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Objections stall settlement to pay NCAA student-athletes

On the same day the Florida Gators edged out the Houston Cougars 65-63 in the 2025 NCAA March Madness men's basketball championship game, a California federal judge weighed objections to a ground-breaking agreement to permit schools to directly pay student-athletes for playing.

The preliminary \$2.8 billion settlement (dubbed the "House Settlement"), initially reached last October, would permit colleges and universities to pay student-athletes and end three antitrust lawsuits filed against the NCAA and five major conferences. The judge refused to grant the House Settlement final approval during the April 7 hearing; instead she gave the parties time to address a variety of objections raised and propose solutions.

The NCAA generates a lot of revenue, primarily through Division 1 men's basketball. In 2024, the governing organization netted \$1.38 billion in revenue, most of it from its men's March Madness broadcast partnerships with CBS and Turner, along with brand sponsorships and ticket sales, according to Sportico. The NCAA gives hundreds of millions of dollars each year to its member schools and conferences. But the college sports governing organization has never in its 119-year history allowed member schools to pay student-athletes for playing.

In 2021, the U.S. Supreme Court upheld a lower court decision that the NCAA's rule limiting education-related compensation violated the Sherman Antitrust Act. The NCAA subsequently allowed student-athletes to monetize their own names, images and likenesses (NIL) by partnering with third parties, including brands, platforms



SPORTS MARKETING PLAYBOOK

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The move opened up a flood of NIL opportunities for student-athletes, and a select few are now making millions. According to Sports Illustrated, Texas Longhorns quarterback Arch Manning is currently the top-earning student-athlete, with \$6.5 million in deals with brands including EA Sports, Panini America, Red Bull, Uber and Vuori. Just behind Manning is Duke University basketball forward Cooper Flagg, with \$4.8 million in partnerships with Cort Furniture, Gatorade and New Balance. Carson Beck, the University of Miami Hurricanes QB, takes third place with \$4.3 million. Louisiana State University gymnast Livvy Dunne, the first female athlete on SI's list, is fourth with \$4.1 million in deals with Accelerator Active Energy, American Eagle, Crocs, Nautica and Vuori.

At a hearing on the House Settlement, Dunne testified that the preliminary agreement does not accurately value her worth (or others in similar positions) due to lost opportunities under previous NIL restrictions.

The vast majority of student-athletes do not earn seven figures from NIL deals, however. Student-athletes brought the three antitrust lawsuits against the NCAA, and the Pac-12, Big Ten, Big 12, Southeastern and Atlantic Coast conferences, including a certified class action representing nearly 400,000 members, challenging the NCAA's continued policy barring paying student-athletes.

Some of the terms of the proposed 10-year agreement remain up for debate. In giving preliminary approval, the judge directed the parties to rework language regarding NIL compensation restrictions and distribution before returning to court.

The House Settlement would, among other things, allow colleges and universities to opt in to a revenue-sharing system that would facilitate the schools' distribution of approximately \$20.5 million per year (going up to approximately \$30 million by the last year of the settlement) directly to student-athletes, according to the New York Times. Participating colleges and universities would share with student-athletes up to 22% of the average media, ticket and sponsorship revenue generated, Sportico reported. These payments would be made on top of student-athletes' scholarships and NIL deals.

Notable objections raised during the hearing questioned the House Settlement's imposition of new team

roster limits and the application of the agreement's terms to future college athletes.

Objectors also targeted the regulation of payments made by NIL collectives and other third parties to student-athletes because a clearinghouse would need to agree that payment amounts over \$600 were in line with fair

market value, reported the New York Times.

The judge ordered the parties to address the key concerns raised and draft proposed amendments. Numerous outlets noted the judge is inclined to approve the House Settlement as long as the primary objections are satisfactorily addressed.

In just four years, the

NCAA has radically changed the way it treats student-athletes — and there may be more changes to come.

Many student-athlete issues not addressed by the proposed House Settlement remain, however. These include gender equity claims under Title IX, collective bargaining issues and the possibility of Congress granting the NCAA an

antitrust exemption.

Litigation is also pending to determine if student-athletes are considered "employees" under the National Labor Relations Act.

While it's unclear how these issues will play out, final approval of the House Settlement will help to provide a bit more clarity to the NIL landscape.