

10-22-2007 Universities Subsidizing Athletics

1 (File: 20071022mwm)

2 JOSH CENTOR: A recent package in the Austin-American
3 Statesman talked about the Texas athletics department and its
4 increasing expenses and increasing revenues.

5 Texas will spend more than \$200,000 to support each of
6 its student athletes this year, Dr. Brand. Does that make
7 economic sense?

8 DR. MYLES BRAND: It may be for Texas. Texas has a
9 very strong revenue stream, and they seem to be able to manage
10 their budget very well. They have, you know, a first-rate
11 athletic director, a man of integrity and great experience in
12 DeLoss Dodds, and they know what they're doing. So, you know,
13 Texas is managing well.

14 It doesn't follow from that that everyone can manage
15 at that level, and I think that's one of the problems we have
16 with college sports. Some schools are able to do that and do
17 have the revenue streams; the vast majority don't. And when
18 they don't have the revenue streams, they do create problems
19 on campus because the subsidy for college sports has to rise,
20 therefore making it more difficult for the institution to
21 support its academic mission.

22 JOSH CENTOR: Many times, I've heard you say that the
23 rate of growth isn't sustainable, but we still see new
24 facilities, lavish locker rooms, and in-state chartered
25 flights.

1 Are schools in for a rude awakening, even Texas?
2 Should they be taking those in-state chartered flights?

3 DR. MYLES BRAND: I don't want to comment on their
4 particular operational activities, and they're in a much
5 better position to do that than I am or the NCAA is. But I
6 think a few schools have sufficient revenue streams to be able
7 to do that.

8 Josh, are you aware that there are only six schools in
9 all of our divisions who actually operate in the black on a
10 consistent basis? That's a very small number. And to model
11 yourself on those six schools, when you know it's really
12 impossible to generate that much revenue, is where you get
13 into trouble. And so while many more than six are spending
14 and indeed overspending, those are the cases that I think I
15 worry about -- not the few, the handful that are actually
16 managing well.

17 JOSH CENTOR: Okay. I'll get there on the fact that
18 these are the vast minority, and we have to look at the larger
19 issue. But instead of spending so much, and you said that
20 they are spending too much and not making enough -- instead of
21 spending so much on athletics, do departments have a
22 responsibility to kind of tone down that spending to help
23 academic programs? That money can go other places.

24 DR. MYLES BRAND: Well, I don't think it's the
25 athletic department's decision. I think it's the university's

1 decision. The university decides how much it wants to
2 allocate to subsidize athletics and how much it wants to
3 allocate to subsidize philosophy departments, for example, or
4 other parts of the university important to the academic
5 mission, but which aren't themselves making money on it,
6 aren't producing enough revenues to be self-sustaining. Those
7 decisions should be made by the president and the board with
8 the advice of the faculty and other appropriate bodies in the
9 institution.

10 So I don't think the athletic department itself has
11 this responsibility. I think the responsibility is broader.
12 The athletic department has to understand where it fits into
13 the context of the wider academic mission and how it's
14 integral and connected with the university as a whole. But
15 every department wants to be able to spend as much and do as
16 well as it can. Every academic department is in a competitive
17 environment, whether you're in the English department, the
18 physics department, or the athletics department. The
19 decisions aren't being made or shouldn't be made by those
20 individual departments.

21 JOSH CENTOR: If we only have a half dozen schools in
22 the black, what about those who can't afford all of this?
23 Should the NCAA be legislating to keep down the extravagance
24 and level the playing field?

25 DR. MYLES BRAND: I think no for two reasons. The

1 first reason is probably the definitive one, namely it's
2 against the law for the NCAA to legitimate expenditure
3 rates -- for example, how much salaries should be and how much
4 athletic departments should spend on. That's called
5 antitrust. So we can't do that even if we wanted to.

6 But for the sake of argument, suppose the law would
7 change somehow where we got a Congressional exemption or
8 someone changed the antitrust laws -- that's farfetched to say
9 the least, but suppose that happened -- I still don't think
10 the NCAA should do it.

11 The expenditure rates and what institutions spend
12 their money on really is an individual decision of the board
13 and its presidents and the advisory groups on campus. I don't
14 think the NCAA has a role to play. It would be intrusive of
15 the NCAA into the life of the campus to do that.

16 JOSH CENTOR: Thanks for joining us on "Mondays With
17 Myles".

18 That was a great conversation, Dr. Brand. Thank you.

19 DR. MYLES BRAND: My pleasure.
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