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Strategic Leadership Facing Vanderbilt in NIL Era

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I. Introduction:

Vanderbilt has been called the Ivy of the South. But Vanderbilt is not a member of the Ivy League they are a member of the highly competitive SEC one of the Power Four conferences (Dan Murphy Jun 6, 2025, 09:28 PM ET). Given the changing landscape of college athletics and the recent NIL decision, Vanderbilt has an opportunity to consider change. However, any decision by Vanderbilt could be impeded by cognitive bias.

Background:

The athletic programs were part of the university atmosphere and culture. Students were athletes, and a scholarship provided support for their degree. Coaches and athletic staff were not dissimilar from other university staff. Athletics provided visibility for the universities' academic programs.

Once athletes made their commitment to a university, they were locked in for four years unless they wanted to sit out for a year to transfer to another athletic program.

As the power programs generated more revenue, the financial benefits to the athletes changed very little. In fact, as more pressure focused on winning, athletes realized they were not winning for the university, but for the coaches and the athletic departments (Dinich 2023). The myth remained that athletes create revenue for the university. In fact, any revenue created resided in the athletic department and not the university. This situation triggered several events which resulted in the current state of the 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 (Norlander 2023). The recent signing allows athletes to financially benefit from their name, image, and likeness (NIL) independent of the school. The NIL movement created collectives which provide benefits to athletes in exchange for using their name, image, and likeness (Bilas 2022).

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 benefits from having a more experienced and knowledgeable athlete.

The second 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 football franchises located within universities (Armato 2022). This had a profound impact on where and when athletes decided to take their skills until they were deemed professionally ready.

For the recruited athletes the objective was more about athletics and a professional career than a commitment to academics (Macintosh 2023).

NIL Settlement Details:

The settlement, which was effective July 1, 2025, has two parts: one governing a past athlete and the other governing current athletes. For athletes who competed in college at any time from 2016 through present day, the settlement creates a $2.8 billion fund. The second part was the revenue sharing cap, The cap was based on 22 % of current athletic department revenues. The cap will vary by conference but for the power four conferences the revenue sharing cap was $20.5 million. Current scholarships and other benefits already received are 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 to $2.5 million but any increase would reduce the revenue sharing cap by up to $2.5 million. Any revenue cap funding could by paid directly to the athlete (Murphy 2025).

Athletes will be independent contractors not paid employees.

Players are allowed to sign third party contracts outside of the revenue sharing cap. NIL third party contracts must be sent through a clearinghouse to ensure "fair market value" based on an actual endorsement and not recruiting (Hayes 2025).

Schools have control of the distribution of the revenue shared cap. The expected distribution for a revenue shared cap of $20.5 million would be: football $13-16 million, men's basketball $2-4 million, and the balance shared with the other men's and women's sports (Jeyarajah 2025).

Choices for Vanderbilt Athletics:

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

As of 2023-2024 Vanderbilt athletics had a budget of $140 million. Vanderbilt offered a minimal number of men's sports (6) and women's sports (8).

In the last 25 years (2000-2024) Vanderbilt has won no SEC basketball titles, and one SEC tournament tittle (2012); they have won two NCAA baseball titles; and in football they have averaged 1.6 SEC football wins per year. Vanderbilt has won three NCAA women's bowling championships.

In 2024 Vanderbilt had the lowest average home football attendance of 25,509 in the sixteen team SEC. Six Sec teams averaged more than 89,500. The nearest team to Vanderbilt was Mississippi State at 54,455. Due to declining attendance and competition from the NFL Tennessee Titans, Vanderbilt shas reduced seating capacity to 41,000.

In the 2024 season Vanderbilt has 3-8 in the SEC but with four non-conference wins they finished 7-6 and beat Georga Tech in the Birmingham Bowl.

As a member of the SEC Vanderbilt has committed to the NIL settlement of $20.5 million per year in revenue sharing. The $20.5 million is paid from additional athletic department funds, boosters, collectives, SEC revenue distribution and other sources. The other sources could include university funds. However, Vanderbilt University like many research universities faced significant cuts in federal funding, so any institutional assistance would be off the table (Randazzo 2025).

The $20.5 was presumed to be distributed as $15 million for football, $3 million for men's basketball, $1.5 million for women's basketball, and $1 million for Vanderbilts 13 remaining sports. If Vanderbilt added $2.5 million in scholarships above the current number, the $20.5 million would be reduced to $18.0 million. Using the NCAA number of $35,000 per student the extra $2,500,000 would fund an additional 71 scholarships for Vanderbilt athletes.

For Vanderbilt the choice is do they follow the recommended or expected distribution or do the go in a different direction. If they follow the rest of the SEC, their relative position will remain the same and they will average less than two SEC wins per year. To reach bowl eligibility they need seven wins in football. For Vanderbilt they would need to win three of eight SEC games and win all four conference games.

On the other hand, if the increased scholarships by 71 in sports other than football by $2.5 million and distributed $10 million or revenue sharing to football and $8 million of revenue sharing to other sports would they gain an advantage in the SEC in the non-football sports.

What would be the outcome of this decision?

In the past the student athletes and athletics were important in recruiting students. Times havechanged. Student athletes are now free agents (Talty 2025). The other choice is following a different path and improve the expected outcomes of other sport teams. Reduce the football payout to $10 million, expand scholarships in other supports by $2.5 million and distribute $8 million to the non-football sports. Given the allure of playing in the SEC and the transfer portal, Vanderbilt could possibly improve. If in fact the buyouts in NIL contracts reduced transfers from the power four schools, Vanderbilt could be the only opportunity for transfers into the power four. The allure of playing in the SEC could be an advantage.Vanderbilt must also consider the impact on alumni, the university, and the community.

Cognitive bias could impede Vanderbilt in making this decision. In particular bias in the form of escalating commitment, confirmation bias, and an illusion of control could all impact Vanderbilt's ability to make a strategic choice. Given the short decision period Vanderbilt could also enjoy the information benefits of flexibility. Thery could create a real option by waiting a year before making any decision concerning strategic investment in athletics.

Given the circumstances what should Vanderbilt do?

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ATTACHMENT 1: NCAA REVENUE SHARING & NIL ESTIMATES 2025

Estimated Revenue Sharing Power School Averages	Team	Average Per Team	Average Roster *	Average Per Athlete	%
Football	M	15,345,899	105	146,151	75.0%
Basketball	M	3,279,161	15	218,611	16.0%
Hockey	M	552,813	26	21,262	2.7%
Baseball	M	364,567	34	10,723	1.8%
Basketball	W	233,913	14	16,708	1.1%
Wrestling	M	126,591	30	4,220	0.6%
Volleyball	W	103,938	17	6,114	0.5%
Gymnastics	W	91,333	19	4,807	0.4%
Softball	W	83,526	23	3,632	0.4%
Hockey	W	65,236	25	2,609	0.3%
Soccer	M/W	58,860	28	2,102	0.3%
Track & Field / X-C	M/W	43,366	49	885	0.2%
Lacrosse	M/W	41,083	41	1,002	0.2%
Swimming	M/W	31,986	30	1,066	0.1%
Rowing	W	20,139	64	315	0.1%
Field Hockey	W	19,299	25	772	0.1%
Tennis	M/W	17,164	9	1,907	0.1%
Golf	M/W	12,590	9	1,399	0.1%
Beach Volleyball	W	8,536	17	502	0.1%

NCAA REVENUE SHARING & NIL ESTIMATES 2025

Totals per School 2025	All Teams	$ 20,500,000		100%
Average Annual Athletic Revenues per School *	# of Schools	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	**	**
Sub-total - P5 Schools *	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
Sub-total - G5 Schools	65	$ 11,493,375	$ 2,528,543	$ 2,528,543
All other NCAA I Schools	229	$ 3,881,357	$ 853,899	$ 853,899
Totals - All NCAA I Schools	364			

Football and Men's basketball account for over 90% of team specific revenues at most Power Conference schools, and athletes on these two teams will be the major beneficiaries of revenue sharing. While football receives the most revenue sharing per team, Men's basketball has the highest average per player due to smaller roster sizes (15 versus 105). These are averages per athlete. In actuality, a few players per team will receive substantially higher than the average, while many will receive much less. For players who see little if any playing time, their revenue share will also likely be minimal.

Estimated Revenue Sharing by Conference:

NCAA I schools could be shelling out over $ 1.6 billion annually in revenue sharing beginning next year. Based on NCAA reporting data compiled by USA Today, the following estimates of 2025-26 revenue sharing by conference and member schools:

Indications are that every Power Conference school intends to commit to the maximum revenue sharing allowed of $ 20.5 million for the 2025-26 year. If a school awards additional athletic scholarships beyond the NCAA team limits in effect prior to House v NCAA, than the increased awards are counted as part of their revenue sharing pool up to $ 2.5 million per year.

The NCAA recognizes that revenue sharing will primarily benefit athletes in only a few sports. To address this issue, scholarship restrictions on all NCAA I sport will be eliminated and roster limits will apply instead. This could create a substantial increase in athletic scholarships especially in non-revenue sports. For example, the scholarship limit in women's rowing will increase from 20 to 68, in softball from 12 to 25 and in baseball from 11.7 to 34. Here are the new limits under the proposal:

Scholarship Limits per NCAA I Sport	Team	Old limit	New limit	Increase Per team	% Increase	# of Teams	Increase in Available Scholarships	# of Athletes
Men's NCAA I Sports								
Baseball*	M	11.7	34	22.3	191%	305	6,802	12,109
2.Basketball*	M	13	15	2	15%	362	724	5,826
						23	449	444
3.Football (FBS)*	M	85	105	20	24%	133	2,660	16,907
4.Golf*	M	4.5	9	4.5	100%	305	1,373	3,090
Gymnastics	M	6.3	20	13.7	217%	12	164	250
Hockey	M	18	26	8	44%	63	504	1,834
Lacrosse	M	12.6	48	35.4	281%	77	2,726	3,914
Skiing	M	6.3	16	9.7	154%	11	107	160
Soccer	M	9.9	28	18.1	183%	212	3,837	6,708
Swimming	M	9.9	30	20.1	203%	137	2,754	4,032
5.Tennis*	M	4.5	10	5.5	122%	242	1,331	2,485
6.Track / X-C*	M	12.6	62	49.4	392%	301	14,869	11,942

Scholarship Limits per NCAA I Sport	Team	Old limit	New limit	Increase Per team	% Increase	# of Teams	Increase in Available Scholarships	# of Athletes
Volleyball	M	4.5	18	13.5	300%	29	392	610
Water polo	M	4.5	24	19.5	433%	29	566	774
Wrestling	M	9.9	30	20.1	203%	80	1,608	2,805
Women's NCAA I Sports								
1.Basketball**	W	15	15	-	-	360	-	5,468
Beach volleyball	W	6	19	13	217%	67	871	1,202
2.Bowling**	W	5	11	6	120%	37	222	360
Equestrian	W	15	50	35	233%	20	700	798
Fencing	W	5	24	19	380%	28	532	506
Field hockey	W	12	27	15	125%	82	1,230	2,024
3.Golf**	W	6	9	3	50%	277	831	2,357
Gymnastics	W	12	20	8	67%	62	496	1,279
Hockey	W	18	26	8	44%	39	312	1,006
4.Lacrosse**	W	12	38	26	217%	130	3,380	4,459
Rowing	W	20	68	48	240%	92	4,416	1,824
Rugby	W	12	36	24	200%	11	264	386
Skiing	W	7	16	9	129%	12	108	192
5.Soccer**	W	14	28	14	100%	348	4,872	10,658
Softball	W	12	25	13	108%	307	3,991	7,024
6.Swimming**	W	14	30	16	114%	200	3,200	6,196
7Tennis**	W	8	10	2	25%	312	624	2,930
8Track / X-C**	W	18	62	44	244%	350	15,400	14,116
Triathlon	W	6.5	14	7.5	115%	12	90	110
Acrobatics	W	14	55	41	293%	6	246	252
Volleyball	W	12	18	6	50%	346	2,076	6,159
Water polo	W	8	24	16	200%	37	592	854
Wrestling	W	10	30	20	200%	4	80	46
							-	
Mixed / Coed Sports							-	
Rifle	Mix	3.6	12	8.4	233%	22	185	262
Stunt	Mix	14	65	51	364%	2	102	74
Totals							86,212	144,432

The potential impact of these additional awards is massive. Under our calculations, NCAA I schools could award up to 86,212 additional "full ride" scholarships. Assuming a value of $ 35,000 annually per scholarship, this would result in potentially up to $ 3 billion in additional scholarship awards per year – almost double the estimated $ 1.6 billion in revenue sharing distributions.
Source: NIL-NCAA.com

ATTACHMENT 2: VANDERBILT UNIVERSITY 2023-2024
Name of Reporting Institution: Vanderbilt University: 2023-24, beginning July 1, 2023, and ending June 30, 2024. Total Undergraduates 7086.
Vanderbilt Varsity Sports Sponsored Varsity team means any team that Is designated or defined by its institution or an athletic association as a varsity team; or primarily competes against other teams that are designated or defined by their institutions or athletic associations as varsity teams. MEN: 6
Women: 10

Total Expenses for Men’s and Women’s Athletics Teams This includes all expenses attributable to intercollegiate athletic activities. Expenses means expenses attributable to intercollegiate athletic activities. This includes appearance guarantees and options, athletically related student aid, contract services, equipment, fundraising activities, operating expenses, promotional activities, recruiting expenses, salaries and benefits, supplies, travel, and any other expenses attributable to intercollegiate athletic activities. Total Expenses attributable to Intercollegiate Athletic Activity $140,707,218

Total Revenues for Men’s and Women’s Teams Grand total reported revenues must cover grand total reported expenses. Total revenues mean revenues attributable to intercollegiate athletic activities. This includes revenues from appearance guarantees and options, an athletic conference, tournament or bowl games, concessions, contributions from alumni and others, institutional support, program advertising and sales, radio and television, royalties, signage and other sponsorships, sports camps, State or other government support, student activity fees, ticket and luxury box sales, and any other revenues attributable to intercollegiate athletic activities. Total Revenue attributable to Intercollegiate Athletic Activity $140,707,218

Athletics Participation to the federal regulations governing EADA reporting, a participant is defined as a student-athlete who, as of the day of a varsity team’s first scheduled contest: Number of Participants men (220) and women (203).

Source: vucommodores.com