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Show Me the Money

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The annual IMG Intercollegiate Athletics Forum, held last week in Midtown Manhattan, is the kind of meeting where football games are routinely described as "product," television networks are "distribution channels," and rooting for State U. is an example of "brand loyalty." The university presidents, conference commissioners, athletic directors and corporate marketers who attend spend very little time mouthing the usual pieties about how the "student-athlete" comes first. Rather, they gather each year to talk bluntly about making money.

Did you know, for instance, that college football was the top-rated program on four of the five Saturday nights that it aired in 2012? That consumers spent more than $4.5 billion on college sports merchandise in 2011? That more than 20 million college sports fans earn $100,000 a year? That is the sort of thing you learn at the conference (which IMG, a giant sports marketing firm, co-runs with Sports Business Journal.)

Take, for instance, the new college football playoff system that will begin in 2014. You might have thought that the big issue is that only four schools will get to participate — so there is still going to be a lot of dissension over who gets in and who doesn't.

But no, that wasn't it at all. The college sports executives were perfectly sanguine about the likelihood of controversy; it would help drive ratings. The real issue is how to divvy up the $470 million that ESPN has agreed to pay annually for the right to televise the playoffs. "The smaller schools all want a bigger piece of the pie," said Wood Selig, the athletic director at Old Dominion University. Good luck with that, Wood.

Universities switching conferences — so-called conference realignment — was a constant topic of conversation. With conference realignment, there isn't even a pretense that it is about anything but the money. Just a few weeks ago, the University of Maryland and Rutgers joined the Big Ten, which now has 14 schools. Though neither school is what you would call a football power, they give the Big Ten, which has its own cable network, entrée into the New York and Washington media markets. So what if it means increased travel demands on the athletes?

Meanwhile, Maryland has its own issues: Its athletic department is broke. Having failed miserably at ramping up its football program, it had to abolish seven sports and was facing a large deficit. It was in such a hurry to move to the Big Ten — and get hold of its bigger pot of television money — that it didn't even tell the other schools in its old conference, the A.C.C., that it was bolting. When someone asked how Maryland could afford the A.C.C.'s $50 million exit fee, the answer came back: the exit fee was probably unenforceable. Who knew conferences had exit fees?

Like businessmen everywhere, the college sports executives bemoaned the high cost of doing business these days. Multimillion-dollar salaries for coaches had gotten out of hand, it was generally conceded. Even worse were the buyouts being paid to fired coaches. Auburn had recently fired its football staff — and faced the prospect of paying out $11 million in contractually obligated buyouts to its former coaches. And the University of Tennessee had paid $5 million to get rid of its football coach, Derek Dooley, after three losing seasons.

Indeed, Tennessee had already paid out a $6 million buyout to another former football coach, Phillip Fulmer — as well as to a former baseball coach and an ex-basketball coach. The buyouts at Tennessee for coaches totaled at least $9 million. When the athletic director, Mike Hamilton, finally resigned in June 2011 — with the athletic department on track to lose $4 million that fiscal year — he got, naturally, a big buyout. You will perhaps not be surprised to learn that the athletic department has been forced to suspend an annual $6 million payment it made to support the academic side of the university. This at a school where the state has cut its funding by 21 percent since 2008.

At the IMG conference, the participants made it sound as if they were helpless in the face of these outlandish salaries and buyouts. If they didn't sign coaches to four- or five-year deals, they wouldn't be able to attract recruits, they moaned.

If they didn't give their coach a raise when a high-profile job opened up, they risked losing the coach. Several panelists suggested that the only sure way to cut back on coaches' compensation would be to amend the nation's antitrust laws to allow universities to band together and cap coaches' pay.

Well, yes, I suppose that's one way of doing it. Another way, of course, would be for college presidents to show some backbone and say no.

Fat chance.

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