

Sports & Esports Alert

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College Sports Enters a New Era: House Settlement Greenlit, Student-Athletes To Be Paid

On June 6, 2025, U.S. District Judge Claudia Wilken approved the landmark *House v. NCAA* settlement, a resolution of three major antitrust cases (*House*, *Carter and Hubbard*) that fundamentally transforms college sports by allowing schools to pay student-athletes directly starting July 1, 2025.

Three Pillars of Change

The *House* settlement establishes three fundamental changes to college sports.

First, it provides \$2.8 billion in back-pay damages, to be paid over 10 years, to approximately 184,000 former Division I athletes who competed from 2016 onward, compensating them for lost name, image and likeness (NIL) opportunities under previous NCAA restrictions. The NCAA will shoulder over \$1.1 billion of the damages, while the Power Four, the Pac-12 and other Division I conferences will cover the remainder through various financial mechanisms.

Second, the settlement creates an unprecedented revenue sharing system allowing participating schools to directly pay student-athletes up to 22% of the average revenue derived from media rights, ticket sales and sponsorships generated by the SEC, the Big Ten, the Big 12, the ACC, the Pac-12 and Notre Dame. For the 2025 – 2026 academic year, this cap is set at \$20.5 million per institution, with projected annual increases reaching an estimated \$33 million by 2035. Crucially, third-party NIL deals (deals between school-affiliated NIL collectives and student-athletes) do not count toward the cap. Third-party NIL deals are exempt because they do not constitute direct financial arrangements between the school and the student-athlete. Third, the settlement replaces



scholarship limits with sport-specific roster limits. Under the previous system, sports like baseball were restricted to 11.7 scholarships despite having rosters of up to 34 players, forcing partial scholarships to be distributed across teams. Now, schools can provide full scholarships to all rostered players within the new roster constraints. Judge Wilken delayed settlement approval due to her concerns that roster limits would cause some student-athletes to lose their spot on their current teams. The parties subsequently revised the settlement to include protections for these student-athletes, allowing them exemptions to continue playing at their current schools or schools they transfer to.

New Governance Structure

To oversee this transformation, the Power 5 conferences established the College Sports Commission (CSC), an independent regulatory body led by Bryan Seeley, a former U.S. Department of Justice attorney and longtime MLB investigations chief. The CSC will operate two systems. First, as to revenue sharing, all participating schools will be required to use the CSC's College Athlete Payment System (CAPS) to allocate and track revenue sharing payments. Second, as to third-party NIL deals,

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CSC is partnering with Deloitte to launch NIL GO, a centralized reporting system requiring all Division 1 athletes—regardless of whether or not their school has opted in to revenue sharing—to disclose all third-party NIL deals above \$600 to assess whether the deals reflect fair market value as opposed to NIL deals disguised as pay-for-play arrangements.

Unresolved Legal Questions

However, the *House* settlement does not address several critical legal issues—three stand out. First, the question of whether Division I athletes are employees within the meaning of the Fair Labor Standards Act remains unresolved. Instead, this issue is being addressed in a pending case, *Johnson v. NCAA*, before a federal district court in Pennsylvania.

Additionally, while Judge Wilken rejected all Title IX-based objections at the settlement’s final approval hearing, multiple female student-athletes have already appealed the settlement’s approval, arguing that the back-pay damages distribution allocating 90% of past NIL compensation for football and men’s basketball players violates Title IX. This appeal has consequently delayed payment distribution.

Last, while the settlement resolves certain antitrust claims, it does not provide blanket antitrust immunity for the NCAA. Future legal challenges could target issues not covered by the settlement, such as graduate student eligibility rules or transfer restrictions. Further, student-athletes who opted out of the settlement preserved their antitrust claims and sued the NCAA, alleging such antitrust claims in the ongoing *Hill v. NCAA* case. The NCAA would potentially gain antitrust immunity if student-athletes were recognized as employees and formed unions, thus allowing collective bargaining agreements that would be protected under labor law exceptions to antitrust laws. However, the NCAA has remained unwavering in its position that student-athletes do not constitute employees.

As to these legal issues, college sports leaders have continued pushing for congressional intervention, seeking either narrow antitrust exceptions or comprehensive federal NIL legislation to provide clearer regulatory frameworks. However, federal legislation has repeatedly stalled over the years, and political realities suggest continued uncertainty.

Financial Pressures

Not all institutions will participate in revenue sharing. The Ivy League has already declined, choosing to preserve its amateur model. On the other hand, institutions opting into revenue sharing will face significant financial pressures to fund the expected \$20.5 million annual payments. Athletic departments are already reconfiguring budgets, intensifying fundraising efforts and hiking student fees. Some institutions are contemplating eliminating varsity sports or downgrading them to club status as cost-cutting measures. And these post-*House* challenges coincide with broader challenges in higher education, including declining enrollment, reduced government funding and restrictions affecting international students. As financial pressures mount, athletic programs will need innovative revenue strategies to stay competitive, [making private equity a possible solution](#).

Conclusion

The *House* settlement marks both an ending and a beginning for college sports. It concludes decades of legal battles over student-athlete compensation while ushering in a new era featuring a hybrid model that blends traditional college sports with professional compensation structures.

This new framework will likely face ongoing legal challenges and practical hurdles as it is implemented. Whether the system can balance the competing interests of universities, student-athletes, regulators and other stakeholders remains uncertain and will be determined through real-world applications and future court decisions. Early signs of this new landscape are already emerging. The University of Wisconsin recently sued the University of Miami, alleging that Miami “intentionally interfered and tampered” with defensive back Xavier Lucas’ two-year deal after Wisconsin’s collective had made a substantial payment to Lucas. This case could set a precedent for how schools can enforce anti-tampering provisions within revenue sharing contracts, reflecting the complex new realities facing college sports moving forward.

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