

LSC Use Only Proposal No: LSC Action-Date: <u>AP-4/11/13</u>	UWUCC Use Only Proposal No: <u>12-12/d.</u> UWUCC Action-Date: <u>App-4/23/13</u> Senate Action Date: <u>App-4/30/13</u>
---	---

Curriculum Proposal Cover Sheet - University-Wide Undergraduate Curriculum Committee

Contact Person(s) Todd B. Potts	Email Address Todd.Potts@iup.edu
Proposing Department/Unit Economics	Phone (724) 357-4770

Check all appropriate lines and complete all information. Use a separate cover sheet for each course proposal and/or program proposal.

1. Course Proposals (check all that apply)

New Course Course Prefix Change Course Deletion
 Course Revision Course Number and/or Title Change Catalog Description Change

Current course prefix, number and full title: ECON 239: Economics of Sports

Proposed course prefix, number and full title, if changing:

2. Liberal Studies Course Designations, as appropriate

This course is also proposed as a Liberal Studies Course (please mark the appropriate categories below)

Learning Skills Knowledge Area Global and Multicultural Awareness Writing Intensive (include W cover sheet)
 Liberal Studies Elective (please mark the designation(s) that applies – must meet at least one)

Global Citizenship Information Literacy Oral Communication
 Quantitative Reasoning Scientific Literacy Technological Literacy

3. Other Designations, as appropriate

Honors College Course Other: (e.g. Women's Studies, Pan African)

4. Program Proposals

Catalog Description Change Program Revision Program Title Change New Track
 New Degree Program New Minor Program Liberal Studies Requirement Changes Other

Current program name: _____

Proposed program name, if changing: _____

5. Approvals	Signature	Date
Department Curriculum Committee Chair(s)	<i>David B. Potts</i>	4-3-13
Department Chairperson(s)	<i>Will King</i>	4/3/13
College Curriculum Committee Chair	<i>John Henry</i>	4-3-13
College Dean	<i>Dean</i>	4/5/13
Director of Liberal Studies (as needed)	<i>D.H. Potts</i>	4/22/13
Director of Honors College (as needed)		
Provost (as needed)		
Additional signature (with title) as appropriate		
UWUCC Co-Chairs	<i>Griff Seehurst</i>	4/23/13

Received
 APR 22 2013
Liberal Studies

Received
 APR 8 2013
Liberal Studies

Part II.

1. New Syllabus of Record

ECON 239: Economics of Sports - Syllabus of Record

I. Catalog Description

ECON 239: Economics of Sports

(3h-0l-3cr)
3 lecture hours
0 lab hours
3 credit hours

Prerequisites: none

Introduces and develops the economic way of thinking as it applies to the sports industry. Topics covered include: the organizational structure of the major American sports leagues (e.g., revenue sharing, salary restrictions, and competitive balance), labor issues in sports (e.g., free agency, reserve clause, unions, strikes, and discrimination), the legal relationship between sports and governments (e.g., the relationship between antitrust law and sports), and the issue of sports and public finance (e.g., location and financing of sports franchises and public ownership of stadiums and arenas).

II. Course Objectives (And Mapping to Expected Undergraduate Student Learning Outcomes – EUSLO)

Upon completion of this course, students will be able to...

Objective 1:

Examine fundamental economic concepts, particularly in how these concepts relate to the sports industry.

Expected Undergraduate Student Learning Outcomes 1 and 2:

Informed and Empowered Learners

Rationale:

Lectures, readings, and associated assignments will develop widely used theoretical models that illustrate core economic concepts such as supply and demand, price elasticity of demand, monopoly pricing and production, and sources of market failures such as public goods and externalities. Through the use of these models, students will gain insight into how the economic way of thinking is applicable to the world of sports – from understanding ticket-pricing strategies, to the (possible) rationale of using public funds to build a stadium, to the study of who bears the burden of a tax levied to finance a sports team. Assignments will require the students to use these models to critically evaluate the

potential problems posed by hypothetical and real-world events and these assignments will require the students to use, analyze, and interpret numerical and graphical data.

Objective 2:

Analyze differences in organizational structure across the major American sports leagues.

Expected Undergraduate Student Learning Outcomes 1 and 2:

Informed and Empowered Learners

Rationale:

Lectures, readings, and associated assignments will provide an in-depth examination of how the major American sports leagues differ with regard to the collection and distribution of revenues. Assignments will require the students to collect data on team valuations, revenue, and operating income and perform various analyses that will allow them to understand how differences in both mean and variance exist among the major sports leagues. Additionally, lectures, readings, and associated assignments will develop knowledge of the differences in salary and wage restrictions present in leagues and how these restrictions may potentially alter competitive balance. Finally, assignments will require students to collect data and empirically measure the degree of competitive balance in the major American sports leagues by using such measures as within and between-season standard deviation of winning percentages and the Hirfindahl-Hirschman index.

Objective 3:

Discuss the interplay between sports leagues and antitrust policy and the seminal court cases.

Expected Undergraduate Student Learning Outcomes 1 and 3:

Informed and Responsible Learners

Rationale:

Lectures, readings, and associated assignments will allow the student to gain valuable insight into how several seminal court cases have caused certain sports leagues to gain either a partial or a full exemption to federal antitrust policies that the overwhelming majority of U.S. firms are subject to. Assignments will require students to demonstrate an understanding of the basic facts of these cases, the arguments put forth by the plaintiffs and defendants, the ruling and opinion of the presiding court, and the social impact of the decision rendered. Assignments will also ask students to reflect on whether or not they feel these exemptions are fair in light of the anti-competitive practices they may engender.

Objective 4:

Compare and contrast the various funding mechanisms state and local municipalities have used to attract and/or keep a sports franchise.

Expected Undergraduate Student Learning Outcomes 1, 2 and 3:
Informed, Empowered and Responsible Learners

Rationale:

Lectures, readings, and associated assignments will introduce students to the common funding mechanisms used by municipalities to attract and keep a sports franchise, such as per-unit taxes, lotteries, and bond issuances. These lectures, readings, and assignments will also develop theoretical models that will allow the student to understand which parts of society bear the burden of these funding measures and whether income inequality will be affected by them. Students will also be introduced to the measures by which the fairness of a tax system is ascertained, such as vertical and horizontal equity and the benefits principle. Assignments will require students to demonstrate an understanding of these funding methods and to utilize the theoretical models to critically evaluate the potential effectiveness of and problems posed by these mechanisms. Assignments will also require students to use analyze, and interpret graphical and numerical data and to reflect on their own willingness to bear the burden of attracting or keeping a sports team in their city.

Objective 5:

Analyze the labor market in professional sport.

Expected Undergraduate Student Learning Outcomes 1, 2 and 3:
Informed, Empowered and Responsible Learners

Rationale:

Lectures, readings, and associated assignments will develop theoretical models that will allow students to understand the determination of equilibrium wages and employment in the sports industry. Through the use of these models, students will be able to explain why franchises find it rational to pay players seemingly exorbitant sums and how various outside shocks would affect salary and employment in a sports league. To this end, assignments will require students to use these aforementioned models to critically evaluate the potential impacts of hypothetical and real world events. Additionally, lectures and outside readings will inform the students about the statistical techniques used by sports economists to estimate the contribution of a player to team revenue and assignments will require the students to use this knowledge to analyze, *ex post*, whether or not certain players were over or under-paid relative to their revenue contribution. Finally, lectures, readings, and associated assignments will teach students of the key disputes in recent years between player unions and league management, such as those that led to strikes and lockouts in the NFL, NBA, MLB, and the NHL. Assignments will require students to demonstrate an understanding of both sides of the debate and to discuss what each side gained and lost through this process, as well as to reflect on whether or not they deem the outcome equitable.

III. Course Outline

<i>Chapter/Topic</i>	<i>Class Hours (running total)</i>	<i>Course Objective</i>
Chapter 1: Economics and Sports	3 (3)	Objective #1
Chapter 2: Review of the Economists Arsenal	4.5 (7.5)	Objective #1
(Outside Material) Applications of the Demand for Tickets: Price Elasticity of Demand and Gate Revenue and Variable Ticket Pricing	1.5 (9)	Objective #1
Chapter 3: Sports Franchises as Profit-Maximizing Firms	3 (12)	Objective #2
(Outside Material) League-by-League Revenue, Valuation, and Profit Analysis	1.5 (13.5)	Objective #2
Exam #1	1.5 (15)	Objectives #1 and #2
Chapter 4: Monopoly and Antitrust	3 (18)	Objective #3
(Outside Material) History of Antitrust Legislation in Professional Sports	3 (21)	Objective #3
Chapter 5: Competitive Balance	3 (24)	Objective #2
Chapter 6: The Public Finance of Sports: The Market for Teams	4.5 (28.5)	Objective #4
Exam #2	1.5 (30)	Objectives #2, #3, and #4
Chapter 7: The Costs and Benefits of a Franchise to a City	3 (33)	Objective #4
(Outside Material) Arguments For and Against Using Public Funding to Attract and/or Keep a Sports Team	1.5 (34.5)	Objective #4
(Outside Material) The NFL Salary Cap and Key Disputes Between NFL Players and NFL Owners	1.5 (36)	Objectives #2 and #5
Chapter 8: An Introduction to Labor Markets in Professional Sports	3 (39)	Objective #5
Chapter 9: Labor Market Imperfections	3 (42)	Objective #5
Final Exam	2 (44) (During Finals Week)	Objectives #2, #4, and #5

IV. Evaluation Methods

There will be three in-class exams (including the final exam) that include multiple choice and short answer questions, as well as ten other assignments, which will be a combination of in-class quizzes and take-home assignments.

Exam #1: 25%

Exam #2: 25%

Final Exam: 25%

Quizzes and Take-Home assignments: 25%

Total: 100%

V. Sample Grading Scale

A: 90% - 100%

B: 80% - 89%

C: 70% - 79%

D: 60% - 69%

F: Below 60%

VI. Attendance Policy

The attendance policy for this course is consistent with the *Undergraduate Attendance Policy* outlined in IUP's Undergraduate Catalog.

VII. Required Textbook

Leeds, M. & Von Allmen, P. (2011). *The Economics of Sports* (4th ed.). Pearson Addison-Wesley.

VIII. Additional Required Reading

Bradbury, J.C. (2008). *The Baseball Economist: The Real Game Exposed*. Plume.

IX. Bibliography

Blair, Roger. (2011). *Sports Economics*. Cambridge University Press.

Bradbury, J.C. (2008). *The Baseball Economist: The Real Game Exposed*. Plume.

Euchner, Charles C. (1993). *Playing the Field: Why Sports Teams Move and Cities Fight to Keep Them*. Johns Hopkins University Press.

- Fort, Rodney. (2010). *Sports Economics (3rd ed)*. Prentice Hall.
- Helyar, John. (1994). *Lords of the Realm: The Real History of Baseball*. Ballantine Books.
- Johnson, A., and Frey, J. (1985). *Government and Sport: The Public Policy Issues*. Rowman and Allanheld.
- Johnon, Arthur. (1993). *Minor League Baseball and Local Economic Development*. University of Illinois Press.
- Lowenfish, Lee. (1991). *The Imperfect Diamond: A History of Baseball's Labor Wars*. Da Capo Press.
- Miller, James. (1990). *The Baseball Business: Pursuing Pennants and Profits in Baltimore*. University of North Carolina Press.
- Miller, Marvin. (1991). *A Whole Different Ballgame: The Inside Story of Baseball's New Deal*. Fireside Books.
- Panek, Richard. (1995). *Waterloo Diamonds: A Midwestern Town and Its Minor League Team*. St. Martin's Press.
- Quirk, James, and Fort, Rodney. (1992). *The Business of Professional Team Sports*. Princeton University Press.
- Scully, Gerald. (1989). *The Business of Major League Baseball*. University of Chicago Press.
- _____. (1995). *The Market Structure of Sports*. University of Chicago Press.
- Sommers, Paul. Ed. (1992). *Diamonds Are Forever: The Business of Baseball*. The Brookings Institute.
- Staudohar, Paul, and Mangan, James, Eds. (1991). *The Business of Professional Sports*. University of Illinois Press.
- Szymanski, S., and Zimablist, A. (2006). *National Pastime: How Americans Play Baseball and the Rest of the World Plays Soccer*. Brookings Institute.
- Uberstine, Gary, A. Ed. (1988). *Law of Professional and Amateur Sports*. Clark Boardman Co.
- Zimablist, Andrew. (1992). *Baseball and Billions: A Probing Look Inside the Big Business of Our National Pastime*. Basic Books.

Part II.

2. Summary of Proposed Revisions:

1. Objectives – a) the course objectives were shortened slightly to eliminate wording that was redundant with the course description b) they were aligned with the Expected Undergraduate Student Learning Outcomes (EUSLOs) for a Liberal Studies Elective course and c) the action verbs on objectives #1 and #5 were changed to “examine” and “analyze” respectively.
2. An additional required reading was added (*The Baseball Economist: The Real Game Exposed*, by J.C. Bradbury).
3. EUSLOs for Quantitative Reasoning courses are met in the content portion of this course (not necessarily a specific revision but it should be noted that the objectives for the new curriculum have been met). These objectives are:

EUSLOs for Quantitative Reasoning:

As Informed Learners, students will demonstrate knowledge and understanding of:

- The ways of modeling the natural, social, and technical worlds

As Empowered Learners, students will demonstrate:

- Problem solving skills using a variety of methods and tools
- Critical thinking skills, including analysis, application, and evaluation

As Responsible Learners, students will demonstrate:

- An engagement in the interpretation, analysis, and use of numerical and graphical data
- Apply quantitative techniques to address problems within the discipline of economics
- Develop deductive reasoning

Examples of modeling the natural, social, and technical worlds include the development and application of the model of supply and demand and the monopoly-pricing model used to illustrate typical ticket pricing strategies employed by sports franchises. Additionally, graphical models will allow students to gain insights into the effects of taxation schemes commonly used to fund a franchise and the impact of the presence of positive and negative externalities that sports teams present.

An example of course content that will develop both problem solving and critical thinking skills is present in chapters 6 and 7, which train students to measure the economic impact of sports franchise to a city and to critically analyze the claims of local media and team ownership regarding such an impact.

Finally, by learning to measure the degree of competitive balance within sports leagues and to tie this balance to steps that leagues have taken to promote it, students will demonstrate proficiency in the use, analysis, and interpretation of graphical and numerical data and develop deductive reasoning. Additionally, in demonstrating how NFL teams can negotiate the hard salary cap imposed on them, students will use quantitative techniques to address the problem of scarcity.

Part II.

3. Justification/Rationale for the revision:

The course is being submitted for approval as a Liberal Studies Elective course.

Rationale for Proposing this Course as a Liberal Studies Elective:

We in the Department of Economics believe that ECON 239 will be highly effective at building quantitative reasoning skills in IUP's students due to the fact that it uses sports as a delivery method for higher-order analytical concepts. We feel that anxiety with regard to mathematics and quantitative analysis is often a serious roadblock for students and that this anxiety can be alleviated when such tools are applied to a topic that many students find intrinsically fun and interesting. Additionally, it is our strong opinion that all students should be introduced to the economic way of thinking and that the inclusion of ECON 239 to the list of Liberal Studies Electives will allow us to introduce more students to this vital tool-kit.

Part II.

4. Old Syllabus of Record

ECON 239: Economics of Sports - Syllabus of Record

I. Catalog Description

ECON 239: Economics of Sports (3h-0l-3cr)
3 lecture hours
0 lab hours
3 credit hours

Prerequisites: none

Introduces and develops the economic way of thinking as it applies to the sports industry. Topics covered include: the organizational structure of the major American sports leagues (e.g., revenue sharing, salary restrictions, and competitive balance), labor issues in sports (e.g., free agency, reserve clause, unions, strikes, and discrimination), the legal relationship between sports and governments (e.g., the relationship between antitrust law and sports), and the issue of sports and public finance (e.g., location and financing of sports franchises and public ownership of stadiums and arenas).

II. Course Objectives

Upon completion of this course, students will be able to...

1. Demonstrate knowledge of fundamental economic concepts, particularly in how these concepts relate to the sports industry.
2. Analyze differences in organizational structure across the major American sports leagues, such as the generation and distribution of revenues, restrictions on player salaries, and the promotion of competitive balance.
3. Discuss the interplay between sports leagues and antitrust policy and the seminal court cases that have led to full and/or partial exemptions to federal antitrust laws for certain leagues.
4. Compare and contrast the various funding mechanisms state and local municipalities have used to attract and/or keep a sports franchise as well as critically analyze the economic benefits of a sports franchise to a city.

5. Demonstrate an understanding of the labor market in professional sports, particularly the determination of player salaries and key disputes between player unions and league management.

III. Course Outline

<i>Chapter/Topic</i>	<i>Class Hours (running total)</i>	<i>Course Objective</i>
Chapter 1: Economics and Sports	3 (3)	Objective #1
Chapter 2: Review of the Economists Arsenal	4.5 (7.5)	Objective #1
(Outside Material) Applications of the Demand for Tickets: Price Elasticity of Demand and Gate Revenue and Variable Ticket Pricing	1.5 (9)	Objective #1
Chapter 3: Sports Franchises as Profit-Maximizing Firms	3 (12)	Objective #2
(Outside Material) League-by-League Revenue, Valuation, and Profit Analysis	1.5 (13.5)	Objective #2
Exam #1	1.5 (15)	Objectives #1 and #2
Chapter 4: Monopoly and Antitrust	3 (18)	Objective #3
(Outside Material) History of Antitrust Legislation in Professional Sports	3 (21)	Objective #3
Chapter 5: Competitive Balance	3 (24)	Objective #2
Chapter 6: The Public Finance of Sports: The Market for Teams	4.5 (28.5)	Objective #4
Exam #2	1.5 (30)	Objectives #2, #3, and #4
Chapter 7: The Costs and Benefits of a Franchise to a City	3 (33)	Objective #4
(Outside Material) Arguments For and Against Using Public Funding to Attract and/or Keep a Sports Team	1.5 (34.5)	Objective #4
(Outside Material) The NFL Salary Cap and Key Disputes Between NFL Players and NFL Owners	1.5 (36)	Objectives #2 and #5
Chapter 8: An Introduction to Labor Markets in Professional	3 (39)	Objective

Sports		#5
Chapter 9: Labor Market Imperfections	3 (42)	Objective #5
Final Exam	During Finals Week	Objectives #2, #4, and #5

IV. Evaluation Methods

There will be three in-class exams (including the final exam) that include multiple choice and short answer questions, as well as ten other assignments, which will be a combination of in-class quizzes and take-home assignments.

Exam #1: 25%
Exam #2: 25%
Final Exam: 25%
Quizzes and Take-Home assignments: 25%
Total: 100%

V. Sample Grading Scale

A: 90% - 100%
B: 80% - 89%
C: 70% - 79%
D: 60% - 69%
F: Below 60%

VI. Attendance Policy

The attendance policy for this course is consistent with the *Undergraduate Attendance Policy* outlined in IUP's Undergraduate Catalog.

VII. Required Textbook

Leeds, M. & Von Allmen, P. (2011). *The Economics of Sports* (4th ed.). Pearson Addison-Wesley.

VIII. Bibliography

Blair, Roger. (2011). *Sports Economics*. Cambridge University Press.

Bradbury, J.C. (2008). *The Baseball Economist: The Real Game Exposed*. Plume.

Euchner, Charles C. (1993). *Playing the Field: Why Sports Teams Move and Cities Fight to Keep Them*. Johns Hopkins University Press.

- Fort, Rodney. (2010). *Sports Economics (3rd ed)*. Prentice Hall.
- Helyar, John. (1994). *Lords of the Realm: The Real History of Baseball*. Ballantine Books.
- Johnson, A., and Frey, J. (1985). *Government and Sport: The Public Policy Issues*. Rowman and Allanheld.
- Johnon, Arthur. (1993). *Minor League Baseball and Local Economic Development*. University of Illinois Press.
- Lowenfish, Lee. (1991). *The Imperfect Diamond: A History of Baseball's Labor Wars*. Da Capo Press.
- Miller, James. (1990). *The Baseball Business: Pursuing Pennants and Profits in Baltimore*. University of North Carolina Press.
- Miller, Marvin. (1991). *A Whole Different Ballgame: The Inside Story of Baseball's New Deal*. Fireside Books.
- Panek, Richard. (1995). *Waterloo Diamonds: A Midwestern Town and Its Minor League Team*. St. Martin's Press.
- Quirk, James, and Fort, Rodney. (1992). *The Business of Professional Team Sports*. Princeton University Press.
- Scully, Gerald. (1989). *The Business of Major League Baseball*. University of Chicago Press.
- _____. (1995). *The Market Structure of Sports*. University of Chicago Press.
- Sommers, Paul. Ed. (1992). *Diamonds Are Forever: The Business of Baseball*. The Brookings Institute.
- Staudohar, Paul, and Mangan, James, Eds. (1991). *The Business of Professional Sports*. University of Illinois Press.
- Szymanski, S., and Zimablist, A. (2006). *National Pastime: How Americans Play Baseball and the Rest of the World Plays Soccer*. Brookings Institute.
- Uberstine, Gary, A. Ed. (1988). *Law of Professional and Amateur Sports*. Clark Boardman Co.
- Zimablist, Andrew. (1992). *Baseball and Billions: A Probing Look Inside the Big Business of Our National Pastime*. Basic Books.

Assignment Instructions and Grading for one of the Major Course Assignments

This assignment spans material covered in Chapters 5-7 in the Course Outline and pertains to learning objectives #2 and #4. The assignment consists of 25 objective problems (which are typically administered through Desire2Learn) and a separate component that requires the students to collect and analyze outside data. The twenty-five multiple-choice problems are each worth two points, and the data analysis portion is worth 50 points, making this a fifty-point assignment. A student's total points earned will be divided by the total points available (100) to calculate the percentage that will be used in the calculation of the final grade, where

A = 90-100%

B= 80-89%

C=70-79%

D=60-69%

F= less than 60%

Multiple-Choice Component (2 pts. per correct answer)

1. What would you use to measure the amount of “turnover” in a league (where turnover means that good teams tend to get worse and bad teams tend to get better).
 - A) Within Season Standard Deviation
 - B) Between Season Standard Deviation
 - C) Hirfindahl-Hirschman Index
 - D) The Rule of 70

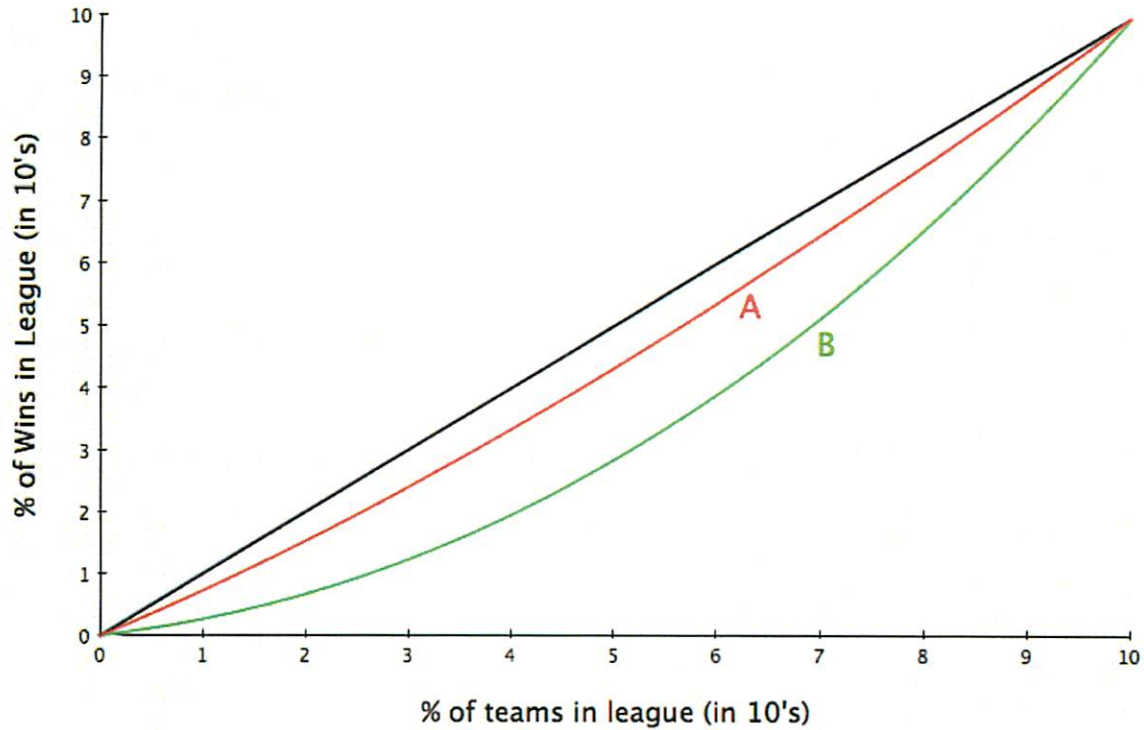
2. The standard deviation of win percentage for the 32 teams in the NBA in 2005–2006 was 0.134. The NBA plays an 82 game season. The standard deviation of win percentage for the 20 teams in the English Premier League in 2005–2006 was 0.158. The EPL plays a 38 game season. The idealized win percentages for the NBA and EPL are
 - A) 0.055 (NBA) and 0.081 (EPL)
 - B) 0.078 (NBA) and 0.115 (EPL)
 - C) 1.672 (NBA) and 1.580 (EPL)
 - D) 2.427 (NBA) and 1.948 (EPL)

3. The standard deviation of win percentage for the 32 teams in the NBA in 2005–2006 was 0.134. The NBA plays an 82 game season. The standard deviation of win percentage for the 20 teams in the English Premier League in 2005–2006 was 0.158. The EPL plays a 38 game season. Which league exhibits more competitive balance?
- A) The NBA exhibits more within-season competitive balance, but between-season competitive balance cannot be determined from the information given.
 - B) The EPL exhibits more within-season competitive balance, but between-season competitive balance cannot be determined from the information given.
 - C) The NBA exhibits more between-season competitive balance, but within-season competitive balance cannot be determined from the information given.
 - D) The EPL exhibits more between-season competitive balance, but within-season competitive balance cannot be determined from the information given.
4. A policy that the NFL uses to help promote competitive balance not seen in other sports is
- A) Salary Cap
 - B) Schedule Adjustments
 - C) Reverse Order Entry Draft
 - D) Revenue Sharing
5. Why may promoting competitive balance help to boost league-wide profitability?
- A) Leagues benefit when one team dominates, as evident by the fact that attendance and TV ratings rise
 - B) Promoting competitive balance leads to a less equal distribution of team revenues, which means that league-wide profitability will be higher.
 - C) Attendance and TV ratings fall when one team dominates; leagues benefit when the outcome of each game is uncertain.
 - D) Competitive balance leads to the emergence of dynasties.
6. According to the text, if costs do not vary with by city size, _____ cities will tend to win more because...
- A) big; the revenues (gate, stadium, etc) from additional wins tend to be higher in big cities.
 - B) small; the revenues (gate, stadium, etc) from additional wins tend to be higher in small cities.
 - C) big; there is less of a "substitution effect" in big cities, so fans there will care more.
 - D) small; there is less of a "substitution effect" in small cities, so fans there will care more.

7. The within-season standard deviation of winning percentages...
- A) Will give you the same measure of competitive balance, no matter if there are differences in the number of games played across leagues.
 - B) Measures the extent to which multiple teams are winning championships in a league.
 - C) measures the spread, or dispersion, of performance by teams in a league for a given season.
 - D) measures the extent to which there is turnover (i.e., bad teams becoming good and good teams becoming bad) in a league over time.
8. According to the text, for the most recent season provided, which league exhibited the least degree of competitive balance?
- A) NHL
 - B) NBA
 - C) NFL
 - D) English Premier League (EPL)
9. Assume that over a 10 year span, league A had two teams split all ten championships (5 each) and league N had two teams win 4 championships each and another win two. Using the formula from your text, the HHI for league A is _____ and the HHI for league B is _____.
- A) .36; .5
 - B) .5; .36
 - C) .36; .4
 - D) .4; 1.2
10. In the previous question, which league exhibited the most competitive balance.
- A) League A
 - B) League B
11. Which major American sports league has a "hard" salary cap? Which has no cap?
- A) NBA; NFL
 - B) NFL; NBA
 - C) MLB; NFL
 - D) NFL; MLB

Use the following to answer question 12:

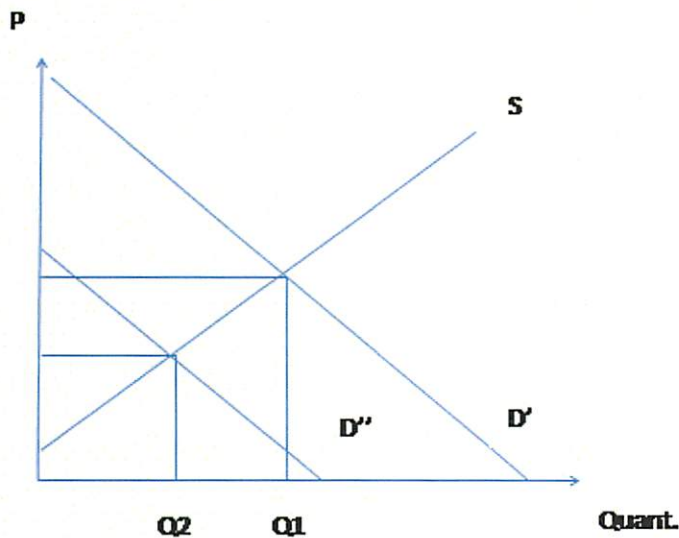
Fig. 1: Lorenz Curve



12. According to the Lorenz Curve in Fig. 1, which league, A or B, exhibited the least competitive balance?
- A) League A
 - B) League B
13. The Marginal Propensity to Consume (MPC) is best defined as:
- A) the percent of a dollar of new income that the consumer spends.
 - B) the percent of a consumer's total income that he/she spends.
 - C) the percent of total spending that is someone else's total income.
 - D) the percent of a dollar of additional spending that will be someone else's income.

14. If the MPC in a city is .8, if a new sports franchise generates \$100 million in new spending, the ultimate impact on total spending will be:
- A) \$100 million
 - B) \$80 million
 - C) \$500 million
 - D) \$1 billion (\$1,000 million)

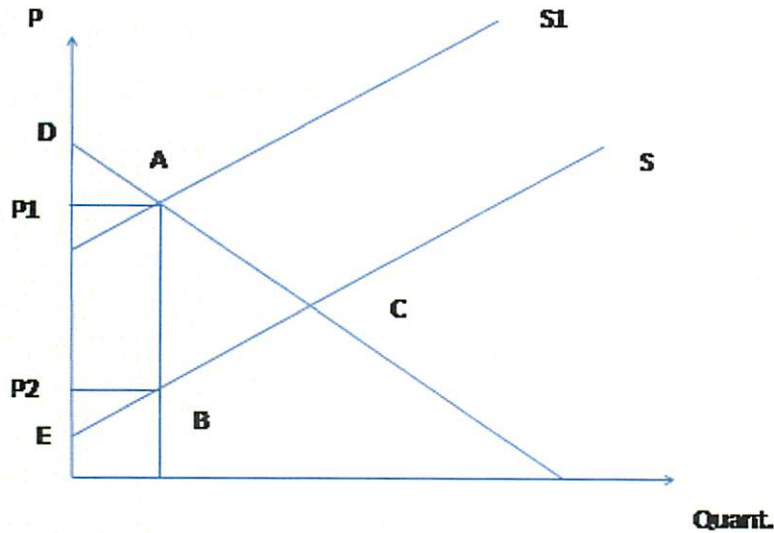
Use the following to answer questions 15-16:



15. Suppose that the above figure illustrates the case of a negative externality in consumption (i.e., traffic, increased crime, etc.). The “social value” curve is illustrated by _____ and the optimal quantity of the good or service is denoted by _____.
- A) D' , $Q1$
 - B) D'' , $Q1$
 - C) D' , $Q2$
 - D) D'' , $Q2$
 - E) S , $Q2$

16. Suppose that the above figure illustrates a positive externality in consumption. The “social value” curve is illustrated by _____ and the optimal quantity of the good or service is denoted by _____.
- A) D', Q1
 - B) D", Q1
 - C) D", Q2
 - D) S, Q2
17. An example of a negative externality in production would be:
- A) when I consume a flu shot, those next to me are less likely to get sick.
 - B) when the production of a good causes a harmful by-product that causes the people who live downstream to become ill.
 - C) when the production of a good lowers the cost of producing another good.
 - D) when too little of a good is produced and society's well-being is not maximized.
18. The presence of a positive externality causes the market to _____ produce the good, providing a rationale for the good to be _____.
- A) under; subsidized
 - B) under; taxed
 - C) over; subsidized
 - D) over; taxed
19. A rationale for using public funding to build a stadium to attract a sports franchise is
- A) the positive externalities of having a sports franchise in the city outweigh the negative externalities
 - B) the negative externalities of having a sports franchise in the city outweigh the positive externalities
 - C) the public is unable to make rational decisions by themselves; they need the government to help them spend their money
 - D) the marketplace typically does not do what is best for society

Use the following to answer questions 20-22:



20. The above figure illustrates the impact of a per-unit tax on a good or service. The price that buyers pay is _____ and the price that sellers receive is _____.
- A) P2; P1
 B) P1; P2
 C) D; E
 D) E; D
21. The above figure illustrates the impact of a per-unit tax on a good or service. The tax revenue collected is _____.
- A) Area A,B,C
 B) Area D,P1,A
 C) Area P2,B,E
 D) Area P1,P2,A,B
22. The above figure illustrates the impact of a per-unit tax on a good or service. The deadweight loss of the tax is _____.
- A) Area A,B,C
 B) Area D,A,P1
 C) Area P2,B,E
 D) Area P1,P2,A,B

23. A tax is vertically equitable if
- A) it is “regressive”
 - B) those with a higher ability to pay actually pay less than those with a low ability to pay
 - C) it meets the “benefits” principle
 - D) those with a greater ability to pay do indeed pay more dollars than those with a lower ability to pay
24. Lotteries tend to be
- A) an efficient way to raise money
 - B) vertically equitable
 - C) progressive
 - D) not vertically equitable
25. When discussing a tax on a particular good or service, such as the tax on cruises imposed by Miami, we learned that...
- A) only the side of the market that is taxed bears any burden.
 - B) the burden of the tax is usually quite insignificant
 - C) typically, both buyers and sellers share the burden of the tax.
 - D) sellers are always made worse off than buyers.

Data Analysis

League Revenue Comparison

For this part of the assignment you are to obtain data from www.forbes.com/lists. You will scroll down to “Sports” and be pulling data from the “Business of Football, Baseball, etc.”

For each of the four major American sports leagues (NFL, NBA, NHL, and MLB), please provide a ranking of teams from highest to lowest revenue for the most recent season (I recommend using Excel for this, but it is not required). **(8 pts)**

In a separate table, report the highest, lowest, and median team revenue for each league. **(8 pts)**

Also, for each league, report the ratio of the highest to lowest revenues and the highest to median revenues. **(8 pts)**

Competitive Balance Comparison

For this part of the assignment you will need to go and find the standings for the most recent completed season in each of the four major American sports leagues you examined above.

Using the formulas developed in class, report the ratio of the actual to ideal within-season standard deviation of winning percentages for each league. **(6 pts)**

Based on this metric, which league exhibited the most competitive balance for the most recent season? **(6 pts)**

Which league exhibited the least competitive balance? **(6 pts)**

Is this consistent with the revenue comparison you conducted in the first part of this take-home portion? **(8 pts)**

Liberal Studies Course Approval General Information

1. Economics 239 (ECON 239) is a single-section, single-instructor course.
2. ECON 239 will include perspectives and experiences of women as well as racial and ethnic minorities. Specific examples may include an examination of the impact of Title IX on the amount of female athletes in intercollegiate athletics and the corresponding impact on the number and success of professional women sports leagues; a comparison of the determinants of male and female salaries in sports in which separate leagues exist for both men and women (e.g., NBA and WNBA); and the economic impact of minority participation in professional sports, such as Jackie Robinson's breaking of the color barrier in Major League Baseball and the overwhelming success of Tiger Woods in professional golf.
3. Students in ECON 239 will be assigned several outside readings, usually consisting of chapters and excerpts from other texts pertaining to sports economics and blog postings from various websites devoted to examining the topic. Specific examples include readings from *The Baseball Economist: The Real Game Exposed*, by J.C. Bradbury (Plume, 2008) when examining the question of whether or not MLB abuses its antitrust exemption (Objective #3 in the syllabus and Chapter 4 in the course outline), and web readings from The Sports Economist (www.thesportseconomist.com) and newspaper articles pertaining to the arguments for and against using public funding to attract or keep a sports franchise (Objective #4 in the syllabus and Chapters 6-7 in the course outline).
4. This course is not required of any major in the department. It is designed and taught to allow students to view the world of amateur and professional sports through the lens of economic analysis. No prior knowledge of economics is assumed. The economic tools that are developed are done so only so that students may be better able to read about and understand current events in sports economics, even if this is the only economics course the student takes.

Checklist for Liberal Studies Electives Course Proposals

1. X Review the [Criteria for a Liberal Studies Elective](#) – note how the competencies are to be handled.
2. X Follow the [2012 Undergraduate Curriculum Handbook](#) for new (p. 20-27) or revised courses (p. 15-19).
3. X Use the new Curriculum Proposal Cover Sheet (interactive PDF or word document - available at <http://www.iup.edu/senate/uwucc/default.aspx>).
4. X Course Outcomes and Assessment (Section II, The Syllabus of Record - p. 23 and 85 in UWUCC Handbook) map to the three required Liberal Studies Electives Expected Undergraduate Student Learning Outcomes (EUSLOs): Informed Learners (I), Empowered Learners (II), and Responsible (III) Learners.
5. X Course content – meets the required [course content for a Liberal Studies Elective](#). While the course outline may not explicitly state the items in the required content, it needs to be clear that the content of the course attempts to address these required elements.
6. X Competencies - All Liberal Studies Electives must meet the EUSLOs and required course content from at least [ONE of the following SIX competencies](#): Global Citizenship; Information Literacy; Oral Communication; Quantitative Reasoning; Scientific Literacy; and Technological Literacy. Note: a course may meet more than one competency.
7. X Proposal includes the assignment instructions for one of the major course assignments and a grading rubric or grading criteria for that assignment (p. 33 UWUCC Handbook).
8. X Proposal includes the answers to the four Liberal Studies questions (p. 91 UWUCC Handbook).
9. X Proposal meets the spirit of Liberal Studies (p. 30 UWUCC Handbook).

If this is a course revision (p. 18 UWUCC Handbook)

10. X Summary of the proposed revisions.
11. X Justification/rationale for the revision – be sure to include any departmental discussions of the overall offerings of their Liberal Studies Courses and why this course is included in those offerings.
12. X The old syllabus of record.
13. X Review Liberal Studies course approval checklist (p. 90 UWUCC Handbook).