Why College Athletes Deserve Pay

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Abstract

In this paper I will discuss the issues surrounding the payment of college athletes. College athletes provide a source of revenue for their universities and in doing so deserve compensation for their hard work and dedication. It is important to understand the history of the NCAA and how it has grown into the athletics conglomerate it is today. Universities are able to make such large profits off of their athletic programs due to the massive television broadcasting deals they have been able to sign. The funds that these broadcasting deals demand are mainly due to the attraction revenue generating sports' athletes acquire. The NCAA, unlike its professional counterparts, returns a very limited amount of revenue back to its players in the form of scholarships.

Secondly, these athletes are humans and it is immoral to exploit their talent while the staff around them is able to benefit generously. This influential change will not come without dispute however. Individuals must continue to question figures of authority as to why they have not received the funds owed to them. This paper will attempt to convince the reader that it logically, financially, and morally makes sense to pay college athletes who deserve it.

Key Words: *Compensation, Revenue Streams, Amateurism, Professionalism*

Introduction

Watching, enjoying, and following college athletics is one of the greatest American past times. Unlike many other nations, America allows college students to continue their academic journeys while being able to represent their respected universities on the playing field. Not only does the opportunity to play sports at the collegiate level benefit the student itself, but it perhaps benefits the institution on an even greater level. For years universities across America have benefitted financially from the names and likelihood of their student athletes. It is no secret that both large state universities as well as small private colleges are able to raise funds through ticketing, merchandise and apparel, food and beverage, and all other streams of revenue surrounding college sports. While these universities do provide their athletes with plenty of incentives, like scholarship opportunities, apparel, academic assistance, and more, there are many that those incentives are not of equivalent value to the athletes themselves. These athletes names are known nationwide, their teams play on national levels, and they have fan bases larger than some professional sports teams. The financial benefits that universities reap from the performance of their student athletes is a direct threat to the basic human rights of the athletes themselves. The exponential growth of the popularity of college sports along with the revenue growth, of both large and small universities, attributed to school athletics call for a change in the form of financial compensating the athletes themselves.

History of the NCAA

The NCAA was founded in 1906 by President Theodore Roosevelt. President Roosevelt founded the NCAA in an attempt to regularize the safety of college athletics- specifically football. Before the official creation of the administration, college sports were orginally viewed as clubs that students would join in order to compete against other clubs at universities. Until the 1950's, the NCAA did not create much revenue and the universities themselves did not see many financial benefits from their athletic programs until ticket sales started to increase. At this time, athletic scholarships were introduced as a form of compensation to the athletes. However, limited profit, combined with the notion of college athletics being considered amateur, has led to the collective thought that student-athletes should not receive direct pay for their performance. It wasn't until 1984 that college athletics started to see a dramatic increase in their revenue streams. "In the 1984 Board of Regents case …, the Supreme Court of the United States held that the NCAA could no longer limit telecasts of college sporting events." (Katz, Vaughn, Gilleran, 2). This Supreme Court case would change the landscape of all college sports forever. The case was held between the Supreme Court of the United States and the University of Oklahoma's Board of Regents, and settled the dispute of the NCAA regulating its members televised events. In doing so, they were able to regulate the revenues produced by the institutions themselves; however, once the regulation was lifted, it opened the door for universities to truly take advantage of their platforms. Interestingly enough, the "NFL does not broadcast on Saturdays during the college football season as a result of a compromise it reached with the US Congress in the Sports Broadcasting Act of 1961, cementing college football's market power in broadcasting live sporting contests on Saturdays" (Sanderson and Siegfried, 128). It is no mistake that this act was set in place so the NCAA could compete with the NFL for viewership. If the NCAA had continued limiting its members ability to profit, there may not be a grounds for argument in letting student-athletes receive financial compensation. Nevertheless, since the NCAA has allowed universities to make private deals with different television programs, it is not fair for them to limit the benefits of the very product being televised.

The Business of the NCAA

It is no mystery that college athletics produce an abundance of the revenue universities take in. If that wasn't the case, there would be no need for the continuing argument of whether these so called "amateur athletes" should receive compensation or not. From 2010 to 2011 the NCAA had reported a combined $846 million in revenue during the academic year from two sports alone. This includes both the Bowl Championship Series (BCS), which includes Americas top college football programs, and the men's college basketball tournament, more commonly known as "March Madness", which generated $162.5 million and $771.4 million respectively. Additionally, "According to data gathered by the United States Department of Education's Office of Postsecondary Education as part of its Equity in Athletics data gathering initiative, the combined athletic revenues across all Title IV colleges and universities in the United States were approximately $12.6 billion, for the 2010-2011 academic year." (Monks, 1). The revenue numbers are astronomical and become even more surprising when compared to the National Football League's, who's gross profit was $7.6 billion during the 2009 season. It is important to note that the NFL is America's highest grossing professional sports league and it's minimum salary for an active athlete is $610,000 per year. Unlike the NCAA, the National Football League recognizes that it's players are the very product it supplies to its consumer base. The athletes themselves are the main source of all streams of revenue: including ticket sales, apparel and merchandise, food and beverage sales, and an abundance of other sources of profit allowed by the performance of the organizations athletes. The worth of a universities athletic program is strictly based off of the performances and image of their student athletes. In some areas of the nation, these student athletes are even held in a higher regard than professional athletes and it is only fair to show them their respect for the sacrifices they make.

As stated previously, the original source of profitability amongst university's athletic programs was the demand for television broadcasting rights. Prior to this spike in profit, a considerable amount of revenue was shared with the athletes through scholarship opportunities. However, the percentage of scholarships remained quite stagnant while the rise of profits attributed to television deals sky rocketed. The competition amongst television networks to secure the broadcasts of these major college sporting events, like the March Madness basketball tourney or the College Football Playoffs, is second to none. These events are bid on by competing networks as they bring in immense amounts of revenue for the winning bidder. One example of this took place in 2014, when CBS won the bid of $800 million which was paid to the NCAA. This number, in inflation adjusted dollars, was a mere $12 million as recently as the year 1984 (Sanderson, Siegfried, 120). In the case of the student athletes, this is a staggering statistic as it calls for an immediate change in athlete compensation. The fact that CBS is willing to lay out $800 million to own the rights to stream young collegiate athletes compete against one another on the basketball court only puts an emphasis on the very value of the college athlete. There is no other instance where, with money of this capacity, the workers of the industry, the key employees, are not rewarded with returns.

The Worth of a College Athlete

But what is a college athlete worth? It is difficult to decipher the worth of the average college athlete as they usually do not provide means of cash flow to their universities. However, the major college football conferences (those who compete in the BCS) provide substantial data supporting the claim that their athletes should be paid. An article published in the *Journal of Sports Economics,* took an analytical approach to calculating the worth of a college football recruit. The data provided precisely shows the total profits of the different ratings of a college football recruit.

The six major conferences in football include the BIG 10, BIG 12, Atlantic Coast Conference (ACC), PAC 10, the South East Conference (SEC), and the BIG East, generate millions of dollars in revenue each year. All of these conferences have their own television networks as well as substantial deals with other broadcasters. Their games are televised nationally and many of their athletes are recognized on a large scale. The journal has provided data listing the revenue provided for per quality of student athlete. For example, if the highest rated recruit in the nation was to attend a given school, he or she would provide that

university with more revenue than a lower rated high school recruit due to a number of factors.

Table 2. Average Financial Data by Conference.

	Whole Sample	BIG 10	BIG 12	ACC	PAC 10	SEC	BIG EAST	Non-BCS
Star Rating	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total revenue	$ 20,800,000.00 (18,900,000)	$ 36,900,000.00 (17,200,000)	$ 30,800,000.00 (20,300,000)	$19,800,000.00 (9,557,253)	$ 25,300,000.00 (10,100,000)	$ 38,400,000.00 (21,700,000)	$ 17,500,000.00 (5,582,632)	$ 7,771,085.00 (5442466)
Total operating expense	$ 2,432,669.00 (1,690,748)	$ 3,146,789.00 (1,768,102)	$ 2,777,194.00 (1,295,126)	$ 2,770,630.00 (1,522,111)	$ 3,631,707.00 (1,666,421)	$ 2,836,597.00 (1,748,169)	$ 3,229,479.00 (1,380,662)	$ 1,521,412.00 (975,413)
Total expense	$ 12,200,000.00 (7,089,710)	$ 17,100,000.00 (6,829,929)	$ 14,700,000.00 (4,812,850)	$14,200,000.00 (5,161,679)	$ 15,300,000.00 (4579178)	$ 16,000,000.00 (7191472)	$ 14,000,000.00 (3894792)	$ 7,350,394.00 (3899593)
Total profits	$ 8,643,581.00 (1,340,000)	$ 19,800,000.00 (13,000,000)	$ 16,200,000.00 (16,900,000)	$ 5,607,085.00 (6,181,981)	$ 10,100,000.00 (7,173,433)	$ 22,300,000.00 (16,000,000)	$ 3,549,545.00 (3,893,258)	$ 420,691.00 (2,472,211)

Average star quality of teams from BCS Conference (standard error is in parentheses).
Number of teams in each conference: Big 10 (12), SEC (14), ACC (15), Big East (15), Pac 10 (12), Big 12 (10).
Throughout the analysis definitions, we are careful to use contemporaneous conference alignment for each year. For example, if University X was aligned to conference for 3 years and then Conference 2 for the remaining years in the data, we assign University X to their aligned conference for those specific years.

(Source: Revenue Per Quality of College Football Recruit by Bergman and Logan)

The data is rather resounding on the basis that college football players do not receive nearly enough compensation for what they are worth. The table shows the revenue streams for the major college sports conferences. Essentially, the most dominant conferences, which are the BIG 10 and the SEC, have the highest total profits. The reasoning behind this being that the teams in these conference are home to the best and most athletically gifted athletes in the country. It is obvious that the better the product on the field is, the greater the demand it has within the market. In other words, athletes are not all created equally; those who are able to perform at a rate that attracts increased revenues to their programs, deserve to see some type of return on that very profit they have helped create. “Our results suggest that players earn far more than what a college scholarship is worth. If you were to include tuition, room and board, books, and stipends, the value of all those perks are still far less than the total revenue estimates and profit estimates.” (Bergman and Logan, 590). It is evident that college athletes are being treated unfairly- not only

when compared to their professional counterpart, but when being looked at through the lens of morality.

Comparative Revenue Streams

It is extremely important to take a look at the comparative revenue shares for the major professional American sports leagues, along with intercollegiate athletics. Professional sport leagues return a significant percentage of their profits toward the salaries of their very own players. The National Basketball Association (NBA) is at the very top regarding the percentage of revenue returned to their players. A whopping 58% of all basketball related profits are put towards player salaries. Likewise, the National Football League (NFL) along with the National Hockey League (NHL), and Major League Baseball (MLB), all show respect to their players in the form of around 55% returns in revenue shares (Monks, 10). Although, it is easy to make an argument that the athletes of professional sports leagues deserve a larger piece of the pie than that of college athletes. They are the cream of the crop and their talents are worth more than that of a student-athlete. This is not up for discussion, in no way shape or form should the college athlete see similar shares in revenue as the professional athlete does. However, it does provide grounds for discussion as the benefits college athletes receive do not come close to these numbers. For example, “From the academic years 2004 (2003-2004) to 2011 (2010-2011), the percent of athletic revenue earned by the institutions transferred to athletes in the form of athletic scholarships ranged from a low of approximately 21 percent to a high of just under 23 percent.” (Monks, 11). Additionally, revenue growth attributed to athletics rose 82.9% during this time period. It is without doubt that this rise in revenue is made possible by the performance and image of the athletes themselves. Nonetheless, only 21.49% of athletic revenue was transferred in the form of athletic scholarships. Essentially, athletes are only being compensated 21.49% of their earrings. The rise in revenue could also have been made possible by the rise in usage of social media platforms- like Twitter and Instagram. Both of these platforms provide ways for the college athletes to brand themselves and create a fan base. In the past, the average college athlete did not receive much exposure except for gamedays, yet today athletes can contribute to the popularities of their programs individually. The data above, provided in Professor James Monks paper, exemplifies the total revenue of major divisions of college athletes along with the return of revenue to its students.

(Source: Revenue Shares and Monopolistic Behavior in Intercollegiate Athletics By James Monks)

This also raises the argument that some of the larger universities will have an unfair advantage when

compared to smaller ones. The available revenue at larger, perhaps public universities, would allow for higher pay to their student athletes. Yet isn't this the effect of recruiting anyways? The better, wealthier, and more attractive universities are able to recruit the top notch athletes. These universities simply have better facilities partnered with a winning history, which is hard for athletes to turn down. This would be no different with the addition of student athlete compensation.

Similarly, “College coaches, …, receive millions of dollars in salary alone. In fact, head coaches of the most prominent football programs “earn more than their schools spend on all athletic scholarships combined” when examining base salary alone.” (Grenardo, 158). It’s no secret that large public universities pay their football and basketball coaches a substantial amount of money. This is mainly due to the fact that their programs success is owed to their leadership. Even so, who’s to say that the athletes do not contribute just as much, if not more, to the financial successes of their programs? John Calipari, the head coach of Kentucky men’s basketball received a $7.1 million salary in 2017. Surprisingly, over 41% of NCAA football assistant coaches receive a $250,000 base salary and this is not including bonuses for on field success (Grenardo, 158). It is quite demoralizing to the athletes of large athletic programs, as it seems as if these universities owe all their successes on the field to their coaching staffs. What about the players? What about the on field products that fans across the nation sit and watch?

Morality of the Issue

Perhaps most importantly, the lack of payment to college athletes is a direct stab at the basic human rights of the athletes. *The Institute of Sports Law and Ethics* at Santa Clara University provides a simplified outlook on the unfairness treatment of college athletes. It is only rational, in all other profiting markets, that those who contribute to the profit should be compensated for their work. Successful coaches and athletic administrators essentially have taken advantage of their positions. While they do take part in the success of their programs, without the athletes they’d be bankrupt. Additionally, colleges nationwide provide student inventors with royalties and incentives for creating a product that’s used in the universities’ facilities. This was made legal by the Bayle-Doyle Act of 1980, which required student inventors to receive royalty deals so colleges would not be able to take full credit and reap the financial benefits of its students. The most commonly used search engine on the internet, *Google,* was invented by two students at Stanford University. Now imagine if Stanford University was able to take full credit for the performance and creativity of those two students. What is the difference between a college student who contributes to their institution in an intellectual way, an athletic way, or even an artistic way? This argument goes even further as student athletes dedicate themselves in a way unlike the average college student. College athletes are faced with the difficulties of a rigorous schedule: including practice, lifts, treatment, and film work. On top of that, college athletes must hold a certain grade point average with a full class schedule- while trying to maintain the social life that all universities provide. While athletes do receive benefits that many other students do not have access to, it is not an excuse to profit off their names and likelihood without providing them with some sort of financial compensation.

The legal payment of college athletes also eliminates the illegality of boosting college programs. It is no question that top recruited college athletes receive money from outside sources. Whether those sources are directly affiliated with the university or working on behalf of the student athletes themselves, this illegal and immoral practice has gone on for quite some time. Sam Britt from *UWIRE* spoke on this very issue and states that “if anything, the NCAA's strict policing of this issue has created this underground black market of shadow agents and bag men. A prohibition on wages has caused this bootlegging industry to become integral in the success of big time college programs…”. While illegal boosting is informally acknowledged by universities, the act has always been swept under the rug. Coaches, directors, and most staff members are aware that their athletes may be receiving benefits from outside sources. Additionally, since boosting is perhaps a “taboo act”, it is unregulated. This allows for older, more experienced individuals to take financial advantage over younger athletes. Its tempting for an athlete to expect these incentives, especially if they do not receive financial support from their family. Therefore, would the legalization of paying “amateur athletes” really be such a bad thing? Or would it bring new opportunities for young men and women in a regulated and formal environment?

Possible Solution

Perhaps the most difficult step in the process of paying student athletes would be how to go about it. There would be much debate over what would be the best approach. The initial thought is that not all college athletes deserve pay. College athletes are given opportunities that the average student is not, from academics to off campus experiences: yet only few contribute significantly to their universities. Here is where the Duke Model comes into play. The Duke Model “would compensate college athletes in football and men’s basketball, which are the two revenue generating sports, based on their performance on and off the field. In particular, the more a player plays, the more that player earns.” (Grenardo, 163). This model is extremely realistic as it allows for the athletes who deserve pay to receive it accordingly. In addition, the Duke Model allows for an even playing field for all universities. It does not take away from the already developed standard of competition within college sports. It allows schools to make their own individual decisions regarding pay. For example, “if all schools were required to pay a certain base salary compensation, some schools might not be able to afford it, potentially forcing those schools to withdraw from competition. By using a basic structure with varying amounts based on how much revenue each conference generates and how much schools in each conference can actually provide to their athletes, the Duke Model allows for consistency, a level of uniformity, predictability, and opportunity for every university to participate.” (Grenardo, 164). Other solutions propose that it is not fair to pay some college athletes over others, as all athletes work hard and dedicate themselves to their sports. However, if this were the case, all professional athletes and working individuals for that matter should also receive equal pay. Yet this is not a case of hard work or commitment, instead it is based on calculated statistics that prove some athletes are more valuable than other, as they are in professional sports leagues.

How Will Change Come About?

But, the solution proposed above cannot and will not be put into play without a push for change. It is quite difficult to create change in such a stagnant and stubborn market. However, evolving court cases may be the grounds for the start of a new era for college sports. In 2009, a member of the UCLA's most recent national championship basketball team presented his case against the NCAA itself. The case, titled O'Bannon vs the NCAA, was created on the argument that "after players leave college they should share revenues from the commercial use of their image; the NCAA has asserted lifetime control over those rights." (Sanderson and Siegfried, 134). Secondly, a group of athletes at Northwestern "have organized the College Athletes' Players Association, which argues that college players are employees who should be eligible for employee medical benefits and allowed to bargain collectively over compensation and work conditions." (Sanderson and Siegfried, 134). While both cases remain open, they provide grounds for great change within college sports. First, the O'Bannon case is in direct line with the argument that college athletes should be compensated for their image and likeliness amongst its fan base. The case also takes a softened approach on the topic as its in regards to paying the athlete once they have graduated from their university. Therefore, there remains no grey area of amateurism, it is rather a straight forward dispute that with the continued usage of an image, should come a reward for the individual. The second case furthers the argument as its in even more of a direct line with the compensation of current student athletes. Its in the opinion of these specific athletes, along with many others, that college athletes are essentially employees of the NCAA and their universities. Therefore, these athletes deserve rights to health care plans, as their coaches, training staffs, and other members of their programs receive. Additionally, student athletes should be able to bargain over working conditions and pay. Whether this pay be how they receive their scholarships or in direct cash form, the athletes should have the choice. In essence, this theory would resemble a workers union of college athletes, as all other professional sports leagues have something of the sorts to protect the rights of the players.

Conclusion

The revenue growth of NCAA mandated sports is due mainly to the popularity of college athletics. Its athletes call for a reassessment of how universities return the benefits. Universities and the conferences they are apart of are able to exploit the value of their athletes as they see little to no return on the profit they take part in creating. While the typical student athlete does not generate a revenue for its respected institution and program, those who are members of revenue generating sports do deserve to be compensated for their value. The NCAA was founded in order to control athletics of amateur athletes while placing the proper protocols on athletics to keep these very athletes safe. Unexpectedly, the NCAA grew into a financial monster as it began making television deals alongside mass amount of ticket and merchandise sales. The athletic scholarship has been a fair and substantial option to reimburse these college athletes for their dedication. Nevertheless, as the evolution of college sports took place, it has become evident that this option is no longer a reasonable form of pay. The revenue streams of the NCAA, when compared to professional sports, only further the argument as professional athletes make substantial amounts of money while generating similar type of profits for their organizations. Overall, individuals who are able to contribute financially, both directly and indirectly, deserve to see returns for their work.

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