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EVENT MANAGEMENT

A Coach's Guide to Budgeting at the Division III Level

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Abstract

Coaches at all levels need a guide to budgeting for their teams in particular at the Division III level. The budgeting process is important to coaches as well as the teams. The budgeting process can be confusing and frustrating for new coaches. This paper outlines for the coaches a budgeting process. Coaches must understand the budgeting process. The success of their programs rides on how many resources they are able to procure and how they use the resources.

Keywords: *budget; budget lines; budget process; chain of command; fiscal year; fund-raising*

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Varsity sports programs at National Collegiate Athletic Association (NCAA) institutions come in many shapes and sizes. At the Division III level, athletic teams face challenges in creating and using monetary budgets. Division III schools tend to be smaller with a smaller amount of money. Despite differences between institutions, the process that allocates institutional resources retains a general flow. The coaches determine how much money they need for the next season and request their budget. The athletic department then requests their overall budget. The student affairs or student life office then requests their budget, which includes athletics, among other activities for the general student body. The board of directors approves the budget plan along with the president and the chief financial officer.

The budgeting process is important for coaches. It gives them an avenue to express concerns with their current budget and to suggest places for improvement. The budgeting process can be confusing for new coaches. Questions pop up dealing with issues such as how much money is needed for a team. This is why coaches need to understand the process and their team's finances. Coaches should think about their goals for their programs, decide how much financial support they need to reach those goals, and plan a route toward reaching that level of financial support.

Recent Background

Recently, concern over the rising cost of tuition and the growing student debt has been growing. The average 2011 college graduate had a student debt of roughly $26,000 (The Project on Student Debt, n.d.). The Federal Reserve Bank of New York reported $902 billion in outstanding student debt in the United States (Brown et al., 2012). The Consumer Financial Protection Bureau stated that the total outstanding debt in the United States has increased to more than $1 trillion (Chopra, 2012). Recently, Congress has argued over the rate that the federal government will charge for student loans. The rising cost of tuition at public and private institutions is well documented.

The economic downturn of 2008 cost many colleges a large percentage of their endowment (Hechinger, 2009). As colleges have been trying to recover from these losses, they have made cuts to their budget or kept budgets at the same level. The economic downturn followed increases in tuition. Students used to be confident in their ability to pay off their student loans because they would be able to land a job after they graduated. With the economic downturn, institutions have been forced to reign in the growth in tuition prices to cope with students' newfound fear that they will be stuck in debt with no job. With shriveled endowments and no desire to raise tuition further, colleges have been reluctant to deal with increased commitment to athletic programs.

This reluctance has made planning for the future of athletic programs difficult for coaches. A proper budget helps programs to remain competitive as coaches need to recruit and attract new student athletes. The support for the current student athletes will affect the student athletes programs are able to attract.

How the Budgeting Process Works

Cost of a Student's Education

This paper focused on budgeting issues for small private colleges. However, many of the problems coaches face can be applied to public institutions. In addition, the majority of small Division III NCAA institutions tend to be private. First, I will examine the differences between smaller institutions and large universities.

First, universities gain a significant portion of their budget from state funding. Private institutions do not receive such funding. Larger universities typically consider their out-of-state tuition to be the real cost of a student's education (Zdziarski, 2010). They will give in-state students a huge discount and make up the difference through other sources. At private institutions, in-state students are not given a preference on tuition. Instead, every student is charged the same.

To make up for this price difference, smaller institutions discount the tuition for students depending on their ability to pay for college. The federal government has students fill out its Federal Application for Student Financial Aid (FAFSA) form that asks for information pertaining to their family's income, savings, and financial assets. After the form is filled out, the federal government will determine how much students can contribute to their education. Private institutions tend to consider this information when they decide to whom they will provide institutional grants. Institutions can take several approaches to determine from where their funding will come. Institutions with large endowments may use them to fund a significant portion of their budget. Most use the revenue from their students' tuition.

When the revenue of the institution is closely tied to tuition, the budgets of the departments within the college are generally fixed. If budgets increase significantly, the tuition of the students must be raised or more students must be admitted to the institution. Smaller institutions generate interest in themselves by marketing their small size, and increasing the size of the student body is not always a great answer to budget shortfalls. Plus, increasing the size of the student body would most likely require investments into additional infrastructure. The inflexible nature of the budget at smaller institutions makes increasing budgets for athletic programs difficult for administrations. However, student athletes make up a higher proportion of the student body at smaller institutions. The athletic department is a large percentage of the student body and must be recognized in this role.

Chain of Command

When creating financial budget's for the year, institutions of higher learning have many departments that they must consider. The athletic department will typically fall under the student life or student affairs office. This means that the athletic director will answer to the dean of student affairs or the dean of student life. Above the dean is the president, vice president, chief financial officer, and the board of directors. Many people must be convinced that the money put toward athletic programs will be put to good use.

Fiscal Year

The fiscal year is an arbitrary measure of time that the institution sets to group expenses together that are incurred around the same time. Colleges tend to define a fiscal year according to the school year. They set the date of changing from one fiscal year to another during the summer because it is a period of lighter administrative work with the student body away on summer vacation. Other institutions may set the fiscal year to align with the calendar year. Institutions set the fiscal year based on their own needs and organizational system. When programs request their budget for the next school year, they request the amount of funding they desire for the entire fiscal year. This includes recruiting expenses that are incurred during the summer.

Budget Lines

Programs are given a total amount of money that they are allowed to spend in a given year. Athletic departments must track how the resources are spent. This is typically done through a credit card banking system and accounting software. To track the funds, those who are authorized to spend must label their transactions for future identification. Because there may be a large number of transactions to track, budget lines are designated for purchases to be filed under. Budget lines are an identification system used in budgeting software. They typically comprise a series of numbers that are organized to group similar expenses together.

Budget lines are handled in different ways depending on the leadership of the athletic department. In most cases, budgets are broken down into separate lines that track how money is spent. In some cases, budget lines are not used at all, and the funding is tracked as a lump sum.

Typically, lines will be designated for recruiting expenses, traveling expenses, athletic equipment, professional development for coaches, and miscellaneous expenses.

To ensure all funds are being spent for the university, several people must review the monthly statements for the programs. At smaller institutions, typically a designated secretary reviews purchases. The athletic director will also review the statements after the secretary. Larger athletic departments may have designated support staff for the reviews, but most Division III institutions are small enough for a limited staff to monitor the budget. The accounting department may also have staff that audit programs. When this happens, a staff member outside of the typically involved persons will review the records. This ensures that staff members are not abusing funds for their own personal use.

Budget lines play the largest role in the planning process. When planning their fiscal strategy, schools delegate resources to areas depending on the need for the funding. Coaches, faculty, and other staff are known for requesting more money for their budget than the administration is willing to give them. Different requests must be categorized to be reviewable and prioritized. For athletic programs, priority is typically given to traveling expenses for competitions and equipment vital to competition. When creating a budget within lines, coaches will often use an Excel worksheet (see Figure 1).

Budget lines are used to create a budget for the next year to demonstrate how the funds will be spent. Some institutions will give coaches discretion after the budget lines have been created and allow some lines to go over their allotted total as long as the budget total does not go over the set amount. Other institutions will not allow coaches to spend more money than was allotted at the beginning of the year to the budget line. When allowed to go over their budget lines, coaches have more flexibility to disperse their funds as they see fit. This can be extremely useful when an emergency emerges or unforeseen circumstances create sudden unpredicted expenditures. When not allowed to go over their budget lines, coaches are forced to look more closely at the needs of their team for the upcoming season and submit an accurate portrayal of their costs. This can also make adapting to changing circumstances throughout the season difficult for coaches.

Other Types of Budgeting

In incremental budgeting, programs have a set amount of funding. Each year the budget automatically increases to account for increased travel costs and other expenses. The administration decides the size of the increase and then leaves the budget alone. This is an easy way for administrations to handle their budgets, but it makes it difficult to determine whether the amount of funding being given to the athletic programs is appropriate. Using incremental budgeting gives coaches freedom from preparing budget requests, but it could make requesting a funding increase beyond the set amount difficult.

To deal with this problem without resorting to budget lines, the administration may use a formula that determines how much funding programs will receive. The administration constructs this formula, which will vary depending on the needs of the institution. It can consider a few factors such as the cost per participant and the cost for travel depending on the distance the team travels. This equation can create institutional standards that create equity among sports. However, creating a formula that considers every facet of budgeting can be difficult. The administration should be able to tweak the formula if needed or decide to give itself the ability to change the outcome of the budgets if unforeseen circumstances emerge.

Finally, in zero-based budgeting, coaches begin the year with $0 for their budget. They must then build their request with each dollar given to them for expenses. This type of budgeting gives the administration the most control over the resources. Coaches must plan out the entire season and consider each expense they will face. This type of budgeting gives the administration the ability to quickly respond to changes teams face in their needs. When coaches are faced with this kind of budgeting, they must be thorough and able to exaggerate their needs.

2015 Fiscal Year Budget Detail					
Sport:		Submitted by:		Date:	
Budget Line	Description	Qty.	Unit Price	Item Amt.	2015 Budget
6103	**Athletic Supplies**				**$0.00**
6115	**On Campus Food Service**				**$0.00**
6122	**Memberships**				**$0.00**
6123	**Office & Instructional Supplies**				**$0.00**
6124	**Postage & Express**				**$0.00**
6126	**Professional Fees**				**$0.00**
6132	**Staff Development**				**$0.00**
6136	**Travel**				**$0.00**
	Buses				
	Mini-Buses				
	Vans				
	Meals				
	Hotels				
6141	**Technology**				**$0.00**
6159	**Recruiting**				**$0.00**
	Mileage/Rentals				
	Fees				
	Meals				
	Lodging				
6199	**Miscellaneous Supplies & Expenses**				**$0.00**
11-524??				Totals	**$0.00**

Figure 1. Sample fiscal year budgeting worksheet.

Budget Requests

For budget requests, coaches must consider many factors, including the financial health of the college, the financial health of the athletic department, the prominence of the team, the seniority of the coach, the ability of the program to raise funds outside of the budget request, the relationship of the coach with his or her superiors, the current goals of the college, the needs of the program, and the current and future competitive position of the program. If the institution is in good financial health, coaches will be more likely to receive their requests. If the institution is struggling, coaches should temper their expectations for the funding they will receive. Coaches can still request more resources, but they should be prepared to defend their request. During lean financial times, requests are likely to be approved only if they are necessary. During better financial times, coaches should still be prepared to defend their requests, but they will have a better chance at pushing for new funding. Depending on the institution, coaches may also have to consider the financial situation of the athletic department.

The prominence of the team, the seniority of the coach, and the relationship between the coach and higher administration will largely impact whether a coach's requests are fulfilled. Programs that have a winning record, especially those with national titles or other honors, will have an easier time procuring funding. Usually, these teams will have coaches who have been with the institution for a long time. Administrators will invest more resources into programs that are likely to make a return on the investment. The media and prestige that come with successful athletic programs can enhance the institution's ability to attract students. This can be especially important at smaller institutions where student athletes can make up one fourth to one third of the student body. A range of financial situations exists for Division III institutions. Some have large endowments and receive a significant amount of funding from grants. Others receive nearly all of their funding for a fiscal year from tuition. Both types can benefit from athletic programs that will attract students that the school might otherwise not be able to attract.

Fund-Raising

Linked to the prominence of programs, the ability of programs to raise funds outside of their budget requests can also determine for what coaches will ask. If programs are able to raise a significant amount of funds, coaches must decide what they will request in their budget and for what they will use the extra funds. Although coaches may consider many items necessary for the success of their program, administrators may not have the same view. Coaches who learn how to examine their situation through the eyes of the administration will be the most successful in complementing their institutional funding and extracurricular funding. For example, coaches know that the administration will probably not provide funding for expensive equipment that has training benefits but is not essential. However, the administration will be more likely to provide funding for extra travel expenses. In this situation, coaches should request the travel expenses and use their other sources to acquire funding for the expensive equipment.

Athletic programs can raise funds in a few ways. First, alumni will donate to programs that have a history of success. The most successful programs make their student athletes feel as if athletics was a crucial component of their educational experience. They make them feel as if athletics helped make them the successful people they are today. These alumni will give back to programs in their desire to give current and future student athletes the same, or a better, experience. Successful programs can also organize camps or clinics that use their reputation to attract participants. Only the top Division III institutions are able to organize large camps, but smaller institutions can organize local camps if they put forth the effort. Depending on the setup at the college, coaches may have to pay to use the facilities or share a portion of their profit with another department. For example, the conferences and events office at Juniata either will take one third of the money earned by a camp or will provide the camp with workers and take two thirds of the money. Other institutions, such as Kenyon College, charge for the use of the facilities and allow the coaches to keep the rest of the profit.

Coaches can involve their teams in running camps. This has a couple of advantages. First, it shows them the amount of work that goes into raising the funds that they use. This can give them a perspective that may prove beneficial when they become alumni. Second, the camp will be run well since the athletes will be on the same page as their coach. Third, it can give the student athletes a way to make money over the summer months. Finally, it can build up student athletes' résumés in case they want to become involved with the sport after graduation. The NCAA has two requirements for this pay. First, the work must actually be performed. Second, the rate must be commensurate with the typical rate given for the work (NCAA, 2012).

Teams can also sell goods such as T-shirts for fund-raising. They can also organize traditional fund-raisers such as concession stands and car washes. The NCAA (2102) rules on this subject say that such actions are allowed as long as all proceeds go toward the institution. The likeness of the student athlete can also be used to promote events as long as it is linked to the institution or to a certified nonprofit if the organization is outside of the institution.

Although teams should maximize their opportunities by organizing as many fund-raising events as possible, they must also keep a pulse on the administration. The current goals of the administration will majorly impact requests for more funding. If the college is trying to cut back on costs or freeze their tuition, programs will unlikely receive more funding. If the college is trying to expand its athletic department, coaches should prepare a case for more funding. Coaches will find the most success at institutions where the administration's goals align with their own. Coaches will have difficulty when an administration expects more from the program than they feel comfortable handling or when they want to take the program further than the administration is prepared to fund.

The needs of programs are related to their competitiveness and the expectations of the administration. The needs of programs shift over time depending on the quality of competition they need to face, the number of athletes they need, the quality of the athlete they need, and the shifting reputation of the institution as a whole. When programs reach a point where they need to face a high level of competition, they will probably have to travel farther. This will require more program funding. When programs need to expand their roster, they will need more funding for greater travel and equipment costs. When programs become nationally competitive, they will need to expand their recruiting reach to bring in better athletes. This will take more money as coaches will need to send out more letters, access to new recruiting databases, and travel farther to watch recruits in action.

Most coaches consider these factors without conscious effort because they are aware of the situation of their program and the status of the institution as a whole. However, coaches will find it useful to step back and examine the situation. They may find that some of their priorities have been misplaced and that they need to shift focus to other areas of their budget that have been neglected. Identifying the needs of the program is the first step in acquiring the resources that coaches require.

Differentiating Between Needs and Wants

At smaller institutions, coaches are asked to provide a great experience for their student athletes with limited resources. Coaches must prioritize their spending to maximize their ability to achieve success within their program. If coaches listen to their athletes, they will find that every area of their program is lacking. They will bemoan how the program does not garner enough attention or support from the college. Comparisons will be made that are meant to demonstrate how other programs have more. However, these small complaints are typically quickly forgotten. Coaches must decide how to spend their resources to make athletes feel comfortable and enjoy their experience.

The decisions coaches make create a balancing act. On the one hand, student athletes will be happier if they are provided expensive food and lodged in expensive hotels. On the other hand, few programs have the means to spend lavishly on the athletes. Division III coaches tend to search for the best deals they can find so that they can stretch their funding further. Coaches do not want to place their student athletes into the cheapest accommodations, as this will typically negatively affect team morale. Instead, Division III coaches should search for accommodations that are nice enough but still affordable. Coaches must also balance the nutritional content of the meals with their affordability. Student athletes who typically eat more expensive food will not be happy if their coach provides them with pizza for every meal. While budgeting, most institutions use a standard rate to determine how much funding coaches will need to provide food and lodging for their student athletes. The ability of coaches to acquire food and lodging underneath the rate will allow them to use the funding on other items.

For Division III athletics, programs sometimes ask the student athletes to shoulder part of the financial burden. For colleges in the north, programs might ask student athletes to pay for trips taken to southern states for competition or training. For example, many baseball teams in the northeastern area are unable to play outside at the beginning of their season. It is simply too cold. They have gotten around this problem by taking trips to Florida, South Carolina, or other areas that are typically scheduled over a school's spring break. These trips may cost the student athletes more than $500. Another example is the propensity for swimming teams to take "training trips" over their winter breaks. The swimming season is longer than most, lasting from September until February or March for most Division III programs. The trips are used as a way to keep the student athletes engaged during a difficult portion of their training. Baseball, softball, and swimming coaches will attest for how their trips are a vital part of their competitive culture, but they are too expensive for nearly any Division III institution to pay for. Beyond trips, programs have also been known to ask athletes to pay for some of their equipment.

When deciding how to improve their program, coaches are faced with several decisions. First, they can use a large portion of their funding to recruit better student athletes and hope for the best. However, coaches should also consider that they must provide their current student athletes with a great experience to attract new student athletes and create alumni that want to give back to the program. They must also consider how they want to recruit student athletes. They can mail letters to recruits, but they must pay for postage and printing. They can e-mail recruits without those costs, but they may have to pay for access to e-mails. They can use funds to visit recruits at competitions or at their homes. However, coaches must watch the amount that they spend on recruiting. If too much is spent on recruiting and not enough is spent on the current student athletes, coaches will have trouble with their student athletes telling recruits to look elsewhere. Coaches must decide how they will focus their efforts and stick to a plan to be successful.

First, a coach must ask, how vital is this expenditure to the success of my student athletes? Programs have only a few necessary expenditures. First, programs must be able to travel to competitions. Several options for travel are available depending on the size of the team. Colleges often have vans that smaller teams can take for no charge outside of the costs of gas. The teams can also rent vans if their college does not provide that service. Many teams will require a bus. Different buses are available, although smaller buses do not cost much less than a full 55-passenger bus. Other than size, buses also have the advantage of a professional driver. The coach is no longer responsible for driving and the student athletes feel safer. Whether the extra cost of the bus worthwhile depends on how large the team is and how comfortable the coaches are with driving.

Another necessary expenditure is athletic equipment. The budget that is required for athletic equipment varies depending on the sport. Uniforms must be replaced semiregularly, balls must be replaced regularly, swimsuits must be bought every season, goals must be replaced occasionally, and other purchases must be made for teams to function. For football, these can include pads, helmets, jock straps, water bottles, and balls. For soccer, these can include uniforms, balls, and field maintenance. For tennis, these expenditures can include balls, rackets, nets, painting the courts, and uniforms. Every sport has expenditures that are vital to the competition. Coaches can easily argue these purchases, but the administration can be difficult with which to deal on certain points.

Coaches must be able to recruit. This is less important at some institutions than at others. Better known colleges such as Williams and Amherst have more student athletes come to them. Lesser known institutions must seek out potential student athletes. The administration will give their athletic programs resources depending on the amount of recruiting activity they deem necessary. The job of coaches is to convince the administration that further resources administered in recruiting will find a return on the institution's investment. When creating budget requests, coaches must first consider whether they need an increase in recruiting funds. If they decide that they do, coaches must prepare a defense for their request. They should avoid being placed in a situation where the administration expects more return from their investment than possible. The better coaches can explain their situation, the better chance that expectations will match the investment into recruiting.

The recruiting budget is typically flexible in how it is used. Many approaches can produce results, but Division III institutions have their own trends. First, many athletes need to be contacted because the institution cannot offer athletic scholarships. High-prestige Division I institutions typically contact a small pool of recruits because they can offer many incentives. Because Division III schools have a murkier process for offering incentives, student athletes tend to widen their search to compensate. Second, Division III institutions tend to not have travel budgets that are big enough to sustain constant travel or sustain the staff to recruit across the country.

Even deciding how to contact potential student athletes can hold different possibilities. The trend has shifted toward e-mail because it is free for coaches to send and nearly every recruit has an e-mail address. However, the impermanence of the format lessens the weight of e-mails. High school students are bombarded with e-mails, and schools may not stand out. Letters cost money to print and send in the mail. High school students still receive plenty of mail, but whether sending a letter or an e-mail will more likely catch a recruit's attention is difficult to determine. Most likely, it depends on the recruit.

The most expensive option, but also the most impactful, is meeting the recruit in person. This can be done by visiting competitions or the recruit's home. Many Division III coaches choose to attend events where they can speak to several recruits at once. Coaches typically reserve this for top recruits, but they can save money and reach more recruits with their limited resources. First, they can consider living out of their car instead of booking a hotel room. Coaches must ensure that they have access to a public bathroom if they choose to go this route and should bring equipment for cleaning themselves as if they were camping. Second, coaches could try and find a friend with whom they can stay who lives close to the recruit. This is vastly preferable to living out of the car. Third, coaches can rent a hotel room. This is expensive and not preferable, but this is often necessary. Finally, coaches can only visit recruits that are within driving distance of their home. This can be difficult for coaches who do not enjoy driving home late at night, but it is cheap. This can also be difficult for coaches who work at rural campuses where it can be tough to reach many recruits who are farther away.

Once coaches determine how they will recruit, they must create an optimal recruiting schedule for their program. They should have a list of events they would like to attend and add up the cost of attending the events. When asking for budget increases, coaches should start with the highest amount for which they can ask. They will then negotiate if their initial request is not approved. It helps if coaches are able to justify their recruiting trips and to tie the trip into the health of the college.

Conclusion

Institutions of higher learning are not a monolithic entity. They approach their finances in different ways. However, commonalities span all institutions. Coaches should remember three main points while creating a budget. First, they should understand the overall financial situation of the institution so they can adjust their requests for budget increases. Second, they should prioritize their expenses. When deciding where to request budget increases, they should be able to point out which areas will be vital for the health of the program. Third, coaches should be able to justify their budget request with a detailed explanation for how the money will be used, which will make them more persuasive.

Coaches must understand the budgeting process. The success of their programs ride on how many resources they are able to procure and how they use the resources. Coaches might find arguing with the administration for more resources difficult, but a solid understanding of how funds are being spent and a good argument about how funds will help the overall mission of the college can go a long way.

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