A "MONEY MACHINE"? THE 1999 ATHLETICS BUDGET
AT THE UNIVERSITY OF MICHIGAN

The 1998–99 year was not a bad one for the University of Michigan’s athletic department. The football team shared the Big Ten title, won the Citrus Bowl, and finished the season ranked 12th in the nation. The men’s ice hockey team (having won the national championship the year before) made it to the second round of the NCAA tournament before losing in overtime. The women’s basketball team went 18–11, the men’s gymnastics team won the national championship, and the University finished 6th in the Sears Cup competition (an annual ranking that compares all the schools in the country on the basis of the range and success of their men’s and women’s programs). But when the fiscal year ended in June, the athletic department was projecting a deficit of $2 million. By September, when audited statements came out, the operating deficit had risen to $2.8 million; when capital expenditures and transfers are included, the shortfall was $3.8 million. “In fiscal year 1999,” the authors of a University committee report wrote, “the music has stopped.”

How was it possible that—in the same year that the football team set a national attendance record, with an average of 110,965 fans attending six home games—the athletic department could show a net loss of $2.8 million? In the previous year, when Michigan’s football team had won the national title, revenues from apparel sales—sweatshirts, hats, and umbrellas emblazoned with Michigan blue and a big M—had provided $5.7 million to the department. Even after having projected a decline in the merchandising line of the 1999 budget, athletic director Tom Goss was surprised to learn that Michigan’s apparel royalties had fallen to $3.6 million. Other universities experienced similar sharp declines, as they learned that being part of the world of fashion meant depending on a revenue stream that was driven by the whimsical clothing tastes of teenagers and young adults. “People are wearing Tommy Hilfiger sweatshirts,” Goss noted, “rather than collegiate logos.” The vagaries of fashion had taken their toll. But avoiding other market temptations, President Lee Bollinger pointed out, had also exacted a financial penalty; unlike other Big Ten schools, Michigan had steadfastly resisted installing the high-priced luxury skyboxes that bring in additional revenues, and it had also prohibited all advertising in the football stadium.

And while revenues had grown 30 percent between 1994 and 1999, expenses had increased 70 percent. In the years when a Rose Bowl
appearance could provide additional revenue, balance could be achieved. But in 1999, when the school worked to upgrade brick and mortar facilities and also spent $500,000 to launch a state-of-the-art Web site—at the same time that the men’s basketball team had lost key players who had opted to join the NBA rather than finish their college careers—the budget gap widened. Recognizing the incongruity between steadily rising costs and wildly fluctuating sources of revenue, an internal review committee took issue with “the broadly held perception that we are insulated from the national trends, that the Athletic Department is a ‘money machine,’ and that any financial challenges simply reflect unfortunate specific decisions.”

The budget gap was covered by drawing upon a $19 million reserve fund that had been built up over the years. Tighter budget controls were implemented, and the internal review committee also urged the department to seek other sources of private donations. But no one was naïve enough to believe that the department would be spared the pulls of market forces. If extraordinary athletic success and an impressive local and national fan base could not prevent a $2.8 million deficit, could any school reasonably expect college sports to produce the pot of gold of sports lore?1

“PURE AND SIMPLE”: WOMEN’S LACROSSE AT WILLIAMS COLLEGE

What will the lasting memories, especially for the seniors on this exceptional team, be of Williams? Many of these women have actually shed blood for the Purple and White. What will the motivation be for the underclass members next season?
—A parent of a Williams College women’s lacrosse player in an e-mail to President Harry Payne

On May 18, 1996, while members of the Amherst College women’s lacrosse team were in Alabama playing in the NCAA Division III championship tournament, the players from the Williams team were in Williamstown taking their spring term final exams. Williams had defeated Amherst handily in the final game of the year and—despite a 12–0 undefeated season—had turned down an invitation to compete for the national championship. Following the rules of the New England Small Colleges Athletic Conference (NESCAC), the Williams administration had noted that the tournament was scheduled to take place at the same time as final exams and had chosen not to apply to NESCAC for a waiver to al-
low the team to participate. So while the women at Amherst—where the exam period did not conflict with the tournament—went on to lose to Trenton State College in the first round, the members of the Williams team, ranked number 2 nationally, went back to being full-time students. They had had a perfect season in a league that *Sports Illustrated* had celebrated as “pure and simple.” Yet in the end simplicity proved elusive: “Every team dreams of being No. 1 in the country,” the local paper reported, “for the Williams women’s lacrosse team, it’s been a nightmare.”

Twenty-five years earlier, seeking refuge from the increasing intensity of intercollegiate athletics, the presidents of a number of small, highly selective colleges in New England—including Middlebury, Bowdoin, Amherst, and Hamilton—had created a league of schools that took the provision of sports for their students seriously, but not too seriously. And lest anyone confuse moderation with neglect, Williams by 1996 sponsored 31 varsity sports and 16 junior varsity teams (at a time when junior varsities across the country seemed headed toward extinction owing to budgetary pressures). So, how did a perfect lacrosse season end up as “a nightmare”? In 1993, the presidents of the NESCAC schools loosened a long-standing restriction on postseason team play. Individual athletes—a tennis player or a swimmer—had been allowed to compete in postseason championships since the founding of the league. Teams, on the other hand, had been barred from participation out of concern that individual players might feel pressured by teammates or coaches to compete even though extending the season might interfere with their own academic priorities. The presidents of NESCAC changed this policy by endorsing a three-year experiment that delegated the initial decision concerning teams to the individual schools, although it still required a school to apply for a waiver if a tournament interfered with the school’s exam schedule.

As the fall of 1995 came to a close, Williams recognized that the spring exam schedule would make it impossible for four teams (men’s and women’s lacrosse, women’s softball, and men’s baseball) to participate in postseason play, if they were to be invited. President Harry Payne and the faculty committee on educational priorities discussed whether the institution should apply to the league for a waiver and decided that it should not. “I think that there is real merit,” Payne would later write, “to the idea that seasons come to an end at the examination time, and I think that asking the faculty to negotiate examination formats and schedules with the several dozen athletes would endanger the extraordinary tolerance which faculty have already shown in our unusually expansive athletics environment.” The spring seasons were launched, and, as everyone hoped, the teams were extremely successful. The success of the women’s lacrosse team, however, reopened the question of participation in the national championship tournament.
The administration was bombarded with e-mail, letters, and anger. “My passion for this cause,” one of the lacrosse players wrote to Payne, “and my love of the sport of lacrosse, my teammates, and my coaches far outweigh my desire to demonstrate an attitude of courtesy and respect which is not in my heart. . . . You have made a poor decision. You have crushed a dream. You have denied myself, my teammates, and my coaches the opportunity of a lifetime.” At a meeting in the president’s office, when President Payne suggested that this was one of those times that everyone, having heard the other side’s reasoning, would simply have to agree to disagree, one of the players responded: “President Payne, I’ve heard your reasons, and your reasons are shit!”

When NESCAC was formed in the early 1970s, the Williams president at the time, John Sawyer, recognized the strain of allowing schools to decide for themselves the question of postseason competition. He wrote to the president of Bowdoin to express his relief that the presidents were in agreement about postseason team play: “While there is minor grumbling from time to time, we have weathered the major storm on this question and I, for one, am not eager to invite it annually.”

But thirty years later, the storm clouds had reappeared. For the talented women relegated to watching as teams they had defeated were allowed to advance simply because the other institutions in the league had set different priorities or simply had different exam schedules, the spring of 1996 was a time of great disappointment. Parents who had watched their daughters strive for success, and achieve it, saw the ultimate prize denied them: “I respectfully request,” wrote one, “that you change your mind so as to avert the serious negative consequences of your inaction. Please decide to decide.” Other parents and lacrosse alumnae wrote to trustees calling for the ouster of President Payne for his unwillingness to apply for the waiver. On campus, petitions were signed urging an exception to the rule, and the students on the team obtained signatures from all of their professors indicating that they would allow the players to make alternative exam arrangements. The softball team had also made the playoffs, and it was unclear until the end of the season whether the men’s lacrosse team would also qualify. Allowing the women to make their own exam arrangements would open the door to allowing all the teams to do so. “Flexibility is a virtue,” President Payne responded to one parent. “But,” he added, “principled consistency is also a virtue, especially in an environment where 2,000 young adults are watching and testing boundaries all the time, no matter where those boundaries are drawn.”

Despite the threat of lawsuits, the administration held firm, the tempest of the spring passed, and Williams adjourned for the summer. For a few students, the experience tainted their entire college experience, but for most, normalcy was restored. “No matter how you decide,” wrote one
parent, “I support your right to decide . . . Moreover, if you decide to let them play, I promise not to write you my thoughts about grade inflation and [the] soft curriculum, which would be term paper length!” Though it subsided quickly, and though many other teams had accepted the administration’s rules without protest, this storm had been real.2

“THE FUTURE IS NOW”: NORTHWESTERN REBUILDS AROUND THE ROSE BOWL

At Northwestern, an institution founded on a commitment to the highest order of excellence, superior achievement is expected in every aspect of University life. Athletics is no exception. The coaches demand it. The administration supports it. The student-athletes demonstrate it. . . . The future is now.

—Brochure for “The Campaign for Athletic Excellence”

On a cold March morning in 1995, two months into his presidency at Northwestern University, Henry Bienen was given a tour of Dyche Stadium, where the school has been playing football since 1926. “It was a real eye-opener,” Bienen later recalled. The stadium was small by contemporary standards, holding only 50,000 fans. Northwestern had been spending approximately $250,000 a year patching holes left by huge chunks of falling concrete. In amassing a $5 million fund for the eventual repair of the stadium, Bienen’s predecessor, Arnold Weber, noted that the restrooms were “barely suitable for a third world refugee camp.” Nevertheless, a good argument could have been made that letting the stadium complete its arc toward becoming a ruin would be only appropriate for the home of the Northwestern football team.

Since 1971, the Wildcats had had a combined record of 46 wins, 203 losses, and 4 ties. Included in this history was the infamous 34-game losing streak of the early 1980s and a more recent 0–11 season in 1989. Competing with the University of Chicago in the classroom and with Ohio State on the gridiron was an extremely difficult challenge. With an undergraduate population of only 7,400 students, the Wildcats bore the scars of trying to maintain a team able to compete within the Big Ten and still meet Northwestern’s academic standards.

The finances of trying to keep pace were even more daunting. An obvious hurdle—and one that assures that, no matter what level of competitive success is achieved, the athletic program at Northwestern will never
be a true money-maker—is the fact that an athletic scholarship at Northwestern costs the school $30,000 in forgone tuition and fees, while at the public universities scholarships cost the school much less (in most cases around $5,000). Then there are the even larger one-time costs of reserving a seat at the table. By 1989, every school in the Big Ten had an indoor practice facility, many built with bonds issued directly by state legislatures.

Top-quality facilities were not just important for increasingly intense year-round training, they were also weapons in the war to recruit the next star linebacker: “No matter what the adults around him say,” Northwestern coach Gary Barnett noted, “the athlete can see only four years into the future.” With the enthusiasm of a new president and the support of the board of trustees (two of whom pledged multimillion-dollar gifts), the go-ahead was given in the spring of 1995 to launch “The Campaign for Athletic Excellence.”

On September 2, 1995, the Northwestern University football team performed the highly unlikely act of defeating Notre Dame. This victory, celebrated as “the upset of the century” by the Chicago Sun-Times, was only the beginning. Upset after upset followed—including dramatic victories over Ohio State, Michigan, and Penn State. The incredible 10–1 season culminated in Northwestern’s first Rose Bowl appearance in 46 years. Such a season seemed impossible to reconcile with the history of a team that only a decade earlier had set a Division IA record for futility by going almost three seasons without a single victory. Three weeks into the miracle season, the campaign to raise $22 million for the new indoor practice facility and for renovating the stadium, which had been quietly launched in May, was formally unveiled. Even with a few miracles to the team’s credit, it took fans a little while to warm up to the idea of their team as world-beaters: the home game after the Notre Dame victory did not sell out.

The Rose Bowl season captured the imagination of college sports fans all over the country. Northwestern’s backers expected it to play by big-time rules now that it had had a taste of glory. Barnett signed a ten-year contract worth a reported $500,000 a year. And, with such success on the field, the athletics campaign that had been initiated before the dream season began charged full speed ahead. Recognizing that its teams were now competing for entertainment dollars against big-time professional franchises, and knowing that corporate fans were used to a high level of luxury when watching, say, the Bulls or the Bears, the school added a new Stadium Club with more than 300 indoor theater-type seats, a buffet, and private restrooms.

Some grumbling was inevitable. Longtime fans who had endured years of gray skies, rain, and humbling defeats were now called upon to pay higher prices for the seats they had loyaly staked out for years. About
20 percent of the student seats were moved, since students usually stood for almost the whole game and would obscure the view from some of the other seats—seats that had been empty when the team was losing. But, by and large, people were willing—eager, in fact—to help pay for the rejuvenation.

In the end, the entire stadium was renovated, and the good times continued, with a Citrus Bowl appearance in 1996. But along with such success came reminders of the downside of playing big-time sports: two athletes who had been involved in gambling in 1994 (before the Rose Bowl season had even taken place) later lied to a grand jury and were eventually indicted on federal gambling charges in 1997. Reality set in on the field as well, as the team finished 3–9 in 1998 and 3–8 in 1999. Coach Barnett left in 1999 for the University of Colorado. The question of what might have been—of how the campaign might have fared had it not been swept along by two incredible seasons—cannot be answered by looking in Evanston, where the administration had long recognized that it would never be possible to make money on athletics with a stadium with a low seating capacity and the high costs of forgone tuition.

But elsewhere the notion that “you have to spend money to make money” has a storied history, with new chapters added annually. In an article about Tulane’s football team, a writer for the New Orleans Times-Picayune wrote: “But at least one can look across the landscape and find hope. Northwestern, a university with academic credentials second to none, is headed for the Rose Bowl as the Big Ten champion.” The message—Northwestern did it, so why can’t we?—illustrates both that hope springs eternal and that the wrong lessons can be learned from a real-time case study. In 1999, Tulane did in fact go undefeated—only to find that it still fell far short of breaking even financially. A commitment to “the highest order of excellence” in all endeavors can be very expensive.\(^3\)

“WRESTLERS ARE DIFFERENT. . . . WRESTLERS ARE FIGHTERS”:
BUDGET CONSTRAINTS AND TITLE IX AT PRINCETON

On March 17, 1993, Princeton University announced that it would discontinue its varsity wrestling program, citing “constraints on the department’s resources, both financial and in terms of admissions.”

To many parents paying $25,000 a year in tuition, room, and board, Princeton’s decision to act within budgetary constraints probably made good sense. To an admissions department charged with selecting from among the best-prepared high school seniors in the country, the prospect of not having to reserve a place for a 118-pound competitor who could also fit seamlessly into Princeton’s academic community may have been
a relief. To faculty members who had watched as the University strained to balance its budget, the decision must have seemed an eminently just sharing of the burden. In fact, on campus the University’s decision met with little reaction. But, as one alumnus would later write in a letter to President Harold Shapiro, “Wrestlers are different. . . . Wrestlers are fighters.” The emotional and exhausting match that ensued illustrates why decisions related to athletics represent such stressful terrain for colleges and universities of all kinds.

“Why wrestling?” those who cared deeply about Princeton wrestling inevitably asked. Unlike the wrestler who enters the arena with a strategy, knowing his own strengths and weaknesses and those of his opponent but relying on instinct and improvisation to adjust to the situation (literally) at hand, institutions rely on a very different decision-making process. Charged with carrying out a mission—or in truth a wide range of missions—and faced with balancing the interests of students, faculty, and alumni/ae, administrations make decisions deliberately, even laboriously.

At the time of the decision, Princeton (like other Ivy League institutions) offered many more sports than virtually any other school in the country—17 men’s sports and 16 for women. Unlike athletic powerhouses that sometimes concentrate their financial resources on the big-time sports of basketball and football and often sponsor only the NCAA minimum number of 14 teams, the Ivy philosophy has been to sponsor a wide array of sports, from crew and fencing to volleyball and ice hockey. Although the schools adhere to an “old-fashioned” stance of not offering athletic scholarships, this emphasis on broad participation nevertheless requires a tremendous commitment. The costs associated with recruiting, coaching, and equipping the teams and transporting them to their contests around the Northeast and around the country are absorbed by the University. Although Princeton remained committed to this philosophy and to bearing these costs—both the financial costs and the opportunity costs of reserving places in the freshman class for goalies, shortstops, and midfielders—the administration had decided that, in a period of budgetary restraint, it was necessary to establish limits. Moreover, Princeton had an obligation to comply with Title IX, and eliminating one all-male sport would help redress the imbalance in the number of men and women athletes.

To the former wrestlers—who signaled their vehement opposition to the decision by writing letters, waving banners at graduation, and threatening never to support the University again—the decision to drop wrestling seemed cruel. They also argued that certain former Princeton wrestlers (including Trustee Donald Rumsfeld) had achieved prominence in government, business, and other fields.
The media seized upon the story as an opportunity to berate the University and academia in general: “Then again,” one columnist sardonically asked, “why should the president of one of the nation’s leading universities be expected to have any common sense?” President Shapiro announced that he would review the decision to drop wrestling. He did so, and in June he and the board of trustees backed the decision, despite a renewed bombardment of protest from some wrestling alumni. Subsequently, even as the trustees set out to review every aspect of the University’s athletics program, the wrestling issue refused to fade away. The Friends of Princeton Wrestling, a booster group that had historically provided extra support for the program, launched a campaign to raise $2 million that they planned to offer to the University as a separate endowment to fund the wrestling program.

This offer confronted Princeton with a difficult dilemma. Even alumni who cared little about wrestling found it difficult to understand why those who did care could not choose to support financially that which the University had decided it could not afford. The reasoning was as follows: Although the University had accepted gifts to endow the costs of other teams, these funds always remained under the direction of the University and were not allowed to steer the course of policy. Bringing back a program that would be financed solely (in terms of coverage of direct costs) with restricted funds represented a fundamentally different approach to the always-difficult issues raised by targeted gifts. To the University, accepting a gift that determined policy outside the framework of the regular decision-making process would set a dangerous precedent. Yet to those who cared about wrestling, the administration’s initial rejection of their offer seemed spiteful; it made the original decision to drop the program for budgetary reasons appear to be a ruse—a cover for some deeper hidden agenda.

Frustrations mounted, and what had seemed like a difficult but by no means unprecedented programmatic decision (in fact 20 percent of all NCAA institutions, including Yale and Dartmouth, had dropped wrestling) now demanded a great deal of attention and created no small amount of tension for the president and the trustees. The University faced an attack not from the outside, but from its own alumni. “You can build all the Centers for Human Values you want,” one angry alumnus wrote, alluding to the University’s prestigious center for ethics, “but if you don’t practice what you preach, it will all be for naught.” For President Shapiro—who had overseen one of the world’s great sports powerhouses as president of the University of Michigan before coming to the non-scholarship environment of Princeton—the intensity of the backlash must have been startling.
Universities are no doubt well served by those who feel passionately, whether as students competing for victory on the playing fields or as alumni/ae thriving in the world. And yet, as Princeton learned, powerful passions can—in a moment—be redirected. One alumnus wrote, “I will not again give to Annual Giving unless and until the sport is restored to full varsity status. I will donate instead to the Brown or Pennsylvania wrestling teams.” In that extreme case, loyalty to wrestling clearly outweighed loyalty to the institution. In truth, many of those upset by the decision only wanted Princeton to be the Princeton they knew and loved—a Princeton with a varsity wrestling program. At the same time, other wrestling alumni supported the administration and even sought to have other varsity sports reduced to a simpler state.

In the end, Princeton agreed to offer a “self-funded” varsity wrestling program with no admission slots and no University financial support. That is the status of the program today, and a wary détente prevails.4

These institutions—the University of Michigan, Williams College, Northwestern University, and Princeton University—represent four of the five types of institutions in our study: Division IA public universities, Division III coeducational liberal arts colleges, Division IA private universities, and Division IAA Ivy League universities. (We also include the selective women’s colleges, which have not, at the time of our writing, faced the same tempests over athletics that are portrayed here.) The four snapshots presented in this Prelude provide a starting point for a study of the role that athletic programs play on the campuses of selective colleges and universities. However, stories are by no means the same as organized evidence, and in this book we seek to provide empirical data that could be useful as trustees, alumni/ae, students, applicants, parents, and other interested parties debate how best to retain that which is fun and exciting about college sports while negotiating their way through the inevitable tensions and tradeoffs.