A FOUR-PART SERIES

TRANSFORMING THE NCAA D-I MODEL

SESSION 1

FOLLOW THE MONEY:
BREAKING DOWN D-I FINANCES

Wednesday, September 16
from 1pm - 2pm ET

Session will begin shortly

Jonathan Mariner
Knight Commission Member
Former MLB EVP and CFO

Carol Cartwright
Knight Commission Co-Chair
Pres. Emeritus, Kent State U

Join the conversation

@knightathletics #collegesports #knightcommission
Welcome

Alberto Ibargüen
President,
John S. and James L. Knight Foundation
Restoring the Balance: Dollars, Values and the Future of College Sports

- Key recommendation: require greater financial transparency of athletics spending.
- Enhances the ability of schools to ensure athletics programs are advancing the mission of higher education.

College Athletics Financial Information (CAFI) Database

- Knight Commission user-friendly database that details Division I revenues and expenses
- Based on institutionally-reported data
Chief Executive Officer
Amy Perko

Project Manager, College Athletics Financial Information (CAFI) Database
Scott Hirko

Founder and CEO, Navigate
AJ Maestes

JOIN THE CONVERSATION

@knightathletics  #collegesports  #knightcommission
Information for Public Attendees

• All public attendees will be muted throughout the panel presentation.

• If you have a question, please click on the Q&A icon on your control panel. You can type a question at any time.

• At the conclusion of the presentation, questions will be selected from those entered in the Q&A. If we don’t get to your question in this session, we will follow up after the webinar.

• Today’s session is being recorded and will be available on the Knight Commission web site tomorrow.
NCAA Division I Public Institutions, 2018
Subdivision Make-Up and Budget Ranges

Data Source: 2017-18 NCAA Financial Reports
NCAA Division I Public Institutions, 2018
Where the Money Goes...

Athletics Department Expenses

FBS Quartile 1
$207m – $117m
27 Schools

FBS Quartile 2
$116m – $65m
27 Schools

FBS Quartile 3
$61m – $36m
27 Schools

FBS Quartile 4
$36m – $16m
28 Schools

FCS Total
$52m - $4m
76 Schools

NFS Total
$35m - $4m
46 Schools

Expenses
- Transfers back to the institution
- Other expenses
- Medical
- Competition guarantees
- Recruiting
- Game expenses and travel
- Facilities and equipment
- Coaches compensation
- Support & admin compensation w/ severance
- Athletic student aid

Data Source: 2017-18 NCAA Financial Reports
NCAA Division I Public Institutions, 2018
Where the Money Comes From...

Athletics Department Revenue

Data Source: 2017-18 NCAA Financial Reports
NCAA Division I Public Institutions, 2018
A Look at Sports Opportunities: Highs, Medians and Lows

Data Source: 2017-18 NCAA Financial Reports
How the Money Has Changed
Overview to Explain Impact of Media Revenue Growth

Revenues from only Two Major Sources for “Power 5” Conferences (ACC, Big 10, Big 12, PAC-12, SEC)

Presented to Knight Commission, May 2016

2005 and 2015 Data Source: Conference 990 forms and NCAA Conference Revenue Distribution Reports

*2020 Projections: Estimated NCAA distribution based on NCAA contract increases and assuming similar distribution levels; increases in conference media contracts based on new deals and contract escalations reported in media sources.
NCAA Division I-FBS ALL Public Institutions:
Percentage of Budget from Revenue Sources, 2018

“Power 5” Conference members
(ACC, Big 10, Big 12, SEC, PAC-12)

| Source: CAFI Database, http://cafidatabase.knightcommission.org/reports/21a72f35 |

<table>
<thead>
<tr>
<th>2018</th>
<th>Other Revenue</th>
<th>Corporate Sponsorship, Advertising, Licensing</th>
<th>Donor Contributions</th>
<th>Competition Guarantees</th>
<th>NCAA/Conference Distributions, Media Rights, and Post-Season Football</th>
<th>Ticket Sales</th>
<th>Student Fees</th>
<th>Institutional/Government Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>8%</td>
<td></td>
<td>0%</td>
<td>0.49%</td>
<td>38%</td>
<td>20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25%</td>
<td>9%</td>
<td></td>
<td>11%</td>
<td>4%</td>
<td>6%</td>
<td>22%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>50%</td>
<td>23%</td>
<td></td>
<td>4%</td>
<td>6%</td>
<td>39%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>75%</td>
<td>0%</td>
<td></td>
<td>4%</td>
<td>6%</td>
<td>39%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>100%</td>
<td>0%</td>
<td></td>
<td>11%</td>
<td>4%</td>
<td>39%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

“Group of 5” Conference members
(AAC, C-USA, MWC, MAC, Sun Belt)


<table>
<thead>
<tr>
<th>2018</th>
<th>Other Revenue</th>
<th>Corporate Sponsorship, Advertising, Licensing</th>
<th>Donor Contributions</th>
<th>Competition Guarantees</th>
<th>NCAA/Conference Distributions, Media Rights, and Post-Season Football</th>
<th>Ticket Sales</th>
<th>Student Fees</th>
<th>Institutional/Government Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>4%</td>
<td></td>
<td>0%</td>
<td>0.4%</td>
<td>39%</td>
<td>22%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25%</td>
<td>11%</td>
<td></td>
<td>0%</td>
<td>4%</td>
<td>39%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>50%</td>
<td>4%</td>
<td></td>
<td>0%</td>
<td>6%</td>
<td>39%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>75%</td>
<td>4%</td>
<td></td>
<td>6%</td>
<td>39%</td>
<td>39%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>100%</td>
<td>4%</td>
<td></td>
<td>4%</td>
<td>39%</td>
<td>39%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Amounts reflect current dollars.

JOIN THE CONVERSATION

@knightathletics  #collegesports  #knightcommission
Revenue & Expense Growth
POWER 5 Public Institutions, 2009-2018

Revenues up 62% to $6.42 billion
Expenses up 60% to $6.22 billion

http://cafidatabase.knightcommission.org/reports/5f44fa6c

Note: The Power 5 total differs slightly from the September 16, 2020 presentation due to a recalculation from data inconsistencies.
Change in Growth of Coaching Salaries and Student Aid
51 POWER 5 Public Institutions, 2009-2018
Adjusted for Inflation

Sources: CAFI Database (2020), http://cafidatabase.knightcommission.org/reports/0df843ba

Note: The Power 5 total differs slightly from the September 16, 2020 presentation due to a recalculation from data inconsistencies.
Change in Growth of Coaching Salaries and Student Aid
GROUP OF 5 Public Institutions, 2009-2018
Adjusted for Inflation

Sources: CAFI Database (2020), http://cafidatabase.knightcommission.org/reports/acae5ccc
Growth in Staff Compensation with Severance Pay
51 FBS Public Institutions, 2009-2018
Adjusted for Inflation

Source: CAFI Database, http://cafidatabase.knightcommission.org/reports/b39bde42#
http://cafidatabase.knightcommission.org/reports/885127cf

Note: The Power 5 total differs slightly from the September 16, 2020 presentation due to a recalculation from data inconsistencies.
Amount of Athletics Debt
POWER 5 and GROUP OF 5
FBS Public Institutions, 2018

Group of 5
(55 publics)
$1.8 Billion

Power 5 Conferences
(52 publics)
$7.4 Billion

Total *FBS Debt:
$9.2 Billion

(*107 public institutions-
does not include military academies)

http://cafidatabase.knightcommission.org/reports/04e7077d
http://cafidatabase.knightcommission.org/reports/a195596a
How the Money Has Changed
Overview to Explain Impact of Media Revenue Growth
Revenues from only Two Major Sources for “Power 5” Conferences (ACC, Big 10, Big 12, PAC-12, SEC)

Amounts Shown in $Millions

<table>
<thead>
<tr>
<th>Year</th>
<th>TOTAL</th>
<th>2005</th>
<th>2015</th>
<th>2020 projections*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>$570</td>
<td>$456</td>
<td>$114</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>$2,086</td>
<td>$1,886</td>
<td>$200</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>$2,798</td>
<td>$2,568</td>
<td>$230</td>
<td></td>
</tr>
</tbody>
</table>

2005 and 2015 Data Source: Conference 990 forms and NCAA Conference Revenue Distribution Reports

*2020 Projections: Estimated NCAA distribution based on NCAA contract increases and assuming similar distribution levels; increases in conference media contracts based on new deals and contract escalations reported in media sources.

Presented to Knight Commission, May 2016
A5 AVERAGE PAYOUT PER MEMBER ESTIMATES ($M)
Next 10 Years

<table>
<thead>
<tr>
<th>Year</th>
<th>BIG</th>
<th>SEC</th>
<th>ACC</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$33.9</td>
<td>$43.6</td>
<td>$30.5</td>
</tr>
<tr>
<td>2020*</td>
<td>$30.3</td>
<td>$42.7</td>
<td>$30.3</td>
</tr>
<tr>
<td>2021</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2023</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2024</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2025</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2026</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2027</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2028</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2029</td>
<td>$55.5</td>
<td>$60.5</td>
<td>$42.7</td>
</tr>
<tr>
<td>2030</td>
<td>$75.4</td>
<td>$88.5</td>
<td></td>
</tr>
</tbody>
</table>

Source: Navigate — [www.NVGT.com](http://www.NVGT.com)

*Does not account for COVID-related losses due to unknown impact at the time of projections

KEY ASSUMPTIONS & CAVEATS

These estimates include all Tier I, II, and III media rights for each conference.

These estimates are based on historical growth rates in college and pro media rights deals.

These estimates do NOT reflect any strategies conferences may adopt in the structuring of their media rights, the negotiation process, or other potential moves to maximize value.

These estimates include additional revenue from NCAA units, bowl payouts, conference championships and other revenue streams beyond media rights; all of these non-media rights revenues are assumed to have steady growth rates.

These estimates include a new CFP agreement in 2026.
Key Points

• Across Division I – widening gap in financial resources

• FBS Football, particularly in Power 5, has accelerated the widening gap in DI.

• Trends for Power 5 conferences prior to pandemic demonstrate disproportionate increases in football coaching salaries, administrative staff and facilities expenditures (debt service).

• Pandemic will have huge impact on FY20 and FY21 due to lack of reserves.

• Impact beyond FY 21 is uncertain; will prior trends return?
Key Questions

Where **Will** the Money Go?

Where **Should** the Money Go?

What Could a **New Model** Look Like?
INSTRUCTIONS FOR Q&A

• If you have a question, please click on the Q&A icon on your control panel.

• Please note if your question is for a specific panelist.

• If you are with the media, please identify your news organization.

• If we do not get to your question in this session, we will follow up after the webinar.
# A Four-Part Series

## Transforming the NCAA D-I Model

<table>
<thead>
<tr>
<th>Session 1</th>
<th>9/16</th>
<th>Follow the Money: Breaking Down D-I Finances</th>
</tr>
</thead>
<tbody>
<tr>
<td>Session 2</td>
<td>9/30</td>
<td>A New Analysis of the D-I Revenue Distribution Formula Inequities</td>
</tr>
<tr>
<td>Session 3</td>
<td>10/6</td>
<td>What D-I Leaders Think: New Survey Findings About Reform</td>
</tr>
<tr>
<td>Session 4</td>
<td>TBA</td>
<td>Recommendations for Change</td>
</tr>
</tbody>
</table>

All Sessions are from 1:00 - 2:00 P.M. ET
Thank you for attending.

For more information, visit us at www.knightcommission.org