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Panel: The Economics and Effect of College Sports on Campus

Saranna Thornton
Hampden-Sydney College

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THE ECONOMICS AND EFFECTS OF COLLEGE SPORTS ON CAMPUS



Saranna Thornton, Ph.D.
Hampden-Sydney College
sthornton@hsc.edu

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National Center for the Study of Collective Bargaining in Higher Education and the Professions

THE ROLE OF FOUR-YEAR COLLEGES AND UNIVERSITIES IN THE ECONOMY

- Inter-collegiate college sports are typically played at 4-year colleges and universities.
- In the fall of 2014 there were 13.5 million students enrolled in 4-year institutions; and
- In 2014-15 they conferred 1.9 million Bachelor's degrees.
- Their revenues were in excess of \$525 billion in 2013-14; and
- They employed over 3.2 million people (full-time and part-time). https://nces.ed.gov/programs/digest/current_tables.asp



THE POLICY ISSUE: HIGHER EDUCATION IS IN A PRECARIOUS FINANCIAL POSITION

- Colleges and universities increasingly substitute contingent faculty for tenured faculty to cut costs.
- Moody's Investor Service regularly issues negative outlooks for the business of higher education.
- Most states have been cutting appropriations to public institutions, adjusted for inflation and measured on a per student basis.
- Student debt taken out by those who graduated with a bachelor's degree in 2016 averaged \$37,172 – up from 18,550 in \$2004.



DESPITE THE FINANCIAL CHALLENGES ATHLETICS SPENDING INCREASES -- UNABATED.

Why?

- Are increases in athletics spending self-supporting?
- Are athletics spending increases solely driven by the sports entertainment business – confined to a few sports in Division I?
- Are increases in athletics spending driven by efforts to comply with Title IX mandates prohibiting sex discrimination in higher education?
- Are increases in athletics spending a result of the addition of more sports – or an increase in spending on existing sports?
- How have coaching salaries changed compared to faculty salaries?



THE ROLE OF THE NATIONAL COLLEGIATE ATHLETIC ASSOCIATION -NCAA

- The NCAA is one of several organizations that govern college sports – but it dominates the *playing field*.
- Over 1100 member institutions.
- Three Divisions
 - **Division I** => FBS, FCS, DI without football; 350+ schools; with more sports; more scholarships; and more spending.
 - **Division II** => with and without football; 325+ schools; with less sports, less scholarships, and less spending.
 - **Division III** => with and without football; 450+ schools; with more sports, no scholarships, and less spending.



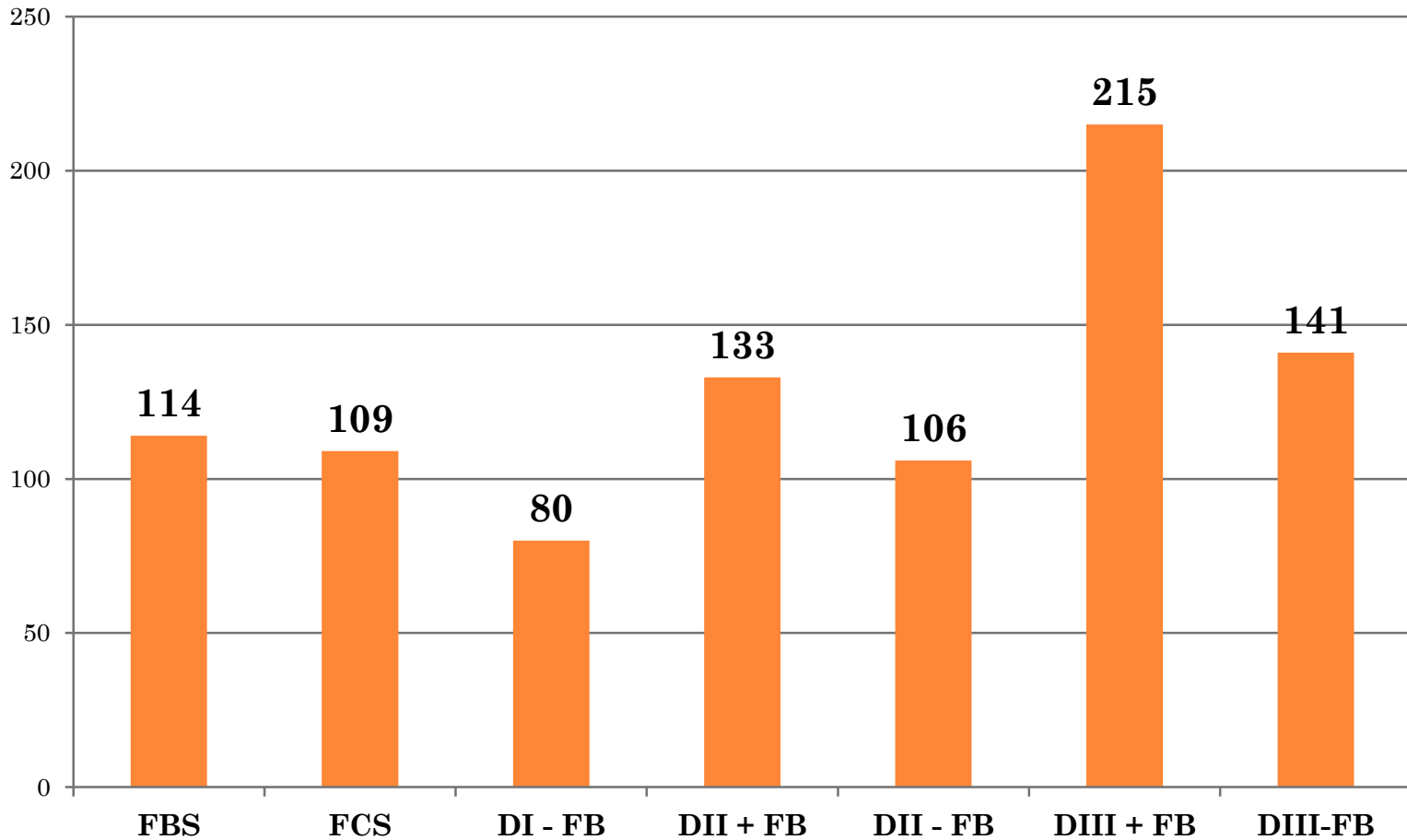
THE INVESTIGATION AND THE DATA SET

- 898 four-year colleges that belong to the NCAA.
- Inflation-adjusted data on athletics spending, head coach salaries, and athletics participation from FY 2005 and FY 2013.
- Data from 3 years post-trough of the 2001 recession and 3 years post trough of the 2007-09 recession.
- Schools that remained in the same athletics division during the sample period.
- Sources:
 - Equity in Athletics Disclosure Act data
 - Integrated Postsecondary Education Data System



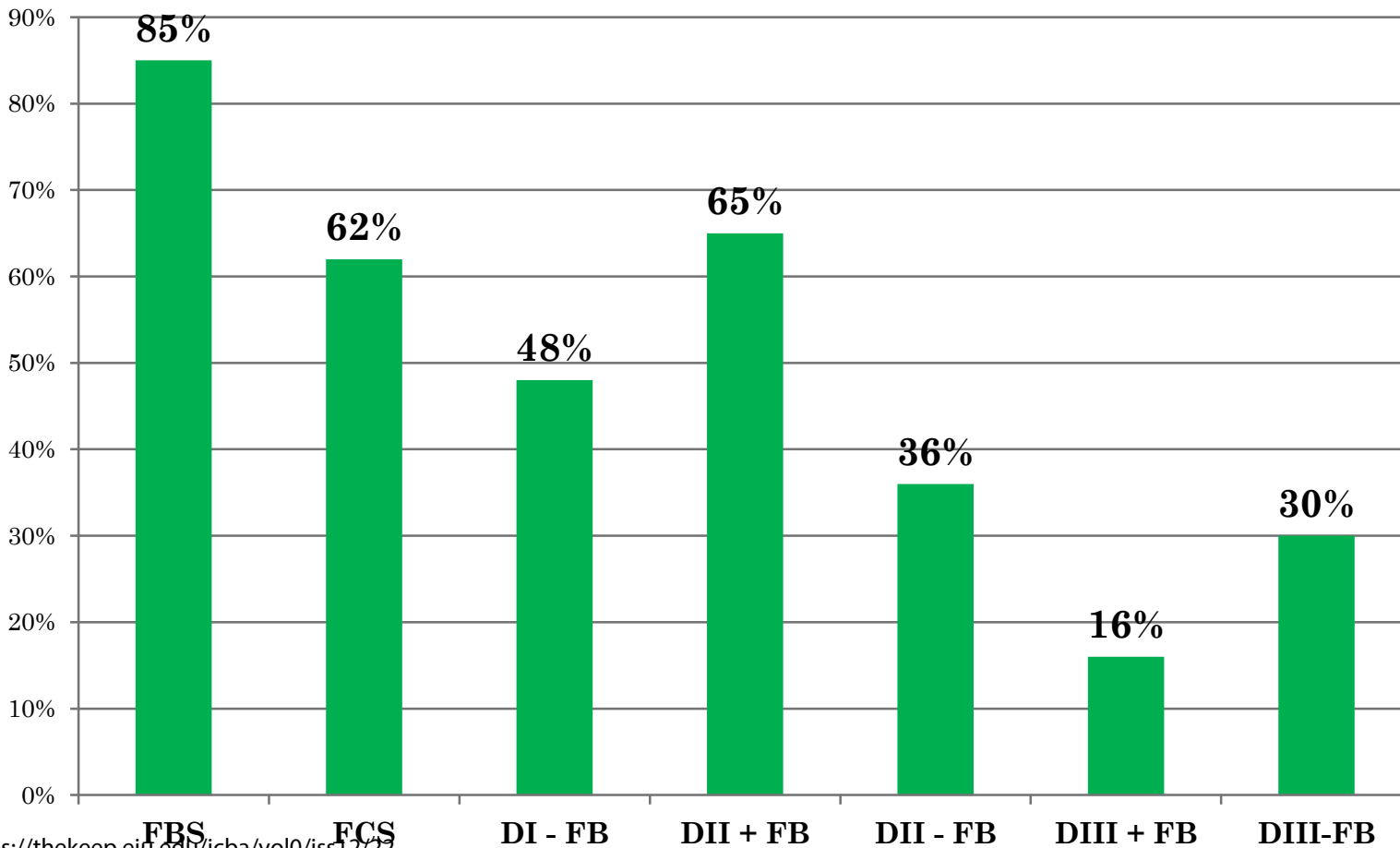
ANALYSIS OF THE 7 NCAA SUB-DIVISIONS

Number of Schools = 898



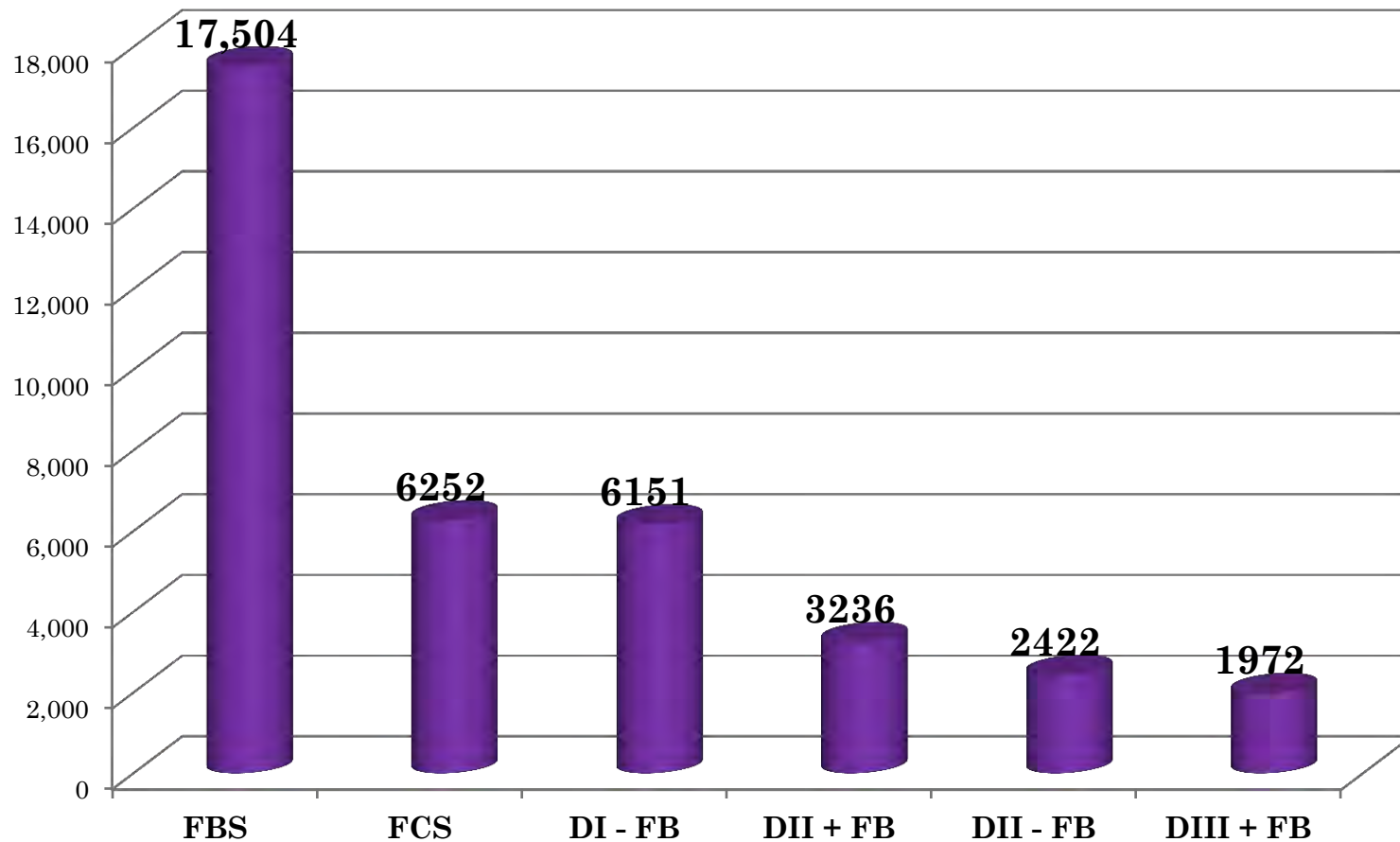
PUBLIC SCHOOLS DOMINATE DIVISION I

% of Public Schools in the Data Set = 45%



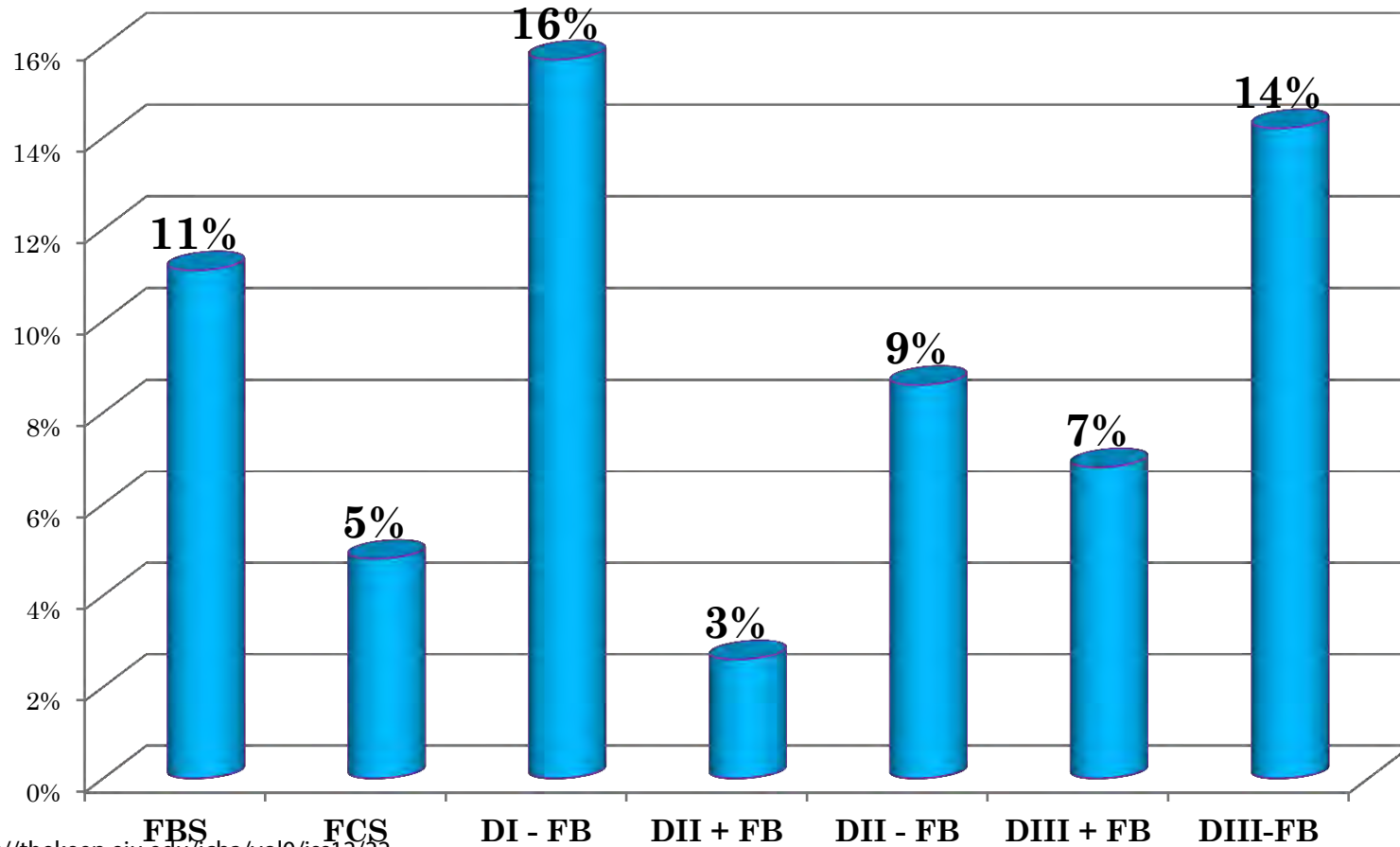
DIVISION I SCHOOLS TEND TO HAVE LARGER ENROLLMENTS

Median Number of Undergraduates: FY 2013



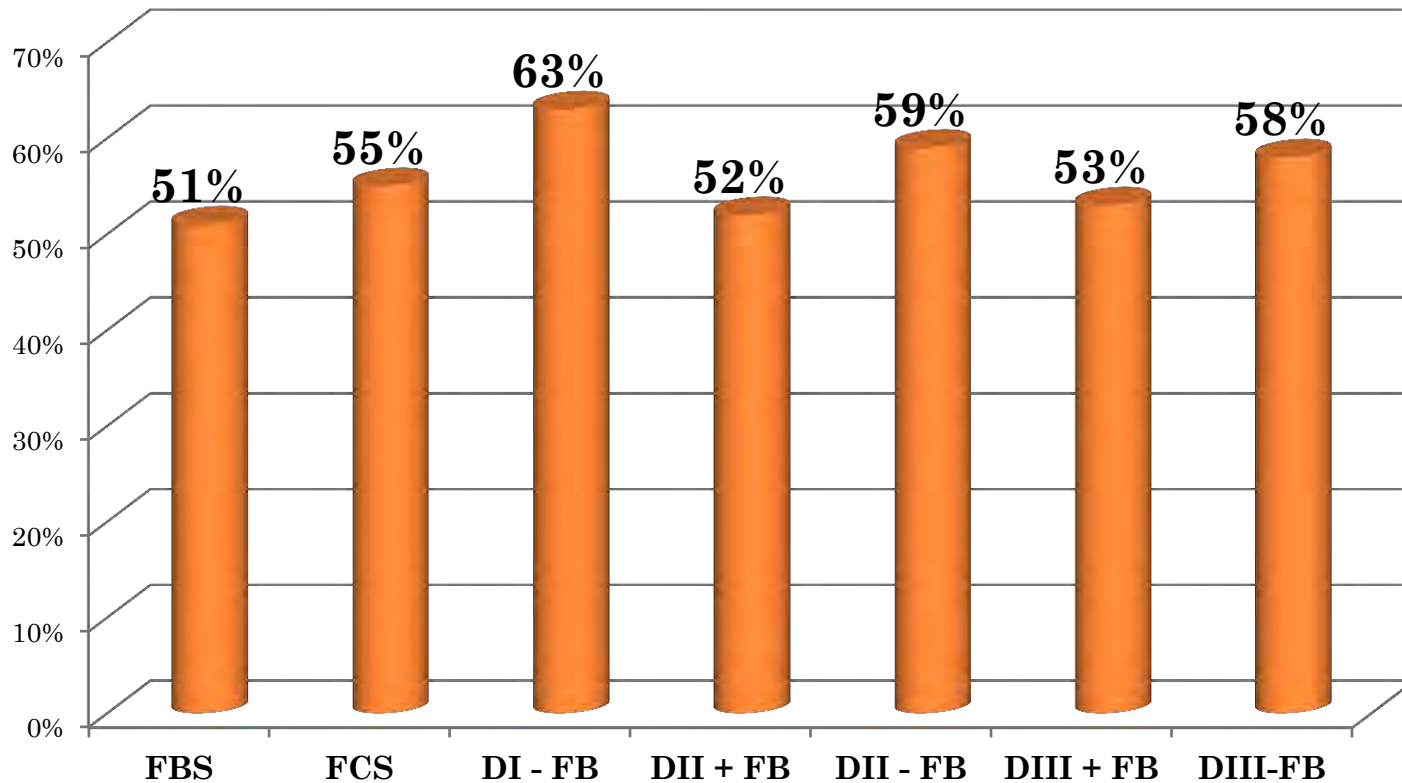
ENROLLMENT GREW IN ALL SUB-DIVISIONS

%Δ in Undergraduate Enrollment: FY 2005-13



MOST UNDERGRADUATE STUDENTS ARE WOMEN

Median % of Undergraduates: Women (FY 2013)



BUDGETING FOR PRIORITIES?



TWO TYPES OF ATHLETICS REVENUES

○ Generated Revenues

- Ticket Sales
- NCAA & Conference Distributions
- Donations
- Guarantees
- Concessions
- Broadcast Rights
- Royalties, Advertising
- Sponsorships
- Sports Camps
- Endowment Income

○ Allocated Revenues

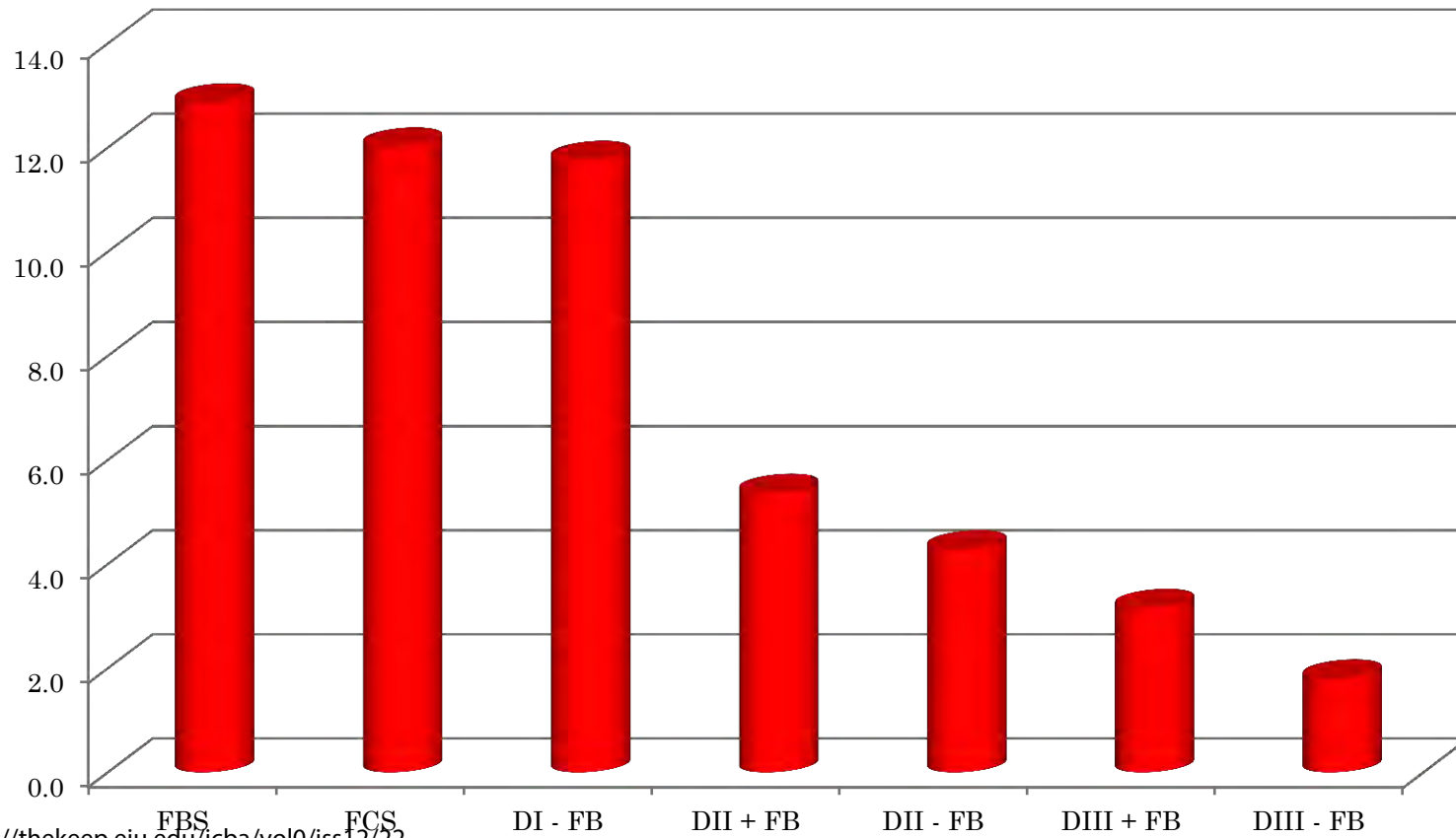
- Student Activity Fees
- Direct Institutional Support
- Indirect Institutional Support
- Government Support



ATHLETICS IS RARELY SELF-SUPPORTING

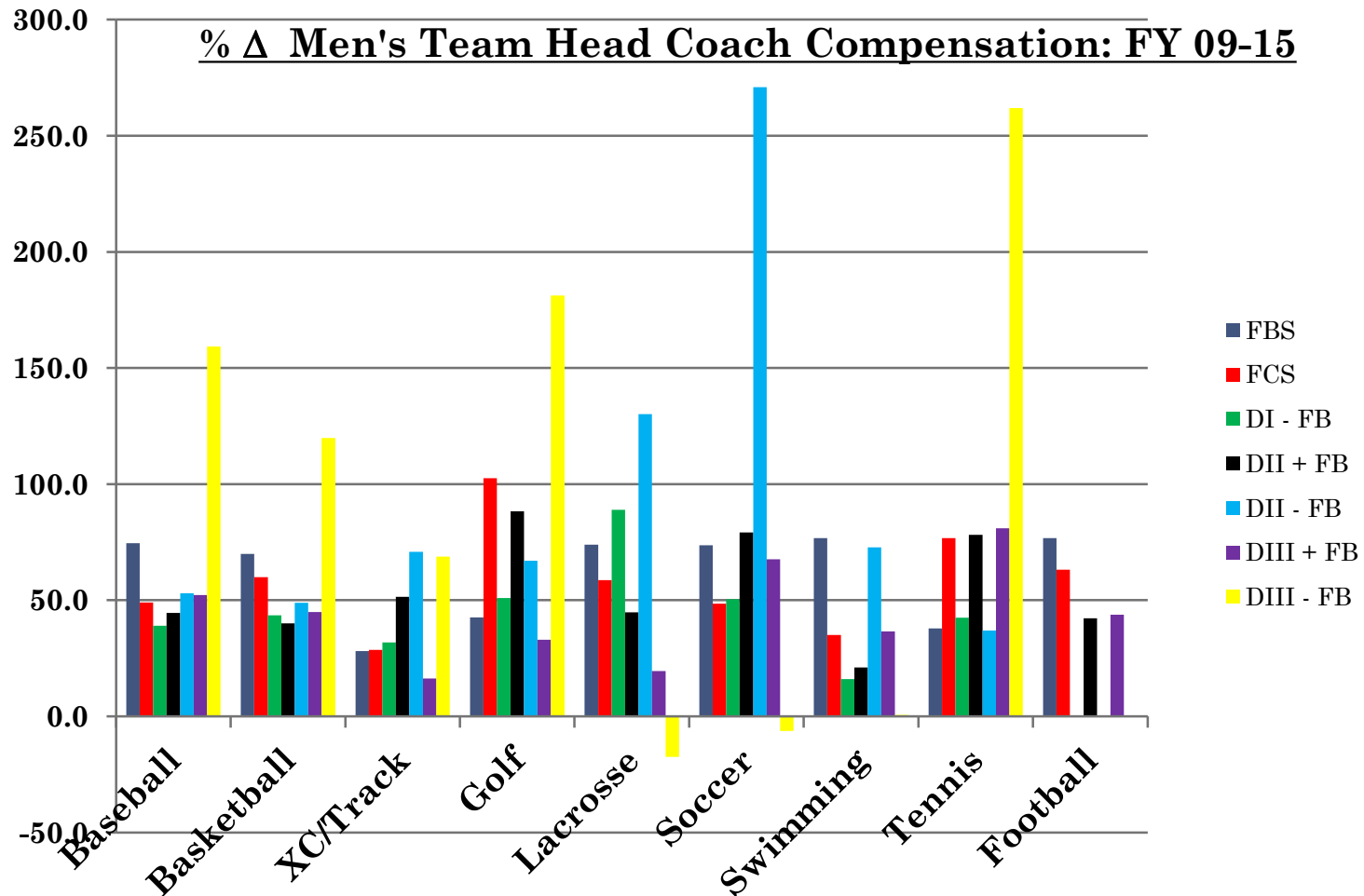
[HTTP://WWW.NCAA.ORG/ABOUT/RESOURCES/RESEARCH/ARCHIVES-NCAA-REVENUES-AND-EXPENSES-REPORTS-DIVISION](http://www.ncaa.org/about/resources/research/archives-ncaa-revenues-and-expenses-reports-division)

Median Athletics Department Deficits in Net Generated Revenues: FY 2015 (millions \$)



% Δ AAUP FACULTY COMPENSATION: FY 09-15

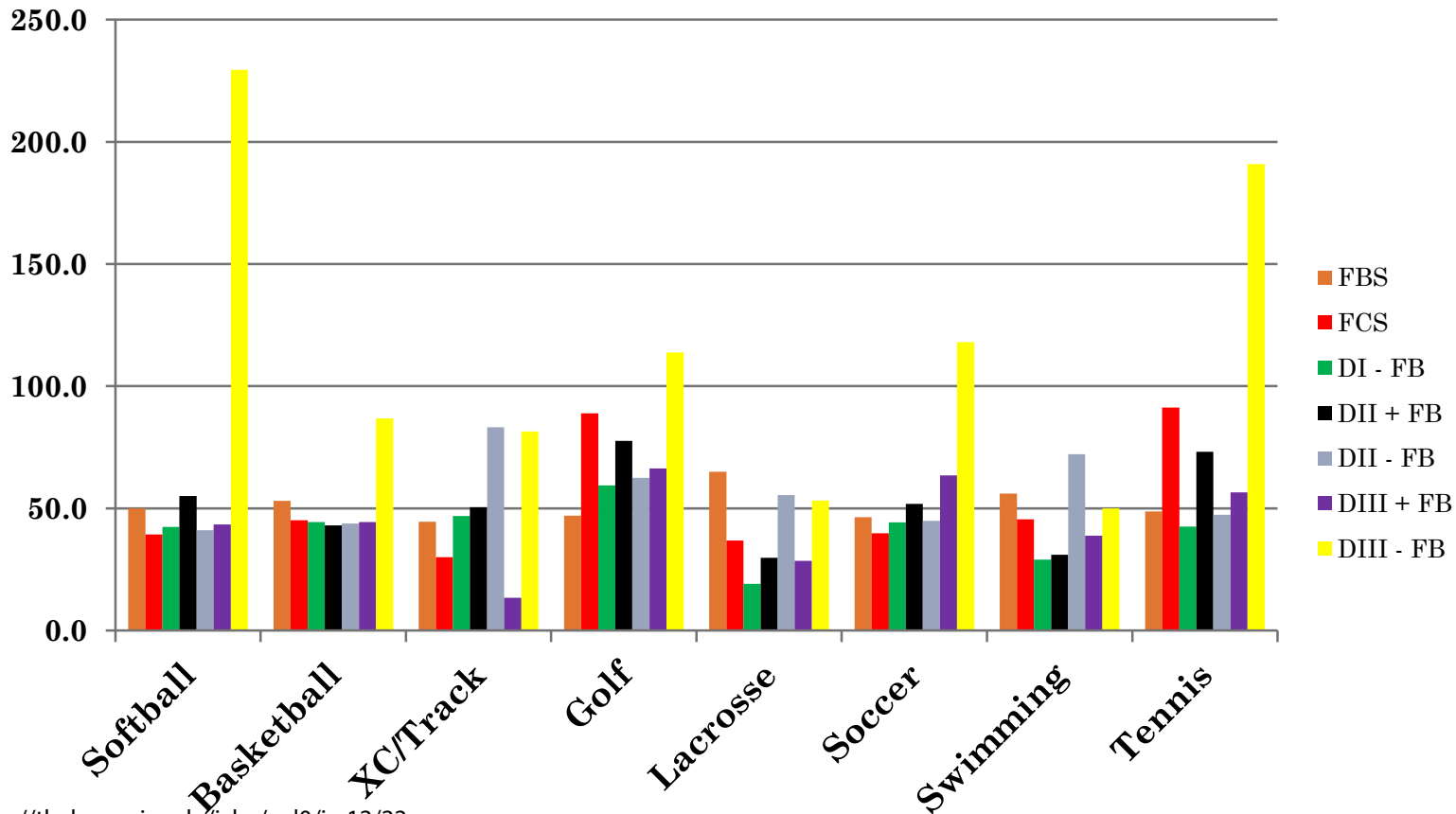
CAT. I = 28%; CAT. IIA = 23%; CAT IIB = 25%



% Δ AAUP FACULTY COMPENSATION: FY 09-15

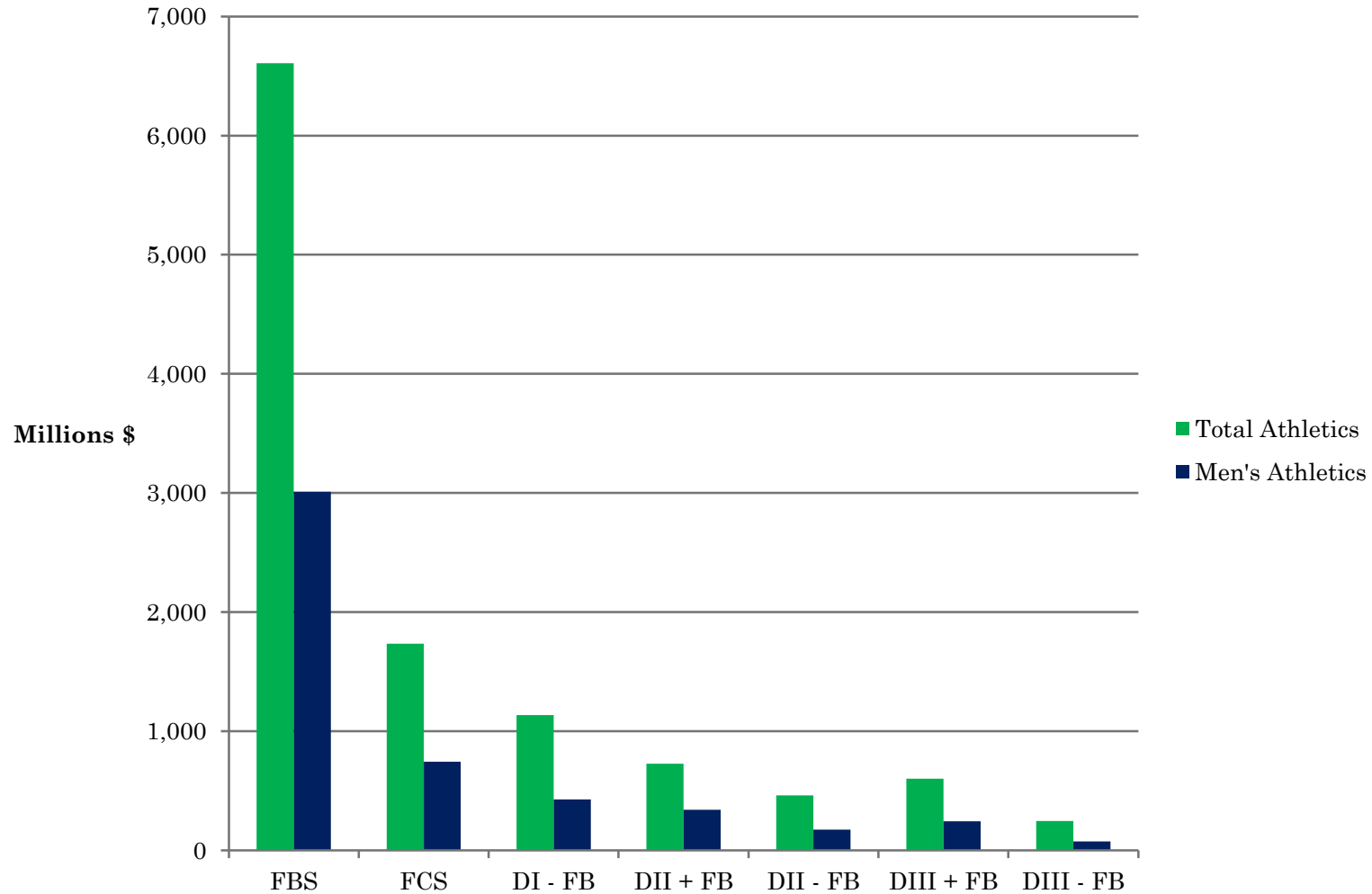
CAT. I = 28%; CAT. IIA = 23%; CAT IIB = 25%

% Δ Women's Team Head Coach Compensation: FY 09-15

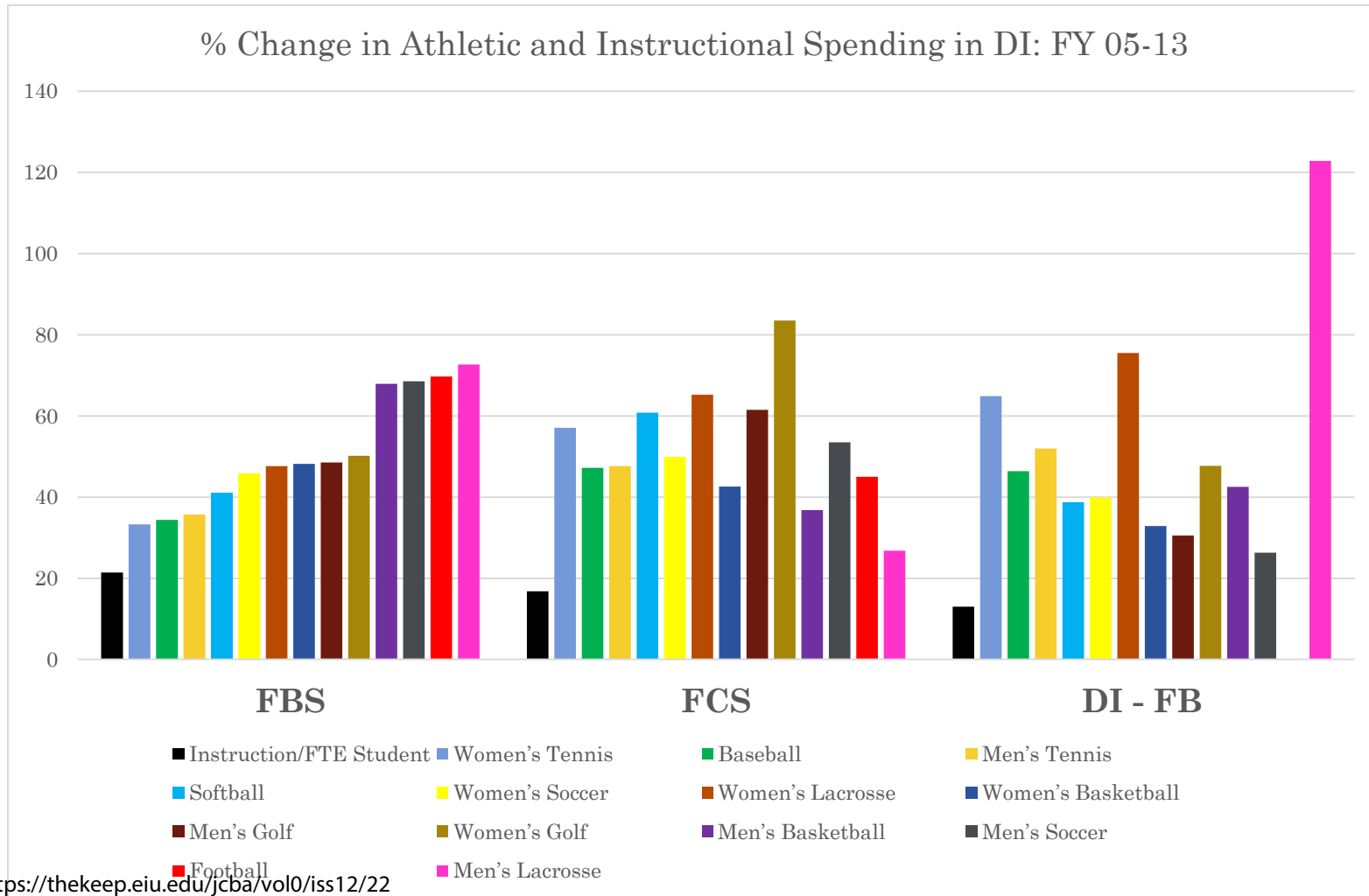


TOTAL ATHLETICS SPENDING: FY 2013

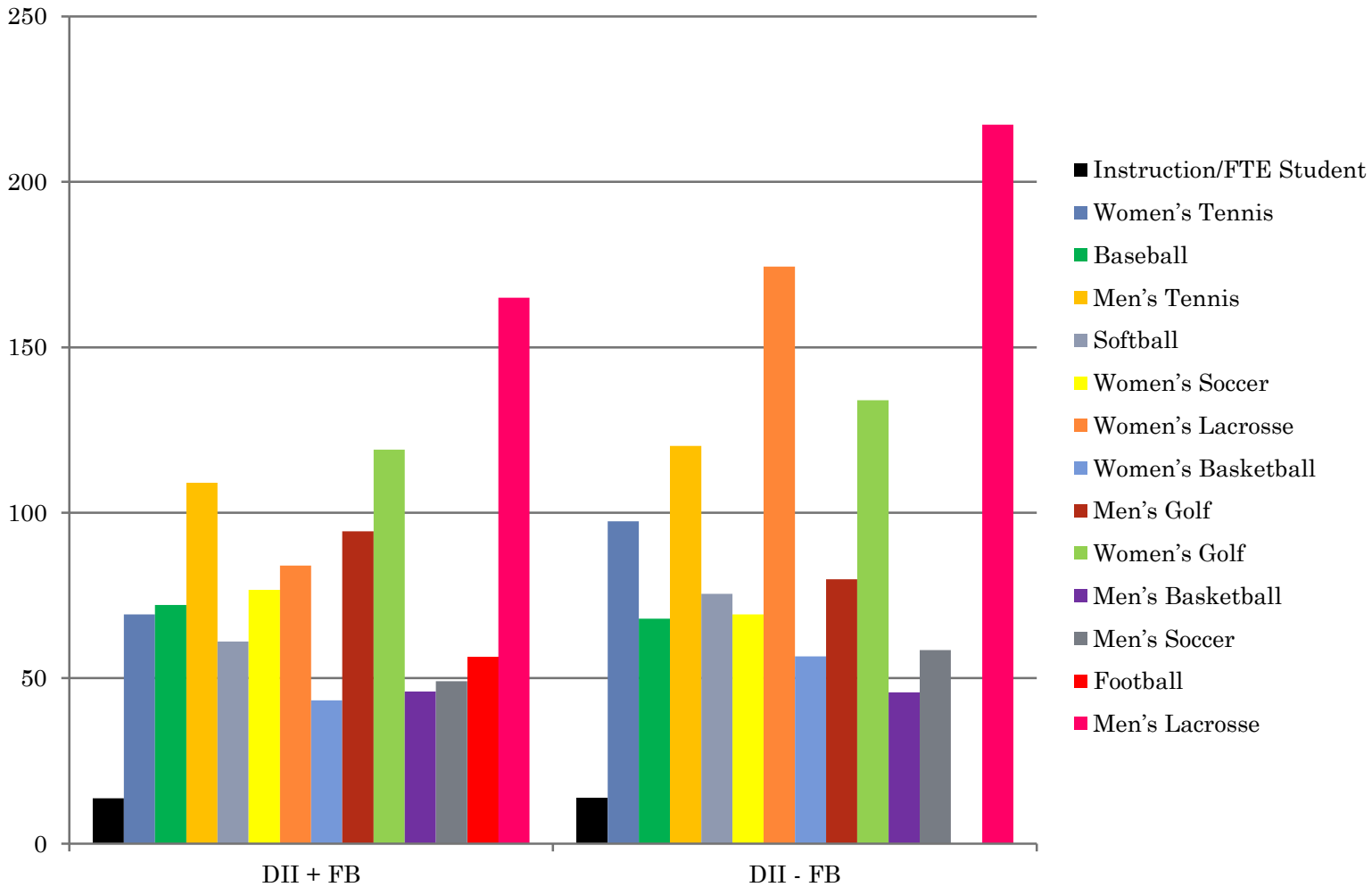
(TOTAL SPENDING ALL DIVISIONS: \$9.8 BILLION)



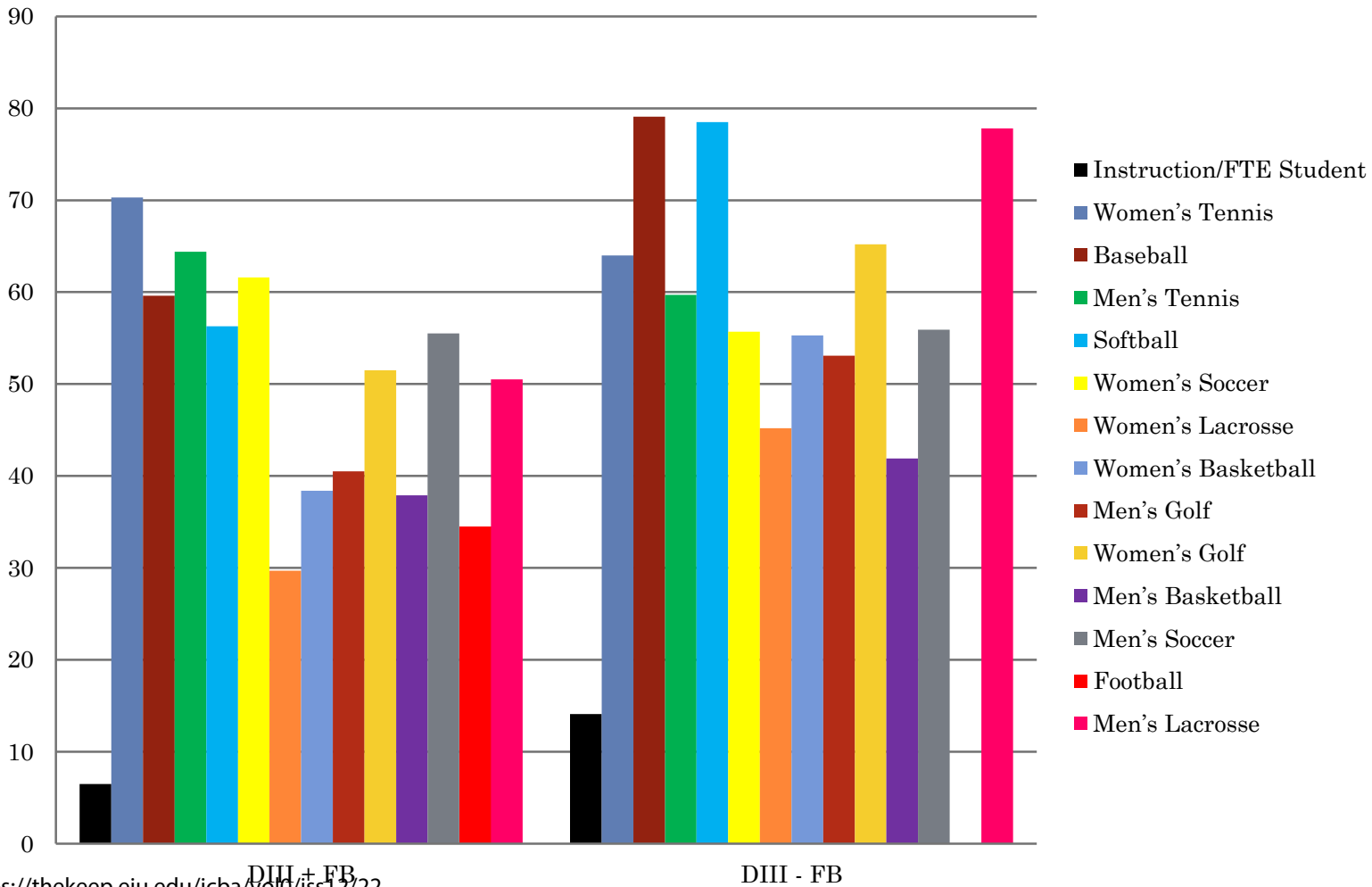
GROWTH RATES IN ATHLETIC SPENDING EXCEED INSTRUCTIONAL SPENDING ACROSS ALL SPORTS



GROWTH RATES IN ATHLETIC SPENDING EXCEED INSTRUCTIONAL SPENDING IN DII: FY 05-13

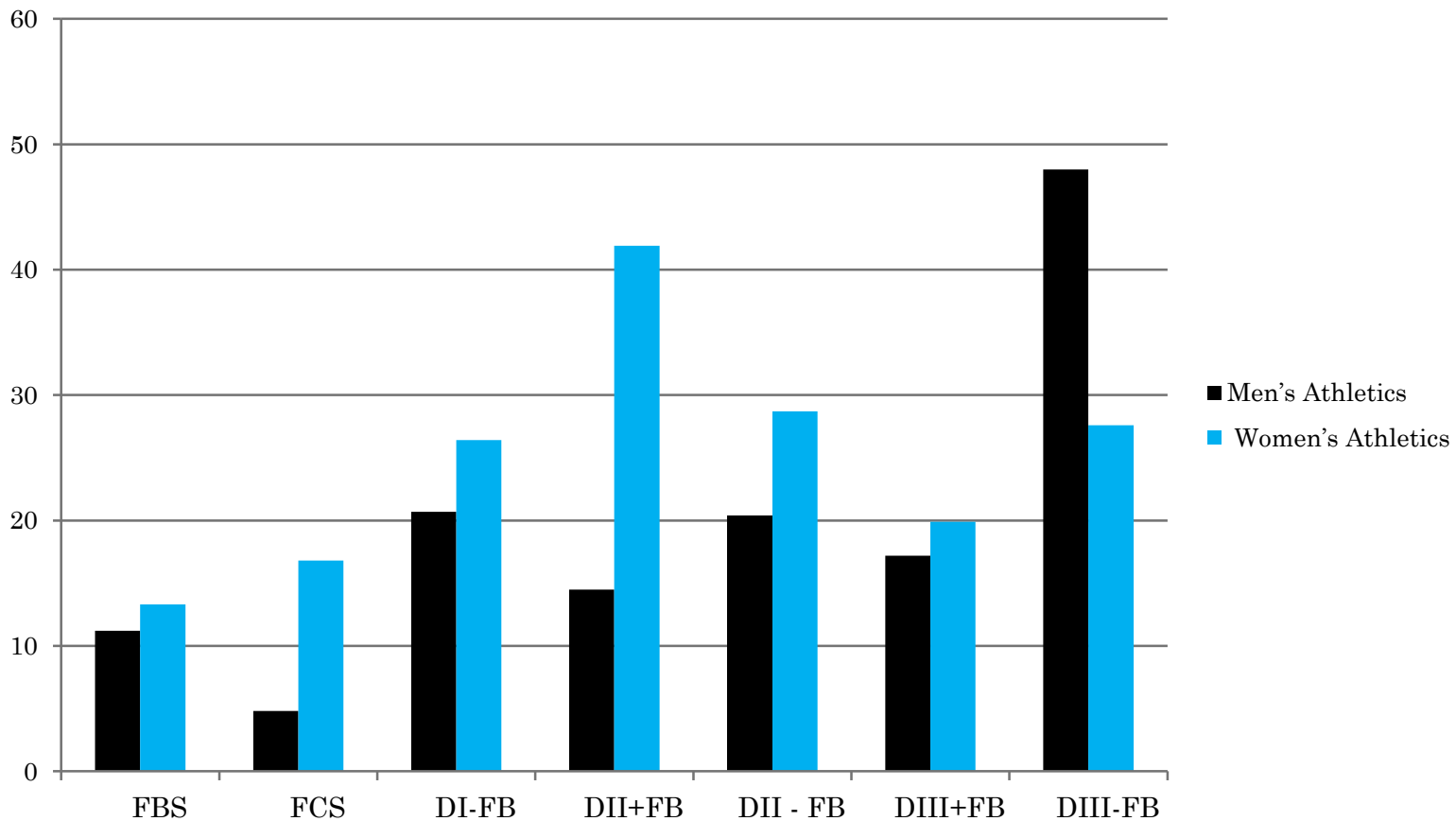


GROWTH RATES IN ATHLETIC SPENDING EXCEED INSTRUCTIONAL SPENDING IN DII: FY 05-13



HIGHER RATES OF ATHLETICS PARTICIPATION ARE ONE FACTOR DRIVING HIGHER SPENDING

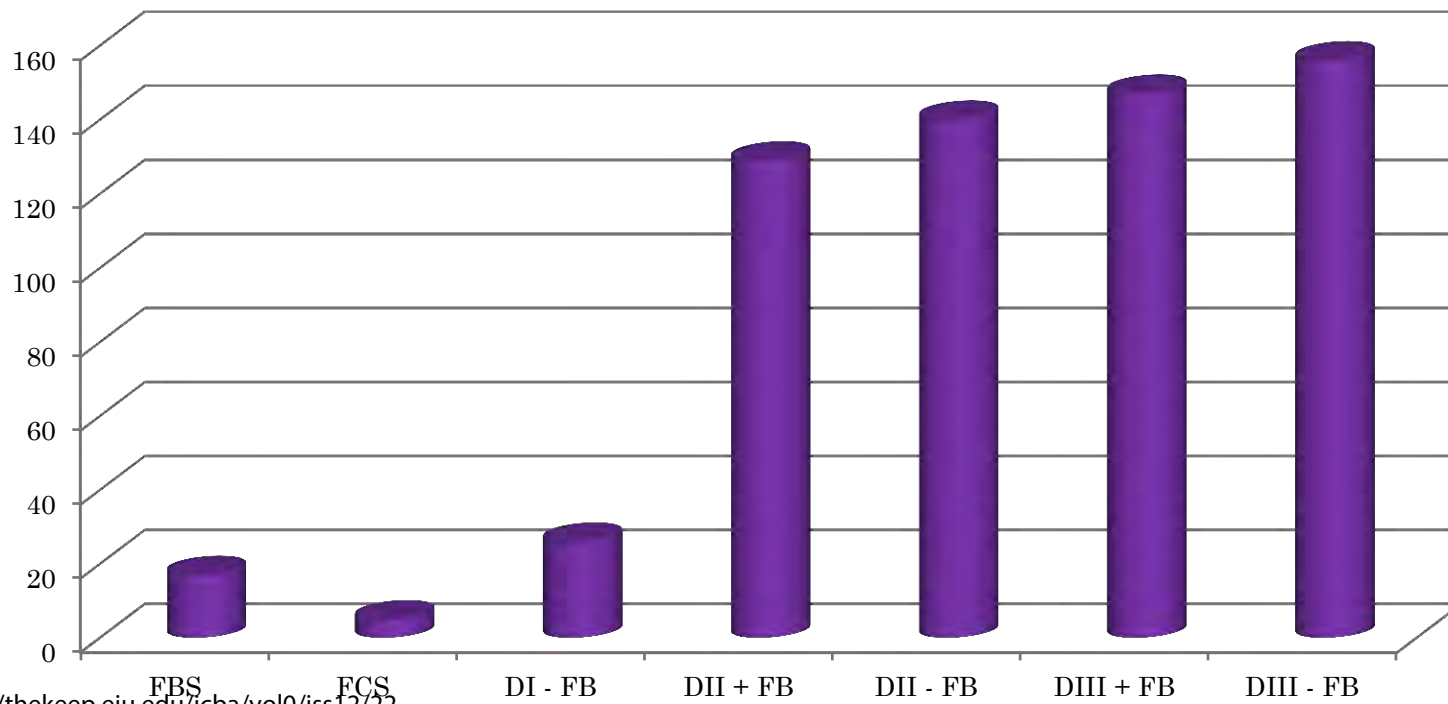
% Change in Median Student Athlete Participation Per School: FY 05 - 13



DII AND DIII SCHOOLS ADDED LARGE NUMBERS OF NEW SPORTS TEAMS: FY 05-13

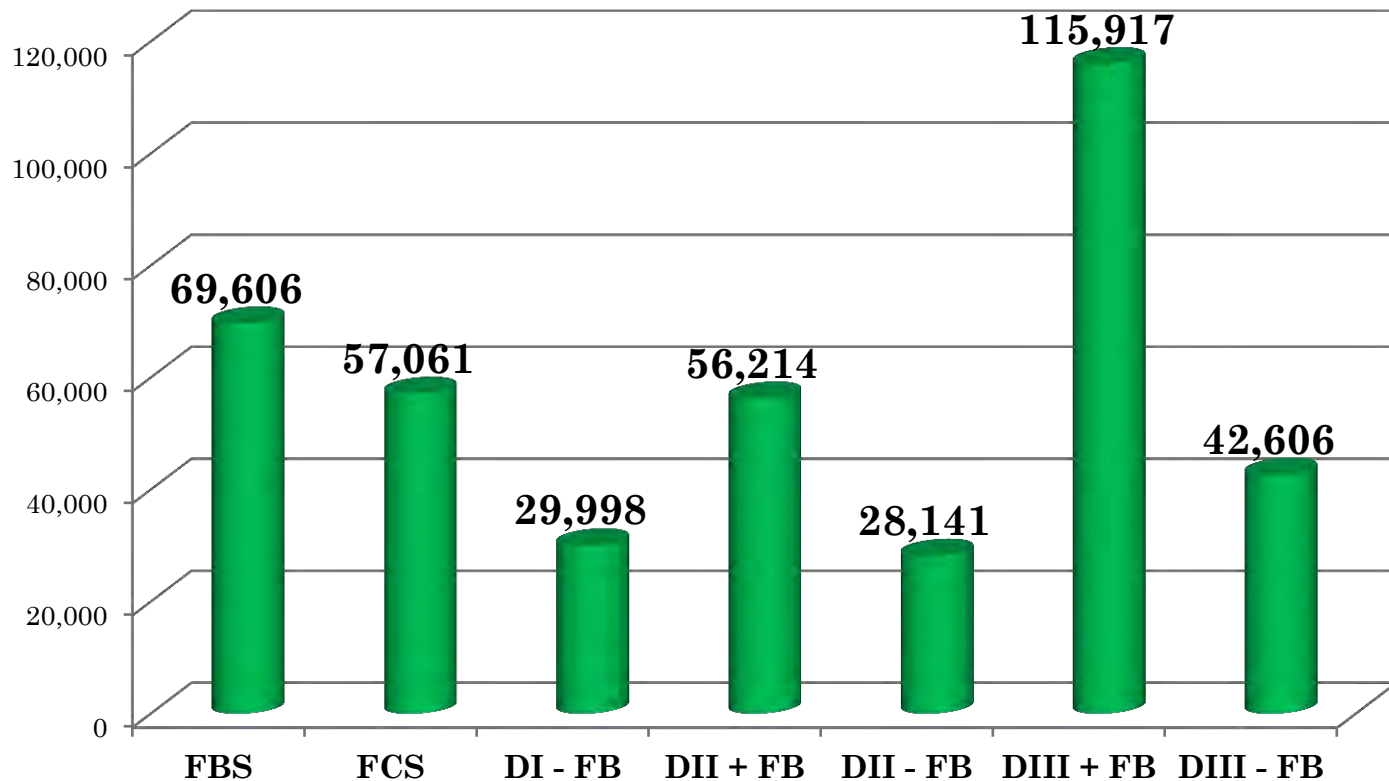
=> PREDOMINANTLY: MEN'S TRACK (+100), WOMEN'S TRACK (+129), WOMEN'S GOLF (+82), MEN'S LACROSSE (79), WOMEN'S LACROSSE (109), AND WOMEN'S SOCCER (+31)

Net Change in Number of Teams: FY 05-13



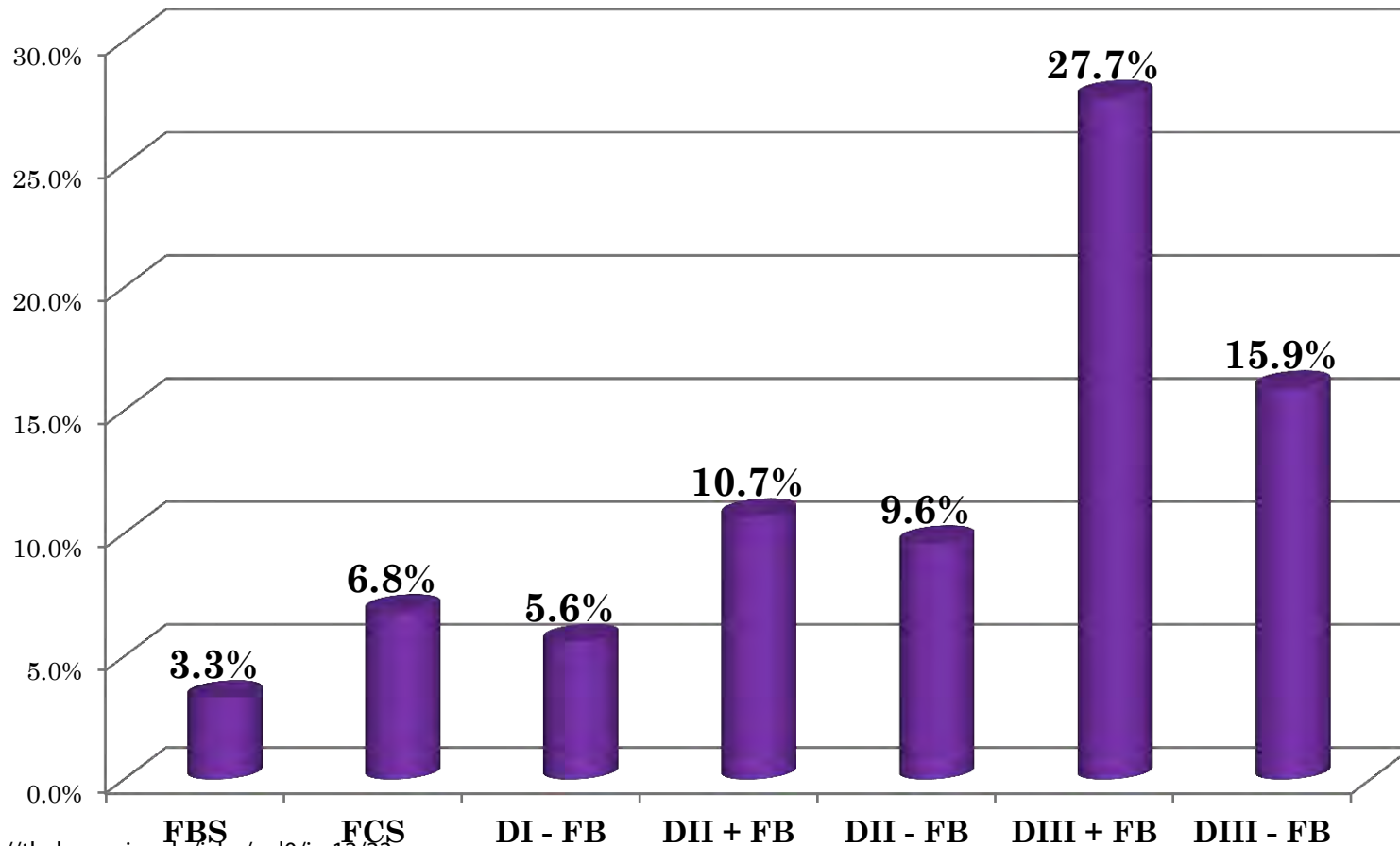
ATHLETIC PARTICIPATION IS GREATEST IN DIII – WITH FOOTBALL

Total Athletes: FY 2013 = 399,543



DIII COLLEGES ACTIVELY USE ATHLETICS PARTICIPATION TO MANAGE ENROLLMENT

Median: Athletes as a % of Undergraduates - FY 2013



CONCLUSIONS:

- Athletics is not self-supporting.
- Athletics spending increases dramatically outpace increases in educational spending.
- Athletics spending is increasing rapidly in all NCAA Divisions.
- Athletics spending is increasing rapidly in *revenue* and *non-revenue* sports.
- Athletics spending is increasing because:
 - Schools are spending more on existing sports;
 - Schools are adding many more new sports than they are eliminating.
- Coaching Salaries are:
 - Increasing rapidly in *revenue* and *non-revenue* sports - and across all NCAA Divisions.
 - Increasing much more rapidly than faculty salaries.



PRIORITIES?

