

# Ncaa athletic arms race



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## NCAA Athletics Arms Race

### Introduction

Intercollegiate athletics is a net drain for nearly each of the participating institution in the nation. The athletics departments require large and growing subsidies from the college and universities in order to balance their budgets. College and university athletic programs are distinct from other professional sports because the cost of labor involved is largely fixed. The athletics have more than 300 employees, such as, academic advisors, coaches, sports medicine staff, marketing and ticketing sales personnel among others. The department draws a huge budget. In 2013, the National Collegiate Athletic Association reported that the median operating expenditure for athletics increased 49% between 2010 and 2013. In this regard, the paper would discuss the athletics arms race that various colleges and universities are facing. What the aggravating factors are as well as suggestions on how to address the financial implications of the arms race.

### Discussion

Most colleges and universities are spending millions of dollars in athletics due to the increasing revenue generated from athletics. For an average athletics program the highest spending categories include salaries and benefits, tuition-driven-in-aid, facilities maintenance and rental, team travel, recruiting and equipment supplies, fund-raising costs, and game day expenses. According to Barr and McClellan (2011), athletics expenses are increasing a yearly rate of 7%. The arms race puts universities in the college sports business.

There is a growing divide between the have and the have-nots in college sports due to the commercialization of intercollegiate athletics. Since the

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inception of intercollegiate sports, the disparities between the poor and rich athletics have been a major concern. In the recent years, the gap has widened since large universities are chasing after television deals and corporate sponsorships to finance the new facilities as well as lure celebrity coaches with multimillion dollar salaries (Thomas, 2009), Millions of dollars are being spent in construction. College sports is a carnival of construction (Brown, Raschre, & McEvoy, 2010). Schools are building bigger, nicer, and more state-of-the art facilities for their teams. For example, Nebraska is finishing up a \$63.5 expansion of its Memorial stadium while Wisconsin is renovating its Camp Randall Stadium at \$86 million. It is argued that more athletic spending results in more victories thus more revenue.

There are various ways of addressing the financial implications of the arms race: Reducing the size of the travelling squads, reducing salary expenses to athletics' employees, reducing the number of scholarships and lower tuition, renting the existing facilities to generate revenue other than building new ones, and better transparency and accountability (Fried, Shapiro, & DeSchriver, 2008). Proceeding further, the expenditures in athletics has are increasing three times faster than expenditures in academic programs. Therefore, another way of addressing financial implications of the arms race is to through privatization. Under this scheme, a private firm can be the licensing rights for the utilization of university's name. The firm would then manage the team as a professional organization. Coaches, competitors, and administrators would be paid for their services. This would eliminate the major athletic-related expenses to colleges and universities: grants-in-aid and salaries.

## Conclusion

The arms race puts universities in the college sports business. The athletics departments are spending millions of dollars in athletics programs. Most of the spending cannot be supported by the college and universities budgets which have resulted in schools chasing after corporate and TV deals for revenue generation so as to sustain the huge expenditure. The colleges and universities need to operate in not-for-profit settings. The intercollegiate athletic programs need to ensure that they operate within the educational mission of the universities and colleges. The major way of addressing the financial implications of the arms race is cost reduction.

## References

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