Highway to NIL — Maximizing Revenue: The Future of College Sports Media Rights in a Post-_House_ World
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Guests: George Pla
Recorded: October 28, 2025
Aired: November 6, 2025

Cal Stein (00:06):

Hello and welcome back to *Highway to NIL*, the podcast series that discusses legal developments in the name, image, and likeness, or NIL, space. NIL, of course, affects colleges and universities all over the country, particularly those in Division One athletics. In this podcast series, we delve deep into the current NIL rules impacting colleges and universities and their compliance department. My name is Cal Stein. I am a litigation partner at Troutman Pepper Locke. I'm coming to you today with Highway to NIL, regular Chris Brolley, and a new addition to our team, George Pla, to talk about an issue that seems to keep coming up in connection with the new revenue sharing arrangement in the post-House settlement environment. In a way, this issue is the most important issue currently facing schools in the wake of the House settlement because it impacts money, specifically how the schools are looking to replace or recoup some of the money that they are now going to be paying to their student athletes and how they're going to do that via new and larger TV contracts and media rights arrangements.

Look, as much as we all love to romanticize college sports as being about more than money, about it being about student athletes and tradition and schools and all that stuff, and look, some of that is definitely true to some degree, but given all we have seen in the past five years and all of the changes that have come about, it really is just disingenuous at this point to talk about college sports without acknowledging that it has become, first and foremost, a business. And of course, this is not just my opinion. Notably, the US Supreme Court, among other judges and other federal courts across the country have taken this view. So today we are going to take on this issue directly with full acknowledgement of what college sports has become and what it will continue to be in the future. We're going to talk about TV contracts and media rights and how schools are looking to leverage them to replace revenue now being paid to their students. But before we do, let's have our introductions. Chris, you want to start us off?

Chris Brolley (02:26):

Yeah, thanks Cal. As you noted, Chris Brolley, I am a litigation associate in our firm's Philadelphia office. With you, I represent higher education institutions in all matters of NIL, and I'm looking forward to discussing this topic with you today.

Cal Stein (02:42):

Thanks, Chris. George, this is your first time on the podcast. We're delighted to have you. Why don't you introduce yourself.

George Pla (02:48):

Thank you guys for having me. My name is George Pla and I'm an associate with Troutman Pepper Locke in the Philadelphia office. My practice is primarily focused on corporate law and private equity transactions. However, I also assist this group in researching the changing landscape of college sports regarding both NIL and revenue sharing.

Cal Stein (03:08):

Thanks George, and private equity, that's something we're going to touch on a little bit later. Okay, so it's been a little while since we've done a Highway to NIL podcast, and while I'm sure everyone out there knows the House settlement and what it is and how it has changed college sports, let's start with a little recap of the settlement with a specific focus on the contextual elements that are going to impact today's topic. Chris, take us through it.

Chris Brolley (03:36):

As we've discussed at length in many podcasts and many articles, I'm going to give a brief overview of the House settlement, and I won't go too deep into it because it is very lengthy and we have discussed it several times over. But as many of our listeners know, the House settlement now allows schools to pay its student athletes directly via an annual revenue sharing pool. The House settlement, which was finalized on June 6th, 2025, allows schools to share up to 22% of their athletic revenue with its student athletes, which is estimated to be about 1.6 billion in new compensation annually. This 22% figure is essentially a pool of money the athletic departments are permitted to spend on its student athletes. And for the 2025-26 academic year, this figure is to be about $20.5 million. This $20.5 million amount is taken from the Membership Financial Reporting System report’s revenue categories, which includes ticket sales, input revenue from participating in away games, media rights revenues, NCAA distributions and grants, non-media conference distributions, direct revenues from participating in football bowl games, conference distributions of football revenues, and what I think is most important for our discussion today, athletics departments revenues from sponsorships, royalties, licensing agreements and advertisements. With this also, as we've discussed many times over, unaffiliated third-party entities may also still contribute and pay student athletes for their NIL deals. However, this money is not included in that $20.5 million roster limits. This means that they can still pay them and it won't count against that dollar figure. As several reports have come out in the last couple months since the House settlement was finalized, many within schools are theorizing that a competitive football roster would cost about $40-$50 million. That accounts for the 20.5-million-dollar amount that schools are allowed to spend on its student athletes on top of the third-party NIL deals that student athletes are still allowed to enter into.

Cal Stein (05:57):

Let's talk a little bit and focus on that $20.5 million figure because that is the number and that is the amount that's causing some issues for athletic departments. That is of course, $20 million that athletic departments previously did not have to pay their athletes, which of course goes directly to Justice Kavanaugh's criticism of the entire NCAA amateurism model that is essentially out the door now. As listeners may recall, Justice Kavanaugh criticized the NCAA, saying that it was the only place in America where a business could get away with not paying its workers a fair market rate. Well, it turns out that not having to pay your workers was a darn good business model for the schools, and it generated tons of extra cash for them to use. One of the things they used it on, of course, was to fund other sports that maybe did not generate revenue. Now with schools who have opted into the House settlement, paying their athletes some paying them up to $20 million, that money that used to just drop to the athletic department's bottom line to be used elsewhere needs to be replaced. So, George, with that introduction, why don't you talk us through a little bit more of this main issue facing athletic departments.

George Pla (07:18):

Thanks, Cal. So now we'll dive a little bit into the financial impact of universities. In addition to the NIL payments that they had previously been dealing with, distributing just over $20 million with that number rising gradually under the House settlement. Since the House settlement this past summer, multiple athletic directors from Power Four athletic conferences, that's the Big 10, the SEC, the ACC and the Big 12 have come out and spoken about this issue of sharing this money directly with student athletes. Now, these athletic directors have voiced concerns regarding the feasibility of schools paying the additional expense. The athletic directors are aware that if they aren't willing to expend the financial resources to pay for these premium rosters, other schools will, even though most of these athletic departments don't have the additional $20 million expenditure ready to go, therefore schools feel as if they have no choice but to really stretch themselves thin and pay up to the $20.5 million de facto salary cap allotment of revenue sharing with their student athletes.

Now this raises the question of why large universities with prominent athletic programs are so concerned regarding the additional expenses. A recent study that was conducted by The Athletic looked into the financial evolution of schools from all four power conferences from 2005 to 2023. During that near 20 year stretch revenues at these schools rose by 212%. This is largely due to a lot of the factors that Chris had mentioned previously, including lucrative TV deals, sponsorships with not only local businesses but national brands like Nike, Adidas, and Under Armour. However, during that same period, expenses for the universities rose by just about 211%. Despite these rising revenues, we’re really only looking at a slight increase in profits in the university. Now these increased costs can be credited to rapidly rising coaches’ salaries with many major college football coaches making near or above $10 million per year, as well as additional support staff per each sport at major universities such as nutritionists and sports psychologists, and with the new conference realignment, increased travel expenses for nearly all sports.

Cal Stein (09:41):

This study by The Athletic, which by the way, the title of the release of the study was called, “Why there's never enough money in college sports: ‘We’re at times our own worst enemy’”. We'll come back to that. But this study to me is just fascinating. In summary, as George just said, athletic revenues have exploded in recent years, so you would think schools will be sitting pretty, but they aren't because expenses have exploded as well. Some of that, of course is outside of the school's direct control. We know, for example, inflation has been a major issue in this country for years, and that does affect a lot of athletic department expenses, like the travel that George mentioned, for example. But at the risk of editorializing, some of the explosion of expenses are what I would characterize as self-inflicted wounds by the industry, which of course goes to The Athletic’s comment that at times they are their own worst enemies.

George mentioned coaching salaries, the coaching salary arms race that we have seen, particularly with football and basketball, but now expanding into baseball and other sports. It's really a stunning development. I mean, just this season alone, we have seen major football program after major football program fire their head coach and thereby incur massive buyouts of guaranteed salaries that they're going to be paying for years in addition to whatever they pay their new coach, and all of that money has to come from somewhere. When you start adding it all up, you can see why budgets are stretched so thin even though revenues have jumped higher and higher and higher. But we could talk about these exploding costs of college sports all day. Chris, talk to us about how schools are countering this issue.

Chris Brolley (11:34):

Some schools, as discussed earlier, with the House settlement and the need or the ability for schools to begin paying student athletes that $20.5 million, some schools have actually cut some non-revenue generating sports in an effort to find some money within the margins and to be able to pay the players or the student athletes in its football, basketball, or other sports, more money and not have to spread out the wealth to other student athletes that are participating in the non-revenue generating sports. However, what has been a hot topic, or a hot button issue the last several months, is that schools have also begun to begin looking into private equity as a means to increase capital and find more diverse revenue streams. While no schools have yet taken this step, private equity offers attractive revenue streams on the investment side with broadcast rights, sponsorship deals, and merchandise sales as something these private equity firms would be certainly interested in.

Actually, earlier this month, in October, the Big 10 was reportedly discussing a $2 billion private capital deal that included a 10-year extension of its grant of rights. The agreement, as proposed, would create a new entity known as Big 10 Enterprises, which would hold all league-wide media rights and sponsorship contracts, with the ownership of the entity going to the 18 schools within the Big 10, the Big 10 Conference, and the capital group, which would be an investment fund tied to the University of California pension system. This agreement, ostensibly, would infuse the Big 10 and its member schools with capital, assisting schools with rising operational expenses and creating more direct revenue streams that would help fund the $20.5 million allotted amount that the revenue sharing agreement in House allows. While the UC Pension fund is not a PE firm, it would receive a 10% stake in the entity that is created but would not have any direct control.

Moreover, as noted earlier, the deal would tie the schools into a longer grant of rights through 2046, providing long-term stability and reducing the risk that any school from the Big 10 would move to a super league, which has been a concern for many within college athletics in this age of NIL and conference realignment. Also, within this last football season, 2025, schools started putting more on field advertisements on their fields, which would also increase the ability for revenue. Also, schools were looking for new ways to raise revenue with increased ticket prices, higher concession prices, and increase student fees. This is all to say that schools are looking at every ability to make more money as you, Cal, and George noted, that everything is just increasing, and schools are trying to keep up and make sure that they can be as competitive as possible.

Cal Stein (14:30):

Yeah, thanks Chris. I mean, to me the real headline here, of course, is just how close I think we are to getting private equity investment in college sports in some way, shape or form. As Chris mentioned, the conferences are already flirting with private equity, but so too, at least according to reports, are schools. We have fielded questions from institutions related to potential private equity investments in athletics: how it would work, how it could be structured, what are the benefits, what are the risks, all of that. Of course, none of those answers are clear right now, because it's something that is unprecedented. But in my opinion, there's been enough smoke in this area that it just seems to me that there's going to be a fire soon and that's going to raise all sorts of other questions. If I had to guess, and again, this is purely a guess, I think it's just a matter of time before a school, and I would bet it's a large state school that has aspirations of being a national championship contender in football and basketball.

It's just a matter of time before a school like that takes the leap and does a deal with a private equity firm, and who knows what that will look like. It might look like the school contributing its IP assets and some of its media rights or all of its media rights into a new entity which the PE firm would then buy into. That's all speculation. Now, Chris mentioned a couple other things, ticket prices, concessions, student fees, and yes, we have seen some of those and we will continue to see those. But again, in my opinion, those things are almost like shooting a BB gun at a freight train. You need to sell a lot of hot dogs to make up a 20-million-dollar shortfall that you're now paying to your players. So, I don't see that as really a viable material solution to some of these issues. And of course, that is a great segue into a discussion of media rights. That is where the money is. But for that same reason, there are some roadblocks and some obstacles that schools may face in trying to leverage and extract more value from them. George, we've seen some action in this area already, particularly in connection with the ACC conference and some of its schools fighting a high-profile legal battle over media rights. Talk to us about that.

George Pla (17:00):

Thanks Cal, and you're right, there has been legal action within the past year regarding the ACC and some of its more prominent programs that, like you mentioned, are contending for national championships and some of the more lucrative sports. Many believe this was driven in part due to the Big 10 realignment. But in June of 2025, the ACC settled a lawsuit with multiple schools that threatened to leave the conference. Now, this dispute was driven over what schools felt were oppressive financial penalties for trying to leave the conference and the conference's ability to retain their media rights if the schools were to leave the conference. Now, you may be asking why would schools want to be leaving the ACC if it is a power conference? That was driven due to the ACC's media deal compared to that of other power conferences, particularly the Big 10 and the SEC.

Since the ACC negotiated its current media deal, which drives a major portion of the revenue, not just for the conference itself, but the universities, the SEC and the Big 10 have cashed in on lucrative media rights deals that are paying them close to 1 billion per year for the entire conference. However, the ACCs current deal, which was negotiated before the SEC and Big 10 deal, isn't set to expire until 2036. Last year, on average, ACC schools got paid about $18 million less than what Big 10 schools were receiving from their media revenue shares. That gap is only expected to widen as last year was the first year of the new Big 10 media deal, and schools are expected to go from just over $60 million in media revenue shares a year to up to maybe $80 million in media revenue shares a year for the Big 10.

So, the ACC schools were looking for a leg up, and as part of that settlement, the ACC implemented a new incentive-based program for media revenue distribution. Now, this settlement includes a common pool for media distributions that will make up 40% of the shared media revenue and will be evenly distributed like most of the other major conferences do. However, what's different about this settlement is the other 60% will be distributed based off of both viewership and team performance. If your school's making up about 10% of the total viewership for the ACC media, then you're going to get roughly 10% of that incentive-based pool. If your school from the ACC is making the college football playoff or making a deep March Madness run, you're going to obtain more of that media revenue sharing pool from the ACC. Now, this is different from what the other conferences do, but as I mentioned, some of the schools that were looking to leave the ACC for other conferences were the more prominent schools that draw most of the viewership for the conference itself. Therefore, as part of this incentive-based program, the schools are aiming to make roughly $10-15 million more a year based off of revenue sharing alone.

Cal Stein (20:00):

Yeah, I mean, and that was really the whole conceit behind those lawsuits and some of the schools looking to leave. To state it very summarily, some of the schools that are responsible for more attention and more viewership thought they ought to get more money, a higher share of the media rights that the conference generated, than the schools that don't. That's ultimately what happened. Two things I want to comment on here. First, the ACC battle, as some may know, came down really, to a single document called the Grant of Rights, that all member schools had executed with the conference. Famously, this Grant of Rights was a very short document, and it was not one that was ever intended to hold the conference together, but that's what it ended up doing. I raised this because the ACC dispute is probably not going to be the last dispute like this, especially as schools continue to realign themselves in different conferences.

It seems likely to me that we are going to see more litigation over these Grant of Rights documents, which exist in all of the different conferences. Second, and baked into the comment I just made about what George had said, we have had so much conference realignment recently, but I actually think we're going to have a lot more coming. We have already started to see a separation at the top, with the Big 10 and the SEC making moves to bolster their membership, which has led to huge TV deals as George mentioned. Of course, that leads to more revenue for the schools, whether those schools are winning games or losing games, they're collecting those checks. As schools in other conferences look to make up the dollars they are now paying their athletes, the pull to maximize their TV revenue is going to be massive.

It appears that the way to do that, or the best way to do that, is to align yourself with a super conference. Whether the Big 10 and the SEC expand further or whether another super conference emerges, remains to be seen. But the fact is there are a lot of schools not currently in one of those conferences that would like to be. Okay. Now, I mentioned the Big 10 a moment ago as one of the two super conferences that exist right now. Let's use it as something of an example. George talked a little bit about what they're doing with their media rights. George, can you talk to us a little bit more about what you think the Big 10 might be looking at going forward in terms of revenue sharing and what that model might look like with its members?

George Pla (22:42):

Absolutely Cal. A lot of this is driven, and the power of these media deals, is driven primarily off of the power of college football and the viewership that it draws in. As all football fans know, football's a copycat sport. When one team starts doing something and it's working, other teams try to copy them. In this era of the unknown, with NIL and revenue sharing being so new to college sports, that's exactly what the Big 10 is doing. They took notice of the ACCs new Revenue distribution scheme that was a part of the June lawsuit settlement. Multiple presidents of universities within the Big 10 have spoken about eyeing that incentive-based program for revenue sharing going forward. Now, how can the Big 10 effectuate this change? Well, the conferences are the ones who have the deals with the media companies themselves, not the NCAA, and it's the conference’s own bylaws that determine how the media revenue is distributed within the schools.

Multiple presidents and athletic directors from the Big 10 who have been eyeing this have discussed internally shifting to a viewership-based model, similarly to the one we outlined earlier with the ACC. Now, why would the Big 10 teams be interested in this? Well, the past two national champions in college football have come from the Big 10. When you look at the TV ratings for the 2024 season, the Big 10 had a wide disparity in football viewership. Its top two programs averaged over 4 million viewers per game, and they had a handful of other viewers averaging north of 1 million viewers a game. However, when you look towards the bottom of the standings in the conference, you also had several teams who average under half a million viewers a game. You have the top of the conference drawing in nearly 10 times as many viewers per game than the bottom of the conference.

Presidents and athletic directors at the top of the conference are looking at this as an opportunity to gain an advantage in revenue sharing and having more dollars allocated to their universities based off this new revenue sharing scheme that they're trying to implement from the ACC. I don't believe it's going to stop at the Big 10. This is purely speculative, but as I mentioned, it's a copycat game and athletic directors are all looking at what other universities are doing. If the ACC starts implementing this viewership-based program this year, other conferences, not just the Big 10, but potentially the SEC and the Big 12 as well, will look to gain a tactical advantage due to these recent financial constraints that we outlined today and shift to a viewership and incentive-based model for the media revenue distribution.

Cal Stein (25:23):

Thanks, George. Really great summary of the different models and the incentive-based models that I think, I agree with you that we're going to see a lot more. If you're listening out there and you think, boy, this sounds a lot like professional sports. Well, guess what? That's what it is. That's what it has become, and that's what it is going to be. And with that, we are out of time here today, so I want to bring this discussion to a conclusion. I want to thank Chris, and I want to thank George for joining this podcast, and I also want to thank everyone for listening. If anyone has any thoughts or any comments about this series or about this episode, I invite you to contact any of us directly. You can subscribe and listen to other Troutman Pepper Locke podcasts wherever you listen to podcasts, including on Apple, Google, and Spotify. Thank you all for listening.
