

**REFORM OF THE
UNITED STATES OLYMPIC COMMITTEE**

HEARING
BEFORE THE
**COMMITTEE ON COMMERCE,
SCIENCE, AND TRANSPORTATION**
UNITED STATES SENATE
ONE HUNDRED EIGHTH CONGRESS

FIRST SESSION

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JUNE 24, 2003
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SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ONE HUNDRED EIGHTH CONGRESS

FIRST SESSION

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REFORM OF THE UNITED STATES OLYMPIC COMMITTEE

TUESDAY, JUNE 24, 2003

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The Committee met, pursuant to notice, at 9:30 a.m. in room SR-253, Russell Senate Office Building, Hon. John McCain, Chairman of the Committee, presiding.

OPENING STATEMENT OF HON. JOHN MCCAIN, U.S. SENATOR FROM ARIZONA

The CHAIRMAN. Good morning. I welcome the members of the United States Olympic Committee's Independent Commission and the other witnesses who are appearing before the Committee today, and thank those who made special arrangements to be here.

The purpose of this hearing is to examine the recently released report of the USOC Independent Commission in furtherance of this Committee's ongoing effort to reform the USOC governance structure and to fulfill the original intent of the 1978 Amateur Sports Act.

As you are aware, at the request of this Committee the USOC created the Independent Commission to review the structure of the organization. The creation of the Independent Commission was in response to the seemingly endless series of embarrassing events that beset the USOC and threatened the organization's credibility in the eyes of our athletes, the American people, and the international sports community.

Last week, the Independent Commission released its report. In its report, the Commission recommended significant changes to the structure of the USOC. I would like to commend the members of the Independent Commission who are appearing before this Committee today, and I applaud them for their objectivity and dedication. I know how hectic their schedules already are, and I thank these individuals for their willingness to volunteer their time and expertise to reform the USOC.

The USOC also created an internal task force to review the organization simultaneous to the Independent Commission's review. While I did not oppose any effort by the USOC to conduct such a review, I believed it necessary for this Committee to receive a more objective analysis of the troubles that plagued the organization. However, the fact that the reports of the internal task force and the Independent Commission are so similar is evidence that the internal task force was serious in its efforts to improve the USOC.

I thank its members, including Mr. Stapleton and Mr. Balk, who are here today, for their service. I agree with the conclusion of the Independent Commission that the USOC, quote, breached the trust of the American people and betrayed the Olympic ideals that it has pledged to preserve, unquote.

As this Committee moves forward over the next few weeks in developing legislation, I'm hopeful that the members will remain cognizant of the fact that the Olympic movement is not about people who attach themselves to the organization for their own benefit. It is a movement that is driven by athletes who dedicate their bodies and souls to improving their God-given talent with the hope of some day realizing their Olympic dreams.

The USOC is an entity entrusted by the American people with the privilege of being the custodian of these dreams. However, as the organization has continued to grow and the agenda of individual constituencies have become paramount to the common objectives of the USOC, the athletes have become an afterthought, and the victims of egregious misbehavior.

While this Committee intends to act quickly in reforming the USOC, we will not act with haste. We will hear from those who may be positively or adversely affected by the recommendations of both reports, and we will move quickly thereafter in developing legislation. I thank the witnesses for being here, and I look forward to their testimony.

Senator Campbell is here and is well-known for his deep and dedicated involvement on this issue.

Senator Campbell.

**STATEMENT OF HON. BEN NIGHTHORSE CAMPBELL,
U.S. SENATOR FROM COLORADO**

Senator CAMPBELL. Thank you, Mr. Chairman, for allowing me to sit with the Committee once again, for something I am deeply committed to and interested in. I have been blessed like few Americans in having been a member of the team which I identify very strongly with, and I know, as many people do, that there are some drastic reforms needed, and you alluded to all of those, and I won't repeat those. So with your permission, I would like to submit my complete written opening statement for the record and just abbreviate, if I can.

The CHAIRMAN. Without objection.

Senator CAMPBELL. I also was very impressed with the efforts of the Independent Commission and the USOC's internal task force, and I was pleasantly surprised that so many of the things that they spoke to not only needed to be spoken to but were basically seen by both groups, that the oversight of both those Committees recognized that we have to make major changes and undo some pretty significant damage that has been done to the Olympic movement in the eyes of the average American.

Simply put, the athletes ought not to struggle to survive while administrators—only a few, by the way, so we don't cast aspersions on all the people that work so hard for the Olympic movement, but a few certainly have developed sort of a system of self-promotion and privilege.

I would like to think that they represent a very few, and that we're on the right track now, but I also agree with you that we need to move as quickly as we can, but at the same time do it very carefully, because we certainly don't want to be back here next year or the year after trying to repeat or revisit the whole issue again, but with Athens coming up in less than about, I guess, another 18 months or so, it is important that we put this thing to rest, make sure the American public regains their confidence in our Olympic movement and the people that have supported it and worked so hard for the Olympic movement feel comfortable that we're on the right track in helping them.

Certainly, our State and the City of Colorado Springs has been right from the inception, since the Olympic Committee was first re-established at old Ent Air Force Base at Colorado Springs, have taken a particular interest in this, and they certainly offer their help and their support and their prayers to make sure that we're going in the right direction with this movement.

Thank you, Mr. Chairman.

[The prepared statement of Senator Campbell follows:]

PREPARED STATEMENT OF HON. BEN NIGHTHORSE CAMPBELL,
U.S. SENATOR FROM COLORADO

Thank you, Mr. Chairman. And I again want to thank you for inviting me to sit on this committee today as well as for having allowed me to be included in the past. This issue is near and dear to my heart and I want to see this somewhat sordid chapter in United States Olympic Committee history closed as quickly as possible.

The reports provided by the Independent Commission and the USOC's own internal task force are a good step in closing this chapter. I want to thank them for the quality of work they have done in a relatively short period of time. This reform is not an easy task.

I must say that I am not shocked that the findings and recommendations both groups have made are so similar. Obviously, everyone sees the same problems. Overall, the USOC's governance structure must change. The mission statement must change. But the culture of the USOC must change too.

I've stated before that the vast majority of athletes, coaches, trainers, and officials are doing an admirable job with upholding the Olympic ideals. Given the medal count at the last Games, it is apparent that someone someplace is doing something right. But, as in all things, it can be better. Efficiency and transparency will be the key words for this reform. While these words will have little direct effect on how fast someone will run or swim or how much weight someone can lift, it can provide for an easier and better life of training for these athletes, many of whom still live and train on a paycheck by paycheck basis.

There is no question in my mind that getting it back on track is going to require streamlining and downsizing of the USOC boards. Who knows how many more medals could have been won if someone weren't flying first class and staying in 5-star hotels when the money could have been spent on training for the athletes. There are far too many people who feel that they need to have a say in how things are run, even on a day-to-day basis, and too many who feel that the Olympic team is their own team.

It is a wonder that the USOC has been as successful as it has been with the sick culture that has permeated it over that past 20 years. But we need to return the USOC to the athletes. That is what this is all about. The United States is the strongest country in the world and its athletes and their training facilities and programs should reflect this.

This reform movement isn't a vendetta against any single person or group who is to blame for the current ills of the USOC. In fact, I am hoping that this reform makes the USOC a better environment in which to work. I hope that the USOC employees feel safer about voicing their views given that we will push for some sort of whistle blower protection for them in the legislation that we create. I wish that these would have been in place years ago, or we might not be in this situation today.

I also want to protect those USOC employees who have made their homes in Colorado Springs for so many years. I have heard rumblings about moving the headquarters of the USOC to another city, possibly New York City. This would be a terrible mistake and I will not allow this to happen. The moving expenses would far outweigh the benefits of moving the headquarters and I don't want another dime wasted on the governance and management of the USOC. I can't, and I don't think that this committee can make it clear enough: the money raised is first and foremost for the benefit and training of athletes, not for extra cushions on the chairs of those sitting in offices with pretty views of skylines. Once again, Colorado Springs will remain to be the headquarters of the USOC.

I understand the need for these changes to occur sooner rather than later. But we want to make sure that we do this right so that we don't have to be back here doing this again in two years or four years. But the changes will be made and some individuals and some groups won't be happy with the changes. After spending the last 30 years or so in politics, I have learned again and again that you can't make everyone happy at the same time. What fun would that be?

Again, thank you Mr. Chairman and I will have some questions for our witnesses at the appropriate time.

The CHAIRMAN. Thank you. I welcome the witnesses, Mr. Donald Fehr, who is the Executive Director of Major League Baseball Players Association; Ms. Roberta Cooper Ramo, who is an Attorney at Modrall Sperling and Co-chair of the U.S. Olympic Committee Independent Commission; Mr. Dick Ebersol, who is the Chairman of NBC Sports and Olympics, and a member of the U.S. Olympic Committee Independent Commission; Dr. Harvey Schiller, President and CEO of Assante U.S.; and Ms. Donna de Varona, Olympian and sports commentator, and member of the United States Olympic Committee Independent Commission.

Welcome to the hearing, and thank you for your hard work, and we would like to hear from you in whatever format you would like to pursue.

**STATEMENT OF DONALD M. FEHR, CO-CHAIR,
INDEPENDENT COMMISSION ON REFORM,
UNITED STATES OLYMPIC COMMITTEE (USOC)**

Mr. FEHR. Thank you, Mr. Chairman, Senator Campbell. I think we will be relatively concise this morning. I just have a few brief opening comments, and then I will turn it over to the other members of the panel for a brief description of some of the specifics of our report.

Only some 16 months ago, all Americans celebrated a spectacularly successful Winter Olympic Games in Salt Lake City. The athletes there achieved unprecedented success. Since then, unfortunately, and in particular over the last winter, we didn't read very much in the newspaper about the success of our athletes' or athletic programs' preparations for Athens.

Instead, what we read were a continuing list of stories about alleged wrongdoing, questionable behavior, and sometimes silly antics of certain members of the volunteer leadership and the then professional staff. To put it bluntly, by that time the USOC had become an object of ridicule and satire, and certain members of its volunteer and staff leadership had become objects of scorn and derision. Within a period of only the last 14 months, two volunteer presidents and a full-time CEO had resigned under pressure.

In the wake of these events, both this Committee and a sister Committee in the House held hearings to exercise their statutory oversight responsibilities. At those hearings, Members of the Com-

mittees I think expressed the widespread view that the operations of the USOC as publicly reported had become sort of a bad joke, and that changes had to be made quickly.

This Committee was appointed at the request of three members of this Committee to look at the culture and structure of the USOC and to make specific findings and recommendations for change, which we have done. I do want to point out that it was not our role to investigate any alleged wrongdoing by any individual or group, or to make any findings in that regard, and we did not, nor did we believe it our role to make any policy decisions about the operations of the USOC. Rather, we focused on the governance structure and the underlying culture.

It seems to us that the primary focus of the USOC can simply be stated to be the support and encouragement of our Olympic and Paralympic athletes, and the organizations and programs through which they are developed to the very best of its ability, and in so doing the American people, who we believe are the ultimate stakeholders in the U.S. Olympic movement, have a right to and do expect the volunteer and staff leadership to work together to conduct the business and operations of the USOC in a manner which will best achieve that result, but which at the same time is fully consistent with the very best standards of governance we can devise, the highest standard of ethics, and a recognition of and a commitment to public service.

Moreover, the American people and the athletes have a right to expect that the volunteer and staff leadership will bring the same kind of dedication to their efforts that the athletes must bring in order to achieve the kind of success that we've seen.

When we examined the USOC structure and culture measured against the standards, we concluded simply that both the structure and the culture which produced it are broken, and that a drastic overhaul is in order.

For the reasons we stated in our report, we unanimously recommend that the USOC be substantially restructured without delay, by which we mean that we think a new governance structure and a new Board of Directors should be and can be in place not later than January 1, and that the Stevens Act, the Amateur Sports Act be amended, but only as necessary to require that the governance structure we recommend be implemented.

Our recommendations are fully set forth in the report, which I incorporate by reference and ask to be made a part of the record of this hearing.

The CHAIRMAN. Without objection.

Mr. FEHR. Finally, it is our belief that if these reforms are promptly implemented, we believe that the USOC can and will again earn the respect of the athletes it exists to serve, and regain the confidence of the American people, and if it doesn't do that, then it's not going to be successful going forward.

With that, I'd like to turn the microphone over to my Co-Chair, Ms. Ramo, and have her begin to describe some of the specifics.

[The prepared statement of Mr. Fehr follows:]

PREPARED STATEMENT OF DONALD M. FEHR, CO-CHAIR, INDEPENDENT COMMISSION
ON REFORM, UNITED STATES OLYMPIC COMMITTEE (USOC)

Mr. Chairman and Members of the Committee:

My name is Donald M. Fehr, and I have been privileged to serve as a Co-Chair of the Independent Commission on Reform of the United States Olympic Committee (USOC), along with the other co-chairs, Roberta Cooper Ramo, and Dick Ebersol, Dr. Harvey Schiller and Donna De Varona. The Independent Reform Commission, appointed on 3 March of this year at the suggestion of three members of this Committee, submitted its report last Thursday, 19 June.

Only some 16 short months ago, all Americans celebrated a spectacularly successful Winter Olympic Games in Salt Lake City, during which U.S. Olympic athletes achieved unprecedented success. Regrettably, since that time, and especially over this last winter, the performance of our athletes has been pushed to the side, and, instead the media has been full of stories about alleged wrongdoing and other questionable behavior by members of the volunteer leadership and professional staff of the USOC. To put it bluntly, the USOC has become an object of ridicule and satire; and members of its volunteer and staff leadership have become objects of scorn and derision. Within the last fourteen months alone, two USOC presidents and the CEO have resigned under pressure.

In the wake of these events, committees in both the Senate and the House held hearings in the exercise of their statutory responsibility to oversee the USOC. The statements made by the Senators and Members of Congress attending the hearings reflected the widespread view of the American people that the operations of the USOC had become a very bad joke, that the conduct of many in positions of responsibility was simply an embarrassment, and that changes had to be effected, and quickly. To that end, this Independent Commission was appointed to report to the USOC and to the Congress on the culture and structure of the USOC, and to make specific recommendations for change.

The primary focus of the USOC should be the support and encouragement of our Olympic and Paralympic athletes, and the organizations and programs through which they are developed, to the very best of its ability. In so doing, the American people—who, after all, are the ultimate stakeholders in the U.S. Olympic movement—have a right to and do expect that the volunteer and staff leadership of the USOC will work together to conduct the business and operations of the USOC in a manner which will best achieve that result, and which will be fully consistent with the best standards of governance, the highest standards of ethics, and a commitment to public service. Moreover, the American people have a right to and do expect that the volunteer and staff leadership will bring to the tasks entrusted to them the same kind of effort and dedication that our athletes bring to their endeavors.

When we examined the USOC structure and culture, measured against these standards, we concluded that both the governing structure of the USOC, and its underlying culture which produced that structure, are, in a word, broken, and that a drastic overhaul is in order.

For the reasons stated in our report, we unanimously recommend that the USOC be substantially restructured *without delay*, and that the Stevens Act be amended to require that the governance structure we recommend be implemented. Our recommendations to effect that overhaul are fully set out in our Report, which I incorporate by reference and ask be made a part of the record of this hearing.

If these reforms are promptly implemented, we believe that the USOC can and will again earn the respect of the athletes it is its purpose to serve, and regain the trust and confidence of the American people.

The CHAIRMAN. Thank you. Welcome, Ms. Ramo.

**STATEMENT OF ROBERTA COOPER RAMO, ATTORNEY,
MODRALL SPERLING; CO-CHAIR, U.S. OLYMPIC COMMITTEE
INDEPENDENT COMMISSION**

Ms. RAMO. Thank you, Senator McCain.

Senators, you asked us to give the Congress a frank assessment of the current state of the United States Olympic Committee and our most thoughtful and independent view of any required reforms. From our varied perspectives, we arrive at a totally unanimous assessment of the current situation. With our combined experience on Olympic matters and in for-profit and nonprofit governance, we

also unanimously believe a wholesale and radical change of the governing structure of the United States Olympic Committee is required. We find that the deteriorating quality of decisionmaking, management, and leadership of the USOC is so serious that Congress must act to mandate a new governance structure.

There is only one year to the Athens Olympics, and without complete change in leadership and focus in the short term and in the longer term the success of our athletes and the resonance of Olympic ideals in our country are in peril.

Our report lays out in great detail the architecture for a new USOC that will support our Olympic and Paralympic athletes, will replace the chaos and embarrassing spiral of errors of the current constituent-based system with a governing structure that includes the general principles of Sarbanes-Oxley, the new rules of the New York Stock Exchange, and the best practices of major nonprofit organizations. We suggest this by putting in place a very small board with a majority of independent directors, directors who are sought for service because of their successful careers in a variety of complex settings.

The complexity of the enterprise that the USOC has become—it has a budget now of over \$450 million in each 4-year period—requires a diverse leadership, people who are sophisticated men and women whose fiduciary bond is to the American public, the athletes, the volunteers, and to the international ideals of the Olympic movement, and whose fiduciary obligation is not to a personal agenda or to individual constituents' benefits.

We have parsed out the roles we believe appropriate for volunteers and professional staff. To encourage the recruiting of a first-rate CEO and senior staff, and to give us an appropriate united voice in the international Olympic community, we suggest in our report financial transparency and whistleblower procedures.

As Don said, we ask in our report for an amendment of the Ted Stevens Amateur Athletic Act to set this new structure in place. We hope that a nominating committee can begin work by September 1, and that a totally new Board could be seated and in charge by January 1, 2004.

We believe we have met the appropriate requirements for representation by athletes, representation by a national governing board, and kept a focus on the proper role of the volunteers, without whom the Olympic movement would not exist.

We have streamlined the organization to make it a model of what a federally chartered nonprofit with an international role should be. In this time of global tension, the common language of sport and the ideals of excellence and personal sacrifice lived by athletes all over the world are more important than ever.

On behalf of all Americans, but especially all athletes, we thank you for this speedy hearing of our views, and look forward, if asked, to helping turn our recommendations for change into reality of a United States Olympic Committee admired by all and respected by the international Olympic community.

Thank you.

The CHAIRMAN. Thank you.

Mr. Ebersol, welcome.

**STATEMENT OF DICK EBERSOL, CHAIRMAN, NBC SPORTS
AND OLYMPICS; MEMBER, U.S. OLYMPIC COMMITTEE
INDEPENDENT COMMISSION**

Mr. EBERSOL. Thank you, sir.

Senators at the age of 19, at the end of my sophomore year of college, I was offered the opportunity of a lifetime, to become the first ever Olympic researcher for American television. The sole purpose of that job was to travel extensively through the United States and Europe to get to know the elite Olympic athletes of the world and to write up their life stories into mini-biographies which would allow our announcers and commentators to describe in detail their stories of hope and inspiration.

To the millions and millions of American television viewers who so passionately admire and love the Olympics and above all Olympic athletes, more than any movie or soap opera, these heroic stories of our athletes overcoming some level of adversity to succeed against the odds, and their dogged tenacity to always push forward, no matter how difficult the struggle, these stories, coupled with the unscripted drama of Olympic competition, have become the main method of passing the theme of Olympic inspiration, the Olympic dream from one generation of young Americans to another.

That is, until now. These last 3 or 4 years, when we seemingly cannot open a newspaper without reading of Olympic scandals, Olympic screw-ups, a U.S. Olympic Committee which has had three volunteer presidents and four paid CEOs in the less than 3 years since the Olympic flame was extinguished in Sydney.

In other words, the Olympic movement in the United States has too often moved from the sports pages to the front pages. These stories have been about executive ego-tripping, mismanagement and malfeasance. They sure have not been about the athletes, and they certainly have not been inspirational.

Today, in this room, I hope we will begin not a marathon but a sprint of deliberate speed toward giving our Olympic athletes an organization worthy of them, one which inspires their hope and their trust, one which above all teaches and itself upholds the Olympic ideals. It can be done, Senators.

Our Commission strongly believes that our recommendations for a more streamlined and independent governance structure, plus a culture cleared of as many conflicts of interest as is humanly possible, can and will succeed, but time is critical. The Athens games begin in little more than a year. Our athletes deserve nothing less than the best.

Finally, Senator McCain, Senator Campbell, I would like to thank you personally for allowing me the privilege to serve on this Commission. It was and is a labor of love.

[The prepared statement of Mr. Ebersol follows:]

PREPARED STATEMENT OF DICK EBERSOL, CHAIRMAN, NBC SPORTS AND OLYMPICS;
MEMBER, U.S. OLYMPIC COMMITTEE INDEPENDENT COMMISSION

At the age of 19, at the end of my sophomore year of college, I was offered the opportunity of a lifetime to become the first-ever Olympic researcher for American television. The sole purpose of that job was to travel extensively through the United States and Europe to get to know the elite Olympic athletes of the world and to write up their life stories into mini-biographies, which would allow our announcers

and commentators to describe in detail their stories of hope and inspiration to the millions and millions of American television viewers who so passionately admire and love the Olympics and, above all, Olympic athletes.

More than any movie or soap opera, these heroic stories of our athletes overcoming some level of adversity to succeed against the odds and their dogged tenacity to always push forward no matter how difficult the struggle. *These stories* coupled with the unscripted drama of Olympic competition have become the main method of passing the theme of Olympic inspiration, the Olympic dream from one generation of young Americans to another.

That is, until now. These last three or four years, when we seemingly cannot open a newspaper without reading of Olympic scandals, Olympic screw-ups, a U.S. Olympic Committee which has had three volunteer presidents and four paid chief executive officers in the *less* than three years since the Olympic flame was extinguished at the close of the Sydney Games. In other words, the Olympic Movement in the United States has too often moved from the sports pages to the front pages. These stories have been about executive ego-tripping, mismanagement and malfeasance. They sure have *not* been about the athletes and they certainly have not been inspirational.

Today, in this room, I hope we will begin not a marathon, *but* a sprint of deliberate speed toward giving our American Olympic athletes an organization worthy of them, one which inspires their hope *and* their trust, one which above all teaches and *itself* upholds the Olympic ideals.

It can be done. Our Commission strongly believes that our recommendations for a more streamlined *and* independent governance structure plus a culture cleansed of as many conflicts of interest as is humanly possible can and will succeed, *but* time is critical. The Athens Olympic Games begin in a little more than one year. Our Athletes deserve nothing less than the best.

Finally, Senator McCain, Senator Stevens, Senator Campbell, I would like to thank you personally for allowing me the privilege to serve on this Commission. It was and is a labor of love.

The CHAIRMAN. Thank you very much.
Dr. Schiller, I hope you're feeling better.

**STATEMENT OF DR. HARVEY W. SCHILLER, PRESIDENT AND
CEO, ASSANTE U.S.; FORMER EXECUTIVE DIRECTOR OF U.S.
OLYMPIC COMMITTEE; MEMBER, U.S. OLYMPIC COMMITTEE
INDEPENDENT COMMISSION**

Dr. SCHILLER. I am sorry to miss the meetings last week.

The CHAIRMAN. Welcome.

Dr. SCHILLER. Senator McCain, Senator Campbell, thank you very much for the opportunity to appear before you today, and I thank you for recognizing the events that led to this task force's recommendations for change and for Olympic organization. I truly believe that the USOC is a national treasure, and unfortunately those that had the responsibilities and positions of leadership before have allowed that to disappear. We have made some very, very specific recommendations. Amongst those are that our assembly will be charged with truly Olympic matters, that our board will do their business in both an efficient and cost-saving manner. Still, we understand that this process will need continuing care and oversight. We are happy that the majority of the leading national governing bodies have supported our positions. We all have let this go too far, and we recommend that things move as fast as possible. Thank you.

The CHAIRMAN. Thank you, Dr. Schiller. Ms. de Varona, welcome back.

**STATEMENT OF DONNA DE VARONA, OLYMPIAN AND SPORTS
COMMENTATOR; MEMBER, U.S. OLYMPIC COMMITTEE
INDEPENDENT COMMISSION**

Ms. DE VARONA. Thank you. Senators, Members of the U.S. Senate Commerce Committee, the USOC Internal Task Force and others who are interested in today's proceedings, good morning.

As a clean-up batter, my focus will be on the athletes' perspective and, like Dick, the Olympics have been a lifetime commitment for me, and not necessarily when I made the U.S. Olympic team, but when basketball great Walt Bellamy lifted me up and put me on his shoulders so I could see the Olympic torchbearer enter the Rome Olympic Stadium. I was a complete stranger to Walt, 13 years of age and so short I could not see above my teammates' heads during the opening ceremonies. Without a word, he simply reached down and gave me a much-appreciated lift, establishing a connection that has lasted a lifetime.

This is the language of international sports. These were the 1960 Olympics, held during the time of the cold war. Athletes from the Soviet Union were told Americans were off-limits. The stand-off worked for a while, but soon the atmosphere of the Olympic Village began to thaw this political divide, and by the end of the Games, I had collected a complete set of Russian trading pins, and they had learned to dance the twist.

In those Olympics, the 1960 U.S. team was made up of athletes who have become household names, such as Walt Bellamy and Wilma Rudolph, and a guy named Cassius Clay. The world, of course, would know him later as Muhammad Ali. Each one of these Americans, after winning gold medals, continued to embrace what international sport offers. Wilma worked in special inner-city programs in the hot and volatile summers of the late 1960s, indeed, with Senator Campbell and myself in a special program. Walt would become a famous professional basketball player, and Ali, he is simply one of a kind. All have made a difference in millions of children's lives.

Undaunted by the racism they faced after wearing red, white, and blue while representing their country in the Rome games, they all came home from the games dedicated to change. I would like to think that the Olympic experience had a lot to do with their commitment. Indeed, there is no other world gathering like the Olympics, where every 2 years the world's athletes coaches, officials, volunteers, and fans participate in an environment that embraces everyone regardless of race, creed, religion, or politics. The Olympics offer hope to a world in search of common ground.

I am here today because of this promise. I have experienced first-hand what the Olympic movement offers to the world. I have given my time to this most recent restructuring effort because I believe in our Olympic movement and our athletes, and those that care about it. They deserve from us what they give every day on the training grounds. As they seek out the best coaches and training methods and dedicate themselves to excellence, so must those who represent them.

Like those athletes have had the courage to go back to the drawing board after a failed or compromised effort and start over again, our group was directed by you to do the same. Since May, our Sen-

ate-appointed group has worked hard and diligently to formulate what we feel is a new streamlined and balanced structure to accommodate the Olympic movement in this country.

During our process, we had the benefit of hearing from and studying the work of the USOC internal task force. We also held hearings and received many letters, e-mails, and documents, and in our own five-member Senate-appointed team we figured out we collectively represent some 100 years of experience in dealing with sports issues, corporate governance, law, government, legislation, sports television, and sports legislation.

Roberta Ramo and Donald Fehr helped straighten out the problems that led to the Salt Lake City bid scandal, Harvey Schiller was simply the best ever USOC Executive Director, Dick Ebersol has devoted most of his professional career to television network coverage of the games, and of course I competed in two Olympics, not to mention the many years I have worked on Olympic governance issues.

From the very start of our deliberations, we realized the devil in our U.S. Olympic Committee structure is in the details. Therefore, we have called for a streamlined Olympic Committee governance structure with very specific operating principles. In this respect, because the Olympics are big business, and the USOC has been compromised in large part by constituent-based interests, we have taken the position that the board should be dominated by independent directors.

In America, where corporate board mischief has led to the Sarbanes-Oxley directives, which call for corporate boards to be comprised of a majority of independent directors, we have taken the position that the USOC should also follow these mandates. We have taken care of our volunteers and constituent groups through an assembly process, which will elect a speaker, which will represent those issues that emerge that are pure sport issues that should be brought to the board, and it is our recommendation that Congress move with deliberate and thoughtful speed in legislating changes to the Ted Stevens Olympic and Amateur Sports Act.

Time is short. As we know, the Pan American Games take place this summer, the Athens Games next summer. We offer our support and our help so the USOC can best serve America's athletes and our public. Thank you.

The CHAIRMAN. Thank you very much, and I want to thank the panel again for devoting their very precious time and effort on behalf of the greater good. It would be my intention to try to mark up this legislation as soon as we get back from recess so that we would have an opportunity to have these recommendations and whatever changes that need to be made in the legislative process before the August recess.

I think as you pointed out, Ms. de Varona, that we need to have a new organization in place to prepare for the upcoming Olympics, so I take your recommendation for us to act with deliberate speed very seriously.

I don't think everybody has to answer each one of these questions. Whoever wants to provide an answer, one or more, maybe we could do it however you decide.

The first question is, what group will claim to be most disenfranchised by your recommended changes, and how would you respond to their claim?

Dr. SCHILLER. They're all looking in this direction, so, having been part of the organization. My guess would be that it might appear on the surface that it would be the community-based, the collegiate, which would include disabled sports organizations as well as the military. Our goal would be to ensure that the volunteer leadership that would come through the independent members of the board would adequately represent those groups, and of course their positions within the assembly would still be preserved.

The CHAIRMAN. Would you explain how your recommendations comport with the IOC charter, and why a U.S. corporation chartered by the U.S. Congress has to comply with the IOC?

Mr. FEHR. Let me just respond briefly on that. The IOC charter has a number of provisions in it relating to the manner in which national Olympic committees are composed and how they relate to the International Olympic Committee. Those have been a matter of interpretation. They have changed from time to time. The USOC has gone through a series of changes through the years. The IOC has gone through a series of changes through the years.

We have had some preliminary conversations with representatives of the IOC to make sure that we believe we have met the IOC provisions in a satisfactory fashion. We think we have. We expect that it will be necessary to continue those discussions. The IOC charter has provisions relating to the presence on the board of the National Olympic Committee of IOC members and certain matters being relegated to the vote of certain particular interest groups.

Interestingly enough, I think that it is fair to say that for most of the last 25 years the governing statutes of the United States Olympic Committee have been satisfactory to the IOC, and we believe that by preserving the assembly in the form that it's in, that it will eventually prove to be so here.

The CHAIRMAN. Can you explain why the Paralympics should be part of the current USOC structure, and why the Deaf Olympics remain excluded?

Dr. SCHILLER. Recognizing that this is a continuing sensitive issue, it was our understanding that, based upon previous competitive opportunities, that the organization that represents the deaf athletes had adequate representation within the organization as it stands.

The Paralympics itself is the organization that determines which disabled sports are part of it or not, and as you know there are continuing arguments as to the technical requirements that could allow and have allowed in the past deaf athletes, the hearing impaired, to perform and to compete in regular competition, and we didn't see at this particular time any need to specifically identify that group.

There are other competitive groups as well who have argued for their position, and the organization itself could not take on, we believe, any more of that.

Mr. FEHR. Just for my part, Senator, as I understand the Amateur Sports Act and the provision we are not suggesting be modified, member organizations, which are defined by category, are up

to the determination of the board as to whether they will be part of the formal structure of the organization, and that's quite frankly a policy and operating decision that has to be made. It is not a structural decision from this standpoint.

Second, if you are going to have a small Board, and if that Board is going to operate in an efficient manner, you have to rely on the members of that Board to represent all constituencies, in the same way that any Senator or Member of Congress does from the district from which or the State from which he or she comes, and we believe that the independent directors charged with representing all groups and that of the American public will be able to satisfy that charge.

The CHAIRMAN. As I noted in my opening comments, your recommendations and that of the USOC internal task force are remarkably similar. Can you discuss some of the differences? Ms. Ramo.

Ms. RAMO. Certainly, Senator McCain. Probably the major difference is that we recommend a majority of independent directors on the board, and in the case of the internal task force, and they will testify themselves, the independent directors do not occupy a majority position. Our unanimous view is that in order to change both the culture and the behavior of the United States Olympic Committee, an independent director majority is required. That's one difference.

A second difference is that we had suggested actually that the assembly, which is basically the current United States Olympic Committee, with the addition, we suggest, of three Olympic alumni and the elimination of former officers of the USOC, we suggest that they elect their own speaker. The internal task force suggests that a member of the board serve as the chair of the assembly. I think those are the major changes. There is some difference about how the IOC members are treated, but I think that could probably be easily resolved.

The CHAIRMAN. Thank you. Senator Stevens.

**STATEMENT OF HON. TED STEVENS,
U.S. SENATOR FROM ALASKA**

Senator STEVENS. I came in late. I would be happy to yield.

Senator CAMPBELL. That's OK.

Senator STEVENS. Thank you very much. I'm sorry to be late. I was at the Rules Committee, Mr. Chairman. I welcome this hearing and I congratulate you for the interest that you're showing in Olympic sports in proceeding so rapidly with these two series of recommendations we've received. I have reviewed this report that the Independent Commission has filed, and I personally thank them all for their good work.

It takes me back a lot of years, when Donna de Varona was one of the assistants here on our Committee staff to help us review the recommendations of President Ford's Commission on Olympic Sports, but I do believe you have come up with good recommendations, and I want to have you again emphasize what I asked in my office. This does not affect the structure of the working group, the president and the officers that are going to be doing the daily work, is that correct?

Mr. FEHR. Senator, this would reconstitute the Board of Directors. We make no recommendations whatsoever as to whether there should be any personnel changes, and that would be entirely up to a new board, just as it currently is up to the current board on an ongoing basis.

Senator STEVENS. And does this have an impact on the document that is called the constitution of the USOC?

Mr. FEHR. It would have an impact in the following sense. We believe that it is important that the Congress amend the Olympic and Amateur Sports Act to require a governance structure of the type that we recommend, and then it would be up to the board to write and approve a constitution and bylaws which conformed with that, yes.

Senator STEVENS. Do your recommendations affect the Pan American Games?

Dr. SCHILLER. Senator Stevens, no, it does not. Our recommendations, as Mr. Fehr has described, really will be, the organization will be governed by a board which will have national governing body representation, as well as athletes, as well as IOC members, but the majority of the board, the votes will be from the independent members. We believe that the participation in any international type competition will be up to the board and up to the membership, and in addition it will in the main be driven by the funds that are available for participation.

Senator STEVENS. Ms. Ramo.

Ms. RAMO. Also, Senator, in the composition that we have of the assembly, we have left the Pan American Games representation exactly as it is in the current USOC.

Senator STEVENS. What protection is there, in this new approach that you've outlined, against a new chief executive officer deciding to take matters into his or her own hands and proceed, as we have witnessed in the past, just to change personnel and to change policies and to change emphasis of the USOC? Is there anything we can say that would at least slow down such a move by a new chief executive?

Ms. RAMO. Senator Stevens, what we have set out is a United States Olympic Committee that is governed by a Board. That Board is in charge of hiring the CEO and of setting policies for the CEO, and the CEO serves at the pleasure of the board, really, so were the CEO to try to do something like that, I cannot imagine that the Board of the type that we're talking about would be very sympathetic, and I don't think that CEO would last.

But one of the things that I think we hope is that by having very able people on our Board of Directors who can hire a very able CEO, that they will work hand in hand, and we have many examples in the United States in many universities, for example, in which the Chair of the Board of regents or the Board of Trustees of a university work hand-in-hand with the President of the university, but the President of the university serves at the pleasure of the Board.

Senator STEVENS. Last, when I went with Senator Campbell to visit in Colorado Springs with many of the people involved in the last tragic series of incidents, one of the things that shocked me was the degree to which there was financial manipulation. By that,

I mean items that were considered to be expense which the permanent employees had declared were not legitimately expenses of the USOC.

Do you feel that by reducing the Board and by having this control for the Board over the CEO and his compatriots in their sort of working structure, that the opportunity for that will be minimized?

Ms. RAMO. Senator Stevens, one of the things that we call out in some detail is the functioning of an audit committee of the United States Olympic Board, which is much smaller. We suggest, that any new board, including this one, should the Senate decide to enact our recommendations, should have a fresh audit of what the situation is.

As Don Fehr said, we didn't really investigate in any sense any particular allocation, but it's perfectly clear to us that a new Board, when seated, is going to want to have an independent audit of what the situation is.

Senator STEVENS. Do you have a feeling as to whether or not there should be whistleblower protection specifically in this act dealing with members of the USOC staff?

Mr. FEHR. We have not addressed whether or not whistleblower protections ought to be a part of the statutory scheme. We have suggested that the Board adopt such procedures as a policy matter on an internal basis, and that it's important to do so.

Senator STEVENS. From a policy point of view, would you object to it being a part of the law?

Mr. FEHR. Subject to looking at the language, no. Let me just say, that on the financial issues, we take great care to outline a series of procedures, which we think will achieve a functional and ongoing transparency for the organization in a fashion which would make financial manipulation in any way, which would cause the finances to be in question much more difficult to do. With the audit committee having the kind of powers that current law suggests in for-profit corporations would be needed to prevent those kinds of manipulations, I feel quite comfortable those recommendations are sound.

Senator STEVENS. Thank you, Mr. Chairman.

[The prepared statement of Senator Stevens follows:]

PREPARED STATEMENT OF HON. TED STEVENS, U.S. SENATOR FROM ALASKA

I thank the Independent Commission on the United States Olympic Committee for your hard work. I agree with much of what is said in your report—and think many of your findings can be incorporated into the frame work of the Ted Stevens Olympic and Amateur Sports Act.

The Commission held many meetings including extensive hearings in New York City. Many of the major national governing bodies of sport agreed that radical restructuring is needed within the USOC. While the original Act took almost 3 Congresses to pass I hope that we can move swiftly to insure that these needed changes don't affect our athletes and the Athens games.

The internal USOC Committee and this committee came to similar conclusions on the size of the Board. Both reduce the number significantly—a needed change.

I think that this Commission made an excellent recommendation regarding weighted voting on the Board. This allows ex-officio members to vote on necessary Board actions while at the same time keeping actions, like the selection of the Chair of the Board to votes by full Board members.

This Commission also addressed whistleblower protection, something Senator Campbell and I heard about frequently during our trip to Colorado Springs. I sup-

port the inclusion of language protecting those who speak out on waste, fraud and abuse at the USOC.

I believe that we can craft a good Amendment that will strengthen the Act and return the focus of the United States Olympic Committee to our American athletes.

Thank you, Chairman McCain for holding these hearings. I look forward to working with you, Senator Campbell, Senator Hollings, Senator Breaux and others on a strong bill.

The CHAIRMAN. Senator Campbell.

Senator CAMPBELL. Thank you, Mr. Chairman. I have just a couple of questions, but hearing Donna de Varona speak kind of took me back in the years too.

I'm glad you had success in teaching members of the Soviet Union team how to twist. We tried that in 1964 with their heavy-weight wrestler, whose name was Medved as I remember, and I'm sure Jim Scherr remembers him, and he told us through an interpreter that his officials told him that the twist was a dance of a decadent nation and therefore he was not allowed to participate with us. The record will reflect we're still here and they're not, so something could be said for our decadent nation, but those stories were good stories.

In reading your report, I read the section where you recommended some language about a whistleblower protection. I think that is important whether it's in the law or in the structure of how the USOC is managed internally, because an awful lot of the things that we found out when Senator Stevens and I went to Colorado Springs, simply, they wouldn't have talked to us unless they thought they were not going to be in jeopardy of losing their jobs, and there clearly was some pressure and some manipulation, and some almost overt threats made to some of the employees, and we just can't allow that to happen.

Also, I thought the suggestion you made in your report that sends a complete report to Congress every year was a good one, too. Many nonprofits do that, but as I understand it now we only get once every quadrennial. Every Member of Congress, if you're going to have friends on your side here on the Hill, every Member of Congress ought to get a report every year about what you're doing. Whether they read it or not, they can't accuse you of keeping them in the dark, so that's good.

Let me just ask maybe a couple of things. You might not have taken this up at all. I didn't see it in the report, but when we did the earlier hearing one gentleman recommended that a certain amount of the funds that were raised for the USOC be dedicated not—actually, let me rephrase that, not over a certain amount be used for fundraising or management, and the rest, I mean, mandated in the law, make sure it goes to the athletes. What would your reaction to that be? Mr. Fehr.

Mr. FEHR. I don't know that you can mandate a specific percentage of funds be used in each and all circumstances in a given way, because you would need to be able to accurately predict what the needs would be and what the revenues would be at a given point in time, whether there would be investments needed in revenue-producing items.

However, the general concept, which I think is inherent in our suggestions that this is public service would be that the overwhelming portion of all revenues should be used for athlete sup-

port, and the development of athlete support programs, and that the administrative costs, including licensing costs, fundraising, and all of the other matters, should be only as necessary to accomplish those goals and, given the financial transparency, I would think that if people stray from that it will be fairly obvious fairly quickly.

Ms. RAMO. I would just add one thing, Senator, and that is that one of the important things that we think a new Board should do is to, with the CEO, set about in a major fundraising campaign. What has happened is, the USOC is funded primarily by the amount that it gets from the International Olympic Committee through television revenues, and in fact one would have expected, after the unbelievable success in Salt Lake, an enormous fundraising campaign, and in fact we even suggest in our report that one of the obligations of the board is to do that.

The reason I mention that in this context is that one could see in a particular year or series of years, for example, that the Board might have to lay the groundwork and invest in some sort of an infrastructure, for example, for a particular fundraising campaign, and so to tie them to some sort of specific percentage in that particular year I think would be difficult.

Senator CAMPBELL. Thank you, and my only other question, Mr. Chairman, you alluded to those NGBs that may feel disenfranchised. When you were having your meetings, and now that this report is out I'm sure everybody has had a chance to read it, what kind of feedback are you getting from some of those NGBs, and do you think under this new structure that you suggest that they will be adequately represented?

Mr. EBERSOL. I would like to offer that the five most popular and perhaps most successful federations overwhelmingly endorse this change, they being, in the winter sports, skating and skiing, and in the summer sports track and field, swimming and diving, and gymnastics. If there was any group that might be looking for independence from us, you would think it would be the larger ones. Quite to the contrary. They desperately want change, and have supported our recommendations as well as the task force.

Mr. FEHR. Just briefly, we held a full day of public hearings on April 25, I believe. There is a transcript which we have made available to the Committee. We received a voluminous number of written comments in addition to that, and I think those will speak for themselves.

What strikes me, and this was reflected in the USOC's internal reaction to the outline of the internal task force recommendations in April, was that there is no constituency that we can identify that is in favor of maintaining the status quo or anything remotely close to it. I think people have essentially had it.

Senator CAMPBELL. Thank you. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Campbell, and I want to thank you and Senator Stevens again for the vital and critical work you have done, and I look forward to both of you helping getting this legislation done as quickly as possible, and I thank you again. Senator Sununu.

**STATEMENT OF HON. JOHN E. SUNUNU,
U.S. SENATOR FROM NEW HAMPSHIRE**

Senator SUNUNU. Thank you. Mrs. Ramo, were all of the recommendations in the group's proposal unanimous? Were there any areas where there was some division?

Ms. RAMO. No, and actually I'm a good person to ask in a sense, because although many of the people here have known one another for a very long time, I really had only seen Donna de Varona and Dick and Harvey Schiller on television. I had worked with Don on the Salt Lake City group.

What was, I think, enormously impressive to me, and I appreciate having had this opportunity, was to see people from very different backgrounds come to absolutely unanimous conclusions, and the important part, Senator, is that the unanimity was not just to the state of things now, but into what the solution should be.

Senator SUNUNU. Were there any recommendations—I shouldn't say recommendations, proposals that were not included because there was some dissension?

Ms. RAMO. Not really. What we believe very strongly is that the architecture which we have set out here needs to be set up, and we believe if we get the right board in place that a number of issues that came up were policy issues that were not for us to decide, but rather for the board, once it gets in place, to decide.

Senator SUNUNU. Could I ask each of the witnesses which of the recommendations do you feel, each of you feel will have the greatest long-term benefits, if and when implemented?

Ms. DE VARONA. If I may weigh in, as one who has been on the battlefield of the governance question in Olympic sports for a very long time, I think that the makeup of the board is critical, and the majority of independent directors having a presence on the operations of the Olympic movement and the U.S. Olympic Committee is very, very important, because over the past we've seen constituent-based politics or debates enter into the good thinking and best practices of an Olympic movement that takes the movement as a whole, takes the movement as a whole as far as fundraising, and vision, but also focuses its resources on developing the best athletes and programs in our country.

Senator SUNUNU. Dr. Schiller.

Dr. SCHILLER. I would add to that, and having served as the CEO, I think the specific recommendations made regarding the Board and the elements that the CEO is specifically responsible for I think are the most important elements of our recommendations, specifically in areas such as fundraising and international and so forth.

Senator SUNUNU. Are those areas where the CEO didn't have responsibility before?

Dr. SCHILLER. Well, what we've had is disparate elements that would take over for various reasons and use political power and other things to take on responsibilities, and probably a too extensive of a volunteer committee structure that allowed other individuals that were not directly responsible for taking on some of these tasks.

Senator SUNUNU. Mr. Ebersol?

Mr. EBERSOL. I think it is clear that the dominance or the majority of members of the smaller board be independent, and I think that if you look at the independent members who are now part of the USOC Board of Directors, there are some very quality people there. There are, Senator, a great deal of Americans who obviously love the Olympics, love sport, and I think it will be very easy to find quality people who will want to be involved if their votes count, and in the past, the independent members, albeit of high quality, have been six out of a very, very large body.

Senator SUNUNU. Mrs. Ramo.

Ms. RAMO. Well, I agree, the independence of the Board is key, and the other part of making that happen in a way that I know will make everybody effective is the idea that we have a nominating committee that goes out to seek a balanced group of people who are willing to serve the American people and the Olympic movement by serving on this Board, rather than having people decide themselves that they're going to use constituent-based power to obtain that same position.

Senator SUNUNU. And who comprises the nominating committee?

Ms. RAMO. What we recommend is that at the beginning, in fact, in this matter our Independent Commission and the task force are exactly the same. They suggested, and we agree, that the original nominating committee should be composed of one person from our group, one person from the task force, one person from the athletes, one person from the NGBs, and one person from the public sector, and that they select the first Board.

After that, the Board we suggest have a nominating and governance committee that would replace those members, athletes selected from a slate presented by the athletes, a national governing board member selected from a slate produced by the national governing boards.

Senator SUNUNU. Mr. Fehr.

Mr. FEHR. I guess from my standpoint, and I've been a Public Sector Director for, I guess almost 7 years now, the first comment I would make is that I think our recommendations are pretty much an integrated whole. They all fit together. If you start moving pieces around, I think you can affect the nature of the machine you're trying to build. That is first.

Second, that you need a board which is small enough to function and which has a majority of independent directors, as I see it, for two reasons. First of all, to try and create a USOC which is more than simply the representatives of constituent groups, and second, to remember that the primary purpose of the organization is not to serve the individual groups, or to respond, although that is important. It is to serve the movement, most importantly the athletes, and to recognize, I think, as Senator McCain said in his opening remarks, that this is the repository of the trust of the American people in this movement.

If we do that, along with the conflict of interest rules, the disclosure rules, the transparency provisions and all the rest that is there, what we believe is that you will end up with, in reasonably short order, a Board that people will not only be happy to serve on, will be anxious to, will derive great satisfaction from, and I, for one, would be astonished if we could see the kind of shenanigans

take place in this new culture, determined by this structure, that we've seen in the past. You can never tell how people are going to behave. All you can do is try and create a structure which makes it more likely they will behave in one way than another.

Senator SUNUNU. I have one final question, and that is, in what way will this reorganization affect the relationship, or the oversight between the USOC and the local organizing committees of any prospective U.S. Games? Is it affected or improved or weakened in any way?

Ms. RAMO. Well, I think it would be improved, but we actually suggest in our report, Senator Sununu, that the rules that were put in place by the Salt Lake City bid organizing—or oversight committee—which Don and I both served on, remain. The USOC adopted those. We think they're very good rules. We think the odds of them being followed in the way that we would all want will be improved by having a smaller, independent board of very sophisticated people.

Senator SUNUNU. Does the USOC have the ability to enforce those rules in any way?

Ms. RAMO. Yes, it does, it absolutely does.

Senator SUNUNU. Thank you very much.

Senator STEVENS. Mr. Chairman, I must excuse myself, but if you will allow me to just thank the other panel—I do have a defense meeting—I ask consent that the statement I would have made had I been on time appear at the beginning of the hearing.

The CHAIRMAN. Without objection.

Finally, you are in agreement that your recommendations for the good of the future of the United States Olympic movement requires legislation?

Ms. RAMO. Yes, Senator, we are.

The CHAIRMAN. We thank you again. We cannot thank you enough for taking your valuable time and effort on behalf of these young Americans, who may not understand, but some day will appreciate what you've done for our country. I thank you.

Ms. RAMO. We appreciate the opportunity to serve, Senator McCain.

The CHAIRMAN. Thank you. Our next panel is Mr. Robert Balk, the Paralympic Representative, USOC Athletes' Advisory Council; Ms. Rachel Godino, the Chairwoman of the USOC Athletes' Advisory Council; Mr. Robert Marbut, Chairman, USOC National Governing Bodies Council; Mr. Jim Scherr, the Acting CEO of the United States Olympic Committee; and Mr. Bill Stapleton, Principal of Capital Sports and Entertainment.

I welcome the witnesses, and we will begin with you, Mr. Balk. Thank you for appearing. Thank all the witnesses for being here, and Mr. Balk, please proceed.

**STATEMENT OF ROBERT BALK, PARALYMPIC
REPRESENTATIVE, UNITED STATES OLYMPIC COMMITTEE'S
ATHLETES' ADVISORY COUNCIL**

Mr. BALK. Senators, thank you for providing me with the opportunity to appear and speak to you today. My name is Bob Balk. I'm an athlete. I've earned six Paralympic medals as a five-time Paralympic athlete competing in both summer and winter games in

the sports of pentathlon and cross-country skiing. I'm the Winter Paralympic Athlete Representative to the United States Olympic Committee's Athletes' Advisory Council. I have most recently had the great privilege of serving as a member of the USOC's Governance and Ethics Task Force.

As an athlete and someone involved in governance reform in Olympic sports, I'd like to applaud the efforts of the Independent Commission in their final report. Significant to me is the recommendations of the Independent Commission and the USOC's Governance and Ethics Task Force are remarkably similar, considering the very different nature of these two groups. Attention should be focused on reconciling difference in these recommendations and gaining understanding into the reasoning and justification behind those differences.

I could not be more pleased that both groups recommended focusing their mission on athletes and athletic performance in both Olympic and Paralympic sport. I'm also pleased that both groups recommended that the size of the board and governance be dramatically reduced.

There are areas of the Independent Commission's recommendations that should be more fully considered before implementation. My primary concern is the proposed Olympic Assembly having voting power on Olympic matters, other matters, and the voting process for speaker of the assembly. These recommendations perpetuate constituency-based governance and blurs lines of authority between the assembly, the Board of Directors, and the CEO.

The assembly should be established in a nongovernance, purely advisory role of the Board of Directors, fully utilizing the considerable volunteer resources available to the USOC. Imposing decision-making responsibility upon the assembly will result in the creation of an organization nearly identical to the 124-member board which currently exists at the USOC, with all of its inherent challenges, which we are here to resolve.

The Commission recommends that the USOC missions be narrowed, yet the Commission does not recommend that the broad purposes set forth in the statute for the USOC be equally narrowed. If the statutory purposes remain, then irrespective of any narrow mission set forth in USOC's organic documents, the various constituencies that have come to view their role in the Olympic movement as one of entitlement will continue. This will be exacerbated by a constituency-based Olympic Assembly that will position itself to make decisions concerning issues that will affect resource allocation.

However, I would like to see this Committee's support for multisport organizations that will not be part of the proposed focused mission statement. These organizations do outstanding work in promoting health, fitness, and sport of the American public, and should be supported and recognized for their efforts. Their mission is to serve the greater American public, and not the Olympic movement. However, through their efforts in promoting sport, they are a welcome asset to the advisory Olympic Assembly. Congress should consider other vehicles for funding these organizations, or creating another statute providing for them.

I am concerned with how the Commission has defined the respective roles of governance and staff operations. Distinctions between governance authority and operational responsibility has not been made specific enough to completely eliminate confusion and provide accountability to the appropriate individuals. Clearly, for the most effective governance and operational model, the board must set policy in one individual. The CEO is absolutely accountable for the organization's performance or lack of performance in relation to this policy.

The momentum of change is with you, and it is important not to stall and allow this great work not to be implemented. However, improper actions will not improve the support required for Olympic and Paralympic athletes. Please temper haste with careful consideration.

The Congress should be careful about moving too quickly into legislation in the area of governance of the USOC. Although I have been a competitive athlete for the past 10 years, I've only recently been deeply exposed to the politics of the USOC, and of international sport off the playing field. There are dynamics of the movement and the representative constituencies that are not easily understood at first glance which require careful consideration. The needs of Olympic and Paralympic athletes are of utmost importance, and are what should drive this change process.

In closing, I would like to thank the Commission for the time and attention they have provided to these important issues. I hope that we can seize upon this opportunity to fundamentally improve the USOC to benefit athletes. Thank you.

[The prepared statement of Mr. Balk follows:]

PREPARED STATEMENT OF ROBERT BALK, PARALYMPIC REPRESENTATIVE, UNITED STATES OLYMPIC COMMITTEE'S ATHLETES' ADVISORY COUNCIL

Mr. Chairman, and members of the Committee, thank you for providing me with the opportunity to appear and speak to you today.

My name is Bob Balk. I am an athlete. I have earned six Paralympic medals as a five time Paralympic athlete competing in both the summer and winter games in the sports of Pentathlon and Cross Country skiing. I am the Winter Paralympic athlete representative to the United States Olympic Committee's Athletes' Advisory Council. Professionally, I am the Manager of venture capital investment for Phantom Works, the advanced technology division of The Boeing Company. I have most recently had the great privilege of serving as a member of the USOC's Governance and Ethics Task Force.

As an athlete and someone involved in governance reform of Olympic sports, I would like to applaud the efforts of the Independent Commission and their final report. I am pleased that they worked independently and they have carefully and thoughtfully considered their analysis and recommendations, all while doing so on a volunteer basis. Significant to me is that the recommendations of the Independent Commission and the USOC's own Governance and Ethics Task Force are remarkably similar considering the very different nature of these two groups. One group holds itself out as independent of the USOC and the other group recognizes that it consists of many individuals who have been actively involved in the organization's governance for a long time yet it sought independence from the past and the respective constituencies of each member. Attention should be focused on reconciling differences in these recommendations and gaining understanding to the reasoning and justification behind those differences.

I could not be more pleased that both groups recommended focusing the mission on athletes and athletic performance, in both Olympic and Paralympic sports. I am also pleased that both groups recommended that the size of the board and governance be dramatically reduced.

There are areas of the Independent Commission's recommendations that should be more fully considered before implementation. My primary concern is of the pro-

posed Olympic Assembly having voting power on "Olympic Matters" and on other matters and the voting process for a "Speaker" of the Assembly. These recommendations perpetuate constituency based governance and petit politics, and blurs lines of authority between the Assembly, Board of Directors and the CEO. The Assembly should be established in a non-governance, purely advisory role to the Board of Directors fully utilizing the considerable volunteer resources available to the USOC. Imposing decision-making responsibility upon the Assembly will result in the creation of an organization nearly identical to the 124 member Board which currently exists at the USOC with all of its inherent challenges which we are here to resolve.

I note that though the Commission recommends that the USOC's mission be narrowed, yet the Commission does not recommend that the broad purposes set forth in the statute for the USOC be equally narrowed. These positions are difficult to reconcile. If the statutory purposes remain, then irrespective of any narrow mission set forth in the USOC's organic documents, the various constituencies that have come to view their role in the Olympic movement as one of entitlement to scarce resources will continue. This will be exacerbated by a constituent-based Olympic Assembly that will position itself to make decisions concerning issues that will affect resource allocation. I would like to see this Committee support or seek out support for the "multi-sport" organizations that will not be part of the proposed focused mission statement. These organizations do outstanding work at promoting health, fitness and sport to the American public and should be supported and recognized for their efforts. Their mission is to serve the greater American public and not the Olympic movement. However through their efforts in promoting sport they are a welcome asset to an advisory Olympic Assembly. Perhaps the Congress should provide other vehicles for funding them or perhaps create another statute for providing for them.

I am concerned with how the Commission has defined the respective roles of governance and staff operations. Specifically the Commission's report does not clearly address the issue of the CEO's control over all aspects of USOC operations, including international relations. The Commission Report does not clearly outline that the CEO should have exclusive authority to hire and fire the CEO's senior staff, which I find inconsistent with for profit and non-profit corporate operations. Distinction between governance authority and operational responsibility has not been made specific enough to eliminate confusion and provide accountability to the appropriate individuals. Clearly for the most effective governance and operational model the board must set policy and one individual, the CEO, is absolutely accountable for the organization's performance or lack of performance in relation to this policy.

As an athlete, and a member of the Athletes' Advisory Council, I do not see the necessity to alter the reporting structure of the athlete ombudsman. This position was a product of the 1998 amendments to the statute, and has worked well in its current form.

The momentum of change is with you and it is important not to stall and allow this great work not to be implemented. However improper actions will not improve the support required for our Olympic and Paralympic athletes. Please temper haste with careful consideration. The Congress should be careful about moving too quickly into legislation in the area of governance of the USOC. Legislation has a permanence that makes it difficult for the organization to adjust and be responsive to changes in its business environment. In addition, given the relatively conflated schedules and other constraints under which both the Independent Commission and the Task Force operated, there is a possibility that both groups have not drawn the perfect conclusions to which we will want or have to correct in the future. Although I have been a competitive athlete for the past 10 years I have only recently been deeply exposed to the politics of the USOC and of international sport off the playing field. There are dynamics of the movement and the represented constituencies that are not easily understood at first glance which require careful consideration. The needs of Olympic and Paralympic athletes are of utmost importance and are what should drive this change process.

In closing, I would like to thank the Commission and the Task Force for the time and attention they provided to these important issues. I would also like to thank the Commission for recommending, as did the Task Force, the inclusion of Paralympic athletes with Olympic athletes in the mission of the USOC. I hope that we can seize upon this opportunity to fundamentally improve the USOC to benefit athletes.

The CHAIRMAN. Thank you very much, Mr. Balk.
Ms. Godino.

STATEMENT OF RACHEL MAYER GODINO, CHAIR, ATHLETES' ADVISORY COUNCIL, UNITED STATES OLYMPIC COMMITTEE

Ms. GODINO. Thank you, Mr. Chairman, Senator Campbell, Senator Stevens. Thank you for the opportunity to appear before you at a time when the USOC, an organization that helped me fulfill my Olympic dreams in figure skating in 1992, is poised for historic reform. My name is Rachel Mayer Godino, and I have the honor to serve as the elected Chair of the Athletes' Advisory Council, the AAC.

The AAC is comprised of athlete representatives from each Olympic, Paralympic, and Pan American sport. Our purpose is to represent the interests and protect the rights of America's athletes. Having had the privilege of testifying before this Committee in January, a mere 5 months ago, I find the circumstances surrounding this morning's hearing decidedly more positive and hopeful than just 5 months ago. The strides made toward meaningful reform in those 5 months are truly remarkable.

We owe a tremendous debt of gratitude to the Members of the Senate Commerce Committee for your leadership, as well as the individuals who gave of their time and energy to serve on the Independent Review Commission and the USOC Governance and Ethnic Task Force. The landmark work of these two groups has created a solid framework for the USOC.

The AAC met this weekend, and the testimony I offer this morning is reflective of their viewpoint. I will offer comments in six areas. First, the concept of an Olympic Assembly is a good one. Both the Commission and the task force proposed this concept to ensure participation of volunteers.

The AAC has two specific concerns. First, both the Commission and the task force agree on the need for a dramatic change in the USOC culture. However, if the same people who today participate on the Board of Directors in a politically divisive manner tomorrow participate in an assembly that votes on certain issues and elects a speaker, the AAC is concerned that the culture will not change.

Second, if the assembly has the power to elect a speaker who serves on the Board, the focus of the assembly may be inappropriately placed on that election, rather than on sport. There is likelihood for a continuation of lobbying and promise-making, and extending the long history of politically divisive elections. The benefit of the assembly voting and electing a speaker should be weighed against these concerns.

Second, the Ted Stevens Olympic and Amateur Sports Act, the Act and the USOC organic documents stipulate that athletes must have no less than 20 percent of both membership and voting power on all USOC and national governing bodies, NGB, boards, committees, and task forces. This was a novel concept embraced by Senator Stevens and Congress in 1978, when the Act was first passed. This provision has been critical to ensure that athletes have both a representative voice and vote.

The AAC fully recognizes that the recommended size of the new USOC board, 11 members proposed by the task force and 13 proposed by the Commission, is founded on the principle that a smaller board results in better governance. We also recognize that both groups are faced with satisfying at least five additional require-

ments, including two specific IOC provisions. In both proposals, athletes would have less than 20 percent voice.

While 20 percent voice is critically important, the athletes also recognize that it's nearly mathematically impossible to satisfy all of the requirements, given that there are currently three U.S. members of the IOC. After much debate, in an effort to serve the best interests of the entire organization, if the recommendations proposed regarding the size of membership of the USOC board are adopted, the AAC will not oppose a very narrow exception to the requirement for 20 percent membership, while maintaining 20 percent of the vote.

It is our strong belief that the voice and vote requirement must continue to apply to all other committees and task forces of both the USOC and NGBs, since it's been effective in helping the USOC and NGBs fulfill their respective missions.

We further encourage review of this change by this Committee after 2004, since the number of IOC members may have changed by that time, and the IOC requirements may have changed, allowing for the 20 percent athlete membership to be accomplished.

Third, the AAC supports the concept that the members of the proposed nominating committee, the entity that will be charged with the all-important responsibility of selecting the next USOC Board, be independent. Absent independence, this process has the very real potential to become politicized. We are extremely close to implementing a governance structure in which we can all take great pride. To compromise this opportunity by instituting a politicized nomination process is a risk that in the opinion of the AAC is not worth taking.

Fourth, the USOC's AAC supports a more focused list of purposes in the Act that aligns with the mission statement proposed by the Commission.

Fifth, the 1998 amendments to the Act included a provision for an athlete ombudsman. This provision has been extremely effective. The AAC recommends that the role and function not be changed, and that references to the relationship between the AAC and the ombudsman continue. I understand that the NGB Council concurs with this recommendation.

Last, there is broad consensus that the proposed changes be implemented quickly. However, the AAC also believes that it is critical that changes to both the USOC organic documents and the Act accurately reflect the intention of Congress. A few misplaced words or inadvertent sentence structure can have an enormous impact. Speed must be balanced with accuracy.

In sum, given the sweeping nature of the changes, potential for unforeseen consequences and the certainty that the USOC's business environment will continue to change, the AAC urges the Senate Commerce Committee and your colleagues in the House to ensure an appropriately deliberative process, and suggest that it is more prudent to make many, if not most of the proposed changes in the USOC organic documents.

In summary, the AAC, on behalf of America's athletes, supports the elimination of political processes to the greatest extent possible. Furthermore, we support the simplest, most streamlined, and most ethical governance solution possible.

I would like to once again thank Senators McCain, Stevens, and Campbell, along with the entire Senate Commerce Committee, for your leadership on this issue. I would also like to thank the members of both the Independent Review Commission and the USOC Governance and Ethics Task Force for their courage and vision.

Finally, we must all remember that, despite the challenges faced by the USOC, America's athletes continue to train, compete, and win. This past weekend, Olympic heroes and hopefuls performed at the U.S. national track and field and gymnastics championships, and the world team trials in wrestling. I know we were all proud to see the comeback of the Greco-Roman wrestler Rulon Gardner, who himself has testified before Congress on this very issue, and has once again earned the right to represent our country at the world championships this fall.

These stories of hope, inspiration, and achievement would not be possible were it not for the support of the USOC and NGBs. For that, America's athletes say thank you.

[The prepared statement of Ms. Godino follows:]

PREPARED STATEMENT OF RACHEL MAYER GODINO, CHAIR, ATHLETES' ADVISORY COUNCIL, UNITED STATES OLYMPIC COMMITTEE

Good morning Mr. Chairman and members of the Committee. Thank you for the opportunity to appear before you this morning at a time when the United States Olympic Committee—an organization that helped me fulfill my Olympic dreams—is poised for historic reform.

My name is Rachel Mayer Godino, and I am Chair of the Athletes' Advisory Council, more commonly known as the AAC. The AAC is comprised of athlete representatives from every Olympic, Paralympic and Pan American sport, and our purpose is to represent the interests and protect the rights of America's athletes. Inasmuch as the primary mission of the USOC is to support America's athletes, ours is an important responsibility, and one we take quite seriously. I am honored to serve as the elected Chair of such a distinguished group of athletes.

Having had the privilege of testifying before this Committee in January—a mere five months ago—I find the circumstances and climate surrounding this morning's hearing decidedly more positive and hopeful than those of previous hearings. Indeed, this morning's hearing marks the beginning of a bright new era for the United States Olympic Committee and America's athletes. The strides made toward meaningful reform during the past five months are remarkable.

We owe a tremendous debt of gratitude to the members of the Senate Commerce Committee for your leadership, as well as the individuals who selflessly gave of their valuable time and energy to serve as members of the Independent Review Commission and the USOC Governance and Ethics Task Force. The landmark work of these two groups is before us this morning and, without question, they have created a framework that will lead to a stronger, more efficient USOC—an organization in which all Americans will be able to take a great deal of pride. On behalf of America's athletes, I offer my sincere thanks to the members of the Senate Commerce Committee, as well as the Independent Review Commission ("the Commission") and the USOC Governance and Ethics Task Force ("the Task Force"), for their efforts.

The AAC met this past weekend in Colorado Springs, and the testimony I offer this morning is reflective of the viewpoint of our membership.

Olympic Assembly

The concept of an Olympic Assembly is a good one. It is notable that both the Commission and the Task Force proposed this concept as a means to ensure participation of volunteers. After discussion, the AAC has two specific concerns about the function and role of the Assembly.

First, both the Commission and the Task Force agree on the need for a dramatic change in the USOC culture. However, if the same people who today participate on the Board of Directors in a politically divisive manner, tomorrow participate in an Assembly that votes on certain issues and elects a Speaker, the AAC is concerned that the culture will not change.

Second, the AAC expressed concern that if the Assembly has the power to elect a Speaker who serves on the Board, that the focus of the Assembly will be inappropriately placed on that election, rather than focusing on sport. Without a change in culture, the likelihood for continuation of lobbying and promise-making by those interested in serving as the Speaker, resulting in the Speaker being beholden to those who are responsible for his/her election, is very high. Furthermore, the potential exists that such an election will extend the long history of politically divisive elections. The benefit of the Assembly voting and electing a Speaker should be weighed against these concerns.

Athlete Representation

The Ted Stevens Olympic and Amateur Sports Act (“the Act”) and the USOC Constitution and Bylaws stipulate that athletes must have no less than 20 percent of both membership *and* voting power on all USOC and National Governing Bodies’ (NGBs’) Boards of Directors and all other committees and task forces. This provision has been critical to ensure that athletes have both representative voice and voting authority on all matters affecting athletes. This provision was a novel concept embraced by Senator Stevens and the Congress in 1978 when the Amateur Sports Act was written and passed. We thank Congress for their foresight and interest in providing for athletes both voice and vote in governance.

The AAC membership fully recognizes that the recommended size of the new USOC Board of Directors—11 members as proposed by the USOC Governance and Ethics Task Force and 13 members as recommended by the Commission is founded on the principle that a smaller board results in better governance. We also recognize that both groups were also faced with satisfying at least five additional requirements: (1) the International Olympic Committee (IOC) provision that all members of the IOC from the United States serve on the “executive organ” of the USOC, (2) the IOC provision that Olympic sport representatives (which may include athlete representatives) have a majority of the *vote* on Olympic sport matters, (3) the governance principle that Boards be composed of a majority of independent directors, (4) the provision in the Act that athletes must have at least 20 percent of both membership and voting power, and (5) the prevailing wisdom that there should be an equal balance in membership between athletes and NGBs from Olympic sports. We recognize that in both proposals, athletes would have less than 20 percent voice.¹ The concept of voice and vote is one that is critically important to athletes, and has been the foundation for athlete involvement in the Olympic Movement. I’m sure that each of you can relate from your personal experiences to the fact that having voice—and with it the opportunity to share meaningful input before a decision is made is equally, if not more important, than the opportunity to vote. That said, the athletes also recognize that it is nearly mathematically impossible to satisfy all five of the requirements outlined above given the fact that there are currently three U.S. members of the IOC.

After much debate, and in an effort to serve and protect the best interests of the entire organization, if the recommendations proposed by the Commission and/or the Task Force regarding the size and membership of the USOC Board of Directors are adopted by the USOC and/or codified in Federal legislation, the AAC will not oppose a very narrow exception (the USOC Board of Directors only) to the requirement for 20 percent membership, while maintaining 20 percent of the vote. It is our strong belief that the voice and vote requirement must continue to apply to all other committees and task forces of both the USOC and NGBs since that voice and vote has been effective in representing athletes’ interests and in helping the USOC and NGBs fulfill their respective missions. We further encourage review of this specific change by the Senate Commerce Committee after 2004 since the number of IOC members may have changed by that time, and the IOC requirements may have changed allowing for 20 percent athlete membership to be accomplished. Lastly, we encourage the Senate Commerce Committee and the USOC to consider a Board size that will allow America’s athletes to retain as close to 20 percent membership on the USOC Board of Directors as possible with the assumption that the voting power is always at least 20 percent.

Nominating Committee Independence

The AAC supports the concept that the members of the proposed Nominating Committee—the entity that will be charged with the all-important responsibility of selecting the next USOC Board of Directors—be completely independent. Absent the

¹In the Independent Commission report, 2 of 13 members would be athletes (15.4 percent of the membership). In the Ethics & Governance Committee report, 2 of the 11 members would be athletes (18.2 percent of the membership).

assurance of independence, this process has the very real potential to become politicized and, ultimately, undermine the work of this Committee and the two review groups. We are extremely close to implementing a governance structure that will create an organization in which we can all take great pride. To compromise this opportunity by instituting a politicized nomination process is a risk that, in the opinion of the AAC, is not worth taking.

Streamlining the USOC Mission

The USOC's mission is set forth in 13 purposes in the Act. The athletes are pleased that both groups came to the fundamental conclusion that the USOC cannot continue to be all things to all people and that it has to focus its operations on successful Olympic and Paralympic athletic achievement. The USOC has suffered too long from the interest group and entitlement politics that such a diffuse mission has placed on it.

All of the purposes enumerated in the Act are noble and worthy causes that should certainly be addressed by some organization, but perhaps not the USOC. Either way, you cannot say that the mission of the USOC should be focused and then not change the Act's list of purposes, unless you are willing to accept the confusing message that will send to the USOC. The USOC's AAC supports a more focused list of purposes in the Act that aligns with the mission statement proposed by the Commission.

Role of the Athlete Ombudsman

The 1998 Amendments to the Act included a provision for an Athlete Ombudsman. This provision has been extremely effective in resolving disputes resulting in significant financial savings (not to mention time and energy) for athletes, NGBs, and the USOC that would have otherwise been spent on litigation. Indeed, the appointment of an independent Athlete Ombudsman has been one of the most significant advancements in ensuring fair and equitable treatment for America's athletes. It is the recommendation of the AAC that, through the implementation of a new governance structure for the USOC, this role and function not be changed, and that the references to the relationship between the AAC and the Ombudsman continue. It is my understanding that members of the USOC NOB Council concur with this recommendation.

Implementation of Governance Changes

There is broad consensus that the proposed changes be implemented "quickly." The AAC concurs with this consensus. However, the AAC also believes that it is critical that changes to both the USOC organic documents and the Act accurately reflect the intention of the Congress. Given that a few misplaced words or inadvertent sentence structure can have an enormous impact on the interpretation of legislation, and therefore on the USOC and the athletes it serves, the AAC urges an appropriately deliberative process to develop legislation. Speed must be balanced with accuracy. That said, we fully support the effort to make changes to the USOC organic documents at the next scheduled USOC Board of Directors meeting in October. Of course, the USOC should also respond appropriately to any statutory changes.

Furthermore, for two major reasons, it is our belief that many of the details proposed are best codified in the USOC organic documents. First, despite the best efforts to avoid it, there is no doubt that there are some unforeseen ramifications—likely some positive and some negative—to the proposed changes. Therefore, to the extent possible, Federal legislation should provide the framework for the USOC, while placing details in the USOC organic documents. Second, the USOC must be able to respond to a changing business environment. To the extent that Federal legislation is a typically lengthy process and that details are placed in legislation, the USOC may effectively be prohibited from responding to a changing business environment.

In sum, the blessing (and the curse) of Federal legislation is that it is not easily changed. A balance must be struck between the need to protect against such backsliding with the need for the organization to be able to respond quickly to a changing environment, and the need to mitigate unforeseen consequences. Therefore, given the sweeping nature of the changes, the potential for unforeseen consequences, and the certainty that the USOC's business environment will continue to change, the AAC urges the Senate Commerce Committee and your colleagues in the House to ensure an appropriately deliberative process, and suggest that it is more prudent to make many, if not most, of the proposed changes in the USOC organic documents.

Closing Remarks

In summary, the AAC, on behalf of America's athletes, supports the elimination of political processes to the greatest extent possible. Furthermore, we support the simplest and most streamlined governance solution possible.

I would like to once again thank Senators McCain, Stevens and Campbell—along with the entire Senate Commerce Committee—for your leadership on this issue. I would also like to thank the members of both the Independent Review Commission and the USOC Governance and Ethics Task Force for their courage and vision.

Finally, I would like to reiterate that, despite the challenges faced by the USOC during the past few months—and even years—this is an organization that has always prided itself on providing unparalleled support and service to America's athletes and NGBs. It was just 17 months ago that America cheered as our athletes won an historic 34 medals in the Olympic Winter Games and 43 medals in the Paralympic Winter Games at the hugely successful Salt Lake Olympics.

This past weekend, Olympic heroes and Olympic hopefuls continued their preparations for the 2004 Athens Games with stirring performances at the U.S. National Championships in Track & Field and Gymnastics, and the World Team Trials in Wrestling. I know we were all heartened to see the dramatic comeback of Greco-Roman wrestler Rulon Gardner, who himself has testified before Congress on this very issue, and has once again earned the right to represent our country at the World Championships this fall in France.

These stories of hope, inspiration and achievement would not be possible were it not for the support of the USOC and NGBs. For that, America's athletes say thank you.

The CHAIRMAN. Thank you very much, Ms. Godino.
Mr. Marbut.

STATEMENT OF ROBERT MARBUT, CHAIR, USOC NATIONAL GOVERNING BODIES COUNCIL, UNITED STATES OLYMPIC COMMITTEE

Mr. MARBUT. Good morning. My name is Robert Marbut. I'm Chair of the NGB councils, and I come from the sport of pentathlon and, unlike the AAC, we didn't have the benefit of having a meeting over the weekend, but we have had a phone conference and a large amount of e-mail traffic, so we have been talking about it over the last 3 or 4 months.

As you look at the Independent Commission's report, I think their assessment and analysis is right on. I think they just hit it perfectly. It is accurate and quite insightful, and most of the NGBs, as you heard earlier, share the same basic concerns. Most NGBs feel there has been a loss of confidence in the USOC, and that we need to restore this as soon as possible, that the governance model we're currently using needs fixing, and that the board is too large, that we need to revamp our culture, that the roles between the volunteers and the paid staff need to be clarified, especially between the top volunteer and the top staff person, and that this reform is long overdue.

I commend the internal task force. They got this all started, especially Bill Stapleton and Frank Marshall. Their leadership and vision is really what got the reform going, and I commend the efforts of the Independent Commission for their insightful report.

Both groups really at the 35,000 feet level say basically the same things, we need to right-size, we need to streamline, and we need to professionalize, and for the most part the recommendations of the Independent Commission are improvements or fine-tuning adjustments to the internal task force, and it is my personal opinion that the Independent Commission has done a really good job, and I think Don Fehr got it right, it's an integrated plan. If you start

messing with too much on one side, you may have to make other adjustments somewhere else.

I think the clarity of their mission is outstanding. I think how they develop and structure the proposal of the assembly in my opinion is also a way to solve many of the IOC issues that have been brought up. I think it addresses the culture. I think it harmonizes between the IOC charter and the need for Congress in the USOC. I think it addresses some of the issues, tough issues, sticky issues like the Pan Am sports only. I think it also addresses the transition issues very well.

A few months ago, I spoke to the House Committee on this very same issue, and I brought up 12 critical success factors that I thought we needed to address. The Independent Commission takes on eight of these directly, and four indirectly, and I would encourage your Senate Committee, as you move forward, to embrace the Independent Commission's recommendations, and for the most part I think they got it right.

There are four issues that I'd like to bring up quickly in terms of they might need some clarification or further analysis. As you go through in the writing of the subtlety of the details, or the devil in the details, as Donna spoke earlier, I think you need to maintain, and work hard to maintain the parity and equality between the NGBs and the AAC. That equality has done us well over the last couple of years, and has healed a lot of wounds of the past, and I would hate to go through a restructuring process that re-opens those wounds.

Second, as you look at the criteria of independence, we need to make sure that you create independence, but not do it so tightly or so complexly, with such complex nature that we end up losing some quality candidates.

Third, and this is probably a hard one, that there are really no simple answers, but it is really important for the 2012 Olympic bid, we need to deal with this paradox of international representation. On one hand, we want to move up in the international movement and get more representation. On the other hand, we're creating term limits that are much shorter than the traditional path of trajectory, and moving up in the international. It's a very tough issue. I don't necessarily have any answers on this one, but it may be you allowing the new board some flexibility to come back with some proposals in the future.

And finally, for almost all NGBs, one of the most critical things that we need to look at is the streamlining and focus of the purposes, or sometimes as people call it, the 13 purposes underneath the mission. Specifically, we think the purposes that don't directly relate to the new proposed mission should be eliminated.

Finally, the NGBs want to do everything we can to be a part of the solution and not part of the problem. We stand ready to do whatever we can to help, and as you go through the markup, stand as a resource for your Committee.

Thank you very much.

[The prepared statement of Mr. Marbut follows:]

PREPARED STATEMENT OF ROBERT MARBUT, CHAIR, USOC NATIONAL GOVERNING BODIES COUNCIL, UNITED STATES OLYMPIC COMMITTEE

Good morning Mr. Chairman and ladies and gentlemen of the Committee. My name is Robert Marbut and I am Chair of the United States Olympic Committee's "National Governing Bodies Council." I come from the sport of Modern Pentathlon. By dint of my chairship of the NGB Council I also serve on the USOC Executive Committee and have been an ex-officio member of the Officer's Workgroup.

NGB's are the Workhorses of the USOC

A "National Governing Body," or "NGB," is an autonomous organization responsible for all matters related to the governance, development, and conduct of an individual sport. An NGB receives its recognition from the United States Olympic Committee (USOC) after it demonstrates that it is complying with numerous and specific requirements enumerated in the Ted Stevens Olympic and Amateur Sports Act. Currently there are forty-five NGB's for sports on the program of the Olympic and/or Pan-American Games.

NGB's are the ultimate vehicles to America's sustained athletic success.

The NGB's are the workhorses of the Olympic Movement, and we have a great deal of work ahead of us to prepare our athletes for the major international competitions for which Congress gave the USOC the responsibility for "obtaining for the United States the most competent representation possible in each event of the Olympic Games, the Paralympic Games, and the Pan American Games." These competitions are right on our doorstep. We are just 6 weeks away from Opening Ceremonies of the Pan American Games in Santo Domingo, and 12 months from Opening Ceremonies for the next Olympic Games in Athens 13 months from the Athens Paralympic Games.

For 47 of the 48 months between Olympic Games it is the NGB's that recruit the athletes and provide the training, coaching, and competition opportunities that help them achieve elite status. At the end of the process each NGB, utilizing criteria prescribed by its international federation, selects its athletes for the Olympic, Paralympic, or Pan American Games and hands them off to the USOC, which then takes the responsibility for entering, outfitting, and transporting them to the competition in question, and while there providing all the additional support designed to deliver them to the medal podium following their respective competitions.

The USOC is an Invaluable Partner with each NGB

The USOC is an invaluable partner with each NGB. One of the most important contributions the USOC makes is financial, and without this support many NGB's could not exist. But beyond the financial support are the myriad services the USOC provides ranging from access to world-class training centers, modern sports science and sports medicine programs, administrative assistance, logistical support, legal and financial guidance, and assistance with a multitude of tasks and programs that enable the NGB's to focus on their principal objective, developing world-class athletes.

Over that last 8 months, much has been written about certain USOC problems. While they may warrant public attention I regret that they have distracted attention from many of the positive accomplishments of the USOC and our NGB's, starting with unprecedented success at last year's Olympic Winter Games and continuing through the preparation for Athens.

The Sports Partnership and the International Games Preparation divisions of the USOC have been doing an outstanding job in helping NGB's and athletes achieve maximum sustained athletic performance. These groups within the USOC continue to provide invaluable resources to NGB's and athletes.

The Independent Commission's Situational Analysis & Assessment of the USOC is Correct

The athletes, NGB's and the American public deserve much better than what has been given to them by the USOC.

The situational analysis and assessment contained in the *Report and Recommendations of the Independent Commission on Reform of the United States Olympic Committee* is both accurate and highly perceptive . . . in particular almost all of our NGB's—if not all—share the same basic concerns of the Independent Commission. Most NGB's believe that:

- there has been a widespread loss of confidence in the USOC
- we must restore confidence in the USOC in order to achieve our purposes
- the current governance structure needs fixing
- the current Board is too large

- the culture needs revamping
- the roles and responsibilities between volunteers and staff need to be clarified, especially between the President/Chair and CEO
- the move to restructuring and reforming the USOC is long overdue.

I would like to commend the members of the *Internal USOC Governance and Ethics Task Force* for the time and efforts they put into this reform effort. In particular I would like to thank the Task Force's two Chairs Frank Marshall and Bill Stapleton for all their hard work. Their vision, efforts and leadership have jump-started this reform process, thus expediting the final solutions. Ultimately their efforts have started us onto the road of reform and restructuring.

The five members of the Senate appointed Independent Commission should especially be applauded for their hard work and insightful wisdom. Their report is outstanding!

Both reports focus on the need to right-size, stream-line and professionalize. At the 35,000 foot level, the work of both groups look very similar. At the operational level, the recommendations proposed by the Independent Commission are significant improvements to the initial recommendations of the Internal Task Force.

The Independent Commission's Report does an especially good job in dealing with the following very critical issues:

- clarification of the Mission Statement
- development of the structure and purpose of the Assembly (the Commission's Assembly proposal is ingenious and I think is one of the best improvements made by the Independent Commission. . .it goes a long way in addressing many of the outstanding sticky issues)
- reformation of the culture
- harmonization with the IOC Charter
- inclusion of Pan American Only sports
- transition issues and the transition Advisory Committee

Twelve Critical Success Factors

Early in this process, at a hearing of the *House Subcommittee on Commerce, Trade and Consumer Protection*, I outlined 12 Critical Success Factors, in my opinion, that we needed to focus in order to reform the USOC:

- 1-Leadership is about people . . . in my opinion, the USOC Nominating Committee got it right 3 years ago . . . had it not been for the politics of the Board that overrode the Nominating Committee's recommendation, most, if not all the problems we have faced over the last 3 years would never had occurred . . . we must strengthen our nominating process.
- 2-The roles between the CEO and the President are extremely murky and turbid . . . even the best of leaders would have problems with such excessive layers of role ambiguity between these 2 positions . . . we must clarify the roles between our top volunteer and our top paid executive.
- 3-Our governance process is too complex and convoluted, and needs to be streamlined . . . we must clarify and then codify the overall operating structure . . .
 - the current Board of 120-ish has been really operating as a board of stakeholders,
 - the current Executive Committee has been really operating as the operating Board,
 - the officers group has been filling the role of an executive committee.
- 4-The USOC must be successful at revenue generation through coordinated funding and bundled marketing opportunities . . . NGB's need stable, adequate and predicable funding streams to support our coaches and athletes.
- 5-Interrelated to #4 would be to mandate a 4-year Budgeting process in regards to USOC funding to NGB's and Athletes.
- 6-During the last re-write of the Sport Act, the USOC and NGB's were tasked with the additional task of developing elite Paralympians, but no funding was provided for this additional mandate.
- 7-We need to search for savings through the optimization of economies of scales within NGB's, within the USOC . . . and between the USOC and NGB's.
- 8-We must have a structure that promotes positive working relationships between the AAC and NGBC . . . the working relationships between the AAC and the NGBC are at an all time high, but that has not always been that way.

- 9—It is critical to bring the Olympics back to the USA . . . in order to be successful in winning the NYC 2012 bid, we must strongly position the USOC within the IOC . . . we must also support NGB leaders in attaining leadership positions within their respective International Federations (IF's).
- 10—Throughout this restructuring process and beyond, the NGBC and the AAC must have a meaningful and active role within the USOC . . . the NGB's produce the athletes who in turn produce athletic performance . . . we are the experts in the creation of athletic success.
- 11—As we work together to restructure the USA's Olympic Committee, we must be vigilant to the law of unintended consequences . . . we must move expeditiously, but more importantly, we must get this restructuring right.
- 12—Finally, we must focus on athletic performance, not politics.

The Independent Commission report addresses 8 of these directly, and 4 indirectly. For the most part, the recommendations of the Independent Commission are important fine tuning adjustments to the recommendations of the Internal Task Force. Generally speaking, they are subtle, but very critical modifications in the development of the reform process. I would encourage this Senate Committee to embrace the recommendations of the Senate's Independent Commission

Issues in Need of Clarification and/or Further Consideration

The Independent Commission does a very good job laying out the big picture reforms, but the following are a few *minor* issues that could benefit from clarification and/or further analysis. In the whole scheme of things, these are minor concerns that could be dealt with during the initial drafting and/or mark-up phases of the legislative process. I am available to provide more background information on the following issues to anyone who would like it:

- One of the most important improvements over the last 2 years within the USOC, which has been masked by the widely publicized problems, has been the tremendously improved relationship between the Athletes Advisory Council (AAC) and the National Governing Bodies Council (NGBC). With a lot of hard work from many, the long running disputes between the AAC and the NGBC have virtually disappeared over the last 2 years. One of the reasons the long standing friction has gone away is the concept of equality between the two groups. We have gone out of our way to make things equal in all possible aspects. *I plead that as the new legislation is written, that the AAC and the NGBC maintain equality.* It is through this balance in equality that many wounds have been healed. I would not want the restructuring process to reopen old wounds. For example, if the NGB has a funded meeting, the AAC should have a comparable funded meeting . . . if the AAC has representation on a committee or workgroup, the NGBC should have similar representation . . . and so on.
- *As we write the criteria for independence, we need to make sure it is not written so tight and/or so complicated that it excludes quality candidates from being involved.* Beyond out-and-out exclusion, an individual who is beneficial to the USOC but has a narrow conflict should be allowed to generally participate. When it comes to the debate on the narrowly conflicted issue, the person should be required to report the conflict and then to recuse himself or herself from the debate, discussion and resolution on this narrow issue.
- In the area of International Relations, I think we still need more discussion in terms of the paradox of international representation. On one hand we want more meaningful representation within the international sports community (*e.g.*, IF's and IOC), yet we are imposing term limits that are shorter than the time path of international penetration of influence. This is a very difficult issue, what we want domestically is not necessarily what will work internationally. The reality is that for most people it takes 20+ years to penetrate the international leadership ranks, yet, we are proposing term limits that will impede the upward international mobility of our best representatives. We may well be creating a situation that we are going to perpetually be behind the international power curve. *My hope is that Congress will give the new Board some flexibility and latitude in dealing with this very difficult issue of international representation.*
- Congress has given the USOC a wide variety of purposes and responsibilities that range from promoting physical fitness to conducting sociological surveys to preparing elite athletes for international competition. The proposed Mission Statement is very clear and concise, yet there are several items in the long list of purposes that do not fit concisely under the proposed Mission Statement. *It*

would be helpful to streamline and focus the list purposes contained within the legislative Act.

NGB's Want to Be Part of the Solution

I would encourage this Senate Committee to embrace the recommendations of the Senate's Independent Commission. Please know that the NGB's want to be part of the solution, not part of the problem. The NGB Council stands ready to assist the reform process in anyway, including being a resource during the process of the actual drafting of the legislative amendments.

I am optimistic that working together, we can all make USA's Olympic Committee stronger and more effective. The sooner we get back to our mission, the better off we all will be . . . thank you!

The CHAIRMAN. Thank you very much.
Mr. Scherr.

**STATEMENT OF JIM SCHERR, CHIEF OF SPORT
PERFORMANCE, UNITED STATES OLYMPIC COMMITTEE**

Mr. SCHERR. Good morning, Mr. Chairman and Senator Campbell. Thank you for providing me with the opportunity to appear before you today and share my views of the United States Olympic Committee's governance and operations situation.

As you know, my name is Jim Scherr. My official title is Chief of Sport Performance for the USOC. However, since the departure of our previous Chief Executive Officer, I've been exercising the additional responsibilities of overseeing the day-to-day operations of the organization.

My background is that of an athlete in the sport of wrestling, having competed at the collegiate level, where I won an NCAA championship and had the honor of representing the United States in the Olympic Games in Seoul. I retired from active participation in the sport and obtained my MBA from the Kellogg Graduate School of Management at Northwestern University, which prepared me well for the discharge of my responsibilities when I became the Executive Director for the sport of wrestling, the national governing body for the sport, USA Wrestling.

During my time at USA Wrestling, I served in various capacities with the U.S. Olympic Committee, ranging from membership on its executive committee, to service on the audit committee. Such service was often quite frustrating, if not dismaying, because the emphasis and focus too frequently was on everything but the welfare of the athletes.

I believe that the new structure proposed by the Independent Commission and the USOC Task Force will serve to change the focus and culture of the organization and reduce most of the heretofore distracting influences presented by many well-meaning members of the Olympic family who by necessity often represent narrow and often competing interests. Nevertheless, these people are an incredibly valuable asset and the Olympic movement would lose an important resource were it not for the benefit of their involvement in the appropriate forum.

I'm most pleased by the Commission's and the Task Force's recognition that the current mission statement is misdirected because it directs the primary focus on the excellence of the USOC as a bureaucratic organization, rather than the athlete, which is the heart of the Olympic movement. Their revised mission statement cor-

rectly places the sustained competitive excellence of the Olympic and Paralympic athletes in the dominant position.

The other recommendations establishing a new governance and management structure, reducing numerous nonathlete-related administrative expenditures, and creating certain protections for limited assets, all serve to reinforce what I've been attempting to establish during my brief stewardship of the organization, which is to place the athletes first.

I would like to state my own macro views on governance from the perspective of someone who has had a great deal of experience in the Olympic movement and who currently serves as the USOC's staff leader. From my vantage point, the new organization cannot be successful unless its governance structure is clear, and the roles of the board and the staff are clearly delineated. The governance structure must be simple, streamlined, and efficient.

The new structure must set the authority to govern, to be distinguished from the authority to manage in a single body that is free of the constituent-based politics that has heretofore been a source of contention within the organization. A system with two governing bodies or confusing lines of authority between different governing entities should not be imposed.

In addition, because both the Task Force and the Commission have agreed that the USOC currently spends too much on its governance process and uses funds for that purpose that could be better spent for athletes and our national governing bodies, the governance structure must ensure the most cost-effective and cost-efficient structure possible. Having two governing entities and a myriad of committees, as we do now, does not achieve that goal.

In addition, continuing anything similar to the complex governance structure from which the USOC now suffers will divert attention from achieving the mission and reduce the efficiency of the excellent staff with whom I have the privilege to work at the USOC.

Whatever the outcome of this process, the respective roles of the staff and the governance must be made clear. The CEO must have authority to hire and fire all staff. All staff must report to the CEO, absent other conflicting professional duties, and the CEO must be in a position to be truly accountable for the organization's performance in achieving the mission.

The CEO cannot be accountable and ultimately successful if the various aspects of the governance process are permitted to stray from their role in governance and attempt to participate in the operations of the organization. This situation would be exacerbated by continuing to have several committees that could attempt to compete with the authority of the CEO to achieve the USOC's mission.

The area of the USOC's involvement in international relations is one that has been discussed much in the past few months, and is one that fundamentally led to the dispute between the prior President and the prior CEO that became public spectacle in January and February of this year.

The governance reforms must make clear that the CEO is responsible and accountable for the conduct of all aspects of the USOC's operations in the international arena, but as part of that accountability, the CEO may choose to involve the governance proc-

ess, or others, to achieve the USOC's mission, and the CEO will have the prerogative of choosing or not choosing to involve governance or others in this process.

Similarly, the USOC's communications policy must be changed to a one-voice strategy that focuses responsibility for stating the organization's public position in an individual, the CEO, who is accountable for that. The CEO, of course, would be able to delegate this responsibility to a staff member or others, permitting more than one USOC official to convey organizational policy through comments to the media, or to serve as a spokesperson for a particular constituency on USOC matters, simply creates the potential for the confusion and ultimately conflict that we have seen of late, which has eroded public confidence in the organization.

Confusion about the role of governance will cause the USOC staff to continue to suffer from having to serve multiple masters, and having to negotiate what should be purely business decisions with an overreaching and overbearing governance structure.

I hope that the Congress will examine the policy issues raised by both reports with an eye toward ensuring that the high caliber staff of the USOC is able to perform in an accountable manner without interference from the governance on matters of operations, and also I hope that Congress will consider the governance structure that makes governance most efficient and minimizes unnecessary expense spent on that process.

Precisely how these changes to the structure and focus of the USOC are implemented I'd leave to the Committee. Certainly, the major provisions may need to be memorialized in the Ted Stevens Olympic and Amateur Sports Act so as to prevent them from being easily changed back at some future time. However, I would recommend against micromanaging the organization by statutory language, leaving the more minute details of management and governance to those who will be charged with such responsibilities, and whose competence will be overseen through new recommended procedures.

I am as anxious as anyone to move forward in this new direction, as recommended by these governance reviews, and I am pleased that both groups recommended a targeted implementation date. Nevertheless, I think this is our last chance, at least for the foreseeable future, to get it right.

Accordingly, I ask that all concerned with the implementation process, particularly the Members of the Senate Commerce Committee who may write the legislation that will direct our activities for years to come, will move deliberately and with caution. Completing their work by this coming New Year's Day is a worthwhile goal, but as the task force has pointed out, an ambitious one, and if there's a choice between getting it done quickly, and getting it done right, I implore you to choose the latter.

This is a great and historic opportunity for the Olympic movement, perhaps second only to the day in 1978 when the original sports act was enacted. I congratulate all who have brought us to this point, and thank you for providing the opportunity to create an organization that can truly better serve America's Olympic interests by finally putting America's Olympic and Paralympic athletes first.

[The prepared statement of Mr. Scherr follows:]

PREPARED STATEMENT OF JIM SCHERR, CHIEF OF SPORT PERFORMANCE,
UNITED STATES OLYMPIC COMMITTEE

Good morning, Mr. Chairman and members of the Committee. Thank you for providing me with the opportunity to appear before you today and share my views of the United States Olympic Committee's ("USOC") governance and operations situation. I am pleased to be here, and under these circumstances, because I see a bright new day dawning for the USOC and, much more importantly, for America's Olympic and Paralympic athletes.

My name is Jim Scherr and my official title is Chief of Sport Performance for the USOC. However, since the departure of our previous chief executive officer I have been exercising the additional responsibilities of overseeing the day-to-day operations of the organization.

My background is that of an athlete in the sport of wrestling, having competed at the collegiate level where I won an NCAA championship, and had the honor of representing the United States in the Olympic Games in Seoul After winning three U.S. and two World Cup championships, I retired from active participation in the sport and obtained my MBA from the Kellogg Graduate School of Management at Northwestern University, which prepared me well for the discharge of my responsibilities when I became the Executive Director of USA Wrestling, the governing body for that Olympic Sport.

During my time at USA Wrestling I served in various capacities with the U.S. Olympic Committee, ranging from membership on its Executive Committee to service on the Audit Committee. Such service was often quite frustrating, if not dismaying, because the emphasis and focus too frequently was on everything but the welfare of the athlete. I believe that the new structure proposed by the Independent Commission and the USOC Task Force will serve to change the focus and culture of the organization and reduce most of the heretofore distracting influences presented by many well-meaning members of the Olympic Family, who, by necessity, often represent narrow and often competing interests. Nevertheless, these people are an incredibly valuable asset and the Olympic Movement would lose an important resource were in not for the benefit of their involvement in the appropriate forum. Accordingly, ensuring the continuation of their meaningful involvement is preserved, indeed enhanced, by the creation of the Olympic Assembly mechanism proposed by both the Commission and the Task Force.

I am most pleased by the Commission's and the Task Force's recognition that the current mission statement is misdirected because it directs the primary focus on the excellence of the USOC as a bureaucratic organization rather than the athlete, which is the heart of the Olympic Movement. Their revised mission statement correctly places the "sustained competitive excellence of the Olympic and Paralympic athletes" in the dominant position.

The other recommendations establishing a new governance and management structure, reducing numerous non-athlete-related administrative expenditures, and creating certain protections for limited assets, all serve to reinforce what I have been attempting to establish during my brief stewardship of the organization, which is to place athletes first.

I suppose I could present arguments either way on a number of proposed provisions such as whether the independent directors should constitute an absolute majority on the board as recommended by the Independent Commission, or a substantial but narrow minority, as the USOC's Task Force recommended. However, I do not feel it my place to get into a policy debate on these issues of detail, nor do I feel it my prerogative because my principal responsibility has been sport performance.

I would like, however, to state my own macro views on governance from the perspective of someone who has had a great deal of experience in the Olympic movement and who currently serves as the USOC's staff leader. From my vantage point, the new organization cannot be successful unless its governance structure is clear and the roles of the Board and the staff are clearly delineated.

The governance structure must be simple, streamlined, and efficient. The new structure must set the authority to govern, to be distinguished from the authority to manage, in a single body that is free of the constituent-based politics that have heretofore been a source of contention within the organization. A system with two governing bodies or confusing lines of authority between different governing entities should not be imposed. In addition, because both the Task Force and the Commission have agreed that the USOC currently spends too much on its governance proc-

ess and uses funds for that purpose which could be more wisely spent for athletes and our national governing bodies, the governance structure must ensure the most cost-effective and cost-efficient structure possible. Having two governing entities and a myriad of committees, as we do now, does not achieve that goal. In addition, continuing anything similar to the complex governance structure from which the USOC now suffers will divert attention from achieving the mission and reduce the efficiency of the excellent staff with whom I have the privilege to work at the USOC.

Whatever the outcome of this process, the respective roles of the staff and governance must be made clear. The CEO must have authority to hire and fire all staff, all staff must report to the CEO, absent other conflicting professional duties, and the CEO must be in a position to be truly accountable for the organization's performance in achieving the mission. The CEO cannot be accountable, and ultimately successful, if various aspects of the governance process are permitted to stray from their role in governance and attempt to participate in the operations of the organization. This situation would be exacerbated by continuing to have several committees that could attempt to compete with the authority of the CEO to achieve the USOC's mission.

The area of the USOC's involvement in international relations is one that has been discussed much in the past few months and it is one that fundamentally led to the dispute between the prior President and the prior CEO that became the public spectacle in January and February of this year. The governance reforms must make clear that the CEO is responsible and accountable for the conduct of all aspects of the USOC's operations in the international arena, but as part of that accountability the CEO may choose to involve the governance process or others to achieve the USOC's mission, and the CEO will have the prerogative of choosing or not choosing to involve governance or others in this process.

Similarly, the USOC's communications policy must be changed to a one-voice strategy that focuses responsibility for stating the organization's public position in an individual, the CEO, who is accountable for that. The CEO, of course, would be able to delegate this responsibility to a staff member. Permitting more than one USOC official to convey organizational policy through comments to the media or to serve as the spokesperson for a particular constituency on USOC matters simply creates the potential for the confusion and, ultimately, conflict that we have seen of late which has eroded public confidence in the organization. Confusion about the role of governance will cause the USOC's staff to continue to suffer from having to serve multiple masters and having to negotiate what should be purely business decisions with an overreaching and overbearing governance structure.

I hope that the Congress will examine the policy issues raised by both reports with an eye toward ensuring that the high caliber staff of the USOC is able to perform in an accountable manner without interference from the governance on matters of operations. I also hope that Congress will consider the governance structure that makes governance most efficient and minimizes unnecessary expense spent on governance. Absent a governance structure like that which I have suggested, I cannot imagine that the USOC will be successful in finding a highly qualified CEO to serve as its leader. Absent changes to the elements I have discussed, the USOC will continue with business as usual and it will only be a matter of time before the USOC is again before this Committee to explain itself.

Precisely how these changes to the structure and focus of the USOC are implemented I leave to the Committee. Certain of the major provisions may need to be memorialized in the Ted Stevens Olympic and Amateur Sports Act so as to prevent them from being easily changed back again at some future time. However, I would recommend against micromanaging the organization by statutory language, leaving the more minute details of management and governance to those who will be charged with such responsibilities and whose competence will be overseen through new recommended procedures.

I am as anxious as anyone to move forward in this new direction as recommended by these governance reviews. Indeed, since the beginning of my association with the Olympic Movement I have hoped that this day would arrive when we could overcome the inherent political obstacles to reform, and create a more streamlined, responsive organization that best utilizes the talents and experience of all members of the Olympic Family, and deploy our assets more effectively in support of our Olympic and Paralympic athletes. For this reason I was pleased that both groups recommended a target implementation date. Nevertheless, I think this is our last chance, at least for the foreseeable future, to get it right. Accordingly I ask that all concerned with the implementation process, particularly the members of the Senate Commerce Committee who may write the legislation that will direct our activities for years to come, will move deliberately and with caution. Completing the work by this coming New Year's Day is a worthwhile goal, but, as the Task Force has point-

ed out, an ambitious one, and if there is a choice between getting it done quickly and getting it right I implore you to choose the latter.

This is a great and historic opportunity for the Olympic Movement, perhaps second only to the day in 1978 when the original Amateur Sports Act was enacted. I congratulate all who have brought us to this point, and thank you for providing the opportunity to create an organization that can better serve America's Olympic interests by finally putting America's Olympic and Paralympic athletes first.

The CHAIRMAN. Thank you, Mr. Scherr.
Mr. Stapleton, welcome.

**STATEMENT OF WILLIAM STAPLETON, VICE PRESIDENT,
UNITED STATES OLYMPIC COMMITTEE**

Mr. STAPLETON. Thank you, Mr. Chairman, Senator Campbell. Mr. Chairman and Members of the Committee, thank you for providing me the chance to appear and speak to you today. My name is Bill Stapleton. I am a vice president of the United States Olympic Committee. I was a member of the 1988 United States Olympic swimming team, and during the past 4 months I've had the significant pleasure and privilege of serving as the Co-Chair of the USOC's Governance and Ethics Task Force, along with nine other distinguished Americans and three distinguished outside experts.

The recommendations of the Independent Commission of the USOC Task Force are, at top level, very similar. Both groups recommend that the organization's mission become focused on athletes and athletic performance first and foremost. Both groups recommend that the USOC's governance must shrink dramatically to bring the USOC into line with modern best practices of good governance for organizations of the size and stature of the U.S. Olympic Committee.

Both groups recommend dramatically reduced board sizes, with the Commission recommending a new board with 10 votes and 13 members, and the task force recommending a new board with 9 votes and 11 members. Both groups recommend that the USOC must take substantial steps toward breaking down the structures and incentives for the culture of political quid pro quo that had heretofore existed at the U.S. Olympic Committee. Both groups also recognize the need to clearly define the roles of governance and staff functions in the organization.

Mr. Chairman, I would ask that my complete written statement and a copy of our internal task force report be made a part of the record of this proceeding.

The CHAIRMAN. Without objection.

Mr. STAPLETON. Thank you. As you might expect, there are some differences in what the two groups recommend. In our view, the most significant difference is in how the Olympic Assembly is treated. There has been general agreement that it is important for there to be a mechanism for USOC leadership, officers, and committee members to communicate with the many diverse Olympic organizations that comprise the Olympic family in the United States, and that these groups should be able to communicate once annually with the USOC through the creation of an Olympic Assembly.

The Commission has recommended that the Olympic Assembly be of nearly the same size as the current board, that the USOC pay for all of the cost of its meetings, that the Olympic Assembly vote on substantial matters concerning the USOC's governance, includ-

ing amending the USOC's constitution, and that the Olympic Assembly elect a presiding officer who will be a voting member of the new board, and who will have a voice, as a spokesperson for the USOC, in communicating with the outside world.

In effect, the Commission has recommended that the current 124-member USOC Board, with minor differences such as eliminating the officers and changing the name, will remain a governing body, just with a somewhat reduced set of governance responsibilities.

The Commission's Olympic Assembly would remain, like the current Board, a body that elects a spokesperson called the speaker instead of the president, decides whether the USOC goes to the Olympic Games, whether the USOC will propose that one of our cities host the Olympic Games, will select the U.S. bid city, and will approve all changes in the USOC constitution and decide all other Olympic matters.

Those are all functions that the task force believes must not be functions performed by a body of more than 110 people, but, rather, must be functions of a smaller 11-member, 9-vote Board.

The task force devoted substantial time and attention to the question of whether the USOC should pay the cost for representatives and member organizations to attend the annual Olympic Assembly. The task force believes that the Olympic Assembly should be valuable to the members of the assembly, and that those members should only attend if they share the view that their attendance at the assembly is valuable to them, as indicated by their willingness to pay the travel cost for their representatives.

The task force has estimated that the implementation of its governance recommendations could result in over \$1 million a year in governance, administrative cost savings. For the USOC to continue to underwrite the cost of the annual Olympic Assembly, as recommended by the Commission, that estimated savings would have to be reduced by at least \$250,000 per year, but perhaps by more if the Olympic Assembly is called upon to have more than one annual meeting.

It is the strongly held view of the task force that it would be the wrong direction for the Olympic Assembly to be an organization that votes on any issues relating to the governance of the USOC. In the words of our governance consultant, John Carver, this would be a governance disaster. First, for the Olympic Assembly to vote on anything will require the creation of complex rules and regulations concerning who can vote, and the extent to which various constituents' votes will be weighted.

Similarly, there will have to be a much more formalized process to assess whether additional organizations associated with the Olympic movement in the United States will be permitted to become members of the Olympic Assembly, because they now will have a more meaningful vote that impacts the shares held by others.

Second, if, as the Commission recommends, the Olympic Assembly were called upon to vote on issues relating to the governance of the USOC, those decisions would be subjected to the constituent-based decisionmaking and the politics that have plagued the USOC

for the past 20 years, rather than be subject to a vote on the merits or on the basis of what would serve the best interests of the USOC.

Third, as we know from our current experience with the USOC's current board of 124 individuals, the Olympic Assembly, at 110 people, is simply too large a body for there to be any meaningful education of the membership, or meaningful debate at the meetings of that group.

The task force examined the creation of a role for an individual to oversee the functioning of the Olympic Assembly and determined that this individual should be drawn from the board, and not be an individual who has a new position on the board, or otherwise has rights or obligations to speak on behalf of the USOC or the Olympic Assembly or any other group.

The Commission's recommendations set up a position for an individual, which position will serve on the Board and will have the rights to speak on behalf of the U.S. Olympic family.

The task force generally supports the Commission's recommendation on the creation of an advisory group to assist in the transition from the current governance structure to a new one.

Once again, I would like to thank you for allowing me to testify today, and I thank you for your insistence that the USOC clean up its act. The job is far from done, and the next step is the implementation of the recommendations of these two groups, and I thank you for being willing to see the process through.

[The prepared statement of Mr. Stapleton follows:]

PREPARED STATEMENT OF WILLIAM STAPLETON, VICE PRESIDENT,
UNITED STATES OLYMPIC COMMITTEE

Mr. Chairman, and members of the Committee, thank you for providing the chance for me to appear and speak to you today.

My name is Bill Stapleton. I am a Vice President of the United States Olympic Committee. I was also a member of the 1988 United States Olympic Swimming Team. I make my living as the founder of Capital Sports & Entertainment, an Austin, Texas-based sports and music management and event production company. During the past 4 months, I have had the significant pleasure and privilege of serving as a co-chair of the USOC's Governance and Ethics Task Force.

USOC President Bill Martin had the tremendous foresight in early February 2003 to appoint a cross section of 10 USOC and outside persons and 3 outside consultants of substantial character to review the USOC's governance process and recommend changes to improve the USOC's governance. My fellow members of the task force were co-chair Frank Marshall, and members Gwendolyn Baker, Robert Balk, Fraser Bullock, Chris Duplanty, Gordon Gund, James McCarthy, Cameron Myler, and Lisa Voight, and outside consultants John and Miriam Carver, George Cohen, and Mal Wakin. I began my involvement in USOC governance reform skeptical of the likely success of such an effort. I was confronted with examining an organization that I knew from personal experience had subsisted for years on an organizational and governance culture based on quid pro quo rather than on focusing on athletes and the success of the overall institution. Though I was confident in the abilities of the individuals appointed to the USOC task force of which I was a co-chair, I was not so confident of the resolve of the organization to change itself, even after it had undergone the dramatic and public governance discord it achieved in January and February of this year. I was pleasantly surprised when, after the task force initially recommended dramatic and sweeping reform at the April 2003 USOC Board meeting, the USOC Board voted to endorse the governance concepts contained in our initial report. I am pleased that the organization, with few exceptions, continues to demonstrate its commitment in this area. I would like to place in the record along with this written statement the report of the USOC Task Force and its response to the recommendations of the Commission.

The recommendations of the Independent Commission and the USOC Task Force are, at the top level, very similar. Both groups recommend that the organization's

mission become focused on athletes and athletic performance, first and foremost. Both groups recommend that the USOC's governance must shrink dramatically to bring the USOC into line with modern best practices of good governance for organizations of the size and stature of the USOC. Both groups recommend dramatically reduced Board sizes, with the Commission recommending a new board with 10 votes and 13 members, and the Task Force recommending a new board with 9 votes and 11 members. Both groups recommend that the USOC must take substantial steps toward breaking down the structures and incentives for the culture of political quid pro quo that had heretofore existed at the USOC. Both groups also recognized the need to clearly define the roles of the governance and staff functions in the organization. I am pleased that two groups examining this organization were able to agree on so much, yet do so independently of each other.

However, as you might expect, there are differences in what the two groups recommend, though I am pleased to say that those differences are generally in the details rather than in the top line recommendations.

The most significant difference is in how the Olympic Assembly is treated. There has been general agreement that it is important for there to be a mechanism for USOC leadership, officers, and committee members, to communicate with the many diverse Olympic organizations that comprise the Olympic family in the United States and that these groups should be able to communicate once annually with the USOC through the creation of an Olympic Assembly.

The Task Force has very strong feelings about the Commission's view of the role of the Olympic Assembly, and those thoughts differ substantially from the Commission's view. The differences are not merely theoretical; they also have substantial governance and transaction costs associated with them, with the Task Force's view reducing both.

The Commission has recommended that the Olympic Assembly be of nearly the same size as the current Board, that the USOC pay for all of the costs of its meetings, that the Olympic Assembly vote on substantial matters concerning the USOC's governance, including amending the USOC Constitution, and that the Olympic Assembly elect a presiding officer who will be a voting member of the new Board and who will have a voice as a spokesperson for the USOC in communicating with the outside world. In effect, the Commission has recommended that the current 124 member USOC Board, with minor differences (such as eliminating the officers and changing the name), will remain a governing body, just with a somewhat reduced set of governance responsibilities. The Commission's Olympic Assembly would remain, like the current Board, a body that elects a spokesperson (called the Speaker instead of the President), decides whether the USOC goes to the Olympic Games, whether the USOC will propose that one of our cities host the games, will select the U.S. bid city, will approve all changes in the USOC Constitution, and decide all other Olympic matters. Those are all functions that the Task Force believes must not be functions performed by a body of more than 110 people, but rather must be functions of the smaller, 11-member, 9-vote Board.

We believe the Commission may have retained this larger, governing Olympic Assembly because of concern that the IOC's *Olympic Charter* might require it, but it is clear from our discussions with the IOC and from the text of the *Olympic Charter* that the Task Force's proposal, to let the Olympic NGBs and athletes vote on certain, very limited Olympic-related issues is likely to be sufficient, and nothing in the *Olympic Charter* requires the large governance body called for by the Commission.

The Task Force devoted substantial time and attention to the question of whether the USOC should pay the costs for representatives of member organizations to attend the annual Olympic Assembly. The Task Force believes that the Olympic Assembly should be valuable to the members of the Assembly and that those members should only attend if they share the view that attendance at the Assembly is valuable to them, as indicated by their willingness to pay the travel costs for their representatives. If the Olympic Assembly is not worth the travel costs to send a representative, perhaps the Olympic Assembly should be improved and enhanced, but the solution is not for the USOC to underwrite the costs of bringing people to attend an Olympic Assembly that they do not believe is worth the cost. However, the Task Force understands that there has not been an Olympic Assembly, so it may be difficult to assess its value without attending the first annual session. Therefore, the Task Force recommends that the USOC pay the members' travel costs to the first annual Olympic Assembly, to be held in 2004, and in subsequent years the USOC should do whatever is possible to arrange group rates or discounted travel, but NGBs and PSOs and members of the Multi-Sport Organizations should be required to pay their own travel costs associated with the Olympic Assembly, starting in 2005. The Task Force has estimated that implementation of its governance rec-

ommendations could result in over \$1 million per year in governance administrative costs savings. For the USOC to continue to underwrite the costs of the annual Olympic Assembly, as recommended by the Commission, that estimated savings figure would have to be reduced by at least \$250,000 per year and the Commission has left its Assembly with so many governance responsibilities that the Commission's report anticipates in several places that the more than 110-person Assembly may need more than one meeting each year, thereby causing additional expense for each meeting.

It is the strongly held view of the Task Force that it would be the wrong direction for the Olympic Assembly to be an organization that votes on any issues relating to the governance of the USOC.

First, for the Olympic Assembly to vote on anything will require the creation of complex rules and regulations concerning who can vote and the extent to which various constituents' votes will be weighted. Similarly, there will have to be a much more formalized process to assess whether additional organizations associated with the Olympic movement in the United States will be permitted to become members of the Olympic Assembly because the Olympic Assembly members voting to add organizations to membership may suffer a reduced voting share as a result of voting to add those organizations.

Second, if as the Commission recommends, the Olympic Assembly were to be called upon to vote on issues relating to the governance of the USOC, such as selection of bid cities or the participation of the USOC in the Olympic Games or the composition of the USOC Constitution, that would subject those decisions to the constituent-based decision making and the politics that have plagued the USOC for the past twenty years. Rather than be subject to a vote on the merits, or on the basis of what would serve the best interests of the USOC, using a process based on solid governance principles, those decisions could become once again the victim of block voting, votes exchanged for other benefits, and other distortions that have been the source of many of the problems identified in this Report. To allow the Olympic Assembly to vote on any issues will effectively leave the current 124-member Board in place with all of its problems and costs and with much of the same authority and responsibility.

Third, the Olympic Assembly and the council meetings associated with that meeting should be an integral part of moving the USOC, the NGBs, the athletes, and the other organizations in the Olympic Assembly toward the Olympic Mission. The Olympic Assembly will be focused on cooperation between and among athletes, NGBs and the members of the Multisport Organization Council to advance the Mission. It will also be an important forum for the exchange of information and ideas between the Board and all the organizations and individuals involved in the Olympic Assembly. If the Olympic Assembly is also given governance responsibility or the power to vote and make decisions on limited issues, that will take time and focus away from the proper functioning of that group. It will also mean that the over 110 members of the Olympic Assembly will spend months in advance of each meeting on the telephone and communicating by e-mail, politicking and lobbying one another about the issues to be voted upon in the upcoming meeting of the Olympic Assembly, again distracting those individuals and their organizations from what they should be doing to advance the Olympic Mission.

Fourth, as we know from current experience with the USOC's current Board of 124 individuals, the Olympic Assembly is simply too large a body for there to be meaningful education of the membership or meaningful debate at the meetings of that group. And, many of the decisions the Commission would assign to the Assembly need to be made on a timely basis. The fact that the Assembly is only supposed to meet once a year means the proper functioning of the USOC would continue to be delayed while the organization waits for the annual meeting of the Olympic Assembly or spends an additional \$250,000 on a special meeting of the Olympic Assembly (special meetings also place enormous administrative burdens on the USOC) or the decisions would have to be made pursuant to relatively meaningless mail ballots sent to the over 110 people on the Olympic Assembly.

Fifth, the creation of an Olympic Assembly with legislative and other decision making authority would create an entity that might interfere or compete with the ability of the Board and CEO to focus on the USOC's achievement of its mission. It will take issues that are central to the Mission away from the CEO and the Board, and leave the organization in a position where one part of the organization may make decisions or take actions that will be contradicted by other parts of the organization. That is precisely one of the problems that led to the commencement of the governance reform process in which we now find ourselves.

Similarly, in all the areas of "Olympic issues," where the Commission recommended taking responsibility and authority away from the Board and the full-

time professional management of the USOC and giving it to the 110+-member Olympic Assembly, we simply have a fundamental difference of perspective, because the Task Force believes that fundamental principles of good governance require that all authority, responsibility, and accountability for governance should be assigned to the Board in the first instance, with authority, responsibility, and accountability to operate and manage the organization delegated to the CEO, consistent with the policies and subject to the oversight of the Board.

The Task Force examined the creation of a role for an individual to oversee the functioning of the Olympic Assembly and determined that this individual should be drawn from the Board, and not be an individual who has a new position on the Board or otherwise has rights or obligations to speak on behalf of the USOC or the Olympic Assembly or any other group. The Commission's recommendations set up a position for an individual which position will serve on the Board and will have rights to speak on behalf of the U.S. Olympic family. The creation of the position of speaker of the Olympic Assembly with a visible, public role and a vote on the new Board of Directors is contrary to the view of the role of the Olympic Assembly. This threatens the success of a one voice public relations strategy at the USOC, creates a position that competes with the Chair and the CEO, unnecessarily creates an additional position on the Board, and otherwise potentially threatens the USOC's achievement of its mission.

The Task Force has recommended that one member of the Board, perhaps rotating among the Board membership as determined by the Board, shall serve as the Chair of the Olympic Assembly each year. It is the view of the Task Force that this individual should consult with the chairs of each of the three councils and should be responsible for the organization and conduct of the Assembly, but this individual shall have no separate or special functions as a result of this person serving as Chair of the Assembly. This individual would be answerable to the overall USOC Board, not to all the constituent groups of the Olympic Assembly. To do as the Commission suggests would invite a return to the many media and governance problems that the USOC saw during January and February of this year.

In short, the Olympic Assembly should be a business meeting of the USOC, collecting all of the individuals involved in the Olympic business in the discussion and communication of issues that affect them; it should not be a new form of the bully pulpit or a political apparatus focused on things not related to the business of the U.S. Olympic family.

The Task Force also disagrees fundamentally with the Commission that the Board's officer, the Chair, should only be drawn from among directors considered "independent". In effect, this creates a caste system among Board members if a substantial majority of them are not able to run for this office. The Task Force recommends that all members of the Board should be eligible to run for the office of Chair, except for the members of the Board who are also International Olympic Committee members. The reason for the Task Force distinction for the IOC members is that by the terms of the Olympic Charter they owe their loyalty to the IOC. As a result, they could not simultaneously serve as the organization's leader without constantly running afoul of conflict of interest rules. The athlete and NGB nominated directors under the Task Force's model would be independent in many ways since they would have had to have given up all of their ties to the organization nominating them upon taking office, so they should also be eligible to stand for election as Chair.

There are other areas in which the Task Force has divergent views on the details of the Commission's report, particularly on the subject of the Commission's recommendation for the continuation of two sets of organic documents, a Constitution and Bylaws, with the Board being able to change one and the Olympic Assembly being able to approve changes to the other. The Task Force is recommending simplifying those complicated and often redundant documents into a single, clear, less complex document that is subject to amendment only by the Board.

The Task Force and the Commission disagree on the composition of the new Ethics Committee, with the Task Force recommending that that committee consist completely of non Board members and the Commission recommending that that committee consist of all Board members. Similarly, the Task Force recommends that the initial Nominating and Governance Committee, which selects the new directors, should be composed of independent members, while the Commission recommends that the current constituent groups should select the initial Board members, which in the view of the Task Force would create a bad political process not as likely to yield Board members who will best be able to govern the USOC. The Commission has also recommended that the subsequent Nominating and Governance Committee, which will select Board members in the future, consist of all Board members, while the Task Force has recommended that that committee consist of a majority of inde-

pendent, non-Board members, to avoid the many concerns expressed about a self-perpetuating Board, with the Board members possibly selecting their friends and allies to fill the vacant seats and to succeed them.

The Task Force proposes a stronger definition of independence for directors than does the Commission, with the Task Force definition excluding from service all current members of the USOC Board unless they are nominated by the NGBs or the AAC. In essence, the Task Force recommendations have caused all of the members of the Task Force to take themselves out of the ability to run for office as independent directors in the new Board, but the Commission recommendations would permit that. The Task Force believes that this is an important symbol of the organization's commitment to the independence of the new Board, as the Commission's recommendation would make it possible for all of the supposedly independent members of the new Board, along with the IOC members, and the members nominated by the AAC and the NOB Council to be individuals who have been serving on the current USOC Board during all the recent problems. The Task Force believes that would send the wrong message. The independent members of the new Board need to be independent of the old Board, as well.

The Commission appears to have recommended a greater role for the Board in overseeing various aspects of USOC operations including the hiring and firing of certain USOC staff which would in a traditional corporation be the prerogative of the CEO, while the Task Force recommendations make a very clear and bright line distinction between what are operational concerns within the province of the CEO and what are governance concerns within the province of the Board. The Task Force also recommends that the international relations function of the USOC be managed completely by the CEO, consistent with policies set by the Board and oversight of the Board, while the Commission suggests that the Board may be directly involved, independent of the CEO, in various aspects of the international relations activities of the USOC. This conflict in roles as engendered in the USOC's current organic documents is what led in part to the USOC's current governance problems, so we do not recommend continuing this.

There are a couple of other areas where the Commission has made recommendations that the Task Force considered as well, but rejected because the governance experts with whom we have consulted were clear with us that those types of recommendations are issues that should be left to the new Board.

The Task Force generally supports the Commission's recommendation on the creation of an advisory group to assist in the transition from the current governance structure to a new one, but the Task Force believes that the composition and role of that advisory group should be defined by the new Board.

The Task Force recommends that the USOC's mission be changed as it exists in the current statute but the Commission does not. The Task Force thinks it is important that the seeming entitlements for various groups and perspectives set forth in the statute must be changed to allow the USOC, and its NGBs, to focus on the overall mission. The purposes that would be removed, while generally good things for the United States, should not necessarily be given to the USOC or its NGBs to be responsible for them, unless the further the USOC's mission.

How should we resolve the differences between the two sets of recommendations? I think that answer is clear, but first I must emphasize that we are sure we can work out any differences in a manner that will satisfy any timeline set by Congress for doing so. The Task Force did not recommend that substantial legislation about governance processes be put in the statute, because making those things the subject of legislation makes it difficult for the organization to respond should its operating environment change. However, the Congress could legislate very general principles on which the Commission and the Task Force agree as a way to express the will of Congress and protect against the organization backsliding. Those areas could include the size and general composition of the Board and the fundamental roles of the CEO and the Board. The Task Force provided legislative language in this general area as an appendix to its report. Congress could also legislate the organization's mission statement, and basic parameters about "independence" as needed for directors serving on the USOC Board.

However, Congress should stay away from becoming too detailed in its legislation, in part because that is where the two groups differ and in part because that is where the new Board should have some opportunity to determine its own direction. The USOC itself is able to change its own organic documents to address some of these detail issues, and the USOC intends to do so in a manner that is consistent with whatever the legislative process yields, and the USOC will do so by the mid-July deadline for making submissions for changing its organic documents.

Once again, I would like to thank you for allowing me testify today and I thank you for your insistence that the USOC clean up its act. The job is far from done

and the next step is the implementation of the recommendations of these two groups and I thank you for being willing to see this process through.

The CHAIRMAN. Thank you very much, Mr. Stapleton.

My office has been contacted on several occasions by deaf Olympians. Do you think the USOC should fund the Deaf Olympics, beginning with you, Ms. Godino?

Ms. GODINO. I would give a similar answer as was given on the previous panel. I think that, one, the Deaf Olympians would certainly be part of the assembly, and second, that the Paralympic organization chooses their membership and who meets the definitions of participating in the Paralympics, and last, that the IOC, there's no question that the two most important competitions that all are striving toward is Olympics and Paralympics, and I think that's appropriate, to keep the focus on those.

The CHAIRMAN. Mr. Scherr.

Mr. SCHERR. Well, I think their purposes are very laudatory, and what they're trying to do for the athletes who participate in those programs. I believe the current resources that are available to the U.S. Olympic Committee and those available for the foreseeable future would make it exceptionally difficult for us to cover Olympic athletes, Paralympic athletes as well as athletes participating in the Deaf Olympics.

There are about a third of the numbers of the athletes participating in the Deaf Olympics that cover the total Paralympic number of athletes as well as the IOC's different relationship with the Deaf Olympics and that entire group. They have quite a different relationship with the International Paralympic Committee. They have incorporated them in their marketing programs, incorporated them as part of the host city agreement with the Games.

We do not have a relationship with the Deaf Olympics as an entity. We do with the International Paralympic Committee and the IOC, which causes us to have certain obligations to those athletes and those bodies. We do not as yet have one with the Deaf Olympics.

The CHAIRMAN. Mr. Marbut.

Mr. MARBUT. I think it almost needs to be broken down into two issues. One is politics, or governance, if you will, and the other is the actual sports side. On the sports side, I think that ultimately becomes a resource issue of the new board. In terms of governance, this is one of the reasons why I like how the Independent Commission has suggested the assembly, because that would be the appropriate striking point for them.

Mr. STAPLETON. Mr. Chairman, I think all questions like that go back to mission, and I think the Independent Commission and the task force were very similar in making hard decisions about the mission of the United States Olympic Committee and what is, I think, a misunderstood mission has led us in part to where we are today, so my answer would be, to the extent that the Deaf Olympics support the mission to win Olympic gold medals, Paralympic medals, and inspire Americans, yes, but I don't think they fit strictly within that mission, and where you have to make some hard decisions here about what we're going to use our resources to do.

The CHAIRMAN. Mr. Balk.

Mr. BALK. It's my understanding that the International Coordination Committee of Paralympic Athletes, or Paralympic Organizations came together in the eighties and created the IPC and the CISS, which governs Deaf Olympics, and those two groups at that time chose to be separate, and it doesn't reflect upon either group as being more athletic, or more capable, or one event being more important than the other.

The IOC recognizes the Paralympics, and has put in their bid request that the Olympics include a Paralympic bid, so they are one event. It does not refer to the Deaf Olympics or a Deaf Olympic event and, as Bill just mentioned, in the mission we're focused on the Olympics and Paralympics, and to what end the board would see the Deaf Olympics as supporting that mission is fine, but I don't think it should be required of the USOC. It should be determined by the board, and there are many Olympic-style competitions for various groups, of which the deaf are one, and they're certainly worthy competitions, but not necessarily should be included in the USOC's mission.

The CHAIRMAN. Mr. Fehr, maybe we could give you a seat at the table here. We need to have a dialogue on this, what has obviously become the major difference between the internal commission and the independent commission's role and mission, so perhaps we can have a dialogue between you and Mr. Stapleton in particular here, and any of the others who want to join in.

As you know, I don't run this Committee in a conventional fashion, but the important thing I think is to have a dialogue here so we can understand the differences, particularly on this issue, and the other panel members are welcome to join in here in this dialogue.

Mr. Fehr, do you want to respond a little bit to what—Mr. Stapleton's very outstanding work, and we thank you for it, Mr. Stapleton, comments are, concerning the role of the Olympic Assembly?

Mr. FEHR. Let me perhaps just take a moment or two and try and outline some of the considerations which went into our thinking. I think we believe, as the internal task force believes, that there is a role for the wide volunteer movement, and that it's crucial. To us that means you actually have to have something for them to do. That is part of it.

And then there's a fundamental question as to whether or not you want to maintain some democracy in the movement, and what do I mean by that? The assembly can't hire staff. It can't make significant judgments except in some areas designated by the IOC charter, and only then on recommendation from the board. It can't spend any money. It can't vote on amendments to governing structure, except on recommendations from the Board.

The question then becomes, is it appropriate for that group to have a representative on the Board? That can be debated, and you can debate it specifically in the context of whether or not it would continue some of the political discussions which have led us here.

It's not a voice on the board which is significant in our structure, it is one-quarter of a vote out of 10 that that individual would have, and our belief essentially was that when you redo the structure with a majority of independence, and put the responsibility for

all decisions relating to business and operations on a small 10-vote, 13-member board, complete with the conflict of interest rules and all the rest of it, that it did not harm the process to a significant degree to have an elected representative of the assembly.

It is a debatable point, because the politics are what drove us here. That is the thing which got, the analysis which got us there.

With respect to the pay issues, we approached that in a slightly different fashion, and that's simply that if you're going to have an Olympic Assembly, and you have to have a place for the volunteers to meet and exchange ideas and have their voice heard and interchange with the board, there are a lot of volunteers which simply can't afford on their own to go to meetings, just plain and simple, and that we would expect, although we didn't so state, that individuals who could afford to attend on their own would not seek reimbursement.

The CHAIRMAN. Mr. Stapleton.

Mr. STAPLETON. Thank you, Mr. Chairman. The thought of sitting in front of a Senate panel and having to disagree with Don Fehr is not something I cherish, but I think on this issue there needs to be more discussion and more consideration, because we have to remember that for the most part two independent groups came up with about the same idea.

Having spent 12 years as a volunteer—

The CHAIRMAN. We agree that this is a primary difference.

Mr. STAPLETON. Right, I agree. Having spent 12 years as a volunteer in the U.S. Olympic Committee, and having quite a few members of our task force who have been involved for a long time, I think we were probably more sensitive to ridding ourselves of any possibility of internal bickering, of constituent-based decision-making, and my view and I think the view of the task force was, let's create a starting point, and if the starting point is that we went maybe too far, and maybe there should be a larger group that has some voting rights, it's easier, I think, to fix that on the annual basis that they've suggested as a review than to create a system that in our view from the outset is problematic.

Having lived in that culture, if the 124-member panel can vote on constitutional change, that is a significant governance power. If they can choose the bid city, imagine the political issues that come with that.

The CHAIRMAN. We've seen that before.

Mr. STAPLETON. Exactly, so we were just probably more sensitive to that. I think it requires further discussion.

The CHAIRMAN. Mr. Marbut.

Mr. MARBUT. I think Don's insights are very thoughtful, and I think are largely correct, and I think it is important not to lose sight, the ultimate power in the new structure is going to be the Board and the CEO, it is not going to be the assembly, and I think that is Don's integrated concept he had talked about earlier, and I think there may be some issues inside what you vote on, maybe some of the structuring of those, maybe fine-tuning, but I think it is very critical that we keep a forum that we deal with issues that don't necessarily need to be going up to the Board level. There are a lot of things you could address at a lower level that you don't want to burden the new board with.

The CHAIRMAN. Mr. Scherr.

Mr. SCHERR. Let me just speak very quickly to the cost elements of that. As the person who currently is responsible for allocating resources directly to athletes and governing bodies, every single dollar that is spent on governance, and I think currently it approaches \$1.5 million a year, is a dollar less that we can send an athlete or a team overseas and compete, or support an athlete directly, and I think that is of significant concern here.

The CHAIRMAN. Ms. Godino, do you have a comment?

Ms. GODINO. I do, thank you, Mr. Chairman. I think one of the fundamental issues here is the issue of culture change, which I addressed in my testimony and has been raised here, and I think one of the concerns, at least today, with the assembly having that power, is that it's similar people, or the same people in those chairs, and that it's harder to change the culture from what it is today without sort of a break from that type of behavior, and I think there is concern that there be debate about what the assembly could vote on or what they couldn't, and pressure put on the board to allow the assembly to vote on more and more and more as time went on.

The CHAIRMAN. That is a reason for legislation, I think.

Ms. GODINO. Perhaps, although that said, I think a smaller board, and perhaps potentially without a speaker having a vote, the speaker of the assembly having a vote on that board, would be less subject to that pressure than a board or the executive committee today, for example.

The CHAIRMAN. Thank you.

Mr. BALK. Most of what I've been thinking has been said, and this issue of significant Olympic matters to be voted on needs to be, if there is a vote it would have to be defined by the board to be considered, because there's continuous ambiguity over what would be Olympic and what wouldn't, and there would be still the same political infighting and bickering over what would be decided upon.

The CHAIRMAN. Well, it seems to me that we have an outstanding set of recommendations that we should be able to act on without controversy, except for two areas that I would ask that you continue discussion on. One is the Olympic Assembly, as we just described, and I'm not sure that you're that far apart, and I'm not sure the travel expenses is that huge of an issue, but hopefully it can be worked out. We means test everything, but we would hate to do that to members of the Olympic Assembly, and the other is this, make sure we're in compartment with the rules and regulations of the IOC.

So I would like for all of you to look at that, and perhaps within the next week to 2 weeks, maybe, communicate with us again what your thoughts are. I would like to be able to move this and be able to say that we have basically almost unanimous agreement on all of this, and again I thank you all.

Senator Campbell.

Senator CAMPBELL. Mr. Chairman, I understand we've already had our first call to vote and only have another 10 or 12 minutes, so I won't ask any questions, but I did—while our panel was testifying I was reading their comments, and I think that you're right,

they have agreement between the task force and the Commission on most entities—I was interested particularly in Mr. Stapleton's comments, and Mr. Fehr's.

Mr. Stapleton's comments about our mission, it seems to me that when we tried as an Olympic Committee to be all things to all people, that's when we began to really get in some trouble, and I certainly agree that we ought to have fair, open representation of everybody on a group, but by the same token, as I understand Mr. Stapleton's comments, we may end up with the same thing we had before, a big, clumsy, unwieldy group with factions and cliques and expense accounts and all this other stuff, so no matter what you call them, if we end up with the same kind of a group under a different name, we haven't really accomplished an awful lot.

Mr. Scherr, in his comments—and by the way, I won't ask for your answers to questions, but I would like all of you to think about this. Mr. Scherr's comments, as I understood the Independent Commission, their belief was that the President should have the voice on international matters, and Mr. Scherr's, on page 3, he says the government reforms should make clear the CEO is responsible and accountable for the conduct of all aspects of the USOC's operations in the international arena, so there's a little bit of a difference there, too, that we might ask both groups to consider.

Mr. Balk mentioned that perhaps Congress should provide other vehicles for funding multisport organizations, because they obviously are important, but there are limited funds, and I was interested in knowing where he would identify the funds, since we can't fund half the things that we're supposed to around here now.

And maybe just one question of Ms. Godino. Is the 20 percent vote for athletes now, they're practicing athletes, or are these recently retired? That would be the only question I would have for the panel.

Ms. GODINO. Recently retired, competed at an elite level in the last 10 years, and they're directly elected by other athletes.

Senator CAMPBELL. Well, Mr. Chairman, thank you very much for convening this hearing. I think we're at least heading in the right direction, and with some more dialogue between the Commission and the task force, hopefully we will be able to move a bill forward that will be, maybe not perfect for all people, but certainly moves us a great deal forward from where we have been.

Thank you.

The CHAIRMAN. Well, if we do, it will be because of your zealous participation, Senator Campbell, thank you.

I want to thank the witnesses, and thank you very much. You have been very helpful, and we intend to move, as you said, deliberately but rapidly. Thank you very much.

This hearing is adjourned.

[Whereupon, at 11:10 a.m., the hearing was adjourned.]

A P P E N D I X

PREPARED STATEMENT OF HON. OLYMPIA J. SNOWE, U.S. SENATOR FROM MAINE

Thank you, Mr. Chairman, and I want to especially commend you, Senator Hollings and certainly Senator Stevens for your dogged determination to bring about much needed reform at the United States Olympic Committee. I think we can all agree that time is of the essence particularly with the 2004 Summer Olympics rapidly approaching.

This report from the Independent Commission only serves to underscore what we've come to understand in the starkest terms over the preceding months—that the USOC structure is broken and in need of substantive overhaul. I want to applaud the members of the Independent Commission who have worked so diligently to produce a report I believe is an excellent blueprint for instituting changes to both the USOC bylaws and Amateur Sports Act of 1978. I will look forward to the testimony here today but I already know we have a document from which positive change can be forged.

Mr. Chairman, the recent controversies surrounding the USOC have taken the focus away from where it belongs—our athletes—and has instead shined a spotlight on internal squabbles and accountability questions that not only tarnish the Olympic image for the public, but also endanger sponsorship of the games themselves. Edward Petry, who resigned from the Ethics Committee, said in an interview that, “I’ve worked with hundreds of organizations, and I’ve never seen one so confused or unwilling to enforce its own standards.” John Hancock Financial’s Chairman has said, “It’s a dysfunctional family that keeps electing the daft cousin or uncle to the top job. Their bureaucracy must be blown up and restructured.”

Well, that is essentially what the Independent Commission’s report recommends and, tellingly, the USOC’s own internal examination has reached nearly identical conclusions about what must be done. Personally, I can’t imagine there’s a corporation in America—at least not one that is successful and makes money—that would have a 123-member Board of Directors! I also know how hard it is to get anything done around here, just imagine what it would be like with 23 *more of us!* I can’t imagine *anyone* would think *that’s* a good idea!

So I am most encouraged *both* panels recognize the need to drastically reduce that number, whether it’s to nine as the Independent Commission recommends, or to the 11 that the internal review ultimately recommended. Not only does that allow the board to actually make decisions rather than simply function as a debating society, but when it costs \$250,000 every time the board meets, I think there’s no question it addresses some fundamental problems.

I’ve also advocated for a change from the once-every-four-years reporting to Congress that the USOC currently makes to once every *year*, and I’m pleased the report echoes that conclusion. Moreover, a requirement to provide audited financial statements to the public certainly could not hurt in rebuilding the public’s and USOC sponsors’ faith in the organization. And can there be any doubt there’s dysfunction under the current structure, when, as the report states, since the 2000 Games there have been three volunteer Presidents and four Chief Executive Officers? Thankfully, the report also considers the roots causes as well as the solutions to that pattern that needs to be broken.

Finally, I recognize the importance of keeping athletes at the center of the decisions that are made, while at the same time ensuring we don’t set up a system that only puts the various sports in unhealthy competition with each other. So I will be interested to hear specifically how the Independent Commission believes their proposed 116-member assembly composed of the former members of the Board of Directors will function, and serve as a suitable voice for athletes.

Mr. Chairman, as the Commission concluded, “The American public is the ultimate stakeholder in the performance of the USOC.” As representatives of the American public, *we* have a duty to ensure the continued credibility and viability of that organization. I know you and the Ranking Member and Senator Stevens will be moving forward in that vein, and as we do so I’m certain this report—as well as

the findings and recommendations of the internal review at the USOC—will serve as springboards from which we can institute those improvements necessary for a strong and credible USOC.

Thank you, Mr. Chairman.

