The Bottom Line on Reclassification

A recent study showed that schools moving from Division II to Division I experience an average real increase in athletics spending of $3.7 million annually. Only $500,000, on average, was offset by new revenue from sources such as ticket sales, media contracts, agreements, donors, NCAA distribution and sponsorships. That means a reclassifying school must generate $3.2 million each year from other sources of funding (for example, increased student fees, state government support, transfer of funds from other campus departments).

**Question**

Do trustees or others ever ask, “Why aren’t we Division I?” If so, the cost of reclassification – and the uncertain return on investment – could help assuage their concerns.

**AN EXPENSIVE PROPOSITION**

Data from 19 institutions that began their reclassification from Division II to Division I in 2004-05 or later show significant increases in expenses and debt to the institution. On average, the schools’ athletics expenses increased by 96.1 percent in the five years before they achieved active DI status. In addition, the net cost of athletics to the institution (revenue generated by athletics minus expenses) dropped by nearly 120 percent for these reclassifying schools.

**Question**

Have you calculated the value of athletics at your institution? If various constituents – either on campus, in the community or from external parties – question your athletics budget, be able to demonstrate how your program adds value to the institution by bringing in additional students, and in turn, boosting the academic and ethnic composition of your student body.

For more information and resources, visit the “Tools to tell the DII story” link on the Division II homepage at NCAA.org.