

SPM 6905: Sports Economics

Spring 2019 Syllabus

Department of Tourism, Recreation and Sport Management
School of Health and Human Performance
University of Florida

Instructor: Brian Mills, PhD

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Time: Thursday, 9:35 – 12:35 (Period 3 – 5)

Location: Florida Gym 225 (FLG 225)

Office Hours: Thursday 1:30 – 5:30 pm (Florida Gym 308)

Final Exam: Take Home Due April 29 by 2:30 pm

I. Required Text & Materials:

- Fort, R. (2017). *Sports Economics*. Online Version.
 - See Canvas for download.

II. Class Aims and Objectives

This is a first graduate course in Sports Economics that will blend both lecture and seminar style interaction among MS and PhD students. The large majority of this course will cover North American professional sports leagues and U.S. college sports. Topics include the organizational and market structures of sports leagues, the main drivers of revenues and costs for sports teams, the sports labor market, effects of sports league policy on fans and players, relationships between the public sector and sports leagues and events, and the economics of college sports.

By the end of this course, you will have improved comprehension of microeconomic principles behind pro sports, theoretical insight to situations and changes in sports markets using graphical analysis and basic algebra, develop critical thinking skills about common misconceptions related to professional sports, develop critical thinking skills about policy effectiveness, be able to identify quality empirical studies in sports economics, and organize information and thoughts to craft sound arguments about the applicability of sports economics theories.

You will develop skills through three main activities. Lectures on the base economics material will make up half of class meeting times, while the other half will operate as a seminar to discuss theoretical and empirical academic work within sports economics. In addition to these class meetings, students will have the opportunity to work through various economic problems and puzzles to gain additional intuition about economic forces at play in professional and collegiate sports. The discussions and readings are meant to be enlightening, relevant, and enjoyable for sports managers. Throughout the course, we will discuss how each of the topics applies in the context of decision making for leagues, teams, players, and consumers.

III. Course Requirements

1. Attendance & Discussion Participation Policy

A significant portion of your grade will be dependent on your attendance at class and participation in topical discussions throughout the semester. All students are expected to contribute valuable points to the discussion, and ask questions to bring about additional discussion during class. Any lack of interaction with fellow students in a seminar such as this course will be detrimental to your development within the topic areas. I suggest always coming to class prepared to discuss the items on that day's agenda.

2. Textbook Readings

For about half of our class meetings, there will be textbook chapters assigned, which should be read *prior to* arriving at class on the listed date (please see the Course Schedule below). While reading, students should come to class prepared to discuss the Review Questions at the end of each chapter. *I strongly suggest bringing notes* to class related to each of the Review Questions so that you are ready and able to participate wholly in the discussion.

3. Academic Readings & Responses

Approximately every other week, students will be assigned readings from seminal academic work in Sports Economics related to discussions from lecture and the textbook in recent meetings. For each group of Academic Readings, students should bring a 3 page, double-spaced write-up of the general lessons from the collection of papers, and how this relates to class. The short response paper does not have to include a discussion of all the findings of all the papers, but should consolidate and contextualize the findings into key points related to class and include your own thoughts about how they might be relevant to the sports business. These will be collected at the end of each of these meetings, and you should have them prepared so that you can contribute valuable discussion to the class that day.

4. Thought Problems

Each chapter in the textbook will have a group of five to fifteen Thought Problems. It is recommended that all students complete these problems in a timely manner. However, these exercises will not be submitted for a grade. Instead, they will be used to prepare you for the final exam's Advanced Problems. For each group of Thought Problems due on dates listed within the Course Schedule, I will release answers on Canvas. Be sure to attempt to work through each problem **before** referring to the answer key, as this is the best way to learn the process.

5. Project Problems

These problems will be more extensive than the Thought Problems, and will be submitted on the dates listed in the Course Schedule. Think of them as lab exercises. In some cases, you will be provided with data in Excel format and asked various questions about the data and what it reveals about our Sports Economics topics. Responses to Project Problems should be written in complete sentences and include tables or figures supporting your responses. These responses are generally 2 to 3 single-spaced, typewritten pages in length, including tables and figures.

6. Exams

There will be one exam in the course, which will be take-home at the end of the semester. The exam will be made up of a selection of Advanced Problems from the textbook. Students should complete the exam on their own, and submit their own work by the posted date and time on Canvas. Exams are fully open book. However, note that the ability to use all materials at your fingertips will inherently increase my expectations for your answers.

IV. Course Expectations and Excused Absences

Documented problems should be discussed with the instructor prior to an assignment being due, or in the extremely rare case of an emergency which prevents contacting the instructor prior to the test, as soon as possible. If you plan to be away and unable to turn in an assignment online, be sure to turn in the assignment before you leave.

V. Academic Integrity Statement

“We, the members of the University of Florida community, pledge to hold ourselves and our peers to the highest standards of honesty and integrity. The university requires all members of its community to be honest in all endeavors. A fundamental principle is that the whole process of learning and pursuit of knowledge are diminished by cheating, plagiarism and other acts of academic dishonesty.”

Each student has a responsibility to understand, accept, and comply with the University and College’s standards of academic conduct. Examples of academic misconduct:

- **Cheating:** Use or attempted use of unauthorized materials, student aids or information in any academic exercise.
- **Fabrication:** Falsifying or inventing information or data in an academic assignment.
- **Collusion:** Aid or attempt to aid another student in committing academic misconduct.
- **Interference:** Preventing another student’s work from being completed or evaluated properly.
- **Plagiarism:** Use of ideas, words or statement of another person without giving credit to that person.

Violations will not be tolerated and may result in penalties may include a zero on the exam/project, a failing class grade, community service, university expulsion

NOTE: Using online services that provide answers to homework, quizzes, and exams will result in a zero for the entire course. If you are unsure whether the website you’re using to find answers to your assignments violates academic integrity, ***the answer is that it probably does.***

VI. Religious Holiday Policy

It is my policy to make every reasonable effort to allow members of class to observe their religious holidays without academic penalty. Absence from classes or examinations for religious reasons does not relieve you from responsibility for any part of the course work assigned while absent. If you expect to miss a class, exam, or other assignment as a consequence of religious observance, you shall be provided with a reasonable alternative opportunity to complete such academic responsibilities without penalty, unless it interferes unreasonably with the rest of the class. ***It is your obligation to provide me with reasonable notice of the dates of religious holidays on which you will be absent ahead of time.*** Such notice must be given by the end of the fourth week of class (but preferably as soon as possible so we can schedule the make-up assignment dates that will work best for you).

VII. Accommodations for Students with Disabilities

If you need accommodations for a disability, please let me know as soon as you can. Some aspects of this course, the assignments, the in-class activities, or the way I teach may be modified to facilitate your participation and progress. To help determine the most appropriate accommodations for you, we can make use of the University of Florida Disability Resource Center at: <http://www.dso.ufl.edu/drc/>. Please provide a DRC letter to me regarding the necessary accommodations for you in class (especially pertinent for exam accommodations). Be assured that I will treat any information about your disability as private and confidential.

VIII. Respecting Others in the Classroom

I expect students to be being considerate of others during discussions in class. While it is unlikely that there will be particularly sensitive topics discussed in this course, disagreement can arise in any discussion. Disagreement fuels learning; however, I expect all disagreements to be related to course material and evidence that you can provide for your argument. Insults and other vulgarity will not be tolerated.

IX. Course Evaluation (600 points)

Discussions	25% of Overall Grade
Response Papers	25% of Overall Grade
Project Problems	25% of Overall Grade
Exam	25% of Overall Grade

A	> 93.0%	C	73.0% - 76.9%
A-	90.0% - 92.9%	C-	70.0% - 72.9%
B+	87% - 89.9%	D+	67.0% - 69.9%
B	83.0% - 86.9%	D	63.0% - 69.9%
B-	80.0% - 82.9%	D-	60.0% - 62.9%
C+	77% - 79.9%	E	< 60.0%

*Rounding will be based on **attendance, participation** and overall **effort** given.

*Rounding is **not** subject to negotiation. Do not ask me to give you a grade. Earn it.

X. Course Schedule (TP = Thought Problems, PP = Project Problems, RQ = Review Questions, AR = Academic Readings)

Week	Date	Lecture	HW Due	Textbook Reading	Discussions
1	Jan. 10	Sports Business, Demand, & Revenue		Ch. 1 Ch. 2	Ch. 1 RQ Ch. 2 RQ
2	Jan. 17	Sports Economics Foundations	AR-1 Response		AR-1
3	Jan. 24	Team Costs, Profit, & Winning	Ch. 1 TP Ch. 2 TP	Ch. 3 Ch. 4	Ch. 3 RQ Ch. 4 RQ
4	Jan. 31	Sports Demand, Competitive Balance & Uncertainty of Outcome	AR-2 Response PP-1		AR-2
5	Feb. 7	Sports Market Outcomes	Ch. 3 TP Ch. 4 TP	Ch. 5 Ch. 6	Ch. 5 RQ Ch. 6 RQ
6	Feb. 14	Antitrust & Competition Policy	Ch. 5 TP Ch. 6 TP	Ch. 12	Ch. 12 RQ
7	Feb. 21	Sports Markets & Antitrust Issues	AR-3 Response PP-2		AR-3
8	Feb. 28	Subsidies & Economic Impact	Ch. 12 TP (#6-15) PP-3	Ch. 10 Ch. 11	Ch. 10 RQ Ch. 11 RQ
	Mar. 7	SPRING BREAK			
9	Mar. 14	Public Financing & Economic Development	AR-4 Response		AR-4
10	Mar. 21	The Value of Sports Talent & Player Pay	Ch. 10 TP Ch. 11 TP PP-4	Ch. 7 Ch. 8	Ch. 7 RQ Ch. 8 RQ
11	Mar. 28	USF SPORTS ANALYTICS	Ch. 7 TP Ch. 8 TP		
12	Apr. 4	College Sports	Ch. 9 TP Ch. 13 TP PP-5	Ch. 9 Ch. 13	Ch. 9 RQ Ch. 13 RQ
13	Apr. 11	The Sports Labor Market & Incentives	AR-5 Response		AR-5
14	Apr. 18	College Sports	AR-6 Response PP-6		AR-6
	Apr. 29	Take-Home Exam Due By 2:30 pm			

Academic Readings 1 – Sports Economics Foundations

1. Rottenberg, S. (1956). The baseball players' labor market. *Journal of Political Economy*, 64, 242-258.
2. Neale, W. (1964). The peculiar economics of professional sports: A contribution to the theory of the firm in sporting competition and in market competition. *The Quarterly Journal of Economics*, 78, 1-14.

Academic Readings 2 – Sports Demand and Uncertainty of Outcome

1. Borland, J. & MacDonald, R. (2003). Demand for sport. *Oxford Review of Economic Policy*, 19, 478-502.
2. Hausman, J.A. & Leonard, G.K. (1997). Superstars in the National Basketball Association: Economic value and policy. *Journal of Labor Economics*, 15, 586-624.

Academic Readings 3 – Sports Market Outcomes

1. Fort, R. (2017). Pro sports league antitrust 'beliefs': Applied theory and the rule of reason. *Managerial and Decision Economics*, 62, 15-30.
2. Winfree, J.A. (2009). Fan substitution and market definition in professional sports leagues. *The Antitrust Bulletin*, 54, 801-822.
3. Mills, B.M. & Winfree, J.A. (2016). Market power, exclusive rights, and substitution effects in sports. *The Antitrust Bulletin*, 61, 423-433.
4. Winfree, J.A. & Fort, R. (2008). Fan substitution and the 2004-05 NHL lockout. *Journal of Sports Economics*, 9, 425-434.

Academic Readings 4 – Taxes, Public Financing, and Economic Development

1. Crompton, J. (1995). Economic impact analysis of sports facilities and events: Eleven sources of misapplication. *Journal of Sport Management*, 9, 14-35.
2. Preuss, H. (2005). The economic impact of visitors at major multi-sport events. *European Sport Management Quarterly*, 5, 281-301.
3. Mills, B.M. & Rosentraub, M.S. (2013). Hosting mega-events: A guide to the evaluation of development effects in integrated metropolitan regions. *Tourism Management*, 34, 238-246.
4. Coates, D. & Humphreys, B.R. (2008). Do economists reach a conclusion on subsidies for sports franchises, stadiums, and mega-events? *Econ Journal Watch*, 5, 294-315.
5. Humphreys, B.R. (2018). Should the construction of new professional sports facilities be subsidized? *Journal of Policy Analysis & Management*.
6. Matheson, V. Is there a case for subsidizing sports stadiums? *Journal of Policy Analysis & Management*.

Academic Readings 5 – The Sports Labor Market & Incentives

1. Scully, G.W. (1974). Pay and performance in Major League Baseball. *The American Economic Review*, 64, 915-930.
2. Winfree, J.A. (2017). No seat at the table: Representation in collective bargaining in professional sports. *Managerial and Decision Economics*, 38, 697-703.
3. Kahn, L. (2000). The sports business as a labor market laboratory. *The Journal of Economic Perspectives*, 14, 75-94.
4. Maxcy, J.G., Fort, R.D., & Krautmann, A.C. (2002). The effectiveness of incentive mechanisms in Major League Baseball. *Journal of Sports Economics*, 3, 246-255.

Academic Readings 6 – College Sports

1. Sanderson, A.R. & Siegfried, J.J. (2015). The case for paying college athletes. *The Journal of Economic Perspectives*, 29, 115-137.
2. Fort, R. (2016). College athletics spending: Principals and agents v. arms race. *Journal of Amateur Sport*, 2, 119-140.
3. Leeds, M.A., Leeds, E.M., & Harris, A. (2018). Rent sharing and the compensation of head coaches in Power Five college football. *Review of Industrial Organization*, 52, 253-267.
4. Baker, T.A., Edelman, M., & Watanabe, N.M.. (2018). Debunking the NCAA's myth that amateurism conforms with antitrust law: A legal and statistical analysis. *Tennessee Law Review*.
5. Baird, K. (2004). Dominance in college football and the role of scholarship restrictions. *Journal of Sport Management*, 18, 217-235.
6. Mills, B.M. & Winfree, J.A. Athlete pay and competitive balance in college athletics. *Review of Industrial Organization*, 52, 211-229.