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Power Four Football and Academics

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ABSTRACT: The evolution of Power Football Conferences evolved from a past history where college football players and other college athletes were students who participated in athletics in an exchange for a scholarship that covered their tuition, supplies and housing. In the current evolution of college sports amateurism is dead. The athletes are compensated for their services and are completely free agents to transfer. They are no longer student athletes. The athletes are free to sell their services to the highest bidder and transfer for a better offer and more playing time.

The issue is should academic institutions be in the professional sports business and given the exploding costs what are the benefits, if any, to an academic institution. The benefits currently reside with the coaches, players, and athletic programs.

KEYWORDS: play for pay, student athlete, transfer portal, NIL, and academics.

EVOLUTION OF THE POWER FOUR CONFERENCES

The athletic programs were part of the university atmosphere and culture. Students were athletes, and a scholarship provided support for their degree. Coaches and athletic staff were not dissimilar from other university staff. Athletics provided visibility for the universities' academic programs.

The college sports industry and its conferences were not monopolies like the professional leagues but were more like forms of monopolistic competition. They were regionally located and happenings at one conference were independent of events elsewhere. In the 1980's several events external to the industry changed the way of doing business. These included the birth of ESPN and cable; the evolution of Title IX; the need for schools (athletic departments) to generate significant revenue to support programs; and the shift from students who were athletes to athletes who were students. Think of athletes as assets bundled together into a portfolio to create a team (Kealey 2018). Then, these portfolios were bundled together to create a conference. In this model team and conference behavior were no longer independent of behavior of other teams and conferences (Brown 2022).

Once athletes made their commitment to a university, they were locked in for four years unless they wanted to sit out for a year to transfer to another athletic program. The expansion of cable created a need for products to fill the cable time slots. Networks began bidding up their fees and signing up conferences. The major conferences and their athletic departments benefited as coaches did. Athletic programs felt the need to invest more to keep up with the competition as they added staff and enhanced facilities. The "power programs were born" (Robinson 2023). The reality was that the athletic departments, with their significant revenue generation, which they needed to support their athletic programs, created little or no benefits to the university. The power five programs became independent of the university.

As the power programs generated more revenue, the financial benefits to the athletes changed little. In fact, as more pressure focused on winning, athletes realized they were not winning for the university, but for the coaches and the athletic departments (Dinich 2023). The myth remained that athletes create revenue for the university. In fact, any revenue created resided in the athletic department and not the university. Internal and external forces impacted universities and worked to accelerate the gap between athletics and academics.

The Transfer Portal and NIL

This situation triggered events which resulted in the current state of power four football. Two events were internal. The transfer portal in simple terms allowed athletes to post their names as being available for immediate transfer to another university (Norlander 2023). The recent signing allows athletes to financially benefit from their name, image, and likeness (NIL) independent of the school. The NIL movement created collectives which provide benefits to athletes in exchange for using their name, image, and likeness (Bilas 2022).

The transfer portal created fluidity for athletes to move between schools without being locked in for four or five years. The transfer portal created a secondary market for recruiting which was more robust in terms of measuring an athlete's skill set and benefits from having a more experienced and knowledgeable athlete. This created benefits for the athlete and the school. NIL was less regulated but was more of a patchwork of state regulations. Collectives emerged which provided funds to athletes independent of the schools. Since the collectives were outside the control of the athletic departments, they were effectively competing with the athletic departments and the university for fund raising. This situation created a huge opportunity for buyers and sellers' "remorse" for the collectives and the athletes (Higgins 2022). Regardless of their flaws, the portal and NIL both created benefits for the athletes. As one coach bluntly said if you want us to win, the collectives needed to provide more money (not sure if he was thinking about the athletes as much as himself) (Stefanik 2023).

The third and bigger impact was that the transfer portal and NIL removed any pretense of student athletes wanting to play and win for old glory. Amateurism was dead. Players were free agents, and the power schools were football franchises located within universities (Armato 2022). This had a profound impact on where and when athletes decided to take their skills until they were deemed professionally ready. For the recruited athletes, the objective was more about athletics and a professional career than a commitment to academics. Their school selection was based on the ability to start for a team, their potential for exposure and money. The selection not only involved the school but conference composition and the ability to compete against conference programs with similar priorities (Macintosh 2023).

Conference consolidation continued and, in the end, created a duopoly. The recent conference movement was motivated but the economy and the declining fortunes of cable networks. The result was consolidation and conference shrinkage in an oligopolist situation. The Pac12 collapsed for assorted reasons but not limited to bad leadership, perceived lack of competitiveness, the inability to win a national championship, or its desirability as a destination for high school recruits. At the same time, the ACC and Big 12 were merely slowing down the race to an eventual duopoly (the power two) (Besanko 2016).

Settlement Details:

The settlement, which was effective July 1, 2025, has two parts: one governing a past athlete and the other governing current athletes. For athletes who competed in college at any time from 2016 through present day, the settlement creates a $2.8 billion fund. The second part was the revenue sharing cap, The cap was based on 22 % of current athletic department revenues. The cap will vary by conference but for the power four conferences the revenue sharing cap was $20.5 million. Current scholarships and other benefits already received are not included within the revenue sharing cap (Bachman 2025). The settlement also increased the roster limits for all sports. A school could decide to expand their current scholarship spending to $2.5 million, but any increase would reduce the revenue sharing cap by up to $2.5 million. Any revenue cap funding could be paid directly to the athlete (Murphy 2025). Athletes will be independent contractors, not paid employees. (Talty 2025)

Players are allowed to sign third party contracts outside of the revenue sharing cap. NIL third party contracts must be sent through a clearinghouse to ensure "fair market value" based on an actual endorsement and not recruiting (Hayes 2025).

Schools have control over the distribution of the revenue shared cap. The expected distribution for a revenue shared cap of $20.5 million would be: football $13-16 million, men's basketball $2-4 million, and the balance shared with the other men's and women's sports (Jeyarajah 2025). Based on the changing landscape of college athletics and the recent anti-trust landscape, athletics is at a crossroad.

The AAU Universities

There are sixty-nine presidents at AAU universities located in the USA, and two presidents at AAU universities in Canada. Twenty-nine of the sixty-nine AAU schools did not participate in DI athletics, thirty-six AAU schools were members of DI power conferences, and AAU members University of Buffalo (UB), University of South Florida (USF), Rice, and Tulane participated in DI non power conferences. The NIL and revenue sharing settlement were only binding on DI athletic programs. The conference NIL revenue shares were in Table 1. Within DI only power conferences committed to revenue sharing of $20.5 million annually. UB, Rice, USF, and Tulane faced smaller annual payments. For the non-power four DI conferences the required annual revenue share varied by conference and ranged from $8.7 million for Mid America (UB) to $13.6 million for the AAC (USF, Rice, and Tulane) (AAU, 2023) (NCAA, 2025). UC-Berkeley became a member of the ACC.

As of 2025, AAU school numbers by power four football conference relative to conference membership were as follows: Big Ten 17/18, ACC 8/17, SEC 5/16 and Big 12 6/18. Notre Dame was an AAU power four independent. Recent 'power four" schools admitted to the AAU were Arizona State, Miami, and Notre Dame. The Power Four schools no longer in the AAU were Iowa State, Nebraska, and Syracuse (AAU 2023).

AAU schools and highly ranked schools created a culture that attracted highly competitive students regardless of major. The faculty providing their education were among the leaders in their field. AAU schools attract high-quality students and faculty as well as significant financial resources. Normally, AAU schools attracted more national as opposed to local applicants; attracted more international students; and a higher proportion of graduate students (Economist 2018).

The thirty-six AAU presidents of schools in the power four conferences faced tough choices. The federal research cuts, loss of tuition revenue from missing foreign students, reduced IDC rates, lost tuition from federal financial aid, and the taxes on endowment income collectively will impact the universities bottom line. In addition, these cuts, and potential limits on indirect cost adversely impacted research, reduced the number of graduate students, and reduced potential faculty positions (AAU 2025a) (Randazzo 2025).

At the same time, the NIL settlement, and the commitments by power four schools required a distribution of $20.5 million to athletes in 2025-2026 and may be increased by 4% in 2026-2027. The ability to offset this required distribution varied by athletic program. If a program were not able to cover the distribution where would the funds come from? The academic enterprise was under severe financial stress and faced challenges to provide the funds. Athletics were likely to share the pain in the form of cutting scholarships and sports (Schrotenboer 2025).

In the presence of no boundaries or limits, the cost of athletics ballooned. The benefits now resided with the athletes who were free agents, the coaches, the athletic departments, and the individuals who attended their events (Nietzel 2025). For an AAU institution, the brand was the quality of students, faculty, and research, not athletics. These universities produced innovative research, and their brand attracted students. The athletic programs provided zero or negative impact attracting outstanding students, high-quality faculty, research funding, donor driven gifts and endowments, innovation, copy rights and patents. In fact, athletics competed with the universities for gifts and endowments as well as other revenue streams. While athletics were touted as having a role in attracting applicants, their importance at AAU schools was called into question given the significance of high-quality applicants at the undergraduate and graduate level (AAU 2025b).

Athletics needed to be a stand-alone enterprise that created revenue from licenses, boosters, media rights, and ticket sales. If the revenues were insufficient, then like universities, the athletic departments should re-arrange the deck stairs. Unlike many universities that were limited in raising tuition, athletic programs raised ticket prices. Other options included increased student athletic fees, improved booster support, reduced costs, or eliminating programs. The individuals that consumed the product paid the cost of producing the product (Schrotenboer, 2025).

The costs continued to rise as free agent athletes bid up the costs and coaches' salaries rose at an accelerated rate. Faculty salary increases averaged 3.4 % over the last five years (AAU, 2025). At almost half of the power four schools, the combined cost of the coaches at a school exceeded the costs attributed to all student athletes at the school (referred to as the crossover point) (Dinich, 2025).

The athletic programs at power four schools were more like professional franchises than athletics at Division III schools. Pro teams sold for more than the value they created, but they sold because the owners wanted the association of owning a team. In college athletics boosters were like owners and were willing to pay even if cash flow was zero. The real test of the value of athletic teams was whether private equity was willing to invest. Private equity positioned themselves to make the investment worthwhile and expect a 10+% return, a situation which was the empty set without boosters covering the created loss (namely the $20.5 million dollar NIL settlement (Baker, 2025). What were College football programs actually worth? Under this scenario rather than subsidizing athletics, universities should expect a 10% return. A highly unlikely prospect at most power four schools if not most schools in Division I (Rizzuto-Flancbaum, 2024)

In the 25years of the BCS (1998-2022) and CFP (2014-2022) seven national champions were AAU institutions when they won. In the eight years of the CFP only one AAU school won (Ohio State in 2015). Things were about to change.

The Future

Times have changed. The 2023 CFP championship between Michigan and Washington featured a total of twenty-three transfers or about 15% of the 170 total. In the future the numbers could approach 50%. The transfer portal combined with NIL has created true free agency among the players. The NCAA has proposed corrections but anything restricting movement with face an uphill battle. These fixes are both too late and could set a course towards declaring the players as employees. While this would certainly restrict extra compensation, it would have no impact on the transfer portal and would allow the players to organize and bargain collectively like the NFL.

The College football playoff was launched in 2014 in an era of regulation and a perceived level playing field. In the first nine years (2015-2023) the nine finals included eighteen teams. The eighteen teams included 3 AAU schools and 15 no AAU schools and one AAU winner (Ohio State in 2015). The transfer portal, NIL and the settlement have dramatically changed the CFP. In 2023,2024, and 2025. All six finalists were AAU schools. The six finalists have three characteristics that stand out. They are all located in highly urbanized regions (New York City to Chicago, Miami, and Seattle), The six schools have large and/or extremely supportive living alumni (Washington, Michigan, Indiana and Ohio State are in the top ten largest alumni bases and Notre Dame and Miami have highly committed and supportive alumni). Last, four of the six are in the Big Ten Conference (with the three winners Michigan, Ohio State and Indiana are Big Ten members). The AAU schools with their significant resources and capabilities have the ability to dominate in the new landscape of college football with the transfer portal and external NIL commitments (Talty 2025). Given the small sample size, the SEC, which had nine of the previous eighteen finalists and won six of nine CFP championships, could still compete but will no longer dominate in an era of a non-level playing field with annual player movement and no cap. Gambling, and prediction markets have driven the interest in college football. The money for athletes and the portal has induced players to remain in the college game and maximize their eligibility and potential. Money does matter and the programs with significant access to resources will dominate. In the short run that will be the Big Ten and AAU schools with a significant alumni base. The expected duopoly could become a monopoly. In non-football sports, the smaller rosters and schools' ability to redistribute their own NIL revenue shares, the outcomes are less certain.

CONFLICT OF INTEREST: The authors each shared responsibility in manuscript production and has no conflict of interest.

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Table 1: NCAA REVENUE SHARING & NIL ESTIMATES 2025

Conference	Number of Schools	Avg. Annual Athletic Revenue per School	22% of Revenue	Est. Revenue Sharing 2025
SEC	16	$122,170,753	$26,877,566	$20,500,000
Big Ten	18	$116,190,176	$25,561,839	$20,500,000
ACC	18	$85,546,578	$18,820,247	$20,500,000
Big 12	16	$77,077,997	$15,415,599	$20,500,000
Pac-12	2	$60,974,391	**	**
P5 Sub-total	70	$100,420,042	$22,092,409	$20,500,000
Mountain West	12	$19,862,094	$4,369,661	$4,369,661
American Athletic	15	$13,597,219	$2,991,388	$2,991,388
Sun Belt	14	$9,187,681	$2,021,290	$2,021,290
Mid-American	12	$8,651,993	$1,903,438	$1,903,438
Conference USA	12	$7,466,103	$1,642,543	$1,642,543
G5 Sub-total	65	$11,493,375	$2,528,543	$2,528,543
Other NCAA I	229	$3,881,357	$853,899	$853,899
Totals – All NCAA I	364			

Source: NCAA, 2025

Indications were that every Power Conference school intended to commit to the maximum revenue sharing allowed of $ 20.5 million for the 2025-26 year. If a school awarded additional athletic scholarships beyond the NCAA team limits in effect prior to House v NCAA, then the increased awards were counted as part of their revenue sharing pool up to $ 2.5 million per year (NCAA, 2025)

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