

## COLLEGE ATHLETICS CLIPS

### Don't Overlook the Congress for Serious College Sports Reform

a CLIPS GUEST COMMENTARY

*Our guest author spotlights a federal tax policy that he claims facilitates multimillion-dollar salaries, stadium wars, booster tax breaks and NFL and NBA minor league teams.*

*By Frank G. Splitt*

*[Ed.- Frank Splitt has long been an articulate and impassioned advocate of substantial college athletics reform. Writing independently, and on behalf of the Drake Group, he has consistently made the point that meaningful change can come only with the intervention of (or threat thereof) of the US Congress. He sees the existing power structure of university presidents, power conferences and the NCAA as being unable/unwilling to change the status quo in a consequential way. In this commentary he zeroes in on a federal tax policy that facilitates multimillion-dollar salaries, stadium wars, booster tax breaks and NFL and NBA minor league teams, and other artifacts of the big-time college sports arms race.]*

**THE JULY 18, 2007**, Coalition on Intercollegiate Athletics (COIA) white paper calls for a greater role for professors in overseeing what happens on the sports side of institutions.<sup>1</sup> In his related article, *Inside Higher Ed*'s Elia Powers writes that David Ridpath, executive director of the Drake Group, says he isn't optimistic that the NCAA will adopt COIA's reforms through its governance process.<sup>2</sup>

Why might this be?

Simply stated, it is unfortunate that COIA's common sense proposals must be approved through an NCAA governance process. Based on past experience, it's a good dog that just won't be allowed to hunt.

Mike Rinella was spot on in his posted comment<sup>2</sup>, saying: "The NCAA is philosophically bankrupt and a surrogate for the major conferences which are comprised overwhelmingly by state universities and their huge, legislatively (non-real world) directed budgets and funding policies. The notion that the NCAA has the will or interest in bringing about serious change is nonsense. Since the NCAA has demonstrated no interest in true reform and any affinity with the concept of a level playing field, it is up to Congress to pull the reins in."

However, when Rinella went on to say: "That of course is equally absurd," he overlooked last year's sharply-worded letter from House Committee on Ways and Means Chairman Bill Thomas to NCAA President Myles Brand – seeking justification for the NCAA's tax-exempt status as an institution of higher education – and the December 5, 2006, meeting of the Senate Finance Committee that probed the NCAA's response via testimony from Dr. James Duderstadt, Emeritus President, University of Michigan.<sup>3</sup>

Note that the referenced article and a 'companion' article by NCAA President Myles Brand<sup>4</sup> appeared in the Spring 2007 issue of *The Montana Professor*. Geoffrey G. Gamble, President of Montana State University and George M. Dennison, President of the University of Montana said this in the *Editor's Introduction*:

"While not arranged as an exchange, the two pieces by Myles Brand and Frank Splitt offer contrasting views about the role and control of intercollegiate athletics. Brand argues for faculty engagement to assure that intercollegiate athletics remains an integral part of the academy, while Splitt urges federal intervention by Congress to bring under control what he sees as excessive dedication of higher education resources to intercollegiate athletics.<sup>5</sup>

After publication, copies of the journal were distributed to interested members of the U. S. Congress and their staffs."

In his most recent book, Duderstadt wrote: "While they (faculty) deplore the exploitation of student athletes and the corruption of academic values, they feel helpless to challenge the status quo in the face of pressures from coaches, athletic directors, and boosters – not to mention the benign neglect by presidents and trustees."<sup>6</sup> This statement preceded Duderstadt's conclusion that "it is time for Congress to step in, at least in a limited way, to challenge several of the current anomalies in federal tax policy that actually fuel the commercial juggernaut of big-time college sports."

The good news is that the Senate Finance Committee has given serious consideration to recommendations for sports program transparency and reporting at the NCAA and its member institutions.<sup>7</sup> Momentum appears to be building in Congress to investigate how universities with big-time sports programs use their tax-exempt status to pay multi-million-dollar coaches' salaries and build extravagant athletics facilities. Senator Charles Grassley of Iowa, the Ranking Member of the Senate Committee on Finance, has asked the Congressional Budget Office to investigate the tax-exemption issue.<sup>8</sup>

Grassley and Senator Max Baucus, the committee chairman, have worked together to conduct oversight and achieve major legislative reforms of the laws that help to govern tax-exempt organizations. They are now seeking greater transparency into the workings of these organizations – urging the Treasury Secretary to update the IRS tax form used by the nonprofit sector to make gathering more and better information a top priority and to pay particular attention to the operational complexities of nonprofit hospitals and universities.<sup>9</sup>

"While we always hear that sunshine is the best disinfectant, sunshine can't do its work unless we open the blinds," Grassley and Baucus wrote.<sup>10</sup> "The sooner we open those blinds the better." "At this point, it's clear the IRS needs to get a better picture on a wide range of issues involving tax-exempt organizations," Grassley said.

The COIA white paper represents a stepping out in the right direction. However, it should now be evident that federal intervention is the only hope for serious reform in intercollegiate athletics.

In the meantime federal tax policy will continue to force parents, students, and other American taxpayers to help foot the bill for multimillion-dollar salaries for coaches, 'stadium wars,' tax breaks for wealthy boosters, NFL and NBA minor league teams, and other artifacts of the big-time college sports arms race while the NCAA will work to effectively thwart any and all serious reform efforts – including those advocated by COIA.

*Frank G. Splitt, a Life Fellow of the IEEE, a Senior Director and Fellow of the International Engineering Consortium, a former McCormick Faculty Fellow at Northwestern University, and Vice President Emeritus of Nortel Networks, is a member of The Drake Group. He was the recipient of the 2006 Robert Maynard Hutchins Award. His essays and commentaries on college sports reform are available on the Web.<sup>11</sup>*

*This commentary was submitted to College Athletics Clips on 6-21-07, and it has been posted with the author's permission.*

*The opinions, intimations, conclusions and inferences contained within this commentary are solely those of the author; they do not reflect the opinions or endorsement of College Athletics Clips.*

---

## NOTES

1. COIA. "Framing the Future: Reforming Intercollegiate Athletics,"  
<http://www.neuro.uoregon.edu/~tublitz/COIA/FTF/FTFtext&appendix.htm>
2. Powers, Elia, "Getting Faculty off the Sidelines," *Inside Higher Ed*, June 19, 2007,  
<http://insidehighered.com/news/2007/06/19/coia>. This essay stems from my June 20, 2007, commentary on the Power's article and Mike Rinella's posted comment. Also, The Drake Group Press Release on the COIA white paper can be found at URL  
[http://thedorakegroup.org/Press\\_Release\\_6-19-07.pdf](http://thedorakegroup.org/Press_Release_6-19-07.pdf)
3. Splitt, Frank G., "The U.S. Congress: New Hope for Constructive Engagement with the NCAA and Intercollegiate Athletics," *The Montana Professor*, Spring 2007,  
<http://mtprof.msun.edu/Spr2007/splitt.html>
4. Brand, Myles, "Faculty Members Constructive Engagement in Intercollegiate Athletics," *The Montana Professor*, Spring 2007,  
<http://mtprof.msun.edu/Spr2007/brand.html>
5. Links to the *Editors' Introduction* and to all of the journal articles are available at URL  
<http://mtprof.msun.edu/Spr2007/default.html>
6. Duderstadt, James J., *The View from the Helm: Leading the American University During an Era of Change*, p. 326, University of Michigan Press, Ann Arbor, Michigan, 2007
7. Splitt, Frank G. "Recommendations for Sports Program Transparency and Reporting at the NCAA and Its Member Institutions,"  
[http://www.thedorakegroup.org/Splitt\\_Recommendations.pdf](http://www.thedorakegroup.org/Splitt_Recommendations.pdf)
8. Fain, Paul, "Senator Questions Colleges' Tax Breaks," *The Chronicle of Higher Education*, April 13, 2007.
9. Williams, Grant, "Draft Version of Revised Tax Form for Nonprofit Groups Includes Questions About Governance and Pay," *The Chronicle Daily News*, June 15, 2007,  
[chronicle.com/daily/2007/06/2007061503n.htm?rss](http://chronicle.com/daily/2007/06/2007061503n.htm?rss)
10. Senate Finance Committee Press Release, "Senators Work to Build Confidence in Nonprofits Through Greater Transparency," May 29, 2007, <http://www.senate.gov/~finance/sitelpages/baucus.htm>
11. <http://thedorakegroup.org/splittessays.html>