

NATIONAL PRESS CLUB NEWSMAKER LUNCHEON WITH MYLES BRAND,
PRESIDENT, NATIONAL COLLEGIATE ATHLETIC ASSOCIATION

MODERATOR: JONATHAN SALANT, PRESIDENT, THE NATIONAL PRESS CLUB

LOCATION: THE NATIONAL PRESS CLUB, WASHINGTON, D.C.

TIME: 1:00 P.M. EST

DATE: MONDAY, OCTOBER 30, 2006

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MR. SALANT: Good afternoon, and welcome to the National Press Club. I'm Jonathan Salant, a
reporter for Bloomberg News and president of the Press Club.

I'd like to welcome club members and their guests in the audience today, as well as those of you
watching on C-SPAN.

The video archive of today's luncheon is provided by ConnectLive and is available to members
only through the Press Club's website at www.press.org. Press Club members may also get free
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videotapes by calling 1-888-343-1940. For more information about joining the Press Club, please
call us at area code 202-662-7511.

Before introducing our head table, I'd like to remind our members of future speakers: on
November 28th, Joan Collins, the star of "Dynasty," and November 30th, David Paulison,
director of FEMA.

If you have any questions for our speaker, please write them on the cards provided on your table and pass them up to me. I will ask as many as time permits.

I'd now like to introduce our head table guests and ask them to stand briefly when their names are called. Please hold your applause until all of the head table guests are introduced.

From your right, Michael Freedman, vice president of communications at George Washington University and executive producer of "The Kalb Report," co-sponsored by the university and the Press Club; Maureen Groppe, Gannett News Service and a member of the National Press Club's Board of Governors; Elissa Blake Free, executive director of communications at the Georgetown University Law Center; Maureen Beasley, a journalism professor at the University of Maryland; Wally Renfro, senior adviser to the NCAA president Myles Brand; Gil Kline, Media General and a former president of the National Press Club; Peter Likins, president emeritus of the University of Arizona and the chair of the NCAA's task force on the future of intercollegiate athletics; John Hughes, my colleague at Bloomberg News and chair of the Press Club's Speakers Committee.

Skipping over our speaker for a moment, Curtis Eichelberger of Bloomberg and a member of the National Press Club's Speakers Committee who organized today's luncheon -- and Curtis, thank you very much for your work on this -- Karen Holbrook, president of the Ohio State University and chair of the task force subcommittee on student athlete well-being; Peter Schmidt, deputy editor for business and politics at the Chronicle of Higher Education; Stacy Myers (sp) of the National Education Association and a star outfielder on the National Press Club's softball team -- (laughter) -- and Keith Hill of BNA and a member of the Board of Governors of the National Press Club.

(Applause.)

Myles Brand has a factor-in philosophy. He was president of two universities and was a department chair of two others. He was the first university president ever chosen to head the National Collegiate Athletic Association. But he may best be known for his relationship with basketball coach Bobby Knight. (Laughter.) Dr. Brand is reluctant to revisit the circumstances that led him as president of Indiana University to dismiss Knight.

What he wants to talk about is academics. At the National Press Club more than three years ago, Dr. Brand said that intercollegiate athletics must be integrated into the academic mission of universities and colleges. Today Dr. Brand will discuss the findings of an 18-month study of fiscal academic reform. He's trying to increase the percentage of college athletes who graduate. Dr. Brand last month announced that the graduation rate for Division I was 77 percent. He said he wants to get that rate up to 80 percent. He wants to stop fraudulent prep schools from turning out high school athletes who may be able to dribble a basketball or throw a perfect spiral but know little else. We saw such a school just portrayed in a recent "Tank MacNamara" comic strip. And he doesn't want summer basketball camps to become meeting places for high schoolers, agents and scouts.

Since taking over the NCAA in 2003, he has seen revenue grow by \$70 million to \$521 million, thanks in part to a lucrative television contract with CBS who televises a basketball tournament

each month. Why would CBS pay so much? Well, who among us hasn't filled out one of those brackets in an office pool? Colleges are cheering the growth in revenue because about 95 percent goes back to the institutions who are members of the NCAA. There's been a different reaction on Capitol Hill. Earlier this month, members of the House Ways and Means Committee questioned why income from college sports remained free from taxes. The NCAA, in response, says college sports are an integral part of higher education.

On the wall of Dr. Brand's office is the "I Have a Dream" speech by the Reverend Dr. Martin Luther King, delivered just a few blocks from where we are today. Also on his wall is an oil painting by his wife in support of women's suffrage. No wonder that the NCAA under Dr. Brand ordered colleges and universities to stop using Indian nicknames and mascots because they were an affront to Native Americans. The NCAA later allowed use of such nicknames only when the tribes approved.

Let's welcome Dr. Brand to the National Press Club. (Applause.)

MR. BRAND: Thank you, Jonathan, for that introduction, or at least most of it. (Laughter.)

I want to thank the National Press Club and Curtis Eichelberger for the invitation to address this group once again. This is my third time to appear before the club in the last five years, and I consider it a great honor.

This is, essentially, a good occasion today because it affords me and the NCAA the opportunity to release a major report on the future of intercollegiate athletics -- Division I, in particular. When you arrived today, you should have received a copy of the report from the NCAA Presidential Task Force on the Future of Division I Intercollegiate Athletics. It is entitled "The Second-Century Imperatives: Presidential Leadership -- Institutional Accountability."

I'm pleased also to have on the dais with me today two individuals whose contributions to the task force and this report have been absolutely critical: Dr. Peter Likins, president emeritus of the University of Arizona, was chair of the task force and chair of the subcommittee on fiscal responsibility, and Dr. Karen Holbrook, president of the Ohio State University, chaired the important subcommittee on student athlete well-being.

Thank you, Peter and Karen. I appreciate you being with us. (Applause.)

In my previous talks to the National Press Club, I stressed academic achievement of student athletes. There's very good news on this front. Student athletes are performing better in the classroom, they're graduating in increasingly higher rates, and academic reform as a whole is gathering traction and changing the culture of intercollegiate athletics.

I began as both a critic and also an advocate of intercollegiate athletics when I addressed you five years ago while serving as president of Indiana University. While recognizing the benefits of athletics on campus, I asked for the volume to be turned down. Then, when I addressed you three years ago, having very recently been appointed president of the NCAA, I promised you reform. Today I can tell you the NCAA is delivering on that promise. Indeed, the significant progress in

academic reform positions us to tackle an even more difficult set of problems, and that is just what the presidential task force does.

But before addressing these issues, let me say a few words about academic progress. The central tenet of academic reform and for all constructive change in intercollegiate athletics is that college sports is embedded in higher education, that college athletics is part of the educational process, that it has educational value. The purpose of a college education is to acquire knowledge and skills that enable students to be productive citizens and successful persons. Reading textbooks, attending lectures and taking tests is obviously a large part of learning that goes on in college, but it's not all of it. There are also developmental aspects to a college education.

Student athletes learn the ability to lead and to follow, to sacrifice self for the common good, to be part of a larger team. They learn resilience to overcome setbacks and the good judgment to accept victory with humility and defeat with grace and honor. They learn, most importantly, the value of hard work and the pursuit of excellence. Of course, there are other means for university students to build character and life skills, but athletics is an excellent means of doing so.

Furthermore, despite the occasional and visible misstep, these character traits are modeled to other students and to society at large. This, I suggest, is one strong reason college sports is tied so viscerally to higher education in America. There's a picture of our national culture that no other nation can claim but is the envy of many.

Five years ago, I told this audience that we had to renew the effort to bring college sports into better alignment with the mission of higher education. We have to educate students; that is our purpose. Today, my commitment to academics first has not changed. A decade ago, several reform efforts came together, including those motivated by the Knight Commission, several key athletic conferences in the NCAA itself. The result was an unprecedented level of energy directed at reasserting presidential leadership and academic primacy. We are making significant progress. It's beginning to be clear that college athletes are first and foremost college students.

When I initially talked about academics five years ago, the graduation rate of student athletes in Division I was 58 percent, 3 percentage points at that time better than the general student body. Football players were graduating at a rate of 49 percent and male basketball players at a rate of 40 percent. Five years later, student athletes are graduating at a rate of 63 percent, five points better than five years ago. That is significant progress. Anyone knowledgeable about graduation rates knows that for a large population of students, an increase of 5 percentage points plus upward trends in all demographic categories is genuine and serious progress.

Actually, the reality is far better. These numbers result from using the federal methodology for calculating graduation. That methodology is now well recognized as a flawed approach. The current federal approach is to take a snapshot of when students first enter a university, and then six years later take another snapshot to see who graduated from the same institution. This approach is both inaccurate and a poor management tool. It's inaccurate because it fails to track transfer students.

Imagine this, if you will. Your son or daughter enters a large university after a well-above-average high school experience but is overwhelmed by the size of the campus and the change in expectations. He or she leaves after the first semester, works for a year and then enters a small liberal arts college, where, four years later, having found the right environment, graduates with honors. According to the current federal methodology, your son or daughter is counted as an academic failure because the large university wasn't the right place, and he or she transferred.

The fact is that as many as one-third of all our students -- higher at some public universities -- transferred at least once during their academic careers and still earned degrees. When we started tracking student athletes who transferred, we discovered in Division I alone more than 30,000 were not counted by the federal government each year. Thus, we created a new and more accurate metric: the graduation success rate, or GSR.

About a month ago, we announced this year's graduation success rate for Division I student athletes. As you heard, it's 77 percent, 1 percent higher than a year ago, and 14 points more accurate than the federal rate.

Let me give you the most recent specific results. The latest data for all Division I shows that 86 percent of female student athletes have graduated -- 86 percent. Seventy percent of male student athletes have graduated. If you include four years of graduation success rate data in Division I, football is at 68 percent and men's basketball 61 percent. The latest data for African-American male basketball players shows that they graduate at a rate 8 percent higher than the African-American male in the general student body. Compare this graduation rate with the Knight Commission's stated goal in 2001 for student athletes to graduate at 50 percent.

We also have a new and better management tool for presidents and directors of athletics. We call it the academic progress rate, or APR. It's a better tool because it enables us to understand how a sports team is doing while its student athletes are still enrolled. It measures term by term the eligibility and retention of a team's student athletes, which allows directors of athletics and presidents to understand where the problem areas are and begin to right the ship.

This approach is making a difference. We have achieved strong sanctions to under-performing academically for student athlete teams. The unit of analysis is the team. If a team has a low APR -- under 925, which predicts a 60 percent graduation rate -- then the team loses scholarships. In Division I, the failure to compete successfully is tied to recruiting incoming student athletes. And with the loss of scholarships, that ability to compete is diminished. We are getting the attention of the athletics community.

The goal was to change behavior, not to punish. But if the loss of scholarships does not yield improved academic performance, then there will be more severe sanctions, including the ability to compete in post-season championships, such as the basketball Final Four. We are assisted in meeting our goals by the media. Stories about poor APR scores are highly unwelcome by coaches and universities, just as stories about academic success of teams now becomes news.

As I travel around the country and visit campuses, I invariably encounter athletic directors and presidents who want to talk about their academic scores. The ones with good news want to brag

about it, of course, and they should. The ones with not-so-good news in some sports want to talk about what they're doing to fix the problem. This is a change in culture. More and more, academics are being placed first on our campuses, and I am encouraged.

Academic reform has been a structured approach to change. It has been research-based and data-driven. We set standards that all student athletes in all colleges and universities have to follow. We benchmark progress. We have sanctions in place to reinforce compliance. Teams and universities are held directly accountable. This is reform with a mandate, with predetermined goals that everyone strives to achieve.

This approach, however, doesn't work for all areas where change may be needed. One of the strengths of American higher education is its diversity of institutions. In the NCAA, there are more than 1,000 universities and colleges, ranging from large public to small private ones, from comprehensive academic programs to more focused approaches, from campuses that invest heavily in athletics with elite programs to those that have modest financial commitments and where very broad participation is the rule.

This diversity has made higher education in America, intercollegiate athletics as a part of it, a vital and rich tradition. But it also means that a cookie-cutter approach to solving all problems won't work. Fiscal planning and implementation is a good example. We cannot dictate through national policy how more than 1,000 institutions of varying circumstances should invest in intercollegiate athletics.

Shortly after I became president of the NCAA, the association released a study by several Brookings-affiliated economists that was highly revealing. The report, "The Empirical Effects of Collegiate Athletics," examined spending in athletics in terms of operational budgets. That report was followed last year by a report on the effects of capital expenditures in Division I. Peter and Jonathan Orszag were the principal authors of these reports.

The most startling finding of the first report and a challenge to conventional wisdom is that increased spending does not necessarily result in more wins, and more wins do not necessarily result in more revenue. To put it most simply, if you spend an additional dollar, you get, on average, a dollar back. That is, the rate of return is zero. This is not a very efficient use of institutional resources. The study on capital expenditure shows that Division I facility expansions and new construction on a number of campuses added significantly to the cost of athletics on campus, and the long-term burden of bonded indebtedness can cause fiscal difficulties.

But the most startling revelation of these reports was that they were virtually ignored. So ingrained are the ideas of spending for more wins, investing to increase revenues, expanding to enhance competitiveness, that empirical data that should give -- that should drive a change in behavior is discounted. Outside revenues through the 1990s had increased because of media rights sales, marketing efforts and corporate sponsorships. Facility expansion, especially expanded private boxes, provided more capacity for ticket revenue as well. Athletics budgets were growing at significant rates, often three to four times that of the university themselves.

But as outside revenue growth for athletics begins to moderate at most institutions, the rate of budget growth has not always followed. In many instances, the result has been a need for increased support of athletics through institutional funds. However, those dollars will become more scarce as financial pressure mounts on all of higher education. For public institutions, state and federal funds have decreased as a proportion of budget over the past several decades, and the forecast for the future is discouraging. Students and their parents have borne much of the burden through tuition increases. In fact, over the past decade alone, while the real growth in median family income is 9 percent, the growth in public university tuition increased 190 percent. That's a trend that's not sustainable.

Meanwhile, the expectation for colleges and universities to serve an expanded and underserved clientele is growing. The recently released Spellings Report, commissioned by Secretary of Education Margaret Spellings, includes recommendations that put even greater pressure to make the campus more accessible to low-income students with increased financial needs. These financial pressures are likely to be felt within intercollegiate athletics in the form of reduced institutional support. For a number of universities, the institutional funds have increasingly filled the gap between rising operational budgets and outside revenues, which are likely to diminish.

We must certainly acknowledge that some athletic departments, though likely less than two dozen, are in fact operating in the black. The vast majority, however, require a subsidy. But in all cases, there will be increasing budgetary pressure. For the vast majority, the current financial model for much of intercollegiate athletics, spending at a rate that strains the ability of higher education to provide support, simply cannot be sustained.

I created the Presidential Task Force on the Future of Division I Intercollegiate Athletics more than 18 months ago to address this fiscal issue and related ones, and to recommend courses of action. Fifty presidents and chancellors were called together, and the report before you today is based on their efforts. It was clear from the beginning that addressing these problems with a structured reform approach would not work. In particular, dictating expenditure amounts by the NCAA is illegal; it is antitrust. An antitrust exemption by the Congress to overcome the legal barriers is not likely to be granted, to say the least, and even if it were possible, universities and their boards would not be willing to have the NCAA home office dictate their expenditures, and they would be correct in doing so. Budgetary decisions properly belong at the campus level.

What is the answer then? The task force concluded that it will require presidential leadership and, to quote from the report, "exerted at the right moment, fortified with well-grounded values and principles, armed by sufficient information and analysis, and advanced with courage and persistence." There's nothing unexpected about this answer. It is university presidents who have the responsibility to assure that intercollegiate athletics is aligned with the purposes of higher education. Increasingly over the last few decades, that leadership has been national in scope and broad in implementation. The complexity of fiscal responsibility also requires attention at the campus level. With regard to financial issues, as the task force report notes, "It's time to take reform home." The solution is at the campus level, institution by institution. And under the leadership of presidents and chancellors, institutions must stress accountability in fiscal matters. This is an imperative in the 21st century for intercollegiate athletics.

Keeping an eye on the end game, the best interests of the student athlete, President Likins and his colleagues organized themselves into four subcommittees. Peter chaired one on fiscal responsibility; the University of Texas-Austin president, Larry Faulkner, chaired one on aligning athletics with the values of higher education; Gerald Turner, president of Southern Methodist University and his subcommittee examined the influence of outside constituencies on the leadership efficiency and effectiveness of presidents; and President Holbrook established an agenda to examine the well-being of student athletes.

The results of their work is summarized in the report you have. The full text of the subcommittee reports, plus all the documentation and research data are available on the NCAA website. A theme common to all four subcommittees is the need for enhanced emphasis on the integration of athletics into the academic mission, creating behavior that comports with the values of higher education. This is critical, both in terms of fiscal and operational efficiency and effectiveness and in terms of the philosophical grounding for the conduct of college sports.

Integration must take place at the campus level, institution by institution. The task force has made recommendations for the best practices, but the specific implementation of solutions will be dictated by the circumstances of each campus. The guiding principle is that athletics should resemble other major units on campus, including academic areas, in how they interact, how budgets are developed and determined, and how they are held accountable for fulfilling the mission of the university. Presidents and chancellors are challenged anew by the task force to use their offices in helping intercollegiate athletics realize its full potential as an important component of the campus.

But let us also be clear: Presidents can't do the job alone. Key to their success will be conjoint leadership of athletic directors, who are the operational managers of intercollegiate athletics. Indeed, the role of the athletics director has become more important and more difficult as we move towards greater fiscal accountability. Another vitally important partner is the faculty. Presidents and chancellors must challenge their faculty to first become knowledgeable about the facts surrounding athletics on campus and then become engaged in supporting the proper role of athletics. Faculty athletic representatives will be called upon even more so than in the past to bridge administration and the general faculty.

Presidents too will benefit from a well-defined relationship pertaining to athletics with their governing boards. The NCAA has entered into an agreement with the Association of Governing Boards, the AGB, concerning this end. And I want to recognize the president of the AGB, Richard Legon, who is here today, for his personal and superb leadership in helping educate governing board members around the country on the proper relationship between boards that set policy in athletics and presidents who put those policies into action and oversee the campus athletics administration.

Rick, thank you.

The linchpin of the task force report and arguably the next greatest challenge facing intercollegiate athletics after academic reform is the issue of fiscal responsibility. It was the consensus of the task force that there is no fiscal crisis currently, and there may never be one.

Athletics budgets are a relatively small part of the total university budget, 3 to 4 percent or less for the football championship series. That institutional crisis is not likely.

But there is clearly stress in the system and the stress is almost certain to increase without corrective action. The pressure on universities for new societal expectations, rising costs of instruction and program growth, and meeting the access needs of low-income students will mean fewer and fewer dollars to help close gaps between athletics budgets and outside resources. Many athletics directors are scrambling to find new dollars to support their programs. If the decisions recently made by several campuses to cut sports programs is an indicator, the elimination of teams that cannot generate enough revenue to protect their status could become epidemic. In my view, this could become a problem for the enterprise of intercollegiate athletics as a whole.

What is even more frustrating is the charge that such cuts are brought about by Title IX. Title IX mandates increased participation opportunities, not fewer. It is true that institutions must make decisions about what it can afford and what it cannot, about how many sports it can sponsor and about the level at which those sports will be supported. Those are the results of institutional priorities and financial circumstances, not the unintended consequences of Title IX. Our efforts should be directed at maximizing sports participation opportunities, not eliminating them. We must find solutions that better manage the resources, rather than cutting programs in order to remain competitive in just a few.

The task force has provided new tools to help presidents in their financial decision making. The first is an improvement in the data collection for financial information. Through the cooperative efforts of the NCAA and the National Association of College and University Business Offices, NACUBO, we have brought new clarity to the ways in which financial data are reported and compared. We have a common set of definitions; reports must now undergo critical third-party review, and presidents must sign off on the reports of their institutions. Transparency in the aggregate will be required.

The relationship between the NCAA and NACUBO is critical, and we've also entered into an agreement for future collaboration with that organization. Allow me to recognize John Walda, the president of NACUBO, who is providing excellent leadership. John.

We have developed a set of management tools for presidents to use. We'll now be able to provide dashboard indicators that compare how institutions are doing financially with their peer groups, and alerting them to areas that could be under strain. The goal is to moderate the growth of athletics budgets so that institutional funds do not increasingly have to cover revenue shortfalls. We're not trying to reduce or even cap; growth will and should continue in athletics departments, but for the vast majority of institutions, we simply must moderate the rate of growth so that participation opportunities are maximized without creating financial problems for campus resources. Budgetary growth in athletics budgets, generally speaking, should resemble those for the campus as a whole.

At the core of intercollegiate athletics is the student. We can discuss budgets and administrative structures until the cows come home, but without focusing on the human element, the student

athlete, we have missed the point of the entire enterprise. The subcommittee chaired by President Holbrook focused on a number of central themes in the conduct of intercollegiate athletics. Should student athletes have multi-year guaranteed scholarships, rather than one year at a time? Given that more and more students require five years to graduate, should five years become the standard term for eligibility for athletics and financial aid? Should we establish a database definition of "at risk," when comparing prospective student athletes' academic records, that allow for local differences among the diverse Division I membership? The subcommittee did not try to answer these and other questions concerning student athletes -- rather, what it did was set a five-year agenda prioritizing these issues and recommending that they be thoroughly considered by the NCAA. As intercollegiate athletics works to meet the challenges of fiscal responsibility, we can't allow our focus to slip from the well-being of student athletes.

These reform initiatives will not be easy. I repeat: There is no crisis in intercollegiate athletics. Some would argue that intercollegiate athletics, because of its enormous popularity, is at the height of success. Stadiums and arenas are full, new facilities are coming on line, viewership is increasing; indeed, college sports is doing remarkably well. But good enough is never good enough. We must not let good prevent us from being excellent.

Intercollegiate athletics is doing well, but we can do better.

Understand this: The issue is not the amount of revenue that comes in. We should do everything we can within the values and mission of higher education to maximize revenues to these programs. That is what the rest of the campus is doing in their areas, and athletics must do the same.

But there appears to be confusion about this point in some quarters. In two weeks we will respond to a letter from the chair of the House Ways and Means Committee about the tax-exempt status of intercollegiate athletics. The focus of the questions posed in the letter have more to do with scale, however, than with compliance. Somehow generating support for a tax-exempt purpose calls into question the value of the purpose itself.

Intercollegiate athletics is as valuable to the educational experience of student athletes as participating in an orchestra is to student musicians, or being part of the theatrical productions is to student thespians, or writing for the student newspaper is to student journalists. It is part of the college or university's purpose of providing a comprehensive educational experience for its students. If it were not so, the first dollar spent on these enterprises would violate the purpose, not just the millionth.

Not-for-profit status is not about how much revenue is generated in athletics or elsewhere in higher education. It is about how the revenue is used to meet the tax-exempt purpose of educating young men and women.

Here are a couple data points that help support the role that intercollegiate athletics meets this purpose.

In 2005 Division I institutions alone through revenue from ticket sales, television and other forms of income provided 1.2 billion (dollars) in scholarships to student athletes. Many, many students would not be able to attend college without this scholarship support. This is among the largest single source of financial support for students, including low-income students, to get an education outside of federal aid. And it is estimated those same Division I institutions spend in excess of \$150 million annually on direct academic support so that students participating in athletics can maximize the educational value of their education.

Just don't tell me that intercollegiate athletics isn't supporting the purpose of higher education.

College athletic departments and conferences are different from professional sports. In the latter, the goal is to focus on a single sport and generate a profit for team owners. In college sports the goal is to use revenue to support a wide range of sports and so to maximize participation opportunities.

Any lingering doubts about the educational, not-for-profit status of intercollegiate athletics will be dispelled by the increased level of accountability and transparency of athletics budgets recommended by the task force report. No one should be able to legitimately claim that expenditures in athletics are being used for anything but the purposes of higher education.

The approach recommended by the report makes it obvious and reinforces the not-for-profit status of college sports.

In the end, the successful running of athletics departments, as it is for the rest of the university, comes down to presidential leadership.

As the task force report notes, the reality for effective reform of spending and revenue-generating behaviors for intercollegiate athletics is this: Each college and university must hold itself accountable for exercising its independent will as an institution of higher education. And it will do that best through well-informed, value-driven presidential leadership.

I'm not suggesting for a moment that presidents have not been leading; just the opposite. Without their direction and their determination, we would not have had a structure in place that we now have for academic reform. It's because of dedicated presidents and chancellors that we're beginning to harvest the efforts of their persistence and collaboration through national policy to make academics first.

This is exactly the leadership that should apply to fiscal reform and other issues identified in the task force report. But we must do so from a focused campus perspective. There will always be circumstances that lead us astray. We must persist campus by campus to stay the course prescribed by the report.

The task force has developed tools: better reporting clarity, peer comparisons and aggregate transparency, dashboard indicators and periodic review through certification. These tools better equip presidents to continue the reform of intercollegiate athletics.

It takes a campus to run intercollegiate athletics properly. College sports should not be held apart from the campus but embedded fully within the mission of higher education. We must reform and engage the faculty -- must inform and engage the faculty, enable operational leadership by the athletics director, and develop clear lines of authority to the president from the board that -- to support principled integration of athletics into the purposes of higher education.

Intercollegiate athletics is an American phenomenon. The enterprise highlights America's campuses to the nation and the world, is part of our uniquely American culture. But we must always work to maintain the appropriate context. We have a responsibility to see that college sports is conducted within the values of higher education and in support of the education of students. Nothing else will do.

I told the membership of the NCAA in my first speech three years ago that I'm an advocate but also a reformer. I believe in college sports, but I do also believe that it can be better. We have turned down the volume, as I told this audience five years ago. We have eliminated much of the static, as I said in my last appearance three years ago.

However, there's much more work to do. We have to complete the job of academic reform. Indeed, I want to see an average of 80 percent of all student athletes graduating in the near future -- four out of five earning degrees. That would be spectacular, and we can do it. I want to see a persistent and collaborative effort campus by campus and led by presidents that will bring sustainable growth for intercollegiate athletics and maximize athletic opportunities for students. We can do that too, I'm optimistic.

Of course there will be setbacks. Not every step will be forward. The cynics will say we're not doing enough. Others in intercollegiate athletics will say we're going too far. But I'm convinced that we're on the right path. Intercollegiate athletics is headed for even better days. With the success of academic reform and the focus now on fiscal responsibility, the volume is down. The static is being cleared up. And we're beginning to hear the music.

Thank you. (Applause.)

MR. SALANT: Our first question: How can we measure the success or failure in getting these recommendations accepted? Which of the recommendations you list must be adopted in order to declare a success or admit failure?

MR. BRAND: There is no accountability without measuring. What should we be measuring? Well, probably the easiest thing to measure is to see the rate of increase of budgets. When Division I budgets are increasing 8 to 12 percent a year while university budgets are increasing 3 to 4 percent at most, they're out of line. We can measure that difference in the aggregate as well as individually over time. That would be one measure.

Probably the most important step that we need to take -- and I think the underlying critical message of this task force report -- is that in order to create an environment for and be successful in fiscal reform, we have to do it campus by campus. We have to take reform home. It's not possible to do this on a national basis the way we work with academic reform. That makes the

job far more difficult. There is going to be no national mandate or sanctions attached to it. But we need to apply -- appeal to the leadership and the understanding of presidents, their boards, faculty and their campuses. Athletics directors, who are caught in the middle of this squeeze, need to be part of the solution, and I'm sure they want to be.

Campus by campus is what it will take. We can measure that as we see the strain become less and less on each of the campuses.

MR. SALANT: Besides not interfering with presidential leadership on athletics, what positive steps can university board members take to keep athletics true to the institutional mission?

MR. BRAND: Board members have a special role to play in this case, as in all cases, in universities. They not only have fiduciary responsibility, but they also are the keepers of the programs and the policies of the institutions. They need to assist and work with the president to forward the central idea that intercollegiate athletics is to be embedded in the mission of higher education. They need to be supportive of the hard decisions that presidents make.

It's not helpful if they compete with the president for management of the enterprise; rather, as the AGB reports correctly and carefully describes, they need to be part of the policymaking group -- indeed, the (key ?) policymaking group in intercollegiate athletics on campus.

MR. SALANT: Should schools be looking to replace athletic directors with businessmen and bankers with experience in debt markets, real estate and media, rather than ex-football coaches or school administrators? Has the NCAA gotten professional enough that schools need to hire more sophisticated business minds to reach your goals?

MR. BRAND: Actually, there are few ADs now who are former football players. I think that trend has gone by the wayside some years ago and we do have ADs now who are coming with MBAs and other experiences on campus.

But actually, to think of them as financial experts and bankers I think is to miss the point of the talk as a whole. The point is really that intercollegiate athletics is part of the university. It's part of the academic mission of the institution.

More and more we have to have athletic directors who are tuned to understand the academic mission of the institution. I've been a strong advocate, for example, of putting athletic directors on the president's Cabinet, not only so that the rest of the president's Cabinet could learn about intercollegiate athletics, but so the athletic director himself or herself can understand what the academic priorities are of the institution, what their strategic plan is for increasing academic performance.

The athletic director has to be a partner in the academic success of the institution. I'm pleased to say that we've seen a trend of that kind developing where at least a third of the ADs now in Division I, in fact, serve on the president's Cabinet, and we're headed in the right direction there.

MR. SALANT: Can you cite examples of the sort of presidential leadership on campuses that the report calls for? And conversely, are there examples you can cite of the lack of leadership?

MR. BRAND: I don't think it pays for me to beat up on individual presidents, but just the opposite. There are many presidents who are doing extremely well. The two presidents on the dais with me, Peter when he was in office and Karen right now, have done a remarkably good job -- just to name two examples -- of keeping athletics on course in their institution, despite the high level of visibility -- one case football and the other case basketball -- on their campuses and the interest of the fan base in their communities.

Keeping the focus on academic missions and building the strength of the academic side of the institution is the central direction that these two presidents and many others have followed. I think the vast majority of presidents want to move in that direction. We're trying to be of assistance to them and to urge them on and also to point out what the changing environment is in the sense of their need to focus on these particular issues at this time.

MR. SALANT: With the large number of games that college athletes are scheduled to play, how do you assure that student athletes have enough study time to get a good education?

MR. BRAND: Student athletes learn very early on how to manage their time. The fact of the matter is, that's a skill that will put them in good stead for life after college in the workplace. Are they doing a good job of that, managing their time and studying? And the answer could only be yes.

The fact of the matter is yes, some games have increased modestly. But some games -- the number of games in a season have increased, but if you look at the graduation numbers and pay attention to it, you'll see that in fact student athletes are doing better and better.

What's most frustrating to me about this national conversation about academics and intercollegiate athletics is how people fail to pay attention to the facts. I just got through talking for 20 minutes about success of academics, how the graduation rates are going up. How can a presumption to a question be, they're doing worse?

The fact of the matter is, our student athletes are doing better. They're working harder. Our faculty members, most especially our athletic departments, our presidents, our boards are paying more attention to academic success. We're measuring it. We know that it's getting better. There is a change of culture that is taking place. It's not just now starting.

We need to get past the point of presuming that things are bad; just the opposite. Student athletes are graduating at higher rates in every demographic category than the general student body. Those are the facts of the matter. Let's start the questions from the facts, not from misperceptions and myths.

MR. SALANT: Do colleges and universities need to be held more accountable for the academic performance of all students, not just student athletes? And if so, how?

MR. BRAND: Well, I think that's right. I think we need to hold institutions accountable -- and that's one of the key points in the Spellings Commission report. How you do that depends upon getting accurate measures of graduation rates. I mention that the Spellings report recommends counting in transfers. We use a different methodology -- one that protects privacy in a way that the Spellings report, at least, does not appear to.

You also have to measure semester by semester. We're doing that with APR. Many institutions have academic advisers, have reports to students as well as to departments about how well they're doing. I think institutions take their academic accountability very seriously, but you have to do it a little differently on each campus. A campus that has 55,000 students versus one that has 800 is a very different environment, and you've got to be able to take that into account.

But I don't think for a minute that our institutions aren't trying to do it. What we do need is some standard measures that make good sense, that we can all use so that we have apples to apples comparisons, both in terms of trends on a campus as well as cross campuses that are relevantly similar.

MR. SALANT: In your report you talked about a standard accounting system and fiscal transparency. Were those financial reports -- in the interest of transparency, will all financial reports be made public?

MR. BRAND: Yes. Those reports will be made public. They'll be put on our website.

Notice I talked about transparency in the aggregate. There are some institutions, namely the private ones, in which we cannot disclose specific budgetary issues. But we will do so in groups of institutions that will make public what those accountability measures are.

More importantly, on each campus the president and his or her board will be armed with this information for decision making, and they will know which is their institution and where the rough spots are, as well as where the opportunities lie.

So the transparency to the institution is obvious, as well as we will make public aggregate such data.

MR. SALANT: Should college athletes receive stipends?

MR. BRAND: No. (Laughter.)

MR. SALANT: Why or why not? (Laughter.)

MR. BRAND: If by stipends you mean pay-for-play, absolutely not. If you enjoy professional sports, go watch the Redskins or the Indianapolis Colts. There are lots of great teams out there.

You've got to remember the difference between professional sports and college sports. Here's the difference. It's very simple. Those who engage in intercollegiate athletics are students. We don't

pay English majors. We don't pay those who participate in the theater and we don't pay student athletes.

MR. SALANT: You talked about the request from the House Ways and Means Committee for information. How concerned are you about the inquiry into the tax-exempt status of college sports? And this questioner wants to know: Are there aspects of it that are hard to defend?

MR. BRAND: We're absolutely certain that we're in full compliance with IRS standards and we've been ably advised by outside counsel along those lines.

This isn't a question of whether we're in compliance with the IRS standards or not. The Ways and Means questions are really asking about, should Congress go pass a new statute that separates out football and basketball and makes them professional?

Congress thought about that about a decade or decade and half ago and took no action. And I think it'd be very difficult for Congress to act in that way, to say the least.

Having said that, we are taking very seriously the letter from the House Ways and Means. We are looking at those questions and we will provide succinct and accurate answers in the near future. I'm sure one way or another that information will become public.

We're very proud of the information that we are part of higher education. We certainly are pleased with the ability to respond to House Ways and Means so that they understand better the intercollegiate environment, and to correct some of the mistaken presumptions in a number of their questions -- like mistakes about graduation rates.

MR. SALANT: Just like so many professional sports stadiums now bear corporate names, it also appears more and more university athletic venues are being sponsored by corporate entities. What's your reaction?

MR. BRAND: Within reason, you can do that. You know, having been a university president for almost 15 years, you solicit and welcome corporate support. Whoever sends to the School of Business -- whether it's the business school -- and many business schools, as you well know, are named -- and many other buildings as well as programs are named on campus, and athletics is no different from that.

Having said that, whether it's a business school or athletic facility, you want the sponsor to understand the mission of the institution and want them to be respectful in terms of what they expect from you in return. Sometimes you have to turn down a gift, because whether it's a corporate sponsor or an individual, they're asking too much of the institution.

We will not exploit student athletes. We will do everything within the values of our mission in higher education. And to the extent that that is not understood, then those gifts should not be accepted.

The good news is that what I just said is extremely well known in the academic community and I know of no president who doesn't believe that or who has stepped over the bounds.

MR. SALANT: What is your reaction to the growing number of Division II teams moving to Division I? Is there a concern that Division II could eventually disappear?

MR. BRAND: Division II won't disappear, and it's in a position of strategically placing itself so that it in fact will be a much more interesting environment for student athletes and for fans.

But I do warn seriously about this movement from Division II to Division I. Somehow people mistake the fact that moving from Division II to Division I is an athletic move and has nothing to do with academics. Some of our best universities and colleges are in Division III or Division II, not in Division I. That divisional demarcation has more to do with how many scholarships and sports you support than it does anything about academics.

So the kind of fan push sometimes you see to move up the divisions doesn't make good sense. Worse than that, what happens when schools who shouldn't move undertake this move, they find it's very costly -- far more than they expected -- and the competition is very different. So they could have move from a strong position in Division II conference to a very weak position in Division I conference and they're no longer winning.

It is most of the time -- nine out of 10 times -- not a good idea to do this, and I try to be discouraging about that. Division II is a strong division. It has a different perspective on intercollegiate athletics. It tries to balance in a way that Division I focuses more strongly on the elite players. But the fact of the matter is, I think those kinds of movements are not always healthy.

MR. SALANT: The Indiana Supreme Court last week declined to hear a lawsuit accusing Indiana University of violating the state's open meetings law in the days leading up the dismissal of basketball coach Bobby Knight. Were you relieved and how much does that incident continue to follow you?

MR. BRAND: You know, I've heard more about that today than I've heard for the last couple of years. It doesn't seem to be a live issue anymore. There were three major cases involved. They were all resolved. This was the last one you pointed to. There's one small one pending that really is marginal and separate.

I think the -- it's time to move on. That was six years ago. It's time to move on.

MR. SALANT: I can't let you escape without this question. How is the Bowl Championship Series working, and are you thinking about any refinements to it?

MR. BRAND: The NCAA has nothing to do with the BCS Bowl Championship Series. That's post-season Division I-A football that is run by the 11 conferences that make up Division I-A. The NCAA has no input into that and is not a party to that.

The NCAA does run championships in Division I-AA. It runs championships in the other two divisions in football, but it doesn't have anything to do with the BCS.

Having said that, I am a football fan and I follow football very carefully. And I do note that the person on my right is the president of the university which is clearly in first place in the BCS -- the Ohio State University. (Laughter.)

MR. SALANT: Where in general do you see the most financial waste in college athletics?

MR. BRAND: You know, I think that's a loaded question. "When did I stop beating my wife?" (Laughter.) I don't see any waste there. As -- the question is, can we cut back on the rate of increase of expenditures? Are we expending at rates too high?

Let me give you an example. I think some of that has to do with the number of FTE personnel you put in an athletic department and whether all those personnel, which may be permitted, are in fact required. There may be -- that's not waste. The question is, are they necessary or not for the program and to get the program where it needs to be?

The fact that you're permitted to expend monies in a certain area doesn't follow that you should expend them. So I don't think it's a question of waste nor is it a question of cutting back. I don't think that's the issue either. I think the issue is, can we moderate the rate of growth so that it's sustainable over the long term, particularly as monies from the general university to subsidize intercollegiate athletics will become more and more difficult to come by?

MR. SALANT: Before we ask the last question I'd like to offer the National Press Club coffee mug -- perfect for watching Ohio State on television this weekend -- and also a certificate of appreciation. Thank you very much.

MR. BRAND: Thank you. (Applause.)

MR. SALANT: Our last question: How do you do when you fill out the brackets for the NCAA basketball championship? (Laughter.)

MR. BRAND: Yeah. I'm not very good at that, I've got to tell you. (Laughs.) I think the men's Final Four, and more and more so the women's Final Four, is one of this country's -- and probably the world's -- great sporting events.

It is extremely exciting, and there's something very perfect about this even in my mind. It lasts three weeks, which is about the right amount of time. Underdogs have a chance to succeed. I need to only say George Mason and everyone gets it. It's a very competitive environment and the young men play for their schools.

Let me tell you one thing that's really impressed me in recent years, which I think is stunning. Compare that with other sports, professional in particular, when a good play is made and everyone's cheering, the young men will run across the court and pop their jerseys. They'll show the name on the front of the jersey, which is the name of the school. It's the name of the school.

It's what's on front of the jersey and not the back of the jersey that counts. And that's what makes college sports so wonderful. And I think basketball, among other sports, is just great to watch and to understand that those who are participating are in class the next morning.

Thank you. (Applause.)

MR. SALANT: I'd like to thank everyone for coming today.

I'd also like to thank National Press Club staff members Melinda Cooke, Pat Nelson, Jo Anne Booz, and Howard Rothman for organizing today's lunch. And thanks to the Eric Friedheim National Journalism Library at the National Press Club for its research. Research is available to all club members by calling 202-662-7523.

Good afternoon; we're adjourned.

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