

National Press Club
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I want to thank the National Press Club and Curtis Eichelberger for the invitation to address this group once again. This is my third appearance before the club in the last five years, and I consider it a great honor.

This is an especially good occasion today because it affords me and the NCAA the opportunity to release a major report on the future of intercollegiate athletics – Division I athletics in particular.

At your table when you arrived today, you have a copy of the report from the NCAA Presidential Task Force on the Future of Division I Intercollegiate Athletics. It is entitled *The Second-Century Imperatives: Presidential Leadership – Institutional Accountability*.

I am pleased, also, to have on the dais with me today two individuals whose contributions to the Task Force and this report have been critical.

Peter Likins, President Emeritus of the University of Arizona, was chair of the Task Force and chair of the subcommittee on fiscal responsibility. Karen Holbrook, president of Ohio State University, chaired the important subcommittee on student-athlete well-being. Thank you, Peter and Karen, for being with us today and most especially thank you for your extraordinary leadership of the Task Force.

In my previous talks to the National Press Club, I stressed academic achievement of student-athletes. There is very good news on this front. Student-athletes are performing better in the classroom; they are graduating at increasingly higher rates; and academic reform as a whole is gaining traction and changing the culture of intercollegiate athletics.

I began as both a critic but also an advocate of intercollegiate athletics, when I addressed you five years ago while serving as president of Indiana University, Bloomington. While recognizing the benefits of athletics on campus, I asked for the volume to be turned down.

Then, when I addressed you three years ago, having very recently been appointed president of the NCAA, I promised you reform. Today, I can tell you that the NCAA is delivering on that promise.

Indeed, the significant progress in academic reform positions us to tackle an even more difficult set of problems. And that is just what the Presidential Task Force report does.

But before addressing those issues, let me say a few words about academic progress.

The central tenet of academic reform, and for all constructive change in college sports, is that intercollegiate athletics is embedded in higher education, that college athletics is part of the educational process, that it has educational value. The purpose of a college education is to acquire knowledge and skills that enable students to be productive citizens and successful persons.

Reading textbooks, attending lectures and taking tests is a good part of the learning that occurs in college, but not all of it. There are also developmental aspects to a college education.

Student-athletes learn the ability to lead and to follow, to sacrifice self for the common good, to be part of a larger team. They learn resilience to overcome setbacks, and the good judgment to accept victory with

humility and defeat with grace and honor. They learn, most importantly, the value of hard work and the pursuit of excellence.

Of course, there are other means for university students to build character and life skills, but athletics is one excellent means of doing so.

Furthermore, despite the occasional and visible misstep, these character traits are modeled to other students and to society at large. This, I suggest, is one strong reason college sports is tied so viscerally to higher education in America. It is a fixture of our national culture that no other nation can claim but that many envy.

Five years ago, I told this audience that we had to renew the effort to bring college sports into better alignment with the mission of higher education. We have to educate students. That is our purpose.

Today, my commitment to academics first has not changed.

A decade ago, several reform efforts came together, including those motivated by the Knight Commission, several key athletics conferences and the NCAA itself. The result was an unprecedented level of energy directed at reasserting presidential leadership and academic primacy. We are making significant progress. It is becoming clear that college *athletes* are first and foremost college *students*.

When I initially talked about academics first five years ago, the graduation rate of student-athletes in Division I was 58 percent – three percentage points better than the student body. Football players were graduating at a rate of 49 percent and male basketball players at a rate of 40 percent.

Five years later, student-athletes are graduating at a rate of 63 percent – five points better than five years ago.

That *is* significant progress. Anyone knowledgeable about graduation rates knows that, for a large population of students, an increase of five percentage points, plus upward trends in all demographic categories, is genuine and serious progress.

Football student-athletes increased five points to 54 percent in those five years. Male basketball student-athletes likewise gained five points from 40 to 45 percent.

Actually, the reality is far better than the numbers indicate. These numbers result from using the federal methodology for calculating graduation. That methodology is now well recognized as a flawed approach. The current federal approach is to take a snapshot of when students first enter a university and then six years later take another snapshot to see who graduated from that same institution.

This approach is both inaccurate and a poor management tool. It is inaccurate because it fails to track transfer students.

Imagine this. Your son or daughter enters a large university after a well-above-average high school experience but is overwhelmed by the size of the campus and the change in expectations. He or she leaves after the first semester, works for a year and then enters a smaller liberal arts college where four years later – having found the right environment – graduates with honors.

According to the current federal methodology, your son or daughter is an academic failure because the large university just wasn't the right place and he or she transferred.

The fact is that as many a third of all students – higher at some public institutions – transfer at least once during their academic careers and still earn degrees.

When *we* started tracking student-athletes who transfer, we discovered that in Division I alone more than 30,000 were not counted by the federal government each year. Thus, we created a new and more accurate metric – the Graduation Success Rate, or GSR.

About a month ago, we announced this year's graduation success rates for Division I student-athletes at 77 percent – up one percentage point from a year ago, and *14 points more accurate* than the federal rate. Compare this graduate rate with the Knight Commission's stated goal in 2001 for student-athletes of 50 percent!

We also have a new and better management tool for presidents and directors of athletics. We call it the Academic Progress Rate, or APR. It's a better tool because it enables us to understand how a sports team is doing while student-athletes are still enrolled. It measures term-by-term the eligibility and retention of a team's student-athletes, which allows directors of athletics and presidents to understand where there are problem areas and to begin to set the ship right.

This approach is making a difference.

We have attached strong sanctions to under-performance academically for athletics teams. The unit of analysis is the team. If a team has a low APR – under 925, which predicts a 60 percent graduate success rate – then the team loses scholarships.

In Division I, the ability to compete successfully is tied to recruiting incoming student-athletes, and with the loss of scholarships, that ability to compete is diminished. We are getting the attention of the athletics community.

The goal is to change behavior, not to punish. But if the loss of scholarships does not yield improved academic performance, then there will be more severe sanctions, including the ability to compete in postseason championships, such as the basketball Final Four.

We are assisted in meeting our goals by the media. Stories about poor APR scores are highly unwelcome by the coaches and universities, just as stories about academic success of teams now become news.

As I travel around the country and visit campuses, I invariably encounter athletics directors and presidents who want to talk about their academic scores. The ones who have good news want to brag about it, of course, and they should. The ones with not-so-good news in some sports want to talk about what they are doing to fix the problem.

This is a change in culture. More and more, academics are being placed first on our campuses. I am encouraged.

Academic reform has been a *structured* approach to change. It has been research based and data driven. We set standards that all student-athletes and all colleges and universities have to follow. We benchmark progress. We have sanctions in place to reinforce compliance. Teams and universities are held directly accountable. This is reform with a mandate, with predetermined goals that everyone strives to achieve.

This approach, however, doesn't work for all areas where change may be needed. One of the strengths of American higher education is its diversity of institutions. In the NCAA, there are more than a thousand universities and colleges, ranging from large public to small private ones, from comprehensive academic programs to more focused approaches, from campuses that invest heavily in athletics with elite programs to those that have modest financial commitments and where very broad participation is the rule.

This diversity has made higher education in America, and intercollegiate athletics as a part of it, a vital and rich tradition. But it also means that a cookie-cutter approach to solving all problems won't work.

Fiscal planning and implementation is a good example. We cannot dictate through national policy how more than a thousand institutions of varying circumstances should invest in intercollegiate athletics.

Shortly after I became president of the NCAA, the Association released a study from three Brookings-affiliated economists that was highly revealing. The report, *The Empirical Effects of Collegiate Athletics*, examined spending in athletics in terms of operational budgets. That report was followed last year by a report on the effects of capital expenditures in Division I. Peter and Jonathan Orszag were the principle authors of these reports.

The most startling finding of the first report – and a challenge to conventional wisdom – is that increased spending does not necessarily result in more wins, and more wins do not necessarily result in more revenue.

To put it simply, if you spend an additional dollar, you get on average an additional dollar in return. This is not a very efficient use of institutional resources.

The study on capital expenditures showed that Division I's facility expansions and new construction on a number of campuses added significantly to the cost of athletics on campus. And the long-term burden of bonded-indebtedness can cause financial difficulties. But the most startling revelation was that these reports were virtually ignored.

So engrained are the ideas of spending for more wins, investing to increase revenues, expanding to enhance competitiveness, that empirical data that should drive a change in behavior is discounted.

Outside revenues through the 1990s had increased because of media rights sales, marketing efforts and corporate sponsorships. Facility expansion – especially expanded private boxes – provided more capacity for ticket revenue, as well. Athletics budgets were growing at significant rates – often three to four times that of the universities themselves.

But as outside revenue growth for athletics begins to moderate at most institutions, the rate of budget growth has not always followed. In many instances, the result has been a need for increased support of athletics through institutional funds.

However, those dollars will become more scarce as financial pressure mounts on all of higher education. For public institutions, state and federal funds have decreased as a proportion of budget over the past several decades, and the forecast for the future is discouraging. Students and their parents have borne much of the burden through tuition increases. In fact, over the past decade alone, while the real growth in median family income is nine percent, the growth in public university tuition increased 190 percent. That is a trend that is not sustainable.

Meanwhile, the expectation for colleges and universities to serve an expanded and underserved clientele is growing. The recently released Spellings report – commissioned by Secretary of Education Margaret Spellings – includes recommendations that put even greater pressure to make the campus more accessible to low-income students with increased financial needs.

These financial pressures are likely to be felt within intercollegiate athletics in the form of reduced institutional support. For a number of universities, the institutional funds that have increasingly filled the gap between rising operational budgets and outside revenues are likely to diminish.

We must clearly acknowledge that some athletics departments – though likely less than two dozen – are in fact operating in the black. The vast majority, however, require subsidy. But in all cases, there will be increasing budgetary pressure. For the vast majority, the current financial model for much of intercollegiate athletics – spending at a rate that strains the ability of higher education to provide support – simply cannot be sustained.

I created the Presidential Task Force on the Future of Division I Intercollegiate Athletics more than 18 months ago to address this fiscal issue and related ones and to recommend courses of action. Fifty presidents and chancellors were called together, and the report before you today is based on their efforts.

It was clear from the beginning that addressing these problems with a structured reform approach would not work. In particular, dictating expenditure amounts by the NCAA is illegal; it is antitrust. An antitrust exemption by the Congress to overcome the legal barriers is not likely to be granted, to say the least. And even if it were possible, universities and their boards would not be willing to have the NCAA dictate their expenditures; and they would be correct in doing so. Budgetary decisions properly belong at the campus level.

What *is* the answer, then?

The Task Force concluded that it will require presidential leadership, to quote from the report, “exerted at the right moment, fortified with well-grounded values and principles, armed by sufficient information and analysis, and advancing with courage and persistence.”

There is nothing unexpected about this answer. It is university presidents who have the responsibility to assure that intercollegiate athletics is aligned with the purposes of higher education. Increasingly over the last few decades, that leadership has been national in scope and broad in implementation.

The complexity of fiscal responsibility also requires attention at the campus level. With regard to the financial issues, as the Task Force report notes, it is time to focus on taking reform home.

The solution is at the campus level – institution by institution – and under the leadership of presidents and chancellors, institutions must stress accountability in fiscal matters. This is an imperative in the 21st century for intercollegiate athletics.

Keeping an eye on the end game – the best interests of the student-athlete – President Likins and his colleagues organized themselves into four subcommittees. Peter chaired one on fiscal responsibility. University of Texas at Austin President Larry Faulkner chaired one on aligning athletics with the values of higher education; Gerald Turner, president of Southern Methodist University, and his subcommittee examined the influence of outside constituencies on the leadership efficacy of presidents; and President Holbrook established an agenda to examine the well-being of student-athletes.

The results of their work are summarized in the report before you. The full text of the subcommittee reports plus all the documentation and research data are available on the NCAA Web site.

A theme common to all four subcommittees is the need for an enhanced emphasis on the integration of athletics with the academic mission – creating behavior that comports with the values of higher education. This is critical both in terms of fiscal and operational efficiency and effectiveness, and in terms of the philosophical grounding for the conduct of college sports.

Integration must take place at the campus level – institution by institution. The Task Force has made recommendations for best practices, but the specific implementation solutions will be dictated by the characteristics of each campus. The guiding principle is that athletics should resemble other major units on campus, including the academic areas, in how they interact, how budgets are developed and determined, and how they are held accountable for fulfilling the mission of the university.

Presidents and chancellors are challenged anew by the Task Force to use their offices in helping intercollegiate athletics realize its full potential as an important component of the campus. But let us be clear: presidents cannot do the job alone. Key to their success will be the conjoint leadership of athletics directors – who are the operational managers of intercollegiate athletics. Indeed, the role of the athletics director has become more important, and more difficult, as we move toward greater fiscal accountability.

Another vitally important partner is the faculty. Presidents and chancellors must challenge their faculty to *first* become knowledgeable about the facts surrounding athletics on campus and then become engaged in supporting the proper role of athletics. Faculty athletics representatives will be called upon, even more so than in the past, to bridge administration and the general faculty.

Presidents too will benefit from a well-defined relationship pertaining to athletics with their governing boards. The NCAA has entered into an agreement with the Association of Governing Boards, the AGB, to this end. I want to recognize the president of AGB, Richard Legon, who is here today, for his personal leadership in helping educate new governing board members around the country on the proper relationship between boards that set policy in athletics and presidents who put those policies into action and oversee the campus athletics administration.

The lynchpin of the Task Force report – and arguably the next greatest challenge facing intercollegiate athletics after academic reform – is the issue of fiscal responsibility. It was the consensus of the Task Force that there is *no* fiscal crisis currently, and there may never be one. Athletics budgets are a relatively small part of the total university budget – 3 to 4 percent for the Football Bowl Championship schools – that institutional crisis isn't likely.

But there is clearly stress in the system and the stress is almost certain to increase without corrective action. The pressure on universities for new expectations, rising costs of instruction and program growth, and meeting the access needs of low-income students will mean fewer and fewer dollars to help close gaps between athletics budget growth and outside resources.

Many athletics directors are scrambling to find new dollars to support their programs. If the decisions recently by several campuses to cut sports programs is an indicator, the elimination of teams that cannot generate enough revenue to protect their status could become epidemic. In my view, this could become a problem for the enterprise of intercollegiate athletics.

What is even more frustrating is the charge that such cuts are brought about by Title IX. Title IX mandates *increased* participation opportunities, not fewer.

It is true that institutions must make decisions about what it can afford and what it cannot; about how many sports it can sponsor; and about the level at which those sports will be supported.

Those are the results of institutional priorities and financial circumstances... not the unintended consequences of Title IX.

Our efforts should be directed at maximizing sports participation opportunities, not eliminating them. We must find solutions that better manage the resources, rather than cutting programs in order to remain competitive in just a few.

The Task Force has provided new tools to help presidents in their financial decision makings.

The first is an improvement in the data collection of athletics departments for financial information. Through the cooperative efforts of the NCAA and the National Association of College and University Business Officers, NACUBO, we have brought new clarity to the ways in which financial data are reported and compared. We have a common set of definitions; reports must now undergo critical third-party review; and presidents must sign off on the reports of their institutions. Transparency in the aggregate will be required.

The relationship between the NCAA and NACUBO is critical and we have also entered into an agreement for future collaboration with that organization. Allow me to recognize John Walda, the president of NACUBO, who is providing superb leadership.

We have developed a set of management tools for presidents to use. We will now be able to provide dashboard indicators that compare how institutions are doing financially with peer groups and alerting them to areas that could be under strain.

The goal is to moderate the growth of athletics budgets so that institutional funds do not increasingly have to cover revenue shortfalls. We are not trying to reduce spending or even to cap it. Growth will, and *should*, continue in athletics departments. For the vast majority of institutions, we simply must moderate the rate of growth so that participation opportunities are maximized without creating financial problems for campus resources. Budgetary growth in athletics budgets generally speaking, should resemble growth for the campus as a whole.

At the core of intercollegiate athletics is the student. We can discuss budgets and administrative structures until the cows come home; but without focusing on the human element, the student-athlete, we will have missed the point of the entire enterprise.

The subcommittee chaired by President Holbrook focused on a number of central themes in the conduct of intercollegiate athletics. Should student-athletes have multi-year guaranteed scholarships, rather than one year at a time? Given that more and more students require five years to complete their academic major, should five years become the standard term for eligibility and athletics financial aid? Should we establish a data-based definition of "at risk" when comparing prospective student-athletes' academic records that allows for local differences among the diverse Division I membership?

This subcommittee did not try to answer these and other questions concerning the student-athlete experience. Rather, it properly set a five-year agenda prioritizing these issues and recommending that they be thoroughly considered by the NCAA.

As intercollegiate athletics works to meet the challenges of fiscal responsibility, we cannot allow our focus to slip from the well-being of the student-athletes.

These reform initiatives will not be easy.

I repeat, there is no crisis in intercollegiate athletics. Some would argue that intercollegiate athletics, because of its enormous popularity, is at the height of success. Stadiums and arenas are full, and new facilities are coming on line; viewership is increasing. Indeed, college sports is doing remarkably well.

But good enough is never good enough. We must not let being good prevent us from being excellent. Intercollegiate athletics is doing well, but we can do better.

Understand this: The issue is not about the amount of revenue that comes in. We should do everything we can within the values and mission of higher education to maximize revenues to support these programs. That is what the rest of the campus is doing, and athletics must do the same.

But there appears to be confusion about this point in some quarters. In two weeks, we will respond to a letter from the chair of the House Ways and Means Committee about the tax-exempt status of intercollegiate athletics. The focus of the questions posed in the letter have more to do with scale, however, than with compliance. Somehow generating revenue to support a tax-exempt purpose calls into question the value of the purpose itself.

Intercollegiate athletics is as valuable to the educational experience of student-athletes as participating in an orchestra is to student-musicians or being part of theatrical productions is to student-thespians or writing for the student newspapers is to student-journalists. It is part of the college or university's purpose of providing a comprehensive educational experience for its students. If it were not so, the first dollar spent on these enterprises would violate the purpose, not just the millionth.

Not-for-profit status is not about how much revenue is generated in athletics or elsewhere in higher education; it is about how the revenue is used to meet the tax-exempt purpose of educating young men and women.

Here are a couple of data points that helps support the role that intercollegiate athletics meets that purpose. In 2005, Division I institutions alone – through revenue from ticket sales, television and all other forms of income – provided \$1.2 billion in scholarships to student-athletes. Many, many students would not be able to attend college without this scholarship support. This is among the largest single source of financial support for students, including low-income students, to get an education outside the federal government.

And it is estimated that those same Division I institutions spend in excess of \$150 million annually on direct academic support, so that students participating in athletics can maximize the educational value of their education.

Don't tell me intercollegiate athletics isn't supporting the purpose of higher education.

College athletics departments and conferences are different from professional sports. In the latter, the goal is to focus on a single sport and generate a profit for team owners. In college sports, the goal is to use revenues to support a wide range of sports so as to maximize participation opportunities – and thereby the educational value – for young men and women.

Any lingering doubts about the educational, not-for-profit status of intercollegiate athletics will be dispelled by the increased level of accountability and transparency of athletics budgets recommended in the Task Force report. No one should be able to legitimately claim that expenditures in athletics are being used for anything but the purposes of higher education. The approach recommended by the report makes it obvious and reinforces the not-for-profit tax status of college sports.

In the end, the successful running of the athletics departments, as it is for the rest of the university, comes down to presidential leadership.

As the Task Force report notes, “The reality for effective reform of spending and revenue-generating behaviors for intercollegiate athletics is this: Each college and university must hold itself accountable for exercising its independent will as an institution of higher education. And it will do that best through well-informed, value-driven presidential leadership.”

I am not suggesting for a moment that presidents have not been leading. Just the opposite. Without their direction and their determination, we would not have the structure in place that we now have for academic reform. It is because of dedicated presidents and chancellors that we are beginning to harvest the efforts of their persistence and collaboration through national policy to make academics first.

This is exactly the leadership that should apply to fiscal reform and the other issues identified in the Task Force report. But we must do so from a focused campus perspective. There will always be occurrences that lead us astray. We must persist, campus by campus, to stay the course described in this report.

The Task Force has developed tools – better reporting clarity, peer comparisons and aggregate transparency, dashboard indicators and periodic review through certification self-studies. These tools better equip presidents to continue the reform of intercollegiate athletics.

It takes a campus to run intercollegiate athletics properly. College sports should not be held apart from the campus but be embedded fully within the mission of higher education.

We must inform and engage the faculty, enable operational leadership by the athletics director, and develop clear lines of authority to the president from the board, that support the principled integration of athletics into the purposes of higher education.

Intercollegiate athletics is an American phenomenon. The enterprise highlights America's campuses to the nation and the world. It is part of our uniquely American culture.

But we must always work to maintain the appropriate context. We have a responsibility to see that college sports is conducted within the values of higher education and in support of the education of students. Nothing else will do.

I told the membership of the NCAA in my first speech three years ago that I am an advocate but also a reformer. I believe in college sports but I also believe it can be better.

We *have* turned down the volume as I told this audience we should five years ago. We *have* eliminated much of the static as I said in my last appearance here three years ago.

However, there is much more work to do. We have to complete the job of academic reform. Indeed, I want to see an average 80 percent of all student-athletes graduating in the near future – four out of five earning their degrees. That would be spectacular. And we can do it.

I want to see a persistent and collaborative effort – campus by campus and led by presidents – that will bring sustainable growth for intercollegiate athletics and maximized athletics opportunities for student-athletes.

We can do that, too. I am optimistic. Of course, there will be setbacks. Not every step will be forward. The cynics will say we are not doing enough. Others in intercollegiate athletics will say we are going too far.

But I am convinced that we are on the right path. Intercollegiate athletics is headed for even better days. The volume is down. The static is being cleared up.

We are beginning to hear the music.

Thank you.