AN ANALYSIS OF THE FACTORS INFLUENCING REVENUE PRODUCTION IN COLLEGE ATHLETICS

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In 2009, the sport industry began to feel the effects of the economic downturn due to cutbacks in spending (Klayman, 2009). The current cutbacks have caused collegiate athletic departments to make difficult financial decisions. From 1996-2006, the average revenue in football for a Football Bowl Subdivision (FBS) institution improved by approximately $18 million, an increase of more than 115% (DeSchriver, 2009). However, the large growth in revenues was met equally with large increases in expenses. The dramatic increase in expenses, along with a downturn in consumer and corporate spending, has many college athletic programs searching for answers to their fiscal concerns.

The literature examining factors that influence revenue generation in college athletics is limited. The majority of research in this area has focused on factors that influence revenue in professional sport (Brown, Nagel, McEvoy, & Rascher, 2004; O'Reilly & Nadeau, 2006). Mondello (1999) focused specifically on predictors of fiscal solvency within Division I athletic programs, examining the influence of 23 predictor variables on total annual profit. Results showed that revenue sport profits and recruiting expenses significantly influenced total annual profits. However, only one performance factor was examined, and factors such as attendance, university location, and population/income within the local area were not accounted for.

The purpose of the current study was to examine the factors influencing total revenue in college athletic departments. The sample consisted of 116 FBS institutions. Data were collected over a five year period (2002-2007) for a total of 580 observations. A multiple regression model including 33 predictor variables was developed to identify the variables which significantly influence total annual revenue.

The mean total annual athletic revenues across all subject NCAA Division I-FBS institutions was $39.5 million, with a standard deviation of $23.3 million. This level of variability is high, but not surprising given the vast differences in the membership of the FBS, as schools' budgets range from below $10 million to more than $100 million per year. A statistically significant regression model predicting demand was created accounting for 77.9 percent of the variance in school-by-school annual athletic revenues. The results of the study can be utilized to identify specific factors that influence athletic revenues, as well as to evaluate schools' effectiveness in generating revenues while statistically controlling for factors beyond administrators' influence, such as past and present on-field performance, geography, and conference affiliation. Further results and a discussion of findings will be presented at the conference.