Funding Prioritization of Division I NCAA Institutions

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Management - Strategic Management (College Sport)

20-minute oral presentation (including questions)

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With growth in athletics-related expenditures at some Division I NCAA institutions exceeding 20% annually (Berkowitz et al., 2018), university administrators and athletics directors justify continually rising costs by asserting that athletic success yields a multitude of institutional benefits (Buer, 2009; Suggs, 2003). Distributing financial resources across a range of sport programs has been associated with greater on-field success (Steinbach, 2006). Yet, recent research has indicated that current funding allocations between sports at most Division I NCAA institutions may not be optimally efficient or effective (Beaudin, 2018). This study examines the extent to which Division I NCAA institutions prioritize spending in certain sports relative to others and how the degree to which institutions prioritize sports differs across institutions. Based on a theoretical foundation of allocative efficiency and strategic management, institutions ought to prioritize sports in which they hold a competitive advantage in relative efficiency to generate desired outcomes.

Data on 2017 operational expenditure for sport programs were collected on a per-team (n=5,273) basis for all Division I NCAA institutions (n=347) from the U.S. Department of Education’s Office of Postsecondary Education using the Equity in Athletics Data Analysis database (U.S. Department of Education, 2018). All post-secondary educational institutions that participate in federal student aid programs and sponsor an intercollegiate athletics program are required to submit athletics-related data annually. For the purposes of this study, data for each school comprised a general description of the school and athletics program (name, location, NCAA classification, student body size) and operational expenses per team by gender (including co-ed) across up to 37 sports. Funding prioritization was assessed with the Hirschman-Herfindahl Index (HHI) a holistic measure of funding concentration common in economics research. The HHI is defined as the sum of the squares of the funding share of each sport program and has a maximum value of 1.0.

Results indicated that all institutions prioritize some sports relative to others, although the extent to which funding is concentrated was highly variable between institutions. HHI ranged from a low of .047 (Princeton University) to a high of .450 (Clemson University). The institutions with the highest degree of concentration were not associated with a particular conference or even NCAA classification. The 10 institutions with the highest funding concentration included seven institutions in the Football Bowl Subdivision (FBS) from six different conferences, one Football Championship Subdivision (FCS) institution, and two non-football institutions. At the other end of the spectrum, all eight Ivy League institutions were among the nine least concentrated in spending. To a large extent, funding concentration among many institutions was driven by outsized operational expenses related to football. After excluding football, the top 10 most concentrated institutions (HHI: .23–.30) included six non-football institutions, three FCS institutions, and a single FBS institution.

Further analysis will be presented on relationships between funding prioritization and athletic success, institutional characteristics and funding prioritization, allocative (in)efficiencies under current funding systems, and potential sources for improvement.