Making Higher Education More Affordable: A Cap on College Athletics Subsidies

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Thesis
In order to prevent students from being unreasonably charged for unprofitable athletics programs, the Michigan Legislature should pass a law placing a cap on the amount of public university money that can be spent on athletics subsidies.

Background Analysis
While college athletics programs do derive revenue in the form of tickets sales, donations, media rights, branding, and other sources, in most cases that revenue is not enough to pay for the operating costs of the athletics program. Colleges must therefore rely on a combination of student fees and diverting money from elsewhere in the university’s budget in order to subsidize their athletics programs. Due to the competitive nature of college sports, universities feel the need to increase their athletics spending in order to keep their teams competitive. This has naturally created an increase in athletics spending over time and therefore an ever-increasing athletics subsidy and an ever-increasing financial burden on college students.

There has also been a decrease in public funding for colleges and universities over the past decade, which has caused many public universities to increase tuition and student fees. This means that students play an increasing role in paying for these growing athletics subsidies, which further increases student debt.

Talking Points
- In a time of ever-increasing student debt, universities should be frugal when devoting money to athletics programs.
- A cap on per student cost of athletic subsidies would allow for the benefits of college athletics, while preventing students from being unduly financially burdened.
- College athletics programs would be free to reduce athletics spending or increase athletics revenue however they feel fit.

Policy Idea
The Michigan Legislature should place a cap on the amount of public university money that can be spent on athletics subsidies based on per student cost. A cap of $700 would be approximately equal to the median per-student subsidy in 2014, though any cap could be helpful, depending on how aggressively the legislature is willing to pursue the goal.

Policy Analysis
Excluding Michigan State University and the University of Michigan, whose athletics subsidies are minimal to begin with, all public universities within Michigan have seen multimillion-dollar increases in athletics subsidies between 2005 and 2015. This is most prominent at Western Michigan University, where there was an 82 percent increase in athletics subsidies. 11 out 13 public university athletics programs in Michigan derive over two-thirds of their revenue from athletics subsidies. Lake Superior State, Eastern Michigan, Western Michigan, Michigan Tech, and Northern Michigan all spent over $900 per student on athletics subsidies in 2014. Student fees, a major source of funding for athletics, are projected to increase at a rate 13 percent higher than tuition.
increase during this time-frame.\textsuperscript{9} Student fees, largely paying for athletics, are projected to increase at a rate 13 percent higher than tuition.\textsuperscript{10} This shows that athletics subsidies are growing, and even a moderate cap instituted now would be beneficial in the future.

While collegiate sports are in most cases financially burdensome to the student body, they do provide many tangible benefits to the university: developing a unified university culture, promoting fitness and teamwork among student athletes, increasing the school’s reputation (thus increasing applications to the school), and encouraging continued alumni involvement in university events.\textsuperscript{11} Given these benefits of college athletics programs, a limited athletics subsidy is completely reasonable; a public university is not a for-profit business, so not everything it does needs to be profitable. Because of this, a cap on athletics subsidies is preferable to elimination.

**Next Steps**

A coalition of university students and faculty across Michigan, particularly from Lake Superior State, Eastern Michigan, and Western Michigan (the schools with the three highest per student subsidies)\textsuperscript{15} should be developed to advocate for the policy. Some groups, such as the Center for College Affordability have already published studies on the cost of college athletics, and could likely provide support\textsuperscript{16}.

The Michigan House of Representatives Education Reform Committee, chaired by Tim Kelly, should be contacted about the policy. The committee (and legislature as a whole) is predominantly Republican, so advocacy for the policy should emphasize how reducing athletics subsidies is in line with their free-market values.

**End Notes**

\textsuperscript{3} ibid
\textsuperscript{5} ibid


12 Paula Gardner and Brian McVicar, “Michigan’s public colleges spend millions to subsidize athletics,” MLive.

13 Ibid

