



Testimony on House Bill 194 Ohio House Finance Committee November 7, 2019

Thank you, Chairman Oelslager, Ranking Member Cera, and members of the House Finance Committee, for allowing me to testify on behalf of Ohio's independent, nonprofit colleges and universities and their students. My name is C. Todd Jones and I am president and general counsel of the Association of Independent Colleges and Universities of Ohio.

AICUO represents 51 nonprofit institutions of higher education in our state. Our members educate nearly 131,000 students, and award about one third of the baccalaureate degrees in Ohio each year.

Ohio's independent colleges also have a variety of college athletics. However, unlike our wonderful public counterparts, our schools vary dramatically in size. Ohio has only two Division I independent colleges: the University of Dayton and Xavier University. The rest of our 51 institutions are smaller in size.

We have 11 Division II and 22 Division III institutions, and 5 members of the National Association of Intercollegiate Athletics (NAIA), the smallest division. This is to say, the vast majority of Ohio's independent colleges do not have the infrastructure or athletic funding that is anywhere near Ohio State; all of them are smaller than the smallest Division I Ohio public institution. The majority of our institutions do not even offer athletic scholarships.

Unfortunately, House Bill 194 treats all "collegiate sports" the same – assuming all sports operations are equivalent to a DI powerhouse. This is a problem because HB 194 will require all of our institutions to engage in the same kinds of compliance activities and the same regulatory exemption process as public colleges with larger administrative staffs to handle the new bureaucratic burdens.

Our athletic departments also reflect the size of the institutions. Many of our institutions have only one or two staff. Did you know that some of our athletic staff members mow campus lawns in the summer so that they can remain full time employees? How will these tiny operations implement the necessary game integrity, anti-gambling training that will be required because of this bill? If this bill goes into effect, it would be an enormous burden to our smaller independent institutions to pay for constant training to track and spot suspicious athlete behavior.

While the latest version of HB 194 does allow the sport's governing bodies to lobby the Lottery Commission, that could lead to even more confusion. AICUO's institutions are represented by over 13 different athletic conferences. The people that run some of these governing bodies are in some cases volunteers on campuses, not part of the army of people in Indianapolis who run the NCAA. To assume they will be able to come in and argue the Lottery Commission every year is a dangerous proposition. The reality of one conference

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being excluded from gaming but another conference being included is not the best public policy.

Moreover, as I will discuss in a minute, the fact that club sports are not exempt from sports betting means that every institution's Director of Student Affairs will be forced to come before the commission to seek a waiver for club sports.

The argument I have heard from many supporters of the current bill is that these institutions will never be in a sportsbook anyway. That simply will not be the case. The University of Mount Union is a perennial DIII football national championship contender. Ashland University women's basketball team recently won the DII national championship. We have fierce rivalries. When John Carroll met Mount Union last year in what looked like a preview of the national championship game, I have no doubt that a bookmaking operation would have opened betting.

Further, the argument that no market exists approaches sports betting from the wrong perspective. As the casino representatives will tell you, sports bookmaking will occur where there is a market. If a group of students approached a sportsbook and wanted to create a betting pool on campus club sports – for example, the campus club basketball season – there is no doubt that a market can be made.

For those who are unfamiliar, club sports are sports for typical students, NOT student athletes, to join and have fun while at college. They are loosely structured and run by students or a volunteer faculty or staff member. For anyone in this room to say that the public should be able to bet on your average student is insane. However, the definition of collegiate sports in HB 194 does just that.

Let's use my club basketball league example: at the request of a few students, a casino could set up a winner take all pool where each person in the pool can buy one share of all of the teams in the competition. The casino will take its initial cut and people will be able to buy and sell teams throughout the year, with the market moving based on who wins these intramurals, much like people betting on who will win the Super Bowl at this point in the season. Each transaction will generate profits for the casino, and in the end, the pool will pay those who bet on the winning team.

This kind of club-sport betting pool is almost impossible to start today because students do not have the infrastructure and the interested third parties to run it. Unless you create some guardrails in this legislation, you will either be creating these markets or requiring every Dean of Student Affairs to seek an exemption every year for club sports.

HB 194 also defines collegiate sports in such a general way that it will include esports. Esports are a rapidly growing industry. In 2016, only seven institutions offered esports nationwide. By 2018, over 63 institutions were offering it. There is a university governing body, the National Association of Collegiate Esports (NACE), and a separate club sports group, Tespa, neither of which is affiliated with the NCAA.

Esports are a very real industry, despite what I am sure is skepticism in a few of your minds. However, I think we can all agree that esports are not like other collegiate sports. Esports is built for social interaction and online play. They are also built on games that have very real on-line wagering capabilities: just ask any teenager who plays for reward “points” or “awards.” The platforms are constructed with non-monetary wagering, which is only a flip of a switch away from real, third-party gambling. HB 194, though, makes no delineation between esports and traditional athletics.

Lastly, I have heard from a few of you that you would prefer to just leave it to the Lottery Commission to settle these issues. With all due respect, that is not legislating. Legislating is about setting broad boundaries of policy. This legislature spent a great deal of time directing state agencies in the last budget about how to do very particular things or doing them only with approval of the Controlling Board; and yet, if you pass a bill out of this House that permits betting on 17 year-olds in college club sports, you will have completely delegated your legislative power to the Lottery Commission.

I strongly urge this committee to rethink what college sports actually means in Ohio. It will have dramatic long-lasting ramifications on so many athletes and institutions beyond just allowing betting on Ohio State.

Thank you and I would be happy to answer any questions you may have.