

ECONOMIC FINDING

Who Profits From Amateurism? Rent-Sharing in Modern College Sports

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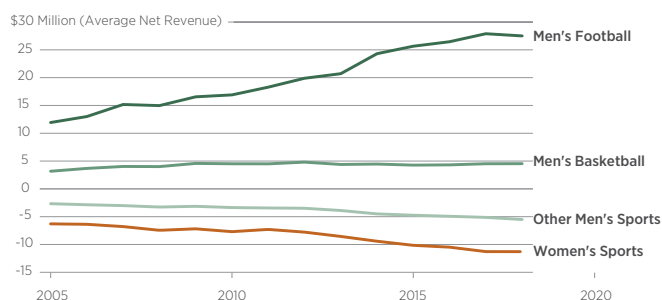
In 2006, National Collegiate Athletic Association (NCAA) Division 1 Football Subdivision (FBS) schools earned \$4.4 billion in revenue. Over the next decade, those revenues grew to \$8.5 billion. How much did the players retain? Less than 7 percent, according to the authors, with that money directed toward scholarships and modest stipends for living expenses. Together, men's football and basketball garner 58 percent of total athletic department revenue, which funds roughly 20 different men's and women's sports. Those other sports only earn about 15 percent of total revenue, with the remaining 27 percent coming from outside sources such as the sale of media rights.

These numbers suggest, among other things, that male football and basketball athletes subsidize other activities and other athletes. The data also raise questions about whether athletes could—or should—retain a higher percentage of their sports' earnings. To investigate these and other questions, the authors collected comprehensive data covering revenue and expenses for FBS schools between 2006 and 2019, and assembled new data using complete rosters of students matched to neighborhood socioeconomic characteristics.

Among their findings, the authors estimate that rent-sharing leads to increased spending on women's sports and other men's sports as well as increased spending on facilities, coaches' salaries, and other athletic department personnel. This transfer also occurs on a player level, that is, a subset of athletes are subsidizing others. Given the demographics of men's football and basketball and those of other sports, the authors find that the existing limits on player compensation effectively transfers resources away from students who are more likely to be black and who come from poor neighborhoods toward students who are more likely to be white and come from higher-income neighborhoods.

Regarding compensation, the authors calculated a potential wage structure for football and men's basketball players based on collective bargaining agreements in professional sports leagues, where athletes generally retain about 50

Figure 1 • Average Net Revenue for Men's Football, Men's Basketball, Other Men's Sports, and Women's Sports (2005-2018)



Notes: This figure reports the average net revenue (revenue minus expenses) for different college sports (or groups of sports), averaging across 61 universities in the so-called "Power Five" Athletic conferences. For "Other Men's Sports" we exclude Football and Basketball, and we take sum of net revenue across sports within a school and then average across schools; we do analogous calculations for Women's sports, as well.

percent of earnings. They estimate that if FBS football and men's basketball players split 50 percent of revenue equally, each football player would receive \$360,000 per year and each basketball player would earn nearly \$500,000 per year. If athletes were paid relative to how various positions are compensated, the two highest paid football positions (starting quarterback and wide receiver) would be paid \$2.4 million and \$1.3 million, respectively. Similarly, starting basketball players would earn between \$800,000 and \$1.2 million per year.

The authors have made the data in their paper publicly available online at users.nber.org/~notom/research/ncaa.html, for the benefit of future research.