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Abstract: The article discusses the effect of the global financial crisis of 2008-2009 on Stanford University's top-tier athletic program. Losses to the athletics endowment have prompted layoffs and budget cuts. Stanford's program is among the wealthiest and most successful, yet as of fall 2009 it cannot rule out the possibility of cutting teams. Bob Bowsby, the university's athletic director, said the elimination of teams would be done only under the most extreme circumstances. At Stanford, the article notes, each team has a first class venue. Bowsby notes that Stanford merges topnotch academics with topnotch athletics, a rare combination. He says if he had to eliminate teams it would be difficult, as there are no weak teams, although only a few make money.

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Recession Clouds Future of Stanford's Storied Sports

Dateline: PALO ALTO, CALIF.

Stanford University's Athletic Hall of Fame is housed in a room so packed with prizes that, months after winning top honors as college sports' best all-around program for the 15th straight year, officials have yet to find room for the trophy.

They might be forgiven for the oversight, as it's been a challenging year for the mighty Cardinal program. Layoffs and nearly \$8-million in budget cuts have cast shadows on a department accustomed to sunnier times. Those fiscal realities have prompted some number-crunching --and soul-searching--over whether the university can, or should, continue to field 35 athletics teams.

The stumble, triggered by severe losses in the once-\$500-million athletics endowment, came as a surprise to many observers. Not only was it among the first major athletics departments to feel the pain of the recession, it is the most envied program in college sports.

"If it can happen to Stanford," Bob Bowsby, the university's athletic director, says in a rare interview, "it can happen to anybody."

The Pac-10 power is hardly alone in its fiscal nail-biting. Dozens of athletics departments have cut teams, halted capital projects, laid off employees, or otherwise trimmed their budgets in the last year. And while Stanford is unusually reliant on its sports endowment, it is still among the wealthiest and most successful athletics programs.

But the Cardinal aren't in the clear just yet. Mr. Bowsby says he hasn't ruled out the possibility of cutting athletics squads should the financial circumstances call for it.

With an annual operating budget of around \$75-million, Stanford is surpassed only by Ohio State University in fielding the largest number of sports in Division I-A, the NCAA's most competitive grouping. (Ohio State's budget for 36 sports, by comparison, tops \$100-million.)

When Mr. Bowsby announced the budget cuts this year, he said eliminating teams would come only under the most dire circumstances. Nine months later, though, one big question lingers: In a still-sluggish economy, is it realistic for an endowment-dependent program that struggles to fill its football stadium to offer such an expansive menu of sports?

"I've tried to be as forthright with our coaches as I can," Mr. Bowsby says. "The discontinuation of sports is, by far, the course of last resort."

But when coaches ask if he thinks the economic picture will ever reach a point where cuts are unavoidable, he is cautious.

"I can't unequivocally say, 'No, we're not going to ever get there.' I'd be less than honest if I said that, because I just don't know," he says. "We have to constantly look at issues of sustainability. So how many varsity sports we have and what level we support them at is, I think, a fair question."

Home of Champions

The corner of the campus where the Cardinal's 850 athletes perfect their games is abuzz on a mid-October afternoon with the sights and sounds of practice. Bats crack on the baseball diamond. Tennis balls thwack across an asphalt court. Swimmers glide back and forth under the sun-warmed pool like tanned fish.

Unlike some campuses where athletics facilities sprout up as space becomes available, Stanford's athletics complex is a campus unto itself. Every sport has a top-notch venue for practice and games, and almost all are within a short walk of each other, connected by paved walking paths. Eucalyptus, palm, and oleander trees offer snatches of shade, a necessity in the sun that shines almost every day.

The stretch of manicured fields ends at a bustling road on the edge of the campus. That's where El Camino Real, "the royal road," is lined with lamppost signs proclaiming "the Home of Champions."

It's not an exaggeration. Tiger Woods played golf here. Summer Sanders and Jenny Thompson set records in the pool. John Elway called plays on the gridiron, and John McEnroe played for a year here before turning pro. The Hall of Fame is cramped for a reason: Cardinal athletes and teams have amassed 409 individual titles, more than any program in the country, and 97 NCAA team championships.

Winning all the time, though, has inspired creative interpretations of success from the masses. Last month the student newspaper deemed Stanford's latest winning of that crystal trophy, known as the Directors' Cup, "irrelevant"--and said the university's "complete supremacy in sports" has, in fact, hindered its national reputation as an athletics powerhouse.

This was the world Mr. Bowsby encountered when he arrived in 2006 to succeed Ted Leland, who had led the program for 14 years. Tall and plainspoken, Mr. Bowsby, who is 57, came from the University of Iowa. In his 15 years there, he built the Hawkeyes into a formidable program, establishing a \$25-million athletics endowment, constructing several new facilities, and overseeing a handful of highly ranked teams.

"I don't know that I'd have left Iowa," he says now, seated in his corner office beneath a framed picture of Abraham Lincoln. "I was happy there. ... I have a degree from there, and we were having a lot of success."

But these days, Mr. Bowsby wears a Cardinal-red sweater vest and speaks appreciatively of the California sunshine. "It was the merger of world-class academics and world-class athletics," he says. "It's done better at Stanford than it is at any other place."

That is why Mr. Bowsby says he is intent on being realistic about Stanford's future in athletics. If fielding 35 teams becomes a financial drain, then some of those teams will have to go.

But if he had to make that decision today, he would face a tall order, as the program literally has no weak spots. Fourteen teams finished among the nation's top 10 last year. Eight of its fall teams were nationally ranked this season, and the Cardinal just collected two more conference championships late last month.

Among coaches, the sadness and uncertainty that followed February's layoffs has matured into a "roll up your sleeves" spirit, says Craig Amerkhanian, director of the crew program and coach of the men's team. Among coaches, he says, "There's a tremendous amount of compassion and responsibility that comes with us still being employed when friends and colleagues are not."

As the coach of a sport that costs more than it brings in, Mr. Amerkhanian says he is accustomed to running lean. But this year he and his staff scrutinized costs even more closely, canceling a trip to England (saving \$25,000), eliminating land telephone lines, and having coaches drive the teams' boats to and from races.

"You don't bite off more than you can chew with your budget," Mr. Amerkhanian says. "We've just got to work just a little bit harder."

By the Numbers

Trouble came when the Cardinal's athletics endowment, which topped \$500-million last year, dropped by 25 percent last fall. The university counted on some \$25-million a year from the fund to help pay for athletics scholarships and other program needs. Lacking that money, and projecting shortfalls of more than \$5-million in revenue over the next three years, Mr. Bowsby made immediate cuts.

Twenty-one staff members from a department of 320 lost their jobs. Some were eligible for retirement and left early; others were simply laid off. Mr. Bowsby trimmed nearly \$2-million from last year's budget, and another \$6-million or so from this year's. To save money, several positions have been frozen. There have been reductions in the maintenance of Stanford's extensive athletics facilities, and stricter limits on travel. Now he is looking for other ways to fortify revenues.

Athletics hasn't been the only place on campus to cut back. In an aggressive attempt to rein in expenses, Stanford has laid off nearly 500 people and frozen 50 faculty searches as the university's endowment, valued at \$17.2-billion in July 2008, dropped almost 30 percent. By comparison, Harvard and Yale Universities have cut 275 and 100 positions, respectively.

Private donations, which helped build Stanford athletics into a dynasty, have cooled considerably from the boom years. Last year the department was \$2.3-million shy of an \$8.5-million annual goal. And even though the football team has done well this season, ticket sales are still not as robust as Mr. Bowsby would like.

A new \$100-million football stadium opened in 2006 in the same spot where the old stadium stood. It seats 50,000, but there are always empty seats. The university has drawn an average of 36,276 to its home games this season. "We're working on putting butts in the bleachers," Mr. Bowsby says.

Money from television contracts helps, and there's more of it thanks to the football team's recent success (after going 1-11 in 2006, the program has a winning record this season). But TV revenues can't solve everything. The Pacific-10 Conference doesn't have media-rights deals anywhere near the magnitude of what the Southeastern and Big Ten conferences have negotiated.

Only a handful of Stanford's athletics programs make money. But that hasn't prevented the department

from spending big to keep its competitive edge.

Three years ago, when Mr. Bowsby arrived, 62 employees in the athletics department, including some assistant coaches, made \$40,000 a year or less. Living in Palo Alto isn't cheap, so the athletics department has raised some salaries and broke ground in August on a collection of single-family houses and duplexes on the edge of the campus. Come spring, they will be available for coaches to rent at below-market rates.

Turnover among coaches can be costly, and some years the Cardinal lost 25 percent of lower-paid staffers. The new housing, Mr. Bowsby hopes, will help prevent that attrition.

Difficult as the past few months have been, there are some things here that are constant. The sun still shines almost every day, and temperatures in most months are between 75 and 90 degrees.

"It almost gets boring," the native Iowan says. "I kind of long for a good, old-fashioned thunderstorm."

But he has adjusted to the ethos at Stanford, where the outdoor swimming pool (there's no indoor one) is not the only sign of confidence in blue skies. Here, even a pragmatist like Mr. Bowsby offers a fleeting show of impatience at anything that blocks the sun.

"We have clouds," the athletic director says, looking out the window on an otherwise mostly sunny day. "We really don't like having clouds."

PHOTO (COLOR): Bob Bowsby, athletic director, has cut nearly \$8-million from Stanford's athletics budget. If the program's 35 teams become a financial drain, some may have to go, he says.

PHOTO (COLOR): Stanford's crew teams trimmed their expenses this year. "You don't bite off more than you can chew with your budget," says Craig Amerkhanian, director of the program.

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By Libby Sander

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