SUPPORTING OUR INTERCOLLEGIATE STUDENT-ATHLETES: PROPOSED NCAA REFORMS

HEARING

BEFORE THE

SUBCOMMITTEE ON
COMMERCE, TRADE, AND CONSUMER PROTECTION

OF THE

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SUPPORTING OUR INTERCOLLEGIATE STUDENT-ATHLETES: PROPOSED NCAA REFORMS

TUESDAY, MAY 18, 2004

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

The subcommittee met, pursuant to notice, at 3:30 p.m., in room 2123 Rayburn House Office Building, Hon. Cliff Stearns (chairman) presiding.

Members present: Representatives Stearns, Barton (ex officio), Schakowsky, Towns, and Rush.

Staff present: Chris Leahy, majority counsel and pocicy coordinator; David Cavicke, majority counsel; Brian McCullough, majority professional staff; Will Carty, legislative clerk; Chad Grant, staff assistant; Jonathan Cordone, minority counsel.

Mr. STEARNS. The subcommittee will come to order here.

I am pleased to welcome you all to the Commerce, Trade, and Consumer Protection Subcommittee on supporting our intercollegiate student-athletes proposed NCAA reforms.

Last March this subcommittee examined the NCAA's response to certain recruiting practice related to official campus visits by prospective student-athletes. Prompted by a number of high profile scandals involving recruiting practices at some NCAA Division I schools, the NCAA formed a task force to investigate abuses associated with recruitment visits and the institutional policies used by the NCAA member institution to enforce recruiting standards.

According to them, 31 schools have been penalized for major recruiting violations since 2000. This constitutes a minority of NCAA members. However, the conduct of a few bad actors has highlighted the influence commercialism is having on amateur intercollegiate athletics.

It also highlights the need for better enforcement of standards at member institutions. During our March hearing, the NCAA stressed the importance of having both rigorous recruiting and academic standards, along with commitment from member institutions to faithfully implement those standards and vigorously enforce them.

I look forward to hearing about the progress made to date, as well as the NCAA's reform proposal concerning recruitment, academic performance standards that were recently approved.

As consumers of college sports media, we all have an interest in insuring that our college student-athletes are not being exploited by growing commercial interest and by the unethical and immoral behavior of a few, particularly in those programs that generate large revenue streams from lucrative media and commercial contracts.

As some have said, the play for pay atmosphere generated by these practices and policies has institutionalized the mentality of an "arms race" and de-emphasized academic performance and achievement.

Colleagues, this is not acceptable. It is, therefore, my hope that rather than reacting to the headlines and the next big scandal, which will surely come, we can create a long-term vision for the future of amateur college sports that reestablishes an "academics first culture," that also supports our student athletes' excellence on the field, court or track.

For our college student-athletes, mental training should be as vigorous as physical training, for life after the game. According to the NCAA only 1.3 percent of senior NCAA basketball players make it to the pros, while only 2 percent of football players do so.

Given the slim odds of making the big time in professional sports, we clearly need to insure that the sacrifice that these student-athletes make to pursue athletics do not compromise their opportunities to make the big time after graduation in business, academia, medicine, engineering, and so forth.

To help move us forward toward a comprehensive long-term vision for intercollegiate athletics, I would like to thank the Knight Commission for their work in the area of college athletics reform. The Commission's model for intercollegiate athletics is there is a careful assessment. Their recommendation is to create an agenda of academic reform, de-escalation of the athletic arms race, and de-emphasis of the commercialism as outlined in their 2001 reports.

Now, frankly, these are solid steps toward a long-term plan which I think this country desperately needs.

The subcommittee would also like to commend the NCAA for trying to get a handle on the problem facing athletics and their impact on our student athletes. Their work continues to be very helpful as we flesh out the issues facing recruiting and the academic form.

I am also sure they would be the first to agree that more, of course, has to be done. Universities, too, must also bear responsibility for the conduct of their own athletic programs and the recruitment practices and policies that follow.

Accountability requires the university to do their utmost to implement the NCAA standards in good faith and pursue vigorous enforcement.

In conclusion, the big business of college athletics has changed forever the playing field for our Nation's student athletes. Gone are the days when college sports celebrated the amateur in athletes. An away game simply meant getting your studying done on the bus or in the bleachers between games or races.

Today many of the pressures today are not only academic, but also financial and, as we have seen, institutional for these young people. It is incumbent upon us to see that the NCAA is fulfilling its mission. Schools are implementing and enforcing the NCAA

standards properly, and those student athletes entering intercollegiate athletics today enjoy the benefit of a superb system of higher education, an education that prepares them for life, not just for the next game.

And with that I recognize Ms. Schakowsky.

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

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

Good morning. I am pleased to welcome all of you to the Commerce, Trade and Consumer Protection Subcommittee's hearing on "Supporting Our Intercollegiate Student-Athletes: Proposed NCAA Reforms."

Last March this Subcommittee examined the NCAA's response to certain recruiting practices related to official campus visits by prospective student-athletes. Prompted by a number of high-profile scandals involving recruiting practices at some NCAA Division I schools, the NCAA formed a Task Force to investigate abuses associated with recruitment visits and the institutional policies used by NCAA member institutions to enforce recruiting standards. According to the NCAA, 31 schools have been penalized for major recruiting violations since 2000. This constitutes a minority of NCAA members; however, the conduct of a few bad actors has highlighted the influence commercialism is having on amateur intercollegiate athletics. It also highlights the need for better enforcement of NCAA standards at member institutions. During our March hearing, the NCAA stressed importance of having both rigorous recruiting and academic standards along with commitment from member institutions to faithfully implement those standards and vigorously enforce them. I look forward to hearing about the progress made to date as well as the NCAA's reform proposals concerning recruiting and academic performance standards that were recently approved.

As consumers of college sports media, we all have a interest in ensuring that our college student-athletes are not being exploited by growing commercial interests and the unethical and immoral behavior of a few - particularly in those programs that generate large revenue streams from lucrative media and commercial contracts. As some have said, the "play for pay" atmosphere generated by these practices and policies has institutionalized the mentality of an "arms race" and deemphasized academic performance and achievement. This is not acceptable.

It is therefore my hope that rather than reacting to the headlines and next big scandal, we can create a long-term vision for the future of amateur college sports that re-establishes an academics-first culture that also supports our student-athletes' excellence on the field, court, or track. For our college student-athletes, mental training should be as vigorous as physical training for life after the game. According to the NCAA, only 1.3% of senior NCAA basketball players make it to the pros while only 2% of football players do so. Given the slim odds of making the "big time" in professional sports, we clearly need to ensure that the sacrifices that these student-athletes make to pursue athletics don't compromise their opportunities to make the "big time" after graduation—in business, academia, medicine, engineering, and so on.

To help move us toward a comprehensive long-term vision for intercollegiate athletics, I would like to thank the Knight Commission for their work in the area of college athletics reform. The Commission's model for intercollegiate athletics deserves a careful assessment. Their recommendations to create an agenda of academic reform, de-escalation of the athletics arms race, and de-emphasis of the commercialism in intercollegiate athletics, as outlined in their 2001 report, are solid steps toward the long-term plan we desperately need.

The Subcommittee also would like to commend the NCAA for trying to get a handle on the problems facing intercollegiate athletics and their impact on our student-athletes. Their work continues to be very helpful as we flesh out the issues facing recruiting and the academic reform. I'm also sure they would be the first to agree that more has to be done. Universities too must also bear responsibility for the conduct of their own athletic programs and the recruitment practices and policies they follow. Accountability requires that Universities do their utmost to implement the NCAA standards in good faith and pursue vigorous enforcement.

The big business of college athletics has changed forever the playing field for our nation's student athletes. Gone are the days when college sports celebrated the "amateur" in athlete and away games simply meant getting your studying done on the bus or in the bleachers between games or races. Today, many of the pressures today are not only academic but also financial and, as we have seen, institutional

for these young people. And it is incumbent upon us to see that the NCAA is fulfilling its mission, schools are implementing and enforcing NCAA standards properly, and that those student-athletes entering intercollegiate athletics today enjoy the benefit of a superb system of higher education—an education that prepares them for life not just the next game.

I would like to thank the representatives from the NCAA and Knight Commission for joining us today, and I look forward to their testimony.

Ms. SCHAKOWSKY. Thank you, Mr. Chairman.

I am happy that we are holding this hearing today to give us the opportunity to follow up on issues related to NCAA recruiting policies and also to learn more about academic reform proposals as they relate to Division I student athletes.

I would like to thank our witnesses for being here today to help shed some light on those issues.

We talked in the previous hearing on the NCAA about a problem with the culture in our top university athletic programs, a culture where alcohol and drugs are all too commonplace, a culture where abysmal graduation rates are the norm rather than the exception, a culture that tolerates violence against women.

I am pleased that the NCAA recognizes that there is a problem and is working toward reform on issues surrounding recruiting trips and the academic performance of student athletes. However, I am concerned that some of the new proposals don't go far enough. For example, I am concerned that the proposed NCAA recruiting rules still fail to set standards regarding alcohol use and unsupervised entertainment of recruits and instead leave it up to individual institutions to make those rules.

Before the final rules are approved, I hope that those issues will be revisited and standards adopted that really make the point that we tolerate nothing less than the best behavior for our student-athletes, just as we expect them from all of our students.

Furthermore, I was alarmed to learn about the graduation rates of some of our elite student-athletes. I know we all agree that it's unacceptable when only 32 percent of the men's teams participating in the NCAA basketball tournament this year manage to graduate at least 50 percent of their players within 6 years of their initial enrollment. I was shocked to learn that four teams failed to graduate a single player in 4 years.

Statistics like these demand bold steps and comprehensive reform that truly holds school presidents, coaches, and institutions accountable for the education they are providing or failing to provide student-athletes.

I am eager to hear more from Mr. Renfro about the NCAA's proposed academic reforms. I am also looking forward to hearing from Dr. Friday of the Knight Foundation Commission on intercollegiate athletics, a group that is committed to reforming college sports into a system with integrity and accountability.

It is not just about making new rules that dictate what type of planes recruits can fly in or creating formulas that simply quantify academic progress rates. While those details are important, it is also important to remind ourselves about the real goal of reform, transforming college sports into a culture that fosters healthy and fun athletic competition while remaining focused on the academic success of student athletes and their development into honest and respectful adults.

Thank you.

Mr. STEARNS. I thank the gentlelady.

The chairman of the full committee, the gentleman from Texas, Mr. Barton.

Chairman BARTON. Mr. Chairman, I will waive my opening statement and just put it in the record.

I do want to welcome the panel, especially former Congressman McMillen, a distinguished member of this body, and just make a comment on the graduation rates. At least in Texas the two schools that had tournament reps. in both the men and women's tournament, the women were a lot smarter. They graduated about 50 percent higher than the guys. That is a good thing for our Texas women.

With that I yield back.

[The prepared statement of Hon. Joe Barton follows:]

PREPARED STATEMENT OF HON. JOE BARTON, CHAIRMAN, COMMITTEE ON ENERGY AND COMMERCE

Collegiate athletics play a significant cultural role in American society. Saturday afternoon college football games—whether at the alma mater or the local university—have become ritual gatherings enjoyed by friends, family, and classmates for years. The tradition and pageantry of New Year's Day parades used to be the highlight of many a school, host city, and the participants that signified the conclusion of a successful season.

Unfortunately the shine is wearing off for some schools and the accomplishments of their athletes. Competition on the field is often overshadowed by problems off the field. Scandals involving collegiate athletes are increasingly a part of the weekly news. The fact that we know the problems exist means reform is overdue.

The annual basketball championships produce enormous excitement for avid fans every March. In fact, so many people watch the basketball tournament that the current NCAA contract with CBS to televise the event is worth over $6 billion dollars for 11 years.

This is great news for many collegiate athletes that benefit from the burgeoning pie the NCAA redistributes to its member schools. This revenue stream may cross-subsidize other sports at these schools. Unfortunately, the very same athletes that are essential to the success of the basketball tournament may be the least likely to benefit by earning an education and a degree. Division I men's basketball has the lowest graduation rate of any sport. Although women's basketball is better, some of the schools exhibit similar sub par graduation rates.

This is not the first time in the history of collegiate sports there have been calls for reform. Our witnesses today can testify that some of the same arguments—commercialization and lowering academic integrity—have been made as far back as 1929. So are we tilting at windmills? Do we expect to make a few changes and then things will quiet down when the next season begins? I would like to think we are on the verge of doing something meaningful for collegiate sports.

The NCAA's proposals to reform the recruiting process are a good first step. Additionally, the academic reforms approved a few weeks ago make perfect sense, but may not solve the problem because the fundamentals creating the problem are only getting worse.

The bigger problem is that we as a society consume athletic events as fast as they can be served up. We need not go further than cable TV or the radio to find multiple, 24 hour all sports networks discussing collegiate athletics as well as professional sports. And the schools seem all too willing to provide us what we want, day and night. Basketball tournaments in Hawaii and Alaska, Thursday night football games, and basketball games every night of the week are all in pursuit of one objective: MONEY.

The conference realignments are the best indication of why reforms need to occur. The ACC conference just signed a 7-year contract for football that is worth $257 million dollars and will require more Thursday night games. When schools undertake this money chase, they are approaching the same status as professional sports. Even more disturbing is that many of the athletic departments are adding fuel to the fire by applying this model to their other sports—without the revenue.

The chase for money may prevail at some schools. Unfortunately, the schools that can't match the expenditures of their rivals will ultimately reduce, not increase, the opportunities for student athletes to compete in a sport they love.

I yield back.

Mr. STEARNS. I thank the gentleman.

And I now will ask you, the first panel and only panel, to come forward. We have Dr. William C. Friday, who is President—oh, sorry. Mr. Towns.

My distinguished colleague from New York, Mr. Towns, is recognized for an opening statement.

Mr. TOWNS. Thank you very much, Mr. Chairman.

Let me begin by thanking you for holding this hearing today on NCAA recruiting practices. College athletics play a an important role in helping thousands of young men and women into more responsible, caring adults. Sports teaches youngsters about the value of hard work, team play, and how to deal with life's adversities and challenges.

We must insure that universities continue to nurture our student athletes in furtherance of these ideals and do not let them fall pray to financial and competitive pressures corrupting major college athletics.

I have had a longstanding interest in insuring that academics remain an integral part of college athletics. Having been one of the authors of the Student-Athletes Right to Know Act, I would be remiss if I did not acknowledge my former member and friend of this body for his work in that regard, Tom McMillen, who also played a key role in passing this legislation.

The law required all institutions of higher education to disclose their graduation rates for their respective athletic teams. This was an important step in holding universities accountable and informing student athletes about a school's commitment to helping them obtain a degree.

However, some programs have been willing to live with the embarrassment of a virtual no percent graduation rate if it means one Final Four or another bowl championship appearance. So I am pleased that the NCAA Board of Directors adopted this landmark academic reform package by penalizing and rewarding universities for their student-athletes' academic successes and failures.

Coaches and ADs may finally pay as much attention to student-athletes' work in the classroom as they do to their exploits on the field. While I had hoped that sunshine on school graduation rates would embarrass coaches into taking the type of action, this has not been the case unfortunately. And incentive or disincentive programs will end the lipservice to academic integrity that has persisted too long on our college campuses.

I think these reforms are a critical step in the right direction. For those who say that we have no role in this process and should let the NCAA do its job, I remind everyone that the NCAA is made up of member institutions which receive billions of dollars from this institution. I strongly believe that Congress should not be in the business of regulating institutions of higher learning. However, I believe that we have a role in insuring that these institutions remain centers of higher learning, not business enterprises that make money on the backs of young athletes.

So, again, Mr. Chairman, I applaud you and the ranking member for holding this hearing today, and I look forward to hearing from the witnesses because I think that we are now in a position where we need to do something about a very serious problem that exists out there that nobody now is talking about.

Mr. STEARNS. I thank the gentleman. I thank the gentleman.

Mr. Rush.

Mr. RUSH. Thank you, Mr. Chairman.

Mr. Chairman, I fully concur with the comments of my colleague from New York, my good friend, Mr. Towns.

Mr. Chairman, I want to thank you for recognizing me, and I also want to thank you for holding this hearing. While I acknowledge the problems with recruiting techniques in college athletics as we reel by the recent scandals at the Universities of Alabama and Colorado, I would like to touch on a problem that has infected intercollegiate athletics for a long time, and that is the exploitation of student athletes, particularly African American student-athletes for the benefit of the university.

Anyone who follows college sports knows that the recruitment of young athletes starts way before the senior year of high school. As was documented in the film "Hoop Dreams," which took place in Chicago, talented young athletes are recognized and groomed for the college and even pro game at a very early age.

The problem with such techniques is that the various schools who show interest in these young men, really just kids, really do not have the young athlete's best interest at heart. Instead, they are interested in elevating or maintaining their college athletic programs, which is a money maker for the different schools.

Often what happens is that the school uses the talents of young athletes only to abandon them when their eligibility has expired. Too often these young men never end up even graduating from college. They never make it to the professional level, and their college experience has been a quick flash in the pan with nothing to show for it.

Worse, this exploitation falls disproportionately hard on African American males. The disparity in graduation rates for whites and black athletes is really appalling. With a few notable exceptions, most schools have much lower graduation rates for African American athletes than they do for their white counterparts.

Let me give you an example. This year's co-national champion in college football, Louisiana State University, only graduated 45 percent of their students, 34 percent of their black students, compared to 56 percent of the white students. This disparity is even troubling, extremely troubling given that the other co-national champion, the University of Southern California, graduated 61 percent of their black players compared with 60 percent of their white players.

Mr. Chairman, as such, I would like the panel to address this troubling aspect of college sports and how reckless recruiting techniques contribute to this problem.

Universities, as was mentioned by my colleagues, have a duty to nurture and educate our young people and not simply put them through a meat grinder for the school's coffers. This is especially true given that the vast majority of schools, whether they are pub-

lic or private, they receive public funds, and these funds are contingent upon each individual school's policy, stated policy, that they would not discriminate.

There is a nondiscrimination clause that exists for our colleges and universities across the Nation, particularly those that receive Federal funds.

And, Mr. Chairman, I welcome our panel today, and I hope this hearing will address my concerns, and I want to thank you, and I yield back the balance of my time.

Mr. STEARNS. I thank the gentleman.

[Additional statement submitted for the record follows:]

PREPARED STATEMENT OF HON. BARBARA CUBIN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WYOMING

Thank you, Mr. Chairman, for holding this hearing. It provides the subcommittee with a valuable opportunity to follow up on our previous hearing regarding the NCAA by taking a close look at the academic reform proposals the NCAA Division I Board of Directors has recommended.

I'd also like to thank the distinguished panelists who have joined us today. I am confident we will all benefit greatly from the institutional knowledge and pragmatic experience these gentlemen will share with us today.

Just a short time ago, this Subcommittee came together to examine NCAA recruiting practices. We came away from that hearing with an understanding of the fact that many recruiting violations result from the fact that NCAA member institutions are simply beyond the scope of the NCAA's authority. I also cultivated a new respect for the goals of the NCAA. I truly believe this association is founded upon a desire to craft policies and regulations designed to protect collegiate athletes and guide their academic progress.

A couple of months ago, the NCAA was under attack for the unacceptable behavior of some of its affiliated schools. I applaud the NCAA for acting so quickly and willingly to answer this national criticism by formulating a comprehensive academic reform proposal designed to hold institutions accountable for their student athletes' academic progress. If the governing body of intercollegiate athletics is actively concerned as to how athletes perform in the classroom, then it is certainly fair to expect the same oversight from individual universities.

That said, we are here today to see what means the NCAA intends to employ to hold schools accountable for enforcing these new academic standards. The pressure of competition cannot be allowed to supercede a reasonable standard of academic progress. The NCAA and its member institutions must agree on a policy that ensures athletes will be aptly prepared to compete in America's workforce at the conclusion of their athletic careers.

I thank the Chairman again and yield back the remainder of my time.

Mr. STEARNS. We will now have the panel come forward.

Dr. William C. Friday, President Emeritus, University of North Carolina, Co-chairman, the Knight Foundation Commission on Intercollegiate Athletics, a former colleague of the Honorable C. Thomas McMillen, a member of the Knight Commission and, of course, also a former NBA, Co-chair of the President's Council of Physical Fitness and Rhodes Scholar, and Mr. Willy Renfro, Senior Advisor to the President, the National Collegiate Athletic Association.

I thank all of you, and as Mr. Towns and Mr. Rush mentioned, these are critical for our students, and we are in competition right now with the Secretary of Defense. He is briefing all of the Democrats, both parties. So if you see lack of members here, it is not because we do not have an interest. I think as Mr. Towns and Mr. Rush have pointed out, who have been leaders in this area for many years, we have in this afternoon on a Tuesday, a very important subject, something that we fervently need to solve, and we are

just very pleased that you are patient to come here in the afternoon and give your opening statement.

So, Dr. Friday, thank you for coming, and we look forward to hearing what you have to say.

STATEMENTS OF WILLIAM C. FRIDAY, PRESIDENT EMERITUS, UNIVERSITY OF NORTH CAROLINA, CO-CHAIRMAN, KNIGHT FOUNDATION COMMISSION ON INTERCOLLEGIATE ATHLETICS; ACCOMPANIED BY HON. C. THOMAS McMILLEN, CO-CHAIRMAN, PRESIDENT'S COUNSEL ON PHYSICAL FITNESS; AND WALLACE I. RENFRO, SENIOR ADVISOR TO THE PRESIDENT, THE NATIONAL COLLEGIATE ATHLETIC ASSOCIATION

Mr. FRIDAY. Mr. Chairman, Ranking Member Schakowsky, and other distinguished members of the group, I wish to submit for the record a complete set of the reports of the Knight Foundation's Commission on Intercollegiate Sports for your file.

Mr. STEARNS. By unanimous consent, so ordered.

Mr. FRIDAY. The integrity and character of our Nation's colleges and universities that play major sports, particularly football and basketball, are being eroded. This commission's current goals are the work to expose questionable practices and behavior, to propose solution to those practices, and to work in partnership with elected representatives of the National Collegiate Athletic Association, the Association of Governing Boards, coaches, administrators, and the media to bring about meaningful reform and to do so promptly.

The commission's ultimate vision for athletics is that it be fully integrated into the university's institutional mission.

Division IA football and Division IA basketball particularly are increasingly serving the mission of entertainment and institutional revenue generation, and before I comment on critical needs for reform, it's important to comment on some progress and hard work that's going on right now.

In March, the Association of Governing Boards of this country issued a statement of policy for board of trustee representatives and responsibilities for intercollegiate athletics, what they are responsible for. Adoption by individual boards across the country is going to be monitored and will be measured by the end of the year.

The Coalition on Intercollegiate Athletics and other groups organized by the faculties across this country are providing a much needed faculty voice on their own campuses because they have so much to do with this problem, and they are engaged in the national debate.

The President and the Board of Directors of the NCAA have provided leadership in several ways, and especially in the recent academic reforms that have been proposed. Those reforms, packaged as they are and tied as they are to scholarship and post season participation are very constructive.

This subcommittee's last hearing focused on recruiting practices and abuses, as events reported at some universities brought these problems to the forefront. The NCAA's recent discussions concerning the recruiting process further highlight the fact that current recruiting culture must change.

Recruiting abuses, instances of academic fraud and excessive spending are the result of establishing winning, entertainment, and

revenue generation as the most important goals of intercollegiate sports. Reform in recruiting is important, but there are several other critical areas also.

Institutions have a moral obligation, we believe, to help every individual admitted as a student athlete to achieve success in completing a degree. The data that has just been referred to indicate that there is much room for improvement along these lines, particularly in Division I basketball.

The Knight Commission reviewed the graduation rates, and as you have heard, the results of that study three of the Final Four teams, three of those four in that competition, graduated fewer than 30 percent of their athletes. I am convinced that the NCAA's revenue distribution plan that now rewards teams for the number of wins in the tournament without consideration of academic performance should be changed in a meaningful way.

As the NCAA strengthens its continuing eligibility requirements and institutes penalties associated with poor academic performance, legitimate concerns over academic fraud have arisen. To address them, admission and academic support services for athletes should be conducted in the very same way all other academic processes are handled in the university.

And further, faculty must fulfill their obligations as stewards of institutional academic integrity. The recent passage of the NCAA academic performance program which ties unacceptable academic performance to meaningful sanctions is a very strong step in the right direction. The standards established to trigger the penalties must be closely monitored to create improvement.

Despite the tremendous growth in revenue generated by the post season events in Division IA football and Division I basketball, financial reports consistently indicate that a small percentage of institutions actually generate more revenue than expenses from their athletic departments.

Indeed, Division IA as a whole has recorded expenses over revenues each of the past 10 years. Generating profit is not meant to be the goal of what should be done as an educationally related endeavor, nor, however, should reports of so-called profits be used to justify the current model.

One reason expenses most often exceed revenue is the tremendous escalation in the salaries of football coaches and men's basketball coaches. Many coaches are paid in excess of $1 million a year.

Another reasons is that athletic facilities have been built with excesses that you may not be able to find in professional sports. As an example a West Coast university recently expanded its football stadium at a cost of over $90 million, including a locker room for its football team for $3.2 million. The extras in that locker room include a thumbprint activated safe box, Internet access, and an individual ventilating system for each player's locker.

Often the debt incurred to build and expand existing athletic facilities is in the millions of dollars and growing. The arms race in intercollegiate athletics must stop.

The NCAA is in the midst of a $6 billion, 11-year contract with CBS to television its Division I men's basketball tournament. The NCAA distributes this revenue primarily based on wins in the tournament and the size of institutions' overall athletic programs.

The 2003 football post season bowl games, including the bowl championship series known as BCS, generated $181 million, 90 percent of which was distributed to the six conferences that comprised the BCS alliance.

It is also noteworthy that the BCS, its revenue distribution formula and its structure is managed completely independent of the NCAA governance system.

The inequitable distribution of revenues generated by these events has caused an unprecedented 50 percent venue gap between the six conferences that originated the BCS and the remaining five Division I conferences. Revenue distribution formulas then must be changed if true reform is to be achieved.

NCAA financial reports indicate that 75 percent of all expenditures in Division I men's athletics are for football and basketball. This allocation has remained consistent for the past 10 years, increasing from 50 percent of all men's athletic expenditures prior to that decade.

Greater transparency, uniformity and accuracy in the fiscal reporting of FAR athletics are, therefore essential. As an example, in many cases significant costs associated with buildings and operating athletic facilities are not reported in the athletic department budget, thus calling into question the validity of even the few institutions that supposedly generate more revenue than expenses.

Presidents and trustees must know that the true picture of athletic expenses to understand the real cost of athletics to an institution. Only then can a proper evaluation be made as to whether athletics are consuming too much of the institution's discretionary dollar without enhancing academics.

This commission will have much to say on the financing of college sports with the release of a study we now have underway, and we will share it with you.

Institutions have given away too much for television exposure and money also. One week during the last year's regular season college football was nationally televised for five consecutive nights, Tuesday through Saturday. This is not about students who participate and their needs. It is about show business and money.

Further, networks dictate to institutions what hour of the day or night games shall be played, and now to gain even more television exposure and dollars, some of the institutions will compete with the traditions of the Sabbath day by playing football and basketball on Sunday evening as the network schedules. The only day college football is not played is Monday night, and that is only because of the popularity of the NFL.

Mr. STEARNS. I am just going to have you sum up a little bit.

Mr. FRIDAY. I thank you for creating this opportunity to be heard and to report on more than a decade of work.

It is urgent that the American sports fan understand the consequences of this constant pressure to win. Intercollegiate sports are a highly important part of the mission of the American college and university, but academic fraud, recruiting violations, excessive compensation, operating an entertainment industry, failing to provide student athletes with an adequate learning experience, and serving as an NFL and NBA farm club clearly are not. It is time for that difference to be understood.

We thank you for what you are doing.
[The prepared statement of William Friday follows:]

Testimony of Mr. William C. Friday, President Emeritus, University of North Carolina and Chair, Knight Foundation Commission on Intercollegiate Athletics

(Chairman Stearns, Ranking Member Schakowsky and other distinguished members of the subcommittee I wish to submit for the record a complete set of the reports of the Knight Foundation Commission on Intercollegiate Athletics.)

A. The integrity and character of our nation's colleges and universities that play major sports, particularly football and basketball, are being eroded.

Knight Commission's current goals are to:

a. Expose questionable practices and behavior
b. Propose solutions
c. Work in partnership with elected representatives, NCAA, AGB, faculty groups, coaches, administrators and the media to bring about meaningful reform and to do so promptly

The Commission's ultimate vision for athletics is that it be fully integrated into the university's educational mission.

Division I – A football and Division I basketball in particular are increasingly serving the mission of public entertainment and institutional revenue generation.

B. Before I outline the critical needs for reform, it is important to highlight and commend the progress and hard work on reform that has emerged over the past year.

In March, the Association for Governing Boards of Universities and Colleges approved a Statement of Board Responsibilities for Intercollegiate Athletics. Adoption by individual boards of trustees will be monitored and measured within one year.

The Coalition on Intercollegiate Athletics and other groups organized by faculties across the nation are providing a much-needed faculty voice on their own campuses, as well as in the national debate over the future of collegiate sports.

The President and the Board of Directors of the NCAA have provided leadership in several ways and especially in academic reform. The recently adopted academic reform package that ties scholarships and postseason participation to academic performance are most constructive.

C. This subcommittee's last hearing focused on recruiting practices and abuses, as events reported at some universities brought these problems to the forefront. The NCAA's recent discussions concerning the recruiting process further highlight the fact that the current recruiting culture must change.

Recruiting abuses, instances of academic fraud, and excessive spending are the result of establishing winning, entertainment and revenue generation as the most important goals of intercollegiate athletics programs.

Reform in recruiting is important; there are other critical issues.

D. Let me be specific:

Institutions have a moral obligation to help every individual admitted as a student-athlete achieve success in completing a degree. Data indicate that there is much room for improvement along these lines, particularly in Division I basketball:

The Knight Commission reviewed the graduation rates of the 65 teams participating in the 2004 NCAA men's basketball tournament and found that over two-thirds of them failed to graduate at least 50% of their players who enrolled over four consecutive years and had six years to complete their degrees. Of the sixteen teams that advanced to the regionals, only 4 teams graduated 50% or more of their players. Finally, three of the four teams in the Final Four graduated fewer than 30% of their athletes. I am convinced that the NCAA revenue distribution plan that now rewards teams for the number of wins in the tournament--with no consideration of academic performance--should be changed in a meaningful way.[1]

As the NCAA strengthens its continuing eligibility requirements and institutes penalties associated with poor academic performance, legitimate concerns over academic fraud have arisen. To address them, admissions and academic support services for athletes should be mainstreamed through the same academic processes as other students. Further, faculty must fulfill their obligation as stewards of institutional academic integrity.

The recent passage of the NCAA academic performance program, which ties unacceptable team academic performance to meaningful sanctions, is a strong step in the right direction. The standards established to trigger penalties must be closely monitored to create improvement.

E. Despite the tremendous growth in revenue generated by the postseason events in Division I-A football and Division I basketball, financial reports consistently indicate that a small percentage of institutions actually generate more revenue than expenses from their athletics departments.[2] Indeed, Division I-A as a whole has recorded expenses over revenues each of the past ten years. [3] Generating profits is not meant to be the goal of what should be an educationally-related endeavor; nor, however, should reports of so-called profits be used to justify the current model.

One reason expenses most often exceed revenues is the tremendous escalation in the salaries of football coaches and men's basketball coaches. Many coaches are paid in excess of $1 million annually.[4] Another reason is that athletics facilities have been built with excesses that you may not be able to find in professional sports. As an example, a West Coast university recently expanded its football stadium at a cost of over $90 million, including a locker room for its football team for $3.2 million. The extras in the locker room include a thumbprint-activated safe box, internet access, and an individual ventilation system for each player's locker.[5] Often the debt incurred to build and expand existing athletic facilities is in the millions of dollars and growing. The 'arms race' in intercollegiate athletics must stop.

The NCAA is in the midst of a $6 billion, 11-year contract with CBS to televise its Division I men's basketball tournament[6]. The NCAA distributes this revenue primarily based on wins in the tournament and the size of institutions' overall athletics programs.

The 2003 football postseason bowl games, including the Bowl Championship Series (BCS), generated $181 million dollars, 90% of which was distributed to the six conferences that comprise the BCS alliance.[7] It is also noteworthy that the BCS—its revenue distribution formulae and its structure—is managed completely independent of the NCAA's governance system.

The inequitable distribution of revenues generated by these events have caused an unprecedented 50% revenue gap between the six conferences that originated the BCS and the remaining five Division I-A conferences.[8] Revenue distribution formulas must be changed if true reform is to be achieved.

NCAA financial reports indicate that 75% of all expenditures in Division I men's athletics are for football and basketball. This allocation has remained consistent for the past ten years, increasing from 50% of all men's athletics expenditures prior to this span.[9]

Greater transparency, uniformity, and accuracy in the fiscal reporting for athletics are essential. As an example, in many cases, significant costs associated with building and operating athletics facilities are not reported in the athletics department's budget, thus calling into question the validity of even the few institutions that supposedly generate more revenue than expenses.

Presidents and trustees must know the true picture of athletics expenses to understand the real costs of athletics to the institution. Only then can a proper evaluation be made about whether athletics is consuming too much of the institution's discretionary dollars without enhancing academics. The Knight Commission will have much to say on the financing of college sports with the release of a study it now has underway.

F. Institutions have given away too much for television exposure and money. One week during last year's regular season, college football was nationally televised for five consecutive nights --Tuesday through Saturday .[10] This is not about the students who participate and their needs; rather it's about show business and money.

Further, networks dictate to institutions what hour of the day or night games shall be played. Now, to gain even more television exposure and dollars, some of the institutions will compete with the traditions of the Sabbath by playing football and basketball on Sunday evening as the networks schedule us. The only day college football is not played now is Monday night—and that is only because of the popularity of the NFL's Monday Night Football broadcast.

Athletic shoe and apparel companies have too much influence on college sports. University administrators contract with these companies to supplement the salaries of their coaches, who require their players to wear the product during the game to showcase the companies. These salary supplements sometimes reach $500,000 annually[11].

Institutions must be willing to leave money on the table to maintain integrity.

G. We thank you for creating this opportunity to be heard and to report on more than a decade of continuing, intensive study of college sports on the part of the Knight Commission. It is urgent that the American sports fans understand the consequences of constant pressure to win. Intercollegiate sports are a highly important part of the mission of the American college and university—academic fraud, recruiting violations, excessive compensation, operating an entertainment industry for the public, failing to provide student-athletes with adequate learning experiences, and serving as NFL and NBA farm clubs clearly are not. It is time for the sports fan to understand this difference and to join the NCAA and American higher education to save what we all know is worthy about intercollegiate athletics.

The Knight Commission will continue to study the problems in college sports, build partnerships to address them, and remain vigilant in monitoring progress toward reform. We shall be pleased to report to you from time to time.

Thank you.

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[1] "Knight Commission Study Finds Two-thirds of Men's Teams Would be Ineligible for NCAA Basketball Tournament," Knight Foundation Commission on Intercollegiate Athletics press release and report, 18 March, 2004.

[2] Fulks, Daniel L., *Revenues and Expenses of Division I and II Intercollegiate Athletics Programs: Financial Trends and Relationships – 2001*, (Indianapolis, IN: NCAA, 2002).

[3] Brown, Gary T., "Conference data emphasize financial gaps," *NCAA News*, 12 April , 2004.

[4] Fish, Mike, "Sweet Deals, More and More college coaches are making CEO money," *SI.com*, 2 June, 2003; Fish, "Coaching Contracts," *SI.com*, 23 December, 2003; Sandal, Inger, "UA coaches get over $ 1 M from outside," *Arizona Daily Star*, 3 December, 2003; Waldman, Ed and Van Valkenburg, Kevin "Williams, Friedgen pay on record," *Baltimore Sun*, 28 April, 2004..

[5] Bolt, Greg, "Locker room reactions: The Ducks' lavish facility gets media attention for the signal it sends," *The Register-Guard*, 1 December, 2003.

[6] Renfro, Wallace I., "NCAA Reaches Rights Agreement with CBS Sports," *NCAA News Release*, 18 November, 1999.

[7] NCAA 2002-03 Postseason Football Analysis of Excess Bowl Revenue and Expense by Conference, *NCAA*, http://www1.ncaa.org/membership/postseason_football/excess_revenue.pdf.

[8] Brown, , "Conference data emphasize financial gaps."

[9] Fulks, Daniel L., *Revenues and Expenses of Division I and II Intercollegiate Athletics Programs: Financial Trends and Relationships – 2001*.

[10] Carey, Jack, "Today's MAC Showdown kicks off five consecutive days of televised games," *USA Today*, 4 November, 2003.

[11] Fish, "Sweet Deals, More and More college coaches are making CEO money,"; Fish, "Coaching Contracts,"; Sandal, "UA coaches get over $ 1 M from outside,"; Waldman and Van Valkenburg, "Williams, Friedgen pay on record,".

Mr. STEARNS. And I thank you, Dr. Friday.

Mr. McMillen.

STATEMENT OF HON. TOM McMILLEN

Mr. MCMILLEN. Mr. Chairman, I do not have a formal statement, but I presume in the question and answers I will support and assist Dr. Friday.

Mr. STEARNS. Okay. Very good.

Mr. Renfro.

STATEMENT OF WALLACE I. RENFRO

Mr. RENFRO. Chairman Stearns, Ranking Member Schakowsky, and other distinguished members of the subcommittee, I am Wallace Renfro, Senior Advisor to NCAA President Myles Brand, and I want to thank you for this opportunity.

The defining characteristic of the collegiate model of athletics in America is that those who compete are students. Last month the Division I board of directors reaffirmed its commitment to this principle. The board approved an incentives/disincentives package that marks the first time Division I has tied a team's academic success to the number of grants and aids available to it, access to NCAA championships, and even certification of the program.

Last fall tougher academic standards for entering freshmen and enrolled student athletes were implemented based on the most comprehensive research data base ever compiled to predict academic success. For example, we know that the best predictor for success in college is success in a broad range of high school core courses, even better than success on standardized tests.

So the number of required high school core courses has been increased from 13 to 14 and will increase again in 2008 to 16. We know what it takes for student-athletes once enrolled to proceed toward graduation in a timely manner. Standards are now in place

that require student athletes to complete 20 percent of their degree requirements each year.

In addition, specific annual cumulative grade point average benchmarks are prescribed. We know with a level of scientific assurance that we have never enjoyed before that if students athletes meet these standards, they will graduate and will be well on their way to a successful life.

These reform efforts have been lead by university presidents, but an early advocate for academic reform has been the Knight Commission, and Bill Friday has worked tirelessly, both from within the system as President of the University of North Carolina and through his association with the Knight Commission. Dr. Friday is a friend of college sports and its appropriate role within the university.

But the critics of reform are already on the attack. The worst are the cynics who predict that reform efforts will fail because faculty will succumb to pressure and commit academic fraud. They say higher standards result in increased fraud. The argument is nonsense. Its logical counterpart is that reducing standards will reduce such practices and the elimination of all standards will end academic fraud for good.

Faculties around the country should be insulted. Academic fraud is the result of lost integrity, not higher standards, nor is it fair to characterize all coaches as knuckle dragging neanderthals just interested in academic success. The vast majority of coaches view themselves as educators who take pride in the classroom achievements of their charges.

We must be vigilant, of course, toward efforts to peck away at these reform efforts, but the messages sent forth with these reforms are clear. To the student athletes, prepare well in high school. Make legitimate and measurable progress toward a degree in college because if you do not, you will not participate in sports.

To the university and specific sports programs, educate the student athletes under your charge. Achieve a defined measure of academic success for your team because if you do not, you risk losing scholarships, being withheld from championships or having your program be certified. These are the most profound research based reform efforts ever affirmed for intercollegiate athletics.

Division I Vice President David Berst testified before this subcommittee in March as Chair of the NCAA task force on recruiting. The task force was charged to fast track a review of practices where alcohol and sex were used as recruiting inducements and to recommend solutions.

The time line for the task force was clear. We will not go through another football recruiting season without new standards in place.

The task force made it's first preliminary report in April and noted that recruiting practices over time have created a culture of entitlement among prospective student athletes. Competition for a highly skilled prospects has raised expectations for transportation via private jet, five-star luxury suites, extravagant meals, and game day simulations that glorify the feats of these athletes before they ever enrolled or set foot on the field.

The central focus of the preliminary recommendations is to return recruiting visits to the purpose for which they were intended,

a thorough examination of what each campus has to offer both athletically and academically.

The preliminary report proposes legislation addressing these areas of entitlement. In addition, each institution will be required to develop written guidelines for its recruiting processes based on the guidelines.

The task force will also develop procedures for the NCAA office working with its member conferences to initially approve each school's visit policies, and then to hold the institutions accountable through its enforcement process.

In addition, the focus will continue on other recommendations that will reduce the celebrity status of prospects. The type of behaviors alleged in the past must become a thing of the past. Some institutions may write policies more stringent than others, but none may continue to tolerate the use of alcohol, drugs or sex as inducements.

The confidence of the public and the integrity of college sports must be restored with the development of sound guidelines and new standards of acceptable behavior.

Thank you.

[The prepared statement of Wallace I. Renfro follows:]

PREPARED STATEMENT OF WALLACE I. RENFRO, SENIOR ADVISOR TO THE NCAA PRESIDENT

Chairman Stearns, Ranking Member Schakowsky and other distinguished Members of the Subcommittee, on behalf of the National Collegiate Athletic Association, I appreciate the opportunity to appear today and discuss the academic reform of intercollegiate athletics, as well as provide an update on the work of the NCAA Task Force on Recruiting. I am Wallace Renfro, senior advisor to the NCAA President Myles Brand. I have been employed by the NCAA for more than 30 years in public affairs and media relations. Currently, I work directly with President Brand and provide advice and counsel in a variety of areas, including communications. The NCAA is a private association of approximately 1,200 four-year institutions of higher education and athletics conferences. There are some 360,000 student-athletes competing at these NCAA member schools.

The defining characteristic of the collegiate model of athletics in America is that those individuals who compete on the field or court are students. It is to their education and life preparation that those engaged in intercollegiate athletics—coaches, administrators and university presidents—must attend most ardently. Last month, the Division I Board of Directors—a decision-making body of university presidents that sets national policy for the 320 members of Division I—reaffirmed its commitment to ensuring the academic success of the more than 150,000 student-athletes in the division. It approved a package of rewards and penalties that will hold colleges and universities, as well as their athletics programs, accountable for educating their student-athletes. Commonly referred to as the incentives/disincentives phase of academic reform, passage of the package of legislation marks the first time Division I has tied a sports team's academic success to the number of athletics grants-in-aid available to the team, access to NCAA championships, and even certification of the program.

This Board action followed implementation last fall of new and tougher academic standards for entering freshmen and enrolled student-athletes. These standards are based on the largest and most comprehensive research database ever compiled to predict academic success. For example, we know from nearly two decades of data that the best predictor for success in college is success in a broad range of high school core courses—better even than success on standardized tests. So the Board has already increased the number of high school core courses required from 13 to 14 and will increase the number again in 2008 to 16.

We also know from the research what it takes for an enrolled student-athlete to precede toward graduation in a timely manner. We know, for example, for a freshman to be on track to graduate in five years, he or she must complete at least 24 hours of course work in the first year and have a cumulative grade-point-average of at least 1.800. That became the new standard to determine appropriate progress

towards a degree. But the Board also said a student-athlete must complete 40 percent of his or her degree requirements by the end of the second year, 60 percent by the end of the third year and 80 percent by the end of the fourth year. In addition, specific cumulative grade-point-average benchmarks are proscribed at the end of each year. We know with a level of assurance that we have never enjoyed before that if student-athletes meet these standards, they will have an excellent chance to graduate and will be well on their way to a successful life.

BRIEF HISTORY

These reform efforts have been a number of years in the making. Since the mid-1980s, college and university presidents have been working to address a disturbing trend among student-athletes with regard to their academic success. On average, Division I student-athletes who first enrolled in college in the early 1980s were graduating two percentage points below the general student body. There were even a few embarrassing and unacceptable examples of student-athletes emerging from four years of college unable to read or write.

The early reform efforts were based more on anecdote than research and more on theory than science. Nonetheless, the first proposal—Prop 48, as it has become commonly known—began having the desired results. It raised the bar for entering freshmen and established requirements for satisfactory progress for enrolled student-athletes. Graduation rates for student-athlete rose. They began first to close the gap on those of the general student body and then to surpass them. Today, student-athletes graduate three percentage points higher than the general student body. Women graduate at significantly higher rates then men, and student-athletes in the Olympic sports typically do better than those in the revenue sports.

Indeed, it has been the lackluster academic performance of student-athletes in Division I football and the abysmal success rate of those in men's basketball that prompted the latest round of reforms. While student-athletes in Division I are graduating at a rate of 62 percent (compared to 59 percent for the general student-body), football players are graduating at a rate of 54 percent—five points below the entire student body and two points below all males in the student body. Student-athletes in men's basketball currently graduate at a rate of 42 percent—unacceptably below both the general and male student body.

Even more discouraging is the graduation rate of men's basketball student-athletes in Division I-A, the 117 most elite institutions in the country. Here, the graduation rate of African-American male basketball players is 38 percent. And that figure is up 10 percentage points in one year. While the 38 percent is only four points below the graduation rate of African-American males in the general student population at Division I-A institutions, it is unacceptable. As disturbing as these numbers are, they do not represent the worst story. There are 10 men's basketball programs in Division I that according to the federally mandated method of calculating graduation rates have not graduated a single student-athlete over the past five years, and 46 programs have failed to graduate an African-American male basketball player in the same span of time.

GRADUATION RATES CALCULATIONS

The Student Right to Know Act of 1990, a bill co-sponsored by Congressman Towns, required all colleges and universities to submit their graduation rates of both the general student body and student-athletes for publication and dissemination to prospects and their families. The NCAA has published those graduation rates for the last 13 years, and they have helped quantify the issue of poor academic success rates among certain athletics programs. Until recently, that is. The Department of Education mandated last year that the rates of those who were scheduled to graduate (six years after initial enrollment, according to the federal guidelines) must be "suppressed," or blocked out, in those instances where the number of individuals enrolled in a specific cohort or the number individuals who graduated in a specific cohort was less than three. This mandate means that a program that had two individuals enter as freshmen in 1996 and that graduated both would have its success "suppressed." Worse, a program that had five freshmen enter in 1996 and had none graduate by 2002 could hide its failure behind the same suppression rule.

Coaches have complained for years that the federal guidelines also treated programs unfairly with regard to transfers. The coaches are right. The federal guidelines assign the entire success rate for graduation to the institution where a student first enrolls. A student or student-athlete who left the institution in good academic standing or who would have been academically eligible to compete at the same institution had he or she returned counted against the school. And no institution got

credit for a transfer-in who did graduate in the required six years from original enrollment.

The NCAA will collect and publish the data on its own, beginning this summer. In addition, the NCAA is preparing to calculate a supplemental rate for student-athletes that will account for transfers into and leaving a program. This new Graduation Success Rate will more accurately define how individual programs are doing with regard to graduation rates and will bring sunshine to those programs where academic failure could be hidden from public scrutiny.

CYNICS AND NAYSAYERS

The votes by the Division I Board of Directors on the new reform initiatives had barely been reported last month when the critics went on the attack. The worst are the cynics who have declared that the reform efforts will fail because faculty will succumb to the unrestrained pressure of coaches and fans and commit academic fraud to ensure that student-athletes remain eligible and athletics programs remain successful. Their arguments are specious. They would have us believe that higher academic standards result in increased instances of academic fraud. The logical counterpart is that reduced standards will reduce academic fraud, and the elimination of all standards will end academic fraud for good.

The Board rejects completely the notion that tougher standards are a barrier to improving academic performance. Faculties around the country should be insulted by the suggestion that their collective integrity will wilt in the heat of competitive pressure. Academic fraud is the result of loss of integrity and not the result of higher standards or enhanced expectations. Nor is it fair to characterize all coaches as knuckle-dragging Neanderthals who are disinterested in the academic success of their student-athletes. The vast majority of coaches view themselves as educators who take pride in the classroom achievements of their charges.

All who are involved in the administration of intercollegiate athletics must be vigilant toward efforts to peck away at these reform efforts. This is where the attack on integrity and the efficacy of these new standards will come. Where specific programs or individual coaches bemoan the harshness of the new standards because they can no longer be competitive, we will hear that a star athlete has been treated unfairly and unjustly or that the "unintended consequences" of reform must be set right. Those who care more for wins and losses than caps and gowns will look for the weakest link—the inattention that comes with satisfaction that reform is complete. Where there is academic fraud, it must be uncovered and punished. Where there are adjustments to be made to these standards based on new and better research, we must respond appropriately. We cannot allow cynicism, however, to undermine real academic reform. Nor can we permit perfection to be the enemy of progress.

The messages sent forth by the Division I Board of Directors with passage of the new academic standards last fall and the incentives/disincentives package last month are clear. To the student-athletes: Prepare well in high school, make legitimate and measurable progress toward a degree in college because if you do not, you will not participate in sports. To the university and specific sports programs: Educate the student-athletes under your charge, achieve a defined measure of academic success for your team because if you do not, you risk losing scholarships, being withheld from championships or having your program decertified. These are the most profound, research-based reform efforts ever affirmed for intercollegiate athletics. They *will* result in improved academic success for student-athletes.Recruiting Task Force Update

Division I Vice-President David Berst testified before this subcommittee in March as chair of the NCAA Task Force on Recruiting. He reported on allegations that some institutions—the University of Colorado has been the most visible and most often in the media—have used recruiting practices that exceed the standards for acceptable behavior. Specifically, there have been charges that alcohol, drugs and sex have been used as recruiting inducements for young men. Mr. Berst noted that such practices are reprehensible and will not be tolerated, and he noted that President Brand had formed a task force within a few days of the first headlines. The task force was charged to "fast track" a review of the issue and to recommend solutions. The timeline for the task force was clear from the beginning. We will not go through another football recruiting season without new standards in place.

The task force has made its first report to President Brand and to the Division I governance structure. (A copy of the report is attached to this testimony for the subcommittee's review.) In the report, the task force noted that recruiting practices over time have created a "culture of entitlement" among prospective student-athletes. The competition among institutions for highly skilled prospects has escalated

expectations among prospects for transportation via private jet, five-star luxury suites, extravagant meals, and "game day" simulations that glorify the feats of these athletes before they have ever enrolled or set foot on the field.

The central focus of the task force's preliminary recommendations is to return recruiting visits to the purpose for which they were originally intended. The five official visits afforded prospective Division I student-athletes are intended to allow a thorough examination of what each campus has to offer both athletically as well as academically. Specifically, the report noted that official visits provide an opportunity:

- For prospective student-athletes and their families to fairly and ethically assess their opportunities for academic and athletic success and integration into the collegiate experience. This should be a shared responsibility by all participants with minimal emphasis on preferences or inducements;
- For institutions to fairly and reasonably evaluate a prospective student-athlete for admission and participation in the intercollegiate program;
- To establish a set of principles and guidelines for the conduct of the recruiting process with full regard for reasonable and acceptable forms of behavior;
- To maintain principles of institutional and personal accountability with a set of internal controls sufficient to monitor compliance and ensure public confidence; and
- To support diversity and athletics opportunities of women and nonrevenue sports.

The preliminary task force report proposes legislation regarding transportation of prospects, meals and lodging, game-day activities and entertainment. In addition, the report recommends legislation that will require each institution to develop and submit written guidelines for its recruiting process with full regard for reasonable and acceptable forms of behavior. The guidelines should also promote institutional accountability through a set of internal controls sufficient to monitor compliance.

In its review of the report, the Division I Management Council urged the task force to develop a process for the NCAA national office, working with its member conferences, to initially approve each institution's campus visit policies and then to hold the institutions accountable through its enforcement process. In addition, the Council directed the task force to focus on other recommendations that would reduce the celebrity status of prospects and emphasize the opportunities for prospects and his or her family to make informed decisions about selection of a college and participation in the athletics program.

Clearly, the goal is to set national standards that will guide individual campus policies with the aim of normalizing campus visits, providing a structure in which informed evaluations can be made and then holding institutions accountable for their actions. The type of behaviors alleged in the past must become a thing of the past. Some institutions may write policies more stringent than others, but none may continue to tolerate the use of alcohol, drugs or sex as inducements. Regardless of how deep past practices may run, the confidence of the public in the integrity of college sports must be restored to the development of sound guidelines and new standards of acceptable behavior.

Thank you.

RECOMMENDATIONS OF NCAA TASK FORCE ON RECRUITING

WORKING DOCUMENT AS OF APRIL 12, 2004

Call to Action. Within a few days of headlines alleging excesses in the recruitment of prospective student-athletes related to the use of alcohol and entertainment at "strip clubs," NCAA President Myles Brand responded on February 17, 2004, by calling for the appointment of an NCAA Task Force on Recruiting to review NCAA rules and practices related to "official campus visits" and to propose appropriate changes before the 2004-05 recruiting season.

While it was noted that alleged illegal conduct is a matter that should be left to law enforcement officials to adjudicate and that institutions are the first line of defense to set standards for moral and ethical behavior, the NCAA also has a unique role to ensure that proper national rules and guidelines are in place to govern athletics recruiting practices, to assess accountability for failures and to act as a resource to assist in developing an institutional compliance program.

Timeline for Project. The task force members were selected by February 24 (members are identified at the end of this report) and the group met via conference call on March 5 and in-person on March 29, 2004. The task force also completed certain other assignments during that period via e-mail communication. An eleven member NCAA staff group also met with the task force on March 29 and separately on February 24 and March 3.

This working document of task force recommendations was presented to the Division I Management Council on April 20 and will be reviewed by the Division I Board of Directors on April 29, 2004. It is anticipated that the task force then will review the reactions of those groups and other reactions received soon after the April meetings and that a revised working document, will be circulated to the 31 Division I conferences, various coaches associations and other interested groups for discussion and debate during the spring and early summer. Following consideration of the reactions and comments received from all groups, the task force's final recommendations will be considered by the Division I Management Council on July 19, with the expectation that the Board of Directors will be asked on August 5 to use its authority to adopt emergency legislation so that necessary rule changes will be in effect immediately, and most importantly, before the 2004-05 recruiting season.

Public Confidence and Guiding Principles. The task force began its evaluation of the "official campus visit" experience from the point of view that NCAA recruiting practices have not always developed out of concern for what a prospect must learn to select a college, but rather were often adjusted in order to address perceived recruiting advantages for some institutions in the competitive recruiting environment in Division I athletics. For example, modifications regarding entertainment of prospects within a specified number of miles from campus as compared to anywhere within city limits have been debated by the membership several times.

This project, buoyed by broad-based support following media accounts of abuses, provides an opportunity to reevaluate the campus visit experience and to make recommendations for changes that more approximate the expected recruiting experiences of other exceptional prospective students, such as a science student or music or art prodigies.

The task force agreed that current recruiting practices often exacerbate a prospective student-athlete's sense of entitlement, rather than reinforce that student-athletes also are expected to contribute constructively to the academic mission of the institution and in turn, benefit by gaining knowledge and tools through education in order to contribute to society. Further, the principles established for campus visits should serve as a foundation that withstands public scrutiny and that serve to maintain public confidence in the integrity of those involved in intercollegiate athletics.

The following statement and principles were adopted.

The campus visit of a prospect is an opportunity:

- For prospective student-athletes and their families to fairly and ethically assess their opportunities for academic and athletic success and integration into the collegiate experience and should be a shared responsibility by all participants with minimal emphasis on preferences or inducements;
- For institutions to fairly and reasonably evaluate a prospective student-athlete for admission and participation in the intercollegiate program;
- To establish a set of principles and guidelines for the conduct of the recruiting process with full regard for reasonable and acceptable forms of behavior;
- To maintain principles of institutional and personal accountability with a set of internal controls sufficient to monitor compliance and ensure public confidence; and
- To support diversity and the athletic opportunities of women and nonrevenue sports.

DISCUSSION OF RECOMMENDED LEGISLATION

The task force reviewed numerous alternatives to the current NCAA rules governing campus visits. There was agreement among the group that a recommendation to change a current regulation would require a minimum of 60 percent support among the group (i.e. 11 of 18) in order to move the initiative forward for further consideration by the membership. Based on that standard, the task force agreed to **SUPPORT** the following recommendations:

1. Transportation.

a. Recommendation: Require institutions providing air transportation to prospects to and from an official campus visit to use commercial transportation at coach-class airfare and to prohibit upgrades. [For 17, Abstain 1.]

Rationale: The proposed recommendation should assist institutions in establishing a reasonable environment for the conduct of an official visit, while minimizing excessive expectations created by the use of private or charter airplanes. The group noted that an institution may seek a waiver from the NCAA Administrative Review Subcommittee to address an emergency situation where the use of commercial transportation is not practical or feasible. In addition, while

it was recognized that institutions are not always located at convenient distances from a commercial airport, it was noted that this fact should not be avoided during recruitment and should not be a surprise to the prospect when traveling to the institution for initial enrollment.

b. Recommendation: Prohibit institutions from using special vehicles (e.g., modified with televisions or special décor or appointments) to transport prospects around campus during the official visit. The task force noted that institutions should be expected to use private or institutional vehicles generally used by personnel to transport prospective students on campus tours. [Unanimous Voice Vote.]

Rationale: The proposed recommendation should assist institutions in establishing a reasonable and appropriate environment for the conduct of an official visit.

2. Meals and Lodging.

- **Recommendation:** Require prospects (and prospect's parents or legal guardians) to be housed in standard lodging that does not include special accessories (e.g., Jacuzzis, suites) that are not available generally to all guests residing at the lodging establishment; further, to require prospects (and prospect's parents or legal guardians) to eat standard meals on an official visit that are comparable to those provided to student-athletes during the academic year and to permit a reasonable snack (e.g., pizza, hamburger) to be provided in addition to the meals. [For 16, against 0, abstain 1.]

  Rationale: The proposed recommendation will assist in establishing a reasonable and appropriate environment that more closely resembles normal life for an enrolled student-athlete. The task force noted that although the legislation would not require institutions to provide meals on campus, the practice should be encouraged as a "best practice" for institutions to consider when providing meals to prospects (and the prospect's parents or legal guardians).

3. Game-Day Activities.

- **Recommendation:** Prohibit institutions from arranging miscellaneous, personalized promotional activities and from engaging in any game-day simulations during a prospect's official visit. Such a recommendation would prohibit such activities as personalized jerseys, personalized audio or video scoreboard presentations and running onto the field with the team during pregame introductions, but would not preclude prospects from being present in the locker room prior or subsequent to a competition or standing on the sidelines during pregame activities prior to being seated in the regular seating areas during the competition. [For 16, against 1.]

  Rationale: The proposed recommendation will assist in establishing a reasonable and acceptable environment for the conduct of the official visit, and will help to eliminate the "keeping up with the Joneses" mentality that often leads to excessive activities during the official visit designed to induce the prospect to attend the institution.

4. Institutional Policies Related to Official Visits.

- **Recommendation:** To require institutions to certify that written departmental policies related to official visits that apply to prospects, student-hosts, coaches and other athletics administrators have been established and are on file. Institutions would be responsible for the development of appropriate policies regarding specified issues, including policies related to alcohol, hosts, unsupervised entertainment and sessions regarding academic programs and services, and would be held accountable through the NCAA enforcement program for compliance with these policies. [Unanimous Voice Vote.]

  Rationale: The proposed recommendation will ensure establishment of a set of principles and guidelines for the recruiting process with full regard for reasonable and acceptable forms of behavior and promote institutional accountability through a set of internal controls sufficient to monitor compliance. This recommendation also recognizes that setting national rules regarding policies such as curfews and sites where entertainment may take place would not be as effective in changing current behaviors as permitting institutions to adapt policies to each institution's unique environment along with clear accountability standards for compliance through the national organization.

5. Entertainment.

- **Recommendation:** To require that hosts used for the entertainment of prospects consist of either current student-athletes who are members of the team in the sport in which the prospect is being recruited or that they be designated in a

manner consistent with the institution's policies for providing tours to prospective students generally who make campus visits. [Unanimous Voice Vote.]

Rationale: The proposed recommendation will establish a more reasonable environment for prospects and their families to fairly assess their opportunities for academic and athletics success and their ability to integrate into the intercollegiate experience. Further, it will assist in establishing an environment that is consistent with the recruitment of other prospective students who make campus visits.

6. Other items.

a. The group previously expressed support for the following recommendations:

- Expanding current unethical conduct regulations applicable to prospective student-athletes, student-athletes and institutional staff members to address inappropriate behavior (e.g., under-age drinking, use of drugs, entertainment activities) that may occur during a prospect's official visit.
- Requiring a prospect making an official visit and the student-athlete serving as a host to sign a form indicating that he or she will not engage in inappropriate conduct during the official visit as defined by the institutions.

b. The task force also discussed but did not act at this time to eliminate the cash allowance provided to the student hosts and agreed to further discuss the merits of such a proposal in developing the appropriate environment to ensure institutional accountability related to the entertainment of prospects (and their parents) during an official visit. Some support for vouchers or credit certificates was expressed.

NOT RECOMMENDED

The task force considered, but **DECLINED** to support the following recommendations. These are included in the report to invite comments by constituent groups before final task force recommendations are considered by the Management Council and Board of Directors in July and August.

1. **Allow institutions to pay the airline transportation costs of a parent or legal guardian accompanying the prospect during the official visit.** [For 7, against 10, abstain 1.] The task force acknowledged that, in some instances, it may be helpful for a prospect's parent or legal guardian to be present during the official visit and should be encouraged, but also noted that attending the visit without his or her parent also provides the institution insight into how the prospect will integrate into the intercollegiate experience. Interest was expressed in providing flexibility to encourage parents and family members who do accompany the prospect to participate more fully. It also was noted that clearly stated institutional policy regarding conduct is more meaningful than attempting to influence behavior through required parent supervision.
2. **Reduce the number of official visits from the current number of five and reduce the length of the current 48-hour time period for conducting the visit.** [For 1, against 15, abstain 2.] The group noted that reducing the number of official visits and the time period for conducting the visit simply affects the time when excessive or inappropriate behavior can take place and the focus should more appropriately be on establishing standards of behavior through institutional policies.
3. **Establish an early signing date in those sports in which early signing dates currently do not exist.** [No action taken.] The group noted that such a recommendation encourages a prospect to forgo announcing commitments or signing until he or she takes the maximum number of visits and noted that further discussion of this issue should take place in the context of the development of a new recruiting calendar for which earlier access by coaches also is considered.
4. **Require prospects to attend class or some form of academic orientation session during an official visit.** [No action taken.] The group opined that academic activities are in fact occurring on most campuses and agreed that functions related to student activities, student life, career counseling and other academic related issues should be included as part of a "best practice" recommendation or topics addressed by the institution's campus visit policies.

SUMMARY

As noted earlier in this report, the recommendations of the task force are intended to provide a prospect and the institution a meaningful opportunity to make an informed decision about attendance at the institution and participation in the athletics program, while at the same time are intended to eliminate unjustified special arrangements associated with campus visits.

In addition, requiring institutions to certify that campus visit policies and practices are in place acknowledges the responsibility of institutions to set standards for a healthy visit that take into account the uniqueness of each institution, but also provides the NCAA an accountability mechanism if failures are detected. While many institutions already have campus visit policies in place, it was suggested that the task force also develop an outline to assist institutions in addressing the full range of issues related to the campus visit experience. A set of recommendations and suggestions regarding sound practices will be considered by the task force and circulated to the membership in advance of the adoption of legislation this summer.

It is to be hoped that the task force recommendations will be embraced by NCAA Division I institutions and coaches and that limiting excesses and adopting clear accountability for conduct associated with official campus visits will serve the academic and athletic missions of NCAA institutions while also assuring public confidence in the integrity of systems.

Task Force Members. David Berst, NCAA Vice-President for Division I, chair; Tim Curly, Director of Athletics, Pennsylvania State University; Jeremy Foley, Director of Athletics, University of Florida; Katie Groke, Student-athlete, University of Wyoming; Reggie Minton, Associate Executive Director, National Association of Basketball Coaches; Jim Murphy, Director of Athletics, Davidson College Greg Naples, Professor of Accounting/Faculty Athletics Representative, Marquette University; Greg Naples, Professor of Accounting/Faculty Athletics Representative, Marquette University; Kevin Nesfield, Student-athlete, Purdue University; Chris Plonsky, Director of Women's Athletics, University of Texas, Austin; Sonia Price, Interim Director of Athletics/Women's Volleyball Coach, Alabama State University; Shannon Reynolds, Senior Director of Events/External Affairs, Women's Basketball Coaches Association; Virginia Shepherd, Professor of Pathology/Director of Science Outreach, Vanderbilt Medical Center; Gene Smith, Director of Athletics, Arizona State University; Grant Teaff, Executive Director, American Football Coaches Association; Patty Viverito, Commissioner, Gateway Football Conference; Stan Wilcox, Associate Commissioner, Big East Conference; Jill Willson, Director of Athletics, Texas A&M University, Kingsville; and Debbie Yow, Director of Athletics, University of Maryland, College Park.

The task force has been assisted by a group of eleven NCAA staff members who have been working in concert with the task force: Elsa Cole—General Counsel; Beth DeBauche—Director of Division I; David Didion—Director of Enforcement; Keith Gill—Director of Membership Services; Jeff Howard—Managing Director of Public Relations; Damani Leech—Associate Director for Baseball and Football; Kevin Lennon—Vice-President for Membership Services; Steve Mallonee—Membership Services Managing Director/Division I Governance Liaison; Delise O'Meally—Director of Membership Services; David Price—Vice-President for Enforcement Services; and Rosie Stallman—Director of Education Outreach.

Mr. STEARNS. Mr. Renfro, thank you, and I will start with the questions.

Certainly it is welcoming rhetoric, opening statement to hear your comments, and it sounds good, and I appreciate your presenting that information.

I guess the question is what we saw happen at the University of Colorado and we see that Dr. Hoffman came up with a whole new regimentation that she is enforcing, and she has agreed to actually sign the policy, the written policy on record in her college regarding the recruiting policy.

Does your recommendation require the signature of the president of the university to sign and shouldn't the president be held accountable for these policies that the recruiting people are involved with?

I mean, it is like what we did with FASB when we dealt with Telecom bubble and we saw Enron and all of these people. So the Oxley-Sarbanes Act said, okay, the CEO is going to now have to sign the P&L statement. I mean, your task force does not include that the president signs anything of any accountability responsibility, does it?

Mr. RENFRO. An overriding principle in the NCAA is the concept of institutional responsibility and that the president, the chief executive officer, signs off on all of those.

Mr. STEARNS. So your recommendation is this afternoon that the president of the university should sign this policy statement.

Mr. RENFRO. It is a fundamental part of the way that the association handles these issues.

Mr. STEARNS. Okay. When you developed your task force, you had athletic directors, you had athletes and faculty representatives. Did you ever have any presence of universities on the task force with recommendations?

Mr. RENFRO. Mr. Chairman, I have the listing of the task force members attached to the document that was presented to the committee.

Mr. STEARNS. Okay.

Mr. RENFRO. Let me look quickly through here.

I do not see a president.

Mr. STEARNS. We did not see any, and my suggestion would be to you before you put this into concrete form, that you get the presidents of the university, some of them, involved to give some suggestion to what you are doing.

Mr. RENFRO. Well, let me be sure that I point out that ultimately the people that are going to sign off on these recommendations is the board of directors, which is made up entirely of university presidents. As a matter of fact, they commented and are continuing to comment on these recommendations after its presentation to them 2 weeks ago.

But that board will be the body that signs off on the recommendations.

Mr. STEARNS. Dr. Friday, the Knight Commission first met, I think, in 1989. I think you and I talked about it, and you talked about some of the problems back in 1989. Do you see a lot of change since 1989, I mean, honestly?

Mr. FRIDAY. We have seen the change in the structure of the NCAA, which was our first proposal, that the presidents be put in charge.

The second point of emphasis was academic reform. You have commented on what has happened recently.

The third point of emphasis was financial accountability. We will be in a position to say something about this definitively in the fall.

It is the problem of commercialization that is in excess now. Networks telling institutions when to pay , the amount of money that is involved flowing for salaries.

Mr. STEARNS. We get involved in this subcommittee because of commerce being in our title. I am going to give you a chance here, and this is really going to be a tough question for you. In a way I do not see a lot of difference between professional sports and collegiate sports in terms of the commercialization that is created. The athletic departments almost operate as a business. You know, they build this $90 million facility you talked about, $3.5 million for the locker room. I mean, they all benefit from the tax code.

And yet they are taking in millions of dollars through the commercialization of selling this sport. I mean, do you think their status as a not for profit organization should be affected?

I mean, if we went to a not for profit status, that would change us dramatically if they did not come up with a policy here. I mean, this is a big statement here, and I want you to give me some help on this because there are a lot of alumni who will not be too appreciative.

Mr. FRIDAY. Well, I think you have to look at it in the context of the series of decisions of the Supreme Court with reference to antitrust status. The universities, if you read Justice White's dissent in the Oklahoma case, you will see that what he has predicted will come true, and the institution is not able to do what you would have it do in the sense of setting certain standards. You don't pay any more than this level or have or have a conference do it. That cannot be done under these opinions.

Maybe an exemption to antitrust states what we're really talking about.

Mr. STEARNS. Mr. McMillen, some leaders in the collegiate basketball profession, including Terry Holland and Dean Smith, advocate for freshmen ineligibility. Do you think this would help in the adjustment of a freshmen and his academics if he was told he was ineligible as a freshman for professional sports?

Mr. MCMILLEN. I am somewhat ambivalent on that issue. If you would indulge me for a minute, I think it is a minor issue when there are many major issues to deal with. I would like to follow up on Bill Friday's comment.

Mr. STEARNS. Sure, okay.

Mr. MCMILLEN. You know, this is kind of like the movie "Groundhog Day." You keep getting up and the same story is over and over again. Nothing changes.

Well, that is really the plight of really intercollegiate athletics, and I comment the NCAA, and they have made a lot of good progress, but there are some structural problems, and I would like for the record to submit to you legislation that I introduced in 1991 that referred to this committee and others, as well as an op.ed.

[The material appears at the end of the hearing.]

Mr. STEARNS. By unanimous consent so ordered.

Mr. MCMILLEN. And basically it deals with what Wizzer White said in 1984 when you had a fragmentation of television rights in the Oklahoma NCAA case. He said that you are going to see an arms race in college sports. It is going to have, you know, one school against the other, and you are going to have a terrible mess on your hand.

In his dissent report in that court case, he went against the majority report, was truly prophetic. The legislation I introduced in 1991 was to try to take all of the money in college sports, put it back into one pot, have the presidents control that pot, have it distributed to colleges and universities not based on winning and losing, but on gender equity, breadth of programs, less money for, you know, high paid coaches.

Mr. STEARNS. Including graduation rates maybe.

Mr. MCMILLEN. And graduation rates, and if schools wanted to opt out of that system, let them be taxed like taxable businesses. That was the essence of the legislation.

You know, I said at the time it is going to take 20 years before anyone would take it seriously, and it would be a gambling crisis or some scandal in college sports before people would look at it.

I am proud to say that the Knight Commission now is beginning to look at these issues seriously. I do not think college sports is ready for this. It is not going to happen tomorrow, but when you talk about vision, which is what you said in your opening statement, we have to look ahead and figure out how to put this commercial monster back in its place.

Kids will play just as hard where the coach makes $2 million a year or $1 million or $100,000, $200,000. They will play just as hard on the court. Adn the point you said, it look s a lot like professional sports is true, except if you want it to look like professional sports, then the players ought to be able to walk in with a lawyer and negotiate a contract just like the coach could do.

But I am not advocating that. I am saying that if you want a professional sports league, give the players rights and run it like a business and tax it like a business, but if you want a college system, then the whole thing has to be restructured. And that was really the point.

And if you restructure it, you will take care of recruiting abuses. You will take care of the freshmen issues. One thing you ought to understand about college sports right now is that schools do not even put their schedules out anymore because they have to wait until the networks tell them when their football games are going to be in the fall.

The presidents of universities are no longer in control of their campus schedules because they networks tell them that the games will be Sunday night at nine o'clock or Sunday night at seven o'clock or Saturday afternoon. They are the ones in control.

And I think that this committee, if it is looking at the long view of college sports, notwithstanding all of the things that the NCAA has done in the right direction, I think you have to look at the bit picture and see where all of this is going to go over the next 5 to 6 years.

Mr. STEARNS. I thank the gentleman. My time has expired.

The gentlelady, Ms. Schakowsky.

Ms. SCHAKOWSKY. Thank you.

At the last hearing, President Betsy Hoffman from University of Colorado was testifying, and I was very concerned and continue to be about the statements that Gary Barnett said about a girl who said she was raped and what sounded like this really unacceptable excuse that, well, she is a girl, is what he said and she was not very good anyway.

And you talked, Dr. Friday. Here is an individual that is on paid leave. He makes over $1 million a year, and there is some sort of investigation going on.

But if we are talking about culture, changing a culture here, then I am still absolutely mystified that someone who made such a blatant kind of sexist and inappropriate statement about what is potentially a serious crime against this girl is left in this position. I cannot understand what a rationale could be, and I cannot understand what kind of signal it sends to young men who are playing this sport.

And I wanted some comments about that, and if in any way the new NCAA guidelines address this kind of behavior on the part of a coach and speak to this kind of unacceptable statement.

Mr. FRIDAY. Well, it was an inappropriate and wholly unnecessary and improper statement. No question about that.

The report of the investigation at the University of Colorado will be in your hands either tonight or tomorrow. It is coming out, adn there are findings in there. I do not know what happened in disposition of people, but I would guess that there would be some very severe language in there. I have seen some advance sheets on it.

But we are dealing here with a question of integrity and character of an institution, and when you represent an institution, whatever you position is, you should act that way. There is no other option you have.

And I think when the basketball coaches called themselves into executive session not too many weeks ago, this is one of the matters they were talking about: conduct, behavior. They had two or three cases like in Baylor and some other peoples that had come up.

So I am sure they are working on it. We just do not know about it, but I would agree with you. It needs to be done.

Ms. SCHAKOWSKY. I just think he should be gone, gone, gone, gone once those words came out of his mouth, and the fact that he is not is a very loud message.

Mr. Renfro, did you want to comment on that?

Mr. RENFRO. President Hoffman has indicated that she is going to make a decision about his future at the University of Colorado. I think by the end of the month. She wanted to wait until this report came out, and that is a process that she chose to address the issue.

I think it is very difficult for anybody who heard those statements to think of a context in which they are appropriate, and I think that everyone has been upset, disturbed, outraged by those statements. I will not try to predict what President Hoffman will do, but it would appear that she has indicated that she is going to make a decision by the end of the month.

Ms. SCHAKOWSKY. And let me just say for the record I think by letting it go this far even, she has said something about it, that it was not serious enough.

But, Mr. Renfro, the NCAA President, Myles Brand, said in early April, he said, "I think it is the proper role of the NCAA in this case to legislate behavior, and let me tell you why. In the past we have allowed common sense and moral decency to be the guiding factors in recruiting."

Well, it does not work, understanding that we are going to have to take steps to regulate behavior. He also said, "There are certain behavior standards that are not permissible. You want to legislate behavior so that it does not put the student athlete, the potential student athlete or anyone else in the position to undertake illegal activity."

Well, given that this is the public position of Mr. Brand, why did the task force choose to act actually, it seems to me, in the opposite manner and instead leave the question of behavioral standards up to individual colleges or universities?

Mr. RENFRO. You know, I do not believe that the task force is going to finish its report without firmly saying that behaviors that include the use of alcohol, drugs, or sex as inducements will not be tolerated. I don't believe that that report will end up absent that kind of statement.

It is the kind of statement that, in retrospect, you may wonder why it wasn't there all along. And I think that is exactly what President Brand was trying to get at. I think there was a sort of acceptance, an understanding, that that is a level of common decency and common sense that you would think would prevail. But it will be there going forward.

Mr. STEARNS. The gentleman from New York, Mr. Towns.

Mr. TOWNS. Thank you very much, Mr. Chairman.

Mr. Renfro, you know, if these reforms are put in place, will the NCAA have the resources to actually investigate or to make certain that they are kept are lived up to?

Mr. RENFRO. In the last few months, President Brand has increased the size of the enforcement staff by about 50 percent, added six new investigators. I think that is going to make a big difference, and I will tell you that he is committed to making sure that the enforcement of the bylaws is as strong and as powerful and as determined as he is with changing the culture, understanding that what we are here for are the student athletes.

Obviously, we will never have enough representatives, enforcement representatives to put one on every campus to be sort of continuously investigated. We have to change the culture in a way that puts the institutions in a position where they act responsibly, and when they don't they are held accountable.

Mr. TOWNS. You know, I guess the reason I raised this issue is that when you hear coaches say—and I have heard this—you know, I have been involved in this stuff now for a long time. And coaches would say to me, "I am leaving that university, because they are too rigid, and I am going to another university."

So what I am saying is that a coach will come in, not follow the rules, not follow the regulations, and then all of a sudden the school is in a mess, he goes on to another university, gets a job making four times the amount that the President is going to make at the university. I mean, how do you control something like that? This thing seems to me just—this bus is loose. There is no driver.

Mr. RENFRO. It is almost impossible to control that, because institutions have the ability to hire. The NCAA does not hire coaches. That is the responsibility of individual institutions. We try to expose the history of those coaches who commit those kinds of grievances and who violate, sort of at will, NCAA bylaws.

We even have regulations in place that says to that hiring institution, "You are going to have to come before us and explain to us what you have done, how you—what you have put in place, show cause for why this individual should be hired by your institution as a coach," because this is the pattern in the past. We want to see what you have done to guarantee that those kinds of behaviors aren't going to continue in the future.

Mr. TOWNS. You know, the other thing that—you know, that really I am troubled by is that these are educational institutions, and that you have a President making $300,000, or $250,000, and

then you have a coach making $2.6 million. I mean, what kind of message does this send? I mean, there is something wrong with this.

Mr. RENFRO. I think that all of us would take a look at how the marketplace affects salaries, maybe in various professions, and wonder how salaries got to where they are, and yet we know that it is the marketplace that is ultimately going to determine that.

We were in a—you know, we had legislation at one point that tried to control the salary of one particular classification of coaches, and suit was brought against us, we lost, and it cost the association $54 million for the experiment. As a matter of fact, we are not able to control the salary of coaches.

One point I will make—remember that not all of that money is coming from the university. Very often the bulk of it is coming from other sources. Those coaches have to disclose the source of those other funds, but it is not under the control of the university. And so they may be from consulting, from television contracts, from endorsement type arrangements. There may be various other sources for those funds.

There are a number of other individuals on a campus who may be in that same category. There are professors who are paid a handsome, but nominal, fee for what it is that they do, and they also have outside income that are, frankly, equal to what some of the coaches are making.

Mr. TOWNS. Let me just be right candid with you. You know, we spend a lot of time with the student athletes' rights. You know, my good friend Tom McMillen was involved in those issues here. And, of course, they found a way to get around that. You know, in that we had the letter of intent, you had to indicate your graduation rate. Now they don't send letters; they make a phone call to the kid. I mean, it seems to me that you need to do something to be able to say that a letter of intent must go out.

I mean, I don't know what to do. I am just frustrated, because I think that our young people are just being used and abused. And I think it is wrong, and I think that what they are saying on the phone, as one kid told me, he says, "Well, you know, if there is any question about our graduation rate, you need to understand it is because we send our players to the pros."

Mr. RENFRO. Congressman, here is what we have done. We have been publishing those graduation rates since the Act was put in place. We have been in discussion with the Department of Education about some of those rates, because there are rules that suppress the rates in some instances, and in some cases that has kept us from shining the light on some of the worst examples.

Beginning this summer we are going to collect the data ourselves, and we are going to publish it. So as a matter of fact, we are going to take it one step further than has been the practice the last couple of years. We are going to collect the data, and we are going to publish it. We are not going to suppress those kinds of numbers in the future.

Mr. TOWNS. I am happy to hear that. Let me just—Dr. Friday, I would like to hear your comments, because I have followed your career and I have been so impressed with you, you know, down through the years. I would sure like to hear you on this.

Mr. FRIDAY. What you have brought to fore here is one of the fundamental problems in college sport. That coach's salary—let us take a big-time coach. It is $500,000 in the shoe contract, $300,000 or $400,000 in doing radio and television, some of them have annuities that have amounts involved, $300,000, $400,000, $500,000.

The pay that they get from the institution is by far the smallest piece of the package. This is the way it has evolved.

Now, going back to the chairman's earlier question, maybe, as you are suggesting here, these contracts should bear the President's signature, and that he should have to authorize these as appropriate uses of the university itself. You see what happens is when you as a coach sign that contract, you guarantee that your players are going to wear that uniform, and you don't have any option about it.

So you are merchandising the university yourself, and that is what the President's job is. And this is what I am sure tonight the Commission will have something to say about.

Mr. TOWNS. Thank you. I know my time has expired.

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

Mr. Rush.

Mr. RUSH. Thank you very much, Mr. Chairman.

As I sit here, and as I listen to some of the comments—and, you know, I have followed this issue for a number of years, and it seems as though we are on a merry-go-round as we try to change the practices and change some of the outcomes on these particular issues, especially as it relates to how the enormous input of—influx of dollars, how it has corrupted the college athletic programs across this country.

And, really, right now it is like a quagmire that exists as far as I am concerned. It is like a—it is a quicksand of just—I don't know exactly how we are going to try to pull college athletics out of this quagmire that exists.

I guess, you know, Mr. Chairman, I want to just ask the committee, because I am particularly—I mean, as the panelists—I am particularly concerned about the graduation rates and the recruitment levels and the commitment to these young people who are—who are looking for a better life for themselves and for their family, and who put a lot of their future and a lot of their—just they invest a lot.

I mean, an athlete invests a lot of their time and efforts trying to get—come up out of some very, very difficult circumstances. And they go off into these schools sometimes, and then they are just treated like—you know, like shadow property for the most part.

And I just—you know, I know Tom indicated some 13 years ago that he passed legislation which was very important, and I think that the—I am at a point where I am so frustrated that I think that we need to really look at, how do we get—how do we fight these institutions where their pocketbooks—fight them in the pocketbooks? And use the RES or other kinds of legal systems to force these schools to deal with the ramification of what their practices are.

And so my question to the panel—because as a Member of Congress, I mean, I am frustrated. I am very frustrated. You know, I know that the NCAA is doing what it feels as though it should be

doing, and I know that the Knight Foundation is doing what it should be doing. And Tom and others are trying to do what they feel should be done.

And, you know, there are always ways that these universities are—and these coaches and these other commercial interests in our country—there are always ways for them to try to figure out how to get beyond where we are all trying to head to.

So my question is: is there a role that other Federal agencies could play in terms of bringing these appointed practices of these universities to a screeching halt? Can we use the court systems better? Can we use the tax codes better? Should we put at risk those institutions' tax exempt status if, in fact, they continue to discriminate against their own athletes, their own students, by forcing—I mean, by having these severe disparities in terms of the graduation rates? I mean, is that an appropriate way to proceed?

Mr. FRIDAY. I would hope that the universities themselves, now that they are in real arm lock trying to change this situation, would be allowed to really work with the system.

Let me illustrate. The Commission recommended that you wouldn't be allowed to play in a bowl game if you didn't graduate 50 percent of your athletes. That gets to the money. And when you cutoff the money flow, you get attention. And the work that they are doing now with the academic reforms, you remember, ties into this very point, because you have to achieve or you don't participate.

Now, we haven't done these kinds of things before. But money is generating half the problems we have got, so we have got to attack it that way, and directly I think. Now, it would have worked a real hardship in the last NCAA championship. But when you tell these institutions that this is the standard, and you say this to most young people, they achieve.

We had a 98 percent graduation rate in basketball, but that was because Coach Smith really took an interest in every single player. They spend $500,000 a year in counseling services for these young men and women, and that is the reason they have been so successful.

You will find this going on in almost all of the big programs. The question is—now there is so much pressure to leave early, and I am very pleased that the NCAA is working on a way to be more fair in computing graduation rates, because right now if you transfer out, you get penalized in the wrong way by the formula the government has prescribed.

So please give them—give us time, through the NCAA's efforts, the Commission's efforts, the faculty groups, the governing boards. There are so many people now really listening that I think some things will happen that will make a real difference.

Mr. RUSH. Mr. Chairman, I know—could I just follow up with this question, and anybody can answer this. Tom, if you have got some points. Okay. That is the universities. Now, here you have the broadcasters who are under jurisdiction of this committee. What do you suggest that we do? How would you suggest that we deal with the broadcasters? Because they are partners in this—in these efforts.

Mr. MCMILLEN. I would like to answer that by using an analogy. Back in the 1970's when the Olympic Committee was reconstituted, there were many fifedoms of amateurs in America, and the Amateur Sports Act put all of that together and make the United States Olympic Committee all powerful. And it has worked pretty well over the years, with a few problems recently.

I am in favor of an all-powerful NCAA. I don't like the conferences doing their thing. I don't like these—the playoffs. I don't like any of that. I like to have an all-powerful NCAA. I like them to control it based on academic values, not commercial values.

There will be just as much money. They can tell the broadcasters when they can broadcast, not the other way around. And if schools don't want to play in that game, tax them like businesses. That was the genesis and the foundation of the legislation.

And I think Wizzer White back in 1984 when that—you know, when the NCAA lost that case and television monies were fragmented, this has all resulted from that—that any school—Notre Dame, any school can go out and do its own TV deal. And you have created an arms race, and the only way to control this is to get the money under control.

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

Did you want to answer, Mr. Renfro, to Mr. Rush's——

Mr. RENFRO. I did want to make just a couple of brief points. One is that we have made progress over the last two decades in graduation rates.

When we started with Prop. 48 in the mid 1980's, graduation rates in Division I of student athletes lagged behind the rest of the student body. On average, today they exceed the graduation rates of the rest of the student body by 3 percentage points. We have made that kind of progress.

In the last year, the graduation rates for African-American basketball players at the Division I-A level, the most elite level, went up 10 percentage points. That sounds like an enormous success story. But it went from 28 percent to 38 percent. That still is completely unacceptable. It is higher than the average graduation rates of other African-American males in the general student body, but it simply isn't high enough.

We have made progress. We are making—we believe we have the best system in place right now to make additional progress. And the thing that we are doing now that we have never done before is hold the institutions accountable in terms of scholarships, access to championships.

Mr. STEARNS. We are going to do a quick second round. There are some members who would like to do this. I don't have too much.

Mr. Renfro, what do you think of Mr. McMillen's legislation of some time ago? I mean, would you think that is worthwhile, too, maybe for this committee to actually reenter—reintroduce under my subcommittee and have a hearing on it and consider it formally?

Mr. RENFRO. I think it is a very interesting concept. It is one that has been debated within intercollegiate athletics and the NCAA off and on as long as I have been with the association. I

think that part of the problem has been whether we—how we were going to be able to justify that kind of legislation.

In other words, can we get it passed? Is it possible to do it? And if we do, what will be its limitations? Will it be narrow, or will it be broad? And if it is narrow, what does that do and say about other areas where we have obligations to create regulations?

I think it is worth debating. I think it is something that we should certainly discuss. But I think that it is something that you have got to look at all of the possible consequences of doing it and how you are going to actually frame——

Mr. STEARNS. How you are going to implement it.

Mr. RENFRO. [continuing] how you are going to implement it, yes.

Mr. STEARNS. I see your problem as—Mr. Towns touched upon it, I think. You just don't have enough people in enforcement—as I understand it, approximately one for every 100 members of the NCAA. The NCAA's enforcement of its own rules was somewhat challenged, I guess is what we are thinking.

Mr. TOWNS. You mean one—an investigator for every 1,000.

Mr. STEARNS. We have 100. You have 1,000? It is 1,000. We have 1,000. Okay. Thank you. I thank my colleague.

Mr. RENFRO. Right. We have about 18 investigators.

Mr. STEARNS. Okay. So you can't possibly enforce this. You can't possibly get a handle on it. And here we all agree it is an arms race. Can you get more money from your membership to increase your resources?

We are asking that colleges and universities be self-policing. But I think there has got to be some hammer somewhere, and you are it.

Mr. RENFRO. If you were to depend entirely on those 18 investigators, it would be the most daunting task that I can possibly think of. You have to remember that intercollegiate athletics is very competitive, highly competitive. If you and I are in the same conference, I am going to keep my eye on you. I am going to make sure that you are operating according to the rules, and when you don't I am going to try to do something about it.

That is part of the self-policing process, and it has been helpful. Those 18 investigators, in fact, are supplemented quite a bit by the very competitive nature of intercollegiate athletics. Can we do better and do more if we have more resources to throw at the problem? Sure. I am positive that we can.

Where is the logical limit to where that—you know, what is the magical number that we get to that solves the problem that essentially, you know, cuts out the cheating heart? And I don't know whether we are going to get there or not.

Mr. STEARNS. Dr. Friday, do you have any suggestion here? Do you think that they ever—are they ever going to have enough resources? Or do you think his idea—that the colleges and universities self-police themselves because they are in competition with each other?

Mr. FRIDAY. Well, you would like to believe the latter.

Mr. STEARNS. Yes.

Mr. FRIDAY. The evidence before you doesn't show that.

Mr. STEARNS. Right, it doesn't show that. Yes.

Mr. FRIDAY. I think it would be good to proceed with this. For example, the BCS situation in this country, a wholly independent, self-determining group, dealing with hundreds of millions of dollars, NCAA has nothing to do with that.

Now I know that Mr. Brand and his colleagues would look with you on the stars maybe because it is a huge burden. But when you are dealing with that kind of fund distribution and that flow of money, you have got to have a central command somewhere that looks at this and says, "Wait a minute." They do it in basketball and do it well.

Mr. STEARNS. My time is—I will finish. Mr. Towns?

Mr. TOWNS. Thank you very much, Mr. Chairman.

Mr. Renfro, you know, I really am impressed with the reforms. I think that is—they are great and long overdue. But I do have a problem, though, in terms of with the reforms. You know, a coach creates a problem. You eliminate X amount of scholarships at that particular school. The coach goes on.

Why can't you attach this to the coach or the fact that if he creates a mess, and has to lose X amount of scholarships, wherever he goes he should lose scholarships. He should become attached to that in some way, because, if not, I am not sure he is going to really get the message.

Mr. RENFRO. I think that is a very interesting idea, and it is not the first time it has been proposed, or at least discussed. And it may very well be the next place that we go. I hope that you are as impressed with the reforms 3, 4, 5 years from now as you are today. I believe that this is the best set of reforms that we have ever put forward, and I hope that they make a big difference.

What you are describing may very well be the place where we need to go that—so that we up the ante to the level that the behavior changes.

Mr. TOWNS. Yes.

Mr. MCMILLEN. Just a quick comment on that. You are absolutely right. The coach should pay a price. You know, if a team's graduation rates fall below, good kids who are good students are penalized, the coach can walk and not be penalized. But that shows you that the problem with the NCAA is they can't control that, because it is fragmented, and they can't control the salaries. And the system right now is so fragmented that no one really is in control, and that is really the problem.

Mr. TOWNS. And that is unfortunate, because a lot of good kids are being hurt, and it should not, you know—you know, I don't know in terms of how to put this I guess. In order to clean this up, it seems to me that you need to put forth a great deal of effort on the front end here with a lot more investigators.

Based on what I am hearing, some schools are doing so bad, and some of the other things, you probably could use your 18 investigators in one school, you know. But I think that you have to find a way to clean this up and then move forward.

You know, we were hoping that the student athlete's right to know would do some of this. We felt that if we implemented it, that it would create tutorial programs and all the kinds of things that—you know, to help youngsters. But it has not worked, you know, quite as well, so——

Mr. RENFRO. Well, we hope to give it a boost in this next year.

Mr. TOWNS. Right. Let me ask one other question, Mr. Chairman, and then I am going to close. Why can't we take some of this money from these bowl games and put it into helping in terms of to enhance the kids' performance? I mean, why can't we—for more tutorial services, more support kind of—why can't we take some of that money and put it into those areas?

Mr. RENFRO. You know, remember that the NCAA has no jurisdiction over the monies from those bowl games. As President Friday pointed out, that really is the purview of the BCS conferences.

Mr. TOWNS. Right.

Mr. RENFRO. Now a larger number of conferences. However, we do have purview over the money from the CBS contract. The distribution to the membership, to Division I, half of that is based on their participation in the Final Four——

Mr. TOWNS. Right.

Mr. RENFRO. [continuing] the basketball tournament.

Mr. TOWNS. Correct.

Mr. RENFRO. The other half is based on what is called broad-based half of the distribution—based on the number of programs they have, the number of student athletes they have. And included in that are funds that go to every institution—$50,000 each year that go to each institution for academic enhancement, to help those—to help the institutions with doing exactly the type of thing that you are talking about. That is $15 million that goes to Division I for that purpose.

We also have, through the Student Athlete Opportunity Fund, another $17 million this year that will increase by 13 percent per year over the life of the CBS contract, some of that which may be used to help supplement the academic performance of student athletes.

Mr. TOWNS. Dr. Friday?

Mr. FRIDAY. The television networks—this thought just came to mind. They might be encouraged to contribute to such a fund, since they profit so much from the television exposure. I don't know how you would do it, but you could——

Mr. TOWNS. Maybe we could talk to the FCC.

Mr. MCMILLEN. You know who is in control of college sports today?

Mr. TOWNS. Who?

Mr. MCMILLEN. It is this. This is what is controlling college sports, because, you know, with all due respect for the good work that they have done—and I really do commend the NCAA—it is sadly the case that that—this is what is in control of college sports. And it is going to take some serious, serious changes to really do something about that, and I say that with all due respect for the good work the NCAA has done.

Mr. TOWNS. Right. Thank you very much. My time has expired. And I also would like to say that I really feel that you are putting forth an effort, you know, and that is I think important. I have not always felt that way; I want you to know that.

Mr. MCMILLEN. I understand, Congressman.

Mr. TOWNS. So I need to share that. But we still have a lot of work to do. Thank you very much.

Mr. STEARNS. Mr. Rush.

Mr. RUSH. Thank you, Mr. Chairman.

Dr. Friday, the word "fragmentation" has been bounced about for most of this hearing. And it seems to be a part or at least be one of the key components of the problem and also the solution—how do we deal with the fragmentation? And how do you suggest that we try to go about dealing with the fragmentation and creating some kind of governing body that is powerful, that can make decisions and control college athletics, regardless of the interest of the commercial concerns? How do we—I mean, how do you think we can move from where we are right now to a more centralized and controllable——

Mr. FRIDAY. Well, I think you are speaking directly to the presidents of the institutions in this country, because they have—they are—as Mr. Renfro said, they are in the position of controlling the NCAA now. They can do these things if they make up their minds to do them. They can control some of these abuses, and they are working toward that now.

The academic reform work will go to Stage 2, and we will see some sanctions applied. That can cost money. If you don't achieve here, you don't go. You don't do this. Well, that is a negative way of doing it. I would rather be positive. But if we have come to that, then we will do it.

But I really think we ought to let that run its course for a bit. If it doesn't work, then you come back into session.

Mr. RUSH. Tom, how do you—what would you say?

Mr. MCMILLEN. I wouldn't disagree with Dr. Friday. I think that—I am not an advocate of Federal solution, but I think that is going to be the solution in the long run. And I think that, you know, the President should be in charge.

But because of this fragmentation, and that Supreme Court decision, you now have the conferences, and you have all of these different structures, autonomous structures, that are doing their own thing, and the coaches are negotiating bigger and bigger contracts, and really it is very difficult to put that genie back in the bottle.

And so going back to what Congressman Towns said, you know, Congress spends billions of dollars on higher education. This is threatening the integrity of higher education in America. If it cannot be policed by the presidents, then we need a Federal solution. I think that is a fair answer.

Mr. RENFRO. With all due respect, Tom, I hope that you are wrong, that the only solution is something from this institution. I think there is in that, however, a clear message that the universities and university presidents must regain control of their athletics programs. They must integrate those programs back into the institution.

They are getting a lot from intercollegiate athletics. They are benefiting a lot. They should pay for that. The athletic programs shouldn't be expected to go out and raise all of those dollars themselves. There is a connection that is logical. And when you push intercollegiate athletics away, you can expect that it is going to behave in ways that don't match the mission of the university.

Mr. FRIDAY. Mr. Chairman, in 1989, Louis Harris conducted a survey of public opinion in this country about college sport. The

last of the findings was that 6 out of 10 Americans felt that the day might come when the presidents wouldn't do it, and you would have to do it. But let us hope that day doesn't come, that we can trust the process and the institutions which we hold so accountable for the moral fiber of the country. And this is where the presidents have a job to do.

Mr. RUSH. Mr. Chairman?

Mr. STEARNS. Yes.

Mr. RUSH. Before you conclude—I think you are headed toward a conclusion—I would just like to go on the record just to say that I look forward to the day when we can have a hearing like this and have university presidents to come in, so we can really just kind of—you know, from different—that would be representative of the university presidents. I would really——

Mr. STEARNS. What you are saying is maybe we could have a follow up after the NCAA has their report implemented, and maybe bring university presidents in to say how it is being done and——

Mr. RUSH. Right.

Mr. STEARNS. [continuing] see what the graduation rates are, and things—what new things have been——

Mr. RUSH. I would like to be a part of that.

Mr. STEARNS. Okay.

Mr. RUSH. I look forward to that.

Mr. STEARNS. All right. Let me thank all of you by saying that the hearing is completed, but we want to have unanimous consent to allow other members who aren't here to submit their opening statements. By unanimous consent, so ordered.

I want to thank all of you for your patience in this late hearing.

The subcommittee is adjourned.

[Whereupon, at 5:30 p.m., the subcommittee was adjourned.]

[Additional material submitted for the record follows:]

[April 1, 2002, Monday, USA TODAY, FINAL EDITION]

MARCH MADNESS REALLY ABOUT FRENZY FOR MONEY

By Tom McMillen

Whether Maryland or Indiana is crowned champion of college basketball when the NCAA's wildly popular annual tournament ends tonight, once again the real winner will be the almighty dollar.

The NCAA scored big: a $6-billion television contract, which finances the NCAA and participating athletic programs. In addition, universities ponied up another $4 billion for new facilities during the past few years, even though the majority of athletic programs lost money. And 40-plus coaches hit the jackpot with $1-million-plus annual salaries.

Big-time college sports are eroding the integrity of our institutions of higher learning. Rule breaking is now the norm. More than 50% of our larger universities have been sanctioned by the NCAA for athletic-rule violations during the past decade. A student-athlete is an oxymoron at most institutions. Graduation is now the exception rather than the rule for the majority of football and basketball players.The influence of money on college sports is every bit as pernicious as the money grab in politics, but it doesn't have to be so. A Rhodes scholar and former runner-up for the Heisman Trophy, Justice Byron White, provided the pathway to reform 17 years ago.

In 1984, the U.S. Supreme Court, in the landmark decision NCAA vs. Oklahoma, stripped the NCAA of its monopoly power over broadcasting rights to college athletic events. Justice White, in his dissent against the decision, supported the NCAA's right to monopoly power. White argued that the NCAA monopoly "fosters the goal of amateurism by spreading revenues among various schools and reducing the financial incentives toward professionalism."

Justice White wisely understood that the NCAA's loss of monopoly broadcast power would lead to an escalating competition for money among schools. White feared that "no single institution could confidently enforce its own standards, since it could not trust its competitors to do the same."

The result: Coaches and athletic administrators are constantly pressured to spend more; to recruit successfully so they can win; to win so they can fill stadiums and go on television and to the playoffs; to make more money so that new, state-of-the-art arenas can be built, salaries can be raised and so on.

Despite years of reform efforts, it is clear that the NCAA cannot adequately reform itself. In fact, it is losing power to the conferences that are chasing their own mega-television contracts.

Using as a model the 1978 Amateur Sports Act, which consolidated the governance of amateur sports under the direction of the U.S. Olympic Committee, the White House and Congress should consider passing legislation that overturns the 1984 Supreme Court decision and grants additional antitrust protection to the NCAA. Such legislation should include the following caveats, which would ensure that the NCAA would be more academic and less commercial in orientation:

- College and university presidents would be firmly in control of the NCAA, including the scheduling, recruiting and all aspects of the administration of sports.
- Monies would be distributed by the NCAA based upon academic values—such as gender equity, academic counseling, academic performance, diversity of sports programs—not on commercial values such as winning or losing. Under a radically revised revenue-distribution program, a single NCAA men's basketball tournament game victory would no longer generate $780,000 for the winning team.
- Coaches' salaries would be aligned with university standards, and coaches should receive job security.
- Student-athletes who sign a contractual grant-in-aid should be prohibited from entering the pros until they are 20 years old.
- Student-athletes should be allowed to receive basic financial stipends and earn additional reasonable outside income.
- The NBA and NFL should strongly support developmental leagues for athletes who do not meet academic college standards.

Right now, donations to athletic departments are tax deductible. So the U.S. Tax Code is subsidizing the professionalism of sports on college campuses. Under this proposal, the situation would change. If schools wanted to leave the NCAA, they would lose their tax-exempt status.

Sports are an important part of our university life, serving as a unifying force for alumni and community; but we should not exaggerate their importance. Little suggests that athletic success increases donations to the overall university. By restoring the balance between academics and sports, we can preserve the noblest ideals of both.

Failure to reform now will result in the continued escalation of the money madness in big-time college athletics, with further damage to higher education. Already our high schools are not immune from similar exploitation. We are the only nation in the world that mixes our schools with our sports, and as a result, we are compromising our institutions of learning.

What major crisis will compel reform and halt the juggernaut? A gambling scandal or corruption trial?

These proposed reforms will not end big-time college sports. Competition will still be keen. Athletes will play just as hard to win, no matter where the money goes. When the incentives are changed, schools will think twice about sending their athletes on long road trips, having them miss weeks of class. Maybe finally the athletic tail will no longer wag the academic dog. When we cheer the national champion of the future, wouldn't it be nice to cheer the team's outstanding graduation rates as well as their athletic prowess?

Tom McMillen is a former co-chairman of the President's Council on Physical Fitness and Sports, U.S. Congressman, member of the Knight Commission and NBA player.

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Bill Summary & Status for the 102nd Congress

H.R.3046
SPONSOR: Rep McMillen (introduced 07/25/91)

TITLE(S):

- SHORT TITLE(S) AS INTRODUCED:
  Collegiate Athletics Reform Act
- OFFICIAL TITLE AS INTRODUCED:
  A bill to exempt from the antitrust laws certain conduct engaged in by the National Collegiate Athletic Association (NCAA) jointly with member institutions for the purpose of allowing the NCAA exclusively to negotiate certain contracts, and for other purposes.

STATUS: Floor Actions

NONE

STATUS: Detailed Legislative Status

House Actions

Jul 25, 91:

Referred to the House Committee on Education and Labor.

Oct 24, 91:

Referred to the Subcommittee on Postsecondary Education.

Jul 25, 91:

Referred to the House Committee on Energy and Commerce.

Sep 9, 91:

Referred to the Subcommittee on Telecommunications and Finance.

Jul 25, 91:

Referred to the House Committee on Judiciary.

Jul 30, 91:

Referred to the Subcommittee on Economic and Commercial Law.

Jul 25, 91:

Referred to the House Committee on Ways and Means.

ABSTRACT(S):

- ABSTRACT AS INTRODUCED:

Creates a temporary exemption from the antitrust laws for conduct engaged in by the National Collegiate Athletic Association (NCAA) for the purpose of allowing the NCAA to negotiate and carry out contracts involving the use or sale of the name or logo of a commercial sponsor in association with a post-season amateur athletic event engaged in by a member institution, the sale of the right to telecast an event engaged in by such institution, or both, subject to specified conditions.

COMMITTEE(S):

- COMMITTEE(S) OF REFERRAL:
  House Ways and Means
  House Judiciary
  House Education and Labor
  House Energy and Commerce
- SUBCOMMITTEE(S):
  Hsc Economic and Commercial Law
  Hsc Telecommunications and Finance
  Hsc Postsecondary Education

AMENDMENT(S):

NONE

COSPONSORS(6):

Rep Towns - 07/25/91

Rep Bilbray - 07/25/91

Rep Richardson - 07/25/91

Rep Murtha - 08/02/91

Rep Kolter - 08/02/91

Rep Smith, Larry - 08/02/91

SUMMARY AS OF:

(AS INTRODUCED)

Collegiate Athletics Reform Act - **Title I: Antitrust Exemption** - Creates a temporary exemption from the antitrust laws for conduct engaged in during a five-year period, beginning one year after this Act's enactment and subject to specified conditions, by the National Collegiate Athletic Association (NCAA) for the purpose of allowing the NCAA to negotiate and carry out contracts involving the use or sale of the name or logo of a commercial sponsor in association with a post-season amateur athletic event (event) engaged in by a member institution, the sale of the right to telecast an event engaged in by such an institution, or both.

States that the requirements of this title are met if the NCAA: (1) is governed in accordance with this title by a board known as the Board of Presidents; (2) has in effect and carries out a net contract revenue distribution plan that is developed by the Board and certified by the Secretary of Education to require compliance with specified criteria (which encourage each member institution to decrease the number of its revenue-producing sports teams and its facilities used specifically for such teams, to decrease the amount it expends for administration of its athletic department, and to increase the level of academic performance of student athletes who participate on such teams, and which develop a method of allocating net contract revenue to each member institution in direct proportion to the extent of its compliance with provisions of the Education Amendments of 1972); (3) has in effect and enforces rules which provide for due process before the NCAA suspends or reprimands a coach or student athlete, suspends or prohibits a member institution from participating in an event, or suspends the telecommunications privileges of a member institution; and (4) has in effect and enforces a student athlete scholarship plan (which encourages each member institution to allow each individual who receives an athletic scholarship to retain such scholarship if the individual maintains acceptable academic performance, makes a good-faith effort to participate in the athletic program, complies with all regulations and policies of the member institution attended, and is not convicted of a felony or drug- or alcohol-related offense).

Requires: (1) the Secretary of Commerce to submit a report to the Congress on the impact of the net contract revenue distribution plan on the diversity of events on broadcast television (TV) and pay TV services, the financial integrity of institutions of higher education, the TV networks and their affiliates, and the higher education system; (2) the Chairman of the Federal Communications Commission (FCC) to report on the impact on member institutions of NCAA suspensions on the telecommunications privileges of such institutions and the loss of funds to member institutions caused by such suspensions; (3) the FCC to report, specifying the number of NCAA athletic events available on free, broadcast TV, cable TV, and "pay-per-view" (ppv) TV systems, and evaluating the shift in the televising of events from broadcast to cable and ppv TV systems; and (4) the FCC to promulgate regulations within one year which prohibit any TV network or affiliate from broadcasting an event involving a sports team representing a disqualified college at the same time and in the same viewing areas as a broadcast of an event involving a member institution.

Title II: Tax Provisions - Amends the Internal Revenue Code to require that, in determining the unrelated business taxable income of an existing national athletic organization of colleges and universities and each such member institution of such an organization, there shall be: (1) included all gross income accrued after the disqualification date (i.e., the earliest date during the five-year period on which any title I requirements are not met) with respect to specified activities (the sale of tickets for, the use or sale of merchandise related to, and the use or sale of the name or logo of a commercial sponsor in association with, and the sale of the right to telecast, an event); and (2) allowed all deductions directly connected with such income.

Specifies that, in determining the unrelated business taxable income of a disqualified college, there shall be: (1) included all gross income with respect to such activities occurring after the disqualification date; and (2) allowed all deductions directly connected with such income.

Authorizes the Secretary of the Treasury to prescribe such regulations as necessary or appropriate to carry out the purposes of this title.

Specifies that, in the case of a student athlete at a member institution, gross income does not include the amounts received by such individual (whether in kind or as reimbursement for expenses incurred) for room and board, tuition, personal counseling, tutorial services, medical expenses, and specified sums for athletes qualifying on the basis of need under the Higher Education Act of 1965 (HEA).

Title III: Education Program Requirements - Amends the HEA to require the disclosure to students of the total revenues (and expenditures), and revenues (and expenditures) by sport, of (and for) the institution's athletic departments and activities, the total revenues and expenditures of the institution for the same period, and any funds transferred by an institution from its athletic departments to its general fund, or from its general fund to its athletic departments.

Requires the Secretary of Education to collect and compile forms required to be disclosed under such Act, make such forms readily available for public inspection and copying, and publicly announce (annually) the availability of such forms.

HR 3046 IH

102d CONGRESS

1st Session

H. R. 3046

To exempt from the antitrust laws certain conduct engaged in by the National Collegiate Athletic Association (NCAA) jointly with member institutions for the purpose of allowing the NCAA exclusively to negotiate certain contracts, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

July 25, 1991

Mr. MCMILLEN of Maryland (for himself, Mr. TOWNS, Mr. BILBRAY, and Mr. RICHARDSON) introduced the following bill; which was referred jointly to the Committees on the Judiciary, Education and Labor, Energy and Commerce, and Ways and Means

A BILL

To exempt from the antitrust laws certain conduct engaged in by the National Collegiate Athletic Association (NCAA) jointly with member institutions for the purpose of allowing the NCAA exclusively to negotiate certain contracts, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the `Collegiate Athletics Reform Act'.

SEC. 2. FINDINGS.

The Congress finds that--

(1) the National Collegiate Athletic Association (NCAA) and intercollegiate athletics have a direct and substantial effect on interstate commerce;

(2) NCAA member institutions conduct amateur athletic events in the 50 States;

(3) revenue is received from these amateur athletic events through a variety of means, including broadcasting rights, cable television rights, sponsorship of amateur athletic events, endorsement of products, event ticket sales, and advertising;

(4) revenue from such amateur athletic events is estimated to be in the hundreds of millions of dollars each year;

(5) competition for products related to intercollegiate athletic events is increasing every year, and this competition is resulting in a variety of new commercial ventures, including the sale of team logos, unique advertising contracts, and the sale of amateur athletic event programs;

(6) such commercial ventures are having a variety of negative effects on the higher education system, including lower graduation rates for student athletes on revenue-producing sports teams, a reduction in the credibility of the higher education system as measured by public opinion polls, and an over-emphasis on the recruitment of student athletes to increase revenues at a member insitution;

(7) most collegiate athletic programs do not allocate appropriate funds to women's athletics in

accordance with the provisions of title IX of the Education Amendments of 1972 (20 U.S.C. 1681 et seq.); and

(8) NCAA member institutions have been reluctant to enact the necessary reforms to correct these deficiencies either at annual conventions or through other means.

TITLE I--ANTITRUST EXEMPTION

SEC. 101. TEMPORARY EXEMPTION FROM ANTITRUST LAWS.

If the requirements of sections 102, 103, 104, and 105 are met throughout the 5-year period beginning 1 year after the date of the enactment of this Act, then the antitrust laws shall not apply to any conduct engaged in during such 5-year period by the NCAA jointly with any member institution for the purpose of allowing the NCAA to negotiate and carry out a contract with any person involving--

(1) the use or sale of the name or logo of a commercial sponsor in association with a post-season amateur athletic event engaged in by a member institution;

(2) the sale of the right to telecast an amateur athletic event engaged in by a member institution; or

(3) both activities listed in paragraphs (1) and (2).

SEC. 102. NCAA BOARD OF PRESIDENTS.

(a) IN GENERAL- The requirements of this section are met if the NCAA is governed in accordance with this section by a board which shall be known as the `Board of Presidents' (hereinafter in this title referred to as the `Board').

(b) MEMBERSHIP-

(1) NUMBER AND APPOINTMENT- The Board shall consist of not more than 33 members who shall be selected, in accordance with procedures developed by the NCAA, from among the presidents of the member institutions. The Board shall consist of an equal number of members from each division in the NCAA.

(2) CHAIRMAN- The chairman of the Board shall be elected by the members of the Board.

(c) DECISIONMAKING- Any action taken by the Board may be overruled by a vote of two-thirds of the presidents of the member institutions or the designees of such presidents.

(d) DIRECTOR AND STAFF-

(1) DIRECTOR- The Board shall appoint a director who shall carry out such administrative activities as the Board considers appropriate.

(2) STAFF- The director may appoint such additional staff as the Board considers appropriate to assist the director in carrying out the director's duties.

(e) TIME LIMIT- The initial members of the Board shall be selected by the NCAA not later than 90 days after the date of the enactment of this Act.

SEC. 103. REVENUE DISTRIBUTION PLAN.

(a) IN GENERAL- The requirements of this section are met if the NCAA has in effect and carries out a net contract revenue distribution plan that is--

(1) developed by the Board; and

(2) certified by the Secretary of Education to require compliance with subsections (b), (c), and (d).

(b) CRITERIA- The revenue distribution plan referred to in subsection (a) shall--

(1) encourage each member institution to decrease the number of--

(A) its revenue-producing sports teams; and

(B) its facilities used specifically for revenue-producing sports teams;

(2) encourage each member institution to decrease the amount of funds it expends for the administration of its athletic department, other than funds expended to improve compliance with title IX of the Education Amendments of 1972 (20 U.S.C. 1681 et seq.);

(3) encourage each member institution to increase the level of academic performance of student athletes who participate on its revenue-producing sports teams to a level not less than the mean level of the academic performance of the general student body of such member institution; and

(4) develop a method of allocating net contract revenue to each member institution in direct proportion to the extent of its compliance with title IX of the Education Amendments of 1972 (20 U.S.C. 1681 et seq.).

(c) DISTRIBUTION OF NET CONTRACT REVENUE BASED ON WINNING RECORD PROHIBITED- The NCAA shall not distribute any net contract revenue to a member institution based on the extent to which any sports team representing such member institution wins amateur athletic events.

(d) REPORT- Not later than 5 years after the date of the enactment of this Act, the Secretary of Commerce shall submit to the Congress a report on the impact of the net contract revenue distribution plan on--

(1) the diversity of amateur athletic events on broadcast television and pay television services;

(2) the financial integrity of institutions of higher education;

(3) the television networks and their affiliates, and the revenue received by such networks or affiliates resulting from contracts for telecasting amateur athletic events; and

(4) the higher education system.

SEC. 104. DUE PROCESS PROCEDURES.

(a) IN GENERAL- The requirements of this section are met if the NCAA has in effect and enforces rules which provide for due process before the NCAA suspends--

(1) a coach or student athlete from a team representing a member institution or reprimands such a coach or student athlete;

(2) or prohibits a member institution from participating in an amateur athletic event; or

(3) the telecommunications privileges of a member institution.

(b) STUDY- Not later than 180 days after the date of the enactment of this Act, the Chairman of the Federal Communications Commission shall submit to the Congress a report on the impact on member institutions of NCAA suspensions of the telecommunications privileges of such member institutions pursuant to subsection (a)(3), and the loss of funds to member institutions caused by such suspensions.

SEC. 105. STUDENT ATHLETE SCHOLARSHIP PLAN.

(a) IN GENERAL- The requirements of this section are met if the NCAA has in effect and enforces a student athlete scholarship plan pursuant to subsection (b).

(b) CRITERIA- The student athlete scholarship plan referred to in subsection (a) shall encourage each member institution to allow each individual who receives an athletic scholarship awarded by such institution to retain such scholarship during the period of such individual's enrollment at such institution (but not to exceed 5 years) if such individual--

(1) maintains acceptable academic performance;

(2) makes a good-faith effort to participate in the athletic program for which such individual is awarded the athletic scholarship;

(3) complies with all regulations and policies of the member institution attended; and

(4) is not convicted in a court of law of--

(A) a felony; or

(B) a drug- or alcohol-related offense.

Compliance with paragraphs (1), (2), and (3) shall be determined by the member institution attended by such individual.

SEC. 106. REPORT RELATING TO TELECASTING OF NCAA ATHLETIC EVENTS.

Not later than 5 years after the date of the enactment of this Act, the Federal Communications Commission shall submit a report to the Congress that--

(1) specifies the number of NCAA athletic events available on free, broadcast television, cable television, and `pay-per-view' television systems; and

(2) evaluates the shift in the telecasting of amateur athletic events from broadcast television to cable television and `pay-per-view' television systems.

SEC. 107. REGULATION OF CERTAIN AMATEUR ATHLETIC EVENT BROADCASTS.

(a) IN GENERAL- The Federal Communications Commission shall promulgate regulations which prohibit any television network or any affiliate of such network (or any successor or designee of such networks or affiliate) from broadcasting an amateur athletic event involving a sports team representing a disqualified college (as defined in section 512(e)(2) of the Internal Revenue Code of 1986) at the same time and in the same viewing area as a broadcast of an amateur athletic event involving a member institution.

(b) TIME LIMIT- The Commission shall establish the regulations referred to in subsection (a) not later than 1 year after the date of the enactment of this Act.

SEC. 108. DEFINITIONS.

For purposes of this title--

(1) the term `amateur athletic event' means a basketball game or a football game, as defined by the NCAA as of January 1, 1991;

(2) the term `antitrust laws' has the meaning given it in subsection (a) of the first section of the Clayton Act (15 U.S.C. 12(a)), except that such term includes section 5 of the Federal Trade Commission Act (15 U.S.C. 45) to the extent that such section 5 applies to unfair methods of competition;

(3) the term `division' means a group of member institutions whose sports teams compete against each other, as defined by the NCAA as of January 1, 1991;

(4) the term `felony' means any offense punishable by a term of imprisonment exceeding 1 year or by death;

(5) the term `member institution' means a post-secondary educational institution which is a member of the NCAA;

(6) the term `NCAA' means the National Collegiate Athletic Association (and a successor thereof);

(7) the term `net contract revenue' means revenue received by the NCAA under a contract relating to any activities specified in paragraphs (1) of (2) of section 101, minus--

(A) any amount paid to a member institution to reimburse such member institution for travel expenses and other expenses incurred by a sports team representing such member institution in a post-season amateur athletic event; and

(B) any amount paid for administrative and overhead expenses incurred by the NCAA to carry out the net contract revenue distribution plan under section 103;

(8) the term `person' has the meaning given it in subsection (a) of the first section of the Clayton Act (15 U.S.C. 12(a));

(9) the term `post-season amateur athletic event' means an amateur athletic event that is a championship game or post-season tournament game, as defined by the NCAA as of January 1, 1991; and

(10) the term `student athlete' means an individual who--

(A) is enrolled at a member institution in an academic program that leads to a degree; and

(B) is a member of a sports team that represents a member institution and competes against sports teams that represent other member institutions.

TITLE II--TAX PROVISIONS

SEC. 201. TREATMENT OF REVENUE FROM CERTAIN AMATEUR ATHLETIC EVENTS.

(a) CERTAIN ORGANIZATIONS SUBJECT TO UNRELATED BUSINESS INCOME TAX- Section 512 of such Code (defining unrelated business taxable income) is amended by adding at the end the following new subsections:

`(d) CERTAIN ORGANIZATIONS AND MEMBER INSTITUTIONS-

`(1) IN GENERAL- In determining the unrelated business taxable income of an existing national athletic organization of colleges and universities and each such member institution of such an organization--

`(A) there shall be included all gross income accrued after the disqualification date with respect to activities described in paragraph (3), and

`(B) there shall be allowed all deductions directly connected with such income.

`(2) DISQUALIFICATION DATE- For purposes of paragraph (1), the term `disqualification date' means the earliest date during the 5-year period described in section 101 of the Collegiate Athletics Reform Act on which any of the requirements of sections 102, 103, 104, and 105 of such Act are not met.

`(3) ACTIVITIES- The activities referred to in this paragraph are--

`(A) the sale of tickets for an amateur athletic event;

`(B) the use or sale of merchandise related to an amateur athletic event;

`(C) the use or sale of the name or logo of a commercial sponsor in association with an amateur athletic event; and

`(D) the sale of the right to telecast an amateur athletic event.

`(4) DEFINITIONS- For purposes of this subsection--

`(A) MEMBER INSTITUTION- The term `member institution' means, with respect to an existing national athletic organization of colleges and universities, those colleges and universities which are members of such organization and which are engaged in interstate commerce. Such term includes any successor to a member institution described in the preceding sentence.

`(B) EXISTING NATIONAL ATHLETIC ORGANIZATION OF COLLEGES AND UNIVERSITIES- The term `existing national athletic organization of colleges and universities' means any national athletic organization of colleges and universities if--

`(i) such organization conducts amateur athletic events,

`(ii) such organization consists of more than 500 member institutions, and

`(iii) such organization was organized before the date of the enactment of this subsection.

Such term includes any successor to an organization described in the preceding sentence.

`(5) REGULATIONS- The Secretary may prescribe such regulations as may be necessary or appropriate to carry out the purposes of this subsection.

`(e) CERTAIN COLLEGES AND UNIVERSITIES-

`(1) IN GENERAL- In determining the unrelated business taxable income of a disqualified college--

`(A) there shall be included all gross income with respect to activities described in subsection (d)(3) occurring after the disqualification date, and

`(B) there shall be allowed all deductions directly connected with such income.

`(2) DISQUALIFIED COLLEGE- For purposes of paragraph (1), the term `disqualified college' means--

`(A) any college or university which was a member institution (as defined in subsection (d)(4)(A)) at any time during the 3-year period ending on the date of the enactment of this subsection and which ceases to be a member institution (whether such cessation occurs before, on, or after such date), and

`(B) any college or university (not otherwise a disqualified college) if any sports team thereof engages in an amateur athletic event with a disqualified college.

Subparagraph (A) shall not apply to any former member institution which establishes to the satisfaction of the Secretary that such cessation is not for the purpose of negotiating and carrying out a contract with any person involving any of the activities specified in subsection (d)(3).

`(3) DISQUALIFICATION DATE- For purposes of paragraph (1), the term `disqualification date' means--

`(A) in the case of a college or university referred to in paragraph (2)(A), the date of the cessation referred to therein, and

`(B) in the case of a college or university referred to in paragraph (2)(B), the date on which the event referred to therein occurred.

`(4) DEFINITIONS- For purposes of this subsection the terms `member institution' and `existing

national athletic organization of colleges and universities' have the respective meanings given such terms by subsection (d)(4).

`(5) APPLICATION OF SUBSECTION- This subsection shall apply in the case of a member institution of an existing national athletic organization of colleges and universities only--

`(A) during the portion of the 5-year period referred to in section 101 of the Collegiate Athletics Reform Act that such organization meets the requirements of sections 102, 103, 104, and 105 of such Act; and

`(B) with respect to activities specified in subsection (d)(3) occurring during such portion of such 5-year period.

The preceding sentence shall apply whether or not such organization is subject to such requirements.

`(6) REGULATIONS- The Secretary may prescribe such regulations as may be necessary or appropriate to carry out the purposes of this subsection.'.

(b) EFFECTIVE DATE- The amendment made by this section shall apply to taxable years ending after the date of the enactment of this Act.

SEC. 202. INCOME FROM CERTAIN BENEFITS PROVIDED BY A MEMBER INSTITUTION EXCLUDED FROM GROSS INCOME OF A STUDENT ATHLETE.

(a) IN GENERAL- Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to items specifically excluded from gross income) is amended by redesignating section 136 as section 137 and by inserting after section 135 the following new section:

`SEC. 136. CERTAIN STUDENT ATHLETE BENEFITS.

`(a) GENERAL RULE- In the case of an individual who is a student athlete at a member institution of an existing national athletic organization of colleges and universities, gross income does not include the amounts received by such individual (whether in kind or as reimbursement for expenses incurred by such individual) for any of the following:

`(1) Room and board.

`(2) Tuition expenses.

`(3) Personal counseling.

`(4) Tutorial services.

`(5) Medical expenses.

`(6) In addition to amounts excluded under the preceding paragraphs any amount up to $300 per month for any individual who qualifies on the basis of need under part F of title IV of The Higher Education Act of 1965 (20 U.S.C. 1087kk et seq.).

`(b) DEFINITIONS- For the purposes of this section--

`(1) MEMBER INSTITUTION- The term `member institution' has the meaning given such term in section 512(d)(4)(A).

`(2) EXISTING NATIONAL ATHLETIC ORGANIZATION OF COLLEGES AND UNIVERSITIES- The term `existing national athletic organization of colleges and universities' has the meaning given such term in section 512(d)(4)(B).

`(3) STUDENT ATHLETE- The term `student athlete' means an individual who--

`(A) is enrolled at a member institution in an academic program that leads to a degree; and

`(B) is a member of a sports team representing a member institution which competes against sports teams representing other member institutions.

`(c) APPLICATION OF SECTION- In the case of a student athlete at a member institution of an existing national athletic organization of colleges and universities, this section shall apply only during the portion of the 5-year period referred to in section 101 of the Collegiate Athletics Reform Act that such organization meets the requirements of sections 102, 103, 104, and 105 of such Act.'.

(b) CONFORMING AMENDMENT- The table of sections for part III of subchapter B of chapter 1 of such Code is amended by striking the last item and inserting the following new items:

`Sec. 136. Certain student athlete benefits.

`Sec. 137. Cross references to other Acts.'

(c) EFFECTIVE DATE- The amendments made by this section shall apply to taxable years beginning on or after the date of the enactment of this Act.

TITLE III--EDUCATION PROGRAM REQUIREMENTS

SEC. 301. DISCLOSURES.

(a) DISCLOSURE TO STUDENTS- Section 485(a)(1) of the Higher Education Act of 1965 (20 U.S.C. 1092(a)(1)) is amended--

(1) by striking `and' at the end of subparagraph (K);

(2) by striking the period at the end of subparagraph (L), as added by section 103(a) of the Student Right-To-Know and Campus Security Act (20 U.S.C. 1001 note), and inserting a semicolon;

(3) by redesignating subparagraph (L), as added by section 201 of the National and Community Service Act of 1990 (42 U.S.C. 12401 note), as subparagraph (M);

(4) by striking the period at the end of subparagraph (M) (as redesignated by paragraph (3)) and inserting a semicolon; and

(5) by adding at the end thereof the following new subparagraphs:

`(N) in a form prescribed by the Secretary--

`(i) the total revenues, and the revenues by sport, of the institution's athletic departments and athletic activities;

`(ii) the total expenditures, and the expenditures by sport, for such departments and activities; and

`(iii) the total revenues and expenditures of the institution for the same period; and

`(O) any funds transferred by an institution from its athletic departments to its general fund, or any funds transferred by an institution from its general fund to its athletic departments.'.

(b) COLLECTION AND PUBLICATION OF INFORMATION- Section 485(a) of such Act is further amended by inserting after paragraph (4) the following new paragraph:

`(5) The Secretary shall--

`(A) collect and compile the forms required to be disclosed under paragraph (1)(N);

`(B) make such compiled forms readily available for public inspection and copying; and

`(C) publicly announce, annually, the availability of such compiled forms.'.

(c) EFFECTIVE DATE- The amendments made by this section shall take effect on July 1, 1992.

TERRY HOLLAND 1960-1964 SCHOLARSHIP BASKETBALL PLAYER AT DAVIDSON COLLEGE AND CAPTAIN OF THE 1964 TEAM RANKED IN THE AP TOP TEN FINAL POLL; 1964-1969 ASSISTANT BASKETBALL COACH AT DAVIDSON COLLEGE; 1969-1974 HEAD BASKETBALL COACH AT DAVIDSON COLLEGE; 1974-1990 HEAD BASKETBALL COACH AT THE UNIVERSITY OF VIRGINIA; 1990-1995 ATHLETIC DIRECTOR AT DAVIDSON COLLEGE; 1995-2001 ATHLETIC DIRECTOR AT THE UNIVERSITY OF VIRGINIA; 2001 TO PRESENT ATHLETIC DIRECTOR EMERITUS AT THE UNIVERSITY OF VIRGINIA.

MY VIEW OF INCENTIVES/DISINCENTIVES LEGISLATION

On Thursday, April 29, the NCAA passed "incentives/disincentives" legislation which is intended to penalize Division I teams whose graduation rates fall below an as yet unspecified percentage.

Penalties would include reductions in the number of athletic scholarships a team could award and, in extreme and persistent cases, ineligibility for Bowl Games and the NCAA basketball tournament.

NCAA President Myles Brand seems convinced that the reforms will hold "individual institutions and sports programs accountable for educating student-athletes." We all should applaud President Brand's leadership and
the Board's sincere desire to improve graduation rates and guarantee athletes the opportunity for an education.

However, the NCAA's desire to achieve the end result (improved graduation rates) can not ignore the dynamics created by the competitive and financial forces driving intercollegiate athletics today.
Recent history clearly warns us that attempts to dictate an end result will not work if we simply force athletes, coaches, and administrators at individual institutions to find the "means" to achieve the desired result. For example, my experience as an athletic director at one of the nation's top academic institutions allows me to assure you that increasing the initial eligibility standards and increasing the standards to remain eligible has not resulted in an improved academic experience for athletes.

The actual result of the higher standards has been a greater incidence of academic fraud and embarrassing revelations of "mickey mouse" courses and majors for athletes, athletes passing courses they never attended, tutors writing papers for athletes, etc.

The present "incentives/disincentives" legislation already contains a loophole that renders it meaningless - any athlete who leaves the institution "in good academic standing" will not count against the institution's graduation rate.
Since all athletes must be in good academic standing to be eligible to play, every single one of the athletes competing today can walk away without a degree and would not count against the institution's graduation rate calculations.

The NCAA needs to acknowledge the competitive and financial realities that force institutions and individuals into ethical dilemmas. Every athlete, coach, and administrator can, and will, respond positively if we provide clear marching orders for them to find the means to do so.

Currently, our WORDS to our athletes tell them that "class-work comes first" and "graduation is your most important objective" - but our ACTIONS speak so loudly that they can not hear our words when we schedule athletic competitions on their class days, during their exams and even during their graduation ceremonies.
IF the Board wishes to guarantee athletes an opportunity for an education, then simply ban (or severely limit) all athletic competition that requires athletes to miss class. Most sports could institute such a ban immediately. The television contracts for men's basketball would make it difficult to effect a total ban but we could eliminate 70-80% of the current missed class time if we made that our priority. I coached nationally ranked basketball teams at the University of Virginia for 16 years and our players rarely missed class to fulfill our television and other obligations.

While it is true that many athletes can miss class and maintain eligibility, they can not compete at their best under such circumstances. Our coaches would certainly tell you that athletes who miss practices and competitions may still be good players but they would be less than their best athletically.

What if the math department offered to pay for athletic "tutors" for athletes who had to miss athletic practices and competitions in order to attend math class? Would our coaches believe that "tutors" can remedy the problems associated with missed practices and missed competitions? If the answer is "NO!" then why should we expect professors to be believe that academic tutoring can replace missed class time?

The second thing that the Board could do to guarantee improved academic performance would be to require a year of residence at an institution before the individual can represent the institution in competition (this would make freshmen and all transfers ineligible during their first year at an institution).

A "first year residency" allows students to prove that they can (and will) do the work required at that particular institution. It also emphasizes to them that class work does truly come before athletic competition will be allowed.

These two simple policy changes could change the dynamics of intercollegiate athletics for all time. By "saying what we mean" and "meaning what we say," we would be encouraging athletes, coaches and administrators to use their resources and time to develop strong and competitive athletic programs that are consistent with the academic missions of our member institutions.
If the NCAA continues its present policy of attempting to dictate the end result without addressing the means to that result, Sports Illustrated will continue to write touching stories about athletes who graduated but can not read. And the 13 year NBA veteran can

still answer truthfully when asked if he earned his degree - "No. But they gave me one anyway."

HERE ARE MY NOTES FOR MY FEBRUARY, 2004 PRESENTATION TO THE KNIGHT COMMISSION AND A COPY OF THE TIMES-PICAYUNE STORY THAT WAS REFERENCED.

First and foremost, I would like to acknowledge both the quality of the individuals who participate in and oversee intercollegiate athletics and the many positive achievements and contributions of those individuals on an annual basis. There is no doubt that these are men and women who are among our "best and brightest."

However, there can also be no doubt that the forces driving intercollegiate athletics today are compromising these outstanding individuals at an alarming and increasing rate. How else can one explain the growing litany of outrageous (and irresponsible) behaviors of athletes, coaches, athletic administrators, governing board members AND college presidents?

Most dangerous of all is the fact that the participants are now so invested (huge salaries, perks, etc.) in the status quo that they defend the indefensible and rationalize the irrational.

The "perception gap" is graphically illustrated by the comment of an upper level NCAA employee who dismissed concerns that professors may be pressured to inflate grades and keep athletes eligible to play:
"You tell me a faculty member will respond to pressure from athletic coaches, you're living in a dream world," she said. *"I challenge you to find one athletic director who will claim they can affect what grades faculty give students."*

As contrasted with this immediate reaction to her comments from a senior editor of a national publication (a man who has spent countless hours covering the NCAA for the last decade or so), *"surprising--not even the NCAA is usually that dishonest. _____ (an NCAA Vice President) told me he knew of athletic officials who had gotten not just grades changed, but entire majors added at colleges. Depressing."*

Add these quotes from two outstanding professors who have taught at four different Division IA institutions in power conferences. Both of these men would be classified as "huge" sports fans with one having two children competing as scholarship athletes on nationally ranked Division I sports teams and the other qualifies as the best "sports trivia" person I have ever met:

(1) "*In my opinion, college presidents, independently or on NCAA boards, will never solve the problem. They are part of the problem. It is all about money and keeping their jobs. In a sense, they are more guilty than anyone because they should know better, and they let it happen, even encouraged it.*

The simple truth is that many college athletes should not be in college, and many others have no real reason or opportunity to behave like students once they get here. The problem is decades old, but it is now worse because of the money and TV. I believe that the only potential solution is a faculty revolt across universities, but apathy runs deep and who would organize it."

(2) "*It seems to me that, whether they want to be or not, Brand and the other presidents are prisoners of this huge cash generating colossus. No one can convince me that they care one whit about the academic achievements of athletes and I don't see them backing any reform that represents any risk to them personally.*

The saddest thing to me is that fans, like me and my faculty friends, accept this situation. No one believes that the majority of basketball and football players are qualified to be students and everyone knows that their sports take all of their time and leaves very little for academics. What you propose makes so much sense and I believe anyone who is honest would agree. But I think there will be a thousand reasons for doing nothing."

It is disheartening that intelligent and caring fans who are also faculty members have little faith in the ability of college presidents to deal with reform in a forthright manner; but it is downright depressing that these same people actually question the presidents' willingness to attempt to deal with reform issues. And, it is truly embarrassing that an organization, (the NCAA) created to protect the integrity of our programs, can be described as "dishonest" by a media member with intimate knowledge of (and friends within) the organization.

While the major concerns today are centered on football and men's basketball, I can assure you that as athletic director, I had 22 other sports programs chasing the football/men's basketball "model" as hard as they could, like lemmings off the cliff. Larger scholarship budgets for each sport have directly resulted in lower average SAT scores of entering athletes for that sport. Larger travel budgets have directly resulted in lower GPA's as teams simply miss more class and study time to play a "national schedule" or to make trips to Hawaii, etc. to make the program more attractive to potential recruits.

The New Orleans Times-Picayune published an article on Thursday of Final Four Week describing questionable recruiting tactics by some of our most successful and respected basketball programs. If our most successful programs are forced to use quasi-legal tactics, can you imagine the pressure to stretch the rules for those programs who are trying to catch the elite programs? The most often expressed reaction from administrators, coaches and fans who were in New Orleans and read the article is that there "is a double standard" and/or "there is no standard at all anymore" since there has been virtually no communication to the membership about this embarrassing publicity at

our premier event.

Recently a college president was asked to resign by the governor of his state - his "crime" was that he accompanied a number of governing board members to interview the coach at another institution without notifying that institution and without informing the coach he had under contract for several more years. Unfortunately, that president was between the same "rock and a hard place" that all college presidents, athletic directors, coaches, etc. will eventually find themselves if we do not create a new measuring stick for athletic success. If the president refused to board the plane with the board members, he would certainly lose his job eventually. AND, if he did get on the plane.....

As long as the NCAA continues to reward its institutions for winning and spending more on scholarships and athletic teams, the more leverage donors and board members will have on every individual, including our presidents.

I am here today to plead with our presidents to institute two simple principles that could begin to change the momentum in intercollegiate athletics from destructive to constructive action:

1. SAY WHAT YOU MEAN AND MEAN WHAT YOU SAY - If you (the presidents) believe that academics are our first priority then simply demand that athletes attend every class as the minimal requirement to conduct an athletic program on the campus of every institution. I coached nationally competitive basketball teams in the ACC for 16 years and our players rarely missed a class for regular season games - we did, however, miss a huge amount of class for ACC and NCAA tournaments since we had no control over the scheduling of those events. Only Men's Basketball will have actual problems meeting such a mandate and, even in the short term, careful scheduling can eliminate 70 to 80 per cent of the current missed classes in Men's Basketball without affecting the television contracts already in place. Our athletes can never believe that academics are important as long as athletic competitions are scheduled during their classes, their exams, and even during their graduation ceremonies.

2. PUT YOUR MONEY WHERE YOUR MOUTH IS - If you really want our institutions to recruit football and basketball players who can, and will, succeed academically, then provide financial and competitive rewards to those institutions who award scholarships to athletes with academic credentials similar to those of their classmates. This would at least allow institutions to choose between trying to succeed financially simply by doing whatever it takes to win or to succeed financially by recruiting athletes who fit the institution's academic profile. It is a simple fact of life that every institution can not have a winning record in any given year but it is possible for every institution to recruit athletes who fit that institution's academic profile every single year - if we can eventually provide sufficient motivation for them to do so.

I have faith that our presidents will stand up to support substantive reform if we all provide them with the support necessary to combat the competitive and financial forces dividing our academic and athletic missions at this time. The Knight Commission can

provide important public and psychological support for these two reform items that are clearly within the purview of our CEO's and the faculty members at our institutions. In fact, one could certainly argue that it is the responsibility of our faculty members and CEO's to insure both class attendance and the recruitment of students who fit each institution's academic profile.

HERE IS THE TIMES-PICAYUNE ARTICLE BY JOSH PETER:

Dear Terry,
Great talking to you this morning. I respect your determination to address the issues we explored in our story, and I'm certain I'm not alone. So thanks for your interest and the phone call. Below is a copy of the complete article. I'll be happy to answer any other questions, and I look forward to reading what you intend to present to Myles Brand and the Knight Commission. Here's hoping your five to eight minutes will make a difference!
Sincerely,
Josh Peter
P.S. Also enclosed is a copy of the Bob Ryan column.

Times-Picayune (New Orleans, LA)

April 3, 2003 Thursday

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HEADLINE: SWEET RIDE;
The NCAA prohibits colleges athletes from using their status to gain 'extra benefits' -- such as the use of a car or jobs for family members -- but it's not always easy to determine what the rules allow

BYLINE: By Josh Peter; Staff writer

BODY:
When he's driving the black 2000 Nissan Altima across campus, Duke point guard Chris Duhon is easy to spot. A dead giveaway is the personalized license plate: C DOO 21.

Duhon wears jersey No. 21, and he directs Duke's offense with the same steadiness he showed at Salmen High School in Slidell, but the car might surprise the people from his hometown. After all, in high school Duhon didn't have a car, and had to hitch rides with friends or borrow his mother's 1972 Volkswagen Beetle, a former Salmen teammate said.

But things have changed since 2000, when Duhon enrolled at Duke and his mother, Vivian Harper, moved to Durham, N.C., to be close to her oldest son. Harper, who got a job at a company run by a Duke basketball supporter, now owns a 1993 Jeep Cherokee.

She also owns the Altima, according to North Carolina motor vehicle records.

More conspicuous than Duhon's Altima is the black 1998 Mercedes SUV with gray trim being driven by Brandon Bass, a high school All-American from Baton Rouge who has committed to play basketball at LSU. Then there's the white 2002 Cadillac Escalade being driven by Anthony Johnson, a senior guard at the University of Louisiana-Lafayette.

While the recent academic scandals at Georgia, Fresno State and St. Bonaventure constitute alleged NCAA rules violations, less clear are examples such as those involving Duhon, Bass and Johnson. NCAA rules prohibit college athletes from using their athletic status or future earning potential to receive "extra benefits," defined by NCAA rules as "any special arrangement by an institutional employee or a representative of the institution's athletics interests to provide a student-athlete or the student-athlete's relative or friend a benefit not expressly authorized by the NCAA legislation."

A three-month investigation by The Times-Picayune found:
-- Duhon's mother, Vivian Harper, landed a job working for a Duke booster; co-workers say the job opening was never posted and that Harper was overpaid and lacked qualifications. When a manager at the company asked why Harper was moving from Louisiana, supervisors informed him that her son, one of the nation's top recruits, had signed to play at Duke.

-- Bass has regular use of a Mercedes-Benz that the wife of an adviser said she owns and allows him to use. The adviser, Terry Reado, previously worked for a sports agent firm and played a central role in Bass' recruitment by colleges. Reado acknowledged that he took dozens of calls each day from college coaches inquiring about Bass.

-- Johnson has been seen frequently driving a Cadillac Escalade owned by a woman who at one time registered a car at the same address as ULL head coach Jessie Evans, according to vehicle records. One of Johnson's former coaches said the player lived with Evans for several months.

Determining whether such arrangements are within NCAA rules can be difficult.

David Price, the NCAA's vice president for enforcement services, said he can't comment on specific cases. But he said, "You're probably going through some of the same thought processes that our investigators go through, in having to find if those are legitimate transactions."

The NCAA doesn't investigate every case brought to its attention. Price said it's a matter of resources: Because the enforcement staff has only 16 investigators to monitor about 1,000 schools -- including more than 300 schools that compete in Division I sports -- Price's staff determines if it has enough credible information before proceeding with a full-blown investigation.

The enforcement staff's $4 million budget is less than 1 percent of the NCAA's annual revenue, which this year includes $360 million from television rights for the men's tournament, culminating this weekend with the Final Four at the Superdome.

"We play the hand we're dealt," Price said. "I also do not believe that the membership (schools) would be interested in having a huge throng of investigators roaming the country."

Mom in charge

There was no room for advisers in the recruitment of Chris Duhon. From the start, it was clear who was in charge -- his mother.

Duke's Mike Krzyzewski and the dozens of other college coaches recruiting Duhon had to go through Vivian Harper. At the time, she and her two sons were living in a modest house in Slidell. It was a house Harper nearly lost in June 1999, according to court documents.

Trustmark National Bank filed court papers to seize the house after Harper allegedly failed to make mortgage payments for more than six months. Foreclosure never took place. Though court documents offer no details as to how the situation was resolved, Harper remained the owner. Privacy laws prohibit Trustmark from disclosing information about the matter, said Rob Armour, the bank's assistant marketing director.

At the time, family friends said, Harper was running a child-care business out of the home. It was a home Duhon was prepared to leave, but not without his mother.

In September 1999, during a team barbecue in Krzyzewski's back yard held during Duhon's official visit to Duke, Duhon committed to the Blue Devils. He also asked his mother to join him.

The next summer, Harper rented out her house in Slidell and headed for a two-bedroom apartment in Durham, N.C. There she found a job at NCM Capital Management Group, a billion-dollar money management firm owned by Maceo Sloan, who displays in his office the basketball he received as a gift from Duke's 1991 national championship team.

How Harper learned of the NCM job is unclear, because the full-time position she got in its operations department was never posted, according to several former employees. No details were available from Harper, who initially offered to provide her resume to prove her qualifications for the position. When contacted later, she said, "I'm not interested in talking to you." Attempts to reach Duhon were unsuccessful.

Robert Sinclair, former manager of operations at the NCM, said Harper was the only candidate for the position. He also said when his supervisors gave him Harper's resume and he questioned her move from Louisiana to Durham, his supervisors explained, "Her son is going to play at Duke."

Sinclair said he recalls Harper having some banking experience, but lacking a Series 7 General Securities license, which allows agents to sell stocks, bonds and other investment vehicles.

Sinclair stressed that Harper quickly learned all facets of the accounting job and "earned her keep," but also said, "the (hiring) process may not have been the ideal process for everyone involved."

Regarding Harper's hire, Sinclair said, "I don't know if anybody pulled strings. How she got wind of the position? For that you're going to have to go higher."

Sinclair said he got Harper's resume from two supervisors: Ben Blakney, then the company chief operating officer and president, and Debra Lane, who was Sinclair's immediate supervisor. Blakney, no longer with the company, declined comment. Lane, also no longer with the company, said Harper was "more than qualified to do any job," but refused further comment.

Justin Beckett, a former Duke football player who represented former Duke basketball stars Christian Laettner and Brian Davis when the players turned pro, was the company's No. 2 executive when Harper was hired. Beckett did not return several phone messages.

Sloan, NCM's multimillionaire owner and past member of the board of directors of Duke's Center for International Studies, did not return phone messages left with his secretary.

Sinclair and two other former employees said Harper started at a higher salary than other account specialists and got a significant raise in her first few months on the job. Sinclair declined to provide details, other than to say, "She didn't make entry level."

Kaye Wrenn, a former employee who filed a sexual harassment complaint when she left the company in 2001, claims she saw documents showing Harper got a raise of $10,000 to $14,000 within four months of Harper's arrival that increased her salary to at least $42,000. Wrenn and other former employees said entry-level salary for account specialists was about $28,000 a year.

Cindy Mandel, the company's payroll and benefits administrator when Harper arrived but who no longer is with the company, said, "I know she was making more than me, and I was making $35,000."

Some time after joining NCM, Harper upgraded the family transportation. Told about the Jeep Cherokee and Nissan Altima, Wrenn said, "Moving up in the world, huh?"

But Sinclair said he can't understand why anyone would question the arrangement, which he said happens all the time. He offered another example in former Duke star Carlos Boozer, whose family moved from Alaska to Durham after Boozer's freshman year in

2000.

Three months after moving to Durham, according to Boozer's wife, Renee, Carlos Boozer Sr. was jobless. He finally found one at GlaxoSmithKline, a pharmaceutical company then run by Robert Ingram, a close friend of Krzyzewski.

"And I'm proud of it," Ingram said of his friendship with Duke's coach.

Boozer approached Ingram at a Duke game and asked if he knew of any job openings at GlaxoSmithKline, according to Ingram.

"Bob is a great friend of mine," Boozer Sr. said. "We still talk and get along well. . . . Bob loves Duke."

But Ingram said he simply gave Boozer contact information for the company's human resources department and had no influence on Boozer getting a job in the research and development division.

"I shouldn't do that," Ingram said, adding that he never discussed the matter with Krzyzewski.

Boozer initially said he worked as a programmer and made $125,000 per year. But when told former co-workers said he was an administrative assistant, Boozer recanted, saying he earned about $40,000 annually doing administrative work. He said he lost the job because the company merged and his division was moved to Philadelphia. His departure came about six months after Carlos Boozer Jr. left Duke for the NBA. In addition, Ingram had retired as GlaxoSmithKline's CEO and president of U.S. operations.

"Duke had nothing to do with me getting that job," said Boozer, who works as a car salesman at Michael Jordan Nissan in Durham.

Ingram said Boozer was a "valued employee. We shouldn't discriminate whether it has to do with race, gender or if someone has a son playing basketball at Duke."

Krzyzewski on Tuesday left town for a week and was likely unavailable for comment, said John Jackson, Duke's sports information director. He referred questions to Chris Kennedy, Duke's senior associate athletics director in charge of compliance with NCAA rules.

"Of Duke parents, Vivian (Harper) has been the most diligent about checking every little thing with me," Kennedy said of Duhon's mother. "She's very, very nervous about NCAA violations."

Though Kennedy said he thinks Harper and Boozer obtained jobs while complying with NCAA rules, he also said Duke and other schools remain vulnerable to the actions of boosters.

"The same way you're vulnerable with agents," he said. "It's impossible to know everything that's going on out there."

Kennedy acknowledged that Harper and Boozer obtaining jobs in Durham from boosters could create perception problems. But he added, "If Vivian had come in with a list of companies she was interested in working for, the odds are in this area a high percentage of them are going to be associated with Duke people. . . . I didn't think I could tell Vivian, 'You can't apply for jobs with these companies because Duke people are in charge.' As long as she does the work and she gets paid pretty much what she's supposed to get paid for that job, I don't have a problem with that."

'I asked . . . about the car'

Before drawing notice from the top college basketball programs, Bass drew the interest of two Baton Rouge residents -- Titus Randle and Terry Reado. They came to him in April 2002, with Bass then a 6-foot-8 forward at Capitol High and scarcely known outside of Louisiana.

Randle, who played small-college basketball in California before relocating to Baton Rouge, offered to train Bass for free. Reado, whose wife, Chercheze, is an assistant coach for the girls team at Capitol High, offered to serve as an adviser during the recruiting process.

The two men became a tag-team, and Bass became a rising star.

Word spread fast last summer, when Bass played impressively in several high-profile tournaments. Las Vegas. Atlanta. Houston. Wherever Bass went, Reado and Randle were there.

Rick Isaacs, coach of a Southern California-based AAU team that took Bass to a tournament in Las Vegas, said he bought plane tickets for Bass, Reado and Randle, and he paid for their hotel room, too. Isaacs said he also may have reimbursed the men for driving Bass to Houston.

"I may have thrown them a couple of hundred bucks to say thank you," said Isaacs, who runs a chemical company in Southern California. "I think they really care about the kid. I think they went way out of their way to help the kid. Whether they're going to reap any benefit at the end, I don't know."

Reado and Randle said they spent much of their own money taking Bass to other events and expected nothing in return for helping him.

By the start of his senior year, Bass had emerged as one of the nation's most coveted players. LSU. Connecticut. Southern Cal. Missouri. Miami. All of them wanted Bass.

That fall, he also began driving a black Mercedes ML-320.

"I asked Terry about the car, and he said he bought it for his wife," said Randle, noting that Bass usually is the one driving the Mercedes.

Only later, Randle said, did he wonder about that car and Reado's influence on Bass' choice of schools.

In November, Randle said, the Connecticut men's basketball program paid him $20,000 to organize a post-college team to play the Huskies in their first exhibition game of the season. Such deals are permissible under NCAA rules, but these circumstances were unusual.

For one, Randle's team had never played an exhibition against a college team, much less a powerful one. On Nov. 4, Connecticut routed Randle's team -- which included three former Huskies because Randle could roust up only eight players on short notice -- 132-74.

Regardless of the blowout, Randle said, he got the $20,000, but the deal was less lucrative than he'd hoped. Randle said he spent more than $10,000 on plane tickets, hotel rooms and food for the players. He also said he spent $1,000 on a plane ticket for Bass.

The weekend before the exhibition game, Bass took his official visit to Connecticut -- at the school's expense. But Randle said the only way Bass could stay and watch the exhibition game was to stay an extra day and buy a new plane ticket home. The ticket cost about $1,000, according to Randle, who said Bass stayed in his hotel room the night before the exhibition game.

In the weeks following the exhibition game, the $20,000 guarantee appeared to be money well spent. Randle developed an affinity for the Huskies' coaches and said Bass was strongly considering Connecticut.

Bass said he would announce his college choice on April 30 -- his 18th birthday. But on Valentine's Day, Bass broke Connecticut's heart and announced he'd decided to attend LSU.

At first Randle said he was puzzled, then suspicious. NCAA officials came to see Bass -- apparently part of a routine check NCAA investigators make of the top 50 prospects in men's and women's basketball and the top 100 prospects in football.

On that day, Bass was driving a Pontiac, Randle said.

Randle said he wondered why Bass wasn't driving the Mercedes that day "if nothing's wrong." Randle said he also began to wonder about Reado's influence and confronted him about rumors that he had accepted money on Bass' behalf. He said Reado denied taking money.

Reado and Bass did not return phone messages seeking comment about the Mercedes, which as of Tuesday still had a temporary tag. During an interview at Capitol High, Chercheze Reado said she owns the Mercedes and is a friend of the Bass family.

"He can drive any car he wants," Chercheze Reado said. ". . . I'm a very unselfish person."

When asked if other students drive her car, she replied, "Have they asked?"

During an interview in February, Terry Reado said he met Bass through his wife when Bass was about to enter the ninth grade at Capitol, and that Bass has lived with him this year.

Bass, whose mother died when he was 10, was raised by his aunt, Estelle Bass.

"Where they live is a real, real bad neighborhood," Reado said. "Lot of shooting and crime over there. So my wife and I decided to try to get him out of that area."

But Estelle Bass, who is Brandon's legal guardian, said Brandon still lives with her -- along with seven other children in a small house near Capitol High -- but occasionally stays at the Reados.

Alvin Stewart, head coach at Capitol High, declined to comment on the Mercedes or Bass' advisers.

"I don't have any comment on Titus (Randle) and Terry (Reado)," Stewart said. "I don't know anything about that stuff. I coach the kid. That's what I do."

Jim Calhoun, Connecticut's head coach, and Tom Moore, an assistant coach involved in Bass' recruitment, declined interview requests through Kyle Muncy, the school's assistant athletic director for communications. But Muncy said he talked to Calhoun and Moore and said the Huskies pay anywhere from $16,000 to $35,000 for exhibition opponents.

"They're both aware that you called," Muncy said, "and they're obviously hypersensitive to speak to you and obviously wouldn't really have any information or comment about it at this time."

Same address

No one doubted Anthony Johnson was good enough to play college basketball. The question was if Johnson, a high school phenom from Chicago, had good enough grades and test scores to qualify academically.

That didn't stop the courtship of Jerry Tarkanian, then at Fresno State, and Bill Bayno, then head coach at UNLV. Yet the competition for Anthony Johnson had an unexpected

winner -- Jessie Evans, then in his second year as ULL's head coach.

But Johnson had no instant impact at ULL, because it took him two years to become academically eligible to play. When he arrived in Louisiana after graduating from high school, Johnson wasn't even academically qualified for a full scholarship.

As a result, Johnson spent several months living with Evans " 'Til (Johnson) got his situation together financially," said Johnnail Evans, who advised Johnson during the recruiting process and is not related to the ULL coach.

Said Jessie Evans: "I don't think Johnnail told you that. You'd better check with him again. That's not true."

On Tuesday, Johnnail Evans reiterated that Johnson lived with Evans for several months. "What's the big deal with that?" he said.

Johnnail Evans said he coached Johnson's grade-school team and developed a close friendship with the player.

"Everybody wanted Anthony Johnson to go to DePaul," Johnnail Evans said. "I had to send Anthony where I knew he could graduate and get a degree. I know what he can do and what he can't do. I knew that Jessie was going to take care of him. . . . Jessie fell in love with him the moment he saw him play."

Of Johnson's uncertain housing situation when he arrived in Louisiana, Johnnail Evans said, "Jessie said he was going to take care of it, so I didn't even worry."

Documents from Autotrak, a public records service, show Johnson listed his residential address as 102 Devin Lane, which is the four-bedroom home where Evans and his family have lived since he took over as ULL's head coach in 1997, said Harry Balfour, a Missouri oncologist who owns the house.

Jessie Evans said Johnson simply used Evans' address to receive mail. "There's a number of players that use my address because their mail sent from home gets here quicker than it does at the dorm," he said. ". . . That's not been uncommon."

Christiana Dartez, who according to motor vehicle records owns the Cadillac Escalade that Johnson has been seen driving, also listed her address as 102 Devin Lane on registration documents for her 1996 Cadillac.

Asked if he knows Dartez or is friends with her, Jessie Evans said, "Obviously." When asked why she used his address on her car title, Evans said, "You'd have to check with her on that."

Dartez did not return phone messages.

Though it's uncertain for how long or what purpose Johnson or Dartez used Evans' residence, Johnson and Dartez now share a luxury apartment in Lafayette. The 1996 Deville and the 2002 Escalade are regularly parked in front of the $1,200-a-month apartment where Anthony Johnson and Dartez live. Dartez moved into the apartment last fall when she separated from her husband, Craig Dartez, according to Dartez's two brothers, Kenneth and Kelly. Craig Dartez was killed in an car accident Jan. 11.

Kenneth and Kelly Dartez said the family knew of Christiana Dartez's relationship with Anthony Johnson for more than a year, and Kenneth Dartez said, "She takes care of her men." Kenneth Dartez provided a copy of a canceled check -- dated Dec. 17, 2002 -- for $300 made out to Anthony Johnson from Christiana Dartez.

LaToya Senegal, daughter of Kenneth Dartez and in her freshman year at ULL, said she saw Anthony Johnson driving the Escalade several times during fall semester. A reporter also has seen Johnson driving the vehicle.

Johnson, who led ULL in scoring his first two seasons and this past season was second in scoring and rebounding, drove the Escalade out of the Cajundome parking lot Feb. 8 after ULL's game against UNO.

"I don't know if he is driving a 2002 Escalade," Jessie Evans said. "And if he was, I know he doesn't (own) a 2002 Escalade."

Jessie Evans said he would have Johnson call The Times-Picayune, but the player did not call.

NCAA: Relies on tips

When the NCAA created its enforcement office in 1952, it was a one-man operation. It stayed that way for 14 years. Only since 1985, when NCAA presidents pushed for reform, did the enforcement staff become a full-fledged department.

Now it's a 43-person staff divided into five subgroups: 1) major violations; 2) secondary violations; 3) student-athlete reinstatement; 4) agents, gambling and amateurism issues; and 5) basketball certification. "We're certainly not idle," said Price, who became head of enforcement in 1998.

Under Price's watch, with the proliferation of sports agents and advisers, the enforcement staff has put more emphasis on amateurism. Price said he added two investigators to the agent, gambling and amateurism division, thereby doubling the division's staff.

Still, Price said, the NCAA relies largely on media reports, allegations made directly to its office or self-reported violations.

"We react a great deal to the information that is submitted to us," Price said. "We tend to react depending in part on the amount of specific information that's provided.

"Much of the backbone of the compliance program is institutions regulating themselves."

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Josh Peter can be reached at jpeter@timespicayune.com or (504) 826-3407.

The Boston Globe

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NO CLEAN GETAWAYS

BYLINE: By Bob Ryan, Globe Staff

BODY:
NEW ORLEANS - The Thursday morning New Orleans Times-Picayune provided us with a juicy and sobering reminder that beneath the pomp and ceremony of the NCAA men's Final Four there is a sausage factory of deceit, hypocrisy, and Lord knows what else. Big-time college basketball is not always a pretty enterprise.

The embarrassed coach wasn't one of the known rogues. We would not have been surprised if Coach X or Coach Y had been caught with hand in cookie jar. But when the alleged culprit is Mike Krzyzewski, eyebrows are raised.

According to the Times-Picayune's Josh Peter, in the summer of 2000 Vivian Harper, mother of Duke incoming freshman point guard Chris Duhon, moved from her home in Slidell, La., to a two-bedroom apartment in Durham, N.C. She was given a job at a firm called NCM Capital Management Company, a billion-dollar money management firm owned by a man named Maceo Sloan, among whose possessions is an autographed basketball signed by the 1991 Duke championship team, Coach K's first title squad. Workers at the firm say the job was never posted. They also allege that Walker was given a substantial raise within four months.

There's more. Peters also reports that Carlos Boozer Sr., the then-unemployed father of former Duke star Carlos Boozer, was given a job at GlaxoSmithKline, a pharmaceutical company owned by Robert Ingram, who is a close friend of Coach K's. In order to take the job, the elder Boozer relocated from Alaska.

Coach K? Say it isn't so!

But this is not the first time Coach K's image has taken a little beating. He made a very big mistake in recruiting Corey Maggette, who played his AAU ball for the infamous (and aptly named) Myron Piggie in Kansas City. Maggette bolted for the NBA after his freshman year, but not before admitting he had accepted the kind of favors from Mr. Piggie that would have rendered him ineligible to play college ball in the first place. Coach K was contrite at the time, saying he had learned his lesson and would never mess around with that kind of kid again. So now he, or someone representing Duke's basketball interests, appears to be in the parental-job-placement business.

Duke always wants you to think it takes the highest road possible. Remember when Coach K refused to hang an early championship banner in Cameron because Phil Henderson and Alaa Abdelnaby had left school without degrees? Seems like a long time ago.

The rule of thumb is that you don't want to know how these teams got here. Hey, for all I know, Kansas, Marquette, Syracuse, and Texas are squeaky-clean. If so, great. But once this competition is concluded, don't throw away your ticket. There is always a chance the stewards may wind up conducting an inquiry.

We in New England know how it works, don't we? Officially, the 1996 run to the Final Four by the University of Massachusetts never happened. Marcus Camby was dirty, having accepted money and gifts from a prospective agent. The NCAA Men's Final Four Tournament Records book lists UMass as having "vacated" its participation.

This is not exactly an uncommon occurrence. Since 1961, when third-place St. Joseph's was so listed in the aftermath of a point-shaving scandal (those being the days of a consolation game, this particular one being the Hawks' epic 127-120 four-overtime conquest of Utah), 50 teams have been declared to have "vacated" their participation in a given NCAA tournament. The most recent naughty lads were Arizona and UCLA in 1999.

Maintaining a high-level basketball program is very difficult, but it is somewhat easier if you are willing to scale down your academic and ethical standards. The biggest problem nowadays is that the athletes in the recruiting pool have a completely different background from the athletes of yore. The basic world view of the average player is a bit more sophisticated than the outlook belonging to his father or grandfather.

Recruiting at the highest level was never easy, but now it is exponentially worse. For one thing, it is endless. There used to be such a thing as quiet recruiting years. If, for example, a coach had very good junior and sophomore classes, he could kind of take a year off and simply concentrate on seeing what's out there among high school juniors or even sophomores. But since almost every top-flight college player leaves after either his freshman or sophomore year, a coach must constantly restock.

Coach K was the last major coaching notable to have early defections, but once the epidemic spread to Duke, it hit in a major way. Twice in the last four years, he lost three

players to the pros. At least two of these decisions were utterly foolish. Neither William Avery nor Mike Dunleavy had any reason to rush out. Dunleavy's departure was particularly perplexing since he doesn't need the money. It is safe to say that his father, Mike Sr., has millions (plural) in the bank.

The world has changed, and Mike Krzyzewski has been forced to react by lowering his standards. Every kid Krzyzewski goes after now is just one more spoiled AAU pup with a ridiculous entitlement mentality. He'll never see another Grant Hill or Shane Battier if he lives to be 500. But Coach K likes to win, and so does his Duke constituency. He's not Tom Brennan up there in Burlington, Vt., happy with his lifestyle and able to sleep well at night with a 17-year graduation rate of 95 percent, just praying for an occasional trip to the tournament. The demands are a little different at Duke.

A lot goes into assembling teams such as Kansas, Marquette, Syracuse, and Texas. I will take the liberty of speaking for you, if, like me, you have the operating philosophy that what we don't know can't hurt us.

But no matter what transpires here, don't forget that one or more of these four eventually having its participation "vacated" is a sadly real possibility.

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