



Brief on *House v. NCAA* Settlement (January 6, 2025)¹
Prepared by the Knight Commission on Intercollegiate Athletics

****This document is not intended to replace any of the information the NCAA has and will develop and should not be viewed as legal advice. This Brief is current as of January 6, 2025, however, details regarding implementation continue to develop and may change with final settlement approval.***

The Brief is provided from the Knight Commission’s independent viewpoint. As an [independent non-profit leadership group with a legacy of impact on policies](#) that advance the educational mission of college sports, the Knight Commission’s purpose is to lead change that prioritizes college athletes’ education, health, safety and success. The Commission is a resource on governance and policy in college sports and maintains a unique, publicly accessible [database on Division I finances](#) that can inform decision-making.

The Brief contains an Executive Summary that provides an overview of the following sections:

- I. Key Background on *House v. NCAA* Settlement
- II. NCAA Division I Membership and Championships/Impact of *House* Settlement
- III. *House* Settlement Timeline and Major Points
- IV. Opt-in Considerations
- V. Overview of Relevant Financial Information
- VI. Impact on Athletes and Change in Taxable Benefits
- VII. Appendix

Executive Summary

The hearing for final approval of the pending *In re: College Athlete NIL Litigation (House v. NCAA)* settlement is scheduled for April 7, 2025. If approved by Judge Wilken, the settlement will set into motion a monumental shift in Division I (DI) athletics on July 1, 2025. The four primary changes include:

- Providing back damages (approximately \$2.8 billion) across *all* DI athletes who participated between 2016 and 2024, to be paid over 10 years at approximately \$280 million annually. An estimated 95 percent of the damages will be paid to football and men’s and women’s basketball players in the Defendant Conferences.
- Allowing institutions to provide significant financial payments to athletes beyond those previously permitted. These include direct payment for the use of an athlete’s Name, Image, and Likeness (NIL) and additional payments and benefits commonly labeled as “athlete revenue-sharing” by media. These payments have an initial cap estimated at \$20.5 million per institution for 2025-26. Institutions will also be permitted to facilitate NIL deals for athletes with third parties.

¹ This Brief was updated on January 13, 2025. This resource was originally provided on January 6, 2025, as an attachment to a [memorandum sent to presidents and provosts who registered and participated in a November 14, 2024, meeting](#) on the future of college sports.

- Eliminating athletics scholarship limits and instead instituting roster limits for each sport.
- Requiring all DI college athletes to report any third-party NIL compensation greater than \$600 in the aggregate, while also instituting increased scrutiny, reporting, and fair-market-value assessment requirements for NIL agreements with certain third parties, such as NIL collectives.

All institutions in the Defendant Conferences (ACC, Big 10, Big 12, Pac-12, SEC) are bound by all terms of the *House* settlement. Institutions from non-Defendant Conferences are only bound by the settlement if they choose to “opt in.” A non-Defendant Conference institution “opts in” if the institution provides *any* new athlete payments (e.g., direct NIL compensation) or enhanced benefits (e.g., scholarships) beyond what is currently permitted, even if provided to only one athlete. Non-Defendant Conference institutions should carefully consider the consequences of providing these new athlete payments and/or enhanced benefits since such actions subject institutions to *all* requirements of the settlement.

The NCAA will decrease its revenue distributions to all DI institutions over the next 10 years to fund back damages, with 40 percent of the funds coming from Defendant Conferences and 60 percent from Non-Defendant Conferences.

NCAA bylaws governing **DI membership** and **access to DI championships** are not impacted by the *House* settlement.

Division I member institutions across all conferences will benefit from a clear understanding of the settlement and its sweeping impacts. The Knight Commission recommends that institutions undertake a careful, institution-specific analysis when considering the decision to “opt in” to providing new payments to athletes and/or enhanced benefits. That analysis ideally would not be limited to financial considerations, but also factor in Title IX, enrollment implications, institutional mission and values, and the impact on college athletes and their opportunities.

Key References and Resources used to prepare this memorandum:

- [NCAA Release: Settlement Documents Filed in College Athletics Class Action Lawsuits](#), July 26, 2024
- [Amended Stipulation and Settlement Agreement](#), September 26, 2024
- College Athlete Compensation Settlement Website (<https://www.collegeathleteteam.com>)
- [NCAA Updated Question and Answer: Impact of the Proposed Settlement on Division I Institutions](#), December 9, 2024
- [Question and Answer: Impact of the Proposed Settlement on Current Division I Student-Athletes](#), court-approved guidance document on December 23, 2024

I. Key Background on *House v. NCAA* Settlement

The *House* settlement terms were negotiated by the Defendant Conferences (ACC, Big 10, Big 12, Pac-12, SEC) and NCAA leadership and approved by the DI Board of Directors and the NCAA Board of Governors. The settlement consolidates three antitrust cases (*House, Hubbard, and Carter*) and provides relief from claims that challenge NCAA rules restricting athlete benefits. The defendants estimated that their potential liability under these antitrust cases was tens of billions of dollars, including treble damages.

The settlement includes:

- Back damages (approximately \$2.8 billion) for *all* DI athletes who participated between 2016 and 2024, to be paid over 10 years at approximately \$280 million annually. An estimated 95 percent of the damages will be paid to football and men’s and women’s basketball players in the Defendant Conferences.
- A new model for athlete benefits that will allow but not require institutions to provide athletes with significant financial benefits beyond those previously permitted (“new payments to athletes”). This new model also allows, but does not require, institutions to provide more athletics scholarships in all sports by eliminating current NCAA scholarship limits. New roster limits will be imposed for institutions in the Defendant Conferences and other DI institutions that opt into the settlement.
- A new requirement for all DI athletes to report third-party (non-institutional) NIL compensation greater than \$600 in the aggregate. [Note: Any *institutionally-provided athlete NIL compensation* counts as “new payments to athletes” and will be reported by the institution through a different process.]

The settlement does not resolve any conflicts that may still exist or may arise in the future between NCAA rules and state laws regarding NIL restrictions and college athlete compensation, provided by either the institution or by third parties.

The settlement also does not resolve the separate legal challenges about whether some or all college athletes should be classified as employees.

II. Division I Membership and Championships/Impact of *House* Settlement

A. Mandatory and Optional DI Institutional Involvement in the Settlement

The Defendant Conferences currently include 69 institutions that are members of the ACC, Big 10, Big 12, SEC, and Pac-12, and the University of Notre Dame. This number will increase since at least five (5) institutions are currently scheduled to join one of the Defendant Conferences.

As of this memo's distribution, there are approximately 280 Division I institutions that are neither current nor future members of the Defendant Conferences and thus will need to make a choice whether to opt into the *House* settlement terms.

B. DI Membership Standards and Championships Access Are Not Impacted

NCAA bylaws governing **DI membership** and **access to DI championships** are not impacted by the *House* settlement. DI membership and championship access bylaws are "division dominant" bylaws, requiring a two-thirds vote of the Division membership to change them.²

C. NCAA Revenue Distribution Bylaws Are Not Impacted

NCAA "division dominant" bylaws guarantee DI members access to revenue distribution under a formula approved as of January 20, 2022. Any changes to the NCAA revenue distribution formula require a two-thirds vote of DI membership.³ [Note: There is litigation on this bylaw and its application to the NCAA's damages payment plan for the *House* settlement as approved by the NCAA Board of Governors and DI Board of Directors.⁴]

See Section III.C.3. below for discussion of the NCAA damages payment plan and its impact on future revenue distribution.

² See Bylaw 18.01.3 Championships Access.

³ See Bylaws 20.01.3 – 20.01.3.2.2 in NCAA Manual.

⁴ [*The State of South Dakota and the South Dakota Board of Regents v. NCAA \(Complaint filed on September 10, 2024\)*](#).

III. *House* Settlement Timeline and Major Points

A. Key Terms

New payments to athletes: This term is used throughout this memorandum to describe the significant new financial benefits that **institutions** are allowed to provide to athletes beyond those previously permitted as proposed the *House* settlement terms. These new institutional payments include direct NIL compensation and additional payments and benefits commonly labeled as “athlete revenue-sharing” by media. NCAA documents refer to these “new payments to athletes” as “additional payments and benefits” and “pool payments.”

Opt-in: Refers to the option available to DI institutions outside the five Defendant Conferences to provide enhanced benefits permitted under the settlement. The triggers for opting in are:

- Providing any **new payments to athletes** to one or more college athletes as allowed under the *House* terms, or
- In any one sport, providing athletics scholarships that exceed current (2024-25 academic year) NCAA scholarship limits.

B. Timeline

1. Approval Process

- a. The NCAA’s DI Board of Governors and DI Board of Directors approved the settlement terms in May 2024.
- b. The settlement terms were preliminarily approved by Judge Wilken in the United States District Court for the Northern District of California on October 7, 2024. A final approval hearing is scheduled for April 7, 2025.
- c. Athletes have the right to opt out of the settlement and continue to sue for damages. Objections to the settlement and athlete “opt-outs” must be filed by January 31, 2025. Separately, there are lawsuits challenging the settlement terms.
- d. If the settlement is approved, the terms will go into effect for the 2025-26 academic year and continue through the 2034-2035 academic year.

2. Following approval, NCAA bylaws will need to be changed to reflect the settlement terms, no later than the settlement effective date of July 1, 2025.

3. Institutions in Defendant Conferences are required to abide by all settlement terms. The non-Defendant Conference institutions will declare annually whether to opt in. The NCAA established a **March 1 annual** opt-in “declaration date” for

the duration of the 10-year settlement.⁵ Non-Defendant Conference institutions can choose during any year to change their opt-in status. For example, an institution can decide not to opt in during years 1 and 2 and decide in year 3 to opt in.⁶

C. Major Points

The following explains the new model for institutions in the five Defendant Conferences and the non-Defendant Conference institutions that opt into the *House* terms.

1. New payments to athletes. DI institutions will be allowed to provide significant new financial benefits to athletes beyond those previously permitted. There is no minimum amount required for these payments, but there is a cap. In Year 1 (2025-26), the Defendant Conferences estimate the cap on new payments to athletes to be \$20.5 million per institution.⁷
 - a. Distribution. The settlement terms do not dictate how institutions should distribute any “new payments to athletes.” For example, the settlement does not prevent an institution from providing all of its new payments to only one athlete. (See item e. below on Title IX considerations for additional information on this point.)
 - b. NIL Compensation Provided by the Institution. Any NIL compensation provided directly by an institution to an athlete must count as a new athlete payment and towards the benefits cap. Institutionally provided NIL compensation is not subject to a fair-market-value assessment as described in Section VI.A for third-party NIL compensation.
 - c. Cap on “new payments to athletes.” The cap for new payments to athletes is based on a formula – 22 percent of the average of specific revenue categories for the institutions in the Defendant Conferences. The cap applies on an institutional basis, and there are no sport-specific caps. Figure 1 in the Appendix explains this cap.
 - d. New audit/enforcement procedures. Institutions that provide new payments and benefits to athletes must comply with new financial reporting and compliance processes. The Defendant Conferences are determining these processes with their selected outside provider, LBi. There may be a new associated service cost.
 - e. Title IX considerations with new institutional payments to athletes. How Title IX applies to new payments to athletes **provided by the institution** remains an unresolved issue. Title IX applies to athletic financial

⁵ See question 13, page 3 of [NCAA Updated Q&A, December 9, 2024](#).

⁶ See question 13, page 3 of [NCAA Updated Q&A, December 9, 2024](#).

⁷ See question 23, page 6 of [NCAA Updated Q&A, December 9, 2024](#).

assistance and benefits, opportunities, and treatment provided to athletes enrolled at schools that receive federal funding. A disparity in any new institutional payments provided to male and female athletes may be challenged as discriminatory under Title IX. Clarity on how Title IX will apply to these new payments and benefits will most likely be resolved in the courts, in administrative proceedings, or through federal legislation or regulations. Institutions should be mindful of potential legal challenges arising from disparate payments and benefits to male and female athletes.

A major misconception is whether the formula used to pay *House* settlement damages may be used as a guide for allocating new payments to male and female athletes in the coming decade. Janet Judge, Title IX attorney, said the following about this misconception:

“Past damages allocation decisions are being made by the Plaintiffs’ attorneys, according to their valuation of the individual antitrust claims of their clients under the cases at bar, none of which include Title IX claims. Accordingly, Title IX does not govern how the past damages claims will be disbursed and as a result, it is reported that approximately 85 percent to 90 percent of those dollars will be allocated to male athletes.

For these reasons, Plaintiffs’ attorney’s decisions regarding past damages allocations are not being reviewed by Judge Wilken with an eye toward Title IX compliance, and are not receiving any sort of Title IX approval by the Court. As such, the past damages allocation framework should not be relied upon as setting the standard for satisfying a school’s Title IX obligations moving forward when considering prospective fund payment allocations.”⁸

2. Roster Limits Replace Scholarship Limits. The settlement terms require the NCAA to eliminate scholarship limits. Institutions from Defendant Conferences plus those that opt in must comply with new roster limits.⁹ This change allows for any athletes on the roster to receive scholarship aid and/or the new athlete payments that the settlement now permits.
3. Payment of Damages.
 - a. Overview of damages. The terms of the settlement include a payment of damages to a class of athletes (2016 – 2024) who, due to NCAA rules, were unable to receive NIL compensation as well as the cash academic awards enabled by the *Alston* decision. The damages total approximately

⁸ Knight Commission Public Session: [“Impact of proposed House settlement and college athlete-employment cases, including a discussion of Title IX,”](#) September 18, 2024.

⁹ [“New college sports roster limits revealed as House settlement expands scholarship numbers,”](#) Yahoo!Sports.com, July 26, 2024.

\$2.78 billion, to be paid over 10 years.¹⁰ Of this amount, NCAA reserves and insurance is expected to cover \$1.1 billion and the remaining \$1.6 billion will be withheld from future distributions to DI members.

- b. NCAA Damages Payment Plan. The current NCAA *internal* plan to pay \$1.6 billion in *House* settlement damages, as approved by the Board of Governors and DI Board of Directors, will impact future DI revenue distributions by reducing the amounts paid to all DI members. The damages assessment differs by institution and by conference. **[Note: This plan was an internal decision that could be altered by a change in NCAA finances and/or membership vote. The *House* settlement does not dictate how the NCAA pays the damages.]**

In sum, the NCAA's decision to reduce distributions by \$1.6 billion will result in 40 percent of the funds coming from the institutions in the five Defendant Conferences and 60 percent being assessed on Non-Defendant Conference institutions.¹¹

- c. Athletes receiving damages. The plaintiffs' proposed schedule for damages payments shows that more than 95 percent of the damages will be paid to football and men's and women's basketball athletes who played at institutions in the Defendant Conferences, and 5 percent to all other DI athletes.

¹⁰ ["Settlement Documents Filed in College Athletics Class-Action Lawsuits," NCAA Media Center](#), July 26, 2024.

¹¹ ["Sources: NCAA plan to pay off settlement irks non-Power 5 schools," ESPN.com](#), May 17, 2024.

IV. Opt-In Considerations

Institutional leaders with an opt-in choice should weigh the consequences with great care. Important factors for consideration are: overall financial impact; Title IX compliance; potential loss of athlete opportunities; impact on enrollment management strategies; implications for institutional mission and values; potential implications of unresolved issues; pending litigation to overturn the settlement terms; and, the potential that providing new payments to athletes could make it more likely that athletes may be classified as employees in the future.

Decision-makers can choose between opting in versus providing educationally-related athlete benefits allowable within current limits. This important assessment should consider the following:

A. Conference Impact.

1. While opting in is an institutional decision, conferences are permitted to set independent policies for their member institutions that choose to opt in.¹²
2. Multiple conferences expect at least some of their institutions to opt in. This evolving situation could spur another round of conference realignments.

It also could create scenarios where institutions within the same non-Defendant conference operate under different rules – some following new roster limits while others maintain current scholarship limits. Additionally, some institutions may share revenue with their athletes while others will not. These variations in rules within conferences may create unique competitive and administrative challenges.

B. Guidelines and opportunities for institutions that DO NOT opt in.

1. Institutions that **DO NOT** opt in must continue to abide by “pre-*House*” DI membership rules governing institutionally provided athlete financial benefits that are educationally related (e.g., scholarships, cost of attendance stipends, “Alston”/graduation and academic cash awards). The institutions must also abide by pre-*House* NCAA scholarship limits in each sport and are not subject to roster limits defined in the settlement.

For these institutions, there may be opportunities to expand currently permissible educationally-related benefits to enhance athletes’ financial packages without triggering any opt-in conditions. The Supreme Court’s June 2021 decision in *Alston v. NCAA* prohibits the NCAA from imposing restrictions on institutions

¹² The proposed settlement states: “Each of the Member Institutions, subject to any independently set conference-level rules or guidelines (i.e., conference-level rules or guidelines imposed by a conference without agreement with the NCAA or any other conferences), shall unilaterally decide/determine whether and how much of any benefits newly permitted by this Injunctive Relief Settlement to provide to any individual Division I student-athlete (up to the Pool amount).” Amended Stipulation and Settlement Agreement, *In re: College Athlete NIL Litigation*; Article 3, Section 2, “Institutional Decision-Making and Conference-Level Rules.”

from offering educationally-related benefits, such as scholarships, academic awards, laptops, internships, and other benefits tied to education. For example, if an institution is not currently awarding annual cash academic and graduation awards of up to \$5980 to its athletes, it can begin fully funding those awards without triggering opt-in requirements.

2. Institutions that **DO NOT** opt in may provide scholarships **only** up to the current (2024-25) NCAA scholarship limits by sport and are not required to meet the roster limits determined by the settlement. Increasing athletics scholarships within the current NCAA scholarship limits does not by itself trigger opt-in status. *(See Financial Considerations section below for more information on the potential financial impact of restrictive roster limits.)*

C. Opt-In Impacts.

1. If an institution provides new payments to athletes in only one or two sports, the roster limits and other settlement terms apply to *all* NCAA sports.
2. Institutions that opt in during a particular year can decide to return to an “opt-out” level in future years, requiring a return to pre-*House* athlete benefits and team scholarship levels.
3. Some institutional leaders are concerned that opportunities and benefits to athletes in Olympic or non-revenue sports will diminish as many institutions prioritize funding to football and basketball in the post-*House* model of new athlete payments and enhanced treatment and benefits focused on revenue sports.
4. Some athletics administrators are discussing plans to “tier sports”—providing greater benefits, treatment, etc. to the top tier and reducing them in the lower tier— rather than eliminating sports. Title IX is a critical factor to consider in determining which sports to tier and what benefits to provide at certain levels.

V. Overview of Relevant Financial Considerations

- A. Current DI financial landscape. Figures 2 and 3 in the Appendix, generated using the [Knight-Newhouse College Athletics Database](#), underscore the vast differences in revenue as well as the distinct sources of revenue among DI competitive groups.

Figure 2 in the Appendix highlights that the revenue for the median institution in the Defendant Conferences is \$145 million, approximately \$100 million greater than the median institution in the other FBS conferences and approximately \$125 million greater than the median institutions in the other Division I Subdivisions.

Figure 3 in the Appendix highlights that for non-Power 4 institutions, athletics programs already rely significantly on institutional funding and student fees. For most of those institutions, any new payments to athletes will likely require increases in institutional funding and student fees or significant tiering of sports to reallocate spending.

The gap between revenue-rich programs and other DI programs is likely to grow in the next decade. For the institutions in the current Power 4 conferences (ACC, Big Ten, Big 12, SEC), media revenue funding will jump significantly in coming years since those four conferences will receive 90 percent of the revenues from the expanded College Football Playoff (“CFP”) – an event managed independently of the NCAA that will generate more than \$1.4 billion annually. The NCAA does not receive any funding from the CFP.

- B. Impact of “Opting In” on Roster Limits/Tuition Payments from Athletes.

The implementation of roster limits could have far-reaching impacts on college athletes, on institutional spending, and on campus recruiting practices. Opting into the terms to provide new payments to athletes in only one sport, or even with one star athlete, requires that the terms of the settlement, including roster limits, apply to all sports at the institution. There is no partial “opt-in.”

In some cases, these roster limits could reduce a program’s current roster size and eliminate spots currently filled by tuition-paying students. For example, FCS football teams currently carry an average roster size of 118. With a current equivalency scholarship limit of 63, many FCS players are tuition-paying students. Opting-in means that the football roster drops to 105, thus reducing the number of tuition-paying players. A loss of roster spots could impact tuition revenue at institutions that use athletics in their enrollment management strategies (e.g., male enrollment, tuition-paying students).

- C. Additional impact on budgeted NCAA distributions. As institutions increase scholarships as allowed by the *House* settlement, the NCAA’s annual “Grant-in-Aid Fund” distribution will be altered and may result in reduced distributions for many institutions. As the number of total athletics scholarships grows larger, the overall unit distribution value will be reduced. The existing Grant-in-Aid distribution formula of more than \$150 million annually is complicated, but it significantly rewards institutions that are providing more than 150 athletics scholarships.¹³

¹³ [NCAA Revenue Distribution Plan](#), pages 9-10.

- D. Modeling spending and revenues. The Knight-Newhouse College Athletics Database provides substantial data to help institutional leaders explore the financial impact of policy decisions, and we are glad to provide educational sessions to help administrators use this data source.

VI. Impact on Division I Athletes and Change in Taxable Benefits

- A. New Regulations for ALL DI College Athletes Receiving Third-Party NIL Compensation. The *House* settlement terms also establish new regulations for ALL DI college athletes receiving ***third-party NIL compensation*** (i.e., compensation from any source other than the institution), regardless of whether their institution opts into the settlement.

These regulations require college athletes to report any third-party NIL compensation that exceeds \$600 in the aggregate to a designated entity.

There is no cap on athlete NIL compensation provided by third-party entities. However, the settlement terms provide for greater oversight and a fair-market-value assessment of NIL deals between athletes and boosters or associated entities/collectives to ensure that they are “legitimate” NIL deals.¹⁴

These provisions, aimed at bringing greater regulation to third-party NIL compensation, are raising criticism from state legislators in states with permissive laws regarding college athlete NIL rights. As noted previously, the settlement does not resolve any conflicts that may still exist or may arise in the future between NCAA rules and state laws regarding college athlete NIL compensation, provided by either the institution or by third parties.

Additional guidance for athletes receiving third-party NIL compensation can be found in this [December 23, 2024 court-approved Q & A document](#).

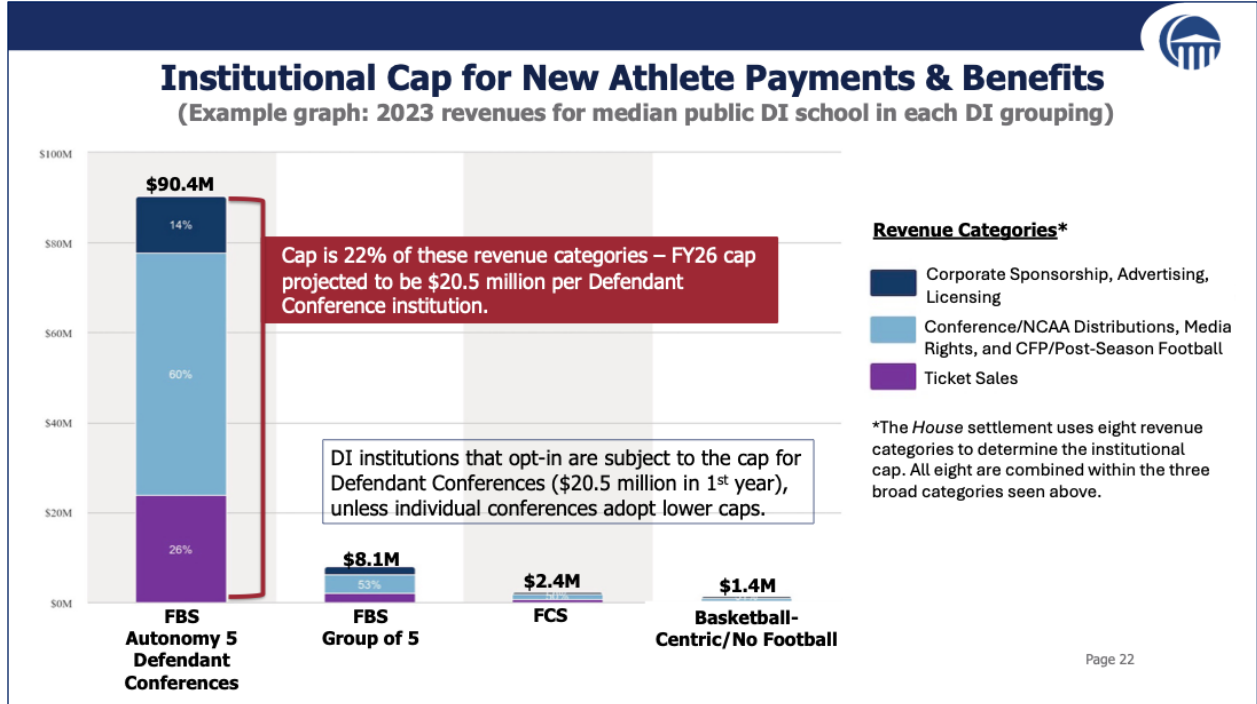
[Note: Institutionally provided NIL compensation, as described in Section III.C.1.b, is treated differently.]

- B. Tax Implications for New Payments to Athletes from Institutions. It is expected that the new institutionally provided payments to athletes will be taxable income. Institutions and athletes should consult with tax experts on these questions.

¹⁴ See question 31, page 6 of [NCAA Updated Q&A, December 9, 2024](#).

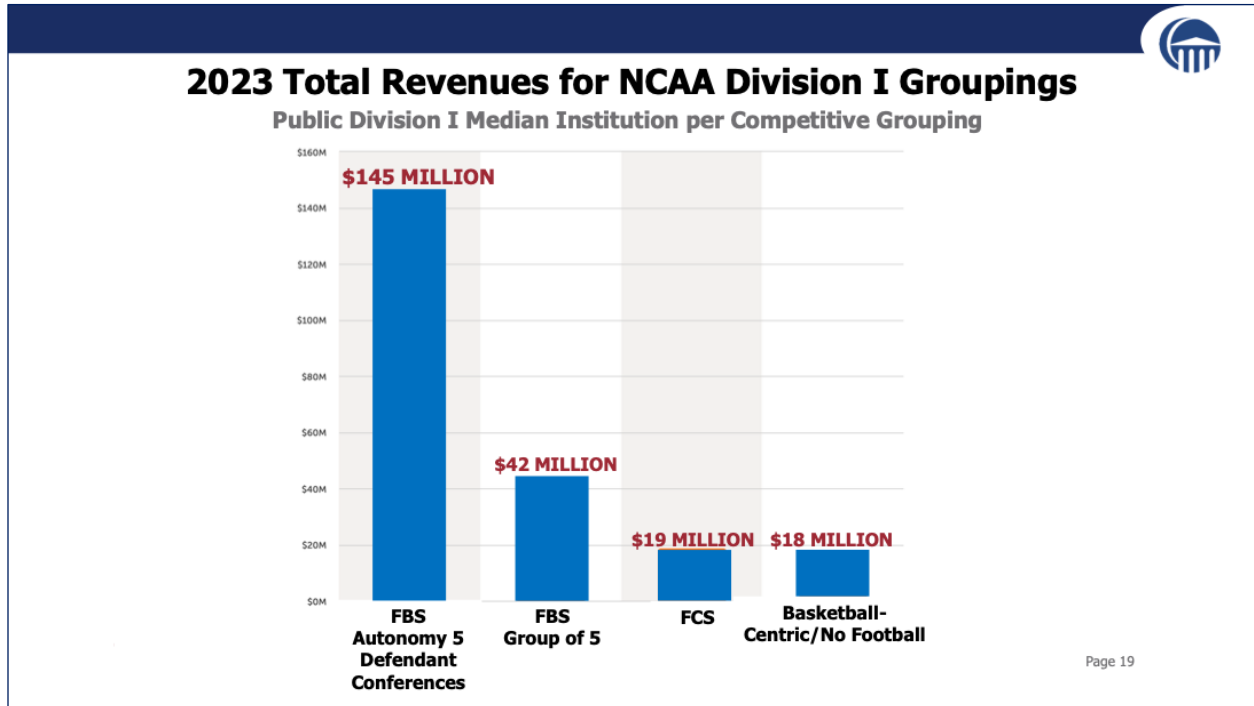
VII. Appendix

Figure 1



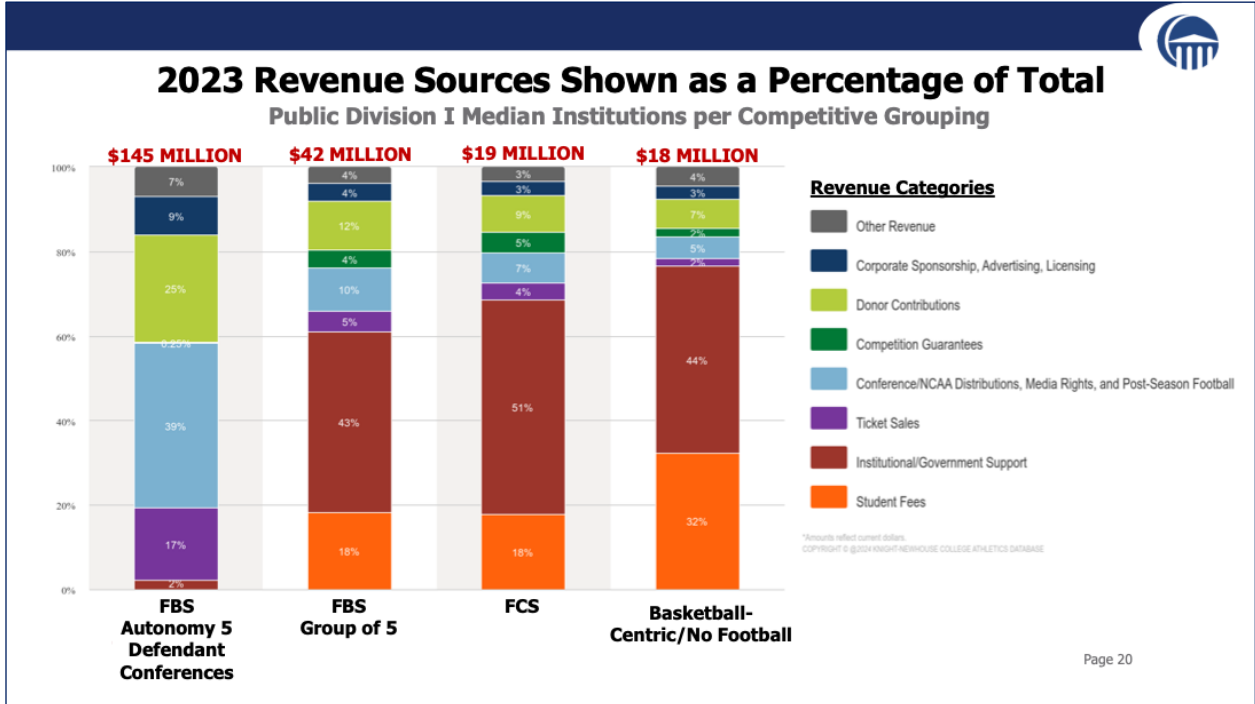
Note. This figure illustrates the revenue categories that determine the institutional cap on new payments to athletes, collectively referred to as "Pool Revenue." This institutional cap is set at 22% of the average Pool Revenue from all institutions within the Defendant Conferences (current and future conference members). The institutional cap is recalculated every three years and increases by 4% annually.

Figure 2



Note. This figure highlights that the revenue for the median institution in the Defendant Conferences is \$145 million, approximately \$100 million greater than the median institution in the other FBS conferences and approximately \$125 million greater than the median institutions in the other Division I Subdivisions.

Figure 3



Note. This figure highlights that for non-Power 4 institutions, athletics programs already rely significantly on institutional funding (maroon) and student fees (orange). For most of those institutions, any new payments to athletes will likely require increases in institutional funding and student fees or significant tiering of sports to reallocate spending.