

# Assessment of Sonoma State Athletics on Sonoma State University

Submitted to  
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By



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## **1.0 EXECUTIVE SUMMARY**

SportsEconomics, LLC was asked to analyze the economic impact of closing Athletics at Sonoma State University (SSU) on the university itself. In other words, would shutting down the Athletics department have a net positive financial impact on the greater university? Sonoma State University, like many universities, has recently undergone a decline in enrollment from over 9,000 students a decade ago to just over 5,000 today. This decline has been associated with a drop in revenues, including *inter alia* students paying tuition, room, board, books, other on-campus expenditures, and payments from the State of California that are based on the number of students enrolled.

Based on information gathered for the academic year 2022-23 from the National Center on Education Statistics, California State University Business and Finance office, and a staff member from Athletics, Athletics at SSU provides a net positive financial gain to the university ranging from \$2.2-4.4 million depending on assumptions.<sup>1</sup> This does not include any impact that Athletics has on increasing applications, enrollment, retention, graduation rates, or donations to non-Athletics entities caused by Athletics and the media coverage that it generates.

Much of the financial gain to SSU comes from the 90% (equivalency) of the 253 athletes in 2022-23 paying their way to attend SSU and play sports.<sup>2</sup> In other words, it is assumed that Athletics brings hundreds of athletes to SSU who would not attend SSU otherwise. Shutting down Athletics will cause those athletes to transfer, in an environment in which declining enrollment means those tuition revenues will not be replaced by increased enrollment of non-athletes.

## **2.0 ANALYSIS AND RESULTS**

The analysis that follows uses data for the 2022-23 academic year based on availability, but it is realistic to assume that the most recent completed year (2023-24) is similar in nature, scope, and scale. First is an explanation of SSU Athletics' financials as reported by SSU to the NCAA using the Membership Financial Reporting System (MFRS).<sup>3</sup> Second are adjustments made to the financials that account for the related-party transactions that take place on campus, such as tuition payments for athletic scholarships are an expense to Athletics, but a revenue to SSU. The result is an economic view of athletics and its role at SSU. Third is a brief discussion of the missing elements of the analysis, changes to assumptions, and results.

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<sup>1</sup> Sufficient data was not available for 2023-24 to be used in an assessment, thus 2022-23 information is utilized.

<sup>2</sup> SSU had 253 athletes in 2022-23, with only 24.15 scholarship equivalency. I.e., if two athletes each have half of a scholarship, that would be one scholarship equivalency.

<sup>3</sup> These come from a CSU Business and Finance report (December 14, 2023).

## **2.1 ATHLETICS FINANCIALS**

The exhibit below shows SSU Athletics revenues and expenses as reported to the NCAA using the MFRS system. SSU also reports data to the US Department of Education following the Equity in Athletics Disclosure Act of 1994. These data are often slightly different than what is reported in the MFRS data, yet the MFRS data is more detailed.<sup>4</sup>

**Exhibit 1. Membership Financial Reporting System Data – SSU (2022-23)**

<b>ID</b>	<b>Item</b>	<b>MBB</b>	<b>WBB</b>	<b>Other Sports</b>	<b>Non-Program Specific</b>	<b>Total</b>
1	Ticket Sales	\$1,383	\$5,560	\$0	\$0	\$6,943
2	Direct State or Other Government Support	\$0	\$0	\$0	\$0	\$0
3	Student Fees	\$133,580	\$160,344	\$1,191,118	\$727,241	\$2,212,283
4	Direct Institutional Support	\$298,188	\$296,972	\$1,973,949	\$859,369	\$3,428,478
5	Less - Transfers to Institution	\$0	\$0	\$0	\$0	\$0
6	Indirect Institutional Support	\$0	\$0	\$0	\$1,463,666	\$1,463,666
6A	Indirect Institutional Support - Athletic Facilities Debt Service, Lease and Rental Fees	\$0	\$0	\$0	\$0	\$0
7	Guarantees	\$0	\$2,000	\$0	\$0	\$2,000
8	Contributions	\$3,570	\$7,611	\$131,699	\$4,633	\$147,513
9	In-Kind	\$0	\$0	\$0	\$0	\$0
10	Compensation and Benefits provided by a third party	\$0	\$0	\$0	\$0	\$0
11	Media Rights	\$0	\$0	\$0	\$3,069	\$3,069
12	NCAA Distributions	\$0	\$0	\$30,931	\$16,432	\$47,363
13	Conference Distributions (Non Media and Non Football Bowl)	\$0	\$0	\$0	\$4,000	\$4,000
13A	Conference Distributions of Football Bowl Generated Revenue	\$0	\$0	\$0	\$0	\$0
14	Program, Novelty, Parking and Concession Sales	\$0	\$0	\$0	\$0	\$0
15	Royalties, Licensing, Advertisement and Sponsorships	\$0	\$0	\$0	\$7,166	\$7,166
16	Sports Camp Revenues	\$9,570	\$10,430	\$48,030	\$0	\$68,030
17	Athletics Restricted Endowment and Investments Income	\$1,134	\$20,348	\$10,931	\$7,900	\$40,313
18	Other Operating Revenue	\$3,207	\$2,637	\$119,107	\$4,521	\$129,472
19	Football Bowl Revenues	\$0	\$0	\$0	\$0	\$0
	<b>Total Operating Revenues</b>	<b>\$450,632</b>	<b>\$505,902</b>	<b>\$3,505,765</b>	<b>\$3,097,997</b>	<b>\$7,560,296</b>
20	Athletic Student Aid	\$98,300	\$96,750	\$482,160	\$21,500	\$698,710
21	Guarantees	\$0	\$0	\$1,050	\$0	\$1,050
22	Coaching Salaries, Benefits and Bonuses paid by the University and Related Entities	\$194,474	\$248,195	\$1,774,691	\$0	\$2,217,360
23	Coaching Salaries, Benefits and Bonuses paid by a Third Party	\$0	\$0	\$0	\$0	\$0
24	Support Staff/Administrative Compensation, Benefits and Bonuses paid by the University	\$0	\$0	\$0	\$1,406,664	\$1,406,664
25	Support Staff/Administrative Compensation, Benefits and Bonuses paid by Third Party	\$0	\$0	\$0	\$0	\$0
26	Severance Payments	\$0	\$0	\$0	\$0	\$0
27	Recruiting	\$5,105	\$4,930	\$18,322	\$0	\$28,357
28	Team Travel	\$46,037	\$63,119	\$477,104	\$6,231	\$592,491
29	Sports Equipment, Uniforms and Supplies	\$14,371	\$14,326	\$201,331	\$6,786	\$236,814
30	Game Expenses	\$12,720	\$11,100	\$49,975	\$0	\$73,795
31	Fund Raising, Marketing and Promotion	\$0	\$913	\$500	\$0	\$1,413
32	Sports Camp Expenses	\$456	\$626	\$3,157	\$0	\$4,239
33	Spirit Groups	\$0	\$0	\$0	\$0	\$0
34	Athletic Facilities Debt Service, Leases and Rental Fee	\$0	\$0	\$1,763	\$6,488	\$8,251
35	Direct Overhead and Administrative Expenses	\$3,585	\$1,861	\$24,987	\$19,595	\$50,028
36	Indirect Institutional Support	\$0	\$0	\$0	\$1,463,666	\$1,463,666
37	Medical Expenses and Insurance	\$0	\$0	\$0	\$57,345	\$57,345
38	Memberships and Dues	\$0	\$105	\$1,570	\$42,025	\$43,700
39	Student-Athlete Meals (non-travel)	\$0	\$0	\$3,281	\$0	\$3,281
40	Other Operating Expenses	\$6,100	\$5,082	\$85,868	\$121,062	\$218,112
41	Football Bowl Expenses	\$0	\$0	\$0	\$0	\$0
41A	Football Bowl Expenses - Coaching Compensation/Bonuses	\$0	\$0	\$0	\$0	\$0
	<b>Total Operating Expenses</b>	<b>\$381,148</b>	<b>\$447,007</b>	<b>\$3,125,759</b>	<b>\$3,151,362</b>	<b>\$7,105,276</b>

<sup>4</sup> E.g., the EADA data for 2022-23 for SSU shows total athletics revenue of \$7.93 million and expenses of \$7.90 million, while the MFRS data shows revenue of \$7.56 million and expenses of \$7.11 million.

## **Revenues**

As can be seen in the exhibit, the reported revenues are \$455 thousand larger than reported expenses. Yet, in the announcement by SSU leadership about the cuts, it was stated that the savings from cutting Athletics would be \$3.7 million.<sup>5</sup> Simply looking at the financials as reported, it would seem that SSU would *lose* \$455 thousand by cutting Athletics. SSU has not provided information on how the \$3.7 million was calculated and therefore deeper analyses are warranted here.

First, revenues that come from outside of campus directly to Athletics are Ticket Sales, Guarantees (for playing certain teams), Contributions (donations to Athletics), Media Rights, NCAA Distributions, Conference Distributions, Royalties (sponsorship, licensing, advertising), Sports Camps, Endowment Income, and Other Operating Revenue. These tally to \$456 thousand. Second, students at SSU pay \$2.2 million in student fees to support Athletics. Some think of this as a subsidy from SSU that is essentially labeled as “Student Fees” (under the notion that if SSU didn’t charge those fees to students, it would still have to transfer that money to Athletics in order to help it operate). Others think of these fees as the demand by students to have Athletics on campus. At SSU students don’t pay for tickets because they subsidize Athletics via these fees, and, therefore, students choose to make those payments towards Athletics by choosing to attend SSU. A key issue is what happens to these fees if Athletics is shut down? Do these fees revert back to the students (and are thus a loss for SSU in terms of its overall revenue) or are these kept by SSU for other uses? There is also a marketing question: could SSU charge as much in combined tuition-plus-fees if it could not label some of those fees as supporting athletics. To the extent the market price of attending SSU without sports would have to be lower than it is now, that portion of Student Fees that would be lost is very much “earned” revenue, not a subsidy. To assess how much, if any, of these fees would continue to be earned but could be repurposed absent the athletics program, would require detailed economic research specific to SSU. In the absence of that research, this analysis accounts for this line item in both ways (either Athletics direct revenue was \$456 thousand or should include Student fees and was thus \$2.67 million in 2022-23).

Third, Direct Institutional Support (DIS) represents the actual cost of athletics to the university, or how much the athletic department is being paid to put on sports entertainment for the campus community. It is generated revenue from Athletics’ perspective, but not from SSU’s perspective. Below, this cost is measured against the inflow of outside revenues to Athletics (including athletes paying SSU for educational services [tuition]). Fourth, Indirect Institutional Support (IIS of \$1.5 million) is simply overhead expenses on campus that are allocated across all units of campus (academic departments, the business office, facilities maintenance, etc.). Shutting down Athletics will typically not save these

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<sup>5</sup> See <https://www.pressdemocrat.com/article/news/sonoma-state-university-budget-cuts-timeline/> under the Jan. 22 subheading.

overhead costs unless they are also directly cut by SSU to the tune of \$1.5 million. This is one reason why IIS appears both in revenues and expenses for Athletics with the same number. It essentially cancels out because it is not an incremental expense of having athletics.

## Expenses

Similarly, the total expenses listed at \$7.1 million includes Indirect Institutional Support of \$1.5 million that won't go away by shutting down Athletics, thus it is not really an Athletics expense. Athletic Student Aid (of \$699 thousand) represent the athletic scholarships that Athletics provides to athletes. Those expenses in Athletics are revenues for SSU's registrar or bursar's office. Thus, they don't leave campus and are, therefore, not a loss to SSU but an internal transfer.<sup>6</sup> Next, Athletics Facilities Debt Service, Leases, and Rental Fee of \$8,251 are payments that go to SSU from Athletics, so these constitute revenue to SSU. This is also the same with the Student-Athlete meals of \$3,281. Therefore, subtracting these four items from total expenses results in \$4.9 million in Athletics expenses that leave SSU (and are therefore not a transfer to other units on campus).

Exhibit 2. Expenses for Athletics that are not Transfers to SSU

Total Listed Expenses	<b>\$7,105,276</b>
Expenses that Athletics Pays to SSU or <i>Would Not Go Away Upon Closing Athletics</i>	
Athletic Student Aid	\$698,710
Athletic Facilities Debt Service, Leases and Rental Fee	\$8,251
<i>Indirect Institutional Support</i>	\$1,463,666
Student-Athlete Meals (non-travel)	<u>\$3,281</u>
Expenses for Athletics that Are Not Transfers to SSU	\$4,931,368

## Revenues for SSU Caused by Athletics that Do Not Appear on Athletics Financials

As noted above, there are 253 athletes at SSU, but only 24.15 scholarships (equivalency) in 2022-23.<sup>7</sup> **Thus, nearly 229 athletes (or equivalent) pay for their own tuition, room, board, books and any miscellaneous expenses.** Some of those payments go to SSU as revenue. For instance, 223 of those athletes are from in-state, as shown in the exhibit below, with 30 from out-of-state.<sup>8</sup> The in-state tuition in 2022-23 was \$8,060, and \$19,940 for out-of-state.<sup>9</sup> Also, 122 of them lived on campus, with room and

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<sup>6</sup> Given that SSU is below capacity in terms of the number of students that it could support, an athlete on scholarship does not prevent SSU from accepting an additional regular student, thus the athletic scholarships are not considered opportunity costs at SSU. It is assumed that all or most of this financial aid to athletes is in the form of tuition remissions and not direct cash payments to the athletes.

<sup>7</sup> CSU Business and Finance, Calif. Student Athlete Fair Opportunity Act of 2005 Report, Dec. 14, 2023, pdf pp. 729, 756.

<sup>8</sup> Athletics department source.

<sup>9</sup> <https://nces.ed.gov/collegenavigator/?q=sonoma+state&s=all&id=123572#expenses>

board at \$18,248.<sup>10</sup> Sonoma State University sells education, housing, and food (among other things) and these are some of its paying customers. Additionally, approximately 23 students per year stay an additional year after their athletic eligibility is exhausted and finish up their degrees.<sup>11</sup>

Exhibit 3. Distribution of Athletes at SSU

Number of athletes	253
From within state	223
From outside of state	30
Living on campus	122
Living off campus	131

Calculating the total amount of revenue that SSU gets from these customers (students) spending money on campus totals \$4.1 million.<sup>12</sup> Athletic events held on campus also generate some concessions and parking revenue.<sup>13</sup> And, some licensed merchandise sold by SSU in the Bookstore or online is caused by the existence and operation of athletics at SSU.<sup>14</sup> These sources of revenue do not show up on Athletics' financials and are assumed to have been about \$100,000 in total.

Exhibit 4. Athlete Spending on Campus

In-State Athletes Paying Tuition	\$1,797,380
Out-of-State Athletes Paying Tuition	\$598,200
Subtraction of Tuition Revenue paid by Athletics to SSU (not paid by athletes)	(\$698,710)
Athletes living on campus Room, Board, Expenses	\$2,226,256
Former Athletes finishing their degree (tuition only), assuming all in-state	<u>\$185,380</u>
Total Athlete Spending on Campus	\$4,108,506

Additionally, it appears that the State of California provided incremental funding for CSU schools at \$9,257 (in 2022-23) per student.<sup>15</sup> Therefore, if each athlete transfers away from SSU due to the shutting down of Athletics, SSU would lose approximately \$2.34 million in state funding. Moreover, some coaches and athletic administrators pay to live on campus. It is assumed that this generates \$100,000 annually for SSU.

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<sup>10</sup> Athletics department source; <https://nces.ed.gov/collegenavigator/?q=sonoma+state&s=all&id=123572#expenses>

<sup>11</sup> Athletics department source.

<sup>12</sup> This assumes that all of the athletes who stay an additional year to finish up their degrees pay the lower in-state tuition instead of the higher out-of-state tuition.

<sup>13</sup> Concessions and Parking at SSU are managed by Dining Services and Parking Services, respectively, and any revenues would thus appear on their sets of financials.

<sup>14</sup> Licensed Merchandise is managed by Administration and Finance and would thus appear on its financials.

<sup>15</sup> <https://www.calstate.edu/csu-system/about-the-csu/budget/Documents/past-operating-budget/2022-23-operating-budget.pdf>

Adding these additional sources of revenue that are generated for SSU because of Athletics leads to total revenues for SSU caused by Athletics at \$7.1 million (excluding Student Fees) or \$9.3 million (including Student Fees), as shown in the exhibit.

Exhibit 5. Revenues for SSU Caused by Athletics

Athletics Revenues coming from off-campus (excl. student fees)	\$455,869
Total Athlete Spending on Campus	\$4,108,506
Funding to SSU from State of California based on number of students (athletes leaving)	\$2,342,021
Athletics Coaches/Staff living on campus (assumption for now)	\$100,000
Concessions, Parking, Licensed Merchandise	<u>\$100,000</u>
Total Athletics-Related Revenues for SSU (excl. Student Fees)	\$7,106,396
Total Athletics-Related Revenues for SSU (incl. Student Fees)	\$9,318,679

In summary, the total revenues generated by Athletics for SSU range between \$7.1 - \$9.3 million, while expenses total about \$4.9 million, based on the data, assumptions, and analysis provided herein.

### **Economic Impact of Visiting Teams and SSU's Athletes Living in the Community**

Finally, Athletics also has an impact on the local community, e.g., Rohnert Park. While the economic impact does not accrue directly to SSU, local businesses benefit from SSU's Athletics department and its operations/events. First, when teams travel to Sonoma to play against the Seawolves, some of them stay overnight, eat in town, use local transportation, etc. An estimate of this can be provided by determining how much the Seawolves teams spend on the ground when they travel to other schools to play them. This is estimated at \$400,000 (of the listed Travel costs of \$592 thousand).<sup>16</sup>

Athletes who do not live on campus, live in the local community and spend money on rent, food, etc. This can be estimated by multiplying the number of athletes who live off of campus (131) with the off-campus Room & Board expenses for SSU as measured by the National Center for Education Statistics (\$21,148).<sup>17</sup> This totals \$2.77 million. Therefore, the total is approximately \$3.17 million.<sup>18</sup>

While SSU does not directly benefit from this spending, the local community does. Therefore, the local community is irreparably harmed in a tangible financial manner by the closure of Athletics. Thus, it would be in the financial interest of the local community to help maintain Athletics at SSU. This does

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<sup>16</sup> Intercollegiate Athletics Advisory Committee, SSU study, February 26, 2025.

<sup>17</sup> <https://nces.ed.gov/collegenavigator/?q=sonoma+state&s=all&id=123572#expenses>

<sup>18</sup> \$400,000 plus \$2.77 million.



not include other sorts of economic impact that Athletics provides by hosting events that bring spectators in from out of town who spend money locally or estimates of the coaching staff/administrators who live locally and spend money on housing, food, etc. In late 2014, the University of Alabama, Birmingham announced it was shutting down its FBS football program. After a deeper analysis, the school decided to bring football back 6 months later.<sup>19</sup> The City of Birmingham “announced it would make a \$2.5 million pledge (\$500,000 per year for five years) and the UAB Undergraduate Student Government Association would make a \$550,000 pledge if the school brought the football, women's bowling and rifle programs back.”<sup>20</sup> A few years after that, the City began the process of funding and building a new downtown football stadium.<sup>21</sup>

### **3.0 LIMITATIONS OF THE STUDY**

The analysis above was based on information that was either publicly available or provided by an Athletics department source, and assessed based on SportsEconomics extensive experience analyzing the economics of college sports. The overall goal was to come up with a proper, but conservative, estimate of the impact of Athletics at SSU on the rest of the university. A number of assumptions are made including that the 2022-23 academic year was similar enough to the most recently completed year (2023-24) to be viable for a relevant analysis. Additionally, a number of revenue and expense items are estimated and could easily be updated with better sources of information.

This study also does not include any impacts on SSU that Athletics might cause in terms of increased applications, enrollment, retention, graduation rates, diversity of student body, donations to the general fund (or non-athletic funds), and the overall media impact caused by Athletics. These have all been shown to have statistically significant impacts in peer-reviewed research. See the review of literature linked to in the footnote for more information.<sup>22</sup> The application of those studies to this particular case is unknown.

The accompanying analyses do not constitute an audit, examination, review or compilation of historical or prospective financial information conducted in accordance with Generally Accepted Auditing Standards or with standards established by the American Institute of Certified Public Accountants ("AICPA").

Information, estimates and opinions furnished to us and contained in the Report were obtained from sources considered reliable and believed to be true and correct. However, no representation, liability or

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<sup>19</sup> One of the authors of this report also co-authored the UAB study that showed that UAB would lose money cancelling football (and a few other sports). See [https://a4f2ab21-6c12-408b-b66e-f3e2f4614c34.usrfiles.com/ugd/a4f2ab\\_1983a7a4aeeb437e9e375e33ae5069c2.pdf](https://a4f2ab21-6c12-408b-b66e-f3e2f4614c34.usrfiles.com/ugd/a4f2ab_1983a7a4aeeb437e9e375e33ae5069c2.pdf)

<sup>20</sup> <https://abcnews.go.com/Sports/uab-announce-return-football-team-source/story?id=31449917>

<sup>21</sup> <https://uabsports.com/news/2018/3/27/football-birmingham-city-council-commits-90-million-to-bjcc-upgrades>

<sup>22</sup> [https://a4f2ab21-6c12-408b-b66e-f3e2f4614c34.usrfiles.com/ugd/a4f2ab\\_1983a7a4aeeb437e9e375e33ae5069c2.pdf](https://a4f2ab21-6c12-408b-b66e-f3e2f4614c34.usrfiles.com/ugd/a4f2ab_1983a7a4aeeb437e9e375e33ae5069c2.pdf)



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