Economics and Finance in Sports  
Dr. Kurt W. Rotthoff

ECON/BSPM 4232  
Tuesday and Thursday 11:00-12:15, Stafford Hall 06

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“The mission of the Stillman School of Business is to enrich each student’s life through an ethics-centered education focusing on transforming concepts into business practice.”

Course description:
Dan Champeau and Chad Lewis, both with Fitch’s Global Project Finance, were interviewed and asked “what are the essential skills needed for your job?” They responded with a core understanding of sports franchises, league economics, and the relationship between the two; a strong financial background including the ability to analyze financial statements; financial modeling and forecasting; legal aspects of bond transactions; and understanding demographic elements in an area that could impact a transaction. (IJSF, Feb 2007)

This course will focus on understanding the way sport franchises are set up and how they relate to the economics of the league. We will also spend time looking at statistical modeling, and how it is applied to the sports industry, along with some time on demographic effects. This course applies financial and economic concepts in the sports industry. (The legal aspects can be learned in Sports Law and the ability to analyze financial statements can be acquired in Financial Statement Analysis) University Proficiency infused: Numeracy.

Text:  Required:  eBook (wiki-based, created by you!)
Other useful (but not required) books:
∙Dennis R. Howard and John L. Crompton, Financing Sport
∙Michael Leeds and Peter von Allmen, The Economics of Sports
∙Fried, Shapiro, and DeSchriver, Sport Finance
∙Other optional reads: Moneyball, The Blind Side, Pay Dirt, Hard Ball

Academic and Professional Integrity:
‘All forms of dishonesty, whether by act or omission, including, but not limited to, cheating, plagiarism and knowingly furnishing false information to the University, are prohibited.’

All graded work must be your own (unless specified that working with others is acceptable). This includes all quizzes and exams. It is your responsibility to ensure that your behavior conforms fully to the spirit of the academic integrity statement. If you have any questions, do not hesitate to ask. Failing to do so will be taken seriously and result in a failure of the course. This will also be reported to the Dean.
Attendance:
Classroom attendance is highly encouraged. I will be in class on time, so the same is expected of
you. In the rare event I am not, you are to give me 10 minutes (according to nist.time.gov). If I
have not arrived by that time class is dismissed for the day. Also, please make sure to turn off all
cell phones or other noise making devices during class.

Grading:
<table>
<thead>
<tr>
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<th>EXAM</th>
<th>WEIGHT</th>
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<tbody>
<tr>
<td>85% Exams:</td>
<td>First (In-Term 1)</td>
<td>20%</td>
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<td></td>
<td>Second (In-Term 2)</td>
<td>25%</td>
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<tr>
<td>FINAL EXAM</td>
<td></td>
<td>40%</td>
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<td>15% Quizzes, Homework, In-class work, and Wiki:</td>
<td>15%</td>
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<tr>
<td><strong>Total:</strong></td>
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<td>100%</td>
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Grading scale:
As an idea of what you might expect, I tentatively offer the following, assuming a 79 average:
(There will be no credit given post final exam.)
92-100 A, 90-91 A-, 87-89 B+, 82-86 B, 80-81 B-, 77-79 C+, 72-76 C, 70-71 C-,
67-69 D+, 60-66 D, <60 F

I say ‘tentatively’ because all curving of grades will be done by shifting the grading scale rather
than adding points. As an example, if an average is 68 the grading scale would be:
52-54 D+, 45-51 D, <44 F

Make-up exams:
Make-ups for the in-term exams will be given only with a legitimate excuse. If you present an
excuse for one in-term exam, its weight is shifted to the other exams, or a make-up test will be
taken before the test date. The final is required, no final = no pass.

Grades Finalized
All grades completed during the semester are to be finalized by the last day of class. This means
that after the last day of the course, grades received throughout the semester can no longer be
changed. This also means that after this date no credit, other than the final exam, will be given.

Recordings
No one is permitted to record any part of this class without prior consent from the instructor. This
includes photos, video recording, voice recordings, or any other form of recording. If permission
is granted to record a portion of this course, it can only be used by the student in the course; it
cannot be shared, posted, etc. for anyone else to use or see.

Quizzes, Homework, In-class work, and Wiki:
There will be in-class and/or take-home homework and quizzes given throughout the semester. If
it is a homework assignment you are working on, you may discuss ideas with people (including
myself) and can turn in assignments with up to four names on them (all people will receive the
same credit). You are allowed one missed quiz (the weight will be shifted to the other non-exam
assignments). If you miss more than one quiz I reserve the right to give you a zero on one or all
missed quizzes. All quizzes are to be done on your own; I will notify you before at least half of
the quizzes I give. All work and quizzes will be given throughout the semester as the class
material warrants. Late work will lose one point a minute until its value is zero.
Wiki: This semester, instead of buying a text book, we will be writing an online, open source, eBook. This will be for credit. To receive full credit you must make 3 posts to the Wiki. These posts must be logged as a post from you and must add significant value to the eBook (and thus to the class). You have to have 3 posts throughout the semester, with one post between each of the exams. Each post is worth 10 points (part of the in-class grade). This eBook will provide you reading material (as you supplement it with class notes, blog readings, and current events in the news) as well as a study guide for the course. You must be registered on the wiki within the first week of class (registering with firstname.lastname as your log-in). Note: Academic Integrity holds here as well, do not plagiarize material; all posts must be your own written work.

Work & Skills
The course applies basic Economic and Finance principles to issues in sports. You will need a solid grasp of Business Finance (BFIN 2201) and principles of Economics I and II (ECON 1402 and 1403) to understand the material. A principles text may be useful to refresh your memory from time to time. Basic math skills will be applied in this course (addition, subtraction, multiplication, and division). Statistical concepts will also be introduced and used to analyze data from the world of sports, so a prior course in statistics is helpful but not required. A calculator may be used, however it cannot be shared (if you want to use one on a test, be sure to bring your own). Calculators must be a 4-function or business calculator; no graphing or cell phone calculators.

Important dates:
- Last day to Add/Drop: January 21st
- First Exam: February 20th
- Withdraw date without consent: February 21st
- Withdraw date with consent: March 9th
- Second Exam: April 7th
- FINAL EXAM: May 11th 12:20-2:20

Week of Topic

| Jan 13 | Syllabus – Intro |
| Jan 20 | Monopoly Powers |
| Jan 27 | |
| Feb 3  | Price Discrimination |
| Feb 10 | Stats and Public Financing |
| Feb 17 | (Exam) |
| Feb 24 | |
| Mar 2  | Spring Break! |
| Mar 9  | Valuation |
| Mar 16 | |
| Mar 23 | Monopsony |
| Mar 30 | Competitive Balance |
| Apr 6  | (Exam) Easter (No Class Thursday) |
| Apr 13 | |
| Apr 20 | Salary Caps |
| Apr 27 | Derivatives and the Market |

Note: If we move more quickly or more slowly through the material, we will cover it in the order listed above and will maintain the exam dates.