

BOV Meeting Notes 9.12.2023

Attendees:

Mr. Lester Johnson	Mr. Damon Williams	Mr. Jim Miller	Admiral Terry McKnight
Ms. Nancy Phillips	Ms. Emily Fulton	Mr. Andrew Deal	Major General Wins
Mr. Teddy Gottwald	Mr. Lenny Brown	Mr. Jeff Lawhorne	Ms. Abby Erlemeier
Mr. Nasir Nichols			

Mr. Williams welcomes the new board members and Mr. Miller introduces the athletics staff present.

Mr. Miller speaks about the incoming Rat Mass and the number of athletes attending the Institute next year. Mr. Miller lays out the premise of the presentation he will be giving to the board including the current status of VMI Athletics and options going forward.

Mr. Brown shares the new hires from the Athletics Staff: Skylar Neuwirth: Equipment, Tino Poma: Athletic Training- Basketball, Jessica Lero: Athletic Training- Football, Shane Buchman: Athletic Training- W. Soccer and Baseball, Sydney Marquardt: Athletic Training- Football, Alex Crosby: Assistant Baseball Coach, Dan Madden: Director Football Operations, Nathan Caldwell: Assistant Lacrosse Coach, Jacob Wyrick: Assistant Men’s Soccer Coach.

Presentation begins. Mr. Brown shows two graphs for the athletic department: one depicting the expenses and one depicting the revenue. The main expense for Athletics is scholarships and personnel while the biggest revenues are VMI Alumni Agencies support and VMI support.

The current budget projections are now shown to the board. Athletics say a \$500,000 decrease in FY23 cadet fees while the indirect costs of the department increased by \$300,000.

Mr. Brown talks about the historical context of VMI Athletics and how it has been a challenge to keep up with the environmental changes happening to Division 1 FCS schools. Inflation has played a large role in the inability to fund competitive teams at VMI.

Mr. Miller touches on the inability to field competitive teams by comparing us to the Citadel and the challenges they face as a similar institution. Mr. Miller speaks to the board about how our current spending is not sustainable with the current trajectory of the department.

Admiral McKnight asks if there is any light at the end of the tunnel- if the budget will always be in a negative figure. He suggests bringing in a consulting firm to generate revenue for the department.

Mr. Miller touches on the few options that VMI has to capitalize on revenue such as corporate sponsorships, ticket sales, etc.. Although he does not believe a firm will reveal anything new to the department that it has not already considered.

Major General Wins follows up with Admiral McKnight about Mr. Miller's experience working as a consultant and working with other collegiate institutions.

Mr. Gottwald poses a question about the large change from 2021 to 2022 about going from a surplus to a deficit in the budget and what led to the deficit in 2022. He asks Mr. Brown and Mr. Miller to pick apart the reasons behind the change.

Mr. Brown speaks to the enrollment issues that plagued VMI after COVID-19 in addition to competition fees, game guarantees, etc...Major General Wins brings up that there was sizable growth in the competition budget during the COVID-19 pandemic.

Mr. Brown shows a bar chart of the overall expenses from VMI compared to the other SoCon schools in two categories: scholarships and non-scholarships. Mr. Brown points out that scholarship spending does not equal scholarships provided. VMI offers 40 less scholarships than the conference average due to cadet fees and other fees. Mr. Brown shares that VMI is at the bottom of the conference when it comes to most categories.

Mr. Brown moves on to speak about administrative staffing and how the conference average is 33 administrative staff members while VMI has only 20 total athletics administrators. VMI athletics employees wear many hats to make up for the lack of administrative staff members.

Mr. Miller touches on the risks of spending more money to make more money as it comes to sponsorships and hiring employees in different areas.

Mr. Gottwald asks for a survey to see the landscape of the conference as it comes to sponsorships and giving dollars. He says how he recalls that VMI is at the top of the conference when it comes to giving dollars from Keydet Club and at the bottom of the conference for corporate sponsorships.

Mr. Miller speaks about the Athletic department's own search for an outside company to do corporate sponsorships although none of those companies thought the offer was enticing enough to do business with VMI. Mr. Miller shares that in the years leading up to this, no one had the

sole responsibility to sell in the Athletic department. Mr. Miller says that the department is taking necessary steps to try and

Mr. Johnson shares a newspaper article from USA Today about licensing fees from schools. Major General Wins believes that corporate sponsorships are important to pursue at the Institute and that with our Alumni base and the number of Alumni with business, the room for potential is there. But there is no infrastructure in the Athletic department to follow through with these partnerships and sponsorships.

Mr. Miller touches on how Athletics has asked to partner with different entities on Post but has not seen any success in doing so. He also speaks to the hard sell that Athletics faces in Lexington to small businesses and local businesses. He believes we need a new course of action in order to partner with local businesses and an investment of funds.

Major General Wins, Admiral McKnight, Ms. Phillips, and Mr. Miller all speak to the potential with USAA and Geico and other companies that tend to partner with Military affiliated entities.

Mr. Johnson speaks about how a lot of partners and sponsors do not see the return on investment that would be necessary to continue a partnership or deal.

Admiral McKnight asks how much it would cost to hire a marketing firm to bring awareness to VMI and the VMI product. He believes we have a major problem in the budget and looming budget for years to come.

Major General Wins believes it is important to seek marketing professionals to help to increase the VMI brand to boost enrollment, revenue, etc... Ms. Phillips asks if Mr. Miller contacted the marketing / sponsorship firms who already work with smaller schools. Mr. Miller says that they brought in firms who worked with Wofford, William and Mary, and even Richmond and have struck out on getting any interest.

Mr. Brown moves on and speaks about the number of competitive teams that VMI has compared to those teams operating dollars. VMI has 1 team in the top third when it comes to competitiveness while 7 are in the middle tier and 10 in the bottom. When it comes to operating dollars, we have 0 teams in the top third, 6 in the middle third, and 12 in the bottom third.

Major General Wins tells the new board members that even if we balance our budget, we will still be at the bottom of the conference when it comes to an Athletic Department budget.

Mr. Gottwald brings up questions regarding scholarship dollars and asking donors who already give a significant amount of money to donate more and the implications of asking the same donors.

Major General Wins brings up that in 2012-2013, VMI had a big push to generate more scholarships and how it was a give or take on operating dollars and scholarship dollars. Major General Wins agrees that donor giving is very high at VMI but the percentage of alumni that actually give to VMI is very low. He asks how we can increase the number of donors who give. Major General Wins wants the department to do something that will give it sustainability over time.

Admiral McKnight suggests doing a capital campaign and sending letters to all 20,000 living alumni around the world. Major General Wins speaks about the strategic plan to kick off a capital campaign and what that might look like to get kicked off.

Mr. Deal speaks to the Keydet Club tracking donations from former athletes and how they shift their focus on scholarships to make great strides in that area. He believes the Athletic Department needs to establish priorities for the Keydet Club and where they can put their efforts.

Mr. Brown shares a graphic about what it would take to become net positive in the budget.

Option A: Departmental Adjustments. This could be asking teams (except Football and Basketball) to play less games and having the Keydet Club cover additional costs.

Option B: Scholarship Reductions. This would entail pausing the annual additional in football funds, limit basketball to 11 out of state scholarships, develop a model to adjust men's olympic sport scholarship allocations, increase total Keydet Club support to an amount necessary to balance the budget.

Mr. Miller states that it would take a reduction of 40 scholarships to balance the budget (if it is only based on scholarships). It would take 3-4 Men's teams to 0 scholarships if this happened. This option is only possible for Men's sports due to Title IX.

Major General Wins asks Mr. Deal what steps could be taken from a Keydet Club standpoint as far as restricted and unrestricted scholarships and funds for Athletics. Mr. Deal says that reducing scholarships would take VMI below the competition level it is at now.

Mr. Deal believes revamping the scholarship program based on the amount the Keydet Club receives can help alleviate some of the budget issues.

Mr. Miller emphasizes that Athletics needs to restructure the way scholarship dollars are used.

Mr. Gottwald suggests testing these solutions with the Keydet Club board in the case that they have dealt with this or have heard this before. Mr. Deal tells Mr. Gottwald that Major General Wins and his committee is prepared to speak to the Keydet Club board next week.

Mr. Johnson asks what is the number of alumni that give to the Keydet Club. Admiral McKnight asks how that compares to previous years. Mr. Deal speaks to the number of alumni graduating is more now than it was in years past and how that denominator keeps growing. Mr. Deal says 92% of dollars are raised by Leadership donors who give + \$15,000.

Option C: Potential of moving NCAA sports to a Club Sport. This would mean this team would no longer be sponsored by the NCAA. It would be hard to remove a Women's sport and alter Men's Sports due to Title IX. Considerations with this option are enrollment impact, negative media attention, and potential NCAA and Title IX implications.

Mr. Miller emphasizes the implications of dropping an NCAA sponsored sport. Mr. Brown touches on the enrollment impacts that Athletics has because Athletics brings in one-third of the incoming Rat Mass.

Mr. Miller wraps up the presentation by highlighting that Athletics does recognize it is unsustainable and that solutions are complicated. VMI is not alone in these issues and it will take a group effort to help tackle the budget issues.

Mr. Williams thanks Mr. Miller and Mr. Brown for their time and presentation. He reiterates that these are not solutions that were presented but they are options. Major General Wins asks Mr. Miller to envision next steps for Athletics as it relates to the Alumni Agencies.

Mr. Miller suggests that cutting costs is not going to be feasible moving forward with the budget. It will require stakeholders to sit down and talk about realistic opportunities to proceed. Major General Wins suggests looking at the three options and seeing which option is the most actionable.

Mr. Gottwald asks about the rumor of the Boxing Team being shut down currently. Major General Wins tells Mr. Gottwald that the current coach was requesting a higher salary for his coaching responsibilities and that an increase in salary would create issues with the other compensated club coaches. Major General Wins has tasked the Commandant with finding a solution for the Boxing Team to train.

Mr. Gottwald is concerned with the national ranked team being locked out of their gym and being unable to train. Nor he or Major General Wins believes the salary issue will be resolved quickly.

Motion of approval: Mr. Gottwald

Second motion: Mr. Johnson