New Money in College Sports: How NIL is Changing the Game

(Carla H. Blakey and Herbert Woratschek)[1]

College sports in the US rival many professional leagues worldwide. With packed stadiums, nationwide TV broadcasts and huge sponsorship deals, they represent a billion-dollar business model. In particular, major NCAA Division 1 programs generate enormous revenues. The **National Collegiate Athletic Association (NCAA)** is the leading governing body for college sports in the US. The NCAA defines itself as a “member-led organization dedicated to the well-being and lifelong success of college athletes” (NCAA.org). However, this commitment faced legal and public scrutiny, leading to the 2021 decision to end the century-long ban on athlete compensation, marking the start of the NIL era.

A pivotal moment came when the U.S. Court of Appeals for the Ninth Circuit ruled that the NCAA's ban on athlete compensation violated federal labor and antitrust laws. This ruling influenced the 2021 policy change and continiues to shape ongoing legal battles (Jessop, 2023). Lawmakers and economists played key roles in NIL reform, particularly in analyzing the NCAA’s revenue, which exceeded $1.14 billion in 2023 (Berkowitz, 2024a). Understanding this financial impact remains central to NIL discussions and future reforms.

Breaking Down the Billion Dollar Data

Recently, CNBC ranked the 75 most valuable college programs among NCAA Football Bowl Subdivision (FBS) schools- the following table highlights the top five valuations.

Top College Athletics Departments by Valuation (2024)

Rank	University	Valuation (USD)	Revenue (USD)	Conference
1	The Ohio State University	$1.32 billion	$280 million	Big Ten
2	University of Texas	$1.28 billion	$271 million	SEC
3	Texas A&M University	$1.26 billion	$279 million	SEC
4	University of Michigan	$1.06 billion	$230 million	Big Ten
5	The University of Alabama	$978 million	$200 million	SEC

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The top four values programs are valued at over $1 billion, while the remaining program is not far behind. For perspective, several major football clubs have comparable valuations: LAFC ($1.2 billion), West Ham United ($1.1 billion), and Internazionale ($1 billion) (Ozanian & Teitelbaum, 2024). Notably, all five are a part of the Big Ten Conference (Big Ten) or the Southeastern Conference (SEC) – two powerhouse conferences that were once part of the now-defunct “Power Five”.

Media rights, specifically broadcast rights, have transformed the financial landscape of college sports. Recently, the Big Ten ($1.1 billion per year) and SEC ($710 million per year) secured significant increases in media rights revenue through their latest negotiations, with each deal exceeding $7 billion over its duration (Karp & Portnoy, 2024). In addition, universities benefit from merchandise sales, ticketing, corporate partnerships, and alumni donations. Until 2021, however, only the universities, the NCAA, and associated companies were allowed to profit from this system – the athletes themselves were “compensated” via their education and athletic opportunities.

The Legal Landscape

With the introduction of the NIL legislation in July 2021, the business model of college sports has changed fundamentally (Hosick 2021). This rule allows college athletes to monetize their personal brand and earn money through sponsorships, social media or merchandise for the first time. Prior to this change in the law, strict amateurism rules prohibited college athletes from receiving any financial compensation for their athletic performance or personal branding.

The new regulation enables athletes to generate income through corporate partnerships, merchandise revenue sharing, branded camps, and personal ventures. This shift has driven the emergence of NIL platforms connecting athletes with advertisers. Athletes at major universities like Alabama, Ohio State, and Texas have earned millions through NIL deals, with some contracts worth several million dollars (Hitz, 2024). According to NIL and recruiting media company On3, college football dominates NIL valuations, with Texas quarterback Arch Manning leading at $6.4 million. However, top-valued athletes also include female athletes from non-revenue sports, such as LSU gymnast Livvy Dunne, valued at $4.1 million and boasting millions of social media followers (On3). While NIL remains controversial, it has expanded branding opportunities for athletes, particularly in non-revenue sports, fostering career pathways beyond athletics.

The 2021 ruling paved the way for NIL Collectives—independent, donor-funded organizations that support college athletes by facilitating NIL opportunities. Though separate from athletics departments, they collaborate with alumni, boosters, and businesses to fund NIL deals and enhance institutional competitiveness. The NCAA has criticized this trend, arguing that it commercializes college sports and blurs the lines between NIL compensation and recruiting incentives (*pay-for-play*) (Hosick, 2022). The role of NIL collectives may shift with the *House v. NCAA* settlement, which could introduce a $2.8 billion payout and a revenue-sharing model allowing direct school payments to athletes (Marcello, 2024).

Considering the Risks

The NIL legislation has had a massive impact on college athletes. On the one hand, they are benefiting financially like never before. In the past, many athletes had to take on side jobs alongside their intensive training or rely on scholarships to make a living. Today, top athletes can earn a fortune from advertising deals even before they turn professional. While many college athletes aspire to a lucrative post-collegiate career as a professional athlete, it is important to note less than 2% of college athletes will actually make it to the professional level (NCAA). NIL opportunities empower college athletes, especially those in non-revenue sports, to build their personal brand, gain business experience, and establish financial stability. This shift creates career pathways beyond professional athletics. As a result, many college athletes now enjoy more financial freedom and can plan their varied careers more strategically.

However, this development also brings new challenges. One concern is that many young athletes are suddenly confronted with large sums of money and lack the knowledge to handle this income sustainably. As a result, counselling services and financial management training for these athletes have become increasingly important. For example, The University of Alabama launched The Advantage Center – a support center to support and educate college athletes on brand management, maximizing personal social media platforms, and financial literacy (Alabama Athletics). In addition, the NIL regulations could lead to an uneven distribution within college sports. While athletes at large schools make millions, athletes at smaller colleges or in non-revenue sports often do see financial gains. This widens the already existing gap between financially strong and weak programmes (Moody 2023).

Another issue is the increasing pressure on athletes. In addition to their athletic and academic routine, they now also have to position themselves as a brand, fulfil sponsorship obligations and maintain a social media presence. There are many concerns on how NIL will impact mental health. A 2022 NCAA survey found that 69% of college athletes experienced mental health challenges, 30% felt constantly overwhelmed, and only 47% believing they had sufficient access to mental health support on campus (NCAA). This can lead to a decline in athletic focus or increased stress due to external expectations (Messineo 2023).

New revenue-sharing legislation raises concerns about the sustainability of multi-sport athletics programs. The *House v. NCAA* settlement will allocate $2.8 billion to athletes and introduce the NCAA's first revenue-sharing model (Marcello, 2024), with estimates of $20 million annually for larger programs (Dosh, 2024). A survey of Division I athletic directors found that 69% strongly oppose sharing university sports revenue, fearing potential program cuts (Henderson, 2025). Non-revenue sports, including Olympic disciplines, are particularly at risk, as NCAA programs produce 75% of U.S. Olympians and over 1,100 NCAA athletes competed in the 2024 Paris Olympics (USOPC). The impact of NIL reform extends beyond the U.S., shaping the global sports market.

So what's next?

NIL legislation has undeniably revolutionized college sports, allowing athletes to profit from their achievements for the first time. Previously, only the NCAA and universities benefited from billions in revenue, where athletes were excluded from finanial benefits. But now athletes can finally claim a share of these financial gains. As NIL continues to evolve, finding a balance between increasing commercialization and preserving the integrity of college sports will be crucial.

To put it in a nutshell:

1. **College Sports = Billion-Dollar Industry:** NCAA Division I programs generate massive revenues through media rights, sponsorships, ticket sales, and merchandise.
2. **Legal and Economic Influences in NIL Policy:** Recent policy changes influenced by legal rulings and economic analysis has allowed college athletes to profit from their name, image, and likeness, significantly altering the financial landscape of college sports.
3. **The Role of NIL Collectives and Revenue Sharing:** Donor-funded NIL collectives have emerged to facilitate athlete compensation, but the upcoming *House v. NCAA* settlement may shift financial support directly from schools through a revenue-sharing model.
4. **Opportunities for Athletes:** NIL deals provide financial security and career-building opportunities, particularly for non-revenue sport athletes. However, they also introduce financial management challenges, increased responsibilities, and potential mental health concerns.
5. **Challenges for Athletes:** NIL deals introduce financial management challenges, increased responsibilities, and potential mental health concerns.

6. **Potential Risks to College Athletics and Olympic Sports:** With revenue sharing approaching, many worry that budget cuts to less profitable sports could impact the Olympic Movement as many NCAA programs train many U.S. and international Olympians.

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