



NCAA DIVISION I PRESIDENTIAL FORUM

Sustainability and the Division I Collegiate Model

Briefing Document / October 2020

Discussion: The NCAA Division I Board of Directors and Presidential Forum identified sustainability as it relates to the Division I collegiate model of athletics as a top priority, and the Board supports the Forum taking a lead role in recommending strategies and initiatives to protect and enhance intercollegiate athletics at the Division I level. The following document frames the issues at hand and serves as a starting point for the Forum to begin developing short- and long-term solutions that sustain the collegiate model now and in the future.

THE DIRECTIVE.

The NCAA Division I Presidential Forum is leading an ambitious review of sustainability as it relates to all aspects of the Division I model of intercollegiate athletics. The goals are to examine the current collegiate model; identify strengths, weaknesses, and pressure points that threaten its viability; and recommend short- and long-term solutions to sustain intercollegiate athletics as an integral and enriching component of the higher education experience for student-athletes.

WHY THE REVIEW IS RELEVANT AND TIMELY.

Even before the COVID-19 outbreak, the NCAA Division I Board of Directors and the NCAA Board of Governors had identified sustainability of the collegiate model as among their strategic priorities. The ramifications of the pandemic – both on intercollegiate athletics and higher education in general – have only heightened the need to address this issue with a new sense of immediacy and vigor.

As the financial pressures on the enterprise intensify because of the increasing costs related to the administration of sports programs (e.g., increasing health and safety initiatives), it is imperative that Division I chancellors and presidents engage in a comprehensive and candid examination of

all aspects of the Division I collegiate model in order to enhance the stability and long-term sustainability of Division I sport offerings and services.

Additionally, the following assumptions make the review timely:

- As a “public trust,” political interest in NCAA-related matters has increased at the federal and state levels, as witnessed by state and federal name, image and likeness legislation, demand for additional attention to student health and well-being, multiple Congressional hearings, etc.
- In light of financial challenges facing higher education, intercollegiate athletics programs, like other campus units, must examine policies, practices and approaches consistent with fiscal stewardship that lead to long-term sustainability.
- As new health and safety regulations and guidelines are generated to appropriately support student-athletes, additional financial and resource expectations exist that require immediate attention.
- Appropriately, there is an increased expectation that the “voice” of student-athletes be a part of national, conference and campus decision-making on issues directly affecting them.
- The increasingly litigious environment will continue to require financial resources at the national, conference and campus levels to be directed at the management of cases and their outcomes, resulting in decreased revenue distributions and potential service interruptions.
- The financial gap between the so-called haves and have-nots continues to widen, as the latest data reveal in the following chart:

Median (and Range) 2019 Revenues and Expenses for Division I Schools by Subdivision

	FBS	FCS	Division I Subdivision
Generated Revenues	\$61,994,000 (\$5.7 million to \$223.9 million)	\$4,741,000 (\$1.4 million to \$40.1 million)	\$3,566,000 (\$875,180 to \$24.7 million)
Total Revenues	\$80,900,000 (\$15.6 million to \$223.9 million)	\$19,924,000 (\$3.9 million to \$79.9 million)	\$18,299,000 (\$3.2 million to \$50.9 million)
Total Expenses	\$80,814,000 (\$16.9 million to \$220.6 million)	\$20,096,000 (\$4.1 million to \$64.5 million)	\$18,211,000 (\$4.6 million to \$50.9 million)
Net Generated Revenue	\$18,790,000 (\$65.3 million to \$43.7 million)	\$14,316,000 (\$42.1 million to \$2.2 million)	(\$14,397,000) (\$42.5 million to \$3.6 million)

WHY THE PRESIDENTIAL FORUM IS LEADING THE REVIEW.

University presidents and chancellors are the cornerstone of the collegiate model, with rightful oversight of the entire enterprise. While the Board of Directors is the ultimate authority within the Division I governance structure, the Presidential Forum is the Board's primary advisory arm. The Forum is responsible for considering broad, strategic issues and innovative approaches to support the Board's agenda. This review of sustainability fits appropriately within those parameters, and the project benefits from the Forum's composition that represents all 32 Division I conferences.

HAVEN'T WE BEEN HERE BEFORE?

Yes and no. The idea of sustaining the collegiate model isn't new, but the pandemic has made it real. Sustainability typically was an implied desired outcome within the various "reform" efforts that have taken place over the years, but actual reference to the term has only recently taken hold.

In 2006, the late NCAA President Myles Brand appointed a 50-member Presidential Task Force on the Future of Intercollegiate Athletics to address what at the time was considered an "unsustainable pattern" of spending at the highest levels that directly threatened the collegiate model.

In 2015, current NCAA President Mark Emmert convened a summit of more than 150 university leaders to address immediate and long-term opportunities and challenges related to the collegiate model, which produced a number of influential and meaningful improvements to many of the division's operations and policies.

Other groups have sounded alarms as well. The LEAD1 Association of Football Bowl Subdivision athletics directors floated significant adjustments to the collegiate model, including alternative sport sponsorship models and a federated sports structure that emphasized more regional scheduling to curtail costs. And the Knight Foundation Commission on Intercollegiate Athletics – an external sounding board for reform since 1990 – just this fall initiated a four-part series calling for "a transformation of the collegiate model."

The Division I Board of Directors formally identified challenges related to the sustainability of athletics as one of the division's strategic areas of emphasis for 2018-23, a decision that gained support within the Division I membership. The Board of Directors Finance Committee, the Division I Presidential Forum and the Division I Strategic Vision and Planning Committee have been engaged in discussions (and taking action when appropriate) related to sustainability issues since then, but the discussions to date have focused primarily on data collection and framing of sustainability issues, with no generation of systemic changes.

From the Board of Directors' Strategic Areas of Emphasis:

"Oversee the development of policy or legislative changes that enhance the sustainability of the Division I collegiate model in light of the current and future fiscal climate impacting intercollegiate athletics and higher education."

The COVID-19 pandemic, however, has introduced realities that in the past could only be imagined or were unimaginable. Past reform efforts may have broached the possibility of a course-altering event such as the inability to conduct the Division I Men's Basketball Championship, but no one fully realized just how drastic the effects of a pandemic would be, not only on institutions' athletics operations but on institutions in general. For athletics, COVID-19 has contributed to the elimination of sports at an unprecedented rate. For institutions, the pandemic has gone so far as to cause some schools to consider closing, or significantly alter the way they deliver education.

WHAT ARE WE TRYING TO SUSTAIN?

The NCAA collegiate model of athletics is both unprecedented and unparalleled. Nowhere else in the world does embedding sports participation within the educational environment of colleges and universities exist. *Intercollegiate athletics* is truly and uniquely American.

The collegiate model of athletics is based on the premise that participation in college sports enriches the entire postsecondary educational experience for student-athletes. Athletics participation is an integral component of that experience rather than an ancillary or extracurricular activity. And the benefits of athletics participation – teamwork, self-discipline, camaraderie, engagement with community, and collaboration with persons of varied backgrounds to achieve a common goal – serve student-athletes not only during their time in competition but also as lasting lessons well after they have earned their diplomas.

Indeed, participation in intercollegiate athletics offers as much of a high-impact “classroom” for learning as other aspects of education such as lab work, study-abroad programs, internships, and practicum experiences with faculty members or local businesses/organizations. Student-athletes learn valuable life and leadership skills as part of their athletics experience, and NCAA research shows that those skills position student-athletes for success in life beyond their college years.

Over time the NCAA as an association of members who care deeply about the values of intercollegiate athletics has worked diligently to protect and enhance the collegiate model. As the successes of the collegiate model are unique, so are its challenges.



In many ways in fact, intercollegiate athletics' greatest challenge *is* its own success. Fueled by Americans' insatiable appetite to cheer for their schools and the media's equally insatiable willingness to broadcast the competitions, intercollegiate athletics has enjoyed unmatched popularity for more than half a century. At the same time, intercollegiate athletics has been accused of distorting the ideal of sports at the expense of the academy nearly from the outset of its relationship with higher education. The ensuing balancing act of maintaining the premise of intercollegiate athletics as an integral component of higher education with the need to dally to some degree in the commercial aspects of promoting the enterprise has occupied the NCAA membership for decades.

That's why the word "sustainability" has begun appearing on governance groups' agendas. Division I presidents in particular have continuously sought to protect the collegiate model as a tremendously valuable asset to higher education itself. They do so because they recognize the value intercollegiate athletics brings not only to the participants but also to the institutions. Intercollegiate athletics is a draw for alumni and others to the campus. It is a rallying point for the various constituencies of a college or university. Sometimes, intercollegiate athletics provides the only exposure for the campus beyond its local community.

Accordingly, Division I members have invested aggressively in the enterprise, understanding that they must spend to win, and win to generate revenue. Yet only a few Division I institutions' athletics operations generate revenues above expenses. That means the vast majority of Division I presidents and chancellors must weigh subsidies to athletics against the value athletics adds to the university overall – without compromising the rest of the academy.

In short, all Division I members must contemplate the *sustainability* of intercollegiate athletics, and what the word "sustainability" means in the context of how their athletics programs fit within the Division I membership structure.

The pandemic has expedited such contemplation. Can the collegiate model be sustained in the current environment surrounding higher education? If not, what must change? Does the collegiate model need to be "reinvented"?

It will be important to galvanize presidents to lead this effort. The Presidential Forum, and its Steering Committee, will be critical in providing a presidential perspective that helps inform the Division I Board of Directors and the Division I Council on legislative, policy and other changes necessary to sustain the collegiate model. The Forum also may gain valuable insight from the Strategic Vision and Planning Committee, which has considered the idea of sustainability in recent meetings.

PARAMETERS SURROUNDING THE REVIEW.

For the review to achieve desired outcomes, it is necessary to accomplish the following objectives:

- Define principles that drive the division's decision-making to "reinvent" the Division I collegiate model.
- Identify rules, policies and other factors that drive market trends and increase costs.

- Identify organizational and governance-related enhancements that improve responsiveness and readiness to address immediate and future challenges.
- Identify potential increased revenue sources at campus, conference and national levels.
- Collaborate with student-athletes, athletics administrators and the broader higher education community to identify and overcome obstacles.

ELEMENTS/AREAS OF THE COLLEGIATE MODEL TO CONSIDER.

Per the parameters above, an appropriate starting point for the review may be to identify the primary threats to the success of the collegiate model. We already know the collegiate model's strengths, but what are its weaknesses? COVID-19 has unveiled some obvious financial pressure points, but are there structural/organizational issues that need to be addressed as well?

Accordingly, Forum members are asked to engage with their conference commissioners and their conference presidential boards and other conference governance groups to gather input by March 21, 2021 to inform future recommendations. To assist in that regard, a Feedback Review Guide accompanies this Briefing Document that offers the following questions in four overarching areas: Membership Requirements, Financial Concerns, Governance, Legal Fees, and Programs and Services.

Based on the feedback obtained, the following approaches to implementing short- and long-term solutions could apply (these are offered merely for discussion purposes):

- Short term – Regulatory/policy changes and outcomes for 2020-21.
 - Consider the drastic changes that higher education is experiencing in the wake of COVID-19 and the impact those will have on athletics at all levels within Division I.
 - Agree upon desired outcomes for short- and long-term stability of Division I and support or amend the Division I philosophy and/or commitments accordingly.
 - Introduce regulatory changes (waivers, rule modifications) to address desired outcomes in playing and practice seasons and membership requirements.
 - Review the most recent governance restructuring to identify objectives or goals that have not yet been successfully achieved and determine steps to resolve the issues.
 - Review the model of FBS football and its impact on the broader Division I membership.
 - The NCAA national office is currently engaged in making sure existing services are being provided to membership as a top priority while the national office – and all of higher education and intercollegiate athletics – grapple with the impact of the pandemic. It is envisioned that 2021 will present the opportunity for the Division I membership to provide perspectives related to national office services:
 - Immediate changes to assist with sustainability (including potential of areas of relief granted in 2020-21 that could carry over);
 - Six-month initial feedback phase on broader and more systemic changes to assist sustainability; and
 - Review of national office services to occur in 2021.
- Long term – Examination of additional regulatory and policies changes (2-3 years).

- Identify and pursue additional revenue-generating activities.
- Introduce regulatory changes to address specific desired outcomes in sports sponsorship requirements, scholarship requirements, recruiting rules, personnel who support sports, and head count vs equivalency sport distinctions.
- Affirm or amend the NCAA revenue distribution model and criteria.
- Review the Division I governance model and identify enhancements to meet the division's long-term goals.
- Initiate broader examination of alternative Division I sport models (including those developed previously by the LEAD1 Association).
- Re-examine and enhance other elements of the Division I collegiate model:
 - Academic expectations for student-athletes and institutions.
 - Broad-based sport opportunities.
 - Modernization efforts to best support student-athletes.