Knight Commission
On Intercollegiate Athletics
A PROJECT OF THE JOHN S. AND JAMES L. KNIGHT FOUNDATION

Welcome to the
Knight Commission on Intercollegiate Athletics Forum:

Remaking the NCAA, Past Constitutional Reform

NCAA Convention Session
January 20, 2022

Indianapolis, Indiana

Purpose statement:

"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****."*

2022 Knight Commission Members

Jonathan Alger
President
James Madison University

Eric Barron
President
Pennsylvania State University

Pam Bernard
VP and General Counsel
Duke University

Christine Copper
Faculty Athletics Representative and Professor
US Naval Academy

Arne Duncan
Former US Secretary of Education

Len Elmore
Attorney, TV Commentator,
Former NBA and College Basketball Player

Wayne Frederick
President
Howard University

Walt Harrison
President Emeritus
University of Hartford

Chris Howard
President
Robert Morris University

Alberto Ibargüen, Ex-officio
President and CEO
John S. and James L. Knight Foundation

Derek Kerr
Executive VP and CFO
American Airlines

Shanteona Keys
Former College Basketball Player
Georgia College

Penelope W. Kyle
President Emeritus
Radford University

Jonathan Mariner
Former Executive and CFO
Major League Baseball

Jacques McClendon
Director of Player Engagement
LA Rams

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

Gloria Nevarez
Commissioner
West Coast Conference

G.P. "Bud" Peterson
President Emeritus and Regents Professor
Georgia Institute of Technology

Jill Pilgrim
Principal Owner
Pilgrim & Associates Arbitration, Law & Mediation

Peter Roby
Interim Athletics Director
Dartmouth College

Kendall Spencer
Georgetown University Law Graduate,
Former NCAA DI Board Member

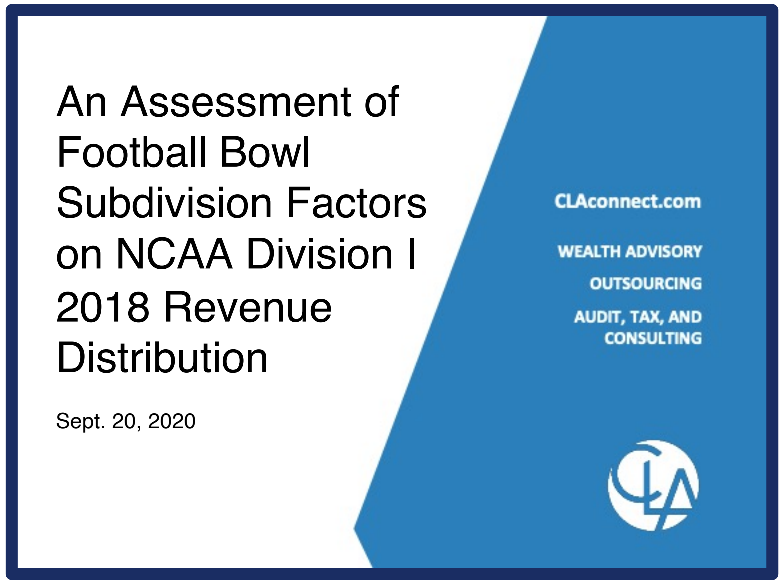
Nancy Zimpher
Chancellor Emeritus
State University of New York

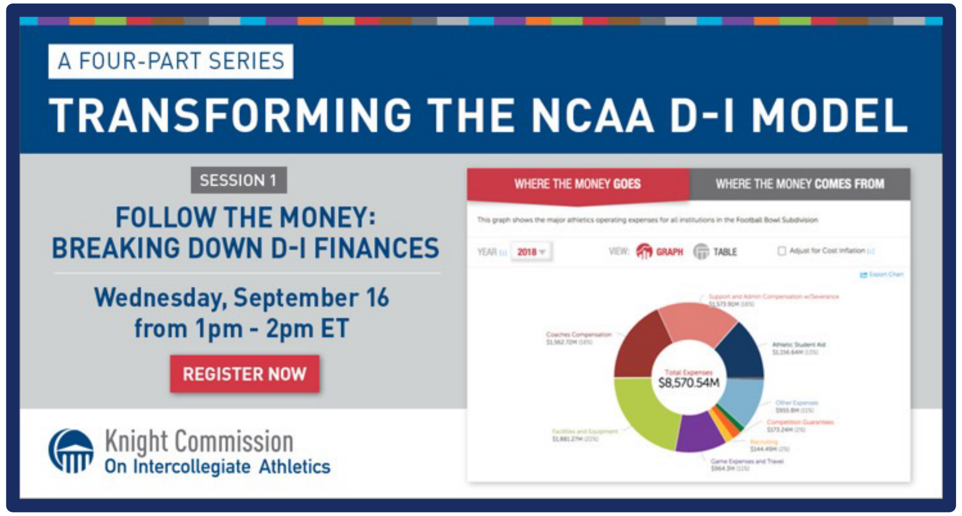
Knight Commission's Legacy of Impact

Independent voice and ideas informed by **experts** that impacted governance and prioritized education; Work widely recognized by practitioners and scholars alike for impact:

- Reforms prioritizing athletes as students first: **degree completion priority** and support; protections around **athletics time demands**, etc.
- Requiring **50 percent graduation benchmark** for postseason eligibility
- Including **academic incentives** in the NCAA and CFP **revenue distributions**
- Embedding **presidential leadership** in college sports at all levels
- Adding **independent directors** to NCAA's highest governing board

Knight Commission Studies to Inform Recommendations



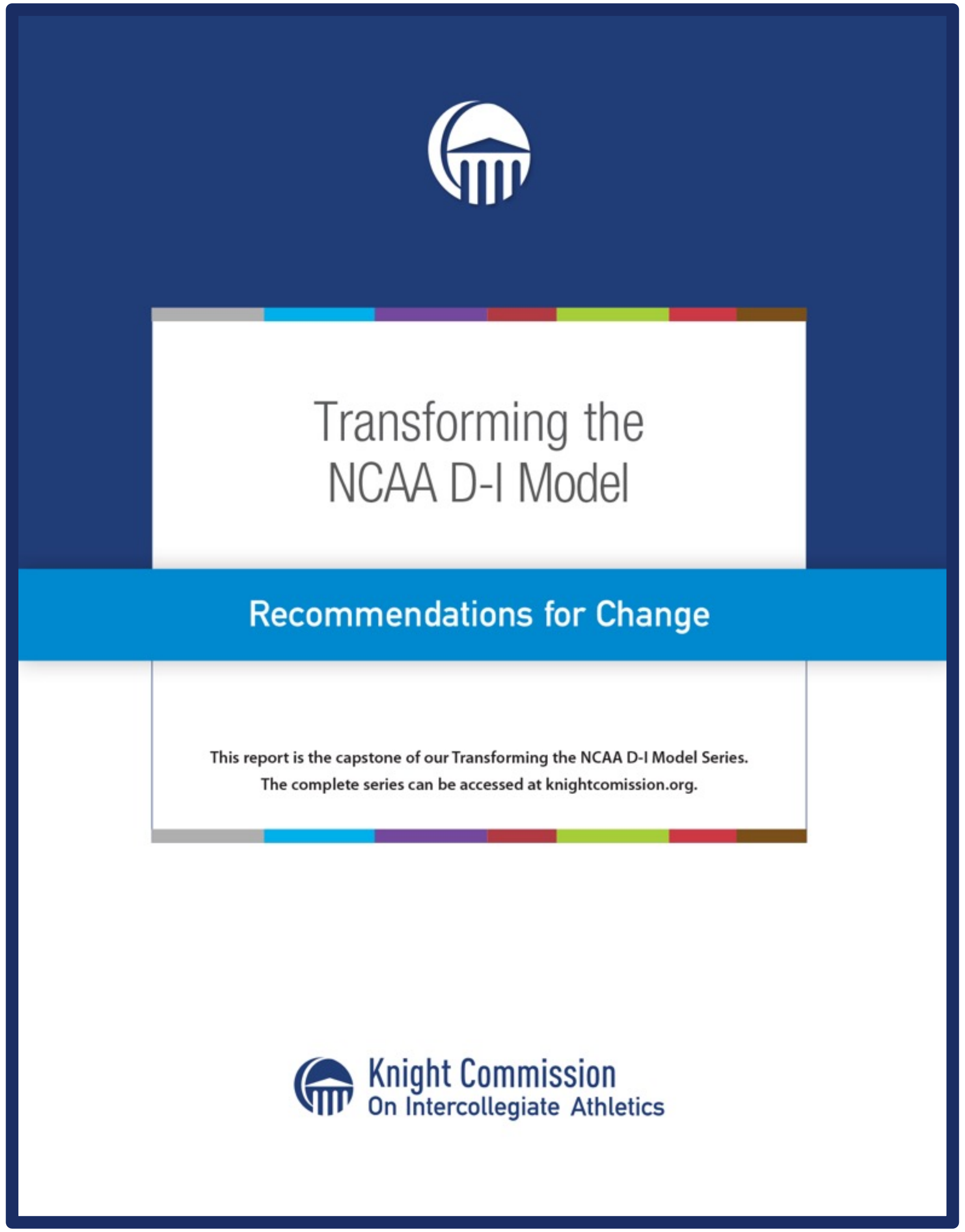


LITERATURE REVIEW OF DIVISION I ATHLETICS REFORM
Prepared for the Knight Commission on Intercollegiate Athletics by National Scholars
Oct. 2020

Independent Legal Assessments of our Proposed D-I Model in Dec. 2020 report

Antitrust analysis conducted by Winston Strawn
Title IX analysis conducted by Church Church Hittle + Antrim
May, 2021

All studies and independent assessments accessible on www.knightcommission.org



"Transforming the D-I Model" Series:

1. NIL Principles (April 2020)
2. NCAA and College Football Playoff Revenue Distributions (October 2020)
3. Governance and Structure: Recommendations for Change (Dec. 2020)
4. Achieving Racial Equity in College Sports (May 2021)
5. Connecting College Athletics Revenue Distributions with the Educational Model of College Sports (C.A.R.E. Model) (September 2021)

*Released in April 2020

Knight Commission NIL Principles*

1. Fairness to Athletes as Students
2. Informing Athletes on NIL Rights
3. Oversight of NIL Rights
4. Guardrails for NIL Rights (e.g., prevent pay-for-play)
5. National Uniformity

Knight Commission 4-Minute Video*

"An Introduction to Name, Image and Likeness Rule for College Athletes"

Financial Structure

Commitment to change by NCAA, CFP and DI conferences is essential to rebuild trust and ultimately, secure a federal legislative solution

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

Knight Commission
On Intercollegiate Athletics

DI Shared Revenue Distribution

More than $3.5 Billion Annually

NCAA MARCH MADNESS

Distributes more than **$600m** to 351 DI schools;

COLLEGE FOOTBALL PLAYOFF

Distributes nearly **$500m** to 130 FBS schools

32 DI Conferences

Networks, media contracts & championships

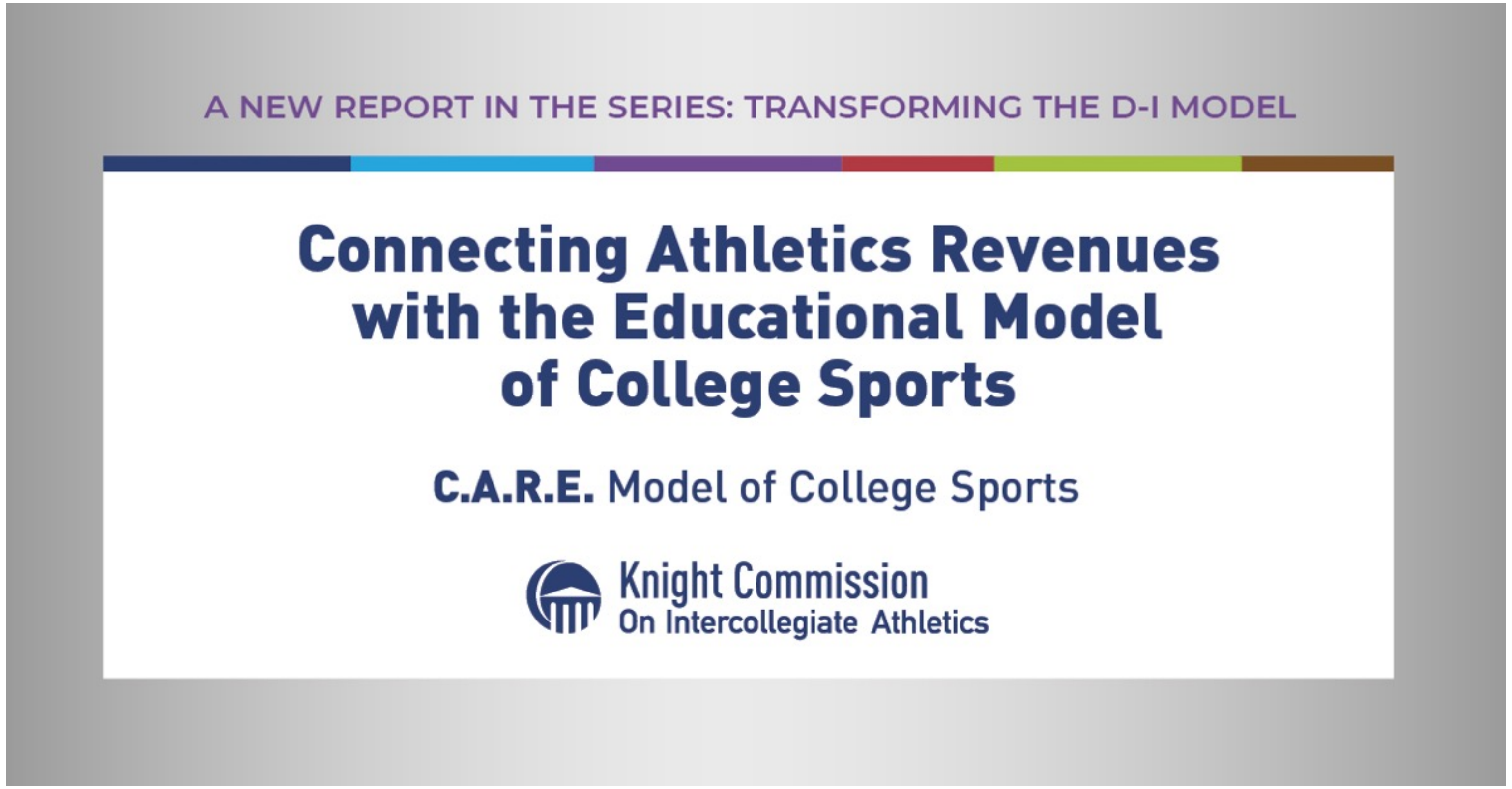
Distributes more than **$2.6B** to 351 schools
($2B to the Power 5 schools)

Reactions to C.A.R.E. Model

- 21 college coaches associations, representing 30 women's and men's college sports with more than 240,000 athletes, announced public support the C.A.R.E. Model.

- Leaders privately acknowledge that "something like this concept" is needed to address what has become an indefensible financial model for Power 5 - recent examples:
  - **8** Power 5 schools fired Football Head Coaches with **$90 Million** in buyouts.
  - **3** Power 5 schools recently escalated coaching salaries, paying their head football coaches roughly $95 million over 10 years/**$9.5 million a year**.

Principles to Impact Distribution Criteria and Spending


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

Knight Commission On Intercollegiate Athletics

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

*Existing system for NCAA and CFP includes academic incentives as previously recommended by Knight Commission

Released September 2021

Overarching Principles:

1. Transparency

- Disclose both distributed revenue allocations and spending
- Disclose gender and ethnicity demographics of college athletes and athletics staff

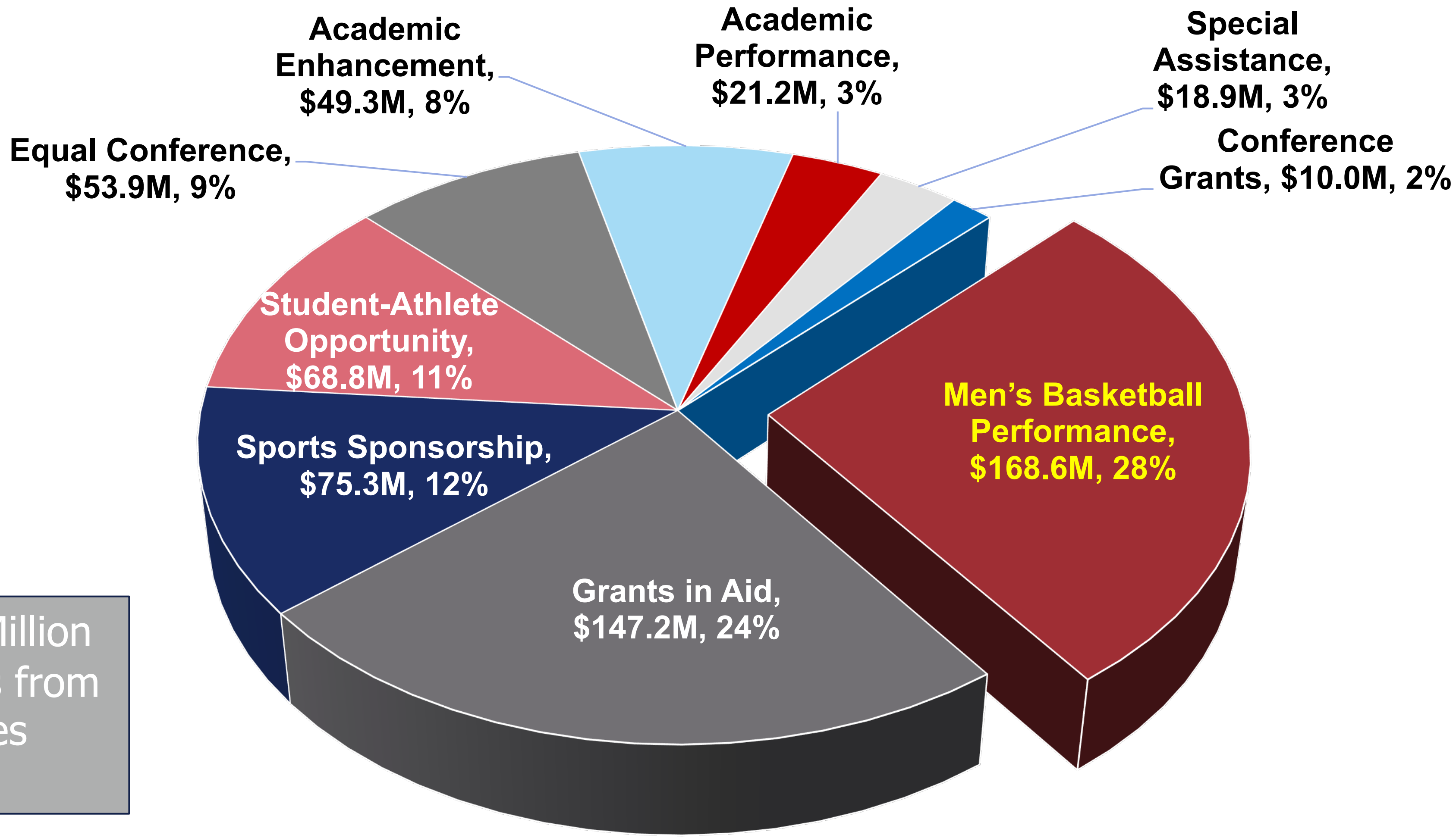
2. Independent Oversight

- Approve Revenue Distribution Plans and compliance with principles
- For national entities, oversight should be led by independent directors with at least 1/3 current or former college athletes

Evaluation of C.A.R.E. Model Gender Equity Principle in NCAA DI Revenue Distribution

NCAA Men's Basketball Performance Fund

28% based on Men's Basketball Tournament Success
0% based on success of any Women's Team



NCAA distributes $613 Million to 351 Division I schools from March Madness Revenues (2021 Data)

Current NCAA Men's Basketball Performance Fund
28% of Distribution

Basketball Performance Fund

- Units earned based only on **men's basketball** Division I tournament wins
- Units apply over six-year rolling cycle

ANNUAL IMPACT = $168 million
(increases yearly)

C.A.R.E Model Gender Equity Principle would require that any financial distributions based on athletics success provide equal rewards for performance of women's and men's teams.

The NCAA's current distribution policy should change to address the current discrimination in its policy.

Broad-based Sports Opportunities Principle in NCAA DI Revenue Distribution

C.A.R.E Model: The benefits of college sports are universal, regardless of sport. Any incentive pool to reward team athletics performance should be altered to provide an equal incentive pool to reward schools for offering more teams than the minimum required for that classification.

COLLEGE FOOTBALL PLAYOFF

- In 2021, the CFP distributed **$48 million** total in **football performance bonuses**.
- By applying the C.A.R.E. Model principle, the distribution must change so that $48 million could be rewarded to FBS football schools for investments in broad-based sports opportunities (e.g., incentives to FBS schools for each sport over the 16 sports required for FBS membership).

Principle #5: Financial Responsibility

- **Conference-based approach** to direct spending of shared revenues towards education-centric priorities
  - Similar characteristics of conferences schools enables achieving consensus
  - More likely to withstand antitrust scrutiny
- **Independent oversight** provides approval of compliance with principles and financial responsibility plans
- Requires meaningful **incentives, penalties** and **thresholds** encourages education-centric spending

Financial Responsibility Example #1

An amount equal to at least 50% of "shared athletics revenue distributions" must support athlete education, health, safety, and well-being and university academics.

Benchmark is to spend at least 50% of Shared Athletics Revenue Distributions on Target Areas.

If Column B divided by Column A is less than 50% (Column C), spending would require change (Column D).

**Data are based on a three-year average using 2017-2019 fiscal years.*

Type of Institution	Column A Total Amount of Shared Athletics Revenue Distributions **received** by the median institution	Column B Total Amount **spent** on the target areas of Athlete Scholarships/Educational Benefits, Athlete Medical, and/or University Academics by the median institution	Column C Median percentage of Shared Athletics Revenue Distributions spent on the target areas of Athlete Scholarships/ Educational Benefits, Athlete Medical, and/or University Academics	Column D Total Amount of Shared Athletics Revenue Distributions the median institution must spend differently to meet the minimum 50% benchmark
Median **Power 5 public institution** that does not meet requirement (N=43)	$34,313,830	$11,547,975	33.7%	$5,608,940
Median **Power 5 public institution** that meets requirement* (N=9)	$30,944,486	$19,167,379	61.9%	$0
Median **Group of 5 public institution*** (N=55)	$4,816,875	$10,090,322	209.5%	$0
Median **FCS public institution*** (N=75)	$1,041,313	$5,096,490	489.4%	$0
Median **DI-No Football (basketball-centric) public institution*** (N=46)	$575,138	$2,952,767	514.6%	$0

*All public institutions in these classifications meet the requirement using these data.

N = the number of public institutions in each specific category.

Data source: Knight Commission's College Athletics Financial Information (CAFI) database, using data reported by institutions on NCAA Financial Reports. (cafidatabase.knightcommission.org)

Financial Responsibility Example #2

Limits on "regulated" operating expenses

- Create limits or spending targets where spending rates have soared, such as sum of coaching salaries and benefits or recruiting expenses
- Limits reflect competitive division/affiliation
- Competitive and/or financial penalties for exceeding, or incentives for staying within, limits

Financial Responsibility Example #3

Addressing excessive coaching salaries through a ”luxury tax” system.

- Assess financial penalties for total coaching salaries that exceed a certain limit
- Index coaching salaries to instructional salaries that triggers penalty

Financial Responsibility: Congress Can Consider

Example 4: Change application of not-for-profit taxation rules to address excessive compensation for college athletics staff.

- Define reasonable college athletics staff compensation as a function/ multiple of faculty compensation or athletics spending on college athletes
- Excessive spending becomes non-deductible and subject to federal income tax
- Congressional precedence focused on non-profit executive salaries

Example 5: Any of the Examples 1 – 3 could be required by Congress for all DI conferences