



## **OHSAA Membership Dues Proposal** **(To be voted on in a special meeting on Monday, May 3, at 8:00 a.m.)**

**April 23, 2021**

In a special meeting to be held at 8:00 a.m. on Monday, May 3, the Ohio High School Athletic Association Board of Directors is expected to vote on a recommendation that membership dues be levied in the amount of \$50 per OHSAA recognized sport sponsored by a member high school. The dues would apply only to sanctioned sports in which the school participates during the 2021-2022 school year. The vote will come following a recommendation from Executive Director Doug Ute.

- These dues will be reviewed annually by an OHSAA Finance Committee, comprised of Board of Directors and staff members along with other professionals from outside the organization, as part of their annual budget review.
- Should the current proposal be adopted, dues for the following year would not exceed \$100 per recognized sport in which the school is participating.
- No later than September 15, every school will be invoiced a minimum of \$300 for the base level of six sports that they are required to sponsor as a condition for membership.
- Total dues for the 2021-2022 school year will range from \$300 to \$1,300 per school depending on the total number of sports in which the school is participating for that year.
- Each school will only be invoiced for each of the 26 OHSAA recognized sports in which it sponsors. In other words, if a school offers a freshman, junior varsity, and varsity volleyball team, that will count as one sport (volleyball).
- The 26 OHSAA sanctioned sports are baseball; boys basketball; girls basketball; boys bowling; girls bowling; boys cross country; girls cross country; field hockey; football; boys golf; girls golf; gymnastics; ice hockey; boys lacrosse; girls lacrosse; boys soccer; softball; girls soccer; boys swimming & diving; girls swimming & diving; boys tennis; girls tennis; boys track & field; girls track & field; volleyball, and wrestling.

### **What does this mean for member schools?**

- Member schools will no longer pay any tournament entry fees, bowling lineage fees, golf green fees or wrestling weight management fees. The membership due is all-inclusive.
- Student scholarships will be reinstated during the 2021-22 school year.
- Student catastrophic insurance coverage for all student-athletes, cheerleaders, student managers and student athletic trainers during in-season and OHSAA tournament practices and contests will continue to be provided at no cost to member schools.
- OHSAA will continue to supply all team trophies and/or individual medals for champions, runners-up and other selected place-winners at the district, regional and state level.
- OHSAA will continue to supply rule books, sport manuals, online rules meeting presentations plus other publications and tournament administrator passes at no cost to member schools.
- OHSAA will continue to pay high school fees for ArbiterGame accounts.
- No membership dues will be levied against member 7<sup>th</sup>-8<sup>th</sup> grade schools.
- Separate fines will still occur in the event of non-compliance with tournament deadlines/requirements

and violations of various OHSAA bylaws or sports regulations.

- Fees will still be assessed for participants in the 7<sup>th</sup>-8<sup>th</sup> grade cross country and track & field tournaments; 7<sup>th</sup>-8<sup>th</sup> grade schools will continue to pay for their own ArbiterGame accounts, and separate annual fees may continue to be levied for high school sports that are in the emerging category.

### **Why do we need membership dues now?**

- For the last 114 years, the OHSAA has been providing student-athletes with high quality tournament experiences in an ever-growing number of sports for over 800 high schools across Ohio. The OHSAA budget currently relies on three prime areas for revenue: tournament ticket sales (80 percent), annual officials fees (10 percent) and corporate sponsorships (10 percent) while covering costs for tournaments at not only the regional and state level but also at the sectional and district level. This is the model that has been in place for almost the entire life of the organization. The trend for this model since 2013-2014 has been a substantial loss in revenue, with OHSAA showing net negative losses each year since 2017-2018.
- Changes in the way people participate in and view sports, as well as increasing costs across many areas of OHSAA work, demand that we create a new business model for the organization. The number of ticket sales going forward remains in question since those numbers continue to decline, not only for the OHSAA but also across the entire sports industry, as more people get comfortable with streaming as an option for viewing and/or choosing to spend their discretionary dollars elsewhere.
- There are a number of key factors that have brought OHSAA to the point of needing to create and implement a new business model, not the least of which has been a drop in tournament ticket sales. The two biggest ticket sales sports, football and boys basketball, have each seen a decline of approximately \$500,000 from the 2015-16 season to the 2018-19 season, our last full season before COVID.
- The OHSAA is one of the few state high school athletic associations (or athletic and activity associations) that has not been charging membership dues.
- Many state associations are beginning to charge membership dues as a form of survival since they have not played any tournament games since fall 2019. That is not the case for OHSAA. However, OHSAA is instituting a modest level of dues to be proactive for the future and ensure the long-term success of both the organization and of high school and 7<sup>th</sup>- 8<sup>th</sup> grade sports.
- We recognize that both the OHSAA and member schools have made financial sacrifices this year to ensure our student-athletes have been able to play. While reducing expenses is one useful tool toward sustainability, it is not a long-term strategy for success. Long-term success requires a combination of cutting expenses and increasing revenue.
- OHSAA has reduced expenses across several areas, including:
  - Reducing employee health and retirement benefits which, combined in salary cuts, have resulted in savings of nearly \$1 million for the OHSAA.
  - Utilizing on-line ticketing exclusively for tournaments to eliminate the costs of printing and maintenance of paper tickets.
- OHSAA has received two PPP loans, one for \$589,910 and the second for \$559,665 for a total of \$1,149,575. The first was spent beginning last fiscal year and the forgiveness paperwork has been submitted. The second is being spent currently. These dollars can only be used for payroll and benefits and cover staff in the Columbus office and staff at the district level.
- While the fiscal year 2020-21 budget predicted a \$1.3 million loss for the organization, OHSAA had net positive revenue after the fall season due mostly to the increase in the number of football tournament games.
- As the attendance restrictions continued into the winter season, it became clear that the annual loss might total over \$2 million since it appeared that we would have many sports that were allowing no

spectators at all or very limited attendance. The organization responded by reaching out to the Governor's office, which awarded OHSAA \$2 million to reimburse tournament expenses through September 2022.

- While OHSAA fared better than anticipated for the winter 2021 tournaments, that was due to OHSAA's careful control of expenses and a slight increase in spectator capacity limits. However, overall winter tournament ticket revenue – already falling the past several years as previously noted – was significantly lower due to state-mandated attendance restrictions (revenue was nearly \$7.5 million in 2019 and approximately \$3.2 million in 2021).
- While 2021 spring tournaments are projected to show a slight net loss and the thought may be that everything will return to “normal” in 2021-22, we are being mindful that the rebound into next year may not be as quick as we all hope. Therefore, we are being strategic about what we will get reimbursed from the state, when we will submit reimbursement requests and how we will spend or stretch the \$2 million from the state.

### **What do dues mean for the OHSAA?**

- OHSAA is beginning to build a new, more sustainable revenue model for the organization made up of a combination of a wider variety of income streams and better managing expenses. Because an organization cannot cut its way to success, this model must have more comprehensive sources of revenue to ensure the long-term sustainability of our nonprofit organization for another 100 years in the future.
- Membership dues give member organizations one steady line of income when all their other lines are highly variable. Membership dues are also something donors, a key piece of a new revenue model, look for when being asked to contribute to an organization.
- The revenue model that has been in place for OHSAA up to now has relied primarily on tournament ticket sales. As previously noted, ticket sales across sports at all levels of play have been in decline. It is time for a new revenue model that includes not only member dues but also revenue from:
  - Corporate partnerships
  - Donations from private donors and foundations
  - Logo licensing and sales (OHSAA shop)
  - Decisions about the use of OHSAA buildings
  - Investment income
  - Officiating and coaching courses
  - Ticketing
  - 50/50 sales and other events
  - Media rights and/or other platforms
  - Emerging sports
- The current five-year OHSAA Strategic Plan states “we will establish budget and operational strategies to ensure the long- term financial health of the Association.” Ensuring a solid financial future, that includes replenishing our working capital and building reserves, will allow us to continue to serve our member schools and enrich interscholastic opportunities for students.