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Jason Keene  
*UPenn, Wharton*

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## **Abstract**

College sports are a multi-billion dollar industry that have grown and will continue to grow with the founding and development of ESPN and other sports information technologies. Initially the author sought out to find relationships between winning on the field and academic advancement off the field, but quickly realized there was another story to be told. He examines the college sports scene with a broader outlook on its impact on its educational value. Not only are most college sports programs losing money for their institutions, but the culture that college sports creates is having a detrimental impact on our nation's educational system. He proposes possible solutions on how to maintain the college sports scene that everyone loves, while maintaining separation from the threatened educational institution.

## **Keywords**

athletics, education, intercollegiate

## **Disciplines**

Business | Education



# Who's Really Winning?

An in-depth look at intercollegiate athletics and their impact on undergraduate education

Jason Keene  
University of Pennsylvania, The Wharton School

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Wharton Social Impact Research Experience (SIRE) Final Paper  
Advisor: Kenneth Shropshire, Professor of Legal Studies and Business Ethics, The Wharton School  
Director: Dr. Martin A. Asher, Director of Research and Scholars Programs, The Wharton School

## Abstract

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College sports are a multi-billion dollar industry that have grown and will continue to grow with the founding and development of ESPN and other sports information technologies. Initially the author sought out to find relationships between winning on the field and academic advancement off the field, but quickly realized there was another story to be told. He examines the college sports scene with a broader outlook on its impact on its educational value. Not only are most college sports programs losing money for their institutions, but the culture that college sports creates is having a detrimental impact on our nation's educational system. He proposes possible solutions on how to maintain the college sports scene that everyone loves, while maintaining separation from the threatened educational institution.

## Introduction

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People love to win. It brings them a sense of joy and accomplishment that is magical and euphoric. Since gladiators fought in Ancient Rome, people have watched sporting competitions and cheered for the winner. Since that time, sport has evolved into a less deadly, yet equally exciting athletic competition.

Today, sport has grown into an international phenomenon in which millions of fans can watch games at the stadium, on television, on the Internet, and even on a mobile phone. With the founding of ESPN in 1979, the self-proclaimed worldwide leader in sports has revolutionized the sports entertainment business. With multiple channels on most cable networks, 24-hour sports coverage, an expansive website with streaming live video, mobile applications, fantasy sports leagues, and live score updates, fans are instantly connected to and can readily keep track of their favorite teams. Morgan Stanley estimated that in 2010, ESPN would generate nearly \$8.65 billion in revenue<sup>1</sup>.

In all major sports, at the end of a season, one team is crowned the champion or the winner. In some cases, championships can have a significant impact on their communities. The 2004 Boston Red Sox had been “cursed” since selling their best player, Babe Ruth, to the New York Yankees in 1918. Since that time, the Yankees had won 26 world championships to Boston’s zero. However, in 2004, Boston came back to beat the Yankees in four straight games to win the best of seven series. They continued on to win the World Series in four games, and the city of Boston rejoiced after 86 years of anguish.

Similarly, college sports success can have similar emotional impacts on their universities. In 2006, 11<sup>th</sup>-seeded George Mason won four straight games against some of the toughest opponents in the field to advance to the school’s first ever

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<sup>1</sup> "ESPN Charges Broadband Firms For Access To ESPN3.com Site."

Final Four. This “Cinderella story” drove George Mason’s campus in Fairfax, Virginia into frenzy, with bookstores immediately selling out of apparel. The school’s merchandise sales were 800% above the number one-seed Louisiana State University<sup>2</sup>. George Mason has now rebranded itself from a Virginia commuter school to a nationally recognized university.

Stories like these make us believe that winning can meaningfully impact a school, a community, or even a city. The focus of this paper is to what extent. Professional sports teams would be an interesting topic, but the difficulty in controlling for many variables makes it nearly impossible to draw conclusions from a city’s economic and social data based solely on the performance of one sports team. However, college sports teams are inherently tied to the university. The players are students at the university, and the university directly gives money and resources to athletic departments. In this way, the success of a football or basketball team could have an immediate impact on the number of applications, the quality of students, a school’s retention rate, or even the amount of donations the school receives. If there is a tangible impact, should schools invest in intercollegiate sports teams?

With the recent controversy surrounding college sports regarding recruiting violations, students accepting illegal gifts as pay-for-play, and conference realignment, the subject of college sports, its profitability, and its impact on the academic institution deserves an in-depth analysis. I will start with a look at

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<sup>2</sup> Yost, Mark.

previous statistical studies designed to find correlations between on-field success and off-the-field impacts such as donations, admissions rates, and SAT scores. I will then summarize and analyze four important books written on the broader subject of college sports and their role at the university. I will conclude with my own discussion of the state of intercollegiate athletics, state opportunities for change, and recommend points of interest for further research.

## Previous Studies and Analysis

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There have been countless studies that have examined the relationship between athletics or athletic success and their effect on the academic side of the university. In 1987, Robert E. McCormick and Maurice Tinsley analyzed the relationship between big-time sports and SAT scores. In a rather simplistic analysis, McCormick and Tinsley took 150 schools, classified 63 as competitors in big-time sports and looked at SAT scores between the two groups and determined that big-time sports had a positive impact on the quality of the undergraduate student body<sup>3</sup>. The research team concluded that a symbiotic relationship exists between athletics and academics, in which an “advertising effect”, the increased media exposure a school receives from on-field success, is responsible for an increase in average SAT scores. However, this analysis is fairly weak in that it does not control for any variables. It merely divides schools into two arbitrary groups and jumps to a conclusion based on the significance of just one variable, SAT scores.

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<sup>3</sup> McCormick, Robert E. and Tinsley, Maurice.

In 1993, Dale S. Bremmer and Randall G. Kesselring attempted to take McCormick and Tinsley's hypothesis and apply it to a stronger statistical model to determine the true effects of the advertising effect on the quality of an incoming freshman class. Their new model included more schools observed over a longer time frame and used more variables in a regression analysis, rather than a one-variable dummy analysis<sup>4</sup>. Not only did their new model identify serious flaws in the McCormick-Tinsley model, but their results indicated that McCormick and Tinsley's conclusions were flawed as well. Bremmer and Kesselring discovered that their athletic variables were insignificant, thereby providing no evidence of an advertising effect. They then asked the question, "If athletic advertising fails to produce positive academic results, why is it used so heavily by university administrators?"<sup>5</sup>

After Bremmer and Kesselring's 1993 study, many other researchers started to ask similar questions about the role of intercollegiate athletics and its impact on the university. Many researchers tried to find connections between on-field success and donations. In 2000, Thomas A. Rhoads and Shelby Gerking found that alumni contributions per student increase by 7.3 percent when the football team wins a bowl game and decrease by 13.6 percent when the team is put on probation<sup>6</sup>. They also found that 2.4 NCAA tournament appearances generate the same effect on donations as one bowl appearance, highlighting the stronger impact that football

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<sup>4</sup> Bremmer, Dale S. and Kesselring, Randall G.

<sup>5</sup> Bremmer, Dale S. and Kesselring, Randall G.

<sup>6</sup> Rhoads, Thomas A. and Gerking, Shelby



has over basketball<sup>7</sup>. However, the researchers point out that contributions can lead or lag athletic success, which points to the fact that athletic success and alumni donations might be more correlational than they are causal.

One year later, Sarah E. Turner, Lauren A. Meserve, and William G. Bowen, investigated the relationship between donations at private Division I and Division III colleges. This team of researchers found no relationship of any kind between win-loss records in football and general contribution rates among Division I universities. However, at Division III schools, on-field success had a positive impact on general giving to the school<sup>8</sup>. In a bizarre discovery, it is actually the weaker Division III schools led by former athletes, who help their school more when the sports teams are doing well, not the stronger Division I schools.

In 2005, Brad M. Humphreys and Michael Mondello discovered that winning increases restricted donations, but not unrestricted ones<sup>9</sup>. In this light, athletic success could help bring in more money to the athletic department, but not to the rest of the school. They went on to argue that changes in donation levels, although significant, are small enough compared with the average level of donations that they might as well be insignificant<sup>10</sup>.

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<sup>7</sup> Rhoads, Thomas A. and Gerking, Shelby

<sup>8</sup> Turner, Sarah E., Meserve, Lauren A., and Bowen, William G.

<sup>9</sup> Humphreys, Brad M. and Mondello, Michael

<sup>10</sup> Humphreys, Brad M. and Mondello, Michael

A few researchers also looked at the impact that college athletics have on graduation rates. Does success in football or basketball lead to a “football fever” in which students drop out of school because of failing grades or does it lead to the “football chicken soup” theory in which excitement and energy on campus leads to higher graduation rates? In 2002, Franklin G. Mixon, Jr. and Len J. Treviño concluded that football success has a significant and positive impact on the student body’s graduation rate<sup>11</sup>. In 2004, Irvin B. Tucker agreed with Mixon and Treviño’s findings, but could only find statistical significance when applying the graduation rate to football postseason success, not regular season success or basketball success of any kind<sup>12</sup>.

Other researchers looked at the quality and quantity of applications following winning or championship seasons. In 1994, Robert G. Murphy and Gregory A. Trandell examined the link between football records and the number of applications a school receives. They found that when a school increases its winning percentage by .250, there is a statistically significant increase in the number of applications that the school receives<sup>13</sup>. However, this study doesn’t examine the impact of applications at a school where the team consistently gets better over time. Additionally, the researchers neither provide data on the number of applications in the multiple years following a championship, nor do they include any information on sustaining a higher number of applications after a turnaround season.

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<sup>11</sup> Mixon Jr., Franklin G. and Treviño, Len J.

<sup>12</sup> Tucker, Irvin B.

<sup>13</sup> Murphy, Robert G. and Trandell, Gregory A.

Four years later, J. Douglas Toma and Michael E. Cross found that for 16 schools that won the BCS National Championship in football, 14 experienced increases in applications; seven enjoyed an increase of 10 percent; and two saw increases of more than 20 percent<sup>14</sup>. They also looked at the effect on applications after success in basketball championships, which were significantly weaker than those in football; only two of 16 schools saw applications increase more than 10%<sup>15</sup>. The researchers are careful to point out that there is significant variability with respect to the extent of the application increases, and even state, “Not all championships seasons may be created equal”<sup>16</sup>. In the end, it is difficult to determine in which circumstances a championship will significantly increase the quantity of application. Even if the quantity of application increases, it is still sometimes unclear whether the quality of applications will increase as well.

However, one type of athletic success has been very effective in increasing media exposure and the number of applications: the Cinderella story or the “Flutie effect”. In 1984, Boston College quarterback Doug Flutie threw a “Hail Mary” touchdown to beat the heavily favored Miami Hurricanes. As Murray Sperber, author of Beer and Circus, notes, “A surprising result of Flutie’s triumph, never previously seen in American higher education, was that applications for admissions to BC spurted upward during 1985-86; hence the term ‘Flutie Factor’ for application jumps sparked by nationally televised college sports victories”<sup>17</sup>. This kind of success is

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<sup>14</sup> Toma, J. Douglas and Cross, Michael E.

<sup>15</sup> Toma, J. Douglas and Cross, Michael E.

<sup>16</sup> Toma, J. Douglas and Cross, Michael E.

<sup>17</sup> Sperber, Murray.

rare, but when it occurs like it did on George Mason's campus in 2006, the results are astonishing. To delve deeper into the issue of a turnaround, breakout, or Cinderella season, Chad McEvoy examined *The Relationship Between Dramatic Changes in Team Performance and Undergraduate Admissions Applications*. He found that only dramatic football success significantly increases the number of applications that a school receives. He also validated Murphy and Trandell's .250-rule. However, the .250-rule is set at an arbitrary level and has very little relevance to postseason play and winning bowl games, something that has been proven to be more important than regular season success.

McEvoy also found the same problem that Murphy and Trandell discovered: only football success was statistically significant in increasing the number of applications. In 2008, Devin G. Pope and Jaren C. Pope found that although the quantity of applications did not significantly increase after basketball success at public schools (advancement in the NCAA tournament), private schools saw more applications and were more selective with their enrollment<sup>18</sup>. Also in 2008, D. Randall Smith published a paper entitled *Big-Time College Basketball and the Advertising Effect: Does Success Really Matter?* Smith used a fixed-effects model as opposed to an ordinary least squares model in order to prevent over inflation of the data. He regressed academic data with multiple athletic variables and found that not a single variable was significant at the 5 percent level and that the BREAKOUT variable, used to measure Cinderella stories and Flutie effects, was actually negative.

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<sup>18</sup> Pope, Devin G. and Pope, Jaren C.

Although breakout seasons do occur and have had impacts on the number of applications at certain schools, Smith concluded that this success is short-lived, unsustainable, and is not significant across a wide range of schools.

This startling research prompted Smith to publish another paper a year later, but this time looking at college football. He concluded that on-field success was less predictive of academic achievement and rather tradition and success over the long-term was more influential on the school. However, it is unclear whether the team itself is directly causing more and better students to attend or whether the name recognition brought out by successful sports teams entices more and better applicants to apply.

After reviewing many of the previous research papers, it is clear that much of the data is contradictory, insignificant, and rather unclear. Even the findings that are clear have much to be desired. We have seen that only restricted or athletic donations, and not general donations, are correlated with football postseason success. Across all of the literature, it is not clear that football regular season and basketball success have any impact on any type of donations. Although graduation rates increase when football teams perform well, there is not a direct causal effect and virtually no evidence that those students are doing better in the classroom. Rather, students might stay in school because they have a connection to the sports team, not the academic institution. Finally, applications increased during football championship seasons and some basketball championship seasons, but determining

to what extent is another issue. Some schools saw significant increases in applications, while others did not. The elusive “Flutie factor” or Cinderella effect can be seen in some schools; however, not all turnaround seasons produce significant changes in the undergraduate student body composition and any impact on academia is fleeting. In conclusion, it is difficult to assess whether athletics and athletic success is beneficial to the university.

## Literature Review

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While the previous studies looked at research analyses designed to test for the significance of certain athletic variables in predicting changes in academic success, the literature review is a summarization and analysis of four influential books written on the broader topic of college sports.

With the uncertainty surrounding the previous research studies, it did not make sense to perform my own statistical analysis. The research studies and statistical regressions looked at the macro-picture of how one variable affected another. In reality and what the aggregate of the research illustrates is that too many variables are at play to definitively discern any useful trends. Although we know some information about the effects of athletic success on the academic setting, there aren't enough hard facts to be able to answer this paper's question: How much money should a school invest in intercollegiate athletics?

The most widely cited book in all of the research studies that I read was Andrew Zimbalist's Unpaid Professionals: Commercialism and Conflict in Big-Time Sports. Throughout the book, Zimbalist takes a detailed look at some of the major issues surrounding intercollegiate athletics.

He starts with the student athlete and highlights the issue of being both a student and an athlete. Some players can excel in both fields, but more often than not, athletics becomes a full-time job and academics are put on the back burner. Since a school cannot legally pay its athletes for their services, they provide a free education, tutors, priority class scheduling, and many other academic perks that most athletes have little interest in. Then, these students need to maintain grades in compliance with the NCAA's academic standards in order to play sports. In many cases, this leads to cheating and taking easy classes, which completely wipes out the benefit of receiving a free education.

Zimbalist goes on to look at the gender equity issue both with student athletes and with coaches. Title IX was established in 1972 and states: "No person in the United States shall, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any educational program or activity receiving federal financial assistance." However, since women's sports have not generated nearly the same revenue as men's sports do, universities have found ways to get around the system. Since 1972, there has been an ongoing legal battle between universities and the Office of Civil Rights at the Department of Education

over how to institute equality in a system that favors the commercialism and money brought in by men's sports. Although the public wants to see gender equality, it is difficult to ensure that goal when the finances aren't aligned to that same end. This also raises the issue of gender equality for coaches. Marianne Crawford, the coach of the USC women's basketball team at the time, was paid just \$62,000 while the men's coach's total compensation was over \$400,000. Furthermore, Crawford's women's team's record on the court was much better than that of the men's team. The job description is virtually the same as the men's coaching job, but because men's basketball is much more commercialized and generates higher revenues and more donations, a worse coach can make significantly more money.

Zimbalist continues with a discussion of the media's role in college athletics and how it leads to a commercialism culture that is anything but educational. For years, the NCAA controlled televised and broadcast games, but in 1984, the U.S. Supreme Court ruled that the NCAA was behaving as a cartel and illegally restraining trade. But like most NCAA policy changes, reform failed. Instead of the NCAA controlling the television schedules and contracts, the power fell to the individual conferences and conference presidents. Throughout the 1990s, conferences realigned to better suit their bottom lines, and it worked. With the increased money, the conferences established the Bowl Coalition, which turned into the Bowl Alliance, and eventually the Bowl Championship Series as a way to choose teams for specific bowls in order to best distribute the television and sponsorship earnings during the bowl season. The schools win, the television networks win, the sponsors win, and the conferences



win. The only people losing are the players, who sometimes have to travel 3,000 miles to play in a highly commercial game they are not being paid for, and the fans, who have long favored a playoff system, to better determine the season's football champion. What is winning if a computer chooses the two teams competing?

Zimbalist wraps up his book with ten recommendations for future reform. He wishes to change the relationship between professional and college sports; professionalize the team or allow a quota of non-matriculated athletes; take enforcement seriously; establish clear criteria for students in good standing; eliminate freshman eligibility; substantially cut the number of grants-in-aid for Division I football; take control over the summer camps; shorten seasons and hours; give coaches long-term contracts and no sneaker money; and finally, do not compromise on free speech. Unpaid Professionals was first published twelve years ago, and not a single one of these issues has been addressed. However in that time, seasons have been lengthened, coaches are getting more money, and enforcement has become less serious.

In a more recent book, Varsity Green, published in 2010, Mark Yost takes a look at some of the same issues that Zimbalist put forth a decade and a half earlier. His focus though is primarily on the money and the finances of the NCAA system. He starts with the "entertainment product" or the player who is not being paid for his services. His next chapter focuses on the history of the NCAA and the history of college sports, which started in controversy. The first ever intercollegiate athletic

competition was a rowing match between Yale and Harvard, which was founded by a railroad superintendent who wanted to entice more people to start using his railroad. The next chapter entitled, “Who’s really the BCS champion?” parallels Zimbalist’s work, but focuses on the reliance of corporate sponsorships to drive in revenue for the NCAA, the leagues, and the schools. Later chapters discuss the financial issues surrounding college sports and how the ones really losing out are the “amateur” players who aren’t seeing any money, and the schools who have built themselves into a facilities arms race in order to compete. However, to really examine the finances behind it all, one should look no further than Richard G. Sheehan’s Keeping Score: The Economics of Big-Time Sports.

Sheehan’s last two chapters are dedicated solely to college sports. Although the book was published in 1996 and much of the data is outdated, the general trends remain relevant today. The first of the two chapters examines the school’s true finances. Unfortunately, every school has varying accounting practices so the numbers are not exact, but with Sheehan’s adjustments, they provide a fairly accurate picture of the financials surrounding intercollegiate athletic programs. After examining the net revenues and net present value for all schools, Sheehan concludes that just 31 of the 103 universities playing Division IA football are “financially healthy”, having a net present value of over \$50 million. He writes, “The strictest standard suggests only thirty percent of Division IA colleges have football and men’s basketball programs that can be classified as financially healthy”<sup>19</sup>. That

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<sup>19</sup> Sheehan, Richard G.

percentage drops further when you consider that basketball and football help subsidize all other sports programs. There are definitely schools making money, but the vast majority of schools are fighting to stay afloat. A Division I basketball program needs at least \$500,000 per season to operate and a Division IA football program costs at least \$1.6 million per season.

The next chapter brings up the question of athlete compensation. Before supporting his point with data, Sheehan states, “In a nutshell, NCAA regulations primarily protect the schools, give schools the options, and enforce a cartel among schools to reduce the costs associated with sports programs and to restrict competition among schools for athletes”<sup>20</sup>. By taking the value of degree from the university and multiplying that by the average graduation rate, then dividing it by the number of hours “worked” over four years, hourly wages range from less than \$3 at some schools to just over \$22 at some select football schools. Sheehan concludes that athletes should be paid because they generate substantial revenue for their schools; they work long hours to perform at desired levels; minor league players are getting paid more than their collegiate counterparts; and finally, the competition in recruiting high school athletes suggests that colleges have something important to gain from those athletes. However, which athletes do you pay and how much do you pay them? Market wages would be the simplest mechanism, but Sheehan argues that since schools are not making money on most of their athletic programs, that would just be an additional expense. This begs another question that the fourth

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<sup>20</sup> Sheehan, Richard G.

book tackles in a very interesting way: Why are we paying for sports programs if they are not making money?

Before discussing Murray Sperber's Beer and Circus: How Big-time College Sports Is Crippling Undergraduate Education, the title of the book needs to be made clear. In Ancient Rome, when the empire was collapsing under foreign and domestic policy failures, corrupt Roman emperors would provide cheap bread and free circuses to the Roman citizens. Their goal was to distract the townspeople from their governments' shortcomings and it worked very successfully. Sperber likes to compare the party scene at college campuses to the Roman bread and circus thus the term "beer and circus".

Published in 2000, Sperber uses his book to look at exactly how undergraduate sports are undermining our nation's education system. He discusses a lot of the same issues as Zimbalist and Yost, but focuses primarily on the wider detriment that many of the other works brush over. Instead of giving a history and analysis of college sports, he gives a history and analysis of college sports and then ties it directly to the academic setting and shows how one affects the other.

Contrary to previous literature, it is not just the athletes that suffer in the classroom. As Richard Sheehan illustrated, most college sports lose money. Schools then need to finance these athletic programs by raising money, namely through tuition and thus, students have been paying higher tuition to subsidize the athletic bills.

However, the issue goes further than athletics. Schools support athletic programs because it gives their name national exposure and attention. For the same reasons, many of the same schools are investing a lot of money in research. Although one would not expect a top-notch research department to be detrimental to the educational experience, its impact on undergraduate education is just as crippling as athletics is. Research departments require a lot of money, which is also being subsidized by the tuition bills. Additionally, research departments demand more than just money, they also demand time and resources. In order to juggle all of the universities' expenses, big state schools have been enlarging class sizes and hiring teaching assistants and graduate students to teach classes. This leads to a culture of regurgitating lecture slides, cramming at exam times, cheating, and other ways of sliding by in college. Instead of learning in the classroom, students are drinking heavily, living vicariously through their sports teams, and participating in the modern day "beer and circus".

Both research and sports are being used to increase the school's image and entice students to apply; however, when the students get on campus, their experience is anything but the educational experience they were expecting. Sperber talks extensively about honors programs and how their very existence proves the decline of educational quality in other classes. He also mentions the non-aggression pact between the teachers (who would rather research than teach) and the students (who would rather get good grades rather than learn). Cheating, grade inflation, cheating, and skipping class are all tolerable as long as the researchers are not

bothered by students and as long as the students get the grades they want. He writes, "The schools committed to providing a quality undergraduate education for all of their students continually score high, and the large, public research universities, particularly the big-time college sports factories, consistently rate poorly in the [Princeton Review's] academic categories"<sup>21</sup>. This book gives an eye-opening account of the true detriments of college sports and their impact on one of our country's most prized institutions, our education system. Why provide a quality education when you can throw the students a circus for four years and still give them their diploma? Don't forget the beer.

## Discussion

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Let us return to the initial question posed by this research paper: How much money should schools invest in intercollegiate athletics? I started with a macro-analysis of the correlations between intercollegiate success and academic variables such as SAT scores, donations, applications, and graduation rates. Although some trends emerged with regards to football postseason success, the vast majority of the research proved that any substantial investment in a sports team might not yield profitable returns, especially in the long run. In order to determine why we were not seeing higher correlations, I turned my research into a micro-analysis of the factors directly affecting college athletics. After reading multiple books, it became clear that undergraduate sports were doing more harm than good. At every level within

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<sup>21</sup> Sperber, Murray

intercollegiate sports, from the NCAA and its conference cartels, to the overpaid coaches, to the powerless college presidents, to the unpaid entertainment product, to the students who are receiving a diluted education, all signs point to a failing system.

I would now like to take a step back and look at a mega-macro view of the situation. The United States is currently struggling to emerge from the 2008 financial crisis that rocked the nation and the rest of the world three years ago. Currently in the summer of 2011, the government has proven ineffective to resolve even the simplest of tasks, our economy is continuing to stall, and we are struggling to put people back to work. Our education system is our one asset that should be protected at all costs. We do not have the natural resources that we had during the 19<sup>th</sup> and 20<sup>th</sup> centuries, but our education system is still intact. In order to continue to be a prosperous and successful nation, we cannot let our one true advantage fall to the wayside. This may seem extreme, but it is clear that intercollegiate athletics are, as Sperber notes, “crippling undergraduate education”. Although college sports are not the only source of our country’s declining education system, it is clear that they are having a detrimental effect. Suddenly the question of how much we should invest in athletics becomes laughable.

Ironically, the United States has established itself as the world leader in one other field over the last century: entertainment. Are we paying for entertainment? From the looks of it, undergraduate students are paying increased tuition to help

subsidize the intercollegiate athletics programs which are mostly in the red, whether their balance sheets will admit to it or not. Is this reasonable? Should we compromise our education in order to watch our college's "quasi-professional" teams every week? John R. Gerdy does not think so. In his essay "Want Value for Education Dollars? Try Music!" he argues that sport, as part of the education system, was once useful in the late 19<sup>th</sup> and early 20<sup>th</sup> centuries when we were preparing our nation's youth for war<sup>22</sup>. Today, however, sports has no educational value, but rather entertainment value.

I started researching this topic because like most Americans, I was in awe of the potential for sports to bring people together, and I wanted to investigate whether winning could have a substantial impact on a school or even a city. Although the paper has taken a dreary turn, this does not mean we should cut sports altogether. We love sports and we love entertainment; there is no reason to eliminate either of them. However, we need to be smarter about how we allocate our resources.

Universities should not pay out of pocket for athletics. As illustrated in Sheehan's Keeping Score, most universities are losing money on athletic programs. This is the equivalent taking money away from education and putting it towards entertainment. The research studies proved that winning and on-field success has at best, a marginal and sporadic impact on the quality of education or the student

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<sup>22</sup> Gerdy, John R.



body. We are simply increasing entertainment value at the expense of our education dollar.

In order to ensure that universities are not paying out of pocket for athletics, the university needs to detach itself from the team. They could still be part of the universities, but their accounting books need to be separate. The universities have locked themselves into a facilities arms race where ego is overshadowing rational decision-making. To right this wrong, universities need to scale down spending on an even playing field. Sports teams that make money can continue making money on their own private accounting books. The teams that barely scrape by could use money from “athletic” donations, but not general education donations. Additionally, a student “sports fee” could be listed on the college tuition bill. Although this is a small suggestion, clearly defining how much of the student’s money goes towards education and how much goes towards building a new stadium would make a lot of parents aware of the price tag of college sports. Finally, the teams that lose money and do not generate revenues need to be reclassified as club sports. It is unfair for the rest of the student body to pay for a sport that doesn’t generate revenue or entice fans to support the team. As Gerdy mentions, sports are not education tools anymore. We need to stop pretending they are and draw the line between education and entertainment.

The NCAA and its conferences need to have less control. The CEOs and presidents of these “non-profit” organizations are making unreasonably high salaries at the

expense of an entertainment product that they don't have to pay. The money that is earned in college football and college basketball needs to flow back to the players, not the commissioners of the leagues and the sponsors on the field. Instead of having a tax-free system, the government could charge the same tax on sponsorships and licensing fees that professional sports have, but put all of that money back into the education system or give it all back to the individual schools. This ensures that one entertainment dollar in college sports is equal to one entertainment dollar in professional sports. When Chik-fil-A hosts the Peach Bowl, they are earning money just as they would if they sponsored a professional game, so why should their cost be written off as a tax-deduction?

Athletes need to be paid. Whether it is a market wage system or a stipend, athletes are being exploited and as Sheehan highlights, below the salary of a minor leaguer. The other problem is that athletes are being paid in education, an education most of them do not want or do not have the time to pursue. Why are we throwing diplomas at our top athletes when they have no desire to attain them? Many future professional athletes do not want an education. Other entertainers like movies stars and musicians can quit school and pursue their entertainment careers, so why can't athletes? College is the prime of their entertainment career, so why force them into doing something they have no desire in doing. All this system does is entice players into getting around the system by taking easy classes and cheating.

My solution is to give athletes in the money-making sports the option to delay either all or part of their education. The athletes could still go to school and play for their school's team, but why bother monitoring them in the classroom and devoting precious resources to ensuring they graduate, when in fact, many of them will not anyways. If we give them the option to finish their degree later after their entertainment career is over, then we might see some athletes take their education more seriously. Also, not every athlete makes it to the pros or even to the college ranks. Is it fair to give athletes who might have a shot at making lucrative salaries in the NBA an education they do not want over a kid who does not have that hope and who wants a quality education?

Over the last six months, USC and Ohio State have lost their coaches and their ability to play in bowl games because students were being paid under the table and accepting illegal gifts from boosters. These are not the only schools to cheat, but they did get caught. However, if everyone is cheating, is it really cheating? Why do colleges belong to an NCAA that establishes rules that no one adheres to? The NCAA is a cartel and it is damaging our educational system. Reform is something that the NCAA is used to, but in almost every instance, reform has failed. I do not have much hope for the NCAA changing its policies and ways, but if we can start to realize how detrimental college sports are becoming to our educational system, we can pressure the right people to make a difference.

## Future Research

In future research assignments, it would be very helpful to draft a plan of how to separate college sports teams from the university, how to pay players, and how to evenly scale down the facilities arms race. I provided a basic idea of what the system would like, but until a detailed plan is written out, ideas are just ideas. Stadiums, owned by the school, are being leased to sports teams for a small cost. There needs to be a plan on how to transfer ownership of buildings to the sports teams or an NCAA accounting guideline needs to be established that clearly defines how sports teams can work their finances. A fair, equitable system of paying players also needs to be established. Do we pay players market wages or do we give all players a stipend? Do we have contracts like in professional sports, and if so, do we provide incentives? Finally, the facilities arms race needs to slow down. Much like the separation argument, future research needs to focus on finding a justified accounting system that every school follows. If we continue to use tuition money to pay for stadiums, is there a limit? If there is a limit, do we restrict the payment per student or per school? Professional sports teams have long struggled with the idea of generating competition while ensuring that there is an even playing field. With the wide disparity in college sports, it might be even harder, but it needs to be done for the sake of education.

## Conclusion

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This paper started as a way to measure the benefits from championships. As an avid sports fan, I was stricken with awe at the celebrations and euphoria surrounding teams winning championships. However, the issue quickly developed that these championships and the college sports bonanza was coming at a cost to our educational system. Clearly the NCAA has become, or better yet, has always been, misaligned with the university goals of education. Reform has proven ineffective throughout the 20<sup>th</sup> century and little hope remains for the 21<sup>st</sup>. This could have an everlasting impact on our society and although it may seem a little extreme to blame college sports for a country's shortcomings, it certainly is doing its part. Change needs to happen.

From an economical view, all of the externalities in college sports such as non-profit conferences, unpaid athletes, lucrative television and sneaker contracts need to be resolved. The easiest way to resolve all of these issues without doing away with the NCAA is to stop calling it an educational and academic conference. The NCAA is first and foremost a profit-driven minor league system. I would say academics come second or even third, but that would be a lie.

Let's stop pretending. Stop giving kids the "education" they need for the future. Stop using college funds to subsidize the Division I team that can't attract enough fans to cover ballpark food expenses. The NCAA exists today because it can. Until the people in power, namely the college presidents, make real reform, their schools will continue to lose money, NCAA rules will continue to be broken, beer and circus will

continue to grow, the facilities arms race will continue to skyrocket, and our country's educational system will continue to suffer.

I'm all for college sports. I think sports in general are a great source of entertainment that our country is very good at producing. However, separation between school and sport needs to happen before we can start to head in the right direction.

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