ONE

How College Sports Lost Its Way I

The phrase "American exceptionalism" is frequently used to mean that the United States does things differently—and, by connotation, better—than the rest of the world. There is little question but that intercollegiate athletics in the United States is different from athletics in other countries. In England and elsewhere, college athletics is largely organized on an intramural or student club basis, offering students a recreational respite from the intellectual rigors of the classroom. Highly competitive elite-level sport resides in private clubs outside the institution. In the United States, from its earliest days, elite-level sport has been embedded within the educational institution. This structural distinction, the integration of elite sport with academia and the concomitant annual striving to win in head-to-head competition against other institutions, lies at the root of current challenges. However, this structural differentiation does not fully explain why National Collegiate Athletic Association (NCAA) Division I athletic programs have lost their way. To understand the growth of the most corrosive aspects of increased commercialism, the rejection of athletic program resource controls, the demands for plutocracy, the NCAA's selective enforcement of rules, and the turning of a blind eye to academic fraud, it is necessary to trace the history of how college sport has failed at critical decisionmaking junctures.

American Higher Education Embraces Commercialized Sport

Despite the pretenses of U.S. collegiate sports to be educationally oriented, strictly amateur activities, the commercial aspects of college sports programs have progressively encroached on the educational terrain and, at the upper reaches of Division I, have subverted it. It is important to understand how college presidents developed the convictions that successful sports teams afford prime promotion opportunities for the school and that winning elite-level sports contests results in significant marketplace advantages for the institution.

The first college sports contest, the rowing match between the Harvard and Yale boat clubs on Lake Winnipesaukee in 1852, was infused with commercial motives. The manager of the Boston, Concord and Montreal Railroad organized the event to advertise the line's rail service to wealthy clientele in New York and Boston. The railroad company lured the boat teams to the match with "unlimited alcohol" and "lavish prizes." The first known college sports eligibility abuse came three years later at another Harvard-Yale meet, when the Harvard team's coxswain was not a student.

In 1862 the first Morrill Land Grant College Act was passed to provide states with federal land on which to establish state schools to teach agriculture, engineering, and military tactics. Many states took advantage of the program to establish universities, even when they did not have a sufficient qualified population to enroll in postsecondary education. With land grant colleges added to the usually religiously affiliated liberal arts colleges, technical institutes, and preexisting state universities, there emerged an intense competition to fill the appreciable excess supply of available beds at U.S. colleges. In this context, schools sought whatever competitive advantage they could identify. Intercollegiate sports came to be seen as central to promoting a college to prospective applicants.

What began as a student-run activity to pass time and offer some relief from rigorous academic studies would rapidly be seized on by college presidents as a tool to promote their universities, raise funds, and attract students. The athletic branding of universities began as early as 1869, when Charles Eliot, one of America's best-known educators and then in his first year as president of Harvard University, proudly noted that Harvard excelled in the "manly sports."[1] In the same year, President Francis Amasa Walker of the Massachusetts Institute of Technology bemoaned the fact that intercollegiate athletics had lost its academic moorings and opined that "if the movement shall continue at the same rate, it will soon be fairly a question whether the letters B.A. stand more for Bachelor of Arts or Bachelor of Athletics."[2]

In 1874, the president of Columbia University, Frederick Barnard, was gushing about his school's victory over Harvard and Yale at a regatta in upstate New York and congratulating the team's oarsmen: "that in one day or in one summer, you have done more to make Columbia known than all your predecessors have done since the founding of the college."[3]

Two years later the Intercollegiate Football Association organized a championship game to be played on Thanksgiving Day in Hoboken, New Jersey. In 1880 the game was moved to New York City, and its popularity exploded:

> Within a decade it was the premier athletic event in the nation. Princeton and Yale played each other almost every year in this game, and by the 1890s they were drawing crowds of 40,000. Players, students, and fans wore their school colors, while banners flew from carriages, hotels, and the business establishments of New York City. Thanksgiving Day church services were ended early to accommodate the fans, and the game became the event that kicked off the season for New York's social elite.[4]

Affirming this view, Allen J. Sack and Ellen J. Staurowsky in 1998 wrote:

> In the late 1800s few campus activities could better meet that need than intercollegiate sport. Nothing could better attract the attention of mass media, and nothing had a greater appeal to the practical-minded business leaders who provided financial support and who increasingly came to dominate academe's governing boards.[5]

In 1890 Woodrow Wilson, then president of Princeton University, told alumni, "Princeton is noted in this wide world for three things: football, baseball, and collegiate instruction."[6] Wilson's comment was famously elaborated on by Clark Kerr, chancellor of the University of California, Berkeley, some sixty-seven years later when he responded to a question at a faculty meeting about on-campus parking by observing that his job had come to be defined as "providing parking for faculty, sex for the students, and athletics for the alumni."[7]

College Presidents Support Financial Excess and Academic Misconduct

Rainey Harper, University of Chicago president in the early 1890s, hired former Yale football star Amos Alonzo Stagg to coach football. Harper told Stagg to "develop teams which we can send around the country and knock out all the colleges." Harper reportedly provided Stagg with a trust fund of $80,000, originally earmarked for low-income students, for recruiting and subsidizing athletes, and commented, "We will give them a palace car and a vacation too."[8]

Chicago, of course, was not the only school driven to excess in promoting its football team. The payment of athletes, many of whom had little pretense of being students, was widespread. A 1906 article by Charles Deming, a former Yale athlete, detailed the findings of a Yale faculty investigation into the school's athletic practices. It uncovered a $100,000 trust fund that had been used to tutor athletes, give expensive gifts to athletes, purchase entertainment for coaches, and pay for trips to the Caribbean.[9]

Since the first intercollegiate football game, in 1869, when Rutgers beat Princeton with the help of ten freshmen, three of whom were failing algebra, college presidents have been complicit through inaction or ineffective action with regard to maintaining academic standards. In 1889, Harvard president Charles Eliot undertook a study of the relationship between academic success and football participation among Harvard freshmen. Over a two-year period he found that freshman football players had nearly four times as many D's and F's as A's and B's. He reasoned that first-year students should be ineligible for intercollegiate sports while they sought their social bearings and established themselves academically. Further, allowing first-year students to play facilitated the use of ringers and "tramp" athletes, who could matriculate one day and play football the next. Eliot's appeal was too enlightened for Harvard alumni and students at the time. Like other college presidents of his day, Eliot backed down.

McClure's magazine ran a two-part series in 1905 on corruption in college athletics. Author Henry Beech Needham attacked the prestigious Ivy

League schools for the "prostitution of college athletics" and condemned the practices of hiring tramp athletes, squandering athletic income, cheating in the classroom, the collusion of faculty with athletes, the unethical practices of coaches, building costly stadiums, and the continuing brutality of football.[10] In a prophetic analysis of the dilemma college presidents faced in trying to reconcile the academic and the commercial aims of the university, William T. Foster, president of Reed College, wrote in 1915:

> If intercollegiate athletics can then be conducted as incidental and contributory to the main purposes of athletics, well and good. But first of all the question must be decisively settled, which aims are to dominate—those of business or those of education. And it will be difficult for a college already in the clutches of commercialism to retain the system and at the same time cultivate a spirit antagonistic to it.[11]

Schools began to lavish resources on athletic fields and stadiums to advance their teams. In 1903, Harvard was the first college to build a concrete stadium, designed explicitly for football. Yale followed with the Yale Bowl in 1914, the University of Pennsylvania's Franklin Field was expanded for football in 1922, the University of California at Berkeley built a stadium with a seating capacity of 76,000 in 1923, Baker Field at Columbia University was finished in 1928, and so it went, with one school after another readily raising their football budgets in an effort to stay competitive. By 1930 there were thirty concrete college football stadiums in the country.[12]

Having grandiose stadiums, however, was not sufficient to develop a winning team. It was also thought to be necessary to have strong coaching. In the early decades of intercollegiate football, it was deemed inappropriate to pay coaches. Coaches were expected to be members of the faculty who volunteered their time, just as they did to participate on administrative committees. They were supposed to be amateurs, just like the players. Soon the win-at-all-costs approach disrupted this fantasy, and schools began to compete fiercely over coaching services.

By the first decade of the twentieth century, football coaches were often paid more than full professors and sometimes as much as the college president. Columbia hired George Sanford for $5,000, more than double the salary of its full professors. Harvard paid its twenty-six-year-old Bill Reid $7,000. John Heisman signed a contract at Georgia Tech in 1903 for $2,250 plus 30 percent of net gate receipts, and concluded his career with a $12,000 salary at Rice. In 1924, Centenary College, in Shreveport, Louisiana, the nation's first liberal arts college west of the Mississippi, was denied accreditation by the Southern Association of Colleges and Schools because the school placed an "undue emphasis on athletics." The primary evidence of Centenary's misplaced priorities was that the school paid its football coach more than it paid its college president.

The most heralded coach of the epoch was Notre Dame's Knute Rockne. In 1924 Rockne signed a ten-year contract with Notre Dame for a total of $100,000. In 1926, with a career record of seventy-five wins and but six losses, Rockne received an offer for three years at $25,000 annually from Columbia. Ironically, Columbia's president at the time was Nicholas Butler, who years earlier had banned football at the school. Questioned about the Rockne offer, Butler responded that the coach's hiring matter "is out of my line. It is a matter for the students and alumni."[13]

The transition from volunteer member of the academic faculty to professional coach was both emblematic of the incipient full-throated commercialization of college sport and instrumental in transforming the underlying dynamic away from the educational enterprise. In other extracurricular areas of student life, such as music, dance, or theater, the teachers of these subjects come with academic credentials, generally either a master's degree or a doctorate in their field. These areas remain attached to the academic culture. In elite-level college sports, the pretense of looking for academic or health credentials in coaches was long ago jettisoned in favor of hiring coaches who had achieved competitive success in their sport. With this change, coaches' inclinations to nurture the educational commitment and progress of athletes diminished or vanished. And the absence of any requirement regarding health or physical education credentials for coaches denoted a general disregard or ignorance of the devastating physical consequences that can ensue from playing contact sports.

Why Faculty- and President-Led Reform Has Failed

The rapid commercialization of college sports, its subversion of educational goals, and the growing publicity about the brutality of football engendered a reform movement. The strongest push for reform came from faculty, but some college presidents joined the effort. The faculty at Harvard initiated one such campaign in 1886–87. During that academic year, Harvard participated in ninety-four intercollegiate athletic contests, including thirty-four away games. The faculty prevailed on the president and the board of overseers to curtail this involvement, which, they argued, was distracting students from academic pursuits, exposing them to dubious moral practices at away games, and turning college sports into a business rather than a gentlemanly contest. The board of overseers' Advisory Committee on Athletics agreed and recommended by a four-to-one margin banning all intercollegiate sports, while expanding intramural sports and athletic facilities.[14] But, following protests from students and the trustees, the recommendation was not adopted by the full board. Eventually, the solution at Harvard and other schools to the faculty calls for reforms was to form president-appointed friendly and powerless athletic "advisory" committees comprised of students, athletically sympathetic faculty, and administrators. The faculty lost control over athletics. Thus, in 1895, following a particularly brutal football game between Harvard and Yale, the Harvard faculty voted by a two-to-one margin to abolish football at the school. The athletic committee promptly voted unanimously not to do so and the board of overseers sided with the committee.

Although university presidents have always had it within their power to reform college sports, they have not found it in their interest to do so.[15] College presidents spend an average of six years in their jobs and are expected to accomplish a lot in that time. Taking on the establishment of intercollegiate athletics is not one of them. Those few college presidents who have denounced the excessive commercialization of college sports and their deleterious effects on the educational mission have found their wings clipped by their boards of trustees. Instead, presidents dedicate their efforts to raising money, renovating the physical plant, restructuring the curriculum, hiring faculty, recruiting students, and maintaining good relations with the host town or city. They allow the athletics department to do its thing—try to win. And they protect the athletics department from the faculty by handpicking athletics-friendly faculty to serve in relatively powerless positions, such as on advisory committees or as institutional representatives to athletic conferences or national governing organizations such as the NCAA. Today, nearly 80 percent of faculty athletics representatives in Division I sports are appointed by college presidents, while only 20 percent are nominated by the faculty and approved by the president.[16]

Though college presidents and trustees successfully blocked reform from within the institution, external national pressures were also repelled in a more artful way, inhibiting the NCAA from addressing the need for change. At the national level, football's brutality was taking its toll. In 1893 seven fatalities were reported in college football. Twelve more deaths occurred in 1894. In 1905 eighteen players were killed in college football games, bringing the total during 1890–1905 to more than 300. Observers attributed these deaths to the use of mass formations, such as the flying wedge; the loose rules regarding running starts; the lack of effective officiating; and the absence of protective equipment.

After President Teddy Roosevelt's son sustained a broken nose in a freshman football game at Harvard early in the 1905 season, Roosevelt called representatives from Harvard, Yale, and Princeton to the White House to discuss the future of the game and the need for reform. Two months later, in December 1905, the Intercollegiate Athletic Association of the United States (IAAUS) was formed to address football's rules, as well as the broader regulation of college sports.

The IAAUS (which changed its name to the National Collegiate Athletic Association, or NCAA, in 1910) had only thirty-eight founding members. Many of the dominant universities, including Harvard, Yale, and Princeton, did not join for several years. The more successful football programs did not want to surrender control of the game to smaller schools.

But the fledgling organization had few resources. At its first annual convention, in December 1906, the treasurer reported a balance in the IAAUS's bank account of $28.82. Both because of its meager financial endowment and because of the need to attract the larger programs into the organization, the IAAUS resolved to follow a policy of "home rule." That is, each school would be its own boss and could choose which IAAUS policies it wanted to implement. The first bylaws of the organization called for "each institution . . . to enact and enforce such measures as may be necessary to prevent violations of the principles of amateur sports."[17] And the 1907 constitution stipulated, "Legislation enacted at a conference of delegates shall not be binding upon any institution."[18] This clear policy of home rule led the college sports historian Ronald Smith to write, "For its first half century, the NCAA was principally a debating society for faculty representatives interested in intercollegiate athletics."[19]

The president of the NCAA from 1906 to 1913 and again from 1917 to 1929, Palmer Pierce, joined the debate, inveighing against the corrupt influences of college sports: "There can be no question but that a boy or young man, who is habituated to the endeavor to win games by means, some of which he knows to be unfair and against the rules, later will play the game of life with the same ethical standards."[20] Thus, from its inception in 1906 until 1952, the NCAA promulgated guidelines that its members were not required to follow. While the NCAA could advance increased safety by adopting and disseminating rules of play in each sport, it did not possess the legislative mechanisms to deal with the need for reform.

Amateurism: How NCAA Member Institutions Control the Cost of Their Athlete Assets

It is instructive to follow the evolution of the NCAA's definition of amateurism from its origins in a posture prohibiting all financial aid based on athletic ability to its current embrace of athletic scholarships and benefits with values far in excess of those afforded nonathletes. As long as the NCAA's policies were not implemented, it was inconsequential for the organization to adopt high-minded principles of amateurism to define its goals. According to Article VI of the association's 1906 bylaws, each member institution was to enforce measures to prevent violations of amateur principles. Included among these violations was "the offering of inducements to players to enter colleges or universities because of their athletic abilities or maintaining players while students on account of their athletic abilities, either by athletic organizations, individual alumni, or otherwise directly or indirectly."[21] Thus, athletic scholarships violated amateur rules. Need-based financial aid unrelated to sports did not.

The NCAA's first actual definition of amateurism appeared in 1916. According to Article VI (b) of the bylaws, an amateur is "one who participates in competitive physical sports only for the pleasure, and the physical, mental, moral and social benefits derived therefrom."[22] An amended version appeared in 1922. "An amateur sportsman is one who engages in sport solely for the physical, mental, or social benefits he derives therefrom, and to whom the sport is nothing more than an avocation."[23]

In truth, this initial definition of amateurism existed only as words of convenience. It enabled the NCAA to advance the public perception that college athletes were like other students rather than like paid professional athletes. Because the NCAA had no enforcement power at this point in history, its amateur rules were largely honored in the breach and violated with impunity. The abuses were cataloged in the 1929 Carnegie Foundation report on intercollegiate athletics, which found that three quarters of the 112 colleges investigated violated the NCAA's code and principles of amateurism. It concluded:

> A change of values is needed in a field that is sodden with the commercial and the material and the vested interests that these forces have created. Commercialism in college athletics must be diminished and college sport must rise to a point where it is esteemed primarily and sincerely for the opportunities it affords to mature youth.[24]

The report, so poignantly relevant today, concluded that college presidents could reclaim the integrity of sport and change the policies of professionalization previously sanctioned by their governing boards. That did not happen. Instead, as commercialism grew with the advent of television, powerful institutions opted to stratify and differentiate themselves from the collective educational model that had developed through faculty organization. Schools became separated into divisions based on their competitive success and ability to generate revenue.

A follow-up study by the *New York Times* in 1931 found that not a single college had changed its practices in response to the Carnegie Foundation report. An NCAA committee report in 1934 concluded that abuses in areas of recruitment and subsidization "have grown to such a universal extent that they constitute the major problem in American athletics today."[25]

Accordingly, voices of reform grew more outspoken during the 1930s. Hollywood movies, from the Marx Brothers' *Horse Feathers* to *Saturday Heroes* and *Hero for a Day,* mocked the duplicity of college sports. Robert Hutchins, president of the University of Chicago, wrote in 1931: "College is not a great athletic association and social club in which provision is made, merely incidentally, for intellectual activity on the part of the physically and socially unfit. College is an association of scholars in which provision is made for the development of traits and powers which must be cultivated, in addition to which are purely intellectual, if one is to become a well-balanced and useful member of any community."[26] The University of Chicago dropped football in 1939.

Although the commercialization of college sports slowed during the later years of the Great Depression and World War II, it accelerated as the war ended. At the end of 1946, the sports editor of the *New York Herald Tribune,* Stanley Woodward, wrote: "When it comes to chicanery, double-dealing, and undercover work behind the scenes, big-time college football is in a class by itself . . . . Should the Carnegie Foundation launch an investigation of college football right now, the mild breaches of etiquette uncovered [in the 1920s] . . . would assume a remote innocence which would only cause snickers among the post-war pirates of 1946."[27] The de facto payrolls of several college teams reached $100,000 and the coach at Oklahoma State estimated that its rival, the University of Oklahoma, annually spent more than $200,000 ($2.64 million in 2015 prices) on players.

The situation had gotten sufficiently out of control that the NCAA needed to become something more than a debating society. It began its attempt both to ratify the reality of financial aid to athletes and to actually enforce its code of amateurism.[28] In 1948 the NCAA passed what is referred to as the Sanity Code. For the first time ever, this legislation allowed schools to award athletically related financial aid as long as it was limited to tuition and incidental expenses and the athlete qualified for need. Aid exceeding tuition could be granted if based on superior academic scholarship. The Sanity Code, which stipulated that aid could not be withdrawn if a student ceased playing, was abandoned in 1950 when the NCAA membership voted not to expel schools that had violated the rule.[29]

In 1956, six years after the demise of the Sanity Code, the NCAA finally addressed allowable non-need-based compensation to athletes when it adopted athletic scholarships to cover commonly accepted educational expenses. In 1957, an "Official Interpretation" defined expenses as room, board, tuition, books, fees, and $15 a month for "laundry money."[30] (In 2015 dollars, this "laundry money" is equal to $127.35, or on an annual basis $1,528.20. This sum is roughly equivalent to a low-end "cost of attendance" stipend.)[31] Few of the people who attended the NCAA's first convention in 1906 could have conceived that by 1957, NCAA rules would have changed to allow a university to use these types of financial inducements to recruit high school athletes.[32]

The 1957 legislation contained provisions to counter the argument that athletic scholarships constituted "pay for play," which might expose its members to workers' compensation claims and social security contributions. Financial aid could not be "reduced (gradated) or canceled on the basis of an athlete's contribution to team success, injury, or decision not to participate." Indeed, the NCAA mandated the use of the term "student-athlete."[33]

In 1967 the NCAA moved even further from its original concept of amateurism when members began to complain that athletes were accepting four-year scholarships and deciding not to participate. One athletic director opined that this was "morally wrong." He then added that "regardless of what anyone says, this is a contract and it is a two way street."[34] To address this problem the NCAA passed rules that allow the immediate cancellation of a scholarship of an athlete who voluntarily withdraws from sports or does not follow a coach's directives.

The NCAA made a total break from the traditional model of amateurism in 1973 by requiring that athletic scholarships be considered for renewal on an annual basis.[35] This rule allowed a coach to cancel athletes' scholarships at the end of one year for just about any reason, including injury, contribution to team success, the need to make room for a more talented recruit, or failure to fit into a coach's style of play. The contingent contractual nature of this relationship and the control it gives to the coaches over the players' behavior have many of the trappings of an employment contract.[36]

In marked contrast to the British model of amateurism adopted by the NCAA in 1906, the 1973 version transformed athletes into highly specialized entertainers. In revenue sports, athletes' lives became routinized by coaches, leaving little time for other interests or extracurricular activities. Nonetheless, the drift away from earlier amateur practices has not detracted from college sports' popularity as commercial entertainment, and the NCAA's ability to arbitrarily define what constitutes amateurism has ensured that increasing subsidies to athletes did not pose a threat to the NCAA's brand of "amateur sport."

Another modification to its concept of amateurism is that the association has allowed explicit gifts to be given to student-athletes. For instance, the

NCAA permits players in football bowl games and the March basketball tournament to receive more than $3,000 in gifts. A March 2012 article in the *Sports Business Journal* provides some details: "For example, a senior on a team that runs the table and wins championships for the regular season, postseason conference tournament and NCAA tournament could secure gifts valued at up to $3,780. Last year's comparable total was $3,380. Up to 25 gift packages can be provided to a team by its school and by its conference for participating in this month's conference tournaments, according to NCAA bylaws."[37]

In response to cries of athlete exploitation, in recent years the NCAA has further tweaked its treatment of amateurism. In 2012 the NCAA approved legislation that gives Division I schools the option to award multiyear scholarships. In 2014 the association sanctioned expanded food service for athletes, beyond that available to other students. In 2015 the NCAA approved payments to parents to attend postseason bowl games and championships and allowed cost of attendance stipends (so-called laundry money, which had been ended in 1973, under a different name) to be paid to athletes in Division I.

The NCAA has modified its rules in ways that have little to do with the core notion of amateurism (that is, not being paid to play a sport) and are inconsistent with those of other amateur organizations. For instance, while the Amateur Athletic Union (AAU) allows broken-time payments (payments to athletes in training or in competition to compensate for lost income while away from their job), the NCAA does not. Nor does the NCAA allow student-athletes to receive sponsorship money even if it only covers basic expenses (a policy that prevented Olympic skier Jeremy Bloom from returning to the University of Colorado football team). The AAU not only allows broken-time payments, it permits athletes to receive income from endorsements.

The United States Golf Association's *Rules of Amateur Golf* for 2012 allows amateur members to compete in professional tournaments provided they do not receive prize money. Amateur members are also allowed to hire an agent and to receive compensation that is unrelated to winning a tournament. Neither practice is permitted by the NCAA.

Further, in some cases the NCAA has different rules for European student-athletes than for U.S. student-athletes. For example, professional tennis players from Europe are allowed to earn up to $10,000 while in high school and still play NCAA tennis, while U.S. student-athletes who have earned income playing tennis are not allowed to compete in college. The NCAA manuals are more than a thousand pages long, and the list of quixotic regulations that purport to uphold amateurism is extensive.

The NCAA also restricts student-athletes from contacting a lawyer or a player's agent to help them (1) arrange and prepare for appearances at player combines, which are essentially tryouts for the NFL and NBA prior to the leagues' amateur drafts, (2) receive information about the economic implications of their various options with respect to the amateur draft, or (3) enter into preliminary negotiations around signing a professional contract. Any of these activities would come before the athlete signing a contract, being paid, or becoming a professional.

It's All about the Money in Division I: The Structure and Functioning of the NCAA

The commercialized sport juggernaut that is Division I collegiate athletics has proceeded steadfastly forward, aided and abetted by an NCAA structure that methodically evolved into a smaller and smaller plutocracy as the financial stakes grew. Just as faculty- or college president–reform is an impossibility at the institutional level, NCAA reform at the national level is impossible because of the organization's nature as a plutocracy. At its most basic level, the true basic identity of the NCAA is as a trade association of athletics directors, conference commissioners, and coaches rather than a large association of institutions gathered to ensure an educational sport philosophy. The latter is little more than a branding vehicle designed to make the athletes' product unique and more valuable to alumni and fans seeking tax deductions for ticket purchases disguised as donations.

To understand the NCAA's resistance to reform, it is necessary to grasp the historical changes in the structure and functioning of the association, first as an aggregator of highly commercialized football and basketball programs and controller of the distribution of regular season televised games, and second as a producer of dramatic national championships. To exploit the economic value of these products, the NCAA had to "govern." Rather than recommend guidelines that were optional for adoption by members, which is how the NCAA functioned from 1906 to 1956, it had to legislate and enforce rules. The NCAA had to change dramatically from operating as a whole, with each member wielding one vote in a general assembly, to operating as a narrowing plutocracy, divided into smaller and smaller groupings of the members with an uneven distribution of power. To comprehend how the richest and most commercially successful athletic programs gained control of the NCAA and why they will never give up their control, one need only follow the money.

In 1956 the NCAA attempted to improve its regulatory efficiency by splitting its members into college and university divisions.[38] The popularity of football and men's basketball elevated the need to further separate competitive schools, and in 1973 the NCAA voted to establish Divisions I, II, and III. The rationale given by the institutions competing at the highest level was that they felt that rules related to recruiting and academics were impeding the development of revenue-generating sports and that the divisional separation would better protect their interests. As former Southeastern Conference commissioner Boyd McWhorter stated, "We must make certain that restrictions don't put any coach in an impossible position or create conditions where our game is unattractive to our patrons."[39] This divisional stratification increased autonomy for the most competitive schools and by doing so further isolated less competitive institutions, marginalizing their ability to contest unfavorable rules and slow the expansion of commercialism. As stratification increased, NCAA member institutions were forced to make commitment decisions that required far greater investments in athletics.[40]

This strategic stratification continued to intensify, further differentiating college athletic programs. At the 1976 NCAA Convention, Division I institutions would further divide by separating the institutions that participated in "true" major football conferences, including the Big Eight, Big Ten, Southeastern, Southwestern, Pacific-8, Western Athletic, and Atlantic Coast conferences. It was clear that these conferences aimed to invest more money in football, without restraint from less capable institutions in Division I. Divisions I-A, I-AA, and I-AAA were thereby born. In 2006, to ameliorate public and media confusion over the Division I-A and I-AA designations, the NCAA Board of Directors once more altered the subdivisional nomenclature by converting Division I-A into the Football Bowl Subdivision (FBS) and Division I-AA into the Football Championship Subdivision (FCS).[41]

The 1996 NCAA Convention brought yet another strategic attempt by the most powerful football playing schools to establish greater autonomy. Proposal 7 established an end to the one-member, one-vote system and relinquished power to the establishment of a new voting structure that included an NCAA Board of Directors and Executive Committee, a Board of Directors (in Division I) and a President's Council (in Divisions II and III). The sixteen-member executive committee was heavily weighted with eight representatives from major football institutions. Although the boards would be able to vote on the issues unique to their divisions, the move gave more power and control to Division I-A schools. The adoption of this restructuring kept the NCAA intact when the wealthiest schools threatened an exodus, but it also meant the abandonment of democratic membership-driven participation.[42] A tighter plutocracy resulted.

Indicative of the growing ability of the elite football and basketball programs to have their way, in an October 2011 precursor of what was to come, NCAA president Mark Emmert pushed for an increase in the maximum value of an athletic scholarship. A $2,000 stipend to athletes to cover the cost of college attendance was proposed as an addition to the funding of tuition, mandatory fees, room, board, and books. The NCAA Board of Directors adopted the legislation, but it was promptly voted down by the membership in December 2011. Not to be deterred, the wealthiest conferences continued to pressure the NCAA and Emmert, threatening once again to leave the association. In August 2014 the NCAA Board of Directors (now called Board of Governors) granted legislative autonomy to the five wealthiest conferences in the FBS, representing sixty-five institutions, and adopted a new governance structure to provide greater operational control to athletics directors and conference representatives.[43] College and university presidents emphasized the need to retain control on their campuses and within the NCAA for the new governance model to be successful.

This new model adds presidents, a student-athlete, a faculty athletic representative, and a female administrator to the Division I Board of Directors.[44] The new autonomy legislative privileges apply only to specific athlete welfare topics and include issues such as financial aid, health, recruiting restrictions, meals for athletes, and athletic time demands. Nonetheless, competition among all universities to keep pace with the escalation of athletic costs is expected to rise to unsustainable levels.[45] Bob Kustra, president of Boise State University, described the autonomy legislation as a "power grab" that facilitated the NCAA's attempt to perpetuate the dominance of a few dozen universities with the most resources to continue to pull strings. "It seems they are never satisfied with their bloated athletic budgets, especially when threatened in recent years by upstart, so-called mid-major programs that steal recruits, oftentimes beat the big boys, 'mess with' the national rankings and sometimes take postseason bowl games and revenue."[46] Faced with this additional stratification of football and basketball, the non–Power Five institutions with distressed budget constraints were left with no choice but to maintain competitiveness by offering similar benefits or to drop further behind in the race.[47] In January 2015 the NCAA formally adopted super-conference autonomy in governance. Presidents from the five wealthiest conferences, known as the Power Five (the Big Ten, Big Twelve, Pac-12, Southeastern, and Atlantic Coast conferences, along with Notre Dame), reasoned that modern big-time sport was its own ecosystem, and its issues and the ability to resolve them were unique to their institutions. They appeared to be saying that opposition to the autonomy vote might result in the destruction of the organization's primary funding source.

In the future, the cost to compete at the highest levels will likely be subsidized increasingly by student fees or institutional operating expenses. The advancement of the commercial interest of the wealthiest institutions reverberates, creating economic instability throughout college sports and contributing to serious challenges to the academic integrity and efficacy of higher education institutions.[48] This unabashed stratification of the economic interests of the NCAA's wealthiest athletic institutions and conferences may ultimately spell a need for government intervention.

Just as college presidents abdicated their responsibility for controlling athletics on their own campuses, they delegated their involvement in the NCAA to athletics directors or relatively powerless faculty athletics representatives,[49] who in turn generally followed the wishes of their institutions' athletic conferences and conference commissioners. Thus the NCAA has long functioned as a trade association for commercialized athletic programs, and as these businesses continued to grow and experience revenue growth, so did the salaries and careers of the coaches, athletics directors, and conference commissioners. Although the governance structure reform of 1997, which eliminated the principle of one school, one vote, was supposed to slow or reverse the pattern, it actually made it worse by concentrating the control over NCAA policy in the hands of a smaller and smaller minority of the most heavily commercialized programs. And although college presidents were nominally put in a position of power to affect NCAA decisions, presidents' participation at NCAA meetings actually fell, and those presidents who served on NCAA boards tended to be the ones who had no inclination to curtail commercialization. College presidents have always had the ability to redirect college sports, but they chose then, and choose now, to leave control in the hands of athletics directors, conference commissioners, and coaches.

The structural evolution of this plutocracy led to the segmentation of the largest national collegiate athletic organization in the United States, resulting in growing inequality in both competition and revenue. Among the members within each division and subdivision, there is some agreement on minimum standards for membership in the division and control of maximum scholarship expenditures. But the absence of sufficient expenditure limits has produced significant gaps between the haves and the have-nots, nowhere as extreme as in the top competitive division and subdivisions.

A basic understanding of the NCAA membership structure is required to understand the forces at play that constitute barriers to reform. In 2015–16, there were 1,092 four-year institutions that were active voting members and an additional 44 members categorized as provisional or candidate nonvoting members.[50] Ninety-nine of 143 conference members had voting rights, and there were 39 affiliated nonmember organizations.[51] Of the 1,092 active member institutions, 346 were members of Division I, the highest competitive division; 307 were members of Division II (D-II), which is mandated to offer fewer scholarships and impose other athletic program operations restrictions compared to Division I; and 439 were members of Division III (D-III), the nonscholarship division.[52] The philosophy of Division I is openly commercial in that these institutions seek to maximize athletic program–generated revenues in order to have their athletic programs pay for themselves.[53] In addition to serving the student-athlete, Division I programs seek to provide a larger institutional audience (faculty, staff, students), as well as the general public,[54] with an entertainment product that enhances the affinity of these audiences with the educational institution.

Only ninety-four Division I members do not sponsor football (for example, Marquette, St. John's, DePaul, Boston University, and Georgetown).[55] The remaining Division I members are divided into two subdivisions for the sport of football, the Football Championship Subdivision (including Grambling State, Missouri State, Illinois State, Cornell, and the University of Delaware), with 124 members, and the Football Bowl Subdivision (such as the University of Texas, Ohio State University, the University of Alabama, and the University of Southern California), with 128 members (up from 120 members three years earlier).[56] FBS institutions sponsor higher-budget athletic programs and are committed to competing in basketball and football "at the highest feasible level of intercollegiate competition."[57] All FBS members sponsor spectator-oriented, revenue-producing basketball programs, and more than 250 sponsor spectator-oriented, revenue-producing football programs.[58] FBS athletic programs must also meet minimum requirements in four areas: (1) sports sponsorship (they must sponsor at least sixteen NCAA championship sports, including football, with each sport also meeting participant and regular season contest criteria minimums in order to count against the sponsorship standard); (2) scheduling (they must play at least 60 percent of their football schedules and at least five home contests against other FBS members, all but four men's and women's basketball games against Division I opponents, and 50 percent of contests in other sports against Division I opponents); (3) attendance at football games (they must average 15,000 people in actual or paid attendance per home game over a rolling two-year period); and (4) scholarship allocations (they must award 90 percent of the maximum number of football scholarships allowed and 200 grants-in-aids, or $4 million in total scholarship expenditures).[59] Total operating expenses in 2012–13 at FBS institutions ranged from $11.4 to $146.8 million.[60]

Notably, in 2013–14, only twenty-four Division I programs—all FBS institutions, but representing only 2.2 percent of all NCAA active members and 19 percent of the FBS schools—actually produced more operating revenues than operating costs.[61] The median in 2013–14 operating losses of all FBS schools was $14.7 million,[62] representing a 26.7 percent increase in operating losses over the previous year.[63] The overt expression of a commercial and entertainment sport philosophy—commemorated in the NCAA rules manual—and the practice of excessive spending has fueled an FBS arms race and a system of student-athlete exploitation.

NCAA FCS institutions have somewhat lower competitive subdivision criteria than the FBS institutions and lack a football game attendance requirement. FCS institution athletic programs must meet minimum requirements in the areas of (1) sports sponsorship (they must sponsor at least fourteen NCAA championship sports, including football, with each sport also meeting participant and regular season contest criteria minimums in order to count against the sponsorship standard); (2) scheduling (they must play at least 50 percent of regular season football contests against FBS or FCS members, all but four men's and women's basketball games against Division I opponents, and 50 percent of contests in other sports against Division I opponents); and (3) scholarship allocations (they are allowed to give a lower number, sixty, of scholarships allowed in football).[64] The athletic program's annual budget for these institutions in 2013–14 ranged from \$3.9 million to \$43.8 million.[65] The financial status of the athletics departments at these institutions is significantly more precarious than that of FBS institutions. No FCS athletics department generates more revenues than it spends.[66] They are heavily subsidized by institutional allocations (71 percent of total operating budgets).[67] Median operating losses of \$10.8 million represent an 83 percent increase since 2004,[68] with losses ranging from a high of \$35.7 million to a low of \$2.1 million.[69]

The ninety-four nonfootball-playing Division I institutions must meet minimum requirements in three areas as well: (1) sports sponsorship (they must sponsor at least fourteen NCAA championship sports, with each sport also meeting participant and regular season contest criteria minimums in order to count against the sponsorship standard); (2) scheduling (they must play all but four basketball contests against other Division I opponents and at least 50 percent of their schedules in other sports against Division I opponents); and (3) scholarship allocations (they must award a minimum of 50 percent of the maximum allowable grants in fourteen sports, or an equivalent number of full scholarships, or an equivalent amount in aggregated total scholarship expenditures).[70] The total operating budget of these schools in 2013–14 ranged from \$3.9 to \$37.4 million.[71] The financial status of these institutions is as precarious as that of FCS institutions, if not more so, despite having significantly smaller operating budgets. Like FCS institutions, none of these institutions operates at a profit either.[72] They are heavily subsidized by institutional allocations (77 percent of total operating budgets).[73] Median operating losses in 2013 were $10.7 million, ranging from a high of $31.2 million to a low of $2.8 million.[74]

Key to understanding the financial relationships among the three Division I subdivisions is that they are all engaged in recruiting the same elite-level athletes, except that the FCS has accepted its second-class position in football. Thus, the so-called arms race affects all member institutions. When FBS institutions provide lavish locker rooms, computer centers exclusively for athletes, and other special benefits, the rest of the subdivisions are then pressured to match these investments. Particularly important to all Division I members is access to the sixty-eight-team Division I national men's basketball championship, commonly referred to as "March Madness" or the "Final Four." The single elimination nature of this championship makes "Cinderella" teams possible, and, as detailed later, the significant largesse of the media rights associated with the tournament gets returned to all Division I member institutions. Within the FBS, there is segmentation between the sixty-five institutions composing the so-called Power Five conferences,[75] which consist of the richest athletic programs, and the remaining sixty institutions in the FBS (in 2013–14). Thus, recruiting, financial aid, and other rules that result in differing treatment of athletes within the subdivisions affect the financial integrity of the entire Division I system. To be sure, even among the sixty-five Power Five universities, there are the twenty or so schools that manage to have a yearly operating surplus and roughly forty-five schools with operating deficits.

In contrast to the Division I philosophy, Divisions II and III make no mention of maximizing athletic program revenues. Division II centers its philosophical statement on the role of athletics, athlete "growth opportunities through academic achievement, learning in high-level athletics competition and development of positive societal attitudes in service to community. The balance and integration of these different areas of learning provide Division II student-athletes a path to graduation while cultivating a variety of skills and knowledge for life ahead."[76] Division II institution athletic programs must meet minimum requirements in only two areas: (1) sports sponsorship (they must sponsor at least ten NCAA championship sports with one sport in each of three sport seasons, with each sport also meeting participant and regular season contest criteria minimums in order to count against the sponsorship standard); and (2) scholarship allocations (they have lower limits on the number of scholarships that can be awarded in each sport and, generally, must award the equivalent of 50 percent of these lower maximum limits).[77] Total operating expenses at Division II institutions with football in 2013–14 ranged from $1.3 to $15.4 million.[78] Division II institutions without football programs had operating budgets ranging from $519,615 to $19.9 million.[79] These programs are almost entirely supported by institutional allocations.[80] The median athletic program–generated revenue for institutions with football is $672,717;[81] it is $345,563 for programs without football.[82]

Division III athletic programs place highest priority on the overall quality of the educational experience and on the successful completion of all students' academic programs. They seek to establish and maintain an environment in which a student-athlete's athletic activities are conducted as an integral part of the student-athlete's educational experience, and in which coaches play a significant role as educators.[83]

The Division's central qualifying premise is not to provide any "award of financial aid to any student on the basis of athletics leadership, ability, participation or performance."[84] In addition to the prohibition of athletic-based financial aid, the only other membership criterion is sports sponsorship based on the size of the institution—institutions with enrollments of 1,000 or fewer must have ten NCAA championship sports, and institutions with more than 1,000 students must have at least twelve NCAA championship sports.[85] Total operating expenses at Division III institutions with football programs in 2013–14 ranged from $811,665 to $16.0 million. Athletic budgets at institutions without football programs ranged from $446,514 to $9.8 million.[86] As for Division II schools but even more so, the bulk of these programs are funded through institutional allocations.[87] The NCAA does not gather data on revenues produced in this division.