

Agendum
Oakland University
Board of Trustees Formal Session
June 21, 2021

**INTERCOLLEGIATE ATHLETICS OPERATING BUDGET
FOR THE FISCAL YEAR ENDING JUNE 30, 2022**

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, 2022.

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 15, 2020, the Board of Trustees (Board) approved the FY2021 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 FY2022 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, 2022
Oakland University
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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

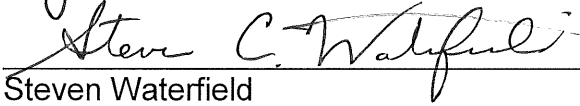
RESOLVED, that subject to satisfaction of the requirements set forth in all applicable Board of Trustees policies, the Board of Trustees authorizes the President, the Vice Presidents, and their respective designees, to perform all acts and deeds and to execute and deliver all contracts, instruments and documents required by this resolution that are necessary, expedient and proper in connection with the FY2022 budget and the ongoing administration of the FY2022 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.

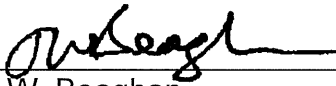
9. Attachments:

- A. Description of Athletics Budget Notes & Assumptions
- B. Athletics Proposed Budget – FY2022

Submitted to the President
on June 18, 2021 by

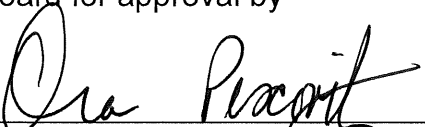


Steven Waterfield
Director of Athletics



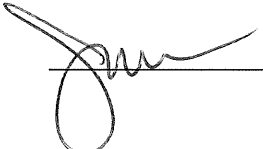
John W. Beaghan
Vice President for Finance and Administration
and Treasurer to the Board of Trustees

Recommended on 6/17, 2021
to the Board for approval by



Ora Hirsch Pescovitz, M.D.
President

Reviewed by

 6/17/21

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 22 years, the Golden Grizzlies have won 31 regular-season conference championships, 76 conference tournament titles, and have made 53 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 competes at GameTime in Auburn Hills.

Key Performance Indicators

	FY2019	FY2020	FY2021
Men's Basketball NET Ranking	209	222	255
Women's Basketball NET Ranking	310	290	200
Men's Soccer RPI Ranking	77	122	25
Women's Soccer RPI Ranking	262	199	153
Men's Swimming & Diving Mid-Major Ranking	24	15	5
Women's Swimming & Diving Mid-Major Ranking	42	23	15

Key Performance Indicators (continued)

	FY2018	FY2019	FY2020
Number of Student-Athletes	331	328	332
Graduation Rates – All Students / Student-Athletes	46% / 75%	55% / 76%	57% / 76%
Graduation Success Rate – Student-Athletes	84%	87%	90%

Freshman-Cohort 2011/2012, 2012/2013, and 2013/2014 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.

FY2021 Explanation of Major Changes

Decreased operating revenues are due to a reduction in sponsorships due to the COVID-19 pandemic. Retail sales decreased due to having no retail partner. Gifts and grants increased primarily from the addition of a dedicated development team. Investment income is higher than projected due to new endowments.

University support is lower primarily due to an approximately \$110,000 reduction in base funding that will continue at least through FY2022, and unbudgeted transfers out according to the donors’ wishes for two large projects that were funded from donations (golf practice facility, track and field pavilion).

Decreased compensation is due primarily to salary savings from vacant general-funded positions, and two auxiliary-funded positions that went unfilled in FY2021 due to the pandemic. Supplies and services are lower due to reduced team travel from the elimination of non-conference contests in many sports and some pandemic-related cancellations. There was less usage of facilities and equipment than expected, and thus fewer repairs. The cost of retail sales is lower due to fewer apparel sales by teams.

No major capital expenditures are expected for FY2021.

FY2022 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 FY2022 have been projected based on Horizon League competition:

1. Operating revenues have been modified to account for the impact of potential capacity limitations on ticket sales, reduced facility rentals, and reduced third-party sponsorship agreements, all arising from the pandemic.
2. Gift revenue changes are reflective of future expectations based on a dedicated development staff and improved economic conditions.
3. The increase in investment income is due to new endowments.
4. The increase in compensation is due in large part to no expected workshare arrangement in FY2022 and the expectation of filling two full-time positions that were left vacant in FY2021 due to the pandemic.
5. The fund balance deficit will continue to be addressed in greater detail as more information is known, including the exact deficit at the close of FY2021, the progression of athletic and financial environments throughout FY2022, and the dissemination of information from the NCAA and the Horizon League. The FY2022 revenue budget was created conservatively due to the unknown spectator capacity limits during home contests. Easing of restrictions should result in improved revenues during the fiscal year, which will help to reduce or eliminate the deficit.

**Oakland University
Ancillary Activities Operating Budget
Department of Intercollegiate Athletics
Proposed Budget - All Funds
FY2022**

	FY2020 ACTUAL	FY2021 BUDGET	FY2021 ESTIMATED ACTUAL	FY2022 PROPOSED BUDGET
Revenue:				
Operating Revenue	\$ 1,866,032	\$ 2,011,890	\$ 1,799,890	\$ 2,425,981
Retail Sales	23,034	16,500	10,357	18,500
OU Purchased Services	-	-	-	-
Gifts and Grants	576,299	475,000	1,158,502	800,000
Investment Income	45,778	28,000	49,619	65,000
Total Revenue	<u>\$ 2,511,144</u>	<u>\$ 2,531,390</u>	<u>\$ 3,018,368</u>	<u>\$ 3,309,481</u>
Expenditures:				
Compensation	\$ 6,139,117	\$ 6,067,618	\$ 5,926,618	\$ 6,211,582
Supplies and Services	3,739,731	2,901,501	2,431,729	3,614,594
Repairs and Maintenance	21,907	40,000	20,000	40,000
Cost of Retail Sales	2,182	2,500	2,500	3,000
Equipment	47,673	-	-	-
Insurance	169,843	182,340	153,345	168,600
Utilities	-	-	-	-
Debt Service	-	-	-	-
Overhead charged by OU	-	-	-	-
Other Transfers	-	-	-	-
Total Expenditures	<u>\$ 10,120,453</u>	<u>\$ 9,193,959</u>	<u>\$ 8,534,192</u>	<u>\$ 10,037,776</u>
Net Income	<u>\$ (7,609,309)</u>	<u>\$ (6,662,569)</u>	<u>\$ (5,515,824)</u>	<u>\$ (6,728,295)</u>
University Support:				
Compensation	\$ 5,439,853	\$ 5,298,992	\$ 5,158,146	\$ 5,452,392
Other	1,695,260	1,372,804	672,369	1,277,950
Total University Support	<u>\$ 7,135,114</u>	<u>\$ 6,671,796</u>	<u>\$ 5,830,515</u>	<u>\$ 6,730,342</u>
Net Income with University Support	<u>\$ (474,195)</u>	<u>\$ 9,227</u>	<u>\$ 314,691</u>	<u>\$ 2,047</u>
Ending Balances prior to Major Cap. Expenditures:				
Restricted Fund Balance *	\$ 192,391	\$ 168,556	\$ 275,899	\$ 168,556
Unrestricted Fund Balance	(443,022)	(474,560)	(335,745)	(226,355)
Less: Major Capital Expenditures	123,906	-	-	-
Total Ending Fund Balance	<u>\$ (374,537)</u>	<u>\$ (306,004)</u>	<u>\$ (59,846)</u>	<u>\$ (57,799)</u>
Endowment Spend Funds			132,909	
Student-Athlete Funds			142,990	
Restricted Fund Balance *			<u>\$ 275,899</u>	