

Study estimates revenue produced by top college football players

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The most elite players in college football increase revenue for their school football programs by an average of \$650,000 a year, a first-of-its-kind study suggests.

This is the money brought in by the highest-rated recruits coming out of [high school](#)—those given five stars by Rivals, a recruiting news service, according to researchers at The Ohio State University.

Four-star recruits generated about \$350,000 a year and three-star recruits increased revenue by about \$150,000, while two-star recruits actually reduced revenue by about \$13,000 a year for college [football](#) programs, the study found.

Amid the continuing national debate about compensation for college athletes, this study offers the first solid numbers on the financial impact of players in the highest-revenue college sport, said Trevon Logan, co-author of the study and professor of economics at Ohio State.

"There have been a lot of numbers put out there about how much college athletes should get under various compensation proposals," Logan said.

"But it's hard to do that when you don't know how players affect the bottom line. That's what we're trying to do here."

Logan conducted the study with Stephen Bergman, a former undergraduate student at Ohio State. The study has been accepted for publication in the *Journal of Sports Economics*.

For the study, the researchers collected a unique dataset from the federal Office of Postsecondary Education that included annual football-specific revenue and expenses from 2002 to 2012 for all college football bowl subdivision (FBS) schools—the top level in the sport.

To evaluate the quality of football players, the researchers used the high-[school](#) rankings of the players from Rivals. Using these rankings are the best way to rate college players for several reasons, Logan said.

One of the most important is that the service rates both defensive and offensive players the same way. Without access to this type of ranking, it would be nearly impossible for researchers to develop their own method to rate the impact of a defensive player's impact on the field on a similar scale to an offensive player, he said.

The researchers then calculated the effect of recruit quality on team performance, including wins and college bowl appearances. They then estimated the effects of team performance on total revenue.

The calculations were completed just before the current college football playoff system was introduced in 2014.

Results showed that five-star recruits had no statistically significant effect on the likelihood of their team getting to a bowl game. This was probably because teams didn't need the best players to get to just any bowl, Logan said.

But a five-star recruit increased the probability of appearing in a Bowl Championship Series (BCS) game—the elite bowls that helped determine a national championship—by more than 4 percent if they played for one of the top schools.

"The best recruits had a significant impact on team performance and their ability to appear in the most lucrative postseason bowls," Logan said.

The study estimated that \$650,000 was generated by five-star recruits because of the wins, bowl appearances, BCS bowl appearances and premier bowls that they helped their schools achieve—all of which bring additional revenue to their schools.

For some analyses, the researchers controlled for the fact that football

powerhouses like Alabama or Ohio State tend to attract more of the highest-rated players than other schools.

That means that the revenue value of any individual elite player at a top school wouldn't be as high as it would be at other schools.

But the value would still be high, Logan said. When the school effects were taken into account, each five-star recruit still increased revenue by nearly \$200,000 a year, while four-star recruits were responsible for nearly \$90,000 a year.

The conferences that schools participated in also affected revenue, because many conferences share money earned with all their members, regardless of performance. The researchers also took this into account in their analyses.

Logan said it isn't possible to come up with clear compensation policy recommendations based just on the results of this paper.

One important issue is that the [revenue](#) from football supports many other [college](#) sports that don't make money, he said.

"If you pay players, especially based on how much they generate, you will also have to reduce the number of other sports available," Logan said.

"What our study can do is bring some hard data to the discussions about compensation."

Provided by The Ohio State University

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