

**OLD DOMINION UNIVERSITY BOARD OF VISITORS
ATHLETICS COMMITTEE
June 13, 2024**

TO:

Good afternoon,

I would like to share an update on an important step forward in our ongoing effort to create a stable, sustainable and equitable model for the future of college sports. We have now reached a proposed settlement in three major cases ² House, Hubbard and Carter ² involving back damages and future compensation for Division I student-athletes.

I want to extend my heartfelt thanks to all of you in Division I for your dedication and hard work in getting us to this point. Your efforts have been instrumental in negotiating this complex settlement and in shaping a more stable future for Division I college athletics. We acknowledge that there is still much work to be done, and your continued support and collaboration will be crucial as we implement these changes.

TKH PHGLD KDV FRYHUG WKHVH ODZVXLWV H[WHQVLYHO\ ZLW demand for back damages is substantial. In the House case alone, the plaintiffs sought approximately \$3 billion. If the NCAA were to lose at trial, the court V FRXOG LPSRVH ³ WUHEOH GDPD, resulting in a \$9 billion judgment. Such a verdict would be financially devastating and unsustainable.

The lawsuits address three main issues: compensation for academic-related expenses; name, image, and likeness opportunities; and restrictions on scholarships. We have managed to negotiate the total back damages for these cases down to nearly \$2.78 billion, to be paid over 10 years, equating to approximately \$280 million annually.

To address this obligation, we have developed a plan where the NCAA will contribute \$1.2 billion over 10 years, representing 42% of the total back damages. This will be funded through careful expense management, new revenue initiatives and the use of reserves.

The remaining 58% will be distributed among the Division I conferences based on their distributions over the past nine years. This translates to an annual contribution of \$165 million, or a 20% total reduction in distributions.

Specific contributions are as follows:

- x Football Bowl Subdivision conferences: \$95 million annually (33%).
- x Football Championship Subdivision conferences: \$37 million annually (13%).
- x Nonfootball Division I conferences: \$34 million annually (12%).

While these contributions represent only 1%-2% of total revenues for FCS and nonfootball conferences, individual conferences will need to manage these contributions based on their PHPEHUV† EXGJHWV, XQGHUVWDQG WKLV FKHQ the challenges QRW E facing college sports over the last few decades, change is inevitable. I believe the change before us now presents massive new opportunities for student-athletes and all of Division I.

And to be clear, the financial estimate is just that. If the NCAA outperforms revenue projections and has unplanned surplus net assets, there will be an opportunity to determine how those additional

assets can be used to offset the local impact of the damages payment (e.g., supplemental, pay down).

Additionally, the forward-looking aspect of this settlement includes a revenue-sharing model allowing schools to provide more direct benefits to student-athletes, including for NIL. This model, starting in the 2025-26 fiscal year, proposes that 22% of average Autonomy 5 revenues can be shared with student-athletes, potentially amounting to \$1 billion to \$1.5 billion annually.

This settlement achieves several critical objectives:

1. It replaces potentially crippling lawsuits with a negotiated settlement and a 10-year injunction.
2. It enables student-athletes to receive up to 22% of the average DI Power 5 athletics revenues² in addition to tuition and other benefits currently provided. Adding all these benefits together, many A5 schools would be devoting nearly 50% of athletics revenue to student-athletes.
3. It ends decades of antitrust litigation, stabilizing college sports while permitting conferences and the NCAA to enforce rules that set a level playing field and emphasize the educational mission of college athletics.
4. It binds DI together, enabling the NCAA to contribute \$120 million annually for 10 years toward back damages.

This is a massive step forward for student-athletes and college sports, but it does not address every challenge. There are still pending legal issues, such as those related to employment with the NLRB and the Johnson case.

While challenges remain, this is a vital opportunity to positively reshape the future of college sports. In the weeks ahead, the DI governance team will be working through all relevant committees to discuss next steps with you all.

There is a lot of work to be done, and we look forward to getting it done with you in the coming months.

Sincerely,



Charlie Baker