Knight Commission On Intercollegiate Athletics

Connecting Athletics Revenues with the Educational Model of College Sports (C.A.R.E. Model)

Implementation Template

***Summary**: This is a 5-point plan to restructure the way college sports distributes more the $3.5 billion in annual revenues (projected to be more than $8.5 billion annually by 2032) with athlete's education, health and gender equity at its heart.*

C.A.R.E. MODEL PRINCIPLE	RECOMMENDED ACTIONS FOR COMPLIANCE BY THE REVENUE DISTRIBUTION ENTITY
Overarching principles guide distribution criteria & spending of shared athletics revenues	
Transparency. Public disclosure of both distributed revenue allocations and the uses (i.e., spending) of such distributions. Public disclosure of gender and ethnicity demographics of athletics program athletes and staff for institutions receiving distributions.	• Each member institution must disclose its revenue distribution share and athletics spending of that amount annually. • Additionally, a Revenue Distribution Entity must publish its revenue distribution plan, which could be as simple as committing that any annual proceeds remaining after Board-approved expenses will be distributed to each member institution on an equal basis. • Each member must publish on its public website the Sports Sponsorship and Demographics Report that it submits to the NCAA annually.
Independent oversight. • **For conferences or national organizations that distribute more than $100 Million annually**. Division I conferences and national organizations in this category, should establish an oversight entity (or individual entities) to approve revenue distribution plans and their compliance with these principles. This entity(ies) should be led by a board with a majority of independent directors, who are not employed by the conferences or national organizations or by those institutions that receive distributions from these organizations and are not representatives of any related corporate or media partners. In addition, at least one-third of the board should be current and former college athletes. • **For Division I conferences that distribute less than $100 Million annually**. Division I conferences in this category can accomplished independent oversight described above through an annual certification of compliance performed by an independent auditing firm and/or through an independent entity formed to perform such oversight as described below.	Each Division I conference or national organization that distributes <u>more than</u> $100 Million in annual revenue is required to establish an independent entity to review its revenue distribution plan and compliance with the C.A.R.E. Model. These organizations may choose to use the same entity for this purpose, such as the independent entity created to provide oversight for the College Football Playoff revenue distribution plan may provide oversight for DI conferences in this category. For an entity to be considered "independent," it must be led by a board with a majority of its directors who are not employed by or otherwise affiliated in any capacity with the conference or national organization or any of its members. Additionally, the independent members cannot be representatives of any related corporate or media partners and a minimum of one third of its members should be current or former college athletes. However, a Division I conference that distributes <u>less than</u> $100 Million annually, may choose to form an independent entity as described below **OR** may accomplish independent oversight through engagement of an independent auditing firm.

C.A.R.E. MODEL PRINCIPLE	RECOMMENDED ACTIONS FOR COMPLIANCE BY THE REVENUE DISTRIBUTION ENTITY
Principles to define criteria for distribution of shared athletics revenues	
Gender equity. Revenue distribution policies should be equitable with regard to gender. Revenues distributed on the basis of athletics success will equally reward men's and women's sports.	Does the Revenue Distribution Entity reward athletics success in its distribution? If no, nothing further is needed. If yes, any incentive pool provided by the Entity for athletics success must be equitable in rewarding performance of women's and men's teams, regardless of how the revenue is generated since these are non-profit organizations with educationally-related missions. Example: If a DI Conference provides financial incentives any conference team that participates in the NCAA Men's Basketball Championship, an equal incentive structure must exist to reward for the postseason success of a women's team (in basketball or any other selected sport).
Broad-based sports opportunities. The benefits of intercollegiate athletic activities are universal, regardless of the sport, and increasing athletic opportunities is educationally valuable for colleges and universities. As a minimum standard, any incentive pool to reward team athletics performance, such as those awarded by the NCAA for men's basketball performance and the CFP for football team performance, should be altered to provide an equal incentive pool to reward schools for offering more teams than the minimum required for the membership classification of the institution.	Does the Revenue Distribution Entity (national or conference entity) reward athletics success in its distribution? If no, nothing further is needed. If yes, an incentive pool equal to that which rewards teams for athletics performance must be created to rewards schools for offering sports above the minimum requirement for divisional/sub-divisional or conference membership. For example, at the conference level, if $100k is distributed to the basketball team(s) that participate in the NCAA championship, then $100k would be distributed to incentivize schools for offering broad-based sports opportunities. If the Revenue Distribution Entity does not distribute performance incentives but does distribute an expense/overhead stipend to the NCAA Championship or CFP participating team(s), nothing further would be needed to meet this principle.
Principles to direct spending of shared athletics revenues.	
Financial responsibility for athlete education, health, and safety. Division I conferences distributing these shared athletics revenues should implement a system that measures how the spending of such revenues are used to support athlete education, health, safety, and well-being, university academic programs, and athletics programs that provide broad-based opportunities and achieve racial and gender equity.	The Entity must implement a financial responsibility plan to achieve the stated principle. Such a plan might provide meaningful spending targets, incentives, and/or penalties to encourage spending consistent with the broad educational mission. Specific examples are provided beginning on page six in the full C.A.R.E. Model Report. A conference-based approach is recommended for this principle because the relatively homogenous nature of conference schools provides an opportunity to achieve consensus, and conference-level action is more likely to withstand antitrust scrutiny than collective national action.