

7-7-2008 Funding Higher Ed

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

4 Dr. Brand, in our all-staff meeting a few weeks ago,  
5 someone asked you about the state of higher education. And I  
6 thought that this was too valuable a conversation for our  
7 listeners not to hear. So I just want to open up. Where are  
8 we in higher education?

9 DR. MYLES BRAND: Well, the reason why we want to talk  
10 about higher education, and the reason I talked to the staff  
11 of the NCAA about it, is because college sports is clearly  
12 part of the university. It's a part of higher education. And  
13 we can't think of ourselves as separate in any way whatsoever,  
14 including financial ways.

15 And one of the areas that I think we need to be  
16 cognizant of, particularly in Division I, is the financing of  
17 higher education. It's getting a lot more difficult. In  
18 Division I 80 percent of the schools are publics. In Division  
19 II it is about 50/50; and in Division III, the majority are  
20 privates. But in both the publics and privates cases, we are  
21 seeing a great deal of financial stress on higher education  
22 these days.

23 For the publics, what's going on is that the tax base  
24 that supports public higher education is lower because of the  
25 low economy. Now, that tends to lag by a year. And so we are

1 not even yet seeing the full effects on higher education of a  
2 bad economy.

3 But it also affects a private institution because  
4 private institutions, particularly most of them in Division  
5 III, are tuition-driven institutions, and they are running on  
6 the basis of tuition. And tuition is going up, but because  
7 the economy is bad, people are having a hard time paying these  
8 high tuition rates for public and private institutions. So  
9 the resources are being stressed there as well.

10 Certainly, in all three divisions the vast majority of  
11 schools are subsidizing intercollegiate athletics. And so the  
12 pressure is on the athletic departments too because the money  
13 for the subsidy is being pressed as well.

14 JOSH CENTOR: So what happens here? I mean, these  
15 elite private schools, as you say, I think about Division III  
16 schools, coming from a Division III background. A lot of them  
17 are \$45,000, if not more, a year now. And you're saying that  
18 the schools need that tuition to be able to run their  
19 programings and offer diverse programs to their students and  
20 student-athletes.

21 How can people afford that? What happens?

22 DR. MYLES BRAND: A couple of quick points to make  
23 here. First of all, on average, tuition only makes up about  
24 one third of the cost of educating the student. So the  
25 institution has to get money from elsewhere. But, secondly,

1 it's like saying, you know, I can't afford a car because,  
2 look, that Rolls Royce is \$250,000, so I don't have anything  
3 to drive. Not everything is \$250,000 when you're buying a  
4 car. Similarly, not every school is \$45,000.

5 I myself have always been a public university man and  
6 always thought that you get a -- particularly in the state in  
7 which you live, you always get a good value in public higher  
8 education.

9 The reason why public higher education is a lot less  
10 expensive than private higher education is because public  
11 higher education is supported by the states. And as I said  
12 before, it's the states that are being pressed because their  
13 tax revenues are going down. It's forcing tuition up -- and  
14 not a small amount -- but in some cases a reasonably high  
15 amount. Still a lot less expensive than \$45,000.

16 But also anything that the school supports, including  
17 subsidizing athletics, then is at risk.

18 JOSH CENTOR: So how does this all impact athletics?

19 DR. MYLES BRAND: I think the additional subsidy that  
20 almost everyone uses in all three divisions is going to be  
21 hard pressed. Schools are going hard pressed.

22 Now, in Division I, the expenditure rate in athletics  
23 overshadows the revenues that come in, for example, from TV  
24 and media, from ticket sales. So they are spending more than  
25 they have in Division I on average. And where are they

1 getting the rest of the money? From the subsidy at the  
2 general fund of the university. And it's the general fund of  
3 the university that is pressured; in order to support the  
4 athletic side of the house, athletics gets pressured. And  
5 that means in the next few years we are going to see our  
6 athletic departments be pressured even more than they are now  
7 for financial reasons.

8 JOSH CENTOR: It's pretty fascinating. As, you know,  
9 we see on the news on CNN that there are economic struggles  
10 across the country. It's really reflecting itself in higher  
11 education.

12 DR. MYLES BRAND: Of course. It's one of our major  
13 institutions, social institutions in the country. And it is  
14 not immune, with the exception of those schools that have  
15 enormous endowments. It's not immune to the ebb and flow of  
16 our economy. In fact, higher education directly feels plus or  
17 minus where the economy goes.

18 JOSH CENTOR: Yeah. I think just to close out, I find  
19 it kind of interesting to think about some of our schools,  
20 specifically those that are in areas where they have to travel  
21 to get to competitors. We have schools -- Division III  
22 schools in Texas that have to go 300, 400 miles to get to  
23 their closest Division III competitors. With gas prices the  
24 way they are, athletics departments are going to have to make  
25 serious decisions about how they schedule and all of those

1 associated behaviors.

2 DR. MYLES BRAND: Well, I think that is exactly right,  
3 Josh. I think the cost of doing business, as it were, in  
4 intercollegiate athletics is going up, not just because of gas  
5 prices, but because of market conditions and salaries,  
6 facility costs. Lots of reasons it's going up. And the money  
7 is getting harder and harder to come by.

8 This is for another time, but it's worth mentioning at  
9 this point. What some institutions, including those in  
10 Division I, have started to do is cut back on the number of  
11 sports in order to save money.

12 I want to say outright here that I don't like that  
13 approach. And the reason I don't like that approach is what  
14 you're essentially doing is taking away participation  
15 opportunities from young men and women. And the reason we do  
16 college sports at all is to provide participation  
17 opportunities because we know that it adds to the educational  
18 value while in school. And so we are actually taking away  
19 educational value as we make those kinds of cuts.

20 JOSH CENTOR: Yeah. Well, that doesn't sound good at  
21 all. And we are going to have to definitely revisit that  
22 topic on a future podcast.

23 Dr. Brand, thanks so much.

24 DR. MYLES BRAND: My pleasure.

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