Employee Perceptions of Salary Equity and Fairness in Response to University Athletic Departments’ Fair Labor Standards Act Compliance Strategies

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In 2016, the Department of Labor introduced proposed changes to the Fair Labor Standards Act (FLSA), 29 U.S.C. § 213, significantly raising the minimum salary required for exempt employees. Under the proposed FLSA guidelines, 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. The last update to the white-collar exemption regulations was in 2004 which set the minimum salary level at $23,660 (Department of Labor, 2017b). This proposed legislation had the potential to greatly impact college athletics departments, which traditionally have many employees who work long hours, far in excess of 40, for relatively low salaries. On November 22, 2016, just days before the rule was set to become law, a federal judge in United States District Court of Texas granted a preliminary injunction thereby enjoining the implementation of the new overtime rules as planned on December 1, 2016 (State of Nevada v. U.S. Dept. of Labor, 2016).

Within higher education, this law was expected to significantly impact those working in college athletics departments (Berkowitz, 2016; Giknis, 2016). For most collegiate athletic departments, resources are already limited as nearly all spend more money than they generate, and most rely heavily on university subsidies to meet budgets (Fulks, 2015). The earnings of the vast majority of sport industry employees are well below those earnings and business professionals in other industry segments (Bureau of Labor Statistics, 2001). Within higher education, the mean wage is reported as $54,140, however, positions within athletics are not tracked independently in the 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 (BLS, 2016).

Researchers have attempted to document the low salaries paid in the sport management field in general (Mathner & Martin, 2012) as well as to those employed in specific industry segments within college athletics such as media relation professionals (Hardin & McClung, 2002), senior women administrators (Schneider, Stier, Henry, & Wilding, 2010) strength and conditioning coaches (Pullo, 1992) and athletic trainers (Moss, 1996). However, it is well understood that most college athletics departments have many staff members working significantly more than 40 hours a week, while earning modest annual salaries as exempt employees under FLSA.

Popp and Moorman (2017) surveyed current college athletic administrators’ actual compensation decisions made as a result of the FLSA changes. This survey revealed that almost half of the colleges and universities went forward with implementing new compensation structures even though they were not legally required to do so. In addition, Popp & Moorman found that a variety of strategies were used by those colleges that implemented new compensation structures including (a) increasing the salary thresholds to meet the new minimum, (b) converting salaried employees to hourly wage employees with varying restraints on overtime eligibility; and (c) categorizing coaches as exempt teachers, (d) adjusting contract lengths, and (e) some combination of the above strategies. The decisions made by senior athletic administrators will likely have continuing repercussions on job performance and job satisfaction of employees as responses may not be seen by employees as equitable. A robust line of research has examined the concept of organizational justice and resource allocation within sport organizations. (See, Dittmore, Mahony, Andrew, & Hums, 2009; Hums & Chelladurai, 1994; Mahony, Hums, & Riemer, 2002; Mahony, Hums, Andrew, and Dittmore (2010); and Mahony & Pastore, 1998). Prior research has suggested links between perceived justice in resource allocation and job satisfaction among collegiate coaches (Jordan, Turner, Fink, & Pastore, 2007). In a prior study by Greenwell, Mahony, and Andrew (2007), results suggested 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. Similarly, Mahony and Pastore (1998) found that although collegiate
athletics directors typically see “need” as the fair way to allocate resources to teams within a department, it is rarely utilized. Instead, athletics directors in their sample actually allocated resources based on revenue production and spectator appeal.

This study included the following research question: RQ 1- How do college athletics administrators perceive the fairness with which the new minimum salary and overtime requirements of FLSA have been met in their department? In order to conduct this study, an electronic survey was sent to all athletic directors at NCAA Division I non-Power Five schools, as well as those at Division II, Division III, and NAIA institutions. In addition, surveys were sent to sports information directors and athletic trainers at each institution. The instrument utilized for this study included the 10-item Distributive Justice in Intercollegiate Athletics Scale (Kim, Andrew, Mahony, and Hums, 2008), modified specifically for FLSA issues and a series of open ended questions. ANOVA tests were used to answer RQ1, by detecting group mean difference Distribute Justice scale scores based on both job type and level of athletic competition. The open-ended questions were used to gather employer perceptions of FLSA and its implementation (or possible implementation) in respective intercollegiate athletic departments. The open-ended questions yielded (N=3000 responses). Data was independently coded in two cycles by three researchers. The initial open-coding process resulted in the creation of codes and emerging themes. Following the open-coding process, research teams convened to debrief, compare codes or themes, and clarify findings and meanings of coded data for agreement. During the second cycle, research pairs engaged in axial coding, which provided the opportunity to connect codes from the open coding process. Second cycle axial coding helped create a clearer context for positive and negative perceptions and reactions to FLSA implementation. After second-cycle coding, the researchers convened to debrief, compare findings, and clarify meanings for agreement (Saldaña, 2013). All members of the research team discussed any disagreements, which were resolved through peer debriefing, with the data until the group came to consensus on the analysis. In addition to peer debriefing, the team used several strategies to establish trustworthiness of the data including verbatim survey responses (Patton, 2002) and triangulation across researchers and participant perceptions (Patton, 2002). Initial results of RQ1 revealed significant differences between different levels of university classification and significantly higher perceptions of overall fairness by athletic directors compared to the perceptions of fairness of athletic trainers and media relations professionals. Complete results will be presented.