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Knight Commission on Intercollegiate Athletics

2011-12 Research Grants Initiative

Shaping policy and practice in intercollegiate athletics for the benefit of students and institutions

Executive summary

Background

In May 2011, the Knight Commission announced a new initiative to fund research on policy issues in college sports. The program was intended to enhance the Commission's long-standing legacy of recommending policy changes to improve the management and integrity of big-time college athletics. This initiative brings new voices into the conversation about how to ensure that athletics programs provide value both to individual athletes and to the colleges and universities that support them.

Six research teams were awarded grants totaling \$100,000 for projects the Commission believed would produce new knowledge and insights and, in particular, real-world information and advice to leaders in college athletics to address the ethical, commercial, and academic challenges they face in college sports.

Project 1: Trust, Accountability, and Integrity: Board Responsibilities for Intercollegiate Athletics

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In this report, AGB explores what boards are really doing in the area of athletics oversight. We surveyed chief executives and board chairs of Division I institutions, as well as systems that include Division I institutions, about how they have applied the recommendations from AGB's 2009 "Statement on Board Responsibilities for Intercollegiate Athletics" and about other governance issues related to college sports. Our findings demonstrate substantive board engagement but also point to certain areas of responsibility that need to be strengthened. Although public and independent colleges, universities, and systems have their own governing boards and enjoy relative autonomy, they seem much less independent when it comes to intercollegiate sports. Powerful interests that benefit financially from big-time sports, as well as fans and booster clubs with emotional investments, can distort the clarity of mind required for effective governance.

This study and its recommendations are offered in the name of protecting higher education's values and preserving colleges and universities as places of learning.

The balance between athletics and academics cannot be maintained unless the governing board firmly establishes a basis of policy and accountability for keeping that balance intact. Accordingly, we make three primary recommendations to *governing boards*:

1. *The governing board is ultimately accountable for athletics policy and oversight and should fulfill this fiduciary responsibility.*
2. *The board should act decisively to uphold the integrity of the athletics program and its alignment with the academic mission of the institution.*
3. *The board must educate itself about its policy role and oversight of intercollegiate athletics.*

While our focus and primary recommendations are to university and college governing boards, our report provides summary advice for presidents regarding working with their boards on athletics and offers recommendations to *presidents, system boards*, and the *NCAA*.

We encourage *chief executive officers* to act transparently on matters related to intercollegiate athletics and to support the board in exercising its appropriate authority. And we call *on governing bodies of university systems* to exercise an appropriate level of oversight to ensure that athletics programs in each college or university operate according to board policies, principles of financial and academic integrity, and mission fulfillment. Finally, we urge *the NCAA* to include in its manuals clear statements recognizing the ultimate responsibilities of governing boards for intercollegiate athletics.

Given the continued growth of athletics expenditures relative to other purposes and programs, our concern is that if boards do not act to ensure an appropriate balance between athletics and academics in our higher education institutions, policy makers or others will do it for us.

**Project 2: Following a Problematic, Yet Predictable, Path:
The Unsustainable Nature of the Intercollegiate Athletics System**

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This report has two primary objectives. First, we seek to advance policy deliberations regarding intercollegiate athletics by developing a rigorous and thorough description of key financial dynamics present within the athletics system by drawing on a number of organizational theories across several disciplines. Second, we seek to make this theoretical framework accessible to policymakers, institutional administrators, and the general public. Though the framework is based on a wide array of highly complex

theories, its usefulness will only come to fruition if it is understandable and defensible with empirical evidence.

Rather than organizing evidence by each separate academic concept, we synthesize their explanatory usefulness into an easy-to-understand overarching three-step framework, briefly summarized as follows:

1. **Diverging Revenues:** A small set of athletics programs increasingly has access to opportunities to generate enormous levels of revenue from external sources.
2. **Cascading Expenditures:** This small set of athletic programs increases expenditures on athletics when revenues increase. Several forces then lead this spending to spur expenditure growth at other athletics programs.
3. **Ensuing Subsidies:** Increased spending at non-elite athletic programs occurs without simultaneous revenue growth, which leads to increased institutional subsidies or student fees for athletics. Such increases may promote resistance if subsidy levels grow too high and/or the financial situations of these institutions and their students deteriorate.

Data analyzed for the report show the massive growth in media revenues that have contributed to the diverging revenues. In the mid-1980's, all institutions shared approximately \$55-\$75 million per year in various television contracts. By 2011, the total annual revenue from television contracts in BCS conferences was approximately \$1 billion, an increase well over 1,000% since the mid-1980's.

A number of schools *will not* bear the fruit associated with revenue divergence (step#1) but *will* bear the costs associated with cascading expenditures (step #2). Over time, these programs will need to increase their reliance upon institutional subsidies and student fees. In 2010, 36 of 93 public FBS schools in our sample had athletics subsidies that exceeded \$500 per student, an increase from 24 schools at this level in 2005.

The simple three-step nature of our framework allows one to identify the overarching goals that can be addressed by individual policies. We suggest and analyze three policy approaches that could be considered: 1) alter revenue distribution policies to dampen inequality, 2) limit the extent to which high-revenue programs can set expensive spending norms that can cascade down to other programs, 3) reduce the extent to which expenditures can cascade down from high-revenue athletic programs to low-revenue athletic programs by creating a new division that only houses high-revenue athletic programs.

An alternative to these policies is to take no action. A likely result in this scenario is that subsidies will continue to ensue causing institutions and their students to shoulder an even heavier financial burden. Though seemingly unsustainable, this bleak outlook may be the most realistic scenario for the intercollegiate athletics finances system to continue on its current predictable path.

Project 3: De-escalation of Commitment among Division I Athletic Departments

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Commonsense logic notes persistence in the face of obstacles is eventually rewarded. Or is it. After all, Wile E. Coyote has yet to catch the Roadrunner despite years of persistent effort. Perhaps Wile E. would be better served by redirecting his energy and efforts. Likewise, higher education institutions find themselves locked into similar scenarios, consistently doubling down on efforts to achieve an ever-elusive goal. Persistence in such behavior can result in a cycle of continued investment and eventual entrapment in otherwise failing courses of action. Although recent data provides evidence of limited profitability among intercollegiate athletic programs, Division I athletic budgets continue to increase. Consequently, increasing expenses coupled with deficient revenue generation induces dependence on scarce institutional funds, creating what organizational theorists term permanently failing organizations. Such organizational entrapment in a failing course of action alludes to what many management scholars have labeled escalation of commitment. Amidst the myriad of studies concerning escalating commitment, minimal research has considered procedures for reversing pathological persistence and avoiding the escalation trap. Commonly referred to as de-escalation of commitment, recent investigation indicates the complexity of the de-escalation process. Further, the presence and influence of highly bureaucratic environments within the educational setting provides added considerations for the de-escalation process.

Due to the degree of requisite resource commitment, the NCAA Division I platform served as a suitable setting for investigating de-escalation initiatives. Despite the downtrodden economy, investment in Division I athletics maintains proliferation as few institutions exhibit willingness to engage in de-escalation procedures. Utilizing a collective case study approach, the purpose of this study was to explore why and how select Division I institutions have succeeded in commitment redirection within a bureaucratic environment where the norm was to increase commitment. Institutions selected for this investigation were based on recent decisions to a) reclassify down from Division I, b) remove the football program, and c) restructure the athletic department. Institutions chosen for this study included Centenary College of Louisiana, Birmingham-Southern College, Northeastern University, La Salle University, East Tennessee State University, University of the Pacific, Long Beach State University, and Vanderbilt University. Findings revealed the de-escalation process progressing through four distinct phases, with unique manifestations of negative feedback and stakeholder involvement in decision-making processes regarding athletics management.

Project 4: Examining Administrator and Coach Perceptions of Value Systems in NCAA Division I Athletic Departments

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There is limited research available on the value systems that exist within NCAA athletic departments. In an examination of the “nonrevenue,” Olympic and “revenue-producing” sport programs in NCAA Division I athletic departments, we found an athletic organism that has morphed into a divided system with each school mimicking one another in the arms race of expenditures in their revenue sports (Knight Commission, 2010), while maintaining core values in the Olympic sports. Further, in a follow-up study, we further examined the value of Olympic sports and determined that variations existed between administrators and coaches in the perceived importance of the following program elements: personal relationships, community involvement, athletic success, and fan support. However, while the previous research is helpful, it does not address the overall value systems that exist within the structure of NCAA Division I athletic departments. Thus, the purpose of the current study is to explore the priority level of core values from two viewpoints to gain an understanding of the value systems that exist within NCAA Division I athletic departments: (1) NCAA administrators’ perception of the core values deemed most important within the department, and (2) coaches’ perceptions of the core values deemed most important within department.

Project 5: What’s at our core? NCAA Division I Voting Patterns vs. Student-Athlete Well-Being, Academic Standards, and the Amateur (Collegiate) Model

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The NCAA was formed in 1906. Until 1955 it had no divisions. Currently it has three (DI, DII, and DIII), roughly divided according to institutional demographics. DI, the focus of this Study, is subdivided into the Football Bowl Subdivision (FBS), the Football Championship Subdivision (FCS), and what we call the Non-Football Subdivision (NoFB). Since 1997, DI has adopted bylaws through representative governance by conferences, with DI bylaws administered and enforced uniformly throughout DI.

Among the most fundamental NCAA core values are the advancement of student-athlete well-being, academic standards, and the amateur (collegiate) model. The prime questions explored in this Study are whether (1) DI votes these core values and (2)

whether DI all-division voting combined with subdivisional diversity impedes their advancement.

Our Study findings show that the price tag of legislative proposals is statistically significant to whether they are adopted and may affect results even when a proposal has negative impact on student-athlete well-being or academic standards. The exception is the overall voting record of what we call the BCS FBS conferences -- the ACC, Big East, Big Ten, Big 12, PAC 12 (10), and SEC. Because we found no other statistically significant factor driving DI voting, we cannot determine from the analysis whether DI votes its values or whether subdivisional voting impedes or supports advancement of student-athlete well-being, academic standards, or the amateur (collegiate) model.

A qualitative assessment of the database prompts some observations. First, perceived significant competitive advantages also may drive DI voting. Second, when proposals advancing student-athlete well-being or academic standards neither increase price tag nor produce distributively different subdivisional competitive impacts, then these proposals are supported throughout DI, and with greater majorities than other proposals.

There are two caveats to our findings and observations. One caveat is that our statistical findings account for 30 percent of the variability in voting results. Other factors that might account for voting results include institutional autonomy, compliance concerns, impact on other NCAA core values, perceptions that a proposal cannot achieve its stated goals, and even difficulty in understanding the import and impact of proposals. Another caveat is that our exclusion of non-controversial proposals from our analysis may mean we understate the degree to which student-athlete well-being and academic standards drive voting.

Finally, we believe that the DI legislative process could be more efficient and efficacious. A large number of proposals focus on activity unrelated to NCAA core values or are difficult to assess for impact, because they are too complicated or because their several subparts have different impacts. We wonder whether there is need to retain separate FCS and NoFB subdivisions and also whether the BCS FBS conferences should be free to chart their own course.

Project 6: Competition and Control in The Gridiron Marketplace: Findings from the Intercollegiate Athletics Leadership Database

Author: Jennifer Lee Hoffman, PhD

Competitive pressures and budgets continue to grow among NCAA Division I Football Bowl Subdivision (FBS) programs. Expectations for the control of these programs are also shifting. Data from the Intercollegiate Athletics Leadership (IAL) Database offers a baseline measure from the last 21 years to evaluate the mobility and stability of the leadership of Division I FBS programs.

This report represents findings from the first attempt to consolidate data for evaluating the term of presidents, athletic directors, and head football coaches from 1991-2011,

conference level comparisons, and other changes in the composition of football non-coaching personnel.

Presidents had an average term of 8.0 years, athletic directors had an average term of 8.5 years, and head football coaches had an average term of 7.1 years over the period 1991-2011. The turnover of new presidents at FBS institutions each year is relatively unchanged since the advent of the Bowl Championship Series (BCS) championship game in 2006. However, the turnover of head coaches and athletic directors is diverging from that of earlier years. From a pre-BCS turnover rate of 15% for athletic directors, the post-BCS turnover rate is slightly lower at 12%. This is in contrast to head football coaches. The turnover of head football coaches increased from 16% to 19% since the implementation of the BCS. Data from the IAL database will continue to track these and other trends as the new playoff system and other events shape competitive pressures and control of Division I FBS programs.