

# Knight Commission (2010) – Restoring the Balance

## Introduction

- In high-profile sports, tensions often arise between the core mission of an institutions and the commercial values of intercollegiate athletics
- The competitive environment at the top level of athletics has led to four rounds of realignment among athletic conferences between 1994-2010, bidding wars for coaches, and accelerating expenses
- Only seven programs generated enough money to finish in the black in each of the five years prior to this report (according to *USA Today*)
- At many institutions, athletic spending is growing at 2x or 3x the rate of academic spending
- Sometimes there are legitimate reasons for athletic spending to outpace academic spending on a per-student basis → health insurance for athletes is a unique and large expense not applicable to every student

FBS Conference	Academic Spending per FTE Student 2008	Athletics Spending per Athlete 2008	Athletics Spending per Athlete Outpacing Academic Spending per Student by 4 to 11 times
Southeastern (SEC)	\$13,410	\$144,592	10.8
Big 12	\$13,741	\$124,054	9.0
Big Ten	\$17,025	\$115,538	6.8
Atlantic Coast (ACC)	\$15,911	\$105,805	6.6
<b>FBS Median</b>	<b>\$13,349</b>	<b>\$84,446</b>	<b>6.3</b>
Pacific-10	\$15,149	\$94,545	6.2
Conference USA	\$11,222	\$64,508	5.7
Mountain West	\$13,404	\$69,000	5.1
Western Athletic (WAC)	\$12,251	\$62,634	5.1
Big East	\$17,504	\$84,887	4.8
Sun Belt	\$9,691	\$41,895	4.3
Mid-American (MAC)	\$12,032	\$48,139	4.0

*Academic and Athletic Spending Per-Student*

- Because athletics revenues often do not meet the needs of athletics, funding often comes from state appropriations and university fund (from student athletic fees)
- The considerable financial pressure and accelerating spending in athletics could lead to a permanent and untenable competition between academics and athletics
- The top programs are expected to have athletic budgets over \$250 million by 2020
- A large majority of university presidents believed the current revenue and spending trend is not sustainable for intercollegiate athletics
- While some programs have achieved financial stability, most will not be able to do so without a structure that provides information, expectations, and incentives to achieve a better balance between academic and athletic spending
- Athletics cannot and should not be immune to the growing pressure for universities to be more transparent and accountable to the public

- Restoring educational values and priorities begins with strengthening intercollegiate athletics accountability in three ways:
  - Requiring greater transparency and better reporting measures to compare athletic and academic spending
  - Rewarding practices that make academic values a priority
  - Treating athletes as students first and foremost → not as professionals

## **Requiring Greater Transparency, Including Better Measures to Compare Athletics Spending to Academic Spending**

### **Transparency**

- Every DI institution should publish accurate and comparable athletic financial information every year
- Recommendations:
  - **Make NCAA Financial Reports Public**
    - These reports are already used by the NCAA to provide presidents with “dashboard indicators” to assess their athletic programs’ financial health → but these reports are rarely seen by the public
    - The reports institutions are required to submit to the U.S. Department of Education are comparably less informative than the reports submitted to the NCAA
    - The NCAA reports represent the most accurate financial data and should be available to the public
  - **Publish Additional Information About Long-Term Debt and Capital Spending**
    - The public reports should provide enough information to compare capital debt in athletics to overall capital debt from an institution because of the large role facilities expansion and improvement and debt play in athletic
  - **Report Annually on Growth Rates in Academic and Athletics Spending**

### **Strengthened Oversight**

- Institutions that fail to give precedence to core academic values over athletic goals should face substantial consequence
- Recommendations:
  - **Reform the NCAA Division I Certification Process**
    - The NCAA should reinstate financial integrity as a principle in the certification process (it was dropped in 2004)
  - **Strengthen Accreditation**
    - Regional accreditation should include an assessment of overall spending on athletics
  - **Reinforce Board Responsibilities**
    - Oversight boards must give close attention to the appropriate levels of athletic revenues and spending, transparency and accountability, and whether academic values are properly reflected in spending decisions

## **Rewarding Practices That Make Academic Values a Priority**

### **Strengthening Eligibility Standards for Participation in Championships**

- A team should be on track to graduate 50% of its players in order to be eligible for participation in postseason championships
- The current standards are too low and it takes too long for postseason bans based on poor academic results to be enforced (typically it takes several years)
- Eligibility should be determined at the beginning of every season using the NCAA's Academic Progress Rate → Teams that score 925 or better are predicted to have a graduation rate of about 50% or better and would be eligible

### **Distributing Revenues According to Educational Values and Priorities**

- The formulas used to distribute revenue must be more closely aligned with academic values
- Financial distribution from the Men's Basketball tournament media deal and the (former) BCS contract should not be so heavily based on winning
- Recommendations:
  - **Change Revenue Distribution Formulas to Prioritize Educational Values Over Winning**
    - Reduce funding provided for winning and link new funding to academic success
      - The Men's Basketball Fund distributed \$167 million in 2010
      - The percentage of shared revenues for that fund should be cut in half (from 40% to 20%) and the remaining 20% should be given to the Academic-Athletics Balance Fund (described below)
        - This would ensure 80% of the shared revenues would be allocated based on educational values rather than winning
    - Reallocate some postseason football revenues on the basis of academic values
      - Currently, the participating conferences in the FBS control media contracts and postseason revenue, not the NCAA
      - At least 20% of the (then) BCS revenue should be allocated to the Academic-Athletics Balance Fund
  - **Academic-Athletics Balance Fund**
    - All teams must maintain an average APR that predicts at least a 50% graduation rate
    - Each institution must demonstrate an appropriate balance between investments in athletics and education
      - The NCAA Board of Directors should develop criteria to monitor this balance
    - This fund would be distributed to all DI members, but the allocation in the fund coming from the BCS would be distributed only to members of the FBS

## **Treating College Athletes as Students First and Foremost – Not as Professionals**

- Athletes should be treated as students first, reflected by budgeting, policies, expectation, and staffing devoted to athletic development
- Some high-profile programs have evolved into operations that rival professional sports teams (number of coaches and support staff and compensation for those individuals)

## Ensuring That Athletes are Students First by Limiting Intrusions on Academic Responsibilities and Limiting Commercial Activities

- **Structure All Postseason Competitions to Benefit and Protect Student-Athletes**
  - “Unjustified intrusion on the time student-athletes devote to their academic programs” must be prevented
  - Postseason for football should end by a set day “very early in January” before the beginning of the next academic term
- **Reduce the Length of Seasons and Number of Games**
  - The pressure to extend competitive season must be curtailed to allow athletes to focus on academics
    - This would also have the benefit of reducing expenses
- **Prevent Use of Athletes’ Identities to Promote Commercial Entities or Products**
  - NCAA rules should not allow third parties to use an athlete’s identity for commercial promotions because “as amateurs, college athletes cannot benefit financially from the commercial use of their names or images”

## Curbing the Trends Toward Professionalization of Athletics Staffing Devoted to Athletic Development

- **Enforce Current Coaching Limitations**
  - Positions have been added in ways to get around the NCAA coaching limitation rules
  - The NCAA should more strongly enforce their rules to stop institutions from getting around them
- **Establish New Rules on the Number of Non-Coaching Personnel**
  - Number of staff members for each sport should be limited when their duties do not involve academic support or health and safety
- **Coaches’ Compensation**
  - The NCAA cannot create rules capping salaries and universities cannot act together to restrain salaries because of antitrust law
  - While an exemption is not recommended, institutions should consider the following in regard to compensation of athletic department staff:
    - College and universities should consider coaches’ compensation in the context of the academic institution
      - Compensation should reflect the values of the institutions, not the values of professional sports
    - Institutions should not permit athletic staff members to have separate contracts with companies that reward the staff members for players wearing certain equipment
      - These types of contracts should be made between the institution and the brands, not between athletic staff and brands

## Examining Scholarship Offerings to Assess Whether Costs can be Reduced Without Eliminating Equitable Participation Opportunities for Men and Women

- The Commissions “reiterates its 2001 recommendation to reduce the total number of football scholarships for [FBS] schools”
  - Scholarships should be reduced to 77 or 75 (reduction by 8 or 10 from 85)

- This reduction may also require a reduction in scholarships for FCS schools and DII schools

## **Conclusion**

- “It is time for colleges and universities to resist the never-ending pressure to increase spending on intercollegiate athletics.”
- “We recognize the value of intercollegiate athletics, including “big-time” college sports, to student-athletes and to their universities. But to maintain the health of the system we have built over the past 150 years, we believe that a renewed commitment to sustained financial reform is necessary.”