

A Report for

**The Knight Foundation
Commission on Intercollegiate Athletics**

**Division I-A Postseason Football
History and Status**

Prepared at the request of the Knight Foundation Commission
by
John Sandbrook
June, 2004 (revised)

A Report for
The Knight Foundation
Commission on Intercollegiate Athletics
on

**Division I-A Postseason Football
History and Status**
June, 2004 (revised)

Contents

Introduction

Summary

Section 1 A Brief History

Section 2 Division I-A Membership and BCS Membership

Section 3 Division I-A Fall 2003 Regular Season

Section 4 The Bowl System

Section 5 Conferences & Division I-A Postseason Football

Section 6 Commercialization & Division I-A Postseason Football

Section 7 The Academic Calendar

Section 8 Current Events—Questions and Observations

Supplemental Data Book (separate)

Summary

This summary describes the highlights of each of the eight sections of this report in order to provide an overview of the basic information presented in each section. Each section can be read on a stand-alone basis.

Section 1 – History

- A. Relying upon the 1984 U.S. Supreme Court decision, NCAA legal counsel advised the NCAA in 1986 and 1987 that its oversight of postseason Division I-A football needed to be limited.
- B. Resolution no. 72 at the 1988 NCAA Convention, approved by a 98-13-1 vote, asked that the NCAA Postseason Football Subcommittee discontinue its consideration of a possible format for a Division I-A football championship.
- C. Table 1-1 shows that, due primarily to a lack of scheduling regulation for Division I-A postseason bowl games, the NCAA Division I men's basketball championship game attracted a larger television audience than the highest-rated postseason football bowl game each year from 1988-89 through 1994-95.
- D. In January, 1994, the NCAA Council authorized the appointment of an ad hoc committee to study a possible Division I-A football championship. The committee's work was discontinued in June, 1994 at the behest of the NCAA Presidents Commission.
- E. The Bowl Alliance was formed in 1994 and organized certain portions of the Division I-A postseason bowl schedule from 1995-96 through 1997-98.
- F. The Bowl Championship Series was formed in 1996 and, with the addition of the Rose Bowl Game, the Big Ten Conference, and the Pac-10 Conference, again reorganized a major portion of the Division I-A postseason bowl schedule, involving four bowl games and one exclusive television company, ABC Sports.
- G. The Bowl Championship Series (BCS) became effective in 1998-99 for a four-year term, ending 2001-02. The agreement with ABC Sports was renewed in 2000 for a second four-year term, ending 2005-06.
- H. Table 1-2 shows that the BCS no. 1 vs. no. 2 bowl game achieved a higher television audience than the NCAA Division I men's basketball championship game in five of the first six years of

the BCS structure, but the basketball championship telecast still commands higher television advertising pricing from commercial sponsors.

Section 2 – Division I-A Membership

- A. There are 117 member institutions in Division I-A.
- B. Of the 117, 62 are in the six conferences heretofore considered members of the BCS, plus Notre Dame. The other 54 institutions are in five other conferences, plus three independents.
- C. A total of 17 institutions (15% of Division I-A membership) are involved in the various conference membership changes announced in the past two years, with the last changes to be effective in 2005-06.

Section 3 – Division I-A Fall 2003 Regular Season

- A. New Division I-A membership criteria becomes effective August 1, 2004.
- B. Table 3-1 shows the home stadium capacities of member institutions, by conference.
- C. Table 3-2 shows the average home game attendance for each of the 11 Division I-A conferences for 2003.
- D. Table 3-3 shows the relative ranking of each of the 117 Division I-A member institutions in terms of home game average attendance, sorted by conference.
- E. Table 3-4 shows the non-conference won-loss records of the 117 Division I-A member institutions, aggregated by conference, against other Division I-A opponents and against Division I-AA opponents.
- F. Table 3-5 shows the non-conference won-loss records of each of the 11 Division I-A conferences vs.: (a) other “BCS” conferences; and (b) the “Non-BCS” conferences.

Section 4 – The Bowl System

- A. Table 4-1 shows the total of 28 bowl games scheduled for the 2004-05 season over a 22-day period, beginning Tuesday, December 14 and ending Tuesday, January 4. Three additional bowl games may be added in 2005-06.
- B. Table 4-2 shows the number of bowl games, by year, from 1986-87 (17 games) to 2004-05 (28 games).
- C. One television company, ABC-ESPN-ESPN2, holds the television rights to 25 of the 28 games; ESPN is not only the telecast partner but is the owner of record of three of the 25 bowl games.
- D. It is believed that ABC is not earning a profit on the four BCS games but has offsetting compensation as a result of the net income from the 20 individually-negotiated bowl games telecast by ESPN/ESPN2.
- E. ABC retains the revenue and has primary responsibility for the selection of the title sponsors for three of the four BCS games and of the presenting sponsor for the fourth game (Rose Bowl). The Rose Bowl has had three different presenting sponsors in the past three years.
- F. ABC also has primary responsibility for the selection of the corporate sponsor for the BCS national championship trophy. The BCS national championship trophy has had a different corporate name in each of the past three years.
- G. Table 4-3 shows that the aggregate television household ratings for the four BCS games have remain essentially flat for the past 15 years (considered a positive achievement in the current U.S. television industry). The aggregate television household ratings for the other postseason bowl games have remained essentially flat over the past 15 years, but are now distributed over 24 bowl games (2003-04) compared to 12 bowl games previously (1988-89).
- H. Table 4-4 shows the Gross Revenue for each of the 28 bowl games in 2003-04.
- I. Table 4-5 shows the aggregate Gross Revenue data for: (a) the four BCS bowl games; and (b) for "All Other" bowl games, since 1988-89.
- J. Table 4-6 shows the aggregate Team Payout data for: (a) the four BCS bowl games; and (b) for "All Other" bowl games, since 1988-89.

- K. Table 4-7 shows the aggregate Bowl Association/Owner Retention data for: (a) the four BCS bowl games; and (b) for “All Other” bowl games, since 1988-89.
- L. Table 4-8 shows the various profit or loss amounts for the 24 “All Other” bowl games in 2003-04. Of the 24 games, 17 reported a net profit.

Section 5—Conferences and Division I-A Football

- A. Table 5-1 shows the lineup of conference/bowl game affiliation agreements and schedule for 2004-05.
- B. Table 5-2 shows the aggregate Gross Revenue-Participating Expenses-Net Income data for each of the so-called six “BCS” conference from the 2003-04 bowl games, with the four BCS bowl games (as a group) listed separately from the “All Other” bowl games (as a group).
- C. Table 5-3 shows the aggregate Gross Revenue-Participating Expenses-Net Income data for each of the so-called five “Non-BCS” conference from the 2003-04 bowl games, with each conference’s BCS distribution listed separately from the “All Other” bowl games (as a group).
- D. Table 5-4 shows the summary of the data from Table 5-2 and 5-3.
- E. Table 5-5 shows revenue information, through 2012-13, for the NCAA, derived mainly from the CBS contract for the Division I Men’s Basketball Championship.
- F. Table 5-6 shows the 2003-04 summary revenue and expense budget for the NCAA.
- G. Table 5-7 shows the amount of 2002-03 NCAA distributions to the 31 conferences of NCAA Division I, as a group, with approximately 58% of NCAA gross revenue distributed to 31 NCAA Division I conferences.
- H. Table 5-8 shows the 2002-03 NCAA distributions to the 31 conferences, consolidated in three groups: (a) the six so-called BCS Division I-A conferences; (b) the five so-called Non-BCS Division I-A conferences; and (c) the other 20 conferences in Division I.

- I. Table 5-9 shows the 2002-03 financial statistics (Gross Revenue-Participating Expenses-Net Income) from Division I-A postseason football, separately listed for the same (a), (b) and (c) conference groups as in Table 5-8.

Section 6 – Commercialization and Division I-A Postseason Football

- A. At least 23 of the 28 Division I-A postseason bowl games now carry a corporate name. Most have had multiple corporate names within the past decade.
- B. Corporate associations with intercollegiate athletics occur to varying degrees. Those conferences with conference championship football games and conference basketball tournaments now, more often than not, have a title sponsor. The Heisman Trophy now has a presenting sponsor.
- C. ABC retains the revenue from the title sponsorships of three BCS games and the presenting sponsorship of the fourth BCS game (Rose Bowl).
- D. While the National Football League television contracts prohibit corporate namings attached to in-game, on-screen information graphics, the ABC agreements for the four BCS games do not contain a similar prohibition.
- E. Nielsen Media Research announced in April, 2004, the initiation of a new television measurement service to gauge the amount of exposure that individual actual or virtual signage (on-field signage, sideline/stadium signage) receives during a telecast, in addition to viewing audience measurements.
- F. The NCAA Football Certification Subcommittee's handbook for postseason Division I-A football games does provide for limited NCAA authority over: (a) game titles/title sponsorships; and (b) advertising.

Section 7 – Academic Calendar Information

- A. Table 7.1 shows the dates for the first three weekends in January, 2004.

- B. Table 7.2 shows the results of a survey of the published 2003-04 academic calendars for the 63 BCS member institutions, specifically the number of institutions that began class in January after each of the three weekends:
- 18 (29%) in the week after the first weekend;
 - 27 (42%) in the week after the second weekend;
 - 18 (29%) in the week after the third weekend.
- C. Table 7.3 shows the data from Table 7.2, aggregated by each of the six so-called BCS conferences.
- D. Table 7.4 shows the data, aggregated for each conference, of the week of final examinations in December, 2003, for comparison to the schedule of the Division I-A postseason bowl games scheduled prior to December 25. In December, 2004, six of the 24 non-BCS bowl games are scheduled prior to December 25.

Section 8 – Current Events – Questions and Observations

Three themes are identified for comment and discussion:

- A. Governance
- B. Access
- C. Revenue Distribution

Introduction

The month of June, 2004, marks two anniversaries of note for those who follow the history of intercollegiate football.

- It will be the 20th anniversary since the June, 1984 U.S. Supreme Court decision affirming the lower court rulings invalidating, on antitrust grounds, the NCAA Football Television Plan for the regulation of the televising of regular season football games. A secondary effect of this judicial decision came in 1986-87 when NCAA legal counsel advised the NCAA that its oversight and administration of postseason football bowl games should be modified.
- It will be the 10th anniversary since the receipt in June, 1994 of the report of the NCAA Ad Hoc Committee to Study a Possible Division I-A Football Championship and the subsequent decision by the NCAA Presidents Commission to abort the work of that Committee.

Against the backdrop of these two anniversaries, the Knight Foundation Commission on Intercollegiate Athletics commissioned this report in its attempt to understand more fully the issues involving postseason Division I-A football, particularly in light of current circumstances involving the Bowl Championship Series structure that was originally announced in 1996 and that began in 1998-99.

Sections 1 through 7 of this report provide a more concise description of history, facts and statistics than that which was provided in the 250+ page background binder prepared in 1994 for the Ad Hoc Committee's work. As the primary author of that 1994 research report, I hope that this abridged and somewhat updated version fully informs the Knight Commission members. A summary of the key elements of each section immediately follows this Introduction, allowing the reader to have a quick overview of each section. A supplemental data book has also been provided for the reference of detailed information.

Section 8 of this report touches on the issues involved in the current 2004 circumstances. Since I am not a direct party to any of the discussions between university presidents, conference commissioners, bowl association representatives or television company officials, the comments offered may be incomplete or not even current. Hopefully, coupled with the information in the earlier sections, Section 8 will provide a framework for the Knight Commission's discussion of these issues.

The essence of the issues about postseason Division I-A football in 2004 does appear to this observer to bear a remarkable resemblance to the issues discussed in 1994 and at other times. Knowing that acronyms are often used to summarize disparate items, the acronym used in this report, particularly in Section 8, is "GARD": Governance, Access, and Revenue Distribution.

The data used in this report comes either from public sources, such as the NCAA website (<http://www.ncaa.org>) and public media, or from research information collected over the past 25 years from various sources, including the NCAA and research staffs at several television companies, for which I express my appreciation. The experience gained from my coordination, on behalf of the Pasadena Tournament of Roses Association, of the television negotiations in 1975, 1980, 1981, 1984 and 1988 for the annual Rose Bowl Game has been called upon in the preparation of this report. For the sake of disclosure, I was not involved in the Rose Bowl Game-BCS-ABC television negotiations of either 1996 or 2000, and I am not involved in the pending 2004 negotiations. Since 1973, I have been a fulltime non-academic employee of the University of California, Los Angeles.

In certain portions of this report, the tables may reflect financial statements collected in one year that may have been slightly restated in a subsequent year, leaving some minor variances between this

report and such statements. Such variances, if any, are generally considered to be minor such as not to call into question any basic observations drawn therefrom.

Any fundamental errors in the accuracy of the data or of the descriptions of past events and organizational relationships are my responsibility. The original (May 24) version of the report has been slightly amended in this June, 2004 version to correct certain non-significant errors in the original report.

John Sandbrook
Santa Clarita, California
June, 2004

Section 1 – History

The histories of the NCAA and of postseason Division I-A football have somewhat similar chronologies. The first postseason football game – the Rose Bowl Game – was held in 1902, although the 49-0 Michigan victory over Stanford led to a 14-year hiatus before the second Rose Bowl Game was played in 1916. The NCAA was established in 1906, in response to concerns expressed by President Theodore Roosevelt about intercollegiate football at that time.

The first full-time NCAA national headquarters was established in 1952. The “NCAA History” page on the NCAA website (<http://www.ncaa.org>) states that the development of football television regulation plans and oversight of postseason football bowl games were early developments of the new NCAA organization. Nearly a quarter century later, in 1976, a NCAA special committee developed a proposal for a Division I-A football playoff tournament but the proposal was withdrawn before being submitted to the NCAA Convention.

The 1984 U.S. Supreme Court decision that invalidated the NCAA Football Television Plan led to a review two years later of the extent of the NCAA’s ability, through the Postseason Football Subcommittee of the NCAA Special Events Committee, to also regulate postseason Division I-A football bowl games. Legal opinions issued in 1986 and 1987 by then NCAA legal counsel George Gangwere¹ led to a conclusion that, while not yet directly challenged in the same manner as the

¹ On October 10, 1986, the Cotton Bowl Association wrote to the NCAA Council, requesting to limit the number of bowl games played on January 1. In his memo of November 5, 1986 to then NCAA Executive Director Walter Byers, NCAA legal counsel George Gangwere concludes: “It is my opinion that the legal implications of strict regulations of bowl games makes it advisable for the NCAA to limits its legislation to certifying games so that participation therein by NCAA members will not be inconsistent with basic interests of the NCAA derived

Football Television Plan, the NCAA's efforts to regulate postseason football bowl games in several areas had to be viewed as being subject to the same restraint of trade considerations as those cited in the U.S. Supreme Court decision.

In turn, a special working group of the NCAA Postseason Football Subcommittee in 1987 recommended to the NCAA Council that a resolution be placed on the agenda of the 1988 NCAA Convention to determine the extent of interest of the Division I-A membership in a Division I-A national football championship.

Resolution no. 72 was introduced at the 1988 Convention. The resolution asked that the NCAA Postseason Football Subcommittee "discontinue its consideration of a possible format for a Division I-A football championship until such time as there is compelling evidence that the Division I-A membership believes that such a championship is in the best interests of intercollegiate athletics and college football generally and Division I-A football in particular." This motion was approved by a vote of 98-13-1.

The reasons cited in Resolution 72 were:

1. *"The interference of such a championship, regardless of format, with the academic interests of student-athletes of the institutions involved in such a championship;*
2. *"The increase in pressure on coaches and student-athletes that would result by the addition of such a championship to the postseason opportunities for competition currently available for football teams in Division I-A institutions; and*
3. *"The lack of convincing evidence that such a championship would contribute significantly to the image and welfare of football in Division I-A or of intercollegiate athletics in general."*

What followed, from 1988 to the mid-1990s, was a period that many observers of intercollegiate sports viewed with alarm as a time of chaos in Division I-A postseason football, with terminations of longstanding television agreements (e.g., Rose Bowl switching from NBC to ABC), overlapping scheduling of the so-called "major" bowl games (e.g., ABC-Rose Bowl vs. NBC-Fiesta Bowl; ABC-Sugar Bowl vs. NBC-Orange Bowl), explosive growth in corporate title sponsorship of games (beginning with the Sunkist Fiesta Bowl in 1987), mid-season agreements between certain institutions and bowl games, and the start of the obligatory "ticket purchase" requirement from certain bowl associations for specific institutions to be invited.

from the purposes and policy expressed in the NCAA constitution." The Fiesta Bowl Game was subsequently rescheduled to January 2, 1987, the first instance of a post-January 1 bowl game.

Television audience ratings for the major bowl games, then telecast by all three major television network companies (ABC, CBS, NBC), suffered significant erosion from earlier periods. This erosion is best evidenced by the fact that the championship game of the NCAA Division I Men's Basketball Tournament achieved a higher television audience rating than the highest-rated Division I-A postseason football bowl game each year between 1989 and 1995. This is reflected in the following Table 1-1.

Table 1-1
Comparison of Household (HH) Television Audience Ratings 1988-89 through 1994-95
NCAA Men's BB Championship Game vs. Highest-rated Postseason Division I-A FB Game

	NCAA Division I Men's Basketball Championship Game	Highest-Rated Division I-A Postseason Football Bowl Game	Bowl Game Rating	Variance
1988-89	21.3	Orange	18.5	-13%
1989-90	20.0	Rose	14.6	-27%
1990-91	19.4	Orange	18.3	-6%
1991-92	22.7	Rose	15.8	-30%
1992-93	22.2	Sugar	18.2	-18%
1993-94	21.6	Orange	17.8	-18%
1994-95	19.3	Rose	18.2	-6%

Against this backdrop, in January, 1994, the NCAA Council authorized the appointment of an ad hoc committee of 25 selected presidents/chancellors, faculty athletic representatives, athletic directors, coaches, and conference commissioners to study a possible Division I-A football championship. Knight Commission member Charles Young served as chair. At the ad hoc committee's meeting of February 21-22, 1994, Mr. Gangwere offered the opinion that the antitrust concerns cited in his 1986 and 1987 opinions regarding restraint of trade would not be applicable to a post-January 1 postseason structure involving a NCAA-administered championship but he also urged that "the least disruption of the current bowl system is desirable in any format."

The ad hoc committee submitted a recommendation to the NCAA Presidents Commission (all three divisions) in June, 1994, requesting authorization to continue evaluation of a three-game playoff format (second and third weekends of January) after the scheduling of four major bowl games on or in proximity to January 1 which would involve six conference champions and two at-large selections. In response to concerns about a possible expansion of the commercialization of postseason football (as expressed by members of the Presidents Commission representing certain Division I-A, Division II

and Division III conferences), the Presidents Commission decided on a split vote not to grant authorization for continued study.

A month after the June, 1994 meeting of the NCAA Presidents Commission, four Division I-A Conferences and Notre Dame announced the partnership with the ABC and CBS networks for the establishment of the “Bowl Alliance” to provide a three-game structure – involving the Fiesta Bowl, the Orange Bowl, and Sugar Bowl -- in an attempt to realize a national championship “No. 1 vs. No. 2” game. The Rose Bowl Game, with the Big Ten and Pac-10, did not participate in the Bowl Alliance. Interestingly, the Big Ten/Pac-10 matchup in the Rose Bowl Game achieved a higher television audience household rating than the “Bowl Alliance No. 1 vs. No. 2” game in two of the three years of the “Bowl Alliance” (1995-96 and 1997-98).

In spring/summer 1996, discussions between the Tournament of Roses Association, the Big Ten Conference, and the Pac-10 Conference led to a decision by those parties to join with the other conferences in the Bowl Alliance and form a new entity, the Bowl Championship Series (BCS). A significant factor in these discussions was the position taken by the Big Ten Conference. The Big Ten Presidents and Chancellors group informed the Pasadena Tournament of Roses Association representatives that it was prepared to terminate the Big Ten Conference’s 50-year association with the Rose Bowl Game if the Association did not agree to join the new structure in order to permit Big Ten teams to have equal opportunity to participate in a No. 1 vs. No. 2 game as institutions from other conferences when a Big Ten team was considered no. 1 or no. 2 at the end of the season (Following the 1994 season, no. 2-ranked Penn State was obligated to participate in the 1995 Rose Bowl Game and not able to play vs. no. 1-ranked Nebraska, which was obligated to participate in the 1995 Orange Bowl Game.) The Tournament of Roses Association agreed to permit the Rose Bowl to be one of four BCS Bowl Games, but with the condition that the Tournament of Roses Association would still have a stand-alone agreement with ABC as its television licensee.

The resulting Bowl Championship Series structure, announced in summer 1996, was coordinated by the conference commissioners of six of the 11 NCAA Division I-A conferences plus the University of Notre Dame, and was implemented in an exclusive agreement with the ABC Television Company for three other bowl games in addition to the Rose Bowl. The new BCS structure became effective with the 1998-99 season, rotating a No. 1 vs. No. 2 national championship game among four bowl games every four years, all to be telecast by ABC on a time-exclusive time period basis.

Significantly, for three of the four bowl games in the BCS structure, the license agreement with ABC was no longer held by the bowl associations themselves. Instead, the Sugar Bowl, Orange Bowl and

the Fiesta Bowl were selected by the BCS governing board to be the three BCS Bowls in addition to the Rose Bowl and were then assigned the television agreement by the BCS. Included in this assignment was the requirement that ABC, not the bowl associations, be the recipient of any sponsorship fee paid by a corporate title sponsor. ABC, in turn, would pay the BCS a lump sum amount for those three games, with the understanding that the amount to be paid by the ABC to the Tournament of Rose Association under its separate Rose Bowl Agreement would be an equivalent pro-rated amount. This significant change in contractual status for the Fiesta Bowl, Sugar Bowl and Orange Bowl mean that those associations no longer controlled either the television contract or title sponsorship agreements for those games.

Similarly, the longstanding obligations by the television companies for the football bowl games to also telecast the related civic parade sponsored by those associations were also abandoned under the new BCS agreement. As a result, the Orange Bowl Parade, previously telecast nationally, has been cancelled. The Fiesta Bowl Parade is now telecast only on a limited cable television network arrangement in certain years.

The Tournament of Roses Association maintained a separate agreement with ABC for the Rose Bowl Game, which also included a continuing obligation for that network to telecast the annual Tournament of Roses Parade on New Year's Day. Because of the longstanding tradition of that event, CBS and NBC have also continued to telecast that Parade, along with other English-language and Spanish-language companies.

The ABC-BCS and the ABC-Rose Bowl Agreements of 1996 -- for the four-year cycle of 1999 to 2002 -- were renewed in 2000, without competitive bidding, for a second four-year cycle of 2003 to 2006. Years 1 and 2 of the second cycle have now been completed. Each of the two agreements provided the parties with specific exclusive negotiation periods in 2004 for possible renewal of the agreements for additional years. The exclusive negotiation period for possible renewal of the Rose Bowl Game-ABC agreement was scheduled to begin in May, 2004.

Just as the state of intercollegiate football in 1906 was the focus of concern at one end of Pennsylvania Avenue at the White House, the issue of which Division I-A institutions comprise the BCS group and control postseason football structure, scheduling, and revenue was the focus of concern at the other end of Pennsylvania Avenue nearly 100 years later, in the separate hearings conducted in Fall 2003 by members of the U.S. Senate and the U.S. House of Representatives. To date, however, a legal challenge based on antitrust arguments about the current structure of postseason Division I-A football has not been initiated. As discussed in Section 8, discussions between all 11 conferences in Division

I-A appear to be leading to certain changes in the BCS group and format, but still outside the NCAA governance structure.

As a final note, it is not insignificant that, during the first six years (1999-2004) of the BCS structure for postseason Division I-A football, the earlier trend of the NCAA Division I Men's Basketball Championship reporting higher television household audience ratings than the highest-rated postseason football bowl game has been reversed. This is shown in the following Table 1-2.

Table 1-2
Comparison of HH Television Audience Ratings 1998-99 through 2003-04
NCAA Men's BB Championship Game vs. Highest-rated Postseason Division I-A FB Game

	NCAA Division I Men's Basketball Championship Game	Highest-Rated Division I-A Postseason Football Bowl Game	Bowl Game Rating	Variance
1998-99	17.2	Fiesta	17.2	--
1999-00	14.1	Sugar	17.5	+24%
2000-01	15.6	Orange	17.8	+14%
2001-02	15.0	Rose	13.8	- 8%
2002-03	12.6	Fiesta	17.2	+37%
2003-04	11.0	Sugar	14.8	+35%

Interestingly, however, for a variety of demographic and seasonal factors, the interest of Madison Avenue is still significantly greater for the NCAA Basketball Championship Game compared to the BCS No. 1 vs. No. 2 game. The 30-second unit pricing for the commercial positions during the telecasts of the former (basketball) remains approximately +40 to +50% greater than the latter (football). Admittedly, ad pricing comparisons between events that are title-sponsored (such as BCS bowl games) and major events that are not title-sponsored (such as the NCAA Basketball Championship Game) can be a bit uneven due to overall financial packaging between the television network and the title sponsor. But a variance of +40% to +50% is still significant.

(The perception issues about advertising in the midst of the field of play are discussed in Section 7 of this report.)

Section 2 -- Division I-A Membership and BCS Membership

As explained in Section 1, as of the current 2003-04 academic year, the composition of the Bowl Championship Series group within Division I-A remains the same as that at the time of the original announcement of the formation of the BCS in 1996.

There are currently 117 member institutions in Division I-A. Four of the 117 are considered "independent" institutions. The remaining 113 are divided among 11 conferences. Six of the 11 conferences and one of the four independents, totaling 63 institutions (54% of all Division I-A membership), comprised the BCS Group in 2003-04. The distribution of the 117 member institutions is reflected in the following table:

Table 2-1
Distribution of NCAA Division I-A Membership 2003-04
(117 Institutions)

BCS Group		Other	
Conference	No. of Institutions	Conference	No. of Institutions
Atlantic Coast	9	Conference USA	11
Big East	8	Mid-American	14
Big Ten	11	Mountain West	8
Big Twelve	12	Sun Belt	8
Pac-10	10	Western Athletic	10
Southeastern	12		
Independents	1	Independents	3
Total	63 (54%)	Total	54 (46%)

However, during the 2003-04 academic year, several of these conferences and Division I-A member institutions announced their intentions to change their conference membership and affiliation during the next several years. In certain cases, these announcements resulted in expressions of concern from high-ranking elected officials in several states and were followed by the initiation of litigation.

These announcements involved 17 Division I-A institutions (15% of the membership) and seven of the 11 Division I-A Conferences, as shown in Table 2-2:

Table 2-2
NCAA Division I-A Member Changes -- Conference Affiliations

Institution	2003-04 Conference Membership	New Conference Membership
Boston College	Big East	Atlantic Coast
University of Miami	Big East	Atlantic Coast

Virginia Tech University	Big East	Atlantic Coast
Temple University	Big East	None
University of Cincinnati	Conference USA	Big East
University of Louisville	Conference USA	Big East
University of South Florida	Conference USA	Big East
University of Connecticut	None	Big East
Marshall University	Mid-American	Conference USA
University of Central Florida	Mid-American	Conference USA
Rice University	Western Athletic	Conference USA
Southern Methodist University	Western Athletic	Conference USA
University of Tulsa	Western Athletic	Conference USA
Texas Christian	Conference USA	Mountain West
New Mexico St. University	Sun Belt	Western Athletic
Utah St. University	Sun Belt	Western Athletic
Troy State University	None	Sun Belt

As a result of these changes, the distribution of NCAA Division I-A membership among the 11 conferences listed in Table 2-1 above will be different as of the 2005-06 academic year. The following Table 2-3 reflects the new "lineup":

Table 2-3
Distribution of NCAA Division I-A Membership 2005-06
(117 Institutions)

Conference	No. of Institutions		Conference	No. of Institutions
Atlantic Coast	12		Conference USA	12
Big East	8		Mid-American	12
Big Ten	11		Mountain West	9
Big Twelve	12		Sun Belt	7
Pac-10	10		Western Athletic	9
Southeastern	12			
Independents	1		Independents	2
Total	66 (56%)		Total	51 (44%)

The preceding Table 2-3 does not include the headers of "BCS Group" and "Other" as shown in Table 2-1. The reason for this change is that recent discussions among the leaders of all eleven Division I-A Conferences have reportedly led to an understanding that the terms "BCS Members" and "Non-BCS Members" in Division I-A will be altered as of the end of the current BCS/ABC agreement in January, 2006. This is discussed further in Section 8.

A table showing the conference membership groups of the 117 Division I-A institutions as of 2005-06, along with the current student enrollment (undergraduate + graduate) listed for each institution on the respective conference websites is in the Supplemental Data Book.

Section 3 -- Division I-A / Fall 2003 Regular Season

Comments have been made at various times by disparate observers regarding the differences in "investment" made by NCAA Division I-A members in their respective football programs. Such differences are sometimes described as: (a) the number of grants-in-aid provided for the program; (b) the number of coaches and their compensation arrangements; (c) the amount and types of practice facilities and support personnel; (d) the capacity of the home stadiums and the attendance at home game (and, by extension, the number of supporters willing to travel to bowl game locations); and (e) the competitiveness of the program.

This section addresses the statistics related to (d) and (e) above for the Fall 2003 season

Division I-A Membership Criteria

For a NCAA institution to meet Division I-A Football Membership criteria, as defined by the NCAA Manual (20.9.6) effective August 1, 2004, the institution must:

- sponsor at least 16 intercollegiate sports teams, including football, involving at least six all-male or mixed male-female composition; and at least eight intercollegiate sports teams, involving all-female composition;
- schedule and play at least 60% of its football games against members of Division I-A;
- schedule and play at least five home football games against members of Division I-A;
- average annually at least 15,000 in actual attendance for all home football games;
- provide an average of at least 90% of the permission maximum number of overall football grants-in-aid per year over a rolling two-year period; and

- offer annually at least 200 athletics grant-in-aids or expend at least \$4.0 million on grant-in-aids to student athletes in athletic programs.

(The previous requirement of a minimum 30,000—permanent seat stadium is no longer effective as of August, 1, 2004. However, the NCAA Board of Directors recommended recently that “in light of the changing landscape in Division I, the membership standards should be revisited in this context, including the attendance requirement, home scheduling requirements, consideration of Division I-AA opponents for postseason eligibility and the impact of noncompliance.” (The Board of Directors plan to consider these issues at their meeting on August 5, 2004.)

Home Stadium Capacity and Attendance --2003

The following tables provide a summary of the stadium capacities and the attendance reported at the home games of the 117 Division I-A member institutions for the Fall 2003 regular season. This data was taken from the NCAA website, <http://www.ncaa.org>. This data is summarized by the conference alignment in existence as of 2003-2004. In view of the changes in conference memberships for 17 of the 117 Division I-A institutions, involving seven of the 11 Division I-A conferences, any conclusions drawn from these statistics should also be evaluated in the context of the new conference alignments described in Section 2.

It should also be noted that the listed stadium capacities can vary from year-to-year due to: (i) permanent projects resulting in expansion or reduction (e.g., ADA-required seating reconfigurations); or (ii) installation of temporary seating.

Table 3-1 lists the stadiums in each 2003-04 conference group, distributed in various capacity ranges as shown.

Table 3-1
Home Stadium Capacities 2003-2004

No. of Stadiums with Capacity of									TOTAL
90,000 or greater	80,000 to 90,000	70,000 to 80,000	60,000 to 70,000	50,000 to 60,000	40,000 to 50,000	30,000 to 40,000	30,000 or less		
Atlantic Coast	0	2	0	1	3	1	2	0	9
Big East	0	0	1	4	0	3	0	0	8
Big Ten	3	0	3	3	1	1	0	0	11
Big Twelve	0	3	1	1	6	1	0	0	12
Pac-10	2	1	3	0	2	0	2	0	10
Southeastern	3	4	1	2	1	1	0	0	12
Independent-A	--	1	--	--	--	--	--	--	1
Subtotal	8	11	9	11	13	7	4	0	63
Cumulative	8	19	28	39	52	59	63	63	

C-USA	0	1	0	2	0	4	4	0	11
Mid-American	0	0	1	0	0	0	10	3	14
Mountain West	0	0	0	1	2	1	4	0	8
Sun Belt	0	0	0	0	0	0	7	1	8
Western Athletic	0	0	1	0	2	2	5	0	10
Independents-B	--	--	--	--	--	--	2	1	3
Subtotal	0	1	2	3	4	7	32	5	54
Cumulative	0	1	3	6	10	17	49	54	

Div. I-A Total	8	12	11	14	17	14	36	5	117
Cumulative	8	20	31	45	62	76	112	117	

Table 3-1 shows that:

- Of the 63 Division I-A institutions in the so-called "BCS" Group in 2003-2004, 52 of these institutions (83%) had home stadiums with a seating capacity of 50,000 or greater.
- Of the 54 Division I-A institutions in the so-called "Non-BCS" Group in 2003-2004, 10 of these institutions (19%) had home stadiums with a seating capacity of 50,000 or greater.

The actual statistics of home game attendance during the Fall 2003 regular season are provided in the following Table 3-2. Again summarized by conference, the data lists:

- Average Stadium Capacity
- Average Attendance/Game as Pct. of Capacity
- Average Attendance/Game
- No. of Home Games
- Total Attendance
- Total Attendance as Pct. of Combined Division I-A Attendance

Table 3-2
Division I-A Fall 2003 Home Game Attendance Statistics

	Avg. Stadium Capacity	Avg. Attend. as Pct. of Capacity	Avg Attend.		Index 100 = 44,760 (Div. I-A Avg.)	Index 100 = 60,352 (Group 1 Avg.)		No. of Home Games		Total Attend.	Pct. of Total
Atlantic Coast	56,517	91.7%	51,842		116	86		58		3,006,848	9.2%
Big East	59,616	79.3%	47,292		106	78		51		2,411,880	7.4%
Big Ten	80,104	87.9%	70,427		157	117		75		5,282,052	16.1%
Big Twelve	61,890	91.6%	56,674		127	94		81		4,590,563	14.0%
Pac-10	65,144	79.2%	51,608		115	86		62		3,199,723	9.8%
Southeastern	78,376	94.5%	74,026		165	123		82		6,070,110	18.6%
Independent-A	80,795	100.0%	80,795		181	134		6		484,770	1.5%
Group 1 Avg.	68,504	88.1%	60,352		135	100		415		25,045,946	76.5%
C-USA	44,542	67.7%	30,133		67	50		66		1,988,791	6.1%
Mid-American	30,794	56.8%	17,492		39	29		84		1,469,298	4.5%
Mountain West	44,079	77.2%	34,032		76	56		49		1,667,584	5.1%
Sun Belt	28,062	51.1%	14,352		32	24		42		602,763	1.8%
Western Athletic	40,488	61.3%	24,808		55	41		60		1,488,451	4.5%
Independents-B	30,303	100.0%	30,427		68	50		15		456,401	1.4%
Group 2 Avg.	44,150	55.0%	24,289		54	40		316		7,673,288	23.5%
Div. I-A Average	57,979	77.2%	44,760		100	74		731		32,719,234	100.0%

Table 3-2 shows that:

- The 63 institutions in the so-called BCS Group (Group 1) reported average attendance per game of **60,352**, or 88.1% of capacity.
- The 54 institutions in the so-called Non-BCS Group (Group 2) reported average attendance per game of **24,289**, or 55.0% of capacity.
- Using the Division I-A average attendance of 44,760 as an Index = 100, the BCS Group average attendance reported an Index of **135** of this amount, while the Non-BCS Group average attendance reported an Index of **54** of this amount.
- The cumulative attendance for the 415 home games (57%) played by the 63 institutions in the BCS Group was **25,405,946**, or 76.5% of all Division I-A attendance
- The cumulative attendance for the 316 home games (43%) played by the 54 institutions in the Non-BCS Group was **7,673,288**, or 23.5% of all Division I-A attendance.

Each of the 117 institutions can be ranked in order of its average home game attendance in 2003. The following Table 3-3 shows the distribution of these institutional rankings by conference.

Table 3-3
No. of Division I-A Institutions in Each Conference
In Each Level of Rankings (1-117) of 2003 Home Game Average Attendance

No. of Institutions in Average Attendance Rankings (1-117)								TOTAL
Nos. 1-10	Nos. 11-20	Nos. 21-40	Nos. 41-60	Nos. 61-80	Nos. 81-100	Nos. 101-117		
Atlantic Coast	0	2	4	1	1	1	0	9
Big East	0	0	4	2	1	1	0	8
Big Ten	3	2	3	2	1	0	0	11
Big Twelve	2	2	1	6	1	0	0	12
Pac-10	0	1	4	3	2	0	0	10
Southeastern	5	2	3	1	1	0	0	12
Independent-A	--	1	--	--	--	0	--	1
Subtotal	10	10	19	15	7	2	0	63
Cumulative	10	20	39	54	61	63	63	

C-USA	0	0	0	0	7	4	0	11
Mid-American	0	0	0	0	1	6	7	14
Mountain West	0	0	1	2	3	1	1	8
Sun Belt	0	0	0	0	0	2	6	8
Western Athletic	0	0	0	2	1	4	3	10
Independents-B	--	--	--	1	1	1	0	3
Subtotal	0	0	1	5	13	18	17	54
Cumulative	0	0	1	6	19	37	54	

Div. I-A Total	10	10	20	20	20	20	17	117
Cumulative	10	20	40	60	80	100	117	

Table 3-3 shows that:

- The "Top Ten" institutions by average home game attendance were in three conferences: SEC (5), Big Ten (3), and Big Twelve (2).
- Of the "Top 60" of the 117 Division I-A institutions, 54 (90%) were from the so-called BCS Group and 6 (10%) were from the so-called Non-BCS Group.
- The lowest-ranked "BCS" institution in average attendance was from the ACC at no. 96. The highest-ranked "Non-BCS" institution in average attendance was from the Mountain West Conference at no. 26.

The data for each of the 117 individual institutions is included in the Supplemental Data Book, both by conference and by 1-117 ranking.

Non-Conference Won-Loss Records -- 2003 (including Bowl Games)

The question of the competitiveness is another often-cited factor in Division I-A football. During the 2003-2004 season (including bowl games), a total of 327 "non-conference" games were held separate from conference/league schedules.

Of these 327 games, 70 (21%) were scheduled by a Division I-A institution against a Division I-AA institution. The other 257 (79%) were scheduled between Division I-A institutions of different conferences or affiliation.

The following Table 3-4 provides the win-loss records for each Division I-A conference for the 2003-04 season (including bowl games). This table shows only wins and losses and not the average margins of the game score.

Table 3-4
2003-2004 Non-Conference Game Records of the 117 Division I-A Institutions

Division I-A Opponents					Division I-AA Opponents				
All Games					All Games				
No.	W	L	Pct.		No.	W	L	Pct.	
Atlantic Coast	38	23	15	.605	4	4	0	1.000	
Big East	43	25	18	.581	2	1	1	.500	
Big Ten	47	30	17	.638	2	2	0	1.000	
Big Twelve	46	29	17	.630	6	6	0	1.000	
Pac-10	44	27	17	.614	2	2	0	1.000	
Southeastern	48	32	16	.667	5	5	0	1.000	
Independent-A	12	5	7	.417	--	--	--	--	
Group 1 Total	278	171	107	.615	21	20	1	.952	
C-USA	44	20	24	.455	5	5	0	1.000	
Mid-American	40	10	30	.250	17	15	2	.882	
Mountain West	36	18	18	.500	6	6	0	1.000	
Sun Belt	38	3	35	.079	8	3	5	.375	
Western Athletic	39	13	26	.333	8	7	1	.875	
Independents-B	32	19	13	.594	5	4	1	.800	
Group 2 Total	229	83	146	.362	49	40	9	.816	
Total	507	254	253	.501	70	60	10	.857	

Table 3-4 shows that:

- The winning percentage of each of the six conferences in the so-called BCS Group in 2003-04 vs. other Division I-A institutions was above .600.
- The winning percentage of four of the five conferences in the so-called non-BCS Group in 2003-04 was below .500.
- Of the 164 non-conference games played by the institutions in the so-called BCS Group, 21 (13%) were scheduled against Division I-AA opponents and 143 (87%) were played against other Division I-A opponents.
- Of the 163 non-conference games played by the institutions in the so-called Non-BCS Group, 49 (30%) were scheduled against Division I-AA opponents and 114 (70%) were played against other Division I-A opponents.

A closer examination of the competitiveness between the institutions in the so-called BCS and Non-BCS Groups, as measured by wins and losses in the Division I-A non-conference games, is provided in the following Table 3-5.

Table 3-5
2003-04 Division I-A Non-Conference Games
Comparison of Games vs. BCS Group Opponents and Non-BCS Group Opponents

Division I-A Games								
vs. BCS Members					vs. Non-BCS Members			
No.	W	L	Pct.		No.	W	L	Pct.
Atlantic Coast	26	14	12	.538	12	9	3	.750
Big East	20	8	12	.400	23	17	6	.739
Big Ten	28	17	11	.607	19	13	6	.684
Big Twelve	20	7	13	.350	26	22	4	.846
Pac-10	22	12	10	.545	22	15	7	.682
Southeastern	22	13	9	.591	26	19	7	.731
Independent-A	10	3	7	.300	2	2	0	1.000
Group 1 Total	148	74	74	.500	130	97	33	.746
C-USA	25	12	13	.480	19	8	11	.421
Mid-American	29	7	22	.241	11	3	8	.273
Mountain West	20	6	14	.300	16	12	4	.750
Sun Belt	22	1	21	.045	16	2	14	.125
Western Athletic	23	5	18	.217	16	8	8	.500
Independents-B	14	4	10	.286	18	15	3	.833
Group 2 Total	133	35	98	.263	96	48	48	.500

Table 3-5 shows that:

- Two of the six conferences in the so-called BCS Group had a winning percentage of less than .500 against opponents from the other BCS Group conferences.
- All five conferences in the so-called Non-BCS Group had a winning percentage of less than .500 against opponents from the six BCS Group conferences. The highest winning percentage of the Non-BCS Group was .480 by Conference USA.
- The winning percentage of .480 by Conference USA against opponents in the BCS Group was higher than the winning percentage achieved by Big East institutions (.400) and by Big Twelve institutions (.350) in their non-conference games against opponents from the other five conferences in the BCS Group.

It should be remembered that the fact that the idiosyncrasies of the 2003 calendar (i.e., an "early" Labor Day) permitted each Division I-A institution to schedule a 12th regular season game, which is not the circumstance for the 2004 regular season and which, unless current NCAA legislation is revised, will not occur again until 2008. The statistics of the W-L records above between "BCS Group" and "Non-BCS Group" institutions were therefore affected by the greater number of non-conference games in 2003. For the most part, such games were played on the home fields of the "BCS Group" institutions, particularly in those instances in which a larger stadium capacity and season ticket subscription base would produce significant revenue increases of +15% or more, when measured in season totals (e.g., one additional game to a six-game home schedule). Such an additional game, for certain institutions, can generate more than \$1.5 million in additional revenue.

The scheduling of more non-conference games in 2003 did result in some unexpected "upsets" in which a Non-BCS Group institution defeated the home team from the "BCS" Group, making the headlines in the national media reports. At the same time, the availability of the additional game and the attractiveness of additional revenue also resulted in the circumstance of certain Non-BCS Group institutions traveling across the country (e.g., from California to Florida) for games that generated, for the traveling institution, both (a) a sizable payment to the visiting institution from the home institution; and (b) an "away" loss of more than 40, 50, even 60 points when the teams of the two institutions were at markedly different levels. This practice of the "Show Me the Money" games, of course, also occurs intra-"BCS Group" -- particularly for the subset that have smaller stadium and lower season ticket subscriptions. Such are the economics of intercollegiate football.

Section 4 -- The Bowl System

Notwithstanding the limitations on the NCAA's administration of postseason Division I-A football games in the absence of a NCAA-administered championship structure (see Section 1), the NCAA still performs certain specific roles regarding the "bowl system" on behalf of the Division I-A membership. Most particularly, the NCAA Football Certification Subcommittee² of the NCAA Division I Championships/Competition Cabinet certifies bowl games. In 2003-04, 28 bowl games were certified, including the four bowl games that comprised the Bowl Championship Series. These games provided postseason opportunities for 56, or 48%, of the 117 Division I-A member institutions.

In April 2004, the NCAA Football Certification Subcommittee recertified the 28 bowl games for 2004-05, as shown in the following Table 4-1.

Table 4-1
2004-05 Division I-A Postseason Bowl Schedule

² The Football Certification Subcommittee is comprised of 11 athletic directors and conference officials, one from each of the 11 Division I-A conferences. Staff coordination is provided through the NCAA headquarters.

	Date	Day	Bowl	Location	Network	Team A	Team B
1.	14-Dec	Tue	Wyndham New Orleans Bowl	New Orleans	Disney/ESPN2	C-USA	Sun Belt
2.	21-Dec	Tue	Tangerine Bowl	Orlando	Disney/ESPN	ACC	Big 12
3.	22-Dec	Wed	GMAC Bowl	Mobile	Disney/ESPN2	C-USA	Mid-Amer.
4.	23-Dec	Thur	Plainscapital Ft. Worth Bowl	Ft. Worth	Disney/ESPN	Big 12	C-USA
5.	23-Dec	Thur	Las Vegas Bowl	Las Vegas	Disney/ESPN	Mount. West	Pac-10
6.	24-Dec	Fri	Sheraton Hawaii Bowl	Honolulu	Disney/ESPN	C-USA	Western Ath.
7.	27-Dec	Mon	MPC Computers Bowl	Boise	Disney/ESPN	ACC	Western Ath.
8.	27-Dec	Mon	Motor City Bowl	Detroit	Disney/ESPN	Big Ten	Mid-Amer.
9.	28-Dec	Tue	Mainstay Independence Bowl	Shreveport	Disney/ESPN	Big 12	SEC
10.	28-Dec	Tue	Insight Bowl	Phoenix	Disney/ESPN	Big East	Pac-10
11.	29-Dec	Wed	Mastercard Alamo Bowl	San Antonio	Disney/ESPN	Big Ten	Big 12
12.	29-Dec	Wed	Silicon Valley Classic	San Jose	Disney/ESPN2	Pac-10	Western Ath.
13.	30-Dec	Thur	Continental Tire Bowl	Charlotte	Disney/ESPN	ACC	Big East
14.	30-Dec	Thur	Emerald Bowl	San Francisco	Disney/ESPN2	Mount. West	Pac-10
15.	30-Dec	Thur	Pacific Life Holiday Bowl	San Diego	Disney/ESPN	Big 12	Pac-10
16.	30-Dec	Thur	EV1.net Houston Bowl	Houston	Disney/ESPN	Big 12	SEC
17.	31-Dec	Fri	Autozone Liberty Bowl	Memphis	Disney/ESPN	C-USA	Mount. West
18.	31-Dec	Fri	Gaylord Hotels Music City Bowl	Nashville	Disney/ESPN	Big Ten	SEC
19.	31-Dec	Fri	Chick-fil-a Peach Bowl	Atlanta	Disney/ESPN	ACC	SEC
20.	31-Dec	Fri	Vitalis Sun Bowl	El Paso	Viacom/CBS	Big Ten	Pac-10
21.	1-Jan	Sat	SBC Cotton Bowl	Dallas	News Corp/FOX	Big 12	SEC
22.	1-Jan	Sat	Toyota Gator Bowl	Jacksonville	GE/NBC	ACC	Big East
23.	1-Jan	Sat	Outback Steakhouse Bowl	Tampa	Disney/ESPN	Big Ten	SEC
24.	1-Jan	Sat	Capital One Bowl	Orlando	Disney/ABC	Big Ten	SEC
25.	1-Jan	Sat	Rose Bowl	Pasadena	Disney/ABC	BCS	BCS
26.	1-Jan	Sat	Tostitos Fiesta Bowl	Phoenix	Disney/ABC	BCS	BCS
27.	3-Jan	Mon	Nokia Sugar Bowl	New Orleans	Disney/ABC	BCS	BCS
28.	4-Jan	Tue	Federal Express Orange Bowl	Miami	Disney/ABC	BCS	BCS

The NCAA Football Certification Subcommittee also received presentations from three other groups -- from Denver, Seattle and South Florida -- interested in receiving certification for three additional bowl games in 2005-06. If certified, these new games would increase the total number of bowl games to 31, providing postseason opportunities for 62 of the 117 Division I-A institutions.

- **Six** of the 28 bowl games in 2004-05 will be played before December 25, with the earliest game (the New Orleans Bowl) scheduled for December 14, or just ten days following the end of the regular season on December 4. As discussed later in this report (Section 7 – Academic Calendar), the potential overlap of this game (including advance travel and preparation times) and the final examinations periods at the C-USA and Sun Belt institutions that will be participating in that game remain to be determined.
- **Fourteen** of the 28 bowl games in 2004-05 will be played over a five-day period between Dec. 27 and Dec. 31.
- **Six games**, including **two of the four BCS games**, will be played on Jan. 1.
- The **final two BCS games** will be played on Jan. 3 and Jan. 4.

The various television networks of the Walt Disney Company (i.e., ABC, ESPN and ESPN2) will telecast 25 of the 28 bowl games. Since any December-January schedule of college football bowl games needs to be coordinated with the National Football League regular season and 11-game playoff schedule, it is important to remember that Viacom/CBS and News Corp./FOX hold the television rights through 2005-06 for the Sunday afternoon NFL regular season packages while Disney/ESPN and Disney/ABC hold the television rights through 2005-06 for the Sunday evening and Monday evening NFL regular season packages, respectively. The 2004-05 calendar for the January-February NFL playoff schedule is included in the Supplemental Data Book.

The number of postseason bowl games has increased at a regular pace over the past 15 years. In fact, if the suggested three additional bowl games are scheduled for 2005-2006, the number of bowl games for Division I-A institutions will have nearly doubled in the past 15 years:

Table 4-2
No. of Annual Postseason Division I-A Bowl Games Since 1986-87

Year	No. of Games		Year	No. of Games
1986-87	17		1996-97	18
1987-88	17		1997-98	20
1988-89	16		1998-99	22
1989-90	17		1999-00	23
1990-91	18		2000-01	25
1991-92	18		2001-02	25
1992-93	18		2002-03	28
1993-94	19		2003-04	28
1994-95	19		2004-05	28
1995-96	18		2005-06	

The original purpose of postseason bowl games was to establish civic events intended to attract winter holiday tourism. This was the stated purpose of the "Granddaddy of Them All" -- the Tournament of Roses Parade (1889) and Rose Bowl Game (1902) in Pasadena -- as well as that of the Cotton Bowl (Dallas), the Sugar Bowl (New Orleans), the Orange Bowl (Miami) and the Sun Bowl (El Paso) in the 1930s during the Great Depression. Of course, not all bowl games were destined to be financial successes. In fact, over the history of NCAA Division I-A football, a total of 25 different postseason bowl games have "closed," most after three years or less of operation.

Today, postseason bowl games have taken on additional, if not different, purposes. The issue of tourism continues to be a factor -- i.e., institutions are often categorized as those that "travel well" and

those that "do not travel well," in terms of fans willing to travel to the game, purchase tickets and acquire short-term housing.

One key change is that the bowl games are now viewed simply as television properties intended to provide inventory mostly for a single television company (i.e. the ABC/ESPN/ESPN2 networks of the Walt Disney Co.) that markets the inventory to the U.S. television audience (and to advertising agencies) as "Capital One Bowl Week" at a time each year when those networks (ABC/ESPN) have nearly come to the end of their NFL telecasts. The Walt Disney Co. networks currently hold the U.S. television license of 25 of the 28 bowl games. Further, ESPN not only the license holder of television rights, but is also the owner of three bowl games themselves.

ABC representatives testified before the Knight Commission at its February 2004 meeting that ABC Sports was losing money on the four-game set of bowl games called the Bowl Championship Series. Based on independent calculations (including a review of videotapes of the past four Rose Bowl Games in terms of the number of commercials) and current knowledge of advertising rate trends (including information obtained from advertising agency representatives about the specific advertising pricing for the telecasts of the four BCS bowl games)³, the ABC statement is most likely correct -- when viewed singularly on only the national network advertising and sponsorship sales related to the four BCS games themselves (i.e., from opening kickoff to final gun).

However, several important considerations should be noted. First, the "shoulder" programming of pre-game and post-game shows on ABC/ESPN/ESPN2 generate not insignificant revenue. Unless the examination of ABC Sports financial information specifically includes this programming (and advertising) in the calculation, this revenue stream -- at a cost of an in-house studio program with no rights fee payments -- can be considerable. Second, it is a long-standing custom that television network representatives do not include in such profit/loss statements the revenue derived by the network-owned affiliated stations that carry the game telecast and have the opportunity for local "station break" commercials, separate from the "national" commercials arranged by the network sales office. This revenue stream, which accrues to the separate "Owned-and-Operated Station Division" of the television company but not to, say, the ABC Sports Division of the same company, can also be significant.

Third and foremost, however, is the apparent subsidization of the four BCS games by the other bowl games. The reality is that Disney Co. networks hold the television rights to 21 of the other 24 bowl

³ The author of this report has been retained since 1985 by the Academy of Motion Picture Arts and Sciences and since 2002 by the Academy of Television Arts and Sciences for television research purposes.

games. Each negotiation is a stand-alone negotiation, with no package negotiation by the loose organization known as the Football Bowl Association and, based on tradition and on the 1984 U.S. Supreme Court decision, not by the NCAA. The individual transactions between each bowl association and one of the Disney Co. networks (which are now essentially a single combined business unit within the Walt Disney Co.) result in what one could describe as "less-than-market value" rights fees being paid to many of the bowl games.

Based on a review of the financial data reported annually to the NCAA office by each bowl game and television audience data reported by Nielsen Media Research Co.(NMR) for the 28 bowl games played during 2003-2004, one can surmise that the so-called BCS bowl games are being subsidized by the so-called Non-BCS games. To wit,

- The total Gross Rating Points⁴ (GRP) reported by NMR for the 28 games amounted to 107.8 GRP. This was distributed to 46.7 GRPs (43%) for the four-game BCS structure and 61.1 GRPs (57%) for the other 24 games.
- The cumulative television/sponsorship rights fees paid by ABC for the four BCS bowl games was \$100.0 million. The cumulative television rights fees for the other 24 bowl games amounted to \$19.6 million..

The second major change for the bowl games of today compared to 15-20 years ago, of course, is the fact that 23 of the 28 bowl games have corporate names as "title sponsors," with at least two other two games (Rose and Las Vegas) having "presenting sponsors".

This "corporate branding" extends beyond identification of the bowl games. First, as noted earlier, the postseason roster of intercollegiate football bowl games is marketed by ESPN as "Capital One Bowl Week." Second, ABC's promotion of the BCS "national championship" trophy, as authorized by the American Football Coaches Association to be awarded to the winning institution in the "no. 1 vs. no. 2" game each year, carries a corporate title.

ABC determines the corporate name for the BCS "national championship" trophy as part of its sales effort for commercial advertising and sponsorships. However, consistency has not been a trademark of this corporate sponsor naming, due to overall U.S. economic conditions since 2000-01. In each of the past three years, the BCS national championship has carried three different corporate names, as determined/sold by ABC:

⁴ Each U.S. Gross Rating Point in the NMR measurement protocol equals 1.084 million households for the 2003-04 television season.

- In 2002, the University of Miami was awarded the "Sears Roebuck" BCS national championship trophy.
- In 2003, The Ohio State University was awarded the "Circuit City" BCS national championship trophy.
- In 2004, Louisiana State University was awarded the "ADT Security Services" BCS national championship trophy⁵.

Since postseason Division I-A football is not a NCAA-championship event, of course, the BCS national championship is not considered a NCAA championship in the records of the NCAA. This distinction is often not understood. More discussion about the growth of corporate sponsorships and the general issue of commercialization follows in Section 6.

One question about the growth of the number of bowl games and the introduction of the BCS structure is the issue of the television audience. What has been the impact?

First, a statement of context is appropriate. The entire U.S. television industry has been undergoing dramatic change in the past ten years. The introduction of the Internet has changed the daily behavior of millions of young adults. Digital cable network systems and satellite television networks have now made the predicted 300-to-500 channel "universe" a reality, providing choices for viewing once considered unimaginable. The marketing of Personal Video Recorders (e.g., TiVo) even threatens the basic economics of commercially-supported television.

Television audience statistics in general are dramatically different today than a decade ago, even just five years ago:

- In 1992-93, the average nightly primetime statistics for ABC-CBS-NBC were a combined 37.7 Gross Rating Points and a combined 60 percent share of the U.S. households using television.
- In 2002-03, the average nightly primetime statistics for ABC-CBS-NBC were a combined 22.2 Gross Rating Points and a combined 36 percent share of the U.S. households using television – a 42% decline in the past ten years.

⁵ ABC has entered into a multi-year agreement with ADT Security Services, Inc. for the BCS national championship trophy.

Against this backdrop, the following Table 4-3 shows the audience statistics, in the aggregate, for the postseason Division I-A bowl game "seasons" of the past 15 years.

Table 4-3
Division I-A Postseason Bowl Games -- U.S. Telecasts
Household Ratings Points Statistics
(GRP = Gross Rating Points)

	<u>A-1</u>	<u>A-2</u>	<u>B-1</u>	<u>B-2</u>	<u>C-1</u>	<u>C-2</u>	<u>C-3</u>
	No. of Bowl Games ALL	U.S. GRPs ALL Bowl Games	"Big Four" Games (Fiesta, Orange, Rose, Sugar)		No. of All Other Games	GRPs for All Other Games	Average GRPs Per Game
			U.S. GRPs	GRPs Avg./Gm			
1988-89	16	110.3	48.8	12.2	12	61.5	5.1
1989-90	17	104.0	46.1	11.5	13	57.9	4.5
1990-91	18	102.2	41.3	10.3	14	60.9	4.4
1991-92	18	99.2	44.2	11.1	14	55.0	3.9
1992-93	18	99.9	42.7	10.7	14	57.2	4.1
1993-94	19	108.7	42.2	10.6	15	66.5	4.4
1994-95	19	117.9	58.0	14.5	15	59.9	4.0
1995-96	18	111.2	56.8	14.2	14	54.4	3.9
1996-97	18	103.7	52.2	13.1	14	51.5	3.7
1997-98	20	99.8	47.9	12.0	16	51.9	3.2
Start of BCS Structure							
1998-99	22	107.1	50.4	12.6	18	56.7	3.2
1999-00	23	104.9	52.6	13.2	19	52.3	2.8
2000-01	25	110.0	55.5	13.9	21	54.5	2.6
2001-02	25	103.7	43.2	10.8	21	60.5	2.9
2002-03	28	106.8	47.4	11.9	24	59.4	2.5
2003-04	28	107.8	46.7	11.7	24	61.1	2.5

One final note. The importance of postseason football, and particularly the BCS, to ABC/ESPN is clear from the following fact: In the past three television seasons (including the current 2003-04 season), ABC has "won the week" vs. CBS, FOX and NBC -- in terms of the highest average number of viewers watching its primetime programs -- only seven times: (a) once for the week of the 2003 Super Bowl Game telecast by ABC; (b) three times for the week of its annual telecast of the Academy Awards Presentations; and (c) three times for the week of its annual telecast of the Bowl Championship Series postseason college bowl games.

The experience of an institution participating in a postseason football bowl game can truly be a festive, joyous multi-day for large segments of the university community. An oft-mentioned observation is that, unlike a competitive playoff tournament, 28 bowl games result in 28 institutions concluding the

football season with a victory. From the standpoint of coaches, 28 bowl games allows several extra weeks of practice and teaching for 56 football programs, along with other opportunities (e.g., additional equipment purchases on the "bowl budget.").

The issue of the economics of the postseason bowl structure continues to be an important consideration. The following tables present basic information for this discussion.

Table 4-4 lists the gross revenue amounts for each of the 28 bowl games played in December 2003 and January 2004, with the four BCS games listed separately from the other 24 bowl games. The bowl games are not identified and the revenue amounts are listed in descending order.

Table 4-4
Gross Revenue -- All Division I-A Postseason Bowl Games in 2003-2004
(dollars in millions)
Bowls not identified by name

A.	\$ 16.40	\$ 25.00	=	\$ 41.40
B.	\$ 36.91			\$ 36.91
C.	\$ 9.55	\$ 25.00	=	\$ 34.55
D.	\$ 9.51	\$ 25.00	=	\$ 34.51
				\$ 147.37 BCS

1.	\$ 12.83	13.	\$ 2.80
2.	\$ 8.90	14.	\$ 2.61
3.	\$ 8.67	15.	\$ 2.54
4.	\$ 7.70	16.	\$ 2.51
5.	\$ 5.64	17.	\$ 2.51
6.	\$ 5.44	18.	\$ 2.38
7.	\$ 4.78	19.	\$ 2.26
8.	\$ 4.15	20.	\$ 2.08
9.	\$ 3.82	21.	\$ 1.70
10.	\$ 3.66	22.	\$ 1.67
11.	\$ 3.53	23.	\$ 1.40
12.	\$ 3.29	24.	\$ 1.26
		\$ 98.11	Non-BCS

Table 4-4 shows that the various levels of financial strength of the 24 "other" bowl games:

- Six (25%) reported revenue of more than \$5.0 million each;
- Six (25%) reported revenue of between \$3.0 million and \$5.0 million each; and
- Twelve (50%) reported revenue of less than \$3.0 million each.

The following Table 4-5 lists the annual Gross Revenue reported to the NCAA by the full roster of bowl associations since 1988-89. The major revenue centers are: (a) Admissions/Tickets Sales; (b)

Television/Radio; and (c) Sponsorships. The annual aggregate data is presented, separating the "Big Four" bowl games -- Fiesta, Orange, Rose and Sugar Bowls -- from the "All Other" group.

Table 4-5
Gross Revenue -- All Division I-A Postseason Bowl Games Since 1988-89

	No. of Games	Gross Revenue		
		ALL	Big Four	All Other
(dollars in millions)				
1988-89	16	\$ 63.4	\$ 38.3	\$ 25.1
1989-90	17	\$ 72.4	\$ 41.9	\$ 30.5
1990-91	18	\$ 77.2	\$ 42.3	\$ 34.9
1991-92	18	\$ 80.8	\$ 42.9	\$ 37.9
1992-93	18	\$ 82.9	\$ 45.6	\$ 37.3
1993-94	19	\$ 87.5	\$ 46.8	\$ 40.7
1994-95	19	\$ 91.5	\$ 48.6	\$ 42.9
Start of Bowl Alliance				
1995-96	18	\$ 130.9	\$ 88.3	\$ 42.6
1996-97	18	\$ 119.4	\$ 77.7	\$ 41.7
1997-98	20	\$ 133.5	\$ 81.5	\$ 52.0
Start of BCS -- Contract No. 1				
1998-99	22	\$ 172.9	\$ 112.5	\$ 60.4
1999-00	23	\$ 178.1	\$ 112.7	\$ 65.4
2000-01	25	\$ 184.7	\$ 114.4	\$ 70.3
2001-02	25	\$ 190.9	\$ 120.4	\$ 70.5
Start of BCS Contract No. 2				
2002-03	28	\$ 223.5	\$ 140.1	\$ 83.4
2003-04	28	\$ 245.8	\$ 147.7	\$ 98.1
2004-05	28			
2005-06				

Table 4-5 shows that:

- The Gross Revenue for the "Big Four" Games has more than tripled in ten years, from \$48.6 million in 1994-95 (the last year before the Bowl Alliance) to \$147.7 million in 2003-04.
- The Gross Revenue for the "All Other Games has doubled in the same ten year period, from \$42.9 million in 1994-95 to \$98.1 million in 2003-04, but with a 60% increase in the number of "All Other" games, from 15 to 24 games in the same period.

The following Table 4-6 lists the amounts paid to the participating conferences/institutions, as reported to the NCAA by the bowl associations since 1988-89. Aggregate data is presented for the "Big Four" and "All Other" groups. See Section 5 of this report for discussion of total conference revenue (including BCS allocations), by conference, as well as the calculation of "gross" revenue earned by a conference and the "net for conference distribution" after allocations for bowl participation expenses are made to the participating institutions.)

Table 4-6
"Team Payout" Data -- All Division I-A Postseason Bowl Games Since 1988-89

	No. of Games	Team Payouts		
		ALL	Big Four	All Other
(dollars in millions)				
1988-89	16	\$ 50.7	\$ 30.4	\$ 20.3
1989-90	17	\$ 56.0	\$ 32.5	\$ 23.5
1990-91	18	\$ 60.0	\$ 33.0	\$ 27.0
1991-92	18	\$ 62.5	\$ 33.2	\$ 29.3
1992-93	18	\$ 66.3	\$ 35.8	\$ 30.5
1993-94	19	\$ 69.4	\$ 36.2	\$ 33.2
1994-95	19	\$ 71.2	\$ 37.7	\$ 33.5
Start of Bowl Alliance				
1995-96	18	\$ 106.1	\$ 72.2	\$ 33.9
1996-97	18	\$ 111.5	\$ 77.6	\$ 33.9
1997-98	20	\$ 108.5	\$ 68.4	\$ 40.1
Start of BCS Structure Contract No. 1				
1998-99	22	\$ 140.3	\$ 94.5	\$ 45.8
1999-00	23	\$ 143.7	\$ 94.8	\$ 48.9
2000-01	25	\$ 146.4	\$ 95.4	\$ 51.0
2001-02	25	\$ 155.1	\$ 98.5	\$ 56.6
Start of BCS Structure Contract No. 2				
2002-03	28	\$ 180.2	\$ 114.7	\$ 65.5
2003-04	28	\$ 177.2	\$ 117.2	\$ 60.0
2004-05	28			
2005-06				

Table 4-6 shows

- The "Team Payouts" for the "Big Four" Games has more than tripled in ten years, from \$37.7 million in 1994-95 (the last year before the Bowl Alliance) to \$117.2 million in 2003-04.
- The "Team Payouts" for the "All Other" Games almost doubled in the same ten year period, from \$33.5 million in 1994-95 to \$60.7 million in 2003-04, but with a 60% increase in the number of "All Other" games, from 15 to 24 games in the same period.
- The reduction in Team Payouts for the "All Other" Games between 2002-03 and 2003-04 is attributable to the changes in certain financial administration policies (i.e., the accounting of "required" ticket purchases in order to ensure institutional or conference participation) that had been approved by the NCAA Football Certification Subcommittee, effective 2003-04.

The following Table 4-7 lists the amounts retained by the bowl associations or event owner. A bowl association's retention includes both: (a) direct operating expenses of the event, including stadium rental; and (b) net income/(loss) reported by the bowl association/owner from the bowl game.

Table 4-7
"Bowl Association/Owner Retention" Data --

All Division I-A Postseason Bowl Games Since 1988-89

	No. of Games	Bowl Retentions		
		ALL	Big Four	All Other
		(dollars in millions)		
1988-89	16	\$ 12.7	\$ 8.0	\$ 4.7
1989-90	17	\$ 15.8	\$ 8.6	\$ 7.2
1990-91	18	\$ 16.8	\$ 9.3	\$ 7.5
1991-92	18	\$ 17.5	\$ 9.8	\$ 7.7
1992-93	18	\$ 15.9	\$ 9.8	\$ 6.1
1993-94	19	\$ 18.1	\$ 10.6	\$ 7.5
1994-95	19	\$ 20.3	\$ 10.9	\$ 9.4
Start of Bowl Alliance				
1995-96	18	\$ 24.7	\$ 16.2	\$ 8.5
1996-97	18	\$ 21.5	\$ 12.4	\$ 9.1
1997-98	20	\$ 25.1	\$ 13.1	\$ 12.0
Start of BCS Structure Contract No. 1				
1998-99	22	\$ 31.3	\$ 18.0	\$ 13.3
1999-00	23	\$ 32.9	\$ 18.0	\$ 14.9
2000-01	25	\$ 34.7	\$ 19.0	\$ 15.7
2001-02	25	\$ 37.9	\$ 21.9	\$ 16.0
Start of BCS Structure Contract No. 2				
2002-03	28	\$ 44.9	\$ 25.4	\$ 19.5
2003-04	28	\$ 63.5	\$ 30.1	\$ 33.4
2004-05	28			
2005-06				

Table 4-7 shows that:

- The "Bowl Retention" amounts for the "Big Four" Games also nearly tripled in ten years, from \$10.9 million in 1994-95 (the last year before the Bowl Alliance) to \$30.1 million in 2003-04.
- The "Bowl Retention" amounts for the "All Other" Games increased from \$9.4 million in 1994-85 to \$33.4 million in 2003-04. This increase is somewhat artificial in that the bowl association retention amount in 2002-03 had been \$19.5 million.
- As noted above, the change in the financial administration policies for 2003-04, specifically with regard to the accounting of "required" ticket purchases, is responsible for the significant increase between 2002-03 and 2003-04.

Finally, the following Table 4-8 shows the net income/(loss) reports filed with the NCAA by the bowl associations. Individual bowl associations are not identified.

Table 4-8
Bowl Association Net Income/(Loss) Reports -- 2003-04
(dollars in thousands)

Bowls Not Identified by Name

BCS Bowls (4)			
\$14,325			
All Other Bowls (24)			
\$7,048			
1.	\$ 1,245	13.	\$ 140
2.	\$ 1,197	14.	\$ 119
3.	\$ 1,020	15.	\$ 94
4.	\$ 962	16.	\$ 77
5.	\$ 604	17.	\$ 26
6.	\$ 490	18.	\$ -
7.	\$ 449	19.	\$ (12)
8.	\$ 394	20.	\$ (24)
9.	\$ 327	21.	\$ (75)
10.	\$ 256	22.	\$ (150)
11.	\$ 233	23.	\$ (182)
12.	\$ 227	24.	\$ (369)

Table 4-8 shows that:

- Of the four "BCS" bowl games, all four associations reported a net profit from the event, with the largest amount reported to be \$7.5 million and the smallest amount reported to be \$342,000.
- Of the 24 "All Other" bowl games, 17 associations/owners reported a net profit from the event, with:
 - ◊ A total of five reporting net income of more than \$500,000 each, with three in excess of \$1.0 million;
 - ◊ A total of 14 (of 24) reporting net income in excess of \$100,000;
 - ◊ One reporting break-even; and
 - ◊ A total of six (of 24) reporting net losses, with the largest loss at -\$369,000.

Since this is the first year that such net income/(loss) information has been reported to the NCAA, additional years' data will be necessary before making a judgment about the overall financial health and stability of the "All Other" bowl game group.

Section 5 -- Conferences and Division I-A Postseason Football

The 28 Division I-A postseason football bowl games are now completely affiliated with the 11 different Division I-A conferences. Table 5-1 shows the conference affiliation agreements in place for 2004-05, plus the date of each game.

Table 5-1

Western Athletic		3
Sheraton Hawaii		Dec. 24
MPC Computers		Dec. 27
Silicon Valley		Dec. 29

A primary consideration for these conference/bowl affiliations is, of course, financial. Bowl associations prefer to affiliate with conferences from which the association believes a consistent economic base can be achieved.

Similarly, the conferences gain a level of partial financial stability, although variations will occur from year-to-year depending on the "fan support travel" levels of particular institutions. Additional factors arise on the expense side of the ledger, i.e., geographic locations can result in different travel and lodging costs for Participant A in Year 1 and Participant B in Year 2 from the same conference.

While the generally-reported financial statistics are the gross revenue amounts derived by conferences, in terms of "Team Payout" data, the more realistic calculation is the amount of net income from postseason football that is retained by a conference for intra-conference distribution, according to internal conference revenue distribution policies.

This calculation is dramatized by the fact that nine of the 32 institutions of the so-called BCS conferences that appeared in postseason bowl games other than the BCS games in 2003-04 reported to the NCAA that their participating expenses exceeded the revenue earned from the "Team Payout" from the bowl, i.e., the participation was a net loss.

The following Table 5-2 presents the 2003-04 financial data, aggregated by conference of the so-called BCS Group. Part A presents the financial statistics for the participation in the "BCS" Games. Part B presents the financial statistics for the participation in "All Other" Games. Part C presents the combined financial statistics.

Table 5-2
2003-2004 Division I-A Postseason Football Financial Statistics, By Conference
BCS Conferences Only
(dollars in millions)

A.

	No. of BCS Slots	BCS Revenue	BCS Particip. Expenses	Net Income	Margin Net/Gross
Atlantic Coast	1	\$ 17.02	\$ (1.04)	\$ 15.97	94%
Big East	1	\$ 17.02	\$ (0.78)	\$ 16.24	95%
Big Ten	2	\$ 22.03	\$ (3.33)	\$ 18.70	85%
Big Twelve	2	\$ 21.52	\$ (2.50)	\$ 19.02	88%
Pac-10	1	\$ 17.53	\$ (2.67)	\$ 14.86	85%
Southeastern	1	\$ 17.02	\$ (1.82)	\$ 15.20	89%
Subtotal	8	\$ 112.12	\$ (12.13)	\$ 99.98	89%

B.

	Other Bowls	Gross Revenue	Partic. Expenses	Net Income	Margin Net/Gross
Atlantic Coast	5	\$ 5.62	\$ (4.48)	\$ 1.14	20%
Big East	4	\$ 3.95	\$ (5.22)	\$ (1.26)	-32%
Big Ten	6	\$ 12.30	\$ (6.03)	\$ 6.27	51%
Big Twelve	6	\$ 9.22	\$ (6.44)	\$ 2.77	30%
Pac-10	5	\$ 5.44	\$ (4.68)	\$ 0.76	14%
Southeastern	6	\$ 14.84	\$ (5.26)	\$ 9.58	65%
Subtotal	32	\$ 51.37	\$ (32.11)	\$ 19.26	37%

C.

	ALL Bowls	Gross Revenue	Partic. Expenses	Net Income	Margin Net/Gross
Atlantic Coast	6	\$ 22.63	\$ (5.53)	\$ 17.11	76%
Big East	5	\$ 20.97	\$ (5.99)	\$ 14.98	71%
Big Ten	8	\$ 34.33	\$ (9.36)	\$ 24.97	73%
Big Twelve	8	\$ 30.73	\$ (8.94)	\$ 21.79	71%
Pac-10	6	\$ 22.97	\$ (7.36)	\$ 15.61	68%
Southeastern	7	\$ 31.86	\$ (7.07)	\$ 24.78	78%
TOTAL	40	\$ 163.49	\$ (44.25)	\$ 119.24	73%

The following Table 5-3 presents the same data for the other five Division I-A conferences.

Table 5-4
2003-2004 Division I-A Postseason Football Financial Statistics, By Conference
Non-BCS Conferences Only

(dollars in millions)

A.

	No. of BCS Slots	BCS Revenue	BCS Particip. Expenses	Net Income	Margin Net/Gross
C-USA	0	\$ 1.00	\$ -	\$ 1.00	100%
Mid-American	0	\$ 1.00	\$ -	\$ 1.00	100%
Mountain West	0	\$ 1.00	\$ -	\$ 1.00	100%
Sun Belt	0	\$ 0.48	\$ -	\$ 0.48	100%
Western Athletic	0	\$ 1.00	\$ -	\$ 1.00	100%
Other	0	\$ -	\$ -	\$ -	--
Subtotal	0	\$ 4.48	\$ -	\$ 4.48	100%

B.

	Other Bowls	Gross Revenue	Partic. Expenses	Net Income	Margin Net/Gross
C-USA	5	\$ 3.83	\$ (2.77)	\$ 1.06	28%
Mid-American	2	\$ 1.56	\$ (0.65)	\$ 0.92	59%
Mountain West	3	\$ 2.68	\$ (2.31)	\$ 0.37	14%
Sun Belt	1	\$ 0.33	\$ (0.53)	\$ (0.20)	-62%
Western Athletic	4	\$ 2.16	\$ (1.55)	\$ 0.61	28%
Other	1	\$ 1.00	\$ (0.83)	\$ 0.18	18%
Subtotal	16	\$ 11.56	\$ (8.63)	\$ 2.93	25%

C.

	ALL Bowls	Gross Revenue	Partic. Expenses	Net Income	Margin Net/Gross
C-USA	5	\$ 4.83	\$ (2.77)	\$ 2.06	43%
Mid-American	2	\$ 2.56	\$ (0.65)	\$ 1.92	75%
Mountain West	3	\$ 3.68	\$ (2.31)	\$ 1.37	37%
Sun Belt	1	\$ 0.81	\$ (0.53)	\$ 0.28	35%
Western Athletic	4	\$ 3.16	\$ (1.55)	\$ 1.61	51%
Other	1	\$ 1.00	\$ (0.83)	\$ 0.18	18%
TOTAL	16	\$ 16.04	\$ (8.63)	\$ 7.41	46%

The following Table 5-4 shows all of the preceding financial statistics together, aggregated by "BCS" Conferences and "Other" Conferences.

Table 5-4
2003-2004 Division I-A Postseason Football Financial Statistics

(dollars in millions)

A.

	No. of BCS Slots	BCS Revenue	BCS Particip. Expenses	Net Income	Margin Net/Gross
BCS Conferences	8	\$ 112.12	\$ (12.13)	\$ 99.98	89%
Other Conferences	0	\$ 4.48	\$ -	\$ 4.48	100%
Subtotal	8	\$ 116.60	\$ (12.13)	\$ 104.46	90%

B.

	Other Bowls	Gross Revenue	Partic. Expenses	Net Income	Margin Net/Gross
BCS Conferences	32	\$ 51.37	\$ (32.11)	\$ 19.26	37%
Other Conferences	16	\$ 11.56	\$ (8.63)	\$ 2.93	25%
Subtotal	48	\$ 62.93	\$ (40.74)	\$ 22.19	35%

BCS Conferences	67%	82%	79%	87%
Other Conferences	33%	18%	21%	13%
TOTAL	100%	100%	100%	100%

C.

	ALL Bowls	Gross Revenue	Partic. Expenses	Net Income	Margin Net/Gross
BCS Conferences	40	\$ 163.49	\$ (44.25)	\$ 119.24	73%
Other Conferences	16	\$ 16.04	\$ (8.63)	\$ 7.41	37%
TOTAL	56	\$ 179.53	\$ (52.87)	\$ 126.65	71%

BCS Conferences	71%	91%	84%	94%
Other Conferences	29%	9%	16%	6%
TOTAL	100%	100%	100%	100%

Table 5-4 shows that:

- For the 48 appearances in the 24 bowl games other than the four BCS games, the BCS Conferences accounted for 67% (32) of the 48 appearances, 82% of the gross revenue earned from the 48 appearances, and 87% of the net income derived after deduction of participating expenses.
- For all 56 appearances in the 28 bowl games, including the four BCS games, the BCS Conferences accounted for 71% (40) of the 56 appearances, 91% of the gross revenue earned from the 56 appearances, and 94% of the net income derived after deduction of participating expenses.

It was requested that this report include a comparison of the gross revenue and net income statistics from Division I-A postseason football compare and the financial statistics for the distribution of

income (net) to NCAA member institutions from the NCAA, primarily from the Division I basketball championship tournaments.

The information regarding the 2003-04 NCAA revenue/expense budget and the actual NCAA financial distributions in 2002-03 is available from the NCAA website. For 2003-04, total NCAA revenue is projected to be \$452.5 million, with \$400.0 million derived from the comprehensive NCAA-CBS television and marketing agreement and the more limited NCAA-ESPN television contract for 21 specific NCAA championship events.

The NCAA website provides the following description of the rights fee payments due to the NCAA from CBS through 2013:

Table 5-5
NCAA-CBS Rights Fee Payments through 2013

Year	Amt.	Increase	Year	Amt.	Increase
2003	\$ 360.0		2009	\$ 571.0	7.9%
2004	\$ 389.0	8.1%	2010	\$ 617.0	8.1%
2005	\$ 420.0	8.0%	2011	\$ 657.0	6.5%
2006	\$ 453.0	7.9%	2012	\$ 710.0	8.1%
2007	\$ 490.0	8.2%	2013	\$ 764.0	7.6%
2008	\$ 529.0	8.0%	TOTAL	\$ 5,960.0	

The following Table 5-6 provides the summary of the NCAA revenue and expense budget for 2003-04, which shows that approximately 58% of the NCAA revenue is distributed to NCAA Division I institutions in various fund categories. The Supplemental Data Book contains an expanded version of the expense budget to provide more detail.

Table 5-6
2003-04 NCAA Revenue and Expense Budget
(dollars in millions)

Revenue Summary		\$ 452.500	100%
A. Television		\$ 400.000	88.4%
B. Championships		\$ 39.500	8.7%
1. Division I Men's Basketball	\$ 26.600		
2. Other Division I Championships	\$ 12.195		
3. Division II Championships	\$ 0.440		
4. Division III Championships	\$ 0.265		
C. Other		\$ 13.000	2.9%
1. Investments	\$ 6.240		
2. Sales, Fees and Services	\$ 3.460		
3. Licensing and Royalties	\$ 3.300		

Expense Summary		\$ 452.500	100%
A. Divisions I, II and III		\$ 352.908	78.0%
1. Division I - Distributions	\$ 264.239	58.4%	
2. Division I - Championships/Other	\$ 54.504	12.0%	
3. Division II - Championships/Other	\$ 19.775	4.4%	
4. Division III - Championships/Other	\$ 14.390	3.2%	
B. Association-Wide		\$ 99.592	22.0%
1. Membership Programs	\$ 46.351	10.2%	
2. Administrative Services/Reserves	\$ 33.048	7.3%	
3. Student-Athlete Welfare	\$ 20.193	4.5%	

The NCAA distributions to the Division I institutions are separated into the following categories:

- Basketball Fund (determined by the number of games in the annual NCAA Tournament played by a conference's institutions, calculated as a six-year rolling average).
- Grants-in-aid fund
- Sports Sponsorship fund
- Academic Enhancement fund
- Special Assistance fund
- Conference Grants fund
- Student-Athlete Opportunity fund
- Supplemental Distribution fund

The total amount distributed to Division I members in 31 conferences during 2002-03 was \$260.0 million. This amount was distributed in the above categories as shown in Table 5-7:

Table 5-7
NCAA Distributions to Division I Members -- All 31 Conferences
2002-03
(Dollars in millions)

Fund	Amount	Pct.
Basketball Fund	\$ 97.5	37.5%
Grants-in-Aid Fund	\$ 65.0	25.0%
Sports Sponsorship Fund	\$ 32.5	12.5%
Academic Enhancement Fund	\$ 16.8	6.5%
Special Assistance Fund	\$ 10.4	4.0%
Conference Grants Fund	\$ 5.8	2.2%
Student Athlete Assistance Fund	\$ 17.0	6.5%
Supplemental Distribution Fund	\$ 15.0	5.8%
TOTAL 2002-03 DISTRIBUTION	\$ 260.0	100.0%

Table 5-8 and Table 5-9 below present the financial statistics for the more specific comparison regarding the 11 conferences in Division I-A, including the 2002-03 postseason football financial data.

Table 5-8
NCAA Distributions to Division I Conferences -- 2002-03
(dollars in millions)

2002-03 NCAA Distributions					
Basketball Fund		GIA/Sports Funds		All Other Funds	
Amount	Pct.	Amount	Pct.	Amount	Pct.
BCS Conferences (6)	\$ 59.7 61.3%	\$ 41.6 42.7%	\$ 22.5 34.6%		
Other I-A Conferences (5)	\$ 12.8 13.1%	\$ 20.8 21.3%	\$ 12.1 18.5%		
Other 20 Division I Conferences	\$ 25.0 25.6%	\$ 35.1 36.0%	\$ 30.5 46.9%		
Total	\$ 97.5 100%	\$ 97.5 100%	\$ 65.0 100%		

Table 5-9
Division I-A Postseason Football Statistics -- 2002-03
(dollars in millions)

2002-03 Postseason Football				
Gross Revenue	Expenses	Net Income	Pct.	
BCS Conferences	\$ 163.8	\$ (49.2)	\$ 114.6	93.8%
Other I-A Conference	\$ 16.5	\$ (10.4)	\$ 6.1	5.0%
Other Distributions	\$ 1.4	\$ -	\$ 1.4	1.2%
Other 20 Division I Conferences	\$ -	\$ -	\$ -	0.0%
Total	\$ 181.8	\$ (59.7)	\$ 122.2	100%

Tables 5-8 and 5-9 show that, for 2002-03:

- The 62 members in the six "BCS" conferences retained \$114.6 million in net income from 2002-2003 Division I-A postseason football and received \$123.8 million in NCAA distributions in 2002-03.
- The 51 members in the five "Other" conferences retained \$6.1 million in net income from 2002-03 Division I-A postseason football and received \$45.6 million in NCAA distributions in 2002-03.
- The six BCS conferences, as a group,
 - ◊ retained 93.8% of all net income derived from 2002-03 Division I-A postseason football;

- ◇ received 61.3% of the income distributed in the NCAA Basketball Fund;
- ◇ received 42.7% of the income distributed in the Grants-in-aid and Sports Sponsorship Funds; and
- ◇ received 34.6% of the income distributed in the other NCAA Division I funds in 2002-03.
- The other five Division I-A conferences, as a group:
 - ◇ retained 5.0% of all net income derived from 2002-03 Division I-A postseason football;
 - ◇ received 13.1% of the income distributed in the NCAA Basketball Fund;
 - ◇ received 21.3% of the income distributed in the Grants-in-Aid and Sports Sponsorship Funds; and
 - ◇ received 18.5% of the income distributed in the other NCAA Division I funds in 2002-03.
- The other 20 Division I conferences, as a group:
 - ◇ received 1.2% of the net income derived from 2002-03 Division I-A postseason football (special BCS allocations);
 - ◇ received 25.6% of the income distributed in the NCAA Basketball Fund;
 - ◇ received 36.0% of the income distributed in the Grants-in-Aid and Sports Sponsorship Funds; and
 - ◇ received 46.9% of the income distributed in the other NCAA Division I funds in 2002-03.

Several other observations follow:

1. The six “BCS” conferences in Division I-A retained approximately 70% of the gross revenue earned from postseason Division I-A football in 2002-03, after payment of participant expenses (\$114.6 million out of \$163.8 million).
2. In comparison, the NCAA distributed 58% (\$264.2 million of \$452.5 million) of gross revenue to Division I conferences in 2002-03. Approximately 20% (\$88.7 million) was used for payment of expenses for all of the NCAA Championships in Division I, II and III. The other 22% was used for Association-wide membership programs (10%), student-athlete welfare programs (5%), general administration (5%), and legal services and governance committees (2%).
3. In percentage terms of the Division I distribution, the six “BCS” conferences received 61% of the \$97.5 million distributed in the Basketball Fund, 43% of the \$97.5 million distributed in the Grants-in-Aid and Sports Sponsorship Funds, and 35% of the \$65.0 million distributed in the remaining NCAA funds.

4. In actual dollar amounts, these NCAA distributions amounted to \$123.8 million for the six “BCS” conferences, (48% of the \$260.0 million distributed to all Division I-A conferences) compared to the \$114.6 million (net) derived from Division I-A postseason football.
5. The other five Division I-A conferences received \$45.6 million combined in NCAA distributions in 2002-03, compared to the \$6.1 million (net) derived from Division I-A postseason football.

All of the preceding financial information needs to be put into the larger context of the financial status of NCAA Division I-A programs. In April, 2004, the NCAA published a special analysis of the revenue and expenses of the Division I-A conferences, prepared by Daniel Fulks, the accounting program director at Transylvania University and the primary author of the biennial report (begun in 1994) entitled "Revenues and Expenses of Division I and II Intercollegiate Athletic Programs."

The April 2004 analysis focused on additional information not provided in earlier versions, which had previously focused on individual institutional data. The April 2004 analysis aggregated the data by conference, focusing particularly on the Division I-A conferences.

The April 12 edition of the *NCAA News*, summarized the report. A copy of the article is in the Supplemental Data Book.

Section 6 -- Commercialization and Division I-A Postseason Football

Section 4 earlier in this report discussed a number of factors regarding the increasing relationship of corporate sponsors and Division I-A postseason football.

First, Table 4-1 in Section 4 listed the schedule of the 28 Division I-A bowl games that have been certified for the 2004-05 season, with at least 23 of the 28 games now having a corporate title.

Second, Section 4 discussed the fact that, under the BCS-ABC agreement, ABC retains the revenue derived from the title sponsors of the Fiesta Bowl, Orange Bowl and Sugar Bowl Games. Similarly, ABC retains the revenue derived from the presenting sponsor of the Rose Bowl Game. ABC selects

the presenting sponsor for the Rose Bowl Game, subject to a right of review/approval by the Tournament of Roses Association.

Third, Section 4 also discussed the fact ABC has sold the naming right to the "BCS National Championship Trophy" to three different corporate sponsors in the past three years:

- 2002 -- Sears Roebuck
- 2003 -- Circuit City
- 2004 -- ADT Security Services

The issue of ABC's right to include corporate names on the on-screen graphics shown for 15-30 seconds at a time during the telecast of the BCS games has also been noted, e.g., "The Dell Computer Game Solutions"; "The Morgan Stanley Dean Witter Story Line"; "The Nokia Player Comparison"; "The Federal Express Game Summary." In contrast, it is noteworthy that the National Football League has prohibited since 1998 the corporate naming of any on-screen graphics during the telecasts of all NFL regular season and playoff games telecast by ABC, CBS, FOX and ESPN.

Corporate sponsorship of intercollegiate athletics is, of course, not unique to Division I-A postseason college football. Most conference championship games in football and in men's basketball now bear a corporate sponsor title. Even the Heisman Trophy, the most venerable of all college football awards, now comes with a presenting sponsor (Suzuki Motor Corp.). Season-long competitions between intra-state rival institutions have also become a corporate trend of late, e.g., the Lexus Gauntlet between UCLA and USC.

Corporate names attached to sporting events are pervasive throughout the U.S. -- bowling, golf and tennis events more often than not carry a corporate name. The concept of emblematic names shown on the shirts or hats of professional golfers and other competitors is now regularly accepted (and lucrative to the more successful athletes). The U.S. competitive event considered the fastest growing in popularity -- NASCAR -- is perhaps the most extreme in terms of corporate identification on the racing cars.

And the trend continues. Professional boxers now sport removable tattoos on their backs to advertise a particular casino. Jockeys at the Kentucky Derby won the right to wear advertising on their silks during the 2004 Run for the Roses race on May 1. To the dismay of some, the opening Major League Baseball games in Japan in late March, 2004 (between the New York Yankees and the Tampa Bay Devil Rays) saw the name of a Japanese sponsor on batting helmets. And, more recently, a proposal to have an icon of an upcoming motion picture, *Spiderman 2*, placed on the bases of Major League

Baseball stadiums during upcoming games was announced, only to have it withdrawn after significant negative popular reaction.⁶

Further still, the introduction of virtual advertising now brings other complications. With the same Princeton Video Image (PVI) digital technology that has made the "virtual" first down line such a popular feature of football game telecasts, a television broadcast may now include for the television audience (but not the in-stadium audience) a digitally-inserted sign or advertisement either in the field/court of play, on the stadium scoreboard, or in other locations around the stadium. ABC has utilized this technology at the Rose Bowl stadium in Pasadena during the BCS Rose Bowl Game.

And, in late April, 2004, Nielsen Media Research announced that, in 2004-05, it would begin to issue, in addition to its weekly television audience reports, a new report on "signage" measurements based on the amount of time of exposure of a stadium sign or corporate icon during the telecasts of certain sporting events.

Yet, an important distinction exists between corporate naming and corporate sponsorships and advertising. The postseason competitions in NCAA-administered championship tournaments have corporate sponsors but no corporate name. The same can be said of the season-ending events in most professional sports leagues. One need only compare the absence of on-court signage at the NCAA Basketball Tournament games with the quite noticeable on-field signage at the BCS games to appreciate the difference.

Street and Smith Sports Business Journal published an extensive analysis of corporate title sponsorships for postseason bowl games in its edition of November 24, 2003, along with a composite overview of each of the title sponsorship agreements. The same magazine also published a second in-depth report on the NCAA Corporate Champions and Corporate Partners programs in its edition of March 8, 2004. Both articles and rosters are included in the Supplemental Data Book

Several Division I-A postseason bowl games have experienced a lack of consistency in the corporate name. For instance, in the past ten years and in no particular order:

1. The Alamo Bowl has had at least three corporate names: Builders Square, Sylvania, and now MasterCard.

⁶ An opinion column in the April 26, 2004 edition of *Advertising Age* is included in the Supplemental Data Book. The column discusses the writer's view of a recent poll by Yankelovich Partners describing negative attitudes by U.S. consumers towards advertising.

2. The Holiday Bowl has had at least four corporate names: Thrifty Car Rental, Plymouth Motors, Culligan, and now Pacific Life.
3. The Sun Bowl had had four corporate names: John Hancock Insurance, Norwest Bank (purchased by Wells Fargo), Wells Fargo and now Vitalis.
4. The Tangerine Bowl has had two corporate names: Carquest Auto Parts and MicronPC, and is now without a corporate name.
5. The Independence Bowl has had three corporate names: Poulan Weed Eater, Sanford/Office Depot and Mainstay.
6. The Citrus Bowl had had three corporate names: CompUSA, Ourhouse.com, and now Capital One.
7. The Houston Bowl has had two corporate names: Galleryfurniture and now EV1.net.
8. The Liberty Bowl has had three corporate names: St. Jude Medical Center, AXA Insurance, and now AutoZone.
9. The Music City Bowl has had three corporate names: American General Insurance, Homepoint.com, and now Gaylord Hotels.
10. The Humanitarian Bowl has had two corporate names: Crucial.com and now MPC Computers.
11. The Rose Bowl, the most venerable of all of the postseason bowl games with a history of more than 90 games dating back to its first game in 1902, has had three different presenting sponsors in the past three years: AT&T (2002); SonyPlaystation2 (2003); and Citibank (2004).

It is unquestioned that, from a marketing standpoint, direct use of the Division I-A postseason college football bowl games can have at least short-term and perhaps even long-term value to a particular company. The revenue derived from such arrangements can be important to the financial viability, perhaps even survival, of a bowl game. Notwithstanding the precedent set by Stanford University several years ago in prohibiting all corporate signage and advertising in its on-campus football stadium and basketball arena, it does not appear likely that such a universal prohibition can be expected in other stadiums or at other events.

The question, then, is the sense of balance and judgment in terms of how to incorporate such elements in the overall structure of Division I-A football. The constant scrutiny and review of such matters can be challenging for the executive staff of an organization concerned with the image of the presentation of its program to the U.S. television audience. Two quite notable examples in this regard is the Augusta National Golf Club, in its oversight of the annual CBS telecast of The Masters Golf Tournament; and the Academy of Motion Picture Arts and Sciences, in its oversight of the annual ABC telecast of the Academy Awards Presentations.

As noted earlier, even the National Football League has been diligent in its concern about the extent of corporate identification during the game telecasts, with the prohibition of corporate names attached to any on-screen informational graphics. During the 2003 NCAA Basketball Championships, the NCAA requested CBS not to present a particular set of television commercials, presently seen on other programs, of a major beer company.

The question, of course, is the effective point of control, balance and judgment. The NCAA Football Certification Subcommittee's annual handbook for Postseason Football contains the following provisions on pages 19-21:

Games Titles/Title Sponsorship

The titles of certified postseason football bowl contests shall be approved by the subcommittee and conform to the NCAA's policy of not advertising or appearing to promote products or activities that may be detrimental to the welfare of student-athletes or the image of higher education and intercollegiate athletics. Such titles shall not include reference to or contain names popularly associated with the following: alcoholic beverages; cigarettes; smokeless tobacco and other tobacco products; muscle-building dietary supplements; professional sports organizations; and organizations promoting gambling or lotteries.

Advertising

Advertising policies of the Association are designed to exclude those advertisements that do not appear to be in the best interests of higher education. The subcommittee chair shall have the authority to rule in cases where doubts exist concerning acceptable advertisers and advertising copy of game programs, broadcasts, and telecasts of postseason football games; however the following expressly are prohibited:

- *Alcoholic beverages that exceed 6 percent alcohol by volume. Advertising of malt beverages, beer and wine products that do not exceed 6 percent alcohol by volume may be used in game programs. Such advertisements, however, shall not compose more than 14 percent of the space in the program devoted to advertising or not more than 60 seconds per hour in any telecast or broadcast (either one 60-second commercial or two 30-second commercials);*
- *Cigarettes and other tobacco products; and*
- *Organizations promoting gambling.*

Non-therapeutic drugs and, generally, other drugs and patent medicine advertisements are excluded; however, analgesics, cold remedies, antacids, and athletics-training aids that are in general use are acceptable. Institutional advertising by pharmaceutical firms also is acceptable.

No commercial or advertisement may relate, directly or indirectly, the advertising company or the advertised product to the participating institutions or student-athletes, or the Association itself, unless prior written approval has been granted by the NCAA President.

It should be noted that the NCAA reserves the right of final approval for all advertising at any championship or bowl game.

This report is not in a position to comment on the extent to which the approval authority provided the Football Certification Subcommittee under these provisions is utilized on a regular basis over the BCS bowl games (in tandem with the BCS Governing Council) and over the other postseason bowl games.

Section 7 – Academic Calendar

One of the most frequently-cited issues about Division I-A postseason football is the concern by some about the academic calendar for spring semester (or winter quarter) of the Division I-A institutions and the schedule of postseason bowl games in January. Interestingly, less frequently mentioned is the issue of the schedule of the academic calendar in December, specifically the final examination periods, and the scheduling of conference championship football games and the practice/preparation/travel schedule for bowl games that were scheduled as early as December 16 in December 2003 and will be scheduled as early as December 14 in December 2004.

A review of the academic calendars on the official institutional websites for the 63 Division I-A member institutions that formed the Bowl Championship Series group in 2003-2004 was undertaken. The key dates for each institution, i.e.,

- Fall Term, Start of Instruction and Final Examinations; and
- Spring Semester/Winter Quarter, Start of Instruction and Final Examinations

are provided the Supplemental Data Book. The summary of the calendar results is as follows:

Spring Semester/Winter Quarter

The January 2004 calendar had the following weekend dates:

Table 7-1
January, 2004

	Thursday	Saturday	Sunday	Monday
New Year's Day	January 1			
Weekend No. 1		January 3	January 4	
Weekend No. 2		January 10	January 11	
Weekend No. 3		January 17	January 18	
MLK, Jr. Holiday				January 19

Among the 63 BCS institutions, the start dates for classes in January, 2004 were distributed in the following weeks, as shown in the following Table 7-2

Table 7-2
January, 2004

	Start of Classes During Week of	No. of Institutions	Pct.
AFTER Weekend No. 1	January 5- 9	18	29%
AFTER Weekend No. 2	January 12-16	27	42%
AFTER Weekend No. 3	January 19-23	18	29%
TOTAL		63	100%

In other words, had one or more bowl games been scheduled during the second weekend of January, more than seven of every ten institutions would not have yet started January classes.

Viewed by the six major BCS conference groups, plus Notre Dame, the distribution is:

Table 7-3
January, 2004 – Start of Classes

Conference Group	After Weekend No. 1	After Weekend No. 2	After Weekend No. 3	TOTAL
Atlantic Coast	5	3	1	9
Big East	1	2	5	8
Big Ten	3	4	4	11
Big Twelve	--	7	5	12
Pac-10	5	3	2	10
Southeastern	4	7	1	12
Notre Dame	--	1	--	1
TOTAL	18 (29%)	27 (42%)	18 (29%)	63

December Final Examinations

The scheduling of postseason athletic competition during final examination periods of member institutions is inevitable due to the disparate academic calendars used throughout U.S. higher education. While it is true that more than 80 percent of major universities and colleges now use the

semester system, institutions that continue to use the quarter system find that the NCAA Basketball Championship tournaments overlap with Winter Quarter final examinations and the NCAA College World Series (baseball) overlap with Spring Quarter final examinations. Similarly, spring sports such as the NCAA Tennis Championships often overlap with the final examination periods at many institutions that utilize a semester calendar.

The NCAA member institutions competing in the Division I-AA, Division II and Division III Football Championships not infrequently do so during final examination periods. Most institutions participating in postseason Division I-A football bowl games will at least be involved in practice and other preparations during their institutional final exam periods in December. For a smaller number, travel and even participation in bowl games can now also be a reality in mid-December since the first bowl game in December 2003 was played on December 16 (New Orleans Bowl) between two Division I-A institutions not members of the BCS group. Those conferences with conference championship games on the first Saturday of December also find themselves with some of their members (and, thus, potential participants in the championship game at a location several hundred miles away from campus) having final examinations beginning the following Monday morning.

The distribution of Fall final examinations weeks is less easy to categorize succinctly, since the start dates of final examination weeks begin on various weekdays. For the 63 Division I-A institutions in the BCS group, the **last day** of final examinations in December 2003 was scheduled in the following weeks:

Table 7-4
December 2003 – End Week of Final Examinations

Conference Group	Week No. 2 (Dec 8-12)	Week No. 3 (Dec 15-19)	TOTAL
Atlantic Coast	5	4	9
Big East	3	5	8
Big Ten	3	8	11
Big Twelve	1	11	12
Pac-10	4	6	10
Southeastern	6	6	12
Notre Dame	--	1	1
TOTAL	22 (35%)	41 (65%)	63 (100%)

Section 8 -- Current Status

With the information in the preceding seven sections as background, the current discussions regarding the structure and scheduling of Division I-A postseason football -- following the expiration of the

current ABC-BCS and ABC-Rose Bowl agreements in 2005-2006 – has evolved since the Knight Commission’s last meeting on February 1, 2004.

No additional Congressional hearings on this subject have been held since fall, 2003. Instead, meetings of key university chief executive officers of the 11 Division I-A conferences have reportedly led to:

- An agreement that all Division I-A conferences will be considered members of the BCS, ending the previous distinction of “BCS” and “Non-BCS” conferences.
- An agreement to modify the algorithm used for distribution of BCS revenue.
- An agreement to add an additional bowl game to the BCS series, subject to “market acceptance,” in order to increase the likelihood that one or more member institutions of the heretofore “Non-BCS” conferences will participate in one of these games.

The discussions by the commissioners of the 11 conferences are ongoing, as of the date of the preparation of this report. One commissioner has recently commented that the “business model” of the postseason football bowl game system now needs to be reconciled with the “political model” (the description he assigned to the two meetings of the chief executive officers). Such reconciliation about

- the structure of the BCS,
- the number of games,
- the schedule of games,
- the selection process for the games, and
- the location of the games

needs to be clarified in advance of the exclusive negotiation periods built into the ABC agreements (both with the Rose Bowl and with the BCS) and that are scheduled to occur over the next several months.

The purpose of this report is not to comment on any of the possible structural options that have been identified. Instead, after providing factual information that may be useful to others involved in the evaluation of such options, this report concludes with the observation that the members of the Knight Foundation Commission on Intercollegiate Athletics might consider three major themes in any discussion of its own about the various issues regarding Division I-A postseason football. These themes, mentioned briefly in the Introduction to this report, might bear the acronym “GARD”:

1. Governance
2. Access
3. Revenue Distribution

1. Governance

The direct participation of university chief executive officers in the current BCS discussions (and negotiations) has been noted, particularly as that participation has been facilitated by NCAA President Myles Brand. Reportedly, the five conferences previously classified as the “Non-BCS” conferences will have one chief executive officer to represent all five conferences in future meetings of the BCS Presidential Oversight Committee. Further, how the BCS structure and grouping, now reportedly to comprise all 117 Division I-A institutions in the future, match with the established NCAA governance process for Division I-A football remains to be understood fully.

The conference leaders, particularly the conference commissioners, who established the BCS structure in 1996 – with the direct participation and assistance of ABC – continue to insist that there is no role for the NCAA, either through its governance committees or its executive staff, in the matter of Division I-A postseason football beyond the current role of the NCAA Football Certification subcommittee. The major bowl associations, with histories and organizational legacies that date back 50, 60, 70 years – even predating the establishment of the NCAA headquarters in 1952 – share this view.

Yet, as shown earlier in this report, the absence of any over-arching structure of the majority of the postseason bowl game system weakens its overall economic strength. This circumstance has been addressed at the level of professional U.S. sports. The Professional Golf Association (PGA) coordinates the television negotiations for the individual tournaments on the annual PGA tour. More recently, in professional tennis, the U.S. Tennis Association recently announced the establishment of the “U.S. Open Series” as a first-time coordinated package of the various and heretofore individual men’s and women’s professional tennis tournaments held in the U.S. each summer. The intent of that effort by the USTA is to coordinate and maximize the television and sponsorship opportunities for each of the individual tournaments, which will continue to be operated by their local organizations, that heretofore have had striking similarities to the non-BCS bowl games, including their economic performance records.

In addition to the dilemma of diluted economic strength on the part of the majority of the Division I-A postseason bowl games, the governance oversight of the scheduling of these games should also be a concern. Six bowl games (25% of the 24 non-BCS games) are scheduled to be played prior to December 25, 2004. Whether this will become a trend remains to be seen, but it is also noted that one of the BCS “fifth bowl” options under consideration by the conference commissioners is a pre-December 25 (presumably due to economic reasons for greater commercial advertiser interest). The question of whether such scheduling of games on pre-December 25 dates could soon lead to a

different, but similar, intrusion into the academic calendar (fall semester/quarter final examinations) as the scheduling of bowl games beyond the first weekend of January is of concern. Indeed, this December academic calendar issue could be even more serious, given the importance of final examinations.

The issue of what type of governance process would place concerns such as the academic calendar into the discussion is obvious. Chief executive officer involvement in the current discussions has certainly been noted and welcomed by many, eight years after the establishment of the BCS. The question is whether this involvement can be sustained and, if so, in what structure, given the fact that, in the eyes of many observers, the structure has been previously dominated by conference commissioners who are not rooted in everyday university and academic life. Further, the Bowl Championship Series, as an organization, has a distinctive identity, beginning with a website – <http://www.bcsfootball.org> – that has no link to the NCAA whatsoever.

The conundrum, of course, for some is what might be a legally permissible role for the NCAA to have in this matter. The 1984 U.S. Supreme Court decision and the 1986-87 legal opinions from the Association's own legal counsel remain intact. Opposition from conference leaders about any expansion of a NCAA role has been vociferous.

Many have noted that conference leaders wish to maintain control, outside of additional NCAA oversight, of the postseason football environment, in contrast to the lack of direct control and involvement that the conference leaders have in the postseason structure of other NCAA sports. Many conference leaders believe that NCAA involvement in postseason Division I-A football would result in direct NCAA executive staff administration, under the direction of a more broad NCAA governance process. There is no doubt that the question of whether this concern is motivated primarily by a desire to maintain control over (a) selection/access to the prominent bowl game positions; or (b) revenue distribution policies would be answered differently from person to person.

The maintenance of the "bowl game" experience for students and others in the university community also should be understood more fully as a concern. The "bowl game" system of the 1980s or earlier decades is much different today in many (but not all) cases. When a television company itself owns three bowl games rather than civic organizations and when almost all of the games are now emblazoned with corporate icons rather than municipal icons, it should be clear that the bowl game environment that many remember fondly is now much different. Yet, such change may not be problematic, given so many other changes in U.S. society, but the differences remain.

2. Access

The “access” question, i.e., being considered for a lucrative BCS bowl game, has been frequently cited as one of the primary issues of concern by the heretofore “Non-BCS” conferences.

The selection process that has been used in the BCS structure since 1998-99 has received a significant amount of criticism from the media, from coaches, from the general public. Frequent public opinion polls have demonstrated significant dissatisfaction. Several changes have been made in the various formulae and factors used for the selection process; additional changes are now being considered by the conference commissioners.

Whether the newly-proposed concept of enlarging the number of BCS bowl games from four to five -- thereby increasing the number of “slots” from eight to ten -- becomes feasible as an answer to the access question remains to be determined. The “market acceptance” of such a concept, now being evaluated, remains uncertain.

Some suggest that a competitive series of postseason games for Division I-A football, involving conference champions, would be the ultimate answer, similar to the competitive formats in NCAA Championships. Others suggest that the determination of a “national champion” on the basis of a series of two or three competitive games is inappropriate for reasons that include: (a) academic calendar concerns; (b) impact (and possible elimination for economic reasons) of other bowl games that would decrease postseason opportunities for larger number of institutions, and (c) impact on student-athlete welfare due to the physicality of the game of football.

The debate of this issue is likely to continue. The question – harkening back to the governance question – is, what is the most appropriate forum in which the debate should be held?

3. Revenue Distribution

Others have noted that the issue of revenue distribution and retention is perhaps the foremost concern in the current dialogue. As almost all institutions are faced with increased challenges to support the intercollegiate athletic program, how the “pie” of postseason Division I-A football is divided is a question with which many wrestle and about which many argue. The recent reported agreement to modify the BCS revenue distribution has pleased some but disappointed others.

The question of how much revenue is currently available in Division I-A football has hopefully been clarified by the information provided in this report. The question of whether it might be possible to increase the amount of revenue that could be generated from Division I-A football in the future remains unanswered.

Some have suggested recently that, solely from a revenue perspective, increasing Division I-A postseason football revenue would not be as important as allowing the 12th regular-season game – permitted in 2002 and 2003 due to the idiosyncrasies of the calendar but not due to occur again until 2008 – to become permanent, regardless of the calendar. The initiation of an 11th game to the regular season was approved by NCAA legislation in the late 1960s. For intercollegiate athletic programs that have seen the expansion of the so-called “spring sports” into eight-month programs, beginning in September/October, the question of an additional game for the Division I-A regular season might not seem surprising. For some institutions, the incremental revenue from an additional home game would exceed that institution’s share of its conference postseason football revenue.

Yet, a 12th regular season game has other implications. Since several conferences now also conduct a conference championship game, matching the regular-season divisional champions in the conference, two institutions in each of these conferences would play certainly 13 games and, presuming the continuation of both institutions into a postseason bowl game, most likely 14 games. Again, the question is asked. What is the best forum in which this question might be addressed?

A second aspect of the 12th regular season game, seen as perhaps a more lucrative method of generating revenue compared to changes in postseason football, is that it presumably would not address the issue of revenue distribution.

The concept of Division I-A “league-think”, i.e., the modern term for revenue distribution/revenue-sharing, was seen previously only at the individual conference level. Under the BCS structure, the concept of “league-think” was expanded to include six major conferences as a distinct group. Now, the question is being raised about revenue distribution within the eleven conferences of Division I-A as a whole.

Not surprisingly, reports of the recent debate within Division I-A are similar to those heard occasionally between the “big-market” and “small-market” franchises in Major League Baseball and the National Football League, which – to the frustration of certain franchise owners -- have made revenue distribution policies a key part of their league philosophy for decades (the latter more than the former) and which, in the view of many, led to greater economic success of those sports

organizations. The 12th (regular season) game solution obviously would not be a “league-think” solution since it would bring differing effects at the individual institutional level.

Many constituencies have a stake in Division I-A football: university chief executive officers (and governing boards); faculty athletic representatives, the American Football Coaches Association; conference commissioners; bowl associations; more recently, specific television companies and corporate sponsors; and, perhaps in the future, a coordinated organization representing student-athletes. Today’s environment in Division I-A postseason football is a far cry from the episode of 40 years ago in which the football team of a particular Big Ten institution was not permitted by vote of the institution’s faculty senate to travel to participate in the Rose Bowl Game due to concerns about travel and other impacts on the welfare of the student-athletes.

Today, different members of these constituencies will have different perspectives on the governance, access and revenue distribution questions. The relationship of the postseason to the popularity of the regular season is a major argument.

The path to clarity and full resolution of these issues is certainly not clear. Continuing dialogue over the next several months will, it appears, forge a new framework for a series of early January bowl games; but there appears to be little attention to the entirety of the postseason structure at the present time.

It is hoped that the information provided in this report has been a partial aid in providing the basis for a constructive dialogue on the sport that – for whatever reasons -- is arguably the most visible face of higher education to the U.S. public at large.