COMMITTEE ON
EDUCATION AND WORKFORCE
U.S. HOUSE OF REPRESENTATIVES
2176 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6100

February 3, 2025

The Honorable Gene L. Dodaro
Comptroller General
U.S. Government Accountability Office
441 G Street N.W.
Washington, DC 20548

Dear Mr. Dodaro:

In 2022, Division I colleges spent over $17 billion on intercollegiate athletics, according to the National Collegiate Athletic Association (NCAA), of which almost 40 percent went towards financial aid for student-athletes and compensation for coaches.[1] At the Division II level, colleges spent over $2 billion, over half of which went towards financial aid for student-athletes and compensation for coaches.[2] A large driver of athletic program spending is the pressure to attract prospective college athletes. According to data from the Department of Education's *Equity in Athletics Disclosure Act* survey, total athletic recruiting expenses at Division I schools nearly doubled from 2012 to 2022.[3] Further, schools spend money on state-of-the-art athletic facilities and well-regarded coaches to entice student-athletes. Compounding these pressures, recent changes to NCAA policy allow student-athletes the opportunity to receive compensation for the use of name, image, and likeness (NIL). Given these developments, I write to request the Government Accountability Office (GAO) examine how this spending is impacting postsecondary education.

NIL compensation is often managed by independent groups (i.e., collectives) that pool donations and resources to support student-athletes at individual colleges. These collectives manage budgets of millions of dollars in student-athlete NIL compensation. Further, a legal settlement that received preliminary approval in October 2024 (*House v. NCAA*) established a structure of revenue sharing through which, starting with the 2025-2026 academic year, colleges can

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[1] National Collegiate Athletic Association, "NCAA Membership Financial Database," accessed on January 27, 2025, https://www.ncaa.org/sports/2019/11/12/finances-of-intercollegiate-athletics-database.aspx.
[2] *Id*.
[3] U.S. Department of Education, Office of Postsecondary Education, Equity in Athletics Disclosure Act survey, "Generate Trend Data," accessed on January 6, 2025, https://ope.ed.gov/athletics/Trend/public/#/answer/5/501/trend/-1/-1/-1/-1.

distribute revenues directly to student-athletes (subject to an overall cap). These new policies may put further pressure on schools to spend money on high-quality athletic programs to recruit and retain the best athletes.

In 2022, the median revenue generated from sources such as donor contributions, ticket sales, and media rights for Division I college athletics was $8.4 million while the median total expenses were $30.3 million.[4] Ninety-two percent of all Division I athletics programs required student fees and institutional support to bridge the gap between generated revenue and total athletic expenses, according to the NCAA.[5] At the Division II level, the median revenue generated for college athletics was less than $1 million while the median total expenses were over $6 million requiring student fees and institutional support to bridge the gap.[6]

As you know, federal student aid provided under Title IV of the *Higher Education Act* (Title IV) provides students with grants and loans to cover the costs of tuition, fees, and other education-related expenses. At the same time, the data on spending on college athletics raises distinct questions about how schools fund their athletic programs and the extent to which Title IV student aid subsidizes these costs through students' tuition and fees.

To better understand these issues, I request that the GAO examine the following issues, as well as any others GAO deems appropriate as it conducts its work:

1. How do Division I and Division II colleges fund college athletic programs and facilities?

2. How do student athletic fees vary among Division I and Division II colleges, including amounts, trends over time, and transparency?

3. To what extent do Division I and Division II colleges allocate specific funding sources (e.g., athletics revenue, private donations, student tuition and fees, institutional and government revenue) for various athletic program expenses, such as coaches' salaries, student recruitment, and athletic facilities?

4. How does the recruitment of student-athletes, including NIL compensation and potential future revenue sharing, contribute to athletic program expenses and the cost of postsecondary education at Division I and Division II colleges?

5. What role does the Department of Education play in providing guidance and oversight to colleges regarding the use of Title IV funds for athletic program expenses and the reporting of athletics-related revenues and expenses?

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[4] National Collegiate Athletic Association, "Finances of Intercollegiate Athletics: Division I Dashboard," accessed on January 27, 2025, https://www.ncaa.org/sports/2022/10/14/finances-of-intercollegiate-athletics-division-i-dashboard.aspx?path=research

[5] *Id*.

[6] National Collegiate Athletic Association, "Trends in Division II Athletics Finances: 2013 to 2022" (December 2023), accessed on January 27, 2025, https://ncaaorg.s3.amazonaws.com/research/Finances/2023RES_DII-RevExpReport_FINAL.pdf.

6. How are Division I and Division II colleges adapting their financial aid strategies for both athletes and non-athletes in response to the rising costs associated with athletic programs, considering the potential impact on the overall affordability of education for all students?

Thank you for your assistance in this matter. Please direct your staff to coordinate with Kent Talbert, who can be reached at kent.talbert@mail.house.gov and 202-226-8108.

Sincerely,

Tim Walberg
Chairman