Money paid to college basketball players reveals the profit greed of the NCAA

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The latest corruption scandal involving men's college basketball was revealed in September 2017, when the FBI announced the arrest of 10 individuals, including several assistant coaches, as well executives from sportswear manufacturer Adidas, on charges involving fraud, bribery, money laundering and wire fraud. The schools implicated involved many of the top college basketball programs including Arizona, Louisville, Auburn, Miami, South Carolina and USC.

The investigation has since spread beyond the individuals and teams initially implicated, and now includes more than a dozen additional teams, over 25 current and former players, and various agents, financial advisers, and sportswear companies.

The origins of this investigation began with the conviction of financial planner Marty Blazer, who pled guilty to embezzling over $2 million from several professional athletes. As part of his plea agreement Blazer agreed to become an FBI informant.

Through Blazer, other informants, and wired conversations, investigators amassed evidence that money was offered to players, their family members, confidants, or coaches, to ensure that the most highly recruited players would attend certain colleges, or later sign with certain agents, financial planners, or sports apparel companies. The sums involved ranged from several thousands of dollars to $100,000.

As a consequence of these allegations, the National College Athletic Association (NCAA), the governing body of college athletics, suspended from competition the named players, and the colleges terminated the coaches who were arrested. The NCAA also announced the formation of an independent Commission on College Basketball, chaired by former Secretary of State Condoleezza Rice, to provide recommendations on how to "clean up" the sport.

The NCAA is a tax-exempt organization whose revenue in 2016 totaled $995 million. Most of this income comes from media rights, particularly from a $10.8 billion, 14-year agreement with CBS Sports and Turner Broadcasting for rights to the Division I Men's National Basketball Tournament. Most of its remaining revenue comes from various NCAA championships.

About 95 percent of this money is distributed to the colleges that belong to the NCAA. Those schools' teams that advance in playoffs and tournaments and win championships receive substantially larger sums.

On March 13, the NCAA begins its major revenue-generating event, the National Basketball Tournament, commonly referred to as "March Madness." Last week, however, Yahoo Sports published a new series of revelations that involve many more of the top basketball programs in the country, most of which are expected to compete for the national championship. These schools include defending national champion North Carolina, number one-rated Virginia, and perennial powers Duke, Michigan State, and Kentucky.

When the NCAA was founded in 1906, it was designated a non-profit institution whose focus was to establish amateurism as the core foundation for college sports.

Today its web site states, "Amateur competition is a bedrock principle of college athletics and the NCAA. Maintaining amateurism is crucial to preserving an academic environment in which acquiring a quality education is the first priority. In the collegiate model of sports, the young men and women competing on the field or court are students first, athletes second."

The NCAA bars amateur athletes from receiving a salary for participating in athletics, receiving benefits from an agent or prospective agent, signing with an agent, or receiving a variety of other forms of remuneration.

This outdated concept of amateurism has resulted in unpaid athletes, particularly those participating in major college basketball and football programs, being prevented from receiving any money for athletic performances that earn billions of dollars for colleges, the media and sportswear companies.

The money the NCAA receives, however, is a mere pittance compared to what individual schools receive. Most major college programs have entered into conference as well as individual agreements with media companies and sports apparel companies.

The Big Ten Conference, which consists of 14 large schools located mainly in the Midwest, signed in 2016 a six-year $2.64 billion deal with ESPN, Fox Sports, and CBS to broadcast its football and basketball games. This TV contract is estimated to pay out $43 million to each school in 2017-2018 and could top out at $54 million per school by the end of the contract.

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The other major conferences—the Southeast Conference, Pacific 12, Big 12, and Atlantic Coast—took in between $22 million and $34 million per school for their 2014-2015 media deals. Many schools have individual media deals as well. For example, the University of Michigan, a Big Ten school, has an additional 12-year $86 million deal with IMG that began in 2008. Its rival Michigan State in 2016 entered into a 15-year, $150 million contract with Fox. Most other major college programs have similar arrangements.

Sports apparel companies also have multimillion-dollar arrangements with conferences and individual teams, whose players are obliged to wear their products. Nike dominates this field, having contracts with almost 70 percent of the schools in these major conferences. The largest deals are a $169 million, 11-year deal with the University of Michigan, a $250 million, 15-year deal with the University of Texas, and a $252 million, 15-year deal with Ohio State.

Not to be outdone, Under Armour in 2016 signed with UCLA the biggest apparel contract in NCAA history, a $280 million contract for 15 years. In response to this record-setting agreement, UCLA star quarterback Josh Rosen, posted on his Instagram account, “We’re still amateurs though. ... Gotta love non-profits #NCAA.”

The NCAA and their member schools have always asserted that their “student-athletes” receive a first-class college education that would otherwise cost tens of thousands of dollars, and hence they are not being used or exploited.

Rosen, who is expected to be one of the first players taken by the National Football League (NFL) in its draft next month, also addressed this issue when he was interviewed by Bleacher Report in August 2017. “Look, football and school don’t go together,” he said. “They just don’t. Trying to do both is like trying to do two full-time jobs. ... Human beings don’t belong in school with our schedules. No one in their right mind should have a football player’s schedule, and go to school. It’s not that some players shouldn’t be in school; it’s just that universities should help them more—instead of just finding ways to keep them eligible.

“Any time any player puts into school will take away from the time they could put into football. They don’t realize that they’re getting screwed until it’s too late. You have a bunch of people at the universities who are supposed to help you out, and they’re more interested in helping you stay eligible. At some point, universities have to do more to prepare players for university life and help them succeed beyond football. There’s so much money being made in this sport. It’s a crime to not do everything you can to help the people who are making it for those who are spending it.”

Among those who are spending it are head coaches of these major programs. Most receive multimillion-dollar salaries. In basketball, the highest paid coach is Duke’s Mike Krzyzewski ($8.9 million a year), and in football, it is Alabama’s Nick Saban ($11.1 million a year).

The claim that the NCAA’s “first priority” is for its student-athletes to “acquire a quality education” is a myth that is further exposed by its rules that determine when a college player can become eligible to become a professional. The NCAA has entered into agreements with the National Football League (NFL) and the National Basketball Association (NBA) that serve to preserve the multibillion-dollar college sports industry and at the same time provide a free farm system for the professional leagues.

In football, this has been accomplished by having the NFL agree that it will not allow a player to be drafted or signed until three years after his high school class has graduated. This allows colleges to retain the services of the nation’s best young football players for at least three years. This also benefits the NFL, because after three years in college the best players will be more experienced, skilled, and physically mature, and thus be better able to perform on the professional level.

In basketball, the NBA has agreed that it will not allow a player to be drafted until one year after his high school class has graduated. This policy was implemented because extraordinary players like Kobe Bryant and LeBron James had gone directly from high school to the NBA, depriving the college “amateur” game of their services. This accommodation between the NBA and the NCAA has become known as the “one-and-done rule” because it is a given that the top high school players will be in college for only one year, after which they will enter the NBA.

LeBron James, who entered the League two years before the “one-and-done rule” was established, when asked last month about the college basketball corruption scandal, said, “I’m not a fan of the NCAA. ... I love watching March Madness. I think that’s incredible. I’m not a fan of how the kids don’t benefit. ... The NCAA is corrupt. We know that. Sorry, it’s going to make headlines, but it’s corrupt.”

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