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NCAA Athletics: What to Do with All this Money? (2019-2020)

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“NCAA Athletics: What to Do With All This Money?” Kasey Vaughan (analysis example)

Questions to Consider For Discussion and Reflection

Athletic programs often serve as very public hallmarks for their larger educational institutions. This is particularly the case in higher education, where students and alumni love to rally behind their teams by attending games, sporting the newest trademarked gear, or streaming live tournament action on their phones. But where does all of the money generated by NCAA programs go? Who really benefits from these lucrative arrangements, and why? The following essay provides an in-depth look at such questions by specifically honing in on the NCAA Men’s Basketball Tournament. As you read Vaughan’s essay, consider:

- In looking closely at the NCAA Men’s Basketball Tournament, Vaughan takes on an object of inquiry with many intricate and complicated moving parts. How does she help inform the reader of these complexities by providing adequate context or background information?
- More than anything, Vaughan uses very specific examples to help illustrate two sides of a very contentious argument. What specific examples do you find most compelling/convincing? Why? How might you make use of specific examples from your own text to help convince your audience of the merits of your analysis?
- Throughout her analysis, Vaughan often uses statistics and outside sources to lend specificity and nuance to the topic. Where do you see these outside sources being incorporated most effectively? How might you utilize a variety of outside sources to supplement your own analysis?

NCAA Athletics: What to do with All This Money? by Kasey Vaughan

The NCAA has been a governing body of college athletics since 1906. There are more than 460,000 student athletes competing under the NCAA. The NCAA has an annual revenue of close to \$1 billion each year. Where does the NCAA get all that money? It’s simply people paying to see the student athletes compete. One of the main sources for revenue for the NCAA is the NCAA Men’s Basketball tournament in March. The March Madness tournament brings the NCAA about 90% of their annual revenue. There’s so much money within the NCAA that people are speculating that NCAA student athletes should be paid in addition to their scholarship (Parker).

The greatest source of income for the NCAA is indeed the NCAA Men’s Basketball Tournament.¹ The sources of income for the NCAA men’s basketball tournament come from all

¹ The NCAA men’s basketball division I tournament is held annually beginning in March and ending in April. It is a single elimination tournament consisting of 68 teams who are competing for a national championship. The first tournament took place in 1939 and has happened every

over. The biggest sum the NCAA receives during the tournament is income from a television contract with CBS and Time Warner's TWX Turner networks. The NCAA extended their already massive contracts with these television companies following the 2016 tournament. Beginning with the 2017 tournament, the NCAA will receive roughly \$1.1 billion for the three-week-long tournament. That is increased from \$770 million during the previous tournaments. The new deal will last until 2032, but this leaves many people curious as to where all that money goes. On top of that deal to broadcast the games, there's about seven commercial breaks during an NCAA men's basketball tournament game, which allows companies to buy time slots to advertise their companies while millions watch. The average price of a 30-second ad in the 2014 National Championship was just under \$1.5 million (Berr). Overall ad spending on the games has more than doubled to \$1.13 billion in 2014 from \$479 million in 2005. The NCAA tournament has at least five million viewers, regardless of who is playing and what round (Berr).

As mentioned earlier, the NCAA will earn around \$900 million from the tournament, compromising about 90% of their annual revenue. In 2016, the National Collegiate Athletic Association (NCAA) raked in a record \$1 billion in revenue from media rights fees, ticket sales, corporate sponsorships, and a proliferation of television ads anchored around the three-week-long tournament (Parker). Why does the governing body of collegiate sports need that much money? In 2017, there was a \$220 million pot of money that would be given to the 68 teams and their conference in which they belong². For playing one game the team's conference gets roughly \$1.7 million. If a team makes it all the way to the final game, it can earn as many as five units, totaling \$8.3 million (Parker). It is so important for smaller conference schools to make the tournament, and even better if they win some games. According to Renee Baumgartner, the head athletic director of Santa Clara University in the West Coast Conference, the appearance of a smaller conference school in the NCAA tournament is extremely valuable from a financial standpoint. When asked about the importance of smaller conference school qualifying for the NCAA tournament, Renee said, "Everything, it's units getting X amount, a couple hundred thousand every time a team wins or gets in the NCAA tournament and advances plus the publicity"(Baumgartner). The team would earn money but more importantly they would get publicity, drawing national attention. It is those so called "Cinderella Teams" that always boost their conference by making the tournament and advancing a couple rounds.

Athletic brands such as Nike, Under Armour, and Adidas look forward to the NCAA tournament like a little kid looks forward to Christmas. The players participating in the tournament are "walking billboards" advertising those brands as millions of viewers watch (Rains). This past tournament, after the four men's play-in games (which took place Tuesday and Wednesday), of

year since. There are seven rounds in the tournament and the sixth round is known as the Final Four, the four teams who haven't lost a game in the tournament. The seventh round is the National Championship and the winner is declared national champions (Parker).

² There are 32 different conferences that compete in Division I men's basketball. The Atlantic Coast (ACC) has the winningest percentage in the NCAA tournament since 1985, winning 307 games heading into the 2018 tournament. This past tournament, the ACC set an NCAA record for sending nine teams to compete in the tournament. The five major conferences in men's basketball are the ACC, Big 12, Big 10, Pac 12, and SEC (Wikipedia).

the final 64 teams, the Swoosh logo can be seen on 44 of them, head-to-toe (Verry).³ Matt Powell, the senior industry advisor for sports with the NPD Group Inc said, “The brands are getting advertising exposure with their logo on the uniform, so there’s a dollar value you could put on that. It’s about getting your logo on SportsCenter and in photographs. And they clearly have justified it in their minds that they’re getting benefits for this, even though they’re spending millions of dollars”(Verry). The student athletes are most likely the reasoning for revenue increase around the time of the tournament. Again, athletes helping an institution make money but not receiving any of it.

Coincidentally, the NCAA used to have a rule from 1997-2013 that stated that the arena hosting the Final Four and National Championship must have a minimum capacity of 40,000, according to wikipedia. Also, in 2009, the minimum was increased to 70,000 by adding additional seating on the floor level of the arena. By raising that minimum, that also adds 30,000 more tickets available for purchase. Typically, the average prices for tickets to watch both Final Four games are over \$100 and even \$200. The average ticket price to watch both Final Four games during the 2018 tournament cost \$1,845 (Kay). The average ticket price to watch just the National Championship cost \$1,110 (Kay). The attendance for the 2018 National Championship was around 67,800 people, meaning the NCAA made a little more than \$75 million just from selling tickets. The NCAA purposely makes rules about capacity to make sure they earn every dollar they can from selling tickets. The large sums of money involved within the tournament makes the NCAA a billion dollar industry.

Besides the NCAA March Madness Tournament, the college football industry has dollar signs written all over it. College football coaches are paid an absurd amount of money. There’s no doubt college coaches are influencing student athlete’s lives in great ways, but there’s also no doubt that they are paid way too much for what they do. Among head football coaches, Alabama’s Nick Saban earns over \$7 million per year and Ohio State’s Urban Meyer has a base salary of \$4.6 million per year, not counting numerous incentive clauses. Among head basketball coaches, Duke’s Mike Krzyzewski earns \$9.7 million per year and Kentucky’s John Calipari is above \$7 million per year. The median head football coach among the 126 Football Bowl Subdivision institutions earned \$1.9 million in 2013; the comparable head basketball coach’s salary was \$1.2 million (Sanderson). College coaches are paid for competing but the athletes see none of that money, even as they are the reason for the income. One of the biggest frustrations the athletes have is not being allowed to earn outside income while on scholarship. Universities and the NCAA make millions of dollars selling video game rights, jerseys, T-shirts and more. But players had not received a share of this money until this June, when the NCAA and EA Sports, the video game maker, agreed to pay \$20 million and \$40 million, respectively, to former college athletes whose likenesses have been used in video games (Karaim). NCAA President Emmert also has called for providing a \$2,000 annual stipend to scholarship athletes to help them cover incidental expenses, although so far he has been unable to get the university presidents

³ The swoosh comes from the world renowned brand Nike. Nike was founded in 1964 by Phil Knight and Bill Bowerman. The company today has a worth of \$26 billion. During the 2017 tournament, 60% of schools had a contract to wear Nike but it went down compared to 2011 when more than 80% of schools were contracted (Wikipedia).

who control the NCAA to agree (Karaim).⁴ Athletes have spoken up and voiced their frustrations regarding this issue but nothing has been done to change that. Athletes work tirelessly and dedicate insane amounts of their time to their respective sport yet they don't see any of the income revenue they bring to universities.

The issue of paying student athletes has become a very real issue in college athletics. The financial stability of athletic departments would be greatly affected if student athletes were paid. The financial health of athletic departments rests on four elements: 1) the demand for television broadcast rights for live programming, 2) large, stable game attendance, 3) the desire of many universities to maintain ties with alumni and other constituents, and 4) a cartel agreement among universities to limit compensation for the essential input required to stage the games, namely the players. The first three elements boost athletic department revenues, while the fourth contains costs (Sanderson). Renee Baumgartner, the head of the athletic department said, "if student athletes were paid, there would be unintended consequences, gender equity being the biggest."

When asked about the determining factor for paying each athlete, Renee said, "it will never get to that point, there's too many questions that would have to be answered before any athlete gets paid" (Baumgartner). Besides cash, what other ways can universities "pay" their student athletes? Extra apparel? Free food? On the other hand, Stevie Scott said, "student athletes should be paid so we can support ourselves and our families. Not everybody comes from a financial stable home" (Scott).⁵ Many student athletes believe they should be paid and their opinion is well supported based on the simple fact that the NCAA brings in close to \$1 billion a year. Scott believes athletes should be paid based on their production for the team and how much they play. He said, "pay the athletes for making big plays, scoring points for the team, kinda similar to the NFL. If you aren't a player that doesn't play, you should still get paid for going through all the workouts and activities involved with your sport but not as much as the players who play" (Scott). After seeing all the annual revenue the NCAA brings in, it makes people raise an eyebrow as to why the students aren't given any of it. Would coaches employed by the NCAA be willing to take a pay cut so athletes receive more benefits than just a scholarship?

The NCAA is an institution operating to give athletes an opportunity on the collegiate level. The biggest benefit for the student athletes would be receiving a paycheck. The athletes are the only reason for athletic departments but their athletic abilities are used to benefit the university. The NCAA Men's Basketball Tournament puts athletes on the biggest stage next to the pros but the NCAA looks at it as a financial holiday rather than a basketball tournament. So where will the discussion of paying college athletes go in the future?

⁴ Mark Emmert, the President of the NCAA, has publicly voiced his opinion against paying college athletes. He has been the President of the NCAA since April of 2010. "Most university president's, most college presidents that I've talked to, are not particularly interested in continuing sports as they exist now if [college athletes] are going to be converted to employees that are hired," said Emmert. He earns an annual salary around \$1 million (Karaim).

⁵ Stevie Scott is a freshman on the Indiana University football team. He plays the running back position and has already had a significant impact on their offense this season. He has already rushed for 695 yards and scored 6 touchdowns while helping the Hoosiers to a 4-3 record.

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