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A perfect storm for slashing athletic budgets - COVID, Coaches Salaries, and NIL

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A perfect storm for slashing athletic budgets - COVID, Coaches Salaries, and NIL

Minutes after the University of Connecticut won the 2014 NCAA Men's Basketball tournament star player Shabazz Napier was asked about some of the tough times he experienced on the road to winning college basketball's greatest prize.

"Honestly there are some hungry nights, there are some nights I went to bed starving," said Napier who was on full scholarship and set to become an NBA draft pick.

The quote was a watershed moment for the movement to better compensate college athletes who provide free advertising and billions in revenue for their universities, without compensation. The Supreme Court heard Napier and his fellow college athletes when it ruled this summer that student-athletes can earn money for their Name, Image, and Likeness (NIL).

But NIL, along with expenses generated by the COVID pandemic and the skyrocketing contracts being awarded to college football and men's coaches, has created a three-headed monster the likes of which athletic departments have never seen. That beast is devouring non-revenue/Olympic sports teams as colleges feed one child while starving another.

In the last two years, hundreds of non-revenue/Olympic sports teams have been cut. Many of those programs are comprised of athletes who, because of the new NIL ruling, were poised to finally be compensated. Instead, coaches are looking for jobs, some students are being forced to find another institution at which to compete, and in the most dire scenarios, other students are missing out on college education because of lost scholarships.

Finances were already heavily skewed in favor of revenue-producing sports, resulting in financially-strapped athletic departments. Then COVID hit.

North Carolina's three largest universities - Duke, North Carolina and N.C. State - spent over \$5 million on student-athlete COVID testing. It was a staggering additional expense during the same period where colleges were looking to trim budgets due to loss of ticket sales, television revenue, and tuition.

As proof that everything would be done to keep the revenue sports thriving, exorbitant contracts were being handed out to coaches. USC recently hired football coach Lincoln Riley away from Oklahoma for a reported 10-year deal worth more than \$100 million.

Next came NIL. The Supreme Court's decision finally gives student-athletes a seat at the financial table. That further stressed athletic department budgets - with more mouths to feed, it became inevitable that someone was going to go hungry because those with the power weren't willing to share the pie.

Much like greater society this seismic change only widened the gap between the haves of college sports, the revenue-generating sports, and the have-nots, the non-revenue/ Olympic sports. The divide is happening right before our eyes.

Schools will cite any applicable reason to justify budget cuts, which rob college athletes of their teams. Title IX is used as one rationalization. The law which was enacted to ensure equal opportunity for both men's and women's teams in higher education is being scapegoated as the

rationale to eliminate many men's teams at the collegiate level. With most college football teams 85 scholarships, schools use the requirement to be in compliance with Title IX as justification to cut men's swimming, gymnastics, tennis, soccer, track and field, while keeping the women's programs.

Total Number of NCAA Division 1 Program Cut's attributed to the economic strain of the COVID-19 pandemic.

<i>Sports</i>	<i>Total Cut</i>
Soccer	2
Tennis	16
Track & Field	10
Swimming	12
Gymnastics	5
Baseball	6

A total of 1 revenue sport program was cut (Football and Basketball)
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COVID-19 only exacerbated an issue in college athletics that already existed.

As of this academic year, there are 200 women's college swim teams, which contrasts with 133 men's teams. This is a common reflection in non-revenue generating Olympic sports.

- Soccer - There are 333 women's soccer teams, there are 201 mens
- Track & Field - There are 338 women track and field teams, there are 240 mens
- Gymnastics - There are 62 women's gymnastics teams, there are 15 mens
- Rowing - Is a sanctioned women's NCAA sport, it is not for men.

Men's sports were cut by some of the largest universities in terms of revenue. UCONN, Michigan State, Iowa, and Minnesota combined to cut 14 athletic programs in 2020-2021; 12 of them were men's teams.

This is not a new development. For years colleges and universities have done this anytime they need to save money, but COVID-19 accelerated this for many colleges and universities that appear to have adequate funding.

Mark Hill, spent over 15 years as an assistant swim coach at schools which included Michigan, Indiana, and Maryland, the latter of which was his alma mater.

Hill still holds records at the University of Maryland. Those records will never be broken. The University cut the swim program nearly a decade ago. Hill believes that the cause for Maryland's decision served as a precursor for what other schools have done.

"What ultimately happens is the school's finances get out of whack, and when a big decision comes for the school like building a stadium or a new building, they feel a need to justify that with cuts elsewhere," he said.

Hill attributes the University of Maryland's decision to cut their swim program to the financial hurdles involved in the school switching from the Atlantic Coast Conference to the Big 10 Conference in 2014. That decision meant the multi-million dollar, state-of-the-art natatorium which UMD built for the betterment of the team less than a decade before, now stands vacant.

That practice was in place long *before* the Supreme Court ruled on NIL.

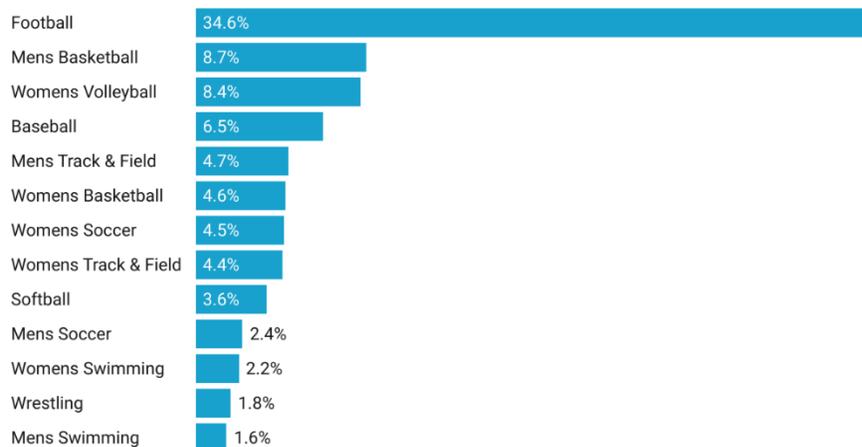
Name, image, and/or likeness are defined as the three components of a person's "right of publicity." These are identifiable aspects of a person that make them unique and include their name, image, likeness, nickname, signature, or social media account.

It means that athletes are entitled to compensation for any type of profits that their NIL can bring in. In the past players would be suspended or be ruled ineligible for being paid to sign autographs, make appearances, or collect sponsorships. And there was always money to be made for the athlete.

For example in the late 2000s, the Florida Gators football team was dominating college football led by quarterback Tim Tebow. Tebow wore the extremely recognizable #15 jersey, and all through the University of Florida campus, you could see those jerseys worn by the Gator faithful. Tebow earned nothing from the sale of those jerseys. The University was benefiting off the likeness of Tebow. He was not.

NIL Activities by sport as of December 2021

This does not account for compensation, rather the total number of NIL Deals signed.



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There is no cap or limit on how much a student-athlete will be able to earn. In addition to these new allowances, student-athletes are now able to sign with agents who can help student-athletes secure these NIL deals, and serve as professional representation while still maintaining amateur status. What NIL does not allow is for individuals or institutions to pay players as a form of compensation. This includes coaches, athletic directors, and boosters, which remains illegal in the eyes of the NCAA.

Those most impacted will be student-athletes who have a prominent status on their campus, their college towns, and on social media.

Did the hyper-conservative Alabama and Mississippi state legislatures really want to compensate student-athletes, many of whom come from lower socioeconomic backgrounds, the opportunity to make money, while they were already on full scholarships? We will never know the true answer, but we do know that these states moved quickly to ensure schools like Auburn, Alabama, and Ole Miss would be able to recruit student-athletes at the same level playing field as schools in California and Florida.

The NCAA still was not pressured to act until the Supreme Court became involved in the dispute. The court ruled that the NCAA can't enforce certain rules limiting the education-related benefits — things like computers and graduate scholarships — that colleges offer athletes. While the decision did not directly impact NIL-related matters, it set the stage for what the future of college athletics would look like.



Conservative justice Brett Kavanaugh torched the college governing body.

"Nowhere else in America can businesses get away with agreeing not to pay their workers a fair market rate on," said Kavanaugh. "The theory that their product is defined by not paying their workers a fair market rate. The NCAA is not above the law."

The Supreme Court, heavily divided on many issues, agreed with Kavanaugh in a unanimous decision against the NCAA.

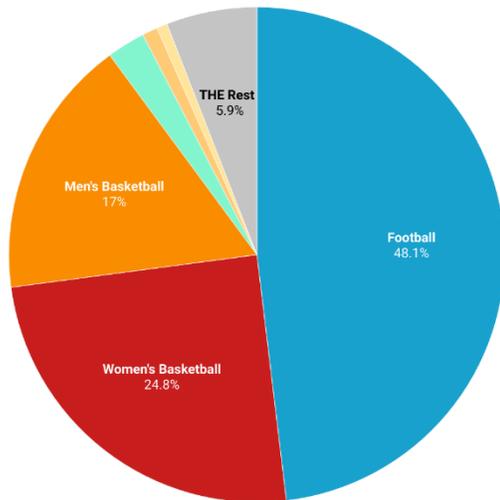
College athletics is really two different groups. Football and basketball and everything else.

College Football and Men's Basketball have billion-dollar television contracts and generate millions of dollars for respective universities. (Women's Basketball has begun to make a dent) They dominate headlines and produce the future stars of the NFL and NBA, and they account for about 4% of all college athletes. 96% of college athletes are a part of non-revenue sports.

This is not new. It has always been this way but as the revenue sports grow bigger and continue to expand, a reallocation of resources has transpired. Colleges depend on the revenue sports to make up for other deficits, including in their athletic departments.

Breakdown of NIL deals by sport, through total compensation in 2021

Football Women's Basketball Men's Basketball Women's Volleyball Baseball Softball THE Rest



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Title IX is a federal civil rights law in the United States of America that was passed as part of the Education Amendments of 1972. It prohibits sex-based discrimination in any school or another education program that receives federal money. As a result, the impact it has had on college athletics is that it ensures that NCAA member institutions strive for equity, which includes in their athletic programs.

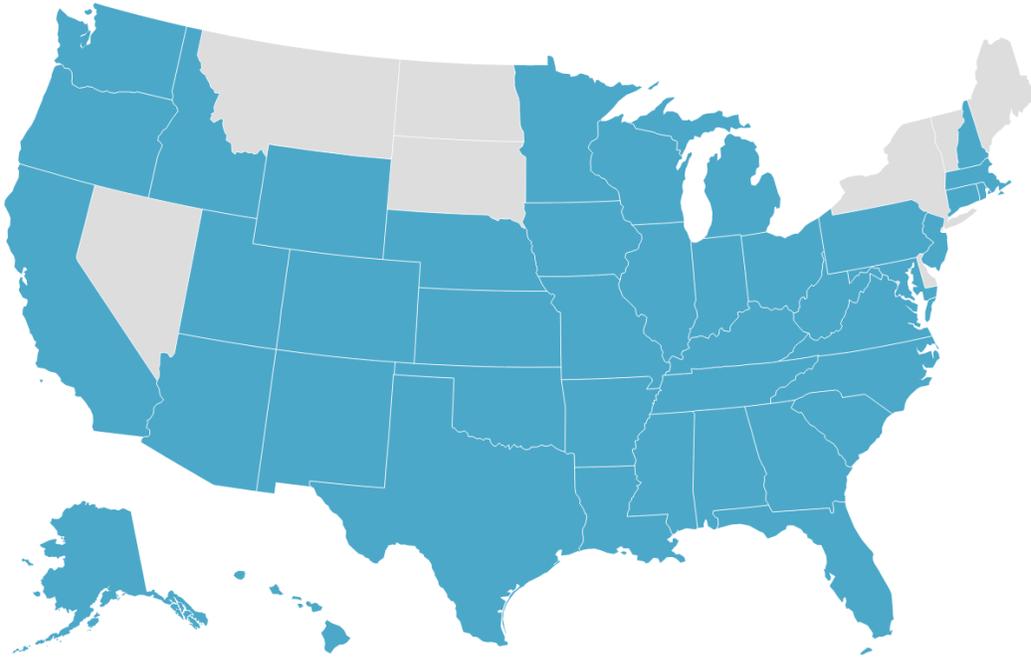
There are a multitude of ways that colleges can fall in and out of compliance with Title IX guidelines. Budget is one way and many would say the best. But that is very difficult for many Division I colleges to do, especially those who are paying their mens' basketball and football coaches salaries in excess of millions of dollars.

If a college has nine men's sports and nine women's sports, and one of the men's sports has 85-scholarship roster spots (football), that does not necessarily mean they are in compliance. As a result instead of creating more opportunities for women's sports, or increasing the funding to existing women's sports, many institutions are looking to cut other men's programs, to save costs while keeping the schools in compliance.

The University of Arkansas has seven men's sports teams, 10 women's teams. This is no doubt aided by the fact that the football team eats up 85 scholarships.

Four-out-of-5 US states' highest-paid employees on state payroll are a university's football or men's basketball coach.

States where a College Football or Basketball Coach is the highest paid employee on the states payroll



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College football and basketball continue to bring in enormous revenues for the NCAA and its member institutions. It also demands more financial backing. Meanwhile, the rest of college athletics is getting left behind, especially in the men's Olympic sports .

Michigan State may be the most recent example of this hypocrisy. Amid the pandemic, the university was feeling the pinch nearly all athletic programs felt as a result of the loss of competition and opportunities for revenue from the shutdown of college sports. Michigan State's answer was to cut its men's and women's swim teams citing "budget concerns." Shockingly, 13 months later the same university awarded its football coach a contract extension which will pay Mel Tucker, upwards of \$9.5 million per season for 10 years.

The university never acknowledged the cut to previous athletic programs to the state-funded university. The contract extension made Tucker the highest-paid employee on the state of Michigan's payroll.

It's estimated that the amount of Tucker's contract could fund its swim team for a minimum of a decade. That funding not only went to the program's student-athletes but also coaches, trainers, and support staff.

"Our athletic director did not even give us a way to fund the program," said Tori Dynason, a graduate assistant with the Michigan State swim team previously. "It was like this is the last year, there is nothing that will change this, sorry."

The school honored current student-athletes scholarships, but coaches and staff lost their jobs. More egregious to team members was the lack of transparency or opportunity to find secondary funding for the team.

“They did not give us an opportunity to fundraise, spread the word in order to save our program,” said Dynason, “it was clear no amount of money was going to suffice because there was a shift in the school’s priorities. We were first, others will be cut eventually.”

Sometimes programs have the opportunity to call their school’s bluff on budget issues. LaSalle University’s men’s swim program was slated to be cut at the end of the 2021 academic year.



The University stated it needed the program’s funds to maintain financial sustainability. Boosters and supporters of the program were able to raise additional funding. The University reinstated the team in May but no one can say if it’s merely a stay of execution.

“At the time of this announcement, and in the months that followed, department and University leadership have met with players, coaches, families, and alumni from the affected programs and have discussed an openness to – and a roadmap for – program reinstatement dependent upon key criteria, including the presentation of new and compelling information and meeting or exceeding required fundraising benchmarks by the conclusion of April,” said university board member William Matthews.

Funding is almost the sole indicator of a program’s viability. Even team success cannot save a program.

In 2019 the Men’s Gymnastics team at the University of Minnesota won the Big Ten Championship and finished runner up at the NCAA Championships, The following year the program was cut.

Nor is past investment a shield for the programs. The University of Iowa, made a massive investment in their swimming pool, spending millions in an effort to renovate its facility. It was such a success that the NCAA hosted its 2015 national championship at the pool. That state-of-the-art facility is now without an occupant as Iowa cut its program during the COVID-19 pandemic.

Another key aspect of this comes with Olympic athletes. College athletes often make up large shares of national Olympic teams both here in the US and in their home nations. Before NIL, Olympic athletes were unable to sign endorsements or collect prize money, this robbed many of their one opportunity to cash in on the pinnacle of their career.

In the United States, we are accustomed to seeing teenage gymnasts compete and win gold at the Olympics, and return home earning sponsorships with fast-food chains, credit cards, and cell phone companies, earning millions of dollars in the process. What we are not accustomed to is seeing them go on to compete at the collegiate level. If they did, they would be forced to pass up those endorsement opportunities.

Nastia Liukin and Simone Biles never went to college. But things have changed, Suni Lee won Olympic gold last summer in Tokyo, signed multiple endorsements, and is now competing as a freshman at Auburn University. Perhaps no athlete better encapsulates the change in times in college athletics.

Ultimately these universities are making cuts that deny more athletes the opportunity to rake in earnings. You cannot earn money as a student-athlete when your team has been eliminated. Shane Wiskus is a great example of this.



Wiskus was a member of the University of Minnesota gymnastics program, which completed its final season last spring. Wiskus followed up last spring by earning a berth on the US Olympic team for the Tokyo games last summer. Wiskus along with his Olympic teammate Brody Malone, who currently competes for Stanford University, would be able to take advantage of the new NIL rules which allowed athletes to profit from their likeness.

Wiskus and Malone were both able to do so but Malone was the only one who had a college team to return to. (Wiskus graduated from Minnesota in 2021, but would have had an additional year of eligibility had his university chosen not to axe its program.)

Malone was lucky to have a team to return to given his school's plan to squash the program. Stanford though is an anomaly when it comes to salvaging its programs. The University's affluent and successful Olympic athletes formed a powerful caucus that took up a fundraising campaign which saved 11 non-revenue sports.

It was a wonderful reprieve but it only underscored how fraught non-revenue programs have it. Stanford has a total endowment estimated at \$42 billion. Even with that warchest, the administration couldn't find a way to do what its former star athletes did.

As the Winter Olympics are set to kick off in a few weeks, current and future college athletes will have the opportunity to compete at the pinnacle of their sport. They will be able to earn money

from competition winnings, endorsement deals, and social media and will do so while maintaining their NCAA eligibility.

None of these athletes will be from the major revenue sports that consume college athletics and national attention.

The recent ruling from the Supreme Court and legislation from state governments has affirmed that these changes will impact thousands of college students and their families. College athletics has helped millions of young people gain access to higher education that they would be unable to reach because of financial or academic barriers.

But with these changes comes the real possibility that by the time the next generation of athletes is looking to enjoy a college sports experience, there will be fewer options. It's like looking at a landscape that is being devastated by climate change. It's taking place right before our eyes.

This a stark warning that as this new "progress" leads to increased opportunities for all athletes, it doesn't come at the expense of smaller but equally valid college teams that are at the core of what college athletics is intended to serve.