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CHALLENGES FACING AMATEUR ATHLETICS

HEARING

BEFORE THE

SUBCOMMITTEE ON
COMMERCE, TRADE, AND CONSUMER PROTECTION

OF THE

COMMITTEE ON ENERGY AND
COMMERCE
HOUSE OF REPRESENTATIVES

ONE HUNDRED SEVENTH CONGRESS

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CHALLENGES FACING AMATEUR ATHLETICS

WEDNESDAY, FEBRUARY 13, 2002

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ENERGY AND COMMERCE,
SUBCOMMITTEE ON COMMERCE, TRADE,
AND CONSUMER PROTECTION,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:30 a.m., in room 2322, Rayburn House Office Building, Hon. Cliff Stearns (chairman) presiding.

Members present: Representatives Stearns, Shimkus, Bryant, Pitts, Terry, Towns, John, Gordon, and Rush.

Staff present: Ramsen Betfarhad, policy coordinator, majority counsel; Brian McCullough, majority counsel; Jon Tripp, deputy communications director; Will Carty, legislative clerk; Brendan Delany, staff assistant; and Bruce M. Gwinn, minority counsel.

Mr. STEARNS. Good morning, the Subcommittee on Commerce, Trade, and Consumer Protection will start. One of our witnesses is on her way, Shelley Berkley, the Congresswoman from Nevada.

Today, we are examining the challenges facing amateur athletics. As my colleagues are aware, the committee has jurisdiction over sports, in general, and as such will conduct oversight to identify issues that require committee attention.

This hearing will focus on, but is not limited to, several issues identified as relevant to amateur athletics. The Knight's Foundation Commission on Intercollegiate Athletics issued a report in June 2001 in which it identified many issues it considered problematic for the health of amateur sports at the highest level, collegiate sports. The report was written in the context of the impact and relevance of collegiate sports relative to the intent and purpose of higher education. However, the issues are relevant to most amateur sports and therefore provide an appropriate starting point for the committee's inquiry.

Among the issues the Knight Commission Report identifies that it views as problematic, witnesses have been asked to address the commercialization of collegiate sports and its impact. Additionally, two other issues that have been addressed by previous Congresses are gambling and student athlete welfare.

I especially want to thank my good friend, Mr. Towns, our distinguished ranking member for his work on behalf of the welfare of student athletes. Commercialization lends itself to the so-called "big time" college sports of football and men's basketball. The Commission believes that the popularity of college sports has attracted more and more money which, in turn, increases the pressure to win

at all costs. The pressure leads to abuse in violation of the rules to the detriment of the student athletes and the institutions.

The report identifies television contracts, equipment manufacturer contracts, stadium advertising and naming rights as problems affecting amateur sports. However, the report also notes that commercial influence has trickled down to high school sports, in particular boy's basketball, and may figure prominently in parts of the recruiting process.

Another issue concerns gambling and how it may affect amateur sports. The Professional and Amateur Sports Protection Act, passed in 1992, banned sports wagering in all States except those that already authorized it. Currently, sports wagering is legal only in Nevada. The National Gambling Impact Study Commission examined the effects of legalized gambling from 1997 to 1999. As a result, the Commission made a number of recommendations to address illegal gambling.

Finally, we will look at the overall welfare of the student athlete. As most of us are aware, the odds of a college athlete being drafted into the NBA or the NFL are staggering. The Knight's Commission believes the premise of college sports as a training ground for professional sports is false and leaves too many student athletes ill-prepared for life after sports. There's concern regarding low graduation rates of student athletes and preferential treatment of college athletes, including lower academic standards.

Additionally, the Commission states that the pressure to win has resulted in circumvention of academic rules to the detriment of athletes.

Although the Knight Commission Report raises many issues and just as many questions, it is the responsibility of this subcommittee to bring all sides of those issues into a forum for open debate. So I look forward to hearing from our Member panel: Congressman Tom Osborne, who has a storied history with the University of Nebraska and can provide us a unique perspective from a coach's point of view. In addition, I welcome Congresswoman Berkley and her state's perspective on these issues.

We also have witnesses from the NCAA, the Knight Commission, the Collegiate Athletic Association. I welcome them and look forward to their testimony as well. I know this hearing will be very educational for all of us and will help us shed some light on the myriad of issues facing today's student athlete.

And with that the distinguished member from New York, the ranking member, Mr. Towns.

[The prepared statement of Hon. Cliff Stearns follows:]

PREPARED STATEMENT OF HON. CLIFF STEARNS, CHAIRMAN, SUBCOMMITTEE ON COMMERCE, TRADE, AND CONSUMER PROTECTION

Today, we are examining the Challenges Facing Amateur Athletics. As my colleagues are aware, The Committee has jurisdiction over sports, in general, and as such will conduct oversight to identify issues that require Committee attention. This hearing will focus on, but is not limited to, several issues identified as relevant to amateur athletics.

The Knight Foundation's Commission on Intercollegiate Athletics issued a report in June 2001 in which it identified many issues it considered problematic for the health of amateur sports at the highest level; collegiate sports. The report was written in the context of the impact and relevance of collegiate sports related to the intent and purpose of higher education. However, the issues are relevant to most ama-

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Additionally, two other issues that have been addressed by previous Congresses are gambling and student-athlete welfare. I especially want to thank my good friend Mr. Towns, our distinguished ranking member for his work on behalf of the welfare of student-athletes.

Commercialization lends itself to the so-called "big-time"' college sports of football and men's basketball. The Commission believes that the popularity of college sports has attracted more and more money, which in turn increases the pressure to win at all costs. The pressure leads to abuse and violation of the rules to the detriment of the student-athletes and the institutions.

The report identifies television contracts, equipment manufacturer contracts, stadium advertising and naming rights as problems affecting amateur sports, however, the report also notes that commercial influence has trickled down to high school sport—in particular boys basketball—and may figure prominently in parts of the recruiting process.

Another issue concerns gambling and how it may affect amateur sports. The Professional and Amateur Sports Protection Act (PASPA), passed in 1992, banned sports wagering in all states except those that already authorized it. Currently, sports wagering is legal only in Nevada.

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Though the Knight Commission report raises many issues, and just as many questions, it is the responsibility of this Subcommittee to bring all sides of those issues into a forum for open debate. I look forward to hearing from our Member panel—Congressman Tom Osborne has a storied history with the University of Nebraska and can provide us a unique perspective from a coach's point of view. In addition, I welcome Congresswoman Berkley and her state's perspective on these issues.

We also have witnesses from the NCAA, the Knight Commission, and the Collegiate Athlete Association. I welcome them and look forward to their testimony as well.

I know this hearing will be very educational for all of us, and will help shed some light on the myriad of issues facing today's student athlete.

Mr. TOWNS. Thank you very much, Mr. Chairman, and I'm pleased to join you at this hearing and to welcome my current colleagues to the committee. In addition to my former colleague and friend, Tom McMillen and the rest of Panel today, I've long been interested in issues surrounding amateur athletics and I'm happy that the subcommittee has chosen to take a look at these issues.

It is my hope that this will not be the last hearing that we have on this topic. I must admit that I have many questions for our Panelists today and not all of them have positive connotation. Let me warn you in advance. Ten years ago, Congressman Tom McMillen and I authored an extremely important piece of legislation, the Student Right to Know Act. This law forced NCAA member institutions to begin putting graduation rates on the internet and that would inform potential student athletes of the graduation rates, but it was also supposed to be put in Letters of Intent that they would send students as well. When the law passed, there was joyous celebration and all the schools agreed that they would be in

full compliance with the law. And let me say this, I must admit, I'm angry to learn that many schools are now openly thumbing their noses at Congress and the law and I intend to ask about this today as well.

I also suggest that perhaps there need to be stiffer penalties against the NCAA or its member institutions that do not comply with this law and I intend to search for a Federal remedy to this growing problem. In addition to ensuring that student athletes graduate, I'm also concerned about the appearance of increased exploitation of student athletes. There seems to be double or sometimes triple teaming that goes on between big time schools, agents and corporations. Millions of dollars flow between these entities and the student athlete sees none of it. Oftentimes, I believe that the student is considered a means to an end, rather than a person. Where is the NCAA member institutions' commitment to its most valuable resource, its student athletes? I look forward to hearing about these issues as well.

Also, let me state my proud support for H.R. 641, the National Collegiate and Amateur Athletic Protection Act of 2001. We need to address the issue of gambling, but we need to do it the best way possible, by going after the real problem, the bookies and other individuals who participate in illegal, unregulated gambling.

Last, let me say this. We need to do something about sports agents. I'm sure that Mr. Gordon, my colleague from Tennessee will have something to say about the Tennessee football start that was denied his senior season and a chance to get his degree in 3½ years. I might add for his mild involvement with an agent. And I would welcome legislation that would place criminal penalties on agents who attempt to sway student athletes before the appropriate time.

The issues surrounding the amateur athletics are unbelievably complex. There are many ideas in an increasingly crowded arena. I look forward to hearing the testimony today and the debate that follows.

I'd like to thank you, Mr. Chairman, for holding this hearing. I think it's a very important hearing and I'm certain that as a result of what we do and say here today, will help a lot of athletes in the years to come.

Thank you. I yield back.

[The prepared statement of Hon. Ed Towns follows:]

PREPARED STATEMENT OF HON. ED TOWNS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Thank you Mr. Chairman and I am pleased to welcome my two current colleagues to the committee, in addition to my former colleague, Mr. McMillen and the rest of the panel today.

I have long been interested in issues surrounding amateur athletics and I am heartened that the sub-committee has chosen to take a look at these issues. It is my hope that this will not be the last hearing we have on this topic. I must admit that I have many questions for our panelists today and not all of them have positive connotations.

Ten years ago, Congressman McMillen and I authored an extremely important piece of legislation: The Student Right to Know Act. This law forced NCAA member institutions to begin putting graduation rates on the Internet and better informing potential student-athletes of their graduation rates. When the law passed, there was joyous celebration and all the schools agreed that they would be in full compliance with the law. And let me say this—I am angry to learn that many schools are now

openly thumbing their noses at Congress and the law and I intend to ask about this today. I also suggest that perhaps there need to be stiffer penalties against the NCAA or its member institutions that do not comply with this law and I intend to search for a federal remedy to this growing problem.

In addition to ensuring that student athletes graduate, I am also concerned about the appearance of increased exploitation of student athletes. There seems to be double or sometimes triple teaming that goes on between big time schools, agents and corporations. Millions of dollars flow between these entities and the student athlete sees none of it. Often times I believe that the student is considered a means to an end, rather than a person. Where is the NCAA's member institution's commitment to its most valuable resource—its student athletes? I look forward to hearing about these issues as well.

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Lastly, let me say this—we need to do something about sports agents. I am sure that Mr. Gordon will have something to say about the Tennessee Football star that was denied his senior season—and a chance to get his degree in three and a half years I might add—for his mild involvement with an agent and I would welcome legislation that would place criminal penalties on agents who attempt to sway student athletes before the appropriate time.

The issues surrounding Amateur athletics are unbelievably complex. There are many ideas in an increasingly crowded arena. I look forward to hearing the testimony today and for the debate that follows.

Thank you Mr. Chairman and I yield back.

Mr. STEARNS. I thank my colleague.

The gentleman from Tennessee, Mr. Gordon?

Mr. GORDON. Thank you, Mr. Chairman. I want to add my welcome to our panelists and also a welcome back to Tom McMillen, a friend and former colleague. As my friend and our ranking member pointed out, there are a number of issues here of importance. One that I've been involved in is concerning sports agents. Let me give you a little background and Mr. Osborne, it's sort of a cardinal rule in practicing law and really should be on being on a committee that you don't ask a question you don't know the answer to. I have been meaning to come by your office for a long time and talk to you about this. I'm going to break the rule and just—I'd like to hear your comments later, even though I don't know what they are. And let me give you some background. As you well know, oftentimes, sports agents will lure kids into deals or give them a gold chain or a suit of clothes or whatever it might be. The result being is that the kids will lose their eligibility, the schools oftentimes are penalized, they lose their scholarship, yet there's no penalty to the sports agent. It's an absolute free walk for them. I'm told by many coaches that it's an ordeal just keeping them away from the phone, from just flocking on their best athletes.

A few years ago I introduced legislation that would ban or penalize agents that have that type of conduct. And I've been looking through my file. I wrote letters to all the coaches around the country and many, many of them returned with a positive endorsement. I'm looking for your letter and I haven't been able to find those. I don't know whether you were there or not. The Junior College Association also endorsed this proposal. There was only one group that didn't and that was the NCAA. Their reasoning was that they didn't want any kind of government interference and so this shouldn't have occurred.

Interestingly, they later adopted and helped adopt some uniform guidelines to be passed by different States, but we're really no bet-

ter off, no more States have laws against those types of agents now than they did before. So I'm hoping that when we hear from the NCAA, they may have had a change of heart and we might talk a little bit about that later and I hope to have a chance to hear from your perspective as to what are the perils of student athletes, coaches that are trying to do the right thing, but can't watch over every minute and to the universities.

So I think you'll bring a unique perspective to this. Again, I thank all my panelists here today for joining us.

Mr. STEARNS. I thank my colleague. The gentleman from Nebraska, Mr. Terry.

Mr. TERRY. I have no opening statement but I will welcome Coach Osborne, Congressman Osborne, my colleague in Nebraska.

[Additional statement submitted for the record follows:]

PREPARED STATEMENT OF HON. W.J. "BILLY" TAUZIN, CHAIRMAN, COMMITTEE ON ENERGY AND COMMERCE

Thank you, Chairman Stearns. I think you picked an excellent time to begin the Committee's look at issues surrounding amateur athletics. The Winter Olympics, now under way, celebrate all the positive aspects of sports and competition. And you don't have to be a diehard sports fan to recognize the dedication and sacrifices these athletes make for the chance to compete against the best in the world. It's done almost purely for the sake of competition.

Last week Americans enjoyed a heart-warming, patriotic moment when members of the 1980 U.S. Olympic hockey team lit the Olympic torch to begin the games. This miracle team of collegiate players beat the seemingly invincible Soviet team and played on to win the gold. It was a team of amateurs nobody had heard of.

However, the Olympics are no longer a competition reserved strictly for amateurs. Today's U.S. hockey team will feature familiar names that play in the NHL. Although many athletes train for years to compete at the highest level without the promise of a professional career after the games, some of the competitors are now drawn from the ranks of professional sports. And while this does not indicate any diminished desire to compete, it highlights the fact that times have been changing in amateur sports.

We are well aware of the expansion of cable and satellite TV providing hundreds of channels with 24 hour programming not widely available 20 years ago. Sports coverage is as pervasive now as news coverage.

This dramatic change in both the amount and manner in which sports are presented to us is relevant to today's hearing because of the potential ramifications. Young collegiate athletes are often televised as much as their professional counterparts. The immense amount of focus, driven by our insatiable appetite for athletic competition, has raised concerns about new pressures on amateur, and particularly intercollegiate, sports.

What effect this attention has on the student athletes is debatable, and we will be able to talk about some of the issues of concern this morning. However, singling out any one group for blame would not be accurate. The more relevant question becomes where the line is drawn between an amateur and a professional. From that point, appropriate rules and policy can be constructed.

I commend the Chairman for calling this hearing to examine some of the different issues that affect amateur athletes who compete at the highest level of intercollegiate sports. Because the popularity of college sports has grown enormously, examining the challenges at the top of the hill is a natural starting point to assure this is a worthwhile project.

I look forward to hearing from some of the experts, who have come this morning to share their thoughts about commercialization pressures, gambling, and student-athlete welfare. Experience has taught us that water flows downhill, and we would be foolish if we didn't recognize that many of the issues we will discuss today involving big-time amateur sports, already influence the youngest of competitors and therefore require an open, honest debate.

Based on the information we collect, I expect that we will develop a blueprint for closer examination. We will then be able to determine what, if any, issues require more Congressional attention and address each appropriately.

Mr. STEARNS. Let me move to our first panel and thank them for coming. We're especially honored to have Congressman Tom Osborne before us. He's had 25 years as a head coach of the University of Nebraska football program. He amassed three national NCAA championships with three perfect seasons. His record was 87-11-1 and was inducted into the College Football Hall of Fame in 1999. In addition, he earned an M.A. in educational psychology and a doctorate in educational psychology from the University of Nebraska in Lincoln. So if anyone can speak on these issues with authority, it is our good friend Tom Osborne and I welcome you, Tom.

I'd also like to welcome our good friend, Congresswoman Shelley Berkley who represents the metropolitan Las Vegas area. Shelley lives in Las Vegas, maintaining a deep sense of commitment to give back to her community that opened the doors for her. After earning her law degree at the University of San Diego School of Law, Shelly returned to Las Vegas where she has extensive experience in the Nevada hotel industry, the Nevada State House and is part of the Nevada Board of Regents, so she also has some keen insight into these issues, so Shelley, let me also welcome you too, and I appreciate your coming. And we'll let you start with an opening statement.

STATEMENTS OF HON. SHELLEY BERKLEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEVADA; AND HON. TOM OSBORNE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEBRASKA

Ms. BERKLEY. I'd like to take this opportunity to thank the chairman and the ranking member for holding this very important hearing. I am also honored to be on the same panel as Coach Congressman Osborne. I know about his extensive career and we all take great pride in it.

I want to thank you for the opportunity to discuss the challenges facing amateur athletics and share with you my knowledge and very serious concerns about this issue, having devoted 8 years of my life to higher education as an elected member of the Nevada University Board of Regents, I have extensive experience in dealing with college athletics and with the NCAA.

My tenure as a Regent came during a time of tremendous growth for intercollegiate sports at UNLV. As our athletic programs were rising to national prominence I was witness to the NCAA's often misguided and arbitrary enforcement of its own rules as well as its outrageously unfair distribution of wealth earned solely by the hard work and talent of its student athletes.

As a recent "60 Minutes" segment points out, the NCAA billions of dollars go to the folks at the top, not the student athletes. Here's one example. Eraste Autin, a University of Florida recruit collapsed during a so-called voluntary summer workout and later died. By NCAA rules, the University was not allowed to cover his hospital costs and his family could not even collect the death benefit. Surely, the NCAA can allow a University to pay the hospital expenses for a student athlete who dies while practicing the sports that are making the NCAA incredible amounts of money. Why didn't this happen?

Because the workout was categorized by the NCAA as voluntary. Now you could ask any student athlete. There's no such thing as a voluntary workout. You show or you don't play. For many of these students attending school an athletic scholarship is their ticket and they know if they don't play, they lose their scholarship and they're out of school. In the same "60 Minutes" story, the NCAA admitted that athletic scholarships fall $2,000 per year short of what the students need to get by. This leaves the vast majority of student athletes living under the poverty line while the NCAA rakes in the dough.

Now remember, you're dealing with young students, often from disadvantaged backgrounds, away from home for the first time. The NCAA is supposed to look out for the best interests of our Nation's sons and daughters as they pursue their collegiate athletic careers, but I believe we need a watchdog to watch over the NCAA. While these kids are living under the poverty line, the NCAA officials are living the life of the potentates that they have become, high salaries and excessive expense accounts are just the tip of the iceberg, and believe me, when these guys come to Las Vegas, they live the life of Riley, drive the finest cars, stay at the finest hotels, eat in the finest restaurants and see the most expensive shows. It's not from their own personal money that they have these expense accounts.

I also know from personal experience that coaches and academic institutions are often scared to death to speak out against the NCAA for fear of retribution against their athletic programs. The NCAA has a life and death hold over our collegiate athletic programs and our student athletes with no due process requirements and no appeal possible. The NCAA has a monopoly and a strangle hold on the fate of college programs across the country.

I have witnessed the result of the animosity of the NCAA against a college coach firsthand when the NCAA decided to destroy the career of Coach Jerry Tarkenian of UNLV. They stopped at nothing, including destroying the UNLV basketball program in order to end the career of a college coach who dared to challenge the awesome power of the NCAA, a coach who protected his players and cared about this program and the success and well being of the students under his care. After years of litigation and millions of dollars in legal fees, I am certain paid for by the sweat of the student athletes, Coach Tarkenian won his lawsuit against the NCAA. Unfortunately, the program did not fare as well and a decade later, they're still recovering from the heavy handed penalties set down by the NCAA and who suffers from the NCAA's so-called justice? The only ones who suffer are the student athletes who are victims of a system they did not create and cannot change.

After 8 years as a University Regent, I developed relationships with University Presidents, coaches and athletic directors across the country. Last year, when the NCAA proposed legislation to outlaw legal wagering on collegiate sports in Nevada, I contacted several of these strong, brave men to ask whether outlawing legal wagering in Nevada would have any effect on illegal sports betting on college campuses. Every one, each one stated categorically that it would not. When I asked these same brave men if they were willing to buck the NCAA and testify against the legislation, each and

every one declined, citing fear of retribution against their program by the NCAA, and I'll get into this issue in a moment.

The NCAA has done nothing to ease the poverty in which many of these student athletes are forced to live. The NCAA has done nothing to redress the problems created by enforcement of its arbitrary, antiquated and unfair rules. Given the mindset of the NCAA which neglects the need of the student athletes, is it any wonder that the NCAA would try to seek the easy way out by proposing an illogical, useless solution to another major problem that confronts our students?

That's the problem of illegal gambling on our college campuses and this is another area that the NCAA has failed miserably. Rather than helping college athletes, the NCAA has done virtually nothing to stem the tide of illegal betting on campus, even though it has recently signed, recently signed a $6 billion contract to broadcast college games, $6 billion. The NCAA has chosen to make legal sports betting in Nevada which has no link whatsoever to illegal sports betting, its scapegoat, rather than mandate its member institutions, take their share of the NCAA profits and use it to develop programs to fight illegal college gambling. And don't let the NCAA fool you. The only public information regarding their budget, the NCAA's website lists their total operating revenue for last year at over $345 million, a grand total of just over $15 million goes toward student athlete welfare and youth programs and services. The NCAA lists a meager $263,000 or less than 1/100th of 1 percent of having anything to do with sports agents and gambling. Keep in mind that $6 billion television contract.

A couple of years ago, in response to questioning from then-Senator Richard Bryan of Nevada, the NCAA testified before the Senate Commerce Committee that out of 1,100 employees on its payroll, only one was assigned to fighting gambling on college campuses. Today, the NCAA pays lip service to combatting campus gambling by sending out posters, posting warnings on their website, airing a few commercials during the final four and blaming the State of Nevada for its failure to get a handle on this problem.

If the NCAA is really serious about fighting illegal amateur sports gambling, well, then let's get serious and I challenge the NCAA to take its multi-billion dollar revenue, all generated by unpaid student athletes and not just a tiny fraction of it, and dedicate it to fighting illegal gambling through aggressive enforcement and prevention programs. We need a serious, real world approach to this problem and that's why Congressman Gibbons and I introduced H.R. 641 that Mr. Towns spoke of. The National Collegiate and Amateur Athletic Protection Act, which attacks illegal gambling head on, and I challenge the NCAA to step up to the plate and support this bill. Our bill boosts law enforcement's efforts to crack down on illegal betting operations, hitting hard at the illegal bookmaking rings. The NCAA bill does absolutely nothing to help law enforcement. Our bill would investigate the scope and uncover the causes of illegal campus betting. The NCAA bill does nothing. No studies, no investigations, no educational programs, nothing. Our bill calls on the NCAA colleges and universities to step up

gambling prevention programs on campuses. The NCAA proposed bill takes no responsibility whatsoever.

I'm almost done. I have been tracking the NCAA for years. I witnessed their heavy handed tactics, lack of due process, arbitrary and harsh punishments of schools that refuse to go along, the relatively light punishment of those schools favored by the NCAA, the opulent salaries and lifestyles of the NCAA brass and the poverty that many student athletes are forced to live in due to antiquated rules perpetuated mindlessly by the NCAA.

I submit to you that the NCAA should be investigated. A full congressional study would uncover an organization dedicated to the proposition of taking care and protecting itself and doing as little as possible to take care and protect the student athletes who are generating the enormous amounts of money that creates the power that the NCAA abuses on a regular basis.

Thank you very much, Mr. Chairman.

[The prepared statement of Hon. Shelley Berkley follows:]

PREPARED STATEMENT OF HON. SHELLEY BERKLEY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEVADA

Thank you for the opportunity to discuss the challenges facing amateur athletics, and share with you my knowledge and very serious concerns about this issue. Having devoted 8 years of my life to higher education as an elected member of the Nevada University Board of Regents, I have extensive experience in dealing with college athletics and the National Collegiate Athletic Association (NCAA).

Since coming to Congress, I have been astounded by Congress' misconceptions about Nevada's gaming industry and the hypocrisy with which the NCAA operates.

My tenure as a regent came during a time of tremendous growth for intercollegiate athletics at UNLV. As our athletic programs were rising to national prominence, I was witness to the often misguided and arbitrary application of the NCAA to enforce its own rules. In many respects the NCAA was more in need of investigation than the athletes, coaches and boosters that the NCAA investigated.

As a recent 60 Minutes segment points out, the NCAA's billions of dollars go to "the folks at the top," not the student athletes. Here's one example: Eraste Autin, a University of Florida recruit, collapsed during a voluntary summer workout and died later. By NCAA rules, the University was not allowed to cover his hospital costs and his family could not even collect a death benefit. Surely the NCAA can allow a university to pay the hospital expenses for a student athlete who dies while practicing the sport that's making the NCAA money.

In the same 60 Minutes story, the NCAA fully admits that scholarships fall $2,000 per year short of what athletes need to get by. This leaves the vast majority of college athletes living under the poverty line while the NCAA rakes in the dough.

The NCAA is supposed to look out for the best interests of our nation's sons and daughters as they pursue collegiate athletics. But, I believe we need a watchdog to watch over the NCAA. I know from personal experience that coaches and academic institutions are often scared to death of the NCAA because they know that if the NCAA doesn't like you they are going to come after you.

Right now, one of the best female college basketball players in the country is being forced to sit on the sidelines. Under the NCAA's guilty-until-proven-innocent stance, Linda Frohlich's eligibility has been revoked until UNLV shows she did not receive improper benefits while playing for a club team in Germany before attending the school. Frohlich may very well be innocent of the NCAA's allegations, but the NCAA places the entire burden of proof on teenage college athletes. Even though innocent until proven guilty is supposed to be the law of the land in the United States, the NCAA carries out its actions with impunity.

Gambling on college campuses is another area where the NCAA has failed miserably. Rather than helping the college athletes who bring in their big bucks, the NCAA has done virtually nothing to stem the tide of illegal betting on college campuses, even though it has a $6 billion contract to broadcast college games. The NCAA has chosen to make Nevada its scapegoat rather than mandate their member institutions take their share of NCAA profits and use it to develop programs to fight illegal college gambling.

In the only public information regarding their budget, the NCAA's website lists their total operating revenue for 2001-2002 at over $345 million. A grand total of just over $15 million goes toward "Student-Athlete Welfare and Youth Programs and Services." But the NCAA lists only a meager $263,000, *or less than one hundredth of one percent,* as having anything to do with sports agents and gambling. Keep in mind they've recently signed a $6 billion television contract.

A couple of years ago, in response to questioning from then Senator Richard Bryan (D-NV), the NCAA testified before the Senate Commerce Committee that they only had 1 out of 1100 employees assigned to fighting gambling on college campuses. Today, the NCAA pays lip service to campus gambling by sending out posters, posting warnings on their website, and airing a few commercials during the Final Four.

If the NCAA is really serious about fighting illegal amateur sports gambling, then let's get serious. I challenge the NCAA to take its multi-billion dollar revenue . . . all generated by unpaid student-athletes, and not just a tiny fraction . . . and dedicate it to fighting illegal gambling, through aggressive enforcement and prevention programs.

We need a serious, real-world approach to this problem. That's why Congressman Gibbons and I introduced H.R. 641, the National Collegiate and Amateur Athletic Protection Act, which attacks illegal gambling head on. I challenge the NCAA to step up to the plate and support this bill.

Our bill boosts law enforcement's efforts to crack down on illegal betting operations, hitting hard at the illegal bookmaking rings. The NCAA bill does absolutely nothing to help law enforcement. Our bill would investigate the scope—and uncover the causes—of illegal campus betting. The NCAA bill does nothing. No studies, no investigations, no educational programs—nothing. Our bill calls on the NCAA, colleges and universities to step up gambling prevention programs on campuses. The NCAA-proposed bill takes no responsibility.

Thank you.

Mr. STEARNS. I thank the gentlelady.

Ms. BERKLEY. Very gentle.

Mr. STEARNS. Tell us how you really feel.

STATEMENT OF HON. TOM OSBORNE

Mr. OSBORNE. Thank you, Chairman Stearns, Ranking Member Towns and members of the committee. It's a pleasure to be here today. It's a pleasure to be with Congresswoman Berkley and I must say that some of the things she said I would agree with, but not all. So we'll emphasize some of those points.

I'm currently a co-sponsor of the Student Athlete Protection Act, H.R. 1110 which deals with gambling issues and that will probably comprise the majority of my remarks. I understand there is interest in commercialization which I'm interested in and agents and I'm interested in that too and I'll be glad to answer questions regarding those issues.

First of all, as far as gambling is concerned, it's bad for the game. I think most everybody who has followed athletics can harken back to maybe the Black Sox scandal, what it did to major league baseball, NYU, CCNY basketball scandals in the 1950's, University of Kentucky.

In the 1990's, there were four major intercollegiate scandals involving intercollegiate athletics that involved gambling. Those four scandals were more than the preceding 50 years combined. ASU, Arizona State, was involved in one of those and in that investigation it was proven that $1 million of the gambling was bet legally on intercollegiate athletics in the State of Nevada. I know a good deal about the NFL. They're scared to death of gambling. They have several investigators in almost every major city and the

NCAA, of course, is concerned as well because of the integrity of the game.

Second, gambling is bad for the coaches. You have to win twice. You've got win once on the scoreboard and then you've got to beat the points spread. A lot of times in substitution it's difficult because if you know the game is secure, but you haven't beat the point spread, a lot of folks don't want to see a second and third team in there. They don't want to see you kneel down on the ball when you can make another touchdown at the end of the ball game and beat the point spread. And of course, that's not in the best interest of the athletes and not in the best interest of the game and not in the best interest of the coaches.

We often hear that there are many coaches and players who really favor legalized gambling in athletics, but they're just afraid to speak out. I have no—the NCAA has no influence over me at this point. I'm out from under whatever surveillance they may have. There are literally hundreds of coaches and thousands of athletes who have played who are no longer governed by the NCAA and they're certainly free to speak their minds. But as I've talked to people over the years I have run across none that I can think of, now there may be somebody out there who thinks it would be good for the game to have legalized gambling, but it certainly is a very, very small minority if it exists at all.

Third, I would say gambling is bad for the players. As many of you know, the first mistake that a player makes is betting on another athletic contest, probably isn't his own. And he loses some money and then pretty soon he decides well, you know, we've got a great team and we can win for sure this week and I know how practice is going, so I'm going to put down a bet on my own team and double up and I'm going to get even again and then you double up again and pretty soon you're in the hole so far there's no way you can work your way out of it. And then there's only one way to get out. And the bookie or whoever is running the sports betting will say well, all you've got to do is help us out a little bit and you're going to be okay. And so many players get sucked into the issue, a few get caught, probably a lot of them don't get caught.

Gambling certainly adds pressure to the players. If your team is 10 point favorite and you're ahead by 9 and there's 2 seconds left in the game, the game is won. And you've got two free throws. Those free throws are very meaningful because it may mean thousands of dollars or even millions of dollars, if you make them or don't make them. So that adds pressure.

The other issue is the fact that there's always hate mail. We had a guy who was a good player, had great promise. He fumbled the ball in a critical game and we lost the game, first game we'd lost in many games and he received so much hate mail, negative phone calls and so one. Some of it was regarding gambling and the guy was never the same. He never wanted to be in that position where he pulled the trigger again. He played, he did all right, but it took the heart out of him. So it does put pressure on players and it's unnecessary.

Let me last just address a loophole and I have great respect for Congresswoman Berkley and others from Nevada and I understand some of their concerns. And yet, gambling is illegal in intercolle-

giate athletics, amateur sports in 49 States. In one state, it is legal. Would the Congress, would the government say it's okay to counterfeit money in one State and not in 49 States?

It has no effect because it's only in this one isolated instance. Well, obviously what goes on in one state, if it is legal, can have an effect on the other States. And that's exactly what happens in gambling. If you're a small time bookie and you don't have a whole lot of resources and you can maybe lay off $50,000 worth of bets and you've got Florida, Florida State football or you've got North Carolina and Duke in basketball and the action is getting pretty heavy in the dorm or wherever, and you can see where it can get to be $100- or $200- or $300,000, well you can lay those bets off in Las Vegas legally at this present time. The $1 million that went down on the ASU bets was bet legally in Las Vegas. And so to say that that doesn't have any effect on what happens in the other States is not accurate. It is accurate. And so what kind of a message have we sent?

Have we said we really don't think this is a good activity, it's really not good for the sport, it's not good for the players, not good for the coaches, but yet we're going to give this exemption here. And so that's what I don't understand what kind of a message we're trying to say and why we would provide that exemption or that loophole. Again, there may be good arguments, but I'm not real sure what they may be.

And last, let me just say that I would like to thank the members of the committee for giving me this opportunity to testify. I'll be very happy to—I'm very interested in agent issues. I have some strong views on that. I have some very strong views on commercialization. The fact that we've now gone to 12 games, actually, in intercollegiate football and when I started out there were 9 and we've got a lot of guys that are going to be playing 14 games this next year. So that's obviously for a profit motive. I am not always a big fan of the NCAA. I don't think I'm quite as negative as Congresswoman Berkley. I see some good things in the NCAA, but I certainly will try to maintain an objective stance and I'd be glad to answer any questions that you might have.

[The prepared statement of Hon. Tom Osborne follows:]

PREPARED STATEMENT OF HON. TOM OSBORNE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEBRASKA

Thank you Chairman Stearns, Ranking Member Towns, and Members of the Committee. I appreciate the opportunity to come and speak with you today about something that is near and dear to me—the effects of legal gambling on college sports.

In my 36 years as a coach of the University of Nebraska football team, I witnessed first hand the negative impact gambling can have on college athletics. The following observations are based upon some of the experiences and insights gained in coaching.

A) Organized gambling is bad for the game. The emphasis goes from that of appreciation for excellence and skill to point spreads and monetary gain. The best interests of athletic competition are served in an atmosphere that is conducive to good sportsmanship and respect for opponents. Gambling creates an environment antithetical to wholesome competition and sometimes creates doubt as to the integrity of the contest.

B) Organized gambling often has a negative impact on the fans. The point spread is an arbitrary number that supposedly reflects the true strength of competing teams. Fans with money tied to the arbitrary point spread derive less pleasure from the spontaneity of sports. Rather than the excitement of the unpredictable nature

of sport, gamblers want the anticipated outcome that the point spread determines days before the game. Sometimes the point spread is based on inaccurate or incomplete information. Point spreads are published in nearly every newspaper and are mentioned on television and radio newscasts to the degree where fans' expectations are largely shaped by information from the gambling industry. If a team is favored by 28 points and wins by three, in the minds of many fans the win is really a loss. If, on the other hand, a team is a 21-point underdog and only loses by seven points, the loss is viewed in a more favorable light. I recall talking to some fans whose team had just won the first national championship in school history, yet, rather than being excited they were disappointed because their team, a 17-point favorite, had won by only two points. Fans often have a difficult time seeing the athletic contest for what it was meant to be, that of a contest of skill, intelligence and endurance, as they get lost in the economics of gambling.

C) Organized gambling is bad for coaches. Many times the coach is expected to win twice—once on the scoreboard and once by beating the point spread. A coach in charge of a team listed as a 35-point favorite starts the game behind 35-0 in the minds of the gambling community, which includes a high percentage of fans. If the coach's team is heavily favored and is tied at halftime, there is a good chance that the team and the coach will be booed at halftime. Most of the truly ugly incidents that I encountered in my coaching profession were related to gambling. I have had a mailbox blown up, a few death threats, obscene phone calls in the middle of the night, and have heard the very common complaint that "I cost someone x amount of dollars." Since we did not beat the point spread, the person who lost the bet held the coach personally accountable for the gambling loss. Many times it is highly unpopular with fans to substitute second- and third-team players once the outcome of the contest has been decided if the point spread has not been beaten. The second- and third-team players need the experience and greatly appreciate the opportunity to play yet their appearance in the game is not greeted with enthusiasm if it might jeopardize beating the point spread. Similarly, not scoring a late touchdown or basket by letting the clock run out is viewed with great displeasure if there are point spread implications.D) Organized gambling is bad for the players. There is a huge amount of gambling on college campuses. This activity is heavily influenced by point spreads. Very few athletic contests are viewed as even matches; therefore, point spreads are established to provide bookies with a basis for gambling odds. Gambling intensifies pressure on athletes. The player shooting a free throw with only two seconds left in a game in which his team has been favored by ten points and is leading by nine is unnecessarily intense. The game is over as far as the win or loss column, yet making the free throw can result in millions of dollars changing hands.

I coached an 18 year-old young man who I expected would be one of the best players ever in his position. We had won several games in a row, and momentum was strong. But, in one game he fumbled the ball at a critical point, and despite strong play by him and the team, we lost the game. The young man received hate mail and threatening phone calls that permanently changed him. He continued to play, but he never again wanted to be the player who pulled the trigger. His confidence was irrevocably shattered.

Players sometimes accumulate gambling debts, and, when a debt grows to a certain magnitude, pressures are put upon the player to alter his/her play in the game to affect the point spread. A great many of the point shaving incidents that have hurt college athletics so badly and have left the athletes in dire straights have been prompted by gambling debts that have mounted to the point where the athlete sees no other way to pay for the debt. In the 1990s, this country saw more point-shaving scandals and attempted scandals than the five previous decades combined. The point shaving scandal at Arizona State University alone involved more money being wagered that any point-shaving scam in the history of collegiate sports, $1 million of which was wagered legally in Nevada casinos.

The National Gambling Impact Study Commission has weighed in on this issue. In it's final report, the Commission recommended a ban on all legal sports wagering on college athletics. Clearly, it is time to address the issue of protecting student athletes from the growing and increasingly negative influence of sports betting. Amateur sports should be the protected playground of pure athleticism. Ironically enough, there was a period of time when officials in Nevada agreed that wagering on college kids is risky business, as they had a ban in place to prohibit sports wagering on Nevada teams. It is my understanding that they did this to protect the integrity of Nevada's sporting events. It was only when my colleagues and I renewed our push for a complete ban on sports wagering did the Nevada Gaming Control Board change this regulation, thus banning sports wagering on Nevada sporting events. Obviously, it would seem hypocritical to push for legal wagering on other

states' teams' while prohibiting this same form of gambling on your own states' teams.

While I am committed to finding ways to reduce and prevent illegal gambling on collegiate athletics, I firmly believe that our first step must be closing the Nevada loophole. Only then do we send the message that gambling on our college athletes is wrong and puts the integrity of collegiate athletics in jeopardy. Consistency in this argument is crucial. We would never think to allow one state in this country to allow counterfeiting, while telling the other 49 states that counterfeiting is illegal. Imagine the consequences of such a situation, with legal counterfeiting money flooding the rest of the states where this same action is illegal.

I am proud to be an original cosponsor of *The Student Athlete Protection Act,* H.R. 1110, to prohibit gambling on high school, collegiate and Olympic sports. I understand that this bill is not perfect, and it alone will not eliminate gambling on amateur athletics. However, consistency is key. We cannot continue to say that such gambling is illegal in 49 out of 50 states. The college presidents, coaches and students who support this legislation cannot benefit financially from this legislation; the only motivation is to protect the young people and the integrity of the games they play. If we continue to allow betting on our amateur sports, the only winners will be the Las Vegas casinos.

Thank you again, Chairman Stearns, Ranking Member Towns and Members of the Committee, for the opportunity to speak to you today about this very important issue. It is seldom I get to speak on an issue here in Congress in which I have so many years of experience dealing first hand with the issue and I appreciate the opportunity to do so today.

Mr. STEARNS. I thank the members for their participation in opening statements. I think we have a vote now. We have a general vote and then we have another vote after that, so I think in the best interest before we start the questioning because I think once we start all of us do have questions and both of you are sort of experts in your areas that you're talking about. So we just feel it would be very helpful to be able to have the time, so we're going to adjourn the subcommittee and come back after the two votes. It should probably be in about 10 to 20 minutes. So the committee is adjourned until after the two votes.

[Brief recess.]

Mr. STEARNS. We'll reconvene the hearing and the ranking member is on his way so I'll start with the gentle lady from Las Vegas.

My question would be what percent of sports wagering in Nevada is on college sports? And then the follow up question would be if it's very small, relatively insignificant, I mean why doesn't Nevada abolish it? I think those are probably the first leading questions that you probably could anticipate us asking.

Ms. BERKLEY. Thank you, Mr. Chairman. Let me answer your question this way. Three hundred eighty billion dollars is bet illegally every year on collegiate sports, that's illegally. Two billion dollars is bet legally in the Nevada sports books where you have to be 21 in order to place a bet and it's of course, needless to say a very well regulated industry on the State and local level.

To answer your second question, if that's the case and it's such a small percentage of the betting in the United States, why is it that we fight so vehemently to retain it? I would answer it two ways. One is economically. Right now after 9-11, after the tragedy that this country has experienced, within 2 days after the attack on the World Trade Center and the Pentagon, 20,000 people were laid off in my District alone. Needless to say, we have a tourist-based economy. When people stop flying and stop coming to Las Vegas, 20,000 lost their jobs. We are experiencing tremendous economic displacement now in Las Vegas.

Mr. STEARNS. Still?

Ms. BERKLEY. Still. Now I will say that there have been some rehires, but it's nowhere near where it once was and a lot of people are going back on as an as-need basis which means they don't get their benefits. So my District has taken a terrible economic hit after this attack.

The second thing it's a bit of a principle and a States' right issue. The State of Nevada regulates its gaming industry including betting on sports activities in a very well regulated atmosphere, both on the State and local level and you do have to be 21 in order to place a bet. Now I will say that if you're betting from your dormitory at the University of Arizona, you don't have to be 21 to place a bet, you can do it right from the comfort of your own dorm room. And that's betting illegally.

Mr. STEARNS. You said there was going to be two reasons. One was the economy.

Ms. BERKLEY. The second was a States' rights issue.

Mr. STEARNS. States' rights issue. Okay.

Ms. BERKLEY. We don't believe the Federal Government should impose its will on the State of Nevada when it comes to this issue where we are well-regulated and well-taxed on the State and local level.

Mr. STEARNS. And Tom, basically, you believe—why do you believe betting on collegiate sports should be abolished, I guess, would be—should all sports wagering, professional and amateur be also banned?

Mr. OSBORNE. I'm not a big fan of gaming on athletics, in general, but I do believe that probably professional athletes are a little bit different realm. I believe, as I mentioned the NFL and I believe major league baseball, NBA are scared to death of some type of gambling irregularity and you can see what has happened to Pete Rose, whether you agree or disagree with Pete's stance, what happened with Paul Horning and others, just examples of how fearful they are that the integrity of the game is going to be compromised by gambling. But I think when you're dealing with young men who basically at best have room, board, books, tuition and fees, that you wouldn't subject them to that additional stress and pressure. It's not fun for the coaches, but we get paid and we take the heat and that's part of the deal. But I guess philosophically, regardless of amount, I can't understand why we have the inconsistency of 49 States being regulated one way and one State not being regulated and I think that sends a very powerful message to people around the country as to what's acceptable and what isn't. So maybe some can explain that to me, how we can resolve that, but that's probably my biggest concern.

Mr. STEARNS. In your opening statement you talked about point spreads and how that would have an effect. Let's say we abolished the idea of gambling, would still allowing point spread have an impact in your opinion?

Mr. OSBORNE. Well, of course, point spreads are what make it attractive, what make gambling possible because there are very few athletic contests that are perceived as dead even, straight up. So in order to have some type of a bet, if Florida State is playing Duke in football, it's going to be a 35 point difference and if Duke is play-

ing Florida State in basketball, it's going to be 20 to 35 points the other way.

Mr. STEARNS. So the point spread increases the idea of gambling?

Mr. OSBORNE. I think it does and as many people in Las Vegas will tell you, the point spread isn't set in Las Vegas, it's often set by Danny Sheridan and others who do not reside in Las Vegas, but I do believe that the point spread is very difficult because if as a coach you're favored by 35 and you win by 21, many people see it as a loss. And that's unfortunate. And it does have something to do with how some people play the end of the game, if they haven't beat the point spread they're going to keep the first team in there and that's unfortunate.

Mr. STEARNS. My time has expired. The gentleman from New York?

Mr. TOWNS. Thank you very much, Mr. Chairman. Let me ask you a couple of questions about the voluntary practices. Wouldn't it just be better if you can practice any time you want to practice, rather than have a voluntary kind of practice which is not voluntary.

Mr. OSBORNE. Well, I don't know too much about those, Mr. Towns, because what we did was he had summer conditioning, for instance, and that was strictly voluntary. We had a lot of players who did not participate. The biggest motivation, I think for players to be there, was that they knew that if they weren't there that somebody in their position was there. But you have some type of conditioning program. You can't just go out and start playing in August and expect those guys to be ready to play. You have to weight training. You have to running. You have to have conditioning. Of course, many of the deaths that occur every fall occur from players who have not done proper conditioning and all of a sudden they're out there in full pads and it's 110 degrees and the humidity is 90 percent and they just can't handle it. So I'm sure there are places where involuntary is not involuntary. And I just don't know much about that, but there is great pressure internally within a football team to be competitive. If you're battling for a starting job and you know that your competition is going to be there working hard, it's kind of hard for you not to show up too. But we did not demand that players be there, but they generally were.

Mr. TOWNS. Let me ask it this way then. Shouldn't they have health coverage, if they show up either way?

Mr. OSBORNE. As far as I know all of our injuries, anything that was done was covered. If a player got hurt in the off-season, we certainly paid for his surgery and we did everything that we possibly to make sure he was rehabilitated. So we didn't treat an off-season injury any different than we did an in-season injury.

Mr. TOWNS. Let me ask you this, gambling is going to take place. Wouldn't it make more sense if the NCAA would spend some money in enforcement and to be able to deal with it that way? It's going to take place.

Mr. OSBORNE. Well, I think the NCAA does send some folks out and the greatest enforcer that they're counting on is the coaches and every coach that I know of is scared to death of a gambling irregularity, somebody getting to one of his players. Northwestern

is an example of a team that has great academic standards, normally impeccable credentials and yet you have one or two guys who got involved in a spread and it was a horrible thing for their football program. And so we talked about gambling at Nebraska probably 8, 9, 10 times a year. I brought Art Schleester in one time. Art was a guy who had gambling problems, was in jail, in prison and he was sent out to speak to college teams. And he made some impression on our players about what was going on and how difficult it was about a year later after he was at our campus he was back in jail again. He relapsed. So a gambling addiction is every bit as bad as an addiction to alcohol or drugs. In some ways, people just really have a hard time letting go of it.

Mr. TOWNS. According to my understanding that the NCAA spends $263,000 on enforcement out of a $345 million which is peanuts. It doesn't seem to be a serious commitment there.

So Congresswoman Berkley, we talked about it earlier and let me just say your testimony, I think you're very passionate. There's no question about that, but we just heard Coach Osborne, Congressman Osborne just indicate the fact that there is coverage for people that volunteer to practice. Is that just something that happens maybe at Nebraska and no where else?

Ms. BERKLEY. Well, with all due respect to the Congressman, the reality according to NCAA rules is that it can't provide health insurance or any other benefit to a student athlete, to a player, unless it is provided to all of the other students on that college campus. So even though the players' needs might be dramatically different than the other 20,000 students on the college campus, by the NCAA antiquated rules, they can't provide anything to the player that they don't provide to everybody else.

Mr. TOWNS. Right, so if a player is going to participate regardless of whether it's voluntary or whether or not it's a called practice, they should be covered.

Ms. BERKLEY. I believe that is absolutely correct.

Mr. TOWNS. Let me ask you a question about the gambling. Gambling is going to take place regardless, so what do you think the NCAA should do in terms of enforcement?

Ms. BERKLEY. Well, when we know that they spend 1/100th of 1 percent on anti-gambling programs throughout the United States on each and every one of their member institutions, I think that demonstrates to me in a very profound way that they really are not taking this issue very seriously and again, they would rather scapegoat other—State of Nevada, legal gambling and so forth and so on, rather than taking care of their own problem. And I believe in institutional control. If these players know when they're getting recruited and when they come on the college campus, that gambling will not be tolerated and if they are caught gambling, they're going to (a) lose their scholarship, lose their place on the team and be booted out of school. I will submit to you that this gambling problem will be eliminated quite rapidly. The stakes are extremely high and the NCAA and the member institutions have been looking the other way for years in order to avoid a controversy and a problem. But if I could—I just wanted to clarify something that the Congressman said earlier regarding the scandals in basketball in years gone by and point out, because he pointed out the Arizona

State scandal. The only way that the Arizona State scandal was uncovered is when the—it was uncovered by the Las Vegas sports books when they noticed that there was a discrepancy in the betting and the Las Vegas books reported it to the FBI and that's how that scandal was uncovered. And the FBI will tell you and they have testified that it's the Las Vegas books that point out the scandals and that's how the FBI is able to uncover them.

Mr. TOWNS. Thank you. My time has expired.

Mr. STEARNS. I thank the gentleman. The gentleman from Tennessee, Mr. Bryant?

Mr. BRYANT. Thank you, Mr. Chairman, and I too add my appreciation to both witnesses who are very qualified to testify on the relative positions today.

I do think, and I'm going to ask Coach Osborne in a minute if he could comment a little outside the gambling realm on sports agents and perhaps his concept of somehow athletes and college being paid, but I do want to get back to the gambling and make a couple of comments. I am concerned about the NCAA and their quite a bit of bark about being opposed to gambling in any form, but yet as has been pointed out by several members today and also Ms. Berkley from Las Vegas, there's very little real bite of the NCAA, if you look at their budget and how much they commit to actual enforcement or ferreting out or prevention of whatever you might want to do if you're really opposed to gambling at that level. And I would encourage and I would hope as we're in and out today going to other Panels, I may not be here for Panel 2, but I would hope that the NCAA witness will testify about that and perhaps give us an explanation which would somehow explain why they only spend less than 1/100th of their budget in this area.

On the other side of the coin in terms of gambling in Nevada, I kind of agree with Coach Osborne on this as that being the odd, the one State being allowed to do this. I suspect that the percentage of the sports wagering in Nevada is very small. I've heard as low as 2 percent. I don't think that's probably significant from an overall percentage. I don't think that people are not going to go to Las Vegas because they don't have college gambling. I think a lot of that money will probably migrate to other sports, professional sports probably. But I would ask Congresswoman Berkley if she had any studies or any evidence of financial impact on any part of the tourism or gambling industry, if you would just file that as an exhibit to the testimony. And I think there's been a great deal of discussion there, but my concern is over this idea that I am really more concerned about high schools now and all the abuses that have occurred in college, not only in gambling, but down the line is moving down from colleges, to high schools. Both deal with amateur athletes and I know we can make a lot of jokes about the college players, but unfortunately, you're almost able to make those kinds of jokes today about the high school players. My favorite is that when someone leaves college to go to the pros they take a pay cut and that didn't produce a laugh here, but it usually does in other places. Maybe that just went over everybody's head.

I do have concern and I still equate college sports more to high school sports than I do to professional sports because one is amateur and the other is professional. So that's where I'm kind of

drawing this line on whether we ought to have gambling legalized or whatever on a sport. But again, that's still a lot to be debated there.

Coach Osborne, as a Member of Congress, you sort of wear two hats today and I would like to ask if you could comment on those subjects of the potential of problems with agents as well as the potential to pay, compensate these athletes over and above the scholarship amounts. I know some of them, I was surprised to hear this, actually received Pell Grants too on top of the scholarships and I thought there was some kind of economic test there and I didn't know that, but it was recently disclosed in a case we had in Tennessee where we had a young man pay off something with a Pell Grant and I'm just wondering if you could have some comments on that for the record.

Mr. OSBORNE. Well, I think first of all as far as agents are concerned, it's a real problem in that most of the unscrupulous agents who will call your players at all times of the year, they'll contact them as sophomores and juniors and all you can tell them is look, if you get involved you're going to lose your eligibility. Sometimes they approach parents.

One difficult thing right now is that they often will tell them well, we're going to get you a special program. We're going to have you go to California. We're going to give you a nutritionist, so once you leave that campus, you don't need a degree. We're going to get you drafted higher. Well, an agent can't get you drafted higher, so it's been a real problem and it's something that everyone fights.

Let me also say this. There's a lot of cynicism regarding Congress. I run into it all the time. Everybody thinks Congress is bought and everybody here knows that isn't true, maybe a few or irregular, whatever, and the same thing is true in intercollegiate athletics. There have been tremendous strides taken. I know your legislation regarding the publication of grades, maybe you don't feel it's been done the way it should be done, but everybody that I knew publicized graduation grades. And I think that's been a step forward. We have drug testing. There is much less drug use in college athletics than there is in the student body at the present time. We have tremendous scrutiny regarding the rules. Recently, we had a major institution got hit with violations, but compared to what it was in the 1960's and the 1970's and the 1980's, we have probably 2, 3, 4 percent of the major violations.

I have not in the last 10, 15 years, seen a guy get a car or clothes or cash. Now I'm sure somebody somewhere has and we've seen it, so don't for 1 minute think that there has not been progress. When you talk about several hundred thousand dollars spent on enforcement, the NCAA is us. That's what I told everybody. Who is the NCAA? It's that entity out there, it's those bad guys. But the NCAA is the member institutions, it's the membership that is involved. So you've got this tug of war. You've got the 30, 40 schools that are big. And you've got 80 or 90 or 200 or 300 that are small. And so you're always fighting for who's going to get their share of the pie.

As far as scholarships are concerned, the one thing that I would recommend is that we have the scholarship go not to the cost of education, but cost of attendance because cost of attendance is

roughly $3,000 more than room, board, books, tuition and fees because you have some transportation, you have some clothing, you have some minimal entertainment. And I would say most college athletes, the majority live well below the poverty level. The cynical view again is that these guys are getting paid off and believe me, if they're getting paid off, I don't know about it.

So anyway, the agents are a problem. I think that we should do something about scholarship. I agree with that very wholeheartedly and have for a long time.

Mr. STEARNS. The gentleman's time has expired. The gentleman from Tennessee, Mr. Gordon.

Mr. GORDON. Thank you. As I mentioned in my opening statement, the situation in many States now is that an unethical sports agent can approach, solicit kids to leave to give them some type of gift and then wind up with the student losing their eligibility. Oftentimes, the schools are penalized and yet there's no penalty for the sports agent. As a matter of fact, there's probably an incentive to once you lure them out, you get them in trouble, then they can't go back. So my legislation would correct that.

I guess a couple of questions, Mr. Osborne. One is how much of a problem do you think that is, and second, do you have concerns or what are the pros and cons about having a Federal uniform legislation, rather than State by State? I'll yield to you.

Mr. OSBORNE. Well, I have not seen the particular language. Maybe at some point I did, but I don't remember what you have, but it has been thrown back on the States. We tried many times in the State of Nebraska to get some type of legislation passed and we always had some folks who were saying well, these guys are being exploited and if they can get a little extra money from an agent, they ought to be able to take it and of course that's absolutely ludicrous. And so I philosophically am much in favor of what you're talking about. I think we ought to have a uniform standard. Some of the—a lot of the people who are agents are honorable, but we have an awful lot of dishonorable people and many of them have no professional qualifications. They have no expertise as a financial manager. They have no experience in contracts. They're not attorneys and I don't think you always have to be an attorney in that line of work, but there ought to some minimal standards that an agent should meet and right now there aren't any in most States. And certainly there should be some ethical considerations where if a player is coerced into an illegal contract, there should be a period where he can opts out, where he can get his eligibility back. The agent would be punished. I agree totally.

So I don't think you're going to have any argument with me in what you're proposing.

Mr. GORDON. Even if a State has a law protecting against these types of unethical sports agents, what happens if the athlete goes back to his home State and they don't have that or if you have a road trip and you're going to another State that doesn't have it, then they can talk to them at that time. So I think clearly there are problems here. There's been an attempt to have a uniform legislation, yet we see no more States covered now than we saw earlier.

Mr. OSBORNE. I agree and I remember one time we were down at the Orange Bowl in Miami and the starting quarterback, I was looking for him and we were just getting on the bus to go to the game and here he was sitting on a couch in the lobby and on each side of him was an agent and this guy has got to go out there and play in 2 hours and he's got an agent in one ear and an agent in the other ear. I was not real happy, obviously, at that point and the guy didn't court these guys. They just came up and they were waiting for him when he came out of the elevator. And these guys, if we had a law in Nebraska, might be exempt, I don't know, depending on how it was written because this was in Miami, Florida. So I do believe that there would be some, and I guess this would be in violation of the NCAA wishes, but I would like to see a national standard.

I think we've got to be careful that we don't try to legislate too much. I think there's that tendency in Congress to want to legislate everything, but I would certainly like to see some kind of national standard on agents.

Mr. GORDON. The only halfway credible argument that I could think that the opponents would have and the only opponent of course is the NCAA is that this is a camel's nose on the tent, if you do this, then what else is the Federal Government going to do? Are they going to say that it takes 11 yards rather than 10 yards to get a first down? Do you have concerns about that camel doing anything here?

Mr. OSBORNE. Well, I guess that's always a concern. I'm not a libertarian, so I trust Congress to do the right thing most of the time, but I do see some problems in the present system. We have relied on the States. The States haven't come through uniformly and I think it would be very helpful if we did have a uniform standard nationwide, so I would like to see your language and I'm quite certain I would be very favorable to what you're talking about.

Mr. GORDON. Thank you.

Mr. STEARNS. I thank the gentleman. Mr. Terry?

Mr. TERRY. This is a question to you, Coach, first. There was a statement made that coaches aren't allowed to speak on NCAA matters. Did you ever feel as a coach that you weren't allowed to speak on behalf of students? I know that you couldn't, in Denver, criticize the referees. I did that, but how about just various policies to help students? I remember you being somewhat vocal on matters of students' rights. Did you feel that the NCAA muzzled you when you were coach?

Mr. OSBORNE. No, I don't think so. I felt very free to speak on any issue. I think the idea being that some folks have not come forth on the gambling issue who may be favorable toward gambling, but whatever, they want to avoid the stigma. They're afraid of retribution from the NCAA. And that may be. Maybe we can find some folks out there, I don't know. I haven't run into them, but I'm sure that Congresswoman Berkley may know of some. But I would say the overwhelming number of coaches and players would say that gambling has really not been very helpful and has probably been very harmful to intercollegiate athletics and sometimes in high school because some of the most pressurized situations that

you'll find down in the Gulf Coast of Texas where everybody, they're betting their paycheck, you know? And when your week's paycheck is up for grabs on the high school football game on Friday night, Raymond Barry's dad was a high school coach down there. He said I coached NFL and he said I've never experienced pressure like my Dad did. So gambling affects all of us and certainly the high school athletes as well.

Mr. TERRY. That kind of leads or dovetails into my next question for you to expand on one of the comments that you made and there's at least one member of the audience that was very emphatic in their facial expressions, disagreeing with the comment about laying off or hedging with legal bets in Las Vegas and the State of Nevada and that there is a connection to the black market, underground bookies and a connection to those people in Las Vegas. And when I was at the University of Nebraska in the early 1980's, there always seemed to be the frat house bookie. I was never in a frat, but they were pretty common on campus and when I talked to one of them about how they transact business because I was very curious, he told me exactly what you said they do and that they get to a certain level, then they lay off and then they lay off and it's the big dollars somehow get to Las Vegas. Would you explain how you learned that process or why you feel that it is connected to legal gambling and then Shelley, if you would like to follow up and say your experience, why you think the two aren't related. But I'll let Coach go first, since he's a Nebraskan.

Mr. OSBORNE. We had a guy who was a former player and this was several years after he got out and I always liked the guy and I thought he had a lot of promise and he got started by going to Las Vegas and laying down bets. It wasn't always on intercollegiate sports, but he would fly out there, he would get money from various people and he'd go out there and bet legally, I guess, for those people and I'm sure at one point he must have gotten into college sports betting as well, maybe that was his main activity. So I know for a fact because he told me that that's what he did. And he later spent some time in jail. It was a tragic case because here was a guy that was very talented and that was, among other things, what he started doing.

So I do know that there are cases where if somebody is a small time operator and he can't cover all the action that that is a possibility to go where it is legal, but no matter what parameters we talk about, I do not understand the logic of saying we're going to do this for this group of people, we're going to let some school do more than room, board, books, tuition and fees and all the rest of them have to do room, board, books, tuition and fees. Why would we do that? We don't do that in anything else, so why would we do that here? It does not pass, it doesn't bear scrutiny, I don't believe.

And so—and I think if we're going to make it legal in Las Vegas and we want to be consistent, we believing gambling is good, then let's do it in every state. Let's do it one way or the other. Let's not do 49 and 1. Let's do 50 and 0, one way or the other. And I think that is within the purview of Congress to do that and I think that should be done because we don't do that in very many areas that I know of.

Mr. TERRY. Shelley?

Ms. BERKLEY. Let me make it emphatically clear and I know that the next Panel will probably be able to address this better than I, but laying off bets is absolutely illegal in the State of Nevada and if you are caught, you will go to jail. Now, no one is in favor of illegal betting on collegiate sports. As I said, before you came in, $380 billion is spent illegally every single year in this country; $2 billion is bet through the Nevada sports books where you have to be 21 in order to place a bet and it's a very well regulated industry in the State of Nevada.

If you take this to the final conclusion, if you outlaw, if the line is the problem, well, if it's not legal in the State of Nevada, the FBI is not going to be able to discover with the accuracy that they do now any illegal betting activity that's taking place and any scandals that are taking place throughout the United States on our college campuses and the FBI can testify to that because they testified last year that they were able to use the Nevada books in order to detect any illegal activity.

If the line isn't published in Las Vegas and it is published in the Caribbean where Coach Osborne said it was, then if the line is the problem, then not only would you have to ban the line being posted in the newspapers, then you might as well tell the radios not to broadcast the games and you might as well close down the television stations so that they don't broadcast the games and then the NCAA won't get the $6 billion that they got from CBS in order to broadcast the games and you won't have all of these schools competing for those dollars that the NCAA gives them for winning the championship and being in the Final Four.

So I don't think we want to get into that and I certainly don't think that Congress wants to start regulating the way people behave in their recreational activities in the United States of America. And in the State of Nevada, collegiate sports betting is an amenity and a recreational activity that people partake in when they're coming to Las Vegas to enjoy a wholesome family vacation.

Mr. STEARNS. The gentleman's time has expired. Mr. John?

Mr. TOWNS. Would the gentleman just yield 1 minute?

Mr. JOHN. Sure, I'll be glad to yield to the ranking member.

Mr. TOWNS. I keep hearing this one state. Isn't it five States that have the exemption? I think Montana, New Jersey, Oregon and also Delaware and Nevada makes five.

So it's not just one. I just want the record to reflect that.

Ms. BERKLEY. The difference is nobody else does it, but Nevada.

Mr. TOWNS. Right. But five States have the exemption. Right, thank you.

Mr. JOHN. I want to thank the chairman and the ranking member for putting this hearing together. I believe that Coach Osborne and Ms. Berkley will agree with me that collegiate athletics and sporting events have changed over the last 10 years and some have been for the good and some have been for the bad, but I believe and this is more of a commentary than a question I'd like you guys to comment on it. I believe that the problems that have emerged, good problems or bad problems, have really been about commercialization. Let me give you an example. This is a great example to show you about the money that's involved in collegiate sports.

Now it may be not pleasant for my two colleagues from Tennessee to hear this example, but it's a good example.

LSU this year happened to have a pretty good year. They were in the SEC championship game against Tennessee. The difference between them losing that game and going to the Cotton Bowl and winning that game and going to the Sugar Bowl was $10 million. Ten million dollars was the difference, split up between the SEC schools and the remainder going to the University. When you factor in the TV contracts, the equipment contracts, I don't know of a jersey that I don't see with the Nike swoosh and good for them. And then you've got stadium advertising. I think one of the only unnamed stadiums that I'm aware of as far as professional sports in the country is the Louisiana Superdome and that's about to fall because they've advertised it. But it's all about the money and I think that it is something that we need to look at. Everything trickles from there.

The winning at all costs attitude is what the Knight Commission Report talks about. And what does that mean? That means we must win because if we win, we'll get those big contracts. And I think that really is where the fertile ground is for the unethical treatment of or conduct of some of the athletes, some of the schools that get on probation. And that's really, I believe, the root of some of the problems.

I don't think commercialization is necessarily all bad. There are some good things that come out of the commercialization of college sports. We get to see more games with pay per view, you know. It's entertainment. I happen to be a very big football fan, so it's very good in some ways. But I also believe that it is on the backside that we need to take a look at. We've got amateur status. What does that mean? I think that the definition may have stayed the same, literally, but I think it's taken on a whole different idea of what an amateur status means and how far you can go.

I think there's a whole realm of issues here to deal with. This is the year 2002 and times have changed and maybe we need to change some things about the way we deal with all of this.

One question that I have as a result, involves gambling. Do we know the scope and the magnitude of illegal betting in this country as a percentage of the total bets we're coming off the heels of a Super Bowl and that happens to be from what I am told, one of the biggest gambling sports days of the year because most folks that may not legal or illegal put a bet on a ball game, will do it on the Super Bowl because of all the pomp and circumstances that happen.

Do we know the scope of that? I'm curious, dollar amounts. I mean I don't know the answer to that. Maybe it's a question for the next panel.

Mr. OSBORNE. I don't know that anybody knows. If it's illegal, it's not made public and I'm sure there are estimates and I'm sure folks on the other panel and maybe Congresswoman Berkley can give you some figures. I could not do that.

Mr. JOHN. And I apologize, I understand that maybe this question was answered earlier. Go ahead, Shelley, I'm sorry.

Ms. BERKLEY. Okay, I actually did mention it, but I'm glad you brought it up again. According to the FBI, approximately $380 bil-

lion is bet illegally in this Nation every year and $2 billion is bet legally in the State of Nevada, but if I could direct your attention to H.R. 641, one of the provisions of 641 is that we actually conduct a study to see the depth of the problem and what we can do in order to fix it before we pass any legislation that outlaws legal sports betting in the State of Nevada where it's only legal and practiced in one state. So I would submit that if we pass and perhaps with the NCAA support, H.R. 641, that we can conduct studies, do an investigation and find out the depth of the problem, what we're talking about before we try to fix something that we don't know what it is we're trying to fix.

Mr. JOHN. That's my follow-up question. This is nothing new. I mean sports betting has been around for quite a while. I guess the bottom line answer is there's some legislation out there. Should we make all sports on collegiate betting sporting events illegal? Okay, let's look at that from a standpoint of if we do that, does it solve our problem and I'd like for either one of you to answer that. I mean if we make it illegal, does it stop the, as my friend from Nebraska says, the frat bookies? Because they were there in 1980 when I was at LSU.

Mr. OSBORNE. No, it isn't going to stop that. We understand that. And we're not going to stop counterfeiting. At one time we couldn't stop bootlegging, but the question is what is the national stance? What are we going to do? What is the standard? This is the body that's supposed to set the standards and are we going to say okay, we give you a pass and we don't give you guys a pass. That's the thing that I can't understand.

One other thing I might mention is that until, I believe, this last year, it was illegal in the State of Nevada to bet on teams from the State of Nevada in Nevada. Now somebody might have recognized the fact that there was the potential for great harm here. Now once this began to come to light and this legislation was brought forward, then that loophole or that was plugged and they began to say we can bet on our own teams, but for a period of time, they could not bet on Nevada teams in Las Vegas or in Nevada and I think because people recognize that there are some inherent harms. And the reason I am here today is that there were four major scandals on college campuses in the 1990's and that was more than we had had since 1940 combined. And so it is a huge problem and if Congress is going to sit here and look the other way to some degree and I grant you that there's a lot that's going on on college campuses and we're not going to put it out, but do we let that go in one State and send a signal that it's okay? And the last thing I would mention is this. The mention has been made that the FBI says well, this is a valuable took that we have Las Vegas that we can go to because that's the tip.

I would like those who follow to give us some data as to how many cases actually were uncovered by the FBI because my understanding, it's usually because somebody talked. And it may be a case where the FBI picked up on some unusual odds, but I believe in the great majority of cases that has not been the case, but that is my conjecture and I may be wrong.

Mr. JOHN. Coach, real quick, and I know I'm pretty much out of time, but if the chairman——

Mr. STEARNS. Go ahead, Mr. John.

Mr. JOHN. [continuing] will give me a little latitude here. The four incidents that you referred to in the 1990's, is there any way to connect them to commercialization or the money in sports or gambling? Or were you specifically talking about gambling situations?

Mr. OSBORNE. These were gambling situations.

Mr. JOHN. They were all gambling situations?

Mr. OSBORNE. Yes.

Mr. JOHN. They didn't have to deal with students getting cars and jobs and other things?

Mr. OSBORNE. They were point shaving and that type of thing. As I said——

Mr. JOHN. Are there still incidents to your knowledge in schools where violations and probation arise out of commercialization and the money that's involved in college athletics?

Mr. OSBORNE. As I mentioned earlier, my experience is that the number of outright violations of cars, the clothes and the cash, that type of thing,k has decreased dramatically. I would say by 90 percent. After SMU got the "sudden death" penalty in 1985, I didn't see—we recruited nationwide. Most schools recruit in two or three States. We recruited everywhere. And so we had a pretty good feel as to what was going on around the country. We didn't know everything, but I can honestly say we went about 10 years there and I didn't think that I had a player bought away from us.

Mr. JOHN. That's because of the enforcement or the recognition that it was happening?

Mr. OSBORNE. Well, I think the "sudden death" penalty sent quite a signal. SMU was shut down for 2 years. They didn't play a game. And when that happened, I think people realized that this was serious business. Most coaches now have written into their contract, that if they knowingly violate the rules, they're gone. And they get no compensation. That's very appropriate.

Mr. STEARNS. The gentleman's time has expired.

Mr. JOHN. I thank the chairman.

Mr. STEARNS. Mr. Pitts.

Mr. PITTS. Thank you, Mr. Chairman. Thank you, Representative Berkley and Representative Osborne for your testimony.

Representative Berkley, you mentioned that $380 billion is wagered illegally in sports betting according to the FBI. Do you know how much of that is wager illegally for collegiate sports?

Ms. BERKLEY. That is the collegiate sports amount.

Mr. PITTS. $380 billion. Do you know how much is wagered on professional sports illegally?

Ms. BERKLEY. I do not know. I could—$380 billion is bet illegally in this country every year. About a third of that is bet on collegiate sports.

Mr. PITTS. One third on collegiate. Do you know what percentage of legal sports wagering is for collegiate sports?

Ms. BERKLEY. Say that again?

Mr. PITTS. What percentage of legal sports betting is wagered on collegiate sports?

Ms. BERKLEY. I believe $2 billion is bet legally on collegiate sports in Nevada's books.

Mr. PITTS. That's collegiate.

Ms. BERKLEY. Yes.

Mr. PITTS. Thank you. And can you tell us where the majority of this sports betting is conducted? Is it in local communities? Is it internationally? Is it off-shore? Do you have—does the FBI know that?

Ms. BERKLEY. I believe we can provide you the information, but it's my understanding that that's—most of that illegal sports betting on collegiate sports is bet on the college campuses.

Mr. PITTS. I guess I have a couple questions on just the general welfare of student athletes, either of you can respond. Are the current rules and regulations regarding amateur athletes being adhered to and being enforced. Coach Osborne, you might want to respond. And are collegiate athletes more susceptible to outside influence than professional athletes?

Mr. OSBORNE. Well, yes, I guess my feeling is as far as NCAA rules there is greater adherence now than there was 20 to 30 years ago. It's not perfect, but it's a lot better than what most people think. For instance, an athlete is only allowed 20 hours a week at practice. We have to document that. I mean we could not have 4 hour practices. We never practiced more than 2 hours. And that included the weight room. That included anything that you did. And at one time, there were kids spending 60 hours a week on their sport and they had to go to school. And I think that that's fairly well enforced. I'm sure there's people that fudge on it and some people require some Sunday deal and they don't count it and they shouldn't do that. As far as medical care, somebody mentioned earlier that if you provide it for athletes, you've to pay for all the other students on campus, but I guarantee you, we didn't give a knee operation to everybody in the University of Nebraska that hurt their knee in intramural sports. We took care of our players. And that was perfectly legitimate. And I don't care what it was, if it was football-related, they got taken care of and they got the best that was available. We sent them to specialists. The drug testing, I think that you'll find that the number of drug cases in NCAA sports is probably 2 percent or less. And you won't find that anyplace else, in high schools, junior high schools or colleges. It is regulated and we got rid of them if they couldn't handle it.

The graduation rates aren't what they should be, but the problem is we got those guys sometimes within 3 hours of graduation and the agent grabbed them when they were done with their eligibility, so we tried very hard to get them graduated before their eligibility was done. And if it's a 4-year player, you only had 3½ years. And after that, the agents had at them and NFL and all that type of thing and that really is very difficult.

The other thing is the way it's computed in graduation rates. As you probably know, if a player comes to your school, decides to transfer to another school and then graduates, he counts as a zero for your school. You bring in 25 guys in football and you have 5 of them transfer and they all graduate, you're already down to 80 percent because you've lost those 5 as far as your graduation rates. So sometimes those graduation rates are a little misleading. We did graduate at roughly 70 percent of our players which I thought was pretty good under the circumstances, but still, anyway, I think

that things are relatively good, but the commercialization is huge and going from 9 games to 12 in football which is standard now and it's strictly to make money because football makes money. In some cases, basketball makes money and you're having to pay for Title IX and all of the other sports. And so we've had a tremendous exponentially large increase in sports. We've gone from 15 sports to 21, 22, 23, sometimes 30 sports. And it's very difficult to pay for that and football and basketball are basically doing it.

Mr. PITTS. And do you want to comment on the susceptibility of college athletes to outside influences in comparison to professional athletes, Coach? Are they more susceptible?

Mr. OSBORNE. Well, sometimes. I mentioned that most college athletes probably 50 percent live below the poverty line. We've had guys, we make them eat on the training table because if you gave them the money they would spend it the first 3 weeks and sometimes the last week they were—they didn't have enough to each on, so they had to eat on the training table. And so that makes you susceptible and that's one reason I say that it shouldn't be room, board, books, tuition and fees. It should be room, board, books, tuition, fees, plus cost of attendance which is extra money for travel and clothing and most clothes that figure is available and runs around $3,000 extra. The Pell Grant, somebody mentioned that earlier, the Pell Grant is not over and above the scholarship. It can be figured in. You can cut down on the scholarship if a walk on comes and doesn't have scholarship, he can use a Pell Grant, but you get up to the room, board, books, tuition and fees.

Mr. PITTS. Thank you, my time is up.

Mr. STEARNS. I thank you. The gentleman's time has expired. All questions, I think, have been expired, so we want to thank my colleague, Ms. Berkley and my colleague, Mr. Osborne, very much for your indulgence and your helping us out in this hearing and we'll see you later.

And now our second Panel will come forward. Bill Saum, Director of Agent, Gambling and Amateurism Activities, the National Collegiate Athletic Association; Mr. Frank Fahrenkopf, Jr., President and CEO, American Gambling Association; our former colleague, Tom McMillen from Knight Foundation, the Knight Commission on Intercollegiate Athletics; and Mr. Ramogi D. Huma, Chairman, Collegiate Athletes Coalition; and Mr. Michael Aguirre, Division I Student-Athlete Advisory Committee of the National Collegiate Athletic Association and Mr. Lennon is available to answer questions, if you have them.

So we'll just start from my left and go to my right.

Mr. Saum, we welcome you and look forward to your statement.

STATEMENTS OF WILLIAM S. SAUM, DIRECTOR OF AGENT, GAMBLING AND AMATEURISM ACTIVITIES, NATIONAL COLLEGIATE ATHLETIC ASSOCIATION; FRANK J. FAHRENKOPF, JR., AMERICAN GAMING ASSOCIATION; TOM McMILLEN, THE KNIGHT COMMISSION ON INTERCOLLEGIATE ATHLETICS; RAMOGI D. HUMA, CHAIRMAN, COLLEGIATE ATHLETES COALITION; AND MICHAEL AGUIRRE, NCAA DIVISION 1, STUDENT-ATHLETE ADVISORY COMMITTEE

Mr. SAUM. Thank you, Mr. Chairman. On behalf of the National Collegiate Athletic Association, I am pleased to have this opportunity to provide the committee with the NCAA's perspectives on the impact of sports wagering on college athletics. The NCAA membership has adopted specific legislation prohibiting athletics department staff members, conference office staff members and student athletes from engaging in sports wagering activities as they relate to intercollegiate or professional sporting events.

As a sports organization, the NCAA is well aware of the direct threat of sports wagering that it poses on the integrity of intercollegiate contests. We are all aware of the recent point shaving scandals on the campuses of Arizona State University and Northwestern University. According to Federal law enforcement officials, more money was wagered in the Arizona State case than on any other point shaving scam in the history of college athletics. It is important to note that over $1 million was wagered legally in Nevada casinos in the Arizona State case.

A blanket prohibition on collegiate sports wagering will significantly reduce the outlets available for placing wagers. The NCAA also supports legislation to clarify the ban on internet gambling. The proliferation of internet gambling is fueling the growth of illegal sports gambling on college campuses across the country. Federal legislation would make it clear that internet technology cannot be used to circumvent existing laws which prohibit sports gambling.

The profile of the typical college student who gambles is someone who believes he or she can control his or her own destiny, is willing to take risks and believes that he or she possesses the skill to be successful in their endeavor. In other contexts, these are considered positive characteristics. These are traits that we recruit our athletes, but this profile is representative of many college athletes and may, in part, explain why some student athletes are drawn to sports wagering.

NCAA investigations have revealed that there is a high incidence of wagering among college students. It is believed that student bookies are present at every institution. The advent of internet wagering, which now enables college students to place wages over the internet from their dorm rooms raises even greater concern. There is certainly no dispute that the impact of sports wagering is being felt on college campuses across the country.

On June 18, 1999, the federally appointed National Gambling Impact Study Commission convened by Congress to examine the effects of sports wagering on the American society issued its final report after a 2-year comprehensive study. The Commission's report included a recommendation urging all currently legal sports wagering be banned. In making this recommendation the Commission

said "sports wagering threatens the integrity of sport. It puts student athletes in a vulnerable position. It can serve as a gateway behavior for adolescent gamblers. And it can devastate individuals and careers."

Placing legal wagers on games played by young people should not be permitted. The existence of any type of gambling, illegal or legal, on sporting events is a direct threat to the integrity of the contest. The legally and illegally wagered dollars on college sporting events are thought to be in the billions. Complicating the matter is the money is laundered of illegal sports books through legal sports books. Steve DuCharme, former chair of the Nevada Gaming Control Board, is quoted in a February 1999 Sports Business Journal article as saying the following: "We've taken steps to crack down on the amount of illegal money being laundered through legitimate sports books. We really have no way of knowing how much is laundered through the legal sports books. Based on transcriptions of wire taps, it is millions of dollars."

The NCAA has taken significant steps to address the very real problems associated with wagering on college sports. The NCAA has established policies that prohibit sports wagering by college athletics personnel, student athletes, and we, NCAA, employees. The NCAA has instituted background checks on men's and women's basketball officials. This was done to ensure that the game officials have not been involved in sports wagering issues. In addition, the NCAA sponsors the following: educational programs that provide assistance to campus administrators to conduct sports wagering workshops, broadcast of anti-sports wagering public service announcements during games on CBS and ESPN, the production of a booklet in partnership with the National Endowment of Financial Education entitled "Don't Bet on It" and also working with our student athletes on financial management strategies.

Legalized amateur sports wagering in Nevada continues to blunt efforts of the NCAA and higher education to combat college sports wagering. The insidious effect of legalized wagering on college sports has crept far beyond the Nevada State line. By clearly making gambling on college sports illegal everywhere, all the time, we will strengthen our efforts to maintain the integrity of college sports. This Nation's college and university system is one of our greatest assets. Betting on the outcome of college sporting events tarnishes the integrity of the sport and diminishes the esteem in which we and the rest of the world hold the United States' colleges and universities. While we recognize that a ban of college sports wagering will not eliminate all gambling on college sports, it is a significant start.

Our goal is to protect the student athletes and remove the unseemly influences of sports wagering on our amateur athletics and the games they play. We look forward to working with you to close the gap that does not allow legal betting on college sports to continue, but also fuels illegal betting on college games.

Thank you.

[The prepared statement of William S. Saum follows:]

PREPARED STATEMENT OF WILLIAM S. SAUM, DIRECTOR OF AGENT, GAMBLING AND AMATEURISM ACTIVITIES, NATIONAL COLLEGIATE ATHLETIC ASSOCIATION

On behalf of the National Collegiate Athletic Association (NCAA), I am pleased to have this opportunity to provide the committee with the NCAA's perspectives on the impact of sports wagering on college athletics, students and student-athletes.

The NCAA is a tax-exempt, unincorporated association of approximately 1,260 colleges, universities, athletics conferences and related organizations devoted to the regulation and promotion of intercollegiate athletics for male and female student-athletes. Like many other sports organizations, the NCAA has a clear, direct policy regarding sports wagering. The NCAA prohibits participation in any form of legal or illegal sports wagering because of its potential to undermine the integrity of sports contests and jeopardize the welfare of the student-athlete and the intercollegiate athletics community. The NCAA membership has adopted specific legislation prohibiting athletics department staff members, conference office staff and student-athletes from engaging in sports wagering activities as they relate to intercollegiate or professional sporting events. These same rules apply to NCAA national office staff.

Impact on the Integrity of the Sports Contest

As a sports organization, the NCAA is well aware of the direct threat sports wagering poses to the integrity of each intercollegiate contest. In the early 1950s, the academic community and the public were shocked to learn that the City College of New York men's basketball team was involved in a point-shaving scandal. We are all aware of recent point-shaving scandals on the campuses of Arizona State University and Northwestern University. The magnitude of these and similar incidents should not be underestimated. According to federal law enforcement officials, more money was wagered in the Arizona State case than on any point-shaving scam in the history of intercollegiate athletics. It is important to note that over $1 million was wagered legally in Nevada casinos in the Arizona State case. Likewise, in the Northwestern case, wagers were placed legally in Nevada casinos.

Both legal and illegal sports wagering have been at the heart of nearly every major collegiate sports wagering scandal. However, the presence of any type of sports wagering, whether it be legal or illegal, is a potential threat to the integrity of our contests. We believe that eliminating sports wagering will provide important positive benefits for intercollegiate athletics. Nevada casinos have been helpful in monitoring unusual shifts in wagering on college games, but this alone does not ensure protection from point-shaving scandals. In fact, some point-shaving scandals have used Las Vegas sports books without being detected. A blanket prohibition on collegiate sports wagering will significantly reduce the outlets available for placing wagers and, in doing so, will undoubtedly have an impact on the number of individuals betting on the games. The NCAA also supports legislation to clarify the ban on Internet gambling. The proliferation of Internet gambling is fueling the growth of illegal sports gambling on college campuses across the country. In 1992, Congress enacted the Professional and Amateur Sports Protection Act to prohibit the spread of state-sponsored sports gambling. The intent of Congress in enacting this statute is being undermined by the growth of Internet gambling. Federal legislation would make it clear that Internet technology cannot be used to circumvent existing laws, which prohibit sports gambling.

The influence of sports wagering is far reaching, and sports organizations continually live in fear that sports wagering will infiltrate and undermine the contest itself.

Impact on Student-Athletes

As director of agent, gambling and amateurism activities, and a former campus administrator and coach, I am acutely aware of the impact sports wagering can have on the lives of college student-athletes. I have witnessed students, their families and institutions publicly humiliated. I have seen students expelled from college, lose athletics scholarships worth thousands of dollars and jeopardize any hope of a professional career in athletics. In most cases, the scenario is strikingly familiar. Student-athletes who have begun wagering on sports incur losses beyond their means to repay and, as a result, become vulnerable to point-shaving schemes. Sometimes they participate in such activities voluntarily in a desperate attempt to erase their outstanding debt; other times, they are compelled by the threat of personal injury. In the latter cases, organized crime is often involved, and there are cases where student bookmaking operations can be traced back to organized crime.

The profile of the typical college student who gambles is someone who believes he/she can control his/her own destiny, is willing to take risks and believes that he/she possesses the skill to be successful in this endeavor. In other contexts, these are

considered positive character traits. This profile is representative of many college athletes and may, in part, explain why some student-athletes are drawn to sports wagering.

NCAA investigations have revealed that there is a high incidence of wagering among college students. It is believed that student bookies are present at every institution. The advent of Internet wagering, which now enables college students to place wagers over the Internet from their dorm rooms, raises even greater cause for concern. There is certainly no dispute that the impact of sports wagering is being felt on college campuses across the country.

National Gambling Impact Study Commission Recommends Ban on College Sports

On June 18, 1999, the federally appointed National Gambling Impact Study Commission convened by Congress to examine the effects of sports wagering on American society, issued its final report after a two-year comprehensive study of all forms of legal gambling activity.

The commission's report included a recommendation urging a ban on all currently legal sports wagering on college and amateur sporting events. In making this recommendation, the commission said, "Sports wagering threatens the integrity of sports, it puts student-athletes in a vulnerable position, it can serve as a gateway behavior for adolescent gamblers, and it can devastate individuals and careers."

Placing legal wagers on games played by young people should not be permitted. The existence of any type of gambling, illegal or legal, on sporting events is a direct threat to the integrity of the contest. Participants in college sporting events are even more susceptible (than professional athletes) to outside influences who may attempt to exert pressures on them to "fix" the outcome of a contest. The development of new gambling technologies, such as programs designed to allow casino bettors to wager on each individual play in a game, will undoubtedly increase the likelihood that college student-athletes will be pressured and enticed into schemes where they participate in influencing the outcome of a given college sporting contest. We must remember that these are young people; betting on their performance is unseemly and inappropriate.

Legal College Sports Wagering Operations Provide Avenue for Illegal Sports Wagering Money Laundering.

The legally and illegally wagered dollars on college sporting events are thought to be in the billions. Complicating the matter is the money laundering of illegal sports book dollars through legal sports books. Steve DuCharme, former chair of the Nevada Gaming Control Board, is quoted in a February 1999 Sports Business Journal article as saying:

> "We've taken steps to crack down on the amount of illegal money being laundered through legitimate sports books. We really have no way of knowing [how much is laundered through the legal sports books]. Based on transcriptions of wiretaps, it is millions of dollars."

These are clearly federal law enforcement issues, meriting a federal solution.

Discontinuation of College Sports Wagering Would not Result in a Serious Threat to the Nevada Economy.

Fears that federal legislation prohibiting sports wagering in Nevada will be a "serious threat" to the Nevada economy are not supported by the facts. In 2000, approximately $2.3 billion was wagered in Nevada sports books. Casinos retained $124 million, approximately 5.33 percent of the total amount wagered on sports. According to Mr. DuCharme, the amount kept by casinos on sports wagering is "very small" compared to other casino games. Furthermore, the amount wagered on college sports is only a little more than one-third of the total. In an industry driven by billions of dollars (2000 total casino revenues were $9.6 billion), the elimination of collegiate sports wagering will have little impact on state revenues or on the casinos' bottom line. The amount bet on college sports is reportedly only four-tenths of one percent of overall casino revenues.

The existence of legal sports wagering in Nevada is actually limiting the growth of the Nevada economy in some regards. Most amateur and professional sports leagues have policies against franchise location and events staged in Nevada because of the presence of sports wagering.

College Sports Wagering Serves as a Gateway for Youth to Addictive Gambling Behavior—Youth Gambling Problem is a Concern.

We are concerned that legal collegiate sports wagering fuels a much larger illegal collegiate sports wagering trade, impacting America's youth at an alarming rate. Sports wagering is a serious problem among teenagers under the age of 18. A 1999 Gallup Poll reports that teenagers say they start betting on college sports at age

10 and bet on college sports at twice the rate of adults. Called "the addiction of the 90s" by the American Academy of Pediatrics, its research indicates that there are over one million United States teens who are addicted to gambling. A recent Harvard School of Medicine report estimates that six percent of teenagers under 18 have serious gambling problems. In a June report of the 1999 Gallup Poll, 18 percent of teenage respondents said they had bet on college sports, contrasted with nine percent of adults who wagered on college games. The National Gambling Impact Study Commission report calls sports wagering "a gateway behavior for adolescent gamblers." Prohibiting college sports wagering everywhere in the United States would send a clear signal that the activity is illegal. In addition, a federal prohibition would put an end to the mixed message to our young people, limit exposure and reduce the numbers of people who are introduced to sports wagering.

NCAA Takes Concrete Steps to Address College Sports Wagering—Adopts No-Nonsense Policies and Education Outreach Programs.

The NCAA has taken significant steps to address the very real problems associated with wagering on college sports. The NCAA has established policies that prohibit all sports wagering by campus athletics personnel, student-athletes and NCAA employees. Student-athletes are not eligible to compete if they knowingly provide information to individuals involved in organized gambling activities concerning intercollegiate athletics competition; solicit a bet on any intercollegiate team; accept a bet on any intercollegiate team; accept a bet on any team representing the institution or participate in any gambling activity that involves intercollegiate athletics through a bookmaker, parlay card or any other method employed by organized gambling. Similar expectations apply to coaches, directors of athletics and NCAA employees. The NCAA has instituted background checks on men's and women's basketball game officials. This was done to ensure that the game officials have not been involved in sports wagering issues. In addition, the NCAA sponsors the following: educational programs that provide assistance to campus administrators to conduct sports wagering workshops, broadcasts of anti-sports wagering public service announcements during the championship games aired by CBS and ESPN, production of a booklet in partnership with the National Endowment for Financial Education entitled "Don't Bet On It," which educates students about the dangers of sports wagering and acquaints them with good financial management strategies. We also are currently working to develop research in the area of youth gambling and campus gambling.

The NCAA and its Membership are Committed to Improving the Student-Athlete Experience

Opponents of an effort to prohibit gambling on college sports in all states criticize the NCAA for reaping profits from college sports while not investing more in gambling prevention programs. As previously mentioned, the NCAA supports a number of programs that address the sports wagering issue. In addition, a portion of the NCAA's revenues fund programs such as the student-athlete assistance fund, graduate assistance fellowships, life skills education, clinics for disadvantaged youth, and many other programs designed to support and enrich the college experience for student-athletes. The NCAA's 84 championship events for men and women at the Divisions I, II and III levels are funded through the television rights revenues. However, the vast majority of NCAA revenues are returned to NCAA Divisions I, II and III member colleges and universities to help support their athletics programs. It costs $3.4 billion every year for our member schools to provide the more than 335,000 student-athletes with an opportunity to play college sports. The NCAA and its member institutions continue to examine ways to provide student-athletes with more support and enrichment opportunities, including gambling-related education, research and outreach activities.

Conclusion

Legalized amateur sports wagering in Nevada continues to blunt efforts of the NCAA and higher education to combat college sports wagering. The insidious effect of legalized wagering on college sports has crept far beyond the Nevada state line. Even though sports wagering is illegal in nearly every state, point spreads on college games are published in newspapers across the country, bookies are common fixtures on college campuses and new technologies allow bets on college games to be placed over the Internet or in a casino in innovative ways. The dollars involved are big and escalating every year. By clearly making gambling on college sports illegal everywhere all the time, we will strengthen our efforts to maintain the integrity of college sports.

This nation's college and university system is one of our greatest assets. We offer the world the model for postsecondary education. Betting on the outcome of college

sporting events tarnishes the integrity of sport and diminishes the esteem in which we and the rest of the world hold United States colleges and universities. While we recognize that a ban on collegiate sports wagering will not eliminate all gambling on college sports, it is a significant start. Our goal is to protect student-athletes and remove the unseemly influences of sports wagering on our amateur athletes and the games they play. We look forward to working with you to close the gap that has not only allowed legal betting on college sports to continue but also fuels illegal betting on college games.

Mr. STEARNS. I thank the gentleman.

Mr. Fahrenkopf.

STATEMENT OF FRANK J. FAHRENKOPF, JR.

Mr. FAHRENKOPF. Thank you, Mr. Chairman, members of the committee. Mr. Chairman, I've wandered the halls of this Congress for almost 20 years now and prior to that time the halls of my State legislature in Nevada and I've always thought that the basic test for any proposed piece of legislation is that there should be a demonstrable cause and effect relationship between the purported problem to be addressed by the legislation and the proposed legislative action. I think in many ways Congressman John asked questions relating to that. We submit to you that the proposal by the NCAA in dealing with this issue fails, not only the so-called nexus test, but more importantly I think they fail the students who they should be serving. And I'm not only talking about student athletes. I'm talking about the general student body on campuses.

We accept as valid the allegations of the NCAA, in fact, they've testified not only on the Hill here, but testified twice before the National Gambling Impact Study Commission that every college campus in America has an illegal student bookie on that campus taking illegal bets from students on NCAA sanctioned events. We don't argue with that. And with the numbers that many of your questions have already brought out from earlier witnesses, it's not surprising. $380 billion is a lot of money and I see Congressman Pitts has left, about one third of that amount is bet on college sports. And in Nevada, on the 1 percent that's bet in Nevada legally, it's also about the same ratio, one third of the amount that's bet. And I want to make clear that in Nevada, not only is it regulated and policed and taxed as Congresswoman Berkley indicated, and you not only have to be 21, but you have to be physically present within the State of Nevada. You can't pick up the telephone from DC or your home State and call Nevada and place a bet. Physically present within the boundaries of the State of Nevada. That's very, very important and I'll come back to that in a moment.

Now I've always considered Tom Osborne a god. Great coach and a god to me. In fact, in my old political days I had him testify twice before the platform committee of the Republican Conventions that I presided over and I hate to disagree with him, but I do have to disagree with him on two things. No. 1, there was some testimony he gave about four incidents in the 1990's which exceed all the—you have a packet from us. And in that packet, there's a chart. It shows that between 1945 and 1974, there were 42 incidences of point shaving. There were no Nevada sports books then. Since then, since 1975, there have only been 4 instances. And the citations are here where you can find a listing of those. So I disagree with the coach and I think he got bad research from somebody.

I also disagree with him on the use of the word "loophole." He used that word with regard to Nevada. If you go back and look at the legislative history in both Houses of this Congress, in 1992, when PASPA was passed, Nevada and four other States were granted exemptions. Nevada, the legislative history says because of their strong history of tight regulation, control and policing and because of its contribution to the economy of the State of Nevada. Three other States had State lotteries that were using wagers on athletic events. They were grandfathered. And the State of New Jersey was given 1 year from the passage of PASBA to decide whether or not they wanted to put in place legal sports books. So it was not a loophole in any sense of the word.

Now I don't disagree with anything else except one other thing that Coach Osborne said. When he talked about stress and pressure on athletes and coaches, that's not coming from Nevada. The stress and pressure on those athletes and coaches are coming from the illegal bookies that are on those campuses and surround those campuses, that are out in the parking lot before those games. It's not Nevada. And there's no evidence whatsoever. This is the fourth or fifth hearing on the Hill that I've attended. Some I've testified in in the last 3 or 4 years. Not one single witness has said and Coach Osborne himself said, that doing away with the legal sports wagering in Nevada is not going to solve the problem that is being faced.

The only allegation of any impact whatsoever is that somehow bets are being laid off. And let me tell you, maybe it was possible 10 or 20 years ago. Anybody who bets $2500 or more on a sports wager in Nevada where it's legal has to not only show identification, but has to fill out forms showing Social Security Number and other information much similar to what we get with our securities reporting requirements that banks and other financial institutions have to do, historically, that's been out there for money laundering and that you've all been with concerned with with the Patriot Act and some of those things with the Bank Secrecy Act. So they can't do that . The average bet in a sports book in Nevada is $50. And if the total amount being wagered on sports is $380 billion and we know that 1 percent is being wagered in Nevada, there's certainly not much being laid off. If you get law enforcement people in front of you, they'll tell you it is not being laid off in Nevada. That small time bookies lay it off in big cities with other illegal bookies. That's where it's being laid off, not in Nevada. And clearly, the question of what should be symbolic about whether you like sports wagering or not, isn't enough and the Congresswoman touched on it for a moment. If you in your State have a State lottery that you control, that you regulate or you have horse racing or you have dog racing, it all takes place within the borders of your State under the tenth amendment to the Constitution. And we feel very strongly that what is going on with sports wagering in Nevada takes place only within the State, only affects people who are physically present and there are severe tenth amendment problems.

So what is the right approach? Where can we get the nexus? And I, Mr. Chairman, would submit that the NCAA actually came up with solutions. You have in your packets a letter, written by Cedric Dempsey, the President of the NCAA, to the National Gambling

Impact Study Commission. This was at hearings very much like this where they laid out the problem. The Commission said what do you recommend NCAA? What should we do to solve the difficulties that you're talking about? And here it is. Nowhere in this document does it say anything about doing away with legal betting in Nevada. Mr. Saum testified on two separate occasions before that Commission and said they had no effort and they were not making any effort to do away with Nevada, but they did make some suggestions. The NCAA talks about the Commission saying that they supported doing away with the ban and that's true. In one of the only decisions made by that Commission that was not unanimous, it was a 5 to 4 vote to take that position. And it was based on the assumption, by those who supported it, if you look at the history, Mr. Chairman, based on the assumption that if you did away with the legal sports books in Nevada, that you would do away with the point spreads and the point spreads would no longer be published in newspapers of the United States. You also have in your packet from testimony before the Judiciary Committee of this House, a letter from the American Association—and I'll finish up real quick—of Newspapers saying look, it's constitutional first amendment right for us to publish them and they don't come from Nevada. As Coach admitted, Danny Sheridan who is the leading analyst in the country and does this points spread for USA Today lives in Mobile, Alabama, not in Nevada. So the problem is not in Nevada. We believe and we've got that chart. I'm not going to go through it now, my time is up, maybe it's a question, that Nevada's part of the solution, not the problem.

Mr. STEARNS. Your time is up.

Mr. FAHRENKOPF. Thank you, Mr. Chairman.

[The prepared statement of Frank K. Fahrenkopf, Jr. follows:]

PREPARED STATEMENT OF HON. FRANK J. FAHRENKOPF, JR., PRESIDENT AND CEO, AMERICAN GAMING ASSOCIATION

In recent years, increasing attention has been focused on illegal gambling, particularly among youth. One of the most common forms of gambling engaged in by youth is sports betting. According to studies by the University of Michigan, University of Cincinnati and the University of Memphis, illegal gambling is flourishing on college campuses nationwide. The National Collegiate Athletic Association (NCAA) itself concedes that there are illegal bookies on nearly every college campus in America.

While we agree that there is a problem, we disagree with the NCAA's simplistic "solution." The gaming industry is among those supporting comprehensive legislation that would increase enforcement and penalties, evaluate the extent and causes of illegal gambling, and require schools to put in place education programs for their students. By contrast, the NCAA is advocating a constitutionally questionable federal ban on legal college sports wagering in Nevada. Despite the NCAA's unsubstantiated claims, its proposal would do nothing to eliminate the widespread illegal gambling occurring on college campuses and elsewhere in this country.

BACKGROUND

In 1992, the U.S. Congress passed the Professional and Amateur Sports Protection Act (PASPA), which banned sports wagering in all states except those that already had authorized it. PASPA's primary goal is to prevent state lotteries from basing games on sporting contests. As part of a carefully crafted legislative compromise, PASPA expressly permits Nevada to continue offering state-regulated sports wagering. According to the Senate Judiciary Committee report on PASPA, Sen. Rpt. 102-248: "[The committee] has no wish to apply this new prohibition retroactively . . . Neither has the committee any desire to threaten the economy of Ne-

vada, which over many decades has come to depend on legalized private gambling, including sports gambling, as an essential industry . . ."

Despite the fact that it is illegal in every state except Nevada, sports wagering has flourished nationwide. The National Gambling Impact Study Commission's final report in 1999 estimated that between $80 billion and $380 billion is wagered illegally on sports every year in this country. According to Danny Sheridan, a sports analyst for USA Today, up to $10 billion is wagered illegally during March Madness alone.

The amount of illegal sports betting dwarfs the relatively small amount bet legally in Nevada, which represents only a tiny fraction—1 percent to 3 percent—of all sports betting. In Nevada's sports books, only adults over age 21 who are physically present in the state can wager on sporting events. The typical wager is less than $50.

The genesis of the recent congressional debate over illegal sports betting stems from the final report of the National Gambling Impact Study Commission (NGISC), which from 1997 to 1999 studied the effects of legalized gambling in the United States. The NCAA testified twice on this subject before the commission—stating under oath that it had "no interest" in seeing a federal ban extended to Nevada. In response to a request from the NGISC, the organization also outlined its recommendations to address illegal gambling. In a January 1999 letter to the commission, NCAA President Cedric Dempsey described a comprehensive solution, including research and study of college gambling, education and outreach, legislation prohibiting Internet gambling, and stricter penalties and enforcement of existing laws. In contrast to these recommendations, the NCAA now focuses only on a misguided legislative agenda that implements none of its original recommendations.

As part of its final report, the NGISC made two unanimous recommendations to the federal government relating to sports betting. The commission recommended that 1) the National Institute of Justice or another appropriate federal agency investigate the extent of adolescent participation in illegal gambling and all forms of legal gambling; and 2) the NCAA and other educational institutions take steps to reduce illegal gambling, particularly among young people. Unlike nearly all of the other recommendations included in the NGISC's final report, the commission voted by a bare majority to recommend to the states that all sports betting be made illegal. The commission did so based largely on the erroneous assumption that ending legal wagering in Nevada would stop point spreads from being published in newspapers nationwide.

THE ISSUE

The NCAA itself has confirmed that there is a serious problem with illegal betting on college campuses. Instead of focusing attention on its own college campuses, however, the NCAA has pointed the finger at Nevada's legal sports books, claiming that the problem of illegal gambling by minors on campus "cannot be adequately addressed" until sports betting by adults is illegal in Nevada.

That argument is faulty for a number of reasons:

There is no connection between what occurs legally in the state of Nevada—where sports wagering by adults is regulated, policed and taxed—and what occurs on college campuses. Students can easily place bets from their own dorm rooms, using their personal computers to access the Internet and its thousands of offshore Web sites offering sports betting. They also have access to illegal student bookies, whom the NCAA says are on nearly every college campus in America. By contrast, betting in Nevada sports books is limited to those over age 21 and physically present in the state.

Just because gambling is legal for adults and regulated in Nevada doesn't mean illegal underage activity elsewhere can't be effectively addressed. Gambling is one of many activities that are legal only for adults over age 21. As with the campaign to stop underage drinking, the gaming industry, educators, the government and others all must work together to prevent underage gambling. Nobody is seriously suggesting, for example, that alcohol needs to be banned everywhere in order to address underage drinking. We tried that simplistic approach with Prohibition and it did not work.

The isolated point-shaving incidents that did occur in the mid-1990s originated outside of Nevada with illegal student bookies. For business and ethical reasons,—Nevada's sports books share the NCAA's commitment to the integrity of college sports. However, Nevada's sports books cannot prevent every point-shaving incident from occurring because they originate outside of the state; it is the responsibility of the educational institutions, in conjunction with law enforcement, to address an issue that starts on their campuses among their students. What the sports books

can do—and have done for years—is share betting information through a direct computer link with the NCAA. The NCAA publicly acknowledged the value of this and other assistance from legal sports books during testimony before the NGISC and more recently before the Nevada legislature. The FBI has publicly credited Nevada's sports books with spotting the point shaving taking place at Arizona State University in the mid-1990s.

There are other reasons why a ban on legal college sports betting in Nevada is not part of the solution to the problem of illegal sports betting.

A ban on college sports wagering would not end the publication of point spreads. The NCAA and college coaches argue that a ban on legal college sports wagering in Nevada would pressure newspapers to stop publishing point spreads. This is simply not true. Nevada's sports books are not the initial or the only source of betting lines. In fact, one of the most popular sources of this information, Danny Sheridan, is based in Mobile, Ala. Individuals outside of Nevada, including students, would continue to have access to betting lines from off-shore Internet Web sites, independent sports analysts, toll-free phone numbers and newspapers. The Newspaper Association of America told the House Judiciary Committee that its members would continue to publish betting lines because it is a First Amendment right of free speech and because it is a feature enjoyed by readers who, surveys confirm, simply want to see who is favored in a game, not because they— intend to wager on it.

Point-shaving incidents are rare and do not occur because of the existence of legal sports betting. While one incident is one too many, only a handful of point-shaving cases occurred out of the more than 90,000 sporting events wagered on during the 1990s. Even the NCAA acknowledges that these incidents are rare. More players and more teams were involved in point-shaving incidents in the 1940s and 1950s—well before modern sports books existed in Nevada. This illustrates the fact that sports bribery and illegal gambling are societal problems unrelated to the existence of legal sports books that need to be addressed through education and enforcement, not prohibition.

Sports betting is a legal recreational activity enjoyed by millions of Americans who visit Nevada. Honest, hard-working and loyal sports fans are among the millions of visitors who come to Nevada every year. Many of them visit during the Super Bowl or March Madness to place typical bets of $50 or less, adding to the fun and excitement of a major sporting event. These visitors generate millions of dollars in non-gaming revenue, supporting hundreds of thousands of jobs in the state. Nothing has changed to alter the judgment of the Congress in 1992 that it would be unwise and inappropriate for the federal government to ban sports wagering in Nevada and hurt the state's economy.

A federal ban on Nevada's legal sports books raises serious constitutional issues. If Congress approves this legislation, it will establish a dangerous precedent for the federal government to intervene in state gaming policy decisions. The 10th Amendment to the U.S. Constitution states that activities that are not specifically spelled out as responsibilities of the federal government fall within the purview of the states; gambling is one of those activities that has always been decided by the states. In fact, recent U.S. Supreme Court decisions have overturned other federal statutes for encroaching on states' rights. If Congress were to ban legal sports wagering in Nevada and the law were— challenged, the U.S. Supreme Court could overturn the existing federal sports betting ban passed in 1992, thus opening the door for other states to approve sports wagering.

AGA POSITION

The gaming industry supports practical, comprehensive legislation that will address the real problem of illegal gambling. The National Collegiate and Amateur Athletic Protection Act of 2001, introduced Feb. 14, 2001, by U.S. Sens. John Ensign (R-Nev.) and Harry Reid (D-Nev.) and U.S. Reps. Jim Gibbons (R-Nev.) and Shelley Berkley (D-Nev.), would create a federal prosecutorial task force, increase criminal penalties, implement National Institute of Justice and law enforcement studies into underage betting, and initiate programs to reduce illegal gambling on college campuses. To date, over 50 members of Congress from both parties have agreed to cosponsor this legislation. Nearly every provision included in S. 338 and H.R. 641 came directly from recommendations made by the NCAA itself or the National Gambling Impact Study Commission.

The legislation already has won strong bipartisan support in both the House and Senate and is the realistic solution to addressing the problem of illegal gambling. Congressional supporters include U.S. Sen. Orrin Hatch (R-Utah), chairman of the Senate Judiciary Committee; U.S. Rep. John Conyers, ranking minority member of

the House Judiciary Committee; U.S. Rep. Roy Blunt, chief deputy majority whip; and U.S. Rep. Martin Frost (D-Texas), chairman of the House Democratic Caucus.

Mr. STEARNS. Mr. McMillen, you're a welcome former member. It's always a delight to have you and we look forward to your opening statement.

STATEMENT OF TOM McMILLEN

Mr. MCMILLEN. Thank you, Mr. Chairman, and thank you members of the subcommittee and I thank you for the opportunity to testify.

On behalf of the Knight Commission on the challenges facing amateur athletics, I've been working on these issues a long time and let me say I had dark hair when I started on these issues, but over the last 10 years I worked as a member with Congressman Towns and Bill Bradley to help pass the Student Right to Know bill which has been a very positive effect on graduation rates disclosure.

I sponsored legislation that was very comprehensive to restructure the NCAA and deal with some of the anti-trust issues. I wrote a book when I was in Congress called Out of Bounds, talked about these problems, provided some prescriptions for reform. Under President Clinton, I co-chaired the President's Council on Physical Fitness and Sports and we worked on the problems of obesity in our children today, a growing problem, directly related to the fact that we as a Nation are doing a lot for elite sports in this country, but we're doing very little for the grass roots in America.

And finally, as a member of the Knight Commission for the last 10 years we have been grappling with these issues. There's a copy of our latest report that was issued in June of 2001. It speaks eloquently to these problems and some of the solutions. And so what I'm going to do is just briefly summarize a few points and look forward to your questions.

First of all, progress has been made over the last 10 years. The NCAA has done some good things, particularly in the area of academic integrity. A lot of it has to do with the Student Right to Know Bill and some of the measures in that regard, but there has been progress made. But the fact is that there are some very serious alarming trends and they have to do primarily with the commercialization and the influence of money in our college sports. This has resulted in and the reasons behind are more television money, coaches making millions of dollars in salaries.

It's no wonder that players are demanding health care and basic stipends when coaches are making all this money. You have bigger stadiums being built. You have schedules that are being dictated by television, I mean today, it's not uncommon for players to have to play on Sunday night. That never happened when I played.

All this as a result of money and what Ced Dempsey said, the President of the NCAA is that we have an arms war and what we effectively are doing is having mutually assured destruction. We are destroying the fabric of our institutions of higher learning. And the fact is as was pointed out, I think, by Congressman Bryant, this is now going into our high schools. We have a major problem in our high schools and as we embark on a new century we have to think of what we are doing in this country. We are the only Na-

tion in the world that built a system where we put school and sports together. And as a result of that we have a super highway right down our classrooms in this country. If you want to go to the pros, you got to go to high school, you got to go to college. And it has basically distorted our institutions of learning in this country.

In Germany and other countries of the world, they've kept their sports and clubs away from their schools because they understood the tremendous problems and distortions that could occur and it's exactly what has happened in this country.

We are suffering tremendous damage to our institutions and it really is a situation where the athletic tail is wagging the academic dog across the United States. And the problems, as I said, are being outlined I think very cogently in this report, but you have to understand in the 1980's, it was remarked by Congressman Osborne that there wasn't a lot of sanctioning, but over half of our major institutions in America were either sanctioned, either censored or put on probation in the 1980's.

The result of that is a loss of philanthropy, bad press, all the things that happened to our schools when they do not abide by this complex rule book that the NCAA promulgates. So we have some very, very serious problems. I would like you to read the report. I think you'll find it interesting, but I think the most important part of the report is at the end where it says, if it becomes impossible for us to maintain a balance between academics and athletics in this country, colleges and universities should get out of the business. And I think that's the most important part of what the Knight Commission reported.

I will say this, personally, I am not an optimist. I think we have a very serious problem. I think these problems are going to continue to accelerate. I do not believe that self-reform can work. I do not believe the NCAA can solve the issues of coaches' salaries and players demands and the proper revenue distribution models that are needed to promote the things that are important for academics, Title IX, all the things involving academic values. I do not believe that the NCAA alone can do so and I think it's going to require the Congress to step in.

Thank you, Mr. Chairman.

[The Knight Foundation report is available at www.knightfdn.org]

Mr. STEARNS. Thank you.

Mr. Huma. We welcome your opening statement.

STATEMENT OF RAMOGI D. HUMA

Mr. HUMA. Thank you. Chairman Stearns, Ranking Member Towns and members of this committee, I would like to thank you for inviting me to speak with you today. My name is Ramogi Huma and I'm the founder of the Collegiate Athletes Coalition, a group started by UCLA football players that seek to establish an effective means for student athletes to voice their concerns and influence NCAA legislation.

I started this group while playing football for the UCLA Bruins and today Division I football and basketball players from 10 different universities are members of this group.

I'm here today to provide you with the student athletes' perspective about the relationship between commercialization and student athletes in NCAA sports. In order to be made possible by commercialization, Division I football and basketball players generate billions of dollars each year in NCAA sports. However, not enough resources are directed to ensure student athletes have basic protections. These student athletes are very grateful for their scholarships and for their opportunity to earn a degree, however, it should be stated that this opportunity is earned and nothing is free for these young men and women. As a condition of their scholarships, these students put themselves through school with their own sweat and blood. They partake in year-round strength and conditioning workouts, countless hours per week of mandatory and voluntary participation in the sport. Many sustain injuries and surgeries throughout their careers and all risk permanent physical disability and death.

Hard work and high risk are necessary to successfully compete in games. These games draw huge crowds that in turn draw high levels of commercialization. In NCAA, Division I football and basketball players generate an estimated $3.5 billion each year.

Commercialization is deeply rooted in Division I sports today and the degree to which affiliated organizations and employees benefit is seemingly without limits. Somewhere in this mix are the student athletes whose talents capture this revenue.

I would like to make it clear that student athletes are not necessarily opposed to others benefiting from their talents, however, the NCAA makes it possible for all to capitalize off the talents of student athletes while imposing restrictions on student athletes that leave them and their families at financial and physical risk.

Given the atmosphere of commercialization in NCAA sports in which everyone benefits off the talents of student athletes to the absolute fullest, student athletes across the Nation feel that a little more of the resources generated should be directed to secure basic protections for student athletes.

There are a number of NCAA rules that leave student athletes financially and physically vulnerable. One example is the NCAA's capital in the amount of aid a university may give a student athlete. The NCAA formulated full grant and aid scholarship set at a dollar amount that is below the cost of attendance of each university. Being full-time students and full-time athletes year round leaves little time and energy to hold a job. However, many student athletes feel like they have no choice but to work in order to make up the difference between their scholarships and actual cost of attendance. These student athletes soon find that the NCAA actively restricts them from seeking many opportunities for employment, while capping the amount they can earn through part-time work in academic off-season at $2,000.

I urge this committee to consider the financial and time management difficulties that this situation fosters when investigating the graduation rates of student athletes.

The absence of protections for student athletes peaks in the summer during so-called voluntary workouts. These workouts are designed and facilitated by athletic programs and take place on university facilities. Although they are labeled voluntary, the truth is

that there is tremendous pressure on student athletes to attend these summer workouts. These workouts are effectively mandatory. NCAA rules prohibit schools from paying for the medical expenses of student athletes who are injured during these workouts. Also, if a student athlete dies during or as a result of a summer workout, the NCAA may not extend its $10,000 death benefit to the grieving families. In addition, the NCAA does not enforce critical safety guidelines to help prevent workout related deaths. During the 2001 off-season, three college football players died as a result of their workouts. Devaughn Darling from Florida State University, Eraste Austin from the University of Florida and Rashidi Wheeler from Northwestern University, all died in their pursuit of higher education an din the name of NCAA sports. Two of the three grieving families did not receive the NCAA's death benefit because they happen to die during summer workouts. In addition, a disturbing question surfaced or whether or not each of these deaths could have been prevented. After investigating these tragedies we found that the NCAA does not play a role in making sure institutions provide safe environments for their student athletes to work out.

The NCAA has recently canceled a meeting with the Collegiate Athletes Coalition claiming that it did not know about our affiliation with the United Steelworkers of America. It is our position that there is no legitimate excuse for the NCAA to ignore these important issues. At our request, this meeting was to focus solely on preventing workout related deaths and extended eligibility for health covered for work-related injuries and the NCAA's death benefit.

If this committee can initiate the process of securing basic protections for student athletes who participate in NCAA sports, today's student athletes and generations of student athletes to come will be forever grateful.

Once such protections are secured, student athletes will have a more equitable place in the highly commercialized atmosphere of Division I sports. And if I could just actually make a connection, there is a student athlete perspective here in terms of gambling and sports agents. We feel that student athletes would have less of a propensity to be sucked into gambling and sports agents if they were given enough to make ends meet.

[The prepared statement of Ramogi D. Huma follows:]

PREPARED STATEMENT OF RAMOGI D. HUMA, CHAIRMAN OF THE COLLEGIATE ATHLETES COALITION [1]

INTRODUCTION

Largely made possible by commercialization, Division I football and basketball players generate approximately $3.5 billion dollars each year in NCAA sports. However, not enough of these resources are directed to provide student-athletes basic protections.

In looking back to 1905, extremely violent techniques in football like the flying wedge critically injured and killed a number of college football players. At the re-

[1] The Collegiate Athletes Coalition (CAC) is a student group started by UCLA football players. Its purpose is to establish an effective means to voice the concerns of student-athletes and influence NCAA legislation. To date, football and basketball players from UCLA, the University of Southern California, Stanford University, the University of Washington, Arizona University, Arizona State University, the University of Oregon, Boise State University, the University of Hawaii, and Saint Louis University have joined the CAC. These student-athletes have come together to pursue basic protections for student-athletes from all sports.

quest of President Theodore Roosevelt, the NCAA was commissioned in 1906 to reform college football to reduce the number of injuries and deaths. In short, the NCAA was founded for the sole purpose of addressing the very heart of student-athlete welfare.

In more recent years, the NCAA has proven to be a powerful force in enforcing regulations on its member institutions. It goes to great lengths to ensure that schools and student-athletes comply with numerous rules regarding issues such as recruiting and money. It is now time for the NCAA to make the same commitment to protecting its student-athletes.

If this committee can initiate the process of securing basic protections for student-athletes who participate in NCAA sports, today's student-athletes and generations of student-athletes to come will be forever grateful. Once such protections are secured, student-athletes will have a more equitable place in the highly commercialized atmosphere of Division I sports.

SHOULD STUDENT-ATHLETES COMPLAIN?

Many of today's student-athletes who receive financial aid have a great opportunity to earn a degree from an institution of higher education while competing in a sport that they enjoy. Many refer to this arrangement as a "free ride" through college. These athletes are very grateful for their scholarships and for their opportunity to earn a degree. However, it should be stated that this opportunity is earned—nothing is free for these young men and women. As a condition of their scholarships, these students put themselves through school with their own sweat and blood. They partake in year-round strength and conditioning workouts, countless hours per week of mandatory and voluntary participation in a sport, many sustain injuries and surgeries throughout their careers, and all risk permanent physical disability and death. Division I football and basketball players generate a ton a money for the NCAA and their institutions all the while. The opportunities afforded to these student-athletes are definitely earned. Nothing is free. Hard work and high risks are necessary to successfully compete in games.

COMMERCIALIZATION AND BENEFICIARIES

It is the games student-athletes participate in that draw huge crowds that, in turn, draw high levels of commercialization. In NCAA sports, Division I football and basketball players generate an estimated $3.5 billion each year. This revenue is generated primarily from commercialization. Many are familiar with the $6 billion that CBS is going to give the NCAA for the rights to broadcast the Division I basketball play-offs and championship games alone. In turn, CBS will turn a healthy profit by selling commercial slots to companies who want to show their product to the millions of people who watch these student-athletes play. These companies will reap great rewards because of the exposure that their products receive during these games. Commercialization is deeply rooted in Division I sports today; and the degree to which organizations and employees associated with this commercialization benefit is seemingly without limits.

COMMERCIALIZATION, THE NCAA, AND STUDENT-ATHLETES

Somewhere in the midst of these billions of dollars are the student-athletes whose talents capture this revenue and NCAA rules that leave them without many basic protections. It should be made clear that student-athletes do not necessarily oppose others benefiting from their talents. However, while making it possible for all to capitalize off the talents of student-athletes, the NCAA imposes restrictions on student-athletes that leave student-athletes and their families at financial and physical risk.

STUDENT-ATHLETES BELOW THE POVERTY LINE

Below the poverty line is where you will find many student-athletes living across the nation. Take a look at how a full scholarship athlete at UCLA functions financially:

A student-athlete living off-campus is given a monthly stipend during the school year that is supposed to cover housing and food. This athlete receives $873 monthly stipend from October to June.
Total: $7857
Poverty line: $8,590

(U.S. Department of Health and Human Services figure for a single person household in the year 2000 http://aspe.hhs.gov/poverty/01poverty.htm)

Each institution sets a budget for its students otherwise known as the cost of attendance. The cost of attendance is a dollar amount that each school deems necessary for any student to survive.

The NCAA *full grant in aid* is set at a dollar amount that is below the cost of attendance. A full grant in aid scholarship as determined by the NCAA is set at an amount equal to fees and tuition, books, and room and board at each university. Universities, however, recognize other expenses and factor them into the budget.

Total Athletic Scholarship at UCLA: $12,156 ; UCLA Cost of Attendance: $16,020

At UCLA, transportation and personal expenses are included in the total cost of attendance. At UCLA, the NCAA's formula leaves student-athletes about $3864 short of what it actually costs to live as an undergraduate student at UCLA.

This situation is not unique to student-athletes at UCLA. Student-athletes across the nation face similar circumstances.

On-campus...

NCAA rules prohibit many institutions from giving student-athletes any cash while they are living in the residence halls. At UCLA, this means that players must find a way to deal with almost $3900 per year in additional living expenses having absolutely no cash to begin with. Employment restrictions enforced by the NCAA make this difference impossible to make up through part-time work.

UCLA's student-athletes do not face these financial hardships alone. Athletes across the nation face similar predicaments.

NCAA CAPS EARNINGS AND RESTRICTS EMPLOYMENT OPPORTUNITIES

Being full-time students and full-time athletes year-round leaves little time and energy to hold a job. However, many student-athletes feel like they have no choice but to work in order to make up the difference between their scholarships and the actual cost of attendance. These student-athletes soon find that the NCAA actively restricts them from seeking many opportunities for employment while capping the amount they can earn through part-time work in the academic off-season at $2000. At UCLA, this cap prevents student-athletes from making up this difference. These student-athletes are faced with either trying to live on almost $2000 less than what it actually costs to live or breaking NCAA rules and putting their scholarships in jeopardy. In addition, the NCAA restricts student-athletes from securing many types of employment. In general, student-athletes may not hold jobs that are related to their athletic talent.

This committee should consider the financial and time management difficulties that these restrictions foster when investigating the graduation rates of student-athletes.

SAFETY, INJURIES, DEATH, AND SO-CALLED "VOLUNTARY WORKOUTS"

The absence of protections for student-athletes peaks in the summer during so-called "voluntary" workouts. These workouts are designed and facilitated by athletic programs. The workouts are usually conducted by coaches and take place on university facilities. Although they are labeled "voluntary", the truth is that there is tremendous pressure on student-athletes to attend these summer workouts. These workouts are effectively mandatory.

NCAA rules prohibit schools from paying for the medical expenses of student-athletes who are injured during these workouts. Also, if a student-athlete dies during or as a result of a summer workout, the NCAA may not extend its $10,000 death benefit to the grieving families. In addition, the NCAA does not enforce critical safety guidelines to help prevent workout-related deaths. During the 2001 off-season, three college football players died as a result of their workouts. Devaughn Darling from Florida State University, Eraste Autin from the University of Florida, and Rashidi Wheeler from Northwestern University all died in their pursuit of higher education and in the name of NCAA sports. Two of the three grieving families did not receive the NCAA's death benefit because they happened to die during summer workouts. In addition, disturbing questions surfaced over whether or not each of these deaths could have been prevented. After investigating these tragedies, the CAC found that the NCAA does not play a role in making sure institutions provide safe environments for their student-athletes to workout.

REFORM

The CAC is urging the NCAA to provide basic protections for its student-athletes by taking the following actions:

- Increase full grant in aid scholarships to an amount that is equal to the cost of attendance at each school

- Eliminate employment restrictions
- Allow institutions to pay for medical expenses associated with sports-related injuries for so-called "voluntary" workouts
- Allow families access to the NCAA death benefit if their child is either a current or prospective student-athlete who dies as a result of a university-facilitated workout
- Identify and enforce critical safety guidelines to prevent workout-related deaths

THE NCAA HAS DEMONSTRATED LITTLE WILLINGNESS TO MAKE CHANGES

The NCAA has recently cancelled a meeting with the CAC. At the CAC's request, this meeting was to focus solely on preventing workout-related deaths and extended eligibility for health coverage for workout-related injuries and the NCAA's death benefit.

Hundreds of thousands of student-athletes will benefit if improvements are made in these areas. Unfortunately, it is too late to help Devaughn Darling, Eraste Autin, and Rashidi Wheeler. But much can be done to help the student-athletes that remain vulnerable.

SUMMARY: A ROLE FOR THIS SUBCOMMITTEE IN REFORMING THE NCAA

Although student-athletes have generated tremendous amounts of revenues in NCAA sports for some time, the NCAA continues to leave these young men and women without basic protections. The NCAA is quick to admit many of these shortcomings and frequently states that necessary changes are coming. However, generations of student-athletes have come and gone with the NCAA remaining static. Promises of change are no longer enough. The NCAA has been in existence for almost a century and hardworking student-athletes still lack fundamental protections. Student-athletes feel that NCAA reform should begin immediately. If this subcommittee can help initiate this process, it has the full support of student-athletes across the nation.

Mr. STEARNS. I thank the gentleman.

Mr. Aguirre, I'm sorry, I didn't see your name tag.

STATEMENT OF MICHAEL AGUIRRE

Mr. AGUIRRE. Thank you, Mr. Chairman, members of the subcommittee. On behalf of the National Collegiate Athletic Association's Division 1, Student Athlete Advisory Committee, I'm pleased to have the opportunity to provide the subcommittee with information about the group I represent and how the voice of the student athlete is heard in the governance of intercollegiate athletics.

I also hope to provide you with some sense of the issues that are important to student athletes today.

I'm one of 31 members of the committee, each of us representing athletic conferences within the NCAA membership. I represent the Pac-10 Conference. The structure of the National Division 1 Student Athletic Advisory Committee mirrors the governance structure of the NCAA Division 1 itself. Each athletics conference appoints representatives to serve on the various entities within the governance structure. As co-chair of the Division 1 SAAC, I'm one of two student athletes who sit on the Division 1 Management Council which debates and votes on NCAA by-laws. Student athletes also serve and vote on many committees and cabinets within the Division 1 governance where most by-law proposals originate.

It is my honor and privilege to represent more than 120,000 men and women participating in college sports at the Division 1 collegiate level. My colleagues in Division II and III—nearly 80 of us all together—represent more than 360,000 student athletes who compete annually in 22 sports.

As you can imagine, I take my role as their voice very seriously.

The first NCAA Student Advisory Committee was created in 1989. It represented all three divisions of student athletes. Today, NCAA by-laws mandate a student athlete advisory committee on each campus and in each athletics conference. Many are extraordinarily effective in debating NCAA by-law proposals at the local level and providing feedback to us on the national SAC. It is a point of pride for me to know that when I speak on behalf of student athletes in the PAC-10 Conference, I represent the majority opinion.

There's an old saying in politics that there are two things you never want to watch being made, sausage and laws. The process of governing and regulating is often one of tedium and compromise. "We're doing the right thing" can be overwhelmed by self-interest, and "we're doing no harm" sometimes take precedent over doing good.

So it is with the governance of inter-collegiate athletics. Those have been important lessons for the 80 or so student athletes on the three SACs. We've had to learn patience with the process that tries to be fair to all sports, those that generate revenue and those that don't, on campuses large and small, public and private, urban and rural, religious and secular. We've learned the art of compromise and the importance of small victories over no victories.

For more than a decade now, the NCAA student athletic advisory committees have played an important and necessary role in the governance of college sports. We have helped mandate the creation of campus and conference SACs, assured the student athletes on full scholarship can work during the school year, help define recruiting practices that are less intrusive on prospects, engage in discussion on financial aid by-laws, stop legislation that would have increased time demands on student athletes, help define the difference between voluntary and mandatory practices and help write by-law proposals that permit Division 1 student athletes to accept Olympic prize money.

My predecessors and current colleagues on the committee have done all this within a system that works hard at balancing the myriad of factors that make up intercollegiate athletics. I'm extraordinarily proud of the work we've done.

There are a number of issues important to student athletes that I hear from in the Pac-10 and across the country. We are concerned about time demands on students. Our coaches place increasing demands on our physical ability and we put additional demands on ourselves to be the best we can be. We have a 20-hour rule that is supposed to protect us from demanding coaches and from ourselves. The problem and solution will probably have to come at the campus level. We are concerned about insurance coverage. In April, we're going to get our first report on a feasibility study that the NCAA national office is doing to provide 24 hour, 7 days a week coverage for all student athletes. I'm anxious to see that report and help shepherd a significant new insurance coverage policy through the governance structure.

We are concerned about the increased instances of death during off-season workouts. A committee of medical and sports science experts has turned its attention to this issue and the possible effects of dietary supplements increasingly used by athletes in a regimen

that otherwise has changed little over the last several years. We are concerned about stories of student athletes who can't make ends meet financially. At the same time, I recognize that student athletes and especially football and basketball student athletes on full grants and aid are considerably better off than many students on campus. I am pleased that some within the NCAA Board of Directors are pushing for an increase in the grant and aid from full cost of education to full cost of attendance. The Division I governance structure is also exploring ways to permit other forms of financial aid without impacting team limits on allowable aid.

The good news is that the NCAA student athletic advisory committees are in a position to do something about these and other issues. We're part of the structure that sets national policy as fairly and equitably as possible. We deal with the facts as they are and the outcomes as we would like them to be. Our voices are loud and clear, even if our work is performed without much fanfare. Over the last 6 years, I've been a student, a student athlete and a student athlete voice. These are experiences I would not trade for anything. They've helped me live my dream. They've helped me understand that I can make a difference.

Thank you again for your time this morning.

[The prepared statement of Michael Aguirre follows:]

PREPARED STATEMENT OF MICHAEL AGUIRRE, CO-CHAIR, NCAA DIVISION I STUDENT-ATHLETE ADVISORY COMMITTEE

On behalf of the National Collegiate Athletic Association's (NCAA) Division I Student-Athlete Advisory Committee (SAAC), I am pleased to have the opportunity to provide the subcommittee with information about the group I represent and how the voice of the student-athlete is heard in the governance of intercollegiate athletics. I hope also to provide you with some sense of the issues that are important to student-athletes today.

COMMITTEE STRUCTURE

I am now a former football student-athlete at Arizona State University, and because I continue there as a graduate student, I continue to serve on the Division I SAAC. I am one of 31 members of the committee, each of us representing athletics conferences within the NCAA membership. I represent the Pacific-10 Conference, a conference which includes the University of Southern California, Stanford University, and The University of Washington, among others. In addition to the national Division I SAAC, there is a SAAC structure at the campus and conference levels as well. I have served on the campus SAAC at Arizona State and helped create the Pacific-10 Conference committee.

The structure of the national Division I Student-Athlete Advisory Committee mirrors the governance structure of NCAA Division I itself. Each athletics conference within Division I appoints representatives to serve on the various entities within the governance structure. As co-chair of the Division I SAAC, I am one of two student-athletes who sit on the Division I Management Council, which is the body of faculty and athletics administrators who debate and vote on NCAA bylaws before passing them on to the presidential-led Board of Directors. Student-athletes also serve and vote on many committees and cabinets within the Division I governance where most bylaw proposals originate.

If this sounds complicated, I assure you it is no more so than the governance structure of the United States; and just as the Congress, the Senate and the presidency legislate for the nation, the process for regulating intercollegiate athletics is a democratic one. It is my honor and privilege to represent more than 120,000 men and women participating in college sports at the Division I collegiate level. My colleagues in Divisions II and III—nearly 80 of us all together—represent more than 360,000 student-athletes who compete annually in 22 sports. As you can imagine, I take my role as their voice seriously.

COMMITTEE HISTORY

The first NCAA Student-Athlete Advisory Committee was created in 1989. It represented all three divisions of student-athletes; met twice annually; attended the annual NCAA Convention where national policy was debated and voted; and like most fledgling groups, it was more experiment than effective representation. It wasn't long, however, until the student-athletes made their voices heard. In 1997, three committees were created at the national level to better serve the thousands of student-athletes who compete in each division.

Today, NCAA bylaws mandate a student-athlete advisory committee on each campus and in each athletics conference. Like any other quasi-governance group of individuals, the effectiveness of these committees varies from campus to campus and conference to conference. Most are extraordinarily effective in debating NCAA bylaw proposals at the local level and providing feedback to us on the national SAAC. In fact, as with you and your constituents, we hear often and with great passion on issues important to our constituents -- student-athletes. It is a point of pride for me to know that when I speak on behalf of student-athletes in the Pac-10 conference, I represent the majority opinion.

COMMITTEE EFFECTIVENESS

There is an old saying in politics that there are two things you never want to watch being made: sausage and laws. The process of governing and regulating is often one of tedium and compromise where doing the right thing can be overwhelmed by self-interest and where doing no harm sometimes take precedent over doing good. So it is with the governance of intercollegiate athletics. The NCAA is a private, not-for-profit association of 977 institutions of higher education and more than 100 athletics conferences. The diversity of the members, and therefore the need for common policy, is both the reason the Association exists and its greatest challenge.

Those have been important lessons for the 80 or so student-athletes on the three SAACs. We have had to learn patience with a process that tries to be fair to all sports, those that generate revenue and those than don't, on campuses large and small, public and private, urban and rural, religious and secular. We have learned that the student-athletes who participate on those campuses are just as diverse and deserve the same balance of fairness NCAA governance tries to bring to programs. We have learned the art of compromise and the importance of small victories over no victories.

For more than a decade now, the NCAA Student-Athlete Advisory Committees have played an important and necessary role in the governance of college sports. Much is often made of the fact that we don't have a vote at the Management Council level. The reason is political. Our votes would create an imbalance in a voting structure that is representative of conference affiliation. It would be good to have a vote. Who in a democracy would not want one? But, frankly, I sometimes fear that in getting a vote, we might lose the power our voice has today. With a vote, ours would be only one of many. Today, our voice is powerful precisely because we don't have a vote. And I am convinced that our effectiveness has been diminished not one whit by not being able to say "yea" or "nay.'"

Over the last decade, the Division I Student-Athlete Advisory Committee has helped mandate the creation of campus and conference SAACs, assured that student-athletes on full scholarship could work during the school year, helped define recruiting practices that are less intrusive on prospects, engaged in discussion on financial aid bylaws, stopped legislation that would have increased demands on student-athlete time, helped define the difference between voluntary and mandatory practices, and helped write bylaw proposals that permit Division I student-athletes to accept Olympic prize money. My predecessors and current colleagues on the committee have done all this within a system that works hard at balancing the myriad of factors that make up intercollegiate athletics. I am extraordinarily proud of the work we have done.

STUDENT-ATHLETE ISSUES

There are a number of issues important to the student-athletes I hear from in the Pac-10 and across the country. We are concerned about the time demands on student-athletes. At Division I, the expectations for practice, weights, conditioning, and competition are high. We are competing against the best, and we have to be among the best. Our coaches place increasing demands on our physical ability and we put additional demands on ourselves to be the best we can be. We have a 20-hour rule

that is supposed to protect us from demanding coaches and from ourselves. The problem—and solution—probably will have to come at the campus level.

We are concerned about insurance coverage. In April, we're going to get our first report on a feasibility study the NCAA national office is doing to provide 24-hour, seven-days-a-week coverage for all student-athletes. I'm anxious to see that report and help shepherd a significant new insurance coverage policy through the governance structure.

We are concerned about the increased instances of death during off-season workouts. A committee of medical and sports science experts has turned its attention to this issue and the possible effect of dietary supplements increasingly used by athletics in a regimen that otherwise has changed little over the last several years.

We are concerned about stories of student-athletes who can't make ends meet financially. At the same time, I recognize that student-athletes—and especially football and basketball student-athletes on full grants-in-aid—are considerably better off than most students on campus who do not get tuition and fees, room and board, and course-related books paid for. There is no question that intercollegiate athletics has made colleges and universities available to hundreds of men and women who otherwise would not be able to attend. I am pleased that some within the NCAA Board of Directors are pushing for an increase in the grant-in-aid from full cost of education to full cost of attendance. The Division I governance structure is also exploring ways to permit other forms of financial aid without impacting team limits on allowable aid.

The good news is that the NCAA Student-Athlete Advisory Committees are in a position to do something about these and other issues. We're part of the structure that receives a wealth of research data; considers issues that affect local, regional and national practices; hears the input from student-athletes across sports ranging from football and basketball to field hockey and rowing; and finally sets national policy as fairly and equitably as possible. We deal with the facts as they are and outcomes as we would like them to be. We are idealistic with our hopes and pragmatic with our solutions. Our voices are loud and clear even if our work is performed without much fanfare.

Over the last six years, I've been a student, a student-athlete and a student-athlete voice. These are experiences I wouldn't trade for anything. They have helped me live my dream. They have helped me understand that I can make a difference.

Mr. STEARNS. I thank the gentleman.

Here we are on Wednesday a little after noon and just listening to all of you sort of highlights the whole idea of our hearing about the challenges facing amateur athletics. And it's a little overwhelming. Mr. McMillen has poignantly indicated a destroying of the fabric of our education by what's happening here and I think we could probably have many more hearings on this and obviously there would be a lot of proactive Members of Congress who'd like to offer legislation. But the seriousness of what some of the points have been made have not gone unheeded here and I think whether it's from gambling or whether it's from dealing with athletes that are not graduating and given the promise and families kiss them goodbye at the door as they leave high school and they go off to these colleges and then they not only don't graduate, but they don't get the service or attention and in some of them are put in precarious situations in training practice and things like this. So there are a host of challenges facing amateur athletics. And we had the difficult decision when we had this hearing as to how to bring about the more things that Mr. Huma talked about and Mr. Aguirre has talked about versus Mr. Fahrenkopf and Mr. Saum because of the gambling and what impact that has. Coach Osborne pointed out that he felt it had extremely strong effect and Mr. Fahrenkopf does not agree. NCAA, under Shelley Berkley, the Congress Lady from Las Vegas, has a very strong opinion against the NCAA. And I was not quite aware of the strong feelings that you various groups have on these issues and I can see that it would take a great deal of hard consensus to come together with some-

thing legislative where we're going to solve that. But notwithstanding that challenge, I appreciate all of you bringing this to our attention and I appreciate Mr. Towns who has made a great effort to have this hearing to follow up on his legislation with Mr. McMillen.

Mr. Saum, the question I have for you, Mr. Towns indicated that Las Vegas is not the only one. If I understand from the legislation of past Congress, Nevada is the only State that's been grandfathered in that has this legalized gambling. The other States, be that as it may, do not do it. Is that correct? Can you just verify that for us, because we want to know if Nevada is the only State in the Union that has legalized gambling?

Mr. SAUM. That is correct, yes sir.

Mr. STEARNS. Do other States, could they do it if they wanted?

Mr. SAUM. The other States have chosen not to.

Mr. STEARNS. Okay, so that still goes back to Congressman Osborne's point is why have one State have it and not the others.

Listening to this objectively, it appears to me that there does not necessarily seem that because one State has it, it's been that detrimental. Coach Osborne's point is well taken. Why give somebody a grandfather, when not everybody else has it. Why are 49 States not doing it and Nevada doing it? Mr. Fahrenkopf has made an eloquent point that actually instead of hurting, it's helped in bringing the problems to the forefront.

But do you agree with him? What would you disagree in what he said in terms of your role with the NCAA?

Mr. SAUM. Mr. Chairman and members of the committee, we——

Mr. STEARNS. Because you're agreeing with Coach Osborne, aren't you?

Mr. SAUM. Certainly, certainly.

Mr. STEARNS. You agree completely.

Mr. SAUM. We are opposed to legal sports wagering. We believe——

Mr. STEARNS. Period.

Mr. SAUM. Period, yes. Our message is fairly simple and fairly clear. The reason is for a number of reasons. We believe it's inappropriate to bet on young people. We believe it is inappropriate to wager on college athletics. We want individuals, fans, we want people to go to the games to enjoy the spontaneous action and reaction of the game, the behavior of the officials, the behavior of the athletes, the coaching strategies and not worry about whether you win by 10, 11 or 12.

Mr. STEARNS. But Ms. Berkley made the comment that you're not policing as well as you should. How do you react to what she said?

Mr. SAUM. Well, I'd like to first make sure that the facts are correct. I run a staff of 7 people, not 1. I run—my staff has a budget of $450,000. We then educate the institutions across the United States so we have Ambassadors, we have a grass roots effort. We teach all of our compliance folks about gambling.

I was just at a meeting yesterday with 30 Assistant Commissioners from every conference in America and we talked about sports wagering. My assistant is at Florida State University today where they have the—the president of the institution created a committee of high administrators.

Mr. STEARNS. Congress Lady, the gentle lady from Las Vegas made a lot of charges against you in her opening statement and she was quite strong about her feelings and so to get this proper, you'd have to take this hearing when it's all over and sit in a room and read that hearing and take each of your testimony and think about it and reflect and Mr. Towns and I and work with our colleagues to do something.

Mr. McMillen, I mean you—if you were a Member of Congress again, you served with distinction and if you were me, what kind of bill would you drop to help solve the challenges facing amateur athletics? You have the unique perspective being a former Member of Congress and also serving in the professional sports. I mean you've probably, just like Mr. Osborne, have the unique perspective. So you've heard also the testimony earlier about gambling. What kind of legislation would you do?

Mr. MCMILLEN. Well, I'm going to speak personally and not as a representative of the Knight Commission. I introduced legislation in 1991 in response to what "Whizzer" White, the Supreme Court Justice "Whizzer" White reacted in his minority dissent in 1984 when the Supreme Court overturned really the monopolization of the NCAA's television monies and we've seen a fractionization of television so you've got the SEC conference and all this. Even with all the money that the NCAA, it isn't in control of it. There are so many other conferences, schools, Notre Dame can go sign their own contract. So what "Whizzer" White said was there'd be an arms war and that's exactly what we've seen. And so what I did, in my bill, I proposed over giving an antitrust exemption, putting an all powerful NCAA back in place, putting it tightly in control by the presidents and then having a revenue distribution formula that spreads the money around for gender equity, for academic values, for the diversity and breadth of your programs on campuses, not for winning and losing.

And in that same legislation you can bring about a reduction in coaches' salaries to be in line with prevailing norms on college campuses and you end up putting this whole thing back into the model of academics. The money will not be less, in fact, it will probably be more. The kids will play just as hard. The entertainment value won't go away. And you'll end up in a model that will be more in line with the values of higher education. I never thought it had a chance at all to pass. I still believe that this institution is going to have to step in some day and deal with these intractable issues. Realize that if you win a game in the NCAA post tournament, you get another three quarters of a million dollars. Those are the wrong values. The values should be about college values, not commercial values. And so that was my answer. I proposed it 11 years ago. I still think that some day it will be brought out of the dust shed and you'll look at it and say you know, "Whizzer" White was probably right in 1984 when he said this was going to happen and he predicted it back then.

Mr. STEARNS. My time has expired. I obviously will give everybody an opportunity to comment on either some of my questions or others.

Mr. Towns?

Mr. TOWNS. Thank you very much, Mr. Chairman. Let me begin with you, Mr. Aguirre. First of all, how did you get your position? Were you elected or were you appointed or by a committee or did you appoint yourself?

Mr. AGUIRRE. Basically, I became involved with the student advisory committee on the campus at Arizona State University and was selected by the administrators at Arizona State University and by our student athletic committee to represent ASU at the Pacific Tank Conference, a body of that same organization. Once I was at that level, there is also the structure of the NCAA, Division 1 SAC which has one representative from each conference and when that position was open for the Pac-10 representative, my name was forwarded by the Pac-10 with a number of other people and I was selected at that time.

Mr. TOWNS. The name was forwarded by?

Mr. AGUIRRE. I was forwarded by officials from the PAC-10 to the body that selects committee members for the NCAA and my name was chosen and forwarded at that time.

It's a selection process through your involvement in the student athlete advisory committees at the various levels that have been instituted.

Mr. TOWNS. So then the NCAA made the final selection?

Mr. AGUIRRE. I believe so.

Mr. TOWNS. The reason I raise the question is that see if you were selected by the NCAA, you know I'm not sure as to how big an advocate you can be, because after all, they put you there.

Mr. AGUIRRE. They did put me there and with all due respect I believe that student athletes will represent student athletes to the best of their ability. I have been in the same shoes as every student athlete, not literally, but I have had those same experiences, shared the same sweat and blood on the field as all student athletes and when I put on my hat as student athlete representative from the Pac-10 conference, I'm going into that with the full knowledge that I'm representing all student athletes and I'm looking out for their best interests. So although while I was put into this process by the NCAA, I don't ever forget that I'm a student athlete first and representing their view and welfare on that committee.

Mr. TOWNS. Thank you very much. Let me just move to you, Tom, good to see you.

Mr. MCMILLEN. Good to see you.

Mr. TOWNS. I'm happy to know there's life after this place. You indicated that you do not believe that the NCAA can reform itself. Why do you believe that?

Mr. MCMILLEN. Because there are intractable issues. It's about the have and have not. If you have a lot of money, I mean as Coach, Congressman Osborne said, there's 40 schools that have big time programs. There's a whole slew that don't. It's a game to keep up with the Joneses. And it's failing. Schools are losing money. So I don't think you can come to a revenue distribution formula that promotes academic values. Point No. 1.

Point No. 2 is that the players have a right to demand recompense when the coaches are making, there's 30 or 40 coaches making millions of dollars of salary. I mean it's just logical. So how do you stop all these trends? You've got to put it back, you've got

to put the genie back into the educational bottle and that's why I don't think the NCAA—and they've done a lot of good things. I'm not here to bash on the NCAA. They've done a lot of good things. I just think that in the long run, it's going to be difficult for them to self-reform these big issues. Just impossible to do.

Mr. TOWNS. Now I hear from time to time that people say that well, Congress should stay out of it. They should not get involved in it at all. They have no business being involved in athletics. This is NCAA's business and what do they have to do with it?

Mr. MCMILLEN. Because Congress is very involved in our secondary education and our higher education in this country. Look at the amount of money we are spending as a Nation and yet in many respects have a tail wagging the dog. I think it's a very important issue because we are compromising our institutions of learning in this country. I am all for sports. I'm all for college sports. I think the Maryland and Dukes of the world will play just as hard regardless of whether they're getting more money for winning than they do right now. The systems, the incentives are skewed wrong and I don't think the product of college sports would suffer if it was materially changed.

Mr. TOWNS. Thank you very much. Let me raise this question with you, Mr. Huma. Has there been any kind of interference by the NCAA or anybody in reference to your organization moving forward?

Mr. HUMA. Well, not to my knowledge. I don't think the NCAA has actively tried to oppose what we're doing. I think that sometimes administrators on the campus level, from what I've heard, some of them get in the ears of some of the players who are members of our organization, so I have heard a few comments, but not from the NCAA. I haven't heard anything from the NCAA, about the NCAA trying to block this.

Mr. TOWNS. So it's actually the administrative staff of some universities that have actually interfered with you being able to move forward.

Mr. HUMA. Right, just a few. By and large, we haven't faced any interference.

Mr. TOWNS. Mr. Saum, why do you feel that we should not be involved, Congress? As was pointed out, we invest a tremendous amount of money in these colleges and universities. Why should we not have some kind of say, especially when we know the situation is broken and it should be fixed?

Mr. SAUM. Mr. Towns, if I can defer that question to my colleague, Mr. Lennon. He's our Vice President of Membership Services and my area of expertise is gambling and agents.

Mr. TOWNS. Fine, thank you.

Mr. LENNON. Thank you, Bill. First of all, I appreciate the recognition from Mr. McMillen that he shared with his colleagues on the Knight Commission that there has been significant progress over the last 10 years and we're very proud of that progress. Having said that, the challenges that we've clearly highlighted today exist. There's no denying that and as the Chairman Stearns indicated, we've got to figure out those solutions.

I would suggest to you, and Mr. McMillen again pointed out that his was a personal opinion, that those who served on the Knight

Commission are leaders within higher education. Bill Friday, Father Hesburgh, the Board of Directors of the NCAA which are comprised of our university presidents, presidents of those campuses who are your constituents who serve in your Districts are absolutely in the best position to solve these problems.

We have a new group, a task force of the Board of Directors that is spearheading significant academic reform, taking on the challenges of the cost issues that we have talked about today and it's our believe that again, higher education and the leaders in higher education are absolutely in the best position to solve these problems. The track record has been building. There has been success over the last decade and I would encourage you to continue to hold us accountable because we want to be held accountable. There's no doubt about that. But how we go about making that change ought to be done within the higher education community.

Mr. TOWNS. Let me say that, and I know my time has expired, but let me just make this comment, Mr. Chairman. You know, when we were doing the legislation on the Student Athletes Right to Know, I remember the same kind of comments being made, you know, by presidents and some of them I was really shocked that I received phone calls from to say that you should not interfere with this and we are only asking for information to be given out. And finally, of course, we move forward and it's now law and of course, I'm convinced that a lot of youngsters and family members have benefited from this law, but at the same time there was great opposition from the NCAA and from the administrators across this country. They basically made the same statement that you just made, but now today, I'm listening to comments here and they're saying that hey, it makes sense. So maybe we need to do some other things that make sense and by moving forward, after we have hearings, collect information and then bring legislation. I'm not interested in legislating with dollars, having hearings and getting facts and talking to a lot of people before moving forward. But I do believe that there are some things that need to be fixed. When I hear the stories coming from athletes as I listen to the story given to us by Congressman Gordon in reference to the student from Tennessee where the student had talked to an agent and then decided after talking to the agent and of course, spending $1300 on a plane ticket and getting dinner and decided to give the money back to the agent that the agent spent on him because he now wanted to return to school and then for the school, the NCAA to say that he can't come back. To me, that's just crazy stuff, if we're concerned about education. So I think we've seen enough of that to say that something needs to be done. As to exactly what I think we need to talk to some more people, but I don't think that as Members of Congress that we can sit back and allow this kind of thing to continue to happen without us taking some kind of action.

Mr. Chairman, I know my time has expired.

Mr. STEARNS. I thank the gentleman. Mr. Terry, you are recognized.

Mr. TERRY. Thank you, Mr. Chairman. Just as a statement before I ask my specific questions. As a college football fan or as my wife says, fanatic, that I'm just obsessed with that, that is my one hobby. I love college sports. I love amateur sports. And as a fan,

share frustration with the NCAA that they do stifle the student athletes that they don't recognize the realities on campus per se, but in their defense, I always say that I think some of the rules, as tough as they may be, and do stifle the athlete, the intention of why they implemented a rule or regulation is probably, was necessary to keep the purity of the sport which attracts me as a fan. So how do you balance that?

And I do share sympathy or have sympathy for the student athlete. I've met several student athletes and certainly sympathize with you, although certainly as a guy who paid for my own college and worked 20 or 30 hours a week, I see people that get scholarships and don't think that certainly it's not—you're getting some advantage out of the system that a lot of us students didn't have the opportunity to get. I didn't score high enough on SATs to be able to get scholarship money, so I worked for it. But you worked for it too and I'm kind of—what I'm trying to work through here is the students' voice. So I'm going to ask you, Mr. Huma, why is it necessary that there be a separate student organization, the CAC that you've developed? Why should there be a separate student voice than the one Mr. Aguirre sits on? And there has been some concerns about your organization and you mentioned it in your speech with the tie in to the U.S. Steelworkers. I'm not sure what that really is or what that has to do with anything, so if you'd explain what you're doing. And some of the accusations or thoughts are that your organization is trying to quote unquote unionize players and as a fan I'll tell you that scares the heck out of me because that's all I want to do is have a great ticket to the Nebraska-Notre Dame game and then the players go on strike the day before because you didn't get your living allowance. So you know, explain why it's necessary there's a separate student entity, explain the connection to the Steelworkers and the unionization issues.

And then I'm going to ask you is your student organization connected to the NCAA an effective student voice?

Mr. HUMA. Thank you. The Collegiate Athletes Coalition is a student group. We started at UCLA as an official student group and we do plan on forming a players association through a network of student groups, somewhat similar to a fraternity. We are not unionizing——

Mr. TERRY. Or union.

Mr. HUMA. It's similar to a union, but we can't unionize because we're not considered employees. There's no way we can do it, so an accurate description of our group is an advocacy group. And we're getting players together to try to form a strong power base to voice our concerns and influence the rules. And I know that the Student Athletic Advisory Committee system exists and I think that it is necessary for student athletes to have an independent voice.

In my written testimony, Supplemental Sheet A, goes down the list of why the student athletic advisory system is really limited in its potential. And it's not for lack of effort by the athletes on these student athletic advisory committees, but the NCAA has designed the system and it's designed the system in a way to where it can't be effective. Me, as a student athlete, I didn't even know about the student athlete advisory committees until I was done playing football. I mean these student athletes, by and large across the cam-

puses, they don't know about the student athlete advisory committees. Even the representatives on the committees, there's no mandate to orient them to how NCAA rules are passed, the whole process. So as representatives, as our representatives, the student athlete advisory committees, again, there's many more potential student athletes. There's no system, no comprehensive system to collect the opinions of student athletes so that the representatives on these committees can effectively voice our concerns. So I think that these are symptoms of a bigger problem. Some of the things we talked about in student athlete welfare issues and I think part of it is that student athletes don't have any power at all in NCAA sports and as you can see, the student athlete advisory committees, they were established in 1989, and here it is 2002, and we're still fighting for fundamental protections.

Mr. TERRY. Is there an association with the U.S. Steelworkers?

Mr. HUMA. Oh yes, we're affiliated with the United Steelworkers of America. When we first started organizing, we realized that it was similar to a unionizing effort and that we didn't have the expertise to organize the Nation of student athletes, so——

Mr. TERRY. Mr. Aguirre, is your voice not independent?

Mr. AGUIRRE. Make no mistake about it, my participation on the Student Athlete Advisory Committee comes as a student athlete first. While it has been created by the NCAA with the purpose of engaging student athletes in discussions, my allegiance lies to my teammates, my fellow Sun Devils, the 120,000 other student athletes that participate in Division 1 across the country.

When we go into discussions about what is in the best interest of student athletes, we do that with or without the support of what the NCAA or our athletic directors or our—we do it with what we think is in the best interest of student athletes and that's independent. If you ask if our voice is independent, our voice is our voice and we represent student athletes. We feel that there is an appropriate and important role for the student athlete advisory committees to play on campuses, in conferences and at the national level. We have the ear of the administrators on the management council who ultimately make the decisions. We sit in those meetings. We give our voice and we give our opinion, when necessary. And they do listen. We have numerous instances when we have changed the minds of administrators and have influenced legislation so that has either been defeated or passed.

We would like to participate in an opportunity or have the opportunity engage more student athletes in those discussions, whether that be through an outside—not through an outside community, but through a panel or subcommittee of student athletes participating on a certain sport to engage their expert opinion on what is in the best interest of 1A football players. However that looks, we are in the business of getting student athletes involved in that experience and the difficult part of that is that on many levels, particularly on the campus, it is up to the administrators and the student athletes on that particular campus to mobilize and to create opportunities for themselves for student voice. Because if the student athletes don't take ownership in their experience, it's difficult for anybody as a student athlete to complain if they're not trying to make the change at their own level.

Mr. TERRY. Thank you.

Mr. STEARNS. The gentleman's time has expired. The gentleman from Tennessee is recognized.

Mr. GORDON. Thank you, Mr. Chairman, I want to add my welcome to the Panel, potentates and nonpotentates.

Mr. Saum, I was shocked to hear your testimony in apparent favor of Federal legislation, uniform Federal legislation in banning gambling. Did I hear that correct?

Mr. SAUM. You did hear that correct, yes sir.

Mr. GORDON. Are you afraid that old camel is going to get his nose under there and do some harm?

Mr. SAUM. No, Mr. Gordon, I was looking forward to our exchange. I think there's been some misunderstanding, on possibly both of our parts. The NCAA is incredibly interested in legislation to encourage sports agents to honor the welfare of our student athletes. We presently work with the Uniform State Law Commission to attempt to pass this at the State level. We passed it in 12 States last year. We think we'll have about 10 more this year. We're not against Federal legislation by any means regarding sports agents.

Mr. GORDON. But you told me or your organization told me a number of times, I've talked with the staff. I talked with some fellow over in Maryland who I think was the president at the time.

Mr. SAUM. What our interest is is not just the legislation. It's the enforcement of the legislation and it's been my experience and we talk a lot about the problems with illegal sports wagering, we aren't the cops. We need help from law enforcement. We need help from law enforcement.

Mr. GORDON. Right, that's why my legislation would get you that help.

Mr. SAUM. If you can convince us that the FBI will help us, that's great, but I want to tell you the agent issue and this illegal sports wagering issue, especially in all due respect in the recent months has fallen even further down the "to do" list. And that's the challenge. So we think at the State level, and let's just take Ohio, for example——

Mr. GORDON. If I could, so I don't use my time up, what has happened, yes, there is a uniform statute, yet, basically you're having the same States that already had statutes past that. So there aren't any more, I don't think, any more States. There's only 26 States.

Mr. SAUM. I think we've passed the—I think there are laws in approximately 32 States at this time.

Mr. GORDON. Well, there are still a lot that don't have them.

Mr. SAUM. I agree.

Mr. GORDON. And even those that do are uniform, so I guess, did I understand you to say that you don't think that this agent problem, with all the other problems you have, this is not important enough yet for you to discuss?

Mr. SAUM. Oh no. It's a terribly significant problem. It's actually in my title.

Mr. GORDON. I thought you said there were some other things more important and you didn't even want to think about this one now.

Mr. SAUM. No, no. What I'm saying is we need help from law enforcement and we think we can get more help from State law enforcement officials than Federal, because we think the agent issue falls down the "to do" list when it comes to enforcing problems.

Mr. GORDON. Well, part of the legislation would empower the States to do something there too.

Mr. SAUM. I think frankly we're allies. You may not feel that way at this time, but I think we're allies and I think the more that we meet on this, the more we can move the ball.

Mr. GORDON. You are the sole, you in terms of NCAA, is the sole reason this legislation has not passed, even though I have a number of letters from coaches all across the country. It was always your opposition and the reason that I was always given was the nose of the camel is going to lead to further legislation which is somewhat ironic in that, as I understand the way the NCAA was created, was back when football was so rough that Teddy Roosevelt, who was certainly no shrinking violet, said if you don't get something together, we're going to have some Federal legislation. So that's the way it was created in the first place. It was really by the force of the government that created you. If we had waited for you to do something about integration, would we still be waiting? In Title IX, I'm sure is something that people can disagree with, whether they should have it or not, but certainly no one can disagree that the calibre of women's sports and looking at the Olympics right now has been dramatically increased. As the father of a little daughter, you know, I was talking to the University of Tennessee athletic director some time ago and she said that as they were trying to get women involved or families involved in their women's athletics that it was really young families bringing their daughters, not really sportsmen, but they were bringing their daughters to see those kind of role models. Now if we had waited for the NCAA to do something, we'd still be waiting. So I respect your comment that you want to talk about this some, but again I want to remind you, you are the reason that nothing has been done. And so we're going to move forward and with the permission of the chairman, I'm going to submit some questions that I would like for you to respond to or your organization to respond to. They'll be made a part of the record and hopefully we can find a way to find some accommodations here.

Mr. SAUM. I look forward to that discussion.

Mr. SHIMKUS [presiding]. The gentleman's time has expired. Thank you, Mr. Gordon. And I will recognize myself for 5 minutes. And first of all, it's an honor to have Mr. McMillen here. I'm on the afternoon basketball court and your name is always thrown around as the people that help break noses and throw bodies around, so you're welcome to come down this afternoon.

Mr. MCMILLEN. Thank you.

Mr. SHIMKUS. Although we may have trouble today with all the votes we got scheduled.

I want to go to a couple issues, first of all, Mr. Fahrenkopf. You state that only 1 to 3 percent of all sports betting is done in Nevada and the rest is illegal. Is that correct?

Mr. FAHRENKOPF. That's correct, Mr. Chairman.

Mr. SHIMKUS. Can you tell us where the majority of sports betting is conducted today, small communities, internationally, of course, in our Telecommunications Subcommittee we've always been concerned about the off-shore betting and how you get a handle around that.

Mr. FAHRENKOPF. I think the recent Super Bowl maybe gives us some instruction. There was legally bet in Nevada, we don't have the final numbers, but the guestimation was about $70 million, somewhere between $65 and $70 million legally bet on the Super Bowl. The estimates, if you talk to law enforcement and other experts, will tell you that somewhere between $5 and $6 billion was illegally bet on the Super Bowl game. Of that amount, a much larger proportion in the recent past has been bet on the internet. There are by most estimates of experts, somewhere between 1,500 and 2,000 websites, all off-shore. There's no domestic websites, where not only college students, but anybody who wants to place a bet, I mean you're taking a chance that you're going to collect if you win, where you can, in fact, place a bet, how much of it, it's debatable. Some experts will say maybe 25 to 30 percent is now bet on the internet, the rest is with illegal bookies, student and otherwise.

Mr. SHIMKUS. Thank you. And for the record, I'm not one of those who placed an illegal bet on the Super Bowl. Do you believe that gambling is an addictive behavior?

Mr. FAHRENKOPF. Absolutely. For 1 percent of the population, the Commission spent a great deal of time and effort in looking at gambling and what the impact is on people who can't control themselves. Harvard's Medical School, School of Addiction, the National Research Council, the National Academy of Sciences, everyone now, even the opponents of gambling, say that about 1 percent of the adult population are pathological gamblers, otherwise can't control their behavior.

Mr. SHIMKUS. And I think States are trying to get a handle on this as gambling has come to Missouri. I'm from Illinois and in Illinois the State legislatures have tried to address how do you help those people——

Mr. FAHRENKOPF. That's exactly right, Congressman. In fact, in many States, a portion of either the tax that's paid by the industry or as you know in some riverboat States, Illinois being one, you have to pay to go on a boat, a certain portion of that is earmarked to go to counseling organizations and for treatment facilities.

Mr. SHIMKUS. Let me go to a different line of questioning and for you, Mr. McMillen, some observers say that we know that the National Football League has salary cap. Some people say that's where baseball has to go to have a salary cap, just so they can stop themselves from spending and getting involved in the student athlete debate that I sat in for a few minutes.

Isn't this the same kind of problem that the colleges and universities have in that aspect or could have?

Mr. MCMILLEN. As I said before, a major issue is revenue distribution, how you circulate the money around. I'm not sure that the NCAA and they are trying, will come with a formula that really fits in line with educational values and that was the point I made all along when I expressed this earlier, but as I said, earlier people said what's the Federal role in these issues? Well, there's been a

Federal role in sports forever. I mean the Amateur Sports Act established the United States Olympic Committee. I mean these are big issues and for people to say that the Federal Government shouldn't be involved in this, I think our educational institutions, our athletic sports programs need to be reviewed appropriately.

Mr. SHIMKUS. And I think you'd have a lot of agreement. My colleague, Mr. Gordon, just brought up a lot of the historical aspects. It's always good to remember. And with the Winter Olympics going on right now and understanding the change from these—from allowing professional athletes now and it's almost into the student debate, and the revenues generated by big time collegiate athletics and the compensation in vogue. And I'm getting short on time, so I can't go into that as much as I would like, but let me ask for Mr. Huma and Mr. Aguirre, do student athletes believe their scholarships and aid are worth the commitment to represent their school in a sport they presumably enjoy?

I'll let Mr. Huma go first and then——

Mr. HUMA. I think the evidence that they're there doing it right now, they're agreeing to the system, I think that that's evidence that yes, they do think it's worth it, but I think that there are gains that they wish to make to leave them less vulnerable to physical and financial hardships.

Mr. AGUIRRE. I most definitely think it's worth it. I think if you look at strictly the dollar amount from their monthly stipend that it may be misleading in terms of what exactly they are putting or getting out of their athletics participation. When you consider that in some instances they may be receiving a $25,000 education for their services on their field or on the court or in the pool, that's a pretty good investment in your future, not unlike what you do when you do a medical internship, to make an investment toward your future. You also take into account that student athletes will receive doctor's visits for free, you know, you get a cold, you go to the doctor, you get that. I think there are different things that don't come into that, don't fit into that set dollar amount that's tied up into their stipend that really adds to what the student athlete is getting out of it. I think there needs to be additional strides taken to make sure student athletes can receive a little bit more, have the opportunity to, but it's definitely worth it, based on what they receive now.

Mr. SHIMKUS. And I'll let you finish and then I'll go to my colleague from Chicago. But I would—I'll let Mr. Huma, you mentioned a comment. I know that anyone who played high school athletics at any level wished they had been able to be competitive enough to get some type of help to play the sport they love and continue their education. Of course, that pyramid keeps narrowing down. Not everybody who is high speed, collegiate athletes are able to make it to the next level which is the professional sports level.

Mr. Huma, you want to comment?

Mr. HUMA. Yes, thanks. The idea that our scholarships are the payoff for going to school, for us, as student athletes, we're told that the payoff is the degree and right now between football and basketball players, less than half graduate, so I think—if you ask many of the people who don't graduate, was it worth it, they might say no, I didn't get my degree.

Mr. SHIMKUS. And that addresses a whole different debate that we should ask questions about that.

My time is expired. I'd like to recognize my friend and colleague from Chicago, Mr. Rush, for 5 minutes.

Mr. RUSH. Thank you, Mr. Chairman. Mr. Chairman, you know how our schedule is and it took a lot for me to get here, but I certainly wanted to be here and I wanted to commend you and the overall Chairman of the subcommittee for this hearing. It's a very, very important hearing in my estimation. I've followed student athletes over a number of years and have been very, very cognizant of some of the issues that they are confronted with.

I want to begin by asking Mr. Saum a question. Mr. Huma noted that some of the fatalities that resulted during this summer's training programs, this last summer's training program and he noted that only $10,000 in death benefits were provided and no health insurance was provided to athletes. And are you doing anything to compensate for that? Are you doing anything to provide better, more comprehensive health benefits and death benefits in the event of a tragedy for these athletes?

Mr. SAUM. If I may, I'd like to defer that question to my colleague, Mr. Lennon, at the end of the table.

Mr. LENNON. Thank you and I do appreciate the opportunity to clarify for the record what I think have been some mischaracterizations of the insurance coverage in general. First and foremost, the key thing is to make sure we protect our student athletes and prevent injuries and we have a Competitive Safeguards Committee that is very diligent, made up of medical experts, sports scientists, etcetera to do all we can to make sure that we prevent accidents from happening, injuries from happening and that's, I think, important to keep in mind.

When an injury does occur, as a result of participation in athletics, whether it's in your season or out of your season, regular football season or spring football, yes, the institution is allowed to provide you with the insurance coverage necessary.

I want to clarify as well that during the summer when you're——

Mr. RUSH. Wait now, insurance coverage that's necessary. Can you specify—are you speaking in terms of health insurance, comprehensive health insurance and what about death benefits?

Mr. LENNON. Yes, we'll get to the death benefits. We'll make sure that we can do all we can to make sure the student is able to get back to class and get back to being able to participate.

We also have catastrophic insurance in those instances where there is a significant disability that would run to about $20 million. Again, that's from the NCAA coverage. In the event of a tragic death of a student, in this instance we're talking about a student athlete. Yes, there is a death benefit that is provided by the NCAA. That is intended to be a supplemental benefit. Institutions on their own often have a death benefit——

Mr. RUSH. Supplemental to what?

Mr. LENNON. To an institution's policy which may provide some expenses, to the family's coverage which very much may provide expenses and in instances where that safety net fails, yes, the NCAA's in a position to provide a death benefit.

I do want to note right now and this is important, the NCAA is examining the gaps and I think that's what I'm hearing from the testimony today, our concerns about the gaps in coverage. We are gathering all that information from our institutions to find out where those gaps are and to try to meet those particular needs once we gather that information.

Mr. RUSH. I'm glad you're answering these questions. Let me ask you this. A family from the west side of Chicago and Northwestern student, a university where there was a death occurred over this last year. The family wasn't from the west side of Chicago, let's just take a family from the west side of Chicago, an impoverished community, may or may not have life insurance, but they have some students who are superb athletes and one of your schools recruit, say one of these students. And unfortunately, one of these students suffers a death while practicing or playing. You're saying that your insurance policy is to complement the insurance policies of that family, but you limited it to $20,000? Is that what you're telling me?

Mr. LENNON. Actually, the first source if the family is unable to provide would be the institution's own policy of which they may or may not have a policy. In the event, again, that there's a safety net that does not exist, the institution does not, the family does not, our current benefits, I believe, are at $10,000. I want to clarify, that's what we're looking into. That's why we're getting the data right now from our schools to find out what type of needs aren't being met through our current policies. And once we get a handle on the number of institutions that have policies, and get a sense again of family commitment, that's when the NCAA's in a position to best address those particular needs.

Mr. RUSH. Mr. Saum, would you have a national playoff system instead of a bowl game system to—what's your thoughts about it in terms of reducing gambling in college games, rather than have a bowl system, having a playoff system?

Mr. SAUM. The style of the tournament, whether it's a bowl game organized event or whether it's a tournament event would not necessarily in our view impact the level of sports wagering. The level of sports wagering is impacted by the ability to place bets and the interest in the game.

Mr. RUSH. Mr. Huma or Mr. Aguirre, both of you mentioned the fact that you thought there was additional compensation that student athletes should be provided. Have you got any idea what kind of additional compensation or additional benefits are you looking at, are you considering, either one of you?

Mr. HUMA. Sure. What we're looking at doing is getting stipends, our scholarship stipends increased to the actual cost to attendance. Each university puts out a figure called the cost of attendance and this is the amount of money needed for any student to survive at that school. Right now, our scholarships are below that and on average it's about $2,000 to $3,000 a year. So we'd like a pretty moderate increase just so student athletes can get by and make ends meet.

Mr. AGUIRRE. If I may, we, the Student Athletic Advisory Committee also completely agree. We liked to see that scholarship amount increased. We'd also like to see some limits on the types

of scholarships that student athletes can receive lifted, the restrictions on those and some of the work-related restrictions, the Student Athletic Advisory Committee is looking into making recommendations on how we can make that a little bit better for student athletes. But one of the issues is in a financial situation like we have in this country right now, we realize that institutions and athletic departments have a finite amount of money that they have in their budgets and many of them are running deficits. So we really want to as a Student Athletic Advisory Committee make sure that when we are thinking of things from the student athlete welfare standpoint we need to be aware of all of the issues that are implicated in that and not just the issues that affect football and basketball. Primarily speaking, football and basketball are funded fully by their institutions. Well, when we start talking about increasing money, that's got to come from somewhere in an institution's budget and in many cases on some of the smaller campuses, a lot of the Olympic sports scholarship programs aren't funded fully. So are we talking about pulling money away from some of those students who already don't have the right funding for student athletes who currently do, so we just want to make sure that before we really ask for any action for student athletes, we're looking at all the implications that come with putting more money in one place.

Mr. RUSH. Mr. Chairman, if I could have an additional minute and a half?

Mr. STEARNS. Sure.

Mr. RUSH. I have one other question. I'm also concerned about the disparities between women athletics in colleges and men athletics in colleges as it relates to scholarship compensation and also health care benefits. Mr. Saum, are there any research or there any policies or is there anything where you're considering what some of the disparities are in terms of women athletes at the college level?

Mr. SAUM. Congressman, that is not my area. I don't know if Kevin wants to help. I know that we certainly abide by Title IX in our institutions. We have Title IX seminars. Kevin, I'm sure, can assist me here.

Mr. LENNON. The data will clearly show that we have increased opportunities for women, in part, as a result of the actions——

Mr. RUSH. I understand about opportunities. I know the Title IX. I know the standards. But what I'm saying is okay, women have different health needs requirements than men.

Mr. LENNON. I would not see any distinction that is being drawn in our current legislation between the benefits, health benefits that a woman or a man would receive. It's appropriate for what their needs are. And again, as we talked about the insurance coverage will relate to injuries and illness that may be different for a man or a woman, but that would be covered within the policies.

Mr. RUSH. Thank you, Mr. Chairman.

Mr. STEARNS. I thank the gentleman and the colleague for his participation and I appreciate him coming down.

I think we'll go another quick round of questions and I'll start out.

Mr. Saum, the handout that the American Gaming Association hands out, shows this money pyramid of $6 billion, 11-year television contract and you'd mentioned that you allocate about $400,000 for sports agent and gambling activities and I guess that includes education and enforcement. So my question is the gaming commission says you only spend $229,000, you say $400,000. Just an obvious question is, with that kind of budget, $6 billion, why wouldn't you be spending more for gambling activities, that's the gist of the question.

Mr. SAUM. Mr. Chair, first of all, their number is correct a year ago. My number is correct this year with our new budget year.

Mr. STEARNS. But you know, $400,000 is less than 1 percent of your budget.

Mr. SAUM. I think we can do a lot with numbers, as much as we do with athletics every day with statistics. I'm not so sure it's actually the amount of money that we spend. What we have to evaluate is are we impacting our student athletics, both educationally through our various medium and then from an enforcement standpoint and we've increased our staff to 7. Now certainly we all share responsibilities in the issue of——

Mr. STEARNS. I'm here to help you increase your staff more than 7 on a budget of $6 billion.

Mr. SAUM. It's not a spin answer on our part. We truly engage individuals on our campus.

Mr. STEARNS. I know, but if money is where your heart is, then this would show that your heart's not into this.

Mr. SAUM. We could expand the discussion just for a moment. We return, and again, Mr. Lennon might be able to assist me more here, but 94 cents out of every dollar that the NCAA receives from our television contract is returned to our schools in various fashions.

Mr. STEARNS. So $6 billion is not really yours?

Mr. LENNON. None of the $6 billion is ours. Our schools tell us how to spend it.

Mr. STEARNS. Okay. Mr. Fahrenkopf, what about the argument that because sports betting is legal in Las Vegas and Nevada that this has a proportional effect in communities to create illegal gambling activities because it's much like if you have a State that's going to legalize drugs, and the rest of the States don't, it sort of moves the whole culture down and everybody says well, if Nevada is legal, why are we going to be so concerned. It's only going to go to local high schools and colleagues and communities and this thing is going to permeate down because it's legal in Nevada. So that's the argument.

Mr. FAHRENKOPF. That's a very good question. Clearly, in the four or five hearings that have held so far, no evidence has been offered that that is the case, but assuming there was a possibility that there was and that is why in the chart over here, in the analysis of——

Mr. STEARNS. That's a comparison of the two bills.

Mr. FAHRENKOPF. Of the two bills. If you look at 641 and what's up there, the NCAA has had a change of heart on their whole attitude since the National Gambling Impact Study Commission report——

Mr. STEARNS. Just answer the question.

Mr. FAHRENKOPF. What I'm suggesting is that one of the things they suggested, we supported and the National Gambling Impact Study Commission approved was there ought to be a study, a study done by the Justice Department and law enforcement people to see whether or not there is anything to that charge.

Mr. STEARNS. Now if Mr. Lindsay added that to his bill would you support it?

Mr. FAHRENKOPF. If Mr. Lindsay added what?

Mr. STEARNS. That study.

Mr. FAHRENKOPF. Not if it's going to close it down first. We're ready to roll the dice. I've said this before, no pun intended. If law enforcement and the recommendation comes back and said Nevada's part of the problem here, Nevada is causing this difficulty. I'll tell you what, our industry and our State has got to stand up and take it on the chin.

Mr. STEARNS. What does that mean?

Mr. FAHRENKOPF. I said that before.

Mr. STEARNS. What does that mean "take it on the chin?"

Mr. FAHRENKOPF. We'd have to go along with what the recommendation of this Congress might be.

Mr. STEARNS. So if the recommendation came out that you would actually support?

Mr. FAHRENKOPF. If, in fact, law enforcement and the studies that are laid out here say that Nevada is part of the problem, is a contribution to the difficulty that's going on on college campuses, you're right, we'd have to swallow real hard and consider very seriously supporting legislation that would solve that problem. But what we're saying is that there's no evidence right now.

Mr. STEARNS. But you want to see the study?

Mr. FAHRENKOPF. That's exactly right.

Mr. STEARNS. That's a good point. That's a good point. I think that's a major statement on your part in this hearing. I've never heard you quite say that that way.

Mr. FAHRENKOPF. I said it before in Congress.

Mr. STEARNS. Okay, Mr. Lennon, I appreciate you being here. You see so much of Nike and other sporting companies now coming down to high school and giving athletic equipment and this whole idea of allowing companies to provide sports equipment to high school team, doesn't that go to the possibility that these high school students will be influenced and be moved by these gifts of this high school equipment from these major manufacturers of tennis shoes and clothes and basketballs and things? Is that something we should worry about?

Mr. LENNON. Well, perhaps the thing to worry about is the funding in secondary school education that requires them to take those type of benefits to support their programs. That's probably first and foremost. The issue of influence that it may have on a young person is something that I think we have continued to see. There are Nike high schools, there are Addidas high schools that are affiliated——

Mr. STEARNS. Just yes or no. Is there an influence we should be concerned about?

Mr. LENNON. Yes, there is, whether it rises high on your priority list would be your discussion.

Mr. STEARNS. And is there any really scandalous situations or anything you could point to that would further confirm what you say?

Mr. LENNON. I probably wouldn't be the one to speak to that.

Mr. STEARNS. Okay. I think my time has expired. The ranking member, Mr. Towns.

Mr. TOWNS. Thank you very much. Mr. Lennon, how do you respond to the fact that the Student Right to Know Act is not being complied with by many universities?

And what is NCAA doing to punishing those who are not complying? Is there any action taken? I've not read anywhere where any school that did not report that any action has been taken and this is the law.

Mr. LENNON. It is the law and it's one that, as you know, cooperatively the NCAA in 1990, as your bill was being introduced, mandated that will publish graduation rates and we've worked cooperatively for the last 11 years to do that. This, Congressman, is the first time that I have really heard of the systemic problem that you have noted regarding our institutions not providing that information to prospects. Our numbers quite candidly don't bear that out. We have not had many self-reports or reports from parents and prospects that they don't have the information. Every year, at the NCAA we send out to every high school that look, we're going to put this on our website. You can see the graduation rate by team of all of our institutions. That's available and we tell the high schools they can go get it. We require our schools in early in the recruiting process to provide that information to prospects and in no event can do they do that later than the letter of intent signing date. So we have legislation that clearly addresses your concern.

Are there some breakdowns locally? Perhaps with those coaches that may exist. Our numbers, quite candidly, don't show that it's nearly as systemic as you're talking about. In fact, on a more regular basis, I do think we're having young people who are making evaluations based on the success of those teams, academically, as well as athletically. That's always going to be the case. But I think we have people paying attention to the graduation rates and if you have specific evidence that would come forward that says I know of schools who have not provided this to a prospect, I can tell you the NCAA would be very interested in hearing that.

Mr. TOWNS. We will provide it. I read recently in the news that the University of Alabama was given 5 years' probation and scholarship losses for paying high school coach $115,000 for his star defensive tackle to attend this school. What infraction constitutes the "death penalty" for a program? Because what people are saying the NCAA is unwilling to punish the revenue-generating schools such as Alabama which generates a tremendous amount of revenue. I think it's in the SEC Conference, but is that true? Because this is the general feeling that you get from people that if you have university that generates a tremendous amount of money, the NCAA will be reluctant to take action because after all, this school brings in X amount of dollars.

Mr. SAUM. Mr. Towns, I can help you with that answer.

Mr. TOWNS. Sure.

Mr. SAUM. If an institution commits what is identified as a major infraction, much like you just described, they go on what we call a 5-year clock and if there is another major infraction within that 5-year clock, 5-year period, that institution then is at risk to have the "death penalty". I think it's important to note for this committee, that the NCAA, the 340 of us in Indianapolis have nothing to do with that penalty. We do investigate those institutions, but we prepare our findings and make a presentation to a committee on infractions and the people that sit on the committee on infractions are those individuals from our schools. They're athletic directors, lawyers, faculty athletic reps. So it is that group that decides when to issue the "death penalty" or not to issue the "death penalty."

Mr. TOWNS. All right. I think my real concern here is what happens to that student who had nothing to do with the $115,000 or the $25,000, but he's a victim. What happens to that person?

Mr. SAUM. Well, certainly, if that institution goes on probation or has some sort of scholarship reduction or is removed from the bowl game, the entire team is affected. Those are the penalties that our schools have voted on, agree with and want to be implemented.

Certainly, there is always the discussion of how the student that is left behind that may be affected, but that is part of the process. We've improved our rules and penalties. We actually will follow the coach if the coach leaves. That used to be a criticism. But the coach is now followed with penalties if he or she goes to another school.

Mr. TOWNS. I'm concerned about that athlete who really had nothing to do with that and all of a sudden he finds himself a victim.

Mr. SAUM. That athlete, if the eligibility remaining of that athlete is less than or equal to the removal from the bowl game or the tournament can leave that institution and be immediately eligible at the next institution. So that athlete's welfare I think is taken into consideration there, sir.

Mr. TOWNS. Thank you very much. Let me ask this question, just 1 minute?

Mr. STEARNS. Sure.

Mr. TOWNS. You know, we have on college campus all the time where we name a building after someone who has contributed a tremendous amount of money, it's generally not because they provided great educational leadership, it's generally the dollars that they've contributed would determine the name of the building. You can just do research on that and you'll find that that's generally what happens throughout the Nation. How do you feel about corporations coming in and bidding on athletic centers in terms of to be able to have it named after them and I'm talking about corporations like Nike and whoever would come in and say well, we will contribute X amount of dollars to the university you will name your athletic center after Nike. I'd like to get your views on that very quickly, starting with you, Tom.

Mr. MCMILLEN. That doesn't bother me as much as again, how the money is used. I mean I'm all for universities with a good taste, enhancing their revenue base, but how the money used is really the issue. Is it used to promote educational values?

Mr. TOWNS. Any other comments of others? I'd like to get yours, Mr. Lennon. I'm going to call your name, but anybody else——

Mr. AGUIRRE. I would just like to say that I think as a student athlete, we would be less concerned about—I mean we would be concerned in some instances about where the money comes from, but if someone in the community is willing to donate money to enhance the experience, the services for student athletes, then that's really a good thing for student athletes, as long as that money is legitimate, I guess you could say.

Mr. TOWNS. Okay.

Mr. LENNON. Your question notes that athletics is not really any different than the rest of higher education, whether it's an arts building that's being named or a stadium and I think we need to keep that in mind. I just agree with what both the other gentlemen have said. It's the influence of the money that we need to be the guardians of. It's not the money itself.

Mr. TOWNS. Right. Any other comments on that? Thank you very much. Thank you, Mr. Chairman.

Mr. STEARNS. Thank you. I thank my colleague. I want to thank all the panelists for your time and patience while we voted. I think this committee having jurisdiction over sports, in general, has incumbent responsibility to continue this discussion. I think all of you have given us a lot to think about and I know many of us will be comparing notes. So again, I want to thank you very much and the subcommittee is adjourned.

[Whereupon, at 1:08 p.m., the subcommittee was adjourned.]

[Additional material submitted for the record follows:]

PREPARED STATEMENT OF KEVIN LENNON, VICE-PRESIDENT FOR MEMBERSHIP SERVICES, NATIONAL COLLEGIATE ATHLETIC ASSOCIATION

On behalf of the National Collegiate Athletic Association (NCAA), I am pleased to have the opportunity to provide the committee with background on the methodology and distribution of graduation rates as required under the Student Right to Know Act and the accompanying requirements of the NCAA and its member institutions. I will also provide an overview of our student-athlete benefits. The NCAA is a tax-exempt, unincorporated association of approximately 1,260 colleges, universities, athletics conferences and related organizations devoted to providing athletics opportunities for and supporting the educational goals of male and female student-athletes.

Graduation Rates

The NCAA membership passed legislation in January 1990, mandating the collection and reporting of graduation rates data. In November of the same year, the Congress passed the Student Right-to-Know Act and the NCAA altered its own legislation to meet the strictures of the Act. The NCAA began collecting and reporting institutional graduation rates for students and student-athletes in 1991, and to date, has released 11 annual reports containing graduation-rate data.

For the first seven years of the data collection process, the NCAA gathered information using its own collection form based on federal law. Beginning in 1998, the U.S. Department of Education began collecting the data as part of the annual Integrated Postsecondary Education Data System (IPEDS) data collection process, and the NCAA arranged for the IPEDS data to be transferred to the NCAA data base so the Association could prepare and distribute the actual reports for our member institutions. The NCAA has maintained that cooperative relationship with the Department for the last four years.

Current NCAA and federal legislation mandates that institutional reports be provided to prospective student-athletes, their parents, coaches and guidance counselors. The NCAA assists its member institutions in notifying the high school coaches and guidance counselors by posting the data on our Website and notifying by mail all high schools in the country that the data are available. This system of notification has met with the approval of the U.S. Department of Education. The trans-

mission of the data to the prospects and their parents remains the responsibility of each member institution.

NCAA Bylaw 13.3.1.2 proscribes that member institutions will provide the information to the prospects and to the prospects' parents at the earliest opportunity after the institution's first arranged in-person encounter with the prospect or upon request. However, in no event can an institution provide the information later than the day prior to a prospect's signed acceptance of the National Letter of Intent or signed acceptance of the institution's written offer of admission and/or financial aid.

Historical perspective on the graduation rates

Data have been collected for entering freshman classes from 1984 to 1994. The overall graduation rate for student-athletes at Division I institutions has been higher than the student body rate at those same institutions in every year since the NCAA adopted higher initial-eligibility standards for athletes in 1986. The most recent data show that Division I student-athletes graduated at a 58 percent rate, while the general student body graduated at a rate of 56 percent. In fact, the graduation rate of student-athletes other than those participating in football and men's basketball is above 60 percent.

Unfortunately, the rates for men's basketball and football are lower than the overall student body rates. For the entering freshman class of 1994, Division I-A football players graduated at a 51 percent rate and Division I men's basketball players graduated at a 40 percent rate. While these numbers are unacceptably low, it is important to note that when they are disaggregated by ethnicity, both African-American and white student-athletes in those sports perform better than the same ethnic and gender groups within the overall student body (except for white male basketball players).

For example, African-Americans in Division I-A football graduated at a 45 percent rate while all African-American males at the same schools showed a graduation rate of 37 percent. Likewise, white football players at the Division I-A level graduated at 60 percent compared to a 59 percent rate among white males in the student body. In Division I basketball, African-American males who entered college in 1994 graduated at a 35 percent rate and their counterparts in the student bodies at Division I institutions graduated at a 31 percent rate. The exception to this trend is among white males in the sport of basketball who graduated at a 52 percent rate while white males in the student body graduated at a 57 percent rate.

Even with the comparative success of many of our student-athletes, the NCAA Division I membership has determined that more efforts must be made to improve academic performance of student-athletes. To that end, the Division I Board of Directors is currently contemplating significant increases in the progress-toward-graduation requirements that dictate the level of academic performance that student-athletes must achieve to maintain eligibility for athletics competition. In addition, the Board will be reviewing suggestions regarding institutional penalties for unacceptable academic performance among athletics teams. The Board of Directors has set academics as a top priority, and the NCAA governance structure is pursuing these rules changes with great vigor. Guiding the Association's discussion of appropriate standards is a remarkable data set from the last decade of implementing current requirements, and we believe that we have a plan that will lead to much better academic performance among student-athletes.

Enforcement of Bylaw 13.3.1.2

The violations that were reported were isolated to only a few prospective student-athletes, and resulted from an oversight on the part of a coach or other athletics department staff member. Only a few of the reported cases appeared to involve systemic deficiencies in meeting the requirements of the Bylaw. Institutions that have violated the bylaw typically have been required to review their procedures for providing the required information, and have been required to implement additional procedures or processes to ensure that the appropriate information is provided to prospective student-athletes in a timely manner. In addition, the involved staff members may be required to undergo NCAA rules education sessions or reviews to ensure that those involved understand the requirements of the Bylaw and the institution's obligation to provide the information within the specified time period. Finally, in some instances, the involved coaching or other staff members have been reprimanded, admonished or cautioned regarding their failure to abide by NCAA legislation.

Sources of Financial Aid/Benefits Available to Division I Student-Athletes

The NCAA takes the highest interest in the overall welfare of student-athletes and provides specific legislative guidance and special programs to ensure the student-athlete's financial aid opportunities meet the student-athlete's need. Although

a student-athlete typically is eligible to receive financial aid up to the value of a full grant-in-aid, which is defined as tuition and fees, room and board, and required course-related books; in many situations, NCAA regulations permit student-athletes to receive funds from additional sources that, in combination with institutional financial aid and other outside sources of aid, exceed the value of a full grant.

These outside sources are numerous and include specified government grants for educational purposes, other scholarships, and grants and legitimate loans. Also included is outside employment during the school term after a full academic year of residence and academic eligibility. The student-athlete is then able to earn up to $2000 annually. (There are no restrictions on the amount a student-athlete can earn during vacation periods.)

The Division I membership is examining financial aid models that would expand current opportunities for student-athletes with unmet need to receive institutional financial assistance unrelated to athletics ability up to the cost of attendance. We anticipate that proposals will be developed for consideration by the Division I membership in the fall of 2002. It should be noted that, under current legislation, NCAA member institutions provide over $1 billion annually in financial aid assistance to student-athletes.

Special benefits programs also currently exist to help the student-athlete. One example is the Special Assistance Fund from which a student-athlete with special needs (Pell qualified) may request additional financial aid with no obligation to repay such aid. (For example, a student-athlete can buy clothing, plane tickets home or pay for other personal emergencies from this fund.)

A new Student-Athlete Opportunity Fund has been established to enhance educational and developmental opportunities and to provide direct benefits for student-athletes. The fund will start at $17 million for the 2002-03 academic year with 13 percent increases thereafter during the term of the NCAA basketball television contract. The funds are to be allocated to the conference offices (beginning August 2003) through the broad based formula (based on grants-in-aid offered and the number of sports the institution sponsors on the varsity level). Maximum flexibility will be provided to use the funds for educational and developmental opportunities for and direct benefits to student-athletes. Some examples of permissible uses include; summer matching grants for men's and women's basketball prospects to attend summer school; incidental incentive funds for improving graduation rates; degree-completion programs and payment of premiums for disability insurance for potential professional prospects.

Additionally, an Academic Enhancement Fund of $50,000 per institution is distributed through conference offices. Institutions are encouraged to use these funds, within specific guidelines provided, to enhance the student-athletes' academic experience. The fund is scheduled to increase by 4.25 percent each year during the course of the CBS contract beginning in the fiscal year 2002-03. In total, nearly three-quarters of a billion dollars over the 11-year term of the new CBS contract will be earmarked specifically for Division I student-athletes.

Under current NCAA regulations, institutions are permitted to provide student-athletes with athletics medical insurance to cover expenses related to injuries or illnesses that are a direct result of participation in intercollegiate athletics. The NCAA membership is currently considering legislative proposals that expand medical coverage related to student-athlete's injuries or illnesses to include any illnesses or injuries during the academic year regardless of whether such injury or illness is athletically related. The proposal would also include coverage during the summer vacation period while participating in voluntary physical activities (supervised or unsupervised) that will prepare the student-athlete for competition.

The NCAA's basic purpose is to maintain intercollegiate athletics as an integral part of the educational program. The benefits of participation are designed to enhance the student-athlete's overall educational experience and provide necessary support for the student-athlete to successfully complete his or her educational career in a timely manner. Numerous benefits incidental to a student-athlete's participation in athletics are available to ensure the safety and welfare of the student-athlete while participating in intercollegiate athletics. Finally, available sources of financial aid allow student-athletes (particularly student-athletes with unmet need) to receive financial assistance over and above the student-athlete's full grant-in-aid, and in many cases, above the student-athlete's total cost of attendance.

MAJOR LEAGUE BASEBALL, NATIONAL BASKETBALL ASSOCIATION,
NATIONAL FOOTBALL LEAGUE, NATIONAL HOCKEY LEAGUE,
February 11, 2002

The Honorable CLIFF STEARNS
Chairman
House Subcommittee on Commerce, Trade and Consumer Protection
2125 Rayburn House Office Building
Washington, D.C. 20515

The Honorable EDOLPHUS TOWNS
United States House of Representatives
2232 Rayburn House Office Building
Washington, D.C. 20515

DEAR CHAIRMAN STEARNS AND REPRESENTATIVE TOWNS: Your Committee plans to hold a hearing that will address the issue of gambling on college athletic contests. Legislation is currently pending in both Houses that would end legalized gambling on amateur sports. Currently, under the Professional and Amateur Sports Protection Act of 1992 (PASPA), gambling on both professional and amateur sporting events is illegal in virtually every jurisdiction, with the exception of a sports book in Nevada and a sports lottery on NFL games in Oregon. Pending legislation would partially close one of these loopholes, by eliminating the Nevada sports book on amateur games only.

Our leagues support any reasonable effort to control sports betting. Nonetheless, we think that a college-only bill is flawed, and should be amended to prohibit gambling on professional sports as well.

On at least three prior occasions, Congress has addressed the subject of sports gambling, but has never before distinguished between betting on amateur games and betting on professional games. In 1961, Congress maintained parity between amateur and professional sports when it made fixing athletic contests a federal crime and banned interstate sports wagering over the telephone. The same approach was applied in 1974 when Congress amended the federal lottery laws to allow states to conduct lotteries, but expressly prohibited sports lotteries.

In 1988, the professional sports leagues, in conjunction with the NCAA, sought an extension of the sports lottery ban to all forms of sports gambling. The legislative effort lasted for three years, culminating in the 1992 PASPA law. PASPA made no distinction between professional and amateur athletics, and, indeed, was supported by definitive Congressional findings regarding the pernicious effects of gambling on both professional and amateur sports.

Although the movement for PASPA came from the professional leagues, and the Oregon lottery never included college games, the NCAA was an active partner in the effort to enact the 1992 law. On sports gambling, both then and subsequently, the professional leagues and the NCAA have been united.

As we understand it, there are two primary rationales underlying the pending legislation, both of which are grounded in the report of the National Gambling Impact Study Commission. The first relates to fixing athletic contests and the second to the attraction of sports betting as a gambling gateway for college students.

With respect to the first issue, we understand and concur with the view that student-athletes may be exposed to economic temptation, but do not believe it is reasonable to conclude that these forces are only at work in college athletics. Indeed, all of the professional leagues take seriously the effect that gambling can have on the integrity of our games. All have adopted—and vigorously enforce—strict anti-gambling policies that are intended to insulate professional athletics from the corrosive impact of sports betting.

As to the attraction of sports betting to students, there is no reasonable basis to conclude that collegians are merely betting on college teams. If Congress wants to address fully gateway sports gambling, it cannot ignore the attraction to students of high-profile professional games. Indeed, that attraction will only increase if an amateur-only bill is passed and betting on professional sports contests becomes the only lawful form of sports wagering in Nevada.

We do not agree that the legislation must be limited to college games in order to implement a recommendation from the Gambling Commission. Indeed, the mere introduction of the pending bill already breaks with the Commission, which recommended that the Nevada legislature, not Congress, end legalized gambling on amateur sports. Further, the Commission made a specific finding that sports betting is a gateway form of gambling for young people, a conclusion that merits federal intervention. Amending such legislation to include professional sports would be entirely consistent with—and would in no way contravene—the report of the Gambling Commission.

We doubt that Congress intends to suggest that gambling on college games is harmful and undesirable, but that gambling on professional games is benign and tolerable. Nor do we believe that Congress seeks to instigate more gambling on professional contests, a result that is certain to occur if legislation extends only to gambling on amateur games. A college-only bill, though well-intentioned, only imperfectly solves problems at the college level, while creating new and substantial problems for professional sports.

If Congress intends to re-open federal sports gambling law, we urge that any such legislation maintain parity of treatment between amateur and professional sports. Any departure from this approach to which Congress has consistently adhered, will result in a highly regrettable precedent that is needlessly damaging to professional sports.

We ask that this correspondence be made a part of the official hearing record. Thank you for your consideration of our views. We look forward to working with you on this legislation.

Respectfully submitted,

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