

Georgia preparing for revenue sharing following House v. NCAA settlement

By SETH EMERSON

Greensboro, Ga. — As they do every year at this time, members of the Georgia athletic board, including the school president and athletic director, met at the posh Ritz-Carlton. There was a golf outing. There were free meals. There were self-congratulations for how football and other teams are doing.

But there's something new this year: acknowledging the new reality of college athletics.

"We have to look at ways to raise revenue," athletic director John Brooks told the board at the tail end of Thursday's meeting.

Football season ticket prices might be going up. Costs might be cut within the department, including the staff. And the era of building new facilities just for the sake of building them is over.

This is a direct result of the coming settlement of the House v. NCAA case, which will bring revenue sharing to college athletics. Georgia and other schools will be able to directly pay their athletes around \$20 million collectively every year, probably starting in the fall of 2025. Georgia is better positioned than most to absorb the hit, but it's still a hit. Georgia's athletic association is projecting revenues of \$175 million and expenses of \$162 million for the fiscal year concluding at the end of June. So adding around \$20 million to expenses is a shift and was a big topic of conversation, albeit mostly behind closed doors.

The athletic board went into an executive session for 32 minutes Thursday to discuss "pending litigation." That could have been several cases, with two pending in federal cases related to a January 2023 car crash and new quarterback Jaden Rashada filing a lawsuit against Florida this week. But UGA president Jere Morehead said the



Fans fill Sanford Stadium at the University of Georgia for the Bulldogs' football game against Kentucky on Oct. 8, 2023. Georgia fans will likely see an increase in season ticket prices as the university prepares to pay athletes beginning in 2025. HAKIM WRIGHT SR. / AP

executive session was to discuss "the landscape of college athletics." Morehead is on the NCAA board that on Wednesday approved the settlement terms: \$2.7 billion in back-pay damages to former NCAA athletes (2017-20) who were not able to receive NIL benefits, plus a revenue-sharing model starting with the fall of 2025.

SEC presidents are expected to sign off on the settlement terms Thursday afternoon. After years of fighting and losing in court, the NCAA and its conferences decided not to take the risk this time.

"The challenge that we've had is we've not been successful in litigation, particularly in front of this particular judge in California," Morehead said. "And I trust the collective judgment of individuals like SEC commissioner Greg Sankey and president Charlie Baker at the NCAA and others that have been guiding us on where we need to go at this point."

The settlement still has a ways to go before it's final. But college programs are proceeding under the assumption that it will be completed, including Georgia.

One of the settlement terms, per industry and conference sources, is expected to be an ending of scholarship limits for sports but an implementation of roster limits. Depending on what the limits are for each sport, that could have a huge impact, especially on football, which has an 85-scholarship limit, but most teams have rosters of 120 or more players. If football is cut to 85 or 90 players, it would mean the virtual end of walk-ons.

The idea would be to cut costs because walk-ons still cost money in travel, equipment and other things. Morehead and Brooks did not bring that up with the board, at least in the open session. Nor was the subject of selling the Georgia-Florida game to another neutral site in 2026 and perhaps 2027, when Jacksonville's stadium is being renovated. But with the need for revenue, it seems a good bet the lucrative rivalry game will go to the highest bidder for those years, not campus sites.

Brooks was asked about the home-and-home series with UCLA slated for 2025-26 but increasingly unlikely to happen. He said the

schools are "still working through it" and hoping for an update soon. Left unsaid: Rather than going to Los Angeles in one of those years, Georgia could have a home game both years, providing more revenue.

Brooks was asked whether it would be about generating more revenue or cutting costs.

"You have to pull every lever," Brooks said. "So just like you with your own personal finances, we're going to try to find ways to grow revenue. Whether it's through our multimedia rights partner, whether it's future revenue gains through TV contracts with the CFP, I think looking at opportunities with ticket prices are a way."

"But also, we've got to be good stewards with our money, right? So we've got to find efficiencies and make sure we operate in the most efficient manner possible. That's incumbent upon us. You can't always think the answer to everything is to generate more revenue. You've got to look at yourself and say, 'Where can we be more efficient while still providing a first-class experience for our

student-athletes?' So maybe cuts to how the staff operates, as well."

Football season ticket prices were a tangible area Brooks mentioned to the board. Georgia ranks in the bottom third of the SEC in overall ticket price, according to Brooks, when combining donations and ticket costs.

"We're not trying to be top third, but we may need to be middle of the pack," Brooks said.

That could mean increasing prices for the best seats, but it could also mean lowering some ticket prices to keep attendance high (and thus help concession revenues). And any changes would not be for this upcoming season, Brooks said.

During Thursday's meeting, there was a presentation about new facilities, baseball, softball, and suites and a press box at Sanford Stadium, along with a track and field facility to be built just off campus. The school also has plans to upgrade Stegeman Coliseum, which includes premium seats and a huge video board, perhaps the biggest at a college sports arena.

But after the meeting, Brooks acknowledged the facility arena race is largely going away. Money will be done if they will lead to more revenue. But using facilities for recruiting largely has been replaced by NIL and collectibles.

That's another part of the new reality. "Yeah, I think that's been a very common statement out of athletic departments, that the days of building, building, building are going to slow down. I do anticipate that, as revenues get shifted, that's a very good possibility," Brooks said. "That's why I'm glad we were able to get so much done these last few years, so now we're in a great position (and) caught up facility-wise. But I do anticipate that the era of building will slow down."

Larsen

of the area for different things.

It also really could open up downtown. That 100 South is currently closed between West Temple and 200 West is annoying for both motorists and pedestrians alike, making it more difficult than it needs to be to get from the Delta Center to Salt Lake City's true urban core on Main Street. Reimagining that ugly back side of the Salt Palace to support people, not convention-center transport, would be ideal.

Renovating the Delta Center and Abravanel Hall, not rebuilding them

Yes, we just did this — the Delta Center was renovated by the Miller group less than a decade ago. But I've visited every NBA arena, and the Delta Center is currently a top 10 basketball watching experience in the NBA. Here I'd put it in the top five. Losing that experience simply would be a shame for Utah's sports fans.

Interestingly, the Utah jazz audience feels the same as the Utah jazz audience — each has a current building with a top-tier experience. Abravanel Hall, musicians and patrons alike agree, has excellent acoustics rarely matched in concert halls in America. Losing it, too, would be a shame.

But renovating the Delta Center also makes more sense from a financial point of view. While the Smith group hasn't ruled out how much of the taxpayer contribution they plan to spend on renovations, early indications are that it'll be under half of the total outlay. It's easier, frankly, to imagine them spending nearly a billion on a brand-new arena rather than on renovating an older building.

Meanwhile, renovating Abravanel Hall may be approximately the same cost as building a new hall, but it seems SEG is making the right choice, listening to public feedback, and allowing it to stay.

New space for the public

In the end, I welcome the idea of more downtown gathering space, especially immediately adjacent to the Delta Center.

Bars, restaurants, retail, and more will be targeted toward Utahns and Salt Lake City residents — not visitors, like the Salt Palace's current acreage attends to. There's



The Delta Center is pictured on May 10. The Delta Center was renovated by the Miller group less than a decade ago. FRANCISCO KLOSTER / THE SALT LAKE TRIBUNE

a real, significant benefit to Utahns of having public thoroughways and a natural place for watch parties, concert pregameing, and more. And with some of Utah's liquor laws being suspended in the area, as passed in this year's HB848 liquor omnibus bill, visitors might get a better outlook on the place, too.

While the Olympic organizing committee has publicly indicated neutrality towards the project, a permanent Olympic Plaza so close to the Delta Center will have obvious benefits for not just the 2034 Olympics, but in the years before and after as well.

What not to like

Asking for taxpayer increment financing

The Smith group, unsatisfied with simply receiving an estimated \$54 million per year in sales tax for the next 30 years, asked for taxpayer increment financing (TIF) funds from the project as well in their application to the city.

They haven't said how much they hope to get from the TIF scheme, but I presume it'll be sizable. (The Miller family asked for and received a promise of up to \$22.7 million in TIF money for its \$125 million renovation of the arena in 2016.)

SEG's argument is that, since the group is working to improve the blocks in the sports and entertainment district, it should get a slice of the property tax in that area.

That argument isn't strong on a couple of levels. First, if this land was truly available in a public auction, numerous developers would be itching to purchase it without city funding. There's no reason that SEG should get additional taxpayer dollars for doing what other developers would do. Second, there's the concept of replacement: If restaurants choose to move nearer to the Delta Center, they're probably leaving their current locations — putting tax income into SLC coffers at risk.

It's easy to get into the weeds when increment financing and property tax are involved, but I'd encourage those interested to read the academic research on the subject. TIF is not a panacea, and perhaps the most-cited study on the subject found that cities that use TIF grow more slowly than those that do not.

No public vote

Full stop: On matters as expensive as this, the public should get to decide what happens to their money. In 2022, voters were asked to approve a \$85 million general bond

for Salt Lake City's parks, trails, and open spaces. If you do the math, each Salt Lake homeowner was asked to pay about \$53.80 per year in additional property tax to pay for this. Salt Lake taxpayers approved it. Cool.

For this sports district, estimates from The Salt Lake Tribune's Robert Gehrkke put the cost in additional sales tax paid for Salt Lake City residents at about \$196 dollars per year — nearly four times more. That doesn't include the sales tax out-of-city residents will pay, nor does it include the proposed property tax funding.

Salt Lake City residents have proven pretty darn willing to accept tax increases for various city projects. They're not money misers. So that the city involved is skipping that process for this particular, more expensive project — well, it's not a good sign.

An opaque process

There is still so much more to be decided or announced on this project.

What will the lease terms be on the blocks SEG is getting? They're asking for 99-year leases — are there mechanisms locking them into development on those blocks? What happens if Smith decides later to move the Utah Jazz?

Can he?

What exactly is happening to Abravanel Hall? To the Utah Museum of Contemporary Arts? Are other governments, either Salt Lake County or the state of Utah, going to pay for any of the changes?

Are additional blocks going to be part of the project? During the legislative session, early negotiations involved points as far south as Pioneer Park. One public commenter at Tuesday's city council meeting wondered if the Rio Grande Plan, burying Salt Lake City's train lines to open up acreage, could be part of the project. The City Council didn't say no.

What exactly does SEG hope to put in these blocks? They've called the block immediately east of the Delta Center an "entertainment" block. Does that mean restaurants or bars or hotels? They've needed toward both housing (needed downtown) and office space (probably not). What exactly is the plan here?

What's frustrating is that the public comment process is happening now, before any of these critically important details have been announced. The city council public comment meeting on the project happened Tuesday, though to the council's credit, they extended it to a date to be named later. SEG, meanwhile, is asking for public comment on their new website released this week, but what exactly is the public supposed to comment on? Vibes?

The leadership team here is just used to the weeds of tech and basketball — highly secretive and proprietary, acting in a silo until you shake the world with a grand success. But good urban planning is the exact opposite of that: slow, well-considered, and collaborative.

At the news conference announcing the NHL team's arrival, Ryan Smith had a insightful comment on his group's approach: "If you're expecting perfection, you're looking at the wrong people. Probably make 10 bets, six of them will work out. That's pretty good, right? But if we didn't make this bet, and we were perfect, we would not be here," he said. "So don't expect perfection out of us, we won't get it right the first time. But we'll get it right."

It's true. There's value to experimentation. But in this case, Salt Lake City needs SEG to get this right the first time, not with a 6:10 shot, but with a 10:10 of 10 one. There are good ideas here, but they need to be more fully fleshed out to earn the public's confidence.