

Opinion | NCAA college football has turned pro. Let's talk about its tax breaks.

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College football has turned pro. Let's talk about those tax breaks.

Sharing college football's riches with players is fair, but it's time to drop the "education" fiction.

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5 min



Will Howard of the Ohio State Buckeyes reacts after throwing a pass for a first down against the Notre Dame Fighting Irish during the fourth quarter in the 2025 CFP National Championship at the Mercedes-Benz Stadium in Atlanta, Jan. 20. (Kevin C. Cox/Getty Images)

One of the great business triumphs of 2024 was the successful launch of America's newest professional football league. This was not an easy feat, as the demise of the XFL and multiple previous failures attest.

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Their struggles make the fabulous debut of the Triple-A NFL even more impressive. Oh, sorry for any confusion. You may still be calling it "college football," an antique usage that soon should be replaced by something more descriptive.

The College Football Playoff National Championship game on Monday, with Ohio State beating Notre Dame, 34-23, concluded a season in which the sport of Knute Rockne and Bear Bryant completed its metamorphosis into a top-to-bottom, money-driven commercial enterprise. By court order, players can now be paid salaries, and they are free beyond that to rake in as much money in name, image and likeness (NIL) payments as a jillionaire booster or a shoe company offers them.

The new league is even more athlete-friendly than its NFL parent; players are free agents every year, and thousands of them use the “portal” to jump from school to school in search of a bigger payday. In the NCAA’s highest division, more than 3,700 players changed teams in 2024.

Whether one likes it or not, the revolution, which has been gaining force over the past half-dozen years, is based on seemingly inarguable premises. Shouldn’t an 18-year-old athlete have the same right to profit from his skill or fame as his musician classmate? Shouldn’t the performers drawing millions of customers to stadiums and TV channels share in the enormous proceeds? Hard to disagree.

But changes so fundamental from the players’ standpoint imply equally big alterations in the status of their sponsors. Even as revenue has burgeoned into the billions — \$3.55 billion in 2023 for the NCAA “Power Five” conferences alone — schools don’t pay taxes on that money, relying on the time-honored exemption offered because these activities further their educational purpose. That exemption no longer matches reality.

With players’ average salaries in the tens of thousands, star players’ and coaches’ salaries often in the millions, and television contracts in the billions, this is plainly a business and not an amateur activity we’re talking about. Rarely has a duck quacked louder.

Stanford and other schools are appointing “general managers” of their football programs. The most famous professional football coach of recent years just took a college coaching job. In hiring Bill Belichick, the University of North Carolina was described by the Wall Street Journal as “finally willing to up its investment and professionalize its football program.” Sensing business opportunity and a need for massive new investments, private equity firms are beginning to sniff around for ways to enter the sector, as they have with a number of professional leagues and teams.

Competing at the highest level now requires massive fundraising, to outbid others for the talents of star players. Ohio State stunned the sports world when its football coach said he needed \$13 million simply to maintain its roster, and the program was rumored to have ultimately spent \$20 million. Now they’re national champions.

But Ohio State is not an outlier; NCAA figures show that at least 20 schools raised \$10 million or more through their so-called collectives in the past year. These entities are sometimes presented as a way to help charities, but, as one athletic director was candid enough (anonymously) to admit, “Let’s be honest, we are all money laundering.”

Twenty million dollars is now just table stakes, and it isn’t one-time money. It will have to be raised every year if a program wants to keep up. It cannot possibly all be incremental to the money schools raise for genuine academic purposes; inevitably, it will cannibalize funds that could have been raised for tuition support, or a new chemistry lab.

Now that players will share in the TV revenue bonanza, the NIL pressure may subside slightly. But with some individual top talents commanding millions apiece, don't look for the most football-obsessed institutions to back off.

Nonprofits collecting revenue not contributing directly to their mission are supposed to declare it "unrelated income" and pay taxes on it. How long will colleges be able to maintain the fiction that their sponsorship of professional football is for the purpose of advancing education?

The argument that athletic success boosts either enrollment or other, nonathletic fundraising has never been persuasively demonstrated, and it was refuted in a 2019 study of the topic.

A few years ago, in a presidents-only Big Ten meeting, I floated the idea that we all commit some percentage of the money from an impending new TV contract to academic purposes. Every head nodded, but it quickly became clear that most were terrified to take such an idea back to their boards or athletic departments. The absurd notion was never heard of again.

The new professional league is a fact of life and already a tremendous success. But the lucky schools at this trough can't have it both ways. They have entered a business, one that is not merely "unrelated" to the purpose of educating young people but to an extent in direct competition with it. It was fair that they share some of the proceeds with the participants; they should also share some with their taxpaying fans.