# Athletic Subsidies at Public Mid-Major Universities

By Frank Fear

The circumstances associated with funding college sports in America is multifaceted and complex. But one financial matter stands out: two sources of athletic revenues at America's "mid-major" (non-flagship) state universities, namely, university allocations to athletics and student fees for athletics.

Called "**subsidies to athletics**" these revenues supplement income from athletic-related sources, such as ticket sales, TV revenue, conference allocations, merchandising, and donor contributions. *USA Today Sports* pegged the subsidy **total nationally at $2.6 billion dollars in 2014-15**.

But that total doesn't tell the full story. The amount is distributed unevenly across schools and states.

Most schools in America's top athletic conferences have no or low subsidies because they generate significant revenues from athletics. For example, subsidies amounted to less than 1% of the combined athletic budgets at the University of Michigan and Michigan State University last year—about $1 million dollars, total, at both schools.

That's not the case at the majority of America's 230 major public universities. Many schools can't balance athletic books without relying heavily on subsidies. In 2014-15 subsidies accounted for at least 65% of athletic budgets at 120 public universities. The percentage was 80% or more at 40 of those public universities.

The majority of public universities relying on subsidies are so-called "mid-major" programs. Participating in major sports is an attractive, value-added institutional attribute. Research shows that athletic success can enhance a school's brand, attract more and better students, invite more donor dollars, and generate more press coverage.

But at what cost? And who pays? Subsidies are critical at Coastal Carolina (83% subsidy), but not at Clemson (5%). Balancing the budget with subsidies is necessary at South Alabama (71%), but not at Alabama (2%). Portland State (75%) has the same need, but not Oregon (10%). And for every Florida (1%), there's a Florida International (83%); and for every UCLA (3%) there's a Cal-Davis (78%).

Disparities are **especially germane in certain states.**

**California:** The aggregate amount of subsidies at California's 15 major sports-playing public universities totaled over $210 million last year. The subsidy percent was as high as 90% at Cal-Riverside and subsidies constituted at least 60% of athletic revenues at almost all of the state's 13 mid-majors. (Comparison—subsidies = 1.5% of revenues at Cal-Berkeley.)

**Florida:** Public subsidies at Florida's mid-majors amounted to almost a quarter of a billion dollars over the last two years. (Comparison—subsidies = 6% of revenues at Florida State.)

**Virginia**: The Commonwealth might serve as the poster child of athletic subsidies. Two mid-majors are at the top of the subsidy percent list (nearly 90%) and three others are over 80%.

Aggregate subsidies totaled about $180 dollars last year. (Comparison—subsidies = 10% of revenues at Virginia Tech.)

**Ohio:** And if Virginia has a rival, Ohio is it. Subsidies increased over 300% in 10 years at the Univ. of Cincinnati. In 2013-14, subsidies added up to $135 million at seven Ohio-based mid-majors. (Comparison—zero subsidies at Ohio State).

**Michigan:** Subsidies equaled about $85 million last year at four mid-majors and about $360 million since 2010.70% of budget was the lowest subsidy percent at any of those schools. (Comparison—subsidies = .17% of revenues at Michigan.)

The situation is getting media attention in several states. Consider the recent headline in the *Detroit Free Press*: **"***How much cash should Michigan universities pour into athletics?***"**

The situation at Eastern Michigan University is noteworthy because the school has been featured in investigative reports, including HBO's *Real Sports with Bryant Gumbel* (April 19) and ESPN's *Outside the Lines with Bob Ley* (May 3 and 11). The reason? Subsidies account for 80% of EMU's $34 million dollar athletic budget. There are discussions on campus about downscaling EMU's athletic profile.

While I support the right of universities to make financial decisions, there are other issues to be considered, including the broader financial environment associated with higher education today. State allocations to public universities have been under pressure for years and college costs are at historic highs.

That's why I endorse the expressed intent being taken by one mid-major university—Florida Gulf Coast University—a school I studied in preparation for writing this essay. With $15 million dollar athletic budget and 65% subsidy rate, FGCU is reducing university allocations to athletics, increasing donor support for athletics, and increasing revenue from student fees via enrollment increases only.

I also applaud university presidents and boards that "right size" college athletic programs. But I also recognize challenges in doing so. Consider the case of Alabama-Birmingham. The president terminated the football program only to have boosters raise funds to reinstate the sport. And the president of the University of Idaho decided recently to downscale football participation. The response, hailed by some, was also met with widespread concern, especially from alumni and other boosters.

These examples show that presidents, athletic directors, and trustees need political cover to make change in athletics. That's why the NCAA should work with its mid-major membership to develop a plan for funding college athletics more responsibly. If that doesn't happen, then don't be surprised if state legislatures and/or Congress impose solutions. Congress is already looking into the possibility of regulating NCAA athletics.

What's the take-away message? Public subsidies in college sports isn't just a sports story. University choice making has significant implications for state taxpayers and those paying tuition at many of America's state-supported institutions.