

Colleges and Universities: Strategically Evaluating Athletic Programs

By Joe Russell, CPA, Partner and Mark Bednarz, CPA, Partner

Private colleges and universities are looking for opportunities to improve their financial position. As enrollment challenges persist and operating costs continue to rise, institutions are evaluating their athletics programs, which on the surface appear to be more of a cost center than a revenue generator. A thoughtful reassessment of athletics can serve as a lever to attract and retain students while responsibly managing institutional resources.

Net Revenue Model

Many institutions are evaluating their current divisional affiliation, performing a cost-benefit analysis to determine if their current alignment is in the best interest of their institution. While this analysis may seem straightforward, there are several factors that must be considered.

Division I and Division II institutions may offer athletic scholarships, although not all programs or athletes receive them, while Division III schools do not offer athletic scholarships but may provide other forms of financial aid, such as academic or need-based assistance. Thus, it would appear that moving to a lower division would provide substantial savings in the elimination of scholarship costs. There are many things to consider in evaluating this approach, however, which may not be apparent at first glance.

Division II institutions providing partial scholarships need to evaluate the net revenue model in determining the effects a change to Division III would have on their organization. While partial scholarships would be eliminated, the funds received from the remaining tuition, room and board and various other sources from their athletes may be lost, as well should those athletes decide to transfer. Thus, the anticipated savings may never be realized at all.

In addition, careful consideration should be given to whether operational costs could be sufficiently reduced so that meaningful savings can be attained. Anticipated savings from a reduction in salaries, benefits and other athletic department costs may not be significant if athletic teams are still going to be maintained.

While certain institutions have looked to decrease the level of athletic offerings, other institutions are expanding offerings as a way to help increase enrollment. As the demographic enrollment cliff continues to take hold, certain institutions are looking to increase their student population by enticing athletes through offering new team sports and programs. Careful analysis must be carried out to determine that any new offerings have a strong participation pipeline, low operating costs and provide a net tuition benefit for their institution. Adding high participation sports with large rosters may serve to attract students who may not have been considering attending your institution.

Student Athlete Retention

Based on historical trends, institutions should factor in a reduction of student-athletes once an announcement is made to the public. Now with the transfer portal, the number of departures can accelerate. It is sometimes overlooked, but athletes contribute to school spirit and community engagement. They influence campus life, which brings together all students, faculty and alumni, creating a sense of pride that extends into the community.

Alumni Athletes as a Source of Donations

Athletes have long been thought of as a great source of contributions. Recent studies indicate that alumni athletes tend to support their alma mater at a greater rate than non-athlete alumni, thus indicating that alumni athletes can be an excellent source of donations. The reason for this trend is that these athletes tend to have a strong emotional connection to their alma mater. Many appreciate the opportunity afforded by the institution and value the relationships they developed with teammates and coaches. These athletes also tend to give on a more consistent basis and it is important for institutional fundraisers and coaches to maintain close contact with athletes **and** the continuity of their support. Management should factor in the risks related to weaker alumni engagement if the institution moves to a lower division.

Contact US

PKF O'Connor Davies works with higher education institutions to evaluate operational and financial practices and navigate emerging trends that impact funding, cost structure and long-term sustainability. To discuss related projects, initiatives or questions, please contact your client service team or:

[Joe Russell](#), CPA
Partner
jrussell@pkfod.com | 201.913.4758

[Mark Bednarz](#), CPA
Partner, Risk Advisory
mbednarz@pkfod.com | 646.449.6376

This article was originally published on June 4, 2026.

PKF O'Connor Davies provides the information in this e-newsletter for general guidance only and it does not constitute the provision of legal advice, tax advice, accounting services, or professional consulting of any kind.