Athletics Update

PRESENTED BY

FAMU Leadership

Florida Agricultural and Mechanical University
Athletics Update

- Early August new interim CFO comes on-board = fresh look
- Mid-August, Board of Trustees sets a $10.2M budget
- Lowest allowable spending limit in several years
- Late August, budget is booked into accounting system and quickly confirms 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. Three-year revenue trend suggests $8.4M and President supports findings
- Lower revenue and higher expense assumptions reveal a $2.4M budget deficit
Interim Controls

- President orders the following
  - Implement Hiring Freeze
  - Use lower revenue figures and higher expense figures to ensure deficit is realistic
  - Reassemble Athletic Assessment Team
    - Senior management team formed to find expense reductions.
    - Study elimination of Non-essential personnel/reassignment
    - Study elimination of sports programs
  - Implement other teams to look at BOG allowable scholarship buy down
  - 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 reviewed the issue.
Board of Trustee’s Review

• August 2019 Retreat
  – The Board reviews issues and sets an aggressive budget cap of $10.2M for Athletics
  – Clearly communicates to President the program must have a balanced budget

• September Board meeting
  – Similar presentation presented as this one to BoT and input received on plan.
  – Message to President, again, is to ensure a balanced budget occurs and to take all actions necessary.

• Board Chair holds bi-weekly meetings with President and key senior managers ensuring on-going accountability and progress.

• President is briefed weekly on progress by CFO and has consistently supported all efforts to achieve a balanced budget.
Athletics – Achieving a Balanced Budget

• Cure $2.4M budget deficit

• Expense Reductions
  – Staff and operating reductions $800k November 2019
  – Reduction of sports programs
  – Scholarship buy-down $1.0M January 2019
    • Increased Title IX funding
    • Use of Auxiliary Interest
    • Rebalance student fees

• DSO:
  – Direct Support $500k June 2019
  – Loan repayment-$300k
  – Lowest suggested support level in 3-years
  – Funds already in the bank

• Other Support Organizations
  – Boosters, Alumni, and others $100k June 2019

• TOTAL $2.4M
Expense Control

• $800k in total expense reductions = 8% of budget
  – Personnel
  – Salaries
  – Operating
  – Reduction of sports programs

• Implement in mid-November 2019

• Scholarship buy-down implemented in January 2020 – Spring semester.
Key Outcomes

- Achieve a Balanced Budget
- Full University Engagement
- Aggressive Expense Reductions
- Solutions crafted by 40 Key University Stakeholders
- Reduced and sensible DSO Support
- Data-driven and Informed Decision making – no more budgeting of “hope”
- Transparent Communication to Stakeholders