

Money Talks

Athletics thrives amid UK cutbacks

By Heather C. Watson

"I doubt a franchise with \$67 million in revenues would get away with paying only \$1.2 million to its parent organization. It is time for President Lee T. Todd Jr. to levy an appropriate charge for use of the UK name and make the accounting transparent so we can make an informed judgment about the cost to the university ... We can't all be like our wonderful elected officials in Frankfort who have demanded a Top 20 public university, but have walked out the door without paying."

—Joe Peek, Gattton Endowed Chair in International Banking & Financial Economics, UK, Letter to the *Herald-Leader*, April 12, 2009

You may have heard a little something about the University of Kentucky hiring a new basketball coach. Chances are, you've also heard that Kentucky's new Men's Basketball coach, John Calipari, will be well-compensated for his efforts.

Those seem to be the only two points on which we all agree. As estimates of Coach Calipari's salary reach into the \$30 million range for the eight-year duration of his contract, speculation about the source of this funding runs rampant. The sky is the limit for our basketball program, it seems.

The fanfare of exorbitant coaching salaries overshadows the somber news of University budget cuts and tuition increases in the midst of statewide financial hardships. University employees are being forced into a best-case scenario holding pattern or far worse, while UK students are facing a five percent tuition increase, as well as a host of new nickel-and-dime fees, like the much-lamented new \$15 bicycle parking fee that got killed. And we're paying that new coach millions of dollars. It just doesn't seem right, does it?

There do seem to be disparities among University salaries, but is it a raging inequity or a simple matter of free-market economics? In a school like Kentucky, where the basketball program is consistently ranked by *Forbes Magazine* as among the top five most valuable, what financial duty does the multi-million dollar sports team owe to the professors, the students, and the University at large?

By the Numbers

According to the University of Kentucky salary database, as provided on the *Herald-Leader's* website, President Todd's salary was \$304,010 last year. Athletic Director Mitch Barnhardt's was \$475,000. Coach Billy Gillispie's was \$425,000. Assistant Coach Glynn Cyprien pulled down 200,000, while his fellow assistants Tracy Webster, Jeremy Cox and Alvin Brooks made \$180K, \$160K and \$120K, respectively. Meanwhile, over at the College of Law, longtime professor and acting Dean Louise Graham was compensated \$180,000. As much as an assistant coach. For someone who, in addition to acting as the administrative masthead during the law school's Dean search, has been teaching since 1978.

The salary gap isn't just at Kentucky, though. Take UNC-Chapel Hill, for example. Although we all can agree that the

Tarheels are a loathsome rival from an annoying conference, their university and basketball program are demographically quite similar to our own. Both universities are both the eco-



Photo by Alex Orlov

nom, academic and sports capitals of agriculturally-based states where the tobacco crops have been rendered virtually worthless. Both are committed to building first-rate medical research institutions. And both are consistently ranked among the highest-dollar college basketball programs in the nation. UNC Men's basketball coach Roy Williams' 2008 salary, as provided by the University, was \$333,938. His assistants earned \$300,000, \$277,000 and \$143,500. By way of comparison, Chapel Hill Law School professor John V. Orth, like UK's Professor Graham, holds a prestigious endowed academic chair and has been on the faculty since 1978. The salary for this scholar who boasts both JD and PhD degrees from Harvard? \$209,478. (UNC President Erskine B. Bowles' salary is not listed on the Carolina salary database.)

It is crazy to think that coaches, responsible for 40 basketball games a year, are making triple the salary of longterm tenured professors, and are directly on par with University presidents. Still, the base salary provided to these coaches is just the tip of the iceberg.

So, how does \$400,000 become \$2 million?

The real profit for basketball coaches, as we've been told repeatedly in recent weeks, lies not in the University-issued salary, but in the total compensation package: Endorsements, bonuses for each level of tournament play, cars, club memberships, etc. These perks, the schools are quick to point out, are independent from the university's contribution. "We do not use state appropriation or university funding to pay our coaches," AD Mitch Barnhart recently said in defense of the

Calipari hire, "Except for his base salary of \$400,000, the bulk of this compensation is derived from our multimedia rights contract that includes radio and television agreements, other sponsors and conference revenue sharing."

Meanwhile, in these uncertain economic times, coaches face harsher and harsher scrutiny regarding their salaries. UConn Coach Jim Calhoun recently responded to rumors that he was the highest-paid state employee in Connecticut by having a very public meltdown at a press conference, yelling at a reporter to "shut up." In response to criticism of the salaries received by top-tier coaches like Williams,

Calipari and Calhoun, NCAA spokeswoman Jennifer Kearns recently told a Fox News interviewer, "Coaching salaries are determined by economic forces at the individual school and market value. It is important to note these same forces apply to hiring professors and other faculty members. Market-value reality means coaching compensation packets can be worth millions of dollars."

Pay Cuts and Record Salaries

While coaches pull in these multi-million dollar compensation packages, the University's hardworking researchers and professors are met with far harsher economic realities. As *Ace* readers already know, University of Kentucky President Lee Todd recently distributed a memo stating that the Commonwealth's Cutback Order would result in a second straight year in which faculty members would not receive a raise (*the entire memo is posted on the Ace blog*). The memo noted that Dr. Todd supported a 5 percent tuition increase for the upcoming school year, and stated that he would follow Governor Beshear's lead by cutting high-level administrative salaries, including his own — the proposed two percent budget cut would likely be absorbed by reductions in President, Executive Vice President, and Provost salaries. What a terrifying thing for employees and tuition-payers to hear in an already terrible economy, especially a mere ten days after the signing of the reportedly highest-paid coach in college basketball!

Even though we know that the multi-million dollar com-

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pensation that Coach Cal stands to gain is not a direct salary from the University, it still seems unjust to many. It isn't, however, unique.

Around the same time that Dr. Todd's memo was issued, Chapel Hill Chancellor Holden Thorp announced a 5 percent budget cut for the 2009-2010 year, including faculty and staff layoffs — cuts that, while devastating to the university community, fall far behind the desperate economic circumstances of other industries. For example, General Motors, a corporation for whom UNC President Bowles serves as a member of the Board of Directors, has already dramatically slashed their workforce and now faces bankruptcy and the eradication of employee pensions. Record numbers of white-collar employees — lawyers and bankers who acquired extensive education and training similar to that which the University's professors attained—are among the nation's unemployed. The University of Kentucky, like so many public educational institutions, is facing dire economic circumstances. Dr. Todd is making valiant efforts to lessen the impact on his faculty. Where then, does the University's elite moneymaking machine — the athletic department fit in? Is it time for the basketball program to pick up the budget slack?

What value does the athletic program bring to the University?

Are public university athletic departments at wildly suc-

cessful programs such as Kentucky or North Carolina responsible for taking up the slack for budget cuts and underperforming endowments? Forbes estimated the value of the 2008 University of Kentucky basketball program at \$25.4 million; it had operating income of \$16 million last year. We hear time and again that the basketball program funds itself. This type of economic self-sufficiency is only observed among the most elite college sports programs. But how much does the basketball program owe the school in return?

In 1988, then-president David Roselle called upon the UK Athletic Association to help square the budgetary circle, resulting in an unprecedented \$2.5 million dollar donation (about \$4.49 million in today's dollars). The subsequent twenty years have seen the

Athletic Department's annual contribution of \$1.2 million dollars to non-athletic scholarships. Additionally, the Athletic Association stepped in to provide half the construction cost of the Young Library when its funding was lost. In a recent editorial, the Herald-Leader posted a call to action to President Todd. Stating that "in the years since 1988, tuition has increased almost 500 percent from \$680 to \$4,060 per semester. The athletics budget has grown from around \$600 million to \$2 billion. UK athletics contribution to education has shrunk by 52 percent", the Herald-Leader editors note that it is pretty easy to pinpoint the most logical source of income to help make up this disparity.

It does seem like the multi-million dollar enterprise which bears the University's name could easily increase contributions to non-athletic scholarships or to the University's general fund.

Budget cuts and the economic downturn are not the athletic department's fault; however, they could certainly afford to up their contribution to the academic side of campus.

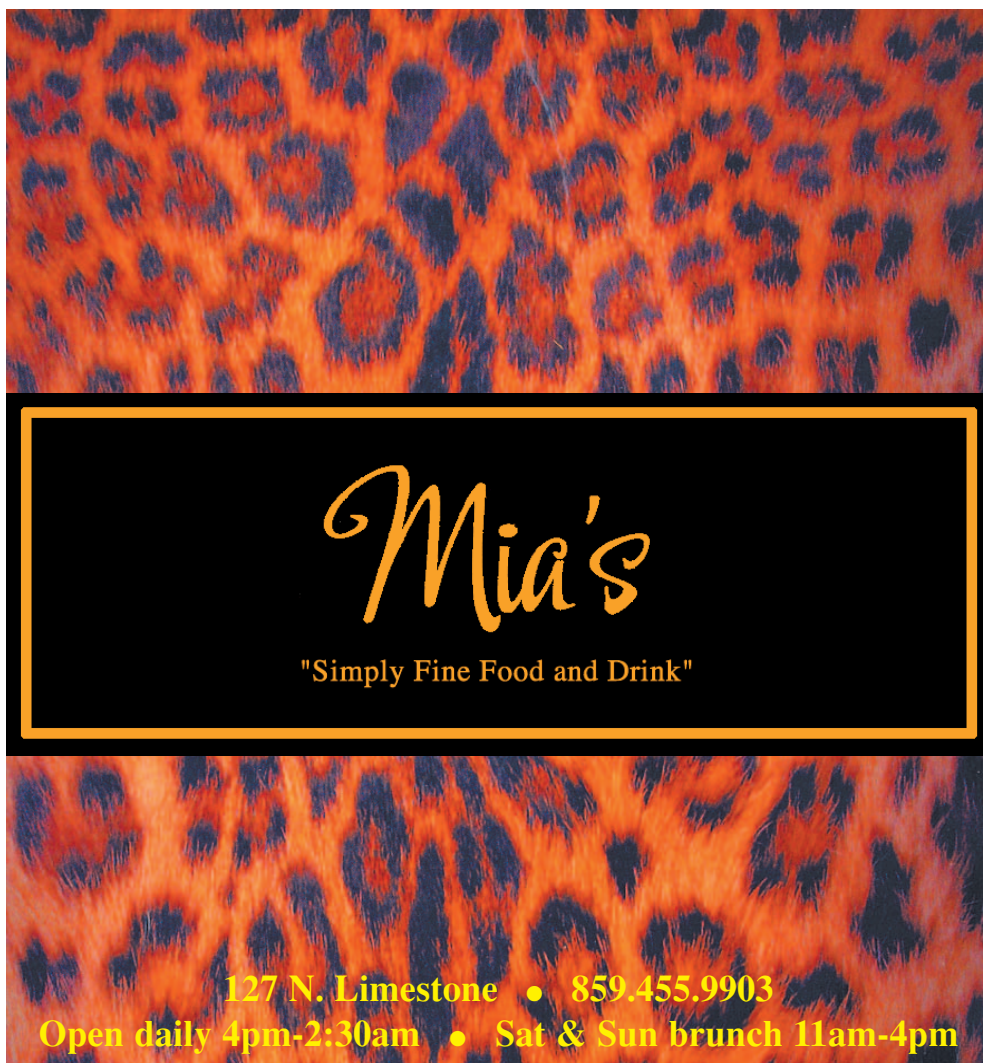
To protect the symbiotic relationship between the academic university and the athletic entity, I hope that any contributions made by the Athletic Association to the University can remain voluntary.

Forced contributions or, worse yet, imposed franchise fees for the athletic department's use of the University brand (as suggested by Gatton School of Business Professor Joe Peek in a recent letter to the *Herald-Leader*) will merely serve to alienate the athletic and academic sides of the University from one another, making it far harder to preserve the integrity and oversight of sports programs.

Worse still, forced donations will erode those well-preserved walls between the Athletic Association and the University, creating an unfair situation in which the Athletic Department is separate enough from the University to negotiate endorsements and otherwise take responsibility for the coaching staff's exorbitant salaries, yet enough a part of the University to be forced to pick up the budgetary slack.

As a longtime fan and UK alumna, I fear that situation even more than a pay scale inequity. ■

You can follow Heather C. Watson at twitter.com/HeatherCW, and she's a regular contributor to aceweekly.blogspot.com.



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