



FLORIDA A&M UNIVERSITY  
OFFICE OF ENTERPRISE  
RISK MANAGEMENT

# NCAA Benefits Expansion Risk Bulletin

Report No. 2025-ERM-01

September 12, 2024

## Executive Summary

The new National Collegiate Athletic Association (NCAA) benefits for student-athletes, effective as of August 1, 2024, significantly expand their rights and opportunities in three key areas: Name, Image, and Likeness (NIL), healthcare, and academic support. Under the new NIL guidelines, student-athletes are now able to monetize their personal brand through sponsorships, endorsements, and other commercial ventures, allowing them to capitalize on their athletic performance and visibility. In addition to NIL opportunities, the enhanced benefits include comprehensive healthcare coverage paid for by the NCAA, with a stronger focus on mental health services, injury prevention, rehabilitation, and even post-eligibility medical care which are all the responsibility of the university. These healthcare improvements are designed to ensure that student-athletes receive adequate support throughout and beyond their collegiate careers. Furthermore, the academic benefits now require universities to provide increased tutoring, academic advising, and resources tailored to the unique needs of student-athletes, helping them succeed in both their athletic and academic pursuits. As a Historically Black College and University (HBCU) in Florida, Florida Agricultural and Mechanical University (FAMU) faces unique challenges and opportunities in managing the expansion of the NCAA benefits. This report outlines the key risks associated with these developments and their potential impact on our athletics program, institutional reputation, and financial sustainability.

### Key Risks Identified:

- 1. Increased Competition for Top Talent (NIL):** The competitive landscape for recruiting and retaining student-athletes has intensified, with larger institutions offering more robust NIL opportunities. This poses a significant challenge for our athletics program, which may struggle to compete with better-resourced universities. Without a competitive NIL program, we risk a talent drain, weakening our athletics performance and reducing key revenue streams such as ticket sales, sponsorships, and media deals.
- 2. Healthcare and Academic Resource Strain:** The expanded healthcare and academic benefits for student-athletes require additional investment in medical staff, mental health services, and academic support infrastructure. Meeting the potential increased demands could place considerable financial strain on our athletics program, potentially diverting resources from other critical areas. Failure to provide adequate support may also lead to compliance risks, reputational damage, and negative student-athlete experiences.
- 3. Compliance and Regulatory Risks:** Navigating the complex regulatory landscape of NIL, healthcare, and academic benefits requires strict adherence to both NCAA rules and Florida state laws. Mismanagement or misinterpretation of these regulations could expose the university to significant compliance risks, including penalties, sanctions, and student-athlete ineligibility. The heightened scrutiny around NIL deals, data privacy, and healthcare provisions makes compliance a critical focus area for risk mitigation.
- 4. Reputational Risks:** As public scrutiny of how universities handle NIL, health, and academic benefits intensifies, we face the risk of reputational damage if these areas are mismanaged or perceived as inequitable. Media attention on high-profile NIL deals, perceived disparities in student-athlete support, or dissatisfaction with healthcare services could negatively impact our brand, alumni engagement, and donor support, undermining our efforts to build a strong, competitive athletics program.
- 5. Financial Sustainability:** The expansion of benefits represents a significant financial burden for our athletics program, which is mandated by the Board of Governors for the State University System of Florida to remain financially self-sustaining. The pressure to compete in the NIL market and provide enhanced student-athlete support threatens the long-term financial sustainability of our athletics department. Without careful financial planning and alternative revenue streams, the university could face deficits that affect not only athletics but also other critical areas of the institution.

## Strategic Recommendations:

1. **Enhance NIL Opportunities Through External Partnerships:** Leverage alumni networks, local businesses, and corporate sponsorships to create competitive NIL opportunities for student-athletes without overextending internal resources. Engaging influential alumni and local businesses in supporting NIL deals will help level the playing field with better-funded institutions.
2. **Invest in Healthcare and Academic Support Incrementally:** Prioritize healthcare and academic resources in phases to ensure we meet compliance requirements while managing costs effectively. Seek external funding, including grants and donations, to support expanded mental health services, athletic training, and academic advising without straining the athletics budget.
3. **Strengthen Compliance Monitoring and Education:** Establish a robust compliance framework, with regular audits, compliance reviews, and comprehensive education for student-athletes, coaches, and staff regarding NCAA and Florida state regulations. This will mitigate the risk of NIL mismanagement, health, and academic violations while ensuring transparency and fairness.
4. **Proactively Manage Reputational Risks:** Develop a proactive communication strategy to highlight the university's commitment to student-athlete welfare, equity, and transparency. Publicize success stories and provide clear updates on how NIL deals and healthcare benefits are managed to maintain the trust of alumni, donors, and the broader public.
5. **Develop a Long-Term Financial Strategy for Athletics:** Conduct a comprehensive financial review of the athletics program to identify cost-saving opportunities and new revenue streams. Explore innovative sponsorship deals, targeted fundraising campaigns, and cost-sharing partnerships with other universities to ensure the athletics department remains financially self-sustaining.

The expanded NIL, healthcare, and academic benefits for student-athletes present both opportunities and risks for our university. To remain competitive and compliant while safeguarding our financial sustainability, we must proactively address these challenges with targeted strategies that enhance our reputation, engage key stakeholders, and optimize resource allocation. By doing so, we will continue to build a strong and resilient athletics program that reflects the values of our HBCU community and ensures long-term success for our student-athletes and the university as a whole.

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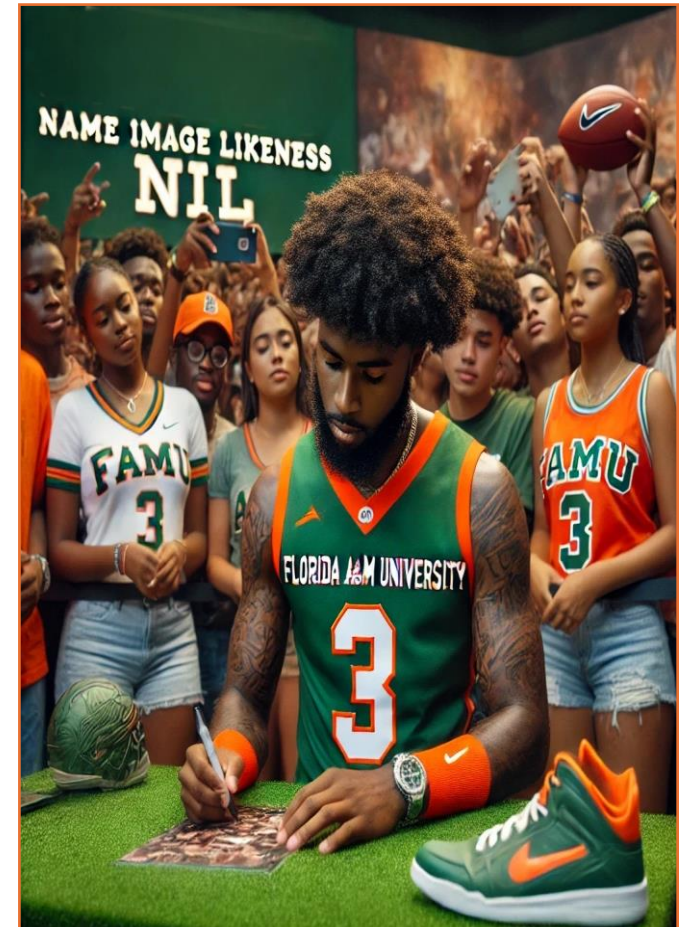


## Increased Competition for Top Talent (NIL)

With the introduction of expanded NIL opportunities, Division 1 (D1) HBCU's like FAMU, are facing increased competition from larger, well-funded programs at other institutions. For FAMU, this competition poses a unique set of challenges given the historical disparity in financial resources compared to Power 5 or even mid-major programs.

### Risk Analysis:

1. **NIL Collectives and Partnerships:** Larger universities, particularly those with strong alumni bases, can leverage NIL "collectives" (groups of boosters, businesses, and alumni that pool resources to provide NIL opportunities for student-athletes) to offer more lucrative deals to top recruits. For instance, universities like the University of Florida or Florida State University have strong booster networks and partnerships with businesses, which can offer higher-paying NIL deals.
2. **Media Markets and Brand Recognition:** Larger schools in bigger media markets can attract more significant sponsorships for student-athletes. Florida's prominent programs, located in media-heavy regions, offer a larger stage for athletes to build their personal brands, attracting more significant NIL deals. In contrast FAMU may struggle to provide the same level of exposure or access to high-profile corporate partnerships, limiting the earning potential for their student-athletes.
3. **Athlete Recruiting Pressures:** Many student-athletes are now factoring potential NIL earnings into their college decisions, which places smaller, less resourced HBCUs at a disadvantage in recruiting top talent. Schools with fewer financial resources for facilitating NIL deals may struggle to compete with well-established programs that have the infrastructure, relationships, and alumni support to maximize student-athlete earnings.
4. **Cultural Considerations:** For HBCUs, the cultural significance of playing for an institution with a rich history and deep community ties remains a strong selling point. However, without competitive NIL packages, this cultural advantage may not be enough for FAMU to retain or recruit the most talented athletes who could go to programs that promise larger earnings potential.

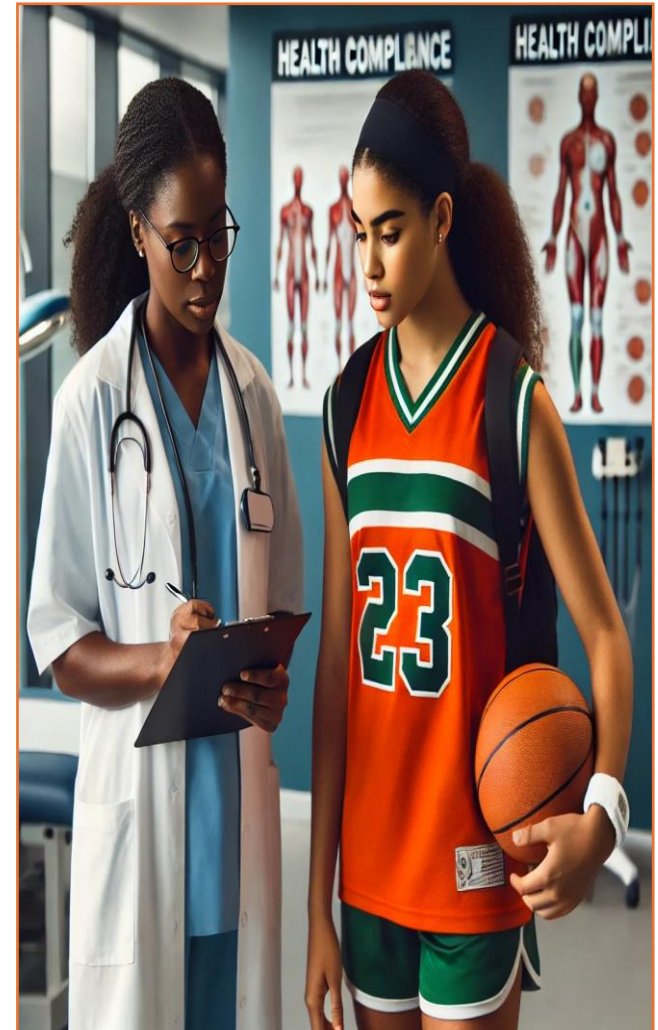


## Healthcare and Academic Resource Strain

The NCAA's new enhanced health and academic benefits require member institutions to significantly increase their commitment to student-athlete welfare. For FAMU, compliance with these updated standards means expanding medical support, mental health services, academic tutoring, and advising resources. These increased demands come at a time when budgets are already strained, and athletics programs are required to be financially self-sustaining under state rules.

### Risk Analysis:

- 1. Healthcare Support Requirements:** The NCAA mandates institutions to provide more comprehensive healthcare coverage for student-athletes, which now includes mental health services, post-eligibility medical care, injury prevention, and rehabilitation services. Student-athletes sustaining injuries, particularly in high-contact sports like football and basketball, will require extended access to sports medicine specialists, physical therapists, and mental health professionals, all of which will necessitate expanding the current staffing and funding models.
- 2. Mental Health Services:** There is a growing recognition of the importance of mental health in student-athlete performance and well-being. The new guidelines likely require an increase in psychological services, which include counselors or licensed therapists specifically trained in the unique pressures faced by athletes. With rising rates of anxiety, depression, and burnout among college athletes, institutions are expected to provide immediate access to psychological support. This may further compound FAMU's struggle to recruit and retain sufficient mental health professionals to meet these demands.
- 3. Post-Eligibility Healthcare Costs:** NCAA policy changes extend certain healthcare benefits beyond a student-athlete's eligibility, which can involve ongoing treatments for injuries sustained during their collegiate careers. For example, a football player who requires knee surgery post-graduation will still have to be covered under the university's healthcare policy, resulting in long-term financial obligations.
- 4. Academic Tutoring and Advising:** NCAA regulations also expand academic support services, requiring institutions to provide tutoring, academic advising, and study support specifically tailored to student-athletes. This often involves one-on-one tutoring or mentoring to help athletes balance rigorous training schedules with academic success. A D1 HBCU may need to hire additional tutors and academic advisors, or invest in new technology to track and support student-athletes' academic progress, increasing operational costs.



## Stricter Compliance Requirements for NIL, Health, and Academic Benefits

The expanded rights of NCAA student-athletes related to NIL, health, and academic benefits introduce a complex regulatory landscape that requires strict compliance with both NCAA rules and state laws. For FAMU, mismanagement or misinterpretation of these regulations could lead to serious consequences, including sanctions, reputational damage, and student-athlete eligibility concerns.

### Risk Analysis:

- NCAA Compliance Framework:** The new NIL regulations allow student-athletes to receive compensation for their personal brand. While the NCAA provides a basic framework for NIL compliance, specific guidelines vary by state. In Florida, state law governs NIL deals, making compliance particularly challenging as schools must navigate both NCAA and state-level requirements. Failure to ensure that NIL deals are in line with Florida state law could result in student-athlete ineligibility, forfeiture of wins, or financial penalties for the university.
- Healthcare and Academic Standards:** The NCAA also mandates expanded healthcare and academic benefits, with stringent rules around how these services must be provided. Schools must ensure proper documentation and tracking of healthcare services, including mental health support, and academic performance metrics to remain compliant. If a student-athlete does not receive the required post-injury medical care or academic tutoring, it could lead to compliance violations and potential legal repercussions, especially if such a failure affects their eligibility or future career prospects.
- State-Level NIL Legislation:** In Florida, specific NIL laws impose additional layers of compliance, including regulations about the types of contracts athletes can enter into, restrictions on certain types of sponsors (e.g., gambling or alcohol), and the involvement of the university in facilitating deals. If a student-athlete enters into an NIL deal with a brand that violates Florida's state laws, such as endorsing a gambling platform, the university could face penalties, and the athlete could be deemed ineligible, jeopardizing their collegiate career and impacting team performance.
- Data Privacy and FERPA Concerns:** As schools collect and manage more data related to student-athletes' health and academic performance, they must also comply with data privacy regulations like the Family Educational Rights and Privacy Act (FERPA). Any breach or misuse of sensitive information could lead to lawsuits and loss of public trust.



## Reputational Risks: Negative Public Perception Due to Mismanagement of NIL, Health, and Academic Benefits

The increased media attention surrounding NIL deals, health benefits, and academic support for student-athletes has heightened public scrutiny of how universities manage these areas. For D1 HBCUs, missteps in executing or communicating these benefits can lead to negative publicity, which could tarnish the university's reputation. This reputational damage could impact not only the athletics program but also alumni engagement, donor support, and future recruitment efforts.

### Risk Analysis:

1. **High-Profile NIL Deals:** Student-athletes at FAMU may start to sign significant NIL contracts, attracting both media attention and scrutiny from alumni, donors, and the public. If these deals are seen as controversial, excessive, or misaligned with the university's values, it could lead to negative press coverage and public backlash. Additionally, alumni and donors may voice their concerns, leading to tension between the athletics department and key stakeholders.
2. **Miscommunication or Lack of Transparency:** A lack of transparency or poor communication regarding how NIL deals are managed, or how student-athletes are benefiting from health and academic resources, can create confusion and suspicion among stakeholders. In the absence of clear communication, media outlets may speculate on the fairness, legality, or ethical nature of NIL deals and healthcare provisions. If the university is perceived as being non-transparent about how NIL opportunities are facilitated or if a student-athlete publicly expresses dissatisfaction with their healthcare or academic support, it could generate negative press and criticism of the university's commitment to student welfare.
3. **Health and Safety Concerns:** As the NCAA requires expanded healthcare benefits, any failure to properly address student-athlete health concerns can result in serious reputational risks. This is especially true in the age of social media, where stories of poor treatment, inadequate mental health support, or mishandled injuries can spread rapidly. If a prominent student-athlete suffers a significant injury and feels they did not receive adequate medical care or rehabilitation services, their public statements on social media could lead to widespread negative coverage of the university's healthcare provisions, impacting both current athletes and recruitment efforts.
4. **Perceived Inequities Among Student-Athletes:** If certain high-profile student-athletes are seen to receive more NIL opportunities or better healthcare and academic support than their teammates, this could create a perception of inequity both internally and externally. Media outlets may highlight these disparities, portraying the university as favoring certain athletes.



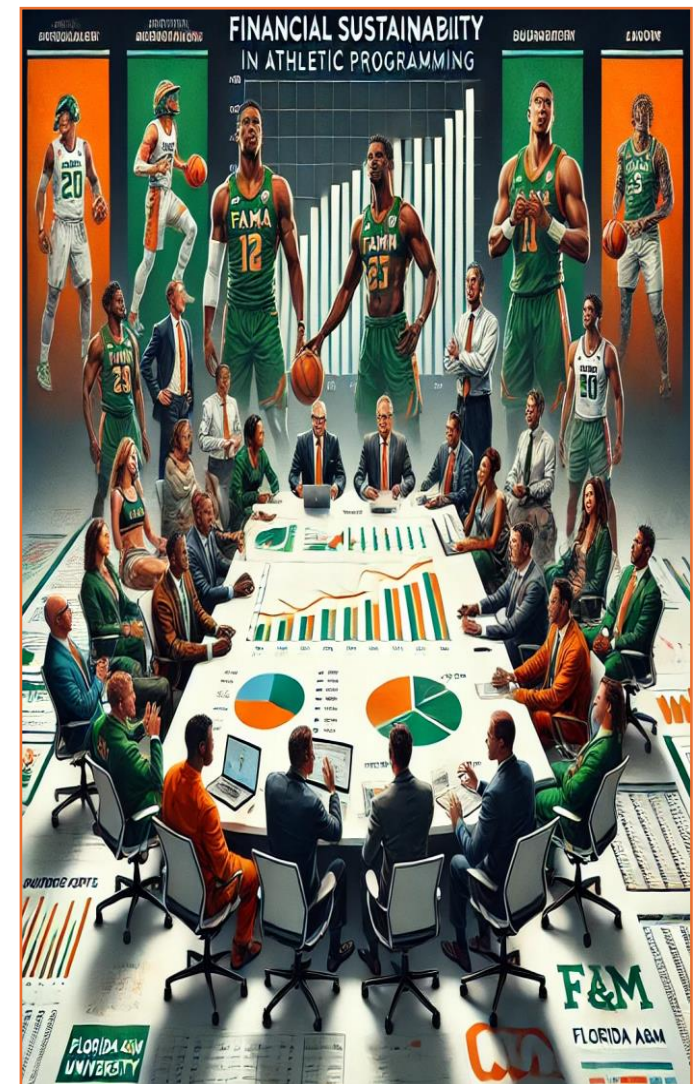


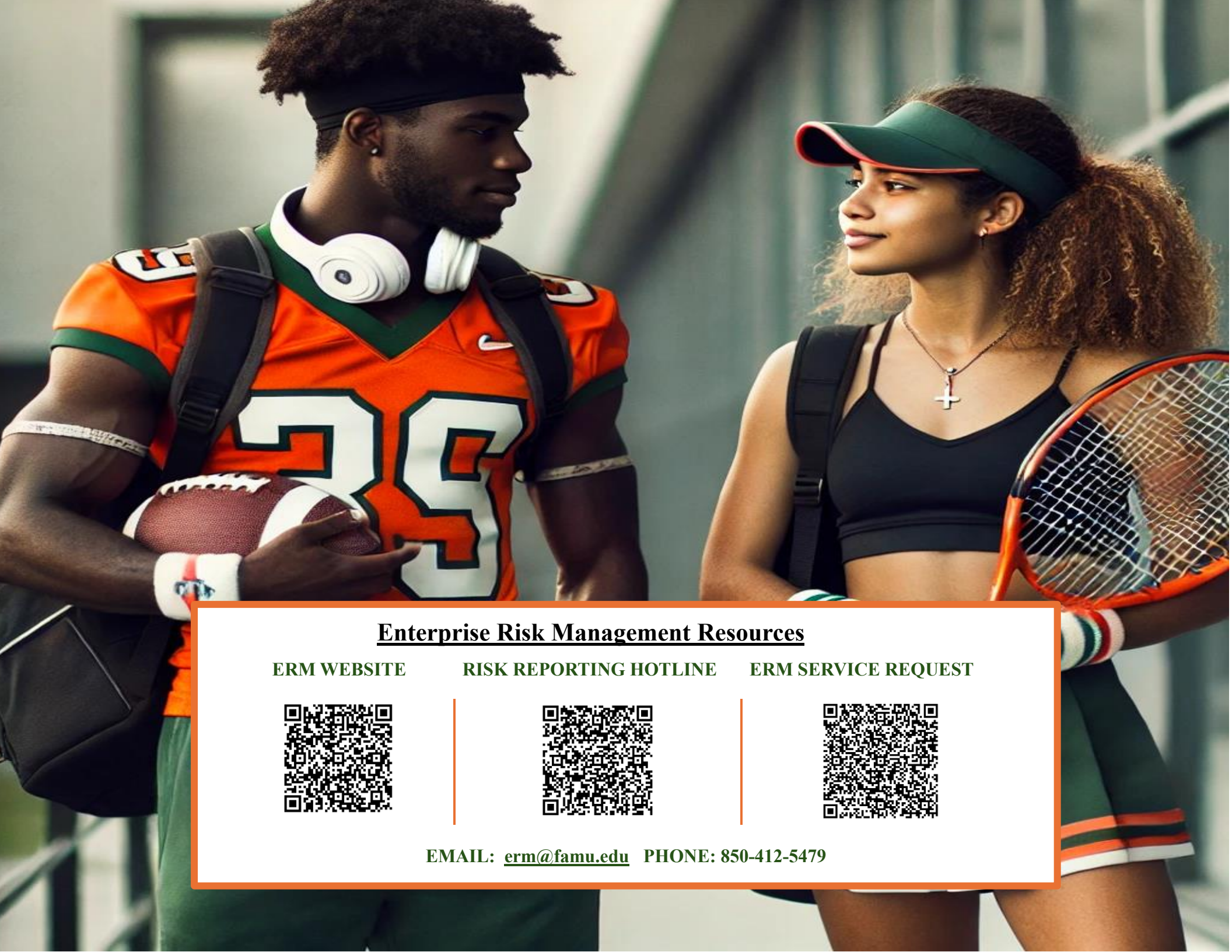
## Financial Sustainability Risk: Financial Strain Due to Expanded NIL, Health, and Academic Commitments

The financial pressures associated with implementing expanded benefits can significantly strain FAMU's budget. In Florida, the Board of Governors mandates that university athletics programs must be self-sustaining and restricts the use of educational and general (E&G) funding (except for Title IX), the challenge is particularly acute. The increased costs of complying with these requirements, coupled with the need to remain competitive in recruiting top student-athletes, may threaten the long-term financial stability of the FAMU athletics program which is already ailing financially and struggles annually to bring the budget into balance each fiscal year using allowable sources of funds.

### Detailed Risk Analysis:

- 1. Increased Operational Costs:** Implementing expanded healthcare services, academic support, and NIL facilitation comes with substantial operational costs, such as hiring more medical professionals, counselors, academic advisors, and compliance staff. Additionally, the technology and infrastructure needed to manage NIL deals and provide high-quality healthcare and academic services require significant investment. FAMU may need to invest in new athletic training facilities, mental health resources, and academic tracking systems, all of which could push the athletics department's budget beyond its current limits.
- 2. Pressure to Compete in the NIL Market:** In order to attract and retain top talent, the university must support student-athletes in securing competitive NIL deals. However, the pressure to compete with larger, wealthier programs can result in the reallocation of funds from other critical areas, such as athletic scholarships, facility upgrades, or operational expenses.
- 3. Revenue Dependence on Athletic Success:** The financial viability of many athletics programs depends heavily on the success of high-revenue sports like football and basketball. A dip in performance caused by budgetary constraints or an inability to recruit top-tier talent could reduce ticket sales, media rights revenue, merchandise sales, and sponsorships.
- 4. Lack of Funding for Non-Revenue Sports:** As resources are concentrated on football and basketball to maximize revenue and attract NIL opportunities, non-revenue sports may experience budget cuts or reduced support. This could create internal tension and limit the opportunities for athletes in these programs, ultimately impacting the overall reputation and success of the athletics department. Track and field, golf, or volleyball programs may receive less funding for travel, equipment, or scholarships, leading to a decline in performance and morale among athletes in these sports, as well as potential Title IX violations.





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