STATEMENT OF DERRICK FOX

President and Chief Executive Officer, Valero Alamo Bowl

FOOTBALL BOWL ASSOCIATION

May 1, 2009

Mr. Chairman, members of the Subcommittee, and Ranking Member Barton, my name is Derrick Fox. I am the former Chairman and currently At-Large Board Member of the Football Bowl Association. I am also President and Chief Executive Officer of the Valero Alamo Bowl in San Antonio, Texas. I am here today representing the thirty-four members of the Football Bowl Association, a group that includes every post-season Bowl game from the members of the Bowl Championship Series (BCS) to the smallest of the post-season events. They range in age from the Rose Bowl, which has been in existence for nearly 100 years, to the one-year old EagleBank Bowl, which took place here at RFK Stadium last December.

Our association has been in existence for more than a quarter century and we have grown as the number of Bowls has grown.

Your purpose in holding this hearing – the third Congressional hearing on this subject in less than six years – is to examine financial issues dealing with post-season college football. My purpose in appearing before you today is to tell you, as I said in 2005, that the current Bowl system, for whatever flaws it may have, is more than just alive and kicking.

It is a system which benefits – in its current form – more than six thousand student-athletes, 12,000 band members, between 75,000 and 100,000 performers and millions of fans and community members. It is a system that attracts more fans than the Super Bowl, World Series, NBA Finals and NHL Stanley Cup – combined! We have done it again and again and intend to continue. If the result of what you are examining is to create a formalized post-season college football playoff – whether it's made up 16 teams and 15 games, eight teams and seven games or

even four teams and three games – it is our firm belief that you will cause the demise of the current system.

You will end up substituting games for events.

Mr. Chairman and members of the Subcommittee, let me describe to you first the current status of the Bowls and what they mean to the communities and schools and then what I firmly believe would happen with the advent of a post-season college football playoff.

CURRENT POST-SEASON STRUCTURE

In this past post-season, a total of 34 Bowl Games were played in 29 communities across the United States (and one in Canada) during the months of December and January. Five cities hosted two games[1]. In the past year, these 34 games attracted nearly 1.8 million fans, an average of 55,186 at each game or 87% of capacity. Seven of the games drew more than 100% capacity, while nine others drew in excess of 90%. Even in these difficult economic times, average bowl attendance was up by 11% over the previous year. Television ratings were up by ten percent over 2007-08.

We must be doing something right.

But what we are doing right is not just for ourselves.

Benefits to the Communities

What does it mean to the 29 communities where the games are held? For one thing, since almost all the post-season Bowl Games are put on by charitable groups and since up to one-quarter of the proceeds from the games are dedicated to the community, local charities receive tens of millions of dollars every year.

[1] Glendale-Tempe (Phoenix), New Orleans, Orlando, San Diego, and Miami.

Excluding the television and print exposure that these communities require, it has been estimated that the Bowl games generate well in excess of a billion dollars in annual economic impact. As I said before, we don't put on games; we put on events. Fans make the Bowl experience a holiday experience, spending up to a week in the community, supporting pre- and post-Christmas business in hotels, restaurants, and visitor attractions. And this doesn't even take into account events such as the Tournament of Roses Parade or other events, centered around the game itself.

Moreover, the title sponsor or presenting sponsor of a Bowl Game frequently is a commercial institution headquartered in the host city, whose integration into the community – and vice versa – is enhanced by the game itself.

Benefits to the Institutions

This past year, 68 institutions participated in Bowl Games. That's over half of the major programs. Some of the opponents of the current system have complained that this is too many, but who is to make that judgment? What is wrong with rewarding winning teams with a post-season trip for the players and fans?

But the raw numbers of participants do not reveal the whole story. In the 2008-09 Bowl Game season, nearly a quarter of a billion dollars was paid out to the participating institutions, many of whom, under conference rules, shared that payout with other schools. In other words, schools that don't even qualify for the Bowls have a stake in Bowl Game revenue. In fact, more than 100 institutions shared in the Bowl Game payouts this past year. These team payouts generally are used to pay for scholarships for athletes in sports programs that are without broad marketplace support (*i.e.*, "non-revenue sports"). Moreover, it's expected that the payouts will

increase this year and, over the next ten years, it's estimated that the Bowl Game payouts to institutions will total more than $2.5 billion.

Intangible benefits also flow to the institutions. Bowl Game appearances generate contributions to the institution and even increases in applications. From the Athletics Department standpoint, it can lead to additional season ticket sales, licensing income, and media exposure and contracts. (Donations often increase as a result of Bowl success – *i.e.*, boosters enjoy Bowl trips and schools can seek more funds, plus, the following year, the level of contributions to gain access to priority seating, for example, will increase.)

Benefits to the Fans and Players

Fans that travel to the Bowl Games enjoy the spectacle of college football, often combined with a late-year vacation, whether it's in Florida, Texas, California or any of the other dozen states where Bowl Games are played in the U.S.

But it's not just those college football fans who revel in the Bowl Game experience. This past season, in addition to the student-athletes, band members, cheerleaders, and halftime performers, alumni and administrators and all those in the host communities took part.

Anyone who criticizes the current Bowl Game structure should note the following comment from *The Tampa Tribune* a few years ago, before the 2005 Wisconsin-Georgia Outback Bowl:

> "Maybe no one outside of Wisconsin and Georgia much cares who wins this game, but so what? A lot of people came to town, soaked up some sun, ate some good food, had a ball. At the end of it all, they play a football game and somebody wins. Actually everybody wins. Imagine that."

Indeed.

A PLAYOFF WOULD CAUSE MORE HARM THAN GOOD

I won't go into how each of the playoff scenarios would harm the current system, except to say that the bloggers of the Internet and the gurus of sports talk radio are incessant in their calls for a college football playoff, believing that it could magically appear. They don't consider how it would appear and what would be the potential negative effect of creating a playoff. They neither know about nor care about the fact that those billions – yes, billions – of dollars of economic impact are generated by the existing system.

It is our firm belief that if a playoff is created, the television dollars in the post-season will flow to that playoff. Likewise, the sponsorship dollars. And when that happens, the mid-tier bowls and most assuredly, the smaller bowls will simply go out of business. Those who don't like the current system will say that's the way of the world. But it's not and the government shouldn't have any role in promoting it.

Let me address a situation with which I am quite familiar, being both President and Chief Executive Officer of the Valero Alamo Bowl in San Antonio. Periodically, we have an Economic & Fiscal Impact Analysis done for our event. The most recent study was done for the game 14 months ago, between Penn State University and Texas A&M. This was not some "back-of-the-envelope" estimate, but rather a 30-page intensive analysis performed by the combined efforts of two respected sets of economists, Strategic Marketing Services of Memphis, TN and SportsEconomics of Oakland, CA.

After completing 480 surveys representing 1220 people, they concluded that there were more than 55,000 "incremental visitors" coming into San Antonio for the game, who spent an average of just over $740 during their stay. They stayed, on average, for 3.8 days, spending $195 per day, plus an additional $142 for tickets and other costs inside the Alamodome. These

"visitors" included not only the fans of the competing schools, but the teams themselves, and a full contingent of media covering the game. Their expenditures include lodging, food and beverage, transportation, rental cars, retail, and entertainment.

According to the study, the direct economic impact to the City of San Antonio was $42.6 million; the total economic impact to the City of San Antonio – including the recognized "multiplier effect" – was $73.7 million; and the incremental tax impact to the City of San Antonio – "taxes collected as a result of the event's operations and non-local visitors traveling to the City that would not have accrued to the region if it were not for the presence of the event being measured" – was $2.7 million. (These include sales and use taxes, hotel occupancy taxes, and alcoholic beverage taxes; in many cases – but not San Antonio – it would also include rental car taxes.)

The visitor totals include what was spent at the event and what was spent at hotels, restaurants, retail, car rental, and so forth. There is also organizational spending by the event organizers to run the event.

(Indeed, even in your own backyard, here in Washington, D.C., where one of the two newest Bowls – the EagleBank Bowl – was put on for the first time last December, organizers cite to more than 2,000 room nights being sold during a slow time for the hospitality and tourism industry, and hundreds of thousands of dollars going to regional vendors as well as benefits to charities "serving the nation's wounded warriors and the underprivileged youth of D.C.")

Additionally – and this has no quantifiable economic number – the Economic and Fiscal Impact Analysis cites the "psychic impact" of putting on the event. As the report says:

> Psychic impact is the emotional impact that is generated by hosting significant regional, national, or international events. Cultural [and sports] events often are

part of the fabric of a community....Sports or other cultural events are often a common connection that provides entertainment and conversation at the office or in the neighborhood, for instance. Most other industries do not provide the same degree of emotional impact.

Why do I cite all of this? The reason is simple: we don't simply put on a game, we put on an event, which runs the better part of a week. It involves not only the game, but a Kickoff Luncheon, the Team Fiesta and Pep Rally, the Great Party, a Golf Tournament, the Fellowship of Christian Athletes Breakfast, Team Days at Sea World, hospital visits, and more. Create a playoff and, if the post-season games do not evolve to home games on college campuses, you will create a one-day, in-and-out experience – if that – to replace the current Bowl system. And, if that, we would have to explain to the local communities what has happened.

The proponents of a playoff system neither understand nor want to learn that the economics of the current system is one of events, not just games. By analogy, they would have us become the NIT to the NCAA Basketball Championship, which would result in lost attendance, lost sponsorship, lost television, and the end of the Bowls.

CONCLUSION

No system is perfect. The Bowls are not perfect and the Bowl Championship Series is not perfect. But certainly, the concept of a playoff – as attractive as it may sound from the "experts" on sports talk radio – is rife with dangers for a system that has served collegiate athletics pretty well for the past one hundred years.

It's easy to express support for a playoff concept which has never been tested; all of your assumptions and theories work out perfectly. On the other hand, however, the Bowls have already withstood the test of time and have not been found wanting.

With the current structure of the Bowl Games, you protect the importance of the college football regular season and, as importantly, you have twenty-nine communities committed to providing not just the financial support, but a quality experience for the thousands of players and fans who attend each Bowl Game.

The current Bowl Game system does reward over 6,800 student-athletes, creates more than $1 billion in annual combined economic impact to the host sites, donates a quarter of a billion dollars annually back to higher education, and gives millions more to charitable endeavors in their own communities.

It is a system that works well, benefits so many, and ought not to be under attack.

Thank you for the opportunity to be here today.