

Date of Hearing: July 3, 2012

ASSEMBLY COMMITTEE ON HIGHER EDUCATION  
Marty Block, Chair  
SB 1525 (Padilla) – As Amended: July 2, 2012

SENATE VOTE: 22-14

SUBJECT: Student Athlete Bill of Rights.

SUMMARY: Enacts the Student Athlete Bill of Rights that requires intercollegiate athletic programs at universities, as defined, to provide scholarships to injured student athletes, continue to pay specified medical expenses for a student athlete who was injured, and conduct financial and life skills workshops for student athletes, and clarifies the process for student athletes seeking a transfer. Specifically, this bill:

- 1) Applies these provisions to institutions of higher education that receives \$10 million or more in annual income derived from media rights for intercollegiate athletics, as specified, and provides that universities to which this section applies shall rely exclusively on revenue derived from media rights for intercollegiate athletics to defray any costs of compliance with its provisions. Under this provision, this bill would apply to the Berkeley and Los Angeles campuses of the University of California (UC), the University of Southern California (USC), and Stanford University.
- 2) Requires universities to provide the following scholarships to student athletes:
  - a) An equivalent scholarship for up to five academic years or until the student athlete completes his or her undergraduate degree, whichever period is shorter, if an athletic program does not renew an athletic scholarship of a student athlete who suffers an incapacitating injury or illness resulting from his or her participation in the athletic program, as specified. Clarifies that a temporary leave of absence by a student does not count against the five-year limit on eligibility.
  - b) An equivalent scholarship to a student athlete for up to one year or until the student athlete completes his or her primary undergraduate degree, whichever is shorter, if the student was on an athletic scholarship and is in good standing but has exhausted his or her athletic eligibility. Exempts from this provision, athletic programs with a graduation success rate over 60%, as specified.
  - c) Exempts student athletes whose athletic scholarships are not renewed for cause but allows a student to appeal the decision at the university or within the conference or association of which the university is a member, as appropriate.
- 3) Requires athletic programs to conduct financial and life skills workshops for all of its first-year and third-year student athletes, as specified, including, but not limited to, information concerning financial aid, debt management, and a recommended budget for full- and partial-scholarship student athletes living on or off campus during the academic year and the summer term based on the current academic year's cost of attendance, as well as information

on time management skills necessary for success as a student athlete and the academic resources available on campus.

- 4) Requires universities to grant a student athlete the same rights as other students with regard to possible adverse or disciplinary actions, including actions involving athletically-related financial aid.
- 5) Declares that an athletic program shall respond within seven business days with an answer to a student athlete's written request to transfer to another institution of higher education.
- 6) Requires an athletic program to pay for the following:
  - a) The medical insurance premiums of each of its student athletes, whose household income would qualify them for Cal Grant A awards, as defined, for insurance covering claims resulting from their participation in the athletic program, unless a student athlete declines the payment of premiums.
  - b) The insurance deductible applicable to the claim of any student athlete who suffers an injury resulting from his or her participation in the athletic program.
  - c) Either of the following for a minimum of two years from the student athlete's graduation or separation from the institution of higher education for any student athlete who suffers an injury resulting from his or her participation in the athletic program that requires ongoing medical treatment, excluding pre-existing conditions:
    - i) The necessary medical treatment, or,
    - ii) The health insurance that covers the injury and resulting deductible amounts.
- 7) Requires an athletic program adopt and implement guidelines to prevent, assess, and treat sports-related concussions and dehydration, as well as implement exercise and supervision guidelines for any student athlete identified with potentially life-threatening health conditions.
- 8) Defines the following terms:
  - a) "Athletic association" means any organization that is responsible for governing intercollegiate programs.
  - b) "Athletic program" means an intercollegiate athletic program at any institution of higher education, as defined.
  - c) "Graduate success rate" means the percentage of student athletes who graduate from that institution of higher education within six years of their initial enrollment, excluding outgoing transfers in good academic standing with athletic eligibility remaining, and including incoming transfers. Specifies that this rate is to be calculated by combining the rates of the four most recent classes that are available in the exact manner as the rate is calculated under the National Collegiate Athletics Association (NCAA) rules.

- d) "Institution of higher education" means any UC campus or campus of the California State University (CSU), or any four-year private university located in California that maintains an intercollegiate athletic program.
  - e) "Media rights" means rights to the live coverage, tape-delayed coverage, and postevent footage use of athletic games, practices, and interviews; royalties for the use of a player's likeness or uniform, signage, or other sponsorships; and luxury box sales.
  - f) "Student athlete" means any college student who participates in an intercollegiate athletic program of an institution of higher education, and includes student athletes who participate in basketball, football, and other intercollegiate sports.
- 9) Commences these provisions with the 2013-14 academic year.
- 10) Makes numerous legislative findings and declarations.
- 11) Sunsets these provisions on January 1, 2021.

EXISTING LAW:

- 1) Prohibits any person from giving, offering, promising or attempting to give money or other item of value to a student athlete or member of the athlete's immediate family to induce, encourage or reward a student athlete's application, enrollment or attendance at a public or private institution of higher education to participate in intercollegiate sporting activities. Some exceptions may be granted in accordance with NCAA rules. A person who violates these rules are subject to a civil penalty of up to \$10,000, or three times the amount given, offered or promised, whichever is greater. (Education Code § 67360)
- 2) Prohibits student athletes and members of their immediate family from soliciting or accepting money or other item of value as an inducement, encouragement or reward, subject to the same exceptions and penalty listed above. (EC § 67361)
- 3) Requires California postsecondary educational institutions that offer athletic scholarships to provide specific information on its website, such as NCAA policy on scholarship duration, the most recent cost of attendance, and their policy on athletically related medical expenses. (EC § 67365)

FISCAL EFFECT: According to the Senate Appropriations Committee analysis prior to the most recent amendments, this bill will result in the following costs:

- 1) UC: Potentially significant cost pressure on the UCLA and UC Berkeley campus budgets to backfill any reduction of support for activities that currently receive financial support from media rights revenues.
- 2) CSU: CSU does not believe that any of its campuses currently meet the threshold for this bill to apply but projects that San Diego State University will in the near future, resulting in increased annual costs of \$500,000 at that time.

- 3) **Financial aid programs:** Potential state savings, to the extent that former student-athletes are extended scholarships paid for by media rights funds, instead of being entitled to, or competing for, state and institutional aid upon losing an athletic scholarship.

COMMENTS: This bill was approved by the Arts, Entertainment, Sports, Tourism, and Internet Media Committee on June 26, 2012, by a vote of 5-1, as proposed to be amended with the language that was amended into this bill on July 2.

Need for this bill. According to the author, "Current law only requires that institutions of higher education post information related to athletic financial aid, cost of attendance, the cost of medical expenses, who holds the responsibility to pay for medical expenses and transfer policies. NCAA regulations provide universities with a significant amount of discretion in how they protect student-athletes. Universities choose not to renew a scholarship annually from year to year at will. Similarly, university and NCAA medical insurance only kicks in after the student-athlete's insurance is exhausted. Lastly, there is little governing the due process and transfer rights for student-athletes, allowing universities to give student-athletes fewer rights than the student general body."

Affected students. As noted previously, the provisions of this bill would apply only to universities with annual media revenues of \$10 million or more—UC Berkeley, UCLA, USC, and Stanford, with San Diego State University likely to meet this threshold in the near future. These universities enroll 2,500 of the state's 12,500 student athletes enrolled in Division I- or Division II-eligible institutions. They note that the scholarship, transfer, and insurance/medical coverage provisions of this bill are consistent with their existing practices.

Recent amendments and NCAA rules. The NCAA is a voluntary association of about 1,200 colleges and universities, athletic conferences, and sports organizations that administer intercollegiate athletics. Volunteer representatives from these schools and conferences establish rules that govern the NCAA and programs designed to further its purposes and goals.

The affected universities raised significant concerns that some provisions were inconsistent with NCAA rules. Recent amendments, accepted in the Arts Committee and now in print, addressed the universities' concerns about provisions related to the ability of student athletes to transfer to competitor institutions, medical coverage for injured student athletes, and equivalent scholarships for student athletes.

Relevant NCAA rules.

- 1) **Length of athletic eligibility.** NCAA eligibility rules require student athletes, among other things, to take a certain number of units each year, maintain a minimum grade point average, and make progress toward their degree. Division I student athletes are allowed five years to graduate while receiving athletically related financial aid. This bill requires some universities to provide an equivalent scholarship to a student athlete who has used his or her eligibility, but that scholarship is not an athletic scholarship nor does it enable a student athlete to compete beyond NCAA eligibility timelines.
- 2) **Existing medical coverage.** NCAA rules require each student athlete to be covered by individual, parental or institutional medical insurance prior to competing in interscholastic athletics. Universities are authorized to provide medical insurance; coverage varies from

campus to campus.

3) **NCAA catastrophic insurance program.** Among other things, the NCAA Catastrophic Insurance Program provides:

- a) College education benefit provides payment of the full standard cost of attendance for a totally disabled person to complete his or her undergraduate and/or graduate degree. The disabled person must recommence studies within five years and complete the degree within 20 years. The maximum lifetime college education benefit is \$120,000.
- b) Vocational rehabilitation benefit provides payment for expenses incurred for services rendered through a vocational rehabilitation program or counseling services to enable the person to develop skills necessary for gainful employment and to participate in a job search and find gainful employment. The maximum lifetime vocational rehabilitation benefit is \$60,000.
- c) Maximum benefit per person per accident, for all benefits combined is \$20 million.
- d) Custodial care maximum is \$100,000 per calendar year.
- e) Home health care maximum is \$100,000 per calendar year.
- f) Combined home and custodial is \$100,000, increasing by \$10,000 on the 10<sup>th</sup> anniversary of the accident and on each subsequent 10<sup>th</sup> anniversary.
- g) Private duty nursing maximum is \$250,000 per calendar year.
- h) Combined private duty nursing, custodial and home health is \$250,000.
- i) Total disability benefit is \$300 each month for up to 12 months, and \$2,000 each month thereafter (\$2,000 monthly benefit increases by 4% after the \$2,000 benefit has been paid for 12 consecutive months.
- j) Partial disability maximum benefit is \$1,500 each month, increasing by 4% after the benefit has been paid for 12 consecutive months. The benefit is to be reduced by ½ of the after-tax monthly compensation earned by the insured person in excess of \$1,000 per month.
- k) Adjustment expense benefit maximum is \$50,000 lifetime (training family to perform rehabilitative or custodial functions, travel for family, loss of earnings by injured person's spouse or parent, and family counseling.
- l) Special expense benefit for special items approved by the person's doctor to accommodate his or her physical disability, such as home or automobile modifications. Benefits are limited to:
  - i) \$125,000 during the first 10 years.
  - ii) \$50,000 for years 10-20.

iii) \$60,000 for years 20-30.

iv) \$75,000 for years 30-40.

Related legislation. AB 1743 (Campos), Chapter 16, Statutes of 2012, clarified that the online scholarship disclosures required of a California postsecondary educational institution only apply to institutions that offer athletic scholarships to student athletes. AB 2079 (Torlakson), Chapter 592, Statutes of 2010, provided that all California postsecondary educational institutions that offer athletic scholarships are required to provide specified scholarship information on their websites.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

None on file.

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