

FLORIDA A&M UNIVERSITY  
DEPARTMENT OF INTERCOLLEGIATE  
ATHLETICS

BOARD OF TRUSTEES BUDGET WORKSHOP

MAY 5, 2014



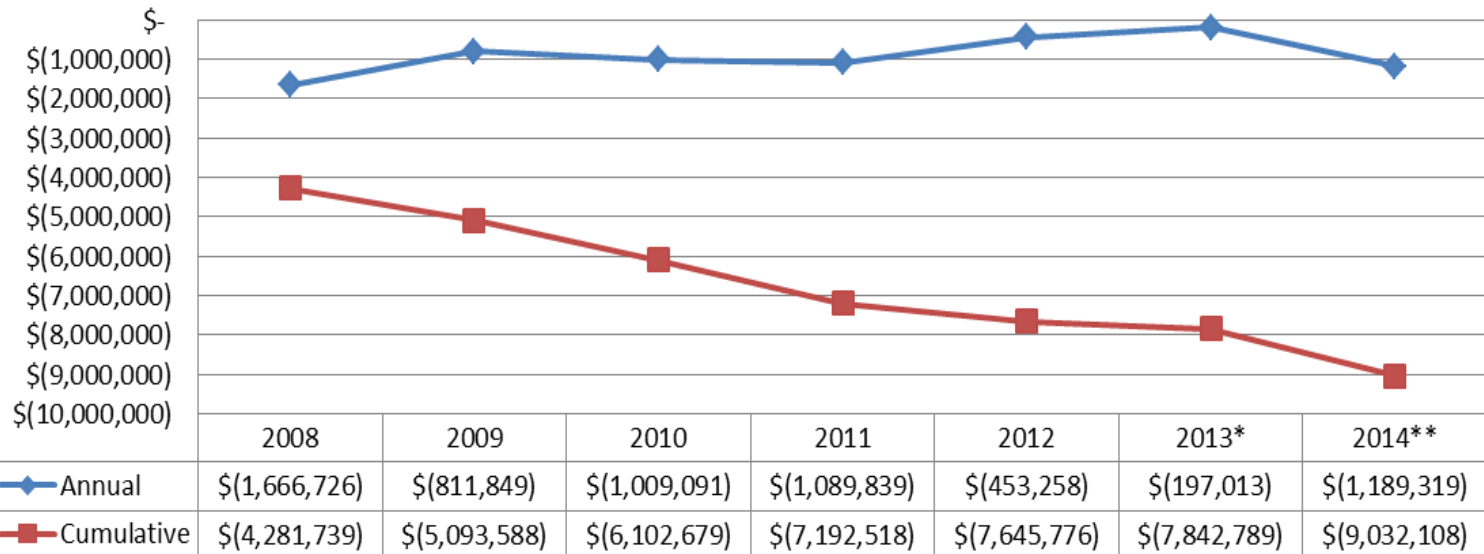


# DEFICITS FROM 2008 TO PRESENT

## Florida A&M Athletic Department Audit Financial Statements Auxiliary Operating Budget Results 2008-2014

\*2013: received \$2,081,120 from Investment Earnings

\*\*2014: projected amounts





# CURRENT YEAR PROJECTIONS

	<b>Athletics</b>
<b>Projected Revenue</b>	<b>8,256,562</b>
<b>Salary</b>	<b>3,424,801</b>
<b>OPS</b>	<b>765,674</b>
<b>Expense</b>	<b>3,261,638</b>
<b>Mandatory</b>	<b>277,450</b>
<b>OCO</b>	<b>-</b>
<b>Debt Service</b>	<b>-</b>
<b>Projected Total Operating Expense</b>	<b>7,729,563</b>
<b>Admin Expense</b>	<b>-</b>
<b>Facility &amp; Equip Reserve</b>	<b>-</b>
<b>Scholarships</b>	<b>1,716,318</b>
<b>Other Transfers</b>	<b>-</b>
<b>Projected Total Non-Operating</b>	
<b>Expense</b>	<b>1,716,318</b>
<b>Total Non E&amp;G Operating &amp; Non-</b>	
<b>Operating Expense</b>	<b>9,445,881</b>
<b>Projected Net Income (Loss)</b>	<b>(1,189,319)</b>



# 2014-15 BUDGET

	<b>Athletics</b>
<b>Proposed Revenue</b>	<b>9,390,171</b>
<b>Salary</b>	<b>3,611,941</b>
<b>OPS</b>	<b>130,066</b>
<b>Expense</b>	<b>4,181,831</b>
<b>OCO</b>	<b>55,053</b>
<b>Debt Service</b>	<b>-</b>
<b>Proposed Total Operating Expense</b>	<b>7,978,891</b>
<b>Admin Expense</b>	<b>-</b>
<b>Facility &amp; Equip Reserve</b>	<b>-</b>
<b>Scholarships</b>	<b>1,411,280</b>
<b>Other Transfers</b>	<b>-</b>
<b>Proposed Total Non-Operating Expense</b>	<b>1,411,280</b>
<b>Total Non E&amp;G Operating &amp; Non-Operating Expense</b>	<b>9,390,171</b>
<b>Proposed Net Income (Loss)</b>	<b>-</b>



# 2014-15 BUDGET OVERVIEW

- The Athletics initial budget request left a gap between revenue and expense of ~6 million (revenue of ~8 million and expenses ~\$14 million)
- Athletics cut ~\$2.6 million
- University supplemented ~\$2 million
- The gap is now ~\$1.4 million
- The ~\$1.4 million will be made up through revenue generation





# REVENUE OPPORTUNITIES

- Athletics will create a sales force to generate an increase in ticket sales
- The fundraising model will be reorganized by having Athletics control its assets for selling opportunities (parking, radio rights, collegiate licensing)
- Set up the Boosters as stated in FAMU BOT Policy Number 2005-18 with a reporting structure to the Athletic Director.
- Create an environment with Men's Basketball that will allow for increases in ticket sales
- Restructure ticket pricing for football



# ATHLETICS DEFICIT REDUCTION PLAN

Operational Audit Report dated March 5, 2014

Recommendation: The University should continue to implement an effective deficit reduction plan.

Management response: After consideration of the consultant's report, a revised deficit reduction plan will be developed to eliminate the deficit.

Due Date: September 30, 2014



# ATHLETIC BENEFITS TO THE UNIVERSITY

- Introduction to Potential Students:
  - front porch leads to educational programs
- Increase Enrollment / Recruitment
- Branding & Marketing
- Advancement increases across the University
- Alumni Loyalty and Involvement
- School Spirit
- Community (Economic Impact & Service)
- Overall Student Experience





# CASE STUDIES

- Florida Gulf Coast website (fgcu.edu) had 230,985 unique visitors on the Monday prior to their Sweet 16 game. The bookstore reported an increase of \$128,796 for year over year sales from March 1 to March 25.
- The Working Paper, *The Dynamic Advertising Effect of Collegiate Athletics* by Doug Chung of Harvard University, concludes that when a school goes from being mediocre to being great on the football field, applications increase by 17.7 percent.
- Devin Pope, Professor at University of Pennsylvania's Wharton Business School, and his brother Jaren, Professor in Applied Economics studied the "Flutie Effect." Schools that make the Sweet 16 in the men's basketball tournament see an average 3 percent increase in applications the following year. The champion sees a 7 to 8 percent increase and just making the tournament means a 1 percent increase.

# Question & Answer Discussion

