

## Priceless Poverty

*The NCAA's stance on paying players – or not paying them – seems unfair to me, with the preposterous amounts of money being made by the schools, television, coaches, and the like. And the players?(p. 203)*

– Tim Tebow (2011), former Florida football player, Hiesman trophy winner, current NFL player

The NCAA's definition of amateurism has proven to be priceless to obscenely paid coaches, athletics administrators, and colleges but has inflicted poverty on college athletes. The primary beneficiaries of revenue-producing athletes' talents are head football and men's basketball coaches, athletics directors, commissioners in the major conferences, and bowl directors. Earnings for these groups illustrate the conditions of the market for college sport.

Head men's basketball coaches whose teams competed during March Madness in 2010 earned, on average, approximately \$1.4 million with average head football coach compensation in major programs amounting to \$1.3 million (Berkowitz, Upton, & Levin, December 26, 2010; Staff, March 30, 2011). The top paid 60 FBS football coaches averaged more than \$2 million in total compensation with Alabama's Nick Saban and Texas' Mack Brown earning approximately \$6 million and \$5.1 million, respectively. The top 25 highest paid basketball coaches whose team played in the 2011 NCAA tournament averaged about \$2.4 million with Louisville's Rick Pitino earning \$7.5 million in total compensation.

The connection between coach earnings and the compensation of revenue-producing athletes was not lost on University of South Carolina football coach Steve Spurrier (Neuharth, June 9, 2011) who developed a proposal to provide a stipend to players on a per game basis that garnered support from Alabama's Nick Saban, Florida's Will Muschamp, LSU's Les Miles, Mississippi's Houston Nutt, Mississippi State's Dan Mullen and Tennessee's Derek Dooley. In explaining the rationale for the proposal, Spurrier said, "A bunch of us coaches felt so strongly about it that we would be willing to pay it – 70 guys, 300 bucks a game," Spurrier said. "That's only \$21,000 a game. I doubt it will get passed, but as coaches in the SEC, we make all the money – as do universities, television – and we need to get more to our players" (Long, June 1, 2011). Spurrier went on to say that "People don't realize that most football players come from underprivileged homes. My plan was meant to show that I believe our players deserve more expense money to be more like the average college student."

According to tax records for the year 2009, four of the six commissioners in the major football player conferences earn more than \$1 million per year with the Big 10's Jim Delaney receiving about \$1.7 million. (Associated Press, June 20, 2011). During the 2008-09 school year, SEC Commissioner Mike Slive was given a \$1 million bonus (Associated Press, June 21, 2011; Veazey, 2010). BCS Bowl game directors for the top four bowl games averaged approximately \$468,000 for organizing only one game in 2008 (Bowl Directors Pay, 2011). The mid-range salary for executive directors of events that comprise the college bowl system was \$300,000 (Gregory, December 30, 2010). Athletic directors are also paid handsomely averaging \$481,159 in the ACC, \$500,743 in the Big Ten and \$543,049 in the Big 12 in 2009-10 (Tysiac, 2010).

NCAA Presidents have little to complain about in terms of their compensation. NCAA President Mark Emmert refused to publicly state his NCAA salary, but public records show that Myles Brand, the previous NCAA President, earned \$1.7 million prior to Emmert's arrival. When asked by Frontline's Lowell Bergman (2011) if he saw any contradiction between the six and seven figure salaries for coaches and athletic administrators compared to what college athletes receive, Emmert stated, "No, I don't find that contradictory at all."

While there are no limits to what coaches and administrators can make, the NCAA's definition of amateurism caps "full" athletic scholarships below the cost of attendance, or the price tag that each school reports to the U.S. Department of Education. The athletic scholarship is the compensation that athletes receive for their contributions to the college, and every full athletic scholarship in the nation leaves them with out-of-pocket educational related expenses. Using the cost of attendance figures that colleges report to the Department of Education each year, our study found that the average scholarship shortfall for a full scholarship athlete at a FBS school was \$3222 in 2010-11. These same colleges are free to give full *academic* scholarships that fully cover the cost of attendance while their "full" *athletic* scholarships must fall short of the cost of attendance due to the NCAA's definition of amateurism. College athletes have been promised by their colleges and coaches that their educational pursuits will be fully supported with a "full" scholarship, but despite record revenues, they have never fully funded this promise. This leaves most players and their families unprepared for the financial demands that they must address.

The inequities in this system can be gauged from several vantage points. In our report, we found that when head coaches salaries are compared with the scholarship shortfall of entire football teams based on 85 scholarships (using in-state tuition calculations only), the gap is striking. While team shortfalls in 2010-2011 ranged from \$80,920 to over \$520,795, some coaches bonuses alone were greater than those shortfalls. University of Florida head football coach Urban Meyer could have financed the total scholarship shortfall for his entire team, \$271,150, with only *half* of his \$575,000 maximum bonus that year, leaving his \$4 million salary completely intact. Similarly, University of Oklahoma head coach Bob Stoops' contract provided for a maximum bonus of \$819,500 while his football team's total scholarship shortfall was \$338,980. Among the colleges with the top 10 football revenues, the sum of team scholarship shortfalls was approximately \$2.5 million while the maximum bonuses these head football coaches could earn was \$5.4 million. Although some argue that the financial state of college athletics does not have the resources to remedy the scholarship shortfall problem, dollars allocated to the incentives built into coach contracts to win conference games, achieve a certain winning percentage, be selected for a non-BCS or BCS bowl, be named coach of the year by a conference or national association, or to simply stay at an institution, incentives that hinge on the performance of athletes who generate the money to pay those incentives, would certainly be a budget area to be examined.

Not only does the NCAA-mandated scholarship shortfall leave players with thousands of dollars in out of pocket expenses, it leaves most living below the federal poverty line. Our study compared the 2010-11 room and board portion of each school's full athletic scholarship to the 2011 federal poverty line and found that the average scholarship left 85% of on campus athletes and 86% of off-campus athletes below the federal poverty line. On campus athletes lived at about \$1874 below the poverty line while players living off-campus lived at \$1794 below the poverty line.

Many are aware that college athletes are much more valuable than what they receive in the form of a full scholarship, but our study also estimates the fair market value for big time college football and basketball players receive. As previously stated, Coach Jay Paterno used his flawed estimation of athletes' time demands in an attempt to calculate the market value of a full scholarship player. He mistakenly suggested that a scholarship athlete at Penn State earned \$56.25 per hour if they came from the state of Pennsylvania and \$83.25 per hour for out of state athletes who are charged higher rates of tuition. To better gauge the fair market value for a college football and basketball player, we applied the revenue sharing provisions in the NFL and NBA collective bargaining agreements (CBA) to the football and basketball revenues reported by FBS schools. The current NFL CBA guarantees players at least 46.5% of total revenues. At the

time of this writing, the NBA does not have a current CBA, so we applied a 50% revenue split for college basketball revenues, which is the percentage that the NBA owners publicly stated as their desired goal in a new CBA.

After applying the revenue-sharing percentages, we found that during the 2009-10 school year, the average FBS football and basketball player's fair market value was \$121,048 and \$265,027, respectively. In 2009-10, the University of Texas fielded football players with the highest fair market value at \$513,922 per player while Duke basketball players were each worth \$1,025,656, the highest value in college basketball. Florida football and basketball players were the poorest athletes among the richest colleges. While generating combined revenues of about \$79 million for their universities, their scholarships left them living at \$2,250 *below* the federal poverty line.