

CABMA | CORNER

NEW DOG, OLD TRICKS

At a time when financial stability, even in athletics departments, is uncertain and budget cuts are still looming, changing jobs is a risky venture. Five months ago, I was employed at Columbia University in New York City as the associate athletics director for budget and planning/CFO. Four months ago, I moved my family 2,500 miles across the country to Logan, Utah to be the associate athletics director for business affairs at Utah State University. It was a great move for me and my family that came with many challenges ... both personally and professionally.



Rob Rusnack



Columbia and Utah State have little in common. Columbia has 31 sports programs; Utah State has 16. Columbia is FCS; Utah State is FBS. Columbia is located on the island of Manhattan in the City of New York; Utah State is located in northern Utah in the beautiful college town of Logan. Despite these and many other differences, both departments have a common financial goal: ensure that operating revenues and expenses are balanced or positive. Each university had different challenges reaching this common goal, but the basic lessons I learned from my years at Columbia were certainly applicable to Utah State and could be applicable to your colleges/universities.

DETERMINING THE ACCURACY OF THE FINANCIAL MODEL

Upon my arrival at Utah State, I immediately asked for a review of "Budget vs. Actual" for the most recent month on record. Even with an understanding that an athletics department's operations are cyclical in nature, I knew I would be able to get a pretty good idea of the accuracy of the current year's budget. Once I had reviewed each revenue and expenditure item, the next step was to address the inaccuracies (both positive and negative) since these would be the primary cause of a change to the bottom line.

The first step to addressing inaccuracies is to determine who set the original budget. Was this a top-down directive from the athletics director? Was there a formula used to calculate the budget? Is there an individual or unit in the department that determined the revenue/expenditure budget? Then it is time to meet with the appropriate party (even if it was the AD) to determine a few items:

- What was the strategy/calculation used in setting the budget?
- Was there a change in strategy that set a higher/lower budget?
- Are they aware that the current activities could lead to missing the budget?

ENSURING ACCURACY

It should not be the objective to criticize the group/individual that set the inaccurate goal. It is important, however, for them to realize that these goals were set as part of a bigger picture: the department's operating budget. If one revenue goal is missed or one expense budget is over-spent, the department's operations could be negatively affected. Here are some questions a CFO should be asking staff members that are responsible for revenue/expense projections:

Are revenue and expenditure targets **REALISTIC** and **ATTAINABLE**?

- **REALISTIC:** Goals should be identified through some

realistic calculation. For revenues, such as ticket sales, corporate sponsorships, outside income, etc., you cannot assume large growth unless you have a realistic rationale. Likewise, for expenses, you cannot ask a program to operate on a reduced expenditure authority that is not realistic.

- **ATTAINABLE:** All goals should be attainable. We would all like to increase annual fund giving by 30 percent, or increase ticket sales by 50 percent. These are (usually) not attainable goals (congrats if they are), and only set your operating budget up for failure.

What assumptions were used if your revenue projections are greater/less than those seen in previous fiscal years?

- Examples could be: Revenues — playing a division rival at home resulting in a boost to ticket sales; completion of a new venue leading to increased outside rentals; or Expenses — travelling out-of-region on a special trip.

How can you mitigate missing your revenue/expense targets to balance the operating budget?

- Each area responsible for a revenue or expense projection should be asked to identify a way that they can mitigate missing a goal. Varsity sports programs can use gift/donor/development funds to pay for overspending. Areas with revenue targets should be prepared to cut back on spending if they anticipate missing revenue targets.

I then used an Excel template where each head coach (or director of operations where appropriate) and administrator was asked to compile the following fiscal year's operating budget for their program. The template provided separate sheets to budget equipment, recruiting, team travel, game expenses, scholarships and office operating expenses. By asking the coach/administrator to compile the budget (with my assistance), we can create shared responsibilities from the bottom up starting with the coach/administrator through the budget office and on to the athletics director.

MAINTENANCE IS KEY

REMEMBER: A budget is **ONLY** a projection. Create committees consisting of individuals with revenue targets. Regular committee meetings will force participants to report on actual results vs. goals on a regular basis. This will provide the opportunity to mitigate missed revenue goals during the fiscal year rather than during the usual June panic.

In order to keep coaches/administrators on a fiscally responsible track, monthly reports must be provided that align with the compiled operating budget. University financial systems are not usually prepared to speak in a language understood by coaches and administrators. I have used the power of Excel once again to create monthly financial reports that "bundle" like expense codes with budgeted expense items. The more coaches/administrators can understand about their operating budget, the more "likely" it will be that they will pay attention to their spending authority.

At the end of the day, isn't that what all of us CFO's want?

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