

COLLEGIATE SPORTS

INFORMATION MEMO

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Landmark Settlement may Transform Collegiate Model of Amateurism

Billions directed to former and current student-athletes

On May 23, 2024, the NCAA and “Autonomy Five” conferences (ACC, Big 10, Big 12, PAC-12 and SEC) announced an agreement to settle three pending antitrust lawsuits – *House v. NCAA*, *Hubbard v. NCAA* and *Carter v. NCAA*. The lawsuits challenged the NCAA and the power conferences rules on compensation for academic-related expenses; name, image and likeness (NIL) opportunities; and scholarship restrictions.

In settling these lawsuits, the NCAA and Division I conferences agreed to pay approximately \$2.8 billion in damages to current and former student-athletes, to be distributed over 10 years. The NCAA national office will cover approximately \$1.2 billion (42%) through reserves, new initiatives and expense management, while the Division I conferences will pay the remaining \$1.6 billion (58%) through a reduction in annual distributions from the NCAA.¹ It is expected that Division I-FBS football and men’s basketball athletes will receive the lion’s share of the damages but the formula for determining individual damages amounts has yet to be finalized.

Additionally, the settlement brings about seismic change to the NCAA collegiate model of amateurism. For the 10-year period of the settlement starting in fall of 2025, universities will be permitted (although not required) to directly share tens of millions of dollars in revenues each year with their student-athletes. Specifically, schools may share an amount equal to 22% of the average revenue generated each year by “Autonomy Five” schools through TV contracts, ticket sales and sponsorships. Currently, “Autonomy Five” schools, on average, generate \$100 million in annual revenue from these three sources. If the system were in place today, that would equate to schools sharing up to \$22 million in revenues with their athletes. Schools that choose to opt-in to this revenue-sharing model can also determine which athletes they want to pay and how much, provided they stay within the 22% “cap.” Notably, shared revenues are separate from financial aid, third-party NIL payments, health care and other benefits that athletes already receive. The NCAA estimates that the Division I student-athlete population will receive between \$1-1.5 billion in shared revenues in year one alone, a number that will only increase as revenues in the industry continue to grow.

The settlement also eliminates well-established NCAA rules on direct payments to athletes and team scholarship limits. However, it is expected the NCAA will implement roster size limits in place of scholarship limits. One example under consideration involves capping football rosters at 85 athletes, well below the current cap of 120 athletes.

¹ “Autonomy Five” conferences will be responsible for approximately 24%; “Group of Five” conferences will be responsible for approximately 10%; FCS conferences will be responsible for approximately 13% and non-football Division I conferences responsible for approximately 12%.

Below is an estimated timeline of what happens next:

- In 30-45 days, the parties will submit the settlement terms to the court for approval.
- 30-45 days after terms are submitted, the court will convene a hearing to determine whether the terms should be preliminarily approved.
- If the court preliminarily approves the terms, the parties will have three to four months to notify athletes regarding the proposed settlement. Athletes will be asked to decide whether they wish to opt in or out of the agreement. Athletes who opt in waive the right to bring legal claims of this nature against the NCAA going forward.
- From there, the court will convene a hearing to determine final approval of the settlement.
- If approved, the new revenue-sharing structure will go into effect in fall 2025.

Other considerations:

- The settlement also calls for a new enforcement mechanism for NIL, including possibly prohibiting deals between athletes and boosters unless the deals are proven to be related to a legitimate business purpose and compensation is at fair market value. The details regarding enforcement have yet to be finalized.
- The settlement raises questions concerning Title IX. To-date, the NCAA and other parties to the lawsuits have been largely silent on this issue. Bond will continue to monitor and provide relevant guidance on this issue as it develops.
- The NCAA and power conferences are continuing to lobby Congress to enact legislation that would provide antitrust protection and clarify that college athletes are not employees of the institution (among other goals). Those efforts will continue despite the settlement.

If you have questions about the information provided here, please contact [Michael Sheridan](#), any attorney in Bond's [collegiate sports practice](#) or the Bond attorney with whom you are regularly in contact.

