A Study on Intercollegiate Athletics: Should Student-Athletes Receive Pay for Play?

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A Study on Intercollegiate Athletics

Should Student-Athletes Receive Pay for Play?

Graduate Project

In Fulfillment of the Requirements for a Master of Science Degree in Sports and Athletics Administration

Lynn University
Graduate School

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August 6, 2002

APPROVED BY
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ABSTRACT

A Study on Intercollegiate Athletics

Should Student-Athletes Receive Pay for Play?

As can be said for many organizations, the National Collegiate Athletic Association (NCAA) will have many issues to contend with in the 21st century. New rules and regulations have been implemented over the past 10 years among all three divisions. Different and similar issues face all universities and colleges holding membership in the Association, which is based in Indianapolis, Indiana. One of the major issues facing the NCAA is whether student-athletes should be paid for their services due to the commercialization that has taken place over the past 25 years.

All NCAA sponsored sports are amateur based. However, with many millions of dollars being distributed between member conferences and institutions, why are these essential individuals (the student-athletes) left with what is perceived as insufficient finding (a full-athletic scholarship). Within the three divisions of the NCAA, the issue of paying college athletes only really effects Division I, which produces the most amount of professional athletes in all sports on an annual basis. In reality, only two NCAA sports produce the major source of revenue. These are the “big two” (football and men’s basketball), which generate enormous television and radio packages.

In a seven-question survey distributed to college administrators, it became apparent that many issues stand in the way of student-athletes receiving payment. One could contend that as the “big two” are the only sports drawing enormous profits that student-athletes in these two respective sports should be paid. However, federal regulations such as Title IX would not allow payment in men’s sports without similar compensation in women’s sports.

In the coming years, the issue of compensating student-athletes will not vanish. There will likely be some unsuccessful attempts to expand the traditional scholarship (tuition, room, board and books) in the future. One can only hope and demand that those people making these difficult decisions are making them with the interests of the correct people in mind: The Student-Athlete.
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CHAPTER 1 - INTRODUCTION

The National Collegiate Athletic Association (NCAA) is an organization through which many of the nation’s colleges and universities of all sizes speak, deliberate and act upon intercollegiate athletic manners. A voluntary association, the NCAA is made up of more than 1,200 institutions, conferences, organizations and individuals devoted to the sound administration of intercollegiate athletics. All member institutions pay an annual fee to gain the services of the Association and choose to abide by the bylaws, which the schools themselves establish.

There are three divisions within the NCAA, Division I, which is divided into I-A, I-AA, I-AAA (mainly for football reasons), Division II and Division III. With Division I being the most known to the general public, the primary source of revenue is the “big two” (football and men’s basketball). In the 1999-2000 actual budget report, the championships revenue in Division I men’s basketball was $19,274,000, while the total championships revenue in other sports was $9,393,000. Division II and III championship revenue equaled $805,000, with the total championships revenue equaling $29,472,000.

Like any regular company or organization, the NCAA has expenses. The Association allocates monies to all the divisions for championship game expenses, championship travel, enhancement funds, membership trusts, grant programs, and other expenses. There are association-wide student-athlete welfare and youth programs and membership programs and services dollars allocated for catastrophic insurance, sports sciences, initial eligibility, scholarships, youth programs, award ceremonies, citizenship through sports, sports agents and
gambling, National Student-Athlete Day, public affairs, marketing, licensing and promotions, legal services, conventions and seminars, liability insurance, officiating improvement programs, research, information technology, athletics certification and education, grants, contingency programs and services, other program services which include salaries, payroll taxes, pension contributions, insurance, travel expenses, and entertainment expenses. Furthermore, the NCAA has association-wide governance and administrative expenses. The total operating expenses in the 1999-2000 budget was $283,335,000.

In 1999, CBS outbid ABC/ESPN and Fox to extend their contract as the exclusive home of the NCAA Division I Men's Basketball Tournament. The six billion dollar agreement begins in 2003 and will generate for the NCAA $545 million annually through the 2013 season. CBS, which new deal begins next year, will add worldwide TV, radio, licensing, sponsorship, publishing and internet rights coverage. The deal quickly re-ignited discussion among college athletic officials around the nation about the possibility of increasing the value of athletic scholarships which would mean in essence paying cash to college athletes. The stipend would provide disadvantaged athletes with financial relief, yet would it be enough. Currently, a full athletic scholarship consists of room, board, books and tuition. Consequently, students receiving athletic scholarships are limited by time constraints with NCAA rules that may be hurting their ability to obtain spending money.

Every year, elite student-athletes compete in high-pressure environments while attending some of the finest institutions for free or with some sort of financial assistance. Many schools and conferences have marquee players and teams that generate a lot of interest. With a
hard and fast rule on amateurism, college athletes are not allowed to be paid for their skills and do not receive compensation for use of their names on uniforms, jerseys and advertisements.

The cash cow sports of Division I, men's basketball and football, draw the most television, radio and advertising dollars and are able to help pay for the so called “non-revenue sports”. Also, student general fees, assessments, institutional subsidies, donors and corporate sponsors all provide additional funds for operations.

The focus of this study and hypothesis will be to provide information for the purpose of convincing the public that under the current NCAA system, collegiate student-athletes are compensated adequately for their athletic talents. Student-Athletes should feel it is a privilege and honor to be associated with an intercollegiate athletic program. A free education, if not priceless, could be worth millions in future earnings.

There are 22 sports with 24,500 men and women student-athletes competing annually in the NCAA. Football and men's basketball draw the most attention and producing the bulk of the revenue, which enable numerous sports that do not generate revenue to continue playing. Along with baseball, tennis and golf and some other sports, the "big two" provide real opportunities for advancement into professional sports and high profile collegiate athletes deal on a daily basis with their marketability for future earnings.

In reality, numerous student-athletes are not suited for college, when they enter right from high school. However, many earn a degree and an opportunity for a better way of life. In general, student-athletes work just as hard or to develop their skills as a top-notch engineer, doctor or politician. Many baseball and hockey players are drafted straight from high school and make the decision to forego their college eligibility and jump to the professional ranks while still attending college as a regular student.
CHAPTER 2 - LITERATURE REVIEW

Many people share numerous viewpoints on the idea of paying college athletes. Many universities and surrounding communities are currently benefiting from the millions of dollars generated by athletic programs.

According to Greg Crawford of Northern Arizona University, Rev. E. William Beauchamp, an executive vice president at the University of Notre Dame and Mike Lopresti of USA Today, collegiate athletes are already paid in the form of scholarships. Crawford cites the example of an unnamed Division I school which he visited and noticed certain players were driving deluxe cars. He touches on the astronomical figures professional athletes are compensated and the effect such compensation has on major collegiate sports. The one major point he expresses is the disadvantage smaller schools have because they do not generate the same revenue. “If we decide to pay college athletes, the only thing we accomplish is to move the universities further away from their stated ideals by making them even more businesslike, and disrupting the main point of college—to learn.” (Crawford, 1996)

In Beauchamp’s and Lopresti’s articles, the economic benefits of the actual scholarship are discussed. Notre Dame is one of the few schools that generate profit from intercollegiate athletics (Notre Dame has an exclusive deal with NBC to broadcast all of their home football games). In reality, most schools lose money with their participation in intercollegiate athletics, as they must spend millions of dollars on travel, housing, food, equipment and health care. Beauchamp gives three reasons why the current system is a fair deal: “Student-athletes entertain us with their special skills and, in compensation, receive, 1) all expenses paid for competition in the sports they love; 2) educations that are worth tens of thousands of real
dollars with the promise of hundreds of thousands more in future earnings; and 3) the lifetime benefits of wisdom and character that come with being educated men and women” (Beauchamp, 1997).

In the days after CBS and the NCAA signed their deal, former University of North Carolina head men’s basketball coach Dean Smith said: “This is going to make it harder to justify not paying players a stipend of about $250 a month.” (Lopresti, 1999) Lopresti has an opposing viewpoint saying that the salary is free room, board and tuition and most importantly, the opportunities that will be available because of their special skills and reputations.

Keith Johns of The Summer Post and Mark Martinez of Student.com express different views. Martinez pointed out a contract extension the University of Florida and former head coach Steve Spurrier agreed on until the 2003 season. The agreement, which included two new cars, a clothing allowance and 24 prime tickets for each home game, owed him an annual salary of $2 million. While a student-athlete at Florida, Spurrier received the Heisman Trophy in 1966; an annual award presented each year to the nation’s outstanding college football player. He coached the Gators to the 1996 National Championship and turned down numerous job offers by National Football League teams before accepting the head coaching position with the Washington Redskins this past winter. At the time of Spurrier’s agreement with the University of Florida, Director of Athletics Jeremy Foley said: “Obviously, people are going to talk about the amount of money he’s making, but he adds tremendous value to this university” (Martinez 1). Who really adds the value? The coach or the players. Martinez added: “Some may begrudge the man for that kind of money, but I salute him. Since big-time college football brings in the kind of money that can support such a salary, so be it. Pay the man his two million
smackers per year” (Martinez, 1997). This scenario raises the issue as to why players do not receive money. As they actually perform on the field.

Joe B. Wyatt, Chancellor at Vanderbilt University, wrote in an article that there is a love-hate relationship that college administrators have for college athletics. He compares it to an unknown congressman answering a question brought by a constituent: “Where do you stand on whiskey?” His response was: “If you mean the Devil’s brew, the poison scourge, the bloody monster that defies innocence, dethrones reason, and topples men and women from the pinnacles of righteous, gracious living into the bottomless pit of degradation and despair, then certainly I am against it with all my power,” But he continued, “if you mean the drink that enables a man to magnify his joy and happiness and to forget life’s heartbreaks and sorrows; if you mean the drink that pours into our treasuries untold millions of dollars, which are used to care for our little crippled children, our aged and infirm, to build highways and schools, then certainly I am in favor of it.” (Wyatt, 1999).

The NCAA has curtailed rules on student-athlete employment over the last five years, allowing athletes to work during the school year. However, with the amount of energy and time student-athletes spend training the individual lacks time and financial resources. Additionally, Johns (1998) points out the jersey sales and the exploitation of student-athletes. Like many famous collegiate stars, former University of Michigan and Ohio University stars, Chris Webber and Gary Trent, had jerseys sold in many retail stores in the early 1990’s, yet they did not receive any compensation, as the revenue went to the member schools and the NCAA.

In the next section, the researcher gathered information about the rising issue of paying student-athletes by researching this heavily debated topic with extensive primary and
secondary data collection. The research involves a survey of conference commissioners, athletic directors and support personnel.
CHAPTER 3 - METHODOLOGY

The researcher believed the best way to ascertain opinions was to develop a short seven-question survey. The survey was accompanied by explanation cover letter and was sent to randomly selected NCAA Division I and II athletic directors, commissioners and support personnel. The survey was sent or delivered to 50 individuals with a response rate of 50 percent. In deciding the best way to develop a survey that would be answered in an expedited and educational fashion, the researcher carefully assembled seven questions. The questions, which are examined and explained below, each had a separate and meaningful purpose in getting opinions from highly qualified and experienced individuals in intercollegiate athletics for the purpose of further understanding this very important topic.

Explanation of Questions

1. What is your title and position at your respective conference, institution or organization?
   Reason: The purpose of this question was to make sure the researcher received responses from key decision makers such as commissioners, athletic directors, assistant athletic directors, senior woman administrators and other support personnel.

2. What size and division does your conference, institution, or college compete in the NCAA?
   Reason: The purpose of this respective question was to make sure the answers received came from Division I members, which consisted of major and mid-major universities, and Division II institutions.

3. Does your conference, university or college have football or men’s basketball or both?
   Reason: As has been referred in the paper as the “big two”, the researcher wanted to compile research on the amount of schools with both these heavy producing revenue sports and see if there were different and/or similar responses from the conferences and institutions.
4. Does your conference, university or college produce professional athletes on a yearly basis that will go on to play in leagues like the National Football League, National Basketball Association, National Hockey League, Major League Baseball, Professional Golfers’ Association of America and Women’s Tennis Association?

Reason: The reasoning for this particular question was to see if the schools not only produced professional athletes on an annual basis in the “big two”, but in the lower revenue or non-revenue producing sports, that are not as exposed as often to the general public through television, radio and print.

5. Would you be in favor of paying student-athletes? What are your reasons?

Reason: This question is the main theme of why this respective paper was researched, studied and written. It was developed to get a myriad of reactions and responses from these key personnel to understand and report their opinions on this very important subject.

6. Could paying student-athletes possibly be done in the revenue sports only? What are your reasons?

Reason: The researcher constructed this respective question as mainly a lead-in into the next question. It was to understand these key individuals feedback on revenue producing sports, the role they play for other sports from an operational standpoint and a brief overview on some legality issues on giving student-athletes a stipend.

7. What do you anticipate happening in the future concerning the payment of student-athletes?

Reason: This question was different to the previous six, because it required extensive thought on ways these key personnel felt would happen in the future regarding an issue, which will not be disappearing anytime soon. A number of individuals had precise answers while others were short and to the point.
CHAPTER 4 – RESULTS

After attempting to survey several highly qualified and experienced personnel in member NCAA conferences and institutions, the researcher carefully and thoughtfully compiled these respective results to better facilitate and understand the responses in a productive fashion. The survey, which was mainly sent via electronic mail and delivered by mail or hand, are broken down by percentage and numbers of which individuals responded.

1. What is your title and position at your respective conference, institution or organization?
   A. Commissioners – 48%
   B. Athletic Director – 32%
   C. Asst. AD, SWA, SID – 20%

   Breakdown: Most of the responses came from conference commissioners and athletic directors, a combined 80% (20 individuals) and support personnel (i.e. Asst. A.D., SWA, SID’s) 20% (5 individuals).

2. What size and division does your conference, institution or College compete in the NCAA?
   A. Division I – 32%
   B. Division II – 68%

   Breakdown: Over two-third of the responses came from NCAA Division II commissioners and athletic directors (68%, 17 individuals) and just over one-third (32%, 8 individuals) came via Division I.

3. Does your conference, university or college have football or men’s basketball or both?
   A. Men’s Basketball – 56% (14)
   B. Both – 44% (11)

   Breakdown: This question was slightly above with 56% (14 individuals) having only men’s basketball and 44% (11 individuals) sponsoring both sports.
4. Does your conference, university or college produce professional athletes on a yearly basis that will go on to play in leagues like the National Football League, National Basketball Association, National Hockey League, Major League Baseball, Professional Golfers’ Association of America and Women’s Tennis Association?

   A. Yes – 68% (17)
   B. No – 32% (8)

Breakdown: Over two-third of individuals (68%) had institutions, who produced professional athletes on a yearly basis with just eight individuals not.

5. Would you be in favor of paying student-athletes? What are your reasons?

   A. Yes – 0%
   B. No – 100% (25)
   C. Read below for selected comments

6. Could paying student-athletes possibly be done in the revenue sports only? What are your reasons?

   A. Yes – 0%
   B. No – 100% (25)
   C. Read below for selected comments

7. What do you anticipate happening in the future concerning the payment of student-athletes?

   A. Read below for selected comments

Below are highlighted responses from commissioners and athletic directors in the seven-question survey that the researcher carefully read and felt were meaningful to include. They are direct quotes from these highly experienced individuals in the field of intercollegiate athletics.

Selected responses from Question #5.

Would you be in favor of paying student-athletes? What are your reasons?

“The paying of student-athletes would cross the line of the collegiate amateur model to the professional model. Colleges should be looking for ways to separate themselves from the professionals. Additionally, paying student-athletes would create legal challenges with employer-employee relationships.”

Kyle Kallander, Commissioner – Big South Conference
There are current criticisms of the degree of commercialism in college athletics. Any plan or program to pay the student-athletes would undermine the support for intercollegiate athletics on the campus and among alumni. No matter how large or commercial the program, faculty and alumni want the student-athletes to be amateurs, not paid “professionals”, even though they currently receive significant, and numerous, benefits.”

Tom Hansen, Commissioner – Pacific-10 Conference

“Would not have enough finances to pay both men and women as would be required by Title IX and if paid, only $20/month. A student-athlete on a Pell Grant can receive more than that amount now.”

Fred Jacoby, Commissioner – Lone Star Conference

Summary: All were not in favor of paying student-athletes and simply felt there are significant values to a scholarship and the integrity of amateurism.

Selected responses from Question #6.

**Could paying student-athletes possibly be done in the revenue sports only? What are your reasons?**

“No, the label of “revenue” sports implies the all such sports actually produce net proceeds at all universities. This is simply not an accurate label. Reality states that most institutions provide significant financial subsidies to athletics programs, which, in turn, offer competitive and educational opportunities to student athletes. Providing pay to student-athletes would only diminish the available resources.”

Greg Sankey, Commissioner – Southland Conference

“For the reasons contained in the above answer (Question #5), plus the revenue sports on nearly all campuses are football, men’s basketball and ice hockey, all men’s sports, and Title IX would not allow men to be paid without an equal number of women being paid.”

Tom Hansen, Commissioner – Pacific-10 Conference

“Since a fair share of student-athletes receive athletics aid, I believe that this itself constitutes a reasonable “payment” and who would determine what is a revenue sport. Very few sports at any level are revenue producing.”

Steve Murray, Commissioner – Pennsylvania State Athletic Conference
Summary: All were not in favor of paying student-athletes in traditional revenue producing sports from legality issues such as Title IX and workers compensation.

Selected responses from Question #7.

**What do you anticipate happening in the future concerning the payment of student-athletes?**

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<td>“It will always be an issue with some who don’t know the facts, but I do not see it coming to pass. The scholarship may, however, be raised to the full cost of attendance some time in the future.”</td>
<td>Doug Fullerton, Commissioner – Big Sky Conference</td>
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<td>“I think there will be attempts made, likely successful attempts, to expand the scope and nature of non-pay benefits provided to student-athletes in all sports. My expectation is that universities will continue to oppose the creation of a “pay for play” model within intercollegiate athletics.”</td>
<td>Greg Sankey, Commissioner – Southland Conference</td>
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<td>“Professional leagues need to develop developmental leagues like minor league baseball and athletes that want to be pro can go to those leagues and not college.”</td>
<td>Fran Reidy, Athletic Director – Saint Leo University</td>
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Summary: The majority of individuals felt that nothing would happen in the near future regarding giving student-athletes a stipend. Some contend as tuition and expenses increase scholarships will always be concentrated on to see if they can help student-athletes better.
The issue of paying a stipend to student-athletes will spark conversations into the future in the booming industry of intercollegiate athletics. It seems many believe that student-athletes are compensated handsomely for their athletic talents. On the other hand, others contend these individuals are being exploited and are not receiving a fair share of the revenues they generate. Several attempts, some successful others unsuccessful, to expand the payment benefits provided to student-athletes will continue in the future.

Some argue if the NCAA starts paying athletes, it still will not be enough and the agents will not disappear. With a full athletic scholarship consisting of room, board, books and tuition, student-athletes get doors opened because of their talents, athletic abilities and marketability. Should these athletes be satisfied with a scholarship when millions of dollars are coming in directly from their skills, or is the form of payment, the free education, which many students do not have the luxury of getting sufficient?

In surveying the different personnel, who are the key decision makers at their respective institutions and conferences, it made the researcher realize that many people outside the scope of the NCAA are completely unaware of the consequences and repercussions paying student-athletes would do morally and professionally. The researcher believes professional sports leagues in conjunction with the NCAA need to continue to develop developmental leagues for individuals who wish to go professional rather than pursue education, and that those individuals should be informed of the after effects that it could have on their current or future careers.
May 14, 2002

Mr. Chris Monasch  
Commissioner

Dear Mr. Monasch:

My name is Darryl Matus and I am a candidate for the Masters in Sports and Athletic Administration at Lynn University in Boca Raton, Florida.

Under the direction of Dr. Richard Young, the current Athletic Director at Lynn, I am in the process of constructing my graduate project and would appreciate your feedback on some questions that will contribute greatly.

The subject matter is about the Paying of Student-Athletes in intercollegiate athletics, and I have enclosed some questions to solicit your opinion on this very important subject.

Would you please answer the questions enclosed at your leisure and return to me as soon as possible?

You can email your responses back to me at [redacted] or via fax at [redacted].

Thanks again,

Darryl Matus
APPENDIX B

Survey Questions

Study of Intercollegiate Athletics – Should Student-Athletes Receive Pay for Play?

1. What is your title and position at your respective conference, institution or organization?
   A. Commissioner
   B. Athletic Director
   C. Assistant Athletic Director
   D. Senior Women Administrator
   E. Sport Information Director
   F. Other ______________________

2. What size and division does your conference, institution or College compete in the NCAA?
   A. Division I – Major
   B. Division I – Mid Major
   C. Division II
   D. Division III
   E. NAIA

3. Does your conference, university or college have football or men’s basketball or both?
   A. Football
   B. Men’s Basketball
   C. Both

4. Does your conference, university or college produce professional athletes on a yearly basis that will go on to play in leagues like the National Football League, National Basketball Association, National Hockey League, Major League Baseball, Professional Golfers’ Association of America and Women’s Tennis Association?
   A. Yes
   B. No
C. Other ____________________

5. Would you be in favor of paying student-athletes? What are your reasons?
   Please circle: Yes or No

6. Could paying student-athletes possibly be done in the revenue sports only? What are your reasons?
   Please circle: Yes or No

7. What do you anticipate happening in the future concerning the payment of student-athletes?
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