



## United States Olympic & Paralympic Committee COVID-19 Impact and Financial Stability FAQ

*April 21, 2020*

**Q: We understand the USOPC is looking at reducing expenses. What factors will guide the USOPC's decision-making when targeting expense reductions to balance the loss in revenue?**

A: All of our decision-making will come out of the following philosophies as we look to maintain financial stability for our organization and the communities we serve, both in the near- and long-term.

1. Concentrate on sustained competitive excellence and well-being of Team USA athletes.
2. Deliver on our mission first in our core function: identifying, preparing and supporting Team USA athletes on their journey to the Olympic, Paralympic, Pan American and Parapan American Games; expand as resources are available.
3. Focus on athletes and the organizations that support them. Our support and oversight of NGBs is aimed to maximize their ability to deliver for athletes and to find alternative support where necessary.
4. Pursue excellence in all we choose to do; ensure that the quality of our work is exemplary. This may require narrowing our scope.
5. Invest the time and energy to make smart financial choices that align to the strategic plan (vs. blanket reductions) and lead courageously by being transparent about the decisions we make and why.
6. Think differently about how we can impact the long-term and consider opportunities to innovate.
7. People decisions and resources will be based on these principles and on our team member strengths in supporting them.
8. Time is of the essence. We must be agile as circumstances change.

**Q: When will the USOPC share outcomes and plans?**

A: We are expecting to complete our expense reduction plan by the end of May 2020.

**Q: What are the economic factors influencing the USOPC and the broader U.S. Olympic and Paralympic community?**

A: The extension of corporate sponsorships and clarity in terms of those deals, and the NBC arrangement are critical. We are also watching the trends in philanthropy as the economic environment evolves.

**Q: Is the USOPC anticipating staff furloughs or layoffs, or cuts to salaries?**

A: These are unprecedented circumstances, so we are considering every option we have to cut expenses. We are guided by the philosophies laid out by our Financial Stability Working Group, but we will look at broader program, services and personnel-related costs before we consider cuts or furloughs.

**Q: Is there a target number or percentage the USOPC hopes to achieve?**

A: We will be strategic about expense decisions rather than attempting an overly simple across-the-board approach. Our review and forecasting indicate that the magnitude of expense reduction will likely be between 10-20%. We will base our decisions on the outlined philosophies – we will first decide which programs, functions and services will be continued, and then make corresponding people decisions based on the resource needs to continue those programs.

**Q: How much USOPC revenue has been lost through the Tokyo Games postponement and the COVID-19 pandemic?**

A: We likely will not have the complete answer to that until as late as next fall, after the rescheduled Tokyo Games. What we know today is that we can expect both a significant delay in our revenue and a decline in the amount.

**Q: How much revenue will the USOPC need to make up (through new sources or by cutting expenses) to be solvent in 2020? In 2021?**

A: Because of the Tokyo Games postponement, we expect to spend between \$40-50 million less in 2020 than projected – but those expenses will be shifted to 2021. This allows us to tolerate revenue losses more easily in 2020, but we are looking at the longer-term plan and will need to make cuts now to avoid an even worse situation on account of the revenue we may lose over the next several years.

**Q: Does the USOPC believe there is a possibility that the Tokyo Games will be cancelled in 2021, and if so, what will the financial impact be on the USOPC and Team USA athletes/NGBs?**

A: We have to fully understand what that possibility would mean for our organization, so we have certainly considered and evaluated it. The impact of a cancellation would be devastating to our athletes, first and foremost, but also to our financial health and stability. We would survive such a scenario, but the impact would be severe.

**Q: Is the USOPC financially planning for more long-term effects, such as a potential postponement of the Beijing Games? Would USOPC leadership characterize the organization's action as conservative or aggressive?**

A: The actions we are taking are aimed at positioning us for long-term success against our five-year strategic plan (2020-2024). That plan calls for increased investments in athletes and NGBs and we want to be able to make those investments during the 2024 quad cycle. As with most organizations, we need to be prepared to be nimble and to adjust as we need to.

**Q: It's been reported that USOPC CEO Sarah Hirshland took a 20% cut in salary. How long will that last and is the USOPC expecting the same for other senior staff?**

A: Yes, Sarah Hirshland voluntarily took a 20% salary cut on March 27, shortly after the decision was made to postpone the Tokyo Games. Since then, the USOPC's Executive Leadership Team has also voluntarily taken a 10% cut in salary that has gone into effect. USOPC leadership is planning to continue these reduced salaries through the end of the 2020 fiscal year and will re-assess the financial situation each quarter in order to determine whether further cuts are needed.

**Q: The USOPC has \$200 million in the U.S. Olympic Endowment. Can it be accessed during this time? If so, how? If not, why?**

A: The endowment is a vital asset that we hope to preserve as it provides incredible long-term financial support for the USOPC. It also provides us some security in the event of a “worst-case” scenario – it is important to remember that as difficult as our current situation is, it does not meet that test. We need to retain the ability to deal with things getting significantly more difficult, for example if there were a cancellation of the Tokyo Games.

**Q: Does it make sense to follow the lead of other organizations who are asking the government for financial support?**

A: We will always keep every option open, but right now, we are directing our energy in the area of government support toward athletes and NGBs. They are feeling the most urgent and immediate revenue loss and cash flow concerns.

**Q: How is the USOPC continuing to support athletes and NGBs during the COVID-19 shutdown?**

A: We are committed to supporting athletes. In addition to ongoing, uninterrupted support in the form of direct athlete support, insurance, Athlete Career & Education assistance and shared services (e.g., nutrition, medical, strength and conditioning) we have increased and broadened access to mental health services.

**Q: Is USOPC leadership in communication with athletes and NGBs? What are their top priorities and concerns?**

A: USOPC leadership is in frequent conversation with Team USA athletes through weekly AAC calls and directly as well. The same is true for NGBs, both through our NGBC calls and ongoing dialogue across our many NGB leaders. The reality is we are all navigating an entirely new environment and looking for pathways forward. We are in this together and the USOPC, as the leader of the U.S. Olympic and Paralympic movements, is working hard to provide resources for athletes and NGBs.

**Q: When does the USOPC foresee re-opening the Olympic & Paralympic Training Centers?**

A: We know this is top of mind for many athletes – both residents and those who rely on the training centers for special services, along with those who see the OPTC as an alternative to their regular training venues.

First and foremost, we want athletes and our community to be healthy. While we want to honor athletes who are eager to return to training as soon as possible, we are going to be very intentional in our planning to ensure that the OPTCs provide a safe environment.

**Q: When does the USOPC foresee re-opening its office(s) – whether for a partial or full workforce – and what will that re-entry process look like?**

A: That is primarily dependent on local public health directives, but we are lucky to have an incredible team working on this detail and you will begin to see very specific plans and direction from us that answer many of your questions. Note that employees and facilities in different states may be subject to different state and/or local guidance.

The reality is that we are going to need to be flexible and nimble as we all take a very cautious and phased approach to any action. Our process will continue to be guided by local and state

regulations, but also informed and our organizational perspective – and the advice of internal and external experts as we consider returning to work and guiding our athletes and NGBs in their safe return to training and events.

**Q: Will the USOPC be able to meet its obligations to the U.S. Center for SafeSport?**

A: USOPC funding of the Center for this year is committed and contractual. Moving forward, the support is very much dependent on the Center's needs – and if there is a federal mandate.