

Contact: Brad Berg

FY 2021 UNIVERSITY ATHLETIC BUDGETS

Actions Requested: Consider approval of the FY 2021 university athletic budgets as presented in this docket item.

Executive Summary:

Intercollegiate athletics hosts many events each year are enjoyed by lowans and by non-residents who come to the Regent campuses to attend games. These events contribute to vibrant communities, the quality of life enjoyed by lowans, and have a significant positive impact on Iowa's economy.

Collectively, these events are one of the most significant means of an extended welcome to the Regent Universities with the general public. These events provide a valuable relationship and connection with each university's faculty, staff, students, alumni and friends. Attendance at these events is often the first introduction to the campuses for prospective students. Athletics plays a key role in student recruitment, diversity enhancement, and provides a number of opportunities for underrepresented students, their retention and graduation.

The COVID-19 pandemic has placed us in unprecedented times. As with all of society, Iowa's Regent Universities have undergone massive disruptions, and been forced to adapt their educational environments based on current conditions. In addition to the other university budgets and finances, the presence of the COVID-19 pandemic has also negatively impacted the athletic departments of Iowa's public universities.

While the Board at its July 29, 2020 meeting approved the other university budgets, the athletic budgets were deferred until September due to the volatility of the fall sports schedules resulting from the COVID-19 pandemic. The proposed FY 2021 athletic budgets for the three Regent universities are included in the attachments.

FY 2021 ATHLETIC BUDGET – UNIVERSITY OF IOWA

The Iowa Athletic Department is a self-sustaining auxiliary enterprise and receives no General Education Fund support. Given the projected effect of COVID-19 on revenues, the overall proposed budget for FY 2021 is decreasing by approximately \$100 million in comparison to the FY 2020 budget. The department transferred \$3.6 million from reserve funds in FY 2020 leaving a balance of over \$4 million in reserve.

The FY2021 budget assumes having normal winter and spring competitions, with reduced attendance capacity. Additionally, this budget assumes not having fall sports in the spring, as a worst-case scenario. If the circumstances change, there would be the potential for additional income and expenses for those fall teams competing in the spring. Additionally, if the winter and spring sports do not compete, there would be additional reductions in revenue and expenses. The Iowa Athletics Department is estimating a \$74.7 million deficit and will require outside assistance to bridge the financial shortfall.

Line item highlights are noted below:

Revenues:

- In general, overall FY 2020 revenues were down related to the effects of COVID-19.
- Football income is not expected in FY 2021, based the elimination of home contests.
- Men's basketball, women's basketball and wrestling revenues are anticipated to be lower due to the residual effects of COVID-19.
- All other ticketed events are expected to be significantly lower due to COVID-19.
- Learfield multi-media income will also be lower in FY 2021 due to the residual effects of COVID-19.
- Athletic conference revenue includes an estimate of NCAA funding and winter sport television income.
- Foundation support is budgeted to be down in FY 2021, related to the residual effects of COVID-19 on annual fund and project donations.
- Premium seat revenue will decrease in FY 2021 as a result of residual effects of COVID-19, considering no home football contests, lower attendance and non-renewals in other sports.
- All other income streams are anticipated to be lower in FY2021 from the pandemic's impact.

Expenses:

- Overall expense assumptions for FY 2021 include scholarship costs at similar levels to FY2020; general salary and fringe benefit costs include contracted increases, as well as salary reductions between 2%-15%; operations cost adjustments include reductions averaging 45%, relating to team travel and recruiting expenses.
- Facility debt service for FY 2021 include savings from refinancing options.
- Expense reductions related to the recently announced sport sponsorship adjustments will mostly be realized in the FY 2022 budget.
- The athletic department is responsible for paying the full cost of attendance for the scholarships it awards. SUI Athletics awards the equivalent of approximately 300 scholarships at a cost of approximately \$13.9 million, which are included in the applicable sports expense lines.

The University of Iowa
Athletics Operating Budget
FY 2021

	<u>FY 2020 Budget</u>	<u>FY 2020 Actual</u>	<u>FY 2021 Budget</u>
<u>INCOME</u>			
Men's Sports			
Football	\$ 22,334,472	\$ 21,599,677	\$ -
Basketball	3,667,288	3,283,937	900,000
Wrestling	600,000	928,014	200,000
All Other	66,600	1,451	19,500
Total Men's Sports	\$ 26,668,360	\$ 25,813,079	\$ 1,119,500
Women's Sports			
Basketball	\$ 325,000	\$ 366,818	\$ 150,000
Volleyball	61,200	65,961	5,000
All Other	37,500	23,414	12,500
Total Women's Sports	\$ 423,700	\$ 456,193	\$ 167,500
Other Income			
Facility Debt Service/Student Fees	\$ 650,000	\$ 650,000	\$ 650,000
Learfield Multi Media Contract Income	7,733,280	7,566,285	1,500,000
Athletic Conference	53,835,400	52,356,187	10,000,000
Interest	600,000	698,758	-
Foundation Support	17,157,939	15,493,418	6,946,130
Foundation Premium Seat Revenue	11,113,700	11,216,302	635,000
Novelties	3,560,000	2,913,013	1,500,000
General Income	3,120,000	2,951,212	705,000
Total Other Income	\$ 97,770,319	\$ 93,845,175	\$ 21,936,130
TOTAL INCOME	\$ 124,862,379	\$ 120,114,447	\$ 23,223,130
<u>EXPENSES</u>			
Men's Sports			
Football	\$ 29,683,284	\$ 30,397,569	\$ 23,878,558
Basketball	7,859,284	7,667,568	7,362,497
Wrestling	1,990,264	1,899,880	2,104,127
All Other	6,823,880	6,529,302	5,885,085
Total Men's Sports	\$ 46,356,712	\$ 46,494,319	\$ 39,230,268
Women's Sports			
Basketball	\$ 5,287,889	\$ 4,810,160	\$ 4,851,070
Volleyball	1,948,423	1,941,725	1,315,225
All Other	12,679,075	11,889,768	10,902,821
Total Women's Sports	\$ 19,915,387	\$ 18,641,653	\$ 17,069,116
Other Expenses			
Training Services	\$ 2,816,328	\$ 2,785,654	\$ 2,391,226
Sports Information	820,982	698,327	495,701
Admin. & General Expenses	18,575,514	17,348,623	11,755,875
Facility Debt Service	21,837,123	21,837,123	17,105,063
Transfer-New Facility Costs/Reserves	1,500,000	-	-
Academic & Counseling	2,057,850	1,943,603	1,772,096
Buildings & Grounds	10,982,483	10,365,145	8,155,352
Total Other Expenses	\$ 58,590,280	\$ 54,978,475	\$ 41,675,313
TOTAL OPERATING EXPENSE	\$ 124,862,379	\$ 120,114,447	\$ 97,974,696

FY 2021 ATHLETIC BUDGET – IOWA STATE UNIVERSITY

The proposed FY 2021 ISU athletic budget is provided on the following page. Projecting the athletic department's FY 2021 financial situation is significantly challenging due to the uncertainties of the playing seasons due to the pandemic. The budget was prepared with the following key assumptions:

- Significant decreases in media-related revenues and in attendance-related revenues across all venues and all sports due to the COVID-19 pandemic.
- The Big 12 Conference will play a 10-game football schedule (rather than 12 originally scheduled). The number of games played by Big 12 Conference members directly impacts the amount of television revenue distributed by the Big 12 Conference to ISU. It is assumed all 10 games will be played.
- The start of winter sports seasons are expected to be delayed resulting in fewer home games and less television revenue generated by the Big 12 Conference.
- No attendance-related revenue for any sports or other events.
- A 10% salary reduction for athletics department employees.
- A 20% reduction in operating budgets.
- Approximately \$2M in COVID testing expenditures for student athletes and staff.
- Evaluation of additional operational expense savings will continue and may include additional payroll reductions.

With these assumptions, ISU projects a budget deficit of approximately \$35 million for FY 2021. The projected shortfall may be funded in part by accessing unrestricted resources held by the Department of Athletics and/or the University. Any temporary use of unrestricted University resources will be repaid by the Department of Athletics. If the football or basketball seasons are postponed, shortened or cancelled the revenues in these forecasts will be further reduced (or in some cases eliminated).

The following are under consideration to begin addressing the significant financial challenge.

- Layoffs and/or additional payroll reductions
- Eliminating sports – while eliminating a sports program will not have an immediate direct impact on the budget challenges, future savings may help repay any funding provided for this year's deficit.
- Working with ISU to develop an operational plan for C.Y. Stephens as the revenues generated from the auditorium are not sufficient to cover operational costs.

Additional FY 2021 budget variances to FY 2020 are outlined below.

Multi-media rights for FY20 were less than what was budgeted as the media rights holder delayed an installment due for 60 days due to COVID 19. Receipt of that installment occurred in FY 2021.

Trademark and licensing revenue are budgeted to decrease as COVID-19 forced many retail stores to close for an extended period.

Additional debt service is due to the addition of the Sports Performance Center.

Capital renewal projected to decrease due to reduced spending availability for projects from the COVID-19 impact. All budgeted capital renewal spending relates to either deferred maintenance or projects already in progress prior to the pandemic.

The athletic department is responsible for paying tuition on the scholarships it awards. ISU Athletics awards the equivalent of approximately 236 scholarships at a cost of \$8.6 million as reflected in the budget.

IOWA STATE UNIVERSITY ATHLETICS

	FY 2020 Budget	FY 2020 Estimates	FY 2021 Proposed
REVENUES			
Ticket Sales:			
Football	\$ 12,520,559	\$ 13,335,112	\$ -
Men's Basketball	4,200,000	4,152,969	-
Women's Basketball	360,000	387,297	-
Wrestling	180,000	345,441	-
Other Sports	290,000	377,028	-
Ticket Sales:	17,550,559	18,597,847	-
Foundation Support	17,375,744	17,094,933	2,386,000
Conference & NCAA Revenue	39,877,000	36,497,165	31,000,000
Multi-Media Rights	5,057,144	2,822,316	5,375,000
Post Season Revenue	400,000	2,246,532	350,000
Student Fees	2,000,000	1,865,821	1,900,000
Licensing	1,200,000	1,192,452	1,000,000
Game guarantees	75,000	116,782	-
Ancillary Revenue	1,840,000	2,029,166	100,000
Other Revenue	2,175,000	2,581,666	1,325,500
TOTAL REVENUES	\$ 87,550,447	\$ 85,044,680	\$ 43,436,500
EXPENSES			
Sports Programs - Operations:			
Football	\$ 6,850,000	\$ 6,821,324	\$ 4,825,000
Men's Basketball	2,041,000	1,980,895	1,050,000
Women's Basketball	1,211,000	1,112,174	840,000
Wrestling	363,250	378,787	285,000
Other Sports	3,509,590	3,090,495	2,620,000
Sports Programs - Operations:	13,974,840	13,383,675	9,620,000
Sports Program Support Units:			
Medical	950,000	607,343	1,900,000
Coaching Video	236,500	242,317	220,000
Sports Medicine	423,000	372,374	400,000
Academic Services	336,200	252,341	320,000
Other	607,000	648,169	475,000
Sports Program Support Units:	2,552,700	2,122,544	3,315,000
Internal Operations:			
Admin Operations	1,436,000	1,218,332	1,100,000
Big 12 Expenses	2,947,000	-	-
Flight Services	400,000	377,001	360,000
IT Operations	725,120	683,112	545,000
Other	405,965	364,709	350,000
Internal Operations:	5,914,085	2,643,154	2,355,000
Salaries & Benefits	31,847,073	32,019,714	29,940,614
Scholarships	8,175,663	7,840,207	8,636,000
External Operations	3,035,100	2,517,529	1,199,000
Facilities & Events	8,460,000	8,357,410	8,720,000
Postseason	1,240,000	2,517,941	1,250,000
Debt Service	6,509,426	7,144,562	10,457,649
Capital Projects/Def Maint	5,757,000	6,457,278	2,953,000
TOTAL EXPENSES	\$ 87,465,887	\$ 85,004,014	\$ 78,446,263

FY 2021 ATHLETIC BUDGET – UNIVERSITY OF NORTHERN IOWA

The University of Northern Iowa's FY 2021 proposed athletic budget provided on the following page projects revenues of \$12.8 million.

Assumptions used for the proposed budget include four home football games in Spring 2021 with limited capacity due to social distancing. It is also assumed UNI will host nine home men's basketball conference games in Winter 2021, also with limited capacity. The budget assumes conference only schedules and does not include any game guarantee revenue from non-conference games.

Across team and administrative accounts, UNI Athletics implemented salary reductions, reduced operating budgets, and made other adjustments in response to known pandemic impacts at the time of budget development. Future budget changes may be occur as circumstances change.

Additional line item highlights are provided below.

- Ticket revenue in all sports is expected to decline for the reasons described above.
- For FY 2020, the Panther Scholarship Club annual fund drive and "Rally in the Valley" auction event support was less than the budget due to pandemic's impact. While support from the Panther Scholarship Club fund drive and the Rally in the Valley event are expected to remain consistent with FY 2020 levels, alumni/foundation support for FY 2021 includes an approximate \$880,000 fundraising initiative to help offset the negative impact of the pandemic and an additional \$205,000 in foundation scholarships.
- NCAA distributions are estimated to be lower than a typical year due to the impact of the pandemic on revenues.
- Since UNI Athletics does not receive substantial revenues from conference distributions and other sources, the General University provides athletic support for scholarships and operations. The budget reflects a reduction of approximately \$0.2 million in university support for FY 2021.
- Scholarship costs of approximately \$4.5 million for the equivalent of 190 scholarships are included in the applicable sports expense lines.

University of Northern Iowa
FY 2021 Proposed Athletic Budgets

	<u>FY 2020 Original Budget</u>	<u>FY 2020 As of Jun-20 Actuals</u>	<u>FY 2021 Proposed Budget</u>
INCOME			
Football	1,287,125	1,202,759	317,725
Men's Basketball	759,700	677,239	470,860
Men - All Other Sports	100,410	134,194	70,590
Women - All Sports	219,005	379,325	109,105
Subtotal - Sports	<u>2,366,240</u>	<u>2,393,517</u>	<u>968,280</u>
Other Income			
Student Activity Fee	1,932,781	1,932,781	1,816,505
University Support for:			
General Athletics Operations	3,352,886	3,412,962	3,210,647
Scholarships	1,283,481	1,283,481	1,283,481
Alumni/Foundation Support	1,832,500	1,380,649	2,535,400
Athletic Marketing	1,484,300	1,388,760	1,407,950
Athletic Conf/NCAA Support	1,436,400	1,160,361	1,111,600
Novelties - Outings	326,000	208,405	281,200
General	479,500	231,896	152,500
Subtotal - Other	<u>12,127,848</u>	<u>10,999,295</u>	<u>11,799,283</u>
TOTAL INCOME	<u>14,494,088</u>	<u>13,392,812</u>	<u>12,767,563</u>
EXPENSES			
Men's Sports			
Football	3,825,075	3,640,451	3,308,914
Basketball	2,674,956	2,685,288	2,149,224
All Other Men's Sports	1,307,220	1,319,211	1,230,585
Subtotal - Men's Sports	<u>7,807,251</u>	<u>7,644,950</u>	<u>6,688,723</u>
Women's Sports			
Basketball	1,121,588	1,164,670	991,572
Volleyball	859,447	916,910	802,414
All Other Women's Sports	2,402,041	2,382,919	2,250,926
Subtotal - Women's Sports	<u>4,383,076</u>	<u>4,464,499</u>	<u>4,044,912</u>
Other Expenses			
Athletic Training	179,495	170,249	149,509
Administration & General	1,794,324	1,805,944	1,541,934
Athletic Marketing & Sports Info	329,942	374,328	342,485
Contingency	-	-	-
Subtotal - Other Expenses	<u>2,303,761</u>	<u>2,350,521</u>	<u>2,033,928</u>
TOTAL EXPENSES	<u>14,494,088</u>	<u>14,459,970</u>	<u>12,767,563</u>