# Chaos Clouds Future of Intercollegiate Athletics

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**Abstract**

Exogenous events disrupted higher education and impacted the decision-making skills of university presidents for years. The problem is most acute at the thirty-six AAU members of the power four athletic conferences. Among these Exogenous events were the precipitous cancellation of federal research grants, the on again and off again restrictions on both new and current foreign students studying at US universities, the proposed 15% limit on indirect costs, the tax on university endowments, the changes in student loan programs, the annual $20.5 million NIL revenue sharing settlement for Division I (DI) athletes, and their share of the $2.276 billion Name Image Likeness (NIL) settlement payable to athletes for prior years (2016 to July 1, 2025). These events challenged the strategic leadership of Division I athletic programs. As these leaders approached the federal government, bipartisan legislation was proposed in the U.S. Senate. The proposed legislation offered several approaches to address these issues but stopped short of classifying student athletes as employees. Before it gained traction the proposed legislation was turned upside down by a recent court ruling that barred the NCAA preventing a student with an extensive gambling history from participating.

**Keywords:** aau schools, house settlement, name, image and likeness (nil), ncaa, power four, transfer portal

## 1. Introduction

There were 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 The 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.

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).

### *1.1 The problem*

Thirty-six presidents of AAU universities participated in the power four athletic conferences. There were sixty-eight schools in the power four conferences. The power four conferences included the Atlantic Coast Conference (ACC), Big Ten Conference (Big10), Big Twelve Conference (Big 12), and the Southeastern Conference (SEC).

Exogenous events disrupted higher education and impacted the decision-making skills of university presidents. Even before President Trump' initiated federal funding cuts, many academic institutions were stretched by years of competitive spending financed by extensive borrowing. The financial struggles were decades in the making (Randazzo & Gillers, 2025).

Table 1. NCAA revenue sharing and 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 | 364 | | | |

Source: NCAA, 2025.

While all university presidents were affected, the problem was most acute at the thirty-six AAU members of the power four conferences. The exogenous events were the precipitous cancellation of federal research grants, the on again and off again restrictions on both new and current foreign students studying at US universities, the proposed 15% limit on indirect costs, the tax on university endowments, the changes in student loan programs, the annual $20.5 million NIL revenue sharing settlement for current Division I (DI) athletes and the settlement payment to former athletes from 2016 to July 1, 2025.These events challenged the strategic leadership of the University of California -Berkeley, which already faced a $29 million annual deficit as shown in Table 2 as it entered 20223-2024.

## 2. Exogenous financial shocks

### *2.1 Foreign Students*

In financial terms, educational services were like a foreign airline purchasing a Boeing aircraft made in the United States. International students paid to visit the U.S. as they pursued a degree. But unlike automobiles and aircraft which contained components from outside of the USA, education created value which was entirely delivered in the United States The majority of international students were from China, India, and South Korea (Lu, 2025).

Foreign students were a source of revenue as well as talent for universities. Foreign students increased the competition for all students, especially graduate students (Lu, 2025). In 2023 Chinese students numbered 277,000 and represented a quarter of all international students (Lu, 2025).

Table 2. UC-Berkeley athletics budget

**University of California, Berkeley**
**Department of Intercollegiate Athletics**
**Statement of Revenues and Expenses**
**Year Ended June 30, 2024**

| | Football | Men's Basketball | Women's Basketball | Other Men's Sports | Other Women's Sports | Non-Program Specific | Total |
|---|---|---|---|---|---|---|---|
| **Operating Revenues** | | | | | | | |
| 1 Ticket Sales | $ 8,394,409 | $ 1,783,223 | $ 247,358 | $ 216,891 | $ 332,026 | $ 193,470 | $ 11,167,377 |
| 3 Student Fees | - | - | - | - | - | 444,374 | 444,374 |
| 4 Direct Institutional Support | - | - | - | - | - | 37,199,742 | 37,199,742 |
| 7 Guarantees | - | - | - | 35,000 | 9,000 | - | 44,000 |
| 8 Contributions | 2,716,746 | 847,566 | 613,892 | 3,434,760 | 1,159,913 | 4,882,600 | 13,655,477 |
| 9 In-Kind | 131,627 | 62,361 | - | 56,682 | 47,707 | - | 298,377 |
| 11 Media Rights | 19,631,400 | 5,356,100 | - | - | - | - | 24,987,500 |
| 12 NCAA Distributions | - | - | - | 69,322 | 772,073 | 2,195,260 | 3,036,655 |
| 13 Conference Distributions (Non Media and Non-Football Bowl) | 713,333 | (482,459) | - | - | - | 1,453,535 | 1,684,409 |
| 3A Conference Distributions of Football Bowl Generated Revenue | 1,259,935 | - | - | - | - | - | 1,259,935 |
| 14 Program Sales, Concessions, Novelty Sales and Parking | 939,020 | 2,590 | 506 | 185 | 3,180 | 105,770 | 1,051,251 |
| 15 Royalties, Licensing, Advertisement and Sponsorships | - | - | - | 40,000 | 10,000 | 8,032,753 | 8,082,753 |
| 17 Athletics Restricted Endowment and Investments Income | 906,630 | 78,839 | 250,290 | 3,849,290 | 1,104,983 | 8,040,313 | 14,230,345 |
| 18 Other Operating Revenue | 728,894 | 1,100 | 17,159 | 270,531 | 82,812 | 1,268,676 | 2,369,172 |
| 19 Football Bowl Revenues | 34,430 | - | - | - | - | 15,000 | 49,430 |
| **Total Operating Revenues** | 35,456,424 | 7,649,320 | 1,129,205 | 7,972,661 | 3,521,694 | 63,831,493 | 119,560,797 |
| **Operating Expenses** | | | | | | | |
| 20 Athletic Student Aid | 4,944,583 | 758,031 | 813,878 | 2,737,906 | 6,772,422 | 1,000 | 16,027,820 |
| 21 Guarantees | 1,100,000 | 447,500 | 220,000 | 17,520 | 16,750 | - | 1,801,770 |
| 22 Coaching Salaries, Benefits and Bonuses paid by the University and Related Entities | 11,545,521 | 4,788,625 | 1,419,773 | 5,341,350 | 5,695,287 | - | 28,790,556 |
| 24 Support Staff/ Administrative Compensation, Benefits and Bonuses paid by the University and Related Entities | 3,130,369 | 594,733 | 810,428 | 258,144 | 180,893 | 27,011,248 | 31,985,815 |
| 26 Severance Payments | - | 1,435,507 | - | - | - | - | 1,435,507 |
| 27 Recruiting | 1,794,272 | 485,228 | 289,330 | 298,713 | 654,837 | - | 3,522,380 |
| 28 Team Travel | 2,405,919 | 1,185,269 | 663,541 | 2,629,136 | 3,340,517 | 29,096 | 10,253,478 |
| 29 Sports Equipment, Uniforms and Supplies | 551,619 | 68,196 | 9,722 | 469,123 | 359,802 | 2,671,496 | 4,129,958 |
| 30 Game Expenses | 4,094,498 | 738,846 | 902,006 | 478,527 | 1,025,856 | 406,392 | 7,646,125 |
| 31 Fund Raising, Marketing and Promotion | 875,658 | 96,826 | 61,783 | 309,727 | 102,818 | 6,413,204 | 7,860,016 |
| 33 Spirit Groups | 24,862 | 38,591 | 30,407 | - | 577 | 91,373 | 185,810 |
| 34 Athletic Facilities Debt Service, Leases and Rental Fees | 6,620,782 | - | - | 300,000 | - | 3,012,261 | 9,933,043 |
| 35 Direct Overhead and Administrative Expenses | 2,336,130 | 578,119 | 576,176 | 1,766,459 | 1,843,177 | 2,433,218 | 9,533,279 |
| 37 Medical Expenses and Insurance | 205,778 | 24,867 | 26,606 | 219,789 | 200,690 | 2,630,622 | 3,308,352 |
| 38 Memberships and Dues | 300 | 2,266 | 1,895 | 77,452 | 58,791 | 23,454 | 164,158 |
| 39 Student-Athlete Meals (non-travel) | 2,358,446 | 207,116 | 125,331 | 21,144 | 119,247 | 701,137 | 3,532,421 |
| 40 Other Operating Expenses | 1,410,353 | 246,713 | 168,733 | 527,215 | 428,260 | 1,988,407 | 4,769,681 |
| 41 Football Bowl Expenses | 1,547,476 | - | - | - | - | 5,670 | 1,553,146 |
| 1A Football Bowl Expenses – Coaching Compensation/ Bonuses | 130,000 | - | - | - | - | - | 130,000 |
| 50 Excess Transfers to Institution | 508,415 | 593,232 | 20,527 | 36,246 | 26,657 | 1,548,961 | 2,734,038 |
| **Total Operating Expenses** | 45,584,981 | 12,289,665 | 6,140,136 | 15,488,451 | 20,826,581 | 48,967,539 | 149,297,353 |
| **Excess (Deficiency) of Revenues Over Expenses** | $ (10,128,557) | $ (4,640,345) | $ (5,010,931) | $ (7,515,790) | $ (17,304,887) | $ 14,863,954 | $ (29,736,556) |

International students comprised greater numbers at AAU research universities. In 2017, international students at Purdue University represented 21.9% of the 41,573 enrolled students. The international students included 3, 696 Chinese students. At the University of Southern California international students numbered 11, 400 and were 25% of total enrollment. Chinese students numbered 5,447 at the University of Southern California (World Trips, 2025).

In the fall 2024, Asians were 40.7 % of the 33,070 undergraduates and were 22.8 % of the 12,812 graduate students at UC-Berkeley. The undergraduate population included 3,282 international students and the international graduate population numbered 4,034 students (Office of Planning 2024). For Fall 2025, 1,469 international students were offered an undergraduate admission compared with 760 in the fall 2024. The number of international transfers admitted was 885 versus 365 in fall 2024. In both cases applications were up when compared with fall 2024. The top five countries represented were China, Canada, Korea, India, and Saudi Arabia at UC-Berkeley (Gilmore, 2025).

While enrollments remained steady, changes to federal student loans impacted UC-Berkeley with increased costs. These changes impacted future students with reduced payment options, reduced, or eliminated interest free options, and extensive borrowing limits on undergraduate and graduate loans (EdSource, 2025).

On August 29, 2025, the U.S. Department of Homeland Security proposed a rule to end duration status with fixed end dates on visa applications. Students and visitors were required to file formal extension applications, faced shortened grace periods, and faced limits on program changes (DHS, 2025). Implementation of this proposal severely impacted graduate enrollments at UC-Berkeley and all AAU universities (Jack, 2025).

### *2.2 Federal Research Funding*

The total value of federally funded R&D grew steadily since the 1960's. Sources of federal funding were NSF, NIH, NASA, DOE, Agriculture, and other agencies (AAU, 2025). This funding supported faculty, graduate students, and programs that created major breakthroughs in science, engineering, and medicine. Three quarters of foreign PhD students remained in the US after they completed their degrees.

The University of California system received $5.7 billion in federal program support in 2023-2024, with $2.5 billion going to UC-Berkeley and Livermore Labs. In response to the proposed cuts, UC-Berkeley launched an emergency research fund to close the gap (Emergency Research Funding, 2025).

### *2.3 Other revenue cuts*

At least two other actions impacted revenue at major universities.

First, the proposed reductions in indirect cost rates impacted university facilities and operating costs for major research operations. Indirect costs covered the operational expenses for research, such as the salaries of administrative and facilities staff, utilities, and library services. UC- Berkeley negotiated rate of 60.5%. However, the proposed 15% indirect cost rate reduced the recovered cost rate by 75% and dramatically impacted operations (Provost, 2025).

Second, the scheduled change to federal student loan borrowing and loan repayments capped loans for attending undergraduate, masters, and professional programs. The caps were designed to reduce or slow tuition increases at universities. In the short run the caps limited enrollments and reduced university tuition revenues (Schermele, 2025). The proposed changes in federal loans raised interest costs, reduced payment options, and capped student borrowing (EdSource, 2025). The change impacted undergraduate and graduate students at UC-Berkeley.

These exogenous actions impacted the bottom line at major research universities like the impact at UC-Berkeley.

## 3. College Athletics

As the power programs generated more revenue, the financial benefits to the athletes changed little. The myth remained that athletes created revenue for the university. In fact, any revenue created remained in the athletic department and not the university. This situation triggered events which resulted in the current state of power five and subsequent power four. 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 without restrictions (Norlander, 2023). NIL and revenue sharing allowed athletes to financially benefit from their name, image, and likeness (NIL) independent of the academic institution.

### *3.1 Transfer Portal*

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 the benefits from having a more experienced and knowledgeable athlete.

### *3.2 Free Agency*

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 five schools were professional franchises located within universities (Armato, 2022).

For the recruited athletes, the objective was more about athletics and a professional career than a commitment to academics. The athlete's 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).

## 4. Federal Legislation and Judicial Disruptions

### *4.1 NIL Settlement Details*

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

Players were allowed to sign third party contracts outside of the revenue sharing cap. To ensure "fair market value" based on an actual endorsement and not for recruitment, any NIL third party contract exceeding $600 was subject to review and was sent through a clearinghouse. It was expected that many of the prior contracts might not be approved. (Jeyarajah, 2025) (Talty, 2025).

Schools controlled distribution of the revenue shared cap. The expected distribution (but not required) for a shared revenue cap of $20.5 million was: football $13-$16 million, men's basketball $2-$4 million, and the balance shared with the other men's and women's sports. Schools were free to determine the distribution (Jeyarajah, 2025).

4.2 Protect College Sports Act of 2026

Nobody disputed that college sports needed structure. Players transferred from campus to campus for better deals via the transfer portal; booster "collectives" funneling money to recruits in the spirit of name, image and likeness; geography enlarged conference created nightmare travel logistics as athletes traveled from coast to coast; eligibility lawsuits were filed to extend eligibility and compromise NCAA rules; coaches moved from school to school and were fired if they did not win further accelerating salaries of coaches (Marcello, 2025).

The Protect College Sports Act of 2026, was a bipartisan piece of legislation proposed by Republican Sen. Ted Cruz and Democratic Sen. Maria Cantwell designed to "restore order" in college athletics. College athletics did this to itself. For decades they operated with their heads in the sand. Now with all the turmoil that surrounded intercollegiate athletics, the NCAA and college sports programs ran to congress and pleaded for help. The Protect College Sports Act of 2026, offered a solution to the problems (Gay, 2026).

The proposed legislation addressed transfer portal matters when it proposed that athletes be limited to one transfer without penalty. Eligibility was restricted to a five-year window that started with high school graduation or 19$^{th}$ birthday. It proposed limited antitrust protections to reduce lawsuits and injunctions (Gay, 2026).

The proposed Protect College Sports Act of 2026, recommended the Sports Broadcasting Act of 1961 be amended to allow universities to universities to pool their media rights to have more leverage to receive better media rights fees. . Seventy-five percent of member schools needed support this measure (Gay, 2026).

While a spending cap was recommended for NIL contracts, nothing was mentioned how the cap was determined and the size of the cap. Likewise, no mention was made of treating athletes as employees and collective bargaining. The funds funneled to athletes as part of the House settlement were referred as revenue sharing so athletes were not receiving a salary much in the same way scholarships were awarded to athletes. Athletes who received funds based on name image and likeness were classified as receiving a salary and were employees of the source of the NIL funds (Gay, 2026).

The two most powerful conferences , the Southeastern (SEC) and the Big Ten (Big 10) were not supportive of the Protect College Sports Act of 2026 (Gay, 2026).

*4.3 Brendan Sorsby adds more chaos to college athletics*

The of the Protect College Sports Act of 2026, was turned on its head when a Texas judge granted Texas Tech quarterback Brendan Sorsby a temporary injunction against the NCAA that overturned Sorsby's season-long suspension for betting on college football. Sorsby admitted to placing at least 40 bets on Indiana when he was a freshman quarterback with the Hoosiers in 2022. He went on to bet on various sports on thousands of occasions over the next four years. Even a single bet on your team was enough to trigger a lifetime ban under NCAA rules (Hummer, 2026).

The judge who granted Sorsby a temporary injunction stated that Sorsby suffered "probable, imminent and irreparable injury" if the court did not allow him to play. Sorsby's punishment was a two-game suspension (Hummer, 2026).

The integrity of the sport was now in question. Any hint that a game was affected by an athlete's point shaving or compromised the final score was disastrous, especially when an app was all that was needed to place a bet. The self-inflicted harm to Sorsby's career was nothing compared to the dam breaking for college athletics' ability to enforce itself. It established an environment of chaos throughout sport and created doubt about a federal solution (Hummer, 2026).

Overturning Sorsby's career suspension was a precedent-setting ruling that forever altered NCAA enforcement on a core principle of sports. There's really nothing that stops a star athlete from betting on their team in the post-Sorsby landscape. If you're rich enough and find a lawyer willing enough, you can just take the NCAA to court and hope to overturn the ruling. The Sorsby ruling emboldens hundreds of thousands of current and future college athletes to place wagers A federal law with limited antitrust exemption was insufficient (Hummer, 2026).

The NCAA needed a limited antitrust exemption with legal protection to enforce basic eligibility and integrity rules without every decision determined by the legal system. Professional sports leagues benefitted from clear lines of authority determined by collective bargaining. The professional leagues contracts, arbitration procedures and disciplinary measures gave them a solid operating process not enjoyed by the NCAA. The NCAA must be empowered to create rules and enforce them (Fornelli, 2026).

The proposed Protect College Sports Act offered several recommendations but did little to provide the NCAA with the power to create rules and enforce them without constant legal challenges. Actions that classified student athletes as employees and implemented collective bargaining must be considered even though the NCAA was determined to avoid any mention of athletes as employees or collective bargaining (Fornelli, 2026).

## 5. Institutional Context

### *5.1 AAU Power Four Schools*

Based on the changing landscape of college athletics and the recent anti-trust landscape, college athletics was at a crossroad.

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 impacted 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 (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 was unable to cover the distribution, where were the funds to be found? The academic enterprise was under severe financial stress and faced challenges to provide funds (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 2024). 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.

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 needed to 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. 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.

## 6. Discussion about the Future

As a member of the AAC, UC-Berkeley committed to spending $20.5million in revenue sharing under the settlement. UC- Berkeley was further impacted by the collapse of PAC 12 Conference and the associated reduction in media rights fees. In 2021-2022 as a member of PAC 12, UC-Berkeley media rights share was $37 million. In 2022 UCLA and USC announced an impending move to the Big 10 and an expected annual media rights deal of $60 million per school. With the impeding move of USC and UCLA, Utah, Arizona, Arizona State, and Colorado bolted the PAC 12 for the Big 12. With the eventual departure of Oregon, Washington, Stanford, and UC-Berkeley, the PAC 12 collapsed. As a new member of the ACC, UC-Berkeley received a share of $11 million per year. Almost $50 million less per year than UCLA's Big 10 payout. The California Board of Regents starting in 2024-2025 allocated UC-Berkeley $25 million per year for three years to invest in athletics and ease the transition to the ACC. The settlement included a $10 million per year payment for three years from UCLA (Echelman, 2025) Just what does this mean for UC-Berkeley?

To meet the conditions of the University of California Board of Regents (BOR) payment, UC -Berkeley committed matching funds of $7 million per year for football, $1.5 million for men's basketball and $0.5 million to women's basketball. These funds matched private giving to support NIL revenue sharing. The University made an aggressive commitment to launching a revenue sharing campaign. This commitment met the conditions of the BOR funding and support for alumni engagement (Curtis, 2025). Given the quality of students and the UC-Berkeley academic reputation, was this subsidy sustainable in the long term?

Under the leadership of Coach Tosh Lupoi, Cal built a 2027 football class that ranked 17th in the country and focused on versatile, athletic playmakers. This class injected speed, size and aggressiveness along with players who possessed multi-positional flexibility and high developmental ceilings. This was the first step to rebuilding the football program as part of a renewed commitment to athletics (Haubert, 2026).

The short-term solution dealt with the collapse of PAC 12 and membership in the ACC. The long-term solution was a different issue. UC-Berkeley's membership in the ACC created a grant of media rights which tied them to the ACC until 2036.

UC-Berkeley fielded thirteen men's sports and fifteen women's sports. In the past decade they were competitive in men's baseball, rugby, rowing, water polo, and swimming and in women's rowing, swimming, and tennis. In the last decade UC-Berkeley became less competitive in football and men's and women's basketball. They saw a significant drop in attendance in these three sports and the average age of attendees was rising. Student attendance at home sporting events saw steep declines (Kunnath, 2023) (Legend, 2022). As a member of the ACC, UC-Berkeley experienced a $40 million drop-in media rights fees versus PAC 12 (Echelman, 2025). They logged the fourth highest athletic miles travelled in DI behind Hawaii, Stanford, Oregon, and UCLA (Mendelowitz, 2025).

## 7. Results

In 2023-2024, UC-Berkeley athletics posted an audited budget deficit of $29,736, 556 (Statement of Revenues and Expenses, 2024). This deficit occurred despite $37,199,742 of direct support from UC-Berkeley. Who paid the direct support? Was it paid from taxpayer state appropriations to UC-Berkeley, student driven tuition payments, or UC-Berkeley auxiliary funds such as parking fees, food services, and housing revenues? For 2024-2025, the BOR-UCLA subsidy reduced the deficit, but athletics was required to spend $20.5 million on NIL revenue sharing. This could be reduced by the UC-Berkeley subsidy, the BOR payment, higher ticket prices, and increased fund raising for NIL revenue sharing.

Can UC- Berkeley's sustained subsidy to athletics be continued with current and future revenue risks to academics; how should the $20.5 million revenue sharing be distributed by athletics given the competitive position of football, and basketball versus the success of Olympic sports and Title IX; and was the ACC the right conference for UC-Berkeley athletics?

What decisions were required? In strategic decision making the outcome was limited by cognitive capabilities. Bounded rationality and the magnitude of available information impaired decision making. This environment created cognitive biases: prior hypothesis bias, confirmation bias, escalating commitment, reasoning by analogy, representativeness, illusion of control or availability error. All these biases collectively or individually impaired decision-making. Another impediment to decision making was group thinking when decision makers failed to question the information or underlying assumptions. These factors resulted in poor decision making by strategic leaders. The decision-making was complicated by the mix of public and private and AAU and non-AAU schools which have different missions and objectives.

## 8. Conclusion

While the choice was between subsidizing athletics or not, the larger issue was should universities be in the professional sports business? The Ivy League and DIII answered the question with a no.

In the 2025 college football season UC-Berkeley tied for 7th in the ACC standings with a 4-4 won lost record in the conference and a 7-5 overall record. They played in the Hawaii Bowl and lost, finishing with 7-6. won lost record The promising outcome was that six of the eight AAU schools in the ACC finished in the top eight of the seventeen members of the conference. In an era of transfer portal and no player compensation cap, there is no illusion of a level playing field. UC-Berkeley, with the resources and capabilities of an elite AAU school coupled with its large alumni base and Bay area location saw a return to prominence in the current unbounded era of college football.

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