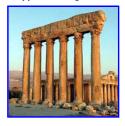
the 40-Year Plan

Apr 01, 2010

The 40-Year Plan: 'cause it ain't gonna happen overnight...



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April 1, 2010 * Enterprise Reporting Special *

UConn and UNC Basketball: The Not-So Complete Picture of Recruiting Expenses

Story and Photo By Ken Krayeske • 11:40 AM EST



UConn men's basketball coach Jim Calhoun speaks with assistant George Blaney during a game in 2009. At Calhoun's right is Andre LaFleur, another UConn assistant who is a certified NCAA recruiter. Blaney pocketed \$189,282 in 2008, while LaFleur made \$156,494 in 2008.

M

hen a millionaire college basketball coach tells you "Not a dime back," he means it.

At least that's the picture that emerges from a months-long investigation into the 2008 calendar year recruiting expenses of two perennial men's college basketball powerhouses, the University of Connecticut and the University of North Carolina.

Wealthy basketball coaches and their well-paid assistants at public universities like UNC and UConn enjoy perks like free meals and limo rides, but the full picture of dollars spent on recruiting top talent across the world is muddled because of poor compliance and outright obfuscation or ignoring requests for information.

Identical <u>Freedom of Information Act requests</u> sent to the two public universities for the travel expenses and reimbursements for the year 2008 for coaches certified as recruiters by the NCAA by the did not generate the same data

Thus, the full story of every penny spent by the two public universities in securing commitments from players for the 2009 season and beyond is untold. From what documents The 40-Year Plan did receive, we created a **spreadsheet** detailing the expenses and their categories (with special thanks to researcher Catherine Moriarty).



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The UConn men's coaching staff spent at least \$220,565.71 (\$142,877.11 in flights alone), and likely much more, in 2008 recruiting players. A .PDF of the expense forms from UConn is **here**.

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Although on the budget forms UConn <u>submitted</u> to the NCAA and the Federal Department of Education, the Huskies claim <u>\$247,404</u> in recruiting expenses for basketball. Comparatively, the UConn women's basketball team spent \$108,594 recruiting in 2008.

The UNC coaching staff spent at minimum \$68,358.11. About half of that is accounted for in receipts, the remainder is identified on travel reimbursement forms but no receipts are provided. Much more seems unaccounted for because UNC failed to turn over its credit card records where many of the expenses seem to be.

Considering that UNC won the national championship in 2009, and UConn made it to the Final Four that same year, it is hard to fathom that competing programs like UNC and UConn do not spend like amounts in recruiting talent.

Calhoun's expenses range from huge - like \$45,876.51 in flights for one year; to the medium, like a \$1,186 limousine ride from Hartford to Jersey City, New Jersey; to the small, like a \$165.81 dinner at his house in Pomfret for a recruit; to the puny, like \$3.10 for what appears to be the commute from his home to the Storrs campus.

UNC coach Roy Williams actually reimbursed UNC for a \$130 limo ride, but North Carolina's \$1.5 million a year man submitted receipts seeking a \$2 reimbursement for newspapers. When Williams enjoys the use of a **dealer car** on occassion, he won't charge the UNC for mileage.

Williams has a similar range of expenses as Calhoun, although Williams does not log as much in flight costs because donors grant him the use of a **private jet**, which UNC refused to reveal information about. UNC also gave the **Federal Department of Education** far less info than UConn.

Williams also lost the receipts for multiple meal expenses, and handwrote the costs, indicating that **no alcohol was consumed** at the meal, according to UNC reimbursement rules.

The money tells as much of the story as how the public universities dealt with the information requests. UConn Athletics produced the documents within two months of the request in June 2009.

The UNC Athletic Department referred the Public Records Act request to its legal counsel, attorney Regina Stabile. She demanded cash up front to deal with the cost of sorting through documents because she said there was no central repository for the recruiting documents.



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Stabile also said that there was no centralized budget for basketball recruiting costs, either. After six months, UNC finally coughed up an incomplete set of records that, just like UConn's, cannot logically be seen as complete.

For example, while UConn recruiters took 81 trips, UNC documents show its recruiters only took 52 trips.

Of UConn's 81 trips, Calhoun's paperwork only accounts for eight recruiting based trips. It cannot be seen that the events like the Paul Newman Hole in the Wall Fundraiser or Coaches for Cancer Lobby Day in Washington, D.C. are for recruiting. Some of the reimbursements for Calhoun include mileage for game days.

Thus Calhoun's eight recruiting reimbursements do not square with the \$45,876.51 in plane flights he took, nor does his number compare with the 20 trips that Roy Williams made in 2008. Only three of Williams' trips seem to be for non-recruiting events.

Furthermore, neither UConn or UNC responded to follow-up questions. UConn sports spokesman Mike Enright ignored emails from August 2009 and last week, and said Calhoun would likely not be interested in commenting on the story.

At UNC, sports spokesman Steve Kirschner suggested e-mailing questions to him and he would give answers.

A week later, UNC's attorney Stabile responded that she would answer the questions. Based on her previous course of obfuscation, one cannot reasonably hope the answers are forthcoming.

One thing should be clear, though, recruiting is big money, as Calhoun recently told Mike Anthony of the Hartford Courant: "I'm in the business of trying to recruit players to UConn."

In limited comments from June 2009 when the records were retrieved, UConn's Enright offered minimal explanation.

"Recruiting costs are part of the price of doing business in college athletics," Enright said. "You have to recruit. You have to get good players to build good teams to have people come and buy tickets and sell television rights. Recruiting is at the top of our priority list."

Nor would UNC coach Roy Williams consent to an interview regarding his recruiting expenditures or a macro look at the business of college basketball recruiting.

"We acknowledge we're in the business of recruiting," UNC's Kirschner said. "But Coach Williams doesn't get into the details of recruiting. It's proprietary. We don't want to let UConn of Boston College know what we are doing."

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Then it should be hard to believe that these major institutions with \$50 **million** athletic department budgets don't track every penny spent on recruiting basketball players.

As business goes, many enterprises wouldn't mind spending between \$69,000 and \$220,000 a year landing four or five recruits who may each be worth \$1.3 million annually. A topnotch college football player brings in \$1.3 million annually in revenue to major schools, according to **extrapolations** by economists like Robert Brown at California State University - San Marcos.

At UConn, the money for these recruiting trips comes from Division of Athletics revenue and from the UConn Foundation, according to travel reimbursement forms. In 2008, The UConn Foundation paid \$1,519.75 for parking when various coaches drive to the airport.

The parking reimbursements come from athletic department account housed at the Foundation, said Foundation spokesman Art Sorrentino.

"These are monies that are donated to athletics for the support of the basketball operations," Sorrentino said. "We house the accounts as we do for many of the charitable gifts that are received at the University. These are specifically basketball donations. No other donations are utilized."

Nor are Foundation monies included in the budget, athletic spokesman Enright said.

"[Athletic Director] Jeff Hathaway will make a decision as to how to use the funds," Enright said. "If baseball wants a new video machine, if the football team wants graphics," Hathaway will approve it.

"These are enhancements that come from the Foundation," Enright said. But how much money the Foundation houses for college sports is beyond his reach, and the public's, too.

"I don't know how much luck you are going to have with their budget numbers and books because it is a private foundation," Enright said. "What they have to disclose is different than from what we do. Most of the money people give is restricted to a sport."

The Foundation would not reveal the size of the basketball account, but Sorrentino said that those donations to hoops are tax deductible.

"I am not going to commit to getting you the dollar figure, because I am not certain that is something we want to share," Sorrentino said. "When people make gifts to the University, typically if they qualify under IRS rules, they do receive charitable gift credit for them. If someone wants to make a gift to the basketball operations program, it is regarded as a charitable gift."

Sorrentino would not say if the Foundation could veto proposed athletic appropriations, for example, suggesting that UConn coaches use the free Department of Transportation lot available at Bradley Airport to all state employees instead of paying for parking.

"That is a decision of the athletic department. I am not prepared or able to comment on that," Sorrentino said.

In 2008, <u>Calhoun and his wife Patricia</u> gave between \$500 and \$999 to the Foundation.

The college basketball business model represents a governmentgranted monopoly, argues Seton Hall University economist Kurt Rotthoff in a **paper** he published this past January.

In order to maintain government-granted monopolies, those who seek to maintain their market dominance often pay rents that go back into society, Rotthoff said.

These rents are called Tullock Costs, after Nobel-award winning **Gordon Tullock**, the economist who first surmised the existence of these rents in 1967. Judge Richard Posner, a titan on the Seventh Circuit federal bench in Illinois, confirmed their existence. Policy makers need to consider the existence of these costs when deciding on courses of action, Rotthoff said.

Normally, society reaps the benefits of these rents earned from monopolies. For example, when a local cable company competes for the monopoly privilege of providing cable to an area, it has to pay staff to create proposals, it has to lobby, and if it wins, it has to run a cable access channel. These are sunk costs or Tullock Costs that go back to society.

"The thought has been that government's granting a monopoly, making companies rich, but they don't make money off these rights, they spend so much money lobbying to get monopoly rights," Rotthoff said. "Tullock Costs don't say they lose all of their monopoly profits, a lot of them go away."

If three companies are lobbying for a contract, aka a monopoly right, only one is winner.

"The other two have lost money," Rotthoff said. "In society, we have to take into account those other two have lost money, even though that one person does gain."

Rotthoff teaches a sport finance class at Seton Hall, and after reading about rising coaching salaries, he researched the issue.

"The reason that coaches salaries are going up is because of the fact that they can't pay the athletes," Rotthoff said. "Coaches like Jim Calhoun say 'Well, it is because I am producing it for the university." In reality, it is because of the fact that he is not allowed to pay the actual people who are producing it."

Calhoun is claiming that his salary is a competitive market wage,

Rotthoff said.

"It is a wage derived from other athletic departments that are not allowed to pay athletes," Rotthoff said. "If they were allowed to pay athletes it would be the same thing. It is not derived from the fact that it is a truly a free market."

Instead, colleges pay the athletes in non-monetary terms.

"Colleges say 'Let me pay you with a coach who will get you drafted," Rotthoff said. "There is no net loss to society, but clearly there is a loss to a certain group of individuals and the gain to a certain group of individuals and the gain would be to coaches and their pocketbooks."

Thus the high-flying lifestyle of the college basketball recruiter comes on the backs of the labor of these student athletes. The recruiting expenses are the Tullock Costs, and these assistant coaches are well compensated for their endless days of travel.

For example, UConn's Patrick Sellers, who is the brother of former UConn standout Rod Sellers, in 2008 travelled extensively in January, April, July, August, September, October, and December.

His total spent recruiting for 2008 was \$95,975.55, including \$52,497.34 for flights. For his travails, Sellers **earned** \$104,314 in 2007, and received a huge raise in 2008, jumping to \$134,457.

The other assistant coaches are paid similarly. Andre LaFleur, a former Calhoun pupil at Northeastern University, **earned** \$131,931 in 2007 and \$156,494 in 2008.

George Blaney, Calhoun's right hand, **earned** \$158,911 in 2007, and \$189,282 in 2008. Beau Archibald in 2007 **received** \$39,692 and then leapt to \$88,091 in 2008. UConn was asked for these figures, but did not provide them. The numbers are easily located thanks to the Yankee Institute's **website**.

Similar figures were requested from North Carolina were requested and not answered.

Some of the recruiting costs are so high, like Calhoun's plane flights, because, as Enright said, "You can't always plan in advance," Enright said.

"You can't book a \$69 flight on Southwest three months in advance," Enright said. "We've gotta book a flight for Calhoun on a day or two's notice. A coach will tell us 'You have to get to Vegas, he's hot.' Or 'You gotta get down here and see him.' Or 'I just had a great visit with his family and there are other schools looking at him.'"

Based on where some of his recruiters have flown, Calhoun can be assumed to have flown there, too. Calhoun's receipts are devoid of any hotel expenses, either. Enright said that they try to stay in reasonable hotels.

"Marriott gives us an athletic rate," Enright said.

The University of North Carolina basketball staff stays at Marriot at well. Many of the receipts indicate that recruiters have racked up <u>Marriott points</u>, but exactly what happens to the Marriot points and frequent flier miles at both schools remains a mystery, as neither school answered this question.

Sometimes, UConn actually spends money scouting for hotels for the team. In October 2008, Beau Archibald traveled to New York City to scout for hotel locations for the Big East tournament. That trip, which was included on an expense sheet for a coaches' retreat and a trip to Newport, cost \$1,667.72.

Sources familiar with the UConn basketball program say that if UConn stays in a certain hotel for the Big East tournament in March and loses, that hotel is off limits for future use.

UConn got bounced in the quarterfinals of the 2008 Big East tournament by West Virginia. Whatever hotel the Huskies stayed in that March when they lost will not be used again.

Other expenses purport to be part of the business, like Roy Williams' \$804.00 trip to Sarasota, Florida for the Dick Vitale Coaches for Cancer get together. He and his wife Wanda stayed at the Ritz Carlton, and curiously, the credit card receipt turned over crosses out the accummulation of **Marriott Points**.

Or, for example, going to the National Association of Basketball Coaches annual convention. The NABC convention is coincidentally held at the same time as the Final Four. In 2008, UNC and UConn coaches both paid for tickets to the 2009 Final Four.

Oddly enough, in 2009, both UConn and UNC basketball teams earned trips to the Final Four. Both schools were asked how the tickets they paid for were used, or if they were reimbursed for the tickets by the NCAA. Again, neither school responded.

In all fairness to Calhoun, 2008 may not be the best year in which to examine his spending as a recruiter, because he was sidelined for most of the year with cancer.

The story that best documents Calhoun's 2008 battle against cancer, by former Courant sportswriter Ken Davis for $\underline{\textbf{USA}}$ $\underline{\textbf{Today}}$, provides details of Calhoun's recruiting travails that the receipts don't.

Davis says that Calhoun went to the Nike LeBron James Skill Academy in Akron, Ohio in early August 2008. Travel receipts show plane fare, hotel and rental cars for LaFleur and Sellers in Akron.

Both LaFleur and Sellers add other trips in on this particular reimbursement. LaFleur went from Akron to Sydney, so the \$5,495.66 he spent may not be all for the LeBron James Academy.

UNC assistant coaches Joe Holladay and Steve Robinson also appeared in Akron for the LeBron James Skill Academy. Robinson's expenses were \$3,876.70 and Halladay spent \$3,016.32 for the weeklong camp. Those include rental cars, flight and hotel.

It is possible that Calhoun doesn't have hotel expenses for many of his trips.

"We consider it important to be able to get coaches in and out of a city in a day or two," Enright said.

Prospective student athletes must feel flattered when a big-time college coach flies in, or, in the case of Calhoun, rolls up to their house in a limousine. On September 10, 2008, Calhoun booked a limousine for \$1,186.53 to ride to Jersey City, New Jersey for a recruiting visit.

Calhoun's limo ride happened a day after Sellers hit Jersey City, on the beginning of a four city road trip including Los Angeles and Seattle that cost \$5,729.60.

While the basketball team would not confirm, it can be assumed that this recruit was Dominic Cheek, a highly sought after small forward who instead signed with Villanova.

Sometimes, then, UConn's efforts don't pay off, which explains the need for so many trips. In 2008, UConn landed an incoming class for fall 2009 that included Majok of Sydney, Jamal Coombs-McDaniel of Dorchester, Mass., Alex Oriakhi of Lowell, Mass., Darius Smith of Chicago and Jamal Trice of Los Angeles.

Not all recruiting trips in 2008 were for members of the 2009 class. Sellers took a multi-city trip in December 2008 that cost \$3,640.59. One stop was to visit **Cory Joseph**, a Toronto native who is now at basketball machine Findlay Prep in Henderson, Nevada.

UConn extended a scholarship offer to Joseph on October 16, 2009. Other major schools like Texas, UNLV, Villanova and Minnesota have offered Joseph scholarships, too.

When a prospective student athlete like Joseph visits campus, their meals are covered by athletic department funds. On September 27, 2008, **Durand Scott**, a New York City shooting quard who ended up at Rice University in Texas, visited UConn.

Calhoun hosted a meal at his home in Pomfret which cost \$165.81. No receipts are included, so we can't be sure if Calhoun was buying his Lean Cuisines for the week, or if he treated Durand and the entire UConn coaching staff to rack of lamb for the evening.

That same day, Calhoun charged the University 52 miles

at .1940 cents per mile for a trip to Hartford to tour the XL Center with Scott.

Calhoun's mileage log often includes reimbursements for a 16-mile trip that equals \$3.10. This appears to be from his Pomfret to UConn's campus, although online maps say the distance from 105 Deerfield Road in Pomfret to Gampel Pavilion is 19.5 miles.

But on December 11, 2008, Calhoun charged \$3.10 for mileage, then flew to Fort Lauderdale. It seems likely that Calhoun met another coach, probably Sellers at UConn, and they drove to the airport together.

Sellers is listed as flying to Miami around the same date. This trip was probably to meet with **Brandon Knight**. Knight is one of the top ranked prospects who has received scholarship offers from Syracuse, UConn, Kentucky, Kansas and Florida. He graduates in May 2010, and has not yet accepted an offer.

Calhoun hits the University for mileage when he drives to contractually mandated public appearances, like Vito's on the Park in downtown Hartford to give a pre-season outlook (\$10.86, October 2, 2008). He also received \$36.67 for the round trip jaunt to the Shepherd's Inc. annual dinner in Darien, CT (October 3, 2008).

Shepherd's in a non-profit educational institution that, according to its **website**, "provides inner city Connecticut youth with the opportunity of a quality education at a non-public high school and the support of a positive role model – a Mentor – in their lives."

Every time Calhoun appears at the <u>Middlesex Chamber of</u> <u>Commerce</u> for breakfast, he charges for mileage as well (October 14, 2008, 68 miles, \$13.19).

The University of North Carolina mens' basketball coaching staff receipts read similarly. Coach Williams only has three assistants registered as official recruiters, Joe Holladay, Steve Robinson and Colin McGrath.

Together in 2008 (and one month in 2007), they made 52 trips across the United States. Roy Wiliams alone made 20 of these, and the others combined for the remaining 32.

According to the UNC paperwork, Williams did not take a trip after July 2008, but he did make a number of trips in the fall of 2007. Many of the reimbursement forms indicate that there were expenses for flights, but they were not reimbursed.

It is possible that because UNC has contracted with Anthony Travel, Inc. as an in-house travel agency (with an office on campus), some \$28,000 in travel expenses (on the last line of the UNC spreadsheet as "undocumented," and visible in the comments for each entry) may have gone directly to Anthony Travel.

Or to Lucas Air, which is a private plane company that UNC uses to fly its recruiters around. Again, UNC did not respond to inquiries about these arrangements.

UNC's paperwork, like UConn's, shows recruiters criss-crossing North America seeking the best talent money doesn't have to buy.

Seton Hall Economist Kurt Rotthoff acknowledged that college coaches like Calhoun do bring some value to the schools.

"Jim Calhoun has brought a lot of people to know what UConn is," Rotthoff said. "Although I would love to say that I bring notoriety to my school for teaching a sports finance class, ESPN has never interviewed me about my class."

In a recent law school class at UConn, future lawyers considering Rotthoff's paper stated that these rents paid to coaches are acceptable because Calhoun makes a UConn diploma more valuable.

Universities often point to increases in admission figures after winning a major national championship to justify spending such sums on sports. Rotthoff said the admissions bump disappears after four years, and instead focused on to the value of free labor that recruits provide.

"It is big business, going back to [Cal State-San Marcos economist] Brown's piece that the net value of bringing in a superstar athlete to the university is high," Rotthoff said.

Changing the system won't be easy, if it is possible at all, Rotthoff said, especially when the arms race for recruits, like the building of a new basketball stadium at the University of Louisville is considered.

Louisville will need better recruits to win games to fill seats to pay for such a <u>massive arena</u>, and the cycle is seemingly unstoppable. American politics has not solved Tullock Costs in any forum in the last 70 years, Rotthoff said.

"It would take major restructuring in order to make it happen," he said. "Creating a simple rule and claiming that it will be a fix to this problem is a band aid that will mask this problem and make it arise in a different way."

If the NCAA caps the coaches' pay, they will spend the money on more limo rides, Rotthoff said.

"It comes down to the fact that because the athletes are not paid monetary wages, they are paid in non-monetary ways," Rotthoff said. "The coaches bring in a lot of money by bringing in a person who they are not allowed to pay. It is an interesting business that is illegal in most realms of the world, but somehow legal in the NCAA."

UNC and UConn Basketball recruiting costs...top

4/1/10

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