

On Paying Collegiate Athletes: A Sustainable Solution *

In an era of missing jetliners, the Russian incursion into the Crimea, NSA snooping, and IRS intimidation accusations it seems misplaced to devote time and energy discussing whether collegiate athletes are paid enough. Having said that the collegiate athlete compensation issue persists with no resolution in the foreseeable future. Hopefully, the present essay will shed some additional light and a sound basis for future discussion.

A perception exists that collegiate athletic associations are awash with excess revenues. According to a survey conducted in 2012 by the staff at USA TODAY (<http://www.usatoday.com/sports/college/schools/finances/>) only seven university athletic departments out of 228 have revenues in excess of expenditures. The remainder must make up their individual deficits through donations or student fees. That is, even after the multi-million (or even billion) dollar revenues from broadcasters have been spread among multiple universities over multiple years the deficits persist.

Additionally, there exists a misconception that collegiate athletes (read male football/basketball players) through hard work and long hours earn enormous revenues for their schools and receive little or no compensation. A recent editorial (*End the hypocrisy, March 21, 2014, Houston Chronicle*) states, “...the only compensation [the] so-called student-athletes get is in the form of a scholarship.” The editorial fails to mention that the scholarships cover, tuition, fees, books, supplies, tutors, counselors, medical care, meals and housing. Over a four-year period the scholarship value amounts to a healthy six-figure sum at most universities. The editorial also fails to mention that thousands of high school players compete vigorously for these scholarships.

What the athletes lack is 'walking-around' or pocket money. Some proposals suggest that annual stipends be paid to close the gap between what the scholarships contribute and the 'full' cost of the athletes' college education. Proposals range from \$3,000 to \$5,000 per year. A lawsuit has been filed on behalf of a handful of collegiate athletes ("*NCAA sued by...Larry Kessler...*" *Wall Street Journal*, March 17, 2014) seeking to remove the implied cap on payments to collegiate athletes.

The parties to Mr. Kessler's lawsuit are male football and basketball players. However, thanks to Title IX, the lawsuit, if successful, would remove the cap for all collegiate athletes some of whom contribute few dollars to the schools' athletic revenues. Think wrestling, lacrosse, tennis, etc. This result is no small matter as many schools scholarship players number in the hundreds. One is hard pressed to find this consequence discussed elsewhere. Even if Title IX legislation does not specifically prohibit varying payments for each respective sport the outcry from gender advocates would be ripe.

The beauty of the current system is that at any given institution every athlete regardless of race, ethnicity, gender, sexual preference or their sport receives identically the same compensation. To include the stipends for all athletes would significantly increase athletic departments' expenses with no concomitant increase in revenues thereby making some department deficits go from bad to worse.

The most extravagant collegiate athletic department expense and a possible source of funding for the stipends is the compensation paid to some head coaches and their assistants. Seven figure compensation packages exist at a growing number of schools.

Further, *if serious inequities exist in the collegiate athletic realm the real beneficiaries are not the NCAA, conferences, or university athletic departments but the NFL, the NBA and the Disney Corporation.*¹ Collegiate athletic departments bear the cost of recruiting, training, filtering and conditioning potential players for both the NFL and

the NBA at no cost to the leagues. The prevailing attitude of both professional leagues appears to be, “why pay for something that someone else provides for free?”

A sustainable solution to many of the issues covered herein is the model used by MLB. Whereas there exists agreements between the NFL/NBA and the NCAA that football and basketball players cannot be drafted right out of high school there is no such agreement for MLB. This prohibition was legally challenged (*Clarett v. Nat'l Football League*, 369 F.3d 124 (2d Cir. 2004)) but the agreement was upheld upon appeal. Those high school athletes wishing to pursue a career in professional baseball may do so immediately out of high school. No such option for football and basketball athletes exists.

The ability to draft players out of high school would provide the NFL/NBA an incentive to form farm leagues and relieve colleges of the burden of training future professional athletes. It is for this reason the professional leagues resist any change in the age-eligibility rule. Colleges supported the prohibition fearing a professional raid on the athletic talent pool. However, collegiate baseball continues to play competitively and even sports their version of a world series.

It is unclear what effect, if any, unionization of collegiate athletes would have on this process. If colleges believe the effort problematic they could simply require eight hours of, say, ‘Physical Conditioning’ of all students and allow interscholastic athletes to receive one-hour credit for each semester they participate in their sport. In this manner, the athletes make progress towards graduation each term.

Removal of the age-prohibition would also allow young athletes the option of earning income earlier without imperiling their future earnings by collegiate injuries. It would also allow those not opting for early careers to attend the college of their choice and become, well, student-athletes.

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¹ Cloninger, Dale O. *Barro's Getting it right; a review*, J. of Socio-Economics, 1997, v.26, no.4, pp.464-467.