

*Executive Summary*

**The Fair Play Façade:  
How the American  
Sports Economy  
Became a Laboratory for  
Corporate Power, From  
Pee Wee to the Pros**

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Sports occupy a prominent place in American culture and commerce, serving as a unifying force across communities. However, what were once easily accessible pastimes have transformed over the past decade into billion-dollar industries designed to financially exploit athletes, families, and fans at every level.

*The Fair Play Façade* examines how this happened, revealing a troubling pattern of anti-competitive conduct justified by appeals to sports’ “special nature.” Private equity firms have transformed youth sports into a financial instrument for investors. Professional leagues and the NCAA have successfully argued for relaxed application of antitrust and labor laws to suppress athlete compensation. Fan experiences have been degraded and monopolized. The result is an industry that thrives on wealth extraction, wage suppression, market allocation, and monopolistic pricing, turning the concept of fair play on its head.

## PRIVATE EQUITY’S EMPIRE: BUYING UP THE BOARD

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### YOUTH SPORTS UNDER SIEGE

Private equity has emerged as the most aggressive force for wealth extraction in sports, applying its playbook of serial acquisitions and vertical integration to athletics at all levels. Youth sports — once a cornerstone of community life and a great equalizer — has become the primary target. The industry has transformed from volunteer-run local leagues into a for-profit industrial complex that preys on families’ hopes for their children.

Major PE-backed consolidators have emerged across multiple sports. Varsity Brands, owned by global investment firm KKR, dominates cheerleading through control of gyms, camps, competitions, uniforms, and media rights. 3Step Sports, backed by Juggernaut Capital, has assembled a portfolio spanning lacrosse, soccer, basketball, volleyball, and field hockey, serving over 1 million athletes. Black Bear Sports Group has consolidated youth hockey by acquiring rinks, leagues, and tournaments across the Northeast. Perfect Game is rolling up baseball tournaments. These firms pursue “ecosystem” strategies, acquiring businesses at every level of the supply chain to create vertically integrated monopolies that eliminate competition and maximize extraction.

The cost of youth sports participation has increased 46% over the past five years, nearly double the overall rate of inflation. Families now spend an average of \$1,000 per year on a single sport and \$5,000 on club sports combined. The participation gap has widened dramatically: only 23% of low-income children play sports, compared to 44% of those from families earning \$100,000 or more. Youth sports today are luxury goods.

The industry justifies these costs by promising college scholarships and professional opportunities, but the math shows it is predatory marketing. While 83% of parents believe their children have the talent to earn athletic scholarships, only 2% of college applicants actually receive them — most covering only a fraction of tuition. Meanwhile, 70% of children abandon sports by age 13 due to burnout, anxiety, and

pressure. Early specialization has led to epidemic rates of overuse injuries, and there is little oversight of coaching safety.

## EXPANSION INTO PROFESSIONAL AND COLLEGE SPORTS

Private equity’s ambitions extend beyond youth sports. Since 2019, when major professional leagues relaxed ownership rules, PE firms have rapidly acquired minority stakes in professional teams across MLB, NBA, NFL, NHL, and MLS. Diamond Baseball Holdings, backed by Silver Lake, now owns 45 minor league baseball teams (35% of the market), raising acute concerns about its power over minor league players whose wages are already suppressed by MLB’s antitrust exemption.

College athletics, generating nearly \$20 billion annually, has also attracted PE attention. Firms like Elevate, Weatherford Capital, and RedBird Capital are seeking stakes in athletic departments, with deals structured to turn game-day experiences into premium events comparable to F1 racing, effectively converting college sports into luxury goods accessible only to wealthy alumni.

## PAY TO PLAY: THE COST OF BEING A FAN

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### THE STREAMING TRAP

The promise of cord-cutting has, over the last decade, given way to a more expensive and fragmented reality for sports fans. YouTube TV’s base package has risen from \$35 to \$83 a month, and watching your favorite team requires an array of additional subscriptions — NFL Sunday Ticket (over \$300/season), ESPN Unlimited (over \$300/year), NBA League Pass (over \$200/season), plus Peacock, Amazon Prime, and regional sports networks — double what cable cost a decade ago. Carriage disputes create further chaos. In the fall of 2025, YouTube TV subscribers lost ESPN access for nearly three weeks while Disney and Google fought over contract terms.

Consolidation drives these costs. Disney controls broadcast (ABC, ESPN), live streaming (Hulu + Live TV, Fubo, ESPN Unlimited), and production, giving it enormous leverage to extract affiliate fees from competitors. Proposed mergers like Paramount-Warner Bros. would further consolidate sports rights and streaming platforms, enabling additional extraction from fans. This is enabled, at least in part, by the Sports Broadcasting Act, a 1961 law that allows professional leagues to pool their media rights for negotiations with over-the-air broadcasters.

College conference “realignments” also amplify the problem. These deals are primarily acquisitions of valuable media properties that have, to date, escaped antitrust scrutiny and served as cash cows for coaches and administrators. After significant expansions in 2024, the SEC signed a \$3 billion deal with ESPN, and the Big Ten secured \$7 billion from Fox, CBS, and NBC. Private investors are now lobbying to expand the SBA to cover universities and enable a “super league” that would consolidate college athletics’ biggest brands into one entity. That is movement in the wrong direction for fans. It is time to

re-evaluate the SBA's utility, stop mergers that drive up costs, and break up media companies exploiting their market power against consumers.

## STADIUM SUBSIDIES AND CAPTIVE AUDIENCES

Since 2000, state and local governments have spent \$19 billion funding new professional sports stadiums — approximately \$330 million per facility — plus billions more on minor league facilities and major international events. This total requires significant updating with Kansas lawmakers' recent approval of \$2.4 billion in bonds for a new Chiefs stadium. Franchise owners have also secured development rights to land around stadiums, creating additional private revenue streams from public investments.

The consensus among economists is that stadium subsidies do not provide meaningful increases in economic prosperity or tax revenue for host communities. Owners extract these funds by credibly threatening relocation, something they can do because of the artificial scarcity created by expansion rules and limits on new franchises. They can then pit cities against each other for the privilege of hosting teams that local taxpayers will subsidize.

Once inside taxpayer-funded stadiums, fans become captive audiences subject to monopoly pricing. Concession costs have risen far above inflation, with some NFL venues increasing beer prices by more than 100% between 2013 and 2023. The average cost for a family of four to attend an NFL game now exceeds \$600. In-person attendance, like youth sports, has become a luxury good instead of an affordable family pastime.

## MONOPOLIES IN ANCILLARY MARKETS

Fan extraction extends beyond game access, into sports memorabilia and gambling. Fanatics, a sports apparel and memorabilia juggernaut, has consolidated the trading card market and amassed exclusive apparel licensing deals with the NFL, NHL, NBA, MLB, UFC, WWE, and major universities. Leagues and players' associations also have ownership stakes in the company, financially aligning them with the retailer against competing manufacturers as well as fans. Complaints about reduced product quality and higher prices became more widespread as the company consolidated.

The sports gambling market has emerged as another extraction point. FanDuel and DraftKings control 72% of the market, with aggressive advertising that normalizes gambling as integral to sports fandom. Their duopoly power allows them to extract significant revenue from fans while avoiding meaningful competition on terms favorable to consumers. And in so-called “prediction markets,” a new duopoly held by Kalshi and Polymarket is emerging and using its power to simply expand the universe of bets available while dodging meaningful regulatory oversight and consumer protection laws. Without regulatory intervention and competitive discipline, sports gambling is rapidly becoming another extractive layer in an already costly fan experience.

# RIGGED GAMES: SPORTS AND LABOR MARKETS

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## THE COLLEGE CARTEL

College sports generate billions in revenue while treating athletes as less than full partners, considering them neither employees nor independent contractors and denying them both labor protections and bargaining power. The Supreme Court’s unanimous 2021 decision in *NCAA v. Alston* rejected the NCAA’s “amateurism” defense for compensation restrictions, but exploitation continues.

The House settlement that resolved a lawsuit challenging restrictions on scholarships and NIL deals permits revenue sharing but caps it at less than 22% of athletic revenue, far below what professional athletes receive through collective bargaining. The NCAA has created a new enforcement arm, the College Sports Commission, that uses algorithms to evaluate NIL contracts for compliance, raising serious questions about whether this constitutes a hub-and-spoke conspiracy to fix wages.

Having failed to secure antitrust immunity from courts, the NCAA has spent over \$15 million lobbying Congress for exemptions through legislation like the SCORE Act, which would effectively reverse *Alston* and once again permit widespread suppression of athlete compensation. This would prove catastrophic for college athletes, who — because they cannot collectively bargain — rely entirely on antitrust laws to challenge the NCAA’s economic power.

## MINOR LEAGUE PURGATORY AND INDIVIDUAL SPORTS

Professional baseball’s antitrust exemption, dating to a 1922 Supreme Court decision, continues to harm minor league players excluded from the protections of the 1998 Curt Flood Act. They faced uniform contracts with salary caps as low as \$3,480 annually and roster manipulation to prevent free agency. While minor leaguers finally unionized in 2023 and negotiated improved conditions, the six-year reserve clause — eliminated from other sports decades ago — remains in place.

Athletes in individual sports face similar challenges. As independent contractors, they cannot effectively unionize, leaving antitrust enforcement as their primary tool. MMA fighters secured a \$375 million settlement against the UFC for anti-competitive conduct. Professional swimmers won significant relief when they challenged restrictive rules by international governing bodies. Tennis players have filed suit against the ATP, WTA, and Grand Slams, challenging prize money caps, grueling mandatory schedules, and restrictions on outside opportunities. These lawsuits demonstrate that courts recognize anti-competitive conduct in sports, but private litigation is an inefficient and incomplete remedy. Collective bargaining has always been the true driver of equity in athletics.

# NEW RULES: RESTORING COMPETITION

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## TOOLS TO COUNTER PRIVATE EQUITY

Private equity’s playbook in sports is no different than the one it uses in industries as varied as nursing homes, veterinary practices, and firetruck manufacturing. It is past time for Congress to regulate private equity firms and put a stop to predatory practices that harm families, athletes, and fans. This could include joint and several liability for portfolio company debt and bans on debt-loading practices such as dividend recapitalization. Historic models like the Hepburn Act (prohibiting rail companies from transporting goods in which they had an interest) and the Glass-Steagall Act (separating commercial and investment banking) provide frameworks for eliminating conflicts of interest in vertically integrated sports empires. And the PROTECT Act would ban private equity and foreign investment in universities.

It is also time for closer scrutiny from regulators to break up monopolies in the making and stop anti-competitive acquisitions in the first place. Updated HSR rules and Merger Guidelines that require reporting of prior acquisitions in related industries and examination of cumulative effects of roll-up strategies should be fully deployed. Consumer protection laws should be used to challenge deceptive practices that draw parents into expensive club sports with the promise of college scholarships.

Outside of antitrust law, the Amateur Sports Act could be revised to include licensing requirements through NGBs and SafeSport, transparent accounting standards mandating disclosure of executive pay and dividends, escrow requirements for scholarship claims, and bans on asset-stripping. Congress could establish an Office of Special Counsel for Sport under HHS to run grant programs for accessible youth sports, funded through excise taxes on sports gambling or voluntary tax-return donations. Tax subsidies currently given to PE firms building luxury youth sports complexes could be redirected to community recreation centers.

The Sports Broadcasting Act should be re-evaluated for the streaming era. Proposed mergers like Paramount-Warner Bros. that would further consolidate sports media should be blocked. State legislatures should end public subsidies for private profit. “Street pricing” policies, similar to those used at airports, can address captive-audience exploitation at stadiums.

## LABOR RIGHTS AND ANTITRUST ENFORCEMENT

The disparate treatment of athletes across sports reveals a clear pattern: those with collective bargaining power fare better, while those without must rely on antitrust enforcement. The solution requires both protecting and strengthening collective bargaining rights for athletes who can unionize while vigorously enforcing antitrust laws for those who cannot. However, Congress can go further. Legislation permitting collective bargaining by college athletes and independent contractors (as the FTC proposed), eliminating rule-of-reason treatment for dealings between athletic organizations and non-unionized athletes, and rejecting any legislation creating antitrust exemptions without corresponding labor protections would enable good-faith bargaining between parties with meaningful negotiating power — a condition absent in many corners of the sports world. And it would benefit both sides, bringing predictability and continuity to college athletics and individual sports alike.

# CONCLUSION

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The fair play façade has been exposed. Sports leagues have for decades defended anti-competitive conduct by appealing to competitive balance, tradition, and the industry’s “special nature.” These justifications have proven pretextual. Bans on college athlete compensation preserved revenue for coaches and administrators, not amateurism. Professional leagues suppress player mobility to reduce labor costs, not ensure competitive balance. Private equity’s entry has one virtue: it reveals these bromides for the lies they are.

What threatens sports today is not competition but its absence — the unchecked consolidation treating athletes as commodities, children as profit centers, and fans as captive consumers. Restoring competition does not threaten what makes sports exceptional. It protects it. Antitrust enforcement can check monopoly power. Labor law can facilitate collective bargaining. Consumer protection laws can police deceptive practices. Legislative reform can close loopholes.

Sports can be popular, fair, profitable, and accessible. But achieving this requires reclaiming sports from monopolists and private equity and returning them to those who make them matter: the athletes who play, the children who dream, and the fans who care. The competition that makes sports great deserves protection. It is time we provided it.

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