Insight

The PCSA Fumbles the Competition

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Executive Summary

- On May 27, Senators Ted Cruz (R-TX) and Maria Cantwell (D-WA) introduced the Protect College Sports Act of 2026 (PCSA) to establish a federal framework governing college athletics focused on student athletes' rights, media negotiations, consolidation, and competition; this legislation, which has bipartisan support, was introduced following the failure of similar legislation in the House of Representatives.
- Among the PCSA's many provisions, the act would preempt the current patchwork of state name, image, and likeness laws and grant a narrow antitrust exemption to the National Collegiate Athletic Association (NCAA) and College Sports Commission (CSC) to enforce eligibility, transfer, and revenue-sharing mandates.
- The legislation would restore much of the NCAA and CSC's governing authority – which had been diminished amid antitrust litigation – that trades market competition for regulatory stability, likely limiting the compensation and mobility of players and coaches, dampening innovation, and raising prices for consumers.

Introduction

On May 27, 2026, Senators Ted Cruz (R-TX) and Maria Cantwell (D-WA), respectively chairman and ranking member of the Senate Commerce Committee, introduced the Protect College Sports Act of 2026 (PCSA). The bill is the latest iteration of proposals – notably the SCORE Act which, despite several attempts, failed to gain support in the House of Representatives – to tame the perceived chaos that has engulfed college sports over name, image, and likeness (NIL) rights. This version, however, is the first to earn bipartisan support, significantly increasing the likelihood that it will move through the Senate.

Among the legislation's many provisions, the PCSA would grant the National Collegiate

Athletic Association (NCAA) and College Sports Commission (CSC) an antitrust exemption enabling them to enforce athlete eligibility, transfer, and compensation rules. Moreover, the bill would limit in-season coaching movement and preempt the existing patchwork of state NIL laws.

For years, the NCAA – the primary nonprofit governing body of college athletics – acted as a cartel, limiting athlete compensation, determining eligibility, and limiting movement between schools. More recently, antitrust litigation, Supreme Court decisions, and state legislation freed athletes from these restrictions.

The PCSA largely reinstates the NCAA and CSC's authority over a broad swath of college athletics that could reduce the compensation and mobility of athletes and coaches, reversing these court decisions. Moreover, the bill could limit the ability of colleges and universities to compete for these assets while dampening innovation among media firms curating content amid less competition, ultimately raising prices for consumers.

Background

College athletics has been thrown into chaos in recent years after athletes gained the right to monetize their name, image, and likeness (NIL). As the acronym suggests, NIL are attributes of an individual, often with commercial value. Historically, the NCAA – the nonprofit governing body of college athletics with authority over rules, eligibility, compensation, and competition and comprised of nearly 1,100 colleges and universities and 102 athletic conferences – restricted the compensation of college athletes to the "cost of attendance."

Over the past decade, current and former athletes have filed antitrust lawsuits challenging these compensation restrictions. The Supreme Court's 2021 landmark decision in *NCAA v. Alston* held that the NCAA compensation rules violated Section 1 of the Sherman Act, which prohibits contracts or conspiracies in restraint of trade. While this ruling focused on a narrow subset of NCAA rules, it broke the dam and ushered in an NIL tidal wave. In the immediate wake of the *Alston* decision, the NCAA acted, allowing college athletes to retain their eligibility while monetizing their NIL rights. This decision was not voluntary but came in response to 27 states that had enacted legislation prohibiting universities from denying athletes of this right.

More recently, the U.S. District Court for the Northern District of California approved a settlement in the *House v. NCAA* class action lawsuit allowing former college athletes who did not have the opportunity to profit from NIL to collect damages. The NCAA and five other defendants – the Southeastern Conference, Big Ten, Atlantic Coast Conference, Big 12, and

Pac-12 conferences – were ordered to pay almost $2.8 billion in back damages. They were also required to permit Division I schools to pay their athletes up to $20.5 million from athletic revenues, increasing incrementally over the 10-year settlement period. The College Sports Commission, formed by the five conferences, will implement the settlement.

Lawmakers have argued that these rulings have caused significant instability within college athletics and that a uniform regulatory authority is necessary to maintain fair competition across state lines. In response, college sports reform bills began surfacing following the *O'Bannon* decision – antitrust litigation involving NIL compensation – in 2014. More recently, various forms of the Student Compensation and Opportunity through Rights and Endorsements Act (SCORE) have been introduced, first in in 2021, and most recently in 2025. American Action Forum previously discussed the bill. Each iteration has been altered slightly, but all have failed to gain enough support and stalled in the House. In December 2025, Congresswoman Lori Trahan (D-MA) introduced the College Athletics Reform Act (CARA), a bill with a similar purpose and additional provisions. Like the SCORE Act, this measure also failed to garner sufficient support. In the wake of these failures, on May 27, Senators Ted Cruz (R-TX) and Maria Cantwell (D-WA) of the Senate Commerce Committee jointly introduced the PCSA.

Thus far, the PCSA has gained broader support than its predecessors. Relative to the SCORE Act, the PCSA has increased protections for women's and Olympic sports, is neutral on the employee status of student athletes, and has a more tailored antitrust exemption for the NCAA and CSC.

Key Provisions of the PCSA

The PCSA was proposed to "stabilize college sports, protect athletes and expand revenue sharing," by preempting disparate state laws governing NIL compensation, setting national standards for athlete eligibility and transfer ability, and creating requirements for institutional oversight by the NCAA, conferences, and other governing bodies.

Name, Image, and Likeness Protection

The successful antitrust litigation brought by current and former players against the NCAA opened the floodgates for NIL compensation. The PCSA codifies a student athlete's ability to earn compensation from NIL activities. It also bars institutions or governing bodies from restricting the ability of a student athlete from entering these deals – with limited exception tied to violating an institution's general code of conduct or using institutional branding – or reducing scholarships due to NIL income.

There are provisions, however, that attempt to distinguish legitimate NIL deals from those designed to circumvent revenue-sharing caps detailed in the legislation.

Transfers, Eligibility, and Coach Mobility

The legislation would also set a national standard for student athletes seeking to transfer institutions. Prior to 2018, student athletes transferring schools were typically required to sit out of competition for a full academic year. In 2018, the NCAA introduced the transfer portal, which was a digital system that allowed student athletes to declare their intent to transfer, facilitating the connection with other programs. These students, however, were still barred from competition for an academic year. This changed in 2021 when the NCAA adopted a rule allowing athletes to transfer one time during their college career and immediately participate, before the NCAA – amid legal pressure – eventually eliminated all transfer limits in 2024.

The unlimited number of transfers permitted without penalty wreaked havoc in college sports. Data from the NCAA showed that 14,610 undergraduates entered the transfer portal in 2025, up from 9,760 in 2023. Portal entrants among college athletes playing football in the Football Bowl Subdivision jumped from 1,741 to 2,776 over the same period. Part of the PCSA is to restore balance in the transfer mania. The legislation would permit a student athlete to transfer once without losing or delaying eligibility to participate with certain exceptions including the discontinuation of the sport or the departure of the head coach. A student athlete transferring for a second time would suffer a loss of eligibility for one academic year.

Relatedly, the PCSA establishes eligibility standards limited to a maximum of 5 calendar years beginning at the start of the regular academic year following whichever occurs first among a student athletes 19th birthday, actual or expected high school graduation date, or the date a student athlete enrolls full time at an institution.

The legislation would also restrict a football head coach or a coordinator's ability to transfer institutions mid-season. Coaches switching institutions would be barred from engaging in any coaching-related duties through the conclusion of the competitive season.

Revenue-sharing Cap

Citing *House v. NCAA,* the PSCA would effectively codify the settlement while extending its terms beyond the current end-date while adjusting the value annually for inflation.

Antitrust Exemptions and Consolidation

Enforcement

The PSCA provides the NCAA, CSC, conferences, and institutions with a narrow antitrust exemption to develop and enforce rules governing NIL activity, revenue-sharing, transfers, eligibility, and recruiting.

Without this legislative protection, the NCAA and other governing bodies – which are private associations of competitors – would unlikely be able to enforce the provisions outlined in the bill without fear of future antitrust litigation. As Supreme Court Justice Brett Kavanaugh wrote in his concurring opinion in *Alston,* "The NCAA's business model would be flatly illegal in almost any other industry in America," and that "Nowhere else in America can businesses get away with agreeing to not pay their workers a fair market rate…the NCAA is not above the law." While compensation of student athletes has radically changed in the wake of *Alston* and other court decisions, provisions in the law could be interpreted as anticompetitive in that they restrict how much student athletes can earn and their mobility.

The antitrust immunity, however, is conditional on the NCAA, CSC, conferences, and institutions developing, adopting, and implementing rules reflecting the provisions of the PCSA. If these organizations create rules that go beyond the scope of PCSA, they will be subject to liability.

Media Rights and Broadcasting

The bill permits collective media rights negotiations while protecting non-revenue-generating sports (typically sports other than basketball and football). The bill amends and extends the antitrust exemption in the Sports Broadcasting Act of 1961 to intercollegiate athletics. The exemption would allow institutions and conferences to pool voluntarily and negotiate collective media rights. To qualify for the exemption, no less than 75 percent of the institutions participating in the Football Bowl Subdivision must agree.

Consolidation

In the original text of the PCSA, conferences reporting more than $1 billion in revenue on fiscal year 2025 tax returns would be prohibited from merging or consolidating, acquiring assets, media rights, or membership of another conference. Currently, only the Big Ten Conference and the Southeastern Conference would be subject to these restrictions. These two conferences have expanded membership in the past 15 years. During the markup session on June 18, this revenue cap was lowered to $700 million, which adds the Atlantic Coast Conference to the list of conferences prohibited from merging or consolidating. In other words, the current alignment of conferences would largely be frozen, and with no sunset provision in the legislation, it is unclear how long this would last.

The bill also explicitly states that efficiencies, procompetitive effects, or any other defense under antitrust laws can be used to justify expansion.

The Risks of PCSA

While the PCSA may fulfill its mandate to restore order in college athletics and protect women's and Olympic sports, it risks doing so at the expense of competition. In using targeted antitrust exemptions to restore the power of the NCAA, conferences, and CSC, and preempting state NIL laws, the PCSA could limit the compensation of student athletes and coaches and conferences from becoming more efficient.

By codifying the *House* settlement, compensation of student athletes would be directly tied to revenue-sharing and spending caps. Furthermore, the fair market value mandate of NIL deals could lower prospective earnings. The PCSA could also risk inhibiting competition among institutions for student athletes and coaches. Restricting student athletes' ability to transfer multiple times without penalty could limit a student athlete's ability to sell their talent to competing programs. For coaches, prohibiting penalty-free mid-season transfers results in the same dampening of competition for talent.

The restrictions on conferences merging, consolidating, or absorbing institutions from other conferences would halt market-driven realignment. While the intent is to prevent the creation of a super-conference, it could solidify the position of the largest conferences. Moreover, institutions that are members of smaller conferences may have reduced incentives to invest in their athletic programs knowing they cannot be absorbed by larger conferences to acquire more lucrative media deals.

The provision expanding the Sports Broadcasting Act of 1961 that would shield pooled media rights from antitrust litigation could create comparable competitive concerns involving the National Football League (NFL) currently being scrutinized by the House Subcommittee on the Administrative State, Regulatory Reform, and Antitrust.

The combination of pooled media rights and frozen conferences would likely limit competition for media rights. Today, the big four major conferences – Big Ten, Southeastern Conference, Atlantic Coast Conference, and Big 12 – and other conferences negotiate separately with broadcasters. This drives down prices and fosters innovation in the packaging and distribution of content. The ability of conferences to negotiate collectively would give these institutions and conferences greater leverage over broadcasters and other viewing platforms. The collective negotiations would likely result in more revenue for these institutions and conferences – and help protect women's and Olympic sports – but come at the expense of consumers in the form of higher prices passed on by the increased cost to broadcasters.

What Can Congress Do?

Antitrust exemptions, by definition, provide protections for activity that would otherwise be considered illegal. As noted earlier, Justice Kavanaugh argued that the NCAA's business model would be "flatly illegal in almost any other industry in America." Relying on antitrust exemptions requires the ability to predict how markets would look in the future. There are several antitrust exemptions, including the Sports Broadcasting Act of 1961, that are being reconsidered.

Rather than reinstating the NCAA's authority to impose anticompetitive rules, Congress could establish national rules for NIL deals and compensation, transfers, and recruiting.

The antitrust exemptions, specifically those involving media rights, would likely give institutions and conferences increased market power that would ultimately be paid for by consumers.