

WHITHER COLLEGE SPORTS?

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Economic Dynamic

- ▶ * No Stockholders; Only Stakeholders
- ▶ * Suppression of Player Compensation
- ▶ * Alternate Recruitment Inducement System
 - ▶ High Coach salaries. Median Power Five Head Coach Comp > \$3.5m
 - ▶ Investment in facilities
 - ▶ Perks, e.g., now uncapped educational benefits and awards up to 6k
 - ▶ NIL promotion
- ▶ * Transfers from athletes to coaches, ADs and commissioners, and from Football (in 52% of FBS programs) and Men's Basketball (44% of FBS programs) to "Non-Revenue" Sports

Financial Results Division I

Median & Range 2019	(millions \$)					
	FBS		FCS		Without Football	
Generated Revenues	61.99	(5.7 to 223.9)	4.74	(1.4 to 40.1)	3.57	(.875 to 24.7)
Net Generated Revs	18.8	(65.3 to 43.7)	14.3	(42.1 to 2.2)	14.4	(42.5 to 3.6)

Median (and Range) 2021 Revenues and Expenses for Division I Institutions by Subdivision

	FBS	FCS	Division I Subdivision
Generated Revenue	\$35,163,000 (\$3.7 million to \$165.9 million)	\$2,938,000 (\$604,000 to \$21 million)	\$2,311,000 (\$332,000 to \$16.2 million)
Total Revenue	\$60,438,000 (\$16.8 million to \$179.8 million)	\$18,648,000 (\$2.4 million to \$66.1 million)	\$16,056,000 (\$1.8 million to \$47.8 million)
Total Expenses	\$64,908,000 (\$17.7 million to \$170.6 million)	\$18,067,000 (\$3.5 million to \$57.8 million)	\$15,961,000 (\$3.8 million to \$47.8 million)
Net Generated Revenue	\$22,622,000 (\$78.6 million to \$43.1 million)	\$13,769,000 (\$47.1 million to \$2.8 million)	\$13,364,000 (\$41.7 million to \$648,643)

Financial Results FBS

Median & Range 2019	(millions \$)			
	Power 5		Group of 5	
Generated Revenues	109.8	(58.1 to 223.9)	14.2	(5.7 to 62.0)
Net Generated Revs	6.97	(45.2 to 43.7)	23.0	(65.3 to 6.0)

Median (and Range) 2021 Revenues and Expenses for Division I Institutions by Subdivision

	Autonomy	Nonautonomy
Generated Revenue	\$77,062,000 (\$35 million to \$165.9 million)	\$10,829,000 (\$3.7 million to \$49.2 million)
Total Revenue	\$101,236,000 (\$40.1 million to \$179.8 million)	\$35,242,000 (\$16.8 million to \$87.2 million)
Total Expenses	\$104,087,000 (\$64.6 million to \$170.6 million)	\$35,284,000 (\$17.7 million to \$87.2 million)
Net Generated Revenue	\$18,183,000 (\$78.6 million to \$43.1 million)	\$23,572,000 (\$62.2 million to \$11.9 million)

Financial Results, FBS by Quartile

Median 2019	(millions \$)			
	Quartile 1	Quartile 2	Quartile 3	Quartile 4
Generated Revenues	142.3	88.7	26.7	11.9
Net Generated Revs	2.1	11.2	25.5	20.9

Median 2021 Revenues and Expenses for FBS Institutions by Expense Quartile

	Quartile 1	Quartile 2	Quartile 3	Quartile 4	Overall FBS
Generated Revenue	\$112,238,528	\$70,258,472	\$14,401,415	\$7,573,810	\$35,162,648
Total Revenue	\$122,513,176	\$88,859,408	\$45,110,174	\$29,361,566	\$60,438,200
Total Expenses	\$123,010,868	\$89,086,392	\$45,558,586	\$28,954,190	\$64,908,358
Net Generated Revenue	\$13,625,364	\$20,127,688	\$28,540,951	\$20,106,860	\$22,622,225

Gloomy Finances Exacerbated: Pressure to Share Growing Revenues with Athletes

- ▶ 2006 White v. NCAA over COA, settled in 2008
- ▶ O'Bannon for COA and NIL, 2014-16
- ▶ NW Football Players Attempt to Unionize, 2014-15
- ▶ Dce 2017 tax reform: Loss of 80% tax deductions on seat purchases; 21% tax on salaries >\$1m; COA stipends.
- ▶ Alston and SCOTUS Decision
- ▶ FLSA (current Johnson litigation in 3rd Circuit), House case in 9th Circuit (share of TV money & back pay) and Over 100 Concussion Lawsuits
- ▶ NILs
- ▶ Ameliorative Effect? Sports betting

Prospects for Reform: Three Paths

- ▶ Status Quo with tweaks – Transformation Committee?
- ▶ Marketization
- ▶ Reinforcement of Educational Mission

Pay for Play and Marketization

- ▶ NILs without guardrails
- ▶ Employee status (Johnson litigation 3rd circuit)
- ▶ House suit/revenue sharing
- ▶ NFL? NBA?

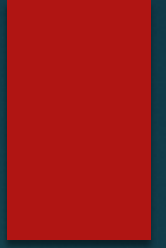
▶ Possible Consequences

- ▶ Further de-emphasis on education
- ▶ Structure of bargaining and failure to end racial exploitation
- ▶ Income taxes on athletes, SSA on schools, workmen's comp, unempl insur
- ▶ Undermining of antitrust action
- ▶ Greater financial stress, growing deficits and higher student fees
- ▶ Weakening of Gender Equity and Non-revenue Sports
- ▶ Branding?

Reinforcement of Educational Mission

- ▶ NILs with guardrails (FMV, no inducements)
- ▶ Comprehensive Medical Care
- ▶ Robust Education
- ▶ Limited and conditional antitrust exemption
- ▶ NFL? NBA?

Appendix



Revenue Sources, 2019	Division I	FBS
Institution & Government Supports	28%	6%
Media Rights; NCAA/Conference Distributions; Bowl Revenues	22%	35%
Donor Contributions & Endowments	17%	23%
Ticket Sales	12%	19%
Student Fees	8%	2%
Corp Sponsorships, Advertising, Licensing	7%	9%
Guarantees	2%	1%
Other Revenues	4%	5%

2018	<u>FBS</u>			<u>SEC</u>			<u>BIG TEN</u>			
EXPENSES	Millions \$ Total	Millions \$ School Avg	Share	Millions \$ Total	Millions \$ School Avg	Share	Millions \$ Total	Millions \$ School Avg	Share	
Coach Comp	1,560	12	18%	320	22.9	18%	306	21.9	22%	
Student Aid	1,156	8.9	13%	177	12.6	10%	213	15.2	12%	
REVENUES										
Ticket Sales	1,149	8.8	17%	413	29.5	22%	374	26.7	18%	
Donations	1,747	13.4	20%	513	36.6	27%	299	21.4	17%	
Corp Sponsor	761	5.9	9%	130	9.3	7%	181	12.9	10%	