Legal Update Article

A New Era Begins: NCAA Amateurism Is Out as Direct Athlete Compensation + College Sports Commission Enter the Arena

By Bernard G. Dennis & Jason S. Kaner

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Meet the Authors

Bernard G. Dennis
Principal
(703) 483-8378
Bernard.Dennis@jacksonlewis.com

Jason S. Kaner
Associate
445-223-5346
Jason.Kaner@jacksonlewis.com

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Takeaways

- The $2.8 billion *House* settlement clears the way for institutions to begin directly compensating student-athletes through revenue sharing.
- The new College Sports Commission will oversee implementation and enforcement of the settlement and create new rules around revenue sharing, NIL, and roster limits.
- If opting in to revenue sharing, institutions have looming reporting deadlines and annual obligations.

Article

A new era in college athletics officially began on June 6, 2025, when U.S. District Judge Claudia Wilken granted final approval to the $2.8 billion *House v. NCAA* settlement in antitrust litigation over NCAA rules that barred institutions from directly compensating student-athletes. The settlement clears the way for institutions to pay student-athletes directly and, just as significantly, establishes the new College Sports Commission (CSC) to oversee this seismic shift.

Formed by the Power 5 conferences (ACC, Big Ten, Big 12, Pac-12, and SEC), the CSC is a first-of-its-kind, independent regulatory body designed to oversee implementation and enforcement of new rules around revenue sharing; name, image, and likeness (NIL); and roster limits, all issues that have long plagued the NCAA's previous enforcement efforts.

Revenue Sharing Oversight

The *House* settlement allows participating institutions to directly compensate student-athletes through revenue sharing starting July 1, 2025. Each institution may distribute up to 22% of the average revenue from Power 5 conference schools, derived from media rights, ticket sales, and sponsorships. For the 2025–26 academic year, the cap is estimated at $20.5 million per institution, with a projected 4% annual increase for the next two years and periodic recalculation over the 10-year settlement terms, with that number rising to an estimated $33 million by 2035. This is essentially the CSC's equivalent of a "salary cap."

Institutions may provide the direct compensation to their student-athletes in addition to scholarships, NIL earnings, and other allowed educational benefits. To monitor this process, the CSC and LBi Software developed the College Athlete Payment System (CAPS). All participating institutions must use CAPS to allocate funds, monitor payments, ensure compliance, and track roster-based allocations.

Division I institutions outside the Power 5 conferences may opt in to revenue sharing by formally notifying the NCAA by June 30, 2025. Each year, non-Power 5 institutions could opt in or out of revenue sharing by notifying the NCAA by March 1 for the upcoming academic year. To opt out, institutions must have met all obligations to student-athletes, and any revenue sharing or increased scholarships must end. Regardless of whether an institution opts in to revenue sharing, all Division I student-athletes will be subject to the new rules and requirements around third-party NIL deals. Participating institutions must report their revenue sharing and other academic benefits within 60 days of the close of each academic year.

Labeling these payments as "revenue sharing," rather than salaries, reinforces the NCAA's position that student-athletes are not employees. However, this classification remains unsettled. The pending *Johnson v. NCAA* lawsuit moving through federal court in Pennsylvania argues that college athletes should be treated as employees under the Fair Labor Standards Act. While the *House* settlement represents a significant evolution, it is likely not the final word on student-athletes' status.

NIL Monitoring and Review

For NIL oversight, the CSC officially launched NIL Go, a centralized clearinghouse operated with the accounting firm Deloitte. Through NIL Go, and in accordance with the *House* settlement, institutions must report all third-party NIL deals exceeding $600 for review to determine whether they represent "fair market value." Deals deemed excessive or suspicious may be flagged, revised, or challenged in arbitration. The goal is to distinguish legitimate NIL arrangements from disguised pay-for-play deals. According to the CSC, NIL mandatory reporting for student-athletes began June 7, 2025, the day after court approval of the *House* settlement.

By routing all significant third-party NIL contracts through NIL Go, the CSC aims to introduce transparency and consistency into a marketplace that has operated with minimal oversight. The system, however, faces skepticism regarding enforceability, particularly in cases involving large booster collectives or states with permissive NIL laws. Critics argue that the NIL market, for all its chaos, reflects true market dynamics and efforts to rein it in may lead to legal challenges or simply drive deals underground. The legality of NIL Go is almost certain to be tested in court. The NCAA continues to press Congress for federal antitrust protection, but no legislation has reached a vote despite numerous proposals.

Roster Limit Tracking

The CSC is charged with monitoring new roster limits. There are no longer scholarship limits. Institutions may provide all their student-athletes scholarships subject to sport-specific roster limits monitored by the CSC. In order to protect current student-athletes, any rostered or recruited athlete as of April 7, 2025, will not count against the new roster limitations. Institutions must identify these "designated student-athletes" by July 6, 2025.

Enforcement

By agreeing to directly compensate student-athletes, institutions will give the CSC vast authority to enforce the *House* settlement's terms, investigate violations, and issue penalties. Institutions and student-athletes may challenge CSC decisions through arbitration.

On June 6, the CSC named its first CEO, Bryan Seeley, a former U.S. Department of

Justice attorney and Major League Baseball's longtime head of investigations. Seeley will report to a board comprised of Power 5 commissioners, who made clear during a press conference that the time for self-policing has passed. "Our schools want rules, and we're providing rules, and we will be governed by those rules," Big 12 Commissioner Brett Yormark said. "And if you break those rules, the ramifications will be punitive."

Decisions Facing Institutions

What makes the CSC any different from prior NCAA enforcement? One difference among many is that the CSC is not beholden to every Division I institution. It was created by and for the Power 5 conferences and reflects the real power dynamics of modern college athletics.

Although the new revenue-sharing model is voluntary, institutions that choose to participate will face significant financial pressure. Institutions traditionally competing at the highest levels of athletics are expected to approach or meet the $20.5 million annual cap to remain competitive in recruitment and retention.

To cover the new expenses, some athletic departments have begun restructuring budgets, increasing donor outreach, raising student fees, and exploring new revenue streams. Others are reassessing internal costs, benefits, and support services. Institutions are already experiencing growing pains as they adjust to a model that, while offering increased compensation for athletes, also requires greater financial discipline and resource allocation.

Beyond cost, schools face potential exposure under Title IX, as any significant imbalance in how revenue-share funds are distributed across men's and women's sports could trigger compliance challenges. Similarly, conflicts with existing state NIL laws and ongoing litigation related to athlete employment status will likely generate additional uncertainty in the coming years.

Further, with direct compensation, student-athletes have greater motivation to continue their college careers, and litigation over eligibility rules has already begun.

If you have any questions about your institution's compliance with the requirements of the *House* settlement or CSC rules or related legal issues and challenges, please reach out to a member of the Jackson Lewis Education and Sports Group.