

<http://www.dailytexanonline.com/opinion/athletics-moral-fiscal-mismanagement-1.2142556>

"Athletics' moral, fiscal mismanagement"

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Our administration has set a potentially ruinous course by letting athletics run up \$224 million in debt load (even with excellent bond ratings) while practicing athletics CFO Ed Goble's "we-eat-what-we-kill" philosophy that leaves a meager year-end positive balance. Revenue downturns have caused major harm at other institutions. Ninety-five of the 120 Football Bowl Subdivision schools averaged nearly \$10 million in sports debt last year.

To put UT in harm's way with an expectation that good times will continue to roll is not to be aware of the boom-and-now-bust cycle that is already hammering most FBS schools.

But the management of the sports budget is more than just a budgetary problem. It is a moral problem.

All discussions of how much athletics returns to academics is distorted by the questionable wisdom, or terrible business decision, of annually ceding millions of dollars (\$10.6 million in 2008-09) in trademark, endorsement and advertising revenues to athletics. Ninety percent of trademark and endorsement revenues go toward athletics, while only 10 percent is dedicated to academics.

Keep in mind that what athletics sells is its affiliation with UT and the pageantry of supposedly non-professional college sports. Without the Longhorn logo standing for the education and culture on the 40 Acres and tapping into its students, faculty and alumni, the football Longhorns would be drawing crowds the size of the Austin Toros'.

In an article printed in the *Austin American-Statesman* on Dec. 9, 2009, John Maher reported that UT athletics led all programs in the country with more than \$138 million in total revenue in 2008. Of the \$87 million in football revenue, \$15.6 million came from suites and premium seating. Development and fund-raising brought in \$14.6 million. Royalties, advertising and sponsorships were more than \$10 million.

The standard Ethics in Athletics Disclosure Act forms, Maher reported, do not include "capital expenditures or debt service in expenses, which is why Texas' total in that category is 'only' \$113 million."

In 2008-09, UT athletics had "\$4 million worth of construction projects [and] debt service on previous construction was \$15 million. Major costs for all sports include coaches' salaries, scholarships and travel."

Of \$138 million in total revenue, there was about \$4 million in excess of expenses, and most of that went into a reserve fund to help buffer against downturns.

The money athletics 'returns' to academics annually is small (now less than a third of the head football coach's salary) in relation to its total revenues. President William Powers Jr. uses obfuscation, aggregating the last four years of 'contributions' while comparing them to an incomplete picture of annual revenues.

Why is the talk about the past four years? Why not a longer period?

Before then, no money was coming back.

Only negative publicity finally shamed athletics and the president's office to begin giving these relatively small amounts to the academic side in 2006, and even that is dependent on "having a good season." They overeat what they kill first and academics gets any small scraps left over.

What are the questionable ethical consequences of all this?

First, until athletics stops being at the bottom of the conference in minority athlete graduation rates (as it has been the last three years) in football, this small amount of money is, in my opinion, poisoned money.

These "returns" are addictive. The programs that receive this largesse need the money badly. These dollars are at least a factor in having faculty and administrators look the other way, year after year, when rock-bottom poor minority graduation rates in major sports and substandard entrance credentials and poor academic performance receive bad press nationally.

Faculty have even silently accepted the recent ethically questionable practice of having troubled athletes not counseled and helped by athletics coaches and University counselors. They are instead outright dismissed.

Fan support is a given - remember "fan" comes from "fanatic." To keep negative publicity that could hurt recruiting from mounting, athletics uses these athletes and then gets rid of them discreetly when they have personal problems. And the central administration stands by passively and lets it happen.

This happened to Brandon Collins in early January 2010. During the 2008 season, former offensive lineman Buck Burnette, whose hunting joke on Facebook about our newly elected president gathered the attention of the Secret Service and media nationwide, was summarily dismissed. Our head football coach refused to talk about the incident.

Other troubled athletes suddenly discover a previously unknown burning desire to transfer quietly to other programs (see Marcus Davis in January 2010).

Damage control might be effective strategy for politicians caught cheating on their wives and heads of companies making cigarettes and Ford Pintos. But we are supposedly an educational institution charged with turning young adults into responsible adults.

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THIS WAS WRITTEN AS A FOLLOW UP TO A VERY INFORMATIVE ARTICLE:

<http://www.dailytexanonline.com/university/the-real-relationship-between-ut-s-academic-and-athletic-budgets-1.2140563>

"The real relationship between UT's academic and athletic budgets" By David Hillis *Daily Texan* Guest Columnist The Daily Texan February 5, 2010

SEE ALSO:

Bill Powers on UT's budget and sports budget:

<http://blogs.utexas.edu/towertalk/2010/01/28/mondays-with-the-faculty/comment-page-1/#comment-543>

The philosophy of sports trademark and royalty revenues at our University:

<http://blogs.utexas.edu/towertalk/2010/02/03/tuition-recommendation/comment-page-1/#comment-735>

The fuller picture of the athletics budget:

<http://blogs.utexas.edu/towertalk/2010/02/03/tuition-recommendation/comment-page-1/#comment-731>

Cactus Cafe closing:

<http://blogs.utexas.edu/towertalk/2010/01/28/mondays-with-the-faculty/comment-page-1/#comment-726>