NCAA's $2.75B Settlement Paves Way for Athlete Compensation Revolution

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In an article published in the *Daily Journal*, Sheppard Mullin partner Brian Anderson, co-leader of the firm's Sports Industry Team, discussed the implications of the National Collegiate Athletics Association (NCAA) landmark $2.75 billion settlement in the *House v. NCAA* class-action lawsuit. This agreement, which concerns former Division 1 student-athletes, marks a historic shift towards directly compensating student-athletes, a departure from the NCAA's long-standing prohibition against such practices.

The settlement introduces a revenue-sharing model, allowing schools to allocate 22 percent (with the potential for this percentage to increase over time) of their revenue towards paying athletes directly. The payments are intended to supplement, but not replace, scholarships, third-party name, image and likeness payments and other benefits that college athletes already receive.

Because the shift may also require collegiate athletic departments to adopt more sophisticated capital structures, including bank debt and private equity investments. Some private equity firms already are eyeing college sports follow the investors' growing involvement in professional sports.

Read Anderson's full article here. (Subscription required.)

Attorneys

Brian D. Anderson

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