# Federal judge approves $2.8bn NCAA settlement transforming college athlete pay and revenue sharing



A federal judge has approved a landmark settlement in the House v. NCAA class-action lawsuit, marking a pivotal moment in the evolution of college athletics in the United States. The agreement not only allows for a direct revenue-sharing model between schools and athletes but also establishes a framework for compensating athletes based on their name, image, and likeness (NIL). Over the next ten years, an impressive $2.8 billion will be allocated for back pay to current and former athletes, fundamentally reshaping the financial landscape of college sports.

The essence of this settlement introduces a cap on direct payments to athletes, estimated at around $20.5 million per institution annually, which will be drawn from various revenue streams, including media rights and ticket sales. This shift comes on the heels of a unanimous Supreme Court ruling, which found the NCAA in violation of antitrust laws by prohibiting third-party payment to athletes. Since NIL regulations opened up on July 1, 2021, athletes have been able to monetise their personal brands through endorsements, a change that has spurred significant financial activity in college sports.

Under the new rules, Division I schools in major conferences, such as the ACC, Big Ten, Big 12, and SEC, will have to adhere to the settlement's terms. Smaller institutions, however, have until June 15 to decide whether or not to participate. Reports have indicated that schools like Temple and Drexel are enthusiastic about opting in, while Ivy League schools, including Penn, will not partake, thereby restricting their ability to share revenues but still permitting athletes to seek third-party NIL opportunities.

The settlement also introduces roster limitations aimed at protecting current athletes. Those who were cut from their teams due to the new limits will be classified as “Designated Student-Athletes” and will be allowed to transfer without penalty, alleviating concerns about lost opportunities for those affected by these changes. However, critics argue that while this settlement seems to benefit many athletes, particularly in high-revenue sports, walk-ons and Olympic sports participants may see their opportunities dwindle amid tighter rosters and financial constraints.

Furthermore, the settlement raises overarching questions regarding the employment status of college athletes. Currently, while athletes benefit from NIL deals, they do not have the formal status of employees, an issue still under legal scrutiny in other cases, such as Johnson v. NCAA, which continues to wind its way through the courts. As a measure to support these shifts, NCAA President Charlie Baker has been rallying Congressional support for legislation that would provide antitrust protections to facilitate a smoother implementation of revenue sharing and spending caps.

Legal experts have noted that the settlement will not only reshape how athletic departments operate but may also pave the way for increased litigation surrounding athlete compensation and employment status. Moreover, attorneys involved in the lawsuit are set to receive substantial legal fees nearing $475 million, underscoring the high stakes and complexities involved in furthering athlete rights.

As the NCAA and its institutions brace for this new era of college sports, the long-term implications of the House settlement will undoubtedly resonate across the landscape, prompting a reevaluation of how collegiate sports are governed and funded.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.inquirer.com/college-sports/house-settlement-approval-division-one-programs-college-name-image-likeness-transfer-portal-20250610.html), [[4]](https://apnews.com/article/4355c0db8bb2eaa4248650594f157053)
* Paragraph 2 – [[1]](https://www.inquirer.com/college-sports/house-settlement-approval-division-one-programs-college-name-image-likeness-transfer-portal-20250610.html), [[2]](https://apnews.com/article/017aa376df1737e9265fea1d6a1d7aa8), [[5]](https://apnews.com/article/aa3169056e8194aeebf34495641bce0b)
* Paragraph 3 – [[4]](https://apnews.com/article/4355c0db8bb2eaa4248650594f157053), [[6]](https://apnews.com/article/c155b06303fce4def9bca9f7efb2d03c)
* Paragraph 4 – [[3]](https://apnews.com/article/3ce2392e51523528873c96a1d02f9e89), [[6]](https://apnews.com/article/c155b06303fce4def9bca9f7efb2d03c)
* Paragraph 5 – [[2]](https://apnews.com/article/017aa376df1737e9265fea1d6a1d7aa8), [[7]](https://apnews.com/article/891f8252255048d8e5961c9b863175c3)

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.inquirer.com/college-sports/house-settlement-approval-division-one-programs-college-name-image-likeness-transfer-portal-20250610.html> - Please view link - unable to able to access data
2. <https://apnews.com/article/017aa376df1737e9265fea1d6a1d7aa8> - NCAA President Charlie Baker is urging Congress to support new draft legislation that would bolster recent reforms in college sports, including a $2.8 billion antitrust lawsuit settlement that now allows schools to directly pay athletes through revenue-sharing. Baker noted that the NCAA has already responded to calls from lawmakers to 'clean up its own house' by implementing enhanced scholarship and health care protections for athletes. However, for the revenue-sharing model to be sustainable, the NCAA is advocating for limited antitrust protection to avoid legal challenges, especially regarding spending caps and eligibility rules, such as the current five-year window to complete four seasons.
3. <https://apnews.com/article/3ce2392e51523528873c96a1d02f9e89> - Attorneys involved in the House v. NCAA antitrust class-action lawsuit will receive over $475 million in legal fees, with the potential to reach $725 million depending on future benefits to student-athletes over the 10-year settlement term. The lawsuit, initially filed in June 2020, challenged NCAA restrictions on student-athlete compensation, and class certification was granted in November 2023. U.S. District Judge Claudia Wilken approved the fee request, citing the attorneys’ exceptional outcomes. Lead counsels Steve Berman and Jeffrey Kessler requested 18.3% of the $2.596 billion cash common fund, with an additional $250 million based on an estimated $20 billion in added athlete benefits. Legal experts consider the fee request reasonable given the case's complexity and risk. The attorneys logged tens of thousands of hours and faced 'tooth and nail' opposition from well-funded NCAA and conference legal teams. The lawsuit involved review of millions of pages of documents and was conducted on a contingency basis, meaning attorneys only get paid if successful. Experts note that federal antitrust class actions are difficult to win, making the court’s support for attorney compensation unsurprising.
4. <https://apnews.com/article/4355c0db8bb2eaa4248650594f157053> - A federal judge has approved a landmark $2.8 billion settlement that allows U.S. colleges to begin paying student-athletes as early as next month, fundamentally altering the landscape of college sports. The decision concludes a lawsuit initiated nearly five years ago by Arizona State swimmer Grant House, challenging the NCAA and major conferences over revenue-sharing restrictions. Under the terms, schools can share up to $20.5 million annually with athletes and compensate former athletes with a collective $2.7 billion over the next decade. The agreement signals the end of NCAA amateurism and hands significant regulatory control to the four major conferences (ACC, Big Ten, Big 12, SEC). It also addresses roster concerns by allowing athletes cut due to new limits—now labeled 'Designated Student-Athletes'—to return or transfer without penalty. Although seen as a win for top-tier athletes, concerns remain about walk-ons and Olympic sports athletes losing opportunities. The ruling does not eliminate future legal uncertainties, as discrepancies in NIL laws across states persist. NCAA President Charlie Baker and others continue to advocate for federal legislation to ensure consistency and prevent further litigation.
5. <https://apnews.com/article/aa3169056e8194aeebf34495641bce0b> - A landmark $2.8 billion antitrust settlement has been approved by a federal judge, significantly reshaping the landscape of college sports. The settlement, stemming from lawsuits led by former Arizona State swimmer Grant House, ends the NCAA's long-standing ban on direct payments from schools to student-athletes, allowing them to receive compensation for their name, image, and likeness (NIL). Starting in the first year of implementation, each Division I school can allocate up to $20.5 million — about 22% of their revenue — to athletes. Funding will come from media rights, ticket sales, and increased fees for fans and students. While NIL payments have been allowed since 2021 through third-party deals, this settlement permits direct school payments and includes $2.7 billion in back pay for athletes who competed between 2016 and 2024. Enforcement will be managed by a newly formed College Sports Commission. Although football and men's basketball players are expected to receive most of the funds, there are concerns about Title IX compliance and impacts on Olympic sports. Additionally, the settlement sparks questions about athlete employment status and the need for possible collective bargaining, while the NCAA seeks limited antitrust exemptions from Congress.
6. <https://apnews.com/article/c155b06303fce4def9bca9f7efb2d03c> - The recent $2.8 billion settlement approved by the NCAA and the nation's five largest conferences marks a significant move towards professionalizing college sports. The settlement entails paying damages to thousands of former and current athletes whose opportunities to earn endorsement money were impeded by obsolete NCAA rules. Approximately 14,000 claims will be compensated over a decade, involving athletes like former swimmer Grant House and current basketball player Sedona Prince. Additionally, a novel revenue-sharing system will allow schools to commit up to $21 million per year for athlete payments, impacting numerous institutions from 2025. Schools opting out of this financial commitment might face competitive disadvantages. The NCAA will cover 41% of the total settlement expense, with contributions from major Division I conferences and additional funds from NCAA reserves. Concerns arise among smaller schools about budget impacts due to the withheld usual distributed funds. Changes to NCAA scholarship limits may lead to wealthier schools gaining competitive advantages, potentially affecting sports programs and investments across different schools.
7. <https://apnews.com/article/891f8252255048d8e5961c9b863175c3> - Payment to college athletes is nearing closer as a federal class-action antitrust lawsuit, House vs. NCAA, seeks damages for athletes denied opportunities for earnings from 2016. The settlement proposal, yet to be approved by a judge, endorses payment for athletes, constituting nearly $2.8 billion in damages over ten years. Colleges, predominantly those lucrative in sports like football and basketball, could result in cuts for non-revenue sports like those familiar in the Olympics. Revenue-sharing from television deals will underwrite athlete payments. This seeks federal antitrust exemption to stave off deeming athletes employees. Next, U.S. Judge Claudia Wilken will consider this shift from traditional amateurism in college sports.