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## Pay for play resurfaces, but NCAA still opposed

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### The NCAA News

It may be time to add "someone thinks college athletes should be paid" to the adage that the only certainties in life are death and taxes. The notion of paying players is as cyclical as the cold and flu season, but this time the topic has taken on a legislative twist.

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Nebraska state Sen. Ernie Chambers, a political independent and longtime supporter of providing stipends to college athletes, has submitted a bill that would allow football players at the University of Nebraska, Lincoln, to be paid a stipend. Chambers has submitted similar bills at times over the past 15 years, but only once has such a measure advanced to the Nebraska governor's desk (in 1988 when it was vetoed). But this year's version is getting greater attention. Chambers has made it his "priority bill" for the current legislative session, which means it is guaranteed debate on the senate floor. Because Nebraska is the only state structured by a single legislative chamber, the bill has a better chance of advancing. Plus, Nebraska Gov. Mike Johanns has indicated he would sign the bill if it passed through the legislature.

Even if Johanns signs the bill, the action would not become law unless three other states with institutions in the Big 12 Conference (of which Nebraska is a member) adopt the same law. To date, no similar bills exist in other states at all.

While the Nebraska bill has created a media stir, the NCAA membership remains against pay for play, a stance that has been solid since the Association was founded in 1906. Presidents have been the loudest voice among that opposition. Current NCAA President Myles Brand, fresh from 14 years in presidential terms at two Division I-A institutions, said, "We have a model for paying players. It's called professional sports."

Though this particular pay-for-play discussion is different because a legislative body and governor have embraced it, the notion still doesn't enjoy public support. Three-fourths of respondents in a recent USA Today survey thought pay for play was a bad idea. Just as importantly, NCAA leaders think it's a bad idea:

NCAA President Brand: "The NCAA historically has been against pay for play. I couldn't agree more with that position. If you start paying student-athletes (other

than assisting them through financial aid), you essentially ruin the integrity of the college game. You take a first-rate set of college athletics programs and turn them into third-rate professional programs."

NCAA Executive Committee Chair Carol Cartwright, president at Kent State University: "We have to work to maintain the amateur component in what we do. There are plenty of professional sports out there, but we provide an opportunity in a different environment and we need to protect that zealously."

NCAA Division I Board of Directors Chair Robert Hemenway, chancellor at the University of Kansas: "Even if born of the best of intentions, pay for play is the worst of ideas, ranking right up there with the Edsel, Enron accounting, and the notorious Vietnam rationale, 'We must destroy the village to save it.' For college sports to survive, they need the integrity of amateurism, fan confidence in the ideals of sportsmanship, and the spirit of self-respect evoked by the phrase, 'the old college try.' If we begin to equate a student-athlete's play with the recompense pocketed every month, we have skidded to the bottom of a very slippery slope."

Big 12 Conference Commissioner Kevin Weiberg: "Pay for play would be a significant step away from the primary educational mission of institutions. Presidents and chancellors in the Big 12 certainly would think about other options before ever going in that direction."

Besides the challenges inherent in a practical application of a pay-for-play environment (see accompanying point/counterpoint), the NCAA position traditionally has been based on the philosophical notion that college sports is an avocation and that professional sports is a vocation. That distinction has been sacred to college athletics since the NCAA was founded in 1906.

Proponents of a pay-for-play environment, however, are pushing the NCAA to get off the philosophical dime because they believe NCAA institutions sometimes exploit student-athletes, especially those in revenue sports.

"It's hard to agree that it's exploitation, given the college education benefits provided that will last them a lifetime," Kent State President Cartwright said. "There are many students who would like to be exploited that way if that's what the benefit is. There are a lot of students who bring important talents into an institution who create reputation and image, and perhaps even a pretty good revenue stream in some places, and they don't get supported like that."

NCAA President Brand said that universities pay about \$5 billion for athletics programs per year and get about \$4 billion in return through television contracts and gate receipts. The highly visible sports, such as football, help subsidize the other sports, but even then universities must add funds.

Cartwright also said that the cry for stipends wears thin with a higher education crowd already facing serious budget restraints.

"Look at what's happening for students in general," she said. "With a lack of state support, the gap between what can subsidize a student's financial aid package and the cost of going to college is widening. For the neediest student in most cases, you can no longer cover the cost of attendance. Most students because of their family's economic status are left with unmet need growing by leaps and bounds as tuition grows and as states withdraw their support."

"Those people are not patient with student-athletes who are getting a full ride and still want more."

Brand said those student-athletes who do in fact want more are not prohibited from obtaining it; it's just that they can't do so through college sports programs.

"Can student-athletes make more money playing professionally? The very rare student-athlete can do that," Brand said. "There are opportunities for that rare student-athlete to go right to the pros, and some do, not just in basketball, but in baseball, hockey, soccer and gymnastics. But you come to college not just to play and learn your athletics skills, but also to get an education. And it should be known that to the vast majority of student-athletes, that education is the most important part."

Many pay-for-play proponents talk more about pocket money (cost of attendance) more than an environment in which players would become "free agents" who command a market value. While NCAA presidents and chancellors generally have never supported cash payouts under any circumstances, the NCAA has worked to rethink some of its financial aid legislation that might help student-athletes, as Brand has said, "enjoy a complete college educational experience."

In that vein, the Division I Academics/Eligibility/Compliance Cabinet recently supported a financial aid deregulation package that would allow student-athletes to supplement athletics aid with non-athletics aid up to the cost of attendance without having the non-athletics aid count against team limits. That would allow student-athletes the same access to additional ways of funding their cost of attendance that are afforded to other students (see related story, page 8).

Other funds also are available to student-athletes who have financial need. These include the NCAA Special Assistance Fund, which provides money for necessities such as travel home during family emergencies. Federal funds (primarily Pell grants) also are available to cover the cost-of-attendance gap. In fact, a full-ride student-athlete who also receives a full Pell grant (up to \$4,000) could actually exceed the cost of attendance.

"Most financial aid officers would tell you those people don't have 'need' per the federal government's definition of need," the Big 12's Weiberg said. "If they're receiving a full grant-in-aid, plus a Pell grant, they're probably receiving more money than is needed for cost of attendance."

Add a cash stipend, Weiberg said, and the student-athlete suddenly may be facing unintended tax implications. "It would be ironic to pay some nominal stipend to student-athletes with financial need that would put them over the cost of attendance and subject them to tax implications," he said.

Weiberg also said such an institution/student-athlete financial relationship would not escape notice of the federal government, particularly the Internal Revenue Service. He noted that as more money is devoted away from educational expenses, the relationship between student-athlete and school changes to one in which the IRS becomes interested.

Brand believes that even smaller stipends would chip away at the integrity of the game, and they would be enormously costly to institutions.

"Pay for play just isn't a good idea in any form," Brand said. "Now, some athletes may desire to be paid for their athletics efforts, and a few of them -- very few -- have sufficient expertise early in their life to command that. If they want to be paid for playing, that's fine, but they need to be in professional leagues, not college.

"I still believe, however, that they would be very well-served to stay in college and graduate. A college education is of great value."

## Pay-for-play point/counterpoint

*Following are some common observations made by pay-for-play proponents, along with responses:*

**Athletics departments make millions of dollars off student-athletes. Student-athletes are the ones generating the revenue from gate receipts and television contracts, so why shouldn't they share in the profits?**

Most athletics departments do not generate revenues over expenses. In fact, the latest NCAA revenues and expenses report shows that only 40 Division I-A institutions operated in the black in 2001. Revenues are escalating for those few institutions; however, annual operating deficits are growing for most of the rest of the membership.

**Why can't the NCAA subsidize player stipends through its \$6 billion bundled-rights agreement?**

This is a common question, but it reflects a lack of understanding about how the NCAA relates to its membership, about how the revenue from the contract is distributed and how much influence NCAA distributions have on Division I budgets. In fact, the NCAA is an association of higher education institutions; the member schools are not "franchises." Almost all revenue from the bundled-rights agreement goes back to the membership, either in the form of services (for example, 87 national championships in 22 sports) or outright distributions. While the \$6 billion figure is

commonly cited without qualification, it is, of course, \$6 billion over 11 years. After the money is spread over the duration of the contract and divided annually among the membership, it accounts for less than 10 percent of annual revenue at a typical I-A institution. Institutions are free to use the distribution as permitted by NCAA legislation.

### **But many large football and basketball programs make money, don't they?**

Yes. However, colleges and universities support the idea that intercollegiate athletics competition is a valued part of the higher education experience. Thus, they sponsor many other sports, almost all of which generate expenses rather than revenue. In many cases, football and basketball "profits" serve to underwrite other programs. Most of the membership believes that this approach is educationally appropriate.

### **But some players in revenue sports don't believe that it is an appropriate use of the money. They don't care if their institution has a swimming program or not.**

Some student-athletes have stated their concerns publicly. But if the market value of their athletics talent is so clear, then they should be able to sell it outside of the arena of intercollegiate athletics where no encumbrances exist. The NCAA and its members have long held that competition in intercollegiate athletics is a privilege and not a right and that participants are bound by reasonable rules established by the membership. The courts have invariably supported that position.

Even if some student-athletes do not care about the nonrevenue sports, the university is obligated to look at the bigger picture and to maximize the benefits to all students.

### **Why can't players in revenue sports be paid a stipend?**

Not all "revenue sports" produce revenue. Most revenue comes from ticket sales and donations, and both of those sources shrivel when losses exceed wins. So, a requirement that stipends must be provided in football and men's basketball could have a Darwinian effect on less affluent programs. Pay-for-play proponents might suggest that the NCAA could permit (rather than require) payment of a stipend in selected sports, but the competitive distinction between "haves" and "have nots" -- already substantial -- would be greatly inflamed by such an approach.

One common observation is that the NCAA once had legislation that permitted a stipend though a permissible institutional payment of "laundry money" to student-athletes in the 1960s. However, a comparison of the current situation and that of the 1960s is specious. The current benefit package for student-athletes is much more substantial than it was in the 1960s.

Further, paying only one segment of student-athletes would be challenged in court. Title IX ramifications alone would put pay for play on shaky ground.

**Is the benefit package better now than in the past? Newspapers include stories about revenue-sport student-athletes at Division I institutions who cannot afford simple items such as food and modest entertainment.**

Yes, the package of available benefits is more substantial than in the past. In particular, student-athletes with unmet financial needs can access federal Pell Grants (up to \$4,000 annually) and the NCAA Special Assistance Fund. Other state aid can bring qualified student-athletes up to or beyond the cost of attendance. Division I student-athletes also will have access to the new Student-Athlete Opportunity Fund, which will start out this summer as a \$17 million allocation and increase to more than \$50 million by the end of the 11-year rights agreement. Over the life of the bundled-rights contract, in fact, more than three-quarters of a billion dollars will be devoted to student-athlete welfare.

The average annual cost for a full grant-in-aid at a Division I school is \$14,312 (in-state) and \$18,576 (out of state). Spread over four years of eligibility, that is a guarantee to an 18-year-old freshman of \$50,000 to \$75,000. Some full scholarships at expensive schools total \$40,000 annually and more than \$160,000 for a college career. Like regular students, student-athletes can work all summer and they also can earn up to \$2,000 per academic year.

Student-athletes get a virtually free college degree. Apart from the inherent value of the education, most economists estimate that a college graduate will earn about a million dollars more in an adult career than a high-school graduate.

Further, the Division I Academics/Eligibility/Compliance Cabinet recently supported a financial aid deregulation package that would allow student-athletes to supplement athletics aid with non-athletics aid up to the cost of attendance without having the non-athletics aid count against team limits. That would allow student-athletes the same access to additional ways of funding their cost of attendance that are afforded to other students.

Still, newspapers often include stories about student-athletes who don't have money to buy food. In fact, full grant-in-aid athletes (that is, all football and men's basketball players receiving financial aid) have their tuition, room, board, books and fees covered by their grant-in-aid. If the student-athlete chooses to live in campus housing, meals are provided as part of room and board. If student-athletes choose to be reimbursed for room-and-board expenses and live off-campus, then they are subject to the same kinds of budget challenges that other college and university students encounter (keeping in mind that relief is available for many student-athletes through Pell grants and other permissible assistance).

**What about student-athletes who say they are frustrated when they see their jerseys being sold in the campus bookstore and yet they don't receive any of those sales? Even former longtime NCAA Executive Director Walter Byers said in his book, "Unsportsmanlike Conduct: Exploiting College Athletes," that student-athletes should have the same access to free markets as coaches and colleges do.**

Proponents of pay for play have argued that it's the labor force (student-athletes) that generates the billion-dollar television contracts. Less attention typically is paid to the market role of the institutions themselves. In fact, nothing prevents entrepreneurs from creating a professional environment for young athletes outside of the college setting. Up to now, no one has chosen to do so, most likely because it would be regarded as minor-league competition with little commercial appeal.

### **Wouldn't pay for play help stem the tide of players opting for the pros before they graduate?**

How would a stipend make much difference in that regard? Any college compensation would be dwarfed by the multi-million dollar contracts that the professionals offer. In fact, many intercollegiate athletics administrators believe that certain student-athletes should take advantage of once-in-a-lifetime financial opportunities and turn professional. While the loss of a high-profile underclassman to the pros can be devastating to the competitive interests of an individual program, the issue is of less concern collectively. After all, if a student-athlete leaves school to play pro ball for millions of dollars, he will be able to purchase a college education. (Even if the individual fails as a professional and subsequently has financial need, the NCAA Degree-Completion Program is available to provide support.)

### **The NCAA claims that a free education is the trade-off for student-athlete talent. In other words, education is a student-athlete's "pay for play." What happens, though, when schools don't uphold their end of the bargain and fail to graduate players?**

This question points to why the NCAA is so aggressive about academic reform and the proposed Division I incentives/disincentives package. It is absolutely true that the essential premise of intercollegiate athletics is violated if student-athletes are not provided with the opportunity to acquire an education. This issue has been the principal priority of the Division I Board of Directors for the last year. The plan under consideration is designed to reward the retention and graduation of student-athletes and punish programs that do not demonstrate a commitment to academic performance.

Graduation also is a two-way street. While universities are responsible for educating student-athletes, athletes also are responsible for wanting to be educated. In order for them to graduate, student-athletes must attend to their studies. No one can do that for them.

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