The purpose of the present study was to compare the athletic team performance incentive clauses to the academic team performance clauses of Division I men’s head basketball coaches participating in the 2009 NCAA Division I Men’s Basketball Tournament. Content analyses were conducted on the 65 coaches’ compensation packages listed in the 2010 USA Today Coaches’ Compensation database. Results indicated these coaches had five times as much incentivized compensation opportunities for athletic team success compared to incentivized compensation opportunities for academic team success. Additional results indicated 93.5% of the contracts included some sort of athletic team performance incentive, while only 67.4% of the contracts contained some sort of academic team performance incentive. The results of this study call into question just how much institutions of higher education incentivize academic success when hiring their head men’s basketball coaches.

Introduction

Intercollegiate athletics has received a plethora of research over the course of the last 30 years. Several studies have been conducted analyzing various aspects of intercollegiate athletics including: its role within the overall educational mission of American institutions’ of higher education (Sack & Staurowsky, 1998; Shulman & Bowen, 2001; Sperber, 2000); the economic impact intercollegiate athletics has on institutions of higher education (Suggs, 2009); the role of college athletics in relationship to donor giving (Martinez, Stinson, Kang, & Jubenville, 2010; Stinson & Howard, 2008); the black athlete experience in institutions of higher education.
education, (Hawkins, 2010); the relationship of intercollegiate athletics in university brand building (Bruening & Lee, 2007; Clark, Apostolopoulou, Branvold, & Synowka, 2009); and intercollegiate coaching compensation (Inoue, Kent, Plehn-Dujowich, & Swanson, 2011). However, a dearth of empirical research exists examining intercollegiate athletic coaching incentive compensation.

The rapid growth and popularity of intercollegiate athletics has been witnessed by the recent flurry of conference television rights packages: Pacific-12 (PAC-12), 12 years - $3 billion dollars; Atlantic Coast Conference (ACC), $155 million per year; and the Big 12, $130 million per year. In addition, the University of Texas negotiated a 20-year, $300 million dollar deal with Entertainment and Sport Programming Network (ESPN) to create its own network (Ourand & Smith, 2011). As individual conferences have financially flourished, so too has the intercollegiate athletics governing body - National Collegiate Athletic Association (NCAA). The NCAA recently signed a 14 year, $10.8 billion dollar television rights deal with CBS/Turner Broadcasting to broadcast the Division I Men’s Basketball Tournament (Sandomir & Thamel, 2011). However as new multibillion-dollar deals continue to flood intercollegiate athletics, the increase of athletic expenditures has also continued to rise.

A recent USA Today newspaper study of 228 intercollegiate athletic departments found a total of $6.2 billion dollars was spent on intercollegiate athletics in 2010 (Berkowitz & Upton, 2011b). In addition, this same study found the University of Alabama’s Athletic Department brought in approximately $26.6 million dollars in revenue (after expenses) for fiscal year 2010. However, not all schools experienced the same positive results as the University of Alabama. Berkowitz and Upton’s (2011b) work further illustrated that just 22 of the 228 schools analyzed generated enough money to cover expenses in 2010. As a collective, these data would indicate the new era of the “multibillion dollar college athletic deal” is off to a resounding start. Furthermore, the influx of new monies almost assures the “arms race” that has plagued college athletics shows no sign of slowing down. One area that assuredly shows no sign of slowing down is the revenue sports of football and basketball coaches’ compensation.

Compensation for NCAA Division I Men’s Basketball coaches is at an all-time high, as a result of increased exposure, high-dollar broadcasting deals, and corporate sponsorship. All of this is taking place despite the fact many athletic department budgets are spiraling out of control, thus forcing these departments to reevaluate the allocation of their fiscal resources in addition to declining ticket sales (Upton, Gillum, & Berkowitz, 2010). The salaries for men’s basketball coaches are supported by the fact that basketball generates a large proportion of the overall athletic department revenue. It is not surprising that “with the rise of college sports as a big business, college coaching has become a game of high stakes – one where money talks.” (Greenberg, 2001, p.6).

Greenberg and Smith (2006) analyzed the structure of Division I assistant football and men’s basketball coaches’ contracts. Results offered unique insight into how college coaching contracts are written, organized and paid. Wilson and Brown (2009) discussed the coaching contract situation involving University of Kentucky Head Men’s Basketball Coach Billy Gillespie and his compensation package based on his unsigned contract. Results provided a deeper understanding of a Letter of Memorandum and methods for coaches and athletic directors to protect themselves in the contract negotiations. Additional studies have attempted to determine the factors, which influence the compensation packages of elite coaches.

Inoue, Kent, Plehn-Dujowich and Swanson (2010) investigated and identified factors that assisted in the determination of Football Bowl Series (FBS) Head Football Coaches’
compensation. This research was further enhanced as Inoue et al. (2011) conducted a case study analysis of the 2006 NCAA FBS Head Football Coaches’ incentive compensation. Their results that coaches appear to be most incentivized for on-field success lent support to Putler and Wolfe's (1999) earlier work which identified the four success criteria (termed academic performance, on-field performance; behaviors of student-athletes, and revenue performance) associated with college coaches’ compensation.

A preliminary investigation of the 2011 Division I Men’s Basketball coaching salaries revealed University of Louisville’s Rick Pitino earned a total compensation package of $7.5 million dollars while University of Kentucky’s John Calipari earned $3.8 million dollars (Berkowitz & Upton, 2011a), thus making Rick Pitino and John Calipari two of the highest profile and compensated employees at their respective universities. This scenario is not a new occurrence within academia as Fish’s (2003) article stated:

> These days the best compensated person on any Division I campus is all but guaranteed to be either the football or men’s basketball coach. Though college coaches are fond of calling themselves ‘educators’ their compensation is not exactly on par with that of the educators who are in charge of say the medical school or business school. College coaching salaries are more in line with entertainer -- pro coaches. (p.1)

The “arms race” that permeates Division I athletics does just not center on facilities and television contracts, but also includes coaches’ compensation, thus prompting further research. The literature does reveal a small number of studies that have focused on coaches’ compensation (Inoue, Kent, Plehn-Dujowich & Swanson, 2010; 2011; Putler & Wolfe 1999). These particular studies require further discussion. But first a discussion of the key components college basketball coaching compensation contracts is required.

Coaching contracts are sophisticated endeavors – no standard forms, no two are the same, no coaches’ union protecting their interests, and no data bank that correctly reports the intricacies of the compensation packages (Greenberg, 2001). College coaching contracts contain many of the same elements of a standard contract: offer, acceptance, consideration, capacity, and legality and follow the guidelines of a standard employment contract (Sharp, 2007). Sections include a clear stating of the following: duties, responsibilities, term of employment, rollover provisions, reassignment clause, compensation clause, fringe benefits, bonuses, incentives, and provisions for outside and/or supplemental income, termination clause, buyout clause, and arbitration agreements (Caughron, 2007). However there is often a misunderstanding among the public regarding a coach’s total compensation package paid by the University.

Most universities will only pay a coach a “base salary” and certain incentives which are a fraction of a coaches’ overall compensation package. Coaches’ salaries escalate to the seven figure range when the compensation for media (television and radio) responsibilities and endorsements are included. These compensation add-ons are often referred to as “the package” (Greenberg, 2001). A good example to illustrate “the package” is University of Connecticut Head Men’s Basketball Coach, Jim Calhoun’s, 2009-2010 coaching contract which included the following:

- **Compensation** – $325,000 base salary for the 2009-2010 fiscal year
- **Travel** – All expenses incurred by Calhoun and his spouse related to conduct necessary travel to meetings, events, or functions directly related to his job.
Country Club Membership – One time membership fee for the Coach at a mutually agreed upon country club.

Basketball Tickets – Coach receives 25 tickets for discretionary use and purchase privileges for 25 additional tickets for all basketball games.

Speaking, Consulting Fees and Media -- $637,500 paid semi-annually for the year 2009-2010.

Basketball Camps and Clinics – All camps are owned and run by Calhoun. If camps are held on campus, Calhoun agrees to pay the fees established by the University’s Division of Extended and Continuing Education. After fulfilling the terms of this contract Calhoun is entitled to all sums derived from the basketball camp or clinic.

Promotion, Endorsements, and Consulting Activities -- Calhoun may retain any income from the endorsement contracts to the extent permitted by the Code of Ethics for Public Officials (USA Today, 2010).

Another area of importance in a coach’s contract is the incentives section. For the majority of coaches this section contains both athletic and academic team performance incentives and serves as the primary focus of the current research. The compensation section of University of Louisville’s Head Men’s Basketball Coach Rick Pitino’s contract (2007) provided a good example of how athletic and academic incentives may be written:

3.1.3 Athletic Achievement by the Sports Team in any basketball season while under the employee:

A. Big East Tournament Champion $50,000
B. Advancing to the Round of final 16 teams in NCAA Tournament $50,000
C. Advancing to the round of the Elite 8 teams in NCAA Tournament $50,000
D. Advancing to the round of the Final Four in NCAA Tournament $75,000
E. NCAA Tournament Champion $150,000

3.1.4 Employee shall be entitled to the following bonuses for academic achievement by the members of the Sports Team receiving athletic grants in aid during any academic year while under the direction of the Employee:

A. Collective grade point average (“GPA”) of 2.25 $25,000
B. Collective GPA of 2.5 $50,000
C. Collective GPA of 2.75 $75,000
D. Collective GPA of 3.0 $100,000
E. If the graduation rate of the Scholarship Players exceeds the Graduation rate of all male students attending the University $25,000
F. If the graduation rate of the Scholarship Players exceeds 80% (USA Today, 2010) $75,000

As these contracts demonstrate, a significant amount of money and extra incentives are included in head men’s basketball coaches’ contracts. Accordingly, empirical inquiry into basketball coaches’ compensation packages is warranted.
The purpose of this investigation was to compare the athletic team performance incentive contract clauses versus the academic team performance incentive contract clauses for the 65 head men’s basketball coaches’ contracts who participated in the 2009 NCAA Division I Men’s Basketball Tournament.

Method

Participants

Data were collected from the 2009 USA Today Division I Men’s Basketball Coaching Compensation Database (USA Today, 2010). This database is generated by the USA Today on a yearly basis. At the time of data collection for this investigation, the 2009 database was the most recent information source to contain the actual coaches’ contracts (the 2010 database was found to contain just salaries and did not include the actual coaching contracts). A total of 65 teams participated in the 2009 Men’s NCAA Basketball Tournament (MBT), however all 65 contracts were not included in the database. Five schools (Brigham Young; Cornell; Robert Morris; Southern California; Xavier) are private and not required to submit any data. Thus, 60 Division I men’s basketball programs provided financial information for the database. Within this sample, data from 14 coaches’ compensation contracts came from the particular institution’s Federal Income Tax Return and did not include the coaches’ actual contract. Thus, the final sample for athletic/academic team performance incentive analysis came from the 46 actual coaches’ contracts included in the database.

DataBase

The instrumentation used for the current study was the 2009 USA Today Division I Men’s Basketball Coaching Compensation Database. This database is compiled each year by the USA Today staff with the assistance of the Indiana University School of Journalism's National Sports Journalism Center students. The database lists the 65 tournament teams in alphabetical order and contains the following categories: school; coach’s name; guaranteed income; non-guaranteed income; annual pay; one-time bonus; tournament max; and the coach’s contract. Data for these categories were collected for 60 of the 65 participating schools in the 2009 MBT. A brief overview of the database’s five main financial categories is presented below:

a) Guaranteed income is the amount a head coach will receive regardless of the performance of his team whether on the court or in the classroom. This category includes figures related to base salary, deferred payments for the year, annuities and contractual expenses. Guaranteed income also includes those amounts related to appearance on television, internet, and radio channels. Deals related to apparel companies, obligations related to public relation campaigns, and even summer camps are all included in this section.

b) Non-guaranteed income is the amount a head coach will receive that does not come from the university.

c) Annual pay is the result of combining the incomes generated from guaranteed and non-guaranteed income.
d) **One-time bonuses** include all the additional amounts that have already been paid to the coach, or are set up in such a way that has arranged for them to be paid over the duration of the contract.

e) **Tournament max** represents the accumulated amount a coach can earn based on the performance of his team in the NCAA tournament. This figure does not take season bonuses into account like those for winning conference of regular season tournaments. It does not include bonuses related to graduation rates goals or being named conference or national coach of the year; however, in some cases it may take bonuses provided by apparel companies into account if they are in some way related to a tournament.

f) **Maximum bonus** represents the largest amount a head coach may receive if his team is able to meet goals contained within the contract related to athletic performance, such as win percentages, championships, or coaching honors. This amount also includes those bonuses related to player conduct goals, as well as academic achievements (USA Today, 2010).

**Procedures**

Data were analyzed in two areas: First, financial data from the 46 coaching contracts and 14 institutional Federal Income tax returns were collected and were compiled into a general database that had a separate column for conference, school, coach name, guaranteed income, non-guaranteed income, annual pay, one-time bonus, tournament maximum, and exemption status. Next, the coaches’ financial athletic and academic incentive data from just the 46 actual coaching contracts included in the database were assimilated into a separate database and analyzed. These data were placed into a Microsoft Excel spreadsheet for analysis.

The data from the first area were further organized into two groupings, Bowl Championship Schools (BCS) Conference schools and Non Bowl Championship Schools (Non-BCS) Conference schools. The BCS conferences that participated in the 2009 Division I men’s basketball tournament included: ACC, Big East, Big Ten, Big 12, Pac-Ten, and the SEC. The Non-BCS conferences represented included: Mid-Atlantic, Missouri Valley, Sun Belt, West Coast, Western Atlantic, Big West, Ohio Valley, Patriot League, Metro Atlantic, Ivy League, Mid-Eastern, Big South, Summit League, Southern, Allegheny East, Atlantic Sun, North East, Southland and South Western Athletic Conference.

A secondary spreadsheet was then created for academic and athletic team performance incentives listed in the individual coaches’ contract. These data were found within the 46 coaching contracts provided in the database. Because of each contract’s uniqueness and wording, only data from those contracts that had clearly delineated academic and athletic incentives clauses were included in the final analyses. Once the incentives were identified in and extracted from the contract, they were then entered individually into both the academic and athletic databases separately.

**Data Analysis**

Analyses were conducted in two primary areas: from the five general database categories; and from the athletic/academic team performance incentive clauses in each coach’s contract.
The contracts and Federal Income Tax Returns for each of the basketball coaches were analyzed via content analyses. Once data were input, descriptive statistics were computed for the five general compensation categories (Guaranteed Income, Non-Guaranteed Income, Annual Pay, One-Time Bonus, and Tournament Maximum) listed in the database (Table 1). These data were further classified into two categories: BCS Conference Schools and Non-BCS Conference Schools (Table 2).

Through a secondary content analyses, the 46 actual coaching contracts were reviewed. This content analysis focused on the athletic and academic team performance incentive clauses listed in each contract. Because of the uniqueness in the construction and wording of the contracts, the overall list of incentive categories was extensive. For convenience and consistency the data were divided into two general categories (BCS and Non-BCS Conference Schools) and analyzed. Because of the varying forms of athletic incentives, incentive compensation for the following seven most commonly found categories were analyzed: Conference coach of the year, National coach of the year, Postseason appearance, Regular season champion, Elite Eight appearance, Final Four appearance, and NCAA champion. Descriptive statistical analyses were computed for each of these categories (Table 3). A similar approach was taken for the academic incentive data analyses.

Again, due to the uniqueness in construction and wording of the coaching contracts, only data from clearly stated academic incentive clauses were analyzed. To simplify data reporting three general academic categories were created: Graduation percentage incentives; Academic Progress Report (APR) incentives; and Grade Point Average (GPA) incentives. Descriptive analyses were computed on each of these categories (Table 4).

Results

Preliminary content analysis of the coaches’ contracts focused on the five general database categories (guaranteed income; non-guaranteed income; annual pay; one-time bonus; and tournament maximum). Results are provided in Table 1.

Table 1 - General Compensation: Category Totals and Category Means

<table>
<thead>
<tr>
<th>Category</th>
<th>Total</th>
<th>Mean</th>
<th>SD</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guaranteed Income</td>
<td>$70,781,914.00</td>
<td>$1,088,952.52</td>
<td>884365.00</td>
<td>$75,675.00</td>
<td>$4,095,909.00</td>
</tr>
<tr>
<td>Non-Guaranteed Income</td>
<td>$3,173,589.00</td>
<td>$48,824.45</td>
<td>291312.58</td>
<td>0</td>
<td>$1,823,093.00</td>
</tr>
<tr>
<td>Annual Pay</td>
<td>$73,955,503.00</td>
<td>$1,137,776.97</td>
<td>978306.86</td>
<td>$75,675.00</td>
<td>$4,095,909.00</td>
</tr>
<tr>
<td>One-Time Bonus</td>
<td>$24,551,715.00</td>
<td>$377,718.69</td>
<td>1687290.05</td>
<td>0</td>
<td>$8,950,000.00</td>
</tr>
<tr>
<td>Tournament Maximum</td>
<td>$9,937,839.00</td>
<td>$152,889.83</td>
<td>197574.71</td>
<td>0</td>
<td>$975,000.00</td>
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</table>
Results indicated the average annual pay for the coaches was over $1 million dollars. If the average one-time bonuses and tournament maximum payouts were reached, the average payout exceeded $1.6 million dollars. Additional data analyses divided these five general categories according to conference alignment (BCS Conference Schools vs. Non-BCS Conference Schools).

From the initial participant group of 65 schools, a total of 38 schools were members of a BCS conference and 27 schools belonged to a Non-BCS Conference. Results are included in Table 2 and indicated a $1,234,163 difference in average guaranteed income between BCS ($1,741,531) compared to Non-BCS coaches ($507,368). The difference increases to $1,351,081 when non-guaranteed income is added to guaranteed income when comparing BCS Conference Coaches annual pay ($1,873,672) to Non-BCS Conference Coaches annual pay ($522,591).

Table 2 - General Compensation: BCS Conference vs. Non-BCS Conference Means

<table>
<thead>
<tr>
<th>Category</th>
<th>Total</th>
<th>Mean</th>
<th>SD</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>BCS (n=37)</td>
<td>$62,695,127.00</td>
<td>$1,741,531.00</td>
<td>688558.18</td>
<td>$410,196.00</td>
<td>$4,095,909.00</td>
</tr>
<tr>
<td>Guaranteed Income</td>
<td>$3,039,239.00</td>
<td>$132,141.00</td>
<td>383561.65</td>
<td>$0</td>
<td>$1,823,093.00</td>
</tr>
<tr>
<td>Annual Pay</td>
<td>$65,734,366.00</td>
<td>$1,873,672.00</td>
<td>822201.54</td>
<td>$410,196.00</td>
<td>$4,095,909.00</td>
</tr>
<tr>
<td>One-Time Bonus</td>
<td>$24,421,715.00</td>
<td>$872,204.00</td>
<td>2129837.62</td>
<td>$0</td>
<td>$8,950,000.00</td>
</tr>
<tr>
<td>Tournament Maximum</td>
<td>$7,568,735.00</td>
<td>$270,312.00</td>
<td>210132.99</td>
<td>$0</td>
<td>$975,000.00</td>
</tr>
<tr>
<td>N-BCS (N=23)</td>
<td>$8,086,787.00</td>
<td>$507,368.00</td>
<td>222731.12</td>
<td>$75,675.00</td>
<td>$899,302.00</td>
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<tr>
<td>Guaranteed Income</td>
<td>$134,350.00</td>
<td>$15,223.00</td>
<td>7400.2744</td>
<td>$0</td>
<td>$27,500.00</td>
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<tr>
<td>Annual Pay</td>
<td>$8,221,137.00</td>
<td>$522,591.00</td>
<td>220698.49</td>
<td>$75,675.00</td>
<td>$899,302.00</td>
</tr>
<tr>
<td>One-Time Bonus</td>
<td>$130,000.00</td>
<td>$7,647.00</td>
<td>17654.91</td>
<td>$0</td>
<td>$60,000.00</td>
</tr>
<tr>
<td>Tournament Maximum</td>
<td>$2,369,104.00</td>
<td>$216,607.00</td>
<td>144229.71</td>
<td>$0</td>
<td>$554,167.00</td>
</tr>
</tbody>
</table>

Note: N-BCS = Non-BCS Conference

Another content analyses of the coaches’ contracts specifically focused on the incentive clauses for athletic team performance and academic team performance was calculated. The
analyses identified 43 of the 46 (93.5%) contracts contained a form of athletic or academic incentive.

The results indicated the total amount that could be paid for athletic incentives to the 46 Division I men’s basketball coaches totaled $10,487,856.64. Table 3 contains the descriptive analyses results for the incentive values of the seven most common athletic incentive categories: Conference Coach of the Year (COY); National Coach of the Year (COY), Postseason Appearance, Regular Season Champion; Elite Eight Appearance; Final Four Appearance; and National Champion. However, monetary results were proportionately less for academic incentives.

Table 3 - Athletic Incentives: BCS vs Non-BCS Conference Schools

<table>
<thead>
<tr>
<th>Category</th>
<th>Total</th>
<th>Mean</th>
<th>SD</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>BCS (n=26)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conference COY</td>
<td>$241,900.00</td>
<td>$21,990.00</td>
<td>11432.45</td>
<td>$2,500.00</td>
<td>$50,000.00</td>
</tr>
<tr>
<td>National COY</td>
<td>$525,000.00</td>
<td>$52,500.00</td>
<td>53967.58</td>
<td>$5,000.00</td>
<td>$200,000.00</td>
</tr>
<tr>
<td>Postseason Appearance</td>
<td>$619,167.00</td>
<td>$47,628.00</td>
<td>28324.84</td>
<td>$12,500.00</td>
<td>$100,000.00</td>
</tr>
<tr>
<td>Reg Season Conf Champs</td>
<td>$862,667.00</td>
<td>$66,359.00</td>
<td>80058.01</td>
<td>$10,000.00</td>
<td>$315,000.00</td>
</tr>
<tr>
<td>Elite Eight Appearance</td>
<td>$822,400.00</td>
<td>$63,261.54</td>
<td>52846.85</td>
<td>$20,000.00</td>
<td>$207,400.00</td>
</tr>
<tr>
<td>Final Four Appearance</td>
<td>$2,043,167.00</td>
<td>$107,535.11</td>
<td>79814.44</td>
<td>$20,000.00</td>
<td>$300,000.00</td>
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<tr>
<td>National Championship</td>
<td>$2,050,000.00</td>
<td>$186,363.64</td>
<td>167898.52</td>
<td>$25,000.00</td>
<td>$675,000.00</td>
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<tr>
<td>N-BCS (n=17)</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Conference COY</td>
<td>$54,726.41</td>
<td>$6,080.71</td>
<td>4366.83</td>
<td>$1,000.00</td>
<td>$15,000.00</td>
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<tr>
<td>National COY</td>
<td>$90,000.00</td>
<td>$22,500.00</td>
<td>20207.26</td>
<td>$5,000.00</td>
<td>$50,000.00</td>
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<tr>
<td>Postseason Appearance</td>
<td>$131,306.00</td>
<td>$18,758.12</td>
<td>13300.38</td>
<td>$5,000.00</td>
<td>$40,181.00</td>
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<tr>
<td>Reg Season Conf Champs</td>
<td>$75,726.41</td>
<td>$6,884.22</td>
<td>4827.13</td>
<td>$2,500.00</td>
<td>$15,000.00</td>
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</tbody>
</table>
The total amount of academic incentives that could be earned by the 46 Division I men’s basketball coaches totaled $2,506,650.00. The data further identified that 31 out of 46 contracts (67.4%) contained an academic incentive clause. Because of the uniqueness in construction and wording of each coach’s contract, the data for academic team performance incentives were placed in three general categories (Graduation % incentives, APR incentives; GPA incentives) for data analyses. Table 4 contains the descriptive analyses results for the incentive values of the three general academic team performance incentive categories. These analyses illustrated intercollegiate athletic programs tend to reward coaches for on-field successes more than in-classroom successes.

Table 4

<table>
<thead>
<tr>
<th>Category</th>
<th>Total</th>
<th>Mean</th>
<th>SD</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td>BCS (n=21)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graduation %</td>
<td>$1,267,800.00</td>
<td>$66,726.32</td>
<td>52782.24</td>
<td>$10,000.00</td>
<td>$200,000.00</td>
</tr>
<tr>
<td>GPA</td>
<td>$534,600.00</td>
<td>$48,600.00</td>
<td>38315.81</td>
<td>$15,000.00</td>
<td>$122,000.00</td>
</tr>
<tr>
<td>APR</td>
<td>$590,000.00</td>
<td>$39,333.33</td>
<td>30523.22</td>
<td>$5000.00</td>
<td>$100,000.00</td>
</tr>
<tr>
<td>N-BCS (n=11)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graduation %</td>
<td>$0</td>
<td>$0</td>
<td>0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>GPA</td>
<td>$3500.00</td>
<td>$1166.67</td>
<td>1587.71</td>
<td>$250.00</td>
<td>$3000.00</td>
</tr>
<tr>
<td>APA</td>
<td>$15,750.00</td>
<td>$5,250.00</td>
<td>433.01</td>
<td>$5000.00</td>
<td>$5750.00</td>
</tr>
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</table>
In comparison to athletic incentives, it was far less common to see academic incentives in the employment contracts for the head coaches. Further descriptive analyses found 21 of the 37 coaches’ contracts (56.7%) from BCS Conference schools contained an academic incentive clause, while 11 of the 23 coaches’ contracts (47.8%) from Non-BCS Conference schools had an academic incentive clause. Results indicated a lack of balance in relation to athletic and academic incentives and between the BCS and Non-BCS schools.

Discussion

The primary purpose of this study was to compare athletic and academic team performance incentive clauses in coaches’ contracts who participated in the 2009 NCAA Division I Men’s Basketball Tournament.

The study makes a significant contribution to the literature in three ways. First, the study compares the actual dollar amounts of athletic and academic incentives. This sample pool’s potential total compensation for athletic team performance incentives was close to $10.5 million dollars compared to approximately a potential payout of $2.5 million dollars in academic team performance incentives. Furthermore, 93.5% of the coaches’ contracts analyzed (43 of 46) contained some sort of athletic team performance incentive compared to only 67.4% of the coaches’ contracts analyzed (31 of 46) contained some sort of academic team performance incentive. Thus, virtually all of the analyzed contracts contained an athletic incentive. In contrast, less than 70% of the contracts contained an academic incentive.

These results are consistent with the findings of Inoue et al. (2011) and further support the work of Putler and Wolfe (1999). Inoue et al.’s work analyzed 84 Division I FBS head football coaches’ contracts and found 92.9% of the contracts contained a form of athletic team performance incentive while only 53.6% of the contracts contained a form of academic team performance incentive. These findings in conjunction with the current study’s findings support Putler and Wolfe’s work that indicated intercollegiate coaches were most highly incentivized in the area of on-field performance. Incentivizing coaches more for their on the field performance than their teams’ academic performance minimizes the roles coaches have in promoting academic excellence, thus, distancing them more from one of the most important reasons for the existence of their employers-to provide a comprehensive education.

These results create an interesting conundrum within intercollegiate athletics. The term “student-athlete” has long been used to identify the college amateur athlete. However, the current study indicated the coaches of these “student-athletes” are being awarded incentives under the model of “athlete-student.” A strong illustration of this point was found in the relationship between the University of Tennessee’s Department of Athletics Mission Statement and the compensation contract of Bruce Pearl, former Head Men’s Basketball coach at the University of Tennessee.

The University of Tennessee’s Department of Athletics Mission Statement states (University, 2011):

The mission of the University of Tennessee Men’s and Women’s Department of Intercollegiate Athletics is to provide opportunities for participation in intercollegiate athletics in an environment that encourages that achievement of athletic excellence and good sportsmanship. We are committed to maintaining a proper balance between participation in athletics and the educational and social life common to all students.
Within this environment we see to enhance opportunities for intercollegiate athletic competition, foster pursuit of academic excellence, support and encourage the achievement of individual and team championship performance, and to be a source of pride for the University’s student, alumni/ae and supporters. (p. 1)

In the Schedule A: Additional Benefits section of Pearl’s contract (USA Today, 2010), the university would compensate Pearl the following academic bonuses: Team APR of 925 or higher ($25,000); Team Cumulative GPA of 2.75 or higher ($15,000); and/or a Team Graduation Success Rate of 80% or higher ($10,000). However, if Pearl’s team made it to the National Invitational Tournament (NIT), a tournament for teams not qualifying for the NCAA Tournament, his compensation bonus was 8% of his base salary. Therefore, if Pearl’s team made the 2010 NIT, 8% of Pearl’s base salary ($375,000) was $30,000. If Pearl’s team won the SEC East Division Championship, he would receive 20% of his base salary ($375,000), which was $75,000. Lastly, if Pearl’s team won a National Championship, Pearl would receive an athletic incentive bonus of $250,000. Taken within context, if Pearl’s team accomplished all three of the academic incentives, his total payout would be $50,000. However, if Pearl’s team reached the highest athletic incentive, a National Championship, his payout would be five times greater than his total academic incentive payout. How does this incentive plan adhere to the University’s Department of Athletics mission of, “being committed to maintaining a balance between participation in athletics and the educational and social life common to all students?” (University, 2011). Or does the University of Tennessee seem to place a higher value on athletic success in comparison to academic success for their men’s basketball program?

The second contribution of the current study highlights the lack of contract clarity and consistency found within the 46 actual coaching contracts. Although the majority of contracts contain essential sections, the wording of athletic and/or academic incentive clauses was ambiguous. Some clauses provided exact payouts for certain athletic or academic success goals (i.e., Rick Pitino), while other contracts listed incentives but did not clarify if a coach received all lower of incentives if the highest level of incentive was reached or if just the highest level of incentive attained was paid. This lack of clarity within intercollegiate coaching contracts has been addressed in previous research. Wilson and Brown (2009) discussed the issues surrounding the contract dispute between the University of Kentucky and its former Head Men’s Basketball Coach Billy Gillespie. Wilson and Brown called for both coaches and athletic directors to ensure contracts are drafted which are clearly understood by both parties. The lack of defining clear terms in these contracts has led to several high profile lawsuits (Rick Neuhiesal; Jim O’Brien; Billy Gillespie) involving college coaches and their respective universities. Often, these types of lawsuits bring negative publicity to a university and could have been avoided if a contracts wording was more clearly stated.

Finally, the current research makes a contribution to the literature by further identifying the chasm between the haves, i.e., BCS Conference Schools, and the have nots, i.e., Non BCS Conference Schools. The current study’s findings regarding athletic and academic incentives indicated BCS Conference schools incentivize their coaches significantly for both athletic and academic success when compared to Non BCS Conference schools. Does this mean that Non BCS Conference schools place less emphasis on its teams’ academic team success? Or are these discrepancies based more on the dollars and resources available to offer these services? This question demands further inquiry and analyses.
The current research serves as a first step to better understanding how college coaches’ contracts are incentivized. For those who follow intercollegiate athletics, the results of the current study are not surprising. It is well known that a direct correlation exists between team performance success and an increase in program revenues within intercollegiate athletics (Shulman & Bowen, 2001). College basketball coaching contracts appear to reflect this mantra. With the NCAA’s insistence on calling college athletes “student-athletes,” college basketball coaching incentive clauses should be more reflective of this supposed emphasis on academics, thereby incentivizing for coaches their team’s academic successes.

Future research should focus on collecting qualitative data from university presidents, athletic directors, and head men’s basketball coaches’ contract construction and negotiations. These data should contain both the employer (university) and employee (coach) points of view. An important heretofore previously undiscussed aspect of contract development may be whether these contracts are created by lawyers with expertise in coaching contracts? Or are these lawyers more generalist, who in the course of his/her practice may only encounter a high profile coaching contract negotiation on an infrequent basis? This is an important point that needs investigation because in the era of multi-million dollar contracts both the university and coach need to have clauses that protect each side of the contract.

Additional research is necessary to investigate the fundamental question of the academic role of a Division I head men’s basketball coach. At the majority of Division I men’s basketball schools the basketball program has at least one designated academic counselor who usually handles the organization of academic scheduling and tutoring. How might the athletic academic counselor’s job change if head coaches receive “bonuses” for team academic excellence? The answer to this question would determine coaches’ actual intimate participation in academic monitoring, particularly at institutions in which previous academic infractions have occurred.

Further research examining the existence of a possible significant relationship between the level of student-athlete academic services offered by a university and the corresponding head coaches’ team academic performance incentives would be beneficial. As part of the previously discussed intercollegiate “arms-race” comes the creation of multi-million dollar student-athlete academic service buildings. These facilities may provide academic tutoring, career enhancement, and student-athlete study hall monitoring. Do schools with these elaborate facilities enjoy better academic performance than schools unable to provide a similar level of these services?

Finally, a similar comparison of the academic and athletic incentives of Division I women’s head basketball coaches would most likely provide a much needed assessment. Although Division I women’s basketball, on average, does not have the same financial coaching contract payouts as men’s coaches (Carpenter & Acosta, 2005), it would be interesting to discover the type of emphases placed in a comparable women’s sport.
References


