# Net Return from Athletics: A Closer Look

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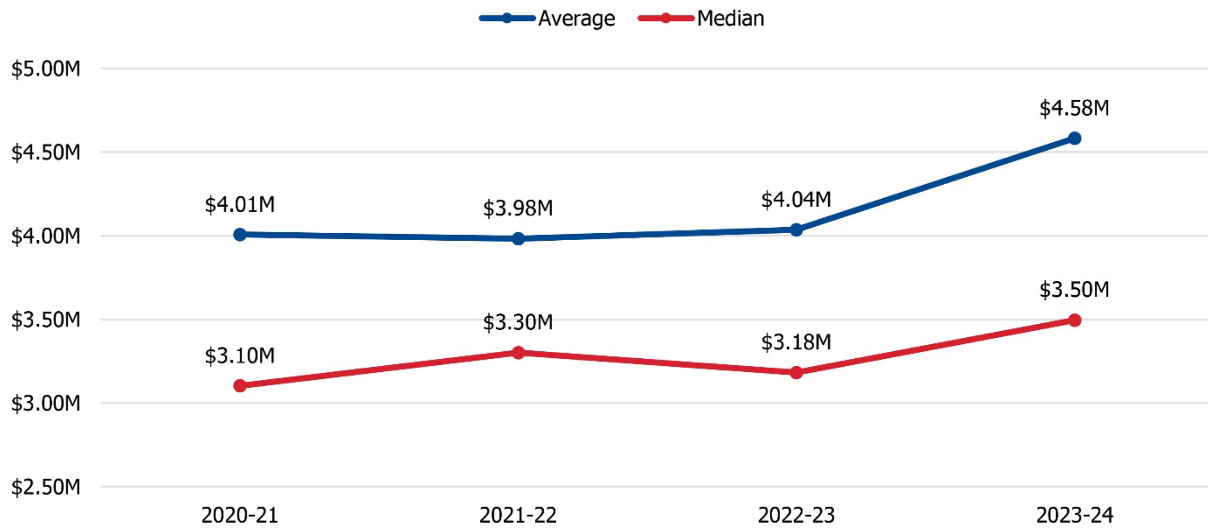
Net return has been a core focus of the Return on Athletics (ROA) initiative since its inception. It is the key metric providing insight to NAIA institutions on net revenue generation stemming from athletic enrollment. A focus on net return from athletics is perhaps more important now than ever before for small colleges and universities.

The revenue portion of the net return formula includes both sport revenue (operational and fundraised) and student tuition, room, and board revenue, while the expense portion of net return comprises both sport expenses and institutional financial aid which discounts tuition, room, and board revenue received.

## Practical Considerations:

- Did your institution's net return from athletics increase in 2023-2024 compared to previous years? If so, what factors do you think contributed to this increase?
- Are you intentional about recruiting student-athletes into your program that align with your institution's mission, values, and priorities? Does that seem to have a positive impact on your ability to retain those athletes?
- Is your athletic department considering adding new sport programs in the coming years? If so, which sports are under consideration? Are these considerations influenced by participation growth rates in those sports at the high school or college level?
- What factors influence your decision to sponsor or not sponsor JV competition among your sport programs? What information would aid you in making more informed decisions on adding JV competition to your existing sport programs?

Prior reporting on net return has demonstrated a generally positive financial impact stemming from athletics at NAIA institutions. After remaining relatively static from 2020-2021 to 2022-2023, average net return increased 14.4% to $4.6 million in 2023-2024. This indicates revenues from athlete tuition, room, and board, plus sport revenues, outpaced institutional financial aid for athletes and sport expenses by over $4 million for the average athletics program.




Although it is interesting to examine net return trends, it is also imperative for NAIA institutions to understand the underlying factors influencing fluctuations in net return between institutions. Therefore, the purpose of this research brief is to examine the influence of certain institutional, athletic department, and athlete demographic factors on net return from athletics.

To accomplish this analysis, we gathered ROA data reported by NAIA institutions for each academic year from 2020-2021 to 2023-2024. The main variable we examined was net return calculated for each NAIA institution per academic year. We also collected data on the following factors to better understand their influence on net return from athletics:

Institutional Factors

- Institution Type (public or private)
- Average travel distance (in miles) between institution and other schools in the same conference)

Athletic Department Factors

- Total Championship Sport Programs Sponsored
- Football (yes or no)
- JV Ratio (JV athletes / total athletes)
- Average Cost of Attendance (COA) Discount Rate
- Retention Rate

Athlete Demographics

- Male-Female Athlete Ratio (male athletes / female athletes)
- First-Generation Athlete Ratio (first-generation athletes / total athletes)

We analyzed the impact of these factors on net return using a fixed-effects regression model. This analytical approach ensures a focus on those factors listed above based on how they fluctuate within each institution over time rather than allowing differences that exist between schools (e.g., budget size, donor base, brand reputation) to skew results. It also helps control for net return variances related to time, which is especially pertinent given the academic years used for this analysis include those impacted by the Covid-19 pandemic.

Our analysis on the influence of institutional, athletic department, and athlete demographic factors on net return revealed several interesting results, summarized in the table below.

| Variable | Significant | Direction |
|---|---|---|
| Institution Type | ✓ | + |
| Average Travel Distance | | + |
| Total Sport Programs | ✓ | + |
| Football | ✓ | + |
| JV Ratio | ✓ | + |
| COA Discount Rate | ✓ | - |
| Retention Rate | ✓ | + |
| Male-Female Athlete Ratio | | - |
| First-Generation Athlete Ratio | | + |

The significant positive relationships between net return and retention, total sport programs, and JV ratio seem to be particularly insightful for NAIA institutions. Prior ROA research briefs have hinted at a meaningful relationship between retention and net return. The positive influence of retention on net return is partly reflective of retaining the tuition revenues generated by those athletes. It is also reflective of deferred costs associated with new student recruitment, which can run as much as $2800 per new student when including administrative, marketing, and other costs associated with student recruitment[1].

The significant relationship between total sport programs and net return underscores the opportunities to add new sport programs, especially those with high growth rate potential. E-sport, women's wrestling, and women's flag football are three sport programs with particularly strong growth rates among NAIA institutions over the prior five years.

Women's wrestling has also witnessed a 102% rise in participation at the high school level since 2021-2022[2]. This indicates an increasing pipeline of potential college athletes and, therefore, increasing opportunities for NAIA athletic departments. Women's flag football is set to debut as

[1] https://link.edgepilot.com/s/308ca6b5/gF3drc8oZ06HxwmlMATMmA?u=https://learn.ruffalonl.com/rs/395-EOG-977/images/RNL_2022_CostRecruiting_Report.pdf
[2] https://link.edgepilot.com/s/cc470e6a/UO5uH3v5AUmo39PS8qZ0Hg?u=https://www.themat.com/news/2024/august/20/nfhs-high-school-sports-participation-boys-and-girls-wrestling-make-big-gains-in-2023-24

a new Olympic sport at the 2028 Summer Olympics, which will likely further interest and participation in this sport in the coming years.

Finally, the significant positive relationship between JV ratio and net return is a topic well documented in prior ROA research briefs[3]. Average net return more than doubles for programs that sponsor JV competition compared to those that do not. Yet, the average JV ratio at NAIA institutions is only about 13%, indicating further opportunity for growth of JV programming across a variety of sports.

## Key Takeaways:

- Average net return from athletics at NAIA institutions was $4.6 million in 2023-2024, a 14.4% increase compared to previous years
- Retention rate, total sport programs, and JV ratio have a significant positive impact on an institution's net return
- Average travel distance to conference opponents is not a significant factor impacting net return, indicating relatively even distribution of travel distances among NAIA institutions.

[3] https://link.edgepilot.com/s/0cbfc060/uM4aQYd_9UWlBHe1W3DuaA?u=https://www.naia.org/return-on-athletics/briefs/NAIA_Research_Brief-JVProgram-NetReturn.pdf