

California judge approves NCAA-House case settlement



Ross Dellenger

Senior College Football Reporter
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A California district judge granted preliminary approval to the NCAA and power conferences' settlement of the House antitrust case, another step in a long process toward the era of athlete revenue sharing.

Judge Claudia Wilken, of the U.S. District Court of the Northern District of California, issued her ruling Monday without a follow-up hearing and after [plaintiffs and defendants in the case clarified language in the agreement 10 days ago](#).

The two-part settlement requires schools to [pay roughly \\$2.8 billion](#) to former athletes for damages of lost name, image and likeness payments, but, perhaps more importantly, it permits schools — not requires them — to share millions with their athletes. The settlement's new revenue-sharing model is expected to start July 1.

Wilken's ruling in this landmark case is the latest move toward a settlement that, while not resolving all of college athletics' ills, pushes the industry toward a more modernized structure and releases claims of some future lawsuits — but not all. The NCAA and power leagues struck the agreement in May with attorneys representing plaintiffs in a case over lost NIL payments. Thousands of athletes, the majority of whom played between 2017 and present, are in line for thousands of dollars in backpay that will come from NCAA headquarters and school revenue distribution (much of that derived from the NCAA men's basketball tournament).

However, the [most significant piece is an athlete revenue-sharing concept, explored here](#). Schools will be permitted to directly share as much as \$23 million annually with their athletes in a capped system. The cap, a fluid figure that changes annually, will increase as school revenues increase. The exact figure for the first year of implementation is uncertain.

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The settlement also comes with the addition of new roster limits, [explored in this story](#), that permit programs to offer scholarships to their entire rosters.

Though not solving all of the woes in the industry, the settlement is expected to move college sports closer to a more professionalized model — a move to stave off court rulings and state laws that continue pushing college administrators to share more of their revenue with athletes.

However, the settlement does not completely avoid some future legal challenges, does not prevent athletes from being deemed employees and still may need the assistance of Congress. NCAA and college leaders, as they have for the last five years, continue to lobby on Capitol Hill for more protections.

No school is required to share revenue with athletes, and schools can choose to opt out of the settlement. Commissioners of several basketball-only playing conferences and those in the FCS say they do not expect many or any of their schools to opt into the settlement. Several programs in the Group of Five ranks are not expected to share much, if any, revenue with athletes as many of those schools are hamstrung financially and use student fees and state tax dollars to operate their athletic departments.

The settlement moreso targets the revenue-producing football schools of the power conferences. For months now, power league administrators have worked to devise strategies for the impending revenue-sharing concept, creating contract templates with athletes, re-organizing their booster collectives and adding personnel for deal negotiations.

Collectives, groups of boosters who pool money to distribute to athletes under the guise of endorsement deals, are at the center of the settlement.

The settlement agreement, as filed in July, provides protection for the NCAA and power leagues to enforce their rules around booster pay. The provision in the settlement was the center of a hearing last month in which Wilken refused to grant preliminary approval until the language was clarified or amended.

Plaintiffs and defendants filed a brief on Sept. 26 that, while adjusting language, did not alter the provision. The power conferences are leading an effort to create a new non-NCAA enforcement entity with a clearinghouse that is charged with approving certain non-school-related compensation to athletes.

There are still many more months to go before final approval of the settlement, but in language in her preliminary approval on Monday, Wilken gave clear indication that she believes the agreement is fair and reasonable. A final approval hearing has been set for April 7, the day of the NCAA men's basketball tournament championship game.

Over the next several months, attorneys will notify those former players who stand to receive some of the back payments, and those who object to the settlement can file those objections with the court.