

# 'The hard part is, there's no crystal ball': MIAA facing its worst financial crunch

By [Bob Hohler](#) Globe Staff Updated June 15, 2019, 9:18 p.m.



MIAA Executive Director Bill Gaine spoke at the organization's annual meeting in April. (Jonathan Wiggs/Globe Staff)

These are the glory days, the indelible moments when the best high school spring sports teams in Massachusetts compete for state championships.

But there are serious problems behind the scenes — financial strains and bitter divisions within the agency that manages the tournaments — that threaten to diminish the experience for thousands of student-athletes and increase demand for public funds to relieve the fiscal stress.

A Globe review has found that the Massachusetts Interscholastic Athletic Association, the nonprofit responsible for running the tournaments, has spent itself into trouble with multimillion-dollar investments in retirement benefits and with salary hikes for its executive director, William Gaine Jr., and his staff during a decade when revenues remained flat because of flagging tournament attendance.

The spending has contributed to the worst-ever financial crunch at the MIAA, which relies on public support for 96 percent of its annual budget of \$6.5 million.

"The totality of the evidence suggests an organization that is hemorrhaging financially and in desperate need of remaking," said Peter Rittenburg, Brookline High School's athletic director, a MIAA committee member who has analyzed the association's finances.

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Rittenburg, a former track star who earned a degree in economics at Harvard, said that if the MIAA continues on its current financial course, "bankruptcy would seem inevitable within the next four to five years."

Gaine, a guiding force at the MIAA for nearly 40 years, flatly rejects that prediction: "We are not in a jeopardy position by any stretch."

But, Gaine said, "We do have some challenges, there's no question about it. . . . We're going to turn it around."

The financial pinch has triggered unprecedented strife within the MIAA

as Gaine and his staff have variously proposed sharply increasing dues and fees on the organization's 377 member schools, raising ticket prices, reducing tournament budgets, and curbing revenue sharing with schools statewide.

"The burden of increased fees and costs will fall directly on the schools and towns," said Wellesley High School athletic director John Brown, who serves on an MIAA district committee. "If we have to spend more money on MIAA fees, that means less for our student-athletes and higher user fees to families."

To date, the all-volunteer MIAA board of directors — made up of school committee members, superintendents, principals, and athletic directors — has largely resisted fixing the organization's finances by charging schools higher rates. But they know that something must be done.

One board member, Marshfield's school superintendent, Jeff Granatino, has emerged as a voice for change and has pressed in recent months for a series of reforms, including greater oversight of the MIAA's management.

Granatino, who chairs the association's finance committee and will become the board's president in July, called for an independent audit of the MIAA's books. The audit is pending.

He also shepherded through a budget designed by Gaine and his staff for the next fiscal year that trims the MIAA's spending by 4.35 percent, and doesn't raise dues, fees, or ticket prices.

The budget shows, Granatino said, that "we have heard the concerns

brought forth by our stakeholders and we are working diligently to address them."

## How long can this continue?



Brookline athletic director Pete Rittenburg, who has an economics degree from Harvard, believes the MIAA could go bankrupt in the next 4-5 years. (Suzanne Kreiter/Globe staff)

The question that looms over all is this: How long can the MIAA survive if its financial decline continues at the current pace?

From 2015 to 2018, the association's available cash and investments dropped by 35 percent, to \$1.2 million, its lowest balance in a decade.

And, according to the MIAA's most recently available federal tax returns, the nonprofit posted a deficit of \$684,000 over the last two years.

All this occurred while the MIAA's payroll for 29 employees increased by 22 percent from 2015 to 2018, to \$1.3 million.

Such spending growth in a season of deficits has led some MIAA insiders, such as Keith Crowley, a past board president, to support greater scrutiny of the association's "internal controls in terms of cost containment."

Gaine, however, says the fiscal crunch is related to shrinking attendance at high school sports tournaments rather than personnel costs. From 2010 to 2018, turnout at MIAA tournaments dropped by 20 percent, to 369,000, while the agency's income from the games sank by 67 percent, to \$315,000.

The drastic drop in income stemmed in part from management's decision to relocate the state basketball finals in 2016 from Worcester to Springfield — a move that proved to be a bust.

Gaine said some of the new spending was essential, citing technology investments and minority hiring — the MIAA had no person of color on its staff as recently as 2014.



Gaine says much of the MIAA's financial woes come from shrinking attendance at high school tournament games. (JONATHAN WIGGS/GLOBE STAFF)

But there has been a much costlier force in play. Since 2008, the MIAA and its sister organization, the Massachusetts School Administrators Association, have spent more than \$3 million to fund a new pension plan and a trust that subsidizes health care premiums for retirees.

At the same time, the associations have spent more than \$1.2 million funding a previously existing retirement program, which remains in effect.

The salary hikes and retirement benefits have been a boon to Gaine's four-member executive staff, which also derives income from the MSAA. From 2015 to 2018, its compensation rose 18.5 percent, to \$772,000.

Gaine, who serves as the executive director of both the MIAA and MSAA out of the same office, received total compensation of \$291,000 last year. His base salaries were \$196,000 at the MIAA and \$50,000 at the MSAA.

The nation's longest-serving executive of a state interscholastic sports

association, Gaine, 75, said he is not overpaid.

"Anybody can take a shot at what a salary package is," he said. "You see all the time that X number of firemen and policemen are making \$300,000."

Questions have also been raised about how much Gaine works; different reports yield very different numbers.

In financial statements filed with the Massachusetts attorney general from 2014 to 2017, Gaine is listed as working 38 hours a week: 30 for the MIAA and eight for the MSAA.

On federal tax returns for the same period, the associations reported Gaine working 55-hour weeks: 45 for the MIAA and 10 for the MSAA.

Asked to explain the 17-hour difference, Gaine instead offered another figure: "I have done an analysis. I work at least 60 hours a week."



Gaine receives a combined \$291,000 in compensation plus generous healthcare and retirement benefits as executive director of the MIAA and MSAA. (JONATHAN WIGGS/GLOBE STAFF)

In retirement, Gaine and his staff also will benefit substantially from the enhanced benefits program.

From 1996 to 2008, the MIAA and MSAA funded retirements solely by contributing up to 12.6 percent of an employee's wages to a tax-deferred fund to supplement Social Security payments.

Then the associations became more generous.

Under a plan modeled after the Massachusetts Teachers' Retirement

System, which generally provides fully eligible retirees 80 percent of their employment income, the MIAA and MSAA began guaranteeing their employees similar retirement packages by creating a multimillion-dollar pension fund.

Gaine, who was the deputy executive director at the associations at the time, said the idea was that the enhanced pension program would help attract and retain talented workers from the state's public schools. The plan was approved by the boards of both organizations.

Gaine himself is eligible as of 2018 to receive about \$175,000 a year in retirement: a \$114,000 pension from the MIAA and MSAA and the balance through a combination of tax-deferred contributions the associations made to his retirement fund since 1996 and Social Security.

The beefed-up retirement benefits have prompted questions about the association's use of public funding.

"Who is the MIAA actually serving?" Rittenburg said. "The state's student-athletes or MIAA executives?"

Attorney Joseph Scardino, who designed the MIAA and MSAA retirement health and pension plans, said they were funded so as not to burden the budgets.

"It has been very fiscally responsible," Scardino said, noting that he was speaking as an attorney, not an accountant or an actuary.

## **Leadership comes under fire**



Marshfield superintendent Jeff Granatino will soon become President of the Board of Directors of the MIAA. He believes Gaine should step down from the MSAA to focus on the MIAA.(JONATHAN WIGGS/GLOBE STAFF)

When Gaine joined the MIAA and MSAA in 1979, the associations provided no retirement safety net. Gaine, a former seminary student who holds master's degrees in theology and counselor education, helped to manage the two nonprofits until he retired as deputy executive director in 2012.

When the top job opened a year later, Gaine returned, at age 68. The MIAA and MSAA board presidents at the time — Brian McCann and Ann Knell, respectively — said his 34 years of management experience was a key to his hiring.

"He will enable the two organizations to transition to a new leader without missing a beat," they said in announcing the hire.

But six years later, the MIAA's leadership has never been more challenged. Rittenburg, who has shared his findings with MIAA members throughout Eastern Massachusetts, said, "I have lost confidence that current leadership has either the ability or appetite necessary to effect critical changes from within."

Rittenburg says he sees the situation as one of mismanagement, not wrongdoing.

Gaine accused Rittenburg and other critics of "defaming the association" by "using numbers that were very misleading and inaccurate."

Rittenburg, who in March was named athletic director of the year in



one of the MIAA's largest districts, said the data he relied on came directly from the MIAA.

He is hardly alone in his concerns. Two influential MIAA board members — Granatino and Marilyn Slattery — said the organization might be better served if Gaine stepped away from the MSAA and fully focused on the MIAA's needs.

Gaine indicated in one of several lengthy interviews that he would not fight such a request. He is under contract through 2021.

"It's really up to the membership," he said.

The MSAA, which provides professional support for school administrators, had long served only secondary schools. Its mission expanded last year when it began to deliver support to administrators in all K-12 schools statewide.

The MSAA's budget of \$2.8 million may grow, but the increased spending is expected to be offset by dues and fees paid by hundreds of new member schools

The MIAA, however, faces a fundamental dilemma: How to do more with less.

The organization collects about \$1.5 million a year in dues and fees from member schools and funds the balance of its budget mostly through its chief mission: managing tournaments.

But filling tournament seats has grown increasingly difficult for a variety of reasons, including alternative viewing options, such as live

streaming.

Slattery, who attended the MIAA's divisional Super Bowl football games at Gillette Stadium last fall, said, "All I saw was a sea of empty seats."

Eight title games drew a combined crowd of 21,000, a record low. Turnouts were similarly light for state semifinal basketball games and hockey championships at TD Garden.

"I love the premier venues we have," Slattery said. "I don't want to give them up, but I don't know if we can continue to sustain it."

The MIAA governs 2,200 tournament games for 76,000 students in 34 sports, and the association's leaders see little hope of reversing the downward trend in attendance.

Their immediate aim has been to recover from the crushing loss they incurred by moving the MIAA's basketball finals in 2016. Gaine and others at the MIAA hoped that by partnering with the Naismith Memorial Basketball Hall of Fame in Springfield the events would spark greater interest.

Instead, attendance sank, and the MIAA's net income from the basketball tournaments plunged by more than 56 percent, to \$217,732, by far the greatest source of the organization's overall drop in tournament income.

"The intent was, 'This is awesome, the home of basketball, the Hall of Fame, this is going to be huge,' " said McCann, who remains an MIAA board member. "I think it's safe to say that the results did not come close to the expectation."

The blow might have stung less had the MIAA more tightly controlled its costs. But while tournament revenues dropped by 6 percent from 2008 to 2018, management increased its spending on the events by 19 percent.

Gaine said costs rose in part because the MIAA added tournaments for sports such as rugby and girls' wrestling, although those expenses are relatively small.

## Calls for transparency



Gaine's plan to get more revenue by exacting higher fees from non-revenue sports was not formally vetted and approved by the MIAA's board of directors. (JONATHAN WIGGS/GLOBE STAFF)

As the MIAA's fiscal pinch tightened, Gaine devised a plan last year to shore up the budget in part by exacting higher fees from the so-called nonrevenue sports: cross-country, golf, gymnastics, skiing, tennis, track, and wrestling. He said the MIAA spends about \$450,000 a year to subsidize its tournaments.

The plan was approved by the MIAA finance committee but not formally vetted and approved by the 22-member board of directors. It was one of numerous proposals that have become official policy without the full board casting votes.

"We basically have been just a rubber stamp," said a board member who asked not to be identified out of concern it would hamper his ability to work effectively with his colleagues.

Others shared the board member's concern. Brown, the Wellesley

athletic director, who serves on the MIAA's tournament management committee, said the association's "governance structure seems to be failing."

"There needs to be further oversight by the board of directors and the finance committee," Brown said.

According to the MIAA's governing document, the board of directors "is ultimately responsible and accountable for the activities of the corporation." Gaine, however, asserted that the bylaws effectively grant the finance committee the power to cast the final votes on budget, personnel, and policy matters so long as those actions are reported to the full board in at least summary fashion.

He said board members who consider themselves rubber stamps have demonstrated "a void in loyalty, care, and obedience" to the association. The information is available to them, he said. All they need to do is seek it out.

That's not good enough, many MIAA members said. They called for Gaine and the finance committee to become more transparent and inclusive.

Gaine portrays the MIAA as governed collaboratively by 600 members who serve on 35 sports and administrative committees.

To the contrary, his critics say, policies have long been shaped partly by Gaine's executive team and a small core of board members who constitute a majority on the seven-member finance committee: McCann, the principal of Case High School in Swansea; Slattery, a house principal at Malden High School; Crowley, the principal of St.

John's Prep in Danvers; and David King, the assistant principal and athletic director at Athol High School.

McCann, Crowley, and King each have served on the finance committee for at least eight years.

"I think the perception that a select few are making all the decisions has been a major factor in the recent negative feelings that have been aimed at the association," said Jim Quatromoni, the Hingham High School athletic director, who serves on an MIAA district committee and on the board of the Massachusetts Secondary School Athletic Directors Association.

McCann said he recognizes that the committee has been perceived as an "old boys network."

"But I don't consider myself one of the old boys," McCann said. "I am someone who has a voice and who exercises his voice."

Slattery, who is retiring June 30, said the MIAA could benefit from new faces in leadership.

"It's time for some of us to give up some of our control," she said.

Crowley, who represents Catholic schools, said he may relinquish his seat next year to an MIAA member from the Boston Public Schools.

King did not respond to interview requests.

## **Members significantly divided**

No one took greater offense at Gaine's plans for new fees and budget

trims than proponents of the running sports — cross-country and track and field — whose 60,000 participants far outnumber the participants of any other sport the MIAA manages.

They bridled when Gaine said the MIAA was spending \$156,000 a year to subsidize cross-country and track and field tournaments. Rittenburg showed that the cost was more than offset by the \$196,000 the organization charged member schools simply to field teams in those sports.

Raising the stakes, the Massachusetts State Track Coaches Association launched an unprecedented plan to wrest control of track and cross-country tournaments from the MIAA.

Gaine pushed back, and tensions escalated until the sides reached an uneasy truce. Now, bad feelings linger, with Gaine angered by what he perceives as a revolt fomented by outsiders and the track coaches pressing for new leadership.

Crowley, a former board president, said he stands by Gaine, who has been widely credited with shaping the MIAA's commitment to "educational athletics" by emphasizing student leadership, sportsmanship, and community service.

"Can all of us grow as leaders and as people who contribute to this mission?" Crowley said. "Absolutely, and I think Bill would be the first to acknowledge that."

Gaine also defended his performance, and he has many influential supporters. But he has never been so beset by criticism from within his own ranks. A recent informal survey by the MIAA found members

are significantly divided on whether its executives and governance process are fair, open, and effective.

One athletic director wrote: "The MIAA is a great organization that has always worked hard to do what's in the best interest of student-athletes."

A principal stated: "The finances are in shambles and there has not been transparency around it or communication about it."

Another athletic director wrote: "Our executive director has had a distinguished career serving the students of Massachusetts, but our association is in desperate need for a new perspective and some fresh ideas."

In the months since the Globe began its review, Gaine and the MIAA have taken steps to address concerns about management and finances. They have rescinded the tournament budget cuts and proposed entry fees for nonrevenue teams, reduced health insurance benefits, improved communications with members, and become more transparent.

But no one in leadership professes to have a solution for the MIAA's fiscal ills. Nor has anyone been able to say how the association's financial model might look in five years if tournament attendance keeps dropping and spending outpaces income.

Crowley said, "The hard part is, there's no crystal ball."

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