

# Sport Law Update: Rutgers Receives \$500K in Schiano Buyout

by Anthony Caruso on March 13, 2012

When Rutgers University executed its contract extension with Greg Schiano back in 2007, it laid out what would happen if the coach left before the contract expired in 2016. That price tag for an early departure—\$500,000.

As we previously discussed on this blog, Schiano resigned from Rutgers after 11 years as the Scarlet Knights head coach on Jan. 26 to coach in the NFL. Several weeks ago, the Tampa Bay Buccaneers paid Rutgers University a \$500,000 installment on Schiano's buyout, according to the Tampa Bay Tribune.

Schiano's contract also included an \$800,000 interest-free home loan granted by the school, which would be forgiven at a rate of \$100,000 per year over the life of the contract. The loan has a remaining balance of \$300,000, which must be paid either upon the sale of Schiano's home or within a year from the date of his resignation. According to the Tribune, it is unclear whether Schiano or the Bucs will pay off the loan.

Buyouts are a popular way for both schools and coaches to negotiate a way out of a long-term contract, right at the outset. For coaches, it allows them to explore other options, often the greener pastures of the NFL. For colleges and universities, it allows them to terminate a coach who fails to deliver wins or turn around a struggling program, without paying the full value remaining on the contract.

While one party will have to pay up for terminating the agreement early, having a buyout provision in place makes the process less contentious and can avoid a potentially costly breach of contract dispute. To learn more about structuring athletic contracts, we encourage you to speak with an experienced sports law attorney.