



From amateur to entrepreneur: NIL's impact on student-athletes

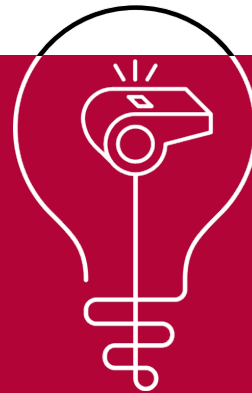
What NIL is—and isn't

NIL allows student-athletes to earn compensation for the use of their name, image, and likeness. This can take many forms, including endorsement deals, social media promotions, personal appearances, autograph signings, third-party collective agreements, and more. It empowers athletes to monetize their unique value and reach, whether through traditional sponsorships or innovative partnerships.

However, it's important to understand what NIL does not allow. Under the NCAA Interim NIL Policy, NIL agreements are not permitted to be a "pay-to-play." Compensation cannot be tied to athletic performance, recruitment, or participation at a specific school. For instance, an athlete cannot receive a financial incentive simply to join or remain at a particular institution. Although the line of demarcation is murky, this distinction ensures that NIL agreements remain about fair market value for services rendered rather than performance incentives. To ensure compliance and legal protection, securing legal representation to assist in negotiating any true NIL deal, or NIL collective agreement, is critical.

Fair market value plays a critical role in NIL agreements, with most states requiring that compensation accurately reflects the athlete's value to a sponsoring entity. While Pennsylvania does not have these requirements, many states have adopted clear guidelines to ensure fairness and compliance.

As we delve deeper into the world of NIL, it's crucial to understand the regulations and restrictions that govern these agreements.



Did you know?

The introduction of Name, Image, and Likeness (NIL) agreements has fundamentally changed the landscape of college athletics. For the first time, student-athletes can capitalize on their personal brands while pursuing their education. However, with opportunity comes complexity as athletes, institutions, and sponsors navigate the rules, risks, and rewards of this transformative space. Below, we explore key aspects of NIL, offering insights for all stakeholders involved.

Regulations and restrictions

While NIL provides new opportunities, it also comes with significant restrictions. The NCAA and state laws prohibit athletes from endorsing certain categories, including:

- Adult entertainment
- Alcohol and tobacco products
- Casinos, gambling, and sports betting platforms
- Controlled substances and firearms

Additionally, NIL agreements must not conflict with existing university contracts. For example, if a school has an exclusive apparel deal with Nike, an athlete may enter into a personal NIL deal with Under Armour but cannot wear Under Armour products during NCAA-sanctioned events or school activities.

Transparency is also crucial. In Pennsylvania, student-athletes are required to disclose their NIL agreements to their university within seven days. This allows schools to monitor compliance with both state laws and NCAA regulations, ensuring agreements do not compromise the athlete's or institution's integrity.

Opportunities beyond the big sports

It's a common misconception that NIL deals are limited to high-profile sports like football and basketball. In reality, NIL has opened the door for athletes in all sports to monetize their personal brands.

Women's sports, in particular, have seen a surge in NIL activity. Social media has increased visibility and sponsorship opportunities for sports like gymnastics and women's basketball. Athletes with large online followings — regardless of their sport — are particularly attractive to sponsors who value digital engagement.

Recent data from Opendorse highlights the financial potential of NIL for top athletes. For instance, the top 25 men's basketball players earn an average of \$349,492 annually from NIL deals, while the top 25 football players at any position average \$294,134. Even in women's sports, top performers like the top 25 women's basketball players earn around \$88,975 annually. These figures demonstrate the significant financial opportunities available to athletes who can leverage their marketability effectively.



This trend highlights the democratization of NIL. It's not just about athletic performance or team rankings; it's about individual marketability and the ability to connect with an audience. This shift is redefining what it means to succeed in college athletics.

The rise of NIL opportunities across various sports reflects a broader shift in the landscape of college athletics.

The changing landscape of college athletics

For decades, college athletes were considered amateurs, barred from earning any compensation related to their athletic pursuits. The introduction of NIL has shattered this outdated concept, ushering in a new era of financial opportunity and entrepreneurship.

Pivotal legal battles, including *O'Bannon v. NCAA* and *NCAA v. Alston*, drove this change. These cases challenged the fairness of a system that generated billions of dollars in revenue while restricting athletes from sharing in that wealth. The Supreme Court's unanimous decision in *Alston* recognized the economic realities of modern college sports and paved the way for NIL.

Now, college athletics is viewed as a multi-billion-dollar industry, with athletes as its driving force. NIL gives these athletes the tools to leverage their marketability during their peak years of visibility. For most, the window of opportunity is limited, as only a small percentage will transition to professional sports. NIL ensures that athletes can capitalize on their hard work and talent while they have the chance.

Universities are adapting to this new landscape by creating NIL support programs. For example, Louisiana State University has established a dedicated NIL office to assist athletes in navigating opportunities while ensuring compliance.

The importance of professional representation

As NIL deals become more prevalent, so do the challenges associated with them. Without proper legal and financial representation, student-athletes may find themselves in unfair contracts or situations where promised compensation is not delivered.

A notable example involves a University of Nevada Las Vegas quarterback who quit the team after an NIL deal fell through because it wasn't formalized in writing. This highlights the importance of securing professional guidance when negotiating and managing NIL agreements.

Sponsors also look for athletes who conduct themselves professionally and understand the responsibilities of these deals. An athlete's behavior, both on and off the field, directly impacts a sponsor's brand reputation. Younger athletes, in particular, must demonstrate maturity and professionalism to reassure sponsors of their reliability.

At McNees, we have experience representing both athletes and institutions, offering a unique perspective to ensure all parties navigate NIL agreements successfully. For athletes, investing in proper representation is a critical step toward safeguarding their financial future and maximizing their potential.

Foreshadowing: Upcoming revenue-sharing developments

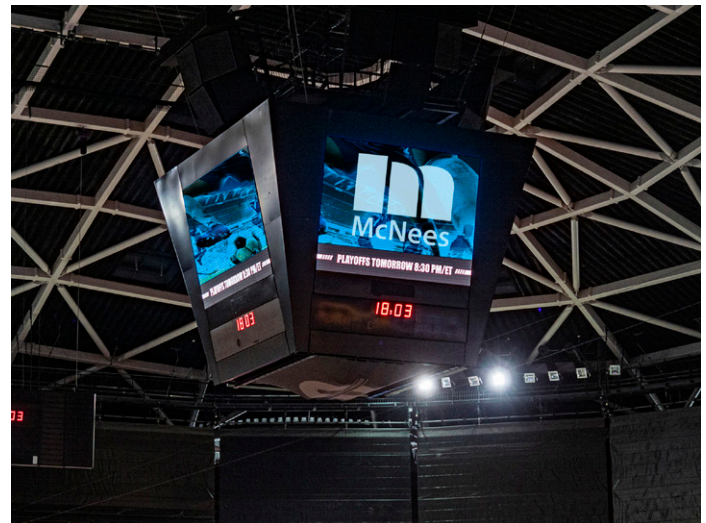
Looking ahead, the landscape of athlete compensation could shift even further. The *House v. NCAA* case, set for a final settlement conference on April 7, 2025, may ultimately pave the way for direct revenue-sharing between schools and athletes. If approved, such an arrangement would mark another landmark transformation in college sports, reinforcing the growing recognition that athletes deserve a share in the revenue they help generate. This potential development highlights the importance of staying informed and compliant with evolving regulations, as it may have significant implications for the future of NIL and the broader business of college athletics.

The final whistle: preparing for NIL success

NIL is a game-changer, providing student-athletes with opportunities that were unimaginable just a few years ago. However, success in this new landscape requires a clear understanding of the rules, careful planning, and a commitment to professionalism.

For athletes, sponsors, and institutions, NIL is not just changing college sports — it is creating lasting, mutually beneficial partnerships.

As NIL continues to evolve, we can expect further refinements in regulations and practices. Potential developments may include standardized national guidelines, increased scrutiny of collective agreements, and the emergence of new technologies to facilitate NIL transactions.



If you have questions about NIL agreements or need guidance, contact McNees. Our team is here to support athletes, institutions, and sponsors in navigating this exciting new chapter in college sports.

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