

FUTURE ACTION ITEM #1
2018-2019 Athletics Budget Approval
(Joan King)

TO ALL MEMBERS OF THE BOARD OF REGENTS

SUBJECT: 2018-2019 Athletic Budget Approval

PROPOSED: That the Washington State University Board of Regents:

- (1) Approve the 2018-2019 WSU Athletics budget;
- (2) Approve the plan for reducing operating deficits in future fiscal years; and
- (3) Approve transfers necessary at FY18 year-end to cover the deficit balance.

SUBMITTED BY: Joan King, Associate Vice President/Chief University Budget Officer

**SUPPORTING
INFORMATION:**

Substitute Senate Bill 6493, passed by the 65th Legislature during its 2018 regular session, requires certain actions to be taken by the boards of the state's colleges and universities, related to intercollegiate athletics programs. (See SSB 6493, attached.)

This bill requires that the WSU Board of Regents specifically approve, in an open public meeting, the annual budget for WSU Athletics. As the WSU Athletics program will sustain an operating deficit for FY18, the Regents must also approve a plan for the program to reduce operating deficits in future fiscal years. Additionally, the bill requires that the three prior fiscal years' financial statements of the program and the plan for reducing future deficits must be conspicuously posted to the University's web site.

ATTACHMENTS: Substitute Senate Bill 6493 (Attachment A)
Draft – Transfer Process (Attachment B)

CERTIFICATION OF ENROLLMENT

SUBSTITUTE SENATE BILL 6493

Chapter 292, Laws of 2018

65th Legislature
2018 Regular Session

INTERCOLLEGIATE ATHLETIC PROGRAMS--BUDGETING

EFFECTIVE DATE: June 7, 2018

Passed by the Senate March 6, 2018
Yeas 49 Nays 0

CYRUS HABIB

President of the Senate

Passed by the House March 2, 2018
Yeas 95 Nays 3

FRANK CHOPP

Speaker of the House of Representatives

Approved March 27, 2018 3:07 PM

CERTIFICATE

I, Brad Hendrickson, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 6493** as passed by Senate and the House of Representatives on the dates hereon set forth.

BRAD HENDRICKSON

Secretary

FILED

March 29, 2018

JAY INSLEE

Governor of the State of Washington

**Secretary of State
State of Washington**

SUBSTITUTE SENATE BILL 6493

AS AMENDED BY THE HOUSE

Passed Legislature - 2018 Regular Session

State of Washington 65th Legislature 2018 Regular Session

By Senate Higher Education & Workforce Development (originally sponsored by Senators Billig, Palumbo, Ranker, Carlyle, Hasegawa, and Kuderer)

READ FIRST TIME 02/01/18.

1 AN ACT Relating to increased transparency and accountability for
2 intercollegiate athletic programs at public colleges and
3 universities; and adding a new section to chapter 28B.15 RCW.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 28B.15
6 RCW to read as follows:

7 (1) The board of trustees or regents of each of the state's
8 colleges and universities under RCW 28B.15.005 must specifically
9 approve in an open public meeting, the annual budget for its programs
10 for intercollegiate athletic competition in advance of any
11 expenditure for that fiscal year.

12 (2) If a college or university's programs experience an operating
13 deficit at the end of any fiscal year, the board of trustees or
14 regents must:

15 (a) Approve a plan for how the programs will reduce operating
16 deficits in future fiscal years;

17 (b) Conspicuously post to the college or university's web site
18 the financial statements of the programs for the three prior fiscal
19 years and the plan in (a) of this subsection. Any public records
20 request for a copy of the financial statements or plan must be at no
21 cost to the requester;

1 (c) Approve in advance any transfer exceeding two hundred fifty
2 thousand dollars; and

3 (d) Except as provided in subsection (3) of this section, approve
4 in advance any expenditure over two hundred fifty thousand dollars
5 that was not included in the approved annual budget, in an open
6 public meeting.

7 (3) Approval of an expenditure by the board of trustees or
8 regents may occur at the next regularly scheduled board meeting after
9 the expenditure if the expenditure is:

10 (a) Time sensitive and the net fiscal impact of the expenditure
11 results in a direct revenue gain to the program; or

12 (b) Required to meet an immediate public safety need.

13 (4) Unless the context clearly requires otherwise, the
14 definitions in this subsection apply throughout this section:

15 (a) "Expenditure" means any discrete purchase, payment, contract
16 amendment, or expense, unless that expenditure is required to meet an
17 immediate public safety need.

18 (b) "Operating costs" means all direct and indirect costs to
19 operate the programs including the value of any costs that are
20 typically charged to departments, but have been waived by the college
21 or university. Waived costs include, but are not limited to the value
22 of tuition waivers for student athletes and any internal or central
23 service costs not charged to the programs.

24 (c) "Operating deficit" means the amount by which the aggregate
25 operating costs of the programs exceeds the aggregated receipts and
26 revenue directly generated by the programs in the fiscal year, plus
27 any transfers of reserves that were originally generated directly by
28 the athletic department account.

29 (d) "Programs for intercollegiate athletic competition" or
30 "programs" means those programs established under RCW 28B.10.703.

31 (e) "Transfers" means any transfer of moneys to an account used
32 by programs for intercollegiate athletic competition from any account
33 that holds moneys not directly generated by the programs.

Passed by the Senate March 6, 2018.

Passed by the House March 2, 2018.

Approved by the Governor March 27, 2018.

Filed in Office of Secretary of State March 29, 2018.

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ATTACHMENT B

Washington State University
FY18 Athletics Budget
Transfers Necessary at Year End
Confidential/DRAFT ONLY

Estimated accumulated deficit
for Intercollegiate Athletics: -\$ 67.0 M

Transfers from units:

Specific area #1 -\$20 M
Specific area #2 -\$ 7 M
Specific area #3 -\$ 5 M
Specific area #4 -\$ 5 M
Specific area #5 -\$ 5 M
Specific area #6 -\$ 5 M
Specific area #7 -\$ 5 M
Specific area #8 -\$ 5 M
Specific area #9 -\$ 5 M
Specific area #10 -\$ 5 M

Remaining balance \$0.00

Process: Positive balances are identified in specific areas. Just before the end of the fiscal year, these positive balances are transferred to Athletics, to zero out the accumulated negative balance. Early in the new fiscal year, these transactions are reversed, restoring the area's positive balances and the Athletics negative balance. While the area's balances are once again positive, these funds need to be held (or spent and restored by the end of the fiscal year) to assure sufficient funding to cover the accumulated Athletic's deficit.