

FUTURE OF UK ATHLETICS DISCUSSION



Discussion Topics

1

**Level Set on College
Athletics Landscape**

2

**Athletics' Finance Needs
Today and in the Future**

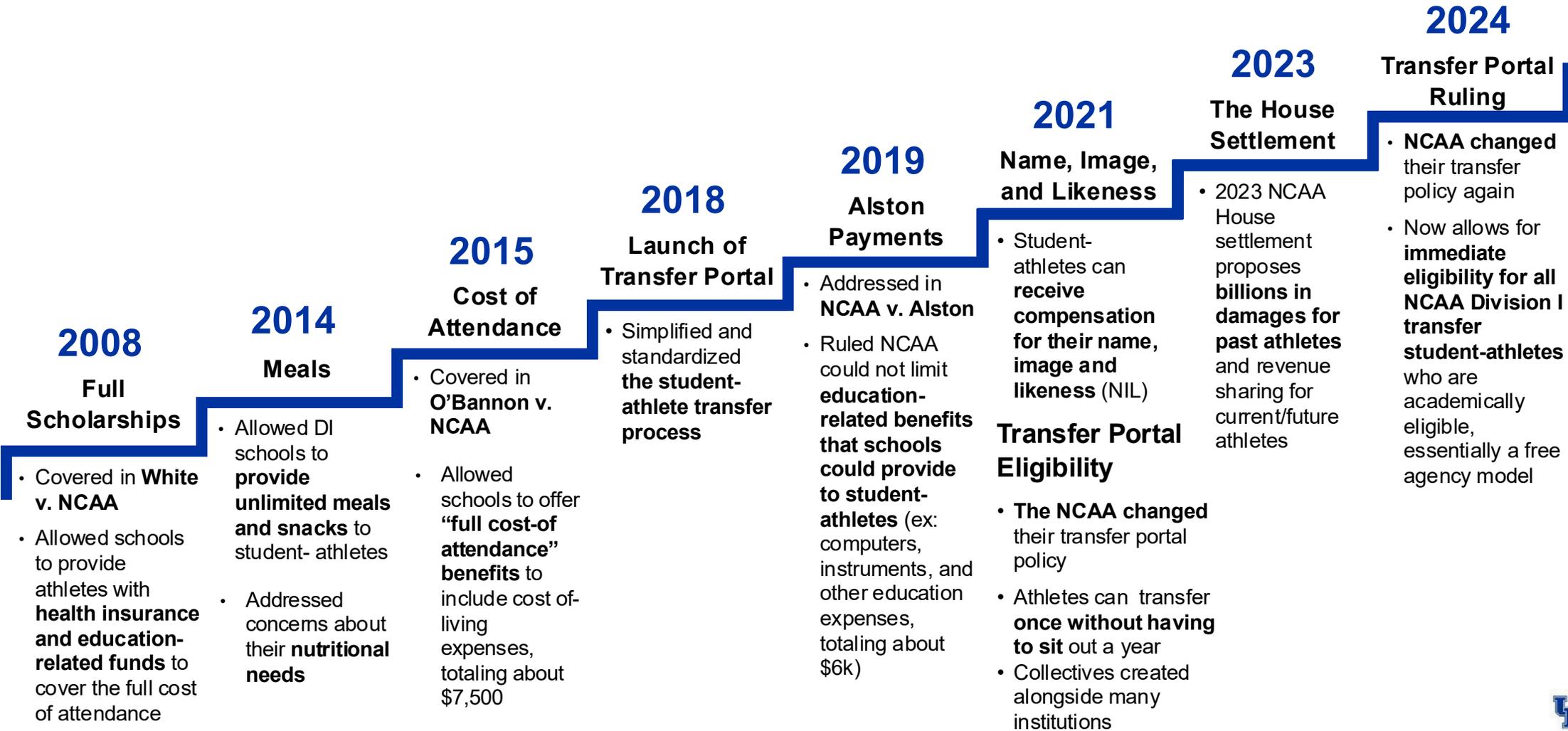
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**A New Athletics
Model for UK**

UK Athletics has Risen to the Occasion as the College Athletics Landscape has Evolved

July 1, 2025

New Era of College Athletics



House v. NCAA | Settlement Overview

On 3/13, Kentucky legislation was passed allowing schools to directly pay college athletes through revenue sharing

Starting the first academic year after the House v. NCAA settlement is approved, Division I schools can directly pay student-athletes within set guidelines and limits based on average revenues of schools across the Defendants (ACC, SEC, Big Ten, Big 12, Pac-12, and Notre Dame).

KEY OUTCOMES

DIRECT PAYMENTS TO STUDENT-ATHLETES

ROSTER LIMITS
SEC HAS ADOPTED ITS OWN LIMITS

BENEFITS POOL ESTABLISHED INCLUDING SCHOLARSHIP / COST OF ATTENDANCE, ALSTON, AND OTHER DIRECT PAYMENTS

PROHIBITS PAYMENTS FOR BROADCASTING LIKENESS IN LIVE ATHLETIC TELECASTS

DONATED FUNDS OTHER THAN FROM ATHLETICS RESTRICTED ENDOWMENTS CANNOT BE USED TO PAY STUDENT-ATHLETES

\$2.8B IN BACKPAY TO FORMER STUDENT ATHLETES (2016-2024)

Kentucky Senate Bill 3 Summary and Insights

Modernizing Name, Image, and Likeness and Keeping Kentucky Competitive

Signed by Governor Beshear on 3/13



“It equips our universities with the tools to adapt to the shifting NIL landscape while protecting student-athletes and expanding their opportunities”

- *Sponsoring Senator, Leader Max Wise*

Key Insights



Student Athlete Compensation

Universities can provide direct compensation to student-athletes via revenue sharing agreements



Sublicensing Opportunities

Universities can sublicense NIL rights to third parties thus expanding potential earning avenues for athletes



Fair Market Standards

Bill mandates that NIL compensation align with market rates to ensure fairness across institutions



Legal Protections

Provides liability protections for university involved in NIL agreements and exempts contracts from disclosures



Immediate Implementation

Bill includes emergency clause to allow universities to take immediate effect upon passage

UK Athletics Financial Strength Positions UK Well for the Increased Financial Considerations

Historical UK Athletics Financial Highlights

\$27M

FY19-FY24 Net Income From Operations

UK Athletics has a long record of financial strength and has been profitable over the last six years; with a slight dip in FY21 due to Covid-19

\$38M+

FY19-FY24 Payments in Support of the University

UK Athletics has supported initiatives across the University, including the Jacobs Science Building and Non-Athletic Related Scholarships

UK Athletics Future Financial Considerations

**~\$50M
Total**



Revenue Share

Schools can share athletic department revenues with student athletes



Scholarships

Schools gain the ability to offer partial/full scholarships if the roster limit is not exceeded



Inflationary Pressure

Creates a need for constant and creative budget management



NIL Spend

***Not included** in UK Athletics budget but will be considered as a part of total student athlete compensation*

Why Champions Blue?

The University is making a significant investment into the future of UK Athletics. UK needs to evolve its business model to position itself to be PREPARED TO SUCCEED REGARDLESS OF HOW THIS landscape unfolds.

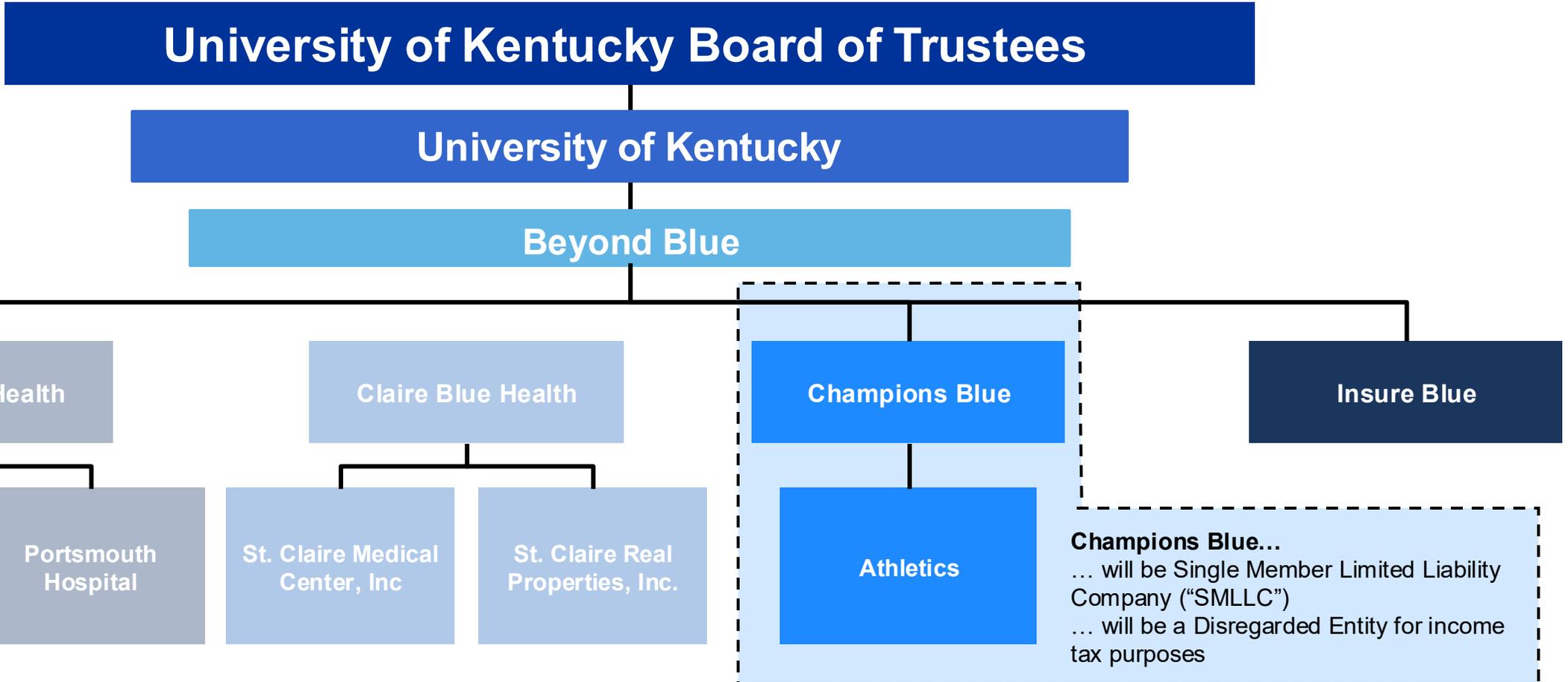
The college athletics landscape is evolving whether UK makes a change or not.

Establishing Champions Blue provides a structure that...

-  Provides **structural flexibility** to rapidly adapt to as the landscape changes
-  Enables UK to unlock **new revenue streams** (e.g., JVs, P3 Partnerships)
-  **Protects the University** from the unknowns of the evolving college athletics landscape
-  Creates ability for **policy differentiation** from the University
-  Provides athletics **access to outside experts**

Champions Blue Model

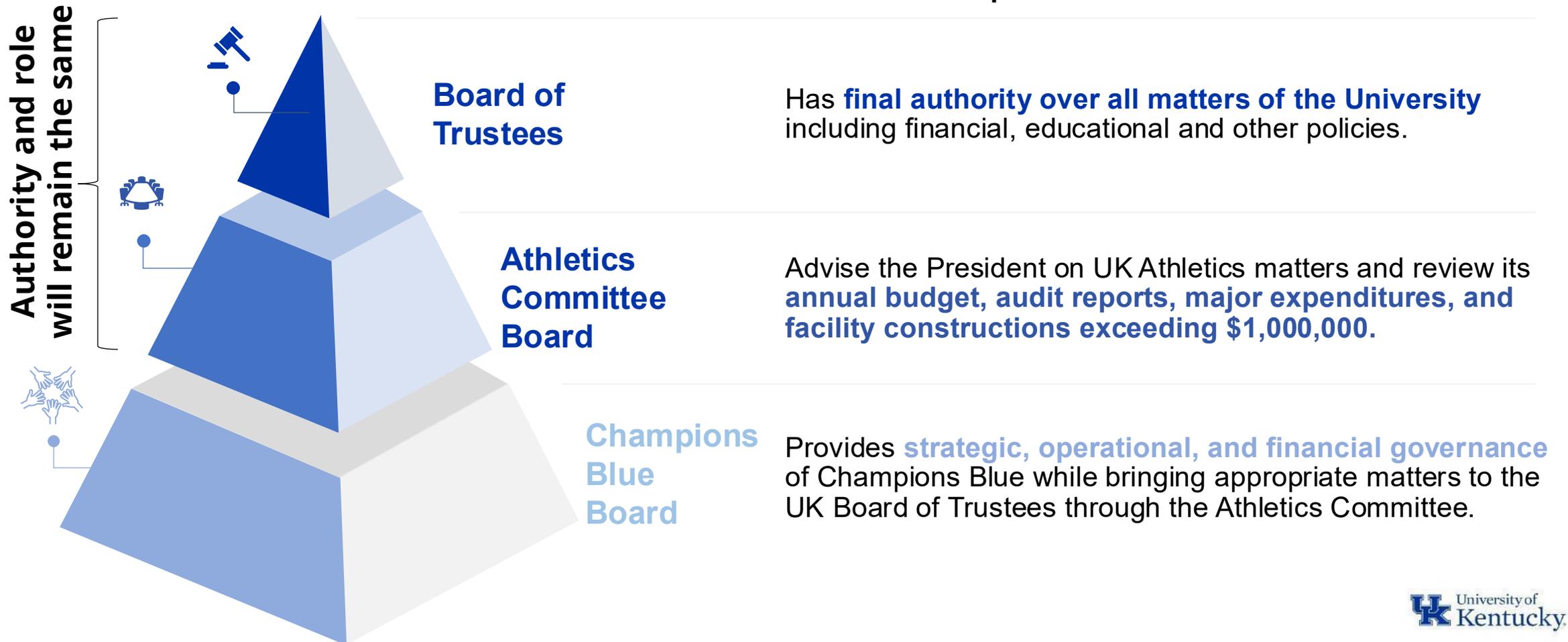
Champions Blue will become a Disregarded Entity under Beyond Blue, which is an affiliate Entity of the University established by UK's Board of Trustees in 2013.



Champions Blue Governance Overview

The authority and role of the UK Board of Trustees and the Athletics Committee will **remain the same** with the establishment of Champions Blue just as it has with other Beyond Blue entities.

Division of Responsibilities



Ask of the Board

To set UK Athletics up for success, we will bring a vote of establishment of Champions Blue.

VOTING ITEMS FOR THE BOARD:

Direct Beyond Blue Corporation to **establish Champions Blue.**

Formally **designate Champions Blue as an affiliated corporation** of the
University of Kentucky.

Champions Blue Guiding Principles

Intercollegiate athletics, nationally, is shifting to a new structure with new organizations with new levels of rules enforcement; and we believe UK athletics should have an evolved structure too.



Create a flexible model that achieves UK's athletics strategy while preserving the ability to respond to change.



People-proof the organization to maintain stability and continuity despite any role changes.



Deepen the strong alignment between the Athletics Department and the rest of the University.



Design a future-focused operating model that prioritizes the protection of the University.



Minimize disruption to the experiences of student-athletes, staff, and coaches, while being invisible to fans.



Develop a model that capitalizes on new revenue streams and facility operations, creating financial stability.



Develop a governance model that enables the organization to act quickly and efficiently.



AN EQUAL OPPORTUNITY UNIVERSITY

