

Select SABR-L Posts on Business of Baseball Topics

For a period of several years, principally around from 1998 to 2003, I was fairly active on SABR-L, the LISTSERV for the Society for American Baseball Research. Though dated, the research for my posts may still be of some general interest, so I have compiled many of them here. Most of these are as they appeared in the original posts. The edits consist mainly of removing names of other posters for confidentiality, fixing typos, and a comment here or there for context.

List of Posts

Municipal Benefits of Sports Franchises Baseball Team Income/Expenses

Municipal Benefits of Sports Franchises (1 Dec 2004)

In the 2nd Quarter 2004 Business Review, a publication of the Philadelphia Federal Reserve Bank, two economists revisit the question of the municipal impact of pro sports teams, specifically an NFL franchise. Although the essay technically looks only at NFL franchise impacts, I thought it might be of interest to this group given its unique conclusions and the obvious similarities between the impact of an NFL and MLB franchise.

I have copied the one paragraph abstract of the article below:

"The next article, "Should Cities Be Ready for Some Football? Assessing the Social Benefits of Hosting an NFL Team," tackles the question: Are large public expenditures on new stadiums a good investment for cities? Although public subsidies for professional sports teams are controversial, the answer to our question may well be yes. In this article, Jerry Carlino and visiting scholar Ed Coulson from Penn State report the results of their 2003 study: When quality-of-life benefits are included in the calculation, building new stadiums and hosting an NFL franchise may indeed be a good deal for cities and their residents."

In summary, the authors delicately conclude that contrary to almost every other study, the value to a city of an NFL franchise may be more than the cost of the team subsidy. The authors found additional value of a franchise beyond other studies by attempting to quantify the value of the nebulous "quality of life" premium associated with an NFL franchise. The two authors point out that economists can capture the value residents place on various quality of life components by looking at wage levels and rents and the associated real estate values. The two determined that a statistically significant premium in property values results from an NFL franchise, and that this "amenity value" is materially greater than the subsidies granted to NFL franchises.

Unfortunately they do not publish the methodology in detail, but it does make for an interesting new perspective on a controversial issue.

The full article can be found at:

<http://www.phil.frb.org/files/br/brq204jc.pdf>

Baseball Team Income/Expenses (15 Jun 1998)

One of the wonderful side-effects of the Cleveland Indians selling stock is that their financial information is now public. I hope some of you find the income/expense information below as fascinating a glimpse into the financial side of baseball as I did.

CLEVELAND INDIANS BASEBALL CO INC

Form 424B4 Table 1

6/4/98 2:00

(In Thousands)

INCOME STATEMENT DATA	1993	1994	1995	1996	1997
REVENUES:					
Net ticket sales.....	19410	23182	32267	45658	49279
Local radio and televisi	6316	5568	9667	13631	17014
Concession and catering.	2367	6969	11872	14726	14095
Private suite	0	3768	5635	7035	8704
Advertising and promotio	1597	3998	5742	6891	8754
Merchandise.....	2548	8513	15024	14683	17449
Major Leagues Central Fu	17585	3943	6633	12369	15505
Other.....	3602	3579	2979	3002	3365
Post-season.....	0	0	9888	1933	13051
Revenue Sharing	658	-239	-2056	-5731	-7186
Total revenues.....	54083	59281	97651	114197	140030
"OPERATING EXPENSES:					
"					
Major league team.....	21898	26389	38904	53420	66125
Player development.....	7931	7198	8298	8735	11146
Ballpark operations.....	5148	6259	9071	10389	10965
Cost of merchandise sold	1422	5001	9224	11692	12982
Administrative and gener	5983	8702	9769	9275	10292
Major Leagues Central Fund	3747	3559	1498	4146	4938
Advertising and promotion	3205	3929	3805	2960	3854
Post-season.....	0	0	5457	1309	6252
Amortization of signing bonus	1833	2005	3242	3212	3630
Depreciation and amortiz	1338	1275	1361	1326	1629
Total operating expenses	52505	64317	90629	106464	131813
OPERATING INCOME (LOSS).	1578	-5036	7022	7733	8217
"OTHER INCOME (EXPENSE):					
"					
Interest income.....	1260	1375	1658	3855	4672
Interest expense.....	-2027	-1310	-2005	-2045	-2301
Gain (loss) on player trad	47	85	71	616	2696
League expansion proceed	3000	0	0	0	9286
Minority interest.....	0	0	0	0	0
Income (loss) before tax	3858	-4886	6746	10159	22570
Provision for tax	0	0	0	0	0
Net income (loss).....	3858	-4886	6746	10159	22570