

REPORT: Faculty Senate Budget & Finance Committee Meeting on Jan. 9, 2025

The Budget & Finance Committee last met on Nov. 7, 2024.

1. Meeting called to order: E. Kondratieff (3:45 pm).

Attending Committee Members (Voting):

Eric Kondratieff, Chair (PCAL)
Sean Kinder (Libraries)
Blair Thomas (At-Large)
Jeremy Maddox (OCSE)
Kurt Neelly (At-Large)
Daniel Boamah (CHHS)
Greg Ellis-Griffith (At-Large, alt. for Kurt Neelly)
Jim Lindsey (GFCB, Alt. for J. Erickson, GFCB)

Attending Committee Members (Ex-Officio)

Shane Spiler (Faculty Regent)
Bud Fischer (Provost)

Guest Speaker:

Todd Steward, WKU Director of Athletics

Absent:

John Erickson, GFCB (on leave)

Positions currently unfilled:

Alternates for CEBS, GFCB, PCAL, SGA

2. Chair Report – E. Kondratieff

A. Minutes from 11/07/2024 meeting – approved.

3. New Business: Guest Speaker Todd Stewart, Director of Athletics (3:45-4:45 pm)

I. AD Stewart provided an overview of Athletics Department, its funding and budgeting (past & present)

a. 16 Varsity Sports (the required minimum to retain NCAA Division I standing)

i. 7 men's teams, 9 women's teams

b. Demographics

i. 379 student athletes (247 men, 132 women)

ii. 43.2% of athletes are URM (more than double WKU's overall 18.6%)

c. Scholarships

i. 185 full scholarships across 16 teams (incl. full/partial FTEs) (48.8% of all athletes)

ii. 194 athletes + cheer & dance team **generate \$6.5m** in tuition, fees, room, board, books.

iii. For overall academic performance of Student Athletes see attached slides (No. 3)

d. WKU's direct support for Athletics = 2.7% of WKU's total budget

e. Breakdown of Revenue for Athletics:

i. **Direct revenue from WKU** (Budget + Student Athletic Fees): **\$14.52m**

ii. **Athletics-generated funds** (Tickets, fundraising, C-USA/NCAA,
Guaranteed Payouts, Sponsorships/Marketing & Other): **\$14.87m**

iii. **Combined Total** **\$29.39m**

II. AD Stewart explained three contributing causes to last year's overspending by Athletics.

a. **Cost of doing business higher** (inflation): travel, broadcasting (even with WKYU) all cost more

b. **Budget cuts:** Declining enrolment → cuts to WKU funding and student fees (= double cut)

i. Student fees in 2010 were \$4.2m (ca. \$6.09m in 2024 dollars adjusted for 45% inflation)

ii. Student fees in 2024 were \$3.2m (i.e., \$2.89 drop in spending power)

iii. NB: No increase to student fees since 2013 = double hit w/lower enrolments + inflation

c. **Mistakes in budgeting** (see example below and on Slide 5 of attached handout)

i. FY 24 budget estimates carried over from previous budgets

ii. FY 24 budget did not reflect actual revenues & expenses

1. Example 1: \$413,088 budgeted for Marketing, actual cost = \$1,046,249 = <\$633,161>

2. Example 2: \$140,000 budgeted for Post Season; actual cost = \$1,092,192 = <\$952,192>

NB: Example 2 includes unbudgeted bowl game costs of \$482,000.

REPORT: Faculty Senate Budget & Finance Committee Meeting on Jan. 9, 2025

III. AD Stewart explained Athletics' new, multifaceted approach to reimburse the overspend and prevent future ones (cf. slides, attached, with the same information):

- a. Athletics CFO has implemented a zero-base budget model reflecting true revenue and expenses.
 - i. Athletics is tracking expenses against projections; distributing monthly reports to all units/teams (all are accountable for their own budget); tracking actual revenues against projections and adjusting as needed; and, meeting regularly with WKU CFO S. Howarth and WKU VP of Finance R. Domoney to review financials.
- b. Athletics is developing a repayment plan to offset FY 24 overage
 - i. Have already saved/paid back \$500K from money received from former men's BB coach Steve Lutz from his \$2m contract buyout when he left for Oklahoma this past summer (the other \$1.5m is currently in an escrow fund).
- c. Athletics is also developing a strategy to decrease costs and improve revenues, including:
 - i. A new fundraising plan for FY 25
 - ii. Contract with outsourced ticket provider to oversee ticket operations and outbound sales
 - iii. Improved collaboration and strategy with Hilltopper Sports Properties to increase revenue
 - iv. For FY 25 and beyond: New scheduling philosophy to add guaranteed payout games in football and men's basketball to generate more revenue (coming up: WKU Football at Alabama and LSU; Men's Basketball at Michigan).

IV. AD Stewart then held a Q&A session:

- a. **Ellis-Griffith** asked how the new guaranteed revenue games (x2) compare to conference overall?
- b. **Stewart:** Most schools do 1, as they are hard games to win.
- c. **Ellis-Griffith:** Are other schools having similar problems?
- d. **Stewart:** Conf. USA is among top 9-10 conferences from revenue perspective (the Power 4 Conferences are well off; the Group of 5, that we are in, are in the same boat as C-USA; but there are 20+ additional conferences with worse financial standing. Overall, WKU is close to median from a financial perspective.
- e. **Maddox:** Within the Group of 5, how would you characterize other programs with respect to revenue?
- f. **Stewart:** We are in SEC country. Universities like Texas, Alabama, Florida, and Georgia have way more money than state schools (e.g., Mississippi State, etc.). In Group of 5, James Madison U Athletics (Sunbelt Conf) gets \$53m in Student Fee Revenues; WKU Athletics (C-USA) gets \$3.2m which is "in the middle".
- g. **Maddox:** is the disparity between conferences due to student enrolments?
- h. **Stewart:** No, it's due to television contracts with multiple networks. The Big Ten has contracts with Fox, ESPN, etc. Some schools switch conferences to take advantage of better guaranteed television revenues, which they are paid just for showing up to a game. Big Ten guaranteed TV revenues are around \$50m as compared to \$800k for C-USA.
- i. **Maddox:** Presumably due to advertising fees?
- j. **Stewart:** Yes, but also ticket sales. Schools with 100k-seat stadiums make much, much more; WKU has 22k seats and generate good crowds, but we don't fill the stadium. The size of a stadium and attendance (averaged) also impacts revenues from concessions, apparel sales, fees that can be charged for advertising signage around the stadium and on jumbotron, etc.
- k. **General Discussion** about the recent House settlement and how that may play out; question about whether we might lose sports that are not revenue generating (we need to keep 16 Varsity Sports to maintain NCAA Division I status, so it's not at all likely).

REPORT: Faculty Senate Budget & Finance Committee Meeting on Jan. 9, 2025

- l. **Lindsey** asked if Football and Basketball alone would be profitable or at least break even, and have to support the other varsity sports.
- m. **Stewart:** Everything has costs. With the new C-USA geography, we have to send the soccer team all the way from Las Cruces New Mexico to Dover Delaware. The new conferences with wider geographic reach, combined with the inflationary economy, have increased travel costs significantly. Realigning conference geographies could save a lot of money.
- n. **Boamah:** What would be the impact of eliminating some sports?
- o. **Stewart:** The ones that would potentially be cut involve student athletes who are not on scholarships but are paying tuition, fees, books, room and board, so WKU would lose those revenues. It would also reduce our overall national exposure on television thanks to some of those sports — a recent Nilson company study found that WKU enjoys \$44m worth of free marketing exposure across all our sports teams thanks to televised athletic events. WKU is fortunate to have a nationally relevant athletics program which increases WKU's overall national exposure. Our schedule helps, as we might have the only college football game on in sports bars on a Thursday night; everyone sees that WKU logo. Overall, cutting teams would result in unintended revenue losses.
- p. **Thomas:** How does WKU's vision align with C-USA Commissioner MacLeod's?
- q. **Stewart:** In 2021 our conference wasn't prepared for the wave of conference realignments that hit that year. C-USA lost 6 large-market schools to American Athletic Conference, and 3 to the Sun Belt Conference that wanted to expand their eastern footprint. Our relationship with conference leadership has improved, and I believe that the conference appreciates WKU's membership.
- r. **Neelly:** WKU provides \$9.7m in direct support to Athletics; can you explain where it comes from? Because faculty want to know.
- s. **Stewart:** The two biggest buckets are salaries and scholarship support. To go beyond that, we need private support; for instance, increases in coaching salaries come from [and are maintained by] private donations [through Hilltopper Athletic Fund].
- t. **Neelly:** Every year some faculty voice concerns about Athletics getting more money than Academics. Does Athletics have a responsibility to educate campus / faculty re: importance and financial aspects of Athletics?
- u. **Stewart:** I am willing to meet with large or small groups to share this type of information. Again, Athletics salaries are not increased by WKU but by private donations. In fact, Athletics took some big salary cuts during Covid, cuts on a sliding scale [as much as 20%] in 2020 to balance our budget. Again, increases in coaches' salaries comes from private funding, not university funding [Hilltopper Athletic Fund; donations that pay for increases are only funneled through WKU payroll]. Also, administratively, WKU Athletics is one of the smallest departments (105 total employees) in the entire country. RE: travel, Athletics is facing belt-tightening in travel and accommodations, as both have been greatly impacted by inflation. Athletics is working to make travel more streamlined and efficient than in the past, in part by limiting who travels where and how.
- v. **Kondratieff:** Are the salary increases [or differentials] for successful coaches that are paid for by private funds stable?
- w. **Stewart:** The differentials (e.g., a coach paid \$450k by WKU, and \$150k by the H.A.F., total of \$600k) are funded by three-year pledges. If someone reneges on a pledge for whatever reason, we might have to scramble to cover that part of a salary. But we have had some very good donors, for example, Harold and Juanita Koon have donated \$13m so far; the Koon family continues to be strong supporters of WKU Athletics.
- x. **Kondratieff:** What does Hilltopper Athletic fund staffing look like ?
- y. **Stewart:** They have four full-time people paid by H.A.F. (but that also goes through WKU payroll).

REPORT: Faculty Senate Budget & Finance Committee Meeting on Jan. 9, 2025

4) Old Business NA

5) Provost Bud Fischer: 4:45-4:50 PM:

- I. Budget work on next 2026 budget will start up again next week. We will re-evaluate where we are in this second half of the year based on enrollment and student numbers.
- II. Athletic budget and financials do NOT go through the Provost, but to SOF; under SACS guidelines, Athletic Director reports straight to President Caboni. Also, A.D. Stewart has repaid amount overspent to SOF.

6) Faculty Regent – Shane Spiller 4:50-4:55 PM

- I. Very little to report since last Senate meeting report. No Board of Regents meeting in January; committee and quarterly meetings will be held in February.
- II. Spiller encouraged each committee member and faculty take every opportunity to discuss with their respective Deans their school's budget status, especially at the start of the semester.
 - a. **Fischer:** Asked Deans in December meeting to bring budget information to their respective faculty.

7) Open Discussion NA

8) Meeting to adjourn no later than

Motion to adjourn (Lindsey) @ 4:55. Meeting adjourned.



Hilltopper Athletics FY 2023-24 Budget Review

Presentation to the
Faculty / Senate Budget & Finance Committee
Thursday January 9th, 2025

1



WHO WE ARE - ATHLETICS

Member of Conference USA

16 Sports (*NCAA Division I required minimum*)

- **7** Men's Teams
- **9** Women's Teams

Demographics:

- **379** Student-Athletes
 - Men: **247**
 - Women: **132**
- URM (*under-represented minority*)
 - Athletics: **43.2%**
 - University-wide: **18.6%**

Scholarships:

- 185 full scholarships distributed across WKU's 16 teams (*Includes full and partial FTE's*)
- Walk-on & partial scholarship student-athletes, cheer and dance team members generate approximately **\$6.5M** to WKU in Tuition & Fees, Room & Board, Books

University support:

- Funding to Athletics comprises approximately **2.7%** of the overall University budget

2



WHO WE ARE - ACADEMICS

Athlete Academic Performance

- Average Cumulative GPA: **3.17**
 - Consecutive semesters of 3.0 or greater cumulative GPA: **16**
 - Graduation Success Rate **90%** (2017-18 cohort)
 - CUSA Commissioners Academic Medal: **3.75 GPA – 74 student-athletes**
 - CUSA Commissioners Honor Roll: **3.00 GPA – 222 student-athletes**
 - Top 5 Majors for WKU student-athletes:
 - Sport Management
 - Exercise Science
 - Finance
 - Management
 - Marketing
- (Student-Athletes enrolled in 59 different majors)*



FY 2023-24 BUDGET REVIEW

Athletics NCAA Reporting Template

<u>Revenue</u>	<u>ACTUAL</u>
University:	\$ 9,698,958
<u>Student Fees:</u>	<u>\$ 4,822,109</u>
University Support Total:	\$ 14,521,067
<u>Athletics Generated</u>	
Ticket Sales:	\$ 2,023,797
Fundraising:	\$ 3,327,578
C-USA/NCAA:	\$ 4,987,977
Game Guarantees:	\$ 2,320,120
Sponsorship/Marketing:	\$ 1,736,500
<u>Other:</u>	<u>\$ 472,527</u>
Athletics Generated Total	\$ 14,868,499
<u>Combined Total:</u>	<u>\$ 29,389,566</u>



DISCUSSION

Why was Athletics Over Budget?

FY 24 budget was not developed to reflect true revenues and expenses

- This created significant discrepancies between budget and actual expense

Examples:

Expenses

	Budget	Actual
- Marketing	\$413,088	\$1,046,249
- Post Season	\$140,000	\$1,092,192 <i>(Includes bowl [\$482,000] Unbudgeted)</i>

➤ Declining enrollment (Student fee support decrease)

- 2010 \$4.2M (\$6M adjusted for inflation)
- 2024 \$3.2M (\$2.8 decrease over adjusted amount)

5



NEXT STEPS:

- Athletics has adopted and implemented a zero-base budget model which more accurately reflects true revenue and expenses for our budget.
- Athletics is tracking expenses against projections and distributing monthly reports to all units. Units have been advised they will be accountable for their budget.
- Athletics is tracking actual revenues against projections and will adjust budgeted expenses as needed.
- Athletics will be meeting regularly with University Chief Financial Officer to review athletics financials.

6



NEXT STEPS continued:

- Athletics is developing a repayment plan to off set FY 24 overage
- Athletics is developing and implementing a new fundraising plan for FY 25
- Athletics has contracted with a new outsourced ticket provider to oversee both ticket operations and out bound ticket sales
- Improved collaboration and strategy with Hilltopper Sports Properties leading to increased revenue generation
- FY 25 and beyond, new scheduling philosophy to add guarantee games in both football and men's basketball

7



WRAP UP

Questions?

8