LEVELING THE PLAYING FIELD:
CREATING TRANSPARENCY AND CONSISTENCY IN ACCOUNTING
FOR DIVISION I COLLEGE ATHLETICS

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Introduction

The financial problems experienced by Division I college athletics programs is a topic commonly recognized in the athletics community. According to the 2008 NCAA Revenues and Expenses Report, less than 5% of Division I athletics programs were profitable from 2004-2006 (Fulks). The other 95% of programs rely on their college or university for a substantial amount of funding (Fulks, 2008). At many Division I colleges and universities, the institutional subsidy is not enough to sustain existing athletic programs, resulting in programs making difficult decision (e.g. the elimination of sport programs, scholarship reductions, etc.) to cut costs. Additionally, the Report showed that the reliance on institutional subsidies is increasing at most institutions (Fulks, 2008).

There is a wide range of reasons for the increased reliance on institution subsidies including the increases in the costs of scholarships, medical and liability insurance, and team travel (Frans, 2002). Athletic departments have also increased spending on recruiting, coaches’ salaries, and facilities in an attempt to be more competitive (McCafferty, 2006). The NCAA Revenue and Expenses Report showed that these expenses are growing at a greater rate than revenues and will result in more reliance on institution subsidies (Fulks, 2008).

In addition to the deficits reported by the majority of athletic departments, there are also problems with the reporting of costs and expenses. All co-educational postsecondary institutions that receive Title IV funding (i.e., those that participate in federal student aid programs) and that have an intercollegiate athletics program are required to annually report their financial data to the U.S. Department of Education (U.S. Department of Education, 2006). The requirements for what must be reported are not well defined and leads to incomparable data since accounting practices among Division I athletic departments are inconsistent (Sperber, 2000). In order to understand
the financial state of intercollegiate athletics, a consistent set of accounting practices needs to be established for athletic departments.

A key component of accounting practices is cost allocation. This purpose of this research was to examine the cost allocation of college athletic departments. This research is the first to my knowledge to discuss ways to improve cost allocation in college athletics. The underlying theory for this research is Activity-Based Costing (ABC), the prominent cost allocation method in contemporary management accounting research. Created in 1988 by Cooper and Kaplan, ABC is a method for allocating costs that more accurately reflects the cost of each product line than traditional costing. Although ABC has been applied in many industries, including higher education, the method has not been applied in intercollegiate athletics.

This research aims to accomplish three objects:

1) Gain an understanding of the financial challenges in intercollegiate athletics.
2) Determine the current cost allocation methods used by athletics departments.
3) Develop a model of ABC to apply to athletic departments.

By proposing a cost allocation model for athletic departments, this research may aid athletic directors in understanding their costs and, in particular, the total costs of each of their sports programs. This knowledge will enable athletic directors to better understand the impact of budget cuts, including the elimination of sports programs. Furthermore, if all athletic departments are required to allocate their costs according to the model, the financial reports of athletic departments will become more transparent and comparable. The first step to developing a cost allocation model for college athletic departments is to review literature related to financial challenges in college athletics and ABC.
Literature Review

There is an extensive literature in the financial challenges facing intercollegiate athletics. Some of the challenges identified by researchers include annual deficits, rising costs, excessive spending on facilities, Title IX compliance, and inconsistency in accounting practices (e.g., Frans, 2002; Fulks, 2008; McCafferty, 2006; Sperber, 2000; Thelin, 2000; Zimbalist, 2006). This inconsistency has resulted in incomparable and non-transparent financial data from athletic departments which has made it difficult to assess intercollegiate athletics finances. Implementation of activity based costing in intercollegiate athletics may help improve comparability and transparency. There is extensive theoretical and applied literature relating to activity based costing (e.g., Arnaboldi & Lapsley, 2004; Bamber & Hughes, 2001; Banker & Johnston, 1993; Booth & Balachandran, 1999; Brown, Myring, & Gard, 1999; Byerly, Revell, & Davis, 2003; Carducci, Kisker, Chang, & Schirmer, 2007; Cooper & Kaplan, 1988; Granof, Platt, & Vaysman, 2000; Jorgensen & Edwards, 1998; Major & Hopper, 2005; Needy, Nachtmann, Roztocki, Warner, & Bidanda, 2003; Zeller, 2000). While activity based costing has been applied to many industries, the method has not, to date, been applied to intercollegiate athletics.

Financial Challenges of Intercollegiate Athletics

An abundance of literature exists on the problems plaguing intercollegiate athletics. One of the most notable sources in recent years has been the Knight Commission on Intercollegiate Athletics (The Knight Commission). The Knight Commission was founded in 1989 in response to the highly visible poor state of college athletics (Knight Commission, 1991). Their original mission was to create a reform agenda to address concerns that intercollegiate athletics abuses threatened the integrity of higher education (Knight Commission, 2001). In the early 1990s, the
Knight Commission issued three reports promoting reform: *Keeping Faith with the Student Athlete* (1991), *A Solid Start* (1992), and *A New Beginning for a New Century* (1993). Ten years after issuing *Keeping Faith with the Student Athlete*, the Knight Commission found that although strides had been made, the reform measures taken were not enough and the threat of athletics overwhelming universities was stronger than ever. Therefore, the Knight Commission issued another report: *A Call to Action* (2001) indicating that much more reform is needed in intercollegiate athletics.

These reports, along with legislative change and other reform movements, have resulted in many improvements in intercollegiate athletics including:

- Stronger academic standards for athletes leading to improved graduation rates.
- Increased presidential control over athletic departments on campus
- Increased presidential influence over NCAA decisions and athletics conferences achieved through governance changes.
- Increased campus engagement and accountability through the NCAA’s certification process.
- Standards that require team accountability for academic performance by sanctioning teams with subpar retention and graduation rates.

The Knight Commission admits that there is still much work to be done. This is especially true regarding financial challenges. According to the Knight Commission,

> The cost of intercollegiate athletics is rising faster than other university expenses, and coaches’ salaries and facility expenses are increasing at unsustainable rates. While the majority of Americans believe that high profile sports generate profits for universities, NCAA President Myles Brand reports that only six institutions consistently generate positive net revenues. Today, most athletic
programs operate at a deficit and need university subsidies to maintain operations (Knight Commission, n.d.).

The Knight Commission is not alone in discussing the financial challenges in college athletics. Other researchers (e.g. Frans, 2002; Fulks, 2008; McCafferty, 2006; Sperber, 2000; Thelin, 2000; Zimbalist, 2006) have also explored athletic department deficits, the reasons for these deficits, Title IX implications on financing, and inconsistent accounting practices in athletic departments.

**Athletic Departments Deficits**

In 2008, the NCAA released the *2004-2006 NCAA Revenues and Expenses of Division I Intercollegiate Athletics Programs Report*. This report contains a summary of revenues and expenses of Division I intercollegiate athletics programs for the 2004-05, 2005-06, and 2006-07 fiscal years. The report differs from the financial reports the NCAA produced in the past in that, for the first time, the report divides revenue into two categories: a) revenue generated by the athletic department and b) revenue allocated from the institution (Fulks, 2008). The report shows that only 16 athletic programs reported positive income excluding institutional assistance (allocated revenue) over the three year time-frame (Fulks, 2008). Fulks also shows that the percentage of allocated revenue is increasing and that expenses are increasing by a greater rate than revenues, which indicates a growing dependence of institutional subsidies in order for athletic departments to continue operations (2008).

A review of the 2004-2005 budgets of 164 Division I public institutions by the *Indianapolis Star* showed that only nine percent of athletic departments were self-supporting. Without institutional subsidies from student fees, general school funds, and other subsidies, the
average loss of athletic departments would have been $5.7 million (McCafferty, 2006). Even sports programs in the Bowl Championship Series (BCS) conferences, generally considered the strongest athletic programs financially and competitively, are losing money. The financial losses in athletic departments are also negatively impacting institutions as a whole because money that could be directed to other programs and academic units is going to support athletics. Many institutions are paying millions of dollars for athletic department expenses that are recorded in university accounts, such as utilities, maintenance, and debt-service on athletics facilities. Covering the annual athletic department deficits with money from the institution’s general operating fund and other financial resources is also common practice. This money, instead, could have been used for academic programs, student scholarships and loans, and many other educational purposes (Sperber, 2000).

**Reasons for the Deficit**

There are many reasons for the deficits in college athletics. According to Sperber (2000), there have been drastic cuts in public and private funding to higher education since the late 1970s. Instead of cutting back on costs, most Division I athletic departments continued to grow faster and faster and, as a result, lost increasing sums of money every year (Sperber, 2000).

Another reason for the deficits is the rising costs athletic departments incur. Scholarships, medical and liability insurance, athletic staff salaries, team travel, scouting, and recruiting expenses have all increased recently (Frans, 2002). Out of these, coaches’ salaries of select sports have seen the largest increases (Frans, 2002). Many football and basketball coaches are now paid millions of dollars a year, which is many times more than faculty, administrative, and even presidential salaries. During 2007-08, at least 50 head coaches in NCAA Division I
earned salaries of one million dollars or more which represents a significant increase from the
five coaches that made more than $950,000 annually in 1999 (Budig, 2007).

Rising coaching costs are just one part of the immense spending that is occurring in
college athletics. According to McCaffert (2006), institutions are spending more and more on
state-of-the-art stadiums, arenas, gyms, practice facilities, and weight rooms. Athletic directors
feel they need these facilities in order to remain competitive. This mass spending due to the need
to be competitive has been termed the “Arms Race” (Budig, 2007) Many of the country’s top
institutions are spending millions of dollars on stadium renovations and, in 2006, the University
of Texas, University of Michigan, and Oklahoma State University all were working on stadium
remodeling costing over $150 million (McCaffert, 2006). This “Arms Race” is thought to be
causing more and more athletic departments to spend money they do not have and forcing them
to rely more heavily on university subsidies. Not only does this extreme spending hurt
institutions’ pocketbooks, it also threatens their compliance with Title IX since most of the
spending is in men’s sports programs.

Title IX

Title IX is an important factor of the finances of college athletics. Title IX of the
Educational Amendments of 1972 is a law passed by the U.S. Congress. The law states:

No person in the United States shall, on the basis of sex, be excluded from
participation in, be denied the benefits of, or be subject to discrimination under
any education program or activity receiving Federal financial assistance. (20
U.S.C. §1681–1688)
Although Title IX does not refer specifically to athletics, further guidelines have been published clarifying that Title IX does apply specifically to athletics (Foster, Greyser, & Walsh, 2006). Relating to athletics, Title IX requires equitable sport participation opportunities (as measured by a three-part compliance test), equitable scholarship dollars, and equitable treatment of male and female athletes (e.g. locker rooms, equipment and supplies, practice and competitive facilities, etc (Carpenter & Acosta, 2005). Failure to comply with Title IX can result in the termination of all federal funding and potential lawsuits (U.S. Department of Justice, 2001).

Title IX is relevant to this research because of its large influence over the allocation of resources and costs. Athletic departments must pay close attention to Title IX compliance when creating their annual budgets. This research hopes to improve athletic departments’ understanding of their costs, specifically the cost of each sports program. This will allow them to compare the costs of men’s sports to the costs of women’s sports and ensure equity as well as Title IX compliance in fiscal areas.

Elimination of Sport Programs

The elimination of sport programs from athletic departments has been a common trend in the last three decades. Men’s sports, such as wrestling and gymnastics, have been especially affected (Ridpath, Yiamouyiannis, Lawrence, & Galles, 2009). According to Benson (2007), an NCAA participation study showed that the number of NCAA wrestling programs in NCAA Division I, II, and III dropped from 234 to 129 from 1982 to 2000. This trend continued in the 2000s with further elimination of wrestling teams in 2007 (Ridpath et.al, 2009). During this period, fifty-five men’s NCAA Division I gymnastics programs (roughly 69%) were eliminated (Ridpath, 2007). Most institutions cited promoting gender equity as the reason for these...
eliminations (Ridpath et al., 2009). Ridpath, Yiamouyiannis, Lawrence, and Galles (2009) contend that

the driving force behind the loss of many men’s sport programs

over the past 20 years has been a shift in institutional priorities

related to achieving excellence in football and basketball coupled

with economic factors involving the arms race, not the drive for

equality (p. 267).

Furthermore they contend that

controlling costs in intercollegiate athletics, not changing Title IX guidelines, is the key to ensuring that sports such as wrestling,

men’s and women’s swimming, men’s and women’s track and

field, and many other endangered sports will continue to exist on

college and university campuses” (Ridpath et al., 2009, p. 267).

Lack of Consistency in Accounting

Monitoring of compliance with Title IX is assisted by the Federal Equity in Athletics Disclosure Act (EADA). The EADA requires all co-educational postsecondary institutions that receive Title IV funding (i.e., those that participate in federal student aid programs) and that have an intercollegiate athletics program to report their financial data to the U.S. Department of Education (U.S. Department of Education, 2006). Literature on accounting practices within athletic departments suggests that this data is not comparable among institutions due to inconsistency in accounting practices. For example, some athletic departments record utilities, maintenance, and debt-service on the athletic facilities in their own accounts while others are
recorded on their institutions’ accounts (Sperber, 2000). Intercollegiate athletic department budgets also treat the cost associated with support services differently. For example, the cost of staff positions such as director of sports information or strength coach may be distributed allocated to all sports programs, allocated at a higher percentage to the sports that benefit and use the resource more, or not allocated at all (Thelin, 2000). Similar inconsistencies between institutions, and even within the same conference, can also be found in the recording of scholarships and coaches’ salaries (Zimbalist, 2006). This inconsistency in accounting and reporting practices has led to misleading and incomparable data. In order to understand, analyze, and assess the financial state of intercollegiate athletics, a consistent set of accounting practices needs to be established for athletic departments.

As early as 1988, Skousen and Condie recognized that the accounting models used by athletic departments did not accurately reflect the costs of individual sports. The researchers discuss the allocation of revenues and expenditures among sports using a cause-and-effect basis in order to make decisions about the elimination of sports (Skousen & Condie, 1988). They do not, however, describe a method for allocation. About that same time, a cost allocation method emerged that can enable athletic departments to fully allocate their costs and gain a better understanding of the cost of each sport (Cooper & Kaplan, 1988). This method is called activity-based costing.

**Activity-Based Costing**

Activity-based costing (ABC) was introduced in the 1980s as a method to provide more accurate cost information for manufacturing companies (Needy et.al, 2003). A cost accounting system should first provide internal routine information that managers can use to make decisions
regarding cost management and the planning and controlling of operations (Brown et.al, 1999). The cost accounting system should also provide internal non-routine information that management can use to make strategic decisions about matters such as pricing, emphasizing certain products, investing in equipment, and making long-range plans (Brown et.al, 1999). Finally, a cost accounting system should assist in the creation of external reporting through financial statements to investors, taxpayers, government authorities, and other outsiders (Brown et.al, 1999).

Traditional cost systems generate cost data that is verifiable and good for external reporting, but they do not always provide relevant data for management decisions (Zimmerman, 2000). According to Generally Accepted Accounting Principles (GAAP), products should be valued at full cost. This includes the cost of material and labor directly traceable to the product, plus a fair share of overhead costs. Overhead costs cannot be traced directly to each product, so a share of overhead is assigned, or allocated, to each product on the basis of some measure (Awasthi, 1994).

**History of Cost Accounting**

The demand for management accounting information emerged more than 170 years ago with the creation of hierarchical organizations that invested in their own production processes rather than conducting all business through market transactions (Johnson & Kaplan, 1987). According to Johnson and Kaplan (1987), as processes to convert raw materials into finished goods became performed internally rather than purchased through market exchanges, the need for measures to determine the “price” of output from internal operations rose. This led to owners developing measures to summarize the efficiency by which labor and material were
converted to finished products (Johnson & Kaplan, 1987). These measures focused on conversion costs and produced summary measures such as cost per hour or cost per pound produced for each process and for each worker (Johnson & Kaplan, 1987).

In the early 1900s, researchers began focusing on indirect costs in addition to direct costs (Johnson & Kaplan, 1987). Indirect costs are expenses incurred for joint usage and difficult to assign to a specific product, while direct costs are expenses that relate specifically to a product and can be traced easily that product (Weygandt, Kimmel, & Kieso, 2008). Alexander Hamilton Church was especially interested in calculations for full product costs that required methods to link overhead costs to products. Manufacturers in the nineteenth century virtually ignored allocation of overhead product costs. Church called for manufacturers to allocate overhead costs to products and to not only average the costs over the products but to allocate the costs to reflect the real resources used to make the product (Johnson & Kaplan, 1987). This research was instrumental in the creation of the traditional costing systems.

Traditional costing systems were created in the 1920s when most companies manufactured a narrow range of products and the costs of direct labor and materials, which could be easily traced to individual products, represented substantially all of the cost to manufacture the product. As overhead represented such a small fraction of total costs, most companies allocated all overhead costs using one input measure such as direct labor. The incurrence of overhead costs was highly correlated with the chosen measure and the distortions from allocating overhead based on one measure were minor. In addition, the cost of collecting additional information to allocate the overhead costs more accurately was too high to justify (Cooper & Kaplan, 1988).
From the 1920s to the 1980s little progress was made in the costing field, but the business world changed drastically (Johnson & Kaplan, 1987). Direct labor and materials became a small fraction of total costs. Overhead costs, such as technology, logistics, and administration, represented the majority of total costs. The accurate allocation of overhead costs became more of a priority as overhead costs continued to grow. During this same period, the costs of information technology began to fall. The combination of the factors made developing a new system very appealing (Cooper & Kaplan, 1988).

Development of ABC

Cost information influences almost every decision in an organization from pricing to marketing to product mix. Professors Robin Cooper and Robert Kaplan of Harvard Business School demonstrated that traditional costing systems frequently allocate too much overhead costs to high-volume products and not enough overhead to low-volume products. As a result, profits on high-volume products are understated and profits on specialty items are overstated (Cooper and Kaplan, 1988). This often leads to a company directing more resources to specialty items when they should be producing more of the high-volume products. This also may lead to the improper cutting or reduction of product lines (Cooper & Kaplan, 1988).

Kaplan and Cooper argue that a single input based measure does not capture the resources consumed to produce a product. As a response, they developed ABC which determines the cost of organizational activities and then traces the cost of these activities to the products or services according to the use of each activity by the products. This is accomplished by capturing overhead costs into overhead pools and allocating them to products based on activities that have a cause-effect relationship with cost occurrence (Brown et.al, 1999). In the
ABC literature, these are called cost drivers. Traditional costing assumes that products consume resources, while ABC assumes that products consume activities and activities consume resources (Awasthi, 1994).

A major contribution ABC has made to cost accounting is the defining of the manufacturing cost hierarchy. This framework classifies activities into four categories: unit level, batch-level, product-level, and facility-level (Morse, Davis, & Hartgraves, 2003). Unit-level costs arise from activities that are performed at least once for each unit of product produced. Direct costs that are unit-level costs are traced directly to the units produced (Zimmerman, 2000). Examples of unit-level activities are cost of raw material, utilities cost of operating equipment, and sales commissions (Morse et al., 2003). Batch-level costs are performed once for each batch of product produced. They occur once for each batch, independent of how many units are in the batch. Once batch-level costs are traced to a batch, they can be allocated to the product by dividing by the units produced in the batch (Zimmerman, 2000). Examples of batch-level activities include cost of equipment setup, cost of moving batches between workstations, and cost of processing sales orders (Morse et al., 2003). Product-level costs arise from activities to support the production of the product type or model. Product-level costs are only incurred if the particular product line exists. These costs vary with the number of product lines in the company, not with the number of batches or units. Once costs are allocated to the product, they can then be averaged over the numbers of units produced (Zimmerman, 2000). Examples of product-level activities include product development, product marketing, and specialized equipment. Facility-level costs arise from activities performed to maintain general manufacturing capabilities (Morse et al., 2003). These costs cannot be traced directly to units, batches, or product lines. They can be allocated to units by first allocating them...
to product lines, then to batches, and finally to the units in the batches. Alternatively, they can be allocated directly to units using an appropriate cost driver (Zimmerman, 2000). Examples of facility-level costs include the cost of maintaining general facilities, cost of general advertising, and cost of general administration.

ABC provides more accurate cost information and does not create the distorted data that can result from traditional costing systems. ABC arms decision makers with more reliable cost information so they can make informed decisions about a wide range of strategic options such as dropping product lines, changing prices, or reorganizing operations to find synergies (Cooper & Kaplan, 1988). Although ABC is relatively new, its ability to provide a more detailed and relevant analysis of costs for decision-making is gaining recognition as being superior to traditional systems (Morse et al., 2003).

Although ABC was created to improve cost allocation processes for large manufacturing firms, it has been applied to many different industries including airline (Banker & Johnston, 1993), pharmaceuticals (Jorgensen & Edwards, 1998), government (Brown et al., 1999), automotive retail (Booth & Balachandran, 1999), universities (Granof et al., 2000), E-retailing (Zeller, 2000), banking (Bamber & Hughes, 2001), financial services (Byerly et al., 2003), small manufacturing firms (Needy et al., 2003), healthcare (Arnaboldi & Lapsley, 2004), telecommunications (Major & Hopper, 2005) and community colleges (Carducci et al., 2007) along with many others. These applications and work by cost accounting experts have further defined ABC.
Explanation of ABC

In general, a cost object is defined as anything to which costs are assigned. Possible cost objects are processes, products, projects, services, and customers. One of the purposes of ABC is to determine the cost of a product or service to determine the profitability of the product or service. ABC involves determining the cost of activities and tracing their costs to cost objects on the basis of the cost object’s utilization of units of activity. The concepts underlying ABC can be summarized by two statements and illustrations:

1. Activities performed to fill customer needs consume resources that cost money.

2. The cost of resources consumed by activities should be assigned to cost objects on the basis of the units of activity consumed by the cost object.

The two-stage model is the most widely used approach to ABC (Morse et.al, 2003). The first stage is assigning costs to activities. The second stage is reassigning costs from activities to cost objects on the basis of the cost object’s use of activities. The following steps are required in the two-stage model:

1. Identifying activities.
2. Assigning costs to activities.
3. Determining the basis or activity cost driver for assigning the cost of activities to cost objects.

4. Determining the cost per unit of activity.

5. Reassigning costs from the activity to the cost object based on the amount of the activities the cost object consumes.

The first step is identifying activities. After identifying the activities, the costs associate with that activity should be assigned to it. The assignment of cost can be based on object data, such as job descriptions of engineering time studies, or subjective estimates based on interviews and questionnaires. The basis for assigning the cost of activities to cost object can also be obtained through multiple methods, such as direct observation, interviews, questionnaires, statistical analysis, or logical analysis (Morse et.al, 2003). When deciding the basis for assigning costs to cost objects, it is important to determine the proper number of cost drivers. It is important to be accurate, but trying to achieve too much accuracy is a widely recognized reason for failure in attempts to implement ABC systems (Morse et.al, 2003).

After determining the appropriate cost driver, the cost per unit of activity can be calculated. The cost per unit of activity is found through a straightforward equation:

\[
\text{Cost per unit of activity} = \frac{\text{Cost of activity}}{\text{Units of cost drivers}}
\]

Once the cost per unit of activity is found, the activity costs are assigned to the cost object based on the number of units of activity performed for the cost object (Morse et.al, 2003).

It is important to note that there is a wide variation in the components of ABC systems. One uniform system does not fit every organization. The organization has to design an ABC system that best fits its needs and circumstances. This makes the process time-consuming and
expensive so a cost-benefit analysis should be conducted (Morse et al, 2003). This will be acknowledged in the recommendation of activity-based costing systems in intercollegiate athletics.

**Research Methods**

Two research methods were used to gather information about intercollegiate athletics, athletic departments’ cost allocation processes, and activity-based costing; 1) an analysis of secondary sources and 2) interviews with members of college athletics departments who were knowledgeable of the cost allocation process. Both methods were necessary because there is little literature addressing the cost allocation process of college athletic departments. The review of relevant literature allowed the researcher to gain an in-depth knowledge of the financial challenges facing college athletic departments and of activity-based costing. The interviews provided the researcher an understanding of the cost structure of college athletics departments.

**Review of Secondary Sources**

The researcher conducted a thorough review of secondary sources relating to financial challenges in college athletics and activity-based costing. These sources were found in trade journals, academic journals, text books, industry reports, and the popular press. The websites of college athletic departments were also examined to determine the common support functions of college athletics departments. The review of literature was conducted over a nine month period, beginning in August of 2008 and concluding in April of 2009. Overall, the literature review allowed the researcher to gain a thorough understanding of college athletics departments and
activity-based costing. It also aided in preparing for the interviews with members of athletic departments.

**Interviews**

The researcher conducted interviews with members of athletics departments that were knowledgeable of the cost allocation process; an Athletic Director, two Senior Associate Athletic Directors, a Deputy Directors of Athletics, an Associate Athletic Director for Internal Operations, and a Director of Athletics Business Operations. The interview questions can be found in Appendix A. The athletics departments of the six interviewees were all from public institutions which are members of the same mid-sized Division I conference and are located in three states. The institutions were selected because of proximity to the researcher, membership in the same conference, and willingness to be interviewed. The interviews were conducted in January and February of 2009.

The interview questions asked about the size of the athletic department, how costs are allocated and recorded, the support functions and if they focus on some sports more than others, and the use of accounts for privately raised funds. The interviews provided the researcher with an understanding of the athletics departments’ cost allocation processes and the information was used to develop recommendations for improvement. The findings of the interviews are described in the following section.

**Results**

The interviews with members of athletic departments provided insight into the cost allocation process of college athletics departments. Descriptive statistics of the athletic
departments interviewed such as number of student-athletes, number of full-time employees, number of men’s sports offered, number of women’s sports offered, and number of total sports offered can be found in Appendix B.

Financial statistics of the athletic departments interviewed such as athletically related student aid, recruiting expenses, total expenses for teams, and total expenses not allocated by sport can be found in Appendix C. The financial statistics were obtained from the EADA reports submitted by each athletic department to the U.S. Department of Education. The EADA information is created by athletic departments filling out surveys regarding their financial aid, salaries, revenues, and expenses. The instructions on the survey forms of the EADA reports provide little guidance on what athletic departments should include in each of these sections. A sample of the survey forms relating to athletically related student aid, recruiting expenses, total expenses for teams, and total expenses not allocated by sport can be found in Appendix D.

According to the interviewees, no indirect costs are allocated from the institutions to the athletic departments. At four of the institutions, the athletic department’s utility costs are paid for by the institution. At one institution the athletic department pays for some of its utilities and at one institution the athletic department pays for all of its utilities.

Certain direct costs of each sport program are consistent across all six athletic departments. These include: salaries, recruiting costs (meals, lodging, and transportation), team travel (meals, lodging, and transportation), uniforms, equipment, and office supplies. There is a lack of consistency in the treatment of scholarships. Four of the athletic departments record scholarships as a direct cost of each sport program while the other two record scholarships under the general athletic department’s accounts.
Consistency can also be found among the support functions of each athletic department. The support functions were found on each athletic department’s website and then verified in each interview. Support functions found consistently across the departments (names varied slightly) included Administration, Academic Services, Business Operations, Compliance, Ticket Operations, Facility Operations, Marketing and Promotions, Sports Medicine, Strength and Conditioning, Development, Equipment, and Sponsorship Procurement.

For every athletic department interviewed, these support functions either have their own financial report or are grouped into administrative financial reports. None of the costs of these support services are allocated to the individual sports. The financial reports of these support services are also not broken down according to sport. The interviewees indicated, however, that some support functions focus on some sports more than others. For example, every interviewee stated that their marketing departments are told to focus their efforts on football and men’s and women’s basketball.¹ This extra cost for these sports is allocated to these sports, however.

All interviewees were asked if they tier (emphasize some sport programs over others) their sports programs or give more focus and funding to certain programs. Every interviewee replied no to this question but some of their other comments contradicted this. For example, many indicated that certain support functions focus on the revenue-generating sports. Also, some admitted putting extra resources into football and basketball in order to generate more revenue from these sports. Furthermore, some said they fund all sports to win a conference championship.

¹ These are the three sports that received more marketing than others for the athletic departments interviewed. In other conferences, the focus could be on other sports, such as hockey, gymnastics, or volleyball.
The interviewees were also asked if each sports program had their own account for privately raised funds and they all do. These accounts are used for atypical trips (e.g. training trips and out of season competition), new equipment, facility upgrades, scholarships, additional apparel, and summer school.

Discussion

The interviews provided insight into the cost allocation process of the interviewees’ athletic departments. Previous literature has documented that there are inconsistencies in the accounting practices of athletic departments (e.g. Spurber, 2000; Thelin, 2000; Zimbalist, 2006). Consistent with the previous literature, the interviews revealed a number of inconsistencies in their accounting processes. For example, as discussed in the results section, there were inconsistencies in the allocating of utilities and scholarships. This inconsistency in accounting practices makes comparison of financial data across institutions difficult if not impossible. Privately raised funds accounts for specific sports programs also increase inconsistency and lack of comparability. These accounts are not required to be reported on EADA reports which results in the lack of disclosure of the total costs of all sports.

An important finding of the interview is that no institution interviewed allocates the costs of their support functions by sports programs. Thus, there is no reflection of the extra resources spent by the support functions on certain sports. Naturally, sports with larger numbers will need more resources. Additionally, the interviews found that certain support functions focus on some sport programs more than others. Although, no one indicated their athletic department tiered their sports programs, many comments indicated that more resources are given to certain sports, such as football and men’s and women’s basketball. This essentially is the working definition of
tiering in intercollegiate athletics research. Tiering does not need to be viewed as a negative practice, but if athletic departments are going to put more resources into certain sports, they should identify it as tiering and reflect it in the individual sports financial reports.

In summary, the lack of allocation of support functions results in a lack of understanding of the true costs of each sports program which can lead to uninformed decisions about budgeting and potentially the elimination of sports programs. This research hopes to promote consistent practices in accounting that will improve comparability among athletic departments’ financial reports. The next section proposes a way to allocate these support costs so that athletic departments will know the true costs of each sports program in order to make more informed decisions.

**Application of ABC in Higher Education**

Athletic departments are part of institutions of higher education as are academic units, physical plant departments, or ancillary services. Therefore, the application of ABC in higher education as well as in government and non-profit organizations was studied. The reasons for applying ABC in these areas include mounting pressures by citizens and elected officials to hold steady or reduce costs, interest in privatizing activities (which calls for comparative cost data), and increased interest in measuring and evaluating performance (Brown et.al, 1999). Similarly, institution officials, the NCAA, reform groups such as the Knight Commission, and the Federal Government are pressuring athletic departments to become more transparent (Knight Commission, 2001; U.S. Department of Education, 2006). Additionally, pressure from internal and external constituencies to control costs along with increased outsourcing of some functions help to make the case for application of ABC in athletics.
An application of ABC in a higher education setting particularly relevant to this research was conducted by Granof, Platt, and Vaysman in 2000. They conducted a case study on the accounting department of the college of business administration of a large public research university (Granof et.al, 2000). Their purpose was not to develop a complete working model of ABC, but rather to show the feasibility and benefits of applying ABC in an academic environment (Granof et.al, 2000). They found that many institutions of higher education previously had either no, or inadequate, costing systems (Granof et.al, 2000). For these organizations, ABC was the first real measurement system employed, and the primary benefit of ABC was providing the structure needed for proper accounting (Granof et.al, 2000).

Granof, Platt, and Vaysman developed a two stage ABC Model. In the first stage they allocated faculty resource costs to four activity cost pools (Granof et.al, 2000). The activity cost pools were then applied to the cost objects (Granof et.al, 2000). The second stage involved identifying and assigning various college costs to the programs of the departments (Granof et.al, 2000). The cost centers they identified were administrative and support departments (Granof et.al, 2000). These support departments costs were allocated to the cost objects using the most appropriate cost drivers (Granof et.al, 2000).

One of their important findings was that ABC provides useful information (Granof et.al, 2000). They also found that support services do not benefit programs uniformly (Granof et.al, 2000). Athletic departments are organized in a similar manner to the college of business accounting department in the Granof study in that they both have administrative and support departments that do not benefit all programs uniformly. Granof, Platt, and Vaysman’s research was used as a guide to develop a model for the allocation of these support costs to the athletic department sports programs.
ABC Model for Athletic Departments

The interviews with members of athletic departments provided information about the structure of their athletic departments. In all six departments, there are approximately twelve support functions. These support functions record all their costs in their own financial reports and the sports programs record their costs in their own financial reports. None of the support function costs are allocated to the individual sports program. The following section describes an ABC Model that can be used in athletic departments to properly allocate these costs to the sports programs in order to supply athletic directors with knowledge of the total cost of each program.

To illustrate the application of the framework, an example is used based on the information gathered in the interviews. While the implementation of the model will vary based on the unique circumstances faced by each department, it is hoped this example will help readers conceptualize how the model would work for an athletic department.

This model follows the steps of the two-stage model described in the literature review. The first step is to identify activities. In athletic departments the activities are the support functions. Typical activities of an athletic department include administration, academic advising, athletic training, compliance, development, equipment management, facilities and operations, marketing and promotions, media relations, sponsorship procurement, strength and conditioning, purchasing, and ticketing. All of these activities may not exist in every athletic department and there may be other activities not included on this list. Also, it is common that some of the activities, such as ticketing, sponsorship, concessions, and parking, are outsourced. When activities are outsourced, the athletic department usually receives of percentage of the revenue and there are no costs incurred by the athletic department.
The second step of the model is assigning resources consumed to activities. Each activity should be defined and the resource consumed by each identified. A definition of each of the activities and a list of the resources they consume can be found in Appendix E. The list of resources consumed was based on the interviews with members of athletic departments and the financial statements of an athletic department of a large Division I institution. The athletic departments interviewed already do this step by recording the costs of each support function. This process will allocate these costs to the sports programs.

The third step of the model is determining the cost driver for assigning the resource consumed by activities to cost objects. In athletic departments, the sports programs are the cost objects. The cost drivers can be many different measures including personnel hours, number of tickets sold, number of events, or number of student-athletes. The basis of deciding the cost driver to assign the costs of the support departments can be obtained through observation, interviews, questionnaires, statistical analysis, or logical analysis (Morse et al., 2003). For many of the activities, such as athletic training and strength and conditioning, the time spent by personnel with each sports program could be the cost driver. For ticketing, a different cost driver such as number of tickets sold could be used. The key is finding the cost driver that will most accurately reflect the cost of supporting each sports program. When deciding on any cost driver, there will be some complications. For example, if the number of tickets sold is the cost driver, decisions about how to handle complimentary tickets and season tickets will need to be made. Complimentary tickets should be included in total number of tickets sold because they cost the same to produce and distribute as a normal ticket. Season tickets, however, could be counted as one ticket or they could be counted as the number games included depending on how the athletic department produces their season tickets.
The fourth step in the model is determining the cost per unit of activity. To calculate this, the cost of the activity is divided by the units of the cost driver. For ticketing, the cost of the activity would be the total cost of the ticketing department for the year. If the number of tickets sold is the cost driver, the total number of tickets sold to any event in the year would be the units of the cost drivers. By dividing the total cost of the department by the number of tickets sold, the cost of selling one ticket can be found. For example, if the total cost of the ticketing department is $200,000 and the ticketing department sells 800,000 tickets a year, then the costs of one ticket would be $200,000/800,000, or $.25 per ticket.

The fifth and final step of the model is reassigning costs from the activity to the cost objects based on the amount of the activities the cost objects consumes. For ticketing this involves multiplying the cost of selling one ticket by the number of tickets sold for each sports program. This would allocate the cost of ticketing to the sports programs that actually benefit for its services. For the ticketing example, 300,000 tickets were sold for football, the cost allocated to football would be 300,000*.25, or $75,000.

This model is a generic model that identifies the general process of ABC. It will need to be adjusted to fit the needs and circumstances of each athletic department. Advice for implementing ABC can be found in the next section.

**Recommendations**

This study has led to two significant recommendations; 1) that athletic departments should implement ABC and 2) the NCAA should require athletic departments to practice ABC to receive NCAA certification. Both of these recommendations are discussed below.
Implement ABC

Athletic departments should implement ABC in order to make better decisions. The positive impact of ABC on other industries and the ease at which it can be applied at athletic departments demonstrate how ABC can improve athletic departments financial reporting. Implementing ABC will allow administrators to gain a better understanding of their costs, know the total costs of each of its sports programs, and be able to report data to EADA that truly reflect their costs. Recently, a Midwest Division I university cut three men’s sports citing tough economics conditions as the reason for the cuts (Kosh, 2009). In a time where spending on salaries and stadiums outweighs the costs of many individual sports, cost information is critical to making decisions about eliminating sports. ABC will arm athletic directors with thorough cost information that will enable them to make more informed decisions.

When implementing ABC, athletic departments should keep in mind the lessons that others have learned from the application of ABC. The first being many college departments do not have an accounting information system sufficient to support ABC and restructuring will be required before ABC can be implemented (Granof et.al, 2000). The stronger the existing accounting system, the easier it is to apply ABC; however, the weaker the existing accounting system, the greater the contribution of ABC (Granof et.al, 2000). The cost of implementing ABC should be weighed against the benefits gained from the information ABC provides. When implementing ABC, two sets of costs should be considered. These are the cost of implementing ABC and the cost of decision error. The cost of changing a cost system can be easily measured, but it is extremely difficult to measure the cost of errors not made because of a better costing system (Aswathi, 1994). The benefit of more accurate information must be estimated and
weighed against the cost of changing the system in order to decide whether to implement ABC (Aswathi, 1994).

Brown, Myring, and Gard (1999) emphasize that installing ABC is hard work that requires commitment of management. They suggest that a partial and trial use of ABC should precede widespread implementation (Brown et.al, 1999). This could be done in college athletic departments by allocating the costs of a few of the activities the first year and work toward total allocation. The activities that consume the most resources are the most important to allocate and these should be done first.

Flexibility is also crucial when implementing ABC. Every athletic department will have to adopt the model to their specific support departments and find the cost drivers that are most appropriate for allocating costs to their sports programs. Many non-accounting employees will be skeptical of, and even threatened by, attempts to quantify the costs of activities they engage in (Granof et.al, 2000). Management’s success in overcoming the fear of change in the department will also be vital to success in implementing ABC. They need to ensure that every member of the department is committed to the new system or the department will not realize the total benefits of ABC.

By implementing ABC while keeping these lessons in mind, athletic departments will be able to gain a better understanding of the costs of their sports programs. With this understanding, departments will be able to make better decisions about budgeting, including decisions about the elimination of sports programs.
NCAA Certification Requirements

The NCAA should require athletic departments to practice ABC to receive NCAA certification in order to increase comparability, consistency, and transparency in college athletics. The NCAA athletics certification for Division I institutions officially began in 1993 as a part of the NCAA’s efforts to reform intercollegiate athletics (NCAA, n.d). The third cycle of the athletics certification program (institutions are required to go through the process every ten years) began in 2008 and contains the following measurable standards: rules compliance, academic standards, gender issues, diversity issues, student-athlete well-being, and institutional control, presidential authority and shared responsibilities (NCAA, n.d.). Noticeably missing from this list is financial integrity. By adding a measurable standard of financial integrity such as requiring the use of ABC, the NCAA will create uniformity across all athletic departments and allow financial information to be compared. At publicly traded companies, accounting standards, such as Generally Accepted Accounting Principles, ensure that financial information is fairly stated and increase public confidence in companies (Arens, Elder, & Beasley, 2008). Accounting standards such as these enforced by the NCAA can accomplish these same outcomes.

Currently, institutions will be adverse to practicing ABC when other institutions are not because of fear of being punished for inequities that ABC may reveal. Requirement of ABC by the NCAA or the federal government will be the best way to ensure the practice of ABC and improve comparability, consistency, and transparency in college athletics departments. The following section will discuss the limitations faced when generating these recommendation and future directions for this topic.
Limitations and Future Directions

Limitations were faced when conducting this research. This research was limited in that it focused on allocating the costs of support functions. Costs that do not fall under the activities listed, such as major capital expenses, were not considered. This study was also limited by the small sample of schools interviewed. According to the NCAA, there are currently 348 member institutions in Division I. Interviews were only conducted with six member institutions. Although these six are representative of their conference, practices at athletic departments in other conferences may differ. Another limitation, which most research is susceptible to, is a change in the environment being studied. Examples of changes in environment that will decrease the relevance of this study include changes in NCAA regulations, federal regulations, or institutional regulations.

As this study was the first to apply ABC to athletic departments, there are an abundance of future research opportunities. An informal discussion with a member of an athletic department at very large Division I university suggested that allocation of a greater range of costs may be performed by schools who have more resources and a larger accounting staff to properly reflect all resources consumed by specific sports programs. Future research could focus on the differences in cost allocation by athletic departments of different sizes. Application of ABC could also be studied at Division II and III athletic departments.

This was a conceptual paper that focused on the process of cost allocation rather than actual numbers. The next step in this stream of research should be a study of the application of ABC at one athletic department. Researchers should analyze each of the activities of the athletic department and determine appropriate cost drivers to be used to allocate the costs of these activities. Cost would then be allocated to the sports programs based on their usage of the cost
driver. A comparison of the cost of each sport under traditional accounting practices and under ABC can then be made. This comparison may further demonstrate that current accounting practices are not providing athletic departments with the most appropriate cost information for decision making and further emphasize the need for the NCAA to require standard accounting practices that require ABC.
References


Ridpath, B.D. (2007). *Confessions of a former wrestling coach regarding the application of Title IX and the sport of wrestling*. Paper presented at the meeting of the Girls and Women Rock Symposium celebrating the 35th Anniversary of Title IX, Cleveland, OH.


Appendix A: Interview Questions

1. How many student athletes does your athletic department have?

2. How many full-time employees does your athletic department employ?

3. What non-athletic costs are allocated from the university to the athletics department?

4. Does the athletic department pay for utilities?

5. What are the direct costs recorded each sports program’s budget?

6. Where are student-athletes’ scholarships recorded?

7. I looked at the staff directory on your website in order to obtain the different support functions of the athletic dept. (read support functions) Is there any I missed?

8. Do any of these support functions focus more on some sports over others?

9. Are any of the support services’ costs allocated to individual sport programs?

10. Do you tier your sports programs?
11. Are there certain costs specifically offset by privately raised funds? Does each program have its own account?

12. What kind of items is the money in those individual accounts spent on?
Appendix B: Descriptive Statistics of Interviews

<table>
<thead>
<tr>
<th></th>
<th>Number of Full-Time Undergraduate Students</th>
<th>Number of Student-Athletes</th>
<th>Number of Full-Time Employees</th>
<th>Number of Men’s Sports Offered</th>
<th>Number of Women’s Sports Offered</th>
<th>Total Number of Sports Offered</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Range</strong></td>
<td>13,310-20,662</td>
<td>350-524</td>
<td>75-120</td>
<td>6-9</td>
<td>8-10</td>
<td>15-18*</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td>16,890</td>
<td>447</td>
<td>97</td>
<td>7</td>
<td>9</td>
<td>16</td>
</tr>
</tbody>
</table>

Source: Interviews with members of athletics departments

*The NCAA requires Division I member institutions to sponsor at least seven sports for men and seven sports for women (or six for men and seven for women) (NCAA, 2007).
## Appendix C: Financial Statistics

<table>
<thead>
<tr>
<th></th>
<th>Athletically Related Student Aid</th>
<th>Recruiting Expenses</th>
<th>Total Expenses for Teams</th>
<th>Total Expenses Not Allocated by Team</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Range</strong></td>
<td>$3,879,002-$7,384,186</td>
<td>$371,199-$498,823</td>
<td>$11,549,023-$16,778,076</td>
<td>$6,412,101-$7,718,653</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td>$5,256,591</td>
<td>$443,306</td>
<td>$13,278,890</td>
<td>$6,937,613</td>
</tr>
</tbody>
</table>

Source: 2007-2008 EADA reports
Appendix D: EADA Survey Forms

*These survey forms were obtained from the Equity in Athletics Disclosure Act webpage of the U.S. Department of Education: http://www.ed.gov/finaid/prof/resources/athletics/eada.html

Only the survey forms relating to expenses were included and have been adjusted for readability.

Athletically Related Student Aid - Men's and Women's Teams

Athletically Related Student Aid

_Athletically Related Student Aid should also be included on the Revenues and Expenses screens for the teams to which it applies. If you do not have any aid to report, enter a 0._

<table>
<thead>
<tr>
<th>Total</th>
<th>Men's Teams</th>
<th>Women's Teams</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ratio (percent)</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Recruiting Expenses - Men's and Women's Teams

Recruiting Expenses

_Recruiting Expenses should also be included on the Expenses screen for the teams to which the Expenses apply._

<table>
<thead>
<tr>
<th>Total</th>
<th>Men's Teams</th>
<th>Women's Teams</th>
<th>Total</th>
</tr>
</thead>
</table>
Operating Expenses (i.e., Game-Day Expenses) - Men's and Women's Teams by Team

Operating Expenses by Team

Operating Expenses consist of game-day expenses only. You must include your operating expenses on the Total Expenses screen as well.

The athletic departments were asked to supply the following information for every sports program they offer. Due to the length of listing every NCAA sports team, the boxes for these teams were omitted.

Varsity Teams
Men’s Teams Participants
Women’s Teams Participants

Operating Expenses by Participant

Operating Expense by Team (Athletic departments can choose to report expenses by team or by participants)

Total Operating Expenses Men’s and Women’s Teams

Total Expenses - Men's and Women's Teams

Expenses by Team

The amounts entered on the Athletically Related Student Aid, Operating Expenses, and Recruiting Expenses screens must also be included in the expenses for the teams to which they apply. Do not include capital expenditures or debt service. Click on "Click here for screen instructions" for detailed information about other expenses to include.

The athletic departments are required to report the total expenses for each of their men and women's teams and the following information. Due to the length of the survey, the boxes have been omitted.
Total Expenses of all Sports, Except Football and Basketball, Combined

Total Expenses Men's and Women's Teams

Not Allocated by Gender/Sport

Grand Total Expenses

Revenues & Expenses Summary

Grand Total Revenues

Grand Total Expenses

Please review this screen carefully. The amount of Grand Total Revenues must be equal to or greater than the amount of Grand Total Expenses before you can lock your survey data. If it is not, you must go back and correct the amounts you entered on the Total Revenues and/or Total Expenses screen(s).

Remember that your **Total Revenues** and **Total Expenses** screens must include amounts you entered on some of the other screens. That is:

- The amount you entered on the Athletically Related Student Aid screen must be included with all of your other revenues (budget, ticket sales, etc.) on the **Total Revenues** screen. For detailed information on what to include in Total Revenues, click on 'Click here for screen instructions' on the Total Revenues screen.
- The amount you entered on the Operating Expenses, Recruiting Expenses, and Athletically Related Student Aid screens must be included with all of your other expenses (salaries and benefits, equipment, etc.) on the **Total Expenses** screen. For detailed information about what to include in Total Expenses, click on 'Click here for screen instructions' on the Total Expenses screen.
Appendix E: Resources Consumed by Activities

Administration

Administration includes programs and services in human resources, risk management, information technology and communication, budgeting, and overall organization.

- Expendable Equipment
- Postage
- Seminars
- Courier Services
- Travel
- Office Supplies
- Telephone
- Dues and Memberships
- Books and Subscriptions
- Salaries & Benefits

Academic Advising

Academic advising provides personalized professional guidance for student-athletes in career, leadership, and academics.

- Postage
- Professional Development
- Travel
- Office Supplies
- Telephone
- Orientation
- Computer Lab Expenses
- Tutoring Books and Supplies
- Salaries and Benefits
Athletic Training

Athletic training involves prevention, diagnosis, and treatment of student-athletes’ injuries. It also includes referrals to specialists and communication with the coach, strength and conditioning, and the student-athlete to ensure proper recovery.

- Expendable Equipment
- Postage
- Seminars and Travel
- Office Supplies
- Telephone
- Ice
- Clothing
- Tape Products
- Protective Equipment
- Medical Supplies
- Equipment Maintenance
- Medical Consultants
- Medical Expenses
- Nutritionist
- Salaries & Benefits

Compliance

Compliance involves coordinating, monitoring, and verifying adherence to all NCAA and conference regulations. This includes areas such as recruiting, financial aid, eligibility, playing seasons, awards, extra benefits, and rules education.

- Travel
- Compliance Materials
- Office Supplies
- Telephone
- Salaries & Benefits
Development

Development involves communications with individuals through publication, phone, and events in order to procure donations.

- Printing
- Office Supplies
- Telephone
- Individual Hosting
- Travel
- Salaries & Benefits

Equipment Management

Equipment management involves the maintenance, repair, set up, and transportation of all equipment.

- Equipment and Supplies
- Expendable Equipment
- Telephone
- Laundry
- Alterations and Repair
- Salaries & Benefits

Facility and Operations

Facility management involves all athletic events and other events operations.

- Security
- Referees/Umpires/Officials
- Announcers
- Parking equipment
• Parking Personnel Salaries
• Expendable Equipment
• Custodial Services and Supplies
• Maintenance on all athletic facilities
• Office Supplies
• Telephone
• Radio Communications and Headsets
• Event Day Equipment
• Event Day Staff
• Salaries & Benefits

Marketing and Promotions

Marketing and promotions covers all advertising for sports teams and sponsorship fulfillment.

• Expendable Equipment
• Postage
• Seminars
• Travel
• Office Supplies
• Telephone
• Advertising
• Salaries & Benefits
• Sponsorship Fulfillment
**Media Relations**

Sports information includes recording statistics, reporting on athletes and events, press, and public relations.

- Equipment
- Postage
- Seminars and Travel
- Office Supplies
- Telephone
- Subscriptions
- Software
- Photography
- Pressbox
- Publications
- Programs
- Salaries & Benefits

**Purchasing**

Purchasing involves communicating with coaches and administration to discover which items are needed by the department, working with vendors to procure the needed items, and paying for the items.

- Expendable Equipment
- Postage
- Office Supplies
- Telephone
- Printing
- Office Machines
- Salaries & Benefits
Sponsorship Procurement

Sponsorship procurement involves communicating with potential corporate sponsors, creating contracts with these sponsors, and finally fulfilling the sponsorship by, for example, creating and displaying the signage.

- Travel
- Sponsor Hosting
- Office Supplies
- Telephone
- Salaries & Benefits

Strength and Conditioning

Strength and conditioning involves running of the weight room and other facilities and equipment in order to strengthen and condition student-athletes.

- Weight Room Supplies
- Expendable Equipment
- Postage
- Seminars and Travel
- Office Supplies
- Telephone
- Salaries & Benefits

Ticketing

Ticketing involves coordinates ticket sales for all sporting events including managing ticket priorities for boosters, alumni, faculty & staff, students and the general public.

- Ticket Printing
• Office Supplies
• Telephone
• Software
• Databases
• Salaries & Benefits
Appendix F: Design of ABC Cost Allocation System for Athletic Department

Activities consume resources that cost money.

The costs of resources consumed by activities are assigned to cost object on the basis of the units of activity consumed by the cost object.