Athletics Update

PRESENTED BY

Finance and Administration

Florida Agricultural and Mechanical University
Mid-August, Board of Trustees sets a $10.2M budget
Late August, budget is booked into accounting system
Immediately it shows spending trends heading towards $10.8M.
CFO informs President and he calls for immediate expense controls.
CFO also suggests that $8.9M in revenues set in Board action is aggressive.
3-year revenue trend suggests $8.4M and President supports findings
Budget Still in Place, Assumptions Changing

Approved expense budget is $10.2M
  Spending now trending towards $10.8M

Approved revenue budget is $8.9M
  Multi-year Revenue trends suggest $8.4M

Budget deficit trending upwards from $1.3M to possibly over $2.0M due to changing assumptions and spending trends
Interim Controls

- President orders the following
  - Use lower revenue figures. -complete
  - Implement Hiring Freeze – October 1
  - Reassemble Athletic Assessment Team – report out by October 30th
    - Senior management team formed to find expense reductions.
    - Same team that reported to Board in July.
    - Study elimination of Non-essential personnel/reassignment
  - Implement multiple teams to look at BOG allowable scholarship and operational revenue enhancements. Report by mid-October and implement spring semester.
  - Balance Budget – as soon as practical taking into account NCAA and Title IX issues.
  - In total, approximately 40 senior and mid-level managers, plus students now looking at the issue.
Athletics – Current State and Approach

• Approach:
  – Revenue Enhancements $600k - $1.0M
  – Expense Reduction $600k - $1.0M

• DSO
  – Continues to fill in short fall in athletics budget as necessary
  – Revenue enhancements and expense reductions lessen the need.
Potential Revenue Enhancements

- Scholarship Buy Down:
  - Auxiliary Interest
  - Financial Aid Packaging
  - Waivers

- Revenue:
  - Rebalance Student Fees

- DSO Support:
  - Investing in Champions
  - Boosters
  - Other
Expense Control Areas

– Personnel
– Salaries
– Travel
– Scholarships
Key Success Factors

- Full University Engagement
- Aggressive Revenue Generation
- Aggressive Expense Reductions
- Consultation with Key Stakeholder:
  - Athletics
  - Students
  - Alumni
  - Oversight Boards
  - NCAA/MEAC
- DSO Support
- Data-driven and Informed Decision-making
- Transparent Communication to Stakeholders