

Why Do US Colleges Have Sports Programs? Intercollegiate Sports as Enrollment Management

Robert Sandy

Indiana University Purdue University Indianapolis (IUPUI)

Peter Sloane (P.J.Sloane@Swansea.ac.uk)

University of Swansea

We take an indirect approach to the do-colleges-make-or-lose-money-on-sports question. If colleges surplus maximize, costs and revenues should determine the levels of sports program. We find a close fit between these factors and the level of affiliation. Further, if the primary financial benefit of sports programs is increased enrollments, then switches to higher levels of affiliation should result in increases in enrollment while maintaining student quality. We estimate these gains with a fixed-effects panel model. One hundred and twenty-four colleges over the years 1991 to 1999 changed their affiliation. We find substantial gains in student numbers and quality to raising the level of a sports program. Most of the gains are for switching to the NCAA Division IA level—the large football programs. Since there were just six colleges that made this switch we present case studies of their enrollment and student quality gains.