Press Coverage | August 4, 2026

Universities, Athletic Depts. Eye Private Equity as Solution for Increasing Financial Pressures

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Mark T. Wilhelm

Mark Wilhelm, a partner in Troutman Pepper Locke's Corporate Practice Group, was quoted in the August 4, 2026, *FIN News* article, "Universities, Athletic Depts. Eye Private Equity As Solution for Increasing Financial Pressures."

> "Schools are under pressure to fund themselves right now," said Mark Wilhelm, partner with law firm Troutman Pepper Locke. "We've heard all about the enrollment cliff that is either coming or is right here. We know that athletics is facing a $20 million to $25 million, if you're a big university, new expense in revenue sharing players to the extent that the house settlement's applying to those schools. So, athletic departments are in search of money, private equity is in search of new places to make money. And this is one of those places where buyer and seller is coming together to figure out how we can make it work."
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> Wilhelm represents private equity firms, strategic acquirors and sellers as well as other corporate clients in merger and acquisition transactions, securities offerings and general corporate matters.
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> "[Private equity firms] are in hunt of industries in which they are able to find a return for their limited partners. I think that what we've seen, especially since 2019-2020 and just the explosion of deals during COVID, was that private equity has a lot of money sitting on the sidelines to do something with and that they're looking for opportunities that have not yet been harnessed, to find where they can build value. So, they're starting to look at more unusual investments. How can they find industries or groups of people that have not yet gone through a private equityization of their business? And I think that colleges and universities are places where it hasn't happened. It's really tough to invest in a university just by nature of their structure, most universities are not-for-profit," Wilhelm said.
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> While universities do not largely appear to be an investable asset for many private equity firms, some private markets managers view athletic departments as a completely different beast.
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> "This is not a situation where a private equity fund is coming in and just buying an athletic department and is going to run it. Because that's just not what we've seen and frankly, I don't see that as a structure that's probably going to be available," Wilhelm said. "What I would say is that for right now, the transactions that we're hearing about … some are probably still being structured, but they look more like royalty financing, they look like lending transactions more than a leveraged buyout."
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> "Private equity is looking and saying, this right here is a valuable asset in the athletic departments. It's something that they can build other businesses around in terms of finding complementary businesses," he added. "An example that sounds kind of basic, but is real, is if you have a stadium, there has to be parking around the stadium. Well, that's something where private equity can find an investable asset. They are already out there elsewhere in the world investing in parking garages. You can invest in the parking around the university to see if it works from an investment perspective. So, what they're doing is they're looking to try to figure out right now, how can we make the athletic department an investable asset."
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> "The challenge that folks are facing right now is exactly that of 'how do we find a deal that works for

everyone?' And I'm not sure that the market has figured it out yet because athletics in this college space is a different type of investment than perhaps an investment in a professional sports team, where we know how the revenues work, we know how profit sharing is going to work among the teams in the league. That is something that's easy to understand a pencil. In athletics and college sports, it's a lot more disparate," Wilhelm said.

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"I think that, at least at the University of Michigan, they were struggling to figure out how they were going to deploy that money in a way that they were actually going to come out better financially than just staying the course," said Wilhelm, who served as a student intern for the University of Michigan's basketball program during his undergraduate career. "I think that the regents had decided that they couldn't find a way to do that or it was not obvious to them what it was."

With the Big Ten shunning private capital, at least for now, conferences are "emerging as the vehicle by which that collective action is going to be happening," according to Wilhelm, who finds that the "relatively big conferences, the SEC and the Big Ten in particular, are likely going to separate themselves from the pack."

What that looks like in the future remains to be seen with so many moving pieces and avenues still being explored.

"Each of those constituencies want something different from the final product. It's probably unlikely that everyone is going to sit down together in a room and all the various stakeholders are going to negotiate out some sort of deal because, frankly, there's just too many of them with too many disparate interests," Wilhelm said.

"So, I think rather than seeing one final solution, we're going to see steps toward a solution. In some places, we may go too far in one direction or too far in the other, but I think we are on a medium- to long-term path of figuring out what that resolution is. It's just probably not going to happen in the short term in a nice, neat way," he said.

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"Sure, money will help progress your goals, you'll be able to buy whatever that you want to buy, but I think the schools ought to have a more structured plan of 'we want to do these things, and here's how money will help,' rather than money being the answer," Wilhelm said. "The challenge with that, if I can say it, is that many of the coaches at these schools either have a relatively short tenure because there's just turnover or they're looking to move up themselves. And so, the challenge that schools are going to face is that if the coaches are driving whatever that strategy is, then it's unclear that you're going to have a long-term institutional strategy because it's probably turning over with every new coach you have and just naturally smaller schools are going to have more turnover in their coaches. I think if and when you're setting those goals and objectives, the school needs to be thinking that on an institutional basis rather than a coaching or program basis."

In the short term, administrators and athletic directors continue to be pulled in different directions and asked to run what is effectively a large private company within a bigger nonprofit.

"Many of these people are being asked to work on day-to-day operations in a way that is distracting them from what they view as their core responsibilities. So, I think that where successful private equity partners are going to come in is they're going to be able to show a full package solution to the problems that athletic departments are facing on a day-to-day basis operationally," Wilhelm said. "I think that the successful private equity funds are not just going to provide capital because at the end of the day everybody's money is the same, it's all dollars. I think it's going to be a question of what are the other ancillary services that private equity funds are either going to be able to provide or be able to source for their partners that are going to set people apart in that world."

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