

A RISKY WAGER

How Colleges and Sports-Betting Companies ‘Caesarized’ Campus Life



An advertisement promoted a betting app at Michigan State's football game against Ohio State on Oct. 8 in Lansing, Mich. Stephen Speranza for The New York Times

In order to reap millions of dollars in fees, universities are partnering with betting companies to introduce their students and sports fans to online gambling.

By Anna Betts, Andrew Little, Elizabeth Sander, Alexandra Tremayne-Pengelly and Walt Bogdanich

In September 2021, an official in Michigan State University's athletic department sent an email to his boss with exciting news: An online betting company was willing to pay handsomely for the right to promote gambling at the university.

"Alan, if we are willing to take an aggressive position, we have a \$1 M/year deal on the table with Caesar's," Paul Schager wrote to Alan Haller, the university's athletic director.

The offer from Caesars Sportsbook turned out to be even bigger than that, according to emails obtained by The New York Times. In the end, the company proposed a deal worth \$8.4 million over five years. It was, a member of the negotiating team said in another email, “the largest sportsbook deal in college athletics.”

Other schools, too, have struck deals to bring betting to campus. After Louisiana State University signed a similar deal in 2021 with Caesars, the university sent an email encouraging recipients — including some students who were under 21 and couldn’t legally gamble — to “place your first bet (and earn your first bonus).”

And when the University of Colorado Boulder in 2020 accepted \$1.6 million to promote sports gambling on campus, a betting company sweetened the deal by offering the school an extra \$30 every time someone downloaded the company’s app and used a promotional code to place a bet.

All three deals were part of a far-reaching but secretive campaign by the nascent online sports-gambling industry. Ever since the Supreme Court’s decision in 2018 to let states legalize such betting, gambling companies have been racing to convert traditional casino customers, fantasy sports aficionados and players of online games into a new generation of digital gamblers. Major universities, with their tens of thousands of alumni and a captive audience of easy-to-reach students, have emerged as an especially enticing target.

So far, at least eight universities have become partners with online sports-betting companies, or sportsbooks, many in the last year, with more expected.

In addition, at least a dozen athletic departments and booster clubs have signed agreements with brick-and-mortar casinos. For example, Turning Stone Resort and Casino is the official resort of Syracuse University’s ‘Cuse Athletics Fund. In 2020, Texas Christian University, in Fort Worth, joined WinStar World Casino and Resort to open a new club with suites and premium seating.

The online gambling deals have helped athletic departments recoup some of the revenue they lost during the pandemic. The partnerships bring in extra funds that schools can use to sign marquee coaches and build winning sports teams. Mr. Haller, Michigan State’s athletic director, said in a news release at the time of the Caesars deal that it would provide “significant resources to support the growing needs of each of our varsity programs.”

The partnerships raise questions, however, about whether promoting gambling on campus — especially to people who are at an age when they are vulnerable to developing gambling disorders — fits the mission of higher education.

“It just feels gross and tacky for a university to be encouraging people to engage in behavior that is addictive and very harmful,” said Robert Mann, an L.S.U. journalism professor and outspoken critic of the partnerships.

Cody Worsham, L.S.U.’s associate athletic director and chief brand officer, said in a statement that Caesars and the university “share a commitment to responsible, age-appropriate marketing.” That commitment, Mr. Worsham added, “is integral to a sustainable and responsible partnership benefiting our entire department, university, and fan base.”

Robert Mann, a journalism professor at Louisiana State University, is among critics of the university's deal with Caesars. Stephen Speranza for The New York Times

Some aspects of the deals also appear to violate the gambling industry's own rules against marketing to underage people. The "Responsible Marketing Code" published by the American Gaming Association, the umbrella group for the industry, says sports betting should not be advertised on college campuses.

Most online gambling partnerships are just months old, so the full impact on students has yet to play out. But the risks are considerable. Sportsbooks encourage people to bet frequently, even after they rack up losses. Campus programs to treat gambling addiction and other problems are sparse, according to university officials and mental health experts.

"We're not seeing enough oversight, transparency and education to support the rollout of these kinds of deals," said Michael Goldman, who teaches sports marketing at the University of San Francisco.

Because gambling is not featured on school tours or in university brochures, parents may not know their children are enrolled in colleges where gambling is encouraged through free bets, loyalty programs and bonuses.

"The first day sports betting was legal in the state, everyone was doing it," said Jack Krecidlo, a senior at Louisiana State. He imagined how he would respond if he used a sports-betting app and his mother found out.

"I would say, 'Well, L.S.U. sent me a promo code,'" he said.

To understand how gambling moved onto campuses, The New York Times reviewed school records and interviewed students, professors, administrators, sports conference officials, gambling executives and counselors.

The deals came together largely in private, The Times found, with minimal discussion on campus about their potential impact on students, athletes and the integrity of college sports.

To secure these partnerships, athletic departments depend on the companies that handle the promotional and advertising rights for their teams. These companies, which arrange all kinds of deals with sponsors, act as middlemen. They negotiate the agreements with betting companies and take a cut, sometimes in the millions of dollars, of whatever money changes hands.

An advertisement promoting gambling was sent — mistakenly, the university said — to some underage students at L.S.U.

Unlike public universities, which are subject to government disclosure rules and freedom of information requests, the sports-marketing companies are privately held. That means the terms of the deals they strike don't have to be publicly disclosed if the universities are not a party to the contracts. (University athletic departments have routinely sought to shield their dealings and often route some of their most complicated contracts, including lucrative television agreements, through intermediaries like athletic conferences.)

Mr. Schager, executive associate athletic director at Michigan State, described this benefit of the system.

"With the multimedia rights holder, public institutions like Michigan State no longer have to disclose all those sponsorship deals," he said in an interview. "This helps with the sponsors being able to spend what they feel is appropriate without having the public or employees or stockholders question that investment."

At the University of Colorado Boulder, Seth Hornstein, the chairman of a committee overseeing the athletic department, didn't know about the PointsBet deal until he saw a news release announcing it.

"That was a little bit shocking," he said.

In their haste to approve these partnerships, universities at times have crossed ethical lines.

Louisiana State in January sent a mass email to, among others, students who were not yet 21, the legal betting age in the state.

"Tigers fans, rejoice!" the email began. It promised \$300 in free bets for anyone who placed an initial \$20 wager.

Chris Holdren, a top executive at Caesars Sportsbook, said in an interview that the email was sent to underage students by mistake. "We were very disappointed that it happened, and we asked our partners at L.S.U. athletics to identify and solve the system breakdown," he said.

Even so, Caesars reaches underage students through promotions on L.S.U.'s official sports website, in Tiger Stadium and on TV and other media.

"You cannot get away from it," said Mr. Mann, the L.S.U. professor. "You take a daily shower in sports betting when you walk around."

'An Aggressive Position'

Michigan State fans in October. The school's talks with Caesars gained momentum in the fall of 2021. Stephen Speranza for The New York Times

Colleges were not willing to share financial details of their partnerships for this article. But through a public records request to Michigan State, The Times obtained a cache of emails and documents that provide a granular look at how the university negotiated its deal with Caesars and what Caesars was promised for its money. The emails cover everything from how much money M.S.U. would receive to who on the negotiating teams would get free Spartans jerseys.

The Caesars deal gained momentum in the fall of 2021, with emails traded among Caesars executives, Michigan State athletic officials and representatives of the sports marketing company Playfly. The final proposal, according to the emails, included payments topping out at \$1.7 million in 2027. Michigan State would split the first year's payment evenly with Playfly and keep 65 percent each year after that, with the rest going to Playfly.

In an email, Kris Kassel, a senior vice president at Playfly, assured Mr. Haller, the athletic director, that the details would not become public because "the contract will be between Playfly and Caesars, so it's not subject to" public records requests. If Michigan State had been a signatory, the public would have been entitled to see the contract. Michigan State and Playfly declined The Times' request to see the contract. Mr. Haller declined to comment.

Under the deal, which was announced in January with minimal details about the terms, Caesars would be entitled to "Caesarize" tailgating space outside Spartan Stadium. According to a PowerPoint presentation attached to the emails, Caesars would be mentioned in monthly emails to Michigan State's database of 775,000 fans. "Caesars will be able to include offers," according to the document.

There would be live call-outs during broadcasts of games. (Suggested language: “This is Spartan basketball and we’re courtside at the Caesars Sportsbook broadcast booth.”) Potential gamblers would be told that if they bet \$50, they would receive a \$150 credit to spend at Michigan State’s merchandise store.

The sportsbook would also get four seats on the team plane for an away football game and four premium season tickets to football, basketball and hockey games.

The emails obtained by The Times include one sent by an alumnus to Samuel L. Stanley Jr., the president of Michigan State at the time.

“I am shocked and saddened,” wrote the alum, whose name was redacted. “It is a terrible example to set for the people the University is supposed to be serving — the students.”

The alum concluded: “Are we that desperate for money that we allow this to go on at Michigan State University?”

Michigan State’s deal with Caesars allowed the company to “Caesarize” certain areas. Stephen Speranza for
The New York Times

During the pandemic, many universities struggled financially. Michigan State’s athletics department, for example, ran a \$15.4 million deficit in the 2020-21 school year, according to documents provided to USA Today. To help fill those holes, public and private universities nationwide have been scrambling to line up new revenue sources, including by arranging sponsorship deals.

For gambling companies, universities represent a big opportunity. In 2021, 47 percent of college graduates bet on sports compared with 22 percent of those with high school degrees, according to a survey by the National Council on Problem Gambling.

About 75 percent of college students say they’ve gambled in some way, including playing the lottery, in the last year, said Mary Drexler, director of a problem-gambling center affiliated with the University of Maryland School of Medicine. Nearly one in five say they do so weekly, she said.

For a company like Caesars, Louisiana State and Michigan State make ideal partners. “Both universities have millions of fans, being in two very powerful football conferences,” said Mr. Holdren of Caesars Sportsbook.

Mr. Holdren and other Caesars executives say they are committed to protecting vulnerable people from the dangers of gambling. “Responsible gaming is embedded into our DNA at Caesars,” Mr. Holdren said. He said Caesars was the first to create “responsible gaming ambassadors” — Caesars employees who are trained to assist those who show signs of a gambling problem.

But the deal the company negotiated with M.S.U. proposed paltry funding — \$25,000 — to educate athletes about gambling, with no money to address problem gambling among other students.

That is half of what the deals with L.S.U. and Michigan State each set aside for scholarships and internships for students interested in careers in “the gaming industry.”

From Fun to Depressing

Charlie, a student who said he got into trouble while gambling illegally. Stephen Speranza for The New York Times

Charlie, a 22-year-old student who spoke on the condition that only his first name be used, started gambling during his freshman year at Syracuse University. He soon ran into trouble.

Syracuse has no online sports-betting partner, though it promotes gambling through its partnership with the nearby Turning Stone Resort and Casino. Charlie, however, placed his bets with illegal bookies.

“It went from \$5 bets, \$10 bets, and \$200 bets to \$500,” he said. He gambled on tennis, baseball, golf, soccer. “I got a little bit of UFC, even,” he added, referring to the Ultimate Fighting Championship.

By the fall of his senior year, Charlie knew something was wrong. He was depressed and couldn't sleep. His grades were sinking, and he owed \$1,800 to multiple bookies. Sports betting had grown from a casual pastime into a serious problem.

"I couldn't stop countless times. I've turned \$100 into \$2,000 and then, within the same hour, lost all of that \$2,000 plus another \$500. And then you can imagine how depressing that feels, right? I mean, it's just — it's horrible."

Students are often slow to recognize that they may be unable to gamble responsibly.

"The person who is developing into a problem gambler, for the most part, doesn't want to stop gambling, because their head thinks, 'This is fun. This is going to fix my problems,' rather than, 'I need to stop gambling because I'm destroying my life,'" said Michelle Malkin, an assistant professor at East Carolina University who researches the connection between gambling and crime. "It's really hard, especially for a young person, to come to that conclusion."

In January, just as he was supposed to start his final semester at Syracuse, Charlie left school and sought treatment. Instead of graduating with his friends in May, he spent his time working at a golf club to pay off his gambling debts and seeking help at a rehabilitation center. He now attends weekly Gamblers Anonymous meetings and is unsure about his plans to return to Syracuse.

Universities are ill equipped to identify students like Charlie who show early signs of gambling disorders, according to mental health counselors. "I don't see any significant programs put in place — prior to the deal, or part of the deal, or after the deal," said Keith Whyte, who runs the National Council on Problem Gambling, speaking generally of the partnerships that he has seen universities forge with betting companies.

The former president of L.S.U., F. King Alexander, said students were under enough pressure without the negative consequences of gambling. "The students are looking at X amount of debt and then the university is endorsing gambling on top of that?" asked Mr. King, who left before the Caesars deal was negotiated.

Certain factors make students especially vulnerable to gambling problems, including their age, stress levels and histories of substance abuse or depression.

“From midteens through 25, your brain is still developing,” said Ms. Drexler, of the University of Maryland School of Medicine. One manifestation of that is poor impulse control.

Yet school-sponsored websites incentivize students to gamble by suggesting they have little or nothing to lose.

The University of Maryland, for example, has a partnership with the sports-gambling platform PointsBet. A university website links to a PointsBet page that entices new customers this way: “Get your first bets risk free up to \$2000 + \$100 in free bets.” The pitch means that if you lose your initial \$2,000, PointsBet will let you make another \$2,000 worth of complimentary bets. The \$100 in “free bets” is simply that: a chance to bet without putting up any money. Other schools make similar offers.

At L.S.U., Caesars promotions downplay the risk of losing. In an email, gamblers were told they could bet “on all the sports you love right from the palm of your hand, and every bet earns more with Caesars Rewards — win or lose.” The company’s website said the rewards include a “monthly free bet” and “an extra free bet” during your birthday month, along with discounted hotel and dining options at Caesars properties.

“We’re concerned about that language,” said Mr. Whyte of the problem gambling council. “Gambling is never risk free.”

Blindsiding the Regents

The University of Colorado Boulder prides itself on taking care of its students and creating an “outstanding, respectful and responsive” environment. But in 2020, the school agreed to a deal that is unique among the sports-betting partnerships that The Times has identified.

Every time someone downloads the PointsBet gambling app using the university’s promotional code and begins betting, the university collects \$30.

“It’s appalling for the university to be collecting a bounty each time a student places their first bet,” said Jennifer Hendricks, a law professor at the school. She said the university was trying “to exploit our students for profit.”

Colorado’s Board of Regents didn’t learn of the \$1.6 million PointsBet deal “until maybe a couple of hours before the initial announcement was made,” Jack Kroll, a board member, recalled. “I think a lot of regents at the time, myself included, had some concerns about the agreement and what it meant for college sports and the university to partner with a gambling operation.”

Mr. Kroll added, “I think the reality is that college athletics has become a profit-maximizing endeavor for athletics administrators and coaches. And pretty much everyone else is left kind of holding the bag.”

Some faculty members were upset that the university had a financial incentive to encourage gambling among its students. Mr. Hornstein, the professor who leads the school’s Intercollegiate Athletics Council, said the council eventually persuaded university officials not to pour the proceeds from the \$30 referral bonus into the athletic department.

“We came up with the idea that the money from the referral bonus could actually go toward diversity and inclusion and equity efforts at the university, in particular because a lot of the money in athletics are made from underrepresented minorities,” Mr. Hornstein said. A spokesman for the university’s chancellor, Philip DiStefano, confirmed that some of the money will be used to expand mental health and diversity initiatives.

Not all athletic directors are in favor of gambling partnerships. In testimony to the U.S. Senate Judiciary Committee in 2020, Heather Lyke, the athletic director at the University of Pittsburgh, warned that gambling will “have a corrosive and detrimental impact on student-athletes and the general student body alike.”

Ms. Lyke noted that many student-athletes already receive harsh messages on social media after games. “These messages pale in comparison to those that will come when a spectator has bet a relatively large sum of money,” she testified. Unlike professional athletes, who do not usually socialize with fans, student athletes may share dorms and classes and attend parties with classmates who wager money on their games.

The implications for the well-being of students worry Mr. Mann, the L.S.U. professor, who said the university’s student health center is already “woefully” underfunded.

Mr. Mann added, “I cannot imagine that this school is remotely prepared or willing to deal with the problems that are created by this.”

Marco Schaden contributed reporting.