MILLER CANFIELD

House v. NCAA Settlement: More questions raised than answered

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On June 6, 2025, a U.S. District Judge in the Northern District of California approved the long-anticipated and landmark $2.576 billion settlement in *House v. NCAA*, transforming the landscape of college sports. Following the U.S. Supreme Court's *Alston* decision (which held that student-athletes were entitled to up to $5,980 in cash-equivalent education related compensation per year), the *House* settlement resolves three consolidated antitrust lawsuits brought by student-athletes against the NCAA.

In *House*, the plaintiffs, who are current and former Division I student-athletes, sued the NCAA and several conferences, asserting they were injured financially due to restrictions on their right to be compensated for the commercial use of their name, image, and likeness ("NIL") and the prohibition on schools or conferences to engage in revenue sharing with student-athletes. Three classes of student-athletes for the period of June 15, 2016 through September 15, 2024 were proposed and approved. Those classes are: (1) the Football and Men's Basketball Class, where the student-athlete received a full scholarship and competed for a Power Five school (or the University of Notre Dame); (2) the Women's Basketball class (same additional factors); and (3) the Additional Sports Class, for all other sports, where the student-athlete was declared eligible to compete for any Division I athletic team.

As the District Court stated in its opinion approving the settlement agreement (the "Settlement"), the Settlement "will result in extraordinary relief . . . [and] permit levels and types of student-athlete compensation that have never been permitted in the history of college sports, while also very generously compensating Division I student-athletes who suffered past harms." The Settlement includes the following key provisions:

- **Back Payments:**The Defendants have agreed to provide $2.75 billion in payments to student-athletes, allocated as follows:
  - $71.5 million to Football and Men's Basketball Classes for injuries resulting from not receiving compensation for their NIL being used in video games;
  - $1.815 billion to Football and Men's Basketball and Women's Basketball Classes for injuries resulting from a failure to receive a share of revenue from broadcasting profits;
  - $89.9 million to all Classes, where the student-athlete received third-party NIL payments after June 2021 (when it became permissible to receive NIL payments through third parties), for lost opportunity damages; and
  - $600 million reserved for all Classes for student-athletes with a pay-for-play claim (i.e., that the NCAA's prohibition on the ability to pay student-athletes for athletic services violates antitrust laws) as follows:
    - 95% reserved for Football, Men's Basketball, and Women's Basketball Classes (allocated 75%/15%/5% respectively); and
    - 5% for Additional Sports Class, for those student-athletes receiving at least a partial scholarship from 2019-2020 forward.
- **Direct Revenue Sharing Payments to Athletes:**Starting this fall, NCAA Division I schools can opt into directly making revenue sharing payments to student-athletes, with a cap initially set at $20.5 million per school. The revenue sharing amount is calculated as 22% of the Power Five schools' average athletic revenues per year,

estimated at $20.5 million per school in 2025-2026 and estimated to be $32.9 million by 2034-35.

- **Additional NCAA Rule Changes:**Multiple other NCAA rules were eliminated to facilitate the Settlement and the related payments and benefits. The Settlement also required various modifications to the NCAA's rules, which will apply *only* to those Division I schools that opt-in to revenue sharing. Important changes include:
  - Elimination of scholarship limits for any sport;
  - Changes to the roster limits for all sports, excluding any current student-athletes who are members of the Classes in the lawsuit; and
  - The NCAA can still prohibit the provision of NIL payments to student-athletes by "associated entities or individuals" who are not providing the payments for a "valid business purpose."

While the Settlement is nothing short of industry-changing, the Settlement's impact on other laws applicable to intercollegiate athletics remains untested and unknown.

For example, it remains an open question how and whether courts will apply Title IX to revenue sharing models where schools opt-in, including whether courts will deem the provision of such revenue to student-athletes as athletic financial aid or an athletic benefit—two separate requirements under Title IX with significantly different standards.

In its June 6, 2025, opinion, the District Court noted that those objecting to the Settlement "have cited no authority that Title IX applies to damages awards distributions," and further explained that "the Court cannot conclude that violations of Title IX will necessarily occur if and when schools choose to provide compensation and benefits to student-athletes pursuant to the [Settlement]." The Court then stated, "schools will be free to allocate those benefits and compensation in a manner that complies with Title IX," and if they do not, "class members will have the right to file lawsuits arising out of those violations."

The Settlement concerns only Division I athletics; questions remain as to how (if at all) the NCAA will alter its rules for Division II and III athletics. The significant difference in divisional rules is of particular concern for those schools that sponsor sports that compete in different divisions.

The Settlement also does not consider what effects these changes will mean to the status of student-athletes, with the District Court holding, simply, "[t]he question of whether student-athletes are employees who can unionize and engage in collective bargaining is not one for adjudication and resolution in this litigation." The employee benefit and tax implications related to such payments also remains open to potential challenge.

Another open question relates to international students-athletes and their ability to share in revenue sharing models. The settlement classes are not defined in a manner that limits damages payments to only U.S. citizens, but the ability to provide international students payments or revenue sharing into the future remains highly complex, as a specific visa status may be required to receive such payments.

Further still, the manner in which the NCAA will alter, change, and interpret its rules surrounding the prohibition of NIL payments remains untested. The NCAA initially prohibited all forms of NIL compensation by third parties but has now agreed to a rule where it prohibits only those payments from "associated entities and individuals" (which include donors and collectives) providing payments for reasons that are not a "valid business purpose" related to "the promotion or

endorsement of goods or services provided to the general public for profit." The NCAA has previously placed significant restrictions on the level of collaboration that is permitted between schools and collectives, and it is unclear how the prohibition against NIL payments by "associated entities and individuals" will be construed.

In all, *House* marks a complete shift in the business of college athletics. Schools must consider a host of legal issues that will surround their implementation of the Settlement and any revenue sharing arrangements moving forward.

It is anticipated that certain student-athletes may appeal one or more aspects of the Settlement.

To the extent you have more questions about the *House* Settlement, drafting revenue sharing or NIL agreements, and the interplay of *House* with *Alston*, Title IX, immigration, employment, tax or other applicable law, please contact your Miller Canfield attorney or one of the authors of this alert.