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Private Equity Circling Big Ten College Conference Sports

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Mark T. Wilhelm

Mark Wilhelm, a partner in the Corporate Practice Group of Troutman Pepper Locke, was quoted in the March 12, 2025 *Pensions & Investments* article "Private Equity Circling Big Ten College Conference Sports." The article was republished in *Crain's Business Chicago*, *Crain's Business Cleveland*, and *Crain's Business Detroit*.

"It's no secret that colleges and universities are facing financial pressures, whether from potential changes in governmental funding programs or the changing landscape of schools beginning to pay compensation directly to players," said Mark Wilhelm, a Philadelphia-based partner at the legal firm Troutman Pepper Locke, who represents private equity firms as well as colleges and universities.

"Even before these pressures, it was widely known that the vast majority of major college athletic programs operate at an annual deficit," Wilhelm said. "So, for Big Ten schools, a private equity investment could provide much needed near-term funding in an uncertain environment."

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And while schools in the Big Ten are perhaps best known for their football and basketball teams, Wilhelm said the conference currently sponsors 28 official sports, 14 for men and 14 for women.

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"Generally speaking, conferences enter into rights agreements with a television partner," Wilhelm said. "Those agreements are treated as highly confidential, and it is rare that anything other than the headline revenue number and length of the agreements is made public. But suffice to say that television partners will pay the conference a large amount to televise some agreed number of the conference's athletic contests."

Which sports and games are televised varies, but generally speaking football and men's basketball account for a significant portion of the revenue, he said.

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From a business perspective, Wilhelm explained, a private equity investment in an individual school's athletics programs would present concentration risk for the private equity fund, making the fund's return tied to a single program's revenues.

“The investment in an individual school’s athletics program also faces legal hurdles because many states have laws prohibiting private investment in governmental entities and many athletics programs are deemed to be governmental entities,” he elaborated. “These challenges (would be) largely solved or at least mitigated by an investment at the conference level.”

Finance structure

While it remains unclear what kind of structure private equity firms will use to invest in college athletics conferences, Wilhelm said “it would not surprise me to see a royalty finance structure similar to what is used in other industries.”

In a royalty finance structure, a private equity fund could invest a lump sum of money today in exchange for some percentage of the conference’s revenues in the future, Wilhelm explained. “Those revenues are largely a function of revenues from television rights, which are more or less known for the duration of the existing rights agreement and would have to be predicted for the next rights agreement,” he added. “The conference would then distribute the lump sum payment to its member schools in whatever proportion is agreed to in the conference’s governing documents.”

In such a scenario, Wilhelm would expect extensive diligence and negotiations around how present payments from a private equity fund would translate into a percentage of revenues in the future.

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Under the current settlement plan, Wilhelm explained, such payments will vary by year and are capped at an aggregate $22 million in 2025, an amount that is expected to grow to more than $32 million within 10 years.

“The (House vs. NCAA) settlement has created a situation where colleges and universities are expecting to directly fund revenue-sharing payments to student-athletes,” Wilhelm explained. “Under previous rules, those payments were impermissible and therefore not budgeted for by schools.”

Now, assuming the settlement receives final approval, in order to remain competitive, top athletic programs are trying to find ways to fund that new expense, Wilhelm said.

“A private equity investment is one source that is being explored for that funding,” he said.

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