Losing Money Going to Bowl Games

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With the barrage of bowl games these past several days one can only marvel at the willingness of sponsors and cities to pay out millions of dollars to universities to provide a few hours of entertainment during the holidays. Last year the University of Wisconsin took away $12.5M for the Big Ten from the Badger's Rose Bowl appearance. The participants at this year's Sugar Bowl, allegedly the national championship game, will take away between $11M and $13M each. Moving down the pecking order to near the bottom the payouts run to about a million dollars.

College football and intercollegiate athletics isn't about the money of course, it is about educating young people, or something somehow related to that end. In the past we have been told that these bowl game revenues were significant because they help athletic departments turn a profit and fund a number of the "non-revenue" sports on campus. It turns out that is no longer the case.

It is clear that the revenues generated very often do not cover expenses, and bowl appearances can even cost the participating universities money. One of the reasons for the red ink is that millions are spent on the bowl games by the participants as teams take entourages worthy of the Queen of Sheba to the big events.

In last year's Rose Bowl Wisconsin received $1.4M as their share of the conference revenue from the game and an additional $400,000 from contributors and sponsors, a total of $1.8M. The Badgers spent $2.1M on the trip thus losing $300,000 by playing in the Rose Bowl. This exorbitant cost funded a Badger entourage containing 832 people, many of whom did not play a single down. Besides 110 Badger players, the contingent included the coaches, the 380-member band, the spirit squad, university officials, athletic department staff, assorted spouses, major contributors and state legislators: Thus the cost and the resulting deficit.

These losses were highly criticized in Madison so this year the Rose Bowl entourage was cut by 100, meaning only a little over 700 would travel on university money to sunny Southern California. The Badgers hope to break even on the balance sheets.
The University of Minnesota's trip to the Sun Bowl will cost $1M for 700 people to travel to El Paso. This expenditure includes a trip for the Athletic Director who has just resigned in the face of the basketball scandal. The athletic department owes $3M to the university for investigative costs and contract buyouts. It has been suggested that rewarding the discredited AD is a strange action, and spending that much money when the Athletic Department owes $3M to the university is the height of obtuseness.

Similar stories of expenses exceeding revenues are common across the bowl landscape. The University of Illinois took 600 people to the Micronpc.com Bowl at a loss of $25,000. Michigan State spent all of its $1.2M allotment from the Citrus Bowl on its entourage, and perhaps that is why a Michigan State player was arrested for purse snatching after the game. If past history is any guide Florida State will emerge as the biggest spender of them all.

So why is it done? Exposure and recruiting is the new rationale. Bowls are a necessity to keep a program going making the losses a justifiable expense for any major athletic program. No longer is it being suggesting that bowls are bringing in profits to run other parts of the athletic program.

The argument seems to be that more money must be spent to generate more money so that more money can be spent so that more quality players will come to Enormous State University. That of course will generate more money that can be spent to generate more money at bowl games which will require more money than is generated for the participating institution. The resulting surplus will no doubt be spent on the non-revenue sports.

It should be pointed out that additional revenues come to all the schools of a conference by virtue of one team being in a bowl. In the end more money is generated, at least by the major conferences, than is expended by conference members in bowl expenses. Maybe.

On a larger stage a report last week showed that total conference revenues—with basketball as the major source—were astronomical for at least a few conferences. At the top were the Big Ten ($75.9M) and the SEC ($74.8M). The ACC
and the Big 12 were in the mid-sixties, the Pac-10 and Big East in the upper-forties. Conference USA was at $15.8M, the Atlantic 10 at $7M, the WAC at $3.8M, and no other conference was over $2.7M. Fourteen conferences generated under $2M. What is notable here are the totals for the big boys, and the tremendous gap between the top six and the rest of the pack. The big market-small market dichotomy approximates that of major league baseball.

The meanings of these figures are multiple but one thing is clear, for the vast majority of conferences and universities the great cash cow of intercollegiate athletics is dead meat. For most universities athletic programs are spending more than they are generating. The red ink is flowing like a great river and the big boys are riding the currents of those major revenue streams. So much for the President's Commission and reform.

On Sport and Society this is Dick Crepeau reminding you that you don't have to be a good sport to be a bad loser.

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