
Today's News

Thursday, October 5, 2006

Congressman Sends Letter Grilling NCAA on Tax-Exempt Status of College Sports

By [PAUL FAIN](#)

In the latest salvo in what appears to be building interest on Capitol Hill for an investigation of college athletics, an influential congressman has asked the National Collegiate Athletic Association to justify its tax-exempt status.

That request came on Monday in a letter to the association's president, Myles Brand, from U.S. Rep. Bill Thomas, a California Republican and chairman of the House of Representatives Committee on Ways and Means.

"Most of the activities undertaken by educational organizations clearly further their exempt status," Mr. Thomas wrote. "The exempt purpose of intercollegiate athletics, however, is less apparent, particularly in the context of major college football and men's basketball programs."

Among other pointed questions in the [letter](#), Mr. Thomas asks: "Why should the federal government subsidize the athletic activities of educational institutions when that subsidy is being used to help pay for escalating coaches' salaries, costly chartered travel, and state-of-the-art athletic facilities?"

Erik Christianson, a spokesman for the NCAA, said the organization would respond to the letter and noted that NCAA officials have met with staff members from the Committee on Ways and Means. However, Mr. Christianson took issue with several points made by Mr. Thomas in the letter.

"We simply disagree with the fundamental assertion that intercollegiate athletics is not part of higher education," Mr. Christianson said, referring to the letter's comments about football and men's basketball.

Sen. Charles E. Grassley, the Iowa Republican who is chairman of the Senate Finance Committee, was sent a copy of the letter. Whether Mr. Grassley's or Mr. Thomas's committees will pursue hearings on the financing and educational benefit of college sports is unclear and may depend on the outcome of the November elections, which could tilt control in both chambers to Democrats. The two committees have been conducting reviews of nonprofit organizations, with the Senate panel having recently investigated governance at American University in the wake of a spending scandal ([The Chronicle](#), May 18).

"My understanding is that this is a serious inquiry," Richard A. Grafmeyer, a Washington lawyer and former tax counsel for the Senate Finance Committee, said of the questions raised by Mr. Thomas.

Proponents of major college athletics have long argued that football and men's basketball earn their tax-exempt status by generating money used for other sports. However, Mr. Thomas stated in the letter that sports programs "must contribute to the accomplishment of the university's educational purpose (other than through the production of income)" in order to be tax-exempt.

The 25 questions from Mr. Thomas, several of which are multi-part queries, include:

- How does the NCAA accomplish its purpose of maintaining the athlete as an integral part of the student body?
- What benefit does the NCAA provide taxpayers in exchange for its tax exemption?
- Is added educational benefit derived from participation in expensive Division I-A sports, particularly football and men's basketball, as compared to sports in other divisions or intramural athletics?
- What actions has the NCAA taken to assess the substance of the courses taken by athletes, and, more generally, the quality of the education athletes receive?
- How much do the NCAA's member institutions spend each year on sports?
- How has the transformation of the NCAA men's basketball tournament into "commercial entertainment" (a reference to CBS's agreement to pay the NCAA an average of \$545-million per year for broadcasting rights) furthered the educational purpose of the NCAA and its member institutions?
- What percentage of NCAA revenue is spent by member institutions on solely academic matters?

The letter is strongly worded. For example, Representative Thomas writes that "corporate sponsorships, multimillion-dollar television deals, highly paid coaches with no academic duties, and the dedication of inordinate amounts of time by athletes to training lead many to believe that major college football and men's basketball more closely resemble professional sports than amateur sports."

Mr. Christianson contested that point, noting that college athletes attend class, usually earn degrees, and, in the vast majority of cases, never play professional sports.

"They're students, not professional athletes," Mr. Christianson said.

The NCAA's most recent graduation-rate report, released last month, found that 77 percent of Division I athletes were graduating within six years of enrolling in college ([The Chronicle](#), September 28).

The association and its members institutions have recently been studying the financing of college sports. The organization's Presidential Task Force on the Future of Division I Intercollegiate Athletics, composed of about 40 college presidents, is planning to release a substantive document later this month discussing ideas for curtailing expenses in big-time sports programs.

[Copyright](#) © 2006 by [The Chronicle of Higher Education](#)

[Subscribe](#) | [About The Chronicle](#) | [Contact us](#) | [Terms of use](#) | [Privacy policy](#) | [Help](#)