

Board of Visitors

Athletic Budget Update

30 November 2023



“Cadet participation in organized athletic activity has been a hallmark of the Virginia Military Institute since its earliest years.

As for the legendary VMI Spirit, the importance of athletics in its origin and continuation has been acknowledged by cadets and alumni for nearly a century.

As stated in the 1928 Bomb: “Too many words of praise cannot be showered on our athletes. They are responsible for the larger part of the perpetuation of the ‘Spirit of VMI’”

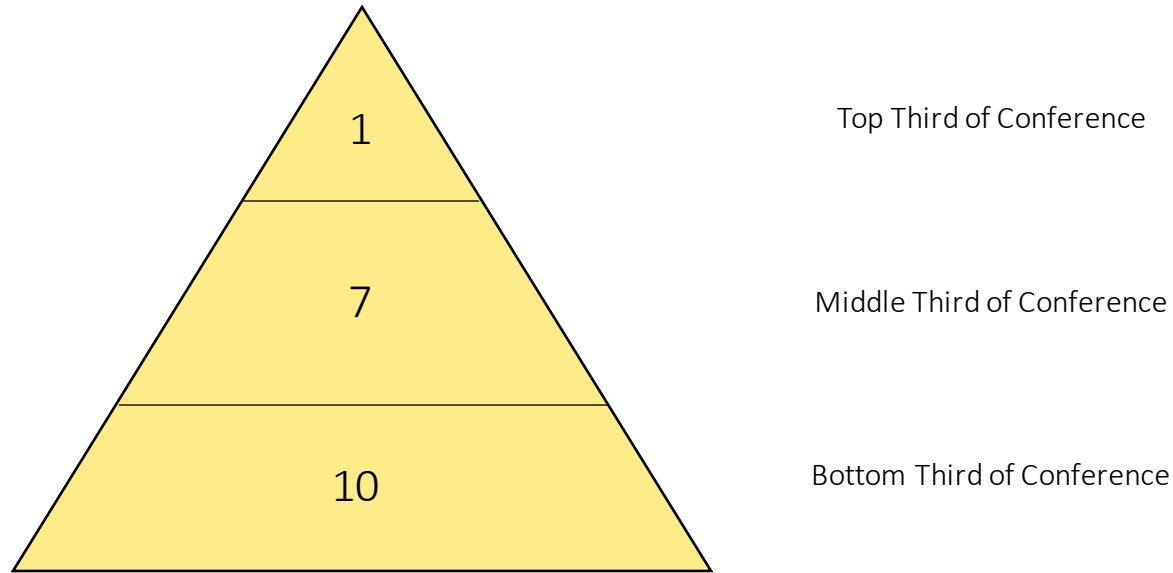


VMI Athletics

- Our athletics budgeting and private fund raising must support a strategy of Competing to Win, not merely “making do with what we have”.
- Athletics at VMI is not just a “cost center”. A Division I athletics program brings significant value to the Institute.
- Regarding operating budgets, VMI remains approximately 5 million dollars behind the average of its Southern Conference competitors.



Seven Year Conference Performance



There is a direct relationship between the degree of competitiveness and the funding of an intercollegiate athletic program. Historically, VMI has funded its intercollegiate athletic budget at a level significantly less than the average budget of its conference peers. Therefore, VMI is at a competitive disadvantage.



Current Athletic Budget

Without taking steps to increase revenues or reduce costs, the athletic budget is currently projected to run a deficit of ~\$1.2 million.

How did we get here?

- Employee Compensation Changes ~\$900,000 (over three years)
 - Reduced Enrollment ~\$750,000 (over two years)
 - Indirect Cost Increase ~\$300,000 (one year)

Note: use of the athletic fund balance will reduce the deficit to ~\$300,000 in FY24



Strategies to Address Athletic Budget

- Athletic Department Cost Cutting and Revenue Increases (Examples)
 - Increase football and basketball annual ticket revenues
 - Increase guarantee game revenues and reduce competition costs
 - Prioritize and manage team operating costs
- Corporate Sales/Advertising (Multi-Media Rights)
- Indirect Costs
 - VMI is reviewing its calculation of indirect costs



Strategies to Address Athletic Budget

- **Athletic Fee Increase**
 - Explore the potential of an athletic fee increase
- **Superintendent's Discretionary Account**
 - Increase contributions made from the Superintendent's Discretionary Fund
 - Evaluate possibility of one-time supplement from the Auxiliary Fund Balance to offset temporary lower enrollment levels
- **Revised Fundraising Model**
 - Keydet Club and Athletics need to work together to develop new strategies to raise operating funds
- **Athletics Budget Review**
 - Establish a quarterly budget execution brief on athletics in alignment with VMI Operational Budget quarterly budget execution briefing



Summary

- Athletics is a vital aspect of the VMI culture
- Athletics budgeting and private fund raising must support a strategy of Competing to Win, not merely “making do with what we have”
- There is a direct relationship between the degree of competitiveness and the funding of an intercollegiate athletic program
- There are numerous financial items outside of athletic department control that have caused the current budget situation
- Seven strategies have been laid out in order to address the athletic budget moving forward
 - Internal Cost Cutting
 - Multi-Media Rights
 - Indirect Cost Evaluation
 - Athletic Fee Increase
 - Superintendent’s Discretionary Account
 - Revised Fundraising Model
 - Athletics Budget Review



