

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: FY 2002 University Athletic Budgets
Date: July 6, 2001

Recommended Action:

Receive the report on the FY 2002 athletic budgets for the University of Iowa, Iowa State University and the University of Northern Iowa.

Executive Summary:

In July 1991, the Board of Regents adopted the "one plus three" concept of intercollegiate athletics that asserts presidential control of athletics at the institutions, as well as academic integrity, financial integrity and accountability through certification, as recommended by the Knight Commission on Intercollegiate Athletics. The Knight Commission, which started from the premise that properly administered intercollegiate athletic programs have legitimate standing in the university community, noted that institutional support should be available for intercollegiate athletics and that general funds can be appropriately used when needed to reduce the pressure on revenue sports to support the entire athletic budget.

In June 1999, the Board reaffirmed its Policy on Athletics and adopted the Statement of Principles identified by the Knight Commission. These are detailed as part of the Board's policy on Athletics in the Regent Procedural Guide, Chapter 10, which is included as Attachment A to this memorandum. Included are the following general principles related to finances:

- All funds raised and spent in connection with intercollegiate athletics programs will be channeled through the institutions' general treasury, not through independent groups, whether internal or external. The athletics department budgets will be developed and monitored in accordance with general budgeting procedures on the campuses.
- All athletics-related income from non-university sources for coaches and athletics administrators will be reviewed and approved by the universities. In cases where the income involves the university's functions, facilities or name, contracts will be negotiated with the institution.

- Annual academic and fiscal audits of the athletics programs will be conducted. Moreover, the universities will seek NCAA certification that the athletics programs comply with the principles herein.

The Knight Commission reconvened in 2000 to take a "fresh look" at what has happened to college athletics since the Commission's three reports were published in the early 1990s. The reconvened Commission, which included President Coleman, recently issued a new report, which proposed a new coalition of university presidents who would work toward goals related to academics, expenses (including reducing expenditures for college football and basketball, and provisions for setting coaches' salaries and endorsement contracts), and commercialization. The goals are included as Attachment B to this memorandum and the full report is included in the Regent Exhibit Book.

The FY 2002 athletic budgets of the universities total \$64.0 million. Review of the athletic budgets is consistent with the Board of Regents' Strategic Plan, which provides for a review of institutional operating budget proposals (Action Step 4.1.1.2) and the Board's policy on athletics. Detail on the budgets is provided in Tables 1 through 3 on pages 13, 15, and 17. Sources of revenue in dollars and by percentage of total are summarized below:

Sources of Revenue
(dollars)

	<u>SUI</u>	<u>ISU</u>	<u>UNI</u>	<u>Total</u>
General Fund Support	\$2,330,880	\$2,768,025	\$3,604,792 *	\$8,703,697
Designated Tuition for Operations	0	1,050,000	629,400	1,679,400
Designated Tuition for Debt Service	1,288,718	0	0	1,288,718
Sports Income	14,028,500	9,151,088	857,820	24,037,408
Athletic Conference/ NCAA Support	8,916,000	4,588,187	170,000	13,674,187
Other Income	<u>7,555,650</u>	<u>5,705,265</u>	<u>1,347,887</u>	<u>14,608,802</u>
Total	\$34,119,748	\$23,262,565	\$6,609,899	\$63,992,212

Sources of Revenue
(percentages)

	<u>SUI</u>	<u>ISU</u>	<u>UNI</u>	<u>Total</u>
General Fund Support	6.8%	11.9%	54.5% *	13.6%
Designated Tuition for Operations	0.0%	4.5%	9.5%	2.6%
Designated Tuition for Debt Service	3.8%	0.0%	0.0%	2.0%
Sports Income	41.1%	39.4%	13.0%	37.6%
Athletic Conference/ NCAA Support	26.1%	19.7%	2.6%	21.4%
Other Income	<u>22.2%</u>	<u>24.5%</u>	<u>20.4%</u>	<u>22.8%</u>
Total	100.0%	100.0%	100.0%	100.0%

*Includes budget line item of \$400,000 for diversity.

Sports income from gate receipts and game guarantees provides approximately 40% of the FY 2002 athletic revenue at the University of Iowa and Iowa State University. This dependence on market-driven revenue to fund athletic programs places tremendous pressure on the men's basketball and football programs to be productive since they generate most of the revenue and help support the remaining athletic programs.

Designated tuition (student fees) provides a portion of the operating athletic budget at the Iowa State University and the University of Northern Iowa. In October each year, the Board establishes base tuition and mandatory fees for each of the universities for the following academic year. At the subsequent May Board meeting, the Board allocates student fees consistent with the procedure established in Iowa Code.

The general fund, which provides for the general operations of the university and includes state appropriations and tuition receipts, is a significantly larger portion of the budget at the University of Northern Iowa since a smaller percentage of the budget is derived from sports income.

Expenses include salaries, sports operational costs, and scholarships. As with other university departments, the athletic departments pay for goods and services from other campus entities, many of which are self-supporting enterprises.

Title IX of the Higher Education Amendments of 1972 forbids sex discrimination at any college or school that receives federal funds. Sports opportunities for women athletes have increased significantly since Title IX was approved and the universities have increased their allocation of general funds to support the increased opportunities.

The federal Equity in Athletics Disclosure Act (EADA) of 1994 requires all coeducational institutions of higher education that participate in any Federal student financial aid program and have intercollegiate athletics programs to provide information for gender equity purposes. Federal regulations require that EADA reports be available for inspection by students, prospective students and the public by October of each year for the previous reporting period.

The EADA reports include data on athletics participation (by gender), coaching assignments and salaries, operating (game day) expenses, recruiting expenditures, athletically related student aid, and overall revenues and expenses. The EADA is not a financial report and therefore it will not totally reflect the athletic budgets presented to the Board. The EADA does not take into account financial information that is non-sport related such as debt service and capital expenditures.

Four years ago, the Board requested specific information on athletic scholarships be included in the docket materials. FY 2002 scholarship data is estimated at \$10.7 million, as follows:

University of Iowa	\$4,617,475
Iowa State University	4,248,930
University of Northern Iowa	<u>1,857,123</u>
Total	\$10,723,528

The \$10.7 million included in the FY 2002 budgets compares to \$9.3 million included in the FY 2001 budgets (15.4% increase). There is an increase in the number of budgeted women's scholarships at the University of Iowa and an increase in the number of budgeted men's and women's scholarships at Iowa State University. There is no change in the number of budgeted scholarships at the University of Northern Iowa; women's soccer scholarships were added in FY 2001. All scholarships are included in the athletic budgets. Detailed scholarship information is included in Table 1a – SUI, Table 2a – ISU, and Table 3a – UNI.

In FY 1996, the athletic budgets, including the amount of university general fund support, were as follows:

Inst.	FY 1996	
	<u>Budget</u>	<u>General Funds*</u>
SUI	\$18.0 million	\$.4 million
ISU	12.6 million	2.1 million
UNI	4.4 million	2.1 million

* General fund share of total budget; does not include designated tuition.

Considering the direction of the reestablished Knight Commission, federal mandates, and the growing use of general funds to support athletics, the Board may want to increase its oversight and policy role related to intercollegiate athletics.

Background and Analysis:

University of Iowa

The following table provides a summary of the SUI athletic budget. A more detailed budget is included on page 13.

	FY 2001 Estimated Budget (as of 5/01)	FY 2002 Budget	% Diff.
<u>INCOME:</u>			
Men's Sports	\$13,799,678	\$13,804,500	0.0%
Women's Sports	210,900	224,000	6.2%
General University Support	1,925,000	2,330,880	21.1%
Other Income	16,044,394	17,760,368	10.7%
TOTAL INCOME	<u>\$31,979,972</u>	<u>\$34,119,748</u>	<u>6.7%</u>
<u>EXPENSES:</u>			
Men's Sports	\$14,008,572	\$14,214,590	1.5%
Women's Sports	5,134,650	6,571,055	28.0%
Other Expenses	13,143,942	13,316,948	1.3%
TOTAL OPERATING EXPENSES	<u>\$32,287,164</u>	<u>\$34,102,593</u>	<u>5.6%</u>

Revenues for FY 2002 are estimated to be \$2.1 million higher than FY 2001 estimated revenues; expenses are estimated to be \$1.8 million higher than FY 2001 estimated expenditures.

The FY 2002 budget reflects changes in reporting methodology. Some of the changes are due to the merger of the formerly separate men's and women's athletic departments. These changes include the allocation of women's medical expenses to each sport in the FY 2002 budget and the allocation of fifth year scholarship expenses for women to each sport. Previously, salaries related to women's sports information were budgeted in the administrative category; they are now included in the budgeted sports information line.

The University reports that the merger of the men's and women's athletic departments will permit increased consolidation of expenses and future opportunities to capture savings due to economies of scale. The detailed budget will continue to separate some revenues and expenses for men and women to track progress toward compliance with Title IX requirements of the Education Amendments of 1972.

Other changes in reporting methodology make the format for the budget more consistent with the requirements of the National Collegiate Athletic Association (NCAA). The FY 2002 budget includes gross ticket income (net of sales tax) and shows game settlements and guarantees as expenses in the appropriate accounts. Prior to the FY 2002, football and men's basketball non-conference guarantees and

Big Ten settlements were netted against income. (A revised FY 2001 budget has been prepared to provide income and expense data comparable to the FY 2002 budget – see page 13.)

The FY 2002 budget also includes scholarship expenses in the appropriate sport accounts rather than being expensed as a separate line item.

The FY 2002 budget does not include compensation for coaches or the Athletic Director received from the University of Iowa Foundation. The Board Office encourages the University to include, in the future, all information related to coaches salaries, as required by the federal Equity in Athletics Disclosure Act (EADA).

The University reports that while the new budget format is more consistent with the EADA report, other differences between the Board budget and the EADA report remain. These differences include fund raising expenses paid through the Foundation, capital projects and certain auxiliary activities that are in the overall budget submitted to the Board each year but are not part of the Athletics budget (Hawk Shop, Golf Course, Partners, and Varsity Club). The University states that it will continue to review the differences between the two reports and make further suggestions as to how they can be more consistent.

The largest category increase in FY 2002 revenue is an additional \$1.8 million in Athletic Conference income above the FY 2001 estimate. This 25.5% increase is due largely to increased receipts from Big 10 football and basketball television contracts.

FY 2002 sports income is budgeted to remain consistent with the FY 2001 estimate. While there are small ticket price increases for men's basketball (\$1.00 for students, \$2.00 for faculty and staff, and \$2.00 for public), the University reports that these increases will not yield additional revenue in FY 2002 because of fewer home games.

FY 2002 university general support is budgeted to increase by 21.1% (\$405,880) from the FY 2001 estimate (\$1,925,000 to \$2,330,800). Table 1 of the University's operating budget (See G.D.12a) shows the new uses of general funds for intercollegiate athletics as follows:

Women's Athletics – New Scholarships / Programs	\$221,080
Women's Athletics – Salary Increases	121,800
Women's Athletics – Scholarship Increases	<u>140,000</u>
Total Increase	\$482,880
Less Share of Base Budget Reduction	<u>-77,000</u>
Net Increase	\$405,880

While there will be no change in the number of available sports programs, the increased funding includes some additional commitments to the formerly separate women's program for equity initiatives, including an increase from 9.7 to 12 soccer scholarships and an increase from 15 to 20 rowing scholarships. The increases also reflect the University's past practice of using general funds to finance increases in the costs of women's scholarships (due to higher tuition and fees) and increases in salaries for coaches of women's sports.

The University does not have an earmarked student athletic fee for operating expenses.

The Athletic Department is responsible for the debt service for the Recreation Building and Arena, and for the new recreational facilities, which are being developed on the west campus. Designated tuition is one of the sources of income used by the Department to pay the debt service costs. The amounts of \$27.72 per academic year and \$6.80 for the summer session, support a portion of the Recreation Building and Arena debt. The FY 2002 budget also includes income from the FY 2002 designated building fee (\$30 per academic year and \$7.20 for the summer) for the new recreational facilities; bonds were sold in September 2000 for the first phase of this project.

The FY 2002 budgeted increase in expenses for men's sports of 1.5% (above the FY 2001 estimate) includes an 11.8% increase for men's basketball.

Expenses for women's sports are expected to increase from the FY 2001 estimate. A portion of the increase is due to the reporting change for medical expenses and fifth year scholarships, as detailed below. The University reports that the budget also reflects additional equity initiatives, including adjustments to salaries of entry-level assistant coaches and budget increases for women's basketball, volleyball, gymnastics, softball and rowing.

The FY 2002 preliminary budget includes 135.61 women's scholarships with an estimated value of \$2,242,500. The number of scholarships is an increase of 12.08 scholarships above the FY 2001 estimate (which had a value of \$1,838,700).

The total dollar increase in men's and women's scholarships of \$572,775 (14.2%) from the FY 2001 estimate to the FY 2002 budget also includes increased amounts for increased tuition, fees, room, board and book costs, as well as more out of-state grants, which have higher costs. Scholarship information is included on Table 1a (page 14).

Iowa State University

The following table provides a summary of the ISU athletic budget. A more detailed budget is included on page 15.

	FY 2001 Budget Estimate ¹	FY 2002 Budget	% Diff.
<u>INCOME:</u>			
Sports	\$8,442,092	\$ 9,151,088	8.4%
Other	11,457,317	11,343,452	-1.0%
University Support	2,424,375	2,768,025	14.2%
TOTAL INCOME	<u>\$22,323,784</u>	<u>\$23,262,565</u>	<u>4.2%</u>
<u>EXPENSES:</u>			
Sports	\$5,353,688	\$ 5,583,400	4.3%
NonSports Operations	3,396,730	3,170,490	-6.7%
Scholarships	3,695,932	4,248,930	15.0%
Salaries	8,069,753	9,272,245	14.9%
Other	1,807,681	987,500	-45.4%
TOTAL EXPENSE	<u>\$22,323,784</u>	<u>\$23,262,565</u>	<u>4.2%</u>

¹ Restated to provide comparable data to FY 2002 budget.

The University reports that its FY 2002 budget maintains a broad-based athletic program while continuing the Athletic Department's commitment to gender equity principles and meeting the requirements of Title IX of the Education Amendments of 1972. The Department also strives to provide an environment that allows the student-athletes to be competitive in their sport and academics.

The FY 2002 budget reflects an accounting change to recognize coaches' supplemental contracts in the athletic budget. This change does not affect the bottom line of the FY 2002 budget, as funds will be transferred from Foundation accounts to offset the expenditures. The proposed FY 2002 budget of \$23,262,565 is approximately 4.2% more (\$938,781) than the FY 2001 estimate.

With the change in the reporting of coaches' supplemental contracts, the University's athletic budget will be more consistent with the information included in the federal Equity in Athletics Disclosure Act (EADA) reports, which provide information for gender equity purposes. (Coaches supplemental contracts have in the past been included in the EADA reports.)

The University reports that the FY 2002 budget reflects aggressive goals for increasing ticket sales, as seen in the budgeted increase of \$708,996 in sports income. Football season tickets will increase to \$150 from \$132 for the 2001 season. The price for a ticket to the Iowa State University/University of Iowa football game will increase to \$40 from \$35. A second premium football game with

Kansas State has been added, with a ticket price of \$30. The price for the remaining games is \$23, compared to a 2000 season price of \$22.

- Revenue from football is projected to increase by \$216,145 or 4.7% from FY 2001 estimated revenue.

Men's and women's basketball season tickets prices for FY 2002 will not be finalized until the final schedule is determined. The price for men's premium game basketball tickets will increase from \$24 to \$28 per game. The prices for other men's games will remain the same as during FY 2001. The price for a women's basketball single game will be \$10; this compares to a price of \$8 in the 2001 season.

- Income from men's basketball is projected to increase by \$313,321 or 10.0% from the FY 2001 estimate.
- Women's basketball is estimated to generate income of \$774,525. This amount is \$102,683 higher (15.3%) than the FY 2001 estimate.

General fund support will increase \$343,650 from the FY 2001 projection to the FY 2002 budget. This increase includes funds for a tuition and fee increase in women's scholarships, a 3% increase for salaries supported by state funds, and the transfer of state funded Athletic Media and Athletic Development positions from other departments to the Athletic Department. (This transfer accounts for \$230,000 of the increased general fund support, with net new general funds totaling \$113,650.)

There is no increase in FY 2002 in the amount of designated tuition for intercollegiate athletics (\$18.00 per semester). FY 2002 revenue from the fee is projected at \$1,050,000, an increase of 3.4% over the FY 2001 estimate.

The total support for intercollegiate athletics from general funds and from designated tuition is estimated to be \$3,818,025 for FY 2002.

Big Twelve Conference income is projected at \$656,856 less (-13.8%) than the FY 2001 estimated income, which included additional football television revenue generated from six televised games (four from FOX and two from ABC), which totaled an additional \$493,000. The FY 2002 budget includes revenue from three FOX TV games.

Corporate sponsorship is projected to increase by 12.4% (\$110,000) from the FY 2001 estimate.

Total expenses for sports operations include increased expenses for:

<u>Sport</u>	<u>\$ Increase from FY 2001 Estimate</u>	<u>Percentage Increase from FY 2001 Estimate</u>
Football	\$233,627	11.1%
Men's Basketball	92,570	7.6%
Women's Basketball	47,525	8.1%

The FY 2002 budget also includes reductions in expenses (including coach salaries, scholarships and operating expenses) associated with the elimination of the baseball and men's swimming programs. The savings from the program eliminations have been reallocated within the Department of Intercollegiate Athletics to offset increased operational costs.

The University reports that FY 2002 savings associated with the elimination of baseball and men's swimming are conservatively estimated at approximately \$440,000. When scholarships commitments to athletes and salary commitments to coaches are completed, the total reallocation resulting from the elimination of these programs will be approximately \$840,000.

- The head coaches' positions for baseball and swimming will be funded for the first six months of FY 2002; the assistant coaches' positions ended June 30, 2001.
- Anticipated FY 2002 scholarships for these sports reflect a tuition increase, a 20% reduction in baseball scholarships, and a 13% reduction in men's swimming scholarships from the full number of scholarships allowed by the NCAA.
- Many of the athletes are in the process of determining their future athletic and academic goals and have not made a final commitment at this time for Fall 2001; thus the scholarship numbers could change.
- The University is committed to the scholarships for current student athletes in these sport programs until they graduate.

Total scholarship costs are budgeted to increase \$552,998 above the FY 2001 estimate. The costs include increased tuition and fees and increases of 3.39 men's scholarships and 12.1 women's scholarships above the FY 2001 estimate. Scholarship information is included on Table 2a (page 16).

Expenses for NonSports Operations will decrease by \$226,240. Included are reductions in training, academic services, buildings and grounds, corporate sponsorship and medical.

University of Northern Iowa

The University proposes an athletic budget of \$6,609,899 for FY 2002, an amount which is \$115,101 (-1.7%) lower than the FY 2001 estimate. This budget reflects no change in reporting methodology from prior years. No changes in athletic programs are planned for FY 2002. The following table provides a summary of the ISU athletic budget. A more detailed budget is included on page 17.

	FY 2001 Budget <u>Estimate</u>	FY 2002 Budget	% Diff
<u>INCOME:</u>			
Sports	\$ 747,000	\$ 857,820	14.8%
Other Income	2,504,000	2,147,287	-14.2%
General University Support ¹	<u>3,474,000</u>	<u>3,604,792</u>	<u>3.8%</u>
TOTAL INCOME	<u>\$6,725,000</u>	<u>\$6,609,899</u>	<u>-1.7%</u>
<u>EXPENSES:</u>			
Men's Sports	\$3,365,000	\$3,193,036	-5.1%
Women's Sports	1,880,000	1,909,528	1.6%
Other Expenses	<u>1,480,000</u>	<u>1,507,335</u>	<u>1.8%</u>
TOTAL EXPENSES	<u>\$6,725,000</u>	<u>\$6,609,899</u>	<u>-1.7%</u>

¹ Includes budget line for diversity support.

While FY 2002 sports income is expected to increase by \$110,820 from FY 2001 estimated income, ticket prices will remain the same with the exception of the University of Northern Iowa men's basketball game with the University of Iowa, which will be \$20. In FY 2001, the ticket price for the game between the University of Northern Iowa and Iowa State University was \$12.

FY 2002 general university support (including diversity support) will increase, in total, 3.8% from the FY 2001 estimate to \$3,604,792. The University reports that general fund support for intercollegiate athletics was reduced to assist the division of Administration and Finance in meeting its budget reductions. Reductions include: part-time staff in track, baseball, soccer and tennis; support staff and one less graduate assistant. General fund support was then increased by the amount necessary to award salary increases and related fringe benefits for supported positions.

The FY 2002 budget also includes additional revenue from tuition designated for intercollegiate athletics. At its May 2001 meeting, the Board approved an increase in this designation of \$3.40 for the academic year (from \$48.60 to \$52.00) and \$.75 for the summer (from \$3.85 to \$4.60). The University stated, in its May report, that the additional funds (estimated at \$42,950) would help support growth and development of the athletic program.

The estimated subsidy for intercollegiate athletics in FY 2002 from general funds (including general funds for diversity support) and designated tuition is \$4,234,192 or approximately 64% of budgeted income.

Alumni/Foundation Support is projected to decrease by \$525,808 (-41.4%) from FY 2001 estimated income.


General income is projected to increase by 53.4% (\$203,170) from FY 2001 estimated income. Included are estimated increases of:

- \$50,000 from concessions / pouring rights;
- \$100,000 from sponsorships; and
- \$45,000 from miscellaneous sales and services, including radio contracts.


The University reports that operational FY 2002 budgets have been frozen except for small increases in athletic training for rising medical costs and women's basketball to cover increased costs for Missouri Valley Conference officiating.

In total, expenses for men's sports are budgeted to decline and expenses for women's sports are projected to increase only slightly.

The number of budgeted scholarships for FY 2002 will not change from the number budgeted for FY 2001. Scholarship information is included on Table 3a (page 18).



Joan Racki

Approved: 

Frank J. Stork

**Table 1
UNIVERSITY OF IOWA ATHLETIC BUDGETS**

	FY 2000	FY 2001		FY 2002	% Change from FY 2001 Estimate
	<u>Actual</u>	<u>Bd. Approved Budget</u>	<u>Estimated (as of 5/01)</u>	<u>Budget</u>	
INCOME:					
Men's Sports					
Football	\$ 7,636,677	\$ 7,775,000 ¹	\$ 9,815,178 ¹	\$ 9,525,000 ¹	-3.0%
Basketball	2,367,414	3,050,000 ¹	3,805,000 ¹	4,075,000 ¹	7.1%
Wrestling	174,681	151,000	176,000	201,000	14.2%
All Other	10,314	3,500	3,500	3,500	
Total Men's Sports	\$ 10,189,086	\$ 10,979,500	\$ 13,799,678	\$ 13,804,500	0.0%
Women's Sports					
Basketball	\$ 104,272	\$ 201,000	\$ 190,500	\$ 200,000	5.0%
Volleyball	7,680	10,000	9,400	10,000	6.4%
All Other	14,067	17,000	11,000	14,000	27.3%
Total Women's Sports	\$ 126,019	\$ 228,000	\$ 210,900	\$ 224,000	6.2%
Other Income					
Student Activity Fees	\$ 717,209	\$ 710,000	\$ 705,395	\$ 1,288,718	82.7%
Athletic Conference	7,377,975	7,168,000	7,106,279	8,916,000	25.5%
Univ. General Support	1,673,670	1,925,000	1,925,000	2,330,880	21.1%
Interest	333,975	425,000	425,000	425,000	
Alumni/Foundation Support	3,490,474	2,680,000	3,900,000	3,505,650	-10.1%
Novelties--Bookstore	450,000	450,000	450,000	450,000	
Radio, Football & Basketball	1,000,000	1,050,000	1,050,000	1,100,000	4.8%
General	1,836,216	2,307,720	2,407,720	2,075,000	-13.8%
Total Other Income	\$ 16,879,519	\$ 16,715,720	\$ 17,969,394	\$ 20,091,248	11.8%
TOTAL INCOME	\$ 27,194,624	\$ 27,923,220	\$ 31,979,972	\$ 34,119,748	6.7%
EXPENSES:					
Men's Sports					
Football	\$ 4,367,619	\$ 4,413,575 ¹	\$ 8,218,393 ¹	\$ 8,199,070 ¹	-0.2%
Basketball	1,660,658	1,755,686 ¹	2,726,447 ¹	3,049,186 ¹	11.8%
Wrestling	555,857	532,654	702,200	670,602	-4.5%
Other Sports	1,573,774	1,553,249	2,361,532	2,295,732	-2.8%
Scholarships	2,052,581	2,032,000 ²			
Total Men's Sports	\$ 10,210,489	\$ 10,287,164	\$ 14,008,572	\$ 14,214,590	1.5%
Women's Sports					
Basketball	\$ 699,837	\$ 890,088	\$ 1,031,000	\$ 1,461,725	41.8%
Volleyball	418,813	468,206	496,050	616,156	24.2%
Other Sports	3,379,311	3,752,933	3,607,600	4,493,174	24.5%
Total Women's Sports	\$ 4,497,961	\$ 5,111,227	\$ 5,134,650	\$ 6,571,055	28.0%
Other Expenses					
Training Room	\$ 650,000	\$ 670,000	\$ 720,000	\$ 720,000	
Medical Exp. - Women Athletes	251,456	200,000	200,000		³
Sports Information	491,144	504,100	490,000	600,122	22.5%
Admin. & General Expenses	5,151,738	4,890,652	5,076,646	5,311,036	4.6%
Fifth Year Scholarship	67,403	80,000	127,300		³
Debt Retirement	1,154,472	1,186,010	1,186,010	1,746,218	47.2%
Academic & Counseling	1,174,631	1,215,740	1,271,750	1,312,785	3.2%
Buildings & Grounds	3,777,998	3,647,797	4,072,236	3,626,787	-10.9%
Total Other Expenses	\$ 12,718,842	\$ 12,394,299	\$ 13,143,942	\$ 13,316,948	1.3%
TOTAL OPERATING EXPENSE	\$ 27,427,292	\$ 27,792,690	\$ 32,287,164	\$ 34,102,593	5.6%
Total Operating Balance - June 30	\$ (232,668)	\$ 130,530	\$ (307,192)	\$ 17,155	

¹ Previously, football and men's basketball non-conference guarantees and Big Ten settlements were netted against income. Beginning with the FY 2001 revised budget, income reflects gross ticket revenue, and the guarantees and settlements are reflected as expenses.

² Budgeted by sport beginning with FY 2001 revised budget.

³ Budgeted by sport beginning with FY 2002 budget.

**Table 1a
Athletic Scholarships
University of Iowa**

Scholarships Included in Operating Budget

	FY 2001 Approved Budget	FY 2001 Estimated	FY 2002 Budget
Total # Women's Scholarships	124.11	123.53	135.61
Recipients	203.00	223.00	220.00
Total Dollar Value	\$ 1,942,800	\$ 1,838,700	\$ 2,242,500
Total # Men's Scholarships	157.40	157.40	157.40
Recipients	220.00	220.00	220.00
Total Dollar Value	\$ 2,032,000	\$ 2,206,000	\$ 2,374,975
Total # of Scholarships	281.51	280.93	293.01
Total Recipients	423.00	443.00	440.00
Total Dollar Value	\$ 3,974,800	\$ 4,044,700	\$ 4,617,475
Explanation of How Displayed in Budget (e.g. within sports budgets)	Scholarships are included within sports budgets.		

Table 2
IOWA STATE UNIVERSITY ATHLETIC BUDGETS

	FY 2000	FY 2001		FY 2002	% Change from FY 2001
	Actual	Bd. Approved Budget ³	Estimate ³	Budget	
INCOME					
Sports:					
Football	\$ 3,670,263	\$ 4,048,247 ⁴	\$ 4,552,450	\$ 4,768,595	4.7%
Men's Basketball	2,526,608	3,122,075 ⁴	3,144,242	3,457,563	10.0%
Women's Basketball	516,416	746,117	671,842	774,525	15.3%
Other Sports	97,579	64,572	73,558	150,405	104.5%
Subtotal	\$ 6,810,866	\$ 7,981,011	\$ 8,442,092	\$ 9,151,088	8.4%
Other Income					
Student Activity Fees	\$ 983,358	\$ 960,000	\$ 1,015,000	\$ 1,050,000	3.4%
Big Twelve Conference	4,416,208	4,331,966	4,773,818	4,116,962	-13.8%
NCAA Scholarships	439,381	448,169	471,225	471,225	
Physical Therapy	177,219	145,000	177,000	177,000	
Other ⁽¹⁾	149,624	264,259	550,014	333,265	-39.4%
Alumni Credit Card	50,000	30,000	30,000	30,000	
Athletic Development	2,240,000	2,908,000	3,231,900	3,250,000	0.6%
Corporate Sponsorship	835,124	936,420	890,000	1,000,000	12.4%
Endowment Income	81,300	80,000	163,360	70,000	-57.1%
Foundation Development	155,000	155,000	155,000	155,000	
Interest Income	37,995				
Service Charge	96,500				
Camp Reserve	108,660				
Subtotal	\$ 9,770,369	\$ 10,258,814	\$ 11,457,317	\$ 10,653,452	-7.0%
University Support	2,346,888	2,345,424	2,424,375	2,768,025	14.2%
Trans. from Reserves				690,000	
Advance Ticket Sales	641,095				
TOTAL INCOME	\$ 19,569,218	\$ 20,585,249	\$ 22,323,784	\$ 23,262,565	4.2%
EXPENSES					
Sports Operations:					
Football	\$ 1,672,886	\$ 1,821,518 ⁴	\$ 2,103,673	\$ 2,337,300	11.1%
Men's Basketball	867,856	1,228,730 ⁴	1,225,430	1,318,000	7.6%
Women's Basketball	512,520	547,100	584,475	632,000	8.1%
Other Men's Sports	472,329	474,025	514,072	331,850	-35.4%
Other Women's Sports	796,252	876,538	926,038	964,250	4.1%
Subtotal	\$ 4,321,843	\$ 4,947,911	\$ 5,353,688	\$ 5,583,400	4.3%
NonSports Operations:					
Training	\$ 556,173	\$ 266,474	\$ 276,474	\$ 263,000	-4.9%
Academic Services	288,297	144,700	126,787	121,000	-4.6%
Building & Grounds	288,415	279,990	314,990	282,000	-10.5%
Development	70,115	70,380	70,380	71,800	2.0%
Administration	725,022	797,325	791,125	812,000	2.6%
Media Relations	115,114	108,426	120,926	135,350	11.9%
Marketing	111,235	151,078	161,078	168,925	4.9%
Corporate Sponsorship	414,666	453,345	459,790	430,000	-6.5%
Medical		290,000	510,000	340,000	-33.3%
Other ⁽²⁾	467,121	487,680	565,180	546,415	-3.3%
Subtotal	\$ 3,036,158	\$ 3,049,398	\$ 3,396,730	\$ 3,170,490	-6.7%
Scholarships	3,292,966	3,681,038	3,695,932	4,248,930	15.0%
Salaries	6,498,404	7,824,957	8,069,753	9,272,245	14.9%
Projects	95,463	229,537	532,883	155,000	-70.9%
Debt Service	716,989	682,408	765,951	657,500	-14.2%
Post Season Championship Pool	142,666	170,000	90,000	175,000	94.4%
Transfer to Plant Reserve Fund	82,500		418,847		
Accrual Reserve	1,382,229				
TOTAL EXPENSE	\$ 19,569,218	\$ 20,585,249	\$ 22,323,784	\$ 23,262,565	4.2%

(1) Includes Novelties, NCAA Royalties, ISU Licensing, Spirit Squad, Student Stadium Parking.

(2) Includes Video, Strength & Conditioning, Compliance, Ticket Office, Physical Therapy, General Equipment and Supplies, Graphic Design, and Spirit Squad and Supplies, Graphic Design, and Spirit Squad.

(3) Restated to include supplemental coaching contracts; data comparable with FY 2002 budget.

(4) Accounting change beginning with FY 2001 budget to recognize guarantee expenditure within sport operating budget.

**Table 2a
Athletic Scholarships
Iowa State University**

Scholarships Included in Operating Budget

	FY 2001 Approved Budget	FY 2001 Estimated Year-End	FY 2002 Budget
Total # Women's Scholarships	100.85	94.55	106.65
Total Dollar Value	\$ 1,379,512	\$ 1,373,181	\$ 1,702,995
Total # Men's Scholarships	137.40	139.60	142.99
Total Dollar Value	\$ 1,835,303	\$ 1,899,751	\$ 2,125,935
Summer School/ Exhausted & Medical Aid	\$ 466,223	\$ 423,000	\$ 420,000
Total Scholarships	\$ 3,681,038	\$ 3,695,932	\$ 4,248,930

Explanation of How
Displayed in Budget
(e.g. within sports budgets)

The dollar totals equal the scholarship
line in the budget presented to the Board.

Table 3
UNIVERSITY OF NORTHERN IOWA ATHLETIC BUDGETS

	FY 2000	FY 2001		FY 2002	% Change from FY 2001 Estimate
	Actual	Bd. Approved Budget	Estimate	Budget	
INCOME					
Sports					
Football	\$ 437,470	\$ 507,500	\$ 335,000	\$ 425,000	26.9%
Men's Basketball	254,055	260,500	317,000	339,100	7.0%
Men - All Other Sports	17,826	43,250	30,000	30,600	2.0%
Women - All Sports	37,298	60,700	65,000	63,120	-2.9%
Subtotal	\$ 746,649	\$ 871,950	\$ 747,000	\$ 857,820	14.8%
Other Income					
Student Activity Fees	\$ 568,502	\$ 586,450	\$ 622,627	\$ 629,400	1.1%
General University Support	3,177,904	2,963,585	3,074,000	3,204,792	4.3%
Diversity Support		300,000	400,000	400,000	
Alumni/Foundation Support	736,655	755,000	1,270,000	744,192	-41.4%
Athletic Conf. / NCAA Support	176,115	179,000	200,848	170,000	-15.4%
Novelties -- Bookstore	18,030	51,000	30,000	20,000	-33.3%
General	342,528	490,000	380,525	583,695	53.4%
Subtotal	\$ 5,019,734	\$ 5,325,035	\$ 5,978,000	\$ 5,752,079	-3.8%
TOTAL INCOME	\$ 5,766,383	\$ 6,196,985	\$ 6,725,000	\$ 6,609,899	-1.7%
EXPENSES					
Men's Sports					
Football	\$ 1,406,805	\$ 1,506,805	\$ 1,600,000	\$ 1,626,206	1.6%
Basketball	618,920	644,038	815,000	665,007	-18.4%
All Other Men's Sports	957,884	844,407	950,000	901,823	-5.1%
Subtotal	\$ 2,983,609	\$ 2,995,250	\$ 3,365,000	\$ 3,193,036	-5.1%
Women's Sports					
Basketball	\$ 463,557	\$ 506,457	\$ 540,000	\$ 548,947	1.7%
Volleyball	236,220	253,055	280,000	317,615	13.4%
All Other	877,604	959,316	1,060,000	1,042,966	-1.6%
Subtotal	\$1,577,381	\$ 1,718,828	\$ 1,880,000	\$ 1,909,528	1.6%
Other Expenses					
Athletic Training	\$ 298,407	\$ 264,205	\$ 290,000	\$ 293,718	1.3%
Administration & General	1,067,646	1,113,514	1,190,000	1,142,151	-4.0%
Contingency		105,188		71,466	
Subtotal	\$ 1,366,053	\$ 1,482,907	\$ 1,480,000	\$ 1,507,335	1.8%
TOTAL EXPENSES	\$ 5,927,043	\$ 6,196,985	\$ 6,725,000	\$ 6,609,899	-1.7%
TRANSFERS IN	\$ 159,431				
Fund Balance - July 1	\$ 1,233				

**Table 3a
Athletic Scholarships
University of Northern Iowa**

Scholarships Included in Operating Budget

	FY 2001		FY 2002 <u>Budget</u>
	<u>Approved Budget</u>	<u>Estimated</u>	
Total # Women's Scholarships	82 ¹	108 ²	82 ¹
Total Dollar Value	\$ 637,878	\$ 693,410	\$ 711,186
Total # Men's Scholarships	103 ¹	161 ²	103 ¹
Total Dollar Value	\$ 1,036,582	\$ 1,072,442	\$ 1,145,937
Total # of Scholarships	185 ¹	269 ²	185 ¹
Total Dollar Value	\$ 1,674,460	\$ 1,765,852	\$ 1,857,123

Explanation of How
Displayed in Budget
(e.g. within sports budgets)

Displayed within sports budgets.

¹ Budgets are based on full-time equivalent (FTE) scholarships.

² Current year estimates include all student-athletes receiving a scholarship (full, partial or medical).

Attachment ARegent Procedural Guide**10.21 Policy on Athletics****A. Policy Statement**

Integrity in the administration of intercollegiate athletic programs is one of the highest priorities of the Board of Regents. In July 1991, the Board of Regents adopted the "one plus three" concept of intercollegiate athletics that asserts presidential control of athletics at the institutions, as well as academic integrity, financial integrity and accountability through certification. The Board now wishes to provide additional policy emphasis on integrity in athletics by clarifying the Board's position on the consequences for serious infractions of the rules and regulations of the NCAA, athletic conference or institution and adopting a reporting procedure. All violations of NCAA, conference or institutional rules that could result in punitive, corrective or disciplinary action will be reported to the Board Office. Sanctions, including but not limited to, reprimand, suspension, and/or termination of employment (following due process) will be given in response to significant violations.

B. Procedure**1. Notification of Possible Violation**

The Board Office will be notified of all violations that could result in corrective, punitive or disciplinary action by the NCAA, athletic conference or institution. The form of the notification will be as follows:

- a. if the NCAA has initiated an investigation, a copy of the letter from the NCAA, and a letter of explanation will be forwarded to the Board Office.
- b. if the institution is self-reporting an alleged violation to the NCAA, a copy of the letter will be forwarded to the Board Office.
- c. if conference or institutional rules are at issue, the Board will be notified as soon as a factual basis for the rule violation is known.

The Board Office will be notified of the nature of the alleged violation; the NCAA, conference, or the institutional rule involved; and the plan for investigating the allegation.

2. Notification of Status of Investigation

The Board will be notified periodically of the status of the institution's investigation. The form of notification will be a letter to the Board Office from the institutional official charged with overseeing the investigation.

3. Notification of Outcome of the University Investigation

The Board Office will be notified of the outcome of the University's investigation, including its factual conclusions and sanctions (if any). A summary of reports and documents submitted to NCAA, athletic conference or institutional officials will be provided to the Board Office.

4. Notification of Outcome of NCAA, Athletic Conference or Institutional Investigation

The Board Office will be notified of the results of any investigation undertaken by NCAA, athletic conference or institutional officials. This notification will include the conclusions and sanctions (if any).

C. Additional Actions

1. Clauses shall continue to be included in all coaches and athletic administrators contracts that will provide that significant violations of NCAA, conference or institutional rules will result in sanctions including, but not limited to, reprimand, suspension, and/or termination of employment (subject to the Board of Regent procedures in due process).
2. Future contracts for appropriate athletic department officials shall include reference to this policy.
3. In cases where this policy is not followed, the institutional president is to request an executive session with the Board of Regents to discuss the situation.

(February 19-20, 1992, p. 563)

D. Statement of Principles

The Board of Regents is committed to a philosophy of firm institutional control of athletics, to the unquestioned academic and financial integrity of the athletics programs, and to the accountability of the athletics departments to the values and goals befitting higher education. In support of that commitment, the Board has adopted the following general principles as a guide to participation in intercollegiate athletics:

1. The educational values, practices and missions of the institutions determine the standards by which intercollegiate athletics programs are conducted.
2. The responsibility and authority for the administration of the athletics departments, including all basic policies, personnel and finances, are vested in the presidents.
3. The welfare, health and safety of student-athletes are primary concerns of athletics administration on the campuses. The institutions will provide

student-athletes with the opportunity for academic experiences as close as possible to the experiences of their classmates.

4. Every student-athlete – male and female, majority and minority, in all sports – will receive equitable and fair treatment.
5. The admission of student-athletes – including junior college transfers – will be based on their showing reasonable promise of being successful in a course of study leading to an academic degree. That judgment will be made by admissions officials.
6. Continuing eligibility to participate in intercollegiate athletics will be based on students being able to demonstrate each academic term that they will graduate within five years of their enrolling. Students who do not pass this test will not play.
7. Student-athletes, in each sport, will be graduated in at least the same proportion as non-athletes who have spent comparable time as full-time students.
8. All funds raised and spent in connection with intercollegiate athletics programs will be channeled through the institutions' general treasury, not through independent groups, whether internal or external. The athletics department budgets will be developed and monitored in accordance with general budgeting procedures on the campuses.
9. All athletics-related income from non-university sources for coaches and athletics administrators will be reviewed and approved by the universities. In cases where the income involves the university's functions, facilities or name, contracts will be negotiated with the institution.
10. Annual academic and fiscal audits of the athletics programs will be conducted. Moreover, the universities will seek NCAA certification that the athletics programs comply with the principles herein. The institutions will promptly correct any deficiencies and will conduct the athletics programs in a manner worthy of this distinction.

(Board of Regents Minutes June 16-17, 1999, p. 963)

A COALITION OF PRESIDENTS

The Commission understands that collective action is key to overcoming the dynamic of the athletics arms race. No single college or university can afford to act unilaterally, nor can one conference act alone. But a determined and focused group of presidents acting together can transform the world of intercollegiate athletics. Just as Archimedes was convinced he could move the world with the right fulcrum for his lever, presidents from a group of powerful conferences could, in collaboration with the NCAA, create the critical mass needed to bring about the fundamental changes this Commission deems essential.



In its earlier reports, the Commission defined a “one-plus-three” model, with the “one” – presidential control – directed toward the “three” – academic integrity, financial integrity, and certification. The Commission here proposes a new “one-plus-three” model for these new times – with the “one,” a Coalition of Presidents, directed toward an agenda of academic reform, de-escalation of the athletics arms race, and de-emphasis of the commercialization of intercollegiate athletics. The Coalition of Presidents’ goal must be nothing less than the restoration of athletics as a healthy and integral part of the academic enterprise.

The creation of the Coalition is the first order of business, but its creation will be no panacea in and of itself. Given the enormous scope of this reform effort, the Commission recognizes that change will have to be accomplished in a series of steps over time. As in its earlier reports, the Commission feels no obligation to rewrite the *NCAAManual* or propose solutions to every problem on campus. Starting from the broad principle that athletic departments and athletes should be held to the same standards, rules, policies and practices that apply elsewhere in their institutions, the Commission makes the following recommendations for the Coalition’s agenda:

Academics. Our key point is that students who participate in athletics deserve the same rights and responsibilities as all other students. Within that broad framework, the Coalition should focus on the following recommendations:

- ❑ Athletes should be mainstreamed through the same academic processes as other students. These specifically include criteria for admission, academic support services, choice of major, and requirements governing satisfactory progress toward a degree.
- ❑ Graduation rates must improve. By 2007, teams that do not graduate at least 50 percent of their players should not be eligible for conference championships or for post-season play.

- ❑ Scholarships should be tied to specific athletes until they (or their entering class) graduate.
- ❑ The length of playing, practice and postseasons must be reduced both to afford athletes a realistic opportunity to complete their degrees and to enhance the quality of their collegiate experiences.
- ❑ The NBA and the NFL should be encouraged to develop minor leagues so that athletes not interested in undergraduate study are provided an alternative route to professional careers.

These recommendations are not new. What is novel is the Commission's insistence that a new and independent structure is needed to pursue these proposals aggressively.

The Arms Race. The central point with regard to expenditures is the need to insist that athletic departments' budgets be subject to the same institutional oversight and direct control as other university departments. The Coalition should work to:

- ❑ Reduce expenditures in big-time sports such as football and basketball. This includes a reduction in the total number of scholarships that may be awarded in Division I-A football.
- ❑ Ensure that the legitimate and long-overdue need to support women's athletic programs and comply with Title IX is not used as an excuse for soaring costs while expenses in big-time sports are unchecked.
- ❑ Consider coaches' compensation in the context of the academic institutions that employ them. Coaches' jobs should be primarily to educate young people. Their compensation should be brought into line with prevailing norms across the institution.
- ❑ Require that agreements for coaches' outside income be negotiated with institutions, not individual coaches. Outside income should be apportioned in the context of an overriding reality: Advertisers are buying the institution's reputation no less than the coaches'.

By 2007, teams that do not graduate at least 50 percent of their players should not be eligible for conference championships or for post-season play.

Prohibit athletes from being exploited as advertising vehicles. Uniforms and other apparel should not bear corporate trademarks or the logos of manufacturers or game sponsors.

❑ Revise the plan for distribution of revenue from the NCAA contract with CBS for broadcasting rights to the Division I men's basketball championship. No such revenue should be distributed based on commercial values such as winning and losing. Instead, the revenue distribution plan should reflect values centered on improving academic performance, enhancing athletes' collegiate experiences, and achieving gender equity.

Again, the recommendations put forth here have been heard before. The Coalition offers a chance to make progress on them at long last.

Commercialization. The fundamental issue is easy to state: Colleges and universities must take control of athletics programs back from television and other corporate interests. In this regard, the Coalition should:

❑ Insist that institutions alone should determine when games are played, how they are broadcast, and which companies are permitted to use their athletics contests as advertising vehicles.

❑ Encourage institutions to reconsider all sports-related commercial contracts against the backdrop of traditional academic values.

❑ Work to minimize commercial intrusions in arenas and stadiums so as to maintain institutional control of campus identity.

❑ Prohibit athletes from being exploited as advertising vehicles. Uniforms and other apparel should not bear corporate trademarks or the logos of manufacturers or game sponsors. Other athletic equipment should bear only the manufacturer's normal label or trademark.

❑ Support federal legislation to ban legal gambling on college sports in the state of Nevada and encourage college presidents to address illegal gambling on their campuses.

The Commission is not naïve. It understands that its recommendations governing expenditures and commercialization may well be difficult to accept, even among academics and members of the public deeply disturbed by reports of academic misconduct in athletics programs. The reality is that many severe critics of intercollegiate athletics accept at face value the arguments

A Call to Action

about the financial exigencies of college sports. In the face of these arguments, they conclude that little can be done to rein in the arms race or to curb the rampant excesses of the market.

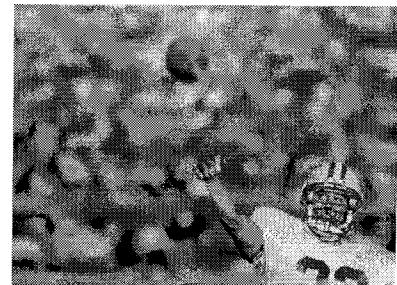
Nothing could be further from the truth. The athletics arms race continues only on the strength of the widespread belief that nothing can be done about it. Expenditures roar out of control only because administrators have become more concerned with financing what is in place than rethinking what they are doing. And the market is able to invade the academy both because it is eager to do so and because overloaded administrators rarely take the time to think about the consequences. The Coalition of Presidents can rethink the operational dynamics of intercollegiate athletics, prescribe what needs to be done, and help define the consequences of continuing business as usual.

MEMBERSHIP AND FINANCING

The Commission recommends that the president of the American Council on Education (ACE), working with the NCAA and the Association of Governing Boards of Universities and Colleges (AGB), bring together presidential and trustee leadership drawn from ACE, the NCAA, AGB, and Division I-A conferences to establish the Coalition of Presidents. We emphasize the importance of the commitment and active involvement of *presidents*; Coalition members must be drawn from their group. This is an extraordinary undertaking that cannot be delegated to conference commissioners or the executive staffs of the organizations represented. As we said in our initial report 10 years ago, "The Commission's bedrock conviction is that university presidents are the key to successful reform."

The presidents who must step forward should represent the conferences conducting the most visible and successful athletics programs – in terms of national championships and revenues produced. These are the conferences representing the lion's share of big-time programs. They include: the Atlantic Coast Conference (ACC), the Big East, the Big Ten, the Big 12, the Pacific-10, and the Southeastern Conference (SEC). But membership must not be restricted to presidents from those conferences alone. Institutional compromises in favor of athletics are not limited to the biggest sports schools. Coalition membership, therefore, should be strengthened by presidents from conferences that are not founding members of the BCS but that also compete at the Division I-A level.

The Coalition of Presidents should work collaboratively with the NCAA Division I Board of Directors, meeting jointly from time to time to identify priorities for review and discussion, focus on reform solutions, and develop a comprehensive timeline for appropriate action by the Division I board and by the officers of other higher education associations.



If it proves impossible to create a system of intercollegiate athletics that can live honorably within the American college and university, then ... the nation's colleges and universities [should] get out of the business of big-time sports.

To protect the Coalition's objectivity and the credibility of its recommendations, it is absolutely critical in the Commission's view that it be financially independent of the athletics enterprises it is designed to influence, namely, the NCAA and the conference offices. The Commission believes the Coalition should be financed independently with assessments and dues from its member institutions, support from the higher education associations, and perhaps grants from the philanthropic community.

To complement and support the critical work that must be done, we recommend that Knight Foundation consider helping fund the Coalition of Presidents with matching grants based on performance to the American Council on Education, and establishing, perhaps with other foundations and the Association of Governing Boards, a separate and independent body – an Institute for Intercollegiate Athletics. The Commission envisions the Institute not as an action agency but as a watchdog to maintain pressure for change. It should keep the problems of college sports visible, provide moral leadership in defense of educational integrity, monitor progress toward reform goals, and issue periodic report cards.

A FINAL WORD

This Commission concludes its work with an admission and an exhortation. The admission first. Most of us who serve on the Knight Commission have held leadership positions while the excesses we deplore here have distorted American higher education. We offer our indictment of the existing situation painfully aware that it calls us, no less than others, to account.

The exhortation involves a strong reaffirmation of the role and purpose of higher education in enhancing the well-being of our nation. That role is best filled and these purposes best achieved when integrity, character and honor are the hallmarks of academic activities across the board – on the playing field as much as in the classroom and laboratory.

There are no downsides to thoroughgoing reform. When and if accomplished, athletic contests would still be attended by their fans and covered by the media even if the players were students first and athletes second. None of the measures proposed here will diminish competitiveness. The games will continue and be just as exciting – perhaps more so if played without television timeouts interrupting and changing the very nature of the game. Although there might be some grumbling in the short term, the enthusiasm of students and alumni will not be abated over the long haul, largely because most will not notice the difference.

But if there is no downside to deep and sustained reform, continued inattention to the problems described here is fraught with potential dangers. Failure to engage in self-corrective

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action may leave higher education vulnerable to external interventions, especially legislative. In some areas that would be welcome, as in steps to control the influence of gambling. In others, it would be unwelcome, as in a possible attack on college sports' tax-exempt status.

Worse, some predict that failure to reform from within will lead to the collapse of the current intercollegiate athletics system. Early warning signs of just that are abundant and should not be ignored. If it proves impossible to create a system of intercollegiate athletics that can live honorably within the American college and university, then responsible citizens must join with academic and public leaders to insist that the nation's colleges and universities get out of the business of big-time sports.

The Knight Foundation Commission on Intercollegiate Athletics trusts that day will never arrive. The search now is for the will to act. Surely the colleges and universities of the land have within their community the concerned and courageous leaders it will take to return intercollegiate athletics to the mainstream of American higher education. If not, it is not the integrity of intercollegiate sports that will be held up to question, but the integrity of higher education itself.

