



# WASHINGTON STATE

## A T H L E T I C S

Athletics FY2021 Budget Update  
and Proposed Fiscal Recovery Plan

Faculty Senate Presentation

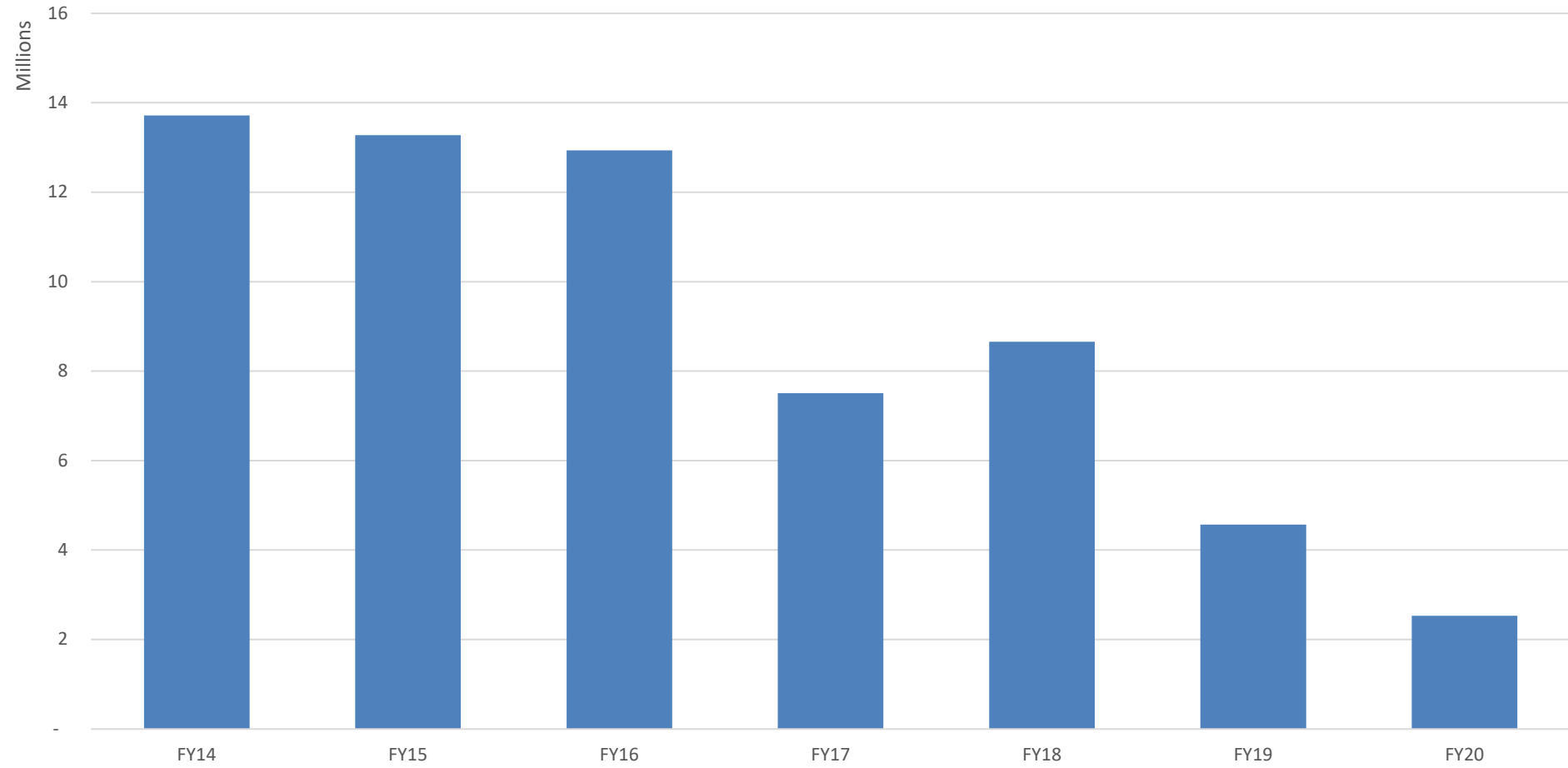
December 10, 2020

# ATHLETICS BUDGET UPDATE



# Athletics Tracking with Budget Recovery Plan - Pre-COVID

Athletics Annual Deficit As Reported to NCAA



# **Budget updates based on decisions from Pac-12 Conference and in compliance with State of Washington and Whitman County COVID 19 Protocols**



- **The Pac-12 Conference announced the return to play for football beginning Nov. 7, men’s and women’s basketball Nov. 25, as well as start dates for the remainder of our varsity sports.**
- **Through January 1, 2021, the Pac-12 has mandated no spectators at any home events.**
- **The Pac-12 expects to complete an abbreviated season by December 19, which allows for postseason bowl games, albeit at projected lower payouts. The net effect is an increase in revenue projections from the Pac-12.**
- **The Pac-12 will incur additional expense due to the resumption of all sports. Consequently, conference dues will increase.**
- **This revised budget is also adjusted to reflect the impact of fewer games on game guarantees (both paid and received) and team travel/game expenses.**

	June BOR FY21	Aug-20 Update	Sep-20 Update	Oct-20 Update	Sept vs Oct Adjustments	
<b>REVENUES: (\$M)</b>						
Ticket Sales	8.7	0.6	0.6	0.0	(0.5)	No fans for MBB/WBB
Contributions/Endowments	11.9	9.3	9.3	9.3	-	
NCAA/Pac-12	38.0	21.6	21.6	27.8	6.2	Pac-12 Forecast
Royalties/Advert/Sponsor	3.3	1.6	2.1	2.1	-	
Waviers/Student Fees	4.8	4.8	4.9	4.9	-	
Other Revenue	5.3	3.6	3.6	2.9	(0.7)	Game Guarantees, Parking, Other
<b>Total Revenue</b>	72.0	41.5	42.1	47.1	5.0	
<b>EXPENSES: (\$M)</b>						
Compensation	28.7	26.7	25.3	25.3	0.0	
Scholarships	11.4	11.4	11.4	11.4	-	
Sport Programs	12.2	11.5	11.5	10.1	(1.3)	FB: Team Tvl; Game Exp FB.MBB.WBB
Marketing/Fund Raising	2.0	1.7	1.7	1.7	-	
Debt Payments	10.0	10.0	10.0	10.0	-	
Direct Admin/Dues	4.7	3.5	3.5	3.9	0.4	Pac-12 Forecast
Other Expense	8.1	7.1	7.1	6.6	(0.5)	Game Guarantees paid
<b>Total Expenses</b>	77.0	71.9	70.5	69.1	(1.5)	
<b>Net Income from Operations</b>	(5.0)	(30.4)	(28.4)	(22.0)	6.4	







# PROPOSED FISCAL RECOVERY PLAN

## WSU and Athletics agreed to develop a multiyear fiscal recovery plan

To address;

1. The current year fiscal impacts related to COVID-19;
2. A longer-term plan to eliminate deficit spending in Athletics (post COVID-19);
3. Pay off the accumulated deficit that has been reliant on maintaining reserves in other auxiliaries and self-support operations to maintain positive balances.



## The proposed plan is based on three important assumptions

That WSU Regents and leadership;

1. Supports the affiliation with a top-level intercollegiate athletics conference and program as a key and strategic means of increasing institutional visibility on a national scale, to the benefit of all WSU students, faculty, staff and communities.
2. Has determined that intercollegiate athletics is an essential element of the residential campus experience for the Pullman Campus, and understands that university support of intercollegiate athletics is an investment in the student experience that is essential to attracting and retaining students.
3. Understands that WSU intercollegiate athletics without membership in the Pac-12 would be financially unfeasible.







**Within this context and framework, the following actions will address the COVID-19 pandemic revenue shortfall in the athletics budget for FY2021 and balance the athletics budget in FY2022 and beyond, including elimination of the accumulated deficit over time.**

**These steps will require difficult decisions and disciplined financial management.**

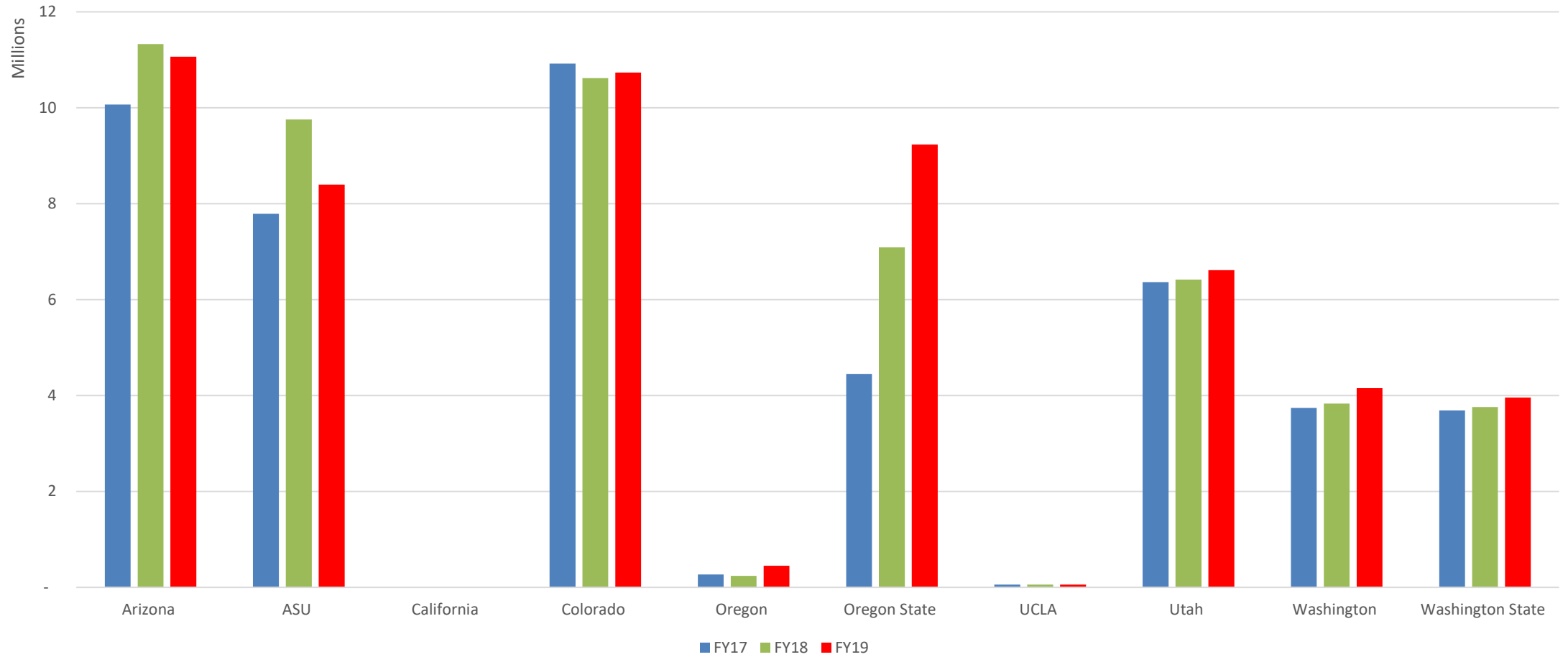
1. Address the projected \$22M to \$30M net revenue loss for FY2021 utilizing a financing opportunity being developed by the Pac-12 conference that is repaid solely through future Pac-12 media revenue distributions; reducing annual media revenues by an estimated \$2 to \$3M .
2. Balance the annual athletics budget starting in FY2022 by making permanent \$1M to \$2M of the \$7.9M FY2021 expenditure reductions.
3. WSU to once again start paying Pac-12 annual membership dues starting in FY2022 or as soon as financially feasible.
4. Reset the Athletics budget model and develop a sustainable funding model to rebuild by investing new realized revenues in future growth.
5. Continue to assess debt refunding and restructuring opportunities for additional savings and/or reduced debt service payments.
6. Formalize a plan to repay the cumulative deficit starting after FY2022 and eventually eliminate reliance on other fund balances.



# Total University Support - Pac-12 Peers

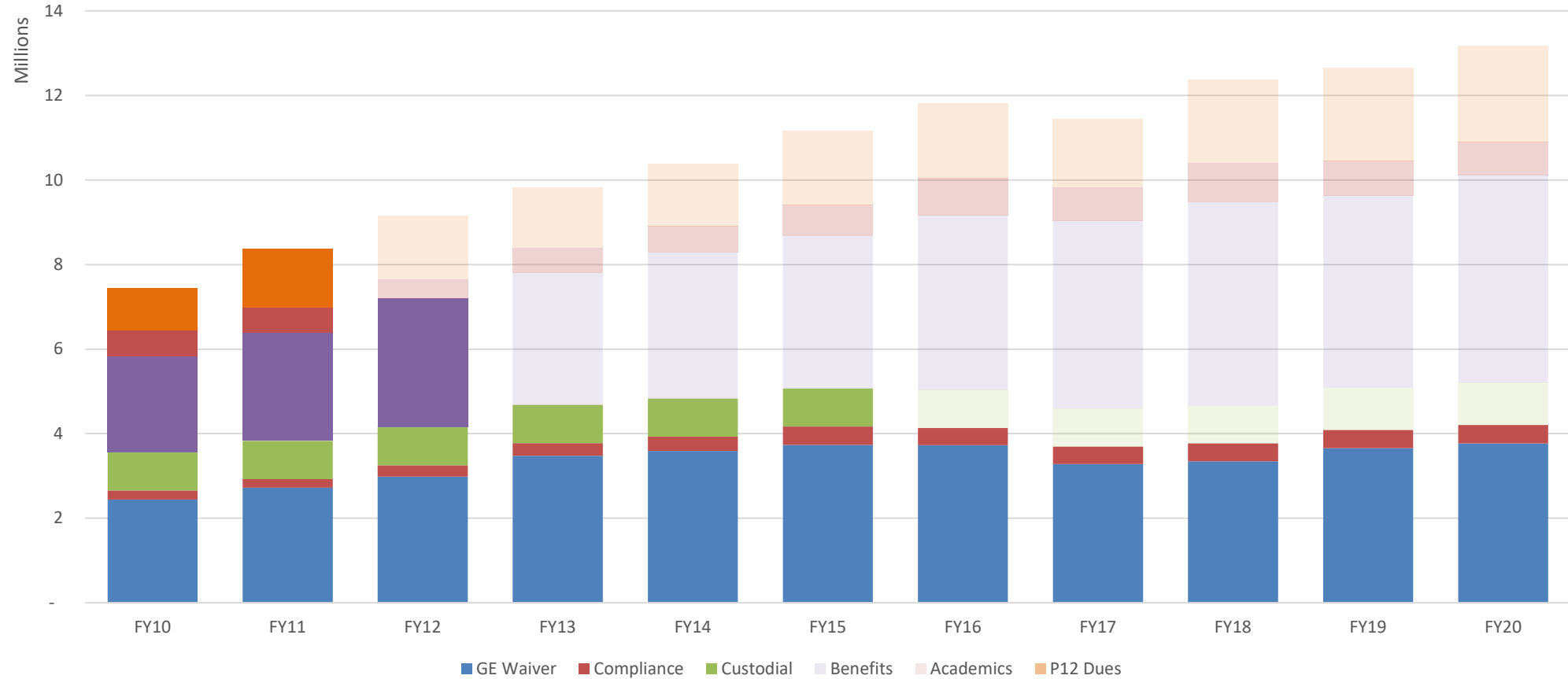
Incl: Direct State/Gov Support, Direct/Indirect Institutional Support; Excl Student Fees

Source: WinAD FY19 data



# Decline in Institutional Support Contributes to Growing Deficit

*Lighter shades are the actual expenses no longer covered by institutional support*

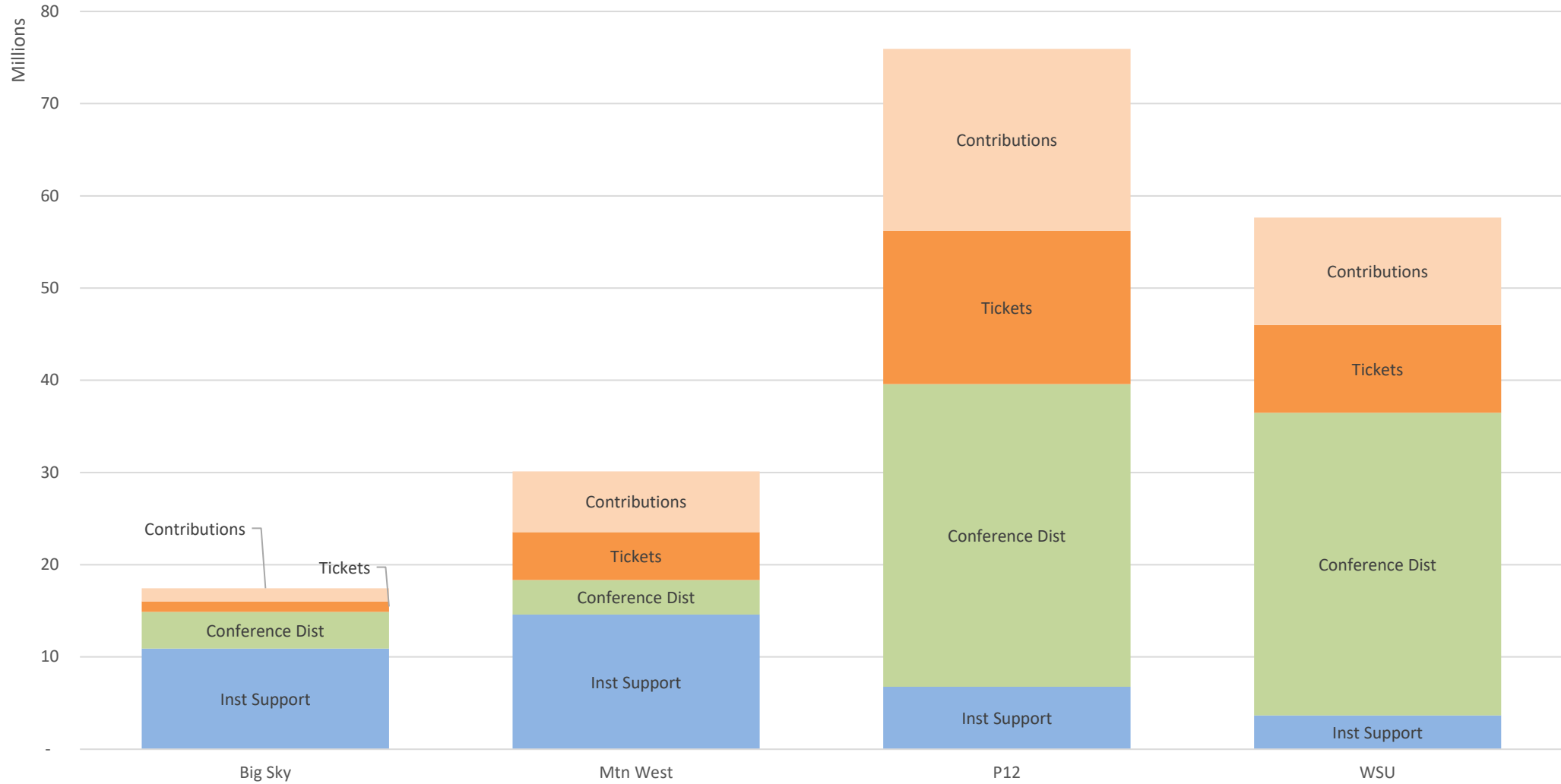


WSU support	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
GE Waiver	2,444,000	2,724,000	2,982,000	3,478,000	3,591,214	3,737,000	3,728,000	3,284,000	3,349,680	3,658,000	3,767,000
Compliance	209,728	202,489	267,786	300,245	339,791	429,310	402,892	410,000	418,200	426,564	435,095
Custodial	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	900,000	1,000,000	1,000,000
Benefits	2,273,868	2,570,741	3,051,037	3,129,697	3,454,106	3,608,559	4,138,863	4,448,332	4,807,366	4,549,365	4,917,678
Academics	616,810	587,295	453,389	595,877	626,495	738,314	877,807	791,139	929,522	823,704	786,048
P12 Dues	994,800	1,388,500	1,497,000	1,424,995	1,480,851	1,755,058	1,766,150	1,614,700	1,964,850	2,197,750	2,275,583
TOTAL SUPPORT LOST			1,950,389	5,150,569	5,561,452	6,101,931	7,682,820	7,754,171	8,601,738	8,570,819	8,979,309



# Pac-12 and WSU Funded Differently from Big Sky & Mountain West

Source: WinAD FY19 Averages



# To exit the Pac-12, more revenue would be lost than can be saved in expense

Revenue reduced 59%; Expenses reduced 38%

