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Our Universities: Sports Spending

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Our Universities: Sports Spending

Fifth in the series, Follow the money

Only a small fraction of the U.S. student population attends the 103 Football Bowl Subdivision (FBS) universities. At other schools, college athletics is a whole different ballgame. Where does this focus on the “major league” programs leave the other 2,700 four-year campuses, schools that collectively serve nearly 18 million students?

More broadly, a portion of the abundant financial incentives flowing to this not-for-profit enterprise of college sports will be aligned with its primary educational mission.

Chicago Tribune, Editorial, June 14, 2012, William E. Kirwan and R. Gerald Turner

In the Big Ten Conference, spending per student-athlete was roughly \$112,000 in 2009. That figure contrasts with \$18,000 per student in the general student body, according to a recent Knight Commission report on Intercollegiate Athletics. These patterns resemble spending across the 103 public universities in the Football Bowl Subdivision (FBS). Ohio State budgets nearly \$130 million annually for its athletics programs.

So what? Here's what.

The fact that 103 schools generate hundreds of millions of dollars in revenue for this entertainment venue is not troubling at all. The Big Ten Network has a nearly \$2.8 billion contract through 2031 that generates roughly \$19 million per conference school. The Pac 12 has even a bigger purse, \$3 billion, with ESPN and Fox. And that's only TV. Add in royalties and profits from endorsements, hot dogs, sodas, tee-shirts, and Kewpie Dolls, and the numbers become astronomical.

Athletics spending at these rates does not negatively impact academics, or the cost of attendance, to students and their families. And many of the FBS schools, including all of Big Ten, Big 12 and SEC, average annual athletics fees never reached \$200 per student in 2009, according to the Center for College Affordability and Productivity. I would call that a wash. Like mass transit fees, some are zero. But buses and ballgames both serve only a fraction of students.

Elsewhere, students are borrowing money to help pick up the tab for Intercollegiate Athletics. In Conference USA schools, the mandated cost per student was \$700, and in the Mountain West Conference, nearly \$1,200. These are fundamentally different.

Of the 103 FBS schools only 13 had athletics programs that actually broke even in 2009. Athletics may pay for itself on the tiniest fraction of campuses, and it may contribute in many ways, but should not be counted in the win column when it loses.

A football coach in an institution where athletics is self-sustaining, or nearly so, might reasonably expect to be paid \$1 million or more per year. However, at a university where a football and/or basketball coach makes 10 to 20 times more than the most able and experienced faculty on campus and students pay more than \$200 per year in athletics fees, there is something broken.

Eastern Michigan University subsidizes athletics with 16% of its tuition receipts, according to Professor Will Huhn. Down the road, at the University of Michigan, students pay nothing. But here is where the trouble really starts...four out of ten students at EMU are Pell Grant eligible, which is three times the number of Michigan.

Taxpayers are subsidizing and insuring student loans to pay for football programs because leadership can't say no. Low income families are paying a lot of money for athletics programs they neither need nor want.

It may be perfectly appropriate for a Football Championship Subdivision school to invest significantly in facilities and to charge athletics fees. A modest football stadium to seat 14,000 people might be a good investment at a state university over the long haul. But the tipping point must be found locally, not in national statistics.

Stephen J. Perez, in *The Journal of Sports Economics*, April 2012, shows that, in the California State Universities from 1986 – 2009, one win in football can increase the percentage of local high school graduates entering the local CSU schools by .051 percentage point. Local leadership must determine if this is a meaningful return on investment. Experts from Washington or pundits from ESPN can't; they are peddling Nissans, Nikes, and national pastimes.

Institutions should seek to tailor athletics aspirations with aspirations for academic scholarships, the library, quality faculty, excellent classrooms, up-to-date technology, and every other thread in the fabric of university life.

Our universities require eye-on-the-ball leadership: helmets strapped on and fitting athletics programs into the mission, locally and responsively. Kirwan and Turner are right for a sliver of the universities they include in "college sports."

After that, I call "Foul ball!"