



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.





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 \$800k November 2019
 - Reduction of sports programs
 - Scholarship buy-down \$1.0M January 2019
 - Increased Title IX funding
 - Use of Auxiliary Interest
 - Rebalance student fees
- DSO:
 - Direct Support \$500k June 2019
 - Loan repayment-\$300k
 - Lowest suggested support level in 3-years
 - Funds already in the bank
- Other Support Organizations
 - Boosters, Alumni, and others \$100k June 2019
- TOTAL \$2.4M





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.





Key Outcomes

- 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

