

TV Money Windfall in Big Time College Sports
\$784 Million Reasons for Reform

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New revenues generated by recent TV contracts inked by five major athletic conferences and the NCAA have surpassed three-quarters of a billion dollars annually. This number is expected to rise as both the ACC and SEC seek to renegotiate their TV deals with ESPN, and as the Big East Conference enters a new TV contract in the near future. When compared with the final year in each of their previous TV contracts, the current TV deals for the five conferences and the NCAA are bringing in an average of approximately \$784 million in new revenue per year and a total of about \$1.8 billion per year into the college sport enterprise.

Table 1. Conference & NCAA Television Rights Revenues

Entity	Total Revenue Per Year	New Revenue Per Year	Date of Negotiation	Contract Length	Networks
ACC	\$155 million	\$88 million	2011	12 years	ESPN
Big East	TBA in 2013	TBA in 2013	TBA	TBA	TBA
Big Ten	\$252 million	\$146 million	2007	10-25 years	ESPN, BTN
Big 12	\$150 million	\$9 million \$70 million	2008 & 2012	8-13 years	ESPN, Fox
Pac-12	\$250 million	\$190 million	2012	12 years	ESPN, Fox
SEC	\$205 million	\$145 million	2009	15 years	ESPN, CBS
NCAA	\$770 million	\$136 million	2011	14 years	CBS, Turner
Total	\$ 1.8 billion	\$784 million			

Southeastern Conference (SEC) Commissioner Mike Slive has noted that the increased revenue among many bidders is an indicator that the value of college sports as a television product is on the rise. In describing the financial state of the college sports industry for reporter Jon Solomon of *The Birmingham News* back in June of 2011, ESPN senior vice president of college sports programming Burke Magnus said, “College sports is a very healthy enterprise. I think some sports would kill to have the problems that college sports has.” College athletes in NCAA sports have less enthusiasm for the problems that they endure at the hands of the NCAA and their colleges.

Football and basketball players have begun calling on the NCAA to invest a portion of new revenues to bring forth comprehensive reform. Players from Arizona, Georgia Tech, Kentucky, Purdue, and UCLA sent NCAA President Mark Emmert a petition signed by the majority of their teams calling for basic protections for players of all sports, funding scholarships that equal the cost of attendance, increasing graduation rates among football and basketball players, and Title IX compliance.

Under NCAA rules, college athletes can be left to pay sports-related medical bills, can have their scholarships taken away for any reason (including injury), are left to pay thousands of dollars in out-of-pocket educational related expenses while on “full scholarship”, and approximately 50% of football and men’s basketball players are left without a college degree.

In our recently released study *The Price of Poverty in Big-Time College Sport*, we reported the following:

- The average scholarship shortfall (out-of-pocket expenses) for each “full” scholarship athlete was approximately \$3222 per player during the 2010-11 school year.
- The room and board provisions in a full scholarship leave 85% of players living on campus and 86% of players living off campus living below the federal poverty line.
- The fair market value of the average FBS football and basketball player was \$121,048 and \$265,027, respectively.

Much attention has been paid to the size of the big TV contracts, but few have asked the obvious question: “How will this new money be spent?” If historical spending patterns are any indication, it is almost a guarantee that athletic administrators will spend the bulk of this money rewarding themselves and their coaches with enormous salary increases and bonuses while spending lavishly on luxury athletic facilities. Meanwhile, the athletes whose talents generate this revenue lack many basic protections.

Evidence of this pattern can be found in a recently disclosed update about the proposals coming forward from committees organized following the NCAA Presidential Retreat last August (Wolverton, 2011). In the October 18, 2011 NCAA report, the Student-Athlete Well-Being Working Group addressed the issue of full cost of attendance by recommending, among other things, that athletes receiving full grant in aid be eligible to receive additional institutional financial aid (athletics or other) up to the value of the institution’s “cost of attendance” or up to \$2,000, whichever is less. Even if all FBS schools chose to provide the maximum increase allowed by this proposal, full scholarship athletes at 100 FBS schools would still face a mandatory scholarship shortfall averaging about \$1500 per player per year. In the meantime, another committee, the Resource Allocation Work Group, has voted to cut FBS football scholarships by five, FCS football scholarships by three, men’s basketball scholarships by one, and women’s basketball scholarships by two. Thus, while one committee is urging the NCAA to address the scholarship shortfall issue, another committee is passing on the economic burden of addressing the shortfall, in part, to the players by reducing their opportunities. In the end, not only would these offsetting proposals create little if any net financial gain for athletes, they combine to produce *less* educational opportunities.

In 2009, the college presidents who control NCAA rules admitted that they had little hope that they could bring forth necessary reforms, but amid recent high profile scandals and money-grabbing conference realignments, they are currently trying to do just that. College sport leaders have indicated that they are interested in addressing some of the issues that make life difficult for their athletes. They have suggested increasing scholarship levels and permitting colleges to provide multi-year scholarships.

As SEC Commissioner Mike Slive, University of South Carolina head football coach Steve Spurrier, and others have stated, there are football and men’s basketball players who suffer economic hardships and struggle to make ends meet. The players’ opportunity to seek outside employment and to accept endorsements to help close the gap in terms of educational costs is foreclosed not just because of NCAA legislative prohibitions, but the practical demands on players’ time and attentions. As NCAA data on the athlete experience reveals, football and men’s basketball players in the high profile, televised programs spent on average 41 hours per week in activities related to their sport. When the number of hours these same athletes are engaged in academic work is

included, their overall work week requires an 80 hour commitment per athlete (NCAA Staff, GOALS & SCORES, 2011). This time demand will increase for many players who must spend more time on airplanes to play teams farther away from their campus because of the profit-driven conference realignments ([Brennan, 2011](#)). While conference realignments will require players to sacrifice more time, it has yet to be determined if this sacrifice will produce protections for them in any way.

In the past, the NCAA and its colleges have argued vehemently against comprehensive reform claiming that the money was simply not available. While they still may choose to fight against such reforms, they can no longer state that there is not enough money to provide basic protections for their players. In terms of a scholarship increase, it would cost approximately \$47 million per year to provide a \$3200 scholarship increase to FBS football players and Division I men's basketball players. If required, the same amount can be given to female athletes to ensure Title IX compliance for a total of about \$94 million per year. With \$784 million in new annual revenues, the colleges can afford to provide a scholarship increase, pay for sports-related medical expenses, and ensure injured players can keep their scholarships while still enjoying an unprecedented revenue windfall.

If the NCAA and the colleges decide against investing a portion of this new revenue into reforms such as increasing graduation rates, scholarship renewals for injured players, and fully funding their players' educational opportunities, how can they continue to hold up their educational mission as a reason to receive billions of dollars in tax free revenue from TV contracts, ticket sales, and corporate sponsors? College sport officials need to begin with the premise that improving educational opportunities and protections for their players is the right thing to do. They should develop budget priorities that will accomplish these things while continuing to enjoy the highest revenue streams in the history of college sports. There is enough money to do both.

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