What Do Boards Need to Know About Changes in College Athletics?

Amy Privette Perko, is the chief executive officer of the Knight Commission on Intercollegiate Athletics, an independent leadership group whose purpose is to lead change to prioritize college athletes' education, health, safety, and success.

What are the most significant changes to come in college athletics that boards should know?

The proposed settlement in *House vs. NCAA* includes more than paying $2.8 billion in damages to former athletes. The proposed terms, which require court approval, will allow athletics programs to share revenue with their athletes as soon as fall 2025.

Proposed revenue sharing with athletes does not have a required "floor," but there will be "cap" of roughly $22 million per institution annually in the initial years. For athletics programs that opt to engage in revenue-sharing, significant questions remain, including how Title IX applies.

Another potentially significant change is whether athletes will be deemed employees. While courts and the National Labor Relations Board may not fully resolve this issue for at least a couple of years, the NCAA is trying to secure federal legislation to prevent athletes from being considered employees. Concurrently, some Division I leaders are designing a new model that will reaffirm the primacy of education in college sports and protect the non-employment status of athletes.

- Boards should reevaluate the mission of their athletics programs and determine if their programs should share revenue with athletes. For programs that share revenue, boards should address and monitor Title IX compliance.
- Boards should be educated about any federal and/or state legislative activities initiated by athletics staff.

How could the NCAA decision impact colleges differently, such as colleges with Division 1 athletic programs?

The House settlement impacts all Division I schools by reducing NCAA distributions over 10 years by $1.7 billion to cover a portion of the settlement's damages.

It is expected that all Division 1 athletics programs in the four richest conferences (i.e., ACC, Big Ten, Big 12, SEC) are likely to opt in. In trying to keep pace with these programs, other Division I institutions may divert institutional funds for athletics in ways that could detract from academic resources.

Ultimately, a turn toward the full professionalization of college sports by some programs could create an existential risk to all college sports, regardless of competitive division, by propelling a collapse of educational purpose within the college sports model as a whole.

- Boards should reexamine the purpose and scope of their athletics programs and take actions to align practices and policies with their intended missions.
- Boards should monitor athletics programs' reliance on student fees and institutional funding and determine whether such reliance could change and if so, to what level.

How could payment for student athletes impact college revenue and expenses?

The vast majority of Division I athletics programs spend all of their athletics revenues each year. Athletics programs that opt to share revenue with athletes must find new revenue, cut costs, reallocate spending, or pursue a combination of all three strategies.

A very small subset of Division I schools, primarily the 67 programs in the Power 4 conferences, will pay for new athlete benefits with revenues from conference media contracts and the expanded College Football Playoff (CFP). By 2027, the CFP, operated independently of the NCAA, will generate $1.3 billion annually—90 percent earmarked just for Power 4 schools.

Other Division I programs that plan to share athletics revenue with athletes will likely turn to expanded fundraising, increased commercialization, or institutional funding. Even private equity entities have expressed interest in a potential role in athletics programs or their conferences.

- Boards should carefully scrutinize any decisions to seek outside investments, like private equity, in athletics programs.
- Boards should evaluate and monitor the risks and benefits of increasing revenue through increased commercialization of athletics assets.
- Boards should monitor the impact of decisions and Title IX implications of "tiering" sports, with some receiving less funding and reductions in athletics scholarships, while other sports engage in athlete revenue-sharing.
- The Knight-Newhouse College Athletics Database is a resource to examine comparative athletics finances among public Division I institutions. T

–Interview by Elena Loveland, Trusteeship *editor-in-chief*

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