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# Budgeting for Success: Comparing Finances Between Historically Black Colleges and Universities and Predominantly White Institutions

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There has been little research into the comparison of historically black colleges and universities (HBCUs) to predominantly white institutions (PWI) in recent years. With growing athletic department budgets, it is important to understand how HBCUs financially compare to their PWI counterparts. Therefore, the purpose of this study was to determine how HBCU athletic departments compare to their peer PWIs in terms of athletic department spending and to conduct a budgetary analysis of HBCU athletic departments. To examine differences in athletics budgets, data were collected from the U.S. Department of Education's Equity in Athletics Disclosure Act (EADA) Survey. NCAA member institution peer groups with HBCU members were selected for this study. Institutional data include salary, recruitment, operation, and scholarship expenses and revenue for peer groups. An ANOVA was conducted to compare peer institutions, institutions in the same region, by division, and overall. The results indicated HBCU peer groups are spending significantly less compared to their PWI counterparts. Additionally, among HBCU institutions, most athletic programs are spending the most on athletic aid expenses. Similarly, HBCUs are earning significantly less revenue compared to their peers. Athletic department administrators can use the results of this study to help create budgets comparable to peer institutions.

*Keywords:* HBCU, finances, college athletics

In recent years, a number of historically black colleges and university (HBCU) athletic departments have undergone significant changes. For example, in 2015, NCAA Division II institution Paine College dropped its football program (Logue, 2016). A year later, Stillman College moved from an NCAA institution to an NAIA institution and cut all but four sport programs. In 2017, Savannah State University announced plans to drop from a Division I institution to Division II. When major changes like those highlighted above occur at HBCUs, a lack of resources and fiscal responsibility are often the reasons given to dissatisfied students, alumni, and fans. For example, Paine College's suspension of its football team was explained as a strategy to "firmly establish the financial health of the college" (Davis, 2015,



para. 3); similarly, Savannah State's move to Division II came because "it wasn't financially feasible to continue playing in NCAA Division I" (Heath, 2017, para. 2). HBCU administrators cite funding university programs as the top challenges facing their universities (Arnett, 2014).

Much of the research on the differences in HBCU athletic departments has occurred in the past 20 years. HBCU athletic contests are more than just athletic events; they are overarching social experiences including events such as battle of the bands, parades, and college fairs (Cianfrone, Pitts, Zhang, Byrd, & Drane, 2010). As an example of the spectacle often associated with HBCU sporting events, many HBCUs attribute a large portion of their annual revenues to the "football classics" held yearly at neutral sites against rival teams. An example of this profitable endeavor is the oldest HBCU classic, the Tuskegee Morehouse Classic, featuring Tuskegee University and Morehouse College and held annually in Columbus, Georgia. This classic has been played every year since 1902, and the success of the classic has generated revenue that helps support the rest of the schools' athletic department budgets for the year (Seymour, 2006). Despite the economic windfall that some of these events provide, many HBCU athletic departments have reported budget shortages (Trahan, 2012).

With the limited budgets at HBCU athletic departments, many coaches in these departments have reported high levels of stress. Job security and lack of resources are cited as two main factors that caused stress for coaches in HBCU athletic departments (Robbins, Gilbert, & Clifton, 2015). Additionally, the financial strain at HBCUs can be problematic for athletic administrators when trying to attract the best coaches and student-athletes (Cooper & Hawkins, 2002; Robbins et al., 2015).

As noted by Jones and Bell (2016), research on intercollegiate athletics specifically focused on HBCUs has been "noticeably absent" (p. 49). Furthermore, consumers of HBCU athletic teams are rarely studied (Cianfrone et al., 2010; Stone, Cort, & Nkonge, 2012). In light of the challenges currently facing many HBCU athletic administrators, the purpose of this study was to conduct a budgetary analysis of HBCU athletic departments. As part of this examination, we endeavored to identify major disparities that could constrain HBCU programs from maintaining competitiveness with other athletic programs at the Division I level. Below, we highlight the existing literature on HBCU funding and athletic administration.

## Literature Review

### History of HBCUs

The Higher Education Act of 1965 defined HBCUs as "institutions of higher learning established before 1964, whose principal mission is the education of Black Americans" (Albritton, 2012, p. 311). Originally, HBCUs opened their doors with the mission to "provide access to higher education for African Americans, who were previously enslaved and later segregated in the United States" (Clement & Lidsky, 2011, p. 150). In the southern US, many HBCUs became prevalent with the aid of northern U.S. religious institutions following the Morrill Act of 1862 (and second Morrill Act of 1890), which required states to either admit black students to pre-ex-

isting state funded institutions (i.e., land grant funded) or finance schools for black students to enroll (Bracey, 2017). With the racial tensions in the south at the time of this legislation, many states decided to open separate institutions for black students, initiating the financial disparities between HBCUs and their peer PWIs. With this newly passed legislation, Alcorn State University opened in 1871, becoming the first HBCU to use the legislation. However, an unintended consequence of the legislation resulted from the government still having control over the allocation of funds to both the original institution and the supposed “separate but equal” HBCU established to satisfy the Morrill Act. This meant states were still able to control how funds were allocated to the PWIs and HBCUs.

As black men gained access to institutions of higher education, they fought to earn seats of leadership and decision making within their institutions (Albritton, 2012). As these institutions gained financial footing, HBCU alumni and black Americans wanted to take the roles of teachers, deans, presidents, and trustees. This meant that seats originally held by church missionaries (typically from northern religious institutions) were asked to step aside so the HBCUs could run themselves. During the height of HBCU enrollment (prior to the *Brown v. Board of Education* decision), 90% of all black college students attended HBCUs, demonstrating the original purpose of these institutions was being met.

Despite the internal push for successes amongst HBCUs, since the *Brown v. Board of Education* decision, enrollment at HBCUs has continued to decrease as more black college students were given the opportunity to enroll in PWIs. This trend has resulted in HBCUs receiving fewer tuition dollars. Aiding in the decrease in enrollment at HBCUs, the Education Act of 1965 required PWIs to increase minority enrollment, resulting in additional competition for HBCUs to maintain enrollment.

### **Current Financial State of HBCUs**

HBCU are facing painful financial struggles as enrollment continues to decrease and fears of dwindling support from the government administration increase (Camera, 2017). Decreasing enrollment proves problematic for these institutions specifically because they are “heavily dependent on tuition income” (Stewart, 2017, p. 11). HBCUs only receive a small percentage of overall grants from the federal government and the dollar amount allocated to HBCUs has been decreasing (Arnett, 2014). HBCUs continue to find themselves in trouble with accreditation issues that could cause the historic and important institutions to shut down permanently. In a 2014 study, HBCU administrators stated financing university programs as their top challenge (Arnett, 2014). Financial volatility may be especially problematic for HBCUs because they have traditionally been a home for many first generation and low-income students (Camera, 2017). Many of these students rely on tuition assistance like Pell grants and direct loans, but these forms of financial aid are becoming less common at HBCUs (Arnett, 2014). The need for HBCUs in the country is validated by the increasing number of testimonies from HBCU graduates claiming they would not be where they are today if not for their four years at an HBCU (Camera, 2017).

These testimonies affirm the need for HBCUs, but their financial state does not look promising.

One strategy many HBCUs have implemented in response to these budgeting issues is to increase their focus on fundraising and alumni relations. Despite this effort, the last major gift to an HBCU was in the 1980s, indicating that potential donors are not making the investment in HBCUs (Stuart, 2017). With the limited external funding to HBCUs, it has been suggested that they earmark funds for academics and remove funding for athletic programs (Savage, 2017). This will ensure survival of the institution but could also take away from the student experience in college. Suggestions also call for a reevaluation of the academic programs offered on campus at HBCUs. The consolidation of academic programs should ensure only the programs that prepare students for work after graduation are offered (Savage, 2017).

A recent example of an HBCU that was forced to close its doors is Morris Brown College. The historic HBCU was established in Atlanta in 1881. However, as the college sought to grow its public profile through promotional campaigns, replacement funds were not raised and the institution was forced to make cuts, eventually leading to the school's loss of accreditation in the early 2000s (Wheatley, 2017). Losing accreditation proved fatal as institutions with no accreditation are not able to award federal financial aid. As mentioned previously, many students with interest in attending HBCUs rely on this type of funding as they come from low income families. The unfortunate example of Morris Brown College seems to foreshadow the possibilities for other HBCUs as enrollment is dropping and the tuition dollars are not coming into the institutions. Today, many of the buildings have fallen into disrepair, including Alonzo Herndon Stadium, the college's football stadium and a competition venue for the 1996 Centennial Olympic Games. With the example from Morris Brown College, a college that invested heavily on athletic programs and facilities, comes the need to reevaluate where HBCUs are allocating money and if the allocation to athletics can hurt the institution.

### **Financing HBCU Athletic Programs**

Over the past 10 years, expenditures have increased significantly among HBCUs, however there has been little research on exactly how expenditures in HBCU athletics have increased. (Jones & Bell, 2016). Specifically, Jones and Bell (2016) called for more research on specific reasons HBCUs are spending more on athletics in areas such as coach salaries, scholarships, athletic aid, and operating expenses. Further understanding of those expenses could help HBCU athletic administrators better understand how to allocate funds. With the increased expenses comes the challenge for athletic department administration to secure revenue sources. As discussed above, signature events like the Tuskegee Morehouse Classic can generate significant revenues used to subsidize a large portion of competing teams' athletic budgets. However, despite the success of some classic games, not all teams competing in neutral-site competitions have realized increased revenue. New classics are proving to be less profitable, as they cannot draw the attendance of the more well-known classics (Seymour, 2006).

An additional factor causing the downfall of these neutral-site classics is the increasing popularity of guarantee games against top Division I programs, in which institutions are choosing to play instead of HBCU classics because they receive a large payout (Greenlee, 2012). For example, in 2013, Florida A&M University was paid \$900,000 (more than one-half of its annual football budget) to play Ohio State in football; they lost the game, 76–0 (Hruby, 2017). Despite the physical risks of playing these guarantee games, exposure for student-athletes, the ability for coaches to get a better understanding of their team's performance, and the revenue generated from these games can outweigh these risks (Nocera, 2016).

Despite the popularity of the classics and the guarantee games HBCU programs play in annually, it is widely reported that HBCUs struggle in athletic department funding (Nocera, 2016). For example, after announcing her university's move from Division I to Division II, Savannah State President Cheryl Dozier cited the decision will help maintain fiscal responsibility for the students and institution (Suggs, 2017). Originally a Division II NCAA institution, Savannah State University was not able to capitalize on football revenue in Division I as they failed to field a competitive program. Their history as a Division I institution left a dismal overall football program record of 22-140 (Suggs, 2017). This is not surprising as Savannah State University allocated the least funds to football expenses when compared to all other institutions in their Division I conference (EADA, 2017). Move over, they spent the second lowest amount in total expenses at their previous Division I conference. Their lack of funding prevented success and pushed them back to Division II where they can be more competitive financially.

One way to drive additional revenue is through a dedicated marketing strategy. However, as reported by Li and Burden (2009), the majority of HBCUs do not employ a marketing or external relations employee in their athletic department. Although research has shown employing a marketing or external relations employee in athletics is crucial to securing sponsorships, most HBCUs do not have a designated employee for this task (Li & Burden, 2009). A lack of funding is preventing many of these institutions from hiring the needed personnel. Similarly, Jackson, Lyons, and Gooden (2001) found that most HBCU athletic departments are not putting effort into developing a marketing department or employees to put themselves in a better position to solicit corporate sponsors. Although past studies have focused on the lack of financial resources at HBCUs, it remains unclear how HBCUs specifically compare financially to their peer institutions and the extent, if any, to which a financial deficit exists.

### **Attracting Coaches and Student-Athletes to HBCUs**

Minority head coaches at all levels of collegiate football are reportedly underrepresented (Bozeman & Fay, 2013), despite a reported positive increase in Black collegiate football coaches (Bopp & Sagas, 2012). Consequently, it is important to look at HBCU football programs and understand some stressors for these coaches and why they are not moving on to higher sought after collegiate football coaching positions. One reason reported by Auerbach (2016) is that the overall record of many HBCU

coaches may suffer from participating in guarantee games that, while important for the program's financial picture, nearly always results in lopsided losses. In other words, after piling up losses as the coach of a small-budget Division I and II football programs competing against Division I FBS programs, these coaches might be overlooked by hiring committees focused on overall records.

At the student-athlete level, Cooper and Hawkins (2002) interviewed male, Black student-athletes at HBCUs and found most of the student-athletes' primary college choices were predominantly white institutions (PWIs). The authors hypothesized that the higher visibility of and resources available at PWIs contributed to student preference. During their interviews, the student-athletes admitted they had a challenging time balancing academic and athletic responsibility at HBCUs (Cooper & Hawkins, 2002). This research is consistent with later work by Robbins, Gilbert, and Clifton (2015), who found the lack of funding at HBCUs caused teams to travel by bus on long rides, typically across state lines. Furthermore, coaches at HBCUs typically have to monitor study hours on these long trips, adding responsibilities to their already long list of duties (Robbins et al., 2015). The financial strain at HBCUs is noticeable and can be an issue when trying to attract the best coaches and student-athletes.

There has also been a decline in first-generation college students-athletes competing at NCAA institutions (Farrey, 2017). With this decrease in the overall student-athlete population, the number of first-generation college student-athletes at HBCUs is growing. This reality is based on coaches having to recruit certain student-athletes based on the prediction of the student-athlete having the ability to balance athletics with coursework, ensuing a good academic performance (Farrey, 2017). With the added stress for coaches to not only recruit great athletes but also students that can perform well in the classroom, comes the need for institutions to make their athletic programs desirable for incoming student-athletes. Given that HBCUs are enrolling first-generation college students at an increasing rate, there is growing demand for academic support services that can aid in maximizing students' chances for success.

### **Divisional Analysis**

The number of participants attending an event has surfaced as a factor leading to sponsorship success (Berrett & Slack, 2001). As noted previously, many HBCU athletic contests are highly attended; for example, the SIAC has led Division II in football attendance for 13 consecutive seasons (Reddick, 2017). Thus, with the number of fans attending HBCU athletic contests, they become an ideal candidate for corporate sponsorship. Even with crowds attending these games, athletic administrators at HBCUs have not capitalized on the value of their fans to increase revenue (Armstrong, 2001).

Despite the highly attended HBCU Division II football games, questions have been raised about why Division I HBCU athletic programs remain under the Division I classification when they are not stacking up financially (Trahan, 2012). However, history and pride have been cited as two reasons for HBCU Division I

institutions to remain under the Division I classification (Trahan, 2012). It is not only the HBCU Division I institutions that find trouble competing against their peer institutions, HBCU Division II institutions experience the same financial woes in comparison to their peer institutions on their competition schedule. Two examples of institutions that had to recently make cuts are Paine College and Stillman College, both of which originally played football in the Division II athletic conference, the Southern Intercollegiate Athletic Conference. Stillman College not only cut football, but also cut every other sport program in their athletic program except for men's and women's basketball. Although the cuts seem dramatic, the president of Stillman College claimed athletics were still important to the institution historically, and men's and women's basketball were kept at the institution in the hopes of rebuilding the athletic department in the future (Logue, 2016).

Recently, on the Division I landscape, Howard University made the decision to leave the Middle Eastern Athletic Conference (MEAC) to join the Big South Conference. The MEAC is one of two HBCU conferences made up of mostly HBCUs. One of the reasons stated by Howard University in their decision to switch conferences was the travel cost for the institution as well as the travel time for the student-athletes at Howard University (Carter, 2017). It is important to note, Howard University was a successful member institution of the MEAC, consistently winning football and basketball conference championships. This move was cited as a financial decision, thus proving the need to analyze financial reporting and expenditures by HBCU athletic departments.

### **Athletic Scholarships**

In Division I and II institutions, institutions are permitted to offer scholarships to student-athletes and over the years, athletic aid expenditures by institutions have been growing (Wolverton, 2016). Although the scholarships given by institutions are growing, only between 1–2 percent of students at colleges and universities receive athletically related financial aid, totaling one billion dollars a year (Ziff, 2017). With the amount of scholarships increasing, this can be an opportunity for the power institutions that have the revenue and financial resources to further pull away and create a bigger divide from the lower funded institutions. Specifically, in this study, the difference between HBCU athletic programs and their peer institutions will be analyzed to see if this growth in scholarship spending at institutions is creating the divide between HBCUs and PWIs.

Despite the scholarship potential, not all athletes are benefiting at HBCUs, especially the female athletes (Theune, 2016). That is, while Title IX legislation has increased opportunities to participate at HBCUs, Black female student-athletes are receiving fewer scholarships at HBCUs than in previous years. This can be attributed to the growth in non-Black student-athletes at HBCUs receiving scholarships. Overall, the number of Black student-athletes participating at HBCUs has decreased with the increase in white student-athletes (Bell & Jones, 2016). Based on this current trend, additional research into the differences in scholarship spending at HBCUs may



help identify inefficiencies that can be corrected to prevent the closing of doors for Black women student-athletes and work to increase athletic aid opportunity.

### **Conflict Theory and HBCUs**

Conflict theory is based on the struggle that occurs between groups competing for limited resources. When such conflict occurs, cultural values, including economic, political, and social interests, are supported by the dominant group (i.e., those with the most resources; Sage & Eitzen, 2015). An unfortunate consequence of society viewed through this perspective is that the group with limited resources continues to fall to the rules set by the “haves” of society. This means some views, especially those of the most under-resourced groups, are not heard, thereby creating unequal social classes.

Confirmation of conflict theory in practice can be observed in intercollegiate athletics, particularly under the NCAA structure. In the NCAA structure, schools in the Power Five, elite conferences continue to generate more revenues, while smaller schools like those in Divisions II and III lose resources yearly to the big-name institutions. Strictly looking at overall NCAA revenue redistributed to each member institution, Division II only receives 4.37% of the total revenue pie (“Division II Finances,” 2018). Moreover, Division III institutions only receive 3.18% of the total revenue generated by the NCAA. This is a staggeringly low percentage, as Division III institutions make up the largest membership of the NCAA; in other words, the institutions that make up a small portion of the NCAA but have the most resources are able to direct the culture of the entire membership. Evidence of these influential members’ control can be observed in their lucrative television contracts, media deals, and overarching revenue streams, all of which are able to redirect these revenue back to themselves. Meanwhile, HBCUs and other limited resource institutions continue to struggle financially. With the lack of large revenue sources, internal conflict has grown in HBCU athletic departments over their placement in the NCAA structure and whether they should try and compete in Division I or move to a different division (Trahan, 2012).

With the conflict that currently exists in the NCAA structure, the membership has worked on developing programs and grants to give the underserved members an opportunity to grow in the structure. As conflict theorists surmise, eliminating the inequality in society can bring about harmony (Sage & Eitzen, 2015). One stride taken by the NCAA membership is the current NCAA Presidential Pledge. Under this campaign, presidents across all three NCAA divisions are asked to sign a pledge “promoting diversity and gender equity in intercollegiate athletics” (ncaa.org, 2018). This pledge campaign was created in response to the lack of racial and gender diversity in leadership positions in all divisions of the NCAA structure. Although this pledge might be seen as a step in the right direction by key leaders in the NCAA Presidents Council, the results of the pledge might not have a direct impact on giving institutions with limited resources the ability to hire additional staff. This leads to the overarching problem of the “haves” in the community of intercollegiate athletics creating programs that still ensure they have the control of the membership.

Although conflict can be seen as having a negative connotation, not all conflict should be viewed with a negative light (Bartos & Wehr, 2002). Conflict can be used by organizations to better themselves and make the organization stronger. In the case of the NCAA, although conflict is inevitable with the growing membership body, it should not necessarily be cause for concern by the power elites to keep their prestigious role in the membership, but rather an opportunity to strengthen the entire membership body. Moreover, as Bartos and Wehr (2002) contend, there are three major categories of contested resources: power, prestige, and wealth. In the NCAA structure, all three of these resources play a role in creating a divide between institutions with the most resources and those with the least. Therefore, until significant reforms are made, athletically rich institutions will continue to enjoy good fortune and increasing distance from institutions with more limited resources like HBCUs.

Until an analysis on the perceptions, experiences, and opinions of the underserved members of the NCAA structure, little progress can be made to help the under-resourced colleges and universities climb the ranks of the NCAA and to effect change at the institutional level. Research into athletic resources at smaller NCAA institutions, especially HBCUs, has been notably absent in recent literature, and further study in this area can help identify equitable solutions to the current conflict (Jones & Bell, 2016). Conflict will always exist among NCAA members because of the competition to gain more money, prestige, and power. However, this conflict does not have to be a negative result for the membership. Instead, NCAA administrators should look for ways to incorporate the interests of all members of the association when making decisions, especially in the allocation of financial resources.

## **Research Questions**

Given the limited institutional financial resources made available for HBCUs, research in this area can not only provide insight into the understudied finances of HBCUs compared to their peer institutions, but it can also provide evidence for the need for a strategic plan at HBCUs to compete on an equal playing field. As it stands now, HBCUs are largely putting greater emphasis on sales and promotions than on marketing research. As stated by Jackson et al. (2001), “Without change, innovation, and more effective leadership in athletics, and good business sense, HBCU programs will continue to miss out on the substantial revenue generated by intercollegiate athletics” (p. 145). In other words, with limited support for robust marketing initiatives, HBCU athletic departments must be strategic and well-informed in order to compete for corporate sponsors. This study provides a financial snapshot of where HBCUs are in comparison to their peers; such information can be used to evaluate strategies designed to drive revenue.

The purpose of this study was to determine how HBCU athletic departments compare and contrast to their peer PWIs in terms of athletic department spending. The following research questions were used to guide the study:

- RQ1: How do athletic department expenses differ between PWIs and HBCUs?

- RQ2: What are the largest sources of athletic department expense at HBCUs?
- RQ3: What athletic department expenses statistically compare and differ between peer groups of PWIs and HBCUs?
- RQ4: How do athletic department expenses compare between Division I and Division II HBCUs?
- RQ5: How do athletic department revenues compare and differ between peer groups of PWIs and HBCUs?

As detailed further in the following section, data consisting of information on scholarships, salaries, operating expenses, and recruiting expenses are compared between HBCU and PWI athletic departments institutions to determine areas of deficit and where there might be opportunities for improvement.

## **Method**

Data were collected and analyzed from the U.S. Department of Education's Equity in Athletics Disclosure Act (EADA) Survey. According to the EADA, all co-educational postsecondary institutions that receive Title IV funding and have intercollegiate athletics are required to submit athletic data for public access. All NCAA Division I FCS institutions, Division I no-football institutions and Division II regions with an HBCU member were selected for this study. For Division I, FCS institutions and Division I non-football schools were analyzed as there are no HBCUs competing in the FBS classification. For Division II institutions, institutions in regions that have HBCUs were analyzed. There were no HBCUs competing in the Division III classification. The researchers analyzed data on salary, recruitment, operation, and scholarship expenses for each institution. Data were then compared between HBCUs and their respective peer institutions: Division I FCS institutions, Division I no-football institutions, and Division II institutions in regions with HBCU membership.

Descriptive statistics were computed to illustrate sources of parity (and disparity) in the expenses and revenues between HBCUs and PWIs. An ANOVA analysis was conducted to determine if the means of the expenses and revenues for HBCUs statistically differed from their peer PWIs. To understand the relationships between HBCUs and PWIs, the data collected were compared across several classifications, including between peer institutions, between institutions in the same region, and between divisions.

## **Results**

The results from this study indicate athletic departments at HBCUs spend significantly less on all expense categories when compared to their PWI counterparts. Table 1 provides the means in each expense category of data with indication of the statistical significance.

Table 1  
*Averages for Expenses and Revenues Between all HBCUs and PWIs.*

	Athletic Aid	Recruiting Expenses	Operating Expenses	Total Expenses	Head Coach Salary	Revenue
Total						
HBCU	\$2,017,406.84	\$70,547.62	\$825,112.79	\$6,251,928.48	\$556,053.03	\$6,137,573.15
PWI	\$4,043,471.83	\$220,739.63	\$1,827,771.96	\$13,194,833.27	\$1,182,698.63	\$14,019,499.56
	$F(1, 380) = 7.87, p < .001$	$F(1, 380) = 26.20, p < .001$	$F(1, 380) = 31.53, p < .001$	$F(1, 380) = 34.63, p < .001$	$F(1, 380) = 29.61, p < .001$	$F(1, 380) = 39.41, p < .001$
DI FCS						
HBCU	\$3,267,285.73	\$130,336.45	\$506,475.71	\$10,529,306.91	\$854,080.68	\$10,011,122.27
PWI	\$5,583,352.72	\$378,861.92	\$2,779,005.86	\$19,664,240.54	\$1,609,738.02	\$20,923,723.82
	$F(1, 122) = 13.64, p < .001$	$F(1, 122) = 26.16, p < .001$	$F(1, 122) = 27.88, p < .001$	$F(1, 122) = 29.51, p < .001$	$F(1, 122) = 16.92, p < .001$	$F(1, 122) = 35.90, p < .001$
DI No FB						
HBCU	\$1,500,418.50	\$82,409.50	\$946,368.00	\$4,908,912.50	\$552,537.00	\$4,706,859.00
PWI	\$4,892,775.95	\$279,083.22	\$223,6874.20	\$16,282,489.21	\$1,532,774.54	\$17,208,903.18
	$F(1, 92) = 3.41, p = .n.s.$	$F(1, 92) = 2.490, p = .n.s.$	$F(1, 92) = 2.78, p = .n.s.$	$F(1, 92) = 5.63, p < .05$	$F(1, 92) = 2.78, p = .n.s.$	$F(1, 92) = 6.07, p = .05$
DII						
HBCU	\$1,072,286.89	\$22,723.39	\$393,247.79	\$2,987,060.86	\$322,139.61	\$3,196,264.14
PWI	\$2,314,031.92	\$62,680.20	\$837,600.90	\$6,276,772.75	\$625,603.03	\$6,653,079.49
	$F(1, 162) = 22.04, p < .001$	$F(1, 162) = 21.26, p < .001$	$F(1, 162) = 29.61, p < .001$	$F(1, 162) = 40.68, p < .001$	$F(1, 162) = 24.82, p < .001$	$F(1, 162) = 38.87, p < .001$

To answer RQ1, ANOVA analysis was conducted to test if the means of athletic aid, recruiting, operating, total expenses, and head coach salaries compared or differed between HBCUs and PWIs. Beginning with athletic aid, PWIs spent significantly more when compared to their HBCU counterparts,  $F(1, 380) = 7.87, p < .001$ . This suggests HBCU athletic departments are not spending as much athletic scholarship funds on student-athletes, potentially preventing them from attracting the best student-athletes. Likewise, PWIs spent significantly more on recruiting when compared to their HBCU counterparts,  $F(1, 380) = 26.20, p < .001$ . This further suggests HBCUs are not investing in the resources to remain competitive with their peers to attract the best student-athletes for their athletic programs. Additionally, HBCUs are spending significantly less on operating expenses,  $F(1, 380) = 31.53, p < .001$ . This result indicates HBCUs are not putting as much funds toward travel, facilities, and game day expenses, potentially not giving their student-athletes the same experiences as their peer institutions. Head coach compensation at HBCUs is also significantly lower compared to their PWI peers,  $F(1, 380) = 29.61, p < .001$ . This could indicate HBCUs might lose quality coaches to institutions willing to pay more for the same position. Overall, HBCUs are spending much less than their PWI peers in total expenses,  $F(1, 380) = 34.63, p < .001$ . This disparity can lead to a competitive disadvantage.

To answer RQ2, means of all HBCU athletic department expenses were compared between athletic aid, recruiting expenses, operating expenses, and head coach salaries. Overall, HBCUs spent the most on athletic aid ( $M = \$2,017,406.85, SD = \$1,390,492.13$ ), with the least amount of funds being spent on recruiting ( $M = \$70,547.62, SD = \$81,453.45$ ). Likewise, for Division I FCS institutions, HBCUs spent the most money on athletic aid ( $M = \$3,267,285.73, SD = \$1,170,468.50$ ) and the least on recruiting ( $M = \$130,336.40, SD = \$90,282.477$ ). Division I no football analysis reported the same results with HBCUs spending the least on recruiting ( $M = \$82,409.50, SD = \$76,222.58$ ), and spending the most on athletic aid expenses ( $M = \$1,500,418.50, SD = \$494,908.99$ ). Division II institutional analysis also reported the same results with institutions spending the most on athletic aid ( $M = \$1,072,286.89, SD = \$598,704.90$ ).

For RQ3, an ANOVA was conducted in the three comparison groups, Division I FCS, Division I no football, and Division II institutions. Comparing only Division I FCS institutions, PWIs spent significantly more in athletic aid, recruiting, operating expenses, and head coach salaries. Overall, Division I FCS HBCUs spent significantly less in total expenses when compared to their PWI counterparts,  $F(1, 122) = 29.51, p < .001$ . Likewise, comparing only Division II institutions, PWIs spent more in each expense category leaving HBCUs at a financial disadvantage in overall athletic expenses,  $F(1, 92) = 5.63, p < .05$ . The only category with no statistically different spending in all expense categories was the group of Division I no football institutions. Comparing Division I no football institutions, PWIs spent statistically more on total expenses,  $F(1, 92) = 5.63, p < .05$ , however, all individual expense categories showed no difference.

RQ4 was analyzed by comparing expenses in each of the five expense categories, athletic aid, recruiting, operation, total expenses, and head coach salaries between all Division I HBCUs and all Division II HBCUs. In all expense categories, Division I HBCUs spent significantly more in total expenses compared to Division II HBCUs,  $F(1, 50) = 97.35, p < .001$ . This indicates there is still a divide in expenses for HBCUs classified in Division I and Division II, and there is rationale for HBCU institutions to classify in each division. For HBCUs in both Division I and Division II, the majority of expenses were in athletic aid (Division I  $M = \$3,120,046.79$ ; Division II  $M = \$1,072,286.89$ ). Additionally, both Division I ( $M = \$126,342.54, SD = \$88,757.23$ ) and Division II ( $M = \$22,723.39, SD = \$26,121.70$ ) HBCUs spent the least on recruiting expenses.

For RQ5, an ANOVA was conducted in the three comparison groups, Division I FCS, Division I no football, and Division II institutions. Overall, PWIs generated significantly more revenue compared to their peer HBCUs. Division I FCS HBCUs earned significantly less in revenue compared to their PWI counterparts,  $F(1, 122) = 35.90, p < .001$ . Likewise, comparing only Division II institutions, PWIs earned more revenue compared to HBCUs,  $F(1, 162) = 38.87, p < .001$ . Comparing Division I no football institutions, PWIs earned significantly more revenue as well,  $F(1, 92) = 6.07, p < .05$ . This indicates in all peer groups, HBCUs are earning significantly less revenue compared to their peer institutions, consequently putting them on path to limited resources and a financial disadvantage. Although the results of this study indicate HBCU peer groups are earning significantly less compared to their peers, it is important to note that in the majority of cases analyzed, institutions had similar revenues and expenses. In other words, most institutions are not reporting a major loss financially on athletic programs. With this result, additional research is needed to analyze revenue streams to understand from where institutions are generating money to fund their athletic programs. For example, the EADA data includes direct institutional support as revenue for the athletic department. Further analysis can consider if the revenue reported by athletics comes from athletics-related operations, or if it originates elsewhere.

## Discussion

With the empirical data collected in this survey, athletic administrators at HBCUs can use the information to better understand the expenses at peer institutions and structure themselves financially for success. Specially, athletic administrators at HBCUs should understand peer institutions are spending most in athletic aid and least in recruiting. In some cases, this strategy may reflect the contrasting goals across institutions; in other cases, institutions struggling competitively can try and follow this model and allocate their funds for success. The data from this study can help HBCU athletic administrators understand how their institutions financially differ from peer institutions in terms of recruiting, coaching salaries, scholarships, operating expenses, and overall expenses. This research found in all peer groups, HBCUs are not spending as much in each expense category—athletic aid, recruiting, oper-

ation expenses, total expenses, and head coach salaries—as their PWI peers. If desired, administrators can use these differences to understand where the biggest gaps in funding are to target revenue streams to be more competitive financially. For example, as most institutions in this study spent the most funds on athletic aid, HBCU athletic administrators should target revenue streams that will specifically benefit growth in athletic aid expenses. This can mean creating publications and increasing donor relationships for a better understanding about how HBCUs are lacking in that area and how support can help.

The results of this study indicate HBCU institutions are structured as the “have nots” of the NCAA membership. As conflict theory suggests, HBCUs will stay stagnant in their place in the NCAA structure unless more discussion and research are put into place to help these institutions. At some administrative levels, strategies for reform have already been put into place, including the Minority Opportunities Athletic Association, established under the National Association of Collegiate Directors of Athletics umbrella and designed to help advance the careers of minority applicants. Through constructive and positive discussions, these programs can be used to make decisions that are more inclusive and representative of the entire NCAA membership. This consequently will help HBCUs communicate the needs of their institutions.

There are HBCU institutions in Division I and Division II groups of the NCAA membership structure, and in both groups, HBCUs fall behind their peers in available financial resources. This inequity inevitably leads to conflict, especially at the Division I level, where institutions receive significant financial benefits from securing a bid to the annual basketball tournament. If Division I HBCUs do not have the funds to compete with fully funded Division I programs, their ability to make the tournament becomes bleak and the institutions do not realize the revenue the NCAA earns from the television contracts and sponsorships associated with the tournament. This cycle furthers ability of the rich institutions to get richer, leaving the under-resourced institutions stuck in “their place” in the NCAA structure.

Additionally, the gap in overall expenses might call for HBCUs to reevaluate their position in the NCAA structure. As the results of this study indicate, HBCUs are not on level financial footing with their peer institutions, but there may be other options to consider. One such example is the so-called HBCU College Basketball League, a proposed league whose athletes—all full-time students—would earn \$50,000–\$100,000 per year and “be allowed to endorse products, sell autographs, sign with agents, accept gifts from boosters, declare for the NBA draft, and event be drafted by NBA teams without losing their eligibility” (Hruby, 2017, para. 8). In addition to providing competition with the NCAA, the league would “boost the flagging fortunes of the nation’s [HBCUs]” (para. 1). While a proposal like the HBCU League is unlikely to be adopted in the immediate future, HBCUs may be led to realign by moving to divisions and leagues that are more economically equitable. Some have questioned if Division I HBCUs, struggling to maintain equal financial footing, should continue to compete against other Division I PWIs (Trahan, 2012). The results of this study indicate HBCU athletic departments are spending signifi-

cantly less on all areas of athletic department expenses. Athletic department administrators should understand these gaps and determine if they are competing in a division that is best for their institution financially and competitively.

One interesting note in this study is the lack of HBCU representation in NCAA Division III membership. In the Division III structure, there are no athletic aid expenses, as student-athletes are not eligible to receive athletic grants-in-aid. The results of this study indicate HBCUs are spending the most dollars on grant-in-aid expenses when compared to recruiting, operations, or coaching salaries. Further research should look to understand why HBCUs continue to compete at the Division II level, where they are expected to give student-athletes scholarships. Those funds could be spent in other areas that could produce more competitive teams.

## Limitations and Future Research

The data used in this study did not include specific spending in each of the expense categories (i.e., athletic aid, recruiting, coaching salaries, scholarships, operating expenses). Therefore, it remains unclear the specific areas in which institutions are spending. For example, institutions allocate the majority of funds to revenue generating sports, basketball and football. Specifically, coaching salaries and operating expenses could be higher in the revenue generating sports compared to Olympic sports. Further studies can analyze if competitive funding in the areas of athletic aid, recruiting, coaching salaries, scholarships, operating expenses, and overall expenses really do produce successful athletic teams among peer institutions. This can further help HBCU athletic administrators budget for competitive programs while potentially helping their respective institutions cut wasteful spending that might not be proving successful at other institutions.

Two additional factors not addressed in this study were travel distance and expenses. As noted in the literature review, coaches and student-athletes competing at HBCUs noted travel as a demand on their experience. Further research can compare travel distances and expenses of HBCUs and peer institutions to see if HBCUs are at a disadvantage in their current peer groups. Research in this area can further help decision makers at HBCUs evaluate their current athletic division and determine if they are in the best position for their institution.

A more in-depth evaluation of revenue streams in HBCU athletic departments can also help determine if HBCUs are generating income comparable to their peer institutions. This study examined only total revenue earned; however, without understanding how individual revenue streams differ between HBCUs and their peer groups, it is not possible to receive a complete financial picture. As noted in the literature review, it is suggested that HBCUs continue to increase fundraising and alumni relations (Stuart, 2017). HBCU athletic programs have a rich history and there is potential for revenue streams from both alumni and the community. However, it is critical that further research evaluate how much HBCUs are raking in to offset costs when compared to their peer institutions.



Overall, it is clear that HBCUs are at a financial disadvantage when compared to their peer institutions. Further research to evaluate the entire financial picture rather than simply expenses is needed to ensure administrators have all of the information necessary to make decisions regarding their athletic programs. As mentioned in the literature review, there have been recommendations for HBCUs to cut funding to athletic programs to ensure financial stability for the institution's purpose, academics (Savage, 2017). With the recommendation to cut funding and the findings in this research, HBCU athletic administrators need to decide how to maneuver their athletic programs in the best way for their respective institutions.

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