

White Paper

**Last Call for Leadership: Intercollegiate Athletics
in an Era of Commercialization**

By

Gerald D. Starsia, Associate Professor

UVA-Curry School of Education and Human Development

April 2020

Introduction

Intercollegiate athletics is experiencing an existential threat that, frankly, is being ignored by the institutions with arguably the most at stake. With the recent Name, Image and Likeness (NIL) legislation passed in California and proposed in a number of other states, a number of major TV network contracts up for renewal between 2023-2025, and some form of Pay-For-Play (PFP) likely not far down the road, institutions need to decide what they will accept as its future (Mandel, 2019). The timing is critical, and the time is now.

In the current uncertain economic climate for universities resulting from the COVID-19 pandemic, one might not think that the issue of revenue flow into intercollegiate athletics needs attention and while it is true that approximately 3% of schools competing in the NCAA generate 54% of all the money with the majority tied to big-time football, the changes, assuming wide adoption, will affect all institutions and are profound and permanent (Murphy, C., 2019). While institutional leadership focuses on surviving what is an existential threat for many institutions resulting from the pandemic, those with interests in wrangling control of intercollegiate athletics are busy at work. In the short run, revenue pressures at the institutional level will limit the amount of support flowing into athletics departments and the legal and public relations battles, funded by special interests, will grind on – with long term consequences.

Despite the finding of the Supreme Court that recognized the NCAA's right to restrict competition in ways necessary to maintain the unique enterprise of intercollegiate athletics, there is an eroding of support for the selective restrictions placed on student athletes that many perceive as unfair and exploitative (Feldman, 2016). In November 2019, the NCAA's Board of Governors released a statement that it had unanimously voted in favor of permitting student athletes to financially profit from the use of their names, images, and likenesses with the new policy set to go into effect in 2021. An outcome devoid of specifics, it is another a la carte approach to a problem that needs a wholistic response addressing the entirety of intercollegiate athletics, starting with NIL and preparing for PFP.

So, while the NCAA hammers out specifics, questions remain: Will this new NIL regime match California's law? Will the NCAA go bold and roll out rules that are more restrictive than California's?

While the NCAA develops its new NIL rules, I believe it's time for another perspective to be considered that is tied to the academic mission and supported at the highest levels, led by university presidents.

This paper argues that many universities have not done what is ethically required to fully support student athletes and that before any new revenue is realized, higher education needs to take a position that acknowledges this shortcoming and affirms their commitment to move intercollegiate athletics towards the intended mission and away from further professionalization.

Overview

Recently, media and sports stars including Jay Bilas, LeBron James, and a host of other commentators, critics, and current and former student and professional athletes, have jumped on the "paying college athletes is long overdue" bandwagon and they are using their public platform to trumpet their points of view. In a recent study conducted by Ohio State researchers, it found that 5-star recruits "...bring in an average of \$650,000...4 star \$350,000...and 3 star \$150,000...annually to their university programs..." and that 2-star recruits and lower cost the institution an average of \$13,000 (Anderson, 2020). As a result of studies like this, critics of intercollegiate athletics claim that student athlete "stars" are not getting their just due; that tuition, room, board, books, and a cost of attendance stipend simply isn't enough when considering the revenues they attract.

This writer agrees with the proposition that student athletes and their teams, primarily in D-I football and men's basketball, are responsible for generating significant revenue at their schools and that NIL and PFP compensation is an appropriate way commercial markets should compensate the participants for their role in this increasingly commercialized enterprise. More importantly, the paper attempts to focus, first and foremost, on the long-term welfare of these student athletes while preserving and enhancing the core mission of the institutions.

Recent and future increases in media revenue, NIL, and PFP has, and will, predictably reduce the conversation to, "Who gets what?". How should revenue be distributed? Should "star" athletes receive any more of the revenue than any other student athlete? How is Title IX effected? Should intercollegiate athletics operate any differently than professional sports? Is the professional sports operating model adaptable for universities? In order to answer these questions, let's consider their mission.

Mission

The core activities of universities are teaching, research, and service. While there are plenty of examples as to how these institutions have strayed from the core mission, the fact remains that granting degrees and providing career training and support, an on-campus experience, physical and mental development, etc. are among its top priorities. When compared with professional sport's mission to make money and provide entertainment, higher education's attractiveness lies in its uniqueness and differentiation related to mission. Because students are its top priority, higher education owes it to its student athletes to deliver their end of the bargain. As Shropshire & Williams (2017) suggest, universities highest priorities are "...to provide paths to meaningful degree completion..." and to ensure that degree completion increases the likelihood to "...be successful and to positively impact society..." With that context, universities need to focus on programs that support students and student athletes in order to "positively impact society" and their personal growth.

Arguably, higher education's top priority is to teach students and provide an academic experience that results in the awarding of a degree and leads to a solid job and stable career. While research has found that university graduates earn significantly more over their lifetimes than those without degrees, (Tables 3&4), student athletes in revenue-generating sports deserve similar career placement outcomes but are often handicapped by their complete commitment to their sport. Academic support services are needed that address the unique needs of the student athletes.

Where are the Leaders?

Like corporate CEOs, university presidents personify and advance their university's mission but recognize that some within the institution's extended family resist acknowledging intercollegiate athletics' as central to the mission. Often referred to as its "front porch", athletics has a significant impact on the institution's reputation with student athletes carrying the load (Bass, J. et.al., 2015).

In this era of NIL, PFP, and big media, the stakes related to intercollegiate athletics are huge with billions of dollars on the line. Do/will Presidents see what's coming as a priority, or do/will they offload it to administrators to protect the status quo? Do/will they believe that NIL and PFP will exacerbate an already inequitable situation? Do they care about the well-being of student athletes? At this point, if institutional leaders don't step in, and soon, the commercial interests, emboldened by popular sentiment, will reduce intercollegiate athletics into a commercially driven, take no prisoners, all sports are commercial industry. Picture Jerry Maguire coming to a campus near you and ask what it might do to all that is wonderful and unique about college sports.

In addition to the Presidents, what about the NCAA's role in protecting student athletes? Despite historical ambiguity in acknowledging their responsibilities, since NCAA membership includes faculty, students who are not athletes, spectators (whether they are members of the campus community or only on game day), presidents, athletics directors, university governing board members, and many other stakeholders who enjoy, profit from, or support programs with NCAA affiliation, in fact, we are all members and all have responsibility for the student athletes, (Hoffman, 2020).

What student athletes need are services that help them succeed in the classroom, and on the court playing field. It is clear, student athletes need services other students do not. Often driven by inconsistent schedules increasingly dictated by media contracts, many services provided to students are unavailable to student athletes and those services that are available, don't fill their specific and unique needs. For example, student athletes rarely have time for career advisement and career experiences that normally include internships, corporate visits and recruiting activities, or interview preparation. It is not uncommon when talking with 4th year student athletes that learn they have done little to nothing to advance their career aspirations most often because they "have been too busy with my sport".

It is time to address the specific needs of the student athlete. A new operating model fueled by revenue from NIL and PFP, and future media fees must include custom designed academic and career support programs, lifetime chronic injury support, and lifetime to degree costs. Since institutions already operate professional academic and career advisement offices and have training and physical therapy staffs and medical insurance programs, adding additional capacity in the specific areas of need for student athletes should be simple and straight forward.

Whether institutions use NCAA or Presidential policies to direct future revenue into student athletes programming, or consider using an institutional "tax" system modelled on the current faculty research model, either way, the needs of the student athletes needs to be the top priority of any new model.

Here is a path forward.

Multifactor Model in Support of Student Athletes

The Multifactor Model in Support of Student Athletes is funded by new revenue generated by NIL and in the future, PFP and media fees. This new model attempts to protect the interests of both the student athletes and the institution and relies upon these guiding principles:

1. The interests of the student athlete are first and foremost
2. The purpose of attending a university is to earn a degree
3. Institutions provide remedial and academic support as needed to complete a degree
4. Institutions offer career placement services designed to accommodate the needs of SAs
5. Institutions take responsibility for chronic injury care
6. Institutions represent SAs in all negotiations e.g. NIL, PFP, etc.
7. Revenue from NIL and PFP, along with other funds as needed, will be restricted to enhanced athletic dept. support programs

Here are more detailed descriptions of new and expanded student athlete support services that are funded in the model:

Lifetime Academic Support. Since providing classroom instruction is core to mission, and universities have already committed the costs for instructors, facilities, utilities, and other related items, they can provide the necessary slots needed by student athlete alumni at virtually no cost.

If for no other reason, research has found that the additional lifetime earnings resulting from the completion of a post-secondary degree includes stable employment, stable income, and stable families. These outcomes are consistent with the mission, the institution gets credit for “doing the right thing”, and the student athletes receive lifetime benefits. An easy win-win.

Lifetime Career Support. In the 2016 NCAA GOALS survey, student-athletes were asked what additional topics coaches and administrators should talk about more frequently. Across divisions and gender, the most requested topics were related to “academic success and especially preparing to get a job after college.” Not only is career placement a priority, but the skills learned in sports have value to employers. In a study by Matsangos, N., et.al. (2019), the findings suggest that skills and competences related to sports are relevant to a broad range of occupations and sectors. Often referred to as core skills, basic skills or soft skills, they are the cornerstone for the personal and professional development of a person. According to Blue and Craig (2019), athletics departments are investing increasing amounts in career support for student athletes and follow what is described as “a model for the rest of higher education to help students finish with real career opportunities, not just degrees” and is a “philanthropic opportunity for athletics advancement.”

According to workforce related data, university graduates earn in excess of 80% more than high school graduates – see Tables 4 & 5. According to a Gallup-Purdue University study (2017), former athletes were employed at a higher rate than non-athletes (65% v. 63%) and former athletes were “engaged in the workplace” at a higher rate as well (42% v. 38%) (Busted, B. & Ray, J., 2016). What colleges and universities know is that there is demand for student athlete graduates majoring in certain disciplines and professional fields.

While institutions have Career Services departments providing counseling and placement to students, they often are not set-up to handle the unique needs of student athletes. By providing custom designed, lifetime career support, student athletes get the help they need to ensure placement upon graduation along with post-graduation career support. As a result, alumni can actively participate in an organized network that helps student athletes get placed in good jobs and the relationships developed between the student athlete graduates and the institution benefit both parties, in perpetuity. This is a win-win.

Lifetime Chronic Injury Support. Much like the proposed NFLPA’s Injury Protection and Extended Injury Protection Program, student athletes should have access to similar coverage that includes medical support for injuries sustained while playing their sport. In the Gallup-Purdue study, while the student athletes reported similar feelings of overall well-being, former men’s basketball and football student athletes are significantly less thriving (28%) than those competing in the other sports (47%) (Busted, B. & Ray, J., 2016). The model includes chronic injury support funded by insurance like worker’s compensation or other commercially available medical insurance programs, or a combination of both, and supplemented by NIL and PFP revenue to cover its full cost.

Next Steps

Create a working draft of the model. Designate a task force of D-1 institution representatives to develop a set of scenarios and corresponding multivariate model to better understand the options and implications. Review it, ratify it, and pilot it. Plan for annual review and updates.

Commercial Trust Fund. Create a Commercial Trust Fund (CTF) at the institution that receives NIL and PFP revenue, and a portion of future media fee revenue, on behalf of all student athletes. Institutional

legal representatives negotiate with commercial interests acting in the best interests of their student athletes.

Oversight and Distribution. A task force within the CTF, or a designated external agency, would be assigned the responsibility for negotiating contracts, funds that when added to NIL and PFP revenue, will support the mandated programs that directly address the needs of its student athletes. Those funds are collected and accumulated in the CTF and managed by institutional structures already in place e.g. Investment Managers, Alumni Associations, Philanthropic Foundations, etc. The distribution of funds, restricted to supporting student athletes and related programs, is guided by a set of agreed upon by-laws and principles and overseen by the CTF trustees. The CTF annual plan will be overseen by the Athletic Director and approved by the University President and the Board and would be subject to institutional audit and accounting standards.

Title IX and Equity. An equitable way to distribute funds throughout the athletic departments is needed. What we do know is if a few “stars” and “star programs” are designed to receive the funds directly, according to athletic directors and coaches interviewed, there will likely be class issues (haves and have nots) and unity issues on teams, between teams, and in campuses (Young, 2020). If institutions are unable to resolve the equity issue, intercollegiate athletics could devolve into a football and basketball only.

The Time is Now

The model accepts that NIL and future PFP compensation is the appropriate way the commercial markets should/could compensate the participants for this for-profit endeavor. It attempts to focus the outcomes first and foremost on the long-term welfare of student athletes and acknowledges the value of the institution’s brand and the costs for programmatic-related expenses that directly benefit student athletes. It suggests that the revenue should flow to the institution into a restricted account in support of the long-term needs of the student athletes. This already happens for faculty and special projects so why not athletics?

Before NIL/PFP money is paid to individual, hand-picked, commercially viable student athletes, and the next multiyear media deal is signed, and money floods the conferences and the NCAA, institutional leaders need to take control of this situation or the commercial interests will step in and do it for them, and what is a sure thing is whatever form this takes, it will not be in the best interests of the student athletes or the institutions.

Who is best equipped to lead this project? NCAA. Who is likely to lead the movement? University Presidents. The trick? Keep it simple. No need to reinvent the wheel. It’s just common sense. If institutions protected their missions and provided what they owe these students: a world class student and athletic experience, there might be fewer hyperbolic news and magazine articles about overpaid coaches, supplier kickback schemes, and Lazy Rivers.

TABLES

Table 1. The programmatic factors related to supporting student athletes

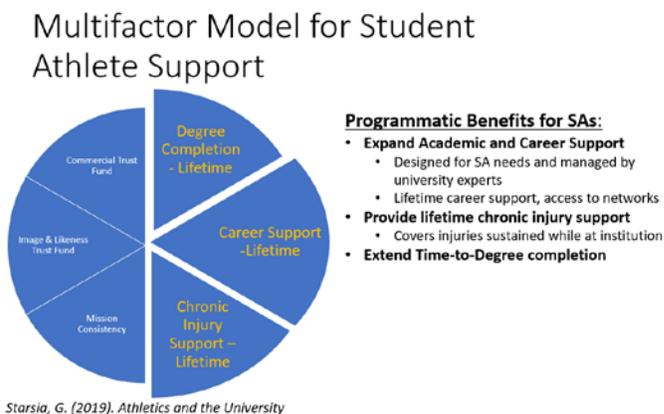


Table 2. The institutional support needed to deliver the program

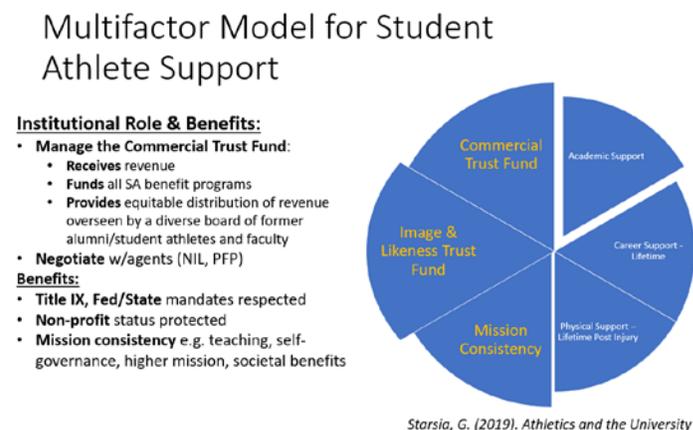


Table 3: Employment Rates, National Center of Educational Statistics (NCES)

Employment rates of 25- to 34-year-olds, by sex and educational attainment: 2018

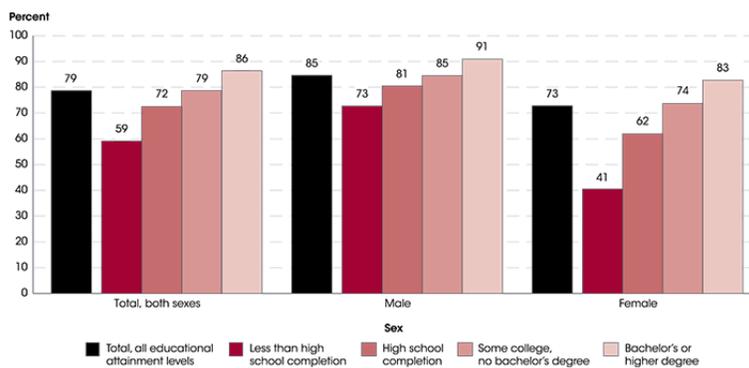


Table 4: Earnings comparison by degree attainment, US Bureau of Labor Statistics

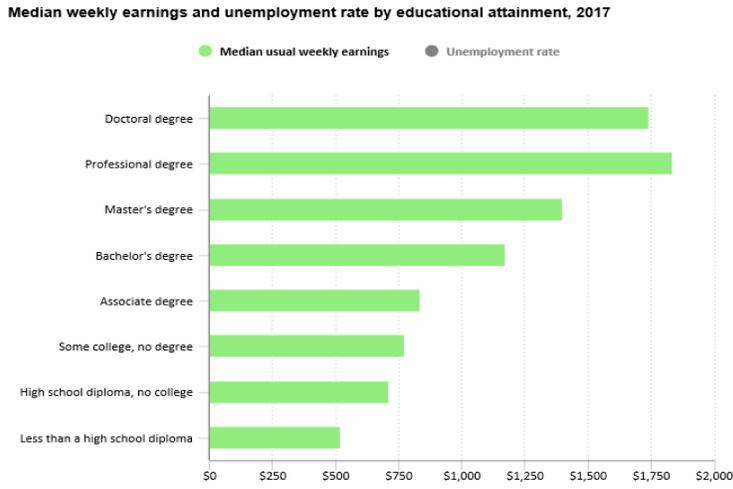
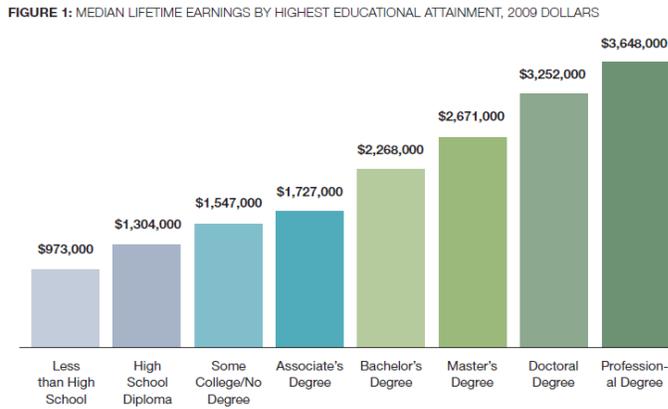


Table 5 – Lifetime Earnings by Degree, Georgetown University Center on Education and the Workforce



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