The Bigger Purpose: Using a Diversified Valuation Model For Athletics Success in NCAA, DII and DIII Universities

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At mission-driven institutions like many private, faith-based, smaller NCAA DII, DIII, and NAIA universities, investment of resources towards all programs should be an executive reflection of stewarding that mission and vision. In striking juxtaposition to these institutions, fiscal-driven NCAA DI universities often appear to be led by athletics, shaping non-athletic institutional funding responsively around athletic demands. Ultimately, every one of these institutions across all divisions has come to the conclusion that sponsoring an athletics program adds up to a cumulative gain for its university. The difference is found in each institution's strategic plan for maximizing the far-reaching influences of athletics, and deciding on how much that plan will cost to put into action. These decisions anchored in spreadsheets and quantitative data all rest on the bedrock of philosophy, on foundational principles which guide the infrastructural administration of each university and trickles down into action plans and targeted outcomes. In terms of where athletics fits into the larger scheme of a mission-driven university's DNA, the fundamental questions asked by its leaders should be, "What is the purpose of athletics at our university? What is the value of athletics for our university? How does athletics uniquely promote the principles of our mission and vision?" Once these philosophical questions are articulated, the next set of questions and answers has to do with implementing these principles, and that is the focus of this study— "How do we facilitate turning these principles into realities?" The answer is found in strategic investments and sound methodologies that remain committed to the principles on which they are founded.

The body of research devoted to analyzing the financial returns on athletics investments in the American university reveals some general patterns that hold up across time, division levels, size of school, and sports offerings. In short, having a thriving athletics program with longitudinally focused strategic investments made with the use of holistic institutional data is an effective mechanism for the fiscal stability of a university. This study focuses on the assump-

tion that non-DI universities (meaning NCAA DII, DIII, and NAIA schools) generally have mission-driven identities that value and frequently depend on private donor giving, stable admissions rates and high-quality applicants, high graduation rates, a connectivity to their community, a strong brand in the public eye, and an excellent student experience. Therefore, they should also perceive athletics as one of many programs that strategically advances these principles in ways that only it can. If this is the case, then identifying its value to such universities should be rooted in measurable data in each of these categories.

Likewise, making strategic investments to maximize its service to the university would be critically dependent on correlative "impact" data in all of these areas. It is a quantitatively simple task for a university to calculate the direct annual costs of maintaining an athletics program, but a much more challenging quantitative and qualitative exercise to calculate the indirect and long-term benefits that don't typically show up in yearly budget reviews. Unfortunately, too many universities forget the values of athletics related to the mission of the school, and manage it according to the flat data offered by annual budgetary outcomes. In an attempt to get more accurate return on investment (ROI) data and maximize the influence athletics offers in all of the areas previously mentioned, a diversified valuation methodology must be in place. If not, universities risk underutilizing one of its most dynamic mechanisms for both fiscal gain and overall institutional stability.

Unreasonable fiscal expectations placed on athletics (and the dominance of the budgetary ROI as the primary variable in measuring its institutional value) is perhaps the most fundamental analytics error related to athletics among non-DI universities. It should be common knowledge among every executive administrator of these lower division colleges that none of these institutions actually profit from athletics from the accounting perspective of immediate/annual expenditures compared to direct annual profits. This perennial budgetary deficit is a fixed known and beyond debate. Yet for some non-DI colleges whose executives measure an athletic program's viability and value to the university with this myopic, year-to-date data, it threatens to be the evidence that restricts or at times terminates one of the most significant infrastructural mechanisms of institutional culture and development. Using annual profits and expenditures as the primary valuation tool is wrong; less quantifiable but no less valid and valu-

able data that must be used to measure the rate of return on athletic investments are the seven following influences of athletics on the university:

1) alumni and private donor giving,
2) its influence on application and admissions rates,
3) retention and graduation rates,
4) community and regional partnerships and perception,
5) quantity of media and marketing, and university branding,
6) campus morale, and
7) student experience.

Some of these investments demonstrate immediate financial gains, yet most represent long-term fiscal investment as well as quality-based and culture-shaping investments that organically grow into the fiscal portfolio of the school over time. These seven variables are also considered by DI programs when assessing holistic valuation, but their high stakes context of athletic investment and success places a much greater emphasis on fiscal results and winning.

When hundreds of non-DI universities finish the fiscal year in the red, does this mean there is a widespread lapse in leadership, an administrative bias toward athletics that blinds them to dark fiscal truths, or a nihilistic attitude toward a runaway train known as college athletics to which they simply throw their hands up and say, "That's just the way it is?" For some, this could be why. But more likely, many university leaders understand collegiate athletics is best perceived and treated as a time-tested commodity that rewards creative and informed strategic planning across the breadth of a university's investment portfolio. In short, it is fundamentally an infrastructural investment, not a short-term revenue device for these smaller programs. Rather than identifying collegiate athletics in black and white, or better said, black and red terms that define it as valuable if it is a money-maker and a burden if it isn't, it must be perceived from 30,000 feet and 360 degrees rather than on the surface with tunnel vision. It requires an informed vision and strategic action plan across university departments to fully capitalize on its potential. In the non-DI arena and particularly among private and mission-driven schools, athletics staff and administrators alike must share the perspective that the end game of athletics is not to win, but improve the overall quality and stability of the school. When this happens, success is often a product. As stated by Stinson et al, "institutional investment in academics is the primary motivator for getting students

'in the door,' while institutional investment in athletics is a primary motivator in 'keeping them." [1] This means the end game for athletics must also be about enrollment and graduation rates, academic success, a growing donor base, and a healthy brand. Likewise, because research shows that athletic success is the most important variable related to maximizing athletics as a mechanism for longitudinal revenue and institutional uplift, all invested parties must also value (and invest accordingly in) athletic success.

The research related to the financial influence of athletics on universities is largely focused on NCAA Division I schools, though there are a number of studies that focus on small to mid-size (non-DI) universities. While it is obvious that these two athletic markets (and thus the financial realities) are located on entirely different tiers, the principles of using a multi-variable value assessment that looks more broadly at the indirect as well as the direct gains from athletics applies conceptually to both types. Every university is concerned with private contributions, applicants and enrollment, retention and graduation, marketing and public perception, and the quality of the student experience, for example. Thus, the concepts of a reconceived and applied athletics valuation model stand as valid insights and techniques for all levels of collegiate athletics. As it stands, there is no case study known to this researcher of a university's strategic investments in its athletic programs and the resulting correlative outcomes on various institutional programs. The blueprints for strategic implementation of institutional aid for maximal return on investment are as varied as university mission statements and individual needs and goals. It is up to each college to gather the best data in order to create the most impactful action plan within the context of their mission, culture, and needs.

The only significantly different variable between DI and non-DI levels in the body of research on this topic relates to mass media coverage, which generates beneficial outcomes in every other variable for valuation focused on in this study. Non-DI schools do not get national coverage, nor do they get the millions of contractual dollars that come with it. Rather, they must settle for regional/small market media coverage that offers exponentially less exposure and potential "gain." In a sense, this reveals just how critical it is for non-DI's to pursue and maintain regional market saturation in the local television, radio, and print markets in which athletics content is a cornerstone. In other words, if a university doesn't get a first-class ticket to ride on all local media outlets

that are looking for athletics content, they will be put in third-class steerage or that ship will sail entirely without it. Free, consistent, positive marketing will go untapped and the eventual bottom line will suffer for it. It can be argued that the value offered to non-DI universities by local media markets is relative in scale to what national markets offer DI programs. Local markets may only have one or two universities in its region and spend a large percentage of their broadcasting time on them, while national media markets focus only on the winners among the DI dynasties.

Calculating an Athletic Program's Annual and Long-Term Fiscal Value

"The importance of accurately assessing the direct financial impact of university athletics hardly requires justification." [2] Regardless of the mission of the university and how it's leaders view athletics as a mechanism with which to accomplish it, athletics is not a sustainable endeavor if fiscal costs stretch a university beyond its liquid cash threshold. Even when calculating the many indirect values acquired through athletics, the fact remains that school spirit does not keep the lights on. Thus, for every institution there is an investment/return ratio that must be calculated. But it is the *means* of this calculation that this study focuses on, particularly in terms of identifying returns. While money spent on a sport comes out of its annual budget, returns often land in another program's account (such as advancement) or in the form of another commodity that can be quantified (such as enrollment rates). While a university's *accounting* methods are likely sound and standardized related to a program's budget, its *valuation* methods should include many more variables than that singular tool. This valuation method can skew the holistic worth of a program tremendously and effect future institutional investments toward the efforts to accomplish the larger strategic goals of the university.

It is a misleading but nonetheless necessary accounting practice to determine the source of every incoming dollar of a college, just as it is to name a singular institutional entity as the beneficiary of every dollar invested. When a college manicures its lawns and gardens, contracts with the best food services company rather than the lowest bidder, hires additional faculty and support staff, or builds a fine arts center, for example, it can be understood that every entity within the university is enhanced by such infrastructural services and improvements. Such an institution attracts and retains students (and student-athletes),

increases faculty and staff morale, and so on. Even though every dollar spent or made can only be put into one box, the reality is that the entire university absorbs every loss and gain. Athletics works the same way for a university. A healthy athletics program notably impacts these variables: 1) alumni and private donor giving, 2) its influence on application and admissions rates, 3) retention and graduation rates, 4) community and regional partnerships and perception, 5) quantity of media and marketing, and university branding, 6) campus morale, and 7) student experience. In a study focusing on DI programs, Stinson et al found that for every dollar of athletic expenditure per full time student, it produces $2.12 of core revenue, $.24 in gift revenues, and produces a small increase in graduation rates. [3] In coming to these results, they considered the financial effects of athletics more broadly than operating costs and direct revenues. Variables included "mission-based, non-financial metrics" to calculate costs and returns, which notably affected the results of the study. There is of course an exponential difference between big-time DI programs and non-DI programs in terms of actual dollars invested and earned, but this study at least indicates that a diversified valuation model is the paradigm through which hundreds of universities juggling hundreds of millions of dollars seek to fully understand the institutional value of athletics.

So while it is convenient and functionally necessary to balance the institutional books through fairly simple and straightforward means of calculating what's been budgeted and what's been spent and earned by each program, more correlative data must be pursued by its leaders when making investment decisions. It is usually these one-dimensional investment/return reports that are rolled out to faculty, staff, and more importantly executive cabinets and boards of trustees for annual review and future action. Not even speaking of what a morale killer these reports are to the faculty and staff, such shallow and unintegrated data in non-DI schools will almost always tend to invoke alarm among executives. Financial reductions of athletics without holistic ROI analysis risks a sweeping ripple effect in all of the key variables noted in this study.

Here is a simple sports analogy for the making of budgetary decisions with limited data: Early into the championship basketball game, Coach Q of State University got ejected for repeated outbursts and was forced to leave the arena. At halftime, his assistant coach got a text message from him—"Just tell me the score!" The assistant let him know they were losing by 10, and asked, "Coach,

what should we do?" Coach Q went back to basics and told him, "Play better defense!" The assistant coach did all he could to implement this adjustment in the second half, but State U still lost the game by a bucket. Afterwards, the assistant and Coach Q got together to debrief the game. When the assistant coach told Coach Q the final score was 32-30, Coach Q was outraged. "Why didn't you make some simple offensive adjustments and commit more on the offensive end? Why didn't you tell me we were already killing them defensively?"

"You didn't ask about that, Coach."

It can also be argued that academic programs should be analyzed through a diversified valuation model, though a number the variables of measurement would be different than those of athletics. If a university employs three full-time professors of Political Science, but only has six political science majors one year, the net fiscal loss for that department should not result in budget cuts or general institutional alarm. Rather, the academic community understands the broader value to the university that these professors, their salaries, and their departmental budgets represent. For example, they likely teach undergraduate breadth courses that all students must take, thus serving the entire student body. They likely publish and present professional papers regularly, and in so doing add to the visibility and reputation of the university in the larger academic community. They may even sponsor clubs or events that serve the student body and connect it to the community. Likewise, athletics does not simply major in athletics at non-DI schools; it majors in holistic institutional sustainability. Just as university leaders think holistically about academic spending for greatest outcomes rather than have an "it's just the way it is" attitude, so should it analyze athletics in an effort to get a better ROI. Implementation of a diversified valuation model for every program within the university implies an increase in institutional accountability, but it also suggests funding incentives for a job well done. Though the application of a campus-wide diversified valuation model is a correlative topic regarding institutional philosophies and methodologies, it requires its own explorative essay rather than being shortly folded into this one.

Institutional funding decisions for athletics by nature must include data on the variables that reflect its true longitudinal value. The budgetary bottom line does little to inform athletics' influences in any of these areas. Particularly at a mission-driven school, its leaders must fight the administrative reflex to give greatest value to the stripped-down budgetary bottom lines, and insist on a

line of integrated inquiry and resulting data that reveals its performance in the fields of play that it actually services. This correlative approach to institutional data may require new delineative filters and protocols that aid the institutional researcher in delivering the most informed data, even if it poses methodological challenges. Such an investment in human and systems resources as needed would very likely prove priceless when considering the broad-spanning outcomes of appropriately informed budgetary decisions.

At non-DI colleges, all sports are "non-revenue" sports with very few exceptions nationwide. But this label (generally representing all sports at any division other than football and basketball) is generally determined and applied to sports based on a negative sum when reconciling the profits (gate sales, concessions, apparel, media revenue) with losses (facility costs, event staff, scholarships, program costs). This myopic accounting is dangerously misleading. While it does give raw data and can be an instrument for budgetary goals and limitations, it should not serve as the primary executive decision-making tool.

The Quantitative Correlation Between Success and Donor Giving

People like to win. It is human nature that people are drawn to successful entities. Perhaps it is connected to the human instinct of self-preservation that plays itself out in society as people choose associations with other individuals, communities, companies, or even teams that demonstrate success in one way or another. In terms of donors giving to universities, this principle holds up as well, but is likely working in conjunction with factors like school pride, loyalty to one's alma mater, and philanthropic benevolence. But what impact does athletic success have on a university's donor base in terms of participation and size of gifts? This is a question to which administrators should have an answer, and strategically respond accordingly. A 2015 empirical study on the financial impact of successful DI athletic programs on their university revealed a significant statistical correlation between athletic success and private monetary contributions. [4] This study concluded that private monetary contributions of highly successful institutions more than doubled the national average increase in donor giving in the year following the successful post-season. [5] Also of particular note for many non-DI schools, a great number of which are private universities, the quantitative data revealed an even higher level of increased giving following a successful season by private universities. These winning schools

experienced a 28% increase in giving over a two-year period compared to the national average of 5% increase during the same time period. [6] Also found was that the top 10 schools in percentage of alumni that give back are all private institutions. [7] Walker surmises that this elevated degree of giving may be because "the culture of philanthropy at private institutions is more deeply entrenched; thus, as a result of an athletically successful year, it motivates an already larger generous populace to contribute, compared with public institutions." [68] Another finding by Goff supports the success-to-giving correlation even when the level of success is of a lesser degree. [9]

Data like this should inspire institutions (particularly private colleges) to strive for success. It is very likely that every mission-driven university has explicitly articulated their intent to maintain a culture of holistic excellence, be it in the academic, athletic, or other realms of the institution. The implication is that a driven, goals and results-oriented culture supported by a strategic action plan of like qualities will result in appealing results that are then used in the marketing and branding of the university that controls the public's perception of the school. This reciprocal cause-effect relationship between high expectations and achievement functions the same when a university's athletic or academic programs are low achieving— it results in unappealing institutional data which in turn negatively affects the public perception of the university and their willingness to invest in it. And around and around it goes. While almost no university athletic department claims that their goals are anything less than "to be successful," the institutional support given by many schools screams otherwise. If the perception held by more university executives is that athletics is a mechanism for long-term sustainability and gain rather than an annual black hole to absorb or reduce, there would be a greater strategic investment from a greater number of schools. While a college's athletic teams compete against one another for a winner, their administrators need to simultaneously look at athletics as a kind of inter-squad competition—*how can we invest in and use this dynamic mechanism for greatest gains related to enrollment, alumni giving, and regional branding?* If a dynamic blueprint for answering this question is found and implemented, a healthier athletics program is more likely to find even more success. Administrators should not be trying to simply fund athletics in order to beat other schools, but rather trying not to beat themselves for lack

of strategic resource allocation to a high-yield and far-reaching institutional entity like athletics.

Ultimately, research shows that success helps all seven of the critical variables noted in this study, so competitive success must indeed remain an overarching goal for all entities within a university. For the administrators with executive fiscal power, investment savvy and maximal creative use of human resources within Admissions, Advancement, Academic Support, Student Life, and Public Relations related to athletics must be a commitment. Said another way, university leaders should be asking the heads of these departments: *"How exactly are you working with Athletics to quantifiably improve your bottom lines?"* And within this diversified valuation model, athletics administration, staff, and coaches must also be able to demonstrate their strategic action plan for making their programs a valuable asset to these same departments.

At the same time, the institutions' chief officers, or more aptly named investors, fully maximize athletics as a mechanism of long-term sustainability and gains by determining where institutional funds should go, and how much of it for the sake of biggest long-term return. Without a committed investment in athletics, the lack of competitive success and programmatic vibrancy will minimize both immediate and long-term potential returns. But a calculated investment in teams or a program as a whole that offers holistic value will see its return on investment numbers get better over time. This is the million-dollar question for university executives holding the purse strings—*where is the perfect fulcrum of investment between up-front costs and greatest collective gains?* Not enough financial support underutilizes the mechanism, while poorly allocated funds may prove to have diminishing returns or flat-out losses. Even though universities have to pay bills to keep the lights on, and in some cases pay their bills each year to even keep the doors open, universities must strategically commit to the long game. If its economic strategic model is not oriented for sustainability, longevity, and enhancement, it acts as a vote against its own success.

The findings in Walker's 2015 research that identifies the synergy between athletic success and increased donor giving are not surprising. [10] A donor's reasoning for giving thousands or millions of dollars to a university can be varied, but it can be assumed that most gifts are based on a relationship with the school, and the identification by the donor that the gift would be well spent

and either start or continue something that advances the university's mission. In terms of athletics performance and designated donor dollars toward athletic purposes, a safe hypothesis is that mediocre programs do not draw in donor dollars that would lift athletics out of its slump. Likewise, it should not be expected that athletically designated donor dollars would flood into a university that, at least from the public's perception, is not committed to athletic success in a notable strategic and financial way. A "donor-funded" plan for non-DI programs is basically a commitment to mediocrity. The university must be the baseline of commitment and the caster of a vision for success; a donor-funded model places too much dependence and power in the hands of outside parties with enough capital investment to expect a degree of executive power that a university is unlikely to concede.

Another important pattern reflected in the data is that undesignated (non-athletic) giving averages also go up following successful seasons. In Walker's study, the pattern of increased giving to institutions with successful athletic programs did not measure designated athletic gifts, but all private monetary contributions. Athletic success uplifts all giving, both designated and undesignated. Some may fear that an increase in athletic gifts will have a "crowding-out effect," [11] but on average this is not the case; multiple studies substantiate the pattern of overall (athletic and academic) uplift due to athletic success. Though there may be the occasional donor seeking to revitalize his alma mater's athletics programs with a grand gift that inspires improvement, but such a case is rare. It is almost always the university that must develop and support its athletics program in such a way that fosters success, leading to momentum among donors, applicants, and the community that builds into longitudinal fiscal gains. As summarized in a 2010 study by Stinson and Howard, "New athletic donors that can also be cultivated to make academic gifts turn out to be the most valuable donors to the institution, as they make larger gifts and are retained at higher rates than are their counterparts." [12] To borrow a line from the iconic baseball movie *Field of Dreams,* "If you build it, they will come." [13] Success is an attractive trait to those who have likewise achieved success in their own game. Universities are wise to take advantage of this instinct.

Quantitative Correlation between Success, Public Perception and Enrollment

Depending on the university, the hierarchy of importance among the seven identified variables of valuation will vary, but the influence of a school's athletics program on enrollment would certainly rank among the top three for any institution. Without students, there is no school. The power of a healthy TUG enrollment base is especially disproportionate at smaller universities with less robust graduate and certificate programs (and endowments) that can carry the annual fiscal load in a downturn, making these schools more vulnerable to the effects of admissions rhythms. These private universities don't have the luxury of federal or state aid to save the day when tuition and other forms of income don't cover costs. Recent data suggests that athletic success is a catalyst of increased TUG applications. [14] Though the majority of this research focuses on DI schools benefiting from mass media exposure touting the school as a "winner," a similar pattern can be expected on a smaller, perhaps regional scale for non-DI universities— besides conference and NCAA media coverage, local media coverage touts the success with pride in the home-town accomplishments, and all institutional media outlets and admissions efforts highlight the current success as a sign of institutional vigor and overall excellence.

This is not to say that the entirety of a college's public perception rests in the hands of athletic success; it is certainly a part of the whole. But it also must be considered that, regardless of the success and prestige of any other academic or co-curricular activity sponsored by a university, it will not come close to matching the quantity of media coverage given to athletics. Ironically, this is still the case when an athletics program is not competitively thriving. What's more, the very nature of competitive athletics is that it functions in a winner-loser matrix and is likewise spoken of in the media with a like lexicon. Thus, whether a university is winning or losing, the public will hear it labeled a winner or a loser hundreds of days out of the year. Even if a university boasts of a high ranking among like universities in *U.S. News and World Report,* and offers a highly sought after undergraduate experience (or the converse of both of these traits and is a low-performing school), the public perception of a university will unavoidably be associated as either a winner or a loser to a large degree due to athletic performance. The recent media phenomenon of a perpetual news cycle committed to college sports is now a fixed societal variable.

Whether a school asks for it or not, the reality is news agencies will deliver a product that by nature labels universities as winners or losers. This reality alone should be a motivator for schools to pursue success rather than simply participation. For the non-DI institution, local television, radio, and newspaper entities provide a free marketing service; it is up to the university to make sure that the news is usually good.

Just as donors are less likely to invest in floundering university programs, prospective students are less likely to make their college of choice a school with a negative public profile. For better or worse, athletics has a greater social cache among the general populous than performing or fine arts, or any specific academic program's accomplishments or qualities. With the exception of Ivy League or other similarly tiered academic institutions, the quality of a university's sports programs is the primary base of public knowledge related to that school, and thus the primary means of public perception. For example, most people (even locals) would not be able to name a recent mainstage performance, a single professor or administrator's name, the school's regional or national academic ranking, or any publications or research recently published by a university's faculty. They are more likely able to know if this university has any accomplished athletic teams, possibly know its record of wins and losses, and may even be able to name multiple players and coaches. For university leaders, it is not a matter of agreeing or disagreeing with social value systems or the content of mass media, but rather social realities to strategically respond to. With or without support or collaboration with mass media, a university's public perception will be shaped by their level of athletic success.

Working with admissions and public relations departments to capitalize on this media phenomenon seems like common sense. But what are the quantifiable institutional gains from strategic marketing and media partnerships to go along with an ambiguously measured public perception? The most measurable and arguably most important targeted result should be an increase in applicants, leading to either increased enrollment, higher median quality of student, or both. It should be understood that this increase in applicants is not simply an increase of student-athlete applicants. For example, if a basketball team wins its conference and makes a deep run into the post-season, garnering a disproportionate amount of press compared to previous years, it can expect an increase in recruiting power. The coach may be able to bring in four or five top-tier posi-

tional players needed to fill the gaps made by those who graduated. He will not, however, be allowing 20, 15, 10, or even 5 eager walk-ons to join the team. So while the potential pool of interested students grows, it does not (necessarily) correlate to enrollment growth. It may be true that potential student-athletes are interested in an athletically successful university at a higher rate, but as looked at in Goff's study in 2000, it is the general public, or "uncategorized" applicant, that applies at higher rates following athletic success. [15] It has also been shown that these larger pools of applicants possess a higher SAT average score than previous years; they are not all "jocks" trying to squeak in. Just as athletic success strengthens future recruiting classes, the larger applicant pools also allow for an academically stronger incoming class of freshman. It is up to each university to respond to this influx according to university needs and strategic guidelines. One university may have an enrollment deficit and choose to enroll more total students of comparable quality, while another university is functioning at or near its ideal undergraduate capacity and enjoys the privilege of being slightly more selective with its increased pool of applicants.

On the backside of the academic journey are graduation rates, which also factor strongly into national ranking systems and institutional efficiency while also measuring the academic strength of each incoming cohort. There is no universal device or agency that gathers and calculates graduation rates for all student-athletes and non-athletes. However, according to the NCAA's best efforts to compare graduation rates of its student-athletes with the rest of the student population, it appears that student-athletes meet or exceed the graduation rates of their non-participating peers. [16] Ultimately, increased application numbers are never a bad thing; it is up to each university to take advantage of this benefit in a way that best serves its present needs and overall mission.

A couple of exceptions are possible in regards to enrollment rates consisting of uncategorized students rather than more prospective student-athletes. Many non-DI colleges carry junior varsity or developmental teams and therefore can take on more student-athletes. These often un-recruited athletes may get a nominal scholarship amount for participating (basically an admissions enticement that helps get a student in the door) or no scholarship at all, but simply enjoy the opportunity to be a "college athlete." Another exception to the uncategorized student influx in enrollment is seen in large roster individual sports such as track and field or swimming and diving. While a team sport like volleyball

can only have six athletes in the field of play at one time, for example, these individual sports can maintain very large rosters. Ultimately, the size of the roster is limited by staffing, facilities, and an operating budget that reasonably matches the roster size. Whether a university gives more scholarship money to these teams or simply adjusts operating budgets based on roster size, individual sports can theoretically take on greater numbers than team sports. This is an example of how specific sports programs can partner with other entities such as admissions within the university and, with executive permission, work together to both aid enrollment numbers and be more athletically successful.

In the same vein, financial executives should consider the actual value of each full grant-in-aid scholarship allotted to coaches. One "full ride," on average, does not equate to one non-paying student. It is usually divided up among a number of student-athletes in order to field the best possible team given the resources to do it with. The average students-per-full-ride number is of course different for every sport at every university, but frequently falls between three and five, particularly within individual sports. If an average scholarship size can be agreed upon among coaches and administrators that find the sweet spot between athletic success and a tuition-based profit margin, this methodology could prove to be a very effective aid to enrollment.

Relationship between Success, Student Experience and Campus Morale

As observed by Adam Walker, athletics serves a university "by galvanizing alumni, friends, community, and the campus culture." [17] This unifying effect is very difficult to quantify, but is arguably the single best institutional mechanism in accomplishing this bonding of invested parties. In terms of school pride and campus spirit, it could be expected that a university with a higher percentage of the TUG population involved in athletics would create a higher degree of campus energy and participation in athletics events, and thus elevated campus morale and overall student experience. Naturally, this elevated ratio occurs more in universities with smaller populations that, along with a higher student-athlete percentage than big schools, also have a higher percentage of on-campus residents and smaller class sizes. Research by the NCAA lists the median enrollment of TUGs in DII and DIII is 2,511 and 1,820, respectively, compared to 9,131 compared to DI. It also documents 51% of DII and 81% of DIII universities as private, compared to only 33% of DI schools. [18] These

academic and student-life infrastructures make these schools more student-centered and relational by nature. One study that looked at the attitudes and motivations of DIII students attending athletic events found that students who had met an athlete or a coach had a more positive attitude toward the athletics program. [19] Other data from this study demonstrated that the social and relational aspects of athletics drives attendance and promotes campus buy-in. [20] It goes without saying that this degree of interaction between student-athletes and the rest of the student population occurs within non-DI campuses much more than at universities with tens of thousands of students.

Athletic success has also been found to be a main factor in student attendance at athletic events. Though taken from a small and limited sample group (620 students at a DIII school with an undergraduate enrollment of 10,902), data showed that 25% of non-attenders of institutional sporting events declare a lack of team success as the primary reason. In response to the question as to what would make them want to attend more games, 37% cited team success. [22] These patterns likely extrapolate into the alumni base as well. There is possibly a saturation point at which too high of a percentage of the TUG being student-athletes negatively affects the student experience and possibly other valuation variables. Again, each university must decide on its ideal number of student-athletes in order to achieve the specific goals attached to its institution and athletics program.

Another benefit sourced in a thriving athletics program is the potential increased enrollment of underrepresented groups. Diversity is more than a buzz word in higher education and university marketing; it is the source of special state and federal funds for either for the institution to invest in student success programs, or to steward as scholarship money for qualified applicants. These programs create a more attractive option for future first generation or minority applicants, and tick a number of boxes for a university's rankings. According to NCAA data on the 2015-2016 season, among the ten sports with greatest numbers of participation (an implication of their common representation in most athletics programs), 34% of the student-athletes are non-white. [23] While some sports have a much higher percentage of non-white student-athletes on average, this national average for the most populated sports across all divisions suggests that athletics in general is a significant source of ethnic diversity for college campuses. Interestingly, in all ten sports, the percentage of non-white

student-athletes decreases incrementally from DI through DII and DIII. The 34% non-white average best represents DII, while the DIII averages are closer to 24%. [24] These are diversity averages that nearly every university in these respective divisions would be happy to boast about—the NCAA reports that the percentage of schools at which more than 50% of the students are white is 74% (DI), 67% (DII), and 86% (DIII). [25] Closing the gap between societal and enrollment averages among ethnic groups is a goal that aligns with every university's mission, and sport is a promising means of helping that effort.

Application of a Diversified Valuation Philosophy and Methodology

Collegiate athletics is a risky game that cannot be played without a vision of its purpose, strategic implementation of institutional support based on good data, and visionary leadership along the way. Perhaps the more risky game for a university is to not sponsor athletics at all, terminating the possibility of receiving all direct and indirect benefits. Evidence suggests there is a "flat" overall economic effect of athletic mediocrity, offering only an enhanced student experience and other trace benefits within the seven variables explored here. But if breaking even is the average economic outcome of mediocre athletics programs, why would a university invest in a zero-sum game? In such a case, a university would arguably be better served investing every athletics-budgeted dollar into a different, more thriving university program, or expand academic offerings based on market demands, or even "put it in the bank" in a conservative market investment. The problems with this suggestion, of course, is that it would be extremely difficult to replace the critical mass of students who come every year to non-DI universities to be student-athletes, the university would risk losing donors, losing mass media exposure, and take a major risk with affecting the student experience. The dominant pattern of athletic expansion outrunning athletic reductions in the university system reflects the degree to which higher education leaders appreciate the potential upsides to a successful athletics program. [26]

Perhaps scholarship-granting institutions in the NCAA DII and the NAIA should look to NCAA DIII institutions for both philosophical perspective and strategic analysis tools—these schools do not offer athletic scholarships, yet through their continued support of athletics have clearly identified its larger institutional roles. It could be that this non-scholarship model found in DIII

insists upon a more holistic awareness of their athletic program's return on investment. The question should not be whether or not to sponsor an athletics program, or what the least amount of spending an institution can get away with is while maintaining an athletics program. Rather, institutions should ask, "how do we strategically maximize the influence of our athletics program to best capitalize on its unique position in the university and society?" This may require a paradigm shift for some institutions not primarily mission-driven, as well as a strategic shift by mission-driven institutions finding themselves stuck in the pattern of one-dimensional fiscal valuation. For that matter, data suggests that athletics is macroscopically a money-making enterprise when done well (generally represented in related research as the synergistic relationship between institutional support and competitive success). Its indirect products of financial support have been well documented here, but it is worth pointing out that there is no other entity within the university system that accomplishes such a broad influence across all other institutional facets than the bedrock of the university system itself-- its academic quality and experience. And even academic vibrancy falls immeasurably short of the amount of media coverage (and thus influence over public perception) enjoyed by athletics. To be clear, there is nothing about the academic/athletic relationship that suggests they should be dueling forces. This would only lead to an erosion of the student experience and campus morale to a point that all programs would be negatively affected.

When making funding and institutional support decisions, university leaders should go beyond the return-on-investment quotient and consider looking at 1 and 5 year averages in the seven variables suggested. A graded rubric of diversified valuation would serve as the primary tool for measuring these data. It may even be possible to correlate these relationships sport by sport.

This is not a recommendation to collect data for data's sake. The point is to identify strengths and weaknesses in the seven areas of expected production, and systematically support athletic programs to improve on them. This also demands that results from the data be compared to competitive success rates in an effort to assess the effectiveness of adjusted benefits on the program from year to year. Such a strategic infrastructure will ideally grow into sustained success, giving, enrollment, and morale. The better an institution does in maximizing athletic success through strategic investments, the better it will do in its core areas. There is value in non-DI institutions examining their methodologies of

valuation with fresh and inspired eyes. Ideally, every short-term fiscal decision should be serving a long-term, mission-oriented goal related to student and community investment, stewardship, and holistic success. It is this mission, the long game, the bigger picture that should shape the *how to and how much* to strategically invest in athletics for the best overall result.

NOTES

1. Jeffrey Stinson et al, "An Empirical Examination of University Intercollegiate Athletic Expenditures." *Sport Marketing Quarterly*. Vol. 21 Issue 2 (June 2012): 111.
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4. Adam G. Walker, "Division I Intercollegiate Athletics Success and the Financial Impact on Universities." Sage Open, Vol. 5, Iss 4 (2015): 10.
5. Ibid
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7. Ibid.
8. Ibid
9. Brian Goff, "Effects of University Athletics," 101.
10. AdamWalker, "Division I Intercollegiate Athletics Success."
11. Adam Walker, "Division I Intercollegiate Athletics Success," 3.
12. Jeffrey Stinson and D.R. Howard, "Athletic Giving and Academic Giving: Exploring the Value of Split Donors." *Journal of Sport Management*. Vol. 24, Issue 6 (2010): 744-68.
13. *Field of Dreams*.
14. Adam Walker, "Division I Intercollegiate Athletics Success," 3.
15. Brian Goff, "Effects of University Athletics," 95.
16. "Graduation Rates." NCAA.org. Electronic Resource.
17. Adam Walker, "Division I Intercollegiate Athletics Success," 2.
18. "Institutional Characteristics of NCAA Member Schools." NCAA.org. Electronic resource.
19. Evan Perrault, "Attitudes and Motivations of Students Toward Athletic-Event Attendance at a Midsize Division III University: Recommendations for Communicators." *International Journal of Sport Communication*. Vol. 9 Issue 3 (Sep 2016): 328.
20. Ibid.
21. Evan Perrault, "Attitudes and Motivations," 331.
22. Evan Perrault, "Attitudes and Motivations," 333.
23. "Sport Sponsorship, Participation, and Demographics Search: Student-Athletes 2015-2016 Overall Figures." NCAA.org. Electronic resource.
24. Ibid.
25. "Institutional Characteristics of NCAA Member Schools." NCAA.org.

[26] Alecci, Scilla. "Trailblazing Colleges Choose Students Over Elite Athletics." *Huffington Post*. (Dec 3, 2015): Electronic resource. Far more schools are moving up to DI than are moving down in divisions or dropping athletics entirely.

APPENDIX 1

DIVERSIFIED VALUATION RUBRIC: Suggested Content

1. Number of SAs (student-athletes) added to the roster each year
2. Retention rates for SAs and non-SAs/other subsets
3. Campus visits for athletic events compared to other subsets (admissions, arts, sponsored conferences, etc.)
4. Graduation rates for SAs and non-SAs/other subsets
5. Alumni giving % from SAs and non-SA/other subsets
6. Large gifts from SAs and non-SA/other subsets
7. Designated athletic gifts vs. other designated gifts vs. undesignated gifts
8. Amount fundraised by each team
9. Averages of academic enrollment data of SAs and non-SA/other subsets
10. GPAs of SAs and non-SA/other subsets
11. Number of regional or national academic awards by SAs and non-SA/other subsets
12. Percentage of student leadership roles held by SAs
13. Percentage of discipline cases of SAs and non-SA/other subsets
14. Community service hours of SAs and non-SA/other subsets
15. Ethnic diversity chart for SAs and non-SA/other subsets
16. Number of articles/stories in media for SAs and non-SA/other subsets; grade the value (good/bad, time/quantity, medium and likely exposure numbers, etc.)
17. Number of athletic website page hits vs. main university website hits