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How the NCAA's March Madness Windfall Makes Its Way to Colleges

9–12 minutes



Marshall U.'s basketball team earned a spot in this year's NCAA tournament with its victory over Western Kentucky U.

For most Americans, the arrival of March means the welcome return of office pools and Cinderella stories. But for college athletic departments, March Madness signals another tradition: payday.

The National Collegiate Athletic Association's annual men's

basketball tournament is as lucrative as ever for the association and its member institutions. According to recently released financial statements, revenue earned by the NCAA surpassed \$1 billion for the first time ever in the 2017 fiscal year, with the sale of basketball television rights accounting for 80 percent of the haul.

If past is prologue, much of this year's March Madness revenue will be redistributed to the top-performing colleges and their parent conferences. According to financial data for the 2016 fiscal year, the NCAA made \$788 million in cash payments to colleges and their associated athletic conferences that year — with most of the money going to Division I members.

The NCAA uses a variety of formulas to distribute those funds to member institutions, factoring in colleges' performance over the tourney's past six years, the number of full rides given to athletes, and the institutions' support of nonrevenue sports.

Conference bylaws and institutions' choices determine how much of that money flows directly to athletic departments and how much is routed to conferences, said Andy Schwarz, an antitrust economist who has appeared as an expert witness in lawsuits brought by former players against the NCAA. The association's largest cash payment to an individual organization in 2016 went to the Big Ten Conference, not an individual college or university.

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Top 10 Conferences by NCAA Disbursement, Fiscal Year 2016

Conference	NCAA disbursement
Big Ten Conference	\$57,540,348
Atlantic Coast Conference	\$46,644,199
Southeastern Conference	\$39,136,043
American Athletic Conference	\$30,086,080
Big 12 Conference	\$24,255,532
Pac-12 Conference	\$19,746,691
Atlantic 10 Conference	\$14,980,890
Mountain West Conference	\$12,597,407
Southland Conference	\$9,652,861
West Coast Conference	\$8,192,085

It is conferences, not the NCAA, that write the big paychecks to colleges when it comes to sports. The largest single payment to an individual institution by the NCAA in 2016 was \$3.25 million to Stanford University.

Top 10 Universities by NCAA Disbursement, Fiscal Year 2016

University	State	NCAA disbursement
Stanford U.	CA	\$3,250,544
U. of California at Berkeley	CA	\$2,522,621
U. of California at Los Angeles	CA	\$2,514,010

University	State	NCAA disbursement
U. of Connecticut	CT	\$2,393,683
U. of Southern California	CA	\$2,381,511
Arizona State U.	AZ	\$2,329,431
U. of Oklahoma at Norman	OK	\$2,279,036
Eastern Michigan U.	MI	\$2,211,831
San Diego State U.	CA	\$2,211,289
Brigham Young U.	UT	\$2,205,805

Compare that with the \$42.3 million the Southeastern Conference paid to the University of Georgia in the same year.

Power-Conference Revenue Payouts to Universities, Fiscal Year 2016

Conference	Name	State	Conference disbursement
SEC	U. of Georgia	GA	\$42,271,140
SEC	Louisiana State U. at Baton Rouge	LA	\$42,142,388
SEC	U. of Florida	FL	\$41,820,682
SEC	U. of Tennessee at Knoxville	TN	\$41,695,181
SEC	U. of Arkansas at Fayetteville	AR	\$41,690,978
SEC	Texas A&M U. at	TX	\$41,045,310

Conference	Name	State	Conference disbursement
	College Station		
SEC	Auburn U.	AL	\$41,016,906
SEC	U. of South Carolina at Columbia	SC	\$40,564,984
SEC	Mississippi State U.	MS	\$40,262,592
SEC	Vanderbilt U.	TN	\$40,173,019
SEC	U. of Kentucky	KY	\$39,921,264
SEC	U. of Missouri at Columbia	MO	\$39,771,723
SEC	U. of Alabama at Tuscaloosa	AL	\$39,507,326
SEC	U. of Mississippi	MS	\$39,504,346
Big Ten	Indiana U. at Bloomington	IN	\$34,911,245
Big Ten	U. of Wisconsin at Madison	WI	\$34,908,245
Big Ten	U. of Michigan at Ann Arbor	MI	\$34,832,245
Big Ten	Michigan State U.	MI	\$34,826,245
Big Ten	Purdue U. at West Lafayette	IN	\$34,825,245

Conference	Name	State	Conference disbursement
Big Ten	U. of Iowa	IA	\$34,815,245
Big Ten	U. of Minnesota-Twin Cities	MN	\$34,760,331
Big Ten	Ohio State U.	OH	\$34,754,245
Big Ten	Pennsylvania State U. at University Park	PA	\$34,754,245
Big Ten	U. of Illinois at Urbana-Champaign	IL	\$34,739,245
Big Ten	Northwestern U.	IL	\$34,721,245
Big 12	U. of Oklahoma at Norman	OK	\$28,916,152
Big 12	U. of Texas at Austin	TX	\$28,838,369
Pac-12	Stanford U.	CA	\$28,759,182
Pac-12	U. of Southern California	CA	\$28,705,062
Pac-12	U. of California at Berkeley	CA	\$28,694,399
Pac-12	U. of California at Los Angeles	CA	\$28,693,811
Pac-12	Arizona State U.	AZ	\$28,675,727
Pac-12	U. of Arizona	AZ	\$28,667,393

Conference	Name	State	Conference disbursement
Pac-12	U. of Utah	UT	\$28,659,095
Big 12	U. of Kansas	KS	\$28,650,495
Pac-12	Oregon State U.	OR	\$28,648,362
Pac-12	U. of Washington	WA	\$28,646,300
Pac-12	Washington State U.	WA	\$28,616,518
Pac-12	U. of Oregon	OR	\$28,615,973
Pac-12	U. of Colorado at Boulder	CO	\$28,563,010
Big 12	Baylor U.	TX	\$28,561,858
Big 12	Oklahoma State U. at Stillwater	OK	\$28,556,555
Big 12	Iowa State U.	IA	\$28,462,145
Big 12	Texas Tech U.	TX	\$28,354,904
Big 12	Kansas State U.	KS	\$28,332,460
Big 12	Texas Christian U.	TX	\$28,186,208
Big 12	West Virginia U.	WV	\$28,017,750
ACC	Clemson U.	SC	\$27,929,524
Big Ten	U. of Maryland at College Park	MD	\$25,598,508
ACC	Florida State U.	FL	\$24,808,232

Conference	Name	State	Conference disbursement
ACC	U. of North Carolina at Chapel Hill	NC	\$24,192,863
ACC	Duke U.	NC	\$23,965,736
ACC	North Carolina State U.	NC	\$23,863,714
ACC	Virginia Tech	VA	\$23,844,951
ACC	U. of Miami	FL	\$23,818,571
ACC	U. of Louisville	KY	\$23,656,217
ACC	U. of Pittsburgh main campus	PA	\$23,604,756
Big Ten	U. of Nebraska at Lincoln	NE	\$23,072,485
ACC	U. of Virginia	VA	\$22,948,960
ACC	Boston College	MA	\$22,793,973
ACC	Syracuse U.	NY	\$22,773,326
ACC	Wake Forest U.	NC	\$22,589,721
ACC	Georgia Institute of Technology	GA	\$22,566,899
Big Ten	Rutgers U. at New Brunswick	NJ	\$10,691,806
ACC	U. of Notre Dame	IN	\$4,252,766

In addition to NCAA disbursements, the SEC and its Power Five counterparts — the conferences in the Football Bowl Subdivision (FBS) of Division I — earn significant sums of money through the sale of television rights for their own games and a monopoly over FBS competition. The Atlantic Coast Conference, Big Ten, Big 12, Pacific-12, and SEC each earned \$300 million to \$640 million in revenue in 2015-16. The average payment from a Power Five conference to one of its members in that period was \$30 million. (The University of Notre Dame received substantially less money from the ACC than did its counterparts, in large part because its football team is not affiliated with the conference.)

In contrast, Conference USA — which will be represented by Marshall University in this year's tournament — earned just \$50 million in revenue that year. Of that sum, the conference sent its largest payment to Marshall: \$4.55 million.

Of course, even those relatively small NCAA and conference cash payments are significant. Marshall's combined conference and NCAA disbursements accounted for one-fifth of its athletic program's revenue that year.

The reason Marshall isn't paid the same as, say, Ohio State University is the outsize influence and negotiating power the Power Five conference hold over the NCAA, said Daniel A. Rascher, a sports economist and program director at the University of San Francisco.

The NCAA's disbursement formulas skew toward the Power Five, whose member institutions appear more often in the basketball tournament as a result of sheer numbers. (The ACC sent nine teams to the tournament this year, and the SEC sent eight.

Conference USA will be represented solely by Marshall, after Middle Tennessee State University landed on the wrong side of the tourney's at-large bubble.)

Major-conference programs also have the means to support more full scholarships and nonrevenue sports than smaller athletic programs do.

Were the NCAA and its member institutions ever to decide to equalize the payments made to tournament competitors and other members, Rascher said, "Ohio State would talk to all of its brethren and say, 'Let's leave. If we aren't getting our fair share, let's leave.'"

In fact, the college football playoffs — an event not administered by the NCAA — essentially transfers all of that revenue to the Power Five colleges. If they felt that the NCAA wasn't compensating them enough for their ability to draw an audience, Rascher said, they could create their own basketball tournament and minimize the appeal of March Madness to advertisers and broadcasters.

"It's a really interesting issue that the NCAA itself grapples with," Rascher said, "trying to create some sort of fairness or equal payouts, versus the strength of the power schools."