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## CONFERENCE PRESENTATIONS AND RESPONSES—SESSION I

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*Journal of Intercollegiate Sport*, 2010, 3, 3-21  
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# An Economic Look at the Sustainability of FBS Athletic Departments

**Rodney Fort**

University of Michigan

In this descriptive historical review, I examine indicators of economic health for FBS athletic departments over time—attendance, media revenues, postseason revenues, operating revenues and expenses of athletic departments, and competitive balance. In addition, I review these and business management responses by athletic directors during the first year of the current recession. While there is some limited evidence that the recession of 2001 impacted BCS bowl payouts and revenues of the largest athletic departments, these rebounded quickly. Essentially, FBS athletic departments have been mostly impervious to business cycles. Implications are discussed.

“I don’t care how big and how wealthy they are, this is going to impact everybody... The ones who will get hit hardest are the lower tier of I-A, with their champagne appetites and beer budgets.” —Mike Cleary, Director, National Association of Collegiate Directors of Athletics (Brady, 2009).

There is tremendous interest in the responses made by college athletic department directors to the current recession that started in 2008. Coupled with belief in some sort of “arms race” logic governing college sports spending (e.g., Frank, 2004), sustainability becomes a natural question. As the recession appears to lose its punch, and we all wait for the data to be generated on its actual impacts on college sports, the point of this paper is to step back and take a historical look at sustainability in the face of previous economic business cycles. Perhaps this look back will prove informative on the current recession episode.

In this descriptive historical review, I examine indicators of economic health for FBS athletic departments over time. This is required since there is nothing comparable to an asset sale price, or change in stock market prices, associated with the production of college sports outputs. The indicators I choose are attendance, media revenues, postseason revenues, operating revenues and expenses of athletic departments, and competitive balance. Especially interesting regarding the current interest in recessionary responses is the behavior of these indicators for 2008. In addition, I review business management responses during the first year of the recession.

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Fort is with Sport Management, University of Michigan, Ann Arbor, MI.

## Business Cycles and the Economic Health of FBS Departments

As a point of reference, we have the National Bureau of Economic Research list of official recessions shown in Table 1. Especially pertinent, given the typically limited time frame for the economic and business data on college sports available to outside observers, are recessions after 1970 (the final 5 entries in Table 1). The original OPEC oil embargo eventually quadrupled the price of oil, bringing the economy to a skidding halt from 1973 to 75. The recessions of 1980–82, spurred by the Iranian revolution, also raised oil prices with impacts on the economy. The savings and loan crisis of 1990–91 was one of the long-term effects of Black Monday, in October of 1987, a stock market collapse that reduced the Dow Jones Industrial Average by 22.6%. The bursting of the dot.com bubble brought the economy back to earth for 8 months, March to November 2001. Starting in December 2007, the collapse in credit availability in general, but especially in housing, and the downward spiral in housing sales feeding on itself, has been labeled the “mortgage crisis.” These events have wreaked the greatest havoc on the economy since the Great Depression.

In what follows, I examine attendance, media revenues, postseason revenues, operating revenues and expenses of athletic departments, and competitive balance

**Table 1 NBER Official Recessions.**

Date	Duration (Mos.)
Sept. 1902-Aug. 1904	23
May 1907-June 1908	13
Jan. 1910-Jan. 1912	24
Jan. 1913-Dec. 1914	23
Aug. 1918-March 1919	7
Jan. 1920-July 1921	18
May 1923-July 1924	14
Oct. 1926-Nov. 1927	13
Aug. 1929-March 1933	43
May 1937-June 1938	13
Feb. 1945-Oct. 1945	8
Nov. 1948-Oct. 1949	11
July 1953-May 1954	10
Aug. 1957-April 1958	8
April 1960-Feb. 1961	10
Dec. 1969-Nov. 1970	11
Nov. 1973-March 1975	16
Jan. 1980-July 1980	6
July 1981-Nov. 1982	16
July 1990-March 1991	8
March 2001-Nov. 2001	8

Source: Excerpted from NBER, <http://www.nber.org/cycles.html>.

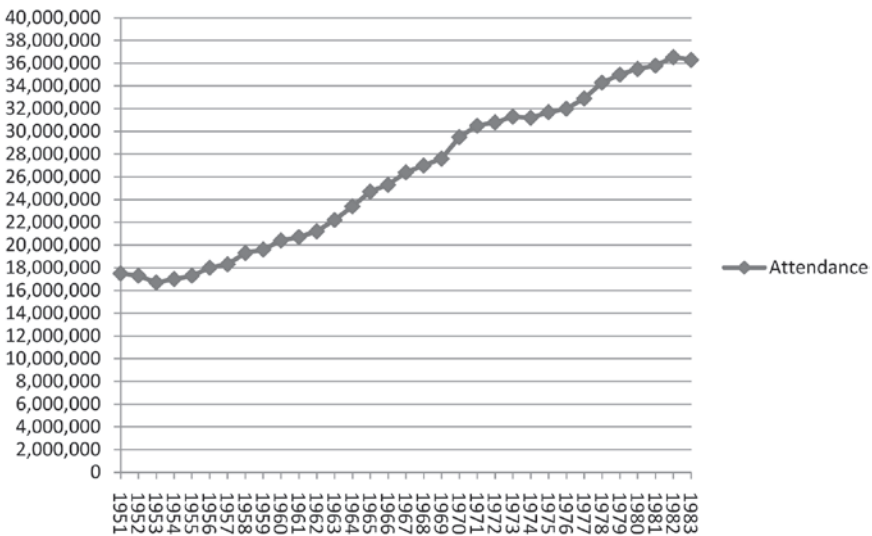
as indicators of long term sustainability. For the current recession, from the college sports perspective, one would examine impacts beginning late in 2008. But I reserve that for the next section of the paper.

### Attendance

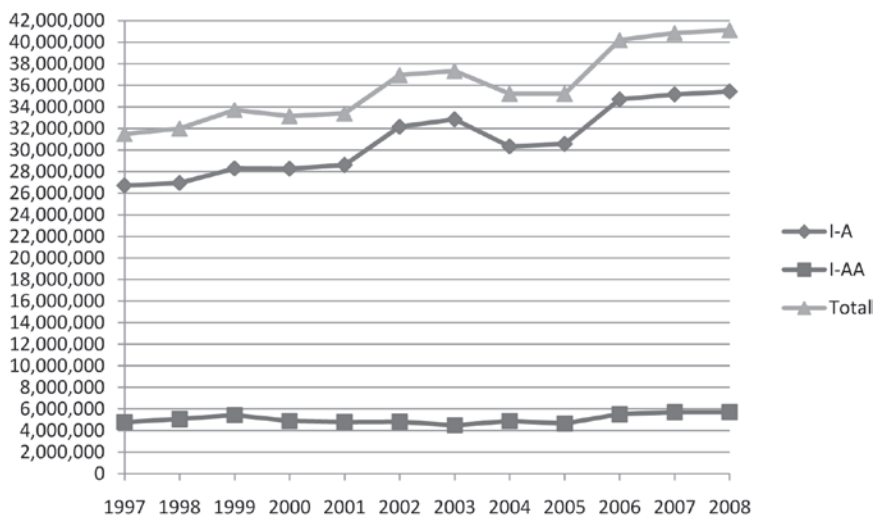
Figure 1 shows total football attendance across all divisions for 1951–1983. Zimbalist (1999, pp. 93–96) documents that the initial dip here is due to the first college football TV experiments but, eventually, TV and attendance are clearly complementary. In any event, since attendance rises continuously throughout (after 1953), it is difficult to point to any detectable impact that could have been caused by any of the recessions listed in Table 1. While we can never know how high attendance might have been in the absence of any recession impacts, there is nothing in Figure 1 suggesting any impact at all.

Attendance data for the FBS (and FCS, just because it was easily available), 1997–2008, are depicted in Figure 2. While not so in the FCS (attendance is pretty much a given at 4.5 million to 5 million), there was a short lull in attendance for the FBS in 2004 and 2005. From Table 1, this lull does not correspond with any slow-down in the economy (and precedes the current recession).

Annual attendance growth rates by conference are in Table 2. In the FBS, the newest conference (Sun Belt) and two successfully realigned conferences (ACC and C-USA) are the attendance growth rate stars. The rest of the conferences grew at about the same rate as the economy at large (typically, 2.5–3% annually). Of course, as the number of independents has shrunk, so did their attendance growth but this is probably a good sign for college sports—conferences were more attractive over time. The WAC suffered the worst annual decline, but it also was the confer-



**Figure 1** — Total D-I Football Attendance, 1951–1983. Source: Created from attendance data in Zimbalist (1999, Table 5.1, p. 95).



**Figure 2** — FBS (D-IA) and FCS (D-IAA) Attendance, 1997–2008. Source: Created from attendance data at *ncaa.org*.

**Table 2 Attendance Growth Rates by Conference, FBS (D-IA) and FCS (D-IAA), 1997–2008.**

Division I-A	Growth	Division I-AA	Growth
Atlantic Coast	5.9%	Big Sky	2.3%
Big 12	3.5%	Big South	17.3%
Big East	2.8%	Great West	5.5%
Big Ten	1.2%	Independents	-21.5%
Conference USA	8.3%	Ivy	2.2%
Independents	-1.2%	Mid-Eastern	0.9%
Mid-American	0.7%	Northeast	9.1%
Mountain West	2.1%	Ohio Valley	3.0%
Pacific-10	2.3%	Patriot	1.4%
Southeastern	2.2%	Pioneer	5.0%
Sun Belt	7.6%	Southern	2.9%
Western Athletic	-6.3%	Southland	-0.7%
Total	2.6%	Southwestern	2.1%
		Total	1.6%
Total Both Divisions		2.5%	

Source: Calculated from attendance data at *ncaa.org*.

ence in the greatest upheaval through reorganization and that didn't happen due to any downturn in the economy. In the FCS, the Big South, Northeast, and Pioneer clearly stand out in terms of growth rates in attendance. Independents bore nearly the entire brunt of the offset.

So, how does attendance shape up during the four most recent recession episodes? From a strictly analytical standpoint, this is a trick question. Just looking at Figures 1 and 2, and Table 2, attendance appears to have been barely touched at all. But we don't get to know how attendance *would have behaved* in the absence of recessions. In addition, for every attendance outcome, in addition to general economic conditions, there are particular pricing choices by athletic directors behind the attendance results. The data task for demand estimation, to determine pricing impacts on attendance, is beyond the more modest goals of this paper. So, for now, recognizing that care must be exercised in drawing any conclusions only from attendance data, it is difficult to see any sustainability issues in attendance.

## Media Revenues

Football game rights fees are in Table 3 (Zimbalist, 1999, p. 95, reports similar data to 1983). Presumably, these are all for FBS games broadcast only on national TV. It's best to sort out Table 3 after *NCAA v. Board of Regents*, 1984, the famous case divesting the NCAA of its governance of college football TV. Clearly, after 1984,

**Table 3 College Football Game Rights Fees (\$2009 millions).**

Year	# Games	Total Contract	Per Game
1952	12	\$7.97	\$0.66
1978	23	\$102.58	\$4.46
1979	23	\$83.59	\$3.63
1980	24	\$80.30	\$3.35
1981	24	\$76.70	\$3.20
1982	28	\$129.08	\$4.61
1983	28	\$136.50	\$4.88
1984	36	\$44.72	\$1.24
1985	42	\$53.04	\$1.26
1986	42	\$56.05	\$1.33
1987	42	\$52.08	\$1.24
1988	43	\$50.27	\$1.17
1989	43	\$48.01	\$1.12
1990	43	\$45.13	\$1.05
1991	71	\$90.16	\$1.27
1992	71	\$90.10	\$1.27
1993	71	\$88.94	\$1.25
1994	71	\$86.59	\$1.22
1995	71	\$86.41	\$1.22

Source: Fort (2006), Table 13.10.

the annual rate of growth in rights fees is quite phenomenal. Adjusted for inflation, and recognizing that more games were broadcast, the rate of real annual growth in the total contract value between 1985 and 1995 was about 6.2%. And this all happened while the value per game remained pretty much constant in real terms.

More detail on recent conference contract values are shown in Table 4. Data are not uniformly reported at any source, so Table 4 is a bit incomplete, but these are not the kind of values one would expect from an industry hard hit by the recession of 2001. Zimbalist (1999, p. 103) states previous football deals (1990–1996) as: ACC (\$70 million), Big East (\$65 million), Big Ten/Pac-10 (\$115 million), SEC (\$85 million), and Notre Dame (\$45 million). Even allowing for a bit of variation in contract lengths between the earlier contracts and the ones reported in Table 4, the recent contract values swamp these earlier values.

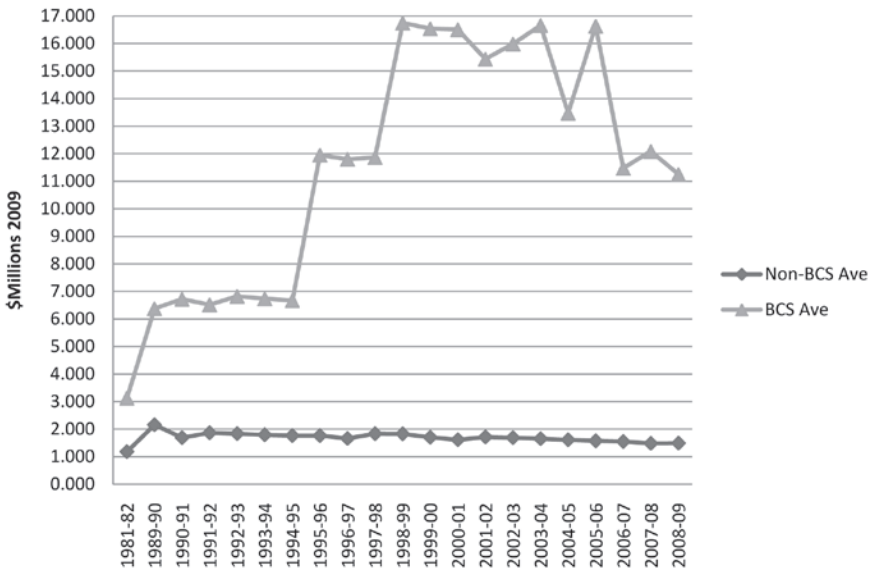
## Post-Season Revenues

Figure 3 shows the behavior of average postseason bowl payouts (collected from various popular sources). The non-BCS bowls pretty much held their own to 2001–02.

**Table 4 Annual Conference Rights Fees in College Sports (\$2009).**

Conference	Network	Duration	Ends	Amount
<i>Football</i>				
ACC	ABC/ESPN	7	2010	\$258 million
Big 12	FSN	12	2011	\$214 million
Big East	ABC/ESPN	7	2013–14	\$200 million
Notre Dame	CBS	5	2010	\$45 million
Pac-10	ABC/ESPN	10	2006	\$169 million
	FSN	10	2006	\$153 million
<i>Basketball</i>				
ACC	Raycom	10	2010–11	\$300 million
Big East	CBS	4	2012–13	Not available
Pac-10	FSN	9	2005–06	\$52.5 million
<i>Combined Contracts</i>				
Big 12	ABC/ESPN	7	2015–16	\$500 million
Big East	ABC/ESPN		2013–14	\$200 million
Big Ten	ABC/ESPN	10	2018	\$1 billion
	Big Ten Network	20	2028	\$2.8 billion
C-USA	ESPN	8	2008–09	\$80 million
MAC	ESPN	5	2007–08	\$3 million
Mountain West	CSTV	7	2012–13	\$82 million
SEC	ESPN	15	2024	\$2.2 billion
	CBS	15	2024	\$800 million
Sun Belt	ESPN	n/a	2007–08	Not available
WAC	ESPN	6	2008–09	\$8 million

Source: Next edition of Fort (2006). See, for example, Table 13.5.



**Figure 3** — Average BCS and non-BCS Payouts (\$2009). Source: Created from data gleaned by the author from popular sources.

The decline in the average payout after that is about 12% per year. However, total spending on these bowls increased. Since the decline is after 2001, and there are no sharp changes after that, the declining average payout is most likely due to an increase in the number of non-BCS bowl games from 26 to 33. Growth in total spending, as well as the number of non-BCS bowl games, is another indicator of sustained sponsorship interest.

Turning to the BCS bowls, there were some structural changes over the years in Figure 3. The institution of the BCS occurred in 1998–99, although the predecessor Bowl Alliance occurred a few years earlier. The BCS Championship Game was added in 2005–2006 along with new BCS rules. Payouts were set differently for non-BCS conferences (C-USA, MAC, Mountain West, Sun Belt, and WAC) and Notre Dame, and smaller payments were set for a second team from the same conference that appears in a BCS bowl.

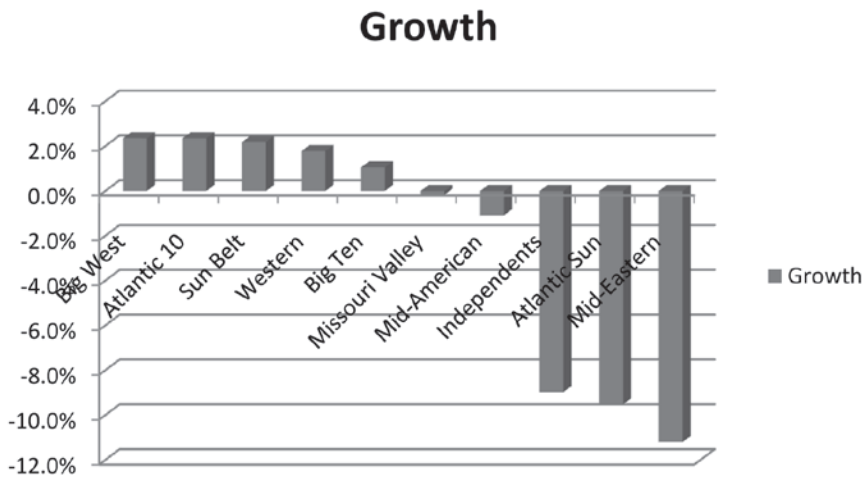
The first big jump in payouts, 1995–96, probably corresponds to the creation of the original Bowl Alliance. BCS bowls all converged to about \$12 million—Fiesta, \$4.4 million to \$12.3 million; Orange, \$6.2 million to \$11.9 million; Rose, \$9.6 million to \$11.7 million; and Sugar, \$6.5 million to \$11.9 million. The second big jump corresponds to the creation of the BCS (1998–99) where payouts were equalized to \$16.75 million. Payouts suffered their first dip in real terms in 2001–02. Note that this did coincide with the 2001 recession. However, payouts returned to their earlier level in two years. They dipped again in 2004–05 but this time without any corresponding recession. Average BCS payouts rebounded for a year for 2005–06 with the addition of the BCS Championship and then fell back to 1995–96 levels from 2006 to 07 on.

This severe drop in 2006–07 is difficult to interpret. There is no corresponding recession for the severe drop in 2006–2007 like there was for 2001–02. The drop appears to be due, instead, to the interesting rules on reduced payouts. The Fiesta Bowl had a second BCS team all three years, the Rose two of the three, the Sugar split with non-BCS conferences two of three years, and Notre Dame the other. Only the Orange Bowl and BCS Championship did not have this type of statutory lower payout to any of their teams.

Total payouts for BCS games over this last period went from \$83.2 million in 2005–06, to \$73.4 million in 2006–07, to \$66.8 million in 2007–08, to \$71.8 million in 2008–09. Along with new sharing rules and the addition of the BCS Championship game, we see lower total payouts and lower average payouts. This remains a puzzle for now but does coincide with the increase in non-BCS games; perhaps there is some competition in action here reducing sponsorship prices in the BCS.

Mondello (2008) reports that over the period 2002–03–2005–06, BCS distributions to all conferences grew from \$114.7 million to \$125.9 million, while non-BCS payouts held in the \$63 million to \$67 million range over the same period. Net bowl revenues back to conferences have been right around \$128 million with nearly no change. On the tails of the last recession of 2001, this seems further evidence of economic sustainability. To further reinforce this observation, the BCS recently negotiated a \$500 million TV deal with ESPN that perpetuates the current system through 2014.

Things are certainly just as sparkly for basketball. Figure 4 shows the “Top 10” and “Bottom 10” real annual rates of growth of NCAA conference distributions from 2003 to 04–2007–08. The source of these distributions is primarily March Madness tournament revenue at the gate and from TV rights fees. For the top 10 recipients, the real rate of annual growth is quite impressive. All are above 5% and the West Coast Conference has been a true star. Even at the bottom of the



**Figure 4** — Ten Highest and Ten Lowest Conference Growth Rates, in NCAA Distributions, 2003–04–2007–08. Source: Reports on NCAA Distributions at *ncaa.org*.

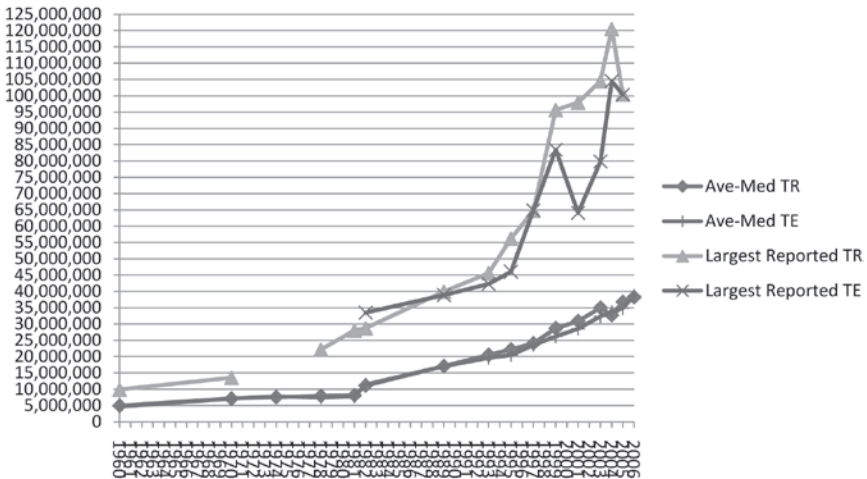


heap, only four of the ten suffered any reduction. Zimbalist (1999, p. 115) reported a total across all of the NCAA’s named distribution funds (basketball, academic enhancement, conference grants, special assistance, sport-sponsorship, grants-in-aid, and supplemental) of \$145 million in 1997. This compares to an increase of \$310.2 million to \$372.6 million over the 2003–04–2007–08 period in the most recent *ncaa.org* data.

There is only one piece of evidence here that recessions hit any of these revenue streams in any way, the sharp decline in the average BCS payout in 2001–02 and its subsequent rebound. For the most part, increases, as generally observed in non-BCS bowl payouts, BCS conference distributions, and NCAA distributions, are inconsistent with dramatic recession impacts. Further, the declines in 2004–05 and again in 2007–08 don’t correspond to any recession. One last observation for the decline in the average BCS payout in 2008–09 is reserved for the next section of the paper.

### Revenues and Expenses at FBS Athletic Departments

The NCAA commissions an occasional, ongoing survey of operating revenues and expenses for athletic departments in the different divisions of college sports (most recently, Fulks, 2009, released just after the current version of this paper). Simply combining the revenue and expense data from the FBS into Figure 5 presents an aggregate picture of the sustainability of big-time college sports that is unmistakable. The data are presented in two forms in the original documents, the average (sometimes, median) report and the largest report. So, in any given year, neither of these reported aggregates match up to the same department; the average revenue reported does not necessarily come from the same athletic department that reports the average expenditure, for example. But apparently the NCAA finds this type of characterization of “average” and “large” programs useful so I carry it along here.



**Figure 5** — Operating Revenues and Expenses (\$2009). Source: From the NCAA Revenues and Expenses data, most recently Fulks (2009).

In real terms, the annual growth rate in the average report of both revenues and expenses is 4.9%, nearly twice the typical growth rate in the economy at large. Further, the correlation at the average reports of revenues and expenses is 0.996. Essentially, “average” athletic departments enjoy tremendous growth and spend every dollar they bring in. For the largest reported values, the real annual growth rate in revenues is a truly astonishing 9.9%; expenses also increase dramatically at an inflation-adjusted 5.8%. The correlation between the two is 0.933. Unlike their “average” counterparts, the “largest” athletic departments don’t spend everything they bring in. But quick reference to Figure 5 shows that this is a relatively recent phenomenon occurring after 1999. While the increase in revenues slowed a bit in 2001 (a recession year!), and athletic directors at the “largest” departments cut their spending dramatically, it was short-lived. Spending rebounds to meet revenues by 2006.

So we now have another bit of evidence of a recessionary impact for 2001 to go along with the brief dip in average BCS payouts. However, while the data for the “largest” departments are a bit sketchy, none of the recession episodes in Table 1 appear to have done much to the “average” department. Revenues and expenditures really didn’t take off until after 1980, but they did not fall before that (during the recessions of the 1970s). Further, growth for both the “average” and “largest” departments was steady through the 1980s and truly stupendous on through the 1990s for the “largest” departments.

## Competitive Balance

Any sort of growing competitive balance problem over time could prove detrimental to the sustainability of college sports. Rottenberg (1956) was the first economist to warn of these dangers—if fans of the perennial also-rans lose interest in their home team, and then lose interest in a sports offering in general, even the remaining teams will suffer reduced support during the determination of champions. Fans are concerned with many aspects of balance but for my purpose a well-known tracking device and a direct look at championships in a couple of major FBS conferences suffice. The “ratio of standard deviations” (or RSD, for short) compares the actual standard deviation of final conference winning percent to the winning percent that would exist if the probability any team could win any game is 0.5. If RSD equals 1, then actual standard deviation in a conference is the same as for this characterization of a balanced conference; the farther from 1 the less balanced. RSD also has the virtue of allowing comparisons over time even though both the number of teams and schedule lengths change.

RSD values for the Big Ten and Pac-10 Conferences are reported in Table 5, 1970–2008. Clearly, winning percent imbalance is the rule. Over the last 38 years, the decade average RSD in both conferences is always greater than 1.5 (except for the Pac-10 in the 1980s, but still close to 1.5). Occasionally, RSD exceeds 2.0 (e.g., Big Ten, 1996–1998). Winning percent imbalance is also always greater in the Big Ten than in the Pac-10 (by between 12% and 18%), except for the most recent decade where the difference has closed essentially to zero. Depken and Wilson (2004) use more sophisticated techniques and all data back to the 1800s for some teams and conclude that there has been a negative trend in balance over time, uninterrupted by exogenous factors like recessions.

Championship outcomes, also listed in Table 5, also are quite imbalanced. For example, before 1993, Penn State's first season of play, equal sharing of the championship would have each Big Ten team winning every 10 years. But Michigan won or shared the title 15 times in 23 years. That's a championship every 1.5 years! Ohio State wasn't far behind with a championship every 2.1 years. From 1993-on in the Big Ten equal access to the championship would see each team winning every 11 years. Instead, Ohio State won the championship every 2.0 years Michigan every 3.2 years. Things were only a bit more balanced in the Pac-10. After 1978, when Arizona and Arizona State joined the conference, equal access would again have a championship every 10 years. USC won or shared the championship in 15 of the 29 times from 1978 on, or every 1.9 years.

Nothing about the data in Table 5 seems to relate to recessions for either conference. More balance did occur in Big Ten championships after Penn State entered but this was after the 1990–91 recession and well before the 2001 recession. A nice future research agenda is to actually track revenue imbalance and the impacts on balance in college sports of alterations in revenue sharing.

## The Current Economic Malaise

As mentioned for the current recession, one would look to Fall, 2008 and on to determine impacts. But we only really have a little data and some casual observations for 2008 and nothing after that. In this section, I examine what I can from the data sets above, plus business management responses during the first year of the recession.

Unfortunately, the most recent revenues and expenses data were published just as this paper went to press and could not be incorporated into the analysis. This is unfortunate since one of our two pieces of evidence of recession impacts concerns the 2001 episode for the "largest" departments. Since the types of people impacted by the current recession are primarily taking a hit in their portfolios, and those are the types that support college football, it would be interesting to see if similar impacts to the 2001 episode have occurred for the present recession.

### Attendance

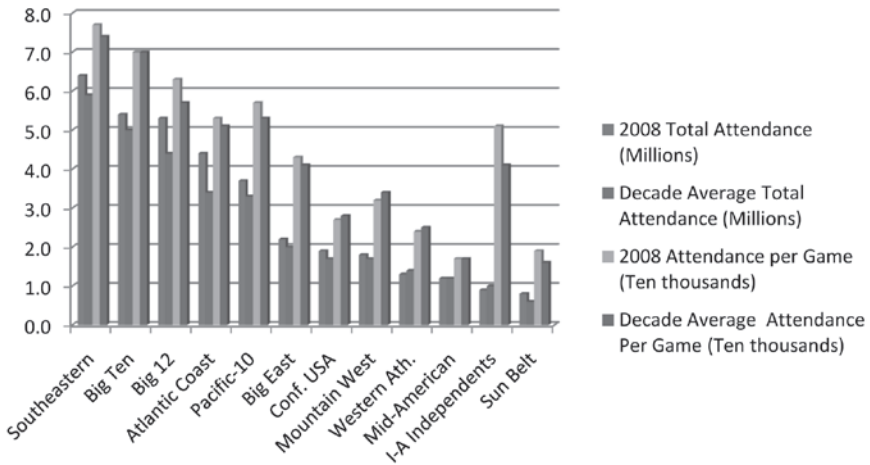
The FBS attendance data can also be used to create Figure 6, useful for distinguishing impacts of the current economic malaise compared with the past decade. For FBS football in 2008, only the WAC and Independents had lower attendance in the first year of the recession than they enjoyed on average for the entire decade prior. And on a per game basis, only C-USA, the Mountain West, and WAC suffered slightly. Indeed, 2008 broke all-time records for conferences and the FBS and FCS overall (Johnson, 2009).

The SEC totaled 6,378,085 fans while averaging a record 76,844 per game. That average mark topped the SEC's all-time conference record of 75,706 from 2006. The Big Ten (70,125), Big 12 (62,956), Pac-10 (57,350) and Atlantic Coast (52,737) rounded out the top five for conference attendance. The Big 12 and Sun Belt set conference bests in total attendance. The SEC, Big 12, and Sun Belt also topped their previous high for fans per game.

**Table 5 Ratio of Standard Deviations and Conference Champs, Pac-10 and Big Ten, 1970–2008.**

Year	Pac-10		Big Ten	
	RSD	Champs	RSD	Champs
1970	1.37	Stanford	1.94	OSU
1971	1.13	Stanford	1.61	Michigan
1972	1.46	SC	1.64	Michigan/OSU
1973	1.81	SC	1.96	Michigan/OSU
1974	1.67	SC	1.72	Michigan/OSU
1975	1.74	Cal/UCLA	1.53	OSU
1976	1.71	SC	1.37	Michigan/OSU
1977	1.62	Washington	1.62	Michigan/OSU
1978	1.44	SC	1.86	Michigan/MSU
1979	1.35	SC	1.85	OSU
<i>1970s Ave.</i>	<i>1.53</i>		<i>1.71</i>	
1980	1.41	Wash.	1.89	Michigan
1981	1.63	Wash.	1.44	Iowa/OSU
1982	1.45	UCLA	1.81	Michigan
1983	1.28	UCLA	1.98	Illinois
1984	1.66	SC	1.44	OSU
1985	1.20	UCLA	1.63	Iowa
1986	1.37	ASU	1.46	Michigan/OSU
1987	1.58	SC/UCLA	1.55	MSU
1988	1.50	SC	1.72	Michigan
1989	1.20	SC	2.00	Michigan
<i>1980s Ave.</i>	<i>1.43</i>		<i>1.69</i>	
1990	1.30	Wash.	1.83	Illinois/Iowa/MSU/Mich.
1991	1.80	Wash.	1.66	Michigan
1992	1.31	Stanf./Wash.	1.13	Michigan
1993	1.34	Arizona/SC/UCLA	1.92	OSU/Wisconsin
1994	1.49	Oregon	1.60	PSU
1995	1.70	SC/Wash.	1.94	NWU
1996	1.67	ASU	2.03	NWU/OSU
1997	1.86	UCLA/WSU	2.10	Michigan
1998	2.02	UCLA	2.10	Mich./OSU/Wisconsin
1999	1.54	Stanf./Wash.	1.78	Wisconsin
<i>1990s Ave.</i>	<i>1.60</i>		<i>1.81</i>	
2000	1.71	Ore./OSU/Wash.	1.34	Michigan/NWU/Purdue
2001	1.90	Ore.	1.22	Illinois
2002	1.48	SC/WSU	2.00	Iowa/OSU
2003	1.31	SC	1.84	Michigan
2004	1.90	SC	1.70	Iowa/Michigan
2005	1.70	SC	1.61	OSU/PS
2006	1.23	Cal/SC	1.79	OSU
2007	1.19	ASU/SC	1.38	OSU
2008	1.76	SC	1.48	OSU/PSU
<i>2000s Ave.</i>	<i>1.57</i>		<i>1.60</i>	

Source: Updated from Fort (2006, Table 13.2).



**Figure 6** — 2008 and Decade Average Attendance by FBS Conference. Source: Created from the attendance data at *ncaa.org*

But there is some evidence that things may be going differently for basketball. Wieberg (2009) reports that the 12 highest attendance leaders in Division I basketball all suffered attendance declines. This current paper is a bit football-centric and a parallel assessment of basketball is certainly in order, as well as a broader analysis of all divisions of college sports.

### Media Revenues

Back to Table 4, recently we see all-time records for the combined (football and basketball) media revenues for the SEC and the Big Ten. In addition, the Big East is up \$95 million for football and the Mountain West is up \$34 million in basketball over past contract amounts. At least as far as these data suggest, the current recession is not slowing media revenues.

### Post Season Revenues

Back to Figure 3, 2008–09 postseason revenues are down about 7%, from \$12.1 million to \$11.2 million, but not tragically so given recent history. And we need to remember that the BCS negotiated a \$500 million TV deal with ESPN that perpetuates the current system through 2014. None the less, given the evidence of a turndown in the average BCS bowl payout associated with the 2001 recession, a close watch on subsequent payout data are certainly in order.

### Competitive Balance

Back to the Table 5, balance would be expected to be susceptible to alterations in the distribution of revenues. If differences in revenues across college sports market areas were reduced by a recession, or if any unexpected media revenue declines hit larger athletic departments harder, balance could improve. The decade average

for the 2000s does suggest some improved balance in both the Big Ten and the Pac-10 (much more so in the Big Ten). But in both of these conferences, RSD took a decided jump, indicating decreased balance in 2008—7% in the Big Ten and 48% in the Pac-10. For the reasons given by Rottenberg, this most recent result bears scrutiny. But, again, only one year of data does not a story make!

## Business Management

While not explicitly my forte, the answer to whether the current recession is having significant impacts may lie in simply observing the business management responses of athletic directors. Michael Cross, Athletic Director at Bradley University, has an extensive collection of these responses offered at his *UltimateSportsInsider.com*. I have combed through them and entries for FBS athletic departments appear in the Appendix. Only actual actions by athletic directors are included, omitting institution-wide approaches to declines in revenues as well as entries framed by “considering this” or “planning that.” Appendix entries include actions taken at 64 different FBS departments.

Except in a very few instances, the entries in the Appendix represent precisely the type of trimming at the margin one would expect when the impacts are not large—limiting staff travel; busing close travel rather than flying; cutting spending on marching bands, dance teams, and cheerleaders; eliminating printed media guides, reduced professional travel, equipment reductions in sports besides football and basketball. There is a smattering of furloughs and voluntary pay reductions by ADs and coaches but none have lost their jobs. Staff and other support positions are the major losses. The only sports cut at an FBS school that I found was the men’s and women’s swimming teams at the University of Washington.

Instead, there is a renewed vigor with experiments on the revenue side—some ticket price increases, sponsorship pursuits, and increasing student fee payments to athletics. Boise State has actually begun selling stock in Boise State Athletics, Inc. (what I will call “vanity” stock since it can neither grow in value nor provide holders with any vote over athletic department operations). There also are bright spots where a very few athletic departments are aiding the academic side by a million dollars or so. It was also recently announced that Texas coach Mack Brown’s existing contract, with years remaining, will be replaced by one that pays him around \$5 million annually. The rest of the top-pay coaches down to around \$3 million should follow suit shortly as attendance to date has remained strong and interest in postseason play as well.

## Conclusions

I examine historically indicators of the economic health of FBS athletic departments—attendance, media revenues, postseason revenues, operating revenues and expenses at FBS athletic departments, and competitive balance. Especially interesting regarding the current interest in recessionary responses, is a look at what data there are on these same variables specifically in 2008. I also survey business management responses during the first year of the recession.

There is limited evidence of recessionary impacts on FBS athletic departments. Average BCS payouts did fall, as did operating revenues to the “largest” depart-

ments, corresponding to the recession of 2001. However, the rebound was quick. All-in-all, at least in terms of the slings and arrows of economic cycles, little seems to threaten the sustainability of FBS athletic departments. The data on the impact of past recessions, and what little data there are on the impacts of the current malaise, suggest that attendance, media contract levels, operating revenues, and postseason revenues all seem pretty much impervious to downturns in the economy at large. In addition, while both regular season play and championship outcomes are quite imbalanced (at least in the Big Ten and Pac-10), at least during the current decade, balance hasn't worsened. However, 2008 did show evidence of decreased balance in both of these conferences.

Perhaps none of this is surprising since those impacted by the current recession are primarily taking a hit in their portfolios, rather than their annual incomes. But if the recovery that appears to be on the horizon takes a long time to occur, so that these same people must begin to dip into their declining portfolios for annual consumption, things could worsen for FBS departments. We have already seen this in sponsorship in other areas, especially in Michigan, my current state of residence.

Every analysis should recognize its limitations. Here, I think the main caution is that the analysis is football-centric and extends beyond the FBS only for attendance. There are other sports and other divisions awaiting thorough analysis as well. And it is intuitive that athletic departments in other divisions may be more vulnerable to economic cycles. Anecdotally, FCS Hofstra University just announced the end of its football program and that the institutional financial support it enjoyed previously would be redirected to the academic side of the university.

Finally, there may be other reasons to fear for the sustainability of college sports besides economic ones. And these other types of tensions may actually be fueled by the apparent economic resilience of athletic departments during recessions. Other parts of the university may suffer differentially during economic turndowns. Observing that athletic departments emerge relatively unscathed may add to the other philosophical and political criticisms of big-time college sports.

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## Appendix:

### Management Responses by FBS Athletic Directors

School	Approach
Arkansas	Committing \$1 million to the University's general fund.
Army	Limiting travel squads and professional travel.
Arizona St.	Football Coach and Men's Basketball Coach taking a 12 day furlough.
Auburn	Scheduling contests closer to home, using bus travel for contests that are five hours or less from campus, and limiting professional travel.
BC	Won't pay for the band to travel to any away games this year.
Boise State	Increasing football season ticket prices (17% on average), signing a corporate sponsorship deal with Learfield Sports. Offering a three month payment plan option (for a \$15 fee) for renewing season ticket holders. Laying off three staff members, the football program eliminated two interns, land line phones have been eliminated for the gymnastics program, and printed media guides have been eliminated with some exceptions for football and basketball. Selling shares in Boise State Athletics Inc., allows shareholders to vote for board members. Shares are \$100 each and 1,200 have already been sold.
Cal	Bus to USC and UCLA. Institute state mandated furlough days for the coaching staff. Eliminating eight staff positions, cutting international team travel.
Cincinnati	Stop providing scholarship support to three men's teams—track and field, cross country and swimming—beginning next year, phased in over four years.
Colorado S.	Reduction in staffing and loss of summer school scholarship support. Increasing student athletic fee.
Florida	Freezing football ticket prices for 2009. Band will reduce the number of away football games they attend. The University Athletic Association is going to send \$6 million dollars to the University's general fund.
Florida Intl.	The cuts will include significant layoffs. New Men's Basketball Coach Isiah Thomas will work for free. Eliminating marching band. Eliminated cheer leading team.



School	Approach
Florida State	Reductions in tutoring, shifting from charter flights to charter buses, and cancellation of league swimming meets. Using pay cuts, furloughs and unpaid vacations to close the budget gap. Band will reduce the number of away football games they attend.
Fresno State	Eliminating printed media guides. Eliminating hotel stays before home football games and will no longer fly to games at the University of Nevada
Georgia	Athletic department to donate \$6 million to the University's general fund.
GA Tech	Laying off 13 individuals and leaving two vacant positions unfilled.
Hawaii	AD takes voluntary 7% pay cut. Expected coaches will be asked to do the same.
Idaho	Positions left vacant, elimination of assistant track coach, elimination of team banquets, travel reductions and scaled down recruiting. Reduced their support staff by leaving open vacant positions. In addition, all one way travel less than 400 miles will be via bus.
Iowa	Holding football season ticket prices steady for 2009. Single game and premium game ticket prices will increase. Slowing the construction timetable and process on \$50 million worth of improvements at Kinnick Stadium and Carver-Hawkeye Arena. Reduced travel costs.
Iowa State	Eliminating a trip for the men's basketball team to Germany, eliminating a chartered flight to Missouri for football and eliminating the football media guide.
LA-Monroe	Scheduled three guarantee football games for the 2009 season (Texas, Arizona State and Kentucky) will bring in approximately \$2.5 million in revenue. Eliminating print media guides and also using bus travel for any trips that are less than 500 miles.
Louisville	Instituted a hiring freeze while capping expenditures.
LA Tech	Reducing out of region travel.
LSU	No raises. Renegotiating football guarantee games.
Maryland	Restricted all coaches' spending to team travel and recruiting, refrained from hiring replacements for almost a dozen administrative staffers who left for other jobs and cut basic amenities such as water service to its Comcast Center offices. Eliminated funding for the marching band.
Miami (FL)	Chartered flights will be abandoned in favor of buses for games at South Florida (a less than 5 hr trip) and Central Florida (less than 4 hr) in 2009. Requirement to book air travel 21 days in advance to obtain the best prices available. Laid off staff back in January. Scheduling nonconference games in men's basketball against in-state opponents to reduce travel expenses, and equipment reductions for baseball.
Michigan	Decreasing the price of season tickets in football. Limit out of conference travel. Used bus travel instead of charter air for men's basketball to play at Northwestern. Elimination of printed media guides. Michigan reported a budget surplus of between \$9 and \$10 million to the Michigan Board of Regents.

School	Approach
Michigan St.	Football traveled to Ohio State and Indiana by bus instead of charter air. Reducing administrator travel with teams. Elimination of radio coverage of away volleyball games.
Minnesota	Not to extend any coaching contracts (including the head football coach) or to provide any pay increases to staff.
Miss. St.	Increasing student ticket prices for football.
Missouri	Shifting air travel from charters to commercial air, reducing out of season competition, sleeping three student athletes to a hotel room instead of two, hiring freeze for nonessential personnel, reducing television advertising, reducing overtime.
NC State	Traveled by bus to a basketball game at Virginia Tech rather than using charter aircraft. Coaches are sharing rooms when traveling and are only permitted to attend one convention per year.
Nevada	6% pay cut. Ski team will need to have all of its operational costs funded by donors. Added a \$5 surcharge to all of their season ticket packages and \$1 surcharge to all individual game tickets in football and men's basketball to support the band.
NMSU	Eliminate 8 staff positions. Asking boosters to provide after-practice and late night snacks.
Northwestern	Increasing student athletic fee by \$4 to \$37.
Ohio State	Reducing meal money allocations, coaches are now sharing rooms on road trips, and the elimination of overtime pay. Elimination of printed media guides. Coach and staff per diem reductions from \$65 to \$45 and the men's basketball team staying home from a planned trip to Italy.
Oklahoma	Increase its payment to the academic side to \$7 million for the coming year.
Purdue	Increasing the cost of men's basketball tickets by approximately \$2. Elimination of media guides.
Rice	Eliminated media guides
Rutgers	Increasing the cost of football tickets by \$10.
San Jose St.	Moved scheduled Stanford game to 2014, replaced with a road game at Alabama that will pay \$1 million, nearly five times more than the guarantee Stanford was paying. Bus to USC and UCLA. Institute state mandated furlough days for the coaching staff.
SMU	Eliminated 10 positions including their Associate AD for Sales and Marketing and their Senior Women's Administrator.
S. Carolina	The football team will bus to a Thursday game at North Carolina State (but will fly home to allow Friday class attendance). Football and men's basketball coaches will receive 5 day furloughs.
S. Florida	Eliminating printed media guides, reducing team travel.
Stanford	Eliminating 21 positions. Lowering the price of student basketball season tickets from \$65 to \$35.
TCU	Changing equipment ordering process and scheduling more local teams for competition.

School	Approach
Texas	Adjusting air conditioning in some buildings and eliminated free soft drinks for staff. Reducing their use of printers and asked employees to choose less expensive airport parking.
Texas A&M	Adjusting air conditioning in some buildings and eliminated free soft drinks for staff. Eliminated 17 staff, including two staff members who had a combined for over 70 years of service to the University.
UCF	Elimination of six staff positions, elimination of professional development travel, reduction of employee benefits, expanded travel boundaries from three to four hours before permitting air travel, reduced travel squads in football and men's and women's soccer, and possible media guide reductions. Increased their athletic fee by \$0.58 per credit hour.
UCLA	AD, football coach, and basketball coach take 10% pay cuts.
UConn	Leaving some positions vacant to help reduce its budget, printed fewer media guides and is distributing them at games rather than mailing them to save postage.
UNC	Instituted a hiring freeze. Eliminating administrative trips to conferences and conventions. Limiting the number of hotel rooms for team travel. Chartering smaller planes for team travel.
UNLV	Reducing team equipment and apparel, eliminating two chartered flights for football, eliminating insurance for walk on student athletes, eliminating some cell phone expenses, printing fewer media guides, scheduling more day practices and games to save lighting and staffing costs. Increased student fee money.
Utah	No budget or salary increases; elimination of a football fan festival.
Utah State	Students passed a referendum by about 300 votes among 4500 cast calling for a \$130 annual increase in athletic fees.
UTEP	Eliminating media guides, and eliminating four positions.
Vanderbilt	Basketball coach passed on a \$100,000 pay raise to fund his team's international travel to Australia this summer.
W. Kentucky	The decision on AD's contract extension raise will be deferred until January to build better working relationships with faculty.
Washington	Dropping men's and women's swimming teams. Laying off an additional 7 people (4 were released when their swimming programs were dropped) and not filling two open positions. Another three positions will be reduced to 10 or 11 month appointments.
Wash. St.	Limiting roster sizes, travel restrictions, personnel reductions. Reduce media guides, evaluate all travel squad sizes, require bus transportation for trips less than 400 miles, reduce professional as well as international recruiting travel, discontinue some internships and leave some vacant positions unfilled. Withdrawn from competing in the last of three football games with Hawaii by paying a \$300,000 buyout to escape the contract.
Wisconsin	Elimination of printed media guides. 16 furlough days per employee over the next two years.
Wyoming	Elimination of four staff positions and the dance team as part of the savings.

Source: UltimateSportsInsider.com.