

# **The Feasibility of CSUB Athletic Program Moving to NCAA Division I**

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## 1. Summary

The CSUB Athletic Department has established itself as the nation's premiere NCAA Division II program. In 1998, CSUB became the first university in the CSU system to receive the prestigious Sears Directors' Cup for its overall athletic success. Recently the university has expanded its athletic program to 15 sports. The university is now considering the challenge of joining Division I in the NCAA. Such a move would entail joining the Big West Conference, which currently consists of 10 universities. The conference, however, will include 9 institutions in June 2005.

In this study, we will investigate the financial feasibility of CSUB joining the Big West Conference. In particular, we will project revenues needed to support a Division I athletic program at CSUB and measure economic impacts of this decision on the community.

The reclassification of athletic competition from Division II to Division I is beneficial to CSUB. It will help

- support the university's *Partnership for Excellence* vision
- improve the university's image in the community and academy
- attract more and better student athletes supported by increased scholarships
- generate greater enrollments for various academic programs
- enhance the university's national, regional, and local exposure
- foster closer ties to the university's alumni across the state and nation
- enlarge financial contributions to the university
- increase business in Bakersfield and Kern County

### Highlights of the study are as follows:

1. With a modest conference winning percentage of 0.400, in the first year of Division I competition, we expect basketball attendance to rise 12.5 percent from 2,400 to 2,700 per contest. We anticipate total attendance at all CSUB sporting event to increase from 54,500 to 62,800.
2. CSUB would need an extra \$2.7 million to support a Division I athletic program. The needed additional funds would come from various sources:

Institutional Support	\$419,922
Ticket Sales	\$52,744
Sponsorships & Memberships	\$959,775
Fundraising Events	\$11,650
Student Activities Fee	\$1,200,000
NCAA & Conference Distributions	\$85,000
Others	\$4,050
<b>Total</b>	<b>\$2,733,141</b>

3. CSUB visitors would spend more than \$869,000 annually in Kern County. They will generate additional revenues for various local businesses:

Hotel Rooms	\$272,349
Retail Trade	\$140,460
Dining	\$280,920
Automotive	\$70,230
Miscellaneous	\$105,345
<b>Total</b>	<b>\$869,304</b>

4. The additional \$2.7 million of CSUB expenditure and \$869,000 of visitors' spending are expected to generate \$5.7 million annually of total economic benefit for Kern County. Knowing this information, the community would be willing to increase donations to the university to support this move.

University's Economic Impact	\$4,810,328
Visitors' Economic Impact	\$1,350,589
Total Economic Impact	\$6,160,918
<b>Total Economic Impact Retained Locally</b>	<b>\$5,666,044</b>

## 2. Introduction

Now into its second quarter century of competition, the CSUB Athletic Department has established itself as the nation's premiere NCAA Division II program. The university has expanded its athletic program to the following sports.

### Men's Sports:

Soccer  
Basketball  
Wrestling  
Swimming  
Golf  
Track & Field (indoor & outdoor)

### Women's Sports:

Basketball  
Cross Country  
Soccer  
Softball  
Swimming  
Tennis  
Track & Field (indoor & outdoor)  
Volleyball  
Water Polo

Virtually all CSUB athletes compete at the NCAA Division II level in the California Collegiate Athletic Association. The one exception is wrestling, where CSUB competes at the Division I level in the Pac-10 Conference.

Over its relatively brief history, the university's achievements have been unparalleled at the national level. CSUB teams have collected 30 national championships since 1976. CSUB boasts more than 200 NCAA individual national champions. To put this accomplishment in perspective, CSUB has won more individual titles than all other conference opponents combined.

As of June 2004, CSUB athletes have captured 227 individual national championships (including 11 NCAA Division I titles in wrestling) and 1,068 All-America awards. CSUB has produced six Olympians. Most notably, the two-time undefeated NCAA heavyweight wrestling champion Stephen Neal has captured gold medals in the United States Freestyle Championship, World Freestyle Championship, and Pan American Games. He is now a starting offensive lineman in the National Football League with the three-time Super Bowl Champion, New England Patriots.

In team competition, men's swimming won the NCAA Division II championship title in 2004. It was the team's record 13<sup>th</sup> national championship title. The men's basketball team has won 3 national titles and the wrestling team has captured 8 national titles since 1976. Also capturing NCAA championships for CSUB are men's soccer (1997), softball (1988–89–90) and volleyball (1989).

In 1998, CSUB won the prestigious Sears Directors' Cup. This handcrafted Waterford Crystal trophy valued at more than \$20,000 is awarded annually to the nation's premiere overall athletic program. CSUB became the first and only university in the CSU system to receive this award.

Given this success, the university is now considering the challenge of joining Division I in the NCAA. Such a move would entail joining the Big West Conference, which currently includes the following ten universities:

University of California, Riverside  
University of California, Irvine

University of California, Santa Barbara  
California State University, Northridge  
California State University, Long Beach  
California State University, Fullerton  
California State Polytechnic University, San Luis Obispo  
Utah State University  
University of Pacific  
University of Idaho

In June 2005, University of Idaho and Utah State University will be joining the Western Athletic Conference and University of California, Davis will be joining the Big West Conference.

In this study, we will investigate the financial feasibility of CSUB joining the Big West Conference. In particular, we will project revenues needed for the support of a Division I athletic program. Additionally, we will project the economic impact the local economy can expect, given the additional benefits generated by increased CSUB spending and an expanded pool of Bakersfield visitors.

### **3. Feasibility Study**

The fundamental rule of economic decision-making is that an action should only be taken if the expected benefits of the action exceed the expected costs. Hence, in reviewing the feasibility of CSUB seeking NCAA Division I status, we must identify both the expected benefits and costs. The costs of this move are predictable and largely within the control of CSUB administration. We expect the university to need to add additional staff, more scholarships, and incur greater travel costs. Additionally, the university may choose to upgrade existing athletic facilities and/or construct new athletic facilities.

The impact on revenues is less clear. The move to Division I will attract better talent to CSUB athletic teams and result in an improvement in the quality of teams CSUB will play in each sport. Both upgrades in talent and competition will increase the level of interest in CSUB athletic program. We see three potential gains from this upgrade. Increases should be observed with respect to attendance at sporting events, interest in CSUB from potential students, and both private and public contributions to the university. To assess these benefits, we must consider the factors that impact attendance, student applications, and donations.

Given the uncertainty associated with revenues, a study of this issue will not be able to tell us conclusively that the “benefit-cost ratio” is positive. What a study will tell us is that additional revenues can be generated to pay for the increased costs given an expected increase in the quality of the athletic program.

### **4. Literature Relevant to Feasibility Study**

In a study of the Ohio State University (OSU) athletic program, Patrick Rishe noted that college athletics generate revenues via ticket sales, concessions, media broadcasts, sports camps, postseason games, and NCAA and conference distributions. Many of these elements are driven by the interest consumers have for the product offered. In essence, to assess attendance and other related revenues, we must understand that we are simply discussing the level of consumer demand for college athletics.

To understand demand for sports, we turn to a recent publication by Berri, Schmidt, and Brook (2004). In a study of the NBA, these authors presented evidence that gate revenue in professional basketball was driven by a team's performance on the court, the capacity and age of a team's arena, and the size of a team's market. Given this work, we might expect the attendance for CSUB men's basketball team to be impacted by the performance of the team on the court, the accommodations offered by Rabobank Arena and Icardo Center, and the size of the market in Bakersfield. One should note that it is performance on the court that drives demand in the NBA. Although market size is important, its measured impact is dwarfed by team wins.

Both stadium quality and market size are presently fixed. Over the foreseeable future, though, each can change in a predictable fashion. Such changes can easily be incorporated in our analysis. In contrast, team performance is uncertain. One could expect a move to Division I to attract better student athletes to CSUB. The quality of opposition, though, will also increase. Hence, the net impact on team performance will be uncertain. CSUB does have an outstanding record of success at the Division II level. If the skills that allowed success in Division II lead to similar success in Division I, the expected increase in revenue could be substantial.

Beyond the gate, increased interest in CSUB athletics will also impact the local economy. If CSUB attracts both better talent and better competition, we can expect an increase in the number of people who attend CSUB events from out-of-town. This increase will translate into additional revenues for local hotels, restaurants, and other business establishments. Any economic evaluation of CSUB athletics must include these additional effects. We will employ the methodology used by the OSU study to identify and quantify the additional effects of CSUB's athletic spending on Bakersfield business.

An additional impact for the local economy could arise from increases in student admissions. Andrew Zimbalist (2001) collected annual data from 86 Division I-A colleges from 1980 to 1995. He then examined the relationship between athletic success and student quality and admissions. Although he failed to find a relationship between the quality of students applying and athletic success, his work did suggest that improved athletic performance does boost student applications.

Given this work, if it is the objective of CSUB to expand the size of its student body in the future, the move to Division I could be helpful. One should note, though, that the relationship Zimbalist uncovered was between performance on the field and student applications. If performance does not meet expectations, student applications will not grow. If the size of the student body does grow, though, we will also observe an additional positive impact on the local economy.

One would expect that increases in athletic performance improve the sense of pride alumni and the community take in the university, and hence increase the likelihood that these people will donate to the university. According to Zimbalist, we do observe increases in donations to athletic programs, but there is little evidence that donations to a school's general fund are linked to athletic success. Given that fundraising has been found by D.L. Fulks (2001) to be the second most important revenue source for athletic programs, the link between the quality of a program and private fundraising is not likely to be a trivial issue.

A recent working paper by Brad Humphreys introduces an additional source of funding from college athletic programs. In a study of Division I-A college football programs, Humphreys found that success on the football field led to an increase in state appropriations to the school. Although CSUB is not proposing adding a football program to its athletic department, one wonders if success in other sports could have the same impact. Certainly this is an issue we wish to explore.

In sum, we expect the move to Division I to potentially impact the demand for CSUB athletics, positively influence student applications, and enhance the fundraising efforts of the athletic program. Much of these changes, though, are predicated on the quality of the athletic program. Hence these revenue streams are not certain.

## **5. The Task Ahead**

Given our discussion of the costs and benefits of this proposed move, we will need to take the following actions in completing our analysis.

- We will analyze various components of the current revenue items of the Athletic Department's budget. In particular, we will break up the revenue items by source including state allocation, fundraising events, donations and endowments income, and sporting events.
- We will gather the attendance records of all CSUB sporting events as well as the Big West Conference over the previous five years. We will forecast the expected increase in the number of the events and attendance (both local and out-of-town) in case of the move to Division I.
- We will forecast the expected increase in spending from additional attendance on ticket sales if the university decides to move to Division I.
- We will then estimate the supplementary revenue items that the Athletic Department will require in order to support additional expenses from upgrading competition from Division II to Division I.
- We will estimate the direct and indirect economic impact that the current athletic spending exerts on the local economy. In particular, we will break up the direct impact of these expenditures on businesses such as hotels, restaurants, retail shops, and automobiles.
- We will estimate the direct and indirect economic impact that non-local attendees and visiting team members and staff exerts on the local economy. In particular, we will estimate additional revenues generated for local hotels, restaurants, retail shops, and automotive services.

## **6. Current Division II Revenues**

The Athletic Department budgetary revenues totaled \$4.1 million in the 2003-04 academic year. Institutional support accounted for \$2.1 million or 51.9 percent of this budget. Private funds in the form of sponsorships and memberships added \$535,000 or 13.0 percent to the budget. Student activities fees supplied \$531,000 or 12.9 percent. Ticket sales from all athletic events

generated \$250,000 or 6.1 percent. Three fundraising events (fall barbeque, spring barbeque, and reverse drawing) added \$233,000 in revenue. Other revenue items including a one-time institutional allocation, a loan from the CSUB Foundation, NCAA and Conference distributions, interest income, and concession-stand sales accounted for 10.4 percent of the budget.

**Division II Athletic Department Budget, 2003-04**

<b>Source</b>	<b>Amount</b>	<b>Amount as % of Total</b>
Institutional Support	\$2,129,332	51.9
One-time Institutional Allocation	\$180,973	4.4
Ticket Sales	\$250,000	6.1
Sponsorships & Memberships	\$535,000	13.0
Fundraising Events	\$233,000	5.7
Student Activities Fee	\$530,774	12.9
NCAA & Conference Distributions	\$10,000	0.2
Foundation Loan	\$196,000	4.8
Other Incomes	\$40,500	1.0
<b>Total</b>	<b>\$4,105,579</b>	<b>100.0</b>

**7. Proposed Division I Revenues**

To estimate the budgetary requirement of the Athletic Department in case of reclassification from Division II to Division I, we considered the average budgetary allocation per sports in the Big West Conference. The athletic budget of this conference varied between \$6.3 million for the 17-sport University of California, Riverside and \$10.5 million for the 18-sport California State University, Long Beach. In this conference, the budgetary allocation averaged \$428,000 per sport. Given this average and the proposed addition of baseball, we estimate that \$6.8 million would be needed to support 16 sports in this conference. We would note that the addition of baseball would also require CSUB to also add one or two additional sports for women in order to maintain gender equity. Without considering the additional sports for women at this time, an extra \$2.7 million would be needed to support a Division I athletic program at CSUB. These additional revenues would come from various sources.

**8. Institutional Support**

CSUB allocates funds for the operation of the Athletic Department from its Academic Affairs budget. In the 2003-04 academic year, the share of the Athletic Department budget of \$2.3 million (including both annual and one-time allocations) accounted for 5.9 percent of the Academic Affairs budget. We estimate that the decision to upgrade athletic competition from Division II to Division I would justify a small increase in the university’s budgetary allocation for the Athletic Department. The move to Division I will help

- support the university’s *Partnership for Excellence* vision
- enhance the university’s national, regional, and local exposure
- improve the university’s image in the community and academy
- attract more and better student athletes supported by increased scholarships
- generate greater enrollments for various academic programs
- foster closer ties to the university’s alumni across the state and nation
- enlarge financial contributions to the university
- increase business in Bakersfield and Kern County

The realization of these benefits will justify an increase in the Academic Affairs budgetary allocation for the support of its Division I athletic program. Here, we apply a moderate 6.5-percent share of the annual university allocation for the Athletic Department. This increase will add \$420,000 for the support of a Division I athletic program.

<b>Proposed Division I Athletic Department Budget</b>			
<b>Source</b>	<b>Amount</b>	<b>Division I-II Difference</b>	<b>Amount as % of Total</b>
Institutional Support	\$2,549,254	\$419,254	37.3
One-time Institutional Allocation	\$180,973	\$0	2.6
Ticket Sales	\$302,744	\$52,744	4.4
Sponsorships & Memberships	\$1,494,775	\$959,775	21.9
Fundraising Events	\$244,650	\$11,650	3.6
Student Activities Fee	\$1,730,774	\$1,200,000	25.3
NCAA & Conference Distributions	\$95,000	\$85,000	1.4
Foundation Loan	\$196,000	\$0	0.7
Other Incomes	\$44,550	\$4,050	2.9
<b>Total</b>	<b>\$6,838,720</b>	<b>\$2,733,141</b>	<b>100.0</b>

Interestingly, however, we note that the amount of institutional support relative to total athletic budget will reduce considerably from the current Division II's 51.9 percent to the proposed Division I's 37.3 percent.

## **9. Attendance at CSUB Events**

In the 2003-04 academic year, nearly 54,500 people attended CSUB athletic events. Basketball accounted for 42,160 (or 77 percent) of total attendance and other sports brought 12,340 (or 23 percent) attendees. Dividing ticket sales of \$250,000 to total attendance resulted in ticket sales of \$4.60 per attendee.

To forecast the number of people attending Division I sporting events at CSUB, we collected data on basketball attendance from the Big West Conference. We modeled our measure of average attendance as a function of conference winning percentage, student enrollment, and local population. We found that both winning percentage and enrollment were positively related to home attendance. Interestingly, local population was found to negatively influence attendance. As a population increases, with corresponding increases in entertainment options, demand for Big West Conference basketball declines.

We employed our model to forecast average attendance for CSUB in Division I at various levels of on-court success. Currently, CSUB draws an average of 2,400 fans per game. At a modest Big West Conference winning percentage of 0.400, we are expected to increase our home attendance by 12.5 percent. As the following table notes, the increase is even more dramatic as conference winning percentage passes the 0.500 level.

Potential Conference Winning Percentages	Expected Attendance
0.100	1,308
0.200	1,765
0.300	2,221
0.400	2,677
0.500	3,134
0.600	3,590
0.700	4,047
0.800	4,503
0.900	4,959
1.000	5,416

A concern people have is that CSUB would be at a competitive disadvantage joining Division I. To address this concern, we examined the relationship between conference winning percentage and both enrollment and community population. We failed to find any statistical relationship between performance on the court and enrollment or population. To illustrate this point, we report conference winning percentages over the past five years in the Big West Conference. We then compared these results to university enrollments. The following table confirms our statistical analysis. *We do not see a relationship between enrollments and on-court success.* The smallest university in the Big West Conference, University of Pacific (UOP), has been the second most successful over the past five years. Furthermore, UOP represented the conference in the 2005 NCAA men's basketball tournament. In contrast, California State University, Fullerton, with the largest enrollment, has failed to win 37 percent of its games.

Big West Conference	Five Year Average Conference Winning Percentage	Enrollment
Utah State	0.773	23,908
Pacific	0.693	6,268
UC Irvine	0.625	24,075
UC Santa Barbara	0.580	19,799
Cal State Northridge	0.528	31,448
Long Beach State	0.386	28,067
Idaho	0.375	12,824
Cal State Fullerton	0.364	33,413
Cal Poly	0.352	17,580
UC Riverside	0.322	17,247

We would note that CSUB already has experienced success at the Division I level. CSUB Wrestlers won the Pac-10 titles in 1996 and 1999 and have finished as high as third in the NCAA Division I championships. We would note that the men's basketball team is not seeking to compete in the Pac-10, with schools like UCLA, USC, and Arizona. Our competition in Division I will be in the Big West, a conference whose membership includes many schools we competed successfully against in Division II in the past. Our record against this competition indicates we may be quite successful in the Big West Conference.

At this point, though, we cannot be sure of any future success. Consequently, we will continue our analysis assuming conservatively CSUB will be a below-average team in the Big West

Conference, winning 40 percent of its games. From our model of attendance, we can expect an average attendance of approximately 2,700 at CSUB basketball games.

Given this forecast, we then applied the expected growth rate in basketball attendance (4.8 percent) to other sporting events and calculated an expected total attendance of 57,100 in the first year of reclassification from Division II to Division I. Next, we considered the increase in the flow of Division I fans who accompany their teams to athletic competitions. The OSU economic impact study expected visiting fans to account for 20 percent of total attendance. However, using attendance data from the teams joining the Big West Conference, we discovered that a ten-percent increase in total attendance would be a more realistic number for CSUB. This adjustment resulted in an expected total attendance of 62,800 at all athletic events in the first year of Division I competition.

## **10. Additional Sources of Revenue**

To meet the increased budgetary requirements for the move to Division I, CSUB must boost ticket sales per attendee. In order to estimate additional gate revenues, we rationalize that community members and visitors, interested in attending more competitive sporting events at CSUB, would be willing to pay higher ticket prices. Here, we foresee a scenario in which the current \$4.60 ticket sales per attendee would increase by a modest five-percent to \$4.82 in the first year of Division I competition. Multiplying the expected total attendance by increased ticket sales per attendee resulted in total ticket sales of \$302,700. Likewise, we considered a five-percent increase in the revenues created through fundraising events and other activities to help support the improved athletic competition at CSUB.

Moreover, the Athletic Department anticipates that the Associated Student Inc. ballot initiative to receive approval from the student body in the forthcoming student elections. This approval is expected to add \$1.2 million to the department's revenue. Assuming approval of this ballot initiative, the student activities fee would increase to more than \$1.7 million. Likewise, the Athletic Department anticipates an extra \$90,000 to \$100,000 increase in the NCAA & Conference distributions for participating in the Big West Conference.

All of the above-mentioned revenue sources would generate \$5.3 million. Hence, the Athletic Department would need to make up the \$1.5 million difference between the \$6.8 million total and the \$5.3 million subtotal through additional sponsorships and memberships. Given the existing private contributions of nearly \$540,000, an extra \$960,000 would be required to meet the budgetary needs of the university's Division I athletic program.

There is reason to believe that the community may choose to be more generous with their donations. This belief is supported by the evidence we can present demonstrating the substantial economic benefits the move to Division I will generate for the community.

## **11. Visitors' Spending**

The proposed reclassification from Division II to Division I is expected to bring additional dollars to Kern County in the form of increased university expenditures and greater spending by visiting teams and fans.

As projected above, the number of non-local attendees in CSUB Division I events will total 5,700 in the first year of Division I competition. With parties of three members, non-local attendees are expected to require 1.37 nights of hotel accommodations per party. Hence, they would need 1,900 nights of lodging. Using a modest rental price of \$75 per night, their total lodging expense is \$195,600. They are also expected to spend \$40 per person on food and beverages for a total of \$228,400. We also estimate that non-local attendees spend a total of \$114,200 on retail purchases, \$57,100 on automotive supplies and services, and \$85,700 on miscellaneous items. In sum, we project that non-local attendees would spend nearly \$681,000 in Kern County.

We estimate that moving to Division I and adding a baseball team would bring 1,300 more visitors to Bakersfield for athletic competition. They are expected to spend \$76,800 on lodging, \$52,500 on dining, \$26,300 on retail purchases, \$13,100 on automotive supplies and services, and \$19,700 on miscellaneous items. We project that visiting teams would spend nearly \$188,400 in Kern County.

All together, we anticipate non-local attendees and visiting team members will generate nearly \$869,300 in additional revenues for Kern County businesses. This amount includes \$280,900 in dining, \$272,400 in lodging, \$140,500 in retail trade, \$70,200 in automotive supplies and services, and \$105,300 in miscellaneous consumer items.

**Projected Expenditures by Visitors**

<b>Source</b>	<b>Attendees</b>	<b>Teams</b>	<b>All</b>
Lodging	\$195,568	\$76,781	\$272,349
Retail	\$114,200	\$26,260	\$140,460
Dining	\$228,400	\$52,520	\$280,920
Automotive	\$57,100	\$13,130	\$70,230
Miscellaneous	\$85,650	\$19,695	\$105,345
<b>Total</b>	<b>\$680,918</b>	<b>\$188,386</b>	<b>\$869,304</b>

## **12. Economic Impact on Community**

Every one-dollar spent in the economy generates more than one dollar of additional income. For example, non-local attendees dining at a local restaurant create additional income for that business. This expenditure is the direct impact of visitors' spending. The restaurant, in turn, re-spends that income in the form of supplies, wages, rents, and profits. The recipients of the restaurant's spending use their dollars to pay for their purchases of goods and services, creating new incomes in the economy. These expenditures form the indirect impact of visitor spending. In this study, we forecast both the additional direct and indirect spending the move to Division I will create.

Generally, the Input-Output (I-O) models measure the spending multiplier effects for location-specific industries. As expected, there are discrepancies in the size of the multiplier effects because of the methodology and data used by various I-O models. In this study we employ the multiplier effects computed by Regional I-O Modeling System (RIMS II) for Kern County. The regional multipliers are reported in the following table.

### Kern County Multiplier Effects

Spending Category	Multiplier Size
University	1.76
Lodging	1.59
Retail	1.53
Dining	1.58
Automotive	1.51
Miscellaneous	1.45

The university’s multiplier effect of 1.76 indicates that each \$1 of university’s direct spending creates an additional \$0.76 of indirect income in the region. Hence, the \$2.7 million of additional CSUB budgetary requirement for the support of a Division I program would generate \$2.7 million of income directly and \$2.1 million of income indirectly. The total economic impact of the additional CSUB spending is estimated at \$4.8 million per year.

Likewise, local lodging establishments operate with a multiplier effect of 1.59. Hence, our projected \$272,400 of visitors’ spending would magnify into \$433,000 of direct and indirect economic impact. Local restaurants earning \$280,900 of increased business would add an additional \$162,900 of income indirectly for a total economic impact of nearly \$443,800. Non-local attendees and visiting team members are expected to create \$140,500 of business for local retail establishments, which, in turn, add \$74,400 to the economy indirectly, boosting retail sales by a total of \$214,900. CSUB visitors will also contribute \$70,200 to the local automotive industry in the form of gasoline purchases and automobile supplies and services. This amount of direct spending is expected to create an extra \$35,800 indirectly for a total economic impact of \$106,000. Finally, we expect that non-local attendees and visiting team members spend \$105,300 on miscellaneous purchases, which would create \$47,400 of income indirectly for a total impact of \$152,700.

All together, we project nearly \$1.4 million in total economic impact of visitors’ spending, including \$869,000 of direct impact and \$481,000 of indirect impact.

### Economic Impacts of CSUB Visitors’ Spending

	Direct Impact	Indirect Impact	Total Impact
Hotel Rooms	\$272,349	\$160,686	\$433,035
Retail	\$140,460	\$74,444	\$214,904
Dining	\$280,920	\$162,934	\$443,854
Automotive	\$70,230	\$35,817	\$106,047
Miscellaneous	\$105,345	\$47,405	\$152,750
<b>Total</b>	<b>\$869,304</b>	<b>\$481,286</b>	<b>\$1,350,589</b>

To obtain the total economic impact of the reclassification of the CSUB athletic program from Division II to Division I, we add the economic impact of university’s spending to the economic impact of visitors’ spending. Accordingly, we determine that joining the Big West Conference will create \$3.6 million of direct economic impact and \$2.6 million of indirect economic impact on the local economy annually. These expenditures together would create \$6.2 million of income in Kern County. Our research illustrates that, on average, 92 percent of the total athletic spending is retained locally. Hence, the total annual CSUB economic impact would be nearly \$5.7 million if the university decides to upgrade its athletic program from the Division II level to the Division I level of the NCAA.

	<b>Total Economic Impacts of Division I</b>		
	<b>Direct Impact</b>	<b>Indirect Impact</b>	<b>Total Impact</b>
Additional CSUB Spending	\$2,733,141	\$2,077,187	\$4,810,328
Additional Visitors' Spending	\$869,304	\$481,286	\$1,350,589
Total	\$3,602,445	\$2,558,473	\$6,160,918
<b>Total Retained Locally</b>			<b>\$5,668,044</b>

### **13. Concluding Observations**

- Attendance and wins are related in Division I basketball. If CSUB wins only 40 percent of its conference games, we predict attendance will exceed what we currently observe in Division II.
- We do not observe any correlation between winning percentage and enrollments. Smaller universities can be successful in Division I basketball.
- Our research demonstrates that the move to Division I will generate substantial economic benefits for Kern County. Additional \$3.6 million of spending by the university and visitors is expected to generate \$5.7 million annually of total economic benefit.
- Community support will be needed to make a successful transition to Division I. If we demonstrate to the community the economic benefits of this move, the request for additional donations can prove successful.

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