# FLORIDA & UNIVERSITY



#### **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.



3



## **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
- Reduction of sports programs
- Scholarship buy-down
  - Increased Title IX funding
  - Use of Auxiliary Interest
  - Rebalance student fees

### • DSO:

- Direct Support
- Loan repayment-\$300k
- Lowest suggested support level in 3-years
- Funds already in the bank

### Other Support Organizations

- Boosters, Alumni, and others\$100kJune 2019

HEAD HEAD HEAD

5

TOTAL

\$2.4M

\$800k

\$1.0M

\$500k

November 2019

January 2019

June 2019



## **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.





- 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

