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College Sports as a Business:
How Name, Image, & Likeness Deals Have Altered the Way
Colleges Operate

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Paul Honors Thesis

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Abstract

The introduction of NIL (Name, Image, and Likeness) rights for student-athletes by the NCAA has significantly altered college athletics, enabling athletes to profit from their personal brands. In this thesis, it examines the multifaceted impacts of these changes on student athletes, universities, and the broader collegiate sports ecosystem. Some of the key areas explored include the rise of NIL collectives, the influence of lucrative TV deals on conference realignment, and modifications to the transfer portal. The research highlights the lack of transparency in collective payments, raising concerns about regulation amongst colleges and universities on all levels. This complicates recruitment as well as retention strategies, as universities struggle to compete financially. The study argues for increased disclosure of NIL earnings and collectives' earnings including the implementation of regulatory measures to ensure sustainability and equity all across college sports. Recommendations include standardizing state legislation, mandating NIL/collective transactions, and adjusting transfer and eligibility rules to stabilize the evolving landscape. After addressing these issues, this thesis aims to provide a comprehensive understanding of the NIL era's implications as well as its proposed solutions for a fair and balanced collegiate athletic environment for time to come.

Introduction

On July 1st, 2021, the National College Athletics Association (NCAA) made a new rule allowing for student-athletes to profit from their Name, Image, and Likeness (NIL). Over the last 3 years, the entirety of the college athletics landscape has completely changed. What used to be an area where universities were the only ones being able to profit from their student athletes changed completely where the student athletes themselves are finally able to gain their fair share. Is it a fair share or are things getting out of hand? That's what I've challenged myself with doing is taking a deeper dive into what's really going on behind the scenes with the new changes. Some of these changes include the allowance of NIL deals, alterations to the transfer portal, collectives, and overall, how these changes are affecting everyone around them on each level. These levels include the student athletes, universities, and even as large as the state legislature level.

Student athletes have been taking advantage of these new rules all for the right reasons, which is to make money. They will stay as long as they can and use every ounce of their eligibility in order to profit off of themselves for as long as they can. Most athletes won't make it to the professional level or there isn't even a professional for some student athletes to move on to. This is essentially true when it comes to women's sports where their professional levels they don't make nearly as much as male professional athletes. Sydney Moore a division 1 Cornell Volleyball player says "Women-athletes, like me, are at our highest earning potential during our collegiate careers, thus it is imperative that NIL policy upholds the integrity of Title IX and informs us of our fair share." (Dosh, 2023). It goes to show how imperative making money while they still can in college has altered the mindset of student athletes and can be detrimental to the previous mindset a student athlete has when they decide to attend a certain school. Not to

mention that they can leave whenever they want with no implications with the transfer portal which leaves universities puzzled on how to keep their top talent.

One of the new ways that colleges are acquiring and maintaining their top talented athletes is through something called a collective. An NIL collective, defined by the IRS, are “structurally independent of a school, yet fund NIL opportunities for the school’s student-athletes.” (Moody, 2023). These “outside” entities are driven by boosters and fans that want to see their favorite team perform well. This allows for schools to essentially pay student athletes through these collectives in a similar way to how the professionals do it. Considering the infancy of this system, there are issues that arise especially when it comes to the transparency of how much each university is paying a player through the collectives. There are no rules that a university or their collective has to state how much their offering a player to come to their school so it when it comes to a top athlete coming out of high school or the transfer portal no one knows how much they’re being offered by other schools. Even at the highest level there’s concern, Tony Petitti, the commissioner of the Big Ten Conference calls the collective system a “a pay-for-play scheme disguised as N.I.L” and he’s “concerned that management of college athletics is shifting away from the universities to collectives.” (Fahrenthold & Witz, 2023a). Essentially, the teams that raise the most money from their donors and fans will be able to sway the top prospects in coming to their school which could ultimately backfire for a university if a student athlete, then decides to transfer schools. Teams will do whatever it takes to acquire the top talent to improve their team’s record and it’s even expanded to leaving conferences.

College sports conferences are entities that unite numerous universities and colleges where they can compete across a wide range of sports. In the past, they have been based upon geographical proximity and or the size of certain institutions, but this is beginning to change.

Universities and colleges are beginning to leave their respected conferences for those conferences that have higher and better paying viewership deals. This is not the only change that's happening where states are now creating certain laws that give student athletes the ability to make more money. One of the other factors that student athletes are now considering is how much they are making after taxes and how they can actually make from collective deals. Max Forer from the Miller Nash Law firm describes the situation quite well, "It's almost akin to the facility arms race, where you want the best locker rooms or best treatment centers—now you want the best and most protective state bill." (Moody, 2023). Student athletes are now coming into colleges with a professional's mindset on how much tax is taken out of their deals as well as other factors that would need to be considered when making all that money. With everything changing, my goal is to see where this could all go and what these changes will turn college sports into.

Research Questions

How has player recruitment been affected by the introduction of NIL deals, and what strategies are colleges employing to attract top talent?

How have NIL deals changed the overall structure of collegiate sport conferences?

How much are student athletes making from NIL deals and are there other ways they're getting paid?

How has the commercialization of collegiate sports shifted its emphasis away from its educational mission towards prioritizing business interests?

Data & Methodology

In this section, I will go over the issues with data currently being shared in this new industry as well as my thought process going into being able to show results.

In Figures 1 and 2 in the Appendix, I used from Business of College Sports “Current College Sports Television Contracts” (Riker, Large, & Effress, 2024). I was able to manually enter the data that was mentioned from this source and create the charts using Tableau. It supplies a statistical breakdown as well as a deeper dive into the TV viewership deals that college sport conferences have signed. This shows the differences between each conferences including what driving factors there are for universities that are trying to enter the higher paid and more televised conferences.

In Figures 3 and 4 in the Appendix, I used Opendorse’s “NIL Insights” (Opendorse, 2024). I entered their data manually into excel to create a Top Sports by NIL compensation table in Figure 3 and a Top NIL-Earning College Sports Positions table in Figure 4. In these tables, it shows which college sports are attracting the most NIL deals as well as a deeper dive into which positions from the top 3 NIL compensated sports on average are getting the highest NIL deals.

When it comes to the rest of my results and quotes, I used a various number of articles from Forbes, The New York Times, as well as Inside Higher Ed. I wanted to assure that I was able to hear from multiple perspectives such as the student athletes themselves, executives for colleges, and outside entities such as a lawyer that would regulations point of view on the changes. There are a lot of changes happening on multiple levels that it’s important to hear from where they’re coming from as well as their thoughts on how to better situations.

Throughout the entire process there was one key theme that's continued to occur which was the fact that no one truly knew which numbers were right as well as how accurate they were. I found out that this is one of the biggest issues when it comes to truly knowing which numbers are correct. This leaves a massive gap in understanding what is real as well as what is fake, but at the same time allows us to see a ballpark estimate when it comes to the TV deals. On the other hand, we cannot truly assess the true monetary value of players' worth, which leaves colleges puzzled when it comes to the transfer portal. Acquiring data on how much a player makes through collectives is not something in the public eye considering there is no regulation surrounding universities, their respected collectives, as well as the student athletes themselves to disclose that valuable data/information.

Findings & Analysis

When going into assessing how I should find the answers to my questions I decided to find the main thing that is driving this new age of college sports, which is money. I researched and assembled the top 5 TV viewership deals from the highest paying sport conferences which are the Big Ten, SEC, ACC, PAC-12, and Big 12. These deals are how much the conference is getting paid, how long their deal lasts for, as well as how much each school is bringing in from those specific TV deals. In Figure 1, the Big Ten and the SEC have by far the two largest viewership deals with the ACC making significantly less including the PAC-12 (which is coming to an end and has yet to sign a new TV deal) and Big-12 behind (Riker, Large, & Effress, 2024). Not to mention, each college and university in those top 2 conferences is bringing in way more money individually compared to the rest. This has ultimately resulted in colleges and universities

leaving their original conferences for the higher paying and more viewed conferences. Below, you will see the notable changes in the last few years:

Conference Additions:

<u>Big Ten:</u> USC, UCLA, Oregon & Washington
<u>SEC:</u> Texas and Oklahoma
<u>ACC:</u> Cal, SMU, Stanford
<u>Big 12:</u> Arizona, Arizona State, Colorado & Utah

It's evident that there are multiple schools scrambling to join the higher viewed and higher paid conferences to not only make more money, but to acquire the top talent considering it's a new factor rising student athletes are having to consider. There are other colleges and universities that are trying to leave their conferences to keep up with other schools which could ultimately lead to the elimination of conferences that cannot keep up. After considering the broader range of what's been happening, I decided to take a deeper dive and see how much student athletes are "actually" making from NIL deals.

Looking into how much student athletes are making from NIL deals; it was difficult to find consistent numbers as well as a somewhat precise breakdown of where the most deals are being signed. I read through countless articles and still the numbers were sporadic until I came across Opendorse. In figures 3 and 4, I utilized Opendorse to create tables that allowed me to answer the questions I had. In figure 3, the top 3 sports that real in the most NIL deals are Football with 61.1%, Men's Basketball with 22.2%, and Women's Basketball with 6.2% (Opendorse, 2024). Considering these were the top three sports, I wanted to look even deeper

into the positions that catch the most eyes from deals and are more touted in the public eye. After further investigation, it was clear that a college football quarterback (average compensation per deal \$6889) and a college basketball center (average compensation per deal \$6732) make the most money per NIL deal. Initially this does not sound like a lot whatsoever considering all the headlines as to college athlete making hundreds of thousands of dollars. Yes, those sports and positions do drive in the most eyes and compensation for the colleges and universities which is why they will continue to invest heavily in those, but where are the larger sums of money coming from that these student athletes are getting?

One of the main sources of income that student athletes are getting paid from is from collectives. According to the New York Times, there are “more than 120 collectives” and there has been “\$100 million paid towards student athletes where 80% come from collectives.” (Fahrenthold & Witz, 2023b). Coming into this, I had no clue as to what a collective was and I’m sure most of the public eye has no clue either considering all you hear about is NIL deals while collectives are more behind the scenes. This is due to collectives and universities not having to disclose their information and “donations” to student athletes to the public eye, leaving everyone around each other from media to student athletes, as well as colleges and universities not knowing how much each student athletes are getting paid. This is a massive competitive advantage for those schools that receive the donations and funding to invest in the top talent and the Texas Longhorns are a great example of this “pay to win” period. Since 2021, the Texas Longhorns Football team is “paying \$14 million to student athletes (Fahrenthold & Witz, 2023b) and their teams record has gone from 5-7 in 2021 with not even making a bowl game to 12-2 and making the college football playoff. That is an enormous leap in just over two years and goes to show how in this realm of sports nowadays you need money to win. Also, the fact that student

athletes will be more driven to colleges and universities that have no state income taxes such as Texas and Florida over say California which has very high state income taxes. Not only this, but the fact that there are no rules regarding legislature and collective payout has given athletes all the leverage when it comes to deciding which college or university, they want to either attend or transfer to. For example, if a student athlete commits to a college and they're willing to pay him a certain amount and he then decides to enter the transfer portal where schools begin to blindly bid against one another solely based on the word of the student-athlete or their agent on how much they were getting paid which could be blown out of proportion. In the end, this demonstrates why colleges and universities are eager to join the highest-paying conferences, highlighting the need for greater regulation of the collective system.

Final Interpretation

Coming full circle and doing research on this topic for quite some time I have some predictions as to where this industry is heading and what it could potentially turn into. First, I believe that there needs to be transparency with how much student athletes are getting paid. If colleges sports are turning into a business and even the student-athletes are seeking the same benefits that professionals receive, contracts they receive from collectives especially need to be known. This would allow for colleges and universities to not be left in dust if a player decides to transfer as well as fairness when it comes to certain payments that are being dished out. Next, the top two conferences will continue to expand and will ultimately result in super conferences combined with the top colleges and universities that are able to get in before it's too late. Finally, the transfer portal and eligibility need to be reevaluated considering how long student athletes can stay at school for. In the past, the NCAA had athletes have to wait a season in order to play which is very drastic, but if student athletes are still making money from past schools

they were at after transferring their needs to be some sort of fee. There could be a cap on the number of times a student athlete transfers as well as specific criteria they have to meet in order to be able to transfer out. This would allow for colleges and universities to not have a horrible return on investment and the handoff to be much smoother. In the end, this is an ever-changing industry that is still in its infant stage where there is a ton of trial and error that many are profiting from considering college sports have in fact become a business.

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Appendix

Figure 1:

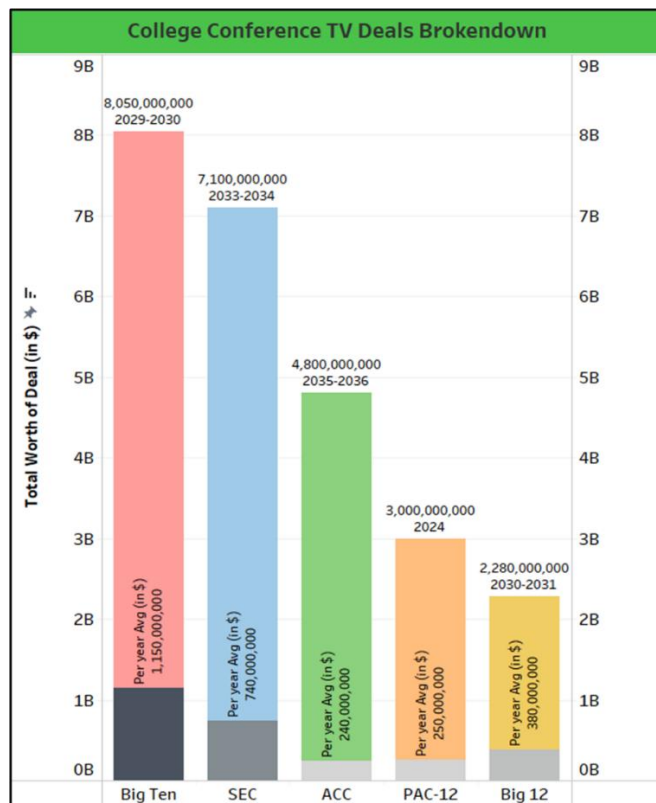


Figure 2:

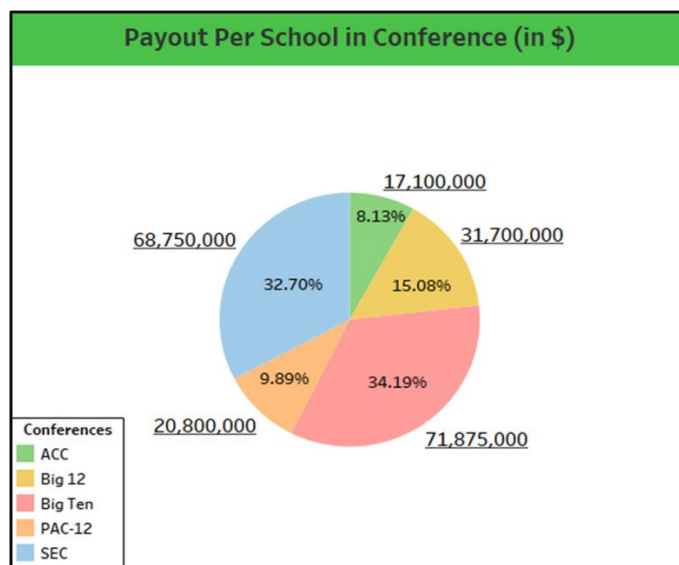


Figure 3:


























Sport	%	Rank
 Football	61.1%	1
 Men's Basketball	22.2%	2
 Women's Basketball	6.2%	3
 Baseball	3.0%	4
 Women's Volleyball	1.6%	5
 Softball	0.9%	6
 Men's Golf	0.7%	7
 Women's Track & Field	0.7%	8
 Men's Track & Field	0.5%	9
 Women's Gymnastics	0.5%	10

Figure 4:

Sport	Position	Average Compensation (\$) per deal	% total	Rank
 Football	Quarterback	\$ 6,889	13.37%	1
 Mens Basketball	Center	\$ 6,732	13.06%	2
 Football	O-Line	\$ 4,355	8.45%	3
 Mens Basketball	Forward	\$ 4,062	7.88%	4
 Football	D-Line	\$ 3,978	7.72%	5
 Mens Basketball	Guard	\$ 3,820	7.41%	6
 Football	Running back	\$ 3,340	6.48%	7
 Football	D-back	\$ 3,305	6.41%	8
 Football	Reciever	\$ 3,198	6.20%	9
 Football	Linebacker	\$ 3,095	6.00%	10
 Womens Basketball	Guard	\$ 2,889	5.61%	11
 Football	Tight End	\$ 2,583	5.01%	12
 Womens Basketball	Forward	\$ 1,142	2.22%	13
 Football	Specialist	\$ 1,138	2.21%	14
 Womens Basketball	Center	\$ 1,015	1.97%	15