

**INTERCOLLEGIATE ATHLETICS OPERATING BUDGET
FOR THE FISCAL YEAR ENDING JUNE 30, 2024**

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, 2024.

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 August 8, 2022, the Board of Trustees (Board) approved the FY2023 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, Chief of Staff and President.
8. **Recommendation:**
RESOLVED, that the Board of Trustees approve the FY2024 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

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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 FY2024 budget and the ongoing administration of the FY2024 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 – FY2024

Submitted to the President
on June 16, 2023 by



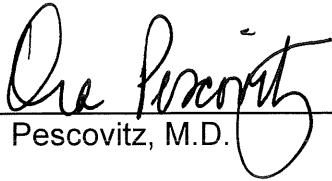
Steven Waterfield
Director of Athletics



Stephen W Mackey
Vice President for Finance and Administration
and Treasurer to the Board of Trustees

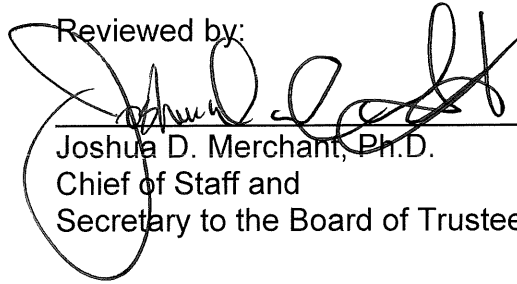
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Recommended on 6/22, 2023
to the Board of Trustees for approval by



Ora Hirsch Pescovitz, M.D.
President

Reviewed by:



Joshua D. Merchant, Ph.D.
Chief of Staff and
Secretary to the Board of Trustees

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 23 years, the Golden Grizzlies have won 32 regular-season conference championships, 80 conference tournament titles, and have made 56 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 in the Oakland Center.

Key Performance Indicators

NET NCAA Evaluation Tool
RPI Rating Percentage Index

| | FY2021 | FY2022 | FY2023 |
|---|--------|--------|--------|
| Men's Basketball NET Ranking | 255 | 173 | 276 |
| Women's Basketball NET Ranking | 200 | 225 | 275 |
| Men's Soccer RPI Ranking | 25 | 81 | 172 |
| Women's Soccer RPI Ranking | 153 | 157 | 111 |
| Men's Swimming & Diving Mid-Major Ranking | 5 | 19 | 11 |
| Women's Swimming & Diving Mid-Major Ranking | 15 | 22 | 29 |

Key Performance Indicators (continued)

| | FY2021 | FY2022 | FY2023 |
|--|-----------|-----------|---------|
| Number of Student-Athletes | 354 | 342 | 350 |
| Graduation Rates – All Students / Student-Athletes | 56% / 65% | 56% / 79% | 58%/67% |
| Graduation Success Rate – Student-Athletes | 90% | 88% | 82% |

Freshman-Cohort 2014/2015, 2015/2016, and 2016/2017 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.

FY2023 Explanation of Major Changes

A positive variance in operating revenues is due to greater than budgeted rental usage and special events. Greg Kampe hosted a State of College Athletics debate with Tom Izzo, Jay Bilas, and Blake Corum that resulted in over \$100,000 raised for the Men’s Basketball program. Retail sales was higher due to greater than budgeted concessions revenue. A negative variance in gifts and grants was the result of the Athletics Golf Facility Project being paused and anticipated related gift revenue being placed on hold. Investment income was higher due to the addition of two endowments, Elaine Leigh Track & Field Invitational and the Tom Ford Athletic Training, along with greater than anticipated distributions per spend policy.

University support is lower due to the FY23 base budget reduction University initiative.

Decreased compensation is due to Athletics savings in Sports Medicine positions, position vacancies, as well as strategic Re-Orgs throughout the department. Supplies and services increased mainly due to the Athletics Department agreement with Playfly Sports Properties. Athletics was billed in August for revenue and sales commissions received in FY21 and FY22 along with the quarterly payments of FY23 commissions to Playfly. The cost of retail sales decreased due to the strategic use of Athletic Department comp dollars from our Nike agreement to purchase merchandise.

Major Capital Expenditures included:

| | | |
|--|-----------|------------------|
| Baseball Infield Turf | \$ | 550,000 |
| Men's & Women's Golf GC Quads | | 270,000 |
| Men's Soccer Locker Room Upgrades | | 18,455 |
| Esports Equipment Upgrades | | 12,042 |
| Softball Outfield Turf Project | | <u>500,000</u> |
| Total FY23 Capital Expenditures | \$ | 1,350,497 |

FY2024 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 FY2024 have been projected based on Horizon League competition:

1. Operation revenue changes are reflective of the new Oakland University Credit Union (OUCU) naming rights agreement. The agreement is for \$5,000,000 paid out of over ten years, or \$500,000 annually. A portion of that \$500,000 is provided to PlayFly Sports Properties per PlayFly's contract with Athletics. This agreement with PlayFly Sports Properties, which was signed in 2016, expires in FY26. The exact amount PlayFly will receive pursuant to the contract is to be determined as conversations between the University and PlayFly regarding this amount are ongoing. For at least FY24, a portion of the naming rights agreement revenue received by Athletics will be allocated towards signage and other expenses associated with the activation of the naming rights agreement. For FY24 budget purposes, Athletics estimates \$300,000 of revenue that will be allocated towards operations after expenses from signage and commissions to Playfly Sports Properties are paid.
2. Gift revenue are reflective of the expectation that we will not be receiving any donations in FY24 for major capital projects.
3. The increase in compensation represents the FY24 University salary increases along with the Greg Kampe scheduling bonus from guarantee games
4. The increase in Supplies & Services represents anticipated signage costs for the new OUCU O'Rena along with commissions due to Playfly Sports Properties as part of the new naming rights agreement. It also represents the Men's Basketball travel costs for their foreign trip to Italy from dollars fundraised in FY23.
5. Athletics is taking out an internal loan to pay for the softball turf project. Athletics anticipates annual increases in rental revenue due to having turf on both fields. The GC Quads were funded by reallocation of donor dollars from the Golf Training Facility to the golf teams. GC Quads are portable launch monitors that transit ball and club data back to each golfer after every swing.

Athletics Internal Loan:

Loan Amount: 367,207.41
Annual Interest Rate: 4.25%

| Payment Date | Principal | Interest | Ending Balance |
|---------------------|------------------|-----------------|-----------------------|
| 6/30/2024 | 67,458.59 | 15,606.31 | 299,748.82 |
| 6/30/2025 | 70,325.58 | 12,739.33 | 229,423.25 |
| 6/30/2026 | 73,314.41 | 9,750.49 | 156,108.84 |
| 6/30/2027 | 76,430.27 | 6,634.63 | 79,678.56 |
| 6/30/2028 | 76,292.22 | 3,386.34 | |

Oakland University
Ancillary Activities Operating Budget
Department of Intercollegiate Athletics
Proposed Budget - All Funds
FY2024

| | FY2022 ACTUAL | FY2023 BUDGET | FY2023 ESTIMATED ACTUAL | FY2024 PROPOSED BUDGET |
|--|------------------------|-----------------------|-------------------------------|------------------------------|
| Revenue: | | | | |
| Operating Revenue | \$ 2,703,852 | \$ 2,680,924 | \$ 3,025,355 | \$ 3,336,757 |
| Retail Sales | 153,098 | 140,500 | 160,000 | 188,500 |
| OU Purchased Services | - | - | - | - |
| Gifts and Grants | 1,222,136 | 2,500,000 | 525,000 | 525,000 |
| Investment Income | 61,188 | 40,000 | 71,919 | 70,000 |
| Total Revenue | <u>\$ 4,140,273</u> | <u>\$ 5,361,424</u> | <u>\$ 3,782,274</u> | <u>\$ 4,120,257</u> |
| Expenditures: | | | | |
| Compensation | \$ 6,292,607 | \$ 6,548,049 | \$ 6,066,068 | \$ 6,575,215 |
| Supplies and Services | 4,059,739 | 3,391,792 | 3,921,301 | 3,932,466 |
| Repairs and Maintenance | 8,335 | 20,000 | 5,892 | 20,000 |
| Cost of Retail Sales | 49,992 | 60,000 | 40,000 | 45,000 |
| Equipment | 48,102 | - | - | - |
| Insurance | 146,939 | 159,849 | 162,124 | 162,124 |
| Utilities | - | - | - | - |
| Debt Service | - | - | - | - |
| Overhead charged by OU | - | - | - | - |
| Interest Expense Short-Term Internal Loan | - | - | - | 15,606 |
| Other Transfers | - | - | - | - |
| Athletic Scholarships | 4,529,001 | 4,947,976 | 4,993,939 | 5,078,645 |
| Total Expenditures | <u>\$ 15,134,714</u> | <u>\$ 15,127,666</u> | <u>\$ 15,189,324</u> | <u>\$ 15,829,056</u> |
| Net Income | <u>\$ (10,994,441)</u> | <u>\$ (9,766,242)</u> | <u>\$ (11,407,050)</u> | <u>\$ (11,708,799)</u> |
| University Support: | | | | |
| Operating | \$ 6,836,692 | \$ 6,905,419 | \$ 6,182,304 | \$ 6,888,910 |
| Athletic Scholarships | 4,529,001 | 4,947,976 | 4,797,469 | 5,038,645 |
| Short-Term Internal Loan | - | - | 367,207 | - |
| Total University Support | <u>\$ 11,365,693</u> | <u>\$ 11,853,395</u> | <u>\$ 11,346,980</u> | <u>\$ 11,927,555</u> |
| Net Income with University Support | <u>\$ 371,252</u> | <u>\$ 2,087,153</u> | <u>\$ (60,070)</u> | <u>\$ 218,756</u> |
| Ending Balances prior to Major Cap. Expenditures: | | | | |
| Restricted Fund Balance * | \$ 1,403,461 | \$ 3,502,483 | \$ 1,638,698 | \$ 1,104,842 |
| Unrestricted Fund Balance | (348,081) | (359,950) | (643,389) | (1,241,274) |
| Less: Major Capital Expenditures | - | - | 1,350,497 | - |
| Total Ending Fund Balance | <u>\$ 1,055,380</u> | <u>\$ 3,142,533</u> | <u>\$ (355,188)</u> | <u>\$ (136,432)</u> |
| Endowment Spend Funds | - | - | 228,821 | - |
| Student-Athlete Funds | - | - | 156,144 | - |
| Golf Training Facility | - | - | 1,253,733 | - |
| Restricted Fund Balance * | - | - | <u>\$ 1,638,698</u> | - |