

FY04 BUDGET

**University of Kentucky Athletic
Association**

OVERVIEW

- Goal is to create a sound budget that:
 1. Matches resources to expectations: allow head coaches and unit managers direct input to budget process through zero based model.
 2. Establishes clear fiscal accountability: simplified account structure, established new cost centers, zero based model with direct input and provide timely, accurate, understandable monthly budget reports to head coaches and unit managers.
 3. Provides timely, accurate information: implement shadow accounting system to provide understandable information (monthly and special request) to head coaches and unit managers
- Budget process included input from variety of senior staff, head coaches, and unit managers as well as historical analysis and reviews by business office personnel.
- UK Athletics budget is estimated to be average in the SEC based on industry surveys and government reports
- FY04 Budget = \$48M (nearly 25% used at University)



REVENUES

	FY03 <u>Projected</u>	FY04 <u>Budget</u>
Football (Note 1)	\$13,691,328	\$17,943,500

- Ticket Sales, SEC TV Distribution, SEC Bowl Distribution, SEC Championship game distribution, TV Delayed Broadcasts, Guarantees, Parking
- \$2.5M from SEC Championship game distribution and SEC Bowl distribution returned in FY04.
- Gross ticket revenue increase of \$2.0M (net increase of \$1.3M after transfer to President for University use) with approval of ticket price change.
- Modest increase in SEC TV distribution anticipated.



REVENUES

	FY03 <u>Projected</u>	FY04 <u>Budget</u>
Men's Basketball (Note 2)	\$9,610,000	\$10,540,000

- Ticket Sales, SEC TV Distribution, SEC Tournament Distribution, NCAA Tournament Distribution, TV Delayed Broadcasts, Guarantees
- Gross ticket revenue from home games at Rupp Arena to increase \$800,000 (net increase of \$400,000 after transfer to President for University use) with approval of ticket price change.
- Participation in Wooden Classic and playing Indiana University in Indianapolis increase guarantees \$400,000



REVENUES

	FY03 <u>Projected</u>	FY04 <u>Budget</u>
Student Activity Fees (Note 3)	\$590,000	\$595,000
Corporate/Multi-Media Rights (Note 4)	\$7,645,336	\$7,726,800

- Athletic fee is \$24.50 per full-time student, which has been unchanged since the fall of 1979.
- Corporate/Multi-Media Rights: sponsorships, radio broadcast rights, coaches show rights, Commonwealth Stadium suites, Game programs
- Corporate/Multi-Media Rights: majority of corporate partner programs are multi-year and roll over in FY04



REVENUES

	FY03 <u>Projected</u>	FY04 <u>Budget</u>
K Fund (Note 5)	\$5,635,000	\$7,075,000

- Annual fund, Endowment Income, Interest Income
- With new annual fund raising plan, annual fund will increase an estimated \$1.4M in FY04.



REVENUES

	FY03 <u>Projected</u>	FY04 <u>Budget</u>
Other (Note 6)	\$1,278,000	\$526,000

- Handling fees, University Club partnership, investment income, facility rental
- Reduction from FY03 is attributable to one-time revenue recognized in FY03, such as cell tower payment, NCAA honorarium for hosting 2002 Regional Tournament and clearing account reconciliation.



REVENUE REDUCTION

	FY03 <u>Projected</u>	FY04 <u>Budget</u>
Transfer to President (Note 7)	n/a	\$1,072,500

- \$1.50 of each increased ticket for men’s basketball, \$2.50 of each increased ticket for football and \$6.50 from the Louisville football ticket will be transferred from Athletics to the President for University use.



EXPENSES

	FY03 <u>Projected</u>	FY04 <u>Budget</u>
Football (Note 8)	\$12,487,500	\$6,540,571

- Created new cost center for Commonwealth Stadium expenses (including \$2.2M annual debt payment) and event management expenses (police, parking, etc).
- A portion of FY03 football scholarship expense had to be absorbed by operating budget
- Continued commitment to football renewed with competitive salary pool (including University benefit charge on radio/tv and endorsement payments) and enhanced budget for team travel and recruiting.



EXPENSES

	FY03 <u>Projected</u>	FY04 <u>Budget</u>
Men's Basketball (Note 9)	\$4,189,000	\$5,236,384

- Rupp Arena bond fee (\$0.50 per ticket sold) is now included as a men's basketball expense.
- Maintain nationally elite program by rewarding current coaching staff with nationally competitive salary pool.
- Additional benefit pool costs with University benefit charge on radio/tv and endorsement payments.



EXPENSES

	FY03 <u>Projected</u>	FY04 <u>Budget</u>
Women's Basketball (Note 10)	\$1,079,800	\$1,498,937

- Enhanced salary pool for coaches
- Creating Director of Women's Basketball Operations position
- Increased team travel and recruiting line items to make budget competitive with SEC peers.



EXPENSES

	FY03 <u>Projected</u>	FY04 <u>Budget</u>
Other Men's Sports (Note 11)	\$1,872,000	\$2,062,419
Other Women's Sports (Note 11)	\$2,463,899	\$2,518,849

- Other Men's Sports: Baseball, Golf, Soccer, Swimming, Tennis, Track
- Other Women's Sports: Golf, Gymnastics, Rifle (co-ed), Soccer, Softball, Swimming, Tennis, Track, Volleyball
- Focused on improving competitive excellence in all programs, creating equitable budgets and enhancing student-athlete experience by:
 1. Upgrading and/or adding coaching positions to the 8 sports that do not have NCAA maximum allowable coaches
 2. Provide resources (team travel, recruiting, equipment, etc.) necessary for teams to compete for championships



EXPENSES

	FY03 <u>Projected</u>	FY04 <u>Budget</u>
Administrative Support (Note 12)	\$11,809,005	\$5,016,311
External Operations (Note 12)	n/a	\$4,235,884

- Administrative Support: Administration, Business Office, Compliance and Ticket Office
- External Operations: K Fund, Marketing, Media Relations, Publications, Commonwealth Stadium Suites
- New cost centers created for each unit to improve tracking and fiscal responsibility



EXPENSES

	FY03 <u>Projected</u>	FY04 <u>Budget</u>
Support Services (Note 13)	\$2,274,903	\$3,892,796

- CATS, Training Room, Strength and Conditioning, Video Services, Band, Cheerleaders, Pom Squad
- New cost centers for strength and conditioning, band and pom squad.
- Increased CATS budget to allow for upgrading student-athlete computer lab
- Reworked Video Services budget to include all video personnel costs, Pinnacle Video System maintenance agreements and purchase of additional video editing systems to continue to upgrade Olympic sport video capabilities.
- Training room budget includes catastrophic insurance premiums (previously divided among sports), capital equipment purchases (X-Ray digital imaging equipment and rehab equipment).



EXPENSES

	FY03 <u>Projected</u>	FY04 <u>Budget</u>
Facilities and Operations (Note 14)	\$478,200	\$7,364,895

- Commonwealth Stadium, Memorial Coliseum, Nutter Field House, Nutter Training Center, Boone Tennis Complex, Shively Center, Other Facilities, Event Management/Operations, Turf Management, Special Events
- All new cost centers (except Nutter Field House) to remove facility costs/event management costs from sport budgets and allow them to be more easily monitored.
- Includes final portion of campus transfer of \$1M in PPD costs assumed by Athletics.
- Includes a few facility improvements as well as planned maintenance budgets.



EXPENSES

	FY03 <u>Projected</u>	FY04 <u>Budget</u>
Scholarships (Note 15)	\$4,970,000	\$6,539,253

- All scholarship costs for student-athletes, including annual aid, summer aid and exhausted eligibility.
- All scholarship costs for graduate assistants, managers, student trainers, CATS.
- Additional expense with increase in tuition (nearly 6% out-of-state, 13.6% in-state).



EXPENSES

	FY03 <u>Projected</u>	FY04 <u>Budget</u>
Post Season (Note 16)	n/a	\$500,000

- Given uncertainty of post season appearances, these budgets are being monitored separately beginning in FY04.



