How Did Proposed Changes in the New Fair Labor and Standards Act Impact Collegiate Athletics Departments?: An Initial Exploration

Nels Popp  
University of North Carolina

Anita Moorman  
University of Louisville

In 2015, the Department of Labor introduced proposed changes to the Fair Labor Standards Act (FLSA) which significantly raised the minimum annual salary required for exempt employees. This proposed legislation had the potential to greatly impact college athletics departments, which traditionally have many employees who work long hours for relatively low salaries. The legislation was halted just days before its effective date. Many universities, however, went forward with changes in order to comply with the potential new law. The purpose of the current study was to determine how many athletic departments were affected by the changes, what types of changes were actually implemented, and how employees viewed the fairness of how resources are being distributed at their institution. Research revealed roughly half of all schools implemented some sort of change as a result of the proposed law, with 67.5% of those schools reporting an increase in salaries for some staff. Measures of distributive justice indicated low levels of perceived fairness in the allocation of salary across all NCAA Divisions, with employees at schools that did not make changes reporting significantly lower levels of perceived fairness. In addition, athletics directors reported statistically significant higher levels of perceived fairness in salary allocation than other staff members.

*Keywords*: compensation, Fair Labor Standards Act, resource allocation

In May of 2016, the Department of Labor (DOL) adopted the Final Rule on Defining and Delimiting the Exemptions for Executive, Administrative, Professional, Outside Sales and Computer Employees under the Fair Labor Standards Act (FLSA), which was scheduled to become law in December of that same year (Bankston & McDowell, 2016). These regulations had been discussed for years at the federal level, and would have significantly altered legal requirements for
employers to qualify for an exemption (aka white-collar exemption) from federal overtime and minimum wage requirements. The proposed changes would have had a particularly significant impact on college campuses, thus the DOL issued specific guidance for higher education institutions for managing the new overtime rules (U.S. Department of Labor, 2016a).

Within higher education, this law was expected to significantly impact those working in college athletics departments (Berkowitz, 2016; Giknis, 2016). For most collegiate athletics departments, resources are already limited as nearly all spend more money than they generate, and most rely heavily on university subsidies to cover expenditures (Fulks, 2015). While numerous coaches and athletics directors at National Collegiate Athletic Association (NCAA) Division I institutions command six- and seven-figure salaries, the earnings of the vast majority of sport industry employees are well below both those earnings and those of business professionals in other industries in fields such as marketing, sales, and media relations (Bureau of Labor Statistics, 2001). Within higher education, the mean wage is reported as $54,140, however many positions within athletics are not tracked independently by the U.S. Bureau of Labor Statistics (BLS). Almost all entry-level positions and many middle management positions in college athletics would be well below this $54,140 mean (Berkowitz, 2016; Bureau of Labor Statistics, 2017; Thys, 2015). For example, in a recent salary survey conducted by the National Association of Collegiate Directors of Athletics (NACDA), results suggested the mean salaries for nearly all personnel working in NCAA Division II athletics departments were below $54,000 annually, including senior women’s administrators ($43,979), business managers ($40,054), sports information directors ($31,901), marketing directors ($35,612), athletics trainers ($33,186), and equipment managers ($29,149) (NACDA, 2010). According to a recent report from the National Athletic Trainers’ Association, the average college athletic trainer salary was $48,317 (Stone, 2013). Stoldt (2000) suggested the mean salary for NCAA Division I sports information directors was $35,633, while Hardin and McClung (2002) reported 61% of NCAA Division I media relations personnel made less than $55,000 annually (a third made less than $45,000).

Despite these low wages, college athletics is a popular career choice, particularly for entry-level positions, which means job postings often attract many candidates willing to work long hours with little pay in order to obtain a coveted position in a desirable environment (Belson, 2009; Cawley, 1999). Researchers have attempted to document the low salaries paid in the sport management field in general (Mathner & Martin, 2012) as well as those employed in specific industry segments within college athletics such as media relations professionals (Hardin & McClung, 2002; Stoldt, 2000), senior women administrators (NACDA, 2010; Schneider, Stier, Henry, & Wilding, 2010), strength and conditioning coaches (Pullo, 1992), and athletic trainers (Farnen, 2017; Moss, 1996; NACDA, 2010; Stone, 2013). Additionally, the BLS does not track employment statistics specific to positions in management and administration of sport organizations generally, let alone college athletics specifically, thus, it is difficult to have a clear picture of the severity of the wage gap. But, it is well understood that most college athletics departments, particularly those not participating in “Power Five” conferences, have many staff members working
significantly more than 40 hr a week while earning modest annual salaries. Additionally, many athletics employees are classified as exempt employees, permitting the institution to avoid paying minimum wage and overtime so long as the minimum salary required by the FLSA is paid.

The current minimum salary for exempt employees was set in 2004 by the DOL at $23,660 annually (U.S. Department of Labor, 2016b). In 2014, the DOL began review of federal minimum wage and overtime rules. In May 2016, it published its final version of a new rule that increased the minimum salary for exempt employees, and scheduled it to take effect on December 1, 2016 (U.S. Department of Labor, 2017). Under the proposed FLSA rule changes, any exempt employee would have to be paid a minimum annual salary of $47,476 or those employees would no longer be exempt and the employer would be legally required to pay overtime wages for any hours worked in excess of 40 per week. On November 22, 2016, just days before the rule was set to become law, a federal judge in the United States District Court for the Eastern District of Texas granted a preliminary injunction thereby preventing the new overtime rules from taking effect as planned on December 1, 2016 (State of Nevada v. U.S. Dept. of Labor, 2016).

This sudden legal development left many universities and athletics departments in a challenging situation. Most universities, similar to other employers, had already evaluated their exempt employees’ position and salary points, and created strategies and plans for implementing the new overtime rules (Attwood, 2016; Burnsed, 2016). Many athletics directors actively included employees in this process through town hall discussions, budget meetings, and salary and position surveys to ensure that all employees understood how the new overtime rules would impact their wages (B. Fried, personal communication, 2015; P. Plinske, personal communication, 2015; S. Wiegandt, personal communication, 2015). In some instances, employees had been informed they would be gaining a significant pay increase due to the passage of the overtime rules. However, the last-minute federal injunction meant universities no longer were legally required to follow through on their implementation plans. Some colleges and universities went ahead with their planned changes, while others decided to delay or abandon those changes (Kreighbaum, 2016a). Many of these potential salary increases would have placed a difficult burden on university budgets, particularly in athletics departments not at NCAA Division I Power 5 schools, which have far fewer resources (Berkowitz, 2016; Burnsed, 2016). At the same time, many athletics directors faced the proposition of taking salary increases away from employees who were told they would be receiving them, placing them in an unenviable predicament.

In this dynamic employment environment, little was known about how collegiate athletics departments actually dealt with, or had planned to deal with, this unusual situation. Additionally, employee perceptions of, and reactions to, their universities’ handling of the FLSA updates have also not been explored in any meaningful way. The purpose of the following study is to comprehensively identify planned or implemented compliance strategies established by universities and to examine how those planned or implemented strategies impacted employees on measures of workplace equity (distributive justice). A final purpose was to compare salary differences among employees at institutions which implemented
changes and those that did not make changes. Specifically, the following research questions were proposed:

RQ1: How many athletics departments made changes to their compensation structure?

RQ2: Among schools which made changes, what were they and were there differences across divisions?

RQ3: What was the relationship between employees’ views of distributive justice and: (a) implementation of compensation changes, (b) position type, and (c) competition level?

RQ4: Are there differences in mean salaries between schools which implemented changes and those that did not?

Literature Review

Fair Labor Standards Act

The Fair Labor Standards Act (FLSA) is a federal law administered by the Department of Labor (DOL) which mandates minimum wage and overtime wages applicable to both public and private sector employees. Minimum wage mandated by FLSA is $7.25 per hour, and employees must be paid 1.5 times their hourly wage as overtime wages for any hours worked in excess of 40 hr in a work week (U.S. Department of Labor, 2008a). Section 13(a)(1) of the FLSA provides an exemption from both the minimum wage and the overtime pay requirements for any employee who is employed as a bona fide executive, administrative, professional, or outside sales employee (U.S. Department of Labor, 2008b). To qualify for this exemption, the employee must meet certain duties tests and be paid on a salary basis at not less than $455 per week or $23,660 annually. If an employee meets the exemption requirements, the minimum wage and overtime rules do not apply to that employee. Several of the white-collar exemptions may be applicable to athletics personnel. For example, the administrative exemption requires that the employee’s primary duties must be the performance of office or nonmanual work directly related to the management or general business operations of the employer or the employer’s customers, and the employee’s duties include the exercise of discretion and independent judgment with regard to matters of significance (U.S. Department of Labor, 2008b). Employees possibly covered by this exemption would include management personnel in ticketing, compliance, athlete services, academic services, game operations, and facility management.

The professional exemption recognizes an exemption for both “learned” and “creative” professionals. The learned professional’s primary duties must be the performance of work requiring advanced knowledge, defined as work which is predominantly intellectual in character and which includes work requiring the consistent exercise of discretion and judgment. The advanced knowledge is in a field of science or learning, which is customarily acquired through a prolonged course of specialized instruction (U.S. Department of Labor, 2008b). This exemption would likely apply to athletic trainers, sports medicine staff, and
possibly coaches. The creative professional exemption applies to employees whose primary duties include performance of work requiring invention, imagination, originality or talent in a recognized field of artistic or creative endeavor such as video production, creative services, sports information, sport broadcasting, and marketing. Thus, a range of exemptions are applicable to a typical collegiate athletic department based on the employees duties, however, all such exempt employees must also be paid on a salary basis and paid the minimum salary required under the FLSA (U.S. Department of Labor, 2008b).

To illustrate the benefit to the employer of qualifying for one of the white-collar exemptions, consider an exempt employee, such as an assistant sports information director earning an annual salary of $27,000. If this employee works 55 hr per week, she has an effective hourly wage over 50 weeks of $9.81. That same employee, if nonexempt, earning $9.81 as an hourly wage would actually be paid $30,660 because of federal overtime rules. For each week in which that employee worked more than 40 hours, his or her effective hourly wage would increase to $14.72 ($9.81 × 1.5). In addition to the economic benefits of the exempt classification, this difference of almost $3,700 for a single employee, multiplied by perhaps dozens of other staff members, further highlights the potential financial strain that could be placed on an athletic department’s annual budget if employees were not properly classified as exempt or if the minimum salary were increased significantly. Thus, it is not surprising many employees are classified as exempt employees in order for the university to avoid paying overtime, but the increase in the minimum salary required for these exemptions will naturally reduce the economic benefits of broadly classifying employees as exempt.

This minimum salary requirement was the primary subject of the DOL’s revised rules which were to take effect on December 1, 2016. After months of study, public comment, and internal review, the DOL determined that the minimum salary should be increased to $913 per week, or $47,476 annually. So, using the example above, the impact on athletics departments is readily evident. The assistant sports information director earning $27,000 per year and working 55 hours per week must now be paid at least $47,476 annually as a salaried exempt employee; or converted to an hourly wage employee and paid for all hours worked consistent with federal overtime requirements. Either scenario will result in an increase in the employee’s wages and an increase in the employer’s costs.

While many Power Five conference athletics departments typically have the budget to absorb pay increases for lower-paid employees, athletics administrators at other NCAA Division I universities, as well as NCAA Division II, NCAA Division III, and National Association of Intercollegiate Athletics (NAIA) schools typically do not (Fulks, 2015). For those schools to have met the requirements of the proposed FLSA rules, existing scarce resources would have needed to be reallocated in new ways, or services and job functions performed by employees would have needed to be reduced to limit the number of hours worked by employees. Such decisions made by senior athletic administrators and university human resources personnel would likely have repercussions on job performance and job satisfaction measures of employees as responses may not be perceived as equitable. In fact, past research has suggested a link between perceived justice in resource allocation and job satisfaction among collegiate coaches (Jordan, Turner, Fink, & Pastore, 2007).
Organizational and Distributive Justice

The concept of organizational justice explores perceptions of fairness within the workplace environment (Greenberg, 1990). It has found a prominent role in the literature as several prior studies have linked employee perceptions of organizational justice to measures of job satisfaction, job commitment, and job performance (Mahony, Hums, Andrew, & Dittmore, 2010). According to Mahony et al., organizational justice studies followed three primary lines: (a) distributive, (b) procedural, and (c) interactional. Distributive justice studies investigate perceived fairness of the distribution of organizational resources, while procedural justice studies examine the actual procedures leading to resource allocation. Meanwhile, interactional justice studies focus on how resource distribution procedures are implemented in the workplace and communicated to employees.

Several sport management scholars have studied organizational justice in sport industry contexts, particularly within the area of college athletics, starting with Hums and Chelladurai (1994). In this seminal study, the researchers found that when collegiate coaches and athletics administrators were asked which principles were most fair for the distribution of resources (options included equality of treatment, equality of results, equality of opportunity, and distributions based on productivity, effort, ability, and need), they consistently rated “equality of treatment” and “need” as most fair, regardless of respondents’ job title, gender, or NCAA division. Follow-up studies among college athletics administrators found similar results; “need” was the principle regarded to be most fair, even when including new motivations such as spectator appeal and potential for revenue generation (Mahony & Pastore, 1998; Mahony, Hums, & Riemer, 2002; Patrick, Mahony, & Petrosko, 2008). However, many of these studies also noted that while “equality of treatment” and “need” are perceived by respondents to be most fair, publicly available financial information from college athletics departments would suggest departments typically allocate resources in ways which did not align with a policy of equal treatment for all sports teams. In fact, Mahony, Hums, and Riemer (2005) suggested that when determining allocation of resources, many athletics administrators defined “need” differently than had been assumed by the researchers. It was believed by the researchers that “need” was in reference to “absolute” or total resources; if one departmental unit had a budget of $10,000 and another had a budget of $40,000, the first unit would have much greater need. In their study, however, Mahony et al. found “need” was interpreted by administrators as resources necessary to be competitive with other universities. As an example, a football team at School A might have a much greater budget than School A’s cross country team, but administrators might perceive the football team to have a greater need for resources than the cross country team if football programs at Schools B and C have much greater budgets, while other cross country programs at Schools B and C are funded similarly to School A’s program.

In a later study, Mahony and Pastore (1998) found that although collegiate athletics directors typically perceive distributions based on “need” as the fair way to allocate resources to teams within a department (as evidenced by earlier studies), it is not necessarily the basis used for resource distribution. Instead, athletics directors in their sample actually allocated resources based on revenue production and spectator appeal, not necessarily based on competitive disadvantage. In a
similar study, Greenwell, Mahony, and Andrew (2007) found that when marketing resources were scarce within a college athletics department, they were typically distributed to teams which were most likely to produce the greatest return rather than distributed fairly to all teams. The gap between how administrators believe resources should be distributed (based on absolute need or competitive need) and the actual manner in which they are dispersed (based on spectator appeal) seems to be a vexing issue within college athletics when employee perceptions of fairness are also considered, since it is more difficult within college athletics to align job function and competitive success or spectator appeal. For example, which employees play a greater role in the competitive success of a collegiate basketball team—tutors who help players stay academically eligible, athletic trainers who help keep players healthy, or members of the development team which fundraise money, allowing the university to construct a new practice facility and weight room? The argument can certainly be made that all athletics employees play a critical role in the primary functions of an athletics department, yet they are paid disparate salaries and could certainly impact employee satisfaction levels. Prior studies have not only suggested that resource allocation in college athletics might not be allocated based on need, but also that the only way to change resource distribution within college athletics to be more equitable is through legislation (Mahony & Pastore, 1998) rather than leave resource allocation decisions up to athletic administrators. The proposed FLSA legislation appeared to be a move in this direction.

One of the shortcomings of organizational justice research is the tendency of researchers to rely on surveys that pose fictional scenarios to respondents, rather than measure their responses to actual occurring circumstances (Dittmore, Mahony, Andrew, & Hums, 2009; Hums & Chelladurai, 1994; Mahony et al., 2002; Mahony & Pastore, 1998). A handful of sport management studies have been conducted utilizing real resource allocation within high school athletics (Whisenant, 2005; Whisenant & Smucker, 2007) and college recreation departments (Jordan, Turner, & DuBord, 2007), but to date no research has tested measures of distributive justice within college athletics utilizing actual budget decisions.

With this information in mind, the current study breaks new ground by evaluating how perceptions of resource allocation, particularly employee remuneration, impact ratings of distributive justice based on actual financial decisions. Due to the proposed changes to FLSA law, some universities and athletic departments represented in the study elected to alter salary structure and job duties, while others did not. By comparing responses between those employees at institutions implementing changes to those that did not, we can better understand how resource allocation decisions impact perceived fairness in the work place.

**Methodology**

The population for this study included all athletics directors, media relations professionals, and athletic trainers at NCAA Division I, NCAA Division II, NCAA Division III, and NAIA institutions. These three job types were selected for two reasons. First, the research team chose not to include coaches in the sample because the proposed changes to the FLSA included an exemption to the new salary threshold for employees whose primary job function was that of a teacher. Whether
coaches meet the definition of an exempt teacher is highly debatable. The NCAA, in conjunction with the College and University Professional Association for Human Resources (CUPA-HR) released a white paper advising universities that most coaches would fall under this exemption (NCAA, 2016), but some legal scholars and administrators have suggested otherwise. Regarding the current study, coaches may have thought they would be entitled to salary raises even though their employers may have been planning to classify them as exempt employees, which likely would have affected their responses. Second, many smaller athletics departments, such as Division III and NAIA institutions, employ very few full-time noncoaching personnel. The most common such positions, based on a perusal of athletic department directories, were athletics directors, athletic trainers, and media relations professionals. Therefore, those were the three occupations chosen for the study.

A comprehensive list of email addresses for all members of the population was purchased from Collegiate Directories, a company which aggregates such data. In total, 8,211 email addresses were extracted comprising the population of interest and each was sent a link to an electronic survey. The survey was intentionally sent during the spring semester of 2017, which meant that the proposed FLSA changes had already been halted, but a new calendar year had begun, which meant many of the universities planning to make changes had already implemented those changes. The final survey instrument included four items related to respondents’ knowledge of proposed FLSA changes and how they might impact their institution (see Appendix A). This included an item listing six possible changes an athletic department made or considered making to comply with the proposed FLSA rule. These six changes were utilized from a scale developed by CUPA-HR which outlined what human resource changes many universities were making campus wide in relation to the proposed FLSA rule (Kreighbaum, 2016b). Scale validity for these six changes (one of which was “other”) were confirmed as the most likely changes to be made after conversations between the researchers and eight college athletics employees (either athletics directors or human relations personnel who worked specifically with athletics departments) who worked at eight different institutions and had strong knowledge of their school’s plans to deal with the proposed FLSA changes.

In addition, respondents were provided a modified version of the Distributive Justice in Intercollegiate Athletics Scale (see Appendix B) developed by Kim, Andrew, Mahony, and Hums (2008). The original scale was developed to be administered to collegiate student-athletes, with questions related to how athletic department funds were allocated to various varsity teams. The modified version of the scale used for the current study was targeted toward employees in the population of interest and asked questions related to how fairly they perceived personal compensation was allocated. For example, in the original scale, student-athletes were asked how “the share of athletic funds received by my team is fair based on the amount of effort and work put forth by my team.” In the modified scale used in the current study, respondents were asked to respond to: “I am fairly compensated for the amount of effort I put forth.” Responses were measured on 5-point Likert-type “agreement” scales, anchored by “strongly disagree” (1) and “strongly agree” (5). Finally, respondents were asked to provide 15 demographic items, including job title, gender, work experience, actual compensation, average
number of hours worked, and type of school at which the respondent was employed.

Results

A total of 1,197 individuals completed the survey, for a response rate of 14.6%. Among those responses, 130 (10.8%) were athletics directors, 710 (59.3%) were athletic trainers, and 357 (29.8%) were sports information directors. Regarding national affiliation, 554 respondents were from NCAA Division I institutions, 232 were from NCAA Division II institutions, 293 were from NCAA Division III institutions, and 118 were from NAIA institutions. The sample was 68% male/32% female and the mean number of years in respondents’ current position was 8.1. Among respondents, the mean number of years in the job was 9.1 for athletics directors, 10.9 for media relations professionals, and 12.3 years for athletics trainers. Overall mean salary data was also collected and is depicted in Table 1.

Table 2 allows us to answer research question 1: How many athletic departments made changes to their compensation structure? Descriptive statistics were

<table>
<thead>
<tr>
<th>University Classification</th>
<th>Athletics Director</th>
<th>Athletic Trainers</th>
<th>Media Relations</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n</td>
<td>Mean Salary</td>
<td>n</td>
<td>Mean Salary</td>
</tr>
<tr>
<td>NCAA Division I</td>
<td>24</td>
<td>$196,231</td>
<td>347</td>
<td>$52,618</td>
</tr>
<tr>
<td>NCAA Division II</td>
<td>40</td>
<td>$107,385</td>
<td>134</td>
<td>$47,839</td>
</tr>
<tr>
<td>NCAA Division III</td>
<td>38</td>
<td>$99,849</td>
<td>172</td>
<td>$47,309</td>
</tr>
<tr>
<td>NAIA</td>
<td>28</td>
<td>$74,053</td>
<td>57</td>
<td>$41,843</td>
</tr>
<tr>
<td>Total</td>
<td>130</td>
<td>$110,478</td>
<td>710</td>
<td>$49,619</td>
</tr>
</tbody>
</table>

Abbreviations: NCAA = National Collegiate Athletic Association; NAIA = National Associate of Intercollegiate Athletics.

<table>
<thead>
<tr>
<th>University Classification</th>
<th>Made Change</th>
<th>No Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n</td>
<td>%</td>
</tr>
<tr>
<td>NCAA Division I</td>
<td>253</td>
<td>50.4%</td>
</tr>
<tr>
<td>NCAA Division II</td>
<td>101</td>
<td>46.5%</td>
</tr>
<tr>
<td>NCAA Division III</td>
<td>132</td>
<td>48.9%</td>
</tr>
<tr>
<td>NAIA</td>
<td>56</td>
<td>50.5%</td>
</tr>
<tr>
<td>Total</td>
<td>542</td>
<td>49.3%</td>
</tr>
</tbody>
</table>

Abbreviations: NCAA = National Collegiate Athletic Association; NAIA = National Associate of Intercollegiate Athletics.
utilized. The results showed nearly half of the respondents (49.3%) reported that their university made some sort of change to the compensation structure in the calendar year after the proposed FLSA rule change. This was true across all four divisions assessed, with NCAA Division II schools reporting the smallest difference (46.5% said they made changes). More than 50% of both NCAA Division I and NAIA schools reported implementing changes. See Table 2 for complete results.

Research question 2 asked (among schools instituting changes) what the changes were and if notable differences existed across divisions? Descriptive statistics were again utilized for analysis. Among schools which made changes, raising salaries was the most common adjustment, with 67.5% reporting a change in that category. This was followed by reclassifying coaching positions to exempt teaching positions (41.2%) and reclassifying salaried positions to hourly positions (40.7%). A total of 36.3% of respondents (among schools which made changes) said their school was limiting the number of hours employees could work and this average was fairly consistent across divisions. Schools reporting restructuring contracts to shorter terms (i.e., 12-month contracts became 9-month contracts) ranged from 15.0% to 31.7% across divisions. A closer look at these changes showed a large percentage of NCAA Division I, II, and III schools raised salaries (78.7%, 61.4%, and 62.9%, respectively), while only 46.4% of NAIA schools raised salaries. NAIA schools were also much more likely to reclassify coaches as teachers (60.1%) compared to NCAA Division I schools (32.4%). For complete results, see Table 3.

To answer research question 3, which examined the relationship between employees’ views of distributive justice and: (a) implementation of compensation changes, (b) position type, and (c) competition level, a series of analysis of variance (ANOVA) tests were conducted. Mean scores from the distributive justice scale served as the dependent variable, while the three independent variables were: (a) whether or not a change was made to compensation, (b) the job title of the respondent, and (c) the level of national competition. Overall, the modified Distributive Justice in Intercollegiate Athletics Scale used in the study was highly reliable, producing an alpha score of .961. Among all respondents, the mean distributive justice score, which measured perceived fairness of compensation, was

<table>
<thead>
<tr>
<th>Policy</th>
<th>NCAA I</th>
<th>NCAA II</th>
<th>NCAA III</th>
<th>NAIA</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raise salary</td>
<td>78.7%</td>
<td>61.4%</td>
<td>62.9%</td>
<td>46.4%</td>
<td>67.5%</td>
</tr>
<tr>
<td>Classify coaches as exempt teachers</td>
<td>32.4%</td>
<td>53.5%</td>
<td>42.4%</td>
<td>60.1%</td>
<td>41.2%</td>
</tr>
<tr>
<td>Reclassify position from salary to hourly</td>
<td>47.0%</td>
<td>33.7%</td>
<td>34.8%</td>
<td>42.9%</td>
<td>40.7%</td>
</tr>
<tr>
<td>Limit number of hours worked</td>
<td>38.7%</td>
<td>36.6%</td>
<td>31.1%</td>
<td>41.1%</td>
<td>36.3%</td>
</tr>
<tr>
<td>Reclassify contract length</td>
<td>15.0%</td>
<td>31.7%</td>
<td>22.7%</td>
<td>30.4%</td>
<td>21.4%</td>
</tr>
<tr>
<td>Other</td>
<td>10.3%</td>
<td>14.9%</td>
<td>11.4%</td>
<td>16.1%</td>
<td>11.9%</td>
</tr>
</tbody>
</table>

Abbreviations: NCAA = National Collegiate Athletic Association; NAIA = National Associate of Intercollegiate Athletics.
slightly below the midpoint at 2.38 on a 5-point scale (SD = 1.09). Respondents whose schools did not make any changes to compensation structure reported significantly lower distributive justice scores (M = 2.12, SD = 1.02) than respondents from schools that did implement changes (M = 2.66, SD = 1.11), $F(2, 1094) = 8.38, p < .000$.

In looking at differences in distributive justice scores reported among job type and national classification, athletics directors reported significantly higher perceptions of overall compensation fairness (M = 3.37, SD = 1.24) compared to both athletic trainers (M = 2.20, SD = 1.00) and media relations professionals (M = 2.34, SD = 1.00), $F(2, 1195) = 71.59, p < .000$. Significant differences were also detected between different levels of university classification, $F(3, 1191) = 2.92, p = .033$. Post hoc analysis using the Tukey honest significant difference test revealed significant differences between NAIA respondents (M = 2.61, SD = 1.19) and NCAA Division I respondents (M = 2.30, SD = 1.02), suggesting NAIA employees felt their compensation was allocated more fairly.

Finally, RQ4 posited whether there were differences in salary among similar positions within similar university classifications, dependent upon whether a school made changes after the FLSA rule change was delayed by the federal district court. Again, descriptive statistics were utilized for the analysis. Overall mean compensation levels, as well as 11 of the 12 mean compensation levels for individual positions at each classification, were higher at institutions that made changes in 2017. Overall, athletics directors earned $12,314 more at schools that made changes, while sports information directors made $6,561 more, and athletic trainers made $5,062 more. Interestingly, among the schools that made changes, 10 of the 12 positions/classifications had mean salaries which were higher than the proposed FLSA minimum salary threshold of $47,476. However, among schools that did not make changes, only athletic directors and NCAA Division I athletic trainers had mean salaries above the proposed minimum salary threshold. For complete results, see Table 4.

**Discussion**

The proposed changes in FLSA legislation would have had a considerable impact on the sport industry. In some cases, the changes would have been dramatic. Many entry-level and even mid-level jobs in the sport industry pay relatively low salaries, but come with expectations of long hours, frequently exceeding a 40-hr a week minimum (Belson, 2009; Cawley, 1999; Mathner & Martin, 2012). Such practices have survived within the sport industry because so many individuals desire to gain employment in the field. This high supply of job applicants has allowed the industry to suppress compensation. In some cases, this is because managers see long hours and low salaries as part of the “dues” entry-level employees need to pay. In addition, the competitive nature of the sport industry means employees are frequently putting in long work hours in an effort to compete with peer institutions or advance in their career. In many cases, these employees do not initially expect to be compensated for this effort, but rather see it as “part of the job.” However, the results of this study suggest that this prevailing culture in college athletics may be shifting, as explained below.
Perhaps the most surprising and notable finding from the current study is that roughly half of the college athletics departments went forward with changes to employee compensation despite no legal obligation to do so. This is in direct contrast to many other institutions which were not in compliance with the proposed FLSA standards, but would have had to change their compensation structure had the law passed. It is true not all changes were necessarily positive for employees, such as the reclassification of coaches to teachers. In fact, in some cases, employees may now be required to complete their same job duties, but do so in a shorter amount of time. However, many of the changes taking place are indeed positive for employees, with many receiving increases in their annual salary. Among schools making adjustments, an increase in salary was by far the most adopted change. This change makes sense from several perspectives. First, it is the simplest to implement from a payroll management perspective, assuming the funds are available in the budget to cover the salary increases. It also confirms employees previously classified as exempt were likely classified properly if the employer opted for the higher salary. Second, for many institutions that had already informed employees of their salary increase and made the necessary adjustments to what could certainly be complex payroll distribution systems, it simply may not have been practical to delay or suspend the changes only days before they were set to take effect.

The fact that almost 50% of universities went forward with plans may also signal a trend that administrators realize, in at least one sport industry sector, perhaps employees deserve greater compensation for the long hours they commit.

Table 4  Mean Salaries of Respondents Stratified by University Classification

<table>
<thead>
<tr>
<th>Classification</th>
<th>Position</th>
<th>No Change</th>
<th>Made Change</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>NCAA I</td>
<td>Athletics director</td>
<td>$168,333</td>
<td>$204,600</td>
<td>$36,267</td>
</tr>
<tr>
<td></td>
<td>Athletic trainer</td>
<td>$49,408</td>
<td>$54,601</td>
<td>$5,193</td>
</tr>
<tr>
<td></td>
<td>Media relations professional</td>
<td>$44,408</td>
<td>$51,257</td>
<td>$6,849</td>
</tr>
<tr>
<td>NCAA II</td>
<td>Athletics director</td>
<td>$105,846</td>
<td>$109,011</td>
<td>$3,165</td>
</tr>
<tr>
<td></td>
<td>Athletic trainer</td>
<td>$47,332</td>
<td>$48,490</td>
<td>$1,158</td>
</tr>
<tr>
<td></td>
<td>Media relations professional</td>
<td>$41,745</td>
<td>$48,030</td>
<td>$6,285</td>
</tr>
<tr>
<td>NCAA III</td>
<td>Athletics director</td>
<td>$92,090</td>
<td>$104,588</td>
<td>$12,498</td>
</tr>
<tr>
<td></td>
<td>Athletic trainer</td>
<td>$44,207</td>
<td>$51,343</td>
<td>$7,136</td>
</tr>
<tr>
<td></td>
<td>Media relations professional</td>
<td>$42,263</td>
<td>$48,506</td>
<td>$6,243</td>
</tr>
<tr>
<td>NAIA</td>
<td>Athletics director</td>
<td>$76,800</td>
<td>$73,071</td>
<td>−3,729</td>
</tr>
<tr>
<td></td>
<td>Athletic trainer</td>
<td>$40,120</td>
<td>$46,363</td>
<td>$6,243</td>
</tr>
<tr>
<td></td>
<td>Media relations professional</td>
<td>$40,076</td>
<td>$44,750</td>
<td>$4,674</td>
</tr>
<tr>
<td>All</td>
<td>Athletics director</td>
<td>$102,437</td>
<td>$114,751</td>
<td>$12,314</td>
</tr>
<tr>
<td></td>
<td>Athletic trainer</td>
<td>$46,976</td>
<td>$52,038</td>
<td>$5,062</td>
</tr>
<tr>
<td></td>
<td>Media relations professional</td>
<td>$42,916</td>
<td>$49,477</td>
<td>$6,561</td>
</tr>
</tbody>
</table>

Abbreviations: NCAA = National Collegiate Athletic Association; NAIA = National Associate of Intercollegiate Athletics.
to their employers, regardless of employees’ personal motivations or the nature of the job. The current results do not examine the motivations among university administrators for going forward with changes, but most of the schools in the study have very constrictive budgets. It is safe to assume the reasons for extending these budgets beyond their normal limits must have been so compelling that hundreds of universities moved forward with changes, despite no legal obligation to do so. Perhaps some employers felt they had no alternative, but it is also quite possible that some university officials decided collectively that changing compensation structures was the right thing to do, regardless of budgetary constraints. The changes to the FLSA were originally proposed because it was believed the current minimum salary requirements within the United States were too low to provide acceptable living standards for working professionals. Such an assumption would hold true for those working in the sport industry, regardless of whether there is a great supply among job applicants or that employees are expected to work longer hours due to the competitive nature of the industry.

What is important to observe going forward, however, is whether changes other than an increase in salary actually improve employee well-being. As noted in the prior paragraph, some changes to work requirements and job descriptions may only be cosmetic or could potentially make employees’ jobs even more difficult. For example, some athletic directors may instruct media relations professionals or athletic trainers to limit their weekly work totals to fewer than 40 hours. However, those types of positions often require workloads which cannot be completed in fewer than 40 hours. This would force employees into untenable choices as to whether to report accurate working hours in defiance of their directives, to work more than 40 hr but not accurately report those hours, to simply not complete all job duties, or to perform rushed or incomplete work, which could potentially be harmful to the organization or student-athletes.

In response to an open-ended question at the conclusion of the survey, it was revealed that, as a whole, athletic trainers received a salary increase, while sports information professionals were more likely to be converted to hourly. With regard to athletic trainers, this may serve to create some real issues with compression as new, inexperienced athletic trainers will likely be earning wages almost as high as veteran athletic trainers with many years of experience. With regard to sport information professionals receiving hourly wages, it seems to demonstrate a lack of awareness on the part of the administration as to the time demands associated with that position and is further complicated by the creative nature of many job duties associated with media relations that may not lend itself to being performed on an hourly basis. Also, consider if an athletics director altered some employee contracts from 12 months to 9 months; this might put the employee at a disadvantage (i.e., coaches who are restricted from recruiting in the off-season) or prevent them from completing job duties in a timely manner (i.e., media relations professionals who cannot work on fall sports media guides during summer months). The impact of these changes is only now beginning to be felt both by the institutions that implemented changes, and those that did not, which might now find themselves at a competitive disadvantage for attracting top talent due to what could be a significant pay gap.

The study also revealed important findings regarding athletic department employees and their perceptions of compensation allocation. Several prior studies have examined perceived fairness of resource distribution within the context of
college athletics (Mahony et al., 2010). However, the majority of these studies have examined hypothetical resource decisions. In addition, nearly all prior college athletics’ distributive justice studies examine how resources were distributed to individual teams. In the current study, perceptions of fairness were gauged relative to salary distribution. The findings revealed that, overall, athletic department employees perceive salaries to be unfair. In many other occupational distributive justice studies examining actual compensation, mean distributive justice scores are typically above (or well above) the midway point of the scale (Haar & Spell, 2009; Konovsky, Folger, & Cropanzano, 1987; Parker, Nouri, & Hayes, 2011). However, on the modified distributive justice scale distributed to college athletics administrators in the current study, the mean overall score was below the midpoint for all employees, and was particularly low for athletic trainers and media relations professionals, compared to athletics directors. These overall findings of perceived unfairness and inequity are disturbing for a number of reasons. The sport industry has traditionally been a field in which salary does not drive career interest. Most entry-level and mid-level employees understand that working in sports requires long hours with relatively little pay compared to other industries. The assumption, then, would be that individuals work in the sport industry for the satisfaction they receive in the job itself, and that compensation might be less important to them, compared to workers in other sectors. The results of the current study, however, suggest workers in the sport industry do have greater expectations for salary compared to the work they put into their jobs. Although limited, prior job satisfaction research has also recognized that managers in the sport industry report roughly the same level of job satisfaction as those working outside of sport, however those working in sport report less satisfaction with their current pay and opportunities for advancement (Parks & Parra, 1994; Koehler, 1988). Employees at schools which implemented changes sparked by the proposed FLSA adjustment were significantly more likely to agree their salary was allocated equitably than those at schools which did not implement any sort of change, echoing the findings of Folger and Konovsky (1989), who found a correlation between distributive justice scores and pay raises. This is notable for administrators at universities which did not implement changes, particularly if they believe employees are satisfied with their current compensation.

One intriguing finding which may deserve further consideration is that employees at NAIA institutions were more likely to agree their salaries were allocated equitably, despite having the lowest mean salaries of all four university classifications. Distributive justice scores were significantly higher for NAIA employees compared to those working for NCAA Division I institutions. This might suggest differences in the perception of fair salaries is not entirely reliant on the amount of compensation awarded but also may be related to a variety of job factors such as organizational culture, workplace environment, and job commitment.

Conclusions and Future Research

This study examined the effect and employee perceptions of actual compensation decisions as they related to pending changes in federal labor laws. More than half of impacted colleges and universities implemented changes even after they were no
longer required under federal law to do so. The most common changes made were straightforward and relatively easy to implement, including identifying impacted employees earning less than $23,660 and (1) increasing their salary to $47,000 or (2) converting them from salary to hourly wage, or (3) some combination of these two depending upon the type of position within the organization. Indeed, it appears as though which strategy was used may have been based on the nature of the position. For example, a consistent change for athletic trainers was to convert them to the higher salary point, while sports information directors were more likely to see their salary converted to an hourly wage. This raises several new questions concerning administration perceptions of these positions and whether their importance to the athletic department has been weighed differently or whether the administration perceives some positions as lending themselves to significant overtime hours, while others may be accomplished more easily within a traditional 40-hr work week.

It is not clear why some universities chose to implement the changes and why some chose not to. But the fact that more than half the universities did implement changes raises several new questions for future research. For example, since the date of this study, the federal district court has held that the DOL’s proposed rule change is invalid. The DOL, now under the policy directives of a new administration, has indicated it is going to reexamine the proposed rule changes and most indications are that the salary requirements will either not be changed at all, or at a much lower level than previously required. Thus, those schools making changes may find themselves facing ongoing questions. A school that converted an employee to an hourly wage and limited their overtime may now convert that employee back to an annual salary. Presumably, it would be difficult for a university that hired a new employee at the new higher salary point, or increased the salary of an existing employee, to decrease that employee’s salary so quickly. But, that too appears to be at least one legal option. Additionally, if these universities remain committed to the higher salary structure, it may create budget challenges, particularly in smaller colleges and universities. These budget challenges may tempt administration to reduce salaries given that the legal mandate appears to be ending.

Additionally, since 67% of those making changes increased salaries, a significant pay gap must now exist among these colleges and universities. The long-term impact of this differential is not known, but certainly the most immediate impact is that those universities with higher salaries should be much more competitive in the marketplace for top talent. Ideally, since so many universities chose to increase salaries, the rest of the industry will follow suit and begin to improve the salaries which have been subject to well-deserved criticism for many years. The current study only examined perceived fairness in resource allocation changes (distributive justice). Future research should not only examine how these changes impact the marketplace, but also whether the way in which the changes were implemented and communicated influenced perceived fairness by employees (interactional justice).

References


Appendix A

Federal labor laws specify all employees must be paid minimum wage ($7.25 per hour) and be paid overtime (1.5× their hourly pay) for any hours worked in excess of 40 during a work week. These overtime rules are subject to several exemptions for certain categories of employees in executive and administrative positions (white-collar exemptions). To qualify for the white-collar exemption, the employer must meet certain requirements. One of these requirements is that the exempt employee must be paid a minimum salary of $23,660 annually or $455 per week. The Department of Labor revised these requirements and new minimum salary amounts were scheduled to take effect on December 1, 2016, raising the minimum salary level to $913 per week (the equivalent of $47,476 per year, from the current $23,660).

However, on November 22, 2016, a federal court issued an order to suspend the effective date of the new rules. Most universities already had implementation plans in place for the new salary rules. Some universities decided to go ahead and implement the new minimum salary requirements while others have taken a wait-and-see approach. This survey is interested in your familiarity and experience with how your university has responded to the new salary rules.

1. During the 2016 calendar year, were you aware of, or involved in, discussions regarding changes the new Fair Labor Standards Act (FLSA) regulations might require for your athletic department?  
   Yes/No  

2. (If yes to #1) Even though the original proposed effective date of December 1, 2016 for the FLSA legislation was delayed, did your university or athletic department make any changes to employee compensation or job structure beginning in 2017?  
   Yes/No  

2.5. (If no to #1) Proposed changes to the FLSA would have mandated that the minimum annual salary required to be paid to exempt employees would be increased from $23,660 to $47,476. Any employee not paid at least $47,476 annually would no longer be exempt, and would be entitled to earn overtime pay for all hours worked beyond 40 per work week. Based on this knowledge, do you believe your athletic department would be in compliance with the proposed Fair Labor Standards Act changes had they taken effect on December 1st?  
   Yes/No  

3. (If yes to #2) Which of the following best characterizes changes made within your athletic department stemming from the proposed FLSA legislation (check all that apply)?: (see below)  

3.5. (If no to #2) While your university did not implement changes based on proposed FLSA legislation, which of the following do you believe would have occurred had the proposal become effective on December 1st (check all that apply)?: (see below)  

Possible Changes Athletics Departments Made After Proposed FLSA Legislation
- Raise annual salaries of one or more positions within the department above the proposed $47,476 threshold
- Reclassify coaching positions to teaching positions (which would be exempt from the proposed changes to FLSA)
- Require individuals who work more than 40 hours a week to begin logging their hours and receive overtime pay
- Limit the number of hours per week that individuals could spend performing job functions
- Reclassify the number of months individuals must work during the school year (e.g., changing 12-month agreements to 9- or 10-month agreements)
- Other ________________

Appendix B: Modified Distributive Justice in Intercollegiate Athletics Scale

4. To what extent are you fairly compensated… (answered on 5-point “Fairness” Likert Scale)

... for the investments in time and energy that you have made to support your athletic department?
... for the roles assigned to you?
... considering the responsibilities of your job?
... for the amount of effort you put forth?
... for the work you have done well?
... for your abilities?