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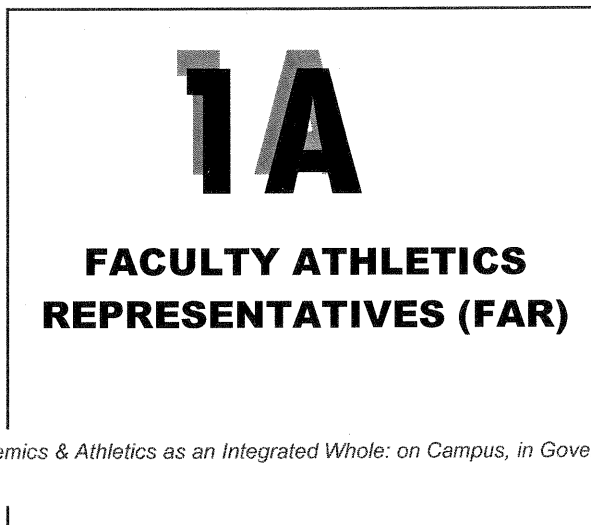
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TO: NCAA Division I Board of Directors
FROM: Josephine (Jo) R. Potuto
President, 1A Faculty Athletics Representatives (1A FAR)
RE: Principles to Inform Decisions Related to Fiscal Responsibility in
Intercollegiate Athletics
DATE: April 28, 2010

Background

Several years ago the NCAA Division I Board of Directors conducted a broad strategic review of the challenges facing intercollegiate athletics, including athletics expenditures that were rising faster than overall education costs and faster than the national rate of inflation. Although there are three levels of players in intercollegiate expenditures – institution, conference, and NCAA national office – by far the major expenditure issues reside at the institutional level. Among these are escalating coach salaries, the seemingly never-ending upgrading of athletics facilities, and the proliferation of non-coach personnel assigned to particular sports. To date, we know of no articulation of overall philosophy to govern fiscal decisions, even though there have been cost containment efforts by institutions, conferences and at the NCAA national office. The absence of such principles has led, we believe, to decisions that fail to reflect core values and also to an approach by various interested groups to give prime focus to preserving the current situation for their respective constituent groups.

The 1A FAR Board is aware that there now is an NCAA committee charged with articulating principles to inform institutional values-based decision-making. Currently there are no FARs participating in that effort, and we urge the Division I Board and interim president Jim Isch to include the broader campus voice in those discussions. We also share here our perspective on intercollegiate athletics and the principles that should frame budget decisions. We believe that there are two prime focuses of this discussion – institutions and NCAA operations¹ – and that the principles we set forth here are applicable to each, both in the identification of current programs and services and in the articulation of what should be their appropriate scope. With particular regard to the NCAA, the 1A FAR Board believes that there is an additional, macro, aspect of achieving fiscal responsibility, and that is to look at overall operations and decide whether a reassessment and reconceptualization is needed.

Core Principles in Cost Containment

1. Intercollegiate athletics are undertaken on college campuses with students enrolled in academic programs on those campuses. The prime objective must be to assure that student-athletes have the opportunity to achieve their academic goals, to experience many of the opportunities available to students not athletes, and to grow socially and intellectually as members of their university communities while also pursuing high levels of training and competition as amateur athletes.
2. NCAA core principles divide into four basic areas: student-athlete well-being; amateurism; university implementation of athletics programs that assures rules compliance and the fair and equitable operation of athletics programs (diversity, ethical conduct, etc.); and university implementation of athletics programs that is fiscally responsible. NCAA Const. Art. 2. Cost containment should be undertaken with reference to these core principles.
3. Cost cuts should not be made if they will have adverse impact on student-athlete health or safety, no matter the projected savings.
4. Cost cuts should not be made if they will have adverse impact on student-athlete academic performance or success, no matter the projected savings (unless there is extreme financial exigency such that the operation of NCAA core services and functions may not otherwise be maintained). If extreme financial exigency requires cuts, then they

¹We do not include athletics conferences here because, in our experience, conference offices are not a major player in intercollegiate athletics expenditures. Instead, their prime purpose is to identify and foster revenue streams and funnel revenues back to the campuses.

should come only after cuts first are made to all other possible areas (except student-athlete health or safety).

5. Cost cuts with adverse impact on student-athlete well-being (other than health or safety) or the student-athlete experience should not be made unless there is extreme financial exigency such that the operation of NCAA core services may not otherwise be maintained and then only after cuts first are made to all other possible areas (except student-athlete health or safety and student-athlete academic performance or success). For example, there should be no cuts made to the amount of post-graduate scholarships. (In fact, the 1A FAR Board believes that the post graduate scholarship program budget should be expanded to increase the current amount of award – \$7500 – and the current number of years of an award – one year, and perhaps the number of awards distributed annually.)
6. Cost cuts should be made in the context of universities maintaining broad-based athletics programs. Intercollegiate athletics programs are tax exempt because they are part of the overall academic mission. It is not a prime focus of these programs that they serve as a training ground for professional athletes or, in some sports, as a semi-pro league. No sport or aspect of an athletics operation should be immune to change. The 1A FAR Board recognizes, however, that in all but a few institutions the vast amount of sports revenue is generated by two or at most three sports.
7. Cost cuts should be made with an eye to the potential for systemic change.
8. Cost cuts at the NCAA level should result in real cuts and not simply a transference of needed function, with the associated consequence of transferring cost to conferences or campuses.
9. We recognize that the “prisoner’s dilemma” is that (s)he cannot or cannot easily make a unilateral decision without all other prisoners proceeding in lock step. Nonetheless, we believe that cost containment dictated at the association level should not intrude on what properly should be campus decisions.
10. Cost containment measures should be evaluated by antitrust counsel.

Principles in Application

1. Cost containment decisions should be data driven.
2. The prime objective in cost containment should be to achieve the maximum amount of cost reduction consistent with the principles set forth above. To do this, cost cuts must be based on concrete data in two areas. There must be data with reasonable predictive force on the amount of the savings to be achieved by any particular cut, in the immediate period following the cut, and thereafter. There must be data setting forth where the impact of

any particular cut will fall, and with reasonable predictive force on the consequence of any cut.

Reassessment of National Office Overall Operations

The 1A FAR Board believes that this might be a good time for the Division I Board to review all NCAA operations, programs, and services with an eye to deciding which are within the core mission and functions of the NCAA. We are not aware that such an overall assessment has been conducted, or at least conducted within recent times. Because we recognize that there may be disagreement as to what constitutes a “core” function or service or what is necessary to effectuate the core NCAA mission, we recommend that there be a special committee comprised of representatives from the membership groups formed to work with the Board on this effort. Campus representatives can offer a concrete and operational perspective on the NCAA mission and services. They also will have close experience of campus structures and how projects are made operational at the campus level. Campus representatives also can supplement the Board’s approach with particular expertise as to where there might be overlap or an extension of core services, and where these programs and services increase the work on campus without particular payoff.

As with institutional cuts, the 1A FAR Board believes that the prime objective in cost containment at the NCAA national office should be to achieve the maximum amount of cost reduction consistent with NCAA core principles and with minimal impact on NCAA core functions and services as identified.

1. There needs to be an assessment of NCAA operations to identify those core functions and services that must be preserved.
2. There needs to be an assessment of what is minimally/optimally needed to perform NCAA core functions and services.
3. There needs to be a cost/benefit analysis of the savings to be achieved with any particular budget cut as against its impact on core principles and functions. As with institutional cuts, cuts to national office operations must be based on concrete data in two areas. There must be data with reasonable predictive force on the amount of the savings to be achieved by any particular cut, in the immediate period following the cut, and thereafter. There must be data setting forth where the impact of any particular cut will fall, and with reasonable predictive force on the consequence of any cut.

Cost Containment Suggestions

The IA FAR Board is aware of several cost containment proposals that have surfaced. We set forth here those that we believe warrant study.

1. Eliminate the regional track and field qualifying event. This proposal not only involves cost containment, but we note that the regional competition may occur before the end of the academic year and also has impact on conference tournaments (and scheduling that occurs during exam periods).
2. Reduce non-coach, sport-specific administrative staff. We understand that the Recruiting Cabinet is engaged in an effort to get a handle on the number per sport of non-coach, sport-specific administrative staff. We know that the Big 12 and Mountain West FARs support such an effort and believe this proposal is supported by most, if not all, FARs. We have heard no FAR express opposition.
3. Limit the size of travel squads in every sport. This suggestion was proposed, as we understand it, by the IA Athletics Directors Association (IA AD). We understand that the FARs in the Mountain West Conference formally support such a cost containment measure. We are informed that information provided the Division I Championships Cabinet is that student-athlete travelers as a percentage of total travelers on team trips has dropped from 54.05 % in 2003-04 to 53.13 % in 2006-07.

There are at least three issues embedded here.

A. Who should be cut? We believe that cuts should be made to all others on the travel squad before student-athletes are prohibited from team travel. We suggest that a first step would be to identify the categories of those who travel. We understand that there are data that the Big 12 Conference FARs have accumulated regarding Big 12 Conference team travel. We also believe that there should be a hierarchy of categories of non-athletes who travel with a team regarding the necessity of their service, and cuts made in that order.

B. Where should the limits apply? The NCAA as an association certainly can limit team travel size for NCAA championships; the number of persons for whom the NCAA will reimburse travel costs; the number of persons who will have AA passes; etc. But we question whether there should be a limit on institutional choice to fund additional travel as that seems to intrude on campus decision-making.

4. Eliminate non-traditional playing seasons. We understand that the IA AD support this proposal as do the Mountain West FARs. We also understand that the current position of the Championship Cabinet is to “reduce” not “eliminate.” We note that independent of cost containment there are academic reasons for eliminating the non-traditional season as it would contain competition within one semester. We also note that with roster management (soccer, track), there is argument that the non traditional season permits opportunity for more student-athletes to compete. (There are variants of this proposal, including prohibiting overnight travel in the nontraditional season or prohibiting any

missed class time or restricting competition to local teams and NAIA schools. Some opponents claim that these will result in a competitive disadvantage to institutions in small population or geographically remote areas as they will be unable to compete against high level competition.)

5. Limit the number of regular season contests in all or selected sports. The IA ADs proposed this. There also are a series of Division II proposals to limit contests and practice that could be reviewed.

Conclusion

There is virtual unanimity among stake-holders and observers that current expenditures in intercollegiate athletics are not sustainable. Disturbingly, many institutions increasingly are resorting to cutting sports: more than 200 have been eliminated in the past three years. If and as cost containment measures are undertaken, the 1A FAR Board believes they should reflect a principled approach that mirrors the core values of intercollegiate athletics. We hope that the principles and approach that we have articulated here are helpful in forming the approach finally implemented.

cc: Selected NCAA Administrators