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Memorandum

To: Christine Copper and William Ruud, co-chairs, NCAA Division I Values-Based Revenue Distribution Working Group

From: William E. Kirwan, chair; Carol Cartwright and Arne Duncan, co-vice chairs, Knight Commission on Intercollegiate Athletics

Subject: Reaction to NCAA Division I Values-Based Revenue Distribution Working Group report

Date: July 1, 2016

Thank you for inviting the Knight Commission to offer comments on the May 2016 report of the NCAA Division I Values-Based Revenue Distribution Working Group. We also appreciate the opportunity you afforded us to speak with your group last December as your work began.

First, we want to commend the working group for the time and thoughtfulness invested in this process. We believe the effort is critically important to the future health of college sports. As the report notes, the NCAA revenue distribution policies have not fundamentally changed in a quarter century, even though the revenues have expanded dramatically. Thus, your group's work is long overdue.

As background, the governance, principles and specific formula of the NCAA revenue distribution plan have long been priorities of the Knight Commission. [In calling for changes to the plan beginning in 2001](#), the Commission has been guided by the principle that the incentives in college sports must be aligned with the association's enduring values. This principle led to the [Commission's persistent call](#) and subsequent NCAA adoption of an academic threshold for postseason eligibility.

With regard to changing the incentives in the revenue distribution plan, [the Commission has previously suggested](#) that the awards for winning men's basketball teams be reduced and that the plan provide rewards for academic achievement.

[The Knight Commission met on May 9-10](#) and was able to have a thorough discussion of the working group's report. In summary, the Commission fully supports the amendments to the revenue distribution principles offered as Concept No. 1. The Commission also strongly supports the adoption of Concept No. 2, which establishes an academic achievement fund. The Commission believes the proposed Model 2 within this concept is a reasonable approach for the qualifying academic criteria, and supports this more inclusive model.

We understand there may be opposition to the academic criteria and amounts proposed in developing the new academic achievement fund presented in the report, but the concept should

advance nonetheless. It will be an important response to the mounting cynicism over whether higher education leaders can implement reforms that prioritize the educational mission of college athletics.

Concept Nos. 3, 4 and 5 are more administrative in nature and seem sensible to the members of the Commission.

We understand that the broad agreement made during governance restructuring to restrict any changes to the distribution of NCAA revenues in place at that time have limited certain aspects of the group's work. But we also agree that the recently expanded NCAA contract creates an opportunity for new thinking about future incremental revenues not bound by that previous agreement.

The Commission strongly supports using these incremental revenues to create the academic achievement fund, and believes this future incentive will align the revenue distribution plan with the amended principles proposed in Concept No. 1.

The current distribution formula has influenced the development of elaborate plans and financial investments to pursue men's basketball units that accrue for advancing in the men's basketball tournament. The educational missions of institutions would benefit if similar incentives existed to increase academic achievement among all athletes.

The Commission supports the working group's report as a positive step forward. We have made our support of the report known to Division I conferences commissioners, presidents, and athletics administrators and we plan to do more to further communicate the Commission's endorsement of the working group's efforts.

In related discussions, the Commission concluded that there is an opportunity to make changes that are more sweeping than simply addressing incentives in the revenue distribution plan. As a result, the Commission has called for the establishment a new guiding principle for the use of the NCAA revenues distributed to institutions through this plan.

Specifically, the Commission recommends that 100 percent of the NCAA shared revenues that are received by institutions should be restricted to supporting athletes' education and providing them with appropriate health and safety benefits and protections. In contrast, we understand that the current proposal would continue to restrict only 25 percent of the revenues received by institutions for use to support athletes' education and to provide other athlete benefits.

We believe this recommendation establishes an important principle—national shared revenues received by institutions must be devoted to athletes' education and health and safety benefits and protections. It is important to the financial integrity of college sports to demonstrate that the revenues from its premier event are being used to support its core imperatives.

If you have any questions or wish to discuss the Commission's reactions or additional recommendation in more detail, the Commission's executive director, Amy Perko, can

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coordinate additional communications with us. Amy can be reached at 910.864.5782 or at perko@knightcommission.org.

Thank you once again for the opportunity to have continued interaction on these important issues.

cc: Knight Commission on Intercollegiate Athletics members
Diane Dickman
Mark Emmert
Kevin Lennon

Attachment: Knight Commission on Intercollegiate Athletics Roster

KNIGHT COMMISSION ON INTERCOLLEGIATE ATHLETICS MEMBERS

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Dr. Carol A. Cartwright, president emeritus, Kent State University (Co-Vice Chair)

Arne Duncan, former U.S. secretary of education (Co-Vice Chair)

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