INSIDE HIGHER ED
VIEWS
NEWS ALERTS SIGN UP

News, Views and Careers for All of Higher Education

Nov. 11 Reality Check

Too Much Money? Sports and the Budget

By John V. Lombardi

After a constant conversation about college sports since early in the 20th century, the peculiar logic of hardcore fans and impassioned critics passes from the curious to the bizarre. We love sports because they teach teamwork and the value of struggle against adversity. *We hate sports because they corrupt the pure ideals of academic life.* We love sports because they bring glory and visibility to our college's name. *We hate sports because their visibility celebrates the false value of winning at any cost.*

Related stories

- Fox in the Henhouse at Arizona St., Nov. 11
- Changing Nicknames, Under NCAA Duress, Nov. 10
- The Faculty Role in Sports Reform, Nov. 9
- Pecking Order, Nov. 8
- Ouster at U. of California, Nov. 7

These counterpoint rituals of praise and condemnation swirl around the games themselves and seem to thrive on the controversy, ignore the details, and repeat themselves with minor variations every year. While sports people speak of the positive rituals, they do so with the voices of tired preachers, offering an overused sermon one Sunday too often. The critics, as they grow ever more strident with their complaint, speak with the desperation of voices crying in the wilderness.

The ineffectiveness of the sports-in-college debate comes from confusion about the issues. The controversy assumes there is a fundamental open question about the place of intercollegiate sports in America's colleges and universities. There is not. Intercollegiate sports are a required activity for mainstream colleges and universities in America. Sports programs form part of their core program and this has been so since the first decade of the 20th century as evidenced by the chronology of the big stadiums of the first 20 years. Harvard's Soldiers Field with its capacity of 57,000 in the 1920s and the Yale Bowl with its 80,000 attendance at the Yale-Army game of 1923 set a standard for elite commitment to football (" The Sports Imperative in America's Research Universities"). Rants against the inclusion of competitive intercollegiate sports in university life, whatever their intellectual or moral worth, define the concept of irrelevant.

Similarly, high-minded concern about the culture of winning misses the point. The purpose of organized sport is to determine a winner. This is why we keep score. Once we recognize the inevitability of intercollegiate sports competition, we have also accepted the culture of winning. A well-intentioned effort to produce sports without winning borders on the absurd and defines the meaning of futile.

Still, something in college sports is understandable and manageable: the money. The issue of how much the sports program costs requires an accounting of revenue and expenses, a deceptively simple thing in theory. In the college sports world, it is often possible to get reasonably accurate data on income (because it is in the interest of the institution to demonstrate high levels of sports revenue). It is usually impossible, though, to get reasonably accurate approximations of the expenses (because it is rarely in the interest of the institution to report high expenses accurately). A table of what universities often fail to include when they report their income and expenses from college athletic programs appears in a discussion of aspects of this subject in The Sports Imperative mentioned above.

Institutions subsidize college sports programs by charging a wide range of athletics expenses to the general operating budget of the university, whether for debt, grounds, security, legal work, administrative staff, fringe benefits, insurance, or many other expenses large and small. When the campus subtracts the partial expenses from the full income, they can report a profitable or at least modestly in deficit program. This looks much better to the observing public than what a true accounting of costs might provide. Convenience accounting would be the right term for these practices.

Still, even if the published information minimizes the cost of the athletic program to the institution, administrators and their trustees (well at least the administrators) need to know the true cost so that they can manage the consequences of subsidizing athletics and recognize when the subsidy grows too large for the good of the college.

How can we weigh the significance of a subsidy to college sports? At a major land-grant flagship institution with a budget of $1.5 billion, a subsidy to the athletics department of $2 million may be a small matter, but to a small liberal arts college with a budget of $500 million, it may make a bigger difference. We can get a better perspective if we look at the opportunity cost of such deficits.

If we raise a $45 million athletic endowment we could generate a continuing subsidy (at a payout rate of 4.5 percent) of $2 million per year for athletics, and we would drive the opportunity cost close to zero because athletics donors, for the most part, do not give substantially to academics and the program would be self-supporting. However, if we cannot raise the $45 million from athletics donors, and we must use general revenue from the university's budget to pay the $2 million deficit, the opportunity cost is high. Under such circumstances, we would have to take $2 million from teaching and research every year and devote it to intercollegiate athletics, a common practice that drives true academics to near incoherent rage and frustration.

Imagine, however, institutions in the bottom 75 percent of the Division I-A football revenue system or, worse, institutions with Division I-AA football programs, the deficit (calculated correctly and unpublished) can reach into the range of $8 million or $10 million. At $8 million, the endowment required to sustain such a deficit reaches about $178 million. This is well outside the athletic fund raising capacity of almost every academic institution in this group, especially for those in the public sector. The $8 million deficit every year has to come from the students, general revenue, and other sources that could just as easily buy books for the library, scholarships for the students, or faculty for the classroom. There lies the true opportunity cost.

The critics, sometimes easily misled, often aim at the wrong target. It is not the absolute size of the athletic program's budget that should provoke outraged academic concern but the relative size of the subsidy. A subsidy that requires an investment equivalent to $178 million of endowment is a challenge even for an institution with a respectable $500 million endowment. For an institution with less private resources, it is simply a major annual drain on the academic budget.

At the same time, even if a mega program gets and spends $70 million on intercollegiate athletics, if its full accurate accounts show a balance or even a surplus, then the program is not too big and probably does not hurt the institution. A smaller program, one that takes in $20 million and spends $28 million, may not appear so offensively large, but the $8 million loss may be doing much greater damage to the institution's academic prospects.

Money always matters, but we need to count all the money, know where it came from, and recognize what we purchased. Otherwise, we waste our time on immaterial, if amusing, debates about the role of intercollegiate sports in America.

John V. Lombardi, chancellor and a professor of history at the University of Massachusetts Amherst, writes *Reality Check* every two weeks.

Comments

There currently are no comments on this item.

Got something to say? Add a comment.