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The Future of New Mexico Division I Athletics

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Background

- For much of the past 15 years, the National Collegiate Athletic Association (NCAA) has been fighting lawsuits challenging the organization's prohibition on student athletes receiving any payment related to their athletic participation.
- The NCAA maintained for decades that college athletes should maintain amateur status which prohibited pay. Additionally, higher education institutions maintained that college athletes were not employees.
 - The amateurism rules assumed the value of college athletics was dependent on the idea that athletes were students first and not professionals. Additionally, the NCAA maintained that preserving amateurism was the only way to maintain a pro-competitive environment; if athletes were allowed compensation, wealthier schools would have an advantage.
- As the revenue generated by college athletics rapidly increased, the NCAA became the target of lawsuits challenging the amateurism rules. In 2009, a former basketball player sued the NCAA over the uncompensated use of his name, image, or likeness (NIL). This case resulted the first court decision subjecting the NCAA to antitrust scrutiny in 2015.
- In 2020, the NCAA v. Alston case challenged limits on education-related benefits to athletes. The Supreme Court ruled unanimously against the NCAA in 2021. In response, the NCAA suspended its ban on athletes profiting from NIL.
- In 2023, the House v. NCAA case resulted in a massive settlement which included NCAA-affiliated colleges agreeing to pay \$2.8 billion in back pay to former student athletes and created a revenue sharing model which will allow college athletics programs to pay up to \$20.5 million per year to student athletes.
- Other changes, such as the creation of a transfer portal that allows athletes to rapidly change from one college to another without loss of eligibility, effectively ended the era of amateur athletics in college sports.
- The NCAA is currently lobbying congress to be granted an explicit antitrust exemption.

Implications for New Mexico

- The athletics programs at University of New Mexico (UNM) and New Mexico State University (NMSU) will be subject to the changes in student athlete pay.
 - It is likely that remaining competitive in college athletics will require colleges to significantly increase spending, particularly for football and basketball which generate the most revenue and drive the value of television broadcast contracts.
- The division 1 college athletics landscape is extremely competitive with 136 teams in the NCAA college football bowl subdivision (FBS). These teams are spread across 10 conferences.
- It is generally assumed that the colleges in the highest revenue conferences, known as the power 5 conferences, will have significantly more resources than their peers to spend on athletics both through non-public sources such as donor contributions, television deals and ticket sales and from state funding. The table below shows total revenue by conference.

2024 Athletics Revenue by Conference

Conference	Total Revenues
Southeastern Conference	2,592,122,607
Big Ten Conference	2,360,422,619
Big 12 Conference	1,555,108,238
Pacific-12 Conference	1,340,716,472
Atlantic Coast Conference	1,262,047,136
Mountain West Conference (UNM)	691,936,520
Sun Belt Conference	517,198,097
American Athletic Conference [i]	513,012,512
Mid-American Conference	435,093,359
Conference USA (NMSU)	299,667,699

Source: Knight Commission

- State recurring general fund appropriations to athletics programs increased by 233 percent at UNM and NMSU over the past 10 years with UNM receiving an overall 334 percent increase and NMSU receiving 148 percent. In FY24, state recurring appropriations made up 21 percent of UNM’s \$39.8 million athletics revenue and NMSU received 34 percent of its \$22.7 million in total revenue from state appropriations.

History of General Fund Appropriations for Athletics

(dollars in thousands)

	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	10-yr Change
UNM	2,643.8	2,617.3	2,641.5	3,793.0	3,776.9	4,436.2	6,748.0	8,358.7	8,467.9	11,467.9	8,824.1
Y-O-Y Change		-1%	1%	44%	0%	17%	52%	24%	1%	35%	334%
NMSU	3,149.1	3,117.6	3,145.8	3,724.1	3,712.2	4,177.6	6,001.7	7,675.0	7,816.2	7,816.2	4,667.1
Y-O-Y Change		-1%	1%	18%	0%	13%	44%	28%	2%	0%	148%

Source: LFC Files

- In the new competitive landscape for division 1 athletics, New Mexico higher education institutions must consider what remaining competitive means and determine level of investment is feasible for programs achieve that goal.