

The Student-Athlete's Predicted Monetary Value to an Institution

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During recent months articles have been published in *Washington Regardie's Business*, 1986, and *The NCAA News*, 1986, denoting the number of dollars generated by certain athletes to the financial benefit of particular institutions because of the athlete's enrollment, athletic participation and subsequent team success. It appears that information contained in these articles is misleading and incorrect. Two well-known athletes who have been involved in these projections are Doug Flutie, quarterback for the Boston College football team, and Patrick Ewing, center for the Georgetown University basketball team. This article comments on the misleading information as presented in both the Flutie and Ewing projections, identifies other factors which must be considered in such monetary projections and details the dangers of this misleading practice.

Information pertaining to Ewing's projected monetary value of 12 million dollars accruing to Georgetown University was published in *Washington Regardie's Business* magazine, a Washington, D.C., business publication. An error which was made in calculating the 12 million dollars profit to Georgetown University is the use of the base figure of \$11.00 per seat (average ticket "door price" per seat over a four-year period). Not separated or figured into their ticket "door price" was the reduced cost of tickets when bought in advance, a three-tiered ticket price, season ticket prices, student tickets, special ticket prices for special promotions and complimentary tickets. The average ticket price over the four-year period as stated by Rienzo in the "Letters" section of *The NCAA News*, April 23, 1986, was closer to \$7.02, not \$11.00 per seat. The 12-million-dollar profit would be lowered not only by the reduced per-seat cost, but also by other factors such as: sharing of profits from ticket sales, splitting tournament revenue and payment of revenue taxes.

Information pertaining to Flutie's monetary value to Boston College was published in *New England Monthly*, May, 1985. While no obvious errors are noted, it is not clear if the assumptions involved in some of the calculations considered other possibilities that might have caused a monetary increase for the institution. For example, in calculating the increased revenue from freshman applications, the *New England Monthly* article compared revenue from the freshman applications for the total of the four years directly preceding Flutie's attendance to the total of the four years during Flutie's enrollment at Boston College, attributing all of the difference in this form of revenue to Flutie's attendance. Circumstances other than Flutie's enrollment may have caused some of the difference.

A summary of the factors which need to be considered when attempting to evaluate the monetary revenue a student-athlete brings to an institution are: enrollment and admission applications preceding the enrollment of the student-athlete; the difference in per-game home attendance after the student-athlete matriculates to campus; increase or decrease in television revenues including post-season play; post-season revenues from contests; increase or decrease in sales from related paraphernalia, including clothing; and increases or decreases from concessions. However, it is important to note that all of these factors may have to be adjusted due to unique circumstances which could have caused the increase or decrease in revenues. As Figure 1 illustrates, some of the revenue changes may have occurred without the particular student-athlete enrolling at the institution and without the subsequent team success. For example, in Figure 1, area B must be excluded from projected revenues before arriving at a student-athlete's revenue value. Therefore, area A represents the increased revenues which can be attributed to a particular student-athlete.

Once the "new" revenues have been calculated, it is important to accurately deduct the necessary expenses. Examples of these deductions include: an institution sharing its bowl game and television revenues with other conference institutions and the conference office. Also, sales tax must be subtracted from the appropriate items (tickets, trinkets, food, etc.).

The dangers of publications which provide misleading information are many. First, alumni are misled and channeled into thinking that by acquiring a "blue chip" athlete the institution should substantially improve its financial status. Second, faculty members and students assume that there will be or there presently are more dollars available than actually exist. Third, student-athletes begin to think that they are of much greater financial value to the institution than is true. Fourth, budget committees at institutions may mistakenly think that athletic departments have stored or hidden monies somewhere. Last, and in a somewhat different vein, prospective student-athletes should not be misled into thinking that their monetary value is greater than it actually is. In most situations the athletic monetary value of a prospective student-athlete should be minimized, while the student's

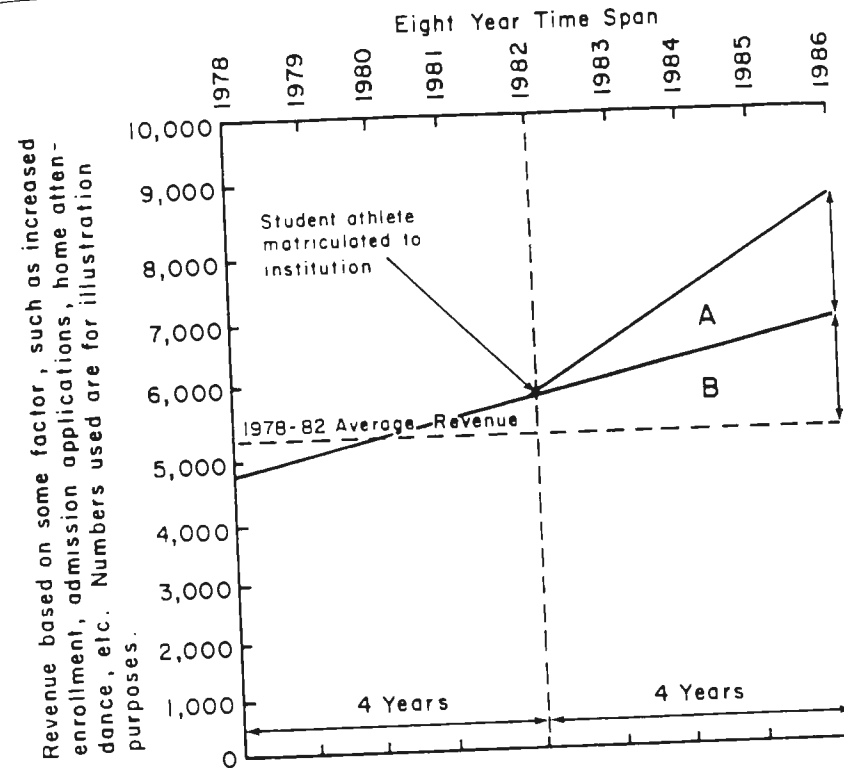


Figure 1. Example of trend considerations which must be part of analysis.

educational value should be emphasized. The student-athlete must be reminded, encouraged and assisted in developing and retaining equilibrium between displaying athletic skills and efforts to complete a degree in higher education.

It is doubtful that institutions such as Boston College or Georgetown University would argue that the two aforementioned athletes did not, by their attendance and athletic skills, bring dollars to the institution which would not have been received had the two athletes not attended their respective institutions. The question is, how much money was gained by each of the two institutions because of the two athletes? Broader questions are: What is the financial gain to an institution from the enrollment and athletic skills of an outstanding athlete? Is there a realistic plan or formula(s) which can be used in attempting to calculate the monetary value of an athlete to an institution?

It seems elementary to develop a plan or formula which can project the monetary value of an athlete to an institution. However, it is complex to

develop an individual analysis or overall process which accurately and realistically identifies those items and to what degree those items should be used to determine the monetary value of a particular student-athlete to a particular institution during a specified time period. Providing misleading information can be extremely harmful; therefore, every effort must be made to eliminate inaccurate analysis processes which project incorrect information.

It is relevant and probably important that institutions attempt to analyze the financial importance of student-athletes. For if they don't, uninformed media (as in the Ewing case) may attempt to analyze the student-athlete's financial importance, resulting in misleading information being disseminated to the general public.

Counselors and other persons who have the responsibility of communicating with the press need to be aware of how factual information is obtained, calculated and analyzed, rather than accepting the information as truly representing the situation or condition. People who are to officially comment on financial conditions related to the institution and the student-athlete have the responsibility to analyze all pertinent information.

Student-athletes need to realize that the opportunity to obtain an education and an academic degree is part of the exchange for athletic involvement. From the beginning of the recruitment process and throughout the educational experience, the academic counselor should stress the "hand-in-hand" relationship of athletics and education. Advising the student-athlete concerning athletic and academic matters needs to begin when the coach or other official representative of the institution conducts the first visit with the student-athlete. Acknowledging academics and creating an academic emphasis should be part of all recruiting visits.

Academic counselors needs to accent that the student-athlete is assisting the institution by displaying athletic skills and the institution is assisting the student-athlete by providing an educational opportunity; thereby helping to provide challenging and rewarding employment possibilities following the student-athlete's active period in athletics.

Student-athletes, through their athletic experience, need to learn about courage, leadership, self-expectation, discipline, pride, sacrifice, ethics, failure and success. The optimal achievement is to create an environment whereby the student-athlete will assimilate experiences and formal education, thereby becoming an asset to one's profession and to society.

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