



# Slide Deck – Table of Contents

- Introduction/Overview: Slides 0 – 3
- Summary of Pivotal Period of College Sports: Slides 4 – 6
- DI Financial Landscape: Slides 7 – 17
- DI Financial Projections: Slides 18 – 21
- Where Change is Needed: Slides 22 – 26
- Knight Commission Solutions: Slides 27 – 34
- Key Takeaways: Slides 35-36



**Knight Commission**  
**On Intercollegiate Athletics**

A PROJECT OF THE JOHN S. AND JAMES L. KNIGHT FOUNDATION

# **The Multi-Billion Dollar Question: How Should New CFP and DI Revenues Be Used?**

**2023 NCAA Convention**  
**San Antonio, Texas**  
**January 12, 2023**

---



“The purpose of the **Knight Commission on Intercollegiate Athletics** is to develop, promote, and lead transformational change that prioritizes the **education, health, safety and success of college athletes.**”



# 2023 Knight Commission Members

**Jonathan Alger**

President  
James Madison University

**Eric Barron**

President Emeritus  
Pennsylvania State University

**Pam Bernard, co-chair**

VP and General Counsel  
Duke University

**Christine Copper**

Faculty Athletics Representative and Professor  
US Naval Academy

**Arne Duncan, co-chair**

Former US Secretary of Education

**Len Elmore, co-chair**

Attorney, TV Commentator,  
Former NBA and College Basketball Player

**Wayne Frederick, M.D.**

President  
Howard University

**Kim Harmon, M.D.**

Professor/Head of the Sports Medicine Section  
University of Washington School of Medicine

**Chris Howard**

Executive Vice President and COO  
Arizona State University Public Enterprise

**Amy Huchthausen**

Chief Operating Officer  
Stavvy, Inc.

**Alberto Ibarguen, Ex-officio**

President and CEO  
John S. and James L. Knight Foundation

**Derek Kerr**

Executive VP and CFO  
American Airlines

**Shanteona Keys**

Former Women's Basketball Player  
Georgia College

**Jonathan Mariner**

Former Executive and CFO  
Major League Baseball

**Jacques McClendon**

Director of Football Affairs  
LA Rams

**Jessica Mendoza**

Television Commentator, ESPN,  
Olympic medalist, Former College Softball Player

**Gloria Nevarez**

Commissioner  
The Mountain West Conference

**Jill Pilgrim**

Principal Owner  
Pilgrim & Associates Arbitration, Law & Mediation

**Peter Roby**

Advisor to the Director of Athletics  
Dartmouth College

**Kendall Spencer**

Georgetown University Law Graduate, Former NCAA DI  
Board Member



# Presentation Overview

- A Pivotal Period in College Sports
- Why is now the Critical Time to Act?
- Division I Financial Landscape and Projections
- Changing the Course
- Knight Commission Solutions



# A Pivotal Period in College Sports



# A Pivotal Period of College Sports

1. Supreme Court 9-0 ruling against NCAA in *NCAA v. Alston*
2. Historic Change in Name, Image & Likeness (NIL) policies
3. FBS football reshaping the entire landscape through conference realignments, media rights deals, and CFP expansion
4. Transformation Committee recommendations
5. Athletes classified as employees and looming litigation



**The time to act is now:**

**More than a Billion Reasons  
Why**





# **D-I Financial Landscape and Projections**

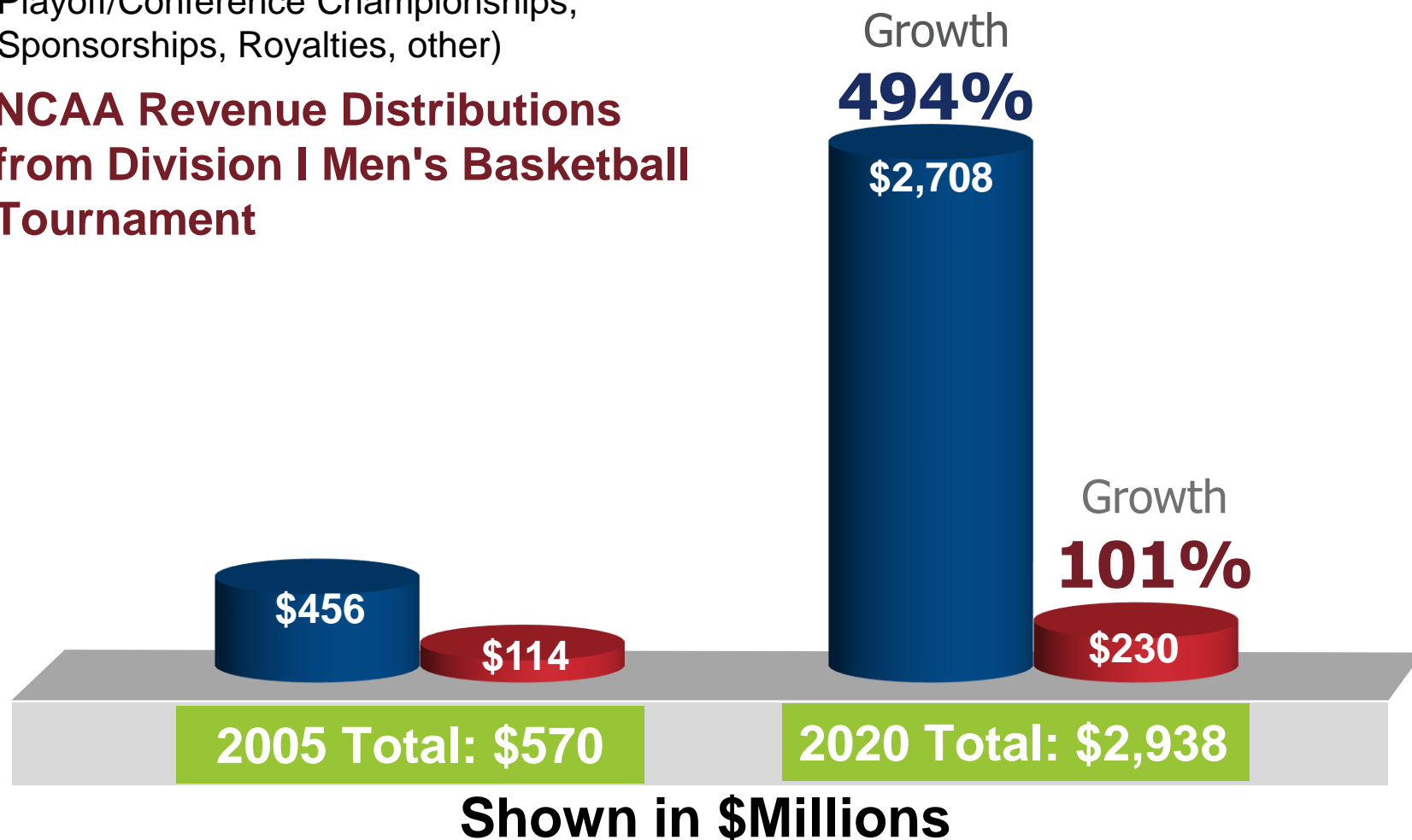


# Power 5 Conference Revenues from Two Major Sources

## Conference Generated Revenues

(Media Contracts, Network Revenues, Postseason Football & College Football Playoff/Conference Championships, Sponsorships, Royalties, other)

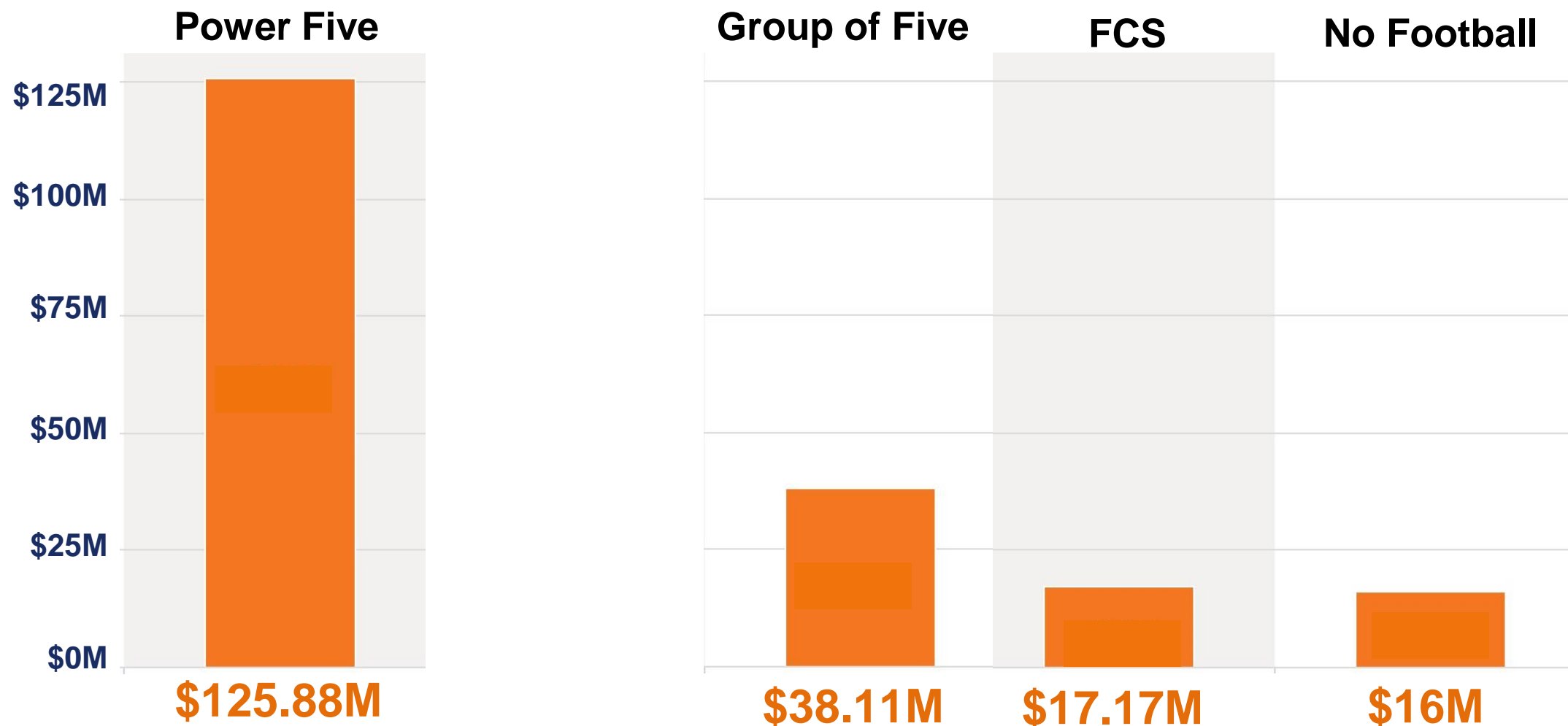
## NCAA Revenue Distributions from Division I Men's Basketball Tournament



**Key point:**  
Conference media contracts and CFP revenues have exploded.



# Division I Overall Revenues (median in each subdivision)



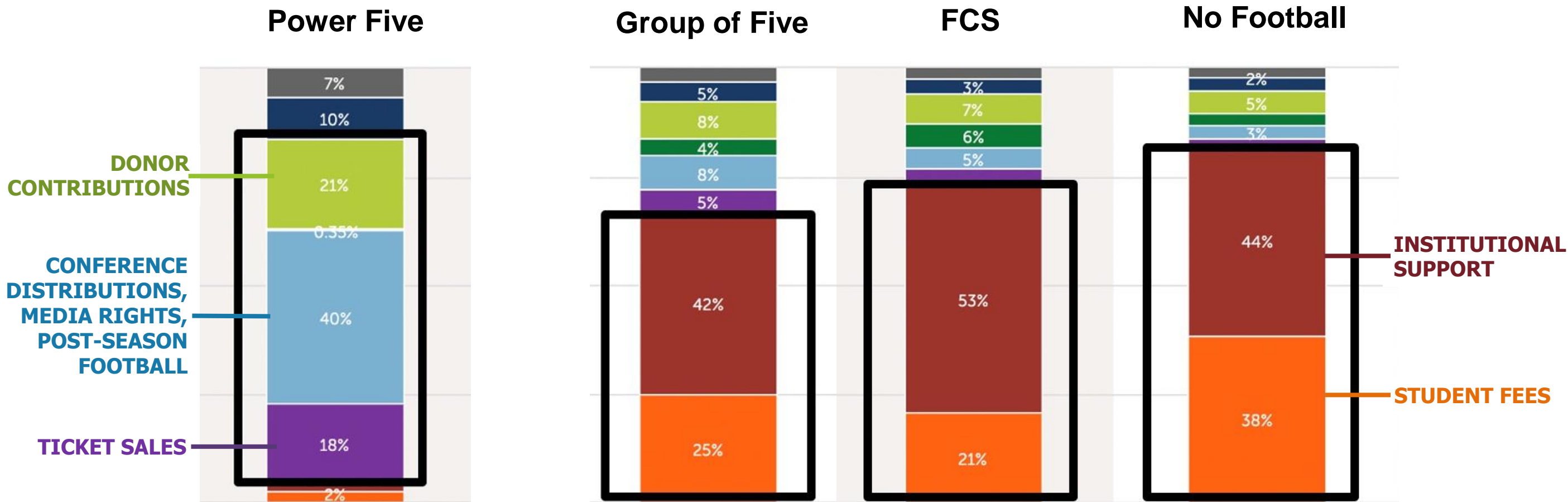
**Key point:**

**There are major revenue differences among Division I subdivision schools.**



# Major Sources of Division I Revenues

(median in each subdivision)



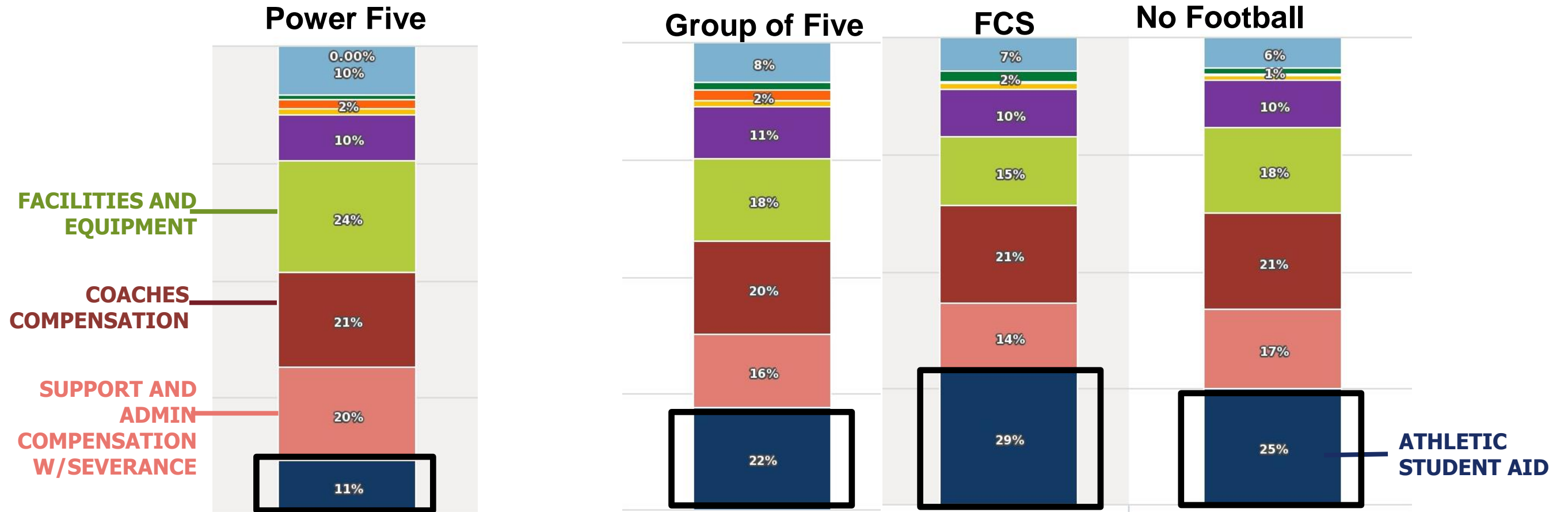
## Key point:

The revenue sources for Power 5 schools are significantly different than the rest of Division I; what new revenue will fund new mandates?



# Major Division I Expenses

(median in each subdivision)



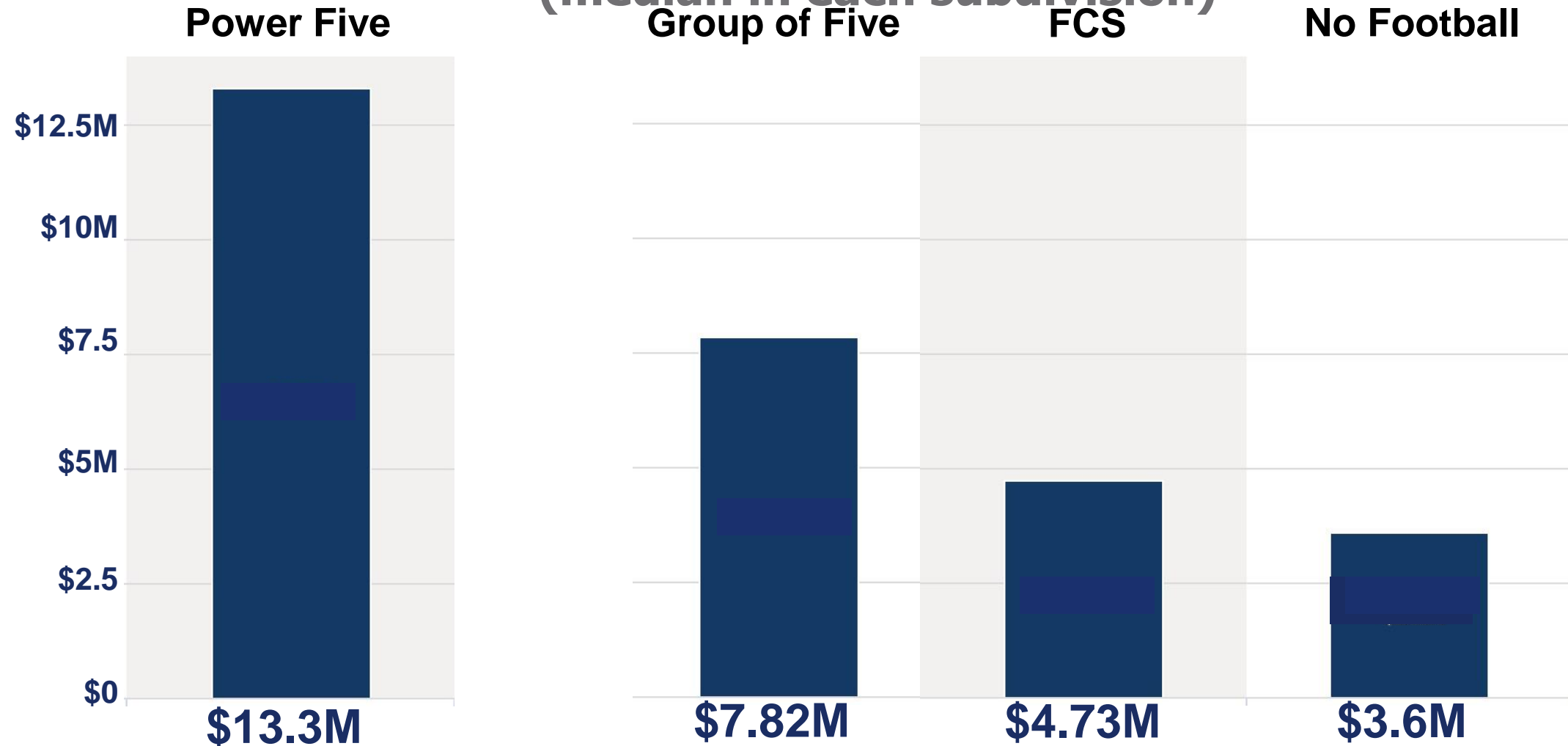
**Key point:**

**The non-Power Five subdivisions spend a higher percentage of their budgets on athletic student aid, however...[see next slide]**



# Division I Amount Spent on Student Aid

(median in each subdivision)



**Key point:**

**The non-Power 5 subdivisions spend significantly less in total dollars on student aid than the Power 5.**



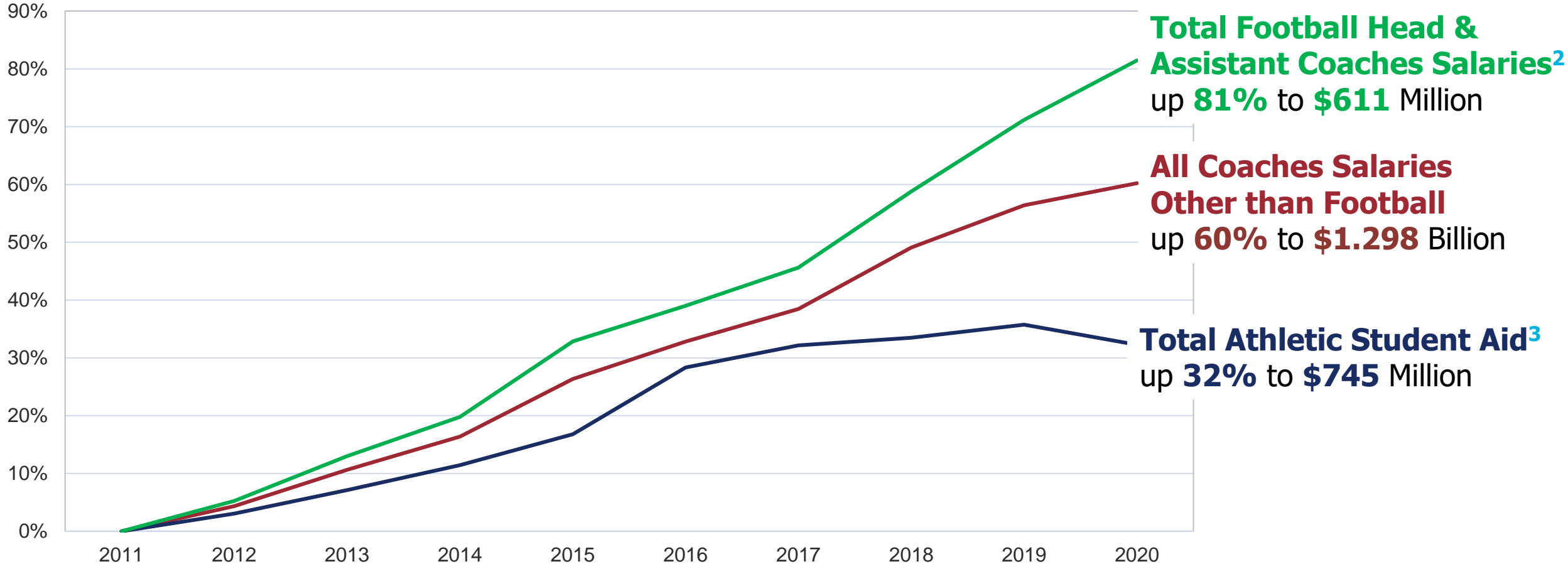
# Changes to Expenditures as Revenue Increased

- The emphasis on competitive advantage has driven a disproportionate increase in specific areas:
  - Coaching Salaries
  - Coaching Buyouts
  - Facilities
- Athletic student aid has grown more slowly than the above categories.



# Change in Growth of Coaching Salaries and Student Aid

FBS-Power 5 Public Institutions<sup>1</sup> - 2011 to 2020 **ACTUAL**



<sup>1</sup>51 institutions    <sup>2</sup>500+ coaches    <sup>3</sup>30,000+ athletes

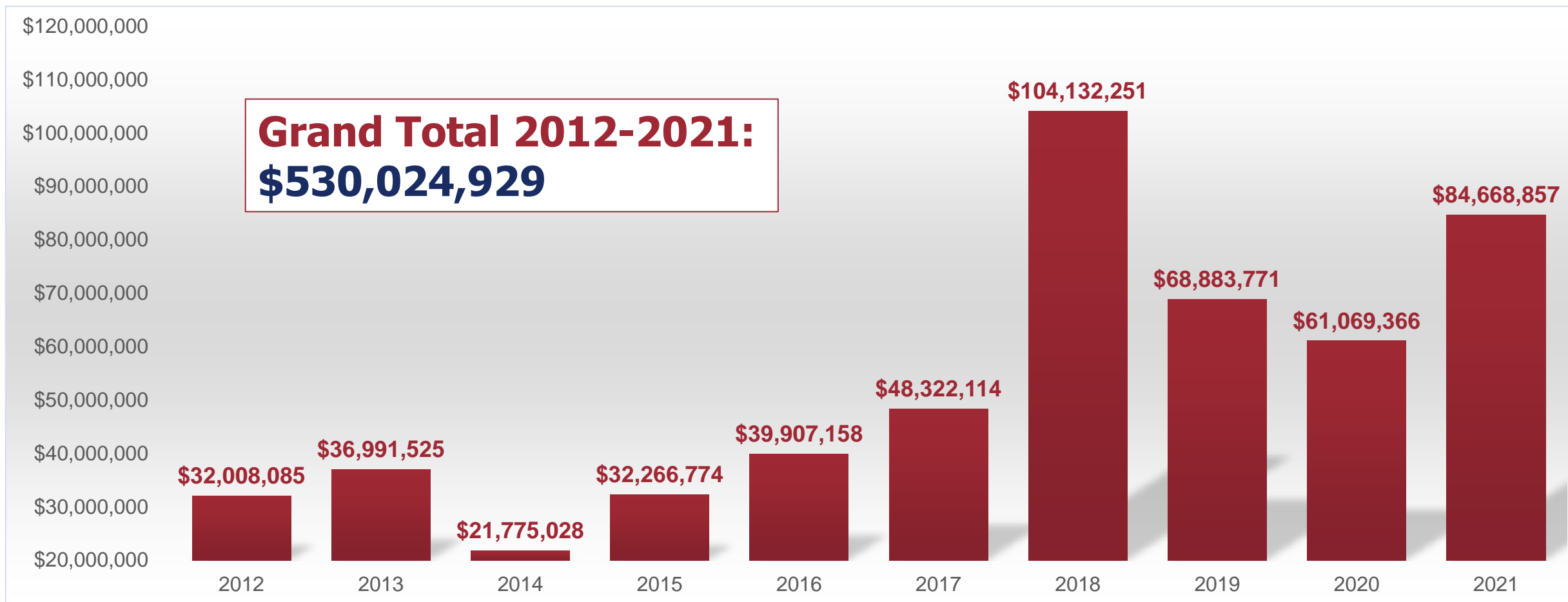
Source: Knight-Newhouse College Athletics Database, 2020 data, adjusted for inflation





# Ballooning Buyouts: Head and Assistant Football Coaches Severance

FBS Institutions – 2012-2021 **ACTUAL**

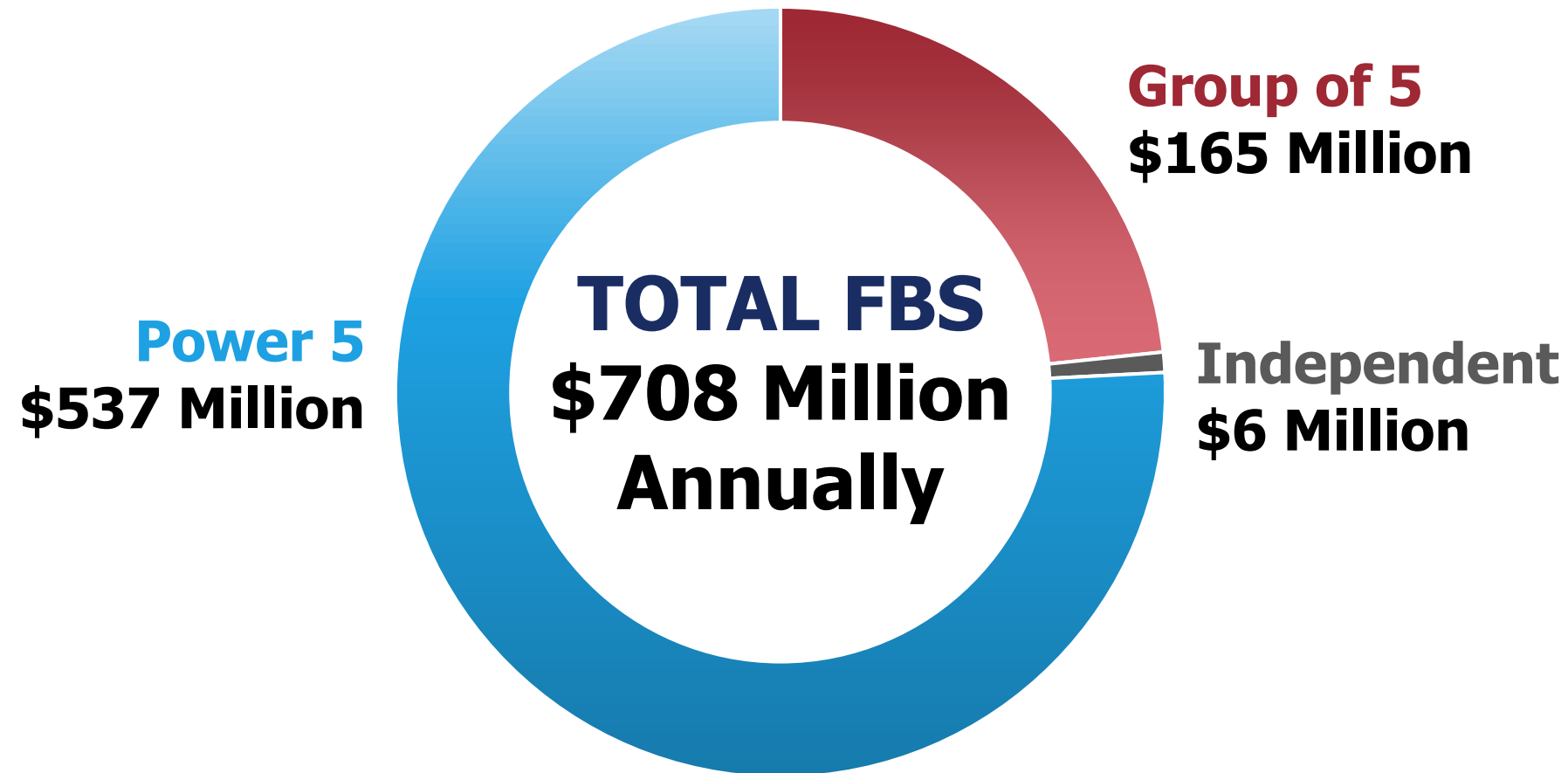


**College Football Playoff Begins**



# Facilities: Annual Debt Service for Athletics

FBS public institutions, 2021





# **Expense Projections if the Approach Stays The Course**



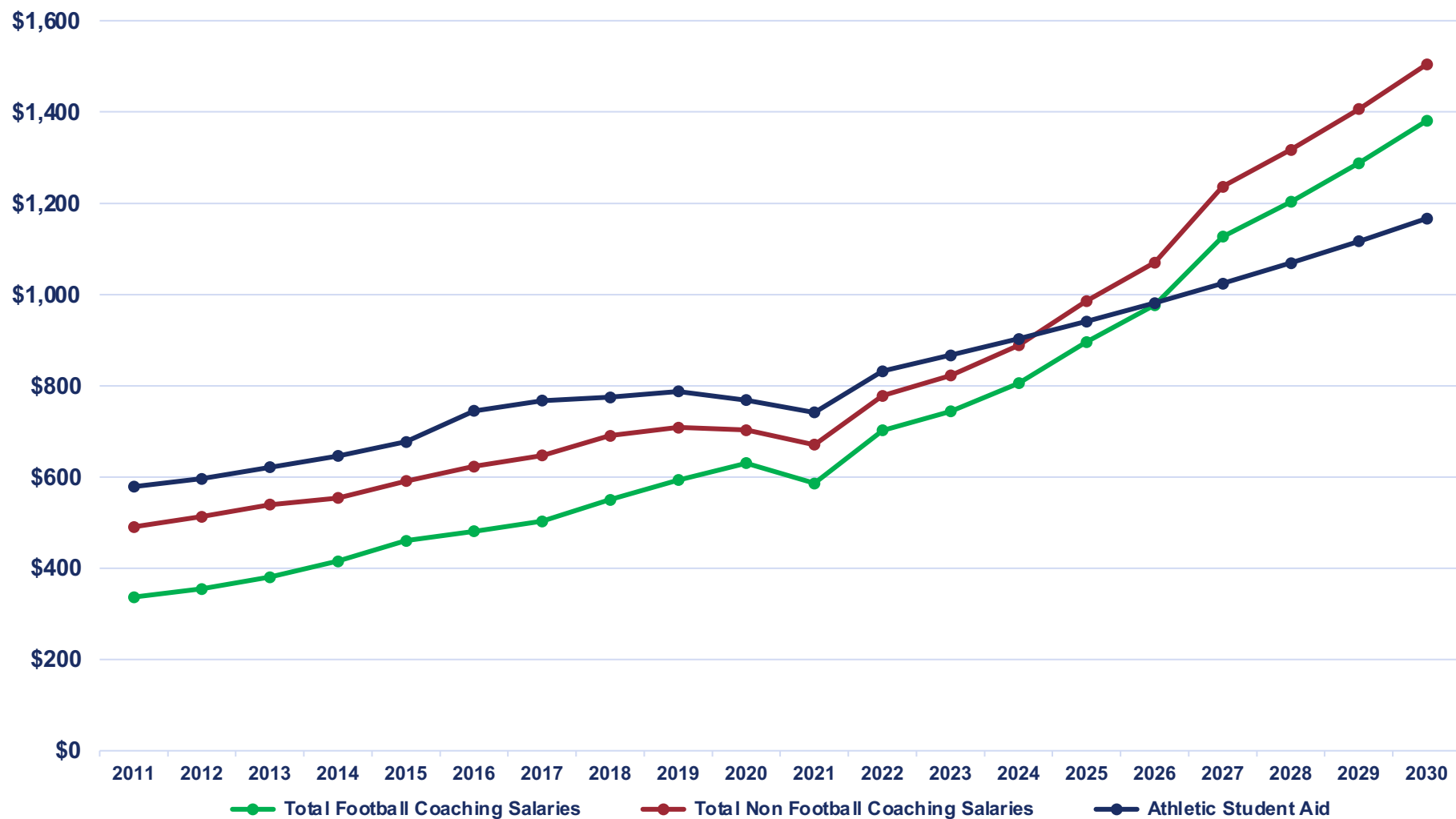
# Power 5 and FBS Future Revenue Projections Include

- \$500M to \$1B CFP expansion
- Big 10 and SEC – conference media revenue growth (excluding CFP)
- Escalating growth



# Growth in Coaching Salaries and Student Aid

## 52 FBS-POWER 5 Public Institutions - 2022-2030 **PROJECTED**



**Total Non-Football Coaching Salaries:** Trend increase is based on a % of revenue and increase to **\$1.5B** in 2030 up **207%** since 2011.

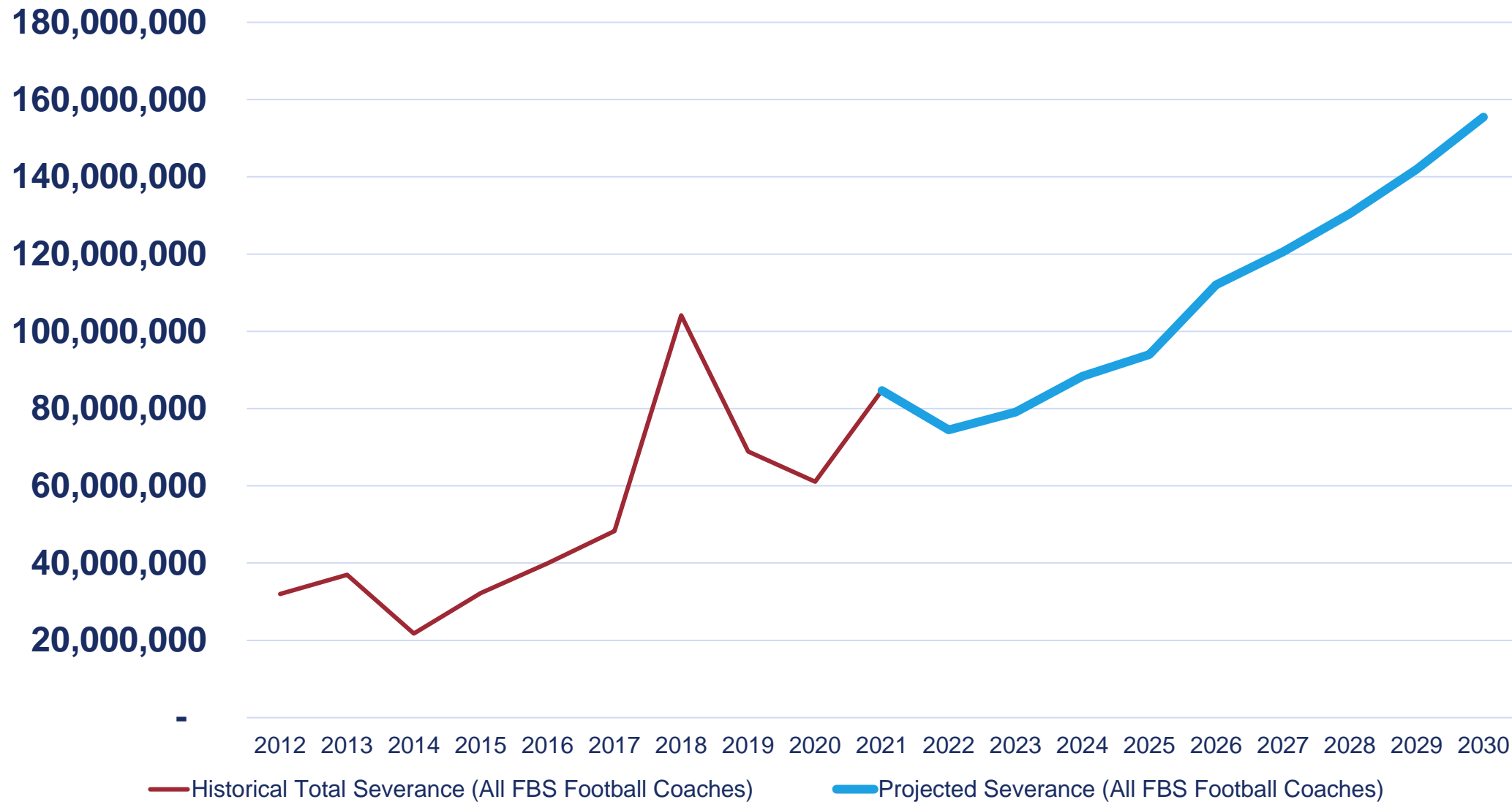
**Football Coaches Salaries:** Trend increase is based on a % of revenue and increase to **\$1.4B** in 2030 up **310%** since 2011. *For 575 "Countable" coaches in the 52 public P5 schools reporting data.*

**Athletic Student Aid:** Trend is based on the annual growth rate from 2015-2019 which equals an annual increase of 4.0%. Projected to increase to **\$1.2B** in 2030 up **102%** since 2011. *More than 30,000 athletes at the P5 schools represented in data.*



# Head and Assistant Football Coaches Severance

## FBS Institutions – 2022-2030 **CONSERVATIVE PROJECTION**



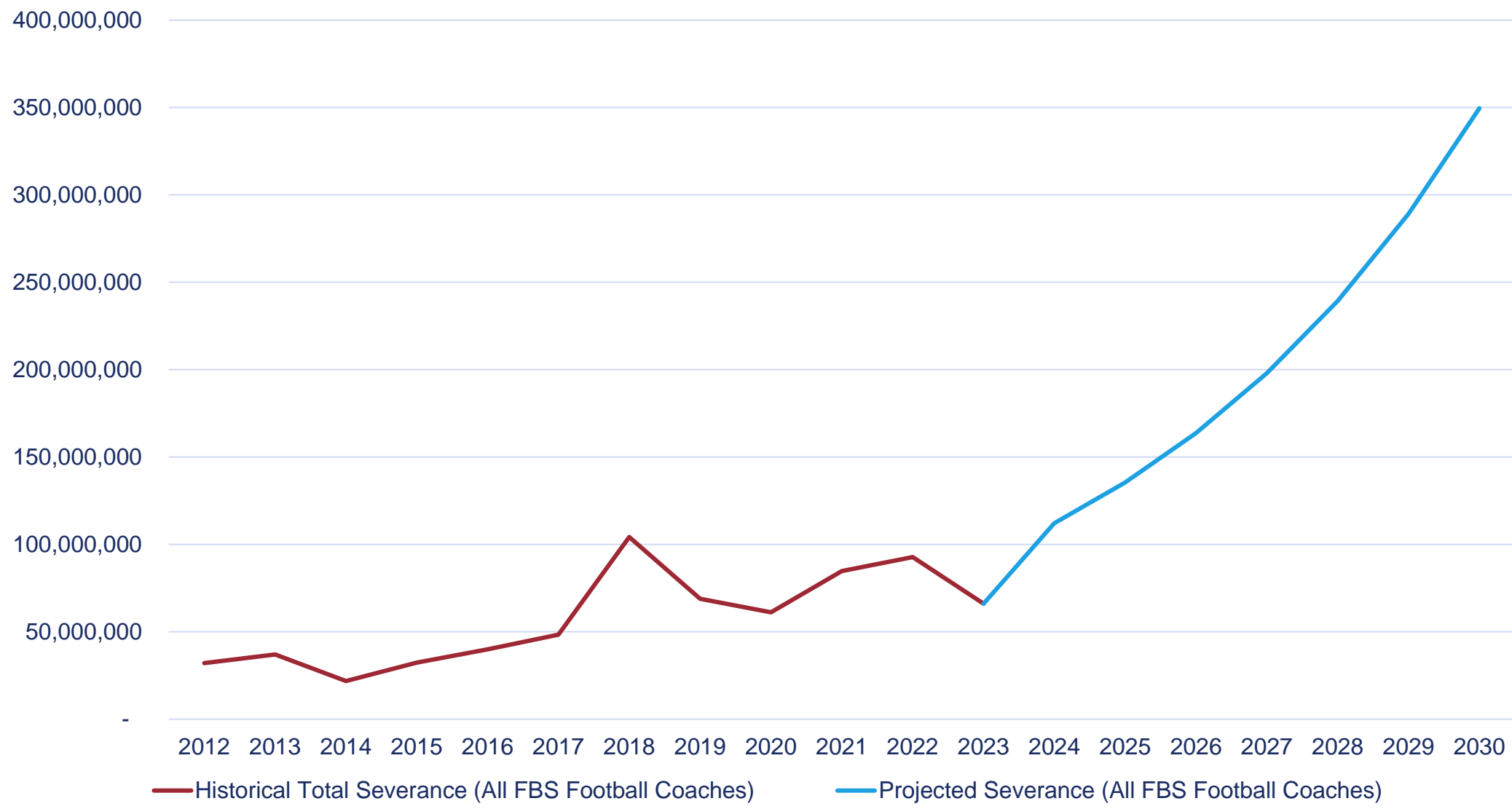
The projected increase in football coach severance is based on the average % of revenue from 2015 – 2021

**Football Coaches Severance** is projected to increase to **\$155M** in 2030.



# Head and Assistant Football Coaches Severance

FBS Institutions – 2023-2030 **PROJECTION BASED ON GROWTH RATE SINCE CFP BEGAN**



The projected increase in FBS football coach severance is based on the annual growth rate of severances from 2015 -2019 which equals an annual increase of 21%.

**Football Coaches Severance** is projected to increase to **\$350M** in 2030.



# Changing the Course

## Now





# Where Change Is Needed

## NCAA Transformation Committee Proposal

- Significant increase in financial benefits to DI athletes for degree completion
- More health and safety benefits and protections

**A good start – but we must go further  
(governance, finance, equity)**



# Where Change Is Needed

## 1. Governance

- a. **Primacy of education must be at center of** the structure and governance of college sports and prioritized in financial incentives and allocations.
- b. **Independent directors** must be on all governing boards, including medical experts and college athletes, to combat the self-interest that dominates the competitive nature of college sports in governance decisions.
- c. **CFP revenues** must be properly aligned with governance and national costs for FBS football



# Where Change Is Needed

## 2. Finances

- a. Must be a plan to address current **runaway spending issues** to proactively prepare for more than a **BILLION** dollars coming into the system.
- b. That plan should ensure financial focus on the **education, health, safety, and well-being of college athletes.**



# Where Change Is Needed

## 3. Equity – How the Money is Awarded and Used

### a. **Racial Equity:**

A new **Racial Equity Standard** must be put in place to ensure institutions receiving shared revenue distribution for academic success meet minimum graduation standards for black athletes.

### b. **Gender Equity:**

- i. Any performance based shared revenue distribution should equitably reflect the performance of both men's and women's teams.
- ii. Institutions must meet Title IX requirements.



# **Knight Commission Financial Solutions**



# Knight Commission Financial Solutions

## Align CFP revenues with FBS football national expenses



COLLEGE FOOTBALL  
**PLAYOFF**

CFP revenues would fund national FBS football expenses (e.g., enforcement, legal services, insurance) currently covered by the NCAA.

**An estimated \$65 million\* could increase NCAA revenue distribution to fund new Division I mandates and programs.**

\*LEAD1, September 2022



# Knight Commission Financial Solutions

## Correct Application of the NCAA Revenue Distribution Formula



Count only NCAA championship sports in NCAA Revenue Distribution formula, excluding FBS Football (CFP is not an NCAA championship).

**Under the current formula, \$61-\$66 million\* could be reallocated, increasing distributions to non-FBS schools and FBS schools that offer a significant number of sports.**

\*CLA estimate, December 2020



# Knight Commission Financial Solutions

A NEW REPORT IN THE SERIES: TRANSFORMING THE D-I MODEL

## Connecting Athletics Revenues with the Educational Model of College Sports

C.A.R.E. Model of College Sports



### Principles to modify existing system:

1. Transparency
2. Independent Oversight
3. Gender Equity
4. Broad-based Sports Opportunities
5. Financial Responsibility for Education, Health, and Safety





# Knight Commission Financial Solutions

## Using a Conference-Based Approach

- Conferences have different financial models
- Similar characteristics of conference schools enables achieving consensus on challenging financial issues
- Conference-level action is more likely to withstand antitrust scrutiny



# Knight Commission Financial Solutions

## Conference-Based Application of the Financial Responsibility Principle

### Example 1

Designate an amount equal to 50% or more of “shared athletics revenue distributions” directly support athlete education, health, safety, and well-being and university academics.

**Only 9 of 52 Power 5 public universities met this criteria based in modeling using 2017-2019 data**



# Knight Commission Financial Solutions

## Conference-Based Application of the Financial Responsibility Principle

### Example 2

- Create limits, spending targets and/or penalties on “regulated” operating expenses.

### Example 3

- Address excessive coaching salaries and buyouts through a “luxury tax” system.



# Existing Example for Non-Compliance with Conference Policy

**Access to Competition Area Policy (“Storming the Field/Court”) penalty** may be imposed for violations in all sports sponsored by the Conference:

Institutional penalties range from **\$50,000** for a first offense to fines of up to **\$100,000** for a second offense and up to **\$250,000** for a third and subsequent offenses.



## Key Takeaways

- New Money Coming In: CFP expansion estimates **\$1 – 1.5 Billion** in **ANNUAL NEW** revenue (currently \$600 million). Power 5 receive a majority.
- New Money Coming In: Big Ten and SEC media contracts and more P5 to follow.
- Past trends show new revenues disproportionately to coaching compensation, including severance, and facilities.



## Key Takeaways

- Changes are needed in the key areas of **Governance, Finances and Equity**
- Financial changes to create accountability and alignment before financial explosion:
  - Alignment of CFP revenues – pay for national costs
  - Take FBS football out of NCAA Distribution since FBS football is not NCAA Championship sport
  - Implement Knight Commission C.A.R.E. Model to address financial responsibility and equity recommendations



## Q&A

### **In-person participants:**

Please step to a floor microphone.

### **Virtual participants:**

Please click on the Q&A icon to type your question.



# Knight Commission On Intercollegiate Athletics

A PROJECT OF THE JOHN S. AND JAMES L. KNIGHT FOUNDATION

[knightcommission.org](http://knightcommission.org)

 @knightathletics