December 31, 2011

# From the Sideline to the Bottom Line

By JAMES K. GENTRY and RAQUEL MEYER ALEXANDER

Before their teams take the field in the Bowl Championship Series title game on Jan. 9, Alabama Coach Nick Saban and his Louisiana State counterpart, Les Miles, will, from a financial standpoint, have already won.

Saban will receive $200,000 from Alabama because his team will be playing for the national title, while Miles will receive the same amount from L.S.U. Those bonuses represent a small fraction of the annual income for each, yet they are indicative of the increasingly complicated nature of compensation in major college football, where actual coaching is just one of the many things for which coaches find themselves financially rewarded.

A review of the contracts for more than 40 major college coaches — including Saban, Miles and many of the other men whose teams are appearing in the B.C.S. games that begin Monday — shows that agreements that once seemed simple and straightforward have morphed into an ever more intricate combination of guaranteed salary increases, lucrative bonuses and desirable perks that cover everything from country-club memberships to free travel on private airplanes.

Where once coaches may have been paid merely an annual salary, now the bulk of their compensation often comes from the portion of their contracts that deals with media appearances and endorsement revenues. And the deals also frequently include issues as varied as how their players' uniforms must look and whether coaches can endorse certain kinds of products or services.

"This business has changed so much," said Robert Lattinville, the chairman of the sports division at the law firm Stinson Morrison Hecker LLP, which represents coaches in contract matters. "Twenty years ago it was not uncommon to have a coach's employment secured with a handshake. This practice has given way to 20- and 30-page employment contracts that require a working knowledge of state and federal employment law, income taxation, and a host of esoteric N.C.A.A. and athletic conference rules and procedures. You've got to know a whole lot more today to understand the economics and operation of a college coach's contract."

The contracts for both Saban and Miles, which are public documents, were provided upon request by Alabama and L.S.U., though neither university responded to requests for comment. The deals, though more lucrative than those for most other coaches, are in many ways typical. Saban receives $4.68 million in total compensation — not counting performance or academic bonuses — and Miles is paid $3.75 million before the same bonuses. While contracts for most major college football coaches are similar in structure and content, the amount of detail varies. Saban's contract lays out many of the perks he receives, while Miles's is more vague. A contract's degree of specificity can often be determined by how the contract was written for the coach who previously held the job.

Both Saban and Miles have a relatively low base salary, with the bulk of their pay coming from performing duties related to news media and public appearances, which some lawyers call personal services clauses. Saban's contract calls for a "talent fee" of $3.93 million while Miles's "radio/television/Internet" payment is $2.90 million. In addition, if Saban remains at Alabama, he gets an annual retention bonus of $533,333, which is larger than his base salary, $225,000. Miles's base salary, $300,000, is also supplemented with an annual guarantee of $550,000.

Certain provisions in their contracts are common, like the requirement that they receive permission from the athletic director to use their own images and the expectation that they will report possible violations of the law or university rules to their superiors. Yet, Saban has at least one unorthodox matter that he must attend to. According to his contract, Saban is expected to "cooperate with the university by preventing the unnecessary spatting of athletic shoes worn" in games. In other words, Crimson Tide players are not allowed to put white tape over their shoes and cover the logo for Nike, which has a contract with the university.

There are also plenty of perks. Saban and his immediate family get two full-size automobiles for business and personal use, and do not have to pay operating expenses or purchase insurance. Miles's contract calls for a "courtesy vehicle allowance" of $7,200 a year.

Saban has the use of a noncommercial airplane for a maximum of 25 hours per year. Time required for the plane to return home after delivering Saban or his family is not counted toward that time. Saban gets the use of a 15-seat luxury box and 22 luxury box tickets for football games at Bryant-Denny Stadium, 12 additional general-admission season tickets, and free tickets to other Alabama sporting events.

Both coaches receive bonuses if their players meet targeted academic performance levels. Miles can earn up to $200,000 for various academic achievements; Saban can earn up to $100,000 if the football team's graduation rate is in the top 25 percent of the Southeastern Conference. Both are rewarded more substantially for athletic achievement. If L.S.U. wins the B.C.S. title, Miles's salary will be adjusted so that it is the highest in the SEC plus $1,000. Saban would receive $400,000 if the Crimson Tide wins the title.

## Planning Ahead

There is a certain art to negotiating a contract, one that takes into account a coach's reputation and track record. The number of years in the agreement and the base salary are often used as a starting point. For new coaches, the minimum number of years typically would be four. For an established coach, that number could increase.

The base can also be a multiple of what the coach will receive if he is terminated without cause. So, a new coach might have a base salary of $250,000 and his termination amount would be $1 million for a four-year deal. The buyout would become more complicated for a highly visible coach. The base salary is designed to maximize retirement benefits, which include 403(b) contributions, pensions and other retirement plans.

"If Mack Brown is making $5-million-plus and producing relatively modest results at a storied football program like Texas, then the Les Miles and Nick Sabans of the industry have strong leverage to leapfrog Mack's compensation package," Lattinville said.

The concerns are different for a coach with less experience.

"When you're working with a first-time head coach, he's so euphoric about getting the job and you have to pull him back and say, 'So, what if you get fired?' " Lattinville said, referring to the importance of negotiating a contract's exit terms.

In the unlikely event that either Miles or Saban were fired after this season, Miles would receive $18.75 million and Saban would receive half his annual base salary and talent fee each year for twice the amount of time remaining in his contract. In other words, Saban would receive the entire amount but it would be spread over a period of time twice as long as his contract.

Miles also has a clause which states that he would have to pay L.S.U. $1.25 million if he were to take the coaching job at Michigan, where he played and was an assistant.

Both coaches have the right to operate coaches camps. In fact, the tax-exempt Saban Football Camps Inc. remains intact although Saban now works for Alabama. It has just been renamed Tiger Football Camps Inc. and Miles has replaced Saban as president.

## Corporate Coaches

Like many other coaches, Saban and Miles also have corporations and foundations that handle their media appearances and endorsements. Saban's corporation, Sideline Inc., receives income related to "fees, royalty payments, advance payments or similar compensation" in addition to money from his endorsement deals with Coca-Cola and Ford.

Coaches can use these corporations for sophisticated tax planning that is not available to state employees who are not affiliated with similar organizations. But because a portion of their income is earned as state employees, they remain eligible for state employee benefits such as pensions, retirement savings matches, medical insurance, vacation pay and tuition waivers.

Funneling expenses through such a corporation converts nondeductible personal expenses, to fully deductible business expenses. Loan-outs also can be used to defer income and establish additional retirement savings. In many cases, the corporation can deduct retirement benefits, which are tax-free until the funds are distributed upon retirement. There is also great latitude in designing fringe and retirement benefits since either they or their spouses are the majority shareholder in the corporation.

These corporations often are included in the coaches' contracts with the university. L.S.U.'s contract with Miles stipulates that he can require the university to contract with another corporation for services that are part of his fee for media appearances. The name of the corporation is not cited in his contract but Miles and his wife, Kathy, have five registered corporations in Louisiana. In this, as in many other aspects of their contracts, Saban and Miles are following an increasingly standard practice. Kansas State's Bill Snyder has a contract that states the university's athletic corporation must pay more than $700,000 annually to a corporation he is affiliated with, SSM Inc., to license his image.

One thing that becomes clear is that coaches like Saban and Miles are treated more and more like celebrity entertainers. Saban, after all, had a cameo in "The Blind Side." (Sandra Bullock's character said of him, "I find him extremely handsome.") Miles has almost 60,000 Twitter followers.

Saban is so popular that in 2010, a mayoral candidate in Bessemer, Ala., claimed he had endorsed her. In fact, her campaign manager had manipulated a photograph of Saban and his wife, replacing Terry Saban with the candidate. When the chicanery was discovered, the campaign manager resigned and the candidate went on to finish fourth in a six-person race.

Before attempting the ruse, the campaign manager should have checked Saban's contract. It prohibits him from endorsing any "product, business, service, or other commercial activity without prior written consent of the university."

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