

INFORMATION ITEM #1

Athletics Budget Update (Leslie Brunelli/Pat Chun/Jon Haarlow)

TO ALL MEMBERS OF THE BOARD OF REGENTS

SUBJECT: Athletics Budget Update for FY24

SUBMITTED BY: Pat Chun, Athletics Director
Leslie Brunelli, Executive Vice President, Finance & Administration/CFO

SUPPORTING
INFORMATION: **FY24 Update**

Revenues

At the time of submission of these materials, there are no new updates on projected revenue since the January discussion. Athletics continues to forecast a \$4.4M revenue shortfall. Season ticket renewals for the 2024 football season are underway and Athletics continues to monitor the impact of those sales for FY24 and FY25. Athletics remains actively engaged in revenue generation strategies to increase revenue for FY2024 and will continue to report projected variabilities to the Board of Regents.

Expenses

Since the last update in January, Athletics has seen additional variability in financial aid, sports programs, direct admin and dues, and other expenses. Athletics is now projecting an expense overrun amassed by changes in each of the categories below.

Compensation

No change in compensation since the January update. However, Athletics projects a \$300k overage in compensation due to increased student wages and overtime expense in the fall. This projection is subject to change as the fall historically experiences heavier hourly activity and as additional budgetary changes are implemented throughout the spring semester.

Financial Aid

Athletics is forecasting an additional \$100k savings in financial aid since the January update. This brings the total projected financial aid savings to \$500k due to rosters returning to pre-COVID numbers and alterations made to summer program offerings.

Sports Programs

As fall sports continue to finalize, Athletics has seen a new increase of \$1.2M to the overage in recruiting, team travel, equipment, and student-athlete meals. This is in addition to the \$200k overage previously reported for student-athlete medical costs. The total projected expense overage for sport programs is now forecasted at \$1.4M.

Direct Admin

Athletics projects the expense share obligation from the Pac-12 conference to be an additional \$300k over the original budget. This new variance is in addition to the \$1.2M previously reported for expenses related to scheduling affiliations for the 2024-2025 athletic season. The total direct admin and dues variance is forecast to now land at \$1.5M.

Other Expenses

Athletics previously reported a \$2.1M positive variance in other expenses with the removal of bowl expenses (+\$2.5M), an expected \$200k overage and facility and maintenance costs, and a \$200k overage in game guarantee expense. Since the last update, Athletics continues to see variability and increased costs related to facility and maintenance costs and has increased that projection by another \$300k, lowering the projected positive variance in other expenses to \$1.8M.

Summary

As a reminder, the BOR approved a \$4M budget deficit for FY24. At this time, it appears the expense budget may have additional variability beyond the approved deficit. Athletics is exploring all options in offsetting the potential deficit, including the use of future conference revenues. Additionally, Athletics continues the regularly scheduled budget discussions with each sport and unit leader, as sport program expenses (recruiting, travel, equipment, student-athlete meals, game expenses) continue to be a priority line item to monitor. More details related to sport travel, team related expenses, annual fund revenues and future conference revenues will be available for discussion at future Board of Regents meetings. Athletics remains proactive in forecasting and anticipating potential impacts to current and future year budgets and will update the Board of Regents and the Athletic Budget Oversight Committee as information is available.