

## BRIEFING PAPER NO. 4

### **Fiscal Responsibility, Not Weakening Civil Rights Law, is Key to Title IX Compliance and Detering Institutions from Discontinuing Some Men's Sports Teams**

By

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**Thesis #1: The financial problem with college sports today is not Title IX or its implementation guidelines; the problem is waste.**

#### 1. The "Arms Race"

- The athletics arms race is alive and well, but it has little to show for itself on the bottom line.
- The 2002 NCAA revenue and expenses study finds that, of the 114 reporting DIA schools, the average athletic department deficit was \$600,000 in 2001. If one adds to this the average of \$1,425,000 in student fees going to athletics, and the \$4,625,000 in donations going to athletics, a standalone athletic department operating deficit averages \$6,050,000. Even this number substantially understates the average subsidy going to athletics for Division I-A schools.
- The problem is that the one-sided incentives in DIA lead most schools to seek elusive financial gain. But like the NCAA itself, athletic departments are run by athletic directors, coaches and conference commissioners who do not have to answer to stockholders and do not face the financial discipline of the marketplace. The consequence is endemic waste. The solution is paring unnecessary expenses, allowing more men's teams to be maintained or restored at the same time that gender equity is pursued.

#### 2. Financial Solutions

Reduction of Scholarship Expenses. For example, DIA football does not need 85 scholarships, 60 would do fine. NFL teams have 45 roster plus seven reserve players. The average DIA team has 32 walk-ons, plus 85 scholarship players. If football scholarships were cut to 60, the average college would save approximately \$750,000 annually, enough to finance more than two wrestling teams, for instance, whose average cost is 330,000 dollars per team.

- College coaches have protested that college football teams cannot be properly compared to professional teams. The latter, they say, can always call up reserves when players get injured, but college teams must have players on their rosters. This is a red herring. Analysis of injury rates shows no need to maintain current squad sizes.

- The NCAA Injury Surveillance Systems Summary reports that for the 2000/2001 season the serious injury rate during games in football was 14.1 per thousand athlete exposures, while the rate in football practices was 1.6 per thousand. If we assume that 60 players enter a game and the team plays 13 games during the year, then the average total number of serious injuries, where a player is out seven days or more from games, is 11 per year. If on average each such player misses two games, then the average number of game-injured players is 1.6 players per game.

- Performing a similar computation for practice-injured players, assuming 80 exposures per practice, five practices per week and 15 weeks of practice yields 9.6 injured players during the year. If each misses two games on average and the average number of practice-injured players is 1.48 per game, and the total number of injured players per game is 3.17, to be cautious, one can even double or triple this estimate and there would still be fewer than seven, or fewer than ten injured players per game. There is no justification here for having 85 grants-in-aid in Division I-A football, even if the average team did not have 32 walk-ons.

Control of Coaches' Salaries. The NCAA should seek a congressional antitrust exemption with regard to coaches' salaries. Currently there are dozens of Division I men's basketball coaches who make one million dollars or more, and dozens more football coaches in this category.

- Lest anyone think that these stratospheric coaches' salaries are justified economically, let me remind you that economic theory predicts a coach will be paid a salary up to his or her marginal revenue product in a competitive labor market. That said, how can it be that the top paid coaches in college football and men's basketball get comparable compensation packages to each other when the average DIA football team has fully three times the revenues as the average DIA basketball team? And how could it be that the top dozen or so DIA football coaches get paid salaries similar to NFL coaches, when the average NFL team has revenues of more than ten times the size of the average DIA football team?

- These coaches' compensation packages have more in common with reported executives' stock option plans in Enron, World Com, and other corporations than they do with the competitive marketplace. Coaches are reaping the value of what their unpaid athletes produce. If unpaid athletes are subject to restrained trade because they're amateurs, then Congress should be willing to allow coaches salaries also to be restrained.

Other Savings. The NCAA should legislate excessive operating expenditure restrictions for all member institutions. Examples of such restrictions may include:

- Limit size of institution travel party to bowl games
- Eliminating the practice of putting the men's basketball and football teams up at local hotels before home games

- Limit the size of coaching staffs (numbers of coaches) based on standard athlete/coach teaching ratios
- Reduce the length of the playing seasons and number of contests permitted

**Thesis #2: There is no justification for excluding football from Title IX or any other sport from inclusion under Title IX**

One often hears that gender equity is fine, but football should be taken out of the equation; that is, remove football's 85 scholarships, excessive number of participants and operating budget before judging parity between men's and women's sports. There is no justification for such a policy. One might just as well argue that women's crew should be taken out before the gender participation numbers are compared. Title IX does not state that there shall be no gender discrimination where team revenue generation is equal. It simply states that there shall be no gender discrimination, period.

A sport's presumed profitability is plainly not a relevant criterion. As stated in Article 1 of the NCAA Constitution, college sports are based on the principle of amateurism and the subordination of athletic to academic goals. As such, Division I and II schools benefit mightily from not directly paying their athletes, from tax exemptions on facility bonds and from special tax treatment of UBIT income.

Further, in 1984 the Supreme Court determined that the NCAA may legitimately restrain trade in many areas because, due to its amateur branding, college sports increase output and enhance consumer welfare. If college sports were to professionalize and separate out their football programs using non-matriculated athletes and paying them salaries and benefits, then there would be a case to eliminate football from gender equity computations. As long as football benefits from the umbrellas of amateurism, non-profit status and the academy, however, the only rational course is to treat it the same as all sports programs for Title IX purposes.