Graduation Success Incentive Model for Football Bowl Subdivision Revenue Distribution

Introduction:

The Knight Commission on Intercollegiate Athletics believes that to truly transform college sports, the current financial incentives must change, and rewards must align with educational values. To accomplish this, the Knight Commission recommends changing the way a portion of the media rights revenues from postseason football are allocated.

Desired Outcome:

The Knight Commission wants to ensure that the projected **new** media revenues from the FBS football postseason will be used to further strengthen the educational missions of our universities. According to published industry reports, those projected **new** revenues range from nearly $40 million to $320 million **annually**, depending on the postseason format.

The Commission's approach is to **create incentives** for athletics programs to be more focused on their athletes' academic success, an approach proposed in the Commission's *Restoring the Balance* report.

In order to illustrate the tangible impact of a new financial incentive approach, the Knight Commission has developed several models for discussion and consideration. These models provide a framework and supporting details for how to implement concepts that use financial incentives to reward institutions that graduate athletes above a minimum standard. The level of detail provided is intended to facilitate more practical and less theoretical conversations.

The financial amounts that would be received by institutions under the proposed models are projections based on current Graduation Success Rates (GSR). By the time a new revenue distribution system would be implemented, updated GSR scores would be applicable and could significantly alter the representations in these models.

These models also require a change in the historical revenue distribution model for postseason football where revenues flow directly to conferences to distribute to their members. The proposed models would require a centralized distribution system for the graduation success incentives so that individual institutions (not conferences) would receive the appropriate incentive distribution.

At the request of the Knight Commission, the incentive concepts were initially vetted by antitrust attorneys with Skadden Arps, who concluded that they were consistent with antitrust principles.

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Rewarding Graduation Success of Football Athletes through Financial Incentives:

The proposed model uses the GSR for **FOOTBALL TEAMS ONLY** to allocate new projected media revenues earned from the BCS/FBS football postseason. The GSR scores are used to place institutions in an appropriate reward tier. The GSR is the preferred metric to use with financial incentives since it measures actual success (either graduation or completing enrollment while eligible) and not the predictive success (and potentially less accurate) measured by the Academic Progress Rate (APR).

Models A, B and C, described below, represent several different variations of this concept.

Model A (Institutional Football Graduation Success Rate/Tiers for 60%+)

***This is the Knight Commission's preferred model.**

In this model, the reward tiers are: Tier 1 – GSR score of 70 percent or higher and Tier 2 – GSR score of 60 percent or higher. GSR scores below 60 percent do not qualify for Tier 1 or 2 incentives.

Fifty percent of the new media revenue is split evenly among institutions in Tiers 1 and 2; the remaining revenue is split evenly among the institutions in Tier 1 only.

See attached Model A for the projected amounts for each FBS institution using current GSR scores and projected revenue increases of 20 percent, 50 percent and 100 percent.

Model B (Institutional Football Graduation Success Rate/Tiers for 50%+)

This model is the same as Model A except that Tier 2 is defined as GSR scores at or above 50 percent. Institutions with GSR scores below 50 percent do not qualify for an incentive.

Fifty percent of the new media revenue is split evenly among institutions in Tiers 1 and 2; the remaining revenue is split evenly among the institutions in Tier 1 only.

See attached Model B for the projected amounts for each FBS institution using current GSR scores and projected revenue increases of 20 percent, 50 percent and 100 percent.

Model C (Institutional Football Graduation Success Rate/Tiers divided into thirds)

In this model, the GSR scores are divided into thirds. Institutions in the top tier are awarded two-thirds of the incentive pool and the institutions in the middle third receive a third of the money. Institutions in the bottom tier do not receive an incentive.

See attached Model C for the projected amounts for each FBS institution using current GSR scores and projected revenue increases of 20 percent, 50 percent and 100 percent.

Other Incentive/Revenue Distribution Models:

The Knight Commission considered a number of other academic achievement models, such as a model that compared football graduation success rates to the graduation rates for male students and a model that compared average graduation success rates by conference.

The Knight Commission also developed and deliberated about a model that introduces a "soft spending cap" and rewards institutions with financial incentives if programs stay within a recommended ratio of spending. For example, one ratio may be between football spending measured on a per football athlete basis compared with a per student expenditure on academics. The Commission will continue to refine this concept for possible future consideration.

Another model considered the use of a portion of revenues to further the personal and career development of athletes enrolled at FBS institutions following the completion of their eligibility. This "fund" for FBS athletes only would be similar in its allocation and distribution to the NCAA's Student Assistance Fund, which is available to all Division I institutions for their athletes.

Final Recommendation:

At this time, the Knight Commission is recommending the Graduation Success Incentive model.

The Knight Commission believes that the implementation of an incentive program for graduation success is consistent with promoting the enduring values that have become a central focus of this new era of reform. One of those values is that academic success must be paramount. The Graduation Success Incentive Fund described above aligns revenues to support and promote that value.