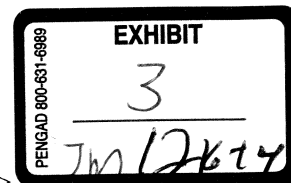


From: Sikorski, Scott </O=SRCS/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=SSIKORSKI>
Sent: Monday, November 26, 2012 1:47 PM
To: Corman, Jake <jdcorman@pasen.gov>; Meyer, Mark <mmeyer@pasen.gov>
Subject: PSU fine notes



Senator, please let me know if you need more information or would like anything additional on this.

NCAA – PSU \$60 Million Fine Information

How is the fine collected by the NCAA: the fine will be collected in five \$12 million annual payments.

How will PSU make the payments: In meetings with this office, PSU has stated the money for the fine will not come from academic recourses, but rather will be paid out of the athletics fund, and will be supported by a loan from the school to be repaid.

How was the \$60 million fine established: In July of 2012, the NCAA imposed a consent decree, signed by PSU President Erickson, which established sanctions due to NCAA conclusions based of the Freeh Report. The sanctions contained two components, punitive and corrective. The first punitive sanction was the \$60 million fine – the equivalent of one year’s football gross revenue.

Who ultimately will receive the funds:

- In September of 2012, the NCAA established an independent task force to develop the philosophy and guidelines for the \$60 million endowment, created under the consent decree imposed by the NCAA.
- **The NCAA has determined that at least one-quarter of the annual disbursements from the endowment will be reserved for Pennsylvania organizations.**
- **Under the consent decree – “the proceeds of this fine may not be used to fund programs at the University.” Additionally, no current sponsored athletic tam may be reduced or eliminated in order to fund the fine.**
- National programs directed at the “detection, prevention, and treatment of child abuse. “However, recognizing that child sexual abuse is a national issue, the NCAA has determined that grants from the endowment will be available in other states as well. Penn State appreciates the commitments of the task force on this important endeavor that will help countless victims of child sexual abuse.” – PSU President Rodney Erickson

How were the Task Force members chosen: Of the ten member task force, PSU was permitted to appoint two members. The remaining task force members were drawn by the NCAA itself, from national nonprofit organizations, the federal government and the NCAA membership.

What is the Task Force charged with doing:

- Developing and recommending the philosophy by which the endowment earnings will be employed;
- Defining the types of programs to benefit from the endowment;
- Establishing criteria used to obtain grants from the endowment;
- Developing investment and spending practices to sustain the endowment;
- Determining the financial and legal structure for holding assets;

- Identifying and recommending an independent third-party to administer and manage the endowment assets; and
- Establishing appropriate reporting and accountability to monitor the performance and uses of the assets.

Who are the members of the Task Force:

- Tim White, chancellor of University of California, Riverside (**chair**).
- Nan Crouter, dean of the college of health and human development at **Penn State**;
- Craig Hillemeier, vice dean for clinical affairs at **Penn State College of Medicine**;
- Rita Hartung Cheng, chancellor of Southern Illinois University at Carbondale;
- Brian Gallagher, president and chief executive officer of United Way Worldwide;
- Jane Lowe, team director of Vulnerable Populations Portfolio, The Robert Wood Johnson Foundation;
- Harris Pastides, president, University of South Carolina;
- Bryan Samuels, commissioner of the Administration on Children, Youth and Families, U.S. Department of Health and Human Services;
- Pamela Shifman, director, Initiatives for Girls and Women, NoVo Foundation;
- Raymond Torres, vice president of the Annie E. Casey Foundation and executive director of Casey Family Services;

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