



# **Projected Impact of New D-I Revenue in 2030 and Beyond**

**2023 NACDA Convention  
Orlando, FL  
June 13, 2023**

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# Presentation Overview

- An Inflection Point in College Sports
- D-I Financial Landscape
- Financial projections of “business as usual” spending with an influx of billions in CFP revenues
- Solutions that better align revenue with the values and principles of college sports
- Questions and discussion



## **Knight Commission Purpose**

“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 Ibargüen, 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

**Judy Olian**

President  
Quinnipiac University

**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



# **Knight Commission's Legacy of Success**

## **Aligning Incentives with Educational Values**

- **Academic threshold for postseason eligibility.**

In 2011, NCAA adopted a long-time Knight Commission recommendation that requires teams to be on track to graduate at least 50% of players to compete in postseason.

- **Academic incentives embedded in the College Football Playoff and NCAA revenue distributions.**



# A Pivotal Period in College Sports



# A Pivotal Period of College Sports

- 1. *NCAA v. Alston*** – Supreme Court 9-0 ruling against NCAA in (*not about NIL*)
- 2. Name, Image & Likeness** – Historic Change in (NIL) policies; *implemented with no guardrails/enforcement or uniformity, coupled with transfer freedom*
- 3. FBS football finances** reshaping the entire landscape through conference realignments, media rights deals, CFP expansion
- 4. *Holistic Student-Athlete Model*** and Transformation Committee recommendations approved by DI Board
- 5. Potential Externally Forced Changes to Model:** Athletes classified as employees; NIL damages litigation; state legislative activities, including revenue sharing



# D-I Financial Landscape

Data Source:

**KNIGHT-NEWHOUSE**  
**College Athletics Database**

Explore D-1 Sports and Academic Finances



**Knight Commission**  
On Intercollegiate Athletics

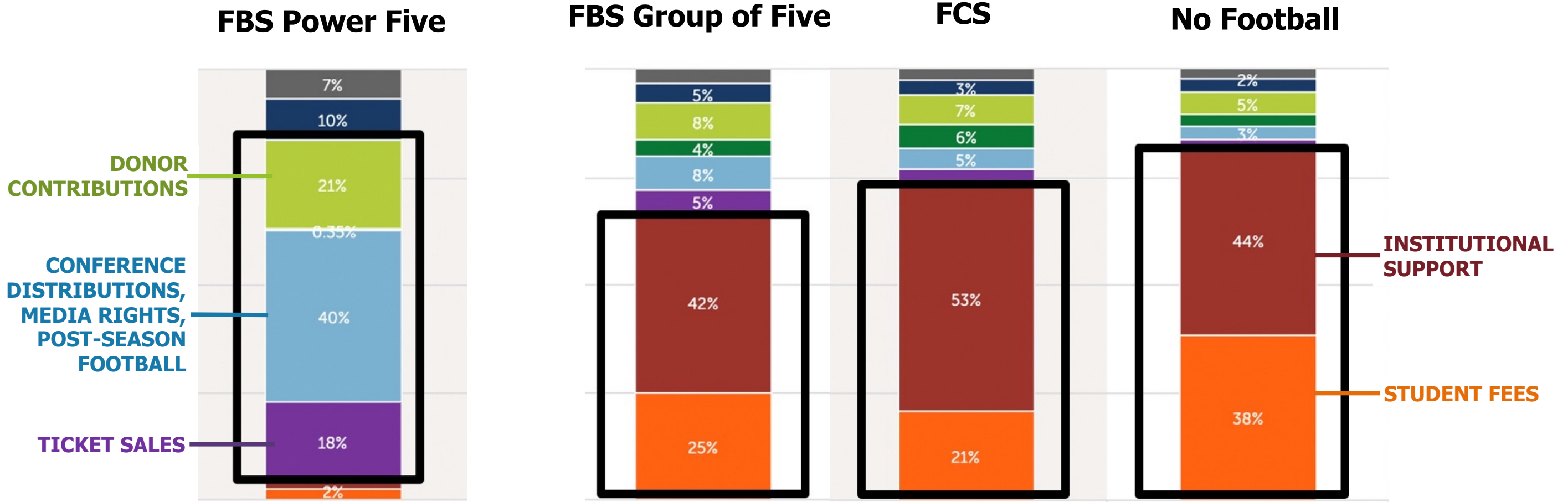


**Syracuse University**  
Newhouse School of  
Public Communications





# 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 DI.



## Lucrative and High-Profile College Sports Events



Managed by NCAA

Distributes more than **\$600m annually** to more than **350** DI schools;

Other March Madness revenues (nearly \$400m) fund all national services including FBS Football and 90 national championships for all 3 divisions



Managed independently by Football Bowl Subdivision (FBS) Conferences

Distributes nearly **\$600m annually** to more than **130** FBS schools

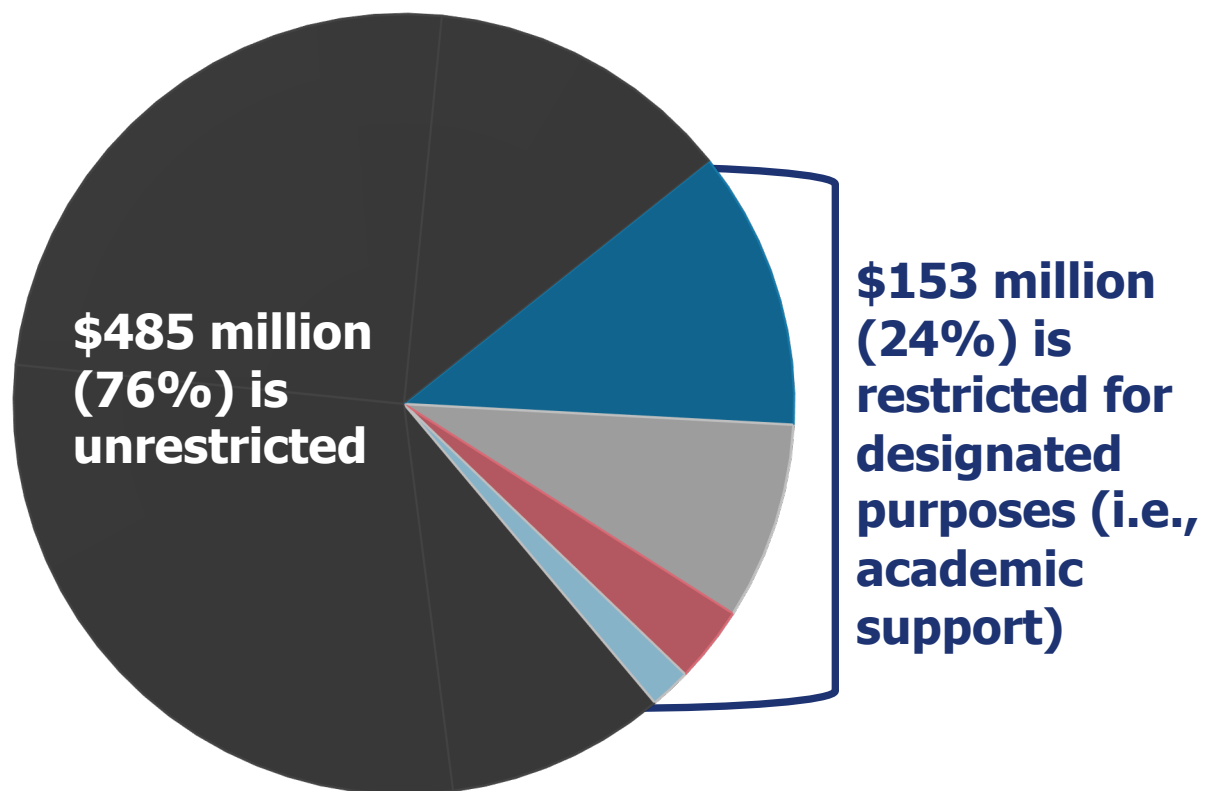
CFP funds NONE of NCAA national operations costs for FBS Football; **Expansion may take revenues to \$2 BILLION annually**



# 2023 Revenue Distributions

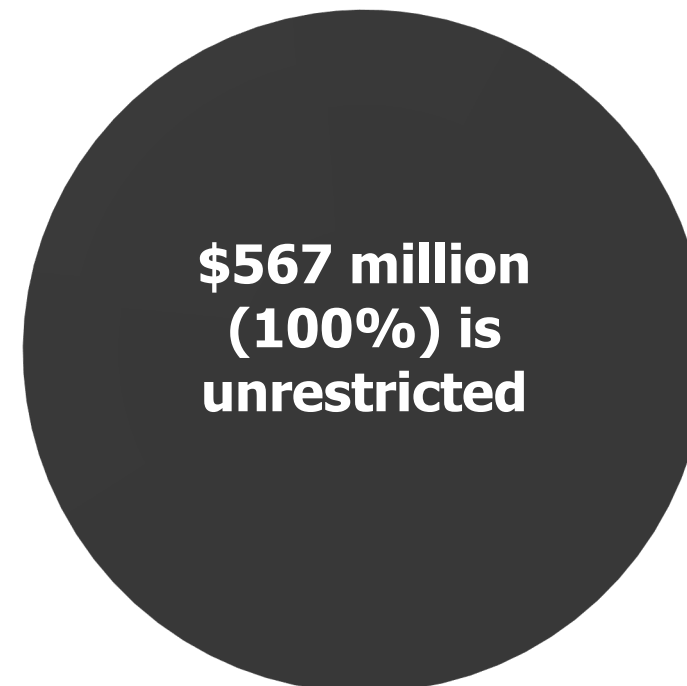


**\$638 million** distributed to  
**358** Division I Schools



COLLEGE FOOTBALL  
**PLAYOFF**

**\$567 million** distributed to  
**133** Division I FBS Schools



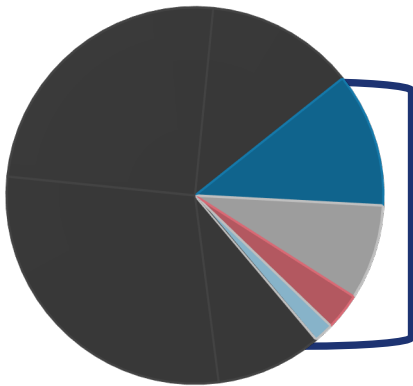


# Projected 2027 Revenue Distribution

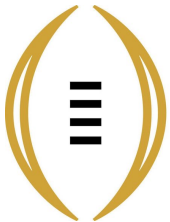


**\$737 million** distributed to **358** Division I Schools

**\$560 million (76%) is unrestricted**

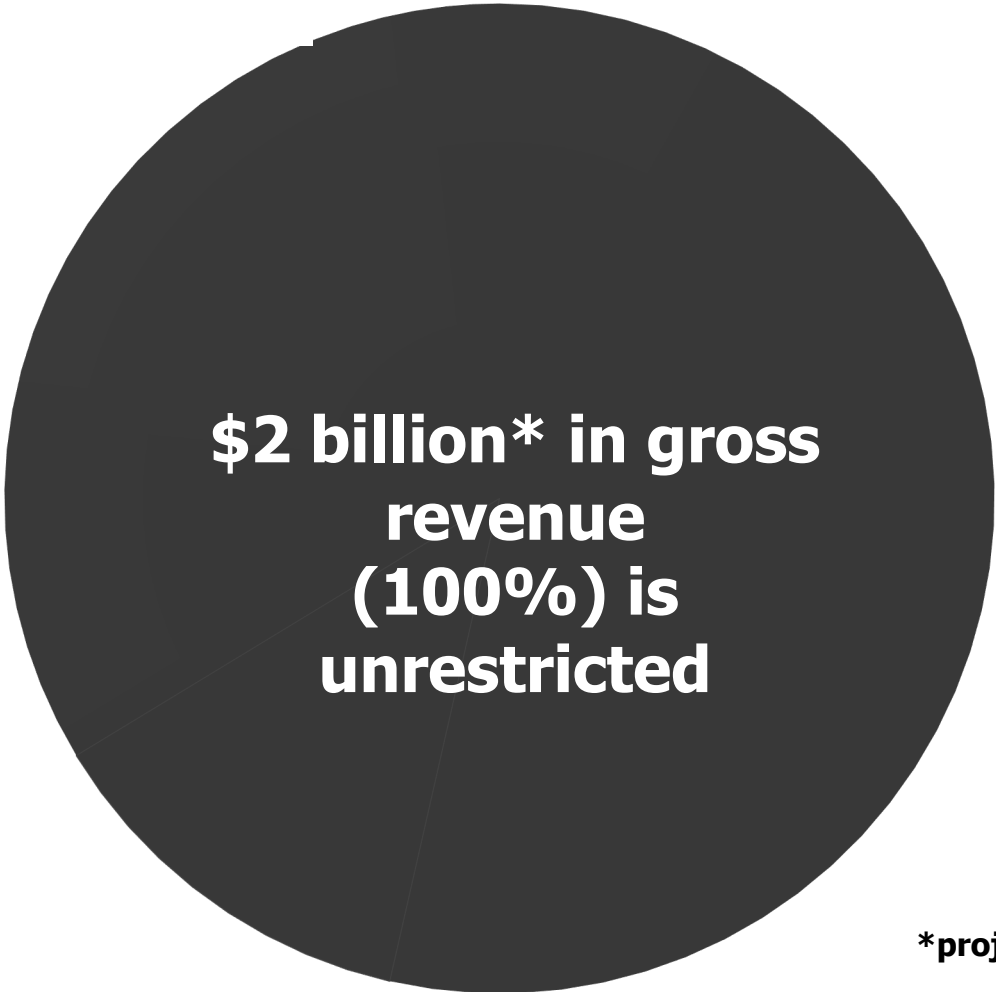


**\$177 million (24%) is restricted for designated purposes**



COLLEGE FOOTBALL  
**PLAYOFF**

**\$2 billion\*** distributed to **133** Division I FBS Schools



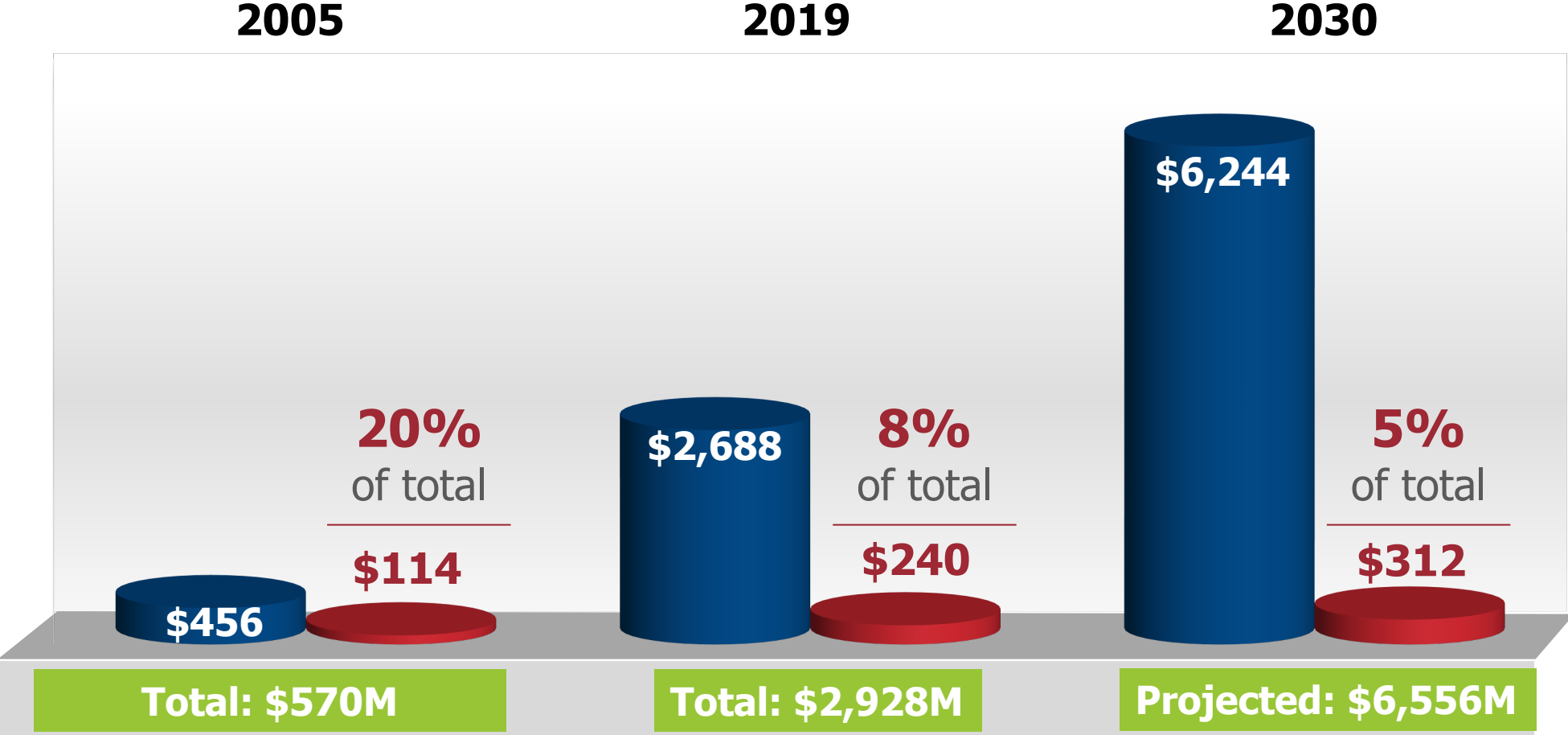
**\$2 billion\* in gross revenue (100%) is unrestricted**

**\*projected with expansion**



# Power 5 Conference Revenues From Two Major Sources

(ACC, Big 10, Big 12, PAC-12, SEC)



**Conference Distributions**  
(Media Contracts, College Football Playoff, Postseason Football)

**NCAA Distributions**

**Key Takeaway:**  
NCAA distributions are increasingly less meaningful to Power 5 schools.

Shown in \$Millions

Data Sources: 2005 and 2019 data are based on Conference 990 forms and NCAA Distribution by Conference Reports. 2030 NCAA projection based on growth in March Madness media contract. 2030 Conference revenue projections based on expanded College Football Playoff estimate, new media contracts, and escalating growth.



CliftonLarsonAllen

# **Expense Projections and Impact of CFP Moving Forward**



# Expense Projections in Two Categories



## Student-Athlete Expenses

(all athletes, all sports)

- Athletic Scholarships
  - Tuition
  - Housing
  - Meal Plans
  - Fees
  - Books
- Cost of attendance stipends
- Medical expenses
- Medical insurance



## Football Coaching Expenses

(11 countable coaches per school)

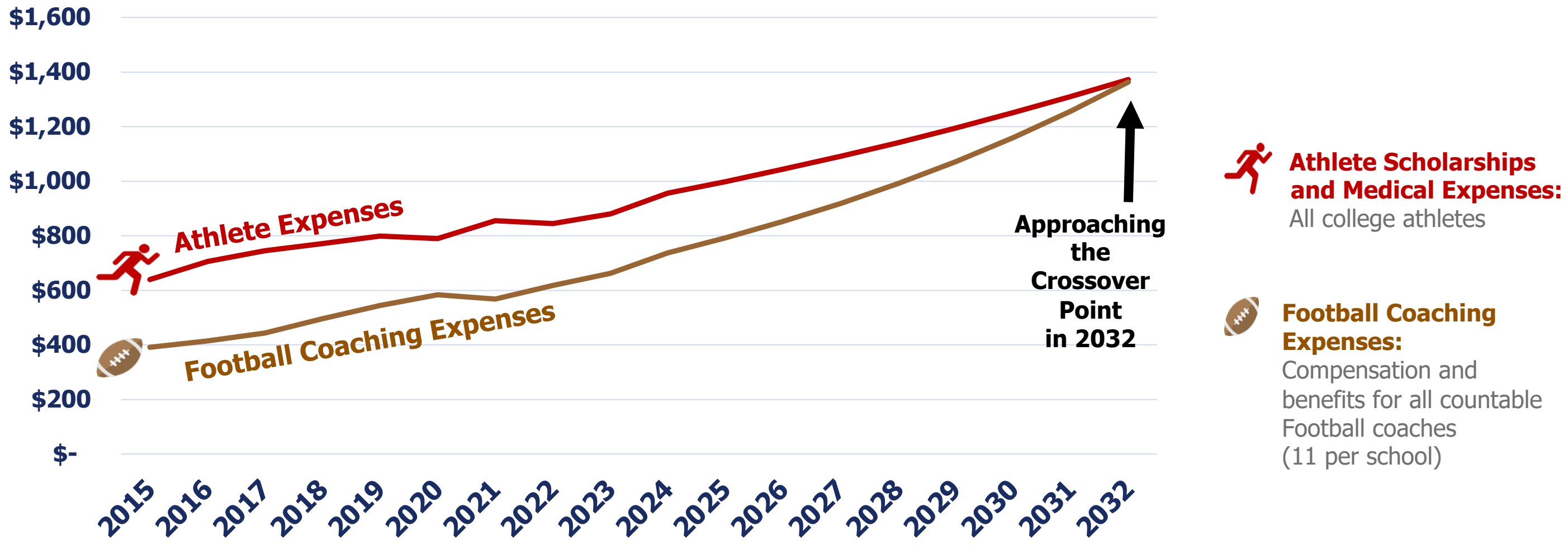
- Compensation
- Bonuses
- Benefits
  - Allowances
  - Speaking fees
  - Retirement
  - Stipends
  - Memberships
  - Media income
  - Deferred compensation

**Note:** CLA used growth trends of expenses at public FBS institutions based on 2015 to 2022 fiscal years.



# Projected Growth in Athlete vs. Football Coaching Expenses (2023-2032) Public FBS Power 5 Institutions

Using compound growth rates for 2015 through 2022



\*Conference realignments are accounted for in the data. Each school is shown in the appropriate conference it will be in for the fiscal years displayed.





# Projected Growth in Athlete vs. Football Coaching Expenses Public FBS-Power 5 Institutions

## 2032 Summary Details



Compensation and  
Benefits for  
**594** Football Coaches

**\$1,363,462,445**

**vs.**



Athletics Scholarships  
and Medical Expenses for  
**>30,000** Athletes

**\$1,372,571,390**

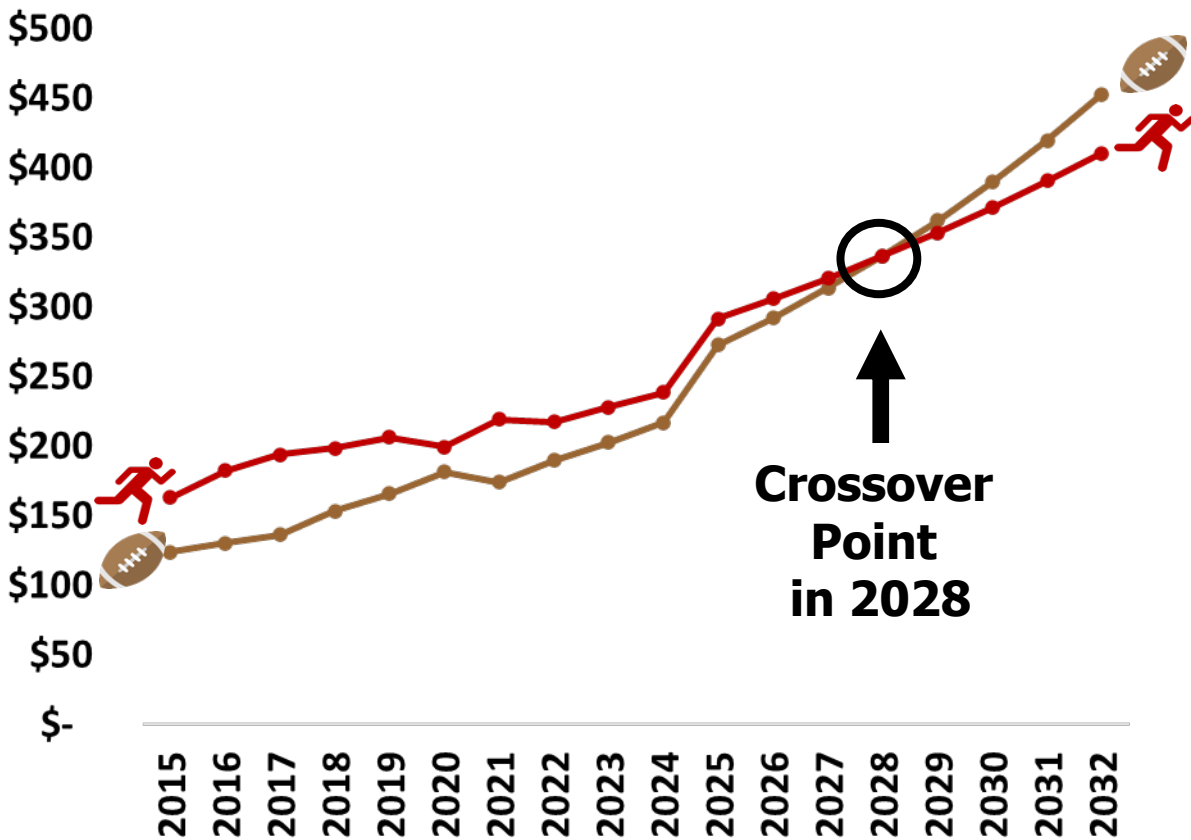


# Projected Crossover Point Comparison

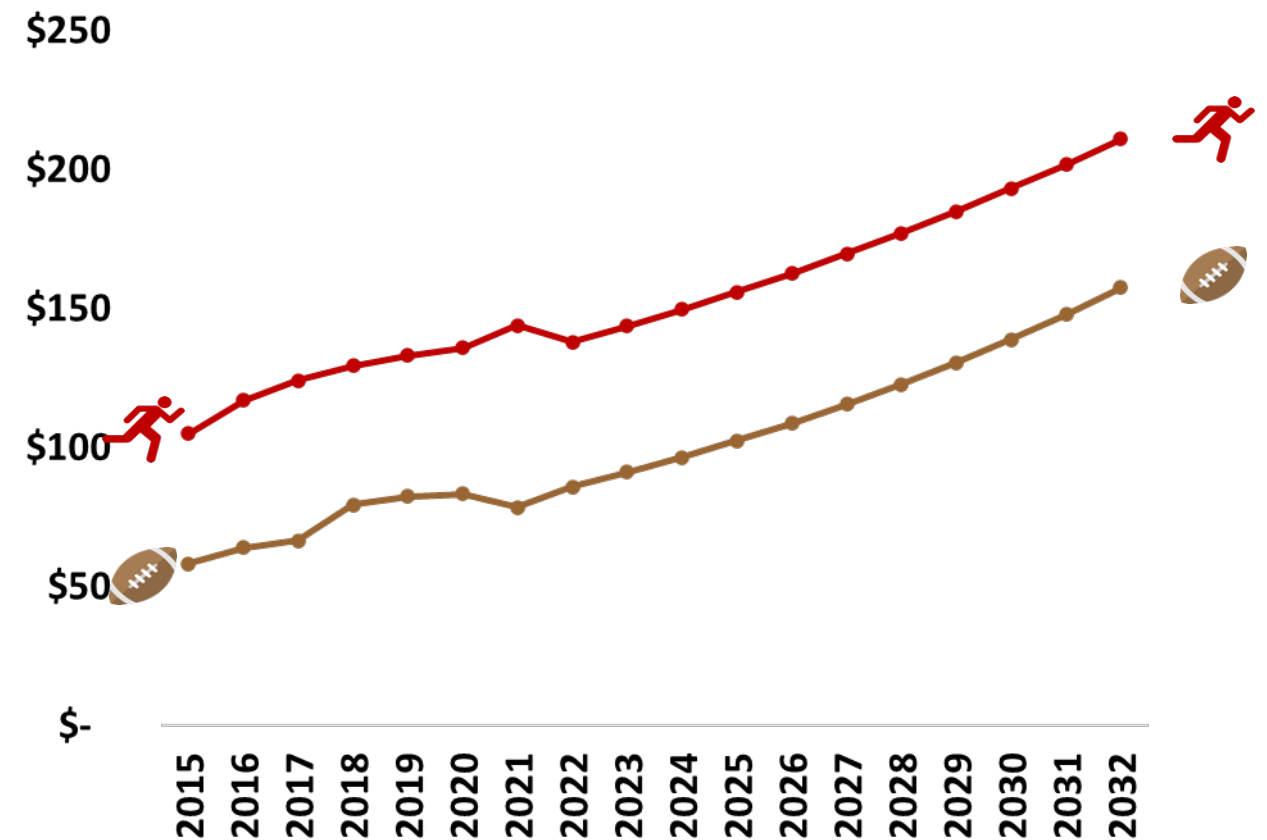
## SEC vs ACC Public Institutions - 2023-2032



Data represent 13 public schools from 2015-2024 and 15 public schools starting in 2025, with an average of 20 sports.



Data represent 8 public schools, with an average of 22 sports.



- Conference realignments are accounted for in the data. Each school is shown in the appropriate conference it will be in for the fiscal years displayed.
- Data is based on the compound growth rates for 2015 to 2022 fiscal years.



# Number of Public Power 5 Schools Hitting the “Crossover Point” (Football Coaching Expenses Exceed Athlete Expenses)

**FY22**  
(actual)

**9 of 51**  
**(18%)**

currently  
crossover

**FY32**  
(projected)

**25 of 54\***  
**(46%)**

will  
crossover

\*54 includes Cincinnati, Houston and Central Florida universities joining the Big 12/Power 5 in 2024.



# **Solutions to prioritize the education, health, safety, equity and success of college athletes**



# NCAA Division I Transformation Committee

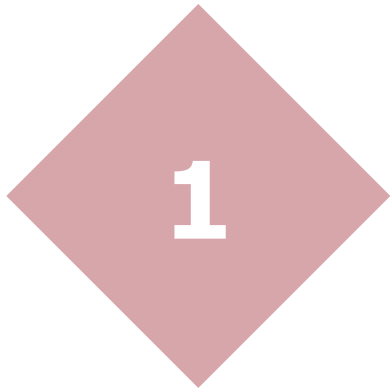
## NCAA Board Approved New Holistic Student Athlete Model

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

**A good start.**



# Knight Commission Solutions



**Alignment  
of  
Structures with  
Governance**



**Incentives  
for  
Existing Principles**



**Use of Money**



1

# Aligning Structures with Governance



Alignment

## New Governance Model Option 1







Alignment

## Financial Accountability within Current Governance Option 2

### Align CFP revenues with football national expenses

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

**An estimated \$60M\***



COLLEGE FOOTBALL  
**PLAYOFF**



### Align revenue distribution with championships structure

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

**An estimated \$61-66M**

\*LEAD1, September 2022



2

# Incentives for Existing Principles



## **Change NCAA incentives to align with existing NCAA Constitutional Principles:**

The Primacy of Academic Experience  
The Collegiate Student-Athlete Model  
Integrity and Sportsmanship  
Student-Athlete Well-being  
Institutional Control

**Diversity, Equity and Inclusion**

**Gender Equity**

Recruiting Standards



Incentives

## Incentivize Existing NCAA Principles through Shared Revenue Distributions

### Gender Equity

Require that any financial distributions based on athletics success provide **equal rewards for performance** of women's and men's teams

### Racial Equity

Create a new **Racial Equity Standard as a filter to achieve academic units** utilizing a maximum percentage gap between Black and White college athlete Graduation Success Rates

### Sports Sponsorship

Create a new reward to incentivize athlete opportunities and provide **significantly more money for schools with more than 17 sports**



3

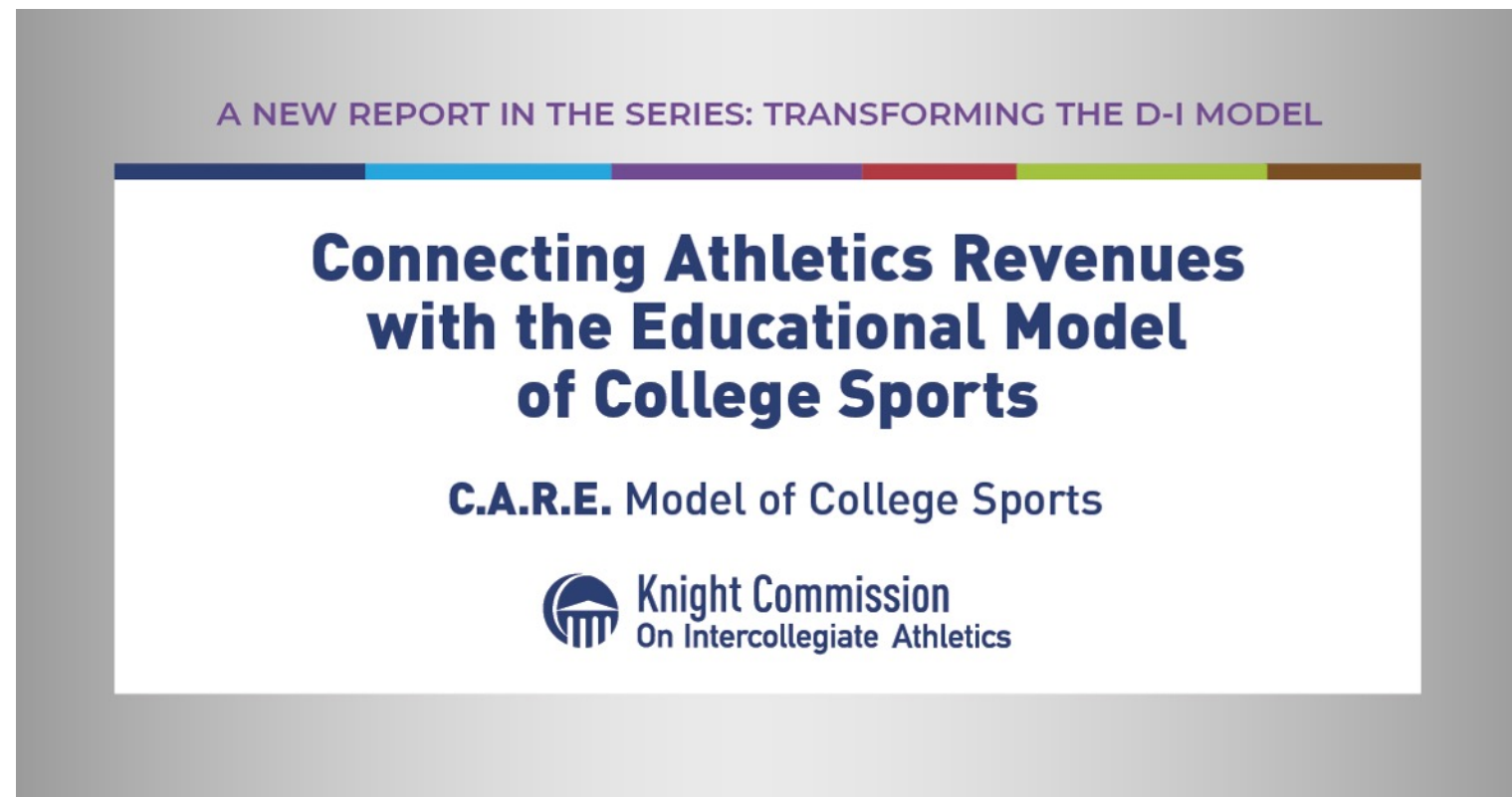
## **Use of Money**

# **Aligning Spending with Core Values**



# **Knight Commission Financial Solutions**

Create accountability to ensure financial focus on the **education, health, safety, equity, and well-being of college athletes.**



**Released September 2021**



## Final Takeaways – College Sports is Changing

- CFP revenue will increase \$1.4 Billion and Power 5 media rights continue to see exponential growth
- Projections show if change does not happen now, “crossover” will
- A financial plan is needed – and is possible now – that:
  - Aligns structure with governance
  - Incentivizes existing principles, and
  - Focuses the use of money on the education, health, safety, equity, and well-being of college athletes



## Q&A

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

Please step to a floor microphone.

### **Virtual participants:**

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





# **Projected Impact of New D-I Revenue in 2030 and Beyond**

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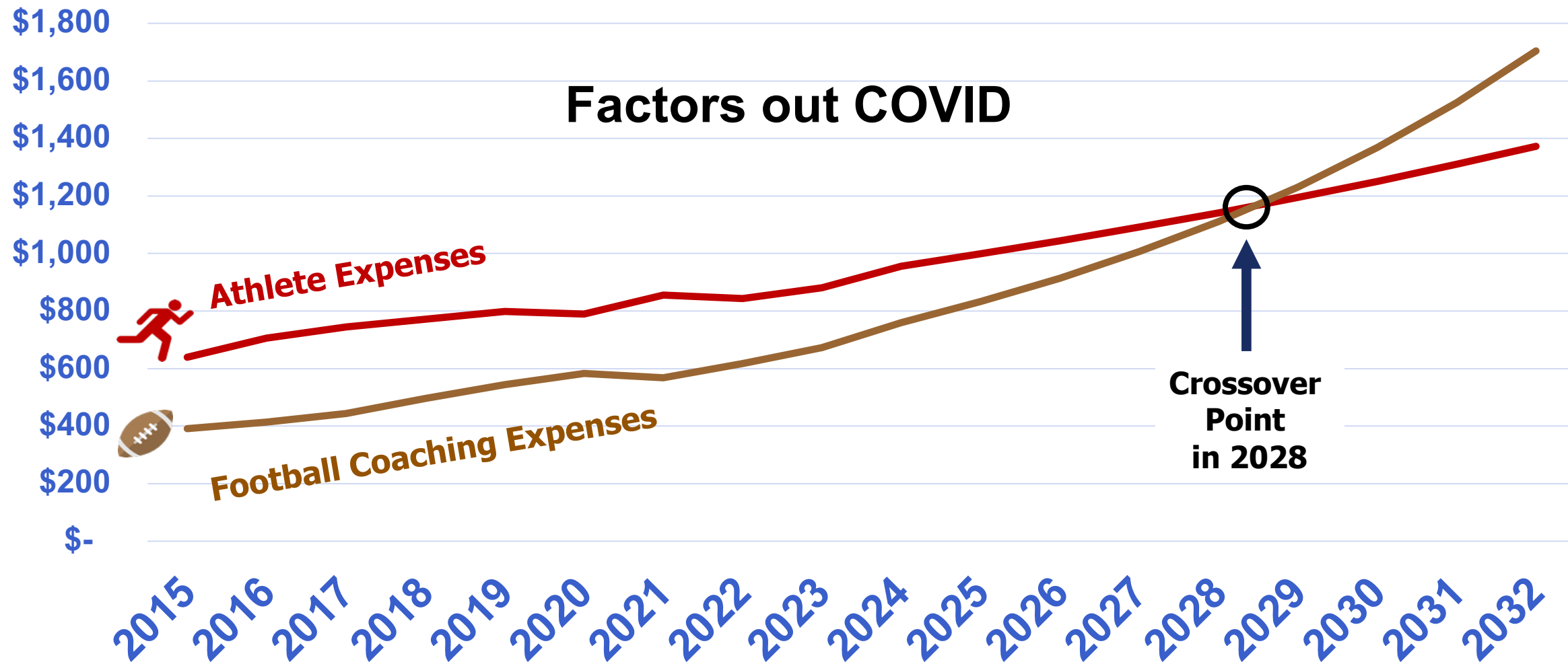


# Alternative Growth Rate Projections



# Compound Growth Rate for FY15 - FY19

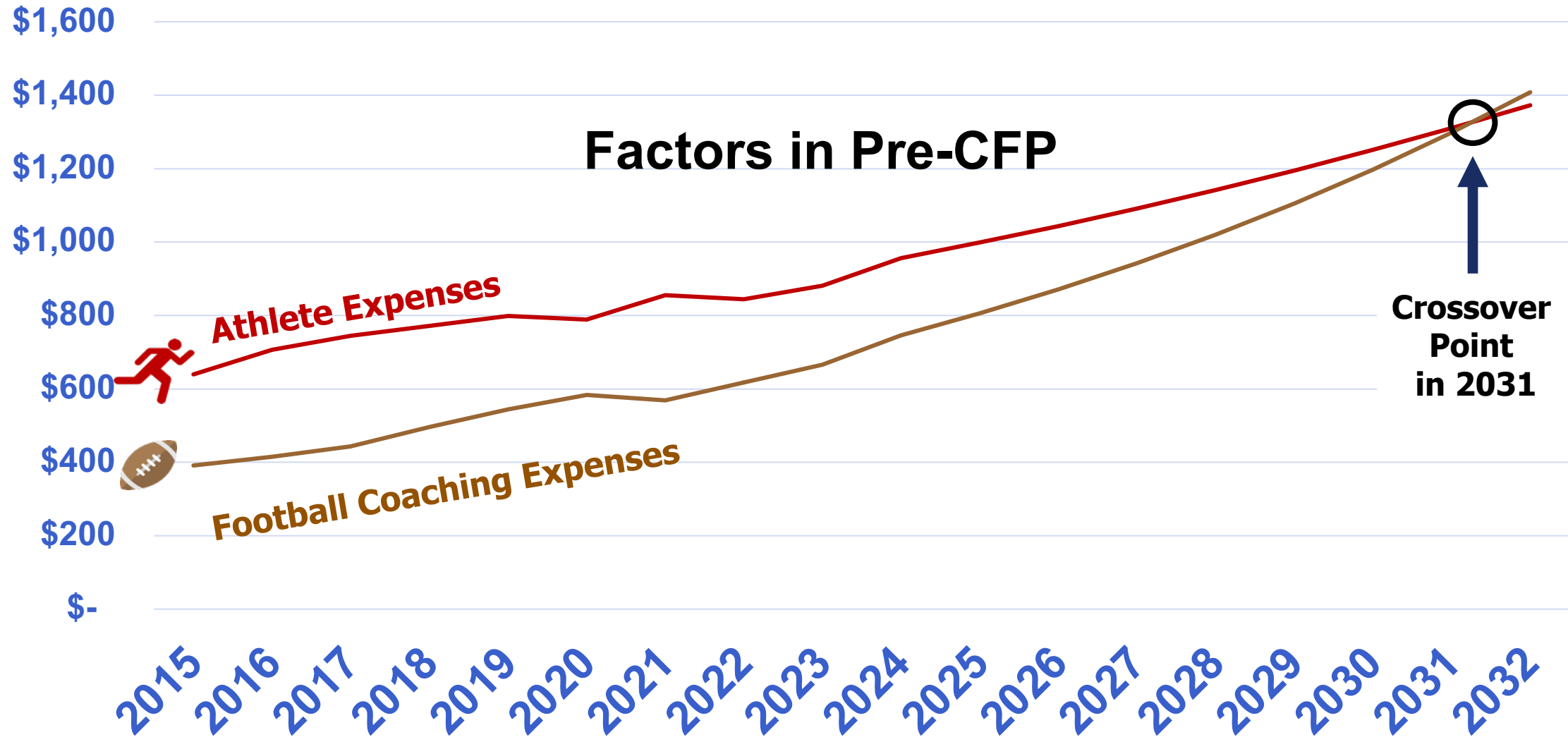
## Growth in Coaching Compensation Compared to Athlete Scholarships and Medical Expenses (millions)





# Compound Growth Rate for FY11 – FY22

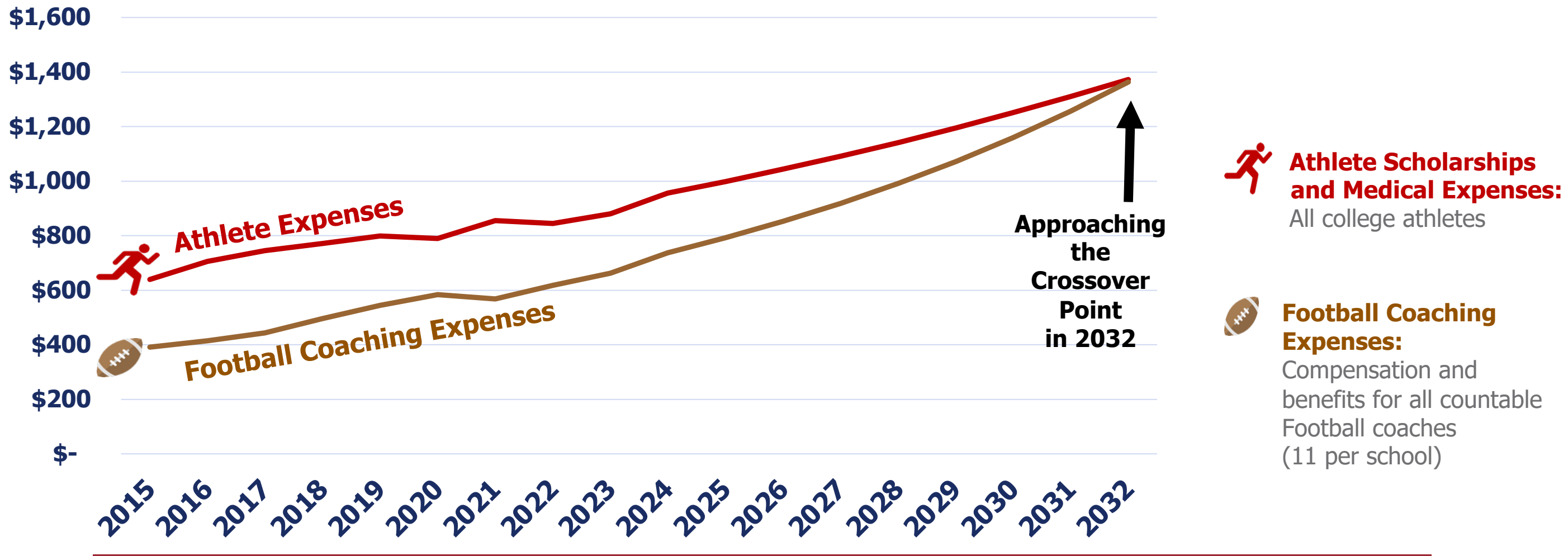
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# Projected Growth in Athlete vs. Football Coaching Expenses (2023-2032) Public FBS Power 5 Institutions

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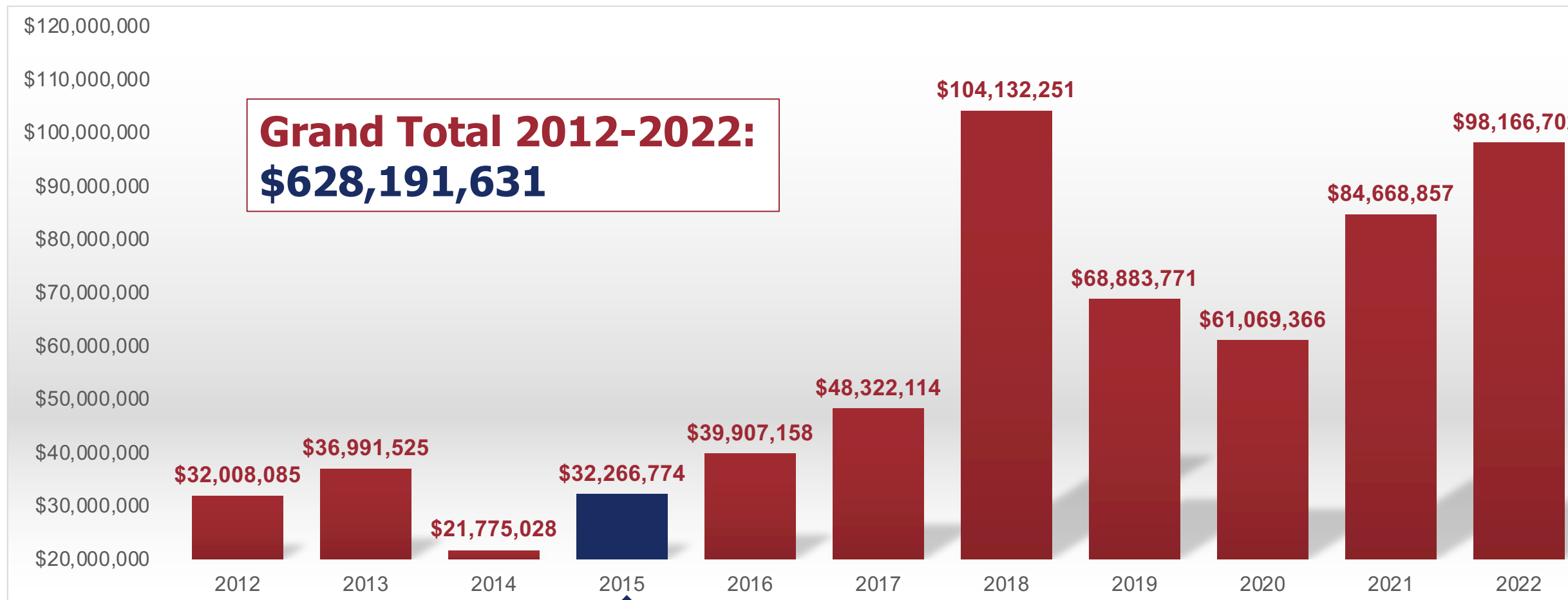


# SEVERANCE SLIDES



# Actual Football Coaching Severance (2012-2022)

## All Public FBS Institutions



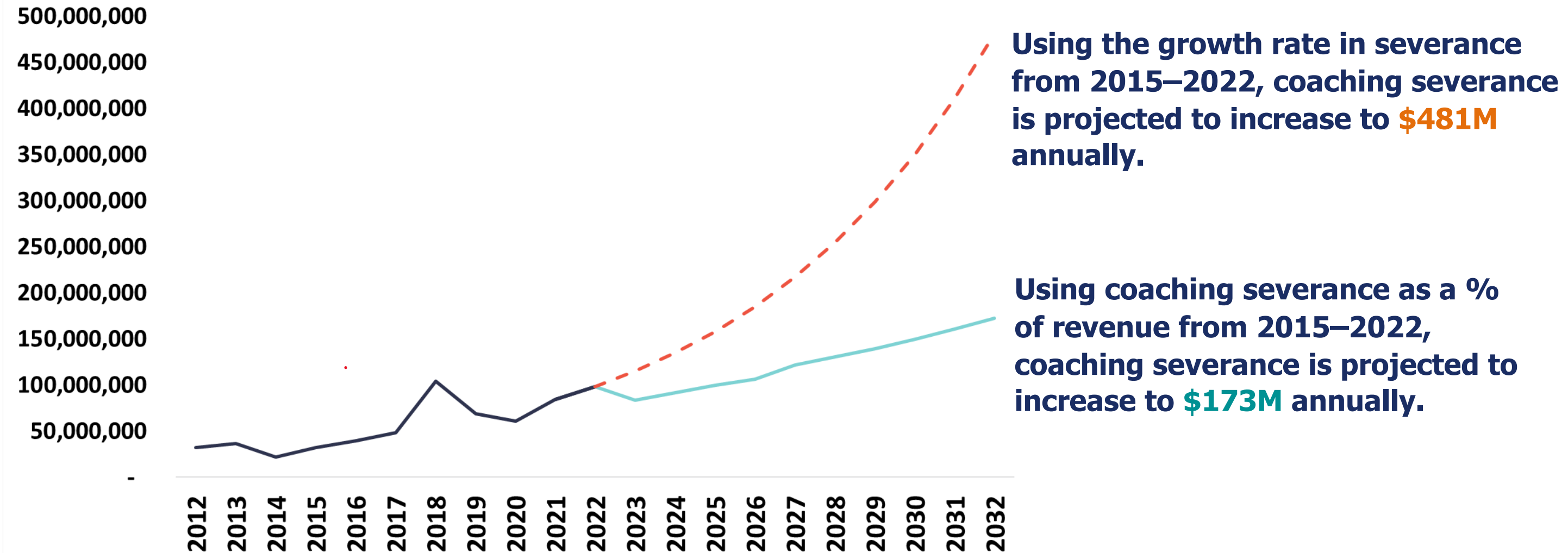
**College Football Playoff Begins**



# Projected Football Coaching Severance (2023-2032)

## All Public FBS Institutions

Using two methods of calculation to project the increases:



Using the growth rate in severance from 2015–2022, coaching severance is projected to increase to **\$481M** annually.

Using coaching severance as a % of revenue from 2015–2022, coaching severance is projected to increase to **\$173M** annually.