FISCAL FITNESS? The Peculiar Economics of Intercollegiate Athletics

One recurrent criticism is that college sports have become a big business characterized by commercialism and professionalism, with the implicit message that reform ought be high on the agenda of colleges and universities (Frey 1982, pp. 223–38; Koch 1971; Rooney 1985; Scott 1956, pp. 29–30). "If one had to point to a single factor among the many that have corrupted college sports, it would be money" (Atwell 1988, p. 9). Reformers depict college sports as a business, as Big and Bad, and as indelibly linked to scandals and excesses. Typical of this point of view is the following editorial, which warned that "today's state of athletics is a cancer of corruption":

> *It is a sick, sad spectacle, and versions of it can be found on every campus where books rank second to ballgames and school officials worship the dollar instead of the Dewey Decimal System. . . . Quite simply, the world of college sports lacks a moral center. In it, goodness is not a virtue; the millions of dollars that TV lavishes on powerhouse schools are all the greedy alumni and athletic directors care about* (Schulian 1985).

As a whole, American intercollegiate athletics programs are unable to support themselves . . . and most programs run a deficit.

The "curse of bigness" is reinforced by reports of national revenues from televised tournaments and annual attendance figures. In 1981, for example, intercollegiate sports accounted for $700 million in revenues. Attendance at college football games in 1987 was over 35 million. College football television contracts now exceed $30 million per year. Such aggregate summaries confirm the magnitude of college football and basketball as spectator and broadcast activities, bringing to mind the economy of a medium-sized European country rather than an extracurricular campus activity. In 1987, sports expenditures increased 7 percent to $47.2 billion, more than 1 percent of the GNP, and ranked as the 25th largest sector of the GNP (Associated Press 1987d).

Moral outrage is not a good starting point for critical analysis, mainly because no one *denies* that college sports have become big business. In 1986, for example, the athletics director at Florida State University told a reporter, "I'm not afraid to say it: It's a business" (quoted in Goodwin 1986, p. 83; cf. McGuff 1989; Sage 1982, p. 136). Advocates of big-time college sports cite the same data on finances of intercollegiate

athletics as do critics—but for a markedly different reason: to justify additional expenditures. During congressional hearings held in 1975, the athletics director of the University of Maryland told a subcommittee that his department opposed equal opportunity for women's varsity sports—"To me, this is poor business and poor management"—and noted that the university was "in competition with professional sports and other entertainment for the consumer's money" and "did not want a lesser product to market" (Asher 1975; Thelin 1978, p. 180). Similarly, a coach at another large state university explained to reporters that a losing season and bad publicity hurt his program because "We're in the entertainment business and are susceptible to the whims of fans who may get upset with our performance" (Thelin 1978, pp. 180–81).

Analysis here takes a different approach. Moral outrage in deploring college sports as a big business has yet to be an effective strategy for reforming institutional practice. And such outrage often incorrectly implies that the fall from grace is recent (Scott 1956, p. 33). In fact, practices of promoting, selling, and broadcasting college sports have roots at least to the 1920s (Hardy and Berryman 1982, pp. 15–28). If commercialism and bigness are problems, they are hardly new. It is time to stop being shocked by such indictments as though they are unprecedented or unforeseen. An alternate analysis is preferable: If, in fact, college presidents and trustees accept that Division I varsity sports are big time and largely commercial in nature (Miller 1982, pp. 92–93; Nelson 1982, pp. 52–57), what is the condition of these programs when analyzed by standards of business practice?

The Business of University Athletics: Financial Trends since 1970

A business truism is that survival depends in large part on the ability of an enterprise to generate income that exceeds expenditures. By this basic criterion, genuine albeit unexpected cause for concern about the "business health" of college sports exists at all levels (Atwell, Grimes, and Lopiano 1980, pp. 1–4; Thelin 1981). The amount of television revenues and gate receipts often conjures the image of university sports programs as money makers. It may be true but usually overlooked is that varsity programs are also money spenders. Big-time college sports as a business for colleges and universities is fragile, risky, fraught with contradictions,

and run according to expectations and practices that would be suspect in the business world (Miller 1982, p. 99; Sack 1982, pp. 83–85). Furthermore, virtually every deficit in sports programs at major universities and at small colleges appears to be increasing year by year (Fischer 1975; Frey 1982, pp. 234–35; Fullerton 1985; Moulton 1978, pp. 13–29).

The first alert to problems in financing intercollegiate athletics comes from periodic reports prepared for the NCAA (Raiborn 1974, 1978, 1986). A review of the reports published over the past decade indicates that, as a whole, American intercollegiate athletics programs are unable to support themselves and that most programs run a deficit. This finding is not surprising in colleges that designate varsity sports as part of the educational budget and make no claim to seek massive crowds. It does warrant concern, however, when one looks at institutions that have established varsity football and/or basketball as major, self-supporting activities intended to produce revenues, with large arenas and stadia and with television audiences (Atwell, Grimes, and Lopiano 1980, pp. 2–4). Even within this select group, the NCAA reports indicate financial strain (Thelin 1981). The best estimate is that Division I contains big winners and big losers in "the Money Game" (Atwell, Grimes, and Lopiano 1980).

The Anatomy of an Athletics Budget: The Cases of Michigan, Kentucky, Missouri, and Maryland

One way to understand the diverse conditions of big-time sports programs is to consider selected institutional case. The aggregate data of Raiborn's NCAA studies break down NCAA institutions into large clusters, but even such groupings tend to mask substantial differences in the financial condition of institutions within each group. The aggregate NCAA data have been distilled into reasonable terms (Padilla and Boucher 1987–88): A university's varsity sports program is best depicted as the financial equivalent of a large academic department within a campus, with an annual budget of about $10 million merely for operating costs, excluding capital improvements and facilities. This size budget is probably second only to a medical school among academic units within the university scheme (Padilla and Boucher 1987–88).

Profiles of fiscal fitness in major university sports programs

A good example of a large, well-regarded athletics program is the one at the University of Michigan. The athletics department operates as a legally separate entity, housed on what is called the "athletic campus" adjacent to the university in Ann Arbor. Its annual $15 million budget supports 130 full-time employees, including a travel agent, mechanics, carpenters, and engineers, along with several hundred part-time employees who work at games. Its facilities are valued at over $200 million and include 12 buildings, one of which is a stadium that seats over 100,000 spectators. The athletics department spent about $10 million in recent years to renovate existing facilities; annual maintenance costs are $100,000. The University of Michigan athletics department pays the university $40,000 to administer the department's payroll. The athletics director describes its self-contained character:

> *We cut our own grass, shovel our own snow, put on roofs, negotiate with unions. . . . We're borrowing $3 million to build a new swimming pool. The university will not be liable for that debt. We will* (Canham, quoted in Goodwin 1986, p. 84).

Even this success story has an unexpected, troubling side. In September 1988, the University of Michigan athletics department announced a projected budget deficit of about $2.5 million for FY 1989, increasing to $5.2 million by 1993. The assistant athletics director reported that expenses "were likely to increase by almost 25 percent, while revenues are expected to increase by only 15 percent over the next five years" (Robert DeCarolis, quoted in Associated Press 1988b). Such developments illustrate the fragility of even established, well-supported athletics programs.

Another interesting benchmark institution in Division I-A is the University of Kentucky Athletic Association:

> *[The University of Kentucky's] total sports program is completely self-sustaining financially. UKAA does not receive support from the state of Kentucky or the general fund of the university. UK is unlike every other school in the state and, in fact, most schools nationally in that no tax dollars support the athletics program. Funding comes from ticket*

sales, television receipts, guarantees, and . . . contribution [s] to the Blue and White Fund (University of Kentucky Athletic Association 1987).

The University of Kentucky is positioned well in the athletics market: It belongs to the high-powered Southeastern Conference, has no nearby professional teams with which it must compete for fans, has a relatively new, large stadium, has a varsity basketball program with a tradition of conference and national championships, and attracts sellout crowds in its 24,000-seat arena.

UKAA's FY 1987 operations budget of $10.6 million (which did not include capital projects such as an indoor football training facility, a tennis center, and a proposed stadium expansion) included $5.5 million (51.5 percent) from sales of football and basketball tickets, $1.3 million (12 percent) from broadcast and television rights, and income from television rebates, guarantees, sports camps, interest, and "other." Expenses included $2.7 million (25.6 percent) for personal services, $1.9 million (18.1 percent) for current expenses, $1.7 million (16.6 percent) for grants-in-aid for 315 student-athletes, and smaller amounts for guarantees, team travel, maintenance and repairs, sports camps, game expenses, recruiting, publicity, and medical expenses. UKAA invests $200,000 in its program for tutoring and counseling student-athletes. Although UKAA does not match the size and solidity of the University of Michigan's athletics program, it is in very healthy financial shape. In spring 1988, for example, UKAA donated $4 million to the university's general academic programs to offset shortfalls in funding from the legislature and other sources (Lederman 1988d).

Even the healthy UKAA is susceptible to rising costs and fluctuating finances, however. By 1988–89, UKAA's budget increased to $14.9 million (including $1.3 million for capital improvements). The proposed budget for 1989–90 is $16 million (including $1.9 million for capital improvements). Annually increasing expenditures were approved as part of the budget, even though UKAA officials projected declining revenues for both football and basketball (Combs 1989, p. 8). UKAA's strategy is to rely increasingly on private donations. And although the athletics program receives no support from tax dollars or the university's general fund, its 1988–89 revenues included $450,000 from the university's student activities fees.

Some of the changes in UKAA's projected revenues are a result of recent NCAA investigations and penalties: legal fees, forfeiture of revenues from the 1988 NCAA basketball tournament, and, for the 1990 men's basketball season, loss of television broadcast revenues and a ban against playing in Southeastern Conference and NCAA tournaments (Combs 1989; Oberlander 1989).

For profiles of sustained financial strain, one must look beyond the University of Michigan and the University of Kentucky Athletic Association to two other major universities that compete in NCAA's Division I-A: the University of Missouri and the University of Maryland.

Profiles of big universities with big budget problems

A major program with its cumulative problems is exemplified in the University of Missouri at Columbia, with its annual budget of $6.9 million in 1979–80. Although not as successful in winning or in receipts as, for example, the University of Oklahoma or the University of Southern California, "Mizzou" is an interesting case because it is admittedly "big time," usually is among the top 10 nationwide in terms of attendance at football games, belongs to the formidable Big Eight Conference, and has the leverage of being the only Division I football team in its state. The varsity athletics program relies heavily on football to fund over 80 percent of the entire sports program; to that end, the administration, alumni, and citizens of the state have been enthusiastic supporters. The stadium was enlarged from 55,000 to 65,000 seats—and is sold out for all home games. A decade ago the Missouri football program raised $5.7 million, but it cost $3.2 million to operate the same football program, with major expenses including $375,000 for coaches' salaries, $314,000 for grants-in-aid for football players, $234,000 for travel, and $137,500 for recruiting (Gilbert 1980).

Part of the University of Missouri's income from athletics comes from revenue sharing in the Big Eight Conference. Since Gilbert's 1980 study, however, Missouri's teams have not won conference championships or played in national bowl games that would greatly increase incomes beyond annual inflationary gains, and expenses have soared far greater than revenue. Most important is that this program is *successful:* It fills all the seats in a large stadium, with no room for growth. The best option for raising additional money is

through booster clubs and alumni donations.

To understand how seemingly strong athletics programs get into financial binds, consider the recent situation at the University of Maryland. Since 1985, the University of Maryland's athletics department has been struggling to maintain national-caliber play for its eight nonrevenue varsity men's sports, along with its primary commitment to football and basketball. Declining resources and reductions in grants-in-aid are the explanations given for deteriorating won-loss records in such sports as track, lacrosse, wrestling, baseball, and swimming. But even the sports expected to produce revenues have a long record of falling short. The football program lost $300,000 to $400,000 every year from 1978 to 1981 (Jenkins 1985), and by 1987, the intercollegiate athletics department had a deficit of over $1 million, eventually leading the athletics director to fire 17 employees in the ticket office, marketing, public relations, training, and maintenance (Jenkins 1987a). Why did the department fail to balance its $8.3 million annual budget? First, football gate receipts fell $600,000 below projections. Second, the University of Maryland lost $350,000 when the Cherry Bowl could not pay its guaranteed money after the Terrapins appeared in the postseason football game in 1985. Third, basketball showed a deficit of $150,000. And finally, "former basketball coach Lefty Driesell was guaranteed $136,000 a year for the next eight years when he was forced to resign . . . and become an assistant athletic director. . . . " Further, the athletics director who resigned was paid $77,000 for one year as a consultant (Jenkins 1987b). By 1989, the Maryland athletics program projected an annual deficit of about $200,000 and was proposing to ask the state legislature to consider a direct subsidy to intercollegiate athletics (Sell and Goldstein 1989). In summer 1989, the department's expenses increased again, when the University of Maryland athletics department carried *another* former varsity men's basketball coach on its payroll and hired a new basketball coach for an estimated base annual salary of $100,000 (Asher 1989).

The cases of Missouri and Maryland are especially disconcerting because both are large public flagship universities that enjoy support from the administration and alumni, neither faces competition from another Division I university within the state, and each has a large football stadium and basketball arena. Both are in good locations for attendance and both enjoy widespread coverage by the media. The conferences

to which they belong (the Big Eight and the Atlantic Coast Conference, respectively) profit from good television contracts and have revenue-sharing programs for all conference members. They are big-time programs operating with blessings and advantages, yet both illustrate how the alleged revenue-producing sports are susceptible to consuming rather than generating operating funds. And the precarious finances of Maryland and Missouri are not isolated (see, e.g., Fischer 1975). Nearly 10 years ago at the University of Colorado, the athletics director told reporters that the department was "almost broke," leading one journalist to conclude, "College football has a case of the shorts" (Moss 1981).

Response to financial pressure at a number of large universities has been to cut nonrevenue varsity sports or to adopt a policy of "tiering," in which the athletics department makes conscious decisions to target some non-revenue-producing sports for reduced funding, limited facilities, few athletic scholarships, and local schedules. At the University of Washington in 1974–75, the board of regents considered a proposal to eliminate athletic grants-in-aid for all varsity sports except men's football and men's and women's basketball (Fischer 1975, p. 6). The board rejected the proposal, opting instead to attempt to maintain grants-in-aids for student-athletes in all varsity sports. That solution was unaffordable, however, and led the University of Washington to drop two varsity sports—wrestling and men's gymnastics—in which it had enjoyed national prominence.

The most novel contribution to policy discussion to come from the state of Washington's council on higher education is its focus on the expenses rather than the income associated with operating college sports programs; that is, the report prompts colleges and universities to abandon the notion of categorizing sports as "revenue producing" and to increase emphasis on whether or not a given sport is "revenue consuming" (Fischer 1975). The Washington report counters the customary response of athletics department officials to meet the problem of growing expenses by favoring increased revenues (Palmer 1981, p. 66).

An example of financial reform through reducing the sports program comes from the Southeastern Conference (SEC). By 1979:

> *... inflation and the cost of adding sports to the program were major concerns among Southeastern Conference ath-*

letics directors. Athletics administrators endorsed more plans to increase revenues than reduce expenditures. The majority of the directors favored abolishing scholarships in non-revenue sports, while the major thrust for increased revenues was in the area of contributions and donations (Nader 1982, pp. xi–xii).

For example, varsity wrestling was added as a championship sport in the SEC in the 1970s and quickly gained national stature. Despite nationally ranked teams, wrestling has since been dropped at Louisiana State University, the University of Kentucky, and the University of Tennessee. Similarly, outside the SEC, the University of Colorado eliminated varsity baseball, wrestling, and swimming. Oregon State University recently announced it was cutting funding for varsity track and cross country, even though those sports have a tradition of conference and national championships (Moore 1988). The College of William and Mary cut several varsity sports and Stanford reduced funding for nine of its intercollegiate teams in 1984. One cost-cutting measure is to change the format of competition; dual track meets have virtually disappeared, for example, in favor of multiteam invitational meets. A problem of the strategy of reduction, however, is that it undermines a fundamental justification for big-time football and basketball: prime providers for educationally balanced, diverse athletics programs. In fact, big-time football is often not a means to a comprehensive program; in lean times, it is an end in itself—and often unable even to support itself (Lopiano 1979).

Why Are Expenses for College Sports So High?

Expenses for big-time sports tend to rise substantially more than annual inflationary rates, in part because athletics departments ascribe to expensive customs. In some states, for example, athletics administrators at public universities have justified requests for direct state appropriations to varsity sports on the grounds that "it takes money to make money," implying that the state legislature should provide initial resources for starting an athletics fund-raising program (Palmer 1981, p. 73). Second is the traditional belief that "a happy athlete is a winning athlete" (Sack 1982; Stump 1976). Conspicuous consumption for student-athletes often is standard practice, suggested, for example, by construction of special dormitories.

In 1974, the University of Pittsburgh's athletics officials proudly told *Time* magazine that their football program included $600,000 for operating the program, $350,000 for scholarships (140 players at $2,500 each), and $30,000 for the head coach's salary. Donations of $181,000 from alumni over two years went for enlarging locker rooms and installing carpeting, a lounge, and a stereo system. The coach noted, "Carpeting floors doesn't win ball games for you, but it sure makes things more comfortable" (*Time* 1974). Another enduring custom of big-time college sports is faith in certain activities as necessary for achieving a winning team in a revenue-producing sport. Most Division I football coaches, for example, have the entire squad and staff spend Friday night at a local hotel, even before a home game (Heyman 1987a).

College coaches are not especially precise in their ability to select talented student-athletes. Division I-A football squads are allowed to have 95 athletes receiving full grants-in-aid, a number sufficient to subsidize more than four players at each of the 22 slots constituting a complete starting lineup. Reliance on such an inordinate number of scholarship players usually represents a coach's hedge against several problems: high attrition as a result of scholastic ineligibility, athletes' failure to play to their predicted potential, and "stockpiling" outstanding athletes to prevent opposing teams from having access to their talent. All three practices are expensive and wasteful (Guttmann 1982, pp. 74–75; Rooney 1987).

Attempts at frugality and reduction are uneven. Athletics directors and football coaches have been reluctant to endorse compacts that would promote significant savings in athletic grants-in-aid, leading to what has been called the "athletics arms race" (Heyman 1987a). Under current guidelines, a Division I-A team may provide 95 football grants-in-aid in a given year, Division I-AA 70 (NCAA 1989, Article 15.5). Proposals to reduce numbers in either category have been defeated at recent NCAA annual meetings. Most disconcerting is that athletic grants-in-aid do not have to be based on a student-athlete's showing financial need (Lowell 1979; NCAA 1982, pp. 1–16).

Another expensive practice is that universities pay high salaries to selected coaches. At several major universities, the head football or basketball coach makes over $100,000 in annual base salary, sometimes more than the university president. And, as exemplified earlier in the discussion about the

University of Maryland, big-time athletics departments follow the custom of buying up multiyear contracts for a fired coach. The University of North Carolina at Chapel Hill, for example, regarded as having a well-run, model, big-time program, is reported to have "bought up" a fired football coach's contract for over $800,000 (Oberlander 1988b).

The Ivy League stands as a significant, successful model in which a group of eight institutions have integrated high academic standards with Division I athletics.

College Sports and Life without Television: The Economics of Division I-AA Programs

For the relatively few Division I universities whose football and basketball teams enjoy television coverage, luxuries are affordable and can exist within the bounds of a balanced budget. This style becomes harder to maintain, however, among less visible programs in Division I-A and is especially hard to maintain in Division I-AA. Most of this monograph has dealt with Division I programs because they are likely to claim the ability and responsibility to be both self-supporting and revenue producing, exclusive of such subsidies as mandatory student fees. This literature review has not included much about sports programs at small colleges because most such institutions have no mandate to be self-supporting, auxiliary enterprises, let alone money makers (Fischer 1975, pp. 43–52). Where one places the varsity sports program within the institution determines in large measure the kinds of financial questions one uses to evaluate the program (Moulton 1978). The NCAA's data do suggest that college programs in Divisions II and III are experiencing rising costs—and that the gap between expenses and revenues is increasing dramatically. Sports programs at small colleges function without athletic grants-in-aid and without the expectation that sports contests will bring in substantial revenues, but this lack can work only if the varsity sports program is truly defined and funded as part of the immediate educational experience (Lucey 1982) or as a genuine part of student services, with participation in varsity sports open to all students (Fischer 1975, pp. 2–3). In dramatic contrast to the Division I institutions' quest for broadcast publicity, the highly successful football coach at Amherst College (Division III) rejected the opportunity to have the traditional Little Three Game against Williams College televised because he thought the broadcast and camera crews would intrude on the character and quality of the campus and the game (Carlson 1985).

Below the Mount Olympus of the Big Eight, the Big Ten,

the Atlantic Coast, the Pacific Ten, the Southwestern, and the Southeastern conferences, the financial condition of Division I-AA is interesting and important for understanding the increasing strains and dilemmas of financing highly competitive varsity sports. Division I-AA includes the Ivy League institutions (Brown, Columbia, Cornell, Dartmouth, Harvard, Pennsylvania, Princeton, and Yale—where football teams are *not* expected to be self-supporting), many major state universities (e.g., the Yankee Conference with the universities of Massachusetts, Connecticut, Delaware, Rhode Island, Vermont, Maine, and New Hampshire), and the privately endowed University of Richmond. Their scope and attendance were deemed too small by the major powers—and hence were relegated to a separate cluster within the NCAA in 1981. A typical Division I-AA team's stadium seats only 15,000 to 30,000, and data suggest the difficulty revenue-producing sports have being self-sufficient in the 1980s. One survey of 16 prominent Division I-AA football programs showed that 15 reported substantial deficits in 1987 (the 16th institution refused to respond to the survey) (Radford 1987). The three Division I-AA football programs in Virginia face severe financial problems (Lipper 1987). For the 1986 season, for example, the football team at James Madison University had expenses of slightly over $1 million and revenues from ticket sales, concessions, and guarantees of $143,054—a deficit of almost $900,000; for 1984, 1985, and 1986 combined, James Madison's football program lost more than $2.3 million, William and Mary's $2.4 million, and Virginia Military Institute's $1.9 million (Lipper 1987). (Deficits usually were covered by funds from mandatory student fees.) Ironically, they are considered to be among the healthiest, best-supported Division I-AA football programs in terms of alumni interest and attendance.

Among Division I-AA *public* institutions, the tendency is for athletics directors and coaches to justify funds for athletic grants-in-aid and use of student fees for varsity sports on the grounds that a public institution cannot be expected to compete with Ivy League schools and other well-endowed private colleges that allegedly can offer their students generous financial aid. The argument that the Ivy League enjoys a significant advantage in attracting top student-athletes, however, tends to gloss over the view that the Ivy League institutions' commitment to distinctive educational principles means that their varsity sports programs "face unique limitations" in attracting

student-athletes. The Ivy League, for example, prohibits athletic grants-in-aid and requires adherence to selective academic admissions and financial aid based on students' need. Above all, "conference guidelines suggest that athletes, as a group, must be similar to the entire student body in terms of past academic performance" (Associated Press 1987b; cf. Atwell, Grimes, and Lopiano 1980, pp. 14–16; Lederman 1986).

The Ivy League stands as a significant, successful model in which a group of eight institutions have integrated high academic standards with Division I athletics in a large number of sports for both men and women. Although the Ivy institutions are financially well-endowed, the conference is not without its own problems. For example, "The eight Ivy League schools are a special case not only because of their prestige, but also because they present some interesting problems that go beyond the few institutions involved. . . . Recruiting is very intense; in some sports at some institutions, the pressure to win compares with that of high-intensity programs in major athletic powers that award grants-in-aid to athletes" (Atwell, Grimes, and Lopiano 1980, p. 14). According to a press account, "The economic realities of an Ivy education don't bode well for the leaguewide improvement in the near future" (Associated Press 1987b). In 1987, the football coach at Columbia commented, "Money, in the last 10 or 15 years, has become the biggest obstacle that's faced" the Ivy League (Larry McElreavy, quoted in Associated Press 1987b). This view is reinforced in a comment about the contemporary situation in the Ivy League:

> *If Ivy schools are not attracting as many outstanding athletes, it is not because they do not want them. In addition to the fact that academic standards remain high, there is one problem that is more serious than ever—finances. Rising costs have hit hard at the middle class, perhaps the best source of tough, motivated athletes. In the mid-1970s the cost of attending an Ivy League school was less than $6,000 annually, and when a partial financial aid package fell short of the needed amount, loans were available at interest rates of 3 percent.*
>
> *Ten years later, the cost is over $15,000, loans are more difficult to obtain, and more than a few Ivy coaches are losing prized recruits for one reason only: They can't afford*

to turn down athletic scholarships from outside the league (Bertagna 1986, p. 3).

The result is a classic rivalry within Division I-AA in which both sides—coaches at public and at private institutions—depict each other as having an advantage in recruiting student-athletes. Hence, athletics directors and coaches urge their own institution and prospective alumni donors to provide more resources to remain competitive with rival teams. "Keeping up with the varsity Joneses" provides one rationale for increased athletic fund raising. It sometimes also provides a case for escalating resources that go directly or indirectly to athletics programs; in the Ivy League, for example, the football coach at the University of Pennsylvania advocated "preferential packaging" for football players "in which they would get their full need in a grant rather than a package that also obligates them to work and take a loan that must be repaid" (Ed Zubrow, quoted in Associated Press 1987b). And, as suggested in the discussion of Division I-AA public institutions, the argument for more resources takes place even in those athletics programs that already show substantial annual deficits.

Philanthropy and Fund Raising

The most popular solution athletics departments use to close the gap between flat revenues of ticket sales and rising expenses is to solicit donations (Frey 1982, pp. 229–30). Some evidence suggests that even among the major conferences, private contributions still surpass television revenues as the mainstay of institutional athletic resources. Data from the Atlantic Coast Conference (ACC) in the early 1980s supports this view. For 1981–82, the eight private fund-raising organizations of the ACC member universities raised $15 million. The usual mechanism for such activity is through booster clubs and "athletics/educational foundations" (Alberger 1981). Clemson's IPTAY Club ("I Pay Thirty A Year Club") raised $3.16 million in one year, followed by Chapel Hill's Ram's Club ($2.6 million), and North Carolina State's Wolfpack Club and Virginia's Booster Club ($2 million each). Georgia Tech was lowest in the conference at $1 million (United Press International 1982).

The $15 million raised by ACC members does not include special fund-raising campaigns: In one 18-month period, the

University of North Carolina raised $22 million for its new basketball arena, Georgia Tech raised $6.7 million for a new sports complex, and Duke University received $3 million in special gifts for new sports facilities. The universities that belong to the Southeastern Conference are similarly successful in fund raising. Although it was noted that the University of Kentucky's Athletic Association is a "strong" fund-raising program, UKAA's literature in 1987 reminded prospective donors that it was still a "poor cousin" among its benchmark institutions: "The University of Kentucky currently ranks near the bottom of the Southeastern Conference in the amount of money raised for athletics. While other schools are raising in the $2 to $4 million . . . range, contributions to UKAA last year were less than $1 million" (University of Kentucky Athletic Association 1987).

Establishing a distinct sports foundation (usually as a corporation within or connected to the university) is a practice pursued among the Division I-A institutions, the Division I-AA Ivy League schools, and even some colleges in Divisions II and III (Barnes, Rice, and Sturrock 1981, p. 12; Frey 1982, pp. 223–38). A pivotal question is how a distinct program to raise money for college sports teams coexists with raising funds for other university activities. One view is that money raised for the university, even if earmarked for a specific program, benefits the entire institution because it frees up another university dollar to be used by the president and dean as part of total institutional planning. A brochure from the Brown University Sports Foundation (1987) illustrates this approach: "Give to the Brown Sports Foundation and you're not just giving to sports!" The explanation given is that every dollar in contributions to the sports foundation benefits "every area of the University from its scholarship fund to its library acquisition budget. Because every dollar we don't have to spend on athletics helps us fund other aspects of the Brown experience. Which means your donation not only makes you a part of Brown's athletic achievements—it makes you a part of Brown's academic success."

How in this case does the sports foundation interact with the overall institutional budget? "In the Ivy League, as in the liberal arts colleges, athletics is not expected to be self-supporting and typically is subject to the same budgetary review and constraints as other programs" (Atwell, Grimes, and Lopiano 1980, p. 15). Further, "despite a potentially gen-

erous group of 'old grads' available for booster clubs, the typical Ivy League institution prohibits or severely limits fund raising for athletic programs" (p. 15). According to a 1988 brochure, "The Brown Sports Foundation Endowment, presently $3,900,000, earns money [that] provides the University with budget relief for its sports expenditures and over $1,000,000 since its inception in 1983. The University is able to use these relief funds in support of its regular academic, counseling, and administrative programs." It is an intriguing model because it has potential to integrate budgets for athletics and academics. Yet it still raises important questions for comprehensive university planning and allocation of resources. For example, it is not evident that Brown's model necessarily keeps a lid on intercollegiate sports expenses because elsewhere in the same brochure donors are advised that the sports foundation also raises money to help programs beyond what regular university budgeted amounts provide. Another critical question connected to this model of athletics as part of total institutional planning is whether evidence or guarantee of reciprocity exists among internal constituencies; one wonders whether the history department, for example, has a fund-raising brochure that makes the same point about how donations to *its* program make a donor part of Brown's athletic success.

The model illustrated by Brown University assumes integration of athletic and educational budgets (Frey 1982, p. 226). Although this situation may hold for Brown and the Ivy League institutions, many large universities (especially public institutions) have adopted a markedly different arrangement: They may be quite decentralized, with each unit discrete in its budgeting and fund raising. Such a financial structure indicates that the monies raised by a semiautonomous private corporation (as are most athletics foundations) do not enter into a single, universitywide pot. Furthermore, the idea of "sharing" dollars is unlikely in most Division I-A institutions, as most university athletics departments spend all that they raise (Frey 1982, p. 226; Lopiano 1979). And although athletics foundation directors informally emphasize cooperation with a university's other fund-raising offices (Miller 1981, p. 51), the degree of coordination historically has varied greatly from institution to institution.

If this example illustrates the notion of sports fund raising as partner with campuswide donations, interesting to consider

is a more aggressive case for college sports: the notion of a multiplier effect in athletics as part of the university's total philanthropy and prestige. One proposition is that alumni contributions to college sports actually enhance academic opportunities and image, which can be so because dollar contributions that lead to winning teams accomplish two things: first, they enhance morale among a present generation of students (who will then become future loyal donors); and second, winning teams generate favorable imagery and publicity for the institution, in turn attracting more donations. This view is set forth by two Clemson University economists (McCormack and Tinsley 1987; cf. Clark 1986), who contend that their own institution has shown an increase in SAT scores among all entering students during those years when Clemson had championship sports teams. In sum, the academic side of the university benefits from visible, winning teams, because "advertising attracts more applications, giving the university a larger pool to choose from."

The two economists acknowledge some limits of this argument, however, because their conclusion is based on numerous other associations in the jump from winning teams to acquiring better students. They see higher faculty salaries, larger libraries, smaller classes, and higher endowments as part of the chain originating with contributions to athletics (Lederman 1988b). Furthermore, this argument does not speak to another syndrome: that the scandals often associated with building big-time winning teams might detract from the institution's reputation or that, even without scandal, winning teams might promote the image of a university whose first priorities are football or basketball (Thelin 1978, p. 181). The puzzle for researchers is thus whether support of athletics becomes an end in itself, or whether it becomes a source of institutional pride that also generates support to promote academic stature. The evasive nature of this question is suggested by a justification for starting a booster club by one athletics fund raiser who had worked at Clemson:

At Clemson, we had a slogan stating that IPTAY was unmistakably the very best. People at Clemson firmly believed that. They built that program on pride because of the things they've been able to accomplish through the years. Clemson is a small school in a rural part of South Carolina and really didn't have a lot to cheer about other than the fact that its

athletic teams have been doing great through the years. Clemson raised $2.7 million last year from more than 15,000 people. These people are giving to that program because of pride (Bennett 1981, p. 3).

How widely can one extend the study at Clemson that indicates funding for athletics benefits the institution's overall stature? Research by several other scholars suggests it extends in a limited manner. Suppose one claims that a big-time sports program boosts a university's overall *academic* reputation and resources. If it were true, one might expect a strong correlation between universities with outstanding sports programs that win national championships and membership in such prestigious academic and research organizations as the Association of American Universities. In fact, no clear connection or indication of overlap exists, for big-time athletics can at some point be incidental—or possibly contrary—to an institution's overall stature (Thelin 1978, p. 181). A study by two political scientists, "Win One for the Giver" (Sigelman and Carter 1979), systematically analyzes alumni giving and big-time sports, questioning the conventional wisdom. Their approach was to analyze institution-by-institution fund-raising data and athletic records of 138 colleges and universities that offered Division I football programs during academic year 1975–76. Contrary to anecdotal evidence, their statistical tests led them to conclude (even while recognizing the limits of systematic research on institutional practices):

> *We could find no support in our data for the notion that alumni giving rises and falls with the fortunes of big-time intercollegiate athletic programs. . . . Even if there were a strong relationship between athletic success and alumni giving, [it] would probably be of little practical consequence, because most schools obtain only a small portion of their support from alumni. . . . In any event, our statistical analysis has revealed that there is simply no relationship between success or failure in football and basketball and increases and decreases in alumni giving. . . . In the final analysis, however, the lack of any relationship between success in intercollegiate athletics and increased alumni giving probably matters a good deal less than the fact that so many people believe that such a relationship exists. Debates concerning the role of college sports tend rapidly to turn into*

ideological confrontations. . . . Because the idea can be debated so nicely from a variety of ideological outlooks, it will doubtless continue to be widely held despite the contrary evidence presented here (Sigelman and Carter 1979, pp. 291–93).

Another perspective on the connections between university fund raising and varsity sports comes from the director of information services at Notre Dame:

> *The common mistake of assuming a causal relationship between fund-raising success and athletic victories needs correction.*
>
> *In Notre Dame's case, football was historically important in establishing national visibility for the institution, and there are undoubtedly donors whose first attraction to the university was through its athletic charisma. However, since Notre Dame established a formal fund-raising endeavor in 1946, there has been no discernible correlation between the level of giving to the university and intercollegiate athletic records. Indeed, the university's first successful capital gifts campaign took place during a 14–25 football nadir.*
>
> *A recent survey of alumni motivation showed that preservation of the university's Catholic character, independent status, and academic excellence ranked far above endorsement of its sports achievements* (Conklin 1978).

The case of the University of North Carolina at Chapel Hill illustrates the charge that athletic fund raising can be at odds with educational resources and prestige. Some faculty at Chapel Hill recently have argued that potent athletic fund raising has led to an overemphasis on sports, especially construction of sports facilities. At the same time the athletics department's Athletic Educational Foundation conducted its successful two-year drive for $22 million to build the new basketball arena, the university's faculty salaries were frozen in response to low state tax revenues and widespread recession. The chancellor responded to faculty members' complaints about misplaced priorities by insisting that "the center was not a priority of the university. It was a priority of the educational foundation." Although the chancellor's statement might exonerate his own office from emphasizing expenditures for athletics to the neglect of educational matters, at the very least it implies that

athletics/educational foundations can and do set priorities distinct from universitywide administration and apart from the institution's primary academic mission (Lederman 1988c; Oberlander 1988b).

Research leads both scholars and fund raisers to be cautious about claims that winning varsity teams stimulate alumni contributions to the university (Sigelman and Carter 1979). While researchers generally agree that favorable publicity about sports increases a university's visibility, how it directly influences university fund raising remains unclear. "The mistake is believing that you're going to necessarily convert a strong athletic booster into an academic supporter" (Frey, quoted in Lederman 1988b; cf. Frey 1982, p. 119).

Research Strategies: Institutional Budget Analysis

Most of the cases cited in this section deal with major athletics programs. The expenses of operating an athletics program and its affiliated foundation sometimes may be 30 percent of revenues, but institutions vary widely (Barnes, Rice, and Sturrock 1981, p. 18). A highly successful booster club at a large state university reports, for example, that "the costs of raising money are roughly 16 percent" (Miller 1981, p. 52). The cost-benefit ratio of private fund-raising organizations diminishes at institutions with low visibility, small stadia, and relatively few alumni, and monitoring the expense of fund raising is crucial. The expenses of salaries for an athletics director, a fund raiser and staff, mailings, and publicity are high. For example, the 1988–89 intercollegiate athletics budget at the University of Maryland was $8.5 million, of which about $4 million was devoted to "administrative, business, training, academic support, marketing, and golf course costs" (Sell and Goldstein 1989). Furthermore, athletics/educational foundations face increasing questions about whether they duplicate efforts and expenses of other campus fund-raising activities. Indeed, one suggestion for structural reform is that athletics/educational foundations should be increasingly under the purview of the university's vice president for university relations and the universitywide development office (Barnes, Rice, and Sturrock 1981, p. 12).

The track of where money comes from and where it goes in varsity sports programs is not readily evident. Among Florida's public colleges and universities, for example, as late as

1981 budgets for intercollegiate athletics programs were not accessible to the public. Only when athletics departments ventured into lobbying state legislators for state appropriations were "college presidents and athletics directors . . . willing to let their budgets be in the sunshine for the first time in history" (Palmer 1981, p. 65). Further, reports by athletics fund raisers tend to emphasize how much money they raise, with little information on how much they spend on the efforts (Alberger 1981; Barnes, Rice, and Sturrock 1981). Systematic analysis and comparison of expenditures for athletics programs and fund raising face the problem that until recently, athletics officials "did not know how to measure their own condition" (Palmer 1981, p. 66). One might ask the following questions in analyzing an institution's budget for athletics:

Athletics/ educational foundations can and do set priorities distinct from universitywide administration and apart from the institution's primary academic mission.

- Do varsity coaches hold faculty appointments? If so, the state funds them in part, and such salaries are not usually reported in the budget for intercollegiate athletics.
- Conversely, does the booster club raise money for coaching salaries? If so, who determines the amount of those salaries? (Miller 1981, p. 55).
- Are student fees actually reported? (Fullerton 1985, pp. 14–16).
- Who pays for grounds keeping and maintenance? (Fischer 1975).
- Are "in-kind" items (helmets, shoes, livestock for the training table) reported as revenues or as expenditures? (Bennett 1981, pp. 8–9).
- Are revenues from nonconference television broadcasts reported?
- How much in reserve does the athletics foundation hold?
- Where are salaries of employees of the athletics foundation reported? (In most states, employees' salaries at public universities are published as part of the public record, but the record often excludes those paid out of private funds, such as coaches.)
- Do athletes get free housing?
- Does the intercollegiate athletics department pay indirect overhead for use of university services for payroll, personnel, and accounting? (Miller 1981, pp. 51–55).
- Are coaches' perks in the budget? (Bennett 1981, p. 9).
- Are all direct support monies reported in public statements (e.g., funds from the president's discretionary account)?

- What are the costs and benefits of the private athletics fund-raising corporation? What is the ratio of actual funds raised for sports teams versus expenses for overhead and salaries? How does this ratio comply with standards set for the university's development offices? (Miller 1979). Does a professional organization like the Association of Governing Boards of Universities and Colleges (Oliva 1989, pp. 25–27) or the Council for Advancement and Support of Education (CASE) have performance criteria? This last question is important because athletics foundations have a tendency to proliferate in size; as the assistant executive director of Florida State University's Seminole Boosters Club reported, "We started out with an office in a one-bedroom apartment with a staff consisting of an executive director and a secretary. Now we have a two-story building and a full-time staff of 12" (Barnes, Rice, and Sturrock 1981, p. 12).
- Have incidents of slush funds and improper monies occurred? If so, how and where were such funds collected, stored, and distributed? (Hanford 1979, p. 357).

Having collected information about one's own athletics program, the next step is to compare and contrast it with practices elsewhere. To assist in this analysis, the NCAA published *Financial Reporting and Control for Intercollegiate Athletics* (1974), which presents both a survey of and recommended practices for financial reporting from NCAA member institutions. It was a voluntary survey, however, to which only 42 percent of member institutions replied, and it is limited in its ability to delineate normative behavior among college athletics programs.

Evaluating the Finances of Athletics Programs: Guidelines for Official Academic Policy and Accreditation Standards

How can one make sense of these financial and economic data in terms of the institution's total educational mission? One reasonable approach is to use the criteria recommended by the NCAA (1981), which include some guidelines on the finances of intercollegiate athletics culled from various regional accreditation handbooks. It is a good start:

The intercollegiate athletics program ought neither engross an undue proportion of the institution's financial resources nor contribute disproportionately to them. Its cost should be relative to its educational significance.

All expenditures for and income from athletics, from whatever source, should be controlled by the institution and included in its regular accounting and budgeting procedures.

Funds used to support all athletic programs shall be fully controlled by the administration and shall be reflected in an annual audit of the institution's financial records (NCAA 1981, pp. 14–15).

One obvious strategy for reform to make intercollegiate athletics accountable to the university's budgeting and financial planning is to make athletics part of the regular structure for educational funding, eligible for institutional resources along with other educational activities. To do so, however, faces two obstacles for institutions with Division I programs. First, in many states, the legislature—not the university administration or faculty—has determined that public institutions' intercollegiate athletic programs (especially those with athletic grants-in-aid) are not defined as part of the educational program eligible for regular state appropriations. Second, the NCAA'S own philosophy statement recommends that *by definition* Division I programs ought to strive to be financed from revenues generated by the program itself and that Division I-A football and basketball programs are *by definition* spectator-oriented, income-producing activities (NCAA 1989, p. 282). The case of public universities in the state of Washington suggests an interesting model for reform that addresses these points and is congruent with the guidelines for accreditation.

Washington's council on higher education analyzed the financing of intercollegiate athletics in the state's universities and recommended that each institution choose in defining its various sports as either dependent on recruiting and athletic grants-in-aid or not. Those sports that opted for reliance on grants-in-aid were then required to be self-sustaining. Sports whose participants were drawn from the student body without explicit recruitment or athletic financial awards, however, were eligible for state-appropriated funding through general expenses and administration for student services (Fischer

1975, pp. 2–3, 19–27).

The Washington proposal requires substantial internal redefinition of athletics scholarships and students' participation that may be problematic at Division I universities seeking national championship-caliber teams. Compliance with the letter and spirit of these criteria sometimes tends to conflict with existing practices for Division I athletics programs at many large universities, because few intercollegiate athletics programs would be able to justify their financial resources in terms of *educational* significance (Sack 1982; Scott 1956; Thelin 1978). Furthermore, most incorporated athletics/educational foundations are beyond thorough, direct control by the university's central administration.

If athletics departments are reluctant to ascribe to these recommended educational standards, how might current practices be made more honest and consistent with the total institutional arrangement and the NCAA's own philosophy statement for Division I? One extreme proposal that surfaces from time to time is a laissez-faire arrangement in which universities are not externally constrained in developing big-time varsity sports programs. Thus, instead of reshaping intercollegiate programs to fit existing accreditation standards, a more realistic approach might be to draft new institutional accreditation standards that reflect the actual behavior and character of intercollegiate sports programs at Division I institutions. Central to this perspective is the notion of institutional autonomy—a university has the right to operate an intercollegiate athletics program that is "commercial" or "professional" in character—which leads to the intriguing prospect of deregulation, in which the financial condition of intercollegiate programs exists in a truly self-determining open marketplace (Lawrence 1987b; Rooney 1987).

According to this arrangement, college sports would function truly as a laissez-faire "business." It is a proposal advanced by some superb analysts of intercollegiate athletics, including a geographer (Rooney 1985, 1987), political scientists (Hart-Nibbrig and Cottingham 1986), and an economist (Lawrence 1987b), each of whom concluded that many individual colleges would do well to come clean by admitting that their programs are "professional." In a similar vein, each year the Nebraska legislature considers (and rejects) a bill that would allow the university to pay salaries to varsity athletes. The gain for the university is that it drops the pretense

of "athletes as students," of spectator sports as an "educational activity" or a "student extracurricular activity" misleadingly coupled with intramural and student-life programs. Under a revised code, intercollegiate athletics could be defined as a wholly distinct, auxiliary enterprise.

This proposal is attractive to some reformers because it is honest and consistent, legitimizing practices already associated with some big-time programs, and because commercialism and professionalism are inevitable among major college teams, why not allow such practices? An important caveat, however, is that most universities, even those with big-time varsity athletics programs, would *not* be well served by this proposal. Few universities could be serious about establishing a truly professional sports program. For all the publicity about the prominence of varsity teams at Oklahoma, Kentucky, and other universities, even within the 66-member Central Football Association, most Division I athletics programs could not survive as truly professional or commercial ventures (Frey 1982, pp. 234-35). Certainly Division I-AA institutions, already troubled with limited revenues and few prospects for television audiences, would fail as "professional" enterprises. And it is useful to keep in mind the attrition of professional athletic leagues: The World Football League and the United States Football League have gone bankrupt in the last decade. Even the New England Patriots of the established National Football League has had trouble meeting the players' payroll during the past two years. Professional sports often are a notoriously risky enterprise and would be a disastrous financial model for most university athletics departments.

Some do not go so far as to compare big-time college sports to a "professional model" (Atwell, Grimes, and Lopiano 1980), opting instead for the term "semiprofessional." This distinction is good and important. Despite large crowds, television audiences, concessions, souvenirs to sell, and so on, only a handful of college football or basketball teams could truly support themselves as a "business enterprise"—and an even smaller number of intercollegiate athletics departments with a range of sports beyond football and/or basketball could bring in sufficient revenues to be healthy. A more accurate description is to acknowledge that intercollegiate athletics at all levels are at least partly subsidized by the institution. And cumulative NCAA activities are probably best characterized as a cartel, not a free-market industry (Lawrence 1987b).

Whether or not deregulation is workable, major intercollegiate athletics programs increasingly will face the syndrome of "the rich get richer." A handful of institutions that enjoy television coverage and winning teams skew the data and imagery of college sports as a lucrative venture. A better estimate is that in all cases it is an *expensive* venture characterized by substantial initial and hidden costs whose profits are highly risky. The growing imbalance between prosperous and poor athletics programs can be addressed by adopting some level of revenue sharing (Weistart 1987, pp. 15–16). If implemented by the NCAA, revenue sharing might promote survival of several conferences and institutional programs. Although some conferences already follow this practice, its limit is that it may help the wealthier conferences but exclude financially weaker leagues and large numbers of independent institutions.

Rather than describe major college sports as big businesses, it is more accurate to see them as large indulgences. An apt metaphor for big-time college sports is that of a huge animal whose spurts of energy are accompanied by a voracious appetite in an environment that is running out of resources (Thelin 1981, pp. 39–41). Even though in many institutions, especially public universities, college sports are expected by law to be self-supporting, auxiliary enterprises, most programs have trouble fulfilling this charge. As of 1981, for example, "the state of Florida [did] not give any money for the support of athletic programs or for the expansion of athletic facilities" (Barnes, Rice, and Sturrock 1981, p. 13), yet in that same year, athletics officials at Florida's public institutions initiated lobbying that led to direct and indirect state appropriations for women's intercollegiate athletics to "stabilize" varsity programs (Palmer 1981, p. 73). In sum, the beast cannot adequately feed itself. Big-time college sports is a *subsidized* activity that is allowed to survive and grow for various reasons quite apart from the ability to generate direct revenues.

One problem of analysis and reform is confusion over definitions. In 1988, the State Higher Education Executive Officers (SHEEO) analyzed a survey of policies and practices on the funding of intercollegiate athletics in 13 states and included a cautionary note from the National Association of College and University Business Officers:

> *Intercollegiate athletics often present a problem in classification. Some are operated for the entertainment of the*

public as well as for student participation, while others are conducted solely for student participation. If the operation is largely self-supporting, it is logical and appropriate to classify it as an auxiliary enterprise. When the athletic program is intended primarily for student participation, intercollegiate athletics, along with intramurals, may be classified as an educational and general activity (SHEEO 1988).

The working definition in this monograph is that a *self-supporting* intercollegiate program is one that raises its own resources (from donors, gate receipts, broadcast rights, and so on), with production intended to surpass consumption. By this standard, a program that seeks substantial revenues from ticket sales and donors yet relies regularly and heavily on mandatory student fees to balance its budget does not meet the test of being successfully self-supporting. Not all athletics directors ascribe to this definition, however. A 1986 survey by the American Association of State Colleges and Universities (AASCU) asked member institutions "whether athletic programs generated revenue, were self-supporting, or operated at a deficit." Responses were mixed because they frequently included the comment that a program could be "self-supporting . . . with the help of student fees, or indirect state support through general university funds, or indirect state funds" (AASCU 1986, pp. 1–2).

AASCU's survey is important because it shows the relative inability of even Division I intercollegiate programs to fund varsity sports from ticket sales, contributions from alumni, and television revenues. Only nine of 60 responding Division I institutions reported that their athletics programs generated [net] revenue. Ticket sales, contributions, and television/radio contracts represented 30.5 percent of program funding (AASCU 1986, pp. 2–4). The questions then become, Who subsidizes the shortfalls on these activities? Are these subsidies congruent with sound educational and institutional policies? (Blackburn and Nyikos 1974; Lucey 1982; Nelson 1982, p. 49). And do the real and symbolic benefits of subsidized programs warrant the subsidies? If a university wishes to subsidize an expensive, money-losing Division I varsity sports program because its winning teams bring favorable publicity, symbolic stature, and the ubiquitous intangible benefits to the institution, then it should be clearly acknowledged by halting the misleading practice of calling varsity sports a self-

supporting auxiliary enterprise. Instead, it would be more accurate to define the athletics department as a public service, an extension program devoted to cultivating good will—but possibly housed under university relations (Barnes, Rice, and Sturrock 1981, p. 12).

But what about those important, exceptional cases where Division I intercollegiate sports programs show a substantial surplus each year? An interesting example in 1988 was the University of Kentucky Athletic Association, which donated $4 million to the educational budget for the entire university. At first glance, this largesse appears to be a laudable effort. But it is disconcerting, because the UKAA tail could be wagging the university dog. Especially in a year when the state legislature granted faculty raises of only 2.5 percent and minimal funding for library and capital improvements, UKAA's affluence suggests practices and policies that do not fulfill the spirit of regional accreditation standards. The imbalance stands out even more when one considers that UKAA recently completed construction of a $6 million indoor football practice facility. A more substantive proposal for reform is that such one-time generosity of an athletics foundation perhaps could be modified to create a permanent relationship with the host institution. The athletics program at the University of Oklahoma, for example, pays 2 percent overhead to the university (Goodwin 1986, p. 84). Herein lies the genesis of one policy reform.

One option at Division I institutions is that the intercollegiate athletics program be treated comparably to sponsored research and development grants. Because it is the charter, the name, the logo, and the facilities of the university that make the special sports activity possible, the university could impose an internal tax on all revenues and donations brought in by varsity sports, which is not unlike the overhead that universities charge the federal government (often about 60 percent) on sponsored research grants. This mechanism would formally and systematically ensure that athletics programs carry through on one of their own traditional claims: that fund raising for athletics and a major varsity sports program systematically benefit the entire institution.

Changes in policies and practices, however, hinge upon a critical dimension of institutional self-study and redefinition. Universities with big-time sports programs should be required to recognize intercollegiate athletics as a substantial activity

central to the university's mission and purpose (Hanford 1976, pp. 234–35), and it should be clearly stated in the charter and the mission statements a campus prepares for regional accreditation and for filing with such bodies as the state council on higher education (Fischer 1975, pp. 43–51).