

**INTERCOLLEGIATE ATHLETICS OPERATING BUDGET**  
**FOR THE FISCAL YEAR ENDING JUNE 30, 2025**

**A Recommendation**

1. **Division and Department:** President's Division and Intercollegiate Athletics
2. **Introduction:** The proposed budget for Intercollegiate Athletics is presented for approval for the fiscal year ending June 30, 2025.  

The ancillary activity presented represents an operation connected with and in support of the educational mission of Oakland University (University). Each ancillary budget is presented in a similar format, using common terminology and revenue, expense, and University Support categories. The "all funds" budget model is used to construct the proposed budget. The all funds model provides a comprehensive picture of the financial activities of each unit. This format depicts operating and capital transactions in the General Fund, Auxiliary Fund, Designated Fund, Expendable Restricted Fund, and Plant Fund. Gifts are included, but the fund balances in permanent endowments are not included as there is no discretion with regard to their use. Distributions from endowments are included.
3. **Previous Board Action:** On June 26, 2023, the Board of Trustees (Board) approved the FY2024 ancillary budget for Intercollegiate Athletics.
4. **Budget Implications:** See the program description for budget implications.
5. **Educational Implications:** See the program description for educational implications.
6. **Personnel Implications:** See the program description for personnel implications.
7. **University Reviews/Approvals:** The Athletics budget was reviewed by the Financial Performance Review Committee, Budget and Financial Planning office, Director of Athletics, Vice President for Finance and Administration, Chief of Staff and President.
8. **Recommendation:**  
RESOLVED, that the Board of Trustees approve the FY2025 Budget for Intercollegiate Athletics, with expenditures and transfers not to exceed the total as reflected in the attached budget, except as set forth; and, be it further

RESOLVED, that any expenditure level in excess of the approved amount that is not funded by a direct revenue increase must have the prior approval of the President or his/her designee and those amounts shall be reported on a periodic basis to the Board of Trustees; and, be it further

Intercollegiate Athletics Operating Budget For The  
Fiscal Year Ending June 30, 2025  
Oakland University  
Board of Trustees Formal Session  
June 28, 2024  
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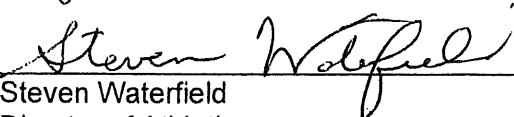
RESOLVED, that subject to satisfaction of the requirements set forth in all applicable Board of Trustees policies, the Board of Trustees authorizes the President, the Vice Presidents, and their respective designees, to perform all acts and deeds and to execute and deliver all contracts, instruments and documents required by this resolution that are necessary, expedient and proper in connection with the FY2025 budget and the ongoing administration of the FY2025 budget; and, be it further

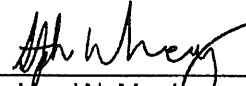
RESOLVED, that any and all such contracts, instruments and documents shall be reviewed by and be in a form acceptable to the Vice President for Legal Affairs and General Counsel prior to execution, and be in compliance with the law and with University policies and regulations and conform to the legal standards of the Vice President for Legal Affairs and General Counsel.

9. **Attachments:**

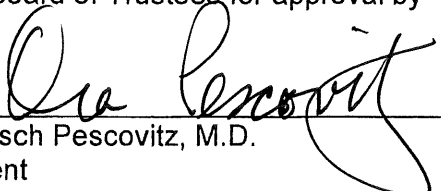
- A. Description of Athletics Budget Notes & Assumptions
- B. Athletics Proposed Budget – FY2025

Submitted to the President  
on June 18, 2024 by

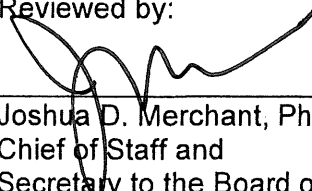
  
\_\_\_\_\_  
Steven Waterfield  
Director of Athletics

  
\_\_\_\_\_  
Stephen W. Mackey  
Vice President for Finance and Administration  
and Treasurer to the Board of Trustees

Recommended on 6/21, 2024  
to the Board of Trustees for approval by

  
\_\_\_\_\_  
Ora Hirsch Pescovitz, M.D.  
President

Reviewed by:

  
\_\_\_\_\_  
Joshua D. Merchant, Ph.D.  
Chief of Staff and  
Secretary to the Board of Trustees

## Department of Intercollegiate Athletics

### Description of Program

The Oakland University (OU) Department of Intercollegiate Athletics has been fully participating in Division I athletics since the 1999-2000 academic year. In 23 years, the Golden Grizzlies have won 32 regular-season conference championships, 80 conference tournament titles, and have made 56 NCAA tournament appearances.

OU has 19 varsity sports: baseball, men's basketball, women's basketball, men's cross country, women's cross country, esports, men's golf, women's golf, men's soccer, women's soccer, softball, men's swimming & diving, women's swimming & diving, women's tennis, men's indoor & outdoor track, women's indoor & outdoor track, and volleyball.

The Golden Grizzlies play their court sports (volleyball, and men's and women's basketball) at the OU Credit Union O'rena which has a capacity of 4,000, with baseball, softball, and soccer games played at the Oakland Athletic Fields. Oakland swimming and diving competes in the Oakland Aquatics Center, which has a capacity of 1,000, and OU's Katke-Cousins golf course is the home course for the men's and women's golf teams. The track & field and tennis programs compete at the Outdoor Recreation and Athletic Complex. Esports competes in the Oakland Center.

### Key Performance Indicators

The James J. McCafferty Trophy, named after the Horizon League's first commissioner, is awarded annually to signify the League's all-sport champion. For the sports of men's and women's soccer, volleyball, men's and women's basketball, softball and baseball, points are awarded based on combined regular season (60 percent) and championship (40 percent) finishes. For all other sports, points are based on performance in the league championship.

	FY2022	FY2023	FY2024
Men's Sports McCafferty Trophy Ranking	1	3	1
Women's Sports McCafferty Trophy Ranking	1	1	2
Overall McCafferty Trophy Ranking	1	2	1

Key Performance Indicators (continued)

	FY2022	FY2023	FY2024
Number of Student-Athletes	342	350	350
Graduation Rates – All Students / Student-Athletes	56% / 79%	58%/67%	57%/71%
Graduation Success Rate – Student-Athletes	88%	82%	95%

Freshman-Cohort 2015/2016, 2016/2017, and 2017/2018 Graduation Rates: These are the most recent graduating classes for which the required six years of information is available. “All Students” represents all undergraduate students who were enrolled in a full-time program of studies for a degree. “Student Athletes” represents those student athletes who received athletics aid from the university for any period of time during their entering year.

The primary difference between the two rates is that the Graduation Success Rate takes into account the successful completion of graduation requirements for transfer students.

FY2024 Explanation of Major Changes

A positive variance in operating revenues is due to more guarantee games being played by Men’s Basketball and Baseball along with earnings from the Horizon League Men’s Basketball Excellence fund. The success of the Men’s Basketball team has led to a distribution of \$300,000 from the Horizon League. \$180,000 of the money was earned from the regular season success of Men’s Basketball and the other \$120,000 was earned by the victory against Kentucky in the first round of the NCAA Tournament. A negative variance in gifts and grants was the result of lower than anticipated donations. Investment income was higher due to the addition of one endowment along with greater than anticipated distributions per spend policy.

The projected negative variance in expenses is primarily the result of an increase in Supplies and Services, attributed to the successful team performance. Athletic teams won multiple championships which required additional travel expenses. One example was Men’s Basketball traveling for the NCAA Tournament. These were somewhat offset by savings in Compensation due to vacant positions, Repairs & Maintenance and Insurance. Also contributing to the negative variance is an increase in, Athletic Scholarships, which are expected to end the year higher than budgeted due to increased costs for pre and postseason housing.

Although the university provided increased support to offset all incremental costs

associated with the NCAA tournament, total University support is expected to be lower due to lower beverage commissions, as a result of lower than forecasted sales volumes. Additional reductions are the result of staffing changes and are offset by a reduction in compensation expense.

In September 2023, The Varsity Basketball Training Center project was approved with a budget \$5,000,000 and development of the facility immediately followed. The Men’s and Women’s Basketball student-athletes met with Stantec during the design phase with their input being a large part of the design for locker rooms, practice gym, and film room. The facility is projected to be open for use in FY25.

Athletics will take a short-term internal loan of approximately \$ 2,193,574 to cover unrestricted fund balance shortfalls. Interest on this loan will be paid at an annual rate of 4.25% based upon the estimated FY2024 all funds ending fund balance of \$1,296,230. The loan is scheduled to be repaid starting in FY2025 with interest only payments due thorough FY2026. Any unrestricted FYE fund balances will be applied to principal payments on outstanding loan balances prior to the FY2027, when scheduled principal and interest payments will begin.

Major Capital Expenditures included:

Baseball Fence Project	\$	42,000
OU Credit Union O’Rena Signage		242,000
Lepley Pool/Golf Practice Facility		41,100
Basketball Equipment		8,565
Varsity Basketball Training Center		<u>5,000,000</u>
<b>Total FY24 Capital Expenditures</b>	<b>\$</b>	<b>5,333,665</b>

FY2025 Budget Assumptions

The Oakland University Department of Intercollegiate Athletics’ budget reflects the revenues and expenditures of its continuing participation in NCAA Division I and league affiliation to The Horizon League. Budget assumptions for FY2025 have been projected based on Horizon League competition:

1. Operating revenue changes are reflective of the NCAA’s settlement of the House, Carter and Hubbard litigations, NCAA distributions will decrease by 31.13% beginning in 2024-25. This decrease will result in a reduction total of

\$249,100 across four NCAA distributions. The Student-Athlete Opportunity Fund and the Student-Athlete Special Assistance Fund are excluded from reductions. The University will be providing incremental support to Athletics to make up the annual revenue reductions from the NCAA.

2. Gift revenue decrease is reflective of the actual number of gifts received in FY24.
3. The increase in compensation is reflective of a 2% salary increase for FY25. The department continues to strategically focus on using existing staff rather than outsourcing for streaming and game operations to limit compensation. We will cross train our employees and utilize them when possible for our events.
4. The increase in Supplies & Services reflects higher actual costs experienced, tempered by lower anticipated team spending as reserves continue to be drawn down. The budget was built to give each sport a 2% increase in Supplies & Services utilizing the additional NCAA Academic Unit Revenue that will be received in FY25. The expectation is that this 2% increase will help offset expenditures from team gift funds. Teams will need to focus on fundraising initiatives to increase their gift fund balance while taking a proactive initiative in cutting expenditures from what they have been the past two years. Also, the budget anticipates using money earned from the Horizon League Basketball Performance Fund for additional graphics in the Basketball Practice Facility.
5. The increase in interest expense and the addition of the short-term operations loan repayment line is resulting from the agreement made for the loan initiated at the end of FY2024.
6. The increase in OU Support is a result of anticipated salary increases and the support for revenue reductions from the NCAA. Additionally, Athletics will receive a one-time allocation reimbursing all travel associated with championship tournaments and incremental awards made under the Alston Award program.
7. The increase in Athletic Grants represents Alston Award expenditures. Alston awards allow basketball scholarship student-athletes to receive up to an additional \$5,980 annually for educational-related benefits. A total of \$83,720 will be awarded in FY25. Awarding will begin winter semester FY2025 based on the student-athlete being academically eligible prior to the start of the winter semester. These awards will be offset with additional university support, as noted above.

**Oakland University**  
**Ancillary Activities Operating Budget**  
**Department of Intercollegiate Athletics**  
**Proposed Budget - All Funds**  
**FY2025**

	FY2023 ACTUAL	FY2024 BUDGET	FY2024 ESTIMATED ACTUAL	FY2025 PROPOSED BUDGET
<b>Revenue:</b>				
Operating Revenue	\$ 3,035,468	\$ 3,336,757	\$ 3,640,000	\$ 3,283,860
Retail Sales	196,750	188,500	196,151	203,500
OU Purchased Services	-	-	-	-
Gifts and Grants	598,947	525,000	469,823	475,000
Investment Income	82,403	70,000	72,932	75,000
<b>Total Revenue</b>	<b>\$ 3,913,568</b>	<b>\$ 4,120,257</b>	<b>\$ 4,378,906</b>	<b>\$ 4,037,360</b>
<b>Expenditures:</b>				
Compensation	\$ 6,221,329	\$ 6,575,215	\$ 6,520,148	\$ 6,707,510
Supplies and Services	4,396,001	3,932,466	4,385,411	4,122,735
Repairs and Maintenance	5,892	20,000	5,990	20,000
Cost of Retail Sales	61,797	45,000	50,000	50,000
Equipment	20,521	-	-	-
Insurance	162,124	162,124	146,560	172,275
Utilities	-	-	-	-
Debt Service	-	-	-	-
Overhead charged by OU	-	-	-	-
Athletics Turf Loan Repayment (principal)	-	-	67,459	70,326
Short-Term Operations Loan Repayment (principal)	-	-	-	161,534
Interest Expense Short-Term Internal Loan	-	15,606	15,606	67,829
Other Transfers	-	-	-	-
Athletic Scholarships	4,960,398	5,078,645	5,163,997	5,186,365
<b>Total Expenditures</b>	<b>\$ 15,828,062</b>	<b>\$ 15,829,056</b>	<b>\$ 16,355,170</b>	<b>\$ 16,558,573</b>
<b>Net Income</b>	<b>\$ (11,914,494)</b>	<b>\$ (11,708,799)</b>	<b>\$ (11,976,264)</b>	<b>\$ (12,521,214)</b>
<b>University Support:</b>				
Operating	\$ 6,471,599	\$ 6,888,910	\$ 6,699,453	\$ 7,409,849
Athletic Scholarships	4,703,281	5,038,645	5,036,944	5,146,365
<i>Net income before loan/support</i>	\$ (739,614)	\$ 218,756	\$ (239,867)	\$ 35,000
Varsity Basketball Training Center Project	-	-	5,000,000	-
Short-Term Internal Loan	-	-	2,193,574	-
<b>Total University Support</b>	<b>\$ 11,174,880</b>	<b>\$ 11,927,555</b>	<b>\$ 18,929,971</b>	<b>\$ 12,556,214</b>
<b>Net Income with University Support</b>	<b>\$ (739,614)</b>	<b>\$ 218,756</b>	<b>\$ 6,953,707</b>	<b>\$ 35,000</b>
<b>Ending Balances prior to Major Cap. Expenditures:</b>				
Restricted Fund Balance *	\$ 1,093,836	\$ 1,057,200	\$ 5,897,345	\$ 932,345
Unrestricted Fund Balance	(778,070)	(1,561,141)	333,665	-
Return of Unused Plant Fund Proceeds	291,537	-	-	-
Less: Major Capital Expenditures	1,330,000	-	5,333,665	-
<b>Total Ending Fund Balance</b>	<b>\$ (722,697)</b>	<b>\$ (503,941)</b>	<b>\$ 897,345</b>	<b>\$ 932,345</b>
Endowment Spend Funds	-	-	281,048	-
Student-Athlete Funds	-	-	158,424	-
Varsity Basketball Training Center	-	-	5,000,000	-
Golf Training Facility	-	-	457,873	-
Restricted Fund Balance *	-	-	<u>\$ 5,897,345</u>	-