget - All Funds
FY2021

	FY2019 ACTUAL	FY2020 BUDGET	FY2020 ESTIMATED ACTUAL	FY2021 PROPOSED BUDGET
Revenue:				
Operating Revenue	\$ 2,569,210	\$ 2,497,259	\$ 1,840,000	\$ 2,011,890
Retail Sales	82,354	38,500	22,618	16,500
OU Purchased Services	-	-	-	-
Gifts and Grants	449,908	500,000	540,152	475,000
Investment Income	35,197	35,000	33,639	28,000
Total Revenue	\$ 3,136,669	\$ 3,070,759	\$ 2,436,409	\$ 2,531,390
Expenditures:				
Compensation	\$ 5,596,553	\$ 6,177,551	\$ 6,067,899	\$ 6,067,618
Supplies and Services	3,826,353	3,503,644	3,650,000	2,901,501
Repairs and Maintenance	26,484	10,000	40,000	40,000
Cost of Retail Sales	26,321	3,000	2,000	2,500
Equipment	3,000	3,000	35,434	-
Insurance	171,754	178,470	169,843	182,340
Utilities	-	-	-	-
Debt Service	-	-	-	-
Overhead charged by OU	-	-	-	-
Other Transfers	-	-	120,500	-
Total Expenditures	\$ 9,650,466	\$ 9,875,665	\$ 10,085,676	\$ 9,193,959
Net Income	\$ (6,513,797)	\$ (6,804,906)	\$ (7,649,267)	\$ (6,662,569)
University Support:				
Compensation	\$ 4,978,858	\$ 5,507,263	\$ 5,381,514	\$ 5,298,992
Other	1,424,326	1,329,155	1,852,863	1,372,804
Total University Support	\$ 6,403,184	\$ 6,836,418	\$ 7,234,377	\$ 6,671,796
Net Income with University Support	\$ (110,613)	\$ 31,512	\$ (414,890)	\$ 9,227
Ending Balances prior to Major Cap. Expenditures:				
Restricted Fund Balance *	\$ 364,552	\$ 309,915	\$ 191,355	\$ 168,556
Unrestricted Fund Balance	(68,338)	(54,839)	(382,680)	(474,560)
Less: Major Capital Expenditures	72,650	20,000	123,906	-
Total Ending Fund Balance	\$ 223,564	\$ 235,076	\$ (315,231)	\$ (306,004)
Endowment Spend Funds			90,273	
Student-Athlete Funds			101,082	
Restricted Fund Balance *			<u>\$ 191,355</u>	