THE RELATIONSHIP BETWEEN PROFESSIONAL
AND INTERCOLLEGIATE SPORT

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The National Collegiate Athletic Association was founded in 1906 to protect the physical well-being of college football players who were being killed and injured at an alarming rate (Zimbalist, 1999). By the middle of the 20th century, the NCAA was more focused on upholding the amateur ideal of college sports than the safety of players. Today, defining the organization’s primary function depends on who you ask.

The NCAA’s stated mission is to, “govern competition in a fair, safe, equitable and sportsmanlike manner, and to integrate intercollegiate athletics into higher education so that the educational experience of the student-athlete is paramount” (NCAA, 2005c). Student-athletes and faculty wonder if academics are really an important concern of the Association, as athletes register for bogus classes in an attempt to stay eligible and miss untold hours of class and study time practicing, traveling, and playing. Economists focus on the NCAA’s function as the cartel of college sports, creating and enforcing rules designed to maximize their member schools’ revenues while minimizing costs.

Suggestions to reform the NCAA have been made as far back as 1929, when the Carnegie Commission noted that “the heart of the problem facing college sports was commercialization . . . and the victim was the student-athlete in particular, the diminishing of educational and intellectual values in general” (Thelin, 1994, p. 26). Most suggestions for reform include paying of players, spinning off college teams and making them professional clubs, or creating a category of students whose sole purpose in college was to train to be a professional athlete. These reforms are so radical, so outrageous, and so unlikely to ever be instituted they have become known as the “Draconian Proposals” (Duderstadt, 2000).

A more modest and realistic change will be offered in this paper. The vast majority of NCAA infractions, criticism, and commercialism exist in just two sports: Football and men’s
basketball. The problems exist in large part because the NCAA serves as a minor league for both the National Football League and the National Basketball Association. If this relationship can be somehow modified, many of the current problems that the NCAA and its members face can be mitigated.

This paper will examine the current mission of the NCAA, its organizational structure, the current relationship between professional sports and the NCAA, and offer a suggestion for change.

The purpose and structure of the NCAA

The stated mission of the NCAA is to govern intercollegiate competition and ensure that the education of the student-athlete is emphasized. Their mission statement also states that the Association is committed to a variety of core values, including: (a) the proper balance of academic, athletic, and social experiences for students, (b) high levels of integrity and sportsmanship, (c) excellence in both academics and athletics, (d) diversity among students, coaches, and administrators, (e) respect for institutional autonomy, and (f) presidential leadership of intercollegiate athletics (NCAA, 2005c).

Apart from their stated mission, the NCAA also does a pretty good job at generating huge sums of money for their members. Most of that revenue is from television rights fees to broadcast football and men’s basketball, along with their bowl games and “March Madness.” For 2005-2006, the NCAA reported $521 million in operating revenue, 80% of which was returned to their members -- an average of $12 million to each Division-I school (NCAA, 2005d). On the cost side of the ledger, NCAA rules that allow student-athletes to receive only tuition and expenses in return for their labor allow the Association to extract enormous value
from them. If student-athletes were paid anything near their market value, costs would escalate and greatly reduce the financial benefits of sponsoring big-time sports.

The NCAA is comprised of more than 1275 members, which include colleges and universities, athletic conferences, and not-for-profit sports organizations affiliated with college athletics. While the NCAA is ultimately governed by the 1027 active member schools and conferences with voting rights, there are more than 125 various committees have some say in the decision making process (NCAA, 2005b). In 1997, a major shift in the NCAA’s governance structure led to a change in the balance of power within the Association from schools which did not put much emphasis on athletics to those that did.

The NCAA’s member schools are divided into three divisions depending on the institution’s emphasis on athletics. Members of Division I are committed to participating in big-time college sports. They must sponsor at least 14 sports and offer financial aid for athletes (subject to minimum and maximum amounts determined by the Association), and must play the vast majority of their games against other Division-I schools. Division-I is further subdivided into three classifications for football: I-A (up to 95 football scholarships and minimum attendance of 15,000 per game), I-AA (up to 40 scholarships with no minimum attendance requirements), and I-AAA (no football). The other end of the spectrum is Division III, where financial aid based on athletic ability is prohibited and athletic departments are treated like any other department within the institution. Members of Division III have made the decision to treat sports as if it was any other extra-curricular activity, such as the student newspaper, radio station, or debate club. Division II is a middle ground, where although minimum requirements for participation and scheduling are stricter than Division III, and scholarships for athletic ability are available, the limits to those awards are lower than in Division I (NCAA, 2005e). As of
December 1, 2006, there are 326 Division I members, 281 Division II members, and 420 Division III members, meaning that only about 30% of NCAA schools sponsor big-time athletic programs (NCAA, 2005a).

*The current relationship between professional and intercollegiate sports*

In *Unpaid Professionals*, Andrew Zimbalist (1999) notes the irony that the only professional sport which offers a subsidy to intercollegiate sport is Major League Baseball. Each year, MLB supports summer leagues (the most famous of which is the Cape Cod league in New England) around the country so players can hone their skills, use wooden bats, and be appraised by baseball scouts. This subsidy is offered while the MLB already supports their own player development system – the minor leagues – which costs each team an average of $9 million per year.

While the subsidy amounts to only $350,000 per year, that is $350,000 more than either the NFL or the NBA contributes to college basketball and football. They pay nothing, yet the NCAA Division I basketball and football programs are tantamount to minor leagues for both sports. These leagues have a vested interest in the long-term well being of the NCAA, yet do not feel the need to offer up any financial support.

It’s not like teams in the NFL and NBA can’t afford it. According to *Forbes*, the average NFL team had revenues of $190 during 2005; the average NBA team earned $110 million (Badenhausen, Ozanian & Settimi, 2007 and Badenhausen, Ozanian & Roney, 2006). The market capitalization of the NFL is now more than $20 billion, and they spend nothing on
organized player development. The NBA does subsidize the CBA and the NBDL, but these are clearly not intended to be replacements for NCAA basketball. Top high school stars cannot sign with either of these leagues due to their salary restrictions; therefore they are not an alternative career path to the NBA.

On top of not reimbursing the NCAA for player development costs, the leagues continue to create rules which aid them. The NBA has instituted an age limit whereby draftees must be at least 19 years old and one year removed from high school to be eligible, thus relieving the NBA of having to pay some high school graduates to sit on the bench. The NFL has a similar age limit in that players must be three years removed from high school, and this rule seems to be on safe ground legally after the Supreme Court ruled in favor of the league in *Clarett v. NFL* (2005).

**Suggestions for change**

The simplest solution would be for the NFL and the NBA to create minor leagues similar to those that exist in Major League Baseball and the National Hockey League. Players could sign with the NFL and the NBA right of high school, and if they were not talented enough to make the team they would go down to the minors for seasoning. This is unlikely to happen, and quite frankly, such minor leagues would end college basketball and college football as we know it. Talent would quickly flow towards the minor leagues, and although many top players would end up going to college, the NCAA basketball tournament would become more like the College World Series – a nice event that is fun to watch, but not the spectacle that is March Madness with a $550 million price tag. Much like the “Draconian Proposals” noted in the introduction, minor leagues for football and basketball are simply never going to exist.

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1 Granted, they spend money on scouting and running the annual NFL combine, but the costs of operating a full-blown minor league in football with the sole purpose of player development and not profit (so we are not talking about NFL Europe) would be staggering.
A more reasonable solution would be to ask the NFL and the NBA to bear some of the burden of player development and pay the NCAA a subsidy to defray some of their costs. Just $5 million per team – less than 3% of revenues in the NFL and less than 5% in the NBA – would create a pool of $310 million that could be distributed to the NCAA. Of course, the question of how the money would be distributed would have to be determined, but if the money was distributed equally, each school would get about $300,000. A good use of that money might be to retain and reinstate sports that have been cut due to Title IX, or instituting effective tutoring and mentoring programs for student-athletes.

Summary

The fact that the NCAA acts as a minor league for both the NFL and the NBA has led to many of the problems of corruption, academic dishonesty, and commercialism which has plagued the Association almost since its inception. This paper offers a simple suggestion to give the NCAA its rightful compensation for its acting as a player development system for the NFL and the NBA.

Clearly, the professional leagues will balk at this suggestion. They will claim that colleges already earn huge sums of money playing basketball and football, and the amount of money that they pay the NCAA is chump change when the Rose Bowl is paying out $16 million to its participants. If that’s the way that they think, then they are missing the point. The leagues save far more than the $5 million per year payment suggested here by not having to operate their own minor leagues. Compensating the NCAA for training their players is simply the right thing to do.
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