

6-4-2007 Athletics Subsidized

1 (File: 20070604mwm)

2 JOSH CENTOR: Good morning. And welcome to "Mondays
3 With Myles".

4 Dr. Brand, a recent NCAA study revealed that more than
5 90 percent of Division I programs are losing money from
6 athletics. Why?

7 DR. MYLES BRAND: It's a subsidized activity. If we
8 had only the two revenue sports or three when some schools are
9 able to turn a profit on -- or make revenue, I should say, of
10 the hockey, it would be three. But if you only have
11 basketball and football, then you wouldn't have to subsidize
12 it.

13 But the reason why we subsidize it is because we
14 require at the NCAA 14 sports. And the reason we require so
15 many sports is we believe that athletic participation is
16 important to the educational development of student athletes.
17 And we want to maximize the number of students who could take
18 advantage of the opportunity. And therefore, we have to pay
19 for all those student athletes, and in Division I where it's a
20 scholarship division, it's costly.

21 JOSH CENTOR: Compare this to some of the academic
22 programs that we might see on campus. I have to imagine that
23 there are more students who major in certain disciplines than
24 others, but yet, your concept of subsidies would work there as
25 well.

1 DR. MYLES BRAND: Absolutely. Universities work by
2 massive transfer of funds. So for example, I'm a philosopher.
3 That's my discipline. Philosophy never makes money. But
4 neither does physics, because they don't have that many
5 majors, and instrumentation and space is very expensive.

6 But there are other courses of study that make money.
7 For example, Psych 101 is the one that brings in the most
8 revenue to the institution, and then that money is used to
9 support other programs. So it's massive redistribution in
10 order to provide a comprehensive educational opportunity for
11 students. And again, since athletics is part of the
12 educational activity in an institution, it too is a subsidized
13 one.

14 One final note, the most expensive program in
15 universities is most often music. Very important programs for
16 many people. But it's a lot of one-on-one instruction, not
17 unlike sports in some ways. And it's very expensive, but, of
18 course, a good university wants to have a music program.

19 JOSH CENTOR: We need philosophers. We need chemists
20 and physicians. And we need musicians. We also need soccer
21 players and fencers. And we need those folks playing sports
22 and getting those types of experiences, don't we?

23 DR. MYLES BRAND: Absolutely. Again, it's the
24 comprehensiveness of the educational opportunities.

25 College is not a professional sports league. In

1 college, we just don't do one sport, like football, and treat
2 it as a single sports league. We're not the NFL. We're there
3 to provide multiple types of opportunities for students with
4 different skills and interests. And that's why we subsidize
5 sports.

6 It's not bad to subsidize sports. It's good. Because
7 otherwise, we couldn't have the kind of college athletics that
8 we do. The key question, at university space, is what level
9 of subsidy is appropriate? If the subsidy gets too large, for
10 example, then student athletic fees go up. And you know,
11 students want to keep -- and their parents want to keep the
12 cost of education at a reasonable level? Or in the worst
13 cases, you'll see general fund money that would go to support
14 academic programs being transferred too much of it into
15 athletics, and that's not helpful either.

16 So the question isn't whether it's subsidized or not.
17 The question is how much.

18 JOSH CENTOR: It's not really the soundest of economic
19 models, though, is it?

20 DR. MYLES BRAND: Oh, yes, it is. Because you can't
21 look at athletics as a free-standing enterprise. You've got
22 to look at the entirety of it and as a cross-subsidization
23 issue. So some of the moneys come from other parts of the
24 university and are directly from students. That's fine. A
25 lot of it comes from ticket sales and TV revenues and so on.

1 But the point is when you look at the comprehensive overall
2 educational activities on campus, some are subsidized, some
3 are not. Athletics happens to be one of the subsidized ones.

4 In fact, in Division I, over the last decade, all but
5 six schools subsidized athletics. Only six schools over the
6 last decade were able to do it without subsidies. So almost
7 everyone subsidized. And in this past year, 93 percent of the
8 schools were subsidizing it.

9 JOSH CENTOR: Well, costs are going up. Is there a
10 way to curb that spending?

11 DR. MYLES BRAND: The rate of expenditure increases is
12 too high. And what we're seeing at universities is that
13 athletic department expenditures are increasing at three or
14 four times the rate annually of the general university.

15 So, for example, the general universities, at least
16 the major units in Division I, are increasing about 3 or 4
17 percent a year in their expenditure rates. Whereas, when you
18 look at athletics, it's 8, 10, 12 percent. That's too high.

19 So the question is, we're not going to cut back on
20 athletics, but let's decrease the rate of increase of
21 expenditures -- second derivative, if you like.

22 JOSH CENTOR: Not only that, but Division II and
23 Division III programs, for our listeners at home, they're not
24 making any money at all.

25 DR. MYLES BRAND: The vast majority are not. There

1 may be a few that are using athletics to balance gender within
2 the institution. So, for example, some small Division III
3 schools may have a need for more male students.

4 JOSH CENTOR: Right.

5 DR. MYLES BRAND: And by running a football program,
6 that helps balance the student body. I can imagine some
7 cases, perhaps, in Division II -- even though they're giving
8 scholarships, for a few scholarships, the income from student
9 athletes, males, for example, entering the institution, in
10 order to participate in athletics produces more than they
11 spend. It's possible; it's very rare.

12 The vast majority of them are subsidizing, which
13 again, is not bad, as long as it's done within reason.

14 JOSH CENTOR: All right. Well, contrary to popular
15 opinion, athletics programs are not raking in the dollars hand
16 over fist.

17 Dr. Brand, thank you.

18 DR. MYLES BRAND: My pleasure.

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