RESTORING THE BALANCE

Dollars, Values, and the Future of College Sports

Knight Commission
On Intercollegiate Athletics

Sponsored by the John S. and James L. Knight Foundation

This report sets forth reforms that are achievable and that, if implemented, will create a foundation upon which future reforms can build. Our blueprint for restoring educational values and priorities begins with strengthening accountability for intercollegiate athletics in three ways:

1. Requiring greater transparency and the reporting of better measures to compare athletics spending to academic spending
2. Rewarding practices that make academic values a priority
3. Treating college athletes as students first and foremost—not as professionals

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Knight Commission
On Intercollegiate Athletics

LETTER OF TRANSMITTAL

Alberto Ibargüen
President and Chief Executive Officer
John S. and James L. Knight Foundation
200 South Biscayne Blvd., Suite 3300
Miami, FL 33131

Dear Mr. Ibargüen:

Almost 20 years ago, the Knight Commission on Intercollegiate Athletics released a landmark report about major college athletics. It criticized low athlete-graduation rates, questionable academic standards, and the increasing tendency of athletics programs to operate independently of university oversight. The trustees of the Knight Foundation feared that these persistent problems, found in all too many major college sports programs, threatened the very integrity of higher education. The report created a detailed roadmap for reforming college sports and was quickly embraced by higher education leaders.

Since then, presidents and other leaders of Division I institutions have done much to improve governance policies and to raise academic expectations. The result has been better classroom outcomes for athletes and greater accountability for their coaches, teams, and institutions. Yet while we are proud that the Commission's 1991 report and its subsequent work have had a positive impact, we are acutely aware of how much remains undone.

Most urgent of the remaining goals set out in the Commission's 1991 report is financial reform. The costs of competing in big-time intercollegiate sports have soared. Rates of spending growth are breathtaking. This financial arms race threatens the continued viability of athletics programs and the integrity of our universities. It cannot be maintained.

Despite our deep concern about this problem, we believe firmly that—at their best—intercollegiate sports bring enormous benefits to their universities and communities. Indeed, we take as our starting point the mission articulated by James L. Knight, Chairman of the Knight Foundation in 1989: "We recognize that intercollegiate athletics have a legitimate and proper role to play in college and university life. Our interest is not to abolish that role but to preserve it by putting it into perspective."

This report sets forth reforms that are achievable and that, if implemented, will create a foundation upon which future reforms can build. Our blueprint for restoring educational values and priorities begins with strengthening accountability for intercollegiate athletics in three ways:

1. Requiring greater transparency, including better measures to compare athletics spending to academic spending

2. Rewarding practices that make academic values a priority

3. Treating college athletes as students first and foremost—not as professionals

We express our deep gratitude for the continuing support Knight Foundation has provided to this effort. We hope that our recommendations, like those of previous Commissions, will significantly advance much-needed policy changes in college athletics.

Sincerely,

W E Kirwan

William E. Kirwan
Co-Chairman
Chancellor
University System of Maryland

R. Gerald Turner

R. Gerald Turner
Co-Chairman
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LETTER OF TRANSMITTAL

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INTRODUCTION

At the nation's most prominent universities, intercollegiate athletics have always played a dual role in campus life. On the one hand, they are managed for the benefit of student-athletes. On the other, they inspire the interest and passions of thousands, if not millions, of fans. For most teams at most institutions, these roles can be reconciled. But in high-profile sports, tensions often surface between the core mission of universities and commercial values.

These tensions have grown significantly over the past two decades. The pursuit of television contracts and slots in football bowl games, together with the quest to win championship tournaments in basketball, have had a destabilizing influence on athletics programs. Among other worrisome developments, the intensely competitive environment at the top levels of college sports has prompted four rounds of realignment among athletic conferences since 1994; a bidding war for prominent coaches; and accelerating expenses across the board.

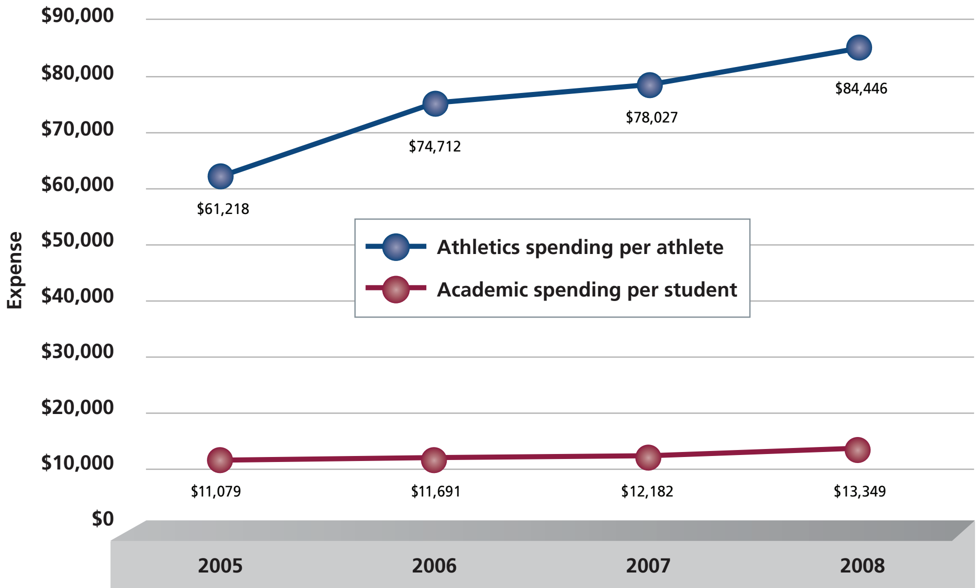
The growing emphasis on winning games and increasing television market share feeds the spending escalation because of the unfounded yet persistent belief that devoting more dollars to sports programs leads to greater athletic success and thus to greater revenues.

In fact, only a tiny number of college athletics programs actually reap the financial rewards that come from selling high-priced tickets and winning championships. According to a *USA Today* analysis, just seven athletics programs generated enough revenue to finish in the black in each of the past five years. This reality is often obscured by headlines about money in college sports, such as the recent 14-year, $10.8 billion television rights deal for the NCAA men's basketball tournament, and yet another round of conference realignments and expansions designed to increase television market share.

The growing emphasis on winning games and increasing television market share feeds the spending escalation.

Figure 1:
Athletics spending rises while academic spending is flat

Medians for academic spending per student compared to athletics spending per athlete, Football Bowl Subdivision institutions, 2005-2008

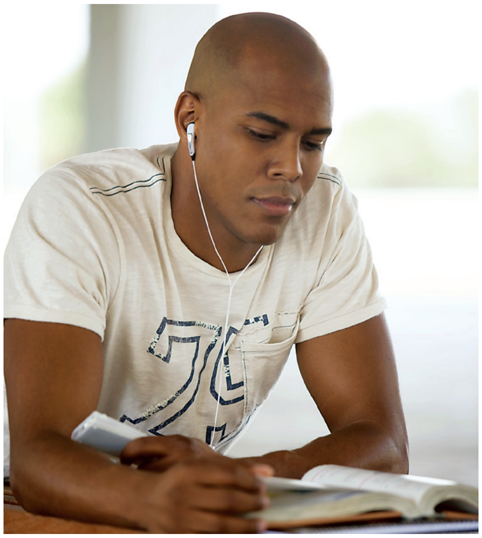


This figure compares growth in median athletics spending per athlete to median academic spending per student at 97 of the 103 public institutions in the FBS. The growth over time for athletics spending was 37.9 percent compared to 20.5 percent for academic spending. All figures are in current dollars. Academic spending reflects the full cost of education measure, which includes spending for instruction, student services, and shared overhead costs for academic, instructional, and operations support averaged per full-time equivalent student. Athletics spending includes all athletics operating expenses averaged on a per athlete basis. More detailed data grouped on a conference basis are available in the online report at restoringbalance.knightcommission.org.

Source: See endnotes.

Nevertheless, the pursuit of those elusive goals by many programs creates a cost spiral that causes athletics spending to rise at rates often exceeding those on academic spending. At many universities, institutional spending on high-profile sports is growing at double or triple the pace of spending on academics. This is due to much more than multimillion dollar salaries for football and basketball coaches. Less-publicized trends also play a significant role, including a steep increase in the number of expensive non-coaching personnel devoted to individual sports.

In some instances, there are legitimate reasons for athletics spending to outpace education-related spending on a per-student basis. Health insurance for student-athletes is a unique and large expense, for example. But expenses like this cannot account for the lopsided spending patterns seen at some universities. Median athletics spending per athlete at institutions in each major athletics conference ranges from 4 to nearly 11 times more than the median spending on education-related activities per student (see Figure 2).



Median athletics spending per athlete at institutions in each major athletics conference ranges from 4 to nearly 11 times more than the median spending on education-related activities per student.

Figure 2:
Academic and athletics spending by conference
Medians for academic and athletics spending on a per capita basis, Football Bowl Subdivision conferences, 2008

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
FBS Median	**$13,349**	**$84,446**	**6.3**
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

This figure shows academic and athletics spending on a per capita basis using median expenses in 2008. Academic and athletics spending data reflect the measures described in Figure 1.

Source: See endnotes.

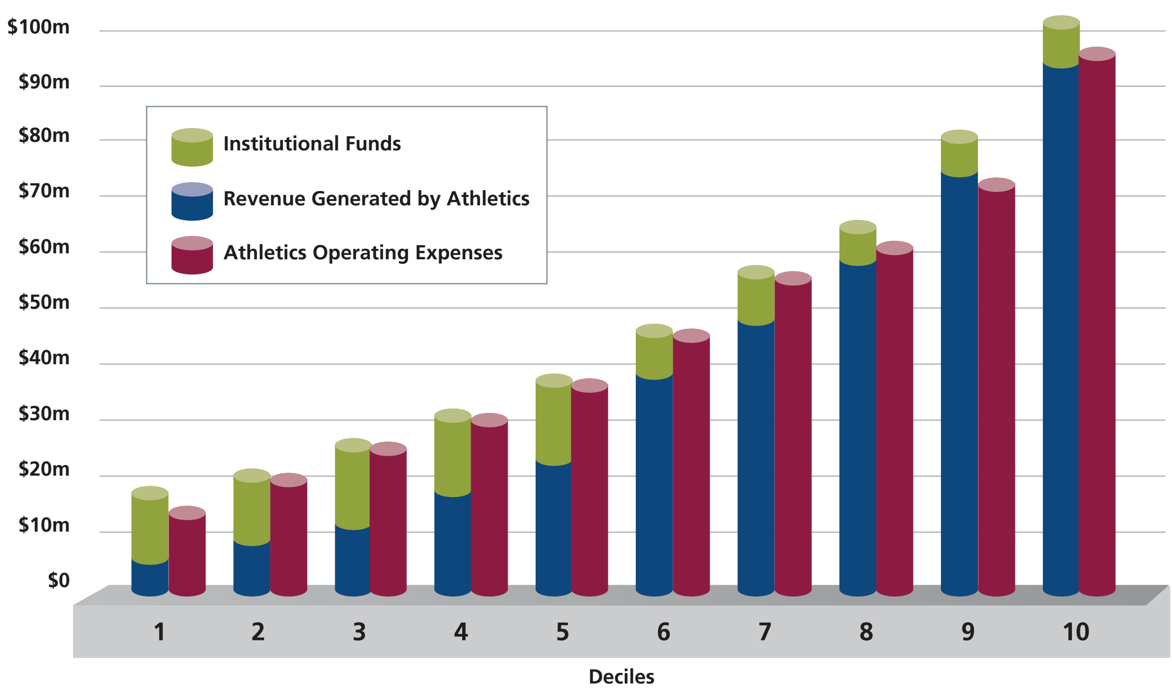
At most institutions, these expenditures require a redistribution of institutional resources. Because sports revenues so often fall short of meeting the needs of athletics programs, almost all programs must rely on allocations from general university funds, fees imposed on the entire student body, and state appropriations to meet funding gaps (see Figure 3). This is a significant concern at a time when economic woes have devastated state budgets and institutional endowments alike. Conflicts over funding between academics and athletics are growing.

Indeed, reliance on institutional resources to underwrite athletics programs is reaching the point at which some institutions must choose between funding sections of freshman English and funding the football team. And student-athletes in non-revenue sports risk seeing their teams lose funding or be cut entirely. These threats extend well beyond universities with high-budget athletics programs: it is clear that the spending race that too often characterizes major football and basketball programs is creating unacceptable financial pressures for everyone.

Figure 3:

Institutional funds needed to balance budgets

Average expenses compared to average revenue generated by athletics and institutional funding, Football Bowl Subdivision institutions, 2008



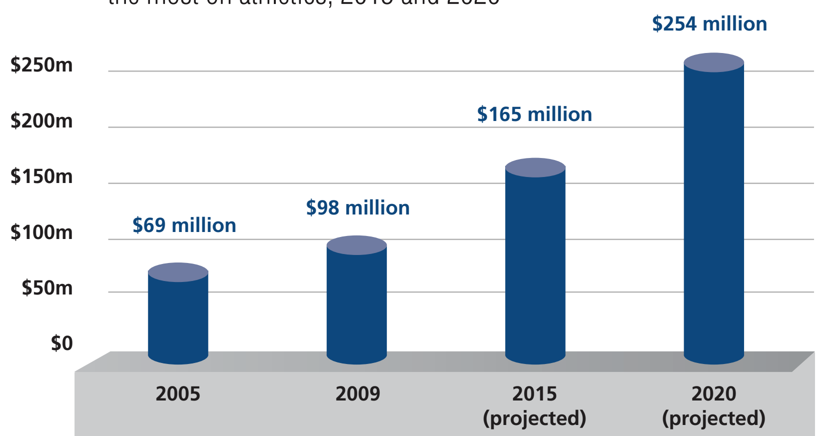
In this figure, generated revenue consists of funds the athletics program earned from external sources, such as ticket sales and broadcast revenues. Institutional funds consist of student fees, transfers from general fund sources, state appropriations, and other sources internal to the institution. This figure shows that most institutions require institutional funding to balance their athletics operating budget. These **2008** data represent the average operating expenses of all FBS institutions, including private institutions. Deciles are ranked according to **2007** athletics operating expenses. According to 2008 expenses, the institutions in Decile 1 had average athletics operating expenses of $14.7 million, and institutions in Decile 10 had average athletics operating expenses of $96.7 million. The table displaying the exact dollar amounts represented in this figure can be found in the online report at restoringbalance.knightcommission.org.

Source: NCAA

Figure 4:

Top athletics budgets exceed $250 million in 2020

Budget projections for the top ten public institutions spending the most on athletics, 2015 and 2020



Average Budgets for Top Ten Spenders on Athletics

This figure shows future projections for the average athletics operating budget for the ten public institutions spending the most on athletics in 2009. The growth rate projections are based on the "smoothed" annual rates of change for total operating expenses during the following periods: 2005-2009, 2006-2009 and 2007-2009.

Source: *USA Today* NCAA athletics database using data reported by each institution on NCAA financial reports.

It is clear that the spending race that too often characterizes major football and basketball programs is creating unacceptable financial pressures for everyone.

In brief, if the business model of intercollegiate athletics persists in its current form, the considerable financial pressures and ever-increasing spending in today's college sports system could lead to permanent and untenable competition between academics and athletics. More broadly, this model could lead to a loss of credibility not just for intercollegiate sports but for higher education itself.

The current financial downturn should be a wake-up call for all programs. It has significantly refocused academic priorities and even forced some institutions to ratchet back spending on sports—primarily by paring teams in lower-profile sports, thus curtailing opportunities for student-athletes. However, even with this new reality, top programs are expected to have athletics budgets exceeding $250 million by 2020, based on data from the past five years. Even for the largest and best-positioned universities, a $250 million athletics budget serving an average of 600 student-athletes is untenable (see Figure 4).

In the Commission's view, addressing misplaced spending priorities requires answering some searching questions: Are financial incentives at the national, conference, and institutional levels rewarding behaviors that are aligned with the core values of higher education, institutions' educational missions, and amateur athletic competition? Or are they creating a "winner take all" market in which there are very few winners? More often we see the latter.

Changing course will not be easy. But we know that some institutions have been able to achieve a healthy balance between academic and athletics spending. We believe that the reforms laid out in this report can help all college athletics programs do the same.

Academic reform hit a tipping point when graduation rates were first shared publicly. We believe the same will be true for financial reform when there is far greater openness about spending on college sports.

Presidents of universities with major football programs clearly recognize the need for change. In a 2009 Knight Commission survey, a large majority said that they believe today's revenue and spending trends are not sustainable for athletics programs as a whole. Nearly half expressed concern about the proportion of institutional resources being used to support athletics programs, and a similar proportion said they feared that economic pressures might force them to discontinue a sport.

Presidents also understand the urgency of acting together. To be sure, some institutions have been able to achieve financial stability, taking advantage of significant revenue opportunities while exercising prudent management. But it is clear that the vast majority of Division I institutions will not be able to do so without a shared structure that provides athletics programs and universities with the information, expectations, and incentives needed to achieve a better balance in their spending priorities.

The Commission believes that the first step among the many actions needed to redress the imbalance in athletics spending is to make financial data in intercollegiate sports, both for public and private institutions, readily available to the general public and to trustees, state legislators, students, parents, and the media. Academic reform hit a tipping point when graduation rates for student-athletes were first shared publicly. We believe the same will be true for financial reform when there is far greater openness about spending on college sports—in absolute dollars, in growth levels, and in comparison to academic budgets.

We applaud the NCAA's good work over the past five years in improving the accuracy of financial data and organizing that information into a database accessible to all presidents. These valuable efforts provide a solid foundation on which to build. But much more needs to be done.

We believe that more data, better data, and more transparent data will mean greater accountability for college sports, both on campus and in the public eye.

After all, at a time when all of U.S. higher education is under unprecedented pressure to be more transparent to the public and more accountable for the results it achieves, intercollegiate athletics cannot expect to be immune to the same standards. Moreover, as with other parts of higher education, heightened scrutiny of college sports should not be viewed as a threat but as an opportunity. With the spotlight already on intercollegiate athletics, more effective disclosure of finances—and of financial priorities—will enhance the long-term prospects of college athletics by ensuring that they remain part of, not apart from, the central mission of colleges and universities.

Our recent survey of college presidents shows that they are united in their desire for greater transparency in athletics spending. Given the diversity and complexity of the challenges they face, however, they are understandably wary of one-size-fits-all solutions. Backers of constructive change face a considerable practical challenge—marking a path to financial reform in a system characterized by great diversity in resources, funding models, institutional practices, and state laws. These concerns are legitimate, but we believe they can be overcome.

In the recommendations that follow, the Commission outlines how the influence of big money in high-profile college athletics can and must be reduced. We aim not only to foster much-needed discussion but, above all, to stimulate reform.

With the spotlight already on intercollegiate athletics, more effective disclosure of finances—and of financial priorities—will enhance the long-term prospects of college athletics by ensuring that they remain part of, not apart from, the central mission of colleges and universities.

PRINCIPLES AND RECOMMENDATIONS

Knight Commission Principles

Before detailing our specific proposals, we begin with two broad principles that have guided our discussions and informed our final recommendations:

- **Academics first.** Each institution must make decisions regarding athletics budgets with a view to how they will affect its academic mission and values. Spending on educational activities should not be compromised to boost sports funding.

- **Responsible spending.** Fiscal discipline in athletics programs must be a top priority for the NCAA, for individual conferences, and for colleges and universities themselves. At every level of oversight of college sports, financial policies should aim to strengthen each institution's broader educational mission; to preserve and promote college athletes' educational and athletic opportunities; and to strengthen the capacity of colleges and universities to offer extensive and equitable participation opportunities for men and women.

Knight Commission Recommendations

Our blueprint for restoring educational values and priorities calls for strengthening accountability for intercollegiate athletics in three ways:

I **Requiring greater transparency, including better measures to compare athletics spending to academic spending**

II **Rewarding practices that make academic values a priority**

III **Treating college athletes as students first and foremost —not as professionals**

I REQUIRING GREATER TRANSPARENCY, INCLUDING BETTER MEASURES TO COMPARE ATHLETICS SPENDING TO ACADEMIC SPENDING

Real long-term progress in athletics financing across all NCAA Division I institutions requires the availability of clear, comparable, and complete financial data, together with strategies to improve accountability.

A. Transparency

All Division I institutions should publish accurate and comparable information about revenues and expenses in athletics every year.

1. **Make NCAA financial reports public.** These standardized reports on athletics spending and revenues are already used by the NCAA to provide presidents and chancellors with a set of metrics in the form of "dashboard indicators" to assess their athletics programs' financial health and their revenue and expense patterns relative to peer institutions. However, these institutional data are rarely seen by the general public.

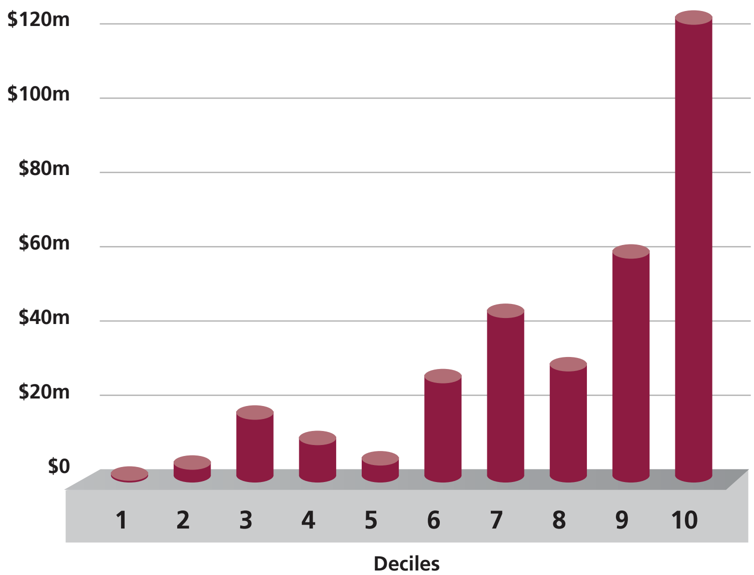
   Colleges are also required to file separate financial and participation reports annually with the U.S. Department of Education in compliance with the Equity in Athletics Disclosure Act of 1994 (http://ope.ed.gov/athletics). But the financial data in these reports lack comparability because the law requires colleges to report information in overly broad categories, permitting wide variation from institution to institution.

   We recognize that data in the NCAA's standardized reports are not perfect. For example, they do not account for varying budget treatment of tuition waivers for scholarship athletes, which can make it difficult to compare spending between institutions. However, these audited reports represent the most accurate athletics financial reports available and, as such, the data should be publicly reported. The NCAA should work with outside auditors to improve the accuracy and campus-to-campus comparability of the NCAA financial reports and the summary indicators they produce. Updates and modifications to the reports and indicators should be made regularly as needed.

Figure 5:

Athletics debt for big-time programs

Medians for overall athletics debt grouped by operating expense budget, Football Bowl Subdivision institutions, 2008



This figure updates the athletics debt data revealed in the Knight Commission's *College Sports 101* report that ranked every FBS institution according to 2007 operating expense budgets and grouped them in the appropriate spending decile. According to 2008 operating expenses, the institutions in Decile 1 had median athletics operating expenses of $14 million and institutions in Decile 10 had median athletics operating expenses of $95 million. Using those deciles, this figure shows the medians for overall athletics debt reported for 2008 by all FBS institutions, including private universities.

Source: NCAA

Because of the large role facilities expansion and debt play in athletics spending, we believe that these new public financial reports should compare capital debt in athletics to overall institutional capital debt.

2. **Publish additional information about long-term debt and capital spending.** Because of the large role facilities expansion and debt play in athletics spending, we believe that these new public financial reports should compare capital debt in athletics to overall institutional capital debt. They should also compare annual athletics debt service to overall operating expenses in athletics. Such comparisons would usefully illustrate the level of risk to the long-term financial security of the university if there is a downturn in the athletics revenues that cover debt service payments.

3. **Report annually on growth rates in academic and athletics spending.** Each institution should publish comparisons of the growth rate in athletics spending and in education-related spending, both calculated using improved assessment measures. (More information about these measures as well as data showing how conferences stack up against each other on these measures can be found in the Commission's online report: restoringbalance.knightcommission.org.)

B. Strengthened oversight

Along with implementation of the transparency agenda outlined above, institutions that fail to give precedence to core academics values over athletic goals must face more substantial consequences. We recommend the following:

1. **Reform the NCAA Division I certification process.** In 2004, the NCAA dropped financial integrity as a principle in certification. We strongly recommend its reinstatement. Specifically, the certification process should require colleges to evaluate their athletics programs along the lines recommended in this report.

2. **Strengthen accreditation.** Regional accreditation should include an assessment of institutional and overall spending on intercollegiate athletics, including studies of how institutions oversee and regulate athletics expenditures.

3. **Reinforce board responsibilities.** College and university trustees also play a key role in ensuring the integrity of athletics programs. The Commission reiterates its endorsement of a 2007 report by the Association of Governing Boards. Among the guidelines for oversight boards to follow, the report called for close attention to the appropriate level of revenues and spending on athletics; to transparency and accountability; and to whether academic values are properly reflected in spending decisions.

After all, at a time when all of U.S. higher education is under unprecedented pressure to be more transparent to the public and more accountable for the results it achieves, intercollegiate athletics cannot expect to be immune to the same standards.

II REWARDING PRACTICES THAT MAKE ACADEMIC VALUES A PRIORITY

A. Strengthening eligibility standards for participation in championships

We repeat the Commission’s 2001 recommendation that a team should be on track to graduate at least 50 percent of its players to be eligible for postseason championships. While we support the NCAA’s effort to improve its academic accountability measures, the Commission believes that current standards remain too low and that it takes far too long—typically several years—for postseason bans based on poor academic results to be enforced. The Commission now recommends that eligibility for championships be determined at the start of each new academic year and conditioned upon teams achieving an Academic Progress Rate (APR) that predicts at least a 50 percent graduation rate under the NCAA’s graduation measure. (The APR was adopted by the NCAA in 2004 to track academic success and retention semester to semester. An APR of 925 predicts a graduation rate of approximately 50 percent.)

Such a standard would have a significant impact on revenue distribution because successful men’s basketball tournament teams can earn financial rewards even when their academic records are dismal. For example, teams that failed to meet the Commission’s recommended standard for tournament eligibility, as described above, during one or more of the past five tournaments (2006 to 2010) will earn their conferences at least $54 million next year under current revenue distribution policies. If the Commission’s recommendation is adopted, these tournament slots, and the financial rewards that accompany them, will be reserved for teams that meet legitimate academic standards.

B. Distributing revenues according to educational values and priorities

Beyond the need to make tournament eligibility contingent on reaching core academic benchmarks, the Commission believes that the detailed formulas by which shared revenues are distributed must also be more closely aligned with academic values. In addition to the shared revenues that all NCAA Division I member institutions receive, primarily through the NCAA’s media contract for the postseason basketball tournament, the 120 institutions in the Football Bowl Subdivision (FBS) also receive distributions from their conferences’ postseason football bowl media contracts. These include the lucrative Bowl Championship Series (BCS) contract, whose financial proceeds flow primarily to six major conferences.

We recommend that these financial rewards no longer be based so heavily on winning, but instead on maintaining the right balance between athletics and academics.

To preserve the integrity of the revenue distribution system, the NCAA and athletic conferences should change their allocation formulas as follows:

1. **Change revenue distribution formulas to prioritize educational values over winning.**

   a. **Reduce the funding provided for winning and link new funding to academic success.** The current NCAA revenue distribution formula rewards men's basketball teams on the basis of both appearances and wins in the NCAA men's basketball postseason tournaments. The allocation vehicle for these revenues, known as the Men's Basketball Fund, distributed $167 million in 2010.

      The Commission recommends that the allocation to this fund be substantially reduced. Specifically, the current percentage of shared revenues provided in the Fund for tournament success should be cut at least by half (from 40 percent to 20 percent) and savings should be reallocated to the new Academic-Athletics Balance Fund described below. This revision would ensure that at least 80 percent of the shared revenues will be allocated based on educational values rather than on wins.

   b. **Reallocate some postseason football revenues on the basis of academic values.** Currently, revenues for FBS postseason football activities and media contracts are controlled by the participating conferences, not the NCAA. Consistent with the principles in this report, we believe a portion of the revenues from these activities and contracts should be allocated to restoring an appropriate balance between investments in athletics and academics. Thus, as a starting point, we recommend that at least 20 percent of the overall funds available for annual conference distributions from the BCS be allocated equitably to each FBS conference and designated as the Academic-Athletics Balance Fund. The conferences then would take this allocation and distribute the funds to its members according to the criteria specified for the Academic-Athletics Balance Fund discussed below.

If the Commission's recommendation is adopted, these tournament slots, and the financial rewards that accompany them, will be reserved for teams that meet legitimate academic standards.

2. **Academic-Athletics Balance Fund.** The Commission recommends that the NCAA and individual FBS conferences establish a new stream of revenue allocation through the actions described in 1(a) and (b) above. All Division I institutions would be eligible for this revenue if they met the following two conditions:

   a. **All teams must maintain an average APR that predicts at least a 50 percent graduation rate** as measured by the NCAA's own graduation rate metric; and

   b. **Each institution must demonstrate an appropriate balance** between institutional investments in athletics and education. The Commission recommends that the NCAA Board of Directors develop criteria to monitor this balance, drawing upon the metrics recommended in this report. For example, one requirement might be that the growth rate in the athletics budget measured on a per-athlete basis over a five-year period must not exceed the growth rate in educational spending on a per-student basis over the same period.

Note: The NCAA's Academic-Athletics Balance Fund would be distributed to all Division I members. The allocation to conferences from BCS funding would be distributed only to FBS members (or directly from BCS administration if they are not affiliated with a conference).

III TREATING COLLEGE ATHLETES AS STUDENTS FIRST AND FOREMOST—NOT AS PROFESSIONALS

The following recommendations are focused on treating college athletes as students first and foremost through budgeting, policies, expectations, and in the staffing devoted to their athletic development. While these recommendations aim to restore academic values, there are significant cost considerations in each of these areas as well.

Some high-profile college programs, particularly in football and basketball, have evolved into elaborate operations that rival professional sports teams in the numbers of coaching and support personnel as well as compensation for those staff. Expectations and time demands on college athletes have risen alongside these investments in their athletic development. Additionally, as financial pressures mount to cover these increasing costs, institutions face increasing tensions over the commercial interest in using college athletes for commercial gain. Our objective is to ensure that pursuit of revenues does not infringe upon athletes' rights and their academic obligations. We also wish to identify areas where significant action is needed to curb escalating costs resulting from spending on infrastructure and on staffing levels that approach those of professional sports teams.

A. Ensuring that athletes are students first by limiting intrusions on academic responsibilities and limiting commercial activities

1. **Structure all postseason competitions to benefit and protect student-athletes.** The NCAA principle governing postseason competition must be followed to ensure that the benefits from competing are provided to all participants, that "unjustified intrusion on the time student-athletes devote to their academic programs" is prevented, and that student-athletes are protected "from exploitation by professional and commercial enterprises."

   Given the NCAA's stated principle, we note our disappointment that the current football postseason structure has been extended so that games now occur well into the second term, especially in institutions that operate on the quarter system, and thus create conflicts with academic obligations.

   We recommend that all post-season competition for football end by a set date very early in January, before the beginning of winter term or quarter classes.

2. **Reduce length of seasons and number of events.** Ever-lengthening sports seasons have a corrosive effect on student-athletes' ability to focus on academics and also drive up costs substantially. Yet the pressure to extend the competitive season continues unabated. We believe the length of seasons must be curtailed, both by reducing the number of regular season games or competitions and by eliminating or reducing nontraditional seasons, such as fall baseball. We note that the majority of presidents supported these concepts in the 2009 Knight Commission presidential survey, as did the Division I-A Athletic Directors Association.

3. **Prevent use of athletes' identities to promote commercial entities or products.** As amateurs, college athletes cannot benefit financially from the commercial use of their names or images. NCAA rules should not allow commercial sponsors or other third parties to use symbols of the athletes' identities for financial gain or to promote commercial entities.

Our objective is to ensure that pursuit of revenues does not infringe upon athletes' rights and their academic obligations.

B. Curbing the trends toward professionalization of athletics staffing devoted to athletic development.

As noted earlier in this report, growth in athletics spending is outpacing growth in academic spending at many universities. Key contributors to the growth imbalance have been rising coaches' compensation and growth in the number of non-coaching support personnel positions, particularly in football and basketball.

1. **Enforce current coaching limitations**. Over the past decade, some positions have been added in ways that circumvent regulations intended to limit the number of coaches at each university. We recommend that the NCAA strongly enforce regulations forbidding non-coaching personnel from performing coaching duties.

2. **Establish new rules on the number of non-coaching personnel.** The NCAA should limit the number of staff members assigned to a particular sport whose duties do not involve either academic support or health and safety, such as "directors of sport operations" and video personnel. The majority of presidents in the 2009 Knight Commission presidential survey supported creating policies to address this problem.

3. **Coaches' compensation.** In the 2009 Knight Commission presidential survey of college presidents, campus leaders called escalating coaches' salaries the single largest contributing factor to the unsustainable growth of athletics expenditures.

Because of federal antitrust laws, including rulings directly involving the NCAA and member institutions, the NCAA cannot create caps on coaches' salaries, and colleges cannot act together to restrain those salaries. The Commission examined whether compensation for football and basketball coaches should be addressed by seeking a change in the federal antitrust laws.

The NCAA should limit the number of staff members assigned to a particular sport whose duties do not involve either academic support or health and safety.

We concluded that securing such an exemption from the antitrust laws for any reason is a complicated, time-consuming, and expensive endeavor that is by no means assured of success. The Commission thus recommends that an exemption not be sought, at least at this time, and instead that the higher education community focus on developing and implementing the transparency and accountability systems and the financial incentives and structures that we are recommending. Reform of collegiate athletics financing can and must be more immediate and comprehensive than any reform provided through a limited and specific exemption secured through the legislative process.

However, the Commission does reiterate two simple principles from its prior reports that will provide for more effective accountability with regard to compensation of all athletics department staff members.

a. **Colleges and universities should consider coaches' compensation** in the context of the academic institutions that employ them. Their compensation should reflect the values of the amateur athletics programs that they oversee, not the values of professional sports teams whose major objectives are winning championships and earning profits.

b. **Institutions should not permit athletics staff members** (including, but not limited to, coaches) to have separate contracts with companies that reward staff members financially for requiring team members to wear or use specific equipment, apparel, or shoes that display the company logo or brand. Associating a corporate brand with university trademarks, on uniforms, through apparel that college athletes are required to wear, should be done through contracts between the university and the company and not through contracts with individual staff members (including coaches).

C. Examining scholarship offerings to assess whether costs can be reduced without eliminating equitable participation opportunities for men and women

The last comprehensive examination of the appropriate number of scholarships that should be permitted in each sport was conducted by the NCAA nearly 30 years ago. The sports landscape has changed drastically since then. Additionally, more complete injury data exist to provide a more complete consideration of the actual number of players needed in relation to the playing opportunities available. The Commission encourages the NCAA Board of Directors to review these expenditures soon. As a starting point, the Commission reiterates its 2001 recommendation to reduce the total number of football scholarships at Football Bowl Subdivision schools. We believe a conservative reduction would be eight to 10 fewer scholarships from the current 85. Even with this reduction, football would still have a much higher ratio of scholarships to playing opportunities when compared with other sports. Such a reduction may require a change in the maximum number of scholarships for football programs that compete in the Football Championship Subdivision or in Division II.

CONCLUSION

It is time for colleges and universities to resist the never-ending pressure to increase spending on intercollegiate athletics. Even as this report goes to press, high-profile athletic conferences are expanding their memberships in an effort to boost television market share and revenues they hope will follow. Such changes will likely make it harder than ever for the vast majority of colleges to keep up with continued escalation in spending on coaches' salaries, facilities, and other trappings of athletic prestige.

The predictable result: increased subsidy of athletics programs at the cost of academic programs, higher mandatory athletics fees for all students at many institutions, and a reduction in sports offerings—including dropping of teams that are not generating revenues. Such outcomes are indefensible for an enterprise that exists for the benefit of student participants and should serve to strengthen the academic mission of the university.

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. The reforms outlined in this report provide a foundation upon which to build. We look forward to helping individual institutions, their conferences, and the NCAA make this commitment. Never before have the stakes been so high.

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.

ENDNOTES

1. Data Source for Figures 1 and 2: Figures 1 and 2 were produced by analysts with The Delta Project on Postsecondary Education Costs, Productivity, and Accountability using data from the following sources: *USA Today* NCAA athletics finance database using each institution's NCAA financial report for athletics revenues and expenses; NCES Integrated Postsecondary Education Data System (IPEDS) for full cost of education spending per full-time equivalent student; Office of Postsecondary Education Equity in Athletics database for athlete participation counts only; participation data provided by two institutions independently because their data were not included or were reported incorrectly in the EADA database. Note: The data in these figures do not include data for 17 private universities that are members of the Football Bowl Subdivision. Also excluded are data for the three military academies and the three state universities in Pennsylvania that are not subject to Freedom of Information Act requests for financial data.

2. All figures reflect current dollars.

3. The Knight Commission consulted with antitrust counsel from the law firm of Skadden, Arps, Slate, Meagher & Flom regarding the recommendations set forth in this report. Counsel advised that these recommendations, which are designed to promote amateurism and to preserve a balance between expenditures on athletics programs and the core educational goals of all universities, are consistent with antitrust principles.

4. Individuals are encouraged to cite this report and its multimedia content at restoringbalance.knightcommission.org. In doing so, please include the following attribution: *Knight Commission on Intercollegiate Athletics. (2010, June). Restoring the balance: Dollars, values, and the future of college sports. Miami, FL: John S. and James L. Knight Foundation.*

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The Commission owes deep gratitude to its founding co-chairmen, William Friday and Theodore Hesburgh, whose leadership and integrity continue to inspire all who are committed to our nation's goals of achieving excellence in higher education. The Commission is also grateful to the leaders who have guided the group's efforts over the past five years – the late Thomas K. Hearn Jr., Clifton Wharton Jr., and the current co-chairmen, William E. "Brit" Kirwan and R. Gerald Turner.

Knight Commission Executive Director Amy Perko and Communications and Research Associate Scott Hirko were assisted by consultants Jeffrey Orleans and David Welch Suggs Jr. in providing primary support to the Commission as it worked to develop this report. This team also contributed to the drafting and editing of the print and multimedia reports. Dennis Kramer II provided research assistance and Ted Leland provided advice during the project. Ben Wildavsky was the primary author of the report, and was aided by Rodney Ferguson of Lipman Hearne. The report was designed by Widmeyer Communications. Katie Reardon and Stacey Finkel also with Widmeyer Communications coordinated the communications efforts.

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Fiscal discipline in athletics programs must be a top priority for the NCAA, for individual conferences, and for colleges and universities themselves. At every level of oversight of college sports, financial policies should aim to strengthen each institution's broader educational mission; to preserve and promote college athletes' educational and athletic opportunities; and to strengthen the capacity of colleges and universities to offer extensive and equitable participation opportunities for men and women.

For additional content and video, see the multimedia version of this report at *restoringbalance.knightcommission.org*

Knight Commission On Intercollegiate Athletics

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