



The role of local governments in funding grassroots sports

Conference

**WHAT FUTURE SUSTAINABLE FUNDING MODEL(S) FOR
GRASSROOTS SPORTS IN THE INTERNAL MARKET?**

Brussels, 2010 Feb. 16th



Agenda

1. Introduction:
Local governments and grassroots sports
2. Should local governments provide own sport programs?
3. Should local governments subsidize sport clubs?
4. Conclusion



Local governments and grassroots sport

➔ Direct subsidies

➔ Indirect subsidies: sports facilities
(Germany r.a. 3.3 bn € p.a.)

➔ Indirect subsidies: tax advantages

➔ Governmental sport programmes



This could be consistent with economic theory...

- ➔ Market failure/Merit good argument
- ➔ Assumed higher external effects of sports activity in a club:
e.g. socialization, social integration, democratization
- ➔ Nonprofit failure



Is it really consistent with economic theory?

- (1) Are there any substitution effects between third sector and state run sport programs?

Multilevel-Analyses

Munich: 2008; micro level: $n=11.715$; spatial economics

- (2) Are subsidies really a crucial (i.e. non substitutable) resource to sports clubs?

Cross-sectional and longitudinal analyses

Sport clubs in Germany; $n_{2005}=3.731$; $n_{2007}=13.068$; $n_{LS}=1.648$

Munich

Sport activity in nonprofit sport club

Constant

2.480**

Macro-level factors (sport supply)

Offers from nonprofit sport clubs

2.598**

Offers from commercial sport

-4.503****

providers

Offers from municipality of Munich

-3.592***

Micro-level factors

Income

1.306

Human capital

.046

Working time

-6.409****

Time for children/relatives

-1.172

Age

-24.369****

Gender (female)

-6.166****

Migration background

-4.568****

R²**44.7*****



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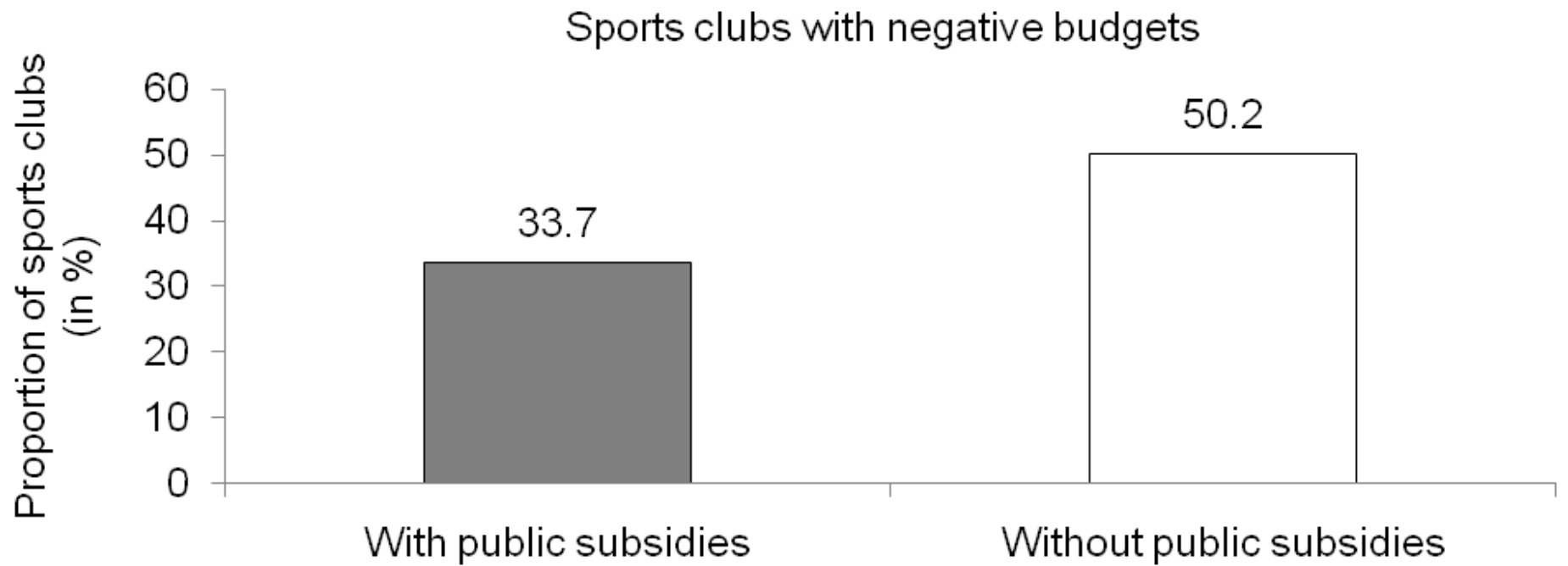
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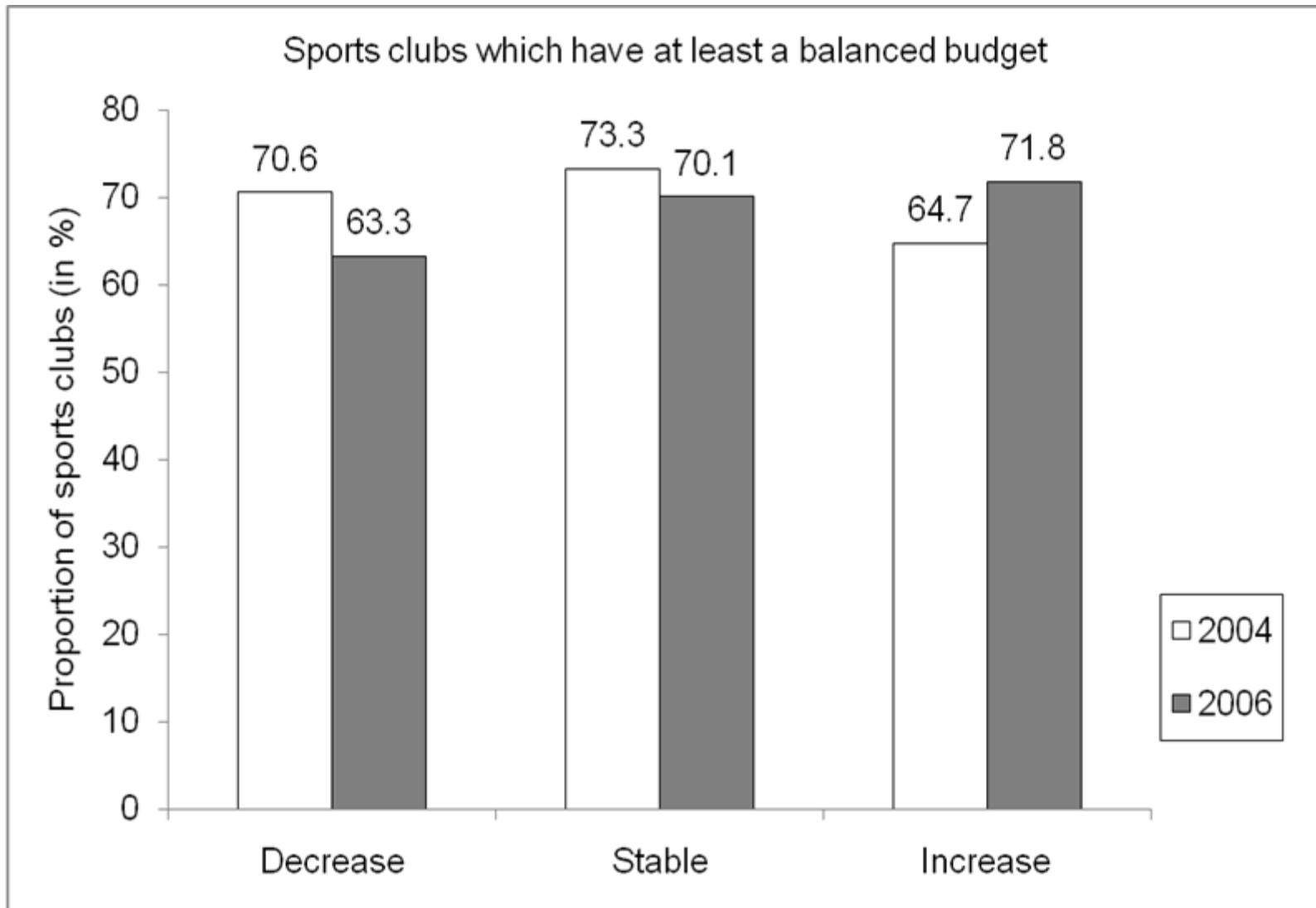
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Overview of the revenue categories of sports clubs

Revenue category	Included revenue items
Members	Admission fees Membership fees
Public subsidies	From sport organisations From the federal states From district/city/municipality From European subsidies From other subsidies
Economy	Jersey advertising Equipment Boards Broadcasting rights Advertisements
Other	Donations Asset management Self-managed restaurants Sport festivals Services with costs for members Social events Business operations Course fees Services with costs for non-members Raising of credit





Coming back to social reality...

➔ Not consistent with economics:
governmental sport offers

➔ At least partly consistent with economics:
subsidizing sports clubs



Thank you for your attention!

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