Knight Commission On Intercollegiate Athletics

A project of the John S. and James L. Knight Foundation
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KNIGHT COMMISSION RELEASES REPORT ON FINANCIAL PROJECTIONS THROUGH 2032 FOR DIVISION I FBS PROGRAMS

Projected spending, with billions in new revenues, raises big challenges—and a rare opportunity to fix Division I athletics

The Knight Commission on Intercollegiate Athletics today released a major report, "Financial Projections through 2032 for Division I FBS Programs." The report is based on a new analysis from financial services firm CLA (CliftonLarsonAllen, LLP) that used actual athletics revenue and expense data, along with new projected revenue, to model a future financial landscape for the coming decade for public FBS athletics programs. Projected new and *uncommitted* annual revenue exceeds more than a billion dollars from an expanded 12-team College Football Playoff and more lucrative conference media rights agreements.

With this financial windfall, CLA projects the total annual athletics revenues from all sources at FBS institutions to be $20.9 billion in 2032. Of that total, a staggering $16.7 billion is projected to be generated just by the athletics programs at 54 Autonomy 5 public institutions.

The report finds that if today's well-established spending practices continue, billions in new revenue from the expanded College Football Playoff (CFP) and escalating conference media rights contracts will dramatically accelerate the cost spiral of exorbitant football coaching salaries and football coaching severance pay.

"CLA's projections should shift the attention of Division I FBS leaders from the pursuit of even more revenue to how the billions in new—and uncommitted—revenue *should be used* to better support college athletes," said the Commission's co-chair Len Elmore. "Our Commission developed a series of solutions that provide an alternative path for university presidents and other leaders to alter the runaway spending course of FBS programs. Our Commission urges university presidents, the CFP Board of Managers, and NCAA President Charlie Baker to take up our recommendations." The Commission's solutions are detailed in the report.

The CLA financial analysis provides a more detailed look at institutions currently in Autonomy 5 conferences (ACC, Big 12, Big Ten, PAC-12, and SEC) because these conferences have "autonomy" granted in NCAA bylaws to set their own spending policies in a number of areas, separate from other FBS and Division I schools. The institutions in these conferences also receive the vast majority (80 percent) of the CFP revenue distribution under an existing revenue distribution agreement.

Key findings from CLA's projections include the identification of a **"crossover point,"** which CLA defines as the point where compensation for 11 "countable" football coaches per school will exceed the total "athlete scholarships and medical expenses" for ALL college athletes across ALL sports at that school. The amounts totaled in the calculation for "athlete scholarships and medical expenses" are comprehensive, and include tuition, fees, housing, food, books, cost of attendance stipends, medical expenses, and insurance coverage.

CLA's crossover point analysis finds that:

- In fiscal year 2022, nine of the 51 Autonomy 5 public institutions had already hit the crossover point. Of those nine schools, four were in the SEC, three were in the Big 12, and the Big Ten and ACC each had one crossover football program.
- In fiscal year 2032, CLA projected that 25 of the 54 Autonomy 5 public institutions (46 percent) will reach the crossover point. [Note: Three new public schools join the Autonomy 5 in fiscal year 2024].
- At the publication date of this report (September 1, 2023), the conference breakdowns of the 25 public institutions projected to reach the crossover points in 2032 is as follows: eight football programs in the SEC, eight in the Big Ten, four in the Big 12, four in the ACC, and one with an uncertain conference beginning in fiscal year 2025 (a continuing member of the PAC-12 as of September 1, 2023).
- In fiscal year 2032, the total combined compensation for 594 football coaches ($1.363 billion) at 54 Autonomy 5 public institutions is projected to be just $9 million lower than "athlete scholarships and medical expenses" ($1.372 billion) for more than 30,000 athletes across *ALL* sports at those schools. This projection is more conservative than other methodologies detailed in the CLA financial analysis because it includes two years of reduced COVID spending. All other CLA projections show the total combined compensation for 594 football coaches will exceed spending on all athletes at the 54 Autonomy 5 public institutions before 2032.

Additional projections include:

- The $16.7 billion projected to be generated in 2032 by 54 Autonomy public schools alone more than doubles the athletics revenue from 51 of the same schools in fiscal year 2022 ($7.3 billion). These projections assume that FBS institutions that currently charge athletics student fees or receive institutional funding for athletics will continue to do so; however, with the influx of new revenue, university presidents and athletics directors could significantly alter these practices.
- In 2032, total annual athletics revenue for public institutions in the Group of 5 conferences (AAC, C-USA, MAC, MWC, SBC) is projected to be $3.8 billion, an increase of $1.7 billion from fiscal year 2022 athletics revenue.
- Autonomy 5 public institutions are projected to draw nearly half (47 percent) of their total athletics revenue from the CFP, conference media rights and other conference revenue, and NCAA distributions. The largest revenue sources projected for schools in the Group of Five are institutional/government support and student fees, which collectively account for 50 percent of their total athletics revenue.
- Based on historical trends, and the additional revenue projected to be generated by FBS schools in the next 10 years, severance pay for FBS football coaches, or so-called "dead money," is conservatively projected to jump to more than $175 million annually in fiscal year 2032, from $98 million in fiscal year 2022. Another generally accepted projection

methodology (i.e., using severance pay growth rates beginning in 2015) showed football coaching severance exploding to $481 million annually in 2032.

Commission co-chair Arne Duncan, former U.S. Secretary of Education, said, "Recent conference realignments demonstrated to all that college sports at many schools in the power conferences are driven by one all-consuming pursuit: the money chase. This report starkly underscores that continuing business-as-usual athletics spending with billions in new revenue will create a future that is entirely incongruent with the mission of college sports."

The Commission's solutions, detailed in the report, address three core challenges to the future of Division I college sports: 1) the imbalanced uses of money and the cost spiral that results in football coaches being chief beneficiaries of new revenues; 2) the gaping disconnect between revenues, financial accountability, and governance in FBS football; and 3) the failure of existing incentives in distributing shared athletics revenue to appropriately support NCAA constitutional principles. Notably, the Commission's proposed actions do NOT require federal legislation.

The Commission's solutions are designed to better ensure that FBS institutions use their billions in new and *uncommitted* revenues to advance Division I's stated values of promoting athlete education, health, safety, well-being, and gender and racial equity.

Knight Commission member and Penn State President Emeritus Eric Barron points out: "A cardinal rule of college budgeting is that it is much easier to revamp spending priorities with new revenue than to reallocate existing spending. The window of opportunity to redirect new and uncommitted revenue is closing fast."

An executive summary of the report can be found here.

The complete report can be found here.

About the Knight Commission on Intercollegiate Athletics
The Knight Commission, founded by the John S. and James L. Knight Foundation in 1989, is an independent group that leads transformational change to prioritize college athletes' education, health, safety, and success. Knight Foundation has been its sole funder to ensure its independence. For more information about the Commission's impact, recommendations, and reports, visit knightcommission.org.

About the John S. and James L. Knight Foundation
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