NCAA Scholarship Limits and Competitive Balance in College Football


Sutter and Winkler use the Coase Theorem as a model to help determine whether the measures of competitive balance are significant or not. The authors also look at the teams’ rankings among the polls over a given number of years and use the Herfindahl-Hirschman Index to see if competitive balance exists over that data set. Sutter and Winkler find from the regression analysis that the relationship between competitive balance and scholarship limits is complicated and is hard to determine. The question remains, why do scholarship limits not produce greater parity? The authors see three possible explanations. First, scholarship limits have not been enforced or have been evaded. Second, the current limit of 85 scholarships is too high for limits to weaken the strong programs. Third, limits negatively impact both strong and weak programs, leaving competitive balance unchanged.