

Athletics at OSU

Discussion of Draft Report of the Intercollegiate Athletics Financial Sustainability Work Group

Workgroup included:

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Athletics at OSU

What happened?

- Beginning in FY14, athletics showed an annual operating deficit as ticket sales and discretionary gifts declined and institutional support had returned to \$4M levels in FY13 after large allocations in FY11 and FY12.
- Projections of revenues and expenses show there would be recurring annual operating deficits of \$8-11M without changes in the financial model.
- The Interim Provost and Interim VP for Finance and Administration convened a workgroup to recommend changes to yield a balanced operating budget by FY20.

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What is the role of athletics at OSU?

- It is a long standing part of OSU, since 1915 as the Pacific Coast Conference.
- The PAC-12 provides athletic identity but also academic association with some of the best universities in the U.S.
- Athletics provides opportunities for growth of student athletes, students engaged with other activities (band, trainers, etc.) and provides a shared point of engagement for many students.
- Athletics has a role in recruiting many undergraduates to OSU and provides visibility for the university.
- Since 2001, donors who gave nearly \$210M to Athletics gave \$285M to other parts of the University.
- Athletics makes an important contribution to the Corvallis community and is a significant part of the university's relationship with the city.

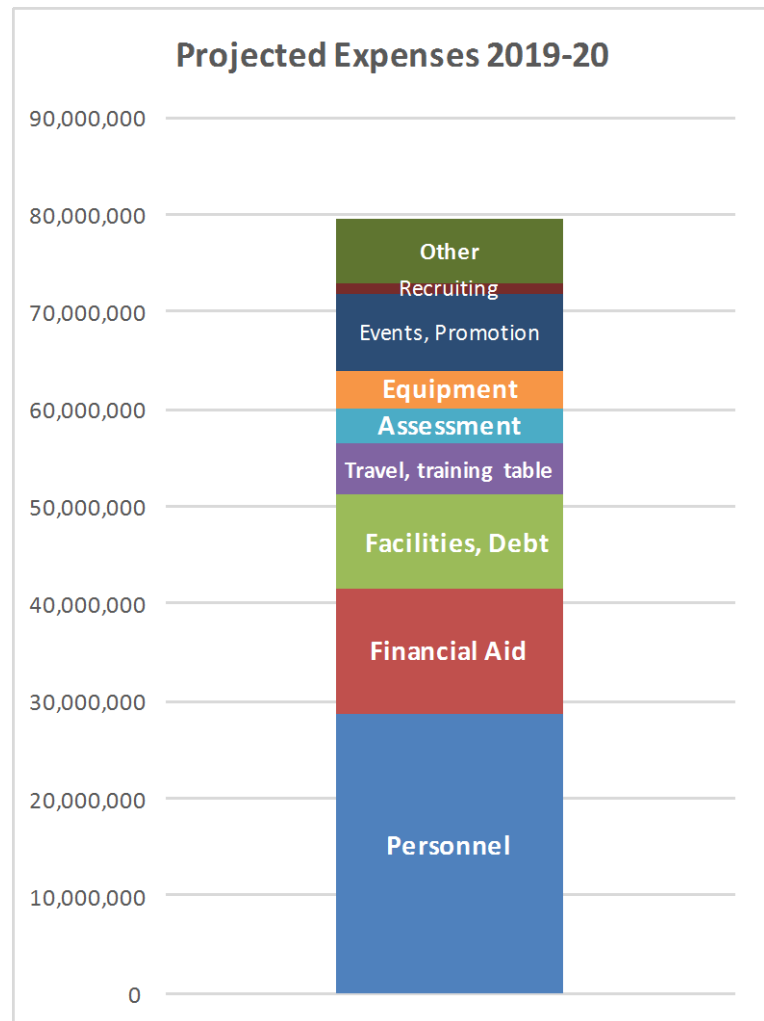
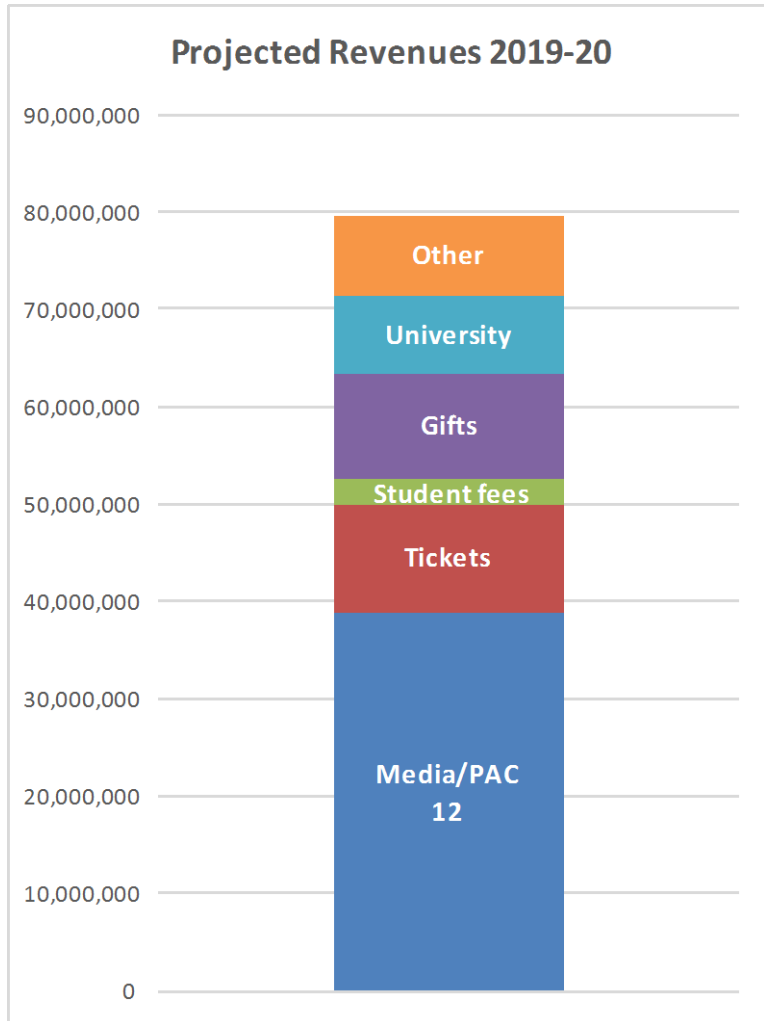
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What's recommended by the workgroup by FY20?

- **Changes by Athletics :**
 - Cost reductions in athletics operations of at least \$1.1M.
 - Development of future new facilities will not rely on any university paid debt.
 - Renegotiate local media rights with an increase of at least \$3.0M.
 - Increase annual ticket revenues by at least \$1.0M.
 - Redirect debt service savings to operating costs (not new debt).
 - New and expanded business partnerships with incremental revenues of \$0.7M.
 - Pay increased assessments in support of university business operations and facilities charges (net added cost of \$0.69M in FY20).
 - Plan for additional costs annually by FY20 to meet revised NCAA rules for support of student athletes (on the order of \$0.40M annually).
- **Changes by University and Foundation:**
 - Increase annual unrestricted giving to at least \$10.6M annually.
 - Increase institutional support in steps from the current \$4M annually to about \$8M annually by FY20. The specific amount will be structured to cover the debt service and utilities costs of athletics facilities operations and will provide some access for E&G events, recreational sports, and other institutional events to athletics facilities. The debt service portion will decline with time.

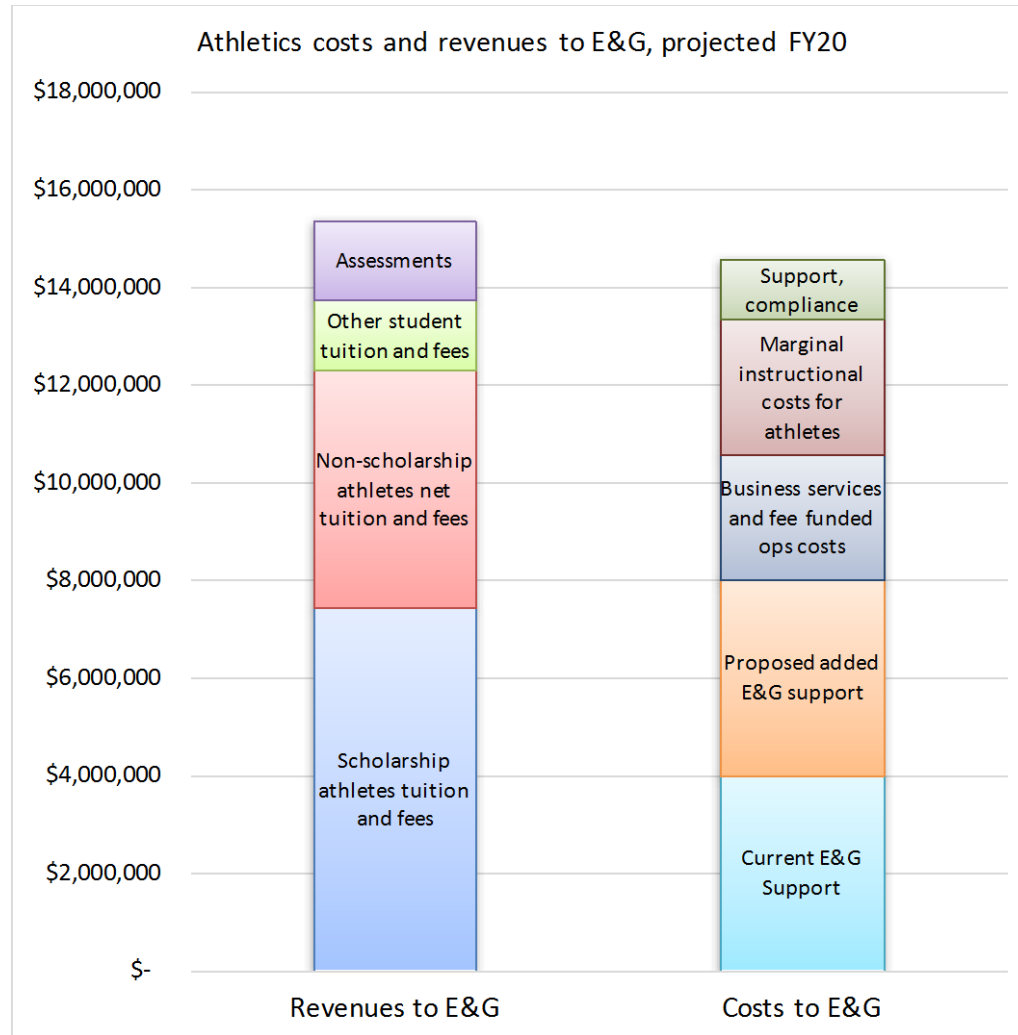
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What's that look like in FY20?



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What's the net cost to E&G in FY20?

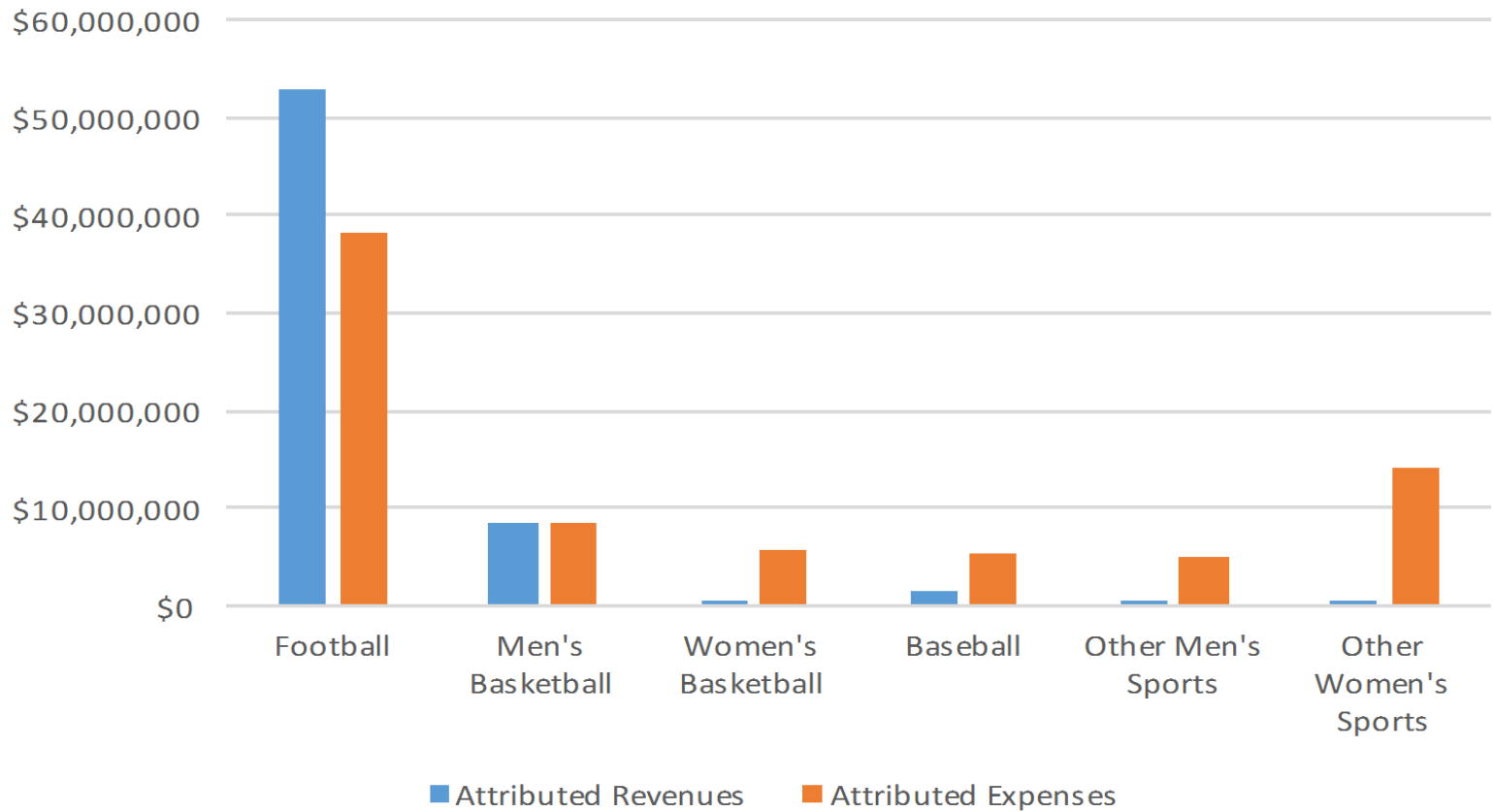




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What's the football story?

FY16 Athletics Revenues and Expenses by Sports



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Questions?