Conflicts of College Conference Realignment: Pursuing Revenue, Preserving Tradition, and Assessing the Future

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Over the past two years, conference realignment has taken a front seat in the college sports landscape. Economic incentives were too attractive to overlook for some universities. College football programs across the country have a lot at stake, because for many, football is an integral component of their community’s, as well as their university’s, culture. With conference realignment already being discussed extensively in the college sports arena as well as in the media, what should these universities do? Passively waiting to see what happens to one’s conference is risky, as it may be on the verge of collapse – taking your program with it. On the other hand, boldly applying to a different conference is not a safe bet either, as the future of other conferences may be uncertain. The conflicts between the economic incentives of the program and the emotional desires of sports fans, alumni, and athletes themselves are at the crossroads of these realignment decisions.

The economic benefits of joining a stronger conference are vast. The university positions itself to receive increased national television exposure, along with the opportunity to play against the better competition during the regular season. These benefits often translate into better postseason bowl games, and in turn more money to the university from large TV contracts and ticket sales. However, downsides to changing conferences must be considered. Though many of the factors spurring conference changes are economic in nature, there is one cost that can’t be captured by the balance sheet or an income statement: the impact on the alumni, donors, and fans. Will realignment mean missing out on a game against a rival? Will switching conferences require fans to travel longer distances to away games? With long-running conferences come long-running traditions. For example, the Missouri Tigers and Nebraska Cornhuskers have the 2nd oldest football rivalry in the Big 12 conference, playing a total of 104 times since 1892. The “Victory Bell” trophy was awarded each year to the winner of the game, a tradition dating back to the rivalry’s inception in the 19th century. Unfortunately, this rivalry came to an end on June 11th, 2010, when the Nebraska Cornhuskers announced their decision to leave the Big 12 conference at the end of the 2010-2011 academic year. Unless the two teams meet again in a non-conference game or post-season bowl game, their game on October 30th, 2010, marked the end of their regular season rivalry. Though Nebraska’s move to the Big Ten conference may result in better financial prospects for the university, the intangible loss of its old rival cannot be ignored.

Changes to the College Sports Landscape

Many of the changes in the college conference environment have taken place over the past two years. As universities and athletic departments vie to attract the best students and athletes, they are trying to position themselves to earn more revenue. Colleges in the Football Bowl Subdivision (FBS) programs received $6.9 billion in 2012. Not all schools earn equally, with University of Texas bringing in $163.3

Note: Division I, the highest level of intercollegiate athletics, is comprised of two football subdivisions under the governing body of National Collegiate Athletic Association (NCAA): The Football Bowl Subdivision (FBS), formerly known as Division I-A, is the highest level of football competition and The Football Championship Subdivision (FCS), formerly known as Division I-AA, now make up all of the Division I sports.
million, while University of Louisiana at Monroe brought in a significantly smaller portion of the pie at $9.5 million. Only 23 of 228 NCAA Division I athletic programs generated enough money to cover their sports related expenses during the 2011-2012 academic year. Division I college football programs offer 85 full scholarships to the student athletes, while Division II programs cannot go above 63 full scholarships.

The recent college realignments had antecedents in a smaller realignment in 2004 when University of Miami and Virginia Tech University left the Big East to join the Atlantic Coast Conference (ACC). The stated reason was to be closer to their geographic rivals. Boston College followed suit in 2005. Yet even then, the move was primarily about the economic prospects. Boston College’s president said at the time: “The move to the ACC will generate greater revenues in the future.” The move started a small shuffle within the conferences, as the Big East then wanted to re-fill their empty slots. It invited University of Louisville and University of Cincinnati to join, and both universities left Conference USA to join the Big East. The actions of those three programs stimulated steps to revise the bylaws of the conferences (e.g. larger exit fees and longer lead time between notification and departure) to avoid such moves in the future. Clearly, the new bylaws have not been successful, as has been shown by more recent realignments.

It is no surprise then that most programs want to be in a conference with the largest exposure through TV broadcasting. Certain conferences have traditionally been known as the football or basketball powerhouses, such as the Southeastern Conference (SEC) and Big East Conferences, respectively. The ACC, on the other hand, is known more for being well-rounded across a range of sports as well as in academics. University presidents have come to understand the strengths of their athletic programs, and align themselves in conferences that highlight their strongest sports.

The primary conferences that were affected by the recent barrage of realignment changes were among the FBS programs. One of the most prominent changes was Texas A&M’s move from the Big 12 to the SEC, leaving behind its in-state rival, University of Texas. Notre Dame (except their football program), Syracuse and Pittsburgh were two other prominent schools that moved from the Big East to the ACC.

Not all transitions have been seamless. Boise State, after leaving the Western Athletic Conference (WAC) in 2011 to join the Mountain West Conference (MWC), was immediately looking to transition again. In late 2011, Boise State agreed to leave the MWC to join the Big East conference, which held a desirable “Automatic Qualifier” (AQ) berth for the BCS bowl games (see below for description). However,

Note: NCAA is a nonprofit organization that organizes athletic programs of many universities in the U.S. There are 1281 institutions that fall under its governance, with more than 450,000 student-athletes, in 3 divisions, competing for 89 national championships in 23 sports (44 for women, 42 for men, and 3 coed).
Boise State backed out of the arrangement just over a year later to stay in the MWC. The cost of such a move is currently being battled out in court, but the exit fee from the Big East was $5 million. Another current lawsuit is over the University of Maryland’s departure from the ACC. After observing considerable turmoil within other conferences, the ACC revised its bylaws and voted to increase the penalty for leaving the conference to $50 million in order to bring stability to the ACC (all members except Florida State University and University of Maryland voted in favor of the increase). Maryland, as one of the original members of the ACC in 1953, decided to leave the conference for the Big Ten conference after the new exit fees went into effect, in hopes of larger athletic revenue. On November 19, 2013, an appeals court in North Carolina (where the ACC is headquartered) rejected Maryland’s suit to dismiss the $52 million exit fee. In February 2014, Rutgers dropped its legal action against the American Athletic Conference (formerly Big East) regarding its $10 million exit fee, and agreed to pay $11.5 million to the AAC as part of Rutgers’ exit to join the Big Ten.

Information about additional affiliation changes can be found in Exhibit 1.

### Exhibit 1. Prominent University Affiliation Changes

<table>
<thead>
<tr>
<th>Program</th>
<th>Former Conference Affiliation</th>
<th>New Conference Affiliation</th>
<th>Effective Date (Academic Year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BYU*</td>
<td>Mountain West (MWC)</td>
<td>The West Coast (WCC)</td>
<td>2011-2012</td>
</tr>
<tr>
<td>Boise State</td>
<td>MWC</td>
<td>MWC</td>
<td>No Change</td>
</tr>
<tr>
<td>Colorado</td>
<td>Big 12</td>
<td>Pac-12</td>
<td>2012-2013</td>
</tr>
<tr>
<td>Louisville</td>
<td>Big East</td>
<td>ACC</td>
<td>2014-2015</td>
</tr>
<tr>
<td>Maryland</td>
<td>ACC</td>
<td>Big Ten</td>
<td>2014-2015</td>
</tr>
<tr>
<td>Missouri</td>
<td>Big 12</td>
<td>SEC</td>
<td>2012-2013</td>
</tr>
<tr>
<td>Nebraska</td>
<td>Big 12</td>
<td>Big Ten</td>
<td>2011-2012</td>
</tr>
<tr>
<td>Notre Dame*</td>
<td>Big East</td>
<td>ACC</td>
<td>2013-2014</td>
</tr>
<tr>
<td>Pittsburgh</td>
<td>Big East</td>
<td>ACC</td>
<td>2013-2014</td>
</tr>
<tr>
<td>Rutgers</td>
<td>Big East</td>
<td>Big Ten</td>
<td>2014-2015</td>
</tr>
<tr>
<td>Syracuse</td>
<td>Big East</td>
<td>ACC</td>
<td>2013-2014</td>
</tr>
<tr>
<td>TCU</td>
<td>MWC</td>
<td>Big 12</td>
<td>2012-2013</td>
</tr>
<tr>
<td>Texas A&amp;M</td>
<td>Big 12</td>
<td>SEC</td>
<td>2012-2013</td>
</tr>
<tr>
<td>Utah</td>
<td>MWC</td>
<td>Pac-12</td>
<td>2011-2012</td>
</tr>
<tr>
<td>West Virginia</td>
<td>Big East</td>
<td>Big 12</td>
<td>2012-2013</td>
</tr>
</tbody>
</table>

*BYU and Notre Dame are Independent in College Football

Source: Data assembled from CBS Sports

The Big Ten Conference (Big Ten) was one of the first conferences to strike a realignment deal, approving University of Nebraska as its 12th member. Penn State had become the 11th member of the conference in 1993. Within the past three years, Big Ten has also added Rutgers University and University of Maryland – which are slated to start intra-conference play in 2014 season. The Pacific Twelve Conference (Pac-12) has also tried to get in on the action by attempting to attract some major programs into their conference. However, the conference was unsuccessful with programs such as Oklahoma and Oklahoma State Universities as well as Texas, Texas Tech, and Texas A&M Universities. Nevertheless, Pac-12 was eventually able to get an affirmative confirmation from the University of Colorado
and the University of Utah. These moves made for exposure in larger TV markets and additional time zones.

The ACC was in a state of flux for a while. There were speculations that Florida State University and Clemson University, two major football programs, might bolt for the SEC. This was particularly believable given that the SEC has established itself as the premier football conference – a conference that had produced seven consecutive College football champions (through 2012). To attempt to prevent a mass exodus, ACC went on the offense and was able to convince Syracuse University, University of Pittsburgh, and University of Louisville to join the conference – three traditionally great basketball programs. University of Notre Dame joined as the 15th member, agreeing to be fully committed to the ACC in nearly all sports. An exception to this agreement was that Notre Dame’s football program will remain independent, though they must play at least five ACC football matchups per year. With the addition of these schools, this allows the ACC to have a strong football presence while further adding to its dominance in basketball. With the addition of Notre Dame, ACC now boasts four programs ranked (by US News & World Report) in the top 25 in the USA academically, more than any other FBS conference. This raises some questions of identify for the ACC. For example: Does the conference want to be best known for football? Basketball? Academics? Or simply being well-rounded in all of these domains? Historically, the ACC’s identity has been geographical, with three of its programs (Duke University, University of North Carolina at Chapel Hill [UNC] and North Carolina State University [NC State]) being only 25 miles apart from each other (“The Tobacco Road Rivalry”).

The SEC has had relatively little realignment drama. Understandably, universities did not want to depart and give up their spot in what many consider to be the best football conference in the country. However, Texas A&M and the University of Missouri were two programs that were invited to join and later joined the SEC conference.

The Big 12 conference was hit hard. It witnessed the departure of the University of Colorado – one of the founding members of the original conference in 1947, and University of Nebraska – whose association with the conference dates back to 1996. Additionally, the conference failed to dissuade University of Missouri and Texas A&M from leaving. However, the Big 12 was able to attract Texas Christian University (TCU) and West Virginia University to join the conference.

Though the Big 12 had some major departures, the Big East Conference was the one most severely affected by realignment. What had been known since its founding in 1979 as the Big East Conference completely disintegrated. However, the Big East name still lives on, as seven non-FBS-football playing universities, also known as the Catholic 7, kept the Big East name and the right to play its championship game at the famous Madison Square Garden in New York. In addition to those seven programs, the new Big East conference added Butler University, Creighton University, and Xavier University. With a renewed emphasis on basketball, Val Ackerman was hired
as a new conference commissioner in July 2013. With her deep experience as a former college player at University of Virginia, and a former president of WNBA and USA Basketball, Ackerman takes over a conference that is built around basketball.

Of the six football programs that were part of the original Big East, three decided to leave for other conferences: Rutgers University moved to the Big Ten, West Virginia moved to the Big 12, and University of Louisville moved to the ACC. The three other programs – University of South Florida, University of Cincinnati and University of Connecticut – created the American Athletic Conference (AAC). The AAC has added seven more programs, with the conference now totaling 10 members. See Exhibit 2 for a comprehensive summary of conference changes since 2011.

### Exhibit 2. Overview of Conference Changes from 2011 onward

<table>
<thead>
<tr>
<th>Old Conference Affiliation</th>
<th>Programs Added</th>
<th>Programs Departed</th>
<th>Automatic Qualifier (AQ)*</th>
<th>Number of members</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AAC (Former Big East)</strong></td>
<td>Southern Methodist (SMU), Memphis, Houston, Temple, University of Central Florida (UCF), East Carolina, Tulane, Tulsa, Navy</td>
<td></td>
<td>✔</td>
<td>10</td>
</tr>
<tr>
<td>ACC</td>
<td>Syracuse, Pittsburgh, Louisville, Notre Dame</td>
<td>Maryland</td>
<td>✔</td>
<td>15</td>
</tr>
<tr>
<td>Atlantic 10</td>
<td>Virginia Commonwealth (VCU), Davidson College</td>
<td>Temple, University of North Carolina at Charlotte (UNCC), Butler, Xavier</td>
<td></td>
<td>13</td>
</tr>
<tr>
<td>Big East</td>
<td>Butler, Creighton, Xavier</td>
<td>Syracuse, Pittsburgh, Louisville, West Virginia, Rutgers, Cincinnati, Notre Dame, South Florida, Connecticut</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Big Ten</td>
<td>Rutgers, Maryland, Nebraska</td>
<td></td>
<td>✔</td>
<td>12</td>
</tr>
<tr>
<td>Big 12</td>
<td>TCU, West Virginia</td>
<td>Nebraska, Texas A&amp;M, Missouri, Colorado</td>
<td>✔</td>
<td>10</td>
</tr>
<tr>
<td>Conference USA</td>
<td>UNCC, Florida Atlantic (FAU), Florida International (FIU), Middle Tennessee State, Louisiana Tech, University of North Texas, University of Texas at San Antonio, Old Dominion University</td>
<td>UCF, Houston, Memphis, SMU</td>
<td></td>
<td>16</td>
</tr>
<tr>
<td>MWC</td>
<td>San Jose State, Utah State</td>
<td>Brigham Young University (BYU)***, TCU, Utah</td>
<td>✔</td>
<td>11</td>
</tr>
<tr>
<td>Pac-12</td>
<td>Colorado, Utah</td>
<td></td>
<td>✔</td>
<td>12</td>
</tr>
<tr>
<td>SEC</td>
<td>Texas A&amp;M, Missouri</td>
<td></td>
<td>✔</td>
<td>14</td>
</tr>
</tbody>
</table>

*An “Automatic Qualifier” (AQ) conference receives an automatic bid for its conference champion to play in a BCS bowl game.**

**AAC Conference will not have an automatic BCS bid; Instead AAC will be part of a Group of Five Conferences, whose highest ranked champion (in post-season football ratings) gets a BCS bid.

***BYU became independent in college football in the 2011-2012 academic year.

Source: Assembled from various sources

### Economics of Realignment

The main motivating factor for a program to change its allegiances lies in the revenue streams. New conferences may often offer a program higher TV revenues and increased national exposure. This in turn helps programs attract more and better high school athletes. With increasingly newer and attractive football stadiums
popping up across the country, universities need to encourage game attendance by attracting better athletes and more competitive opponents.

**Football Bowl Subdivision (FBS)**

FBS falls under the umbrella of the larger NCAA, an organization that structures the athletic programs for many universities. Revenue for the 125 FBS schools in 2012 was $6.9 billion, though only 23 programs reported a profit for the athletic department.28

As implied in the division’s name, the goal of FBS members is to play in a bowl game. Qualifying to play in a bowl game used to signify a noteworthy season. With a limited quantity of games, it was guaranteed that the match-ups would exhibit tough competition with high athleticism. Fast forward to modern day. There is an endless list of bowl games, which ultimately waters down the standards for bowl game qualification. The allure of playing in a bowl has only decreased since then, as there will be 35 bowl games played at the end of the 2013 college football season.29 Now, with so many bowl games played, it is more noteworthy if one’s team does not qualify for a bowl game. In fact, 70 of the 125 teams in the FBS conference ultimately play in the bowl games, with a relatively unimpressive 6-6 record sufficient to qualify. The teams – and the games – are no longer guaranteed to be meaningful.

However, the more significant bowl games remain major attractions and goals for the top programs. The Bowl Championship Series (BCS) is a showcase of the five best bowl games for college football teams. The BCS is a cluster of events that is managed by the commissioners of the 10 FBS conferences along with the athletic director from University of Notre Dame. All 125 FBS programs are represented (119 of which belong to 10 FBS conferences, 6 are independent universities).30 The BCS format includes the BCS national championship game, along with four other BCS bowl games, and is considered the pinnacle of college football. The four sites for the BCS bowl games are: Allstate Sugar Bowl, Tostitos Fiesta Bowl, Rose Bowl, and Discover Orange Bowl. The national championship game rotates among these four sites. A conference whose team qualifies for the BCS bowl games receives approximately $23 million in distribution from the BCS.31 (See “Bowl Game Revenue” section below.)

To be ranked in the coveted top two spots in the current Bowl Championship Series (BCS) system is a significant achievement for the athletic department of the university as well as for its conference. The implications of such high ranking allow the top two programs to play for the national championship in college football. A conference champion not from an AQ conference that is ranked in the final regular season rankings among the top 12 programs receives an automatic bid to one of the

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Note: The BCS receives revenue from the TV broadcasting contract with ESPN, which accounts for most of its revenue generated, and from the revenue generated by the BCS games themselves. The BCS distributes the revenue to each conference.
other four major BCS bowl games.\textsuperscript{32} The BCS bowl games bring in the largest TV viewership, and in turn more money for the conference and the competing teams. With all that money on the line, it is easy to see why a program would want to be in the most competitive conference. In 2013, Alabama was playing against Notre Dame in the championship game. Alabama, through its participation in the BCS game, earned $23.6 million for the SEC from the BCS.\textsuperscript{33} For example, SEC’s total revenue distribution for the 2012-2013 fiscal year was $289.4 million, or $20.7 million per university – the highest ever for the conference.\textsuperscript{34} That revenue includes all the revenues from TV broadcasting contracts, bowl games, the “March Madness” tournament, etc.

During the 2010-2011 season, BCS paid out $145.2 million to the six major conferences with AQ places and $24.7 to the non-AQ conferences. The discrepancy is largely because non-AQ conference schools do not play in the most lucrative bowl games.\textsuperscript{35} As a university that has large interest in the football tradition, it is essential to be part of the best possible conference. A good conference not only offers prestige, but also brings in income through revenue-sharing. Further, it allows the university to recruit the best athletes, as their program can offer the opportunity to play against other elite teams and be highly visible to NFL scouts.

The end of the 2013 college football season represented the final season of the BCS system prior to the instituting of a formal playoff structure for the 2014 season. All of the BCS bowl games were played in early January 2014. The SEC team again, for the eighth straight year, contended for the BCS national championship, as shown in Exhibit 3. Florida State won the matchup against Auburn, to give the first BCS title to an ACC conference school since Florida State had last won it in 1999. It has been unprecedented performance by the SEC teams and further solidifies SEC as a dominant conference. The selection process for teams has historically incorporated ratings from The Harris Interactive Poll, the \textit{USA Today} Coaches Poll, and the complex computer ranking system.\textsuperscript{36}

\begin{table}[h]
\centering
\begin{tabular}{|c|c|c|c|c|}
\hline
Bowl Game & Location & Opponents & Conference & Date \\
\hline
Rose Bowl & Pasadena, CA & Michigan State vs. Stanford & Big Ten vs. Pac-12 & January 1, 2014 \\
Tostitos Fiesta Bowl & Glendale, AZ & Baylor vs. UCF & Big 12 vs. AAC & January 1, 2014 \\
Discover Orange Bowl & Miami, FL & Clemson vs. Ohio State & ACC vs. Big Ten & January 3, 2014 \\
Vizio BCS National Championship & Pasadena, CA & Florida State vs. Auburn & ACC vs. SEC & January 6, 2014 \\
\hline
\end{tabular}
\caption{2013 BCS Bowl Games}
\end{table}

Source: Assembled from \textit{ESPN}\textsuperscript{37}

Beginning in fall of 2014, the BCS computer rankings will no longer be selecting the opponents for its BCS games. As with other college sports, a playoff system will enable teams to compete for the national football championship (The FCS has had a playoff system since its inception in 1979. The 2013 playoff format was comprised of a 24-team tournament).\textsuperscript{38} In the first year, it will have a four-team playoff system:
two semifinal games and a championship game. A 13-member committee comprised of former and current university athletic directors, former players and coaches, and distinguished college football fans such as Condoleezza Rice, former Secretary of State, will do the selection and seeding process. Committee members will have to consider several factors when deciding which four teams will qualify for the postseason play. These factors will include the team records, strength of schedule, head-to-head matchups, and conference championships. Besides the top four teams, the designation process to the other bowl games will be based on the standing within each conference, whereby the top school in one conference will match up against the top school in another major conference.

Regular Season Revenue

As seen in Exhibit 4, the TV contracts for the conference regular season games are getting larger and larger for all of the major conferences, as are the contracts for the newly reconfigured conferences. Most of the contracts have been renegotiated to include larger conferences with more anticipated top competitive matchups. SEC, home of the most successful college football programs, could see the annual distribution to individual member schools in the $30 million range – higher than any distribution per program.

The reason TV contracts have been increasing at such a fast pace is a result of the increase in the number of games televised. In 2012, ESPN carried 306 regular-season FBS games exclusively on ABC, ESPN, ESPN2, ESPNU and ESPN3 – almost 200 more than every other national network combined. Birmingham, Alabama (where University of Alabama is located) and Columbus, Ohio (where the Ohio State University is located) often generate the highest ratings for ESPN and ABC’s Saturday night game telecasts, respectively. Accompanying the increase in games on TV is more advertising. Companies spent about $1 billion during the 2011 college football season on national TV ads, up 27% from the prior season. The largest advertisers in college football are AT&T and General Motors.

<table>
<thead>
<tr>
<th>Conference</th>
<th>Network</th>
<th>New TV Contract</th>
<th>Annual Package</th>
<th>Average per university, per year</th>
<th>Increase (in $ millions) over the previous contract, per university, per year</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACC</td>
<td>ESPN</td>
<td>3,600</td>
<td>155</td>
<td>17.1</td>
<td>4.1</td>
</tr>
<tr>
<td>Pac-12</td>
<td>ESPN &amp; FOX</td>
<td>2,700</td>
<td>225</td>
<td>21</td>
<td>12</td>
</tr>
<tr>
<td>Big 12</td>
<td>ESPN &amp; FOX</td>
<td>2,600</td>
<td>220</td>
<td>20</td>
<td>6</td>
</tr>
<tr>
<td>SEC</td>
<td>CBS</td>
<td>2,250</td>
<td>220</td>
<td>18.33</td>
<td>N/A</td>
</tr>
<tr>
<td>Big Ten</td>
<td>ESPN &amp; FOX</td>
<td>2,600</td>
<td>220</td>
<td>18.3</td>
<td>3.2</td>
</tr>
</tbody>
</table>

Source: Data compiled from various sources

The large TV contracts allow the universities to have very large athletic department budgets. University of Texas was the largest, with revenues of $163.2 million in 2012 from ticket sales, contributions and TV revenue, and with expenses of $138
million. As Exhibit 5 demonstrates, the profit University of Texas makes on football operations covers the losses the university has from other varsity sports. Most men’s sports and all of its women’s sports lose money on operations.

**Exhibit 5. University of Texas Revenue and Expenses, 2011-2012 (in $ millions)**

<table>
<thead>
<tr>
<th>Sport</th>
<th>Revenue</th>
<th>Expenses</th>
<th>Profit/Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>Football</td>
<td>103.4</td>
<td>24.8</td>
<td>78.60</td>
</tr>
<tr>
<td>Baseball</td>
<td>7.7</td>
<td>3.4</td>
<td>4.30</td>
</tr>
<tr>
<td>Men’s Basketball</td>
<td>18.7</td>
<td>8.5</td>
<td>10.20</td>
</tr>
<tr>
<td>Women’s Basketball</td>
<td>1.6</td>
<td>4.9</td>
<td>(3.30)</td>
</tr>
<tr>
<td>Men’s Track &amp; Field</td>
<td>0.1</td>
<td>1.5</td>
<td>(1.40)</td>
</tr>
<tr>
<td>Women’s Track &amp; Field</td>
<td>0.3</td>
<td>1.8</td>
<td>(1.50)</td>
</tr>
</tbody>
</table>

Source: Adapted from University of Texas Athletics Report

Of the top 10 athletic revenue-grossing universities, the average per university was $121.9 million. That is more than double the average total amount of the 125 FBS programs, which had average revenue of $55.7 million, and significantly more than the lowest revenue school University of Louisiana at Monroe, as shown in Exhibit 6.

**Exhibit 6. 2012 FBS Revenue - Highest and Lowest by Conference (in $ millions)**

<table>
<thead>
<tr>
<th>Conference</th>
<th>Program</th>
<th>Revenue</th>
<th>Program</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAC</td>
<td>University of Connecticut</td>
<td>63.9</td>
<td>Tulane University</td>
<td>27.9</td>
</tr>
<tr>
<td>ACC</td>
<td>University Of Louisville</td>
<td>87.8</td>
<td>Wake Forest University</td>
<td>48.8</td>
</tr>
<tr>
<td>Big Ten</td>
<td>The Ohio State University</td>
<td>142</td>
<td>Rutgers University</td>
<td>57.4</td>
</tr>
<tr>
<td>Big 12</td>
<td>University of Texas</td>
<td>163.3</td>
<td>Iowa State University</td>
<td>55.2</td>
</tr>
<tr>
<td>Conference USA</td>
<td>University of Tulsa</td>
<td>31.1</td>
<td>Louisiana Tech University</td>
<td>17</td>
</tr>
<tr>
<td>Mountain West</td>
<td>University of Nevada-Las Vegas</td>
<td>54</td>
<td>University of Nevada</td>
<td>19.5</td>
</tr>
<tr>
<td>Mid-American</td>
<td>Ohio University</td>
<td>28.7</td>
<td>University at Buffalo</td>
<td>16</td>
</tr>
<tr>
<td>Pac-12</td>
<td>Stanford University</td>
<td>89.1</td>
<td>University of Utah</td>
<td>46.2</td>
</tr>
<tr>
<td>SEC</td>
<td>University of Alabama</td>
<td>124.1</td>
<td>University of Mississippi</td>
<td>42.9</td>
</tr>
<tr>
<td>Sun Belt</td>
<td>Western Kentucky University</td>
<td>25.7</td>
<td>University of Louisiana-Monroe</td>
<td>9.5</td>
</tr>
<tr>
<td>Independent</td>
<td>University of Notre Dame</td>
<td>97.1</td>
<td>University of Idaho</td>
<td>17.7</td>
</tr>
</tbody>
</table>

Source: Data Assembled from USA Today

**University and Conference Based Cable Channels**

One of the first networks dedicated to college sports was ESPNU – a 24-hour channel that incorporates content information from all of the ESPN sources. ESPNU was launched in March 2005 with an aim to broadcast 300 live college football and men’s and women’s college basketball games. In addition, the network was going to promote, analyze and discuss any college sports related information. Today, conferences such as Big Ten and Pac-12 have their own cable channels. The commissioner of Pac-12 conference, Larry Scott, increased his negotiating power for better TV contracts when two new programs were added to the conference following the 2011-2012 academic year, in two new states and with large TV
markets.48 The breadth of the TV markets, which now includes the Mountain Time Zone, allowed the Pac-12 to sign a new contract with ESPN and Fox that would guarantee each program within the conference $21 million per year. For programs such as Washington State University, that meant more than double the amount of money the university was receiving compared to the 2011 season.49 The deal, however, could be worth as much as $30 million per year, as the extra revenue would come from a newly-established conference-owned network. For a treatment of impacts of additional revenues on Pac-12 schools, such as new or improved venues, see The New York Times, reference cited.

The Big Ten conference is expected to receive an additional $7.6 million a year for each program based on revenue from Big Ten Network, established in 2007.50 Big Ten schools received about $7.2 million from the Big Ten Network last year. By adding Rutgers, Maryland and Nebraska, Big Ten was able to expand its geographical outreach to add new markets such as New York and New Jersey from Rutgers University, and Baltimore and Washington D.C from the addition of University of Maryland.

Conferences are not the only parties to profit from network contracts. The University of Notre Dame has had an exclusive contract with NBC to broadcast all of its football games live. The collaboration began in 1991, and in 2013 the two parties agreed to a new, ten-year contract through 2025, with Notre Dame receiving $15 million per year.51

The University of Texas took a different route by creating its own TV cable channel – The Longhorn Network. The network was launched in 2011 as a partnership between the university and ESPN, with a contract worth $300 million over 20 years for the University of Texas.52 Knowing their viewership and sports popularity in Texas, the network’s initial intention had been to carry some high-school football games. However, other programs claimed that University of Texas had a conflict of interest. Competing programs were frustrated that the network not only boasted the name and logo of the Texas Longhorns, but it also aired TV commercials advertising the university to teenagers and their families. Competitors viewed it as an unfair marketing and recruiting advantage with the high school demographic.53 With this allegation, the idea was dropped. The revenue from the Longhorn Network was in addition to Texas’s share of the $2.6 billion TV contract with ESPN & Fox that Big 12 signed in 2012. To date, the network has fallen short of the expectations, as most carriers throughout the country have not picked it up.54 Part of the reason that the Longhorn Network has struggled is because the University of Texas’s major football and basketball teams have recently been performing more poorly than expected. Despite having one of the highest paid college football coaches in the country, the team finished with an 8-5 record in 2011, 9-4 record in 2012, and 8-4 record in 2013. The expectations for the program were high given the history of success that the University of Texas has had in the past decade and a half under the coach Mack Brown. The future of the program is now in flux as Brown announced his resignation in December 2013.55
Other programs within the Big 12 have also tried to capitalize on the idea of broadcasting some of the games on their own proprietary networks. University of Kansas signed a seven-year deal with ESPN – worth $6 million annually – to broadcast a minimum of 70 events across all sports on its own Jayhawks Network. In our view, such a trend might only be increasing with realignment, as more and more universities find themselves within conferences that are very marketable to viewers and advertisers.

SEC and ESPN partnered to create a SEC sports network, a 24 hour, 7 days (24/7) network that will broadcast football and basketball games starting in 2014, and is expected to broadcast 450 live televised SEC events. The network will broadcast live 45 football games a year, including three conference games a week. The target area for the network is the 11 home states of SEC universities. The plan, however, is to be national down the road and be on as many cable systems as ESPNU. The network will certainly bring additional visibility to an already highly regarded football conference, as well as opportunities to broadcast recruiting shows and pro “audition” days and, thus most certainly extra revenue. Unlike the deals that Pac-12 and Big Ten have signed whereby the conference owns the network and there are limits to the number of games that could be broadcast during the entire football season, the SEC channel is wholly owned by ESPN. ESPN will dictate and distribute as much live content as possible (potentially including selected repeats of games) – a driver for distribution and subscription that will allow for millions of extra revenue for the programs. Numerous games in all those conferences will be on national or regional non-conference television channels.

In light of the conference expansion, the ACC has had to modify a TV contract with ESPN multiple times during the past three years. The current contract in place with ESPN, worth $17.1 million annually, per university, was signed on May 9, 2012. Later in September 2012, Notre Dame agreed to become the ACC’s 15th member; analysts expect the new TV contract to increase to at least $20 million per program with the addition of Notre Dame. In the meantime, ACC has been exploring options to create its own, 24/7 ACC network by 2016-2017 season. The ACC now has the largest footprint of any conference in terms of the viewers that it can reach – 107 million viewers, or 43 million TV households, according to Nielsen, the television ratings agency. As a 15-team conference, the ACC’s borders will include more top-30 TV markets than any other conference.

The new realignments have affected some conferences negatively. The new Big East conference signed a TV deal to broadcast its basketball games with Fox for $500 million over twelve years, with CBS retaining rights to some games. The combined deal is worth $62 million yearly for the conference, or $6.2 million per program. In 2011, ESPN had offered a then 16-team Big East a $1.17 billion contract over nine years, or $133 annually or $8.3 million per program – a deal that the Big East turned down.
Bowl Game Revenue

As noted above, a new college football playoff system begins after the end of the 2013-2014 academic year. The TV contract to broadcast the new playoff system was obtained by ESPN – which paid over $5.64 billion to the BCS for a 12-year period to broadcast the bowl-game playoffs.\(^6\) This transaction breaks down to approximately $470 million a year – a large increase over the 2010 deal when ESPN outbid the incumbent Fox to broadcast the BCS games for an average of $125 million per year. The most recent contract is very close to what CBS and Turner Sports paid in 2010 for NCAA men’s basketball’s three-week “March Madness” tournament – $771 million per year for 14 years. All of that money goes into the NCAA, which reported a total revenue of $871.6 million in 2013.\(^6\)

The broadcasting and ticket sales comprise the revenue that each Bowl receives. For the 2012-2013 college football season, 35 bowls received $445.6 million in revenue, of which $202.5 million is for the four BCS bowl games and a BCS national championship game.\(^6\) The bowls distributed $300.8 million to the conferences of the participating programs. The SEC received the largest share, $52.3 million, as it had the most teams in the most desirable bowl games, and it spent $14.7 million on expenses associated with the bowl games.\(^6\) Other conferences such as WAC and MWC received $6.2 and $5.7 million respectively, and had expenses of $1 and $3.4 million respectively. From these statistics, the stark contrast of how profitable it is for the major conferences is striking.

For a company such as Vizio to sponsor the Rose Bowl in a multi-year arrangement constitutes significant exposure.\(^6\) Vizio is estimated to receive $200 million in TV exposure for sponsoring the last BCS National Championship game, which is a substantial return on investment considering Vizio is said to have invested $15 to $20 million for the sponsorship rights.\(^7\)

Though less impressive than their more competitive big brothers, some non-BCS bowl games also boast a level of prestige. For example, the Capital One bowl game that matched Georgia vs. Nebraska in 2012-2013 season, paid out $9.2 million to the conferences of the teams playing in the game.\(^7\) Other bowl games such as New Mexico bowl game or Famous Idaho Potato bowl game paid out $912,500 and $472,296 respectively.\(^7\)

Football Championship Subdivision (FCS)

On April 28, 2005, a ten-member NCAA committee voted in an 8-2 split to add a 12th regular season game to college football schedules.\(^7\) This provided the FBS programs with an opportunity to earn millions of dollars of extra revenue by having an extra home football game. The additional game allowed major conferences to add a lower

Note: Most of NCAA’s revenue in 2013 (81%) came from media rights.\(^5\) NCAA distributes about 96% of the revenue to the member schools.\(^5\) The distributions include providing conference grants, providing funding into a student assistance fund, enhancing academic support programs, among many other
quality team from a lower Football Championship Series (FCS) division to their schedule, resulting in increased revenues from TV rights and almost certainly a W in the ledger. Over 80% of FBS programs play an FCS opponent during the football season. Among teams from the six power FBS conferences, over 86% will play an FCS team.

The FCS programs have flourished under the new 12-game football format originally designed for the FBS programs. To help fill the extra game, FBS programs have often tapped into the FCS and it has been a mutually beneficial relationship. For an FBS program, the stakes are large with an extra game: it attracts thousands of the alumni to the stadiums, allows for the increase in TV viewership and most likely guarantees a win. For programs such as the University of Texas, which has a 100,119 seat stadium, each home game could inject up to $10 million in the local economy of Austin, Texas, as normally up to 40,000 fans and former alumni come for the home games from out-of-town. The schools in the FCS programs are realistic, and know they will most likely get trounced in the home stadium of the FBS programs. However, it allows them to have extra exposure and, most importantly, revenue.

Games against large opponents have been a life-support for many of the FCS programs because they provide markedly larger payouts than games against other FCS programs. In the fall of 2012, the University of Northern Iowa—an FCS member—collected $450,000 in money from playing Wisconsin and $500,000 from playing the University of Iowa. Those amounts accounted for almost 1/3 of the school’s $3.3 million dollar football budget. Savannah State University, also a FCS school, was paid in total nearly $860,000 by the Oklahoma and Florida State football teams. Although they lost the two games by a total of 139 points, these payouts were enough to cover almost half of the team’s yearly budget. Moreover, these games also give the small school fans an opportunity to experience a nationally televised game. With the high traveling costs for the players and rising cost of scholarships, FCS programs have little option but to accept those games—primarily for the monetary advantage.

Of course, this system has witnessed upsets. In 2013 the University of Florida, a perennial SEC powerhouse, lost to Georgia Southern University, an FCS member. In 2007, Appalachian State played against the University of Michigan in front of 109,218 fans. Although the Appalachian State Mountaineers earned $400,000 for the game, the outcome was much more valuable. The Mountaineers pulled off one of the great upsets in college football history, beating fifth-ranked Michigan, 34-32, despite predictions of a 3-touchdown spread in Michigan’s favor. There will be a rematch between these teams in the fall of 2014, which will provide an $850,000 payout to the Mountaineers.

In recent years more and more FCS programs have been considering joining the FBS conferences. The allure, of course, is hopefully to play a bowl game at the end of the year. On many levels, the move up to the FBS is a way for the universities to align
themselves with well-known institutions. This supports an illusion that because both schools are on the same football field, they must be similar in academics.

Moving up to the FBS conferences not only improves the sports programs, it may serve to attract better students and faculty alike. Competing in a more premier conference may foster a faculty-linked sports prestige, where a potential future job candidate may take into consideration the extracurricular perks of the school. For many schools, football is not just a sport – it is a culture. Faculty may perceive the school as being more impressive if it has national coverage of its sports. The faculty also recognizes that sports are frequently the glue that holds college communities together: Alumni return to the city for tailgating on Saturday, students deck out in university apparel to show their school spirit. It is appealing to work in an environment where students, past and present, show pride in their institution. A related dimension is the effect of high-visibility athletes on student applications. For example, Heisman winning quarterback Doug Flutie’s spectacular 1984 pass competition brought Boston College into a stronger limelight that is said to have led to significantly higher admission applications. Named after the quarterback, the “Flutie Effect” is a phenomenon of having success on the field that leads to exposure for the university on several dimensions. For example, Boston College’s admission applications increased 30% in the two years following the 1984 football season.\textsuperscript{92}

However, the repercussions of FCS schools joining the FBS are vast. As a university moves up to the FBS level, it needs to spend money updating the facilities, paying out more for scholarships, and providing competitive coaching salaries. Furthermore, if your team gets selected for a bowl game, the university is responsible for selling a certain number of tickets. If the university fails to attract the minimum number of fans to the stadium, the programs or its conference will need to pay for the unfilled spots. For example, if the team were selected to play in one of the five BCS bowl games, the requirement used to be that the program needs to purchase 17,500 tickets, to guarantee the venue a certain number of attendees (the guaranteed number is being lowered to 12,500 with the new College Football Playoffs).\textsuperscript{93} Often, these programs break even or lose money within the first years of moving up. Scott Cowen, president of Tulane University whose program will join the AAC in 2014 said: “The cost curve is extremely steep, and unless you’re in a power conference, the revenue is flat.”\textsuperscript{94} It is an illusion that a program makes more money as it moves up to a higher level. In reality, the transition does not become profitable until a program starts winning some meaningful games. Illustratively, two years after having moved up to the FBS after a successful experience in the FCS, the University of Massachusetts found itself 2-22 in football, attracting only modest attendance, and awash in a sea of red ink for its athletic programs. Most observers say that the recent firing of the football coach, Charley Molnar, is unlikely to generate a speedy turnaround.

Given that these ex-FCS schools are introducing lower quality teams into the FBS, the gap between the upper echelon and lower echelon of teams in the conference is widening. How will this affect future realignment? One possibility is that
conferences will create a new, separate subdivision within themselves, allowing for essentially a “varsity” and “junior varsity” set of conferences within the FBS. (See “Long-Lasting Consequences” section below.)

**College Basketball**

As the second most popular college sport, after football, basketball certainly has its own share of legendary and tradition-rich programs. There are only a few programs that are great at both football and basketball. Two prime examples of these powerhouses are the University of Florida and the Ohio State University, each of which has had success competing for national championships in basketball and in football in the last decade.

The NCAA “March Madness” tournament crowns the national champion of college basketball. The tournament starts out as a field of 68 and lasts three weeks ending in early April. As noted, CBS has the broadcasting rights to the men’s and women’s tournaments. CBS and Turner Sports signed a deal in 2010 for a 14-year contract worth $10.4 billion to broadcast men’s basketball*, while CBS is paying only $17 million per year to broadcast the women’s tournament. Advertising prices for the men’s college basketball championship game rose to $1.4 million for a 30-second slot in 2013.*

Just as with football, where college realignment arguably strengthened the already very powerful SEC, three of the nation’s top basketball programs became part of the ACC: Syracuse, Pittsburgh, and Louisville. Louisville won the most recent national championship in basketball in 2013. Louisville also boasts the nation’s wealthiest and most profitable basketball program. Louisville’s 2011-2012 basketball revenue was in excess of $42 million, and the profit was $27 million. Exhibit 7 lists some of the largest programs in terms of college basketball revenue.

<table>
<thead>
<tr>
<th>Program</th>
<th>Revenues ($ millions)</th>
<th>Expenses ($ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Louisville</td>
<td>42.4</td>
<td>15.5</td>
</tr>
<tr>
<td>University of Syracuse</td>
<td>25.9</td>
<td>14.2</td>
</tr>
<tr>
<td>Duke University</td>
<td>25.7</td>
<td>15.9</td>
</tr>
<tr>
<td>University of Kentucky</td>
<td>21.6</td>
<td>15.1</td>
</tr>
<tr>
<td>The Ohio State University</td>
<td>18.9</td>
<td>5.9</td>
</tr>
</tbody>
</table>

*Source: Assembled from ESPN*\(^\text{87}\)*

With the addition of these high revenue programs, the expectations for the ACC are large: analysts are predicting a 1.5 to 2.0 average rating (calculated based on the number of viewers) regularly for the ACC matchups (ESPN normally averages 1.1 for the season). In comparison, South Carolina versus LSU was the highest-rated football game on ESPN in 2012, with a rating of 3.7.*\(^\text{88}\)

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*As noted, this contract also included rights to telecast NCAA championships in other sports.
A few very successful men’s basketball programs have been based on what has been termed a “one-and-done” philosophy – where the players they recruit are most likely going to stay at the university for only one year, before putting themselves into the NBA draft. This approach is said to characterize the basketball programs at the University of Louisville and University of Kentucky. Such a philosophy often leads to a less mature program in terms of players because they are led by freshmen in college. In turn, the recruiting is of utmost importance for those programs, as a large portion of their basketball team leaves for the draft and needs to be replaced, often leading to uncertainty for the future years. In contrast, at Duke University, head coach Mike Krzyzewski, also the head coach of the past two USA men’s basketball gold-medal Summer Olympics teams, has articulated a different philosophy. He has always focused on balancing education and athleticism, as Duke’s players are not only expected to succeed on the court but also in the classroom.

As has been seen with college football and basketball programs, there is a positive correlation between coaches’ salaries and the success of the program. For example, Exhibit 8 represents the six highest salaries paid to college coaches. Duke won the NCAA college basketball championship in 2011; Kentucky won the championship in 2012, while Louisville won it in 2013. University of Alabama won the BCS college football championship in 2009, 2011, and 2012.

### Exhibit 8. Highest Paid College Football and Basketball Coaches (2013)

<table>
<thead>
<tr>
<th>Coach’s Name</th>
<th>University Affiliation</th>
<th>Conference Affiliation</th>
<th>Sport</th>
<th>Total Salary (including bonuses, in $ millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mike Krzyzewski</td>
<td>Duke University</td>
<td>ACC</td>
<td>Basketball</td>
<td>7,233,976</td>
</tr>
<tr>
<td>Nick Saban</td>
<td>University of Alabama</td>
<td>SEC</td>
<td>Football</td>
<td>5,545,852</td>
</tr>
<tr>
<td>Mack Brown*</td>
<td>University of Texas</td>
<td>Big 12</td>
<td>Football</td>
<td>5,453,750</td>
</tr>
<tr>
<td>John Calipari</td>
<td>University of Kentucky</td>
<td>SEC</td>
<td>Basketball</td>
<td>5,400,000</td>
</tr>
<tr>
<td>Brett Bielema</td>
<td>University of Arkansas</td>
<td>SEC</td>
<td>Football</td>
<td>5,158,863</td>
</tr>
<tr>
<td>Rick Pitino</td>
<td>University of Louisville</td>
<td>ACC</td>
<td>Basketball</td>
<td>4,973,343</td>
</tr>
<tr>
<td>Butch Jones</td>
<td>University of Tennessee</td>
<td>SEC</td>
<td>Football</td>
<td>4,860,000</td>
</tr>
</tbody>
</table>

*Mack Brown resigned as the head football coach of University of Texas in December 2013

Source: Assembled from USA Today

### Other Division I Sports

Of the 37 NCAA Division I sports, college football and men’s basketball are anomalies within collegiate athletics. Those programs spend on average six times more on an athlete than the universities spend to educate them. However, there are other sports such as men’s ice hockey, lacrosse, and baseball as well as men’s and women’s golf, soccer, crew, swimming, and tennis that are popular on certain campuses around the country.
Men’s ice hockey is particularly popular in the Midwest and the Northeast. Universities such as Boston College, Boston University, New Hampshire, North Dakota, Michigan, and Michigan State are among the programs that have had a lot of success, including winning and competing for NCAA championships in men’s ice hockey in the last decade. The National Hockey League (NHL) drafts a number of players from college ice hockey teams every year. Men’s lacrosse is significant in the Northeastern and Southeastern states. Duke, Johns Hopkins, Maryland, Syracuse, and Virginia are among the perennial winners of the NCAA men’s national championship in lacrosse.

Men’s and Women’s soccer are popular among the Southern states, where the warmer weather permits playing throughout most of the year. Duke, Stanford, UCLA, Virginia and Wake Forest are among the universities for students to attend if they want to continue playing soccer at the highest collegiate level.

These sports are not as commercially appealing as football and basketball are, partly because these sports have small stadiums and arenas and relatively little publicity on the national television channels. The budgets for these sports are significantly smaller than the budgets for college football and basketball. In fact, athletic departments usually lose money by participating in these spots but are able to use the profit (if any) generated from college football and basketball to subsidize their costs. The principal motivation for offering a range of non-revenue producing sports is athlete participation.

_**Ivy League [Conference]**_

Illustrative of a rather different approach to commercialization in college athletics is the Ivy League, comprised of eight predominantly academic-oriented universities. The league’s operating philosophy has been to ensure that athletes are representative of the student body, whereby academics and growth of the student are of paramount importance. The competitive success is measured primarily by the standing within the Ivy League. The conference has had an impressive stability throughout the years. Only once did the league consider adding members – three programs were discussed in 1982, but it was decided to maintain only its original members. Though Ivy League programs are not renowned for winning national championships in college football or basketball, the programs are part of the FCS. Ivy League’s philosophy is very different from the rest of the conferences: the league balances athletics with academics, with little concern for the financial considerations of their sports programs. Harvard athletic director, Robert Scalise, has articulated his view of this philosophy in “The Other Field Of Study” article in 2013. It is an approach that is rarely seen today: foregoing potentially millions of dollars in revenue, to fit its philosophy that academics reign supreme. However, that does not mean that there is a lack of athletic competition within the Ivy League programs. Harvard University boasts 42 varsity sports teams in Division I with over 1,000 participants, the largest number of varsity sport teams by any university – with women’s rugby the newest addition. As seen in Exhibit 9, the number of
varsity teams does not always equate to the number of NCAA championships. Stanford University is often at least a candidate for winning the Capital One Cup – a coveted award given to the most competitively successful all-around college men’s and women’s Division I programs.

### Exhibit 9. Number of Varsity Sports and Historical Results, Selected Universities

<table>
<thead>
<tr>
<th>University</th>
<th>Number of Varsity Sports</th>
<th>Total Athletic Revenue (2011-2012, in $ millions)</th>
<th>Total Number of NCAA Championships Won Since 1892</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harvard</td>
<td>42</td>
<td>19</td>
<td>4</td>
</tr>
<tr>
<td>The Ohio State</td>
<td>36</td>
<td>142</td>
<td>26</td>
</tr>
<tr>
<td>Stanford</td>
<td>36</td>
<td>89.1</td>
<td>104</td>
</tr>
<tr>
<td>Michigan</td>
<td>27</td>
<td>140</td>
<td>35</td>
</tr>
<tr>
<td>Notre Dame</td>
<td>26</td>
<td>97.1</td>
<td>27</td>
</tr>
<tr>
<td>Louisville</td>
<td>23</td>
<td>87.7</td>
<td>42</td>
</tr>
<tr>
<td>USC</td>
<td>21</td>
<td>84.1</td>
<td>98</td>
</tr>
<tr>
<td>Texas</td>
<td>18</td>
<td>163.2</td>
<td>42</td>
</tr>
</tbody>
</table>

Source: Assembled from various sources

In major sports such as football and basketball, the Ivy League’s emphasis is clear. Ivy League schools play only a 10-game football schedule. The league does not have a conference championship game nor do the programs participate in football bowl games. In basketball, the league’s winner qualifies (as do all conference champions) to play in the NCAA “March Madness” tournament. In 2013, the 14th seed Harvard beat a 3rd seed New Mexico University. Cornell University, another member of the Ivy League, has made it to the regional semifinals as a number 12 seed, after winning two games, and eventually losing to a number 1 seed, University of Kentucky. Additionally, though Ivy League universities have not won any major sport championships recently, they have had plenty of success including national championships in sports such as fencing, rowing, sailing, and women’s rugby to name a few. Although the Ivy League’s approach to athletics has been very different from other conferences, it has found the balance that it was seeking.

**Division III**

Though certainly least widely known of the athletic conferences, the colleges in Division III are often small and simply do not have the resources or the desires to emphasize the athlete in the student-athlete. Nonetheless, there are intense and long-standing rivalries among the programs. Amherst College and Williams College have played each other 128 times in football and the game is dubbed ‘the biggest little game in America’. Both programs are part of the New England Small College Athletic Conference, and the winners are rewarded with bragging rights until their next meeting.
The Conflict: Some Unforeseeable Costs of Success

Often what makes a great rivalry is not only the location and proximity of the schools, but also the longevity of the matchups and the inter-conference play. As noted above, one of the less desirable consequences of conference realignment has been the loss of some true rivalries. In football, Texas and Texas A&M used to dominate the headlines when the games were played at Thanksgiving – a tradition that had begun in 1894 and was played 118 times until the fall of 2012, when Texas A&M joined the SEC. Another long-lasting tradition has been Brigham Young University against the University of Utah – a football matchup that began in 1896 and has been played 95 times – a game known as a Holy War as it pits two of the oldest universities in Utah, that are about 36 miles apart. Utah has now joined the Pac-12 conference. Since the two universities are no longer in the same conference, there is no longer a guarantee of the game’s continuation. Other casualties of conference realignment include the long-standing Nebraska versus University of Oklahoma match-up, which once during the 1971 football season was billed as the “Game of the Century”.

In basketball, some of the biggest rivalries have included University of Connecticut (UConn) versus Syracuse University. Since the dissolution of the Big East, Syracuse bolted for the ACC and UConn joined the AAC. Though both schools are committed to maintaining the games against each other, the rivalry will lose some of its drama. The stakes are no longer as large because the competition for supremacy in the conference is eliminated. Pittsburgh and West Virginia – two schools that are only 75 miles apart – have matched up 103 times, and due to uncertainty about the number of out-of-conference games allowed, the rivalry is sure to lose some of its intensity. Some other cross-conference competitions such as University of Kansas versus University of Missouri might also dissipate as realignment decisions have introduced bad blood. KU’s basketball coach, Bill Self, hinted that Missouri might face repercussions for abandoning the Big 12, saying “I’m not going to make a commitment now that we’d ever play again. I’m not saying we won’t. I’m certainly not going to pretend that we would.”

Long-Lasting Consequences and Questions

As of now, there have been a lot of real adjustments arising from conference realignment. Many universities have changed allegiances and have departed to rival conferences. Some major ‘rival games’ such as Texas versus Texas A&M in football or UConn versus Syracuse in basketball have been put on hold or are threatened.

With the allure for more universities to join the FBS, how will that impact on the size and structure of current conferences? As the number of teams within the FBS increases due to the influx of FCS teams, the caliber of FBS division competition is sure to become diluted. With the addition of some FCS teams to the FBS conferences, the difference in skills between the best teams and worst teams is sure to widen.
Will this motivate powerhouse schools to splinter off to form their own higher-level division, allowing only the elite conferences to participate? John Lombardi, former president of University of Florida, had this to say: “And the teams at the top are a very strong, organized group. As more schools join at the bottom, it’s going to force the NCAA to restructure. They’ll have to start putting FBS teams into categories. So there will be a second tier again, and that’s certainly not what a lot of these people joining now had in mind.” Such a step would ensure a higher frequency of closely competitive teams, and reduce the number of skill-discordant matchups.

Will the rising exit fees in conference charters be sufficient to discourage teams from abandoning their conference for different opportunities? For example, will Florida State’s $50 million exit fee from the ACC be enough to prevent an early departure to join the SEC?

Furthermore, will added commercialization of college sports give more traction to the topic of increasing the scholarships and financial aid for the players or having a form of payment to the athletes? This would broaden the structure in the conference layout into programs that can and can’t afford such an expense. University of South Carolina’s football coach Steve Spurrier has publicly endorsed providing stipends or small payments to the players to pay for regular college expenses: “...enough to allow them to live like normal student-athletes.”

The current Big Ten commissioner Jim Delany has proposed to increase scholarships to include living expenses – which are currently not included. The topic recently received new visibility and coverage when players from University of Georgia, Georgia Tech and Northwestern University wore the letters “APU” on their uniforms. The letters stand for All Players United, a show of unity among student-athletes who want to see improvements in safety, graduation rates and scholarships. In February 2014, The National Labor Relations Board opened a series of hearings on a proposal by Northwestern football players to unionize. A key issue is whether student-athletes are employees. The idea of providing some sort of a monetary compensation seems no longer so far-fetched, and could put certain programs in a peculiar predicament in which they would not be able to afford those extra costs and would not be able to compete with larger programs that have that capacity.

Many matters have stabilized among the conferences after recent realignment, yet questions still remain. Many of these questions will be answered only over time. New rivalries will likely form, others will probably dissolve. Fans and athletes alike will be forced to adjust, as will television content providers and advertisers. Rights fees will no doubt rise for television networks and cable channels. And more conferences may explore dedicated cable networks. Whatever the directions of change, this period of transition will no doubt lead to increases in the universities’ revenue streams at least for the major athletic programs. Can an enlarged football playoff system be far away?
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Stephen A. Greyser is Richard P. Chapman Professor (Marketing/Communications) Emeritus, Harvard Business School, where he specializes in brand marketing, corporate communications, the business of sports, and nonprofit management. A graduate of Harvard College and Harvard Business School, he has been active in research and teaching at HBS since 1958. He was also an editor at the Harvard Business Review and later its Editorial Board Secretary and Board Chairman. He is responsible for 16 books, numerous journal articles, several special editions of journals, and over 300 published HBS case studies. Among his recent publications is the award-winning “Corporate Brand Reputation and Brand Crisis Management,” in his co-edited “Corporate Marketing and Identity,” a special 2009 issue of Management Decision. At HBS, he developed the Corporate Communications elective, creating over 40 cases and articles on issues management, corporate sponsorship, relations among business-media-publics, etc.

He created and teaches Harvard’s Business of Sports course, has served on the Selection Committee for the Boston Red Sox Hall of Fame, is on the board of The Sports Museum, and has authored numerous Business of Sports cases and articles. The latter include several on sponsorship, most recently (2012) on Sponsorship-Linked Internal Marketing (co-author), and an HBS case on Bank of America’s Sports Sponsorship. He is also a co-author of an HBS Paper on commercializing Japanese stars by MLB clubs (2013). His comments on the meaning of the Olympics for China were seen by tens of millions in China on CCTV after the 2008 Opening Ceremonies. At Doha GOALS 2012 he moderated a private conference session of global sports leaders (including Lord Coe) on improving the Olympics. He received the American Marketing Association’s 2010 Sports Marketing lifetime achievement award for “distinguished career contributions to the scientific understanding of sports business.”

He is the longest serving past executive director of the Marketing Science Institute. He is also an elected Fellow of the American Academy of Advertising for career contributions to the field. He received the Institute for Public Relations 2009 special award for “lifetime contributions to public relations education and research,” and Lipscomb University’s 2011 MediaMasters award for a “body of [communications] work that stands as a model and inspiration for the next generation.” He is a past national vice chairman of PBS and an overseer at the Museum of Fine Arts (Boston) and WGBH. In 2005, he received the Boston Latin School’s Distinguished Graduate Award. In 2012, he was made an Honorary Fellow of Brunel University where he has been a Visiting Professor and a member of the Business School’s Advisory Board.

Known as "the Cal Ripken of HBS," in over forty years of teaching he has never missed a class.

Vadim Kogan graduated with a B.A. degree in Finance from the University of Virginia, McIntire School of Commerce in 2006. After graduation, he worked for Morgan Stanley on the Foreign Exchange and Precious Metals trading desks. Nearly two years later, he resigned to continue operating a company that he had started as a freshman in college. Drawing on his experience in the financial services industry, Mr. Kogan focused full-time on this entrepreneurial endeavor, developing strategic partnerships with key wholesalers and creating transatlantic networks to provide service to consumers in both the U.S. and the U.K. Since then, his business has grown to encompass trade across many countries. Relocating to Cambridge, Massachusetts, in the fall of 2010, he began taking classes at Harvard University’s Extension School. In spring 2011, he joined Global Potential, a local non-profit organization founded by a Harvard alumnus, which focuses on empowering disadvantaged youth. Since that time, he has been named Chair of its Boston Advisory Board. Mr. Kogan has co-authored an HBS Working Paper (14-028): NBC and the 2012 London Olympics: Unexpected Success. Mr. Kogan continues to stay involved in various research endeavors on Harvard University’s campus.