

Memorandum

To: Bill Hancock, Executive Director, College Football Playoff and the College Football Playoff Board of Managers

From: Carol Cartwright and Arne Duncan, Co-Chairs
Knight Commission on Intercollegiate Athletics

Subject: Recommendations for College Football Playoff Governance, Incentives and Revenue Distribution

Date: September 20, 2017

The Knight Commission has developed several recommendations for the College Football Playoff (CFP) Board of Managers to consider. This memorandum provides more context and background for these proposed changes. Members of our commission plan to follow up with each of you to hear your feedback and views on these suggested reforms.

The Knight Commission believes that athlete health and safety, and campus academics, must be top priorities for college sports leaders. And since its founding, the Commission has asserted that these priorities should be appropriately supported in the allocation of athletics revenues and the provision of performance incentives.

We are encouraged that some of our past recommendations, like [establishing an academic threshold for postseason eligibility](#), including [academic incentives in the NCAA and CFP revenue distributions](#), and [reducing athletic time demands](#), have reinforced the importance of the academic experience of student-athletes. But we believe much more can be done.

During [our most recent meeting](#), we reviewed the national investments currently made in health and safety initiatives and programs aimed at increasing diversity in athletics leadership; [trend data on the percentage of minority football coaches](#) at all levels of collegiate football; and the [current CFP revenue distribution](#).

As a result of these discussions, which build on our group's prior work as described in Attachment 1, the Knight Commission developed the following recommendations.

Recommendations

1. The CFP reallocate a modest portion of its annual revenues toward national initiatives supporting the health and safety of football players and in programs to increase diversity among football coaches.
2. The CFP refine its revenue distribution formula so that its incentive pool for football performance bonuses is equalized with its incentive pool for academic performance bonuses.

3. The CFP add current or former football student-athletes to its board of managers, similar to the change in board governance recently implemented by the NCAA.

By equalizing the academic and football performance bonuses, through an initial reallocation and reduction in the total amount awarded for football success, nearly \$10 million would be freed up to invest in health and safety initiatives and in programs to increase diversity among football coaches.

The [attached and linked graph](#) illustrates how this proposed distribution might work to redirect \$9.6 million of the estimated \$438 million in CFP revenues, equivalent to roughly 2 percent of the CFP's annual distribution.

We recognize that the CFP is organized solely to run the college football playoffs and is not formed to run national programs that would be duplicative of the NCAA and/or conference functions. Our recommendation is not intended to suggest otherwise, but rather to ensure that money is allocated and restricted for the initiatives we've outlined above. The programming functions could be those currently carried out by the NCAA, by FBS conferences or others.

In one respect, the CFP Board of Managers shares a common responsibility with the NCAA Board of Governors. Both boards must determine the distribution of hundreds of millions of dollars in postseason championship revenues. The decisions that both boards make about performance incentives, as well as any restrictions on the uses of funds distributed, have an enormous impact, not only on the way college sports is conducted at the conference and campus levels but also on public perceptions of college sports.

As CFP board members are likely aware, the NCAA has included restrictions on the use of a portion of the funds received through its revenue distribution. Funds dispersed for academic enhancement (8 percent of the distribution) and the conference grant program (2 percent of the distribution) require institutions and conferences to report how those funds are used in compliance with their restricted educational purposes.

With the success and growing impact of the CFP, the Board of Managers has an opportunity to begin reshaping institutional, conference, and national priorities and public perceptions of "big-time" college sports—all at no added cost. Modifying incentives in the CFP revenue distribution to create parity between football performance and academic success bonuses, and restricting the use of some of CFP-generated revenues to address football-related priorities in player health and safety and coaching diversity, are the kinds of value-based reforms that can make a big difference.

We have attached a complete list of our members so that each of you are aware of the leaders from various walks of higher education and college sports who were involved in developing these recommendations. Thank you for your consideration, and we look forward to talking with you about these proposed changes.

cc: College Football Playoff Management Committee
Conference Commissioners of the Football Championship Subdivision
Knight Commission on Intercollegiate Athletics members
Mark Emmert, president, NCAA

Attachments: Background on recommendations
Knight Commission on Intercollegiate Athletics Roster
Figure illustrating recommended CFP changes

Background on Knight Commission's CFP recommendations

For nearly three decades, the Knight Commission's work has been guided by its mission to ensure the priority of educating student-athletes and protecting their health, safety and well-being. In addition, the Commission has promoted reforms to maintain fiscal responsibility and integrity in the conduct of athletics programs. Central to the Commission's work is its belief that the governance of college sports must primarily be led by college presidents, and that presidential leadership is a prerequisite for maintaining a healthy balance among academics, athletics and fiscal responsibility.

The Commission not only believes that athlete health and safety and campus academics must be top priorities for college leaders but that these priorities should be reflected in the allocation of athletics revenues and the provision of performance incentives.

The principle of aligning incentives with educational priorities led the Commission to recommend, first in [2001](#) and then again in [2010](#), that the NCAA include academic incentives in its distribution of March Madness revenues. The NCAA adopted a program last October that includes new academic incentives and will result in more than \$1.1 billion in tournament revenues being awarded to institutions between 2019 and 2032, based on their record of academic and graduation success.

Similarly, the Commission [communicated with FBS leaders in April 2012](#) to encourage them to include academic incentives in any new revenue distribution that might start with a new playoff.

The Commission has previously reviewed the unique separation of Football Bowl Subdivision (FBS) football championship revenues and its distinct structure of revenue distribution. As part of a 2013 [Knight Commission study on the governance and structure of college sports](#), the Commission suggested that since FBS football is considered a sport for NCAA membership and is factored heavily in the distribution of NCAA-generated revenues, a portion of FBS football championship revenues should be used to reimburse the NCAA for national expenses and initiatives that enable football to operate as a national sport.

That viewpoint was again emphasized in a [March 15, 2015 memorandum](#) from then Knight Commission Co-Chairs William "Brit" Kirwan and Gerald Turner to the NCAA Board of Directors and NCAA President Mark Emmert. The Knight Commission memorandum identified strategic priorities that the commission believed should be considered in the new NCAA governance structure.

Since the launch of the CFP, the Commission has held multiple public meetings at which university presidents, medical experts, conference commissioners, former college football players, and coaches and athletics administrators participated. Athlete health, safety and well-being have been prominent concerns in these discussions.

To cite one example, a September 2014 presentation to the Knight Commission by the NCAA's Chief Medical Officer, Brian Hainline, about the strategic priorities of the NCAA's Sports Science Institute, led then Co-Chairman William E. "Brit" Kirwan to [call on the CFP to make a financial contribution to national initiatives like concussion research](#). At that time, Dr. Kirwan said, "The revenues generated by what we expect to be a financially successful College Football Playoff should contribute toward national initiatives to ensure the long-term health and safety of the sport's participants."

KNIGHT COMMISSION ON INTERCOLLEGIATE ATHLETICS MEMBERS

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

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

Val Ackerman, commissioner, Big East Conference

Dr. Scott Cowen, president emeritus, Tulane University

Dr. John DeGioia, president, Georgetown University

Leonard J. Elmore, attorney, sportscaster, former NBA player, and former men's basketball player,
University of Maryland

Dr. Walter Harrison, president emeritus, University of Hartford

Janet Hill, principal, Hill Family Advisors and trustee, Duke University

Dr. Christopher Howard, president, Robert Morris University (Pittsburgh, PA); former football player,
U.S. Air Force Academy

Angela Hucles, past president, Women's Sports Foundation; former member, USA Women's National
Soccer Team

Derek Kerr, executive vice president and chief financial officer, American Airlines

Penelope Ward Kyle, president emeritus, Radford University

Sarah Lowe, second vice president, United States Liability Insurance Group; former women's basketball
player, University of Florida

Jonathan Mariner, former executive vice president and chief financial officer, Major League Baseball

Anna Spangler Nelson, chairman, Spangler Companies; member, UNC Board of Governors

Dr. G.P. "Bud" Peterson, president, Georgia Institute of Technology

David Robinson, co-founder and principal, Admiral Capital Group, former NBA player, and former
men's basketball player, U.S. Naval Academy

Dr. Myron Rolle, neurosurgeon resident, Harvard Medical School and Massachusetts General Hospital;
former football player, Florida State University

Paul Tagliabue, former NFL commissioner; member, Georgetown University Board of Directors

Nicholas Zeppos, chancellor, Vanderbilt University

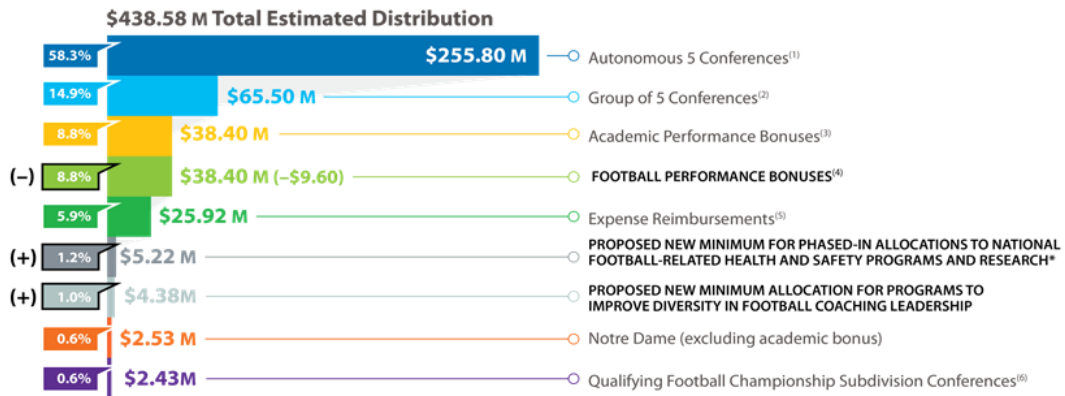
Dr. Nancy L. Zimpher, chancellor emeritus, State University of New York

Alberto Ibarguen, president and CEO, Knight Foundation (ex officio)



Knight Commission Proposed Changes to College Football Playoff (CFP) Annual Distribution

Estimates of 2016-17 distribution



SOURCE: collegefootballplayoff.com/revenue-distribution

NOTES: * It is intended that this proposed new minimum allocation be just a start and that increases in this funding be phased in over the next five years to cover the costs of football-related national health and safety programs and research.

- (1) Negotiated share to divide equally among ACC, Big Ten, Big 12, Pac-12, SEC
- (2) Negotiated share to split among American, Conference USA, Mid-American, Mountain West, Sun Belt (according to this group's criteria)
- (3) \$300,000 awarded for each of the 128 FBS teams meeting the NCAA's minimum APR for postseason competition
- (4) Bonuses for the 4 CFP semifinalists and 6 other teams in CFP-selected bowls would be immediately reduced; these bonuses are currently 16 times more per team than the academic awards; this reduction would be a start to further changes that should reduce these bonuses to a more appropriate level
- (5) Expense reimbursements for CFP participating teams and the 6 other teams in CFP-selected bowls
- (6) The CFP sets the qualifying criteria for the FCS conferences: currently 9 of the 13 receive the same amount

All distributions are provided to the conferences to dispense, except for the distributions provided to the four independent institutions. In some cases, the conferences distribute a portion of the funds to institutions based on football performance.