

February 13, 2017

UNLV – Summary Information on Athletics Budget Update to Board of Regents

This updated set of budget projections is similar to what has been presented to the Board previously, although current FY17 projections are below the original budget projections. We understood that FY17 would be a down year financially because of not having a big football payout game, and incurring costs from the transition of the basketball program and a projected decline in ticket revenue. The under performance of the FY17 budget is due mostly to football tickets being below our expectation (~\$700k), and men's basketball ticket sales (and priority seating) being revised downward (~\$1.1M). The University has committed to working on the FY17 athletic budget deficit and improving the actual year-end balance. A couple of those projected levels of support are highlighted in the attached report (~\$1.7M). UNLV will continue to work on the athletic budget through the end of the fiscal year with the goal of decreasing the deficit as much as possible.

The plan to address the UNLV Athletics budget going forward includes improving existing revenue sources (with specific focus on men's basketball and football), finding new revenue sources, and strategically reducing expenditures. It was not long ago where ticket sales were significantly better for both men's basketball and football, so we know there is opportunity to increase these revenue sources. In FY14 men's basketball ticket sales were ~\$4.4m and Priority Seating was at ~\$3.9m (for a total of \$8.3M compared with the FY17 projection of \$6.1). In FY08 football ticket sales were ~\$3.3m, compared with the FY17 projection of \$1.4m. A return to these revenue levels are not projected to occur immediately, but improvement is projected with the hope that Football can return to these levels in the near future as the program becomes more competitive. State revenue for women sports was reduced by \$1m during the great recession and general fund tuition and fee support has not increased since the great recession. A restoration of these funding sources would be extremely helpful, and we hope that future legislative sessions will consider reinstating these standard budget policies. Athletics has also seen increased expenditures due to "cost of attendance" policy changes at the NCAA level, combined with the increase in registration fees.

Finding new revenue streams is always difficult, but UNLV athletics has committed to regularly scheduling large payout away football games. Football game guarantees have already been executed for FY18 at Ohio State (\$1.3m) and FY19 at USC (\$1.15m). Revenue from these games, combined with growth in the ticket sales for football and men's basketball, will materially improve the overall bottom line budget for UNLV Athletics. For the FY18 football season we also have home games with Hawaii and BYU – teams that have historically brought very large crowds to Sam Boyd Stadium. UNLV athletics is also committed to looking at ways to decrease expenditures going forward which includes a comprehensive review of the overall sport offering, and it is expected that the new AD will have this as a focus, along with raising revenue.

**UNLV INTERCOLLEGIATE ATHLETICS
BUDGET TO ACTUAL REPORT
FOR FISCAL YEARS ENDED**

	FY 2014		FY 2015		FY 2016	
	Budget	Actual	Budget	Actual	Budget	Actual
Revenues:						
State Funds	\$ 7,038,125	\$ 7,038,125	\$ 7,028,385	\$ 7,028,385	\$ 7,335,457	\$ 7,335,457
Student Fees	2,470,664	2,626,923	2,639,605	2,839,079	2,831,184	2,958,156
Priority Seating	3,500,000	3,858,669	3,858,669	3,579,375	3,650,000	3,429,491
Unrestricted Gifts and Benefits	3,777,750	2,813,838	3,201,716	3,049,569	4,002,177	3,476,728
Endowment Proceeds	53,900	45,785	53,396	16,191	32,627	47,859
Men's Basketball	4,040,000	3,836,444	3,858,400	3,806,759	3,943,000	3,467,183
Football	2,600,000	1,472,606	1,531,269	1,248,019	1,540,000	1,970,397
Football Game Guarantees	250,000	250,000	825,000	925,000	1,300,000	1,300,000
All Other Men's & Women's Sports	323,800	412,429	327,185	309,195	321,335	322,380
Royalties, Rental Fees and Miscellaneous	834,150	757,365	911,192	935,183	701,200	795,139
NCAA & MWC	4,244,576	3,146,118	4,580,862	4,562,013	4,768,142	4,642,214
Institutional Support	310,223	2,545,223	2,131,411	2,210,223	1,203,182	2,203,182
Other Unbudgeted (See Notes for Detail)	-	585,950	-	-	-	1,000,000
	29,443,188	29,389,475	30,947,090	30,508,990	31,628,304	32,948,186
Expenditures:						
Direct Facilities	1,238,773	1,577,503	1,327,639	\$ 1,380,180	\$ 1,489,418	\$ 1,456,790
Indirect Facilities	2,257,395	2,257,395	2,254,021	2,254,021	2,459,709	2,459,709
Admin/Marketing/Sport Info/Donor Services	4,723,913	4,607,272	3,903,637	3,784,375	4,124,744	4,506,642
Compliance and Academic Support	187,269	88,671	303,661	276,597	294,383	358,932
Sport Support	3,599,036	3,788,768	3,852,803	3,642,174	3,856,399	3,844,498
Men's Basketball Operations	3,275,382	3,108,048	3,574,196	3,250,038	3,536,940	3,911,664
Football Operations	4,452,203	4,794,956	5,360,951	5,148,484	5,517,270	5,678,286
All Other M & W. Sport Operations	4,987,432	5,240,249	5,266,138	5,050,005	5,373,452	5,277,325
ICA Student Aid all Sports	6,893,767	6,793,340	7,297,438	7,158,535	7,293,960	6,926,777
Debt and Loan Payments	628,018	523,465	606,606	616,604	482,029	484,528
Capital Expenditures	-	-	-	-	-	-
Other Unbudgeted (See Notes for Detail)	-	582,054	-	643,215	-	262,845
	32,243,188	33,361,722	33,747,090	33,204,228	34,428,304	35,167,995
Other Revenue: Transfer In from TMC	2,800,000	3,250,000	2,800,000	2,800,000	2,800,000	2,800,000
Net Contribution(Decrease) to Reserve	0	(722,247)	-	104,762	-	580,191
Beginning Reserves	669,758	669,758	(52,488)	(52,488)	52,274	52,274
Self Supporting Budget Ending Reserve:	669,758	(52,488)	\$ (52,488)	\$ 52,274	\$ 52,274	\$ 632,465

**UNLV INTERCOLLEGIATE ATHLETICS
BUDGET TO ACTUAL REPORT
FOR FISCAL YEARS ENDED**

	FY 2017		FY 2018	FY 2019	FY 2020	FY 2021
	Budget	Projection	Projection	Projection	Projection	Projection
Revenues:						
State Funds	\$ 7,361,114	7,361,114	7,465,209	7,465,209	7,548,658	7,603,317
Student Fees	3,002,135	3,076,135	3,459,658	3,824,000	4,224,000	4,574,000
Priority Seating	3,500,000	2,900,000	3,400,000	3,850,000	3,850,000	3,850,000
Unrestricted Gifts and Benefits	3,597,545	3,597,545	3,797,545	3,800,000	3,800,000	3,800,000
Endowment Proceeds	42,600	42,600	25,000	25,000	27,000	27,000
Men's Basketball	3,731,681	3,181,681	3,500,000	3,700,000	4,000,000	4,000,000
Football	2,200,064	1,525,064	2,200,000	2,600,000	2,600,000	2,600,000
Football Game Guarantees	475,000	475,000	1,500,000	1,500,000	500,000	2,000,000
All Other Men's & Women's Sports	245,610	320,610	566,110	570,000	600,000	600,000
Royalties, Rental Fees and Miscellaneous	745,000	745,000	788,985	750,000	785,000	795,000
NCAA & MWC	4,524,399	4,524,399	4,806,330	5,000,000	5,000,000	5,000,000
Institutional Support	1,542,959	1,742,959	1,622,959	1,622,959	1,622,959	1,622,959
Other Unbudgeted (See Notes for Detail)		-	-	-	-	-
	30,968,107	29,492,107	33,131,796	34,707,168	34,557,617	36,472,276
Expenditures:						
Direct Facilities	\$ 1,501,013	1,501,013	1,522,062	1,722,062	1,772,120	1,794,120
Indirect Facilities	2,397,088	2,397,088	2,445,030	2,445,030	2,445,030	2,445,030
Admin\Marketing\Sport Info\Donor Services	4,718,965	4,718,965	4,739,609	4,739,609	4,872,319	4,902,624
Compliance and Academic Support	323,305	373,305	374,383	374,383	374,383	374,383
Sport Support	4,225,336	4,225,336	4,290,336	4,347,676	4,467,591	4,482,387
Men's Basketball Operations	4,537,896	4,537,896	3,729,896	3,929,896	3,834,333	4,034,333
Football Operations	5,819,822	5,819,822	5,965,318	5,965,318	6,132,346	6,132,346
All Other M. & W. Sport Operations	5,392,980	5,292,980	5,298,875	5,473,875	5,627,143	5,627,143
ICA Student Aid all Sports	7,830,752	7,830,752	7,853,754	7,872,450	7,900,740	7,910,297
Debt and Loan Payments	468,833	468,833	468,833	468,833	468,833	468,833
Capital Expenditures		-	-	-	-	-
Other Unbudgeted (See Notes for Detail)		-	-	-	-	-
	37,215,990	37,165,990	36,688,096	37,339,132	37,894,838	38,171,496
Other Revenue: Transfer In from TMC	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000
Net Contribution(Decrease) to Reserve	(3,447,883)	(4,873,883)	(756,300)	168,036	(537,221)	1,100,780
Beginning Reserves	632,465	632,465				
Self Supporting Budget Ending Reserve:	\$ (2,815,418)	\$ (4,241,418)				

Additional Institutional Support Initiatives Underway:

Additional TMC/SBS/COX Support	\$ 175,000
Additional Institutional Support	\$ 1,500,000
Additional Initiatives to be determined	
	<u>\$ 1,675,000</u>

Cash balances in accounts not included in the report are as follows(Does not include athletic endowments held by the UNLV Foundation or NSHE):

Gift Funds (Sport Specific Restricted)	\$ 816,111
Restricted Gift Funds (Scholarship Restricted)	\$ 661,719
Total	<u>\$ 1,477,831</u>

In addition to the above, Intercollegiate Athletics has cash on hand at the end of each year that is reported as deferred revenue and therefore, not included in the financial information. The revenue is for tickets and priority seating for football and men's basketball sold for the upcoming season. In Fiscal 2016, a total of cash on hand for these activities was \$3,237,845. We expect to have similar deferred revenue at the end of Fiscal 2017.

UNLV Intercollegiate Athletics

In response to the System Office inquiry, UNLV has looked at what we believe are some of the differences between UNLV and UNR athletics. The analysis below highlights what could be some of the major elements.

At UNLV, Intercollegiate Athletics is an integral part of the educational program. On a regular basis UNLV evaluates the financial, academic, and managerial aspects of the athletics programs. The President insures the proper accounting administration of all funds expended on Intercollegiate Athletics, consistent with NCAA requirements. Over the last ten years UNLV Athletics has ended the fiscal year with a surplus nine times. The only exception was Fiscal 2015. The table below contains the carry forward balances for the last ten years. UNLV plans for and provides institutional support for scholarships, academic support, and facility repair and maintenance for UNLV Athletics. The TMC/SBS/Cox program was specifically developed to be a major asset for UNLV Athletics and that does not exist at UNR. In any given year this program provides \$5 to \$8m+ in cash\direct and indirect support. The table below contains the cash support provided to UNLV Athletics, but in addition the TMC/SBS/Cox program pays bills directly to support UNLV Athletics. As an Institution, the financial sustainability of all programs are very important. UNLV takes that responsibility seriously.

FY	UNLV ATHLETICS CARRY FORWARD BALANCE	TMC/SBS/COX CASH SUPPORT
2007	1,450,510.77	2,627,586.00
2008	1,198,650.14	2,744,739.00
2009	1,642,330.34	2,183,776.38
2010	2,063,337.22	4,060,165.00
2011	597,814.74	2,499,676.00
2012	481,255.57	2,800,000.00
2013	1,093,858.80	2,800,000.00
2014	669,758.02	3,250,000.00
2015	-52,488.14	2,800,000.00
2016	52,273.93	2,800,000.00
2017	632,464.84	2,975,000.00

It is also important to note that UNLV reports yearend financial positions based on standard accounting rules. Some athletics programs report year end "cash" positions, but in doing so they will include the "deferred revenue" collections for tickets and priority seating received at the end of one fiscal year, but for activities in the next fiscal year. At the end of each fiscal year UNLV athletics also has cash balances for these pre-paid accounts, and for the most recent years here are estimates of those totals.

Deferred Revenue			
FY	Ticket Sales	Priority Seating	Total
2014	\$ 3,393,095	\$ 184,676	\$ 3,577,771
2015	\$ 3,247,707	\$ 440,305	\$ 3,688,011
2016	\$ 2,805,867	\$ 431,978	\$ 3,237,845