



# Game. Set. Settlement: Your School's 7-Step Plan After Final Approval Granted In *House v. NCAA* Authorizing Pay For Student-Athletes

Insights

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College sports have changed forever in a watershed moment that will fundamentally reshape the structure of Division I athletics. Following extensive briefing, nearly five hours of final argument, and multiple revisions to address stakeholder concerns, a judge granted final approval on June 6 to the settlement agreement in *House v. NCAA*. As the court noted, the settlement “will result in extraordinary relief for members of the settlement classes” and permit “levels and types of student-athlete compensation that have never been permitted in the history of college sports.” Now that the settlement is approved, here’s what your athletic department and compliance leadership team need to know – plus your seven-step action plan.

## How Did We Get Here?

This case followed a decade of legal pressure on the NCAA’s amateurism model. In two notable cases, student-athletes prevailed in part, but courts ultimately stopped short of fully dismantling compensation limits. Informed by those outcomes, the student-athletes in the *House* litigation sought broader relief, including both backpay and injunctive relief.

Three cases, *House v. NCAA*, *Hubbard v. NCAA*, and *Carter v. NCAA* were consolidated as part of the settlement agreement, and the combined action gave plaintiffs a vehicle to seek systemic change, including the effective demise of the NCAA’s pay-for-play rules.

The litigation began in 2020 with a challenge to longstanding NCAA rules that prohibited student-athletes from receiving compensation for:

- the commercial use of their name, image, and likeness (NIL);
- participation in broadcasts (BNIL); or
- their athletic services.

The student-athletes alleged that these rules constituted unlawful restraints on trade under a federal antitrust law: the Sherman Act.

After successful motions for class certification, the parties entered mediation and finalized a proposed agreement in May 2024. Five months later, Judge Claudia Wilkin granted preliminary

proposed agreement in May 2024. Five months later, Judge Claudia Wilken granted preliminary approval to the settlement, opening the door for various objections from impacted student-athletes. Objectors raised numerous arguments in opposition to the settlement:

- **Roster Limit Concerns:** Opponents argue that increased roster limits could negatively impact Olympic sports and walk-on athletes, forcing difficult financial and resource allocation decisions for institutions and student-athletes alike.
- **Revenue Distribution Ambiguity:** The settlement does not detail precisely how revenue-sharing funds must be distributed within athletic departments. Critics anticipate that institutions will primarily allocate resources to revenue-generating sports, raising questions about equitable distribution and program elimination.
- **Title IX And Gender Equity:** Objectors highlight potential Title IX compliance issues, especially given the absence of clear guidelines for revenue-sharing distribution. The Biden administration previously issued a fact sheet emphasizing equal NIL opportunities for male and female athletes. The Trump administration, however, rescinded this guidance in February. Clarity on compliance may ultimately require further litigation.

The objections hit the mark, and Judge Wilken ordered the parties to reconsider changes to language that could bind future athletes and address the objectors' concerns over the roster limits and the impact on existing student-athletes who lost or would lose roster spots if the settlement were approved.

Following submission of a revised settlement agreement exempting current student-athletes whose roster spots were eliminated or would have been eliminated from roster limits at any Division I school for the duration of their eligibility, Judge Wilken approved the settlement late Friday evening.

## 4 Key Aspects Of The Settlement Agreement

### 1. Damage Payments

The agreement establishes a \$2.8 billion fund for back pay damages to be distributed over a 10-year period to eligible student-athletes who competed in Division I between 2016 and 2024. Notably:

- 95% of the damages will go to football and basketball student-athletes in the Power Five conferences.
- 5% is allocated to athletes from all other Division I sports.
- Funding will be split: 40% from NCAA reserves and insurance, and 60% from reduced future revenue distributions to member institutions. Responsibility for these payments is apportioned across Division I as follows:
  - 24% from Power Five conferences;
  - 10% from Group of Five;

- 14% from FCS; and
- 12% from non-football Division I conferences.

## **2. Revenue Sharing**

Starting July 1, participating Division I schools will be permitted to share up to 22% of their average conference revenues with student-athletes. That cap translates to approximately \$20.5 million per school in the first year, with annual increases tied to a 4% escalator clause.

This new framework not only marks the NCAA's first explicit authorization of institutional de-facto pay-for-play but also lays the groundwork for student-athletes to share meaningfully in the revenue generated by college sports.

## **3. NIL Reporting And Review**

The revised agreement creates a new regulatory framework for NIL disclosures. Effective July 1:

- All NIL deals exceeding \$600 must be reported through NIL Go, a new centralized platform developed by Deloitte for the College Sports Commission.
- Agreements involving “associated entities” or “associated individuals” (e.g., donors contributing \$50,000 or more or affiliated collectives) will be evaluated for fair market value and valid business purpose.
- Disputes over disallowed agreements will be subject to neutral arbitration with defined due process protections.

## **4. Roster Limits**

Perhaps the most sensitive issue in finalizing the agreement involved the introduction of roster limits in exchange for the removal of NCAA-imposed scholarship caps. While the scholarship restrictions that once limited the number of full-ride awards per sport have been lifted, schools must now operate within sport-specific roster ceilings.

To ease the transition, the agreement includes critical safeguards:

- “Designated Student-Athletes,” those who were already on or recruited to a roster for the 2025–2026 year, are exempt from counting toward roster caps at any Division I institution for the duration of their eligibility.
- Institutions must identify and report these athletes within 30 days of final approval, allowing impacted students to transfer freely or return to their team without penalty.
- Schools may now fund partial or full scholarships for every student on a roster, subject to the new caps — unlocking significant flexibility for non-revenue sports while preserving budget

predictability.

## What's Next? Your 7-Step Action Plan

With the court's final approval, most terms of the agreement go into effect July 1 — just weeks from now. This includes rules on revenue sharing, NIL, and roster limits. While back-pay payments will be held in escrow during any appeal, institutions are expected to implement the remaining aspects of the settlement. Nevertheless, several critical legal and regulatory issues remain unresolved — including the employment status of student-athletes, Title IX compliance implications, and treatment of international athletes.

Importantly, institutions outside the Power-4 Conferences have the option to decide whether to opt in to the terms of the settlement agreement. This is a decision that can be made on an annual basis. Schools intending to opt in must make their decision by March 1 ahead of the upcoming NCAA calendar year.

Additionally, a new governing body, the College Sports Commission, has been created to oversee compliance and enforcement. What should athletics departments and university counsels be doing now? Consider taking the following seven actions:

- 1. Audit Your NIL Infrastructure:** Confirm that your institution is ready to implement the NIL Go reporting tool and has internal compliance processes to track deals over \$600.
- 2. Budget For Revenue Sharing:** Prepare for how your institution will allocate up to 22% of average conference revenue beginning with the 2025–2026 academic year, and evaluate whether you intend to opt in to the Injunctive Relief Settlement if you have not already done so.
- 3. Identify “Designated Student-Athletes”:** Institutions must identify student-athletes who should be exempt from roster limits and report those names within 30 days of final approval.
- 4. Review Title IX Implications:** Work with Title IX coordinators and legal counsel to evaluate how changes in compensation and roster construction may affect compliance obligations.
- 5. Educate Stakeholders:** Ensure your coaches, athletes, and collectives understand the new rules regarding associated entities, fair-market-value restrictions, and due process rights.
- 6. Monitor Labor Law Developments:** Be aware of NLRB and court rulings that may convert athletes to employees, impacting compensation, benefits, and unionization rights.
- 7. Coordinate Across Campus:** This new model affects more than athletics. Include finance, admissions, and academic affairs in planning discussions to maintain consistency and compliance.

As we've previously noted, this moment is not the final destination but rather the launchpad for future litigation and possible Congressional intervention. The status of student-athletes as employees is likely the next frontier, and courts, Congress, and the NLRB will all have roles to play. Schools should anticipate rising calls for union representation, enhanced benefits, and bargaining rights — and be prepared to respond not just with compliance, but with a compelling vision for the future of college athletics.

## Conclusion

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