The Issue of Compensation: Should NCAA Athletes be Compensated Above Their Scholarships

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Abstract

There is an issue of National Collegiate Athletic Association (NCAA) student-athletes being exploited by their respective universities and a need for change in the way the student-athletes are being compensated for their efforts. The history of the NCAA has established the landscape of the organization today. The ways in which NCAA student-athletes are exploited can be investigated through a review of the history of the NCAA, court cases involving compensation of student-athletes, including the legal aspects of compensating the athletes, and a plan to potentially alleviate the turmoil that has taken place within the NCAA.
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The Issue of Compensation

Over the past few years, many NCAA Division I athletic departments have been under scrutiny and investigation for violating one of the NCAA’s most debated and controversial rules: compensating NCAA athletes. The NCAA is structured around a model of amateurism. While having amateurism as the structure of intercollegiate athletics has been widely accepted, the way the NCAA and intercollegiate athletics has evolved into a professionalized business forcing athletes to be, in many ways, professionals in their respective sport on top of being role model students is an issue that needs to be addressed. Aspects surrounding this issue include: the roots of compensation as they pertain to the evolution of the NCAA, examining the economic aspects of the exploitation of student-athletes, legal cases and challenges that have come and will come concerning compensating student athletes, and the revealing of a plan to alleviate the turmoil within the NCAA concerning the compensation of student-athletes.

History and Commercialization of the NCAA

In order to understand the issue of compensating NCAA student athletes, one must first have knowledge of how the NCAA turned into the professionalized business that it is today. While the NCAA has not existed since the conception of intercollegiate athletics, it has made a huge impact in today’s NCAA landscape. Because of the commercialization of intercollegiate athletics, the NCAA was, and still is, a needed entity.

Formation of the NCAA
While physical activities have been around forever, organized intercollegiate athletics have not always existed in universities and colleges. In order to fully comprehend the reason for the implementation of a governing body such as the NCAA, one must first study and understand the landscape of intercollegiate athletics during the beginning stages of organized activity.

*The Early Years*

Ronald Flowers (2009) of Eastern Michigan University dates the conception of intercollegiate sports all the way back to the days of Colonial America. These activities were not taking place in all college institutions, but rather in the upper-class institutions that were putting their students through a system similar to a boot camp in order continue the trend of strong Christian order in America at the time. Soon after the implementation of these activities, colleges and universities around colonial America began taking part in intercollegiate athletic-like activities (Flowers, 2009).

According to Miller (2011), the athletics taking place during this time were more intracollegiate rather than intercollegiate, meaning the athletic competitions were taking place within single universities rather than among multiple universities. Structurally, these athletic events were contests between classes in the university or college. Freshmen, Sophomores, Juniors, and Seniors would all compete against each other. While many of the institutions’ faculty members did not approve of these athletic contests, they were very tolerant with them being a way for students to debrief, let out emotion, and establish and create a stronger sense of masculinity in the young men that decided to participate.

With many different games being developed, the collegiate sport landscape continued to expand and gain popularity. By the middle of the nineteenth century, the
once intracollegiate landscape that colleges followed, transformed into the intercollegiate landscape that Americans know so well today. Colleges abandoned the class system and combined into teams to play against each other, creating community and a sense of pride within each institution. With the introduction of railroads in America at this time, the opportunity for the intercollegiate model to grow presented itself (Flowers 2009).

Organized, Formal Events

In 1852, the first formal intercollegiate contest took place in the form of a rowing match between Yale and Harvard. Along with this rowing match, in 1859, the first intercollegiate baseball game was played between Amherst and Williams and the first football game was played in 1869 between Rutgers and Princeton (Flowers, 2009). As the competitions began to gain more national attention and became more competitive, students began to manage their respective sport programs. Alumni were called upon to help with coaching and funding, which worked effectively due to the loyalty they had to their alma maters (Flowers, 2009). Along with alumni assisting with funding and coaching, universities began to supply compensation to student-athletes in many different forms such as room and board, jobs, and cash (Miller, 2011). These additions only fueled the growth of intercollegiate athletics and changed the landscape of the academic/athletic dynamic on college campuses around the country.

As the late 1800’s came around, sport was clearly a growing activity that would be integrated in the college experience for the foreseeable future. With this being realized, sport was beginning to be used as a marketing tool. This specifically began with the University of Chicago’s president, William Rainey Harper, hiring Amos Alonso Stagg to be the Head Coach of the football team at the University of Chicago (Flowers,
2009). Harper’s plan was to allow Stagg to build a dominant football program to send around the country, in order to gain publicity and increase the number of students that would enroll at the university. With increased publicity, the emerging new trend of utilizing the prowess and popularity of athletic programs to gain university exposure, and the need for established wide spread regulation of sport, the NCAA was introduced.

The NCAA

The NCAA was established in 1906 as the Intercollegiate Athletic Association, and then changed its name to the National Collegiate Athletic Association in 1910. The purpose of the NCAA was to create and implement competition and eligibility rules for the different intercollegiate sports that were being played by college students at the time. Although the organization was created to establish rules, it was not given this power until 1942 (Britannica, 2016). The NCAA was founded on a principle of amateurism. Intercollegiate athletics are designed to be an amateur activity for college students, and it is the NCAA’s duty to preserve amateurism (Horn, 1978). Through regulations of payment and restrictions from professional contact, they do this to an extent, but the manner in which the NCAA has become a billion-dollar business has created a professional atmosphere in college athletics.

Size of the NCAA. Since being established in 1906, the NCAA has grown into a massive, multi-billion-dollar, non-profit organization. The NCAA currently has 1,102-member schools (not including provisional or reclassifying schools), that play in 100 athletic conferences, which are home to over 460,000 athletes (NCAA). The majority of college athletic events that Americans attend and watch over the course of a year are under the governance of the NCAA.
Social State of the NCAA. According to Benford (2007), the NCAA is in a state of need in terms of reform. He stated that intercollegiate athletics as a whole are suffering through a time of “commercialization, university involvement in the entertainment industry, damage to the integrity of higher education, the exploitation of athletes, and harm to non-athletes” (Benford, 2007, pg. 1). Through the issues revealed by Benford, it is clear that the NCAA, while making over a billion dollars in revenue, is in a spot where reform is needed. They are in the middle of amateurism and professionalism and they need to take a side.

Reasons to Reform. For the NCAA to avoid major turmoil, reform needs to occur to smooth out the issues between the organization and the athletes who are competing at member schools. Reform needs to occur because student-athletes deserve better. The NCAA will begin to lose more athletes to professional athletics early, which has become a hot topic of debate in the sporting world. Andrew Zimbalist (1999), in his book “Unpaid Professionals: Commercialism and Conflict in Big-time College Sports”, states, “There is little economic incentive for them (student-athletes) to stay in college,” (Zimbalist, 1999, pg. 26). Zimbalist (1999) illustrates the mindset of the student-athlete through his quote. With the financial gain an athlete can acquire by turning professional, it makes sense for these athletes to be compensated for their talents.

The Deserving Student-Athletes. As an individual who works in college athletics, the author knows that many student-athletes feel used and disrespected with how the NCAA has treated them. These individuals are expected to be full-time students and full-time athletes simultaneously. The number of hours an NCAA athlete puts into their respective sport, a topic that will be examined with more depth as the paper
progresses, is equivalent to that of a full-time job. Athletes are expected to train and study like professionals, and yet, they are still given the “amateur” title and being exploited for their talents, another topic which is analyzed below. This is not a call for the NCAA to completely shift to a professional model of governing its athletes, but more of a reasoning as to why the athletes deserve to either be treated as professionals or amateurs, not a mixture of the two (Weaver, 2016).

**Losing Athletes to the Professional Ranks.** The infamous one-and-done rule in college basketball has been a topic of heated debate in recent years. The one-and-done rule is when a basketball player will play at his respective school for one season before hiring an agent and declaring for the NBA draft to pursue a career playing professional basketball. Some players have even opted to play professionally overseas in place of their one year of college, such as New York Knicks point guard, Emmanuel Mudiay. One main reason athletes make this transition to the NBA so quickly is because they feel exploited by the NCAA. They feel as if they are not being fairly compensated for their talents and contribution to their respective universities. While a reform would not entirely solve this issue, it would certainly allow the players the opportunity to make a more informed decision on how to display their talents before pursuing a professional career. An illustration of this decision-making process can be found in Ben Simmons, a point guard for the Philadelphia 76ers who recently played at Louisiana State University, who claimed players get nothing while in college, making his time at LSU pointless (Medcalf, 2016).

In 2006, the NBA established a rule stating prospects must be nineteen years of age in order to be drafted. According to an article by Samantha Pell (2016) found on
Boston.com, there have been eighty-three freshmen drafted in the years ranging from 2006-2016 (Pell, 2016). This issue is not only seen in college basketball. According to an article by Blake Williams (2016) found on Forbes.com, a record one-hundred and seven football players declared for the NFL draft in 2016 while still possessing NCAA eligibility. The aforementioned number set the record for number of players to declare for the NFL Draft early, breaking the record of one-hundred and two athletes who left in 2014 (Williams, 2016).

**Economic Aspects**

Since the inception of the NCAA in 1906, the organization has grown into a billion-dollar organization. Due to the amounts of revenue that are brought in by the NCAA, it is vital that their financial status is examined when determining if NCAA athletes should be compensated above the amounts provided through their scholarships (Walker & Misawa, 2018). The financial state of the NCAA has brought the issue of compensating student athletes into more scrutiny.

**Financial State of the NCAA**

The NCAA has evolved into an extremely profitable organization since its founding in 1906. According to the NCAA’s financial report for the athletic year ending in August 2017, the organization’s total revenue for the year was $1,061,364,496. The NCAA is a non-profit organization, so the money is put back into the organization in the form of scholarships for student-athletes, academic services, and the basic needs that student-athletes might need, such as clothes, computers, and emergency travel expenses (NCAA, 2017).

**Exploitation Defined**
Exploitation in NCAA athletics is no different from exploitation in economics. By definition, exploitation occurs when a worker’s economic value is greater than the wages they receive (Berri, 2016). Along with this, Wood (2016) explained that in most cases of exploitation, the exploiter is benefitting at the expense of the exploited. With the amounts of revenue that NCAA athletes assist in bringing in to their respective universities and the NCAA, which is their economic value, it is clear that student-athletes are exploited. Their value to their respective universities and the NCAA far outweighs the payment they receive in scholarship.

**The Exploitation of Student-Athletes**

The exploitation of student athletes happens in two ways: financially and academically. The financial exploitation refers to the amount of money players make for their respective universities, compared to the amount they make. The academic exploitation of student athletes refers to the lack of quality education some athletes receive.

**Financially.** NCAA student athletes are financially exploited due to the millions of dollars athletes earn for their universities through their athletic talent. Berri (2016) revealed a method of determining how much each athlete is worth to his respective university. His results are staggering. After taking a percentage model from the NBA, Berri concluded players are worth millions of dollars for their time played on the court and the wins they contribute to the team. The rule that the NBA’s Collective Bargaining Agreement (CBA) holds, which Berri is referencing, states that the players must be compensated 50% of the total revenue that the league brings in. According to Berri, if this rule were to be put into place at Duke in 2015, when the men’s basketball team won
the national championship, each player would earn an average of $1.4 million. This is according to the amount of revenue the Duke University men’s basketball team made in their championship season. The amount of money student-athletes earn for their respective universities gives them a right to demand compensation (Berri, 2016).

Berri also calculates the amount of money that each player would make according to minutes played and wins produced. These stats still relate to the 50% rule that was previously explained, but they are calculated according to what each player contributed to the team over the course of the season. According to Berri, if Duke’s players were paid for the number of minutes in which they were on the court during game action, point guard Quinn Cook, who played the most minutes on the team at 1,395 minutes, would have earned $2,974,961 and Sean Kelly, who played the least number of minutes on the team at 11, would have earned $145,716. If compensation was calculated according to wins produced, or how much the player impacted the ability of the team to win, Jahlil Okafor, with the most wins produced at 7.97, would have earned $4,130,034 and Matt Jones, with the least number of wins produced at -0.51, would have earned $145,716 (Berri, 2016). While these compensation amounts are outrageous, they go to show that NCAA athletes are exploited according to the economic value they contribute to their respective universities.

Van Rheenen (2012) also provides statistics revealing the extent to which athletes are exploited financially. He reveals that in 2010, Cam Newton, who won the Heisman Trophy and national championship at Auburn University, was worth $3.5 million for the university each year he attended, which is significantly greater than the amount of the scholarship he received (Van Rheenen, 2012).
Academically. When an individual is exploited and taken advantage of, he or she naturally will not be as motivated to be successful in areas of their job that they are not necessarily passionate about. For a majority of student athletes, this area is academics. Van Rheenen & Atwood (2014) conducted an original study to determine if athletes feel exploited. After 750 student athletes took the survey, the results came back and revealed the athletes were feeling exploited by their respective university. This study gives an illustration of the situation from the athlete’s point of view and also gave insight into how the feeling of being exploited can also hinder the athletes’ willingness to give effort in the classroom setting.

Academic exploitation is not only felt by student-athletes, but it recognized by university officials. Van Rheenen (2012) quoted former University of Michigan President James Duderstadt in his article saying, “‘Some universities take advantage of their student-athletes, exploiting their athletic talents for financial gain and public visibility, and tolerating low graduation rates and meaningless degrees in majors like general studies or recreational life’” (Rheenen, 2012, pg. 559). Van Rheenen (2012) also ran a study involving five-hundred and eighty-one active student athletes to determine if they felt academically exploited. One-third of the athletes confirmed they did feel academically exploited. Van Rheenen (2012) also argues student-athletes begin to feel increasingly exploited academically as they get closer to the conclusion of their playing eligibility due to the realization of their dream of playing their respective sport professionally fades.

One theory that relates to student-athlete exploitation, specifically in the arena of academics, is Adams’ Equity Theory, which investigates the relationship between input
and output in employees. Adams’ Theory of Equality was established in 1963 by John Stacey Adams. According to Tseng and Kuo (2014) in their article which applies Adams’ Theory of Equality to insurance frauds, Adams’ Theory of Equity comes down to fairness. It relates to whether or not employees feel fairly treated and compensated according to not only to the work which they complete, but also compared their peers and others in the industry (Tseng & Kuo, 2014). What is interesting about the point made by Tseng and Kuo (2014) is the dynamic of incorporating peers and others in the industry into the feeling of exploitation and equality. This is a very transferable issue to NCAA intercollegiate athletics. At many schools, there are over 20 different NCAA sports. How each team is treated and compensated may impact the feeling of exploitation that an athlete may feel. Academically, if exploited, an athlete will being to give less effort and even potentially have less loyalty to an institution. According to an article in Mind Tools (n.d.), the feeling being exploited will bring about lapses in loyalty, effort and commitment.

**Lapses of Loyalty.** For an athlete, lapses of loyalty can go back to the idea of them deciding to leave school early to play their respective sport at the professional level. One may ask, how does this have to do with the academic exploitation of the athlete? It is simply because the athlete forgoes the opportunity to finish college with a degree because they feel as if they have been used and mistreated. This lack of loyalty may also arise in transfer situations. When a student-athlete transfers between institutions, there is a chance that it could harm them academically. With new scenery and no familiar faces, the student-athlete could struggle, all as a result of them feeling exploited.
Lapses of Effort. Lapses of effort is simply the athlete’s willingness to give the effort required of them to pass their academic courses. If an athlete feels used and exploited, they may not be motivated to do well with their course work. The feeling of being used is one that will kill all motivation in an individual, and the exploitation of an athlete is no different. Lapses in effort can be directly correlated with lapses of commitment, which combine the two lapses discussed above. Being a great college student requires a commitment to do your best work at all times. If one is feeling exploited, it will be difficult for an athlete to stay committed in the classroom setting.

Legal Aspects

While the preceding topics concerning compensating NCAA athletes above the amounts of their scholarships are vital to the decision of whether or not to pay the athletes, the legal aspects may be the most daunting and complex aspect of the issue. With the recent court cases that have occurred, steps have been taken to clear the legal logistics behind the concept of paying NCAA athletes, but there are still many issues that must be addressed, such as the student-athlete title, contract issues, and the taxes that would be put in effect with the added compensation.

Recent Cases Involving the Compensation of NCAA Student-Athletes

The issue of compensating student athletes is not a new issue. There have been multiple cases involving compensating student-athletes. Gilbert (2016) discussed two prominent cases in NCAA athletics concerning the commercialization of NCAA athletics and what the student-athletes are doing in response to being, in their minds, exploited. Northwestern University football players organized a union attempting to be compensated for their efforts and the use of their names and images. While the union did
not accomplish all the goals it desired, it did create some benefits for NCAA athletes. At the University of Missouri, a business man was named president of the university. This demonstrated not only a commercialized shift in higher education, but also in athletics. The professional model was pushed at the university and led to student-athletes feeling a need to be compensated (Gilbert, 2016). The final and most prominent case in the issue of compensating athletes is O’Bannon vs. NCAA. Roesller (2016) explains the case that made universities stop using the images of athletes without their permission and without compensation. This is a decision that affords student athletes more rights and is a step in the right direction (Roesller 2016).

Northwestern Union Case. In 2014, players from the Northwestern University football team went before the National Labor Relations Board in order to vote for a union. Among the players who came forward to vote for a union was Kain Colter, then the starting quarterback to the Northwestern University football team. His argument was based on his feeling that over the course of his time at Northwestern, he felt that he had an employee-employer relationship with the coaching staff, rather than a student-athlete-coach relationship (Weaver, 2015). After going before the director of the National Labor Relations Board regional office in Chicago, the director agreed with Colter and stated, “An employee is a person who performs services for another under a contract of hire, subject to the other's control or right of control, and in return for payment. … Scholarships are a transfer of economic value. … The scholarship is clearly tied to the player's performance of athletic services as evidenced by the fact that scholarships can be immediately canceled if the player voluntarily withdraws from the team or abuses team rules” (Weaver, 2016, para. 13). This was a major statement in favor of the players.
The Ruling. While the players made a major statement in their attempts to organize a union and officially achieve the status of NCAA athletes being employees, they certainly opened the eyes of not only the NCAA, but the rest of American society as well. It was made clear to the NCAA, players feel as if they are employees of the university due to the amounts of revenue they produce. The attempt to unionize intercollegiate football specifically was put at the forefront of the sporting news in America, and through this unionization attempt, players have begun to scratch the surface of opening opportunities to be compensated in a way that is equivalent to the revenue they produce through their athletic excellence (Weaver, 2016).

University of Missouri Struggle. The University of Missouri got itself into a very peculiar situation in 2012 when a former business man, Tim Wolfe, took over as president of the university. The issue was not that Tim Wolfe was the president, but it was the issues which occurred as a result of his policies that let to extreme turmoil at the University of Missouri (Gilbert, 2016). Over the course of his time as president, it was clear he adopted the corporate business approach in leading the university, as well as a perceived racial attitude towards the African American community of the University of Missouri. This approach did not go over well with the students, faculty, or staff of the university and came to a boiling point in 2015 when a campus wide coalition broke out in opposition to Wolfe’s presidency (Gilbert, 2016).

After many more organized protests broke out and tensions began to escalate, a graduate student by the name of Jonathon Butler began to take a hunger strike until changes were made to the university’s leadership and policies. One may ask, how does this relates to intercollegiate athletics and the feelings of NCAA athletes feeling exploited
and used by their respective universities? The answer is revealed through how the turmoil comes to an end. About six days into Jonathon Butler’s hunger strike, many former and current football players at the University of Missouri met with Butler and stood by him. They vowed to not take part in any football activities until Wolfe resigned and changes were made at the university. Wolfe eventually resigned in the face of pressure from the football team due to the potential loss of money that would occur if the team did not play their next game. If the game were to be cancelled due to the holdout by the Missouri players, the school would have been forced to pay a $1 million breach of contract fee. In the face of this lost capital, Wolfe resigned (Gilbert, 2016).

According to Gilbert (2016), the holdout by the football players, along with the cooperation of their coach, was the deciding factor in Wolfe’s resignation. This perfectly illustrates the reality of how important athletic programs are to the university. If the revenue from the football team is important enough to stop a crisis that involved a hunger strike, multiple protests, and years of poor leadership, how can these individuals be considered amateurs and not receive added compensation? This situation at the University of Missouri perfectly depicts, not only the financial importance of intercollegiate athletics, but also their social importance. These are all factors NCAA athletes must deal with at all times over the course of their time at the universities they decide to attend. For an eighteen year-old man or woman to deal with the social importance of intercollegiate football, the financial importance of playing well, and the personal importance of excelling academically is a lot to ask. Some might even say it resembles being an employee of the institution, similar to the argument that Kain Colter made in his attempt to create a union for intercollegiate student-athletes (Weaver, 2016).
O’Bannon vs. NCAA Case. The O’Bannon vs NCAA case is easily one of the most well-known and cited legal cases surrounding the issue of NCAA athlete rights and compensation. Being one of the most popular and recent cases regarding the topic of student-athlete compensation, this case has frequently been referenced in arguments fighting for student-athlete compensation. The case concluded on August 8, 2014 and was a step in the right direction for student athletes.

The Case. The main and underlying issue being fought for by a group of former, and then-current, student athletes was concerning intellectual property rights, specifically the use of players’ “names, images, and likenesses in video games, live game telecasts, and other video footage” (Roesller, 2016, pg. 940). This group of individuals were arguing that the practices put into place by the NCAA, were violations of the Sherman Antitrust Act, which makes the restraint of trade or commerce illegal (Roesller, 2016). The two areas in which the group of athletes claimed the NCAA was restraining trade were in the college education and group licensing markets. The college education market has to do with the fact NCAA scholarship athletes are given the opportunity to obtain higher education as a part of their athletic scholarship bundle. This bundle does not give colleges and universities the rights to use players’ names and images. The group licensing market has to deal with using athletes’ names on television, and in video games or rerun broadcasts (Roessler, 2016). Meanwhile, the NCAA defended itself with the claim that their actions are “necessary to uphold its educational mission and to protect the popularity of college sports” (Roessler, 2016, pg. 940). The NCAA also countered with other defenses such as preserving the tradition of amateurism in intercollegiate athletics, the rules are required to create more parity within the NCAA and have balanced
compensation, and finally that the rules will allow the student athletes to be more integrated with the educational and social aspects of being an NCAA athlete (Roessler, 2016).

**The Ruling.** Each of the NCAA’s defenses, which are listed above, were all rejected by the court during trial. The case was won by the student athletes and it was a very monumental win for the college athlete and easing the feelings of being exploited by the NCAA. A few of the court’s rulings are as follows: “the NCAA’s challenged rules unreasonably restrained trade”; and the court made a decision that “prohibited the NCAA from enforcing any rules to prevent its schools from offering to deposit a limited share of licensing revenue in trust”, which would be paid at the conclusion of the athlete’s eligibility with a cap of $5,000 (Roessler, 2016, pgs. 943-944). The court still allowed the NCAA to enforce rules regarding athletes promoting themselves, eligibility requirements, and the amount of scholarship an institution can give. (Roessler, 2016).

**Legality of Paying NCAA Student-Athletes**

While student athletes are exploited and deserve compensation, there are legal issues that arise when compensating student-athletes. These legal matters are often times not discussed in arguments about compensation, but they create difficulty in solving the issue. The main legal issues involve the title of the student-athlete, contracts, and taxes.

**Student-athlete or employee.** The title student-athlete assumes the student is not an employee of the university. They are students first, who also happen to be athletes. Compensating the athletes will confuse this title and potentially move them into employee status (Haden 2001). This classification comes with workers compensation benefits and the opportunity for the university to fire student-athletes.
Once the student athlete begins to get added compensation on top of the amounts of their scholarship, employee status could be claimed by the university. Haden (2001) claims courts have historically identified student athletes as employees only if they can receive workers compensation benefits when injured during play. Added compensation could bring about this new rule, which sounds like an added benefit for the athletes, but that could also allow the coaches to essentially fire the athlete if he so chooses, depending on how the contract between the player and institution is written.

**Contracts.** When becoming an employee, contracts are a major part of the hiring process. The compensating of athletes would force contracts to be made to outline the many changes that are mentioned by Haden (2001). This involves aspects such as compensation amounts, benefits, and different rules that would apply to the university and the athlete.

**Who is Being Paid?** The first, and most often forgotten, aspect of compensating NCAA student-athletes is the decision of who will be getting paid. In his article found in the International Review for the Sociology of Sport, Van Rheenen (2012) states, “it may be unjust for male and female non-revenue college athletes to gain unfairly from the surplus labor of their revenue-producing peers,” (Van Rheenen, 2012, pg. 557). If one is arguing for a fair system, where could a balance be found to fairly compensate each athlete for their work, even if their respective sport does not produce revenue similar to the manner in which Football Bowl Subdivision (FBS) football programs and Division I college basketball programs do?

**Compensation Amounts.** When analyzing a potential student athlete contract with a university, one main issue to arise will be the amount to compensate them. This
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has become a highly debated issue within intercollegiate athletics. How much would the athletes be paid? While there are millions of dollars being funneled into universities as a result of the talents of athletes, paying them millions of dollars would be very unethical and out of line (Miller, 2011).

**Benefits.** Another aspect to consider when constructing student-athlete contracts is potential benefits. If a professional system is intact and players will be paid, would extra benefits be included? Benefits could include stat incentives, academic incentives, health incentives, and even workout incentives. Benefits in contracts could range from a wide range of unique and creative benefit situations.

**Taxes.** Universities would also be heavily impacted by the compensation of student athletes. According to Haden (2001), universities do not have to pay taxes on scholarships given to athletes. If athletes were to be compensated directly, this would change, and the university would lose more money due to taxes.

According to Haden (2001), universities are not required to pay taxes on tuition or any payments that involve educational enhancement. The only expenses universities are required to pay taxes on are business ventures. As Haden (2001) alludes to in his article, intercollegiate athletics are still largely related to education in the court’s eyes. This allows the school to give tuition scholarships to potential recruits and not be taxed for it.

While athletics are not taxable with the current system in place, if added compensation was given to athletes for practice time, game time, and time that is dedicated to their respective sport, then the IRS would view intercollegiate athletics as a separate business outside of education. This would effectively remove universities from under the 511(a)(1) exemption (Haden, 2001).
If student-athletes were to be additionally compensated for performing their respective sport, a jock tax could be implemented on their income. A jock tax is when a state will tax the amount of income earned by an athlete while playing in that respective state, even though they are not a resident of the state (Bush, 2017, pg. 61). If student-athletes were to be paid, a jock tax would take away from their gross earnings and force them to file taxes in a separate state. While some states have different laws regarding jock taxes, if student-athletes were to be given the title, “employee”, jock taxes are an issue they would encounter (Bush, 2017).

**Proposed Plans**

Given the statistics, it is easy to conclude that NCAA athletes need to be compensated fairly for the work they do and the money they bring in to their respective universities. While there are some sports that do not bring in revenue, or even cost the university money, a reform in some capacity needs to occur. The exploitation of student-athletes is evident, according to the research.

**Athletes Deserve Compensation**

While it is not being proposed NCAA student athletes deserve to make millions of dollars while participating in intercollegiate athletics, the athletes in some capacity do deserve some amount of money, due to their contribution to their respective university and the NCAA as a whole. Other reasons NCAA athletes deserve to be paid are the realities of commercialism and professionalism (Benford, 2007 & Horn, 1978).

**Commercialism.** The commercialization of NCAA athletics has been a process that has been happening since the inception of NCAA athletics. While the history of the growth and commercialization of the NCAA and intercollegiate athletics has been
discussed, the issue at hand is the commercialization of the NCAA within the last 10-15 years. With commercialization first being researched in 1929 when the Carnegie Foundation blamed commercialization for increased cheating and financial scandals, the impacts of commercialization ninety years later is tremendous (Benford, 2007). Benford (2007) illustrates the more current state of commercialization through a movie by the Marx brothers entitled *Horsefeathers*. He paints the picture of how college athletics run universities at the expense of all other buildings and programs. While schools are not tearing down buildings to keep athletics, the importance of athletics is perfectly portrayed. Athletics, in some respects, are valued higher than the academic side of the university (Benford, 2007).

The commercialization of NCAA athletics goes well beyond just the value of athletics over academics. Another aspect of commercialization is the way in which coaches are paid by their respective universities. In today’s NCAA, head coaches of Division I football and basketball programs get paid millions of dollars a year. When looking at the top 25 highest paid coaches of 2018, the results that come back are staggering. According to The Quad (2018), the highest paid coach in the country is the head coach of the University of Alabama football team, Nick Saban, with a yearly salary of $11,132,000. Coming in at 25th on the list was the University of Louisville’s head football coach, Bobby Petrino, with a yearly salary of $3,930,434. These reported salaries do not include bonuses and benefits that are also available to the coaches. With salaries like the ones revealed by The Quad (2018), it is reasonable to suggest that coaches could be paid less, allowing the athletes to enjoy the fruit of their labor.
The final aspect of the commercialization of NCAA athletics are the posters, pictures, and facilities fans find so appealing. The use of posters, pictures, logo and sponsor deals, and numerous different marketing techniques have virtually given intercollegiate athletics a celebrity type of image (Benford, 2007). There is not one point in the calendar year where a sport is not marketing with billboards and other signage. Along with this constant state of marketing the players, many institutions have made their athletic programs more notable through sponsorships and logo deals, such as the University of Oregon has with Nike. Along with the marketing of a brand, commercialization has happened through the arms race that takes place in NCAA athletics (Benford, 2007). This is the idea that when one school builds a new facility, another school will do the same and attempt to make their facility better. This arms race is never ending and has only increased the amount of money that goes through athletic departments.

**Professionalism.** The rising professionalism has begun to cement itself as the new norm in intercollegiate athletics, which is another reason NCAA athletes have the right to demand compensation. The NCAA was founded on a principle of amateurism and has continued to identify as an amateur system. The facts simply do not support this notion. Horn (1978) discusses the rising professionalism that has only grown tremendously since the time of his article. With agents vying to sign athletes once they make the decision to declare to play professionally, these 18-21-year-old individuals are forced into thinking and operating as professionals. Along with agents pursuing the athletes, many schools and conferences have signed TV deals to continue to earn more profit (Horn, 1978). Some examples of TV deals in 1978, when the article was written,
have a value of up to $29,000,000. This number has only grown since that point, better illustrating the professional nature that has manifested itself in intercollegiate athletics. If student-athletes have to operate as professionals, they should at least be paid in some capacity for their efforts (Miller, 2011).

**Purpose of Compensation**

With athletes having to devote so much time to their respective sport, this compensation would be in place of having a job to earn some extra money. According to Weaver (2015) athletes can spend up to 90 hours a week working for their team. Add this responsibility to having classes and the work that comes along with those classes, and there is no time left for athletes to make money to use on themselves. Unlike student-athletes, the average college student can get a job and work part-time, or even full time. These opportunities are not made available to student-athletes due to their schedule with their sport. While some may make the argument that athletes have school paid for, this is an invalid argument. Schools also offer full scholarships to those who are elite academically. This is virtually the same concept. Those students still have the opportunity to gain employment and a salary, while athletes do not. NCAA student athletes should not be punished for their athletic ability but should be treated fairly. This compensation method is solely to provide student athletes with a means to have the ability to have spending money (Weaver, 2015).

**The Plan for Compensation**

As it was stated before, this is not a call for NCAA student-athletes to make millions of dollars playing intercollegiate athletics. Haden (2001) developed a plan to compensate student athletes moderately while still being reasonable. He proposed
athletes are given $100 a month, built into their scholarship, for spending money on gas, dating, and entertainment. This is a great start to completing the issue, but more needs to be done. The revenue these athletes bring in for their universities needs to be considered. According to Miller (2011), professional quality football players bring in approximately $406,000 of revenue per year and professional quality basketball players bring in approximately $1,194,000 of revenue per year. These numbers are compared to them only receiving $120,000 worth of services per year. This is the definition of exploitation.

The question becomes, what is the fair way to compensate these athletes for their services? In Miller’s (2007) article, a male basketball player from Butler University stated he thinks $40,000 a year would be fair compensation. While this might be true, what about athletes in non-money making sports? How does this impact the university?

Pros and Cons for Universities and Student Athletes

Given the research, it is clear that there are pros and cons for both the university and athlete when discussing compensation for play.

Pros. The most obvious pro about paying NCAA student-athletes is for the athletes. They get the chance to be paid for their play. While many may think the university cannot benefit from paying players, they could potentially receive better grades from student athletes and use that as a marketing tool to potential recruits. As Adams’ Equity Theory, which was referenced above, relates to the situation, one may be more committed and give more effort if they feel as if they are not being exploited.

Cons. While it may not seem there is a downside to being paid for the players, there definitely is. As employees, they could be potentially fired at any point in time. The rules will have to change, and spots will not be locked in through scholarships as they are
in today’s NCAA landscape. Players would have to deal with the stress of potentially losing their spot on the team at any point. Another con is that all players are not equal in their production and revenue produced for the school. Would compensation amounts differ and by how much? The major con for all institutions is it would create more taxes for them to pay back to the Internal Revenue Service (IRS). Most institutions are about making profit. Paying athletes would hamper that mission. Along with taxable income, smaller schools may not be able to afford to pay all players. This will create issues in recruiting and the competitive balance across the NCAA.

**Conclusion**

NCAA athletes are being exploited and the NCAA has many decisions to make. Given this brief overview of the issue, it is evident that there is an issue with compensation within the NCAA. With the research that is being done, a plan can be developed to alleviate these issues, to an extent, and create a better and more enjoyable college experience for all student-athletes. There are still many issues regarding the idea of paying NCAA student-athletes, but action needs to be taken in order to have a more coherent and cohesive student-athlete/NCAA relationship.
References


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