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MEMORANDUM

December 11, 2009

TO: NCAA Division I Directors of Athletics
NCAA Division I Conference Commissioners
Chair of the NCAA Division I Student-Athlete Advisory Committee
Chair of the Conference Commissioners Association Compliance Administrators
Executive Director of the National Association of Collegiate Directors of Athletics
Executive Director of the National Association of Collegiate Women Athletic Administrators
President of the National Association for Athletics Compliance
Chair of the National Association of Financial Aid Administrators
Executive Directors of Selected Coaches Associations.

FROM: M. Grace Calhoun, chair
NCAA Division I Awards, Benefits, Expenses and Financial Aid Cabinet.

SUBJECT: Discussion Document on NCAA Division I Financial Aid Issues.

During its initial meeting in September 2008, the NCAA Division I Awards, Benefits, Expenses and Financial Aid Cabinet identified several key priority items to guide its work. One of those key priority items is the examination of grant-in-aid limitations related to NCAA Bylaw 15. The cabinet engaged in preliminary discussion of this broad issue during its past three meetings and identified several areas of concern. However, the cabinet agreed feedback from the membership and relevant constituent groups is vital before any specific legislative action is potentially initiated in June 2010. In order to obtain this feedback, the cabinet presents the attached discussion document which outlines the legislative history regarding Bylaw 15 as well as possible legislative concepts.

The primary goal of this document is to generate discussion and feedback. Accordingly, there are many different legislative concepts presented for consideration in an effort to address as many points and options as possible. These concepts are intended to capture a wide variety of potential perspectives in an effort to stimulate meaningful discussion across the membership. While different individuals, institutions, conferences and constituent groups will likely have varying reactions to the concepts presented – some of support, some of opposition – the cabinet is interested in hearing all opinions, suggestions and comments. For example, we encourage those individuals on campus to consult

with financial aid officers before submitting feedback. We are very much interested in any type of reaction and feedback, along with other options or alternatives not included, so we can conduct an informed review of this issue during our February 2010 meeting.

In order for your comments to be reviewed by the cabinet in February, we request that you submit feedback not later than February 7, 2010. Questions and feedback may be directed to Kris Richardson (krichardson@ncaa.org) at the NCAA national office who serves as a staff liaison to the cabinet. Please note that this information is posted on the NCAA Web site at the following link:

http://www.ncaa.org/wps/ncaa?key=/ncaa/ncaa/legislation+and+governance/committees/division+i/s-a+awards+benefits+fin+aid+cabinet/index-d1_sa_awards_ben_fin_aid_cabinet.html.

Finally, on behalf of the cabinet, thank you in advance for your participation in this important discussion.

MGC:jcw

Attachments

cc: Selected NCAA Staff Members

NCAA Division I Awards, Benefits, Expenses and Financial Aid Cabinet
Discussion Document

Background and Timeline

During its September 2008 meeting, the NCAA Division I Awards, Benefits, Expenses and Financial Aid Cabinet engaged in a discussion of financial aid issues. Specifically, the cabinet noted the complexity of the current financial aid regulations and how the current rules related to counter status and team limits may, at times, negatively impact a student-athlete's ability to accept athletics aid comingled with other nonathletics sources of aid. During this meeting, the cabinet identified the examination of grant-in-aid limitations as its top priority and agreed to undertake a comprehensive review of NCAA Bylaw 15 (financial aid). In the interim, the cabinet requested the NCAA Division I Legislative Council table any legislative proposals involving changes to legislated team grant-in-aid limits to provide time for the cabinet to conduct a broader examination of the limits for all sports. Below is a summary of the cabinet's activity since its September 2008 meeting:

1. February 2009 Meeting. Cabinet reviewed research related to financial aid that was generated through a survey of the cabinet member's financial aid offices. The cabinet prioritized the following topics for further study.

    a. Countable aid versus noncountable aid (e.g., government grants, institutional merit aid, state grants, outside aid);

    b. Examination of issues related to determining counter status;

    c. Head-count designations versus equivalency designations; and

    d. Team financial aid limits.

    Currently, the cabinet is focusing on a review of the first two topics. Depending on the outcomes resulting from this review, the remaining topics, head-count designations versus equivalency designations and team financial aid limits, may be the focus of a future review.

2. June 2009 Meeting. Cabinet conducted videoconferences with financial aid officers from nine Division I institutions representing all three subdivisions to obtain additional feedback related to the financial aid items prioritized by the cabinet. Based on this feedback, the cabinet identified two themes to help guide the cabinet in its review and formulation of recommendations.

    a. Legislative recommendations resulting from the cabinet's review should prioritize the well-being of student-athletes over other factors (e.g., competitive equity); and

b. The current financial aid legislation is perceived as unduly burdensome and at times prevents financial aid administrators from exercising professional judgment as would be done for nonstudent-athletes.

3. September 2009 Meeting. Models related to the current financial aid legislation were reviewed to determine the level of impact the suggested changes would have on student-athlete well-being, team financial aid limits, the athletics department and the availability of financial aid for the general student-body. The cabinet then prioritized the elements from the models. The cabinet directed the staff to develop a discussion document to obtain feedback from the broader membership. The elements that were prioritized for feedback appear in the Potential Concepts for Discussion and Feedback section of this document.

4. February 2010 Meeting. Cabinet will review the information received from this discussion document and begin to formulate legislative concepts.

5. June 2010 Meeting. Cabinet will finalize legislative concepts for submission into the 2010-11 legislative cycle.

History of Legislation

The history of NCAA financial aid legislation has shown that at least a portion of the membership is very concerned with issues related to distrust and competitive equity as it relates to the awarding of aid. Much of the previous and current legislation is based on the fear that, if given latitude, institutions will create sham scholarships or employment in order to provide additional athletically related aid to student-athletes without being required to count it as such. While the history of the employment legislation is an example of such fears, it also serves as an example of the membership overcoming those fears. For years, student-athletes were not permitted to earn more than the value of a full grant-in-aid when the value of their scholarships was combined with employment earnings. Later, a legislative change allowed a student-athlete to earn up to $2,000 over the value of a full grant-in-aid, subject to much regulation. Shortly thereafter, student-athlete employment was fully deregulated.

When legislation was proposed in 2002 to increase a student-athlete's individual limit to cost of attendance, concerns about competitive equity were raised. Institutions with smaller budgets believed that they could not compete with institutions with larger budgets. They believed that because larger budget institutions would be able to offer more financial aid, they would stockpile student-athletes and those student-athletes would not choose to attend smaller budget institutions.

These same fears are currently being borne out in the debate concerning whether academic and need-based aid should count toward an institution's maximum team financial aid limitations.

Consequently, any proposal to allow institutions to provide athletics aid up to the cost of attendance needs to include safeguards and be supported by data to help alleviate fears related to competitive equity.

Over the years, there have been numerous attempts to adopt a system of need-based aid for athletics. Four factors have emerged as the primary reasons for opposition: (1) a belief that merit and need should be considered in all scholarship programs; (2) concern that the latitude in judgment permitted at the institutional level in the packaging of need-based aid would result in differences in total financial aid awards that would create recruiting advantages; (3) eliminating differences in institutional packaging would require an enormously expensive national financial aid administration program, the benefits of which would not exceed its cost; and (4) concern that institutions with more resources would create packages with more grants that do not require repayment, thereby creating recruiting advantages.

In 2004, after more than a year of membership debate, the NCAA Division I Board of Directors adopted NCAA Division I Proposal No. 2002-83-A, which allowed student-athletes to receive athletics aid up to the full grant-in-aid level, plus nonathletics aid (e.g., academic scholarships) up to the cost of attendance. At the same time, the membership voted to defeat Proposal No. 2003-23-A, which would have permitted student-athletes in equivalency sports to receive certain kinds of institutional academic scholarships and need-based aid under specified conditions without the aid being included in an institution's equivalency computation. Such aid would continue to count toward the recipient's individual limit and toward Division I membership requirements. The sponsor's rationale was that because the aid was not related to athletics ability, it should not count in team limits.

The current scholarship system creates a dilemma when high school prospective student-athletes are considering offers from several institutions. Some institutions are considering offering a full scholarship, while other institutions, are considering offering a partial scholarship. Now, factor in the pressure which operates within athletics departments to increase or decrease the value of the original financial aid agreement for particular student-athletes based on their performance and the program's recruiting plans for next year's crop of seniors. As a result of these pressures and current NCAA rules related to what types of aid are countable, two prospective student-athletes who are offered identical athletics aid agreements from the same institution may end up with very different financial aid packages because a coach may decide to allow one of the students to accept other financial aid that counts against the team's financial aid limit, while precluding the other student from accepting the aid due to not having enough room in the team's financial aid limit.

Current Legislation

The current financial aid legislation relevant to the concepts prioritized by the cabinet for feedback are included as an attachment to this discussion document. [Attachment]

Potential Concepts for Discussion and Feedback

Ten suggested concepts for discussion and feedback are included below. Please note, the items below are only suggestions, and this is certainly not an exhaustive list of possible options as the cabinet hopes broad and diverse dialogue generates additional concepts for consideration. The concepts are grouped based on whether those concepts were strongly endorsed by the cabinet or were not endorsed by the cabinet. Concepts strongly endorsed by the cabinet are those that the cabinet believes address student-athlete well-being in a positive manner; reduce bureaucracy for NCAA compliance monitoring; reduce bureaucracy on financial aid offices, which already are heavily regulated; and, in many cases, have safeguards (e.g., federal regulations) currently in place to greatly minimize the potential for abuse. The cabinet welcomes your feedback related to whether your institution, conference or organization supports or does not support the concepts noted below as well as explanation of why.

The cabinet strongly endorsed the following concepts:

Concept No. 1: Exempt all federal need-based aid from counting towards a team's maximum financial aid limits (team limit) and an individual's cost of attendance limit (individual limit).

Current Legislation: Select government grants are exempted from the team and/or individual limit calculations (see Bylaws 15.02.4.1, 15.1.2 and 15.2.5.1 and Figure 15-1). However, some federal need-based aid must be included in the calculation for the team and/or individual limits. For example, the Supplemental Educational Opportunities Grant (SEOG) must currently be included in the calculation for a student-athlete's cost of attendance limit. In addition, if the student-athlete is a counter, then the SEOG must also be counted against the team's maximum financial aid limitation.

Impact of Concept: This concept would permit all government grants awarded based on a student's demonstrated financial need to be exempted from counting towards the team and/or individual limits. For the example provided above, the SEOG would no longer have to be counted against the team limit or individual limit.

Rationale: The cabinet agreed, even though some of these sources are administered by an institution's financial aid office, there are safeguards (e.g., defined

awarding criteria for all candidates, predetermined methodologies for calculating students with financial need) already in place when determining the recipients of federal need-based aid, minimizing the potential for abuse. Further, the cabinet noted this change would have a positive impact on student-athlete well-being by permitting additional sources of aid to be exempt, the potential to reduce the amount of financial aid that counts toward a team's maximum financial aid limit (e.g., reduce equivalencies) and would reduce bureaucracy for NCAA compliance monitoring and financial aid offices.

Concept No. 2: Exempt all state need-based financial aid from counting towards team limits.

Current Legislation: Currently, if a student-athlete who is a counter receives state need-based aid that is administered by an institution (i.e., the institution is responsible for selecting the recipient or determining the amount of the award), the aid must count against the team limit.

Impact of Concept: This concept would specify that all state aid/grants based on financial need (regardless of whether or not the aid is administered by an institution) would be exempt from counting towards team limits. This concept would not change the current application of Bylaw 15.5.1.2 for football and basketball student-athletes.

Rationale: The cabinet agreed there are safeguards (e.g., defined awarding criteria for all candidates) already in place when determining the recipients of state need-based aid, minimizing the potential for abuse. Further, the cabinet noted this change would have a positive impact on student-athlete well-being by permitted additional sources of aid to be exempt, the potential to reduce the amount of financial aid that counts toward a team's maximum financial aid limit (e.g., reduce equivalencies) and would reduce bureaucracy for NCAA compliance monitoring and financial aid offices.

Concept No. 3-a: Exempt all outside scholarships from counting towards team limits provided:

a. The choice of institutions is not restricted by the donor of the aid;

b. There is no direct connection to institution (e.g., donor of the aid shall not be representatives of the athletics interests or an athletics booster group of a member institution); and

c. One of the following additional thresholds:

(1) A maximum award value for the outside scholarship that may be exempted (e.g., outside awards valued at $1,000 or below); or

(2) Specify that the exemption is only available for student-athletes receiving a specified equivalency amount (e.g., only student-athletes receiving no more than 25 percent of a full grant-in-aid).

[NOTE: The cabinet is interested in feedback specific to the additional thresholds outlined in part c of this concept. In addition, the cabinet requests feedback related to other thresholds that the membership may want to have considered under this concept.]

Current Legislation: Bylaw 15.2.6 outlines the legislation related to various types of outside sources of financial aid. Specifically, Bylaw 15.2.6.4 specifies several conditions that must be satisfied in order for a student-athlete to receive an outside scholarship that is determined to include athletics as a major criterion (i.e., aid that is only awarded to individuals who participate in athletics). In addition, if the recipient was recruited, then the student-athlete is considered a counter and the amount is applied to the maximum awards limitations for the sport in question.

Impact of Concept: Provided the conditions specified above in a through c are satisfied, a student-athlete, regardless of the type of outside award and/or recruitment status, could accept an outside scholarship from an established and continuing program and not count the aid towards his or her team limits. Outside scholarships would only be included in determining a student-athlete's individual cost of attendance limit.

Rationale: The cabinet agreed the specified conditions noted above are sufficient safeguards to minimize the potential for abuse by protecting against concerns related to recruiting advantages and competitive equity. Further, the cabinet noted this change would have a positive impact on student-athlete well-being by permitting additional sources of aid to be exempt and the potential to reduce the amount of financial aid that counts toward a team's maximum financial aid limit (e.g., reduce equivalencies).

[NOTE: In connection with this concept, the cabinet is interested in feedback regarding whether review of financial aid should be more defined in the required athletics certification compliance review.]

Concept No. 3-b: Exempt all outside scholarships from counting towards team limits provided:

a. The choice of institutions is not restricted by the donor of the aid; and

b. There is no direct connection to institution.

Current Legislation: Bylaw 15.2.6 outlines the legislation related to various types of outside sources of financial aid. Specifically, Bylaw 15.2.6.4 specifies several conditions that must be satisfied in order for a student-athlete to receive an outside scholarship that is determined to be a major criterion award (i.e., aid that is only awarded to individuals who participate in athletics). In addition, if the recipient was recruited, then the student-athlete is considered a counter and the amount is applied to the maximum awards limitations for the sport in question.

Impact of Concept: Provided the conditions specified above in a and b are satisfied, a student-athlete, regardless of the type of outside award and/or recruitment status, could accept an outside scholarship from an established and continuing program and not count the aid towards his or her team limits. Outside scholarships would only be included in determining a student-athlete's individual cost of attendance limit.

Rationale: This concept is an alternative to Concept No. 3-a, and specifically, is more flexible than Concept No. 3-a. While the cabinet prefers Concept No. 3-a, the cabinet wants to solicit feedback from the membership on both concepts. In this model, the additional condition specified in Concept No. 3-a, item c, has been eliminated based on the concerns expressed about additional compliance monitoring requirements. Additionally, issues surrounding certification of outside sources of aid were a consistent frustration with the financial aid officers. This concept would greatly reduce bureaucracy for financial aid offices.

Concept No. 4: Allow student-athlete to replace his or her athletics financial aid agreement (on student-athlete's own initiative) with a more favorable institutional financial aid package before becoming a counter for the academic year.

Current Legislation: Bylaw 15.3.4.3.2 specifies that once a student-athlete signs an institution's athletically related financial aid agreement, the institution may not reduce or cancel the athletics aid until the conclusion of the period of the award unless a condition in Bylaw 15.3.4.2 is satisfied. In addition, an institution

may include nonathletically related conditions in the financial aid agreement which may serve as the basis to permissibly reduce or cancel a student-athlete's athletics aid (see Bylaw 15.3.4.2.2). There have been instances when a student-athlete signs his or her athletics financial aid agreement and is later notified that he or she is eligible for additional nonathletically related institutional aid. In some of those instances, the nonathletics institutional aid package exceeds the amount of athletics aid that the student-athlete has signed to receive for the upcoming academic year and because the student-athlete is receiving athletics aid, the institutional aid must count towards the team limit (unless it is exemptible aid such as an academic honor award).

If a team has already reached its maximum financial aid limits for the upcoming academic year, there may not be room remaining in the team's maximum financial aid limits for the student-athlete to accept the additional countable aid from the institution. Therefore, the only permissible way to allow the student-athlete to decline the athletics aid so that he or she may accept the nonathletics institutional aid is to include a condition specified in the financial aid agreement that addresses this situation (e.g., prior to becoming a counter, if the student-athlete is notified that he or she is eligible to receive nonathletics institutional aid that equals or exceeds the value of the athletics grant-in-aid, the student-athlete may request to decline his or her athletics financial aid agreement). If such a condition is written into the student-athlete's financial aid agreement, then the student-athlete can decline the athletics aid and accept the nonathletics institutional financial aid package. The institution must then certify that the nonathletics institutional aid the student-athlete is receiving does not result in the student-athlete becoming a counter.

Impact of Concept: This concept would establish legislation to permit a student-athlete who has signed an athletics financial aid agreement and is eligible to receive nonathletics institutional aid that is equal to or exceeds the athletics grant-in-aid, to decline/replace his or her athletics financial aid before becoming a counter.

Rationale: The cabinet noted this change would have a positive impact on student-athlete well-being and the potential to reduce the amount of financial aid that counts toward a team's maximum financial aid limit (e.g., reduce equivalencies).

Concept No. 5: Revise NCAA legislation related to academic merit awards/scholarships to specify a 3.000 grade-point average as opposed to a 3.300 grade-point average (see Bylaws 15.5.1.2.2 and 15.5.3.2.2.2).

Current Legislation: Currently, the legislation in Bylaws 15.5.1.2.2 and 15.5.3.2.2.2 specifies that such institutional academic aid may be exempt from counting against team limits provided the recipient has completed at least one academic year of full-time enrollment at the certifying institution and has achieved a cumulative grade-point average of at least 3.300 (on a 4.000 scale) at the certifying institution.

Impact of Concept: This concept would specify that such institutional academic aid may be exempt from counting against team limits provided the recipient has completed at least one academic year of full-time enrollment at the certifying institution and has achieved a cumulative grade-point average of at least 3.000 (on a 4.000 scale) at the certifying institution. Academic merit awards/scholarships would only be included in determining a student-athlete's individual cost of attendance limit.

Rationale: The cabinet noted this change is consistent with the current grade-point average requirements for renewals of academic honor awards (Bylaw 15.5.3.2.2.1.2). In addition, this change would have a positive impact on student-athlete well-being by allowing more student-athletes the opportunity to receive such awards and exempt the aid from counting against team limits. Finally, this change has the potential to reduce the amount of financial aid that counts toward a team's maximum financial aid limit (e.g., reduce equivalencies).

Concept No. 6: Exempt state merit-based aid that is administered by an institution provided the awarding criteria satisfy the academic honor award or institutional academic scholarship legislative requirements (see Bylaws 15.5.1.2.2, 15.5.3.2.2.1 and 15.5.3.2.2.2).

Current Legislation: Currently, if a student-athlete who is a counter also receives a merit-based state scholarship that is administered by the institution (i.e., the institution is responsible for selecting the recipient or determining the amount of the award), the state scholarship must count against the team limit, regardless of the specified awarding criteria.

Impact of Concept: This concept would permit merit-based state aid to be exempted from counting against team limits if the awarding criteria for the state scholarship satisfy the legislative requirements for an academic honor

award or institutional academic scholarship. State merit-based aid that is administered by an institution would only be included in determining a student-athlete's individual cost of attendance limit.

[NOTE: The cabinet also discussed exempting state merit-based aid that is administered by an institution regardless of the awarding criteria; however, this concept was not supported by the cabinet. The cabinet would, however, like feedback from the membership regarding whether there is support for such state merit-based awards being exempted from counting against team limits regardless of the awarding criteria.]

Rationale: The cabinet agreed this change would have a positive impact on student-athlete well-being by permitting additional sources of aid to be exempt and the potential to reduce the amount of financial aid that counts toward a team's maximum financial aid limit (e.g., reduce equivalencies). Finally, the cabinet noted that permitting an institution to exempt an award that is provided consistent with institutional policies would not create additional NCAA rules bureaucracy for financial aid offices but would ensure some safeguards are in place to minimize the potential for abuse.

The cabinet was divided over the following concept:

Concept No. 7: Allow institutional standards applicable to all students in general to govern institutional academic merit awards/scholarships.

Current Legislation: Currently, the legislation in Bylaws 15.5.1.2.2 and 15.5.3.2.2.2 specifies that such institutional academic aid may be exempt from counting against team limits provided the recipient has completed at least one academic year of full-time enrollment at the certifying institution and has achieved a cumulative grade-point average of at least 3.300 (on a 4.000 scale) at the certifying institution.

Impact of Concept: This concept would permit institutional academic merit awards/ scholarships to be exempted from counting against team limits provided the aid was awarded in accordance with institutional policy for determining the recipients of such aid. Institutional academic merit awards/scholarships would only be included in determining a student-athlete's individual cost of attendance limit.

Rationale: Some members of the cabinet were comfortable that institutional policy applicable to all students is a sufficient safeguard when determining the

recipients of institutional academic merit awards/scholarships, minimizing the potential for abuse. And, this change would reduce bureaucracy for NCAA compliance monitoring and financial aid offices. Further, the cabinet noted this change would have a positive impact on student-athlete well-being by reinforcing the philosophy that student-athletes should be treated similarly to students in general. Finally, this concept has the potential to reduce the amount of financial aid that counts toward a team's maximum financial aid limit (e.g., reduce equivalencies).

The cabinet did not endorse the following concepts:

Concept No. 8: For sports other than basketball and football, exempt all institutional need-based aid from counting towards team limits.

Current Legislation: Currently, if a student-athlete who is a counter receives institutional need-based aid, the aid must count against the team limit.

Impact of Concept: This concept would permit institutional need-based aid to be exempted from counting against team limits provided institutional policies related to determining students with a demonstrated financial need are adhered to and athletics does not intercede on the student-athlete's behalf. The institutional need-based aid would only be included in determining a student-athlete's individual cost of attendance limit. This concept would not change the current application of Bylaw 15.5.1.2 for football and basketball student-athletes.

Rationale: While the cabinet agreed this change would have a positive impact on student-athlete well-being and the potential to reduce the amount of financial aid that counts toward a team's maximum financial aid limit (e.g., reduce equivalencies), it expressed concerns related to the impact this change may have on public versus private institutions as well as those institutions that offer a significant amount of need-based aid to its students.

Concept No. 9: Permit athletics scholarships to be awarded up to the value of cost of attendance.

Current Legislation: Currently, Bylaw 15.1 specifies that athletics aid may be awarded up to the value of a full grant-in-aid (i.e., tuition, fees, room, board and books).

Impact of Concept: This concept would permit athletically related aid to be awarded up to the value of cost of attendance (i.e., tuition and fees, room and board, books and supplies, transportation and other expenses related to attendance at the institution).

Rationale: The cabinet expressed concerns about the significant increase this change would have on institutions' scholarship budgets. In addition, the cabinet noted that if other concepts related to exempting financial aid are supported, then student-athletes will have more opportunities to accept additional sources of aid without having to count that aid toward team limits. Thus, a change related to increasing the maximum value of athletically related aid may not be necessary.

Concept No. 10: Allow recruited basketball and football student-athletes to receive institutional financial aid granted without regard in any degree to athletics ability and compete without becoming a counter.

Current Legislation: Currently, Bylaw 15.5.1.2 specifies that in football or basketball, a student-athlete who was recruited by the awarding institution and who receives institutional financial aid (as set forth in Bylaw 15.02.4.1) granted without regard in any degree to athletics ability does not have to be counted until the student-athlete engages in varsity intercollegiate competition.

Impact of Concept: This concept would permit a recruited football or basketball student-athlete to receive institutional financial aid granted without regard in any degree to athletics ability and compete without becoming a counter.

Rationale: Although this change would reduce bureaucracy for NCAA compliance monitoring and financial aid offices, the cabinet expressed concerns regarding the potential for abuse that could result in recruiting inequities and the exploitation of the current NCAA definition of a recruited prospective student-athlete in the sports of basketball and football.

Other concept to be explored:

The cabinet is awaiting feedback from the NCAA Division I Recruiting and Athletics Personnel Issues Cabinet on whether it has concerns about a potential change to the definition of recruitment for the purpose of evaluating financial aid. The current definition impacts how counter status is determined and the Awards, Benefits, Expenses and Financial Aid Cabinet is

considering suggesting a definition of "recruited" for financial aid purposes that may be different than the current definition in Bylaw 13. The Recruiting and Athletics Personnel Issues Cabinet will continue their discussion on this item at its February meeting.

Conclusion

In closing, the cabinet hopes this discussion document has aided in understanding the history and existing legislation along with identifying today's realities and concerns. Therefore, the cabinet believes the timing is appropriate for a thorough examination of this entire area in order to ascertain what, if any, changes should be made to address the needs of student-athletes and concerns the membership believes are significant and real in the present environment.

ATTACHMENT

NCAA Division I Awards, Benefits, Expenses and Financial Aid Cabinet
Discussion Document: Current Legislation

NCAA Division I Constitution 2.13 – Principle Governing Financial Aid. A student-athlete may receive athletically related financial aid administered by the institution without violating the principle of amateurism, provided the amount does not exceed the cost of education authorized by the Association; however, such aid as defined by the Association shall not exceed the cost of attendance as published by each institution. Any other financial assistance, except that received from one upon whom the student-athlete is naturally or legally dependent, shall be prohibited unless specifically authorized by the Association.

Bylaw 15.02.2 – Cost of Attendance. The "cost of attendance" is an amount calculated by an institutional financial aid office, using federal regulations, that includes the total cost of tuition and fees, room and board, books and supplies, transportation, and other expenses related to attendance at the institution. *(Adopted: 1/11/94)*

Bylaw 15.02.3 – Counter. A "counter" is an individual who is receiving institutional financial aid that is countable against the aid limitations in a sport.

Bylaw 15.02.4 – Financial Aid. "Financial aid" is funds provided to student-athletes from various sources to pay or assist in paying their cost of education at the institution. As used in NCAA legislation, "financial aid" includes all institutional financial aid and other permissible financial aid as set forth below. (See Bylaws 15.01.6.1, 15.01.6.2, 16.2, 16.3 and 16.4.) *(Revised: 5/26/09)*

Bylaw 15.02.5 – Full Grant-in-Aid. A full grant-in-aid is financial aid that consists of tuition and fees, room and board, and required course-related books.

Bylaw 15.02.4.1 – Institutional Financial Aid. The following sources of financial aid are considered to be institutional financial aid:

(a) All funds administered by the institution, which include but are not limited to the following: *(Revised: 1/11/94 effective 8/1/94, 1/14/97 effective 8/1/97)*

(1) Scholarships;

(2) Grants;

(3) Tuition waivers;

(4) Employee dependent tuition benefits, unless the parent or the legal guardian of a student-athlete has been employed as a full-time faculty/staff member for a minimum of five years; and *(Revised: 4/26/01 effective 8/1/01, 10/31/02 effective 8/1/03)*

(5) Loans. *(Revised: 10/31/02 effective 8/1/03)*

(b) Aid from government or private sources for which the institution is responsible for selecting the recipient or determining the amount of aid, or providing matching or supplementary funds for a previously determined recipient; and *(Revised: 10/31/02 effective 8/1/03)*

(c) For the student-athlete recruited by the institution, financial aid awarded through an established and continuing outside program (e.g., National Football Foundation) for the recognition of outstanding high school graduates in which athletics participation may be a major criterion, as outlined in Bylaw 15.2.6.4. This aid counts against an institution's sport-by-sport financial aid limitations and also against the individual's full-grant-in-aid limit. *(Revised: 10/31/02 effective 8/1/03)*

Bylaw 15.02.4.2 – Other Permissible Financial Aid. The following sources of financial aid are also permitted:

(a) Financial aid received from anyone upon whom the student-athlete is naturally or legally dependent;

(b) Financial aid awarded solely on bases having no relationship to athletics ability;

(c) Financial aid awarded through an established and continuing outside program (e.g., National Merit Scholar) in which athletics participation is not the major criterion, as outlined in Bylaw 15.2.6.3, and which does not count against an institution's sport-by-sport financial aid limitations; *(Revised: 4/29/04 effective 8/1/04)*

(d) For the student-athlete not recruited by the institution, financial aid awarded through an established and continuing outside program (e.g., National Football Foundation) for the recognition of outstanding high school graduates, in which athletics participation may be a major criterion, as outlined in Bylaw 15.2.6.4. This aid does not count against an institution's sport-by-sport financial aid limitations but does count against the individual's full-grant-in-aid limit; and

(e) Educational expenses awarded by the U.S. Olympic Committee, which count against an institution's sport-by-sport financial aid limitations and against the individual's full-grant-in-aid limit. *(Adopted: 1/10/95 effective 8/1/95)*

Bylaw 15.02.4.3 – Exempted Institutional Financial Aid. The following institutional financial aid is exempt and is not counted in determining the institution's financial aid limitations: *(Revised: 4/29/04 effective 8/1/04)*

(a) An honorary award for outstanding academic achievement or an established institutional research grant that meets the criteria set forth in Bylaw 15.02.6 (and must be included in determining if the student-athlete's cost of attendance has been met); and *(Revised: 1/10/91, 1/10/92, 10/31/02 effective 8/1/03)*

(b) A postgraduate scholarship awarded by an institution in accordance with Bylaw 16.1.4.1.1. *(Adopted: 4/25/02)*

Bylaw 15.02.5 – Full Grant-in-Aid. A full grant-in-aid is financial aid that consists of tuition and fees, room and board, and required course-related books.

Bylaw 15.02.6 – Honorary Academic Award/Research Grant. An honorary academic award for outstanding academic achievement or a research grant is an award that meets the following criteria:

(a) The award or grant is a standing scholarship award or an established research grant; *(Revised: 10/28/04)*

(b) The basis for the award or grant shall be the candidate's academic record at the awarding institution;

(c) The award or grant shall be determined by competition among the students of a particular class or college of the institution. Competition for the award or grant may include additional objective criteria unrelated to athletics abilities (e.g., gender, race and ethnicity, financial need); and *(Revised: 1/14/08 effective 8/1/08)*

(d) The award or grant is included in determining if the student-athlete's cost-of-attendance limitation has been met. *(Revised: 1/10/91, 1/10/92)*

Bylaw 15.1 – Maximum Limit On Financial Aid – Individual. A student-athlete shall not be eligible to participate in intercollegiate athletics if he or she receives financial aid that exceeds the value of the cost of attendance as defined in Bylaw 15.02.2. A student-athlete may receive institutional financial aid based on athletics ability (per Bylaw 15.02.4.1), outside financial aid for which athletics participation is a major criterion (per Bylaw 15.2.6.4) and educational expenses awarded per Bylaw 15.2.6.5 up to the value of a full grant-in-aid, plus any other financial aid unrelated to athletics ability up to the cost of attendance. (See Bylaw 15.01.6.1, 15.01.6.2, 16.3, 16.4 and 16.12.) *(Revised: 4/29/04 effective 8/1/04, 5/26/09)*

Bylaw 15.1.1 – Exception for Pell Grant. A student-athlete who receives a Pell Grant may receive financial aid equivalent to the limitation set forth in Bylaw 15.1 or the value of a full grant-in-aid plus the Pell Grant, whichever is greater. *(Adopted: 4/29/04 effective 8/1/04)*

Bylaw 15.1.2 – Types of Aid Included in Limit. In determining whether a student-athlete's financial aid exceeds the cost of attendance, all institutional financial aid (per Bylaw 15.02.4.1) and all funds received from the following and similar sources shall be included (see Bylaws 15.02.4.3, 15.02.4.4 and 15.02.4.5 for types of financial aid that are exempt from a student-athlete's individual limit): *(Revised: 10/31/02 effective 8/1/03, 4/29/04 effective 8/1/04)*

(a) Government Grants. Government grants for educational purposes, except for those listed in Bylaw 15.2.5;

(b) Other Scholarships and Grants. Other institutional or outside scholarships or grants-in-aid; *(Revised: 1/10/95 effective 8/1/95, 4/29/04 effective 8/1/04)*

(c) Gifts. The value of gifts given to a student-athlete following completion of eligibility in appreciation for or recognition of the student-athlete's athletics accomplishments;

(d) Professional Sports Stipend. Any bonus or salary (no matter when received or contracted for) from a professional sports organization;

(e) Athletics Participation Compensation. Any other income (no matter when received or contracted for) from participation in an athletics event (except funds that are administered by the U.S. Olympic Committee pursuant to it Operation Gold Grant Program) unless eligibility has been exhausted in that sport; and *(Revised: 1/11/94 effective 8/1/94)*

(f) Loans. Loans, except legitimate loans that are based upon a regular repayment schedule, available to all students and administered on the same basis for all students.

Bylaw 15.2.5 – Government Grants. Government grants for educational purposes shall be included when determining the permissible amount of the cost of attendance for a student-athlete, except for those listed in Bylaw 15.2.5.1. *(Revised: 1/11/89, 4/29/04 effective 8/1/04, 4/21/05)*

Bylaw 15.2.5.1 – Exempted Government Grants. The following government grants for educational purposes shall not be included when determining the permissible amount of the cost of attendance of a student-athlete: *(Adopted: 1/11/89; Revised: 4/29/04 effective 8/1/04; 1/10/05)*

(a) AmeriCorps Program. Benefits received by student-athletes under the AmeriCorps Program; *(Adopted: 1/9/96 effective 8/1/96)*

(b) Disabled Veterans. State government awards to disabled veterans; *(Adopted: 4/28/05)*

(c) Military Reserve Training Programs. Payments to student-athletes for participation in military reserve training programs (e.g., payments by the U.S. government for a student's participation in advanced ROTC or National Guard training shall not be construed under this principle to be "employment" during semester or term time);

(d) Montgomery G.I. Bill. Benefits received by student-athletes under the Montgomery Bill -- Active Duty and the Montgomery G.I. Bill -- Selected Reserve;

(e) Special U.S. Government Entitlement Programs. Payments by the U.S. government under the terms of the Dependents Education Assistance Program (DEAP), Social Security Insurance Program [including the Reinstated Entitlement Program for Survivors (REPS)] or Non-Service-Connected Veteran's Death Pension Program;

(f) U.S. Military Annuitant Pay. United States Military Annuitant Pay or other family member service-related death benefits received by student-athletes from the United States Military. *(Adopted: 1/10/05)*

(g) U.S. Navy Nuclear Propulsion Officer Candidate Program. Benefits received by student-athletes under the U.S. Nuclear Propulsion Officer Candidate Program (NUPOC); *(Adopted: 4/26/01)*

(h) Veterans Educational Assistance Program (VEAP). Benefits received by student-athletes under the VEAP;

(i) Vocational Rehabilitation for Service-Disabled Veterans Program. Benefits received by student-athletes under the Vocational Rehabilitation for Service-Disabled Veterans Program; or

(j) Welfare Benefits. Welfare benefits received from a state or federal government. *(Adopted: 1/14/97 effective 8/1/97)*

Bylaw 15.2.6.4 – Athletics Participation as a Major Criterion. A student-athlete may receive financial aid through an established and continuing program for the recognition of outstanding high school graduates, provided the following conditions are met: *(Revised: 4/22/98 effective 8/1/98)*

(a) The award shall be made on the basis of the recipient's past performance and overall record, as measured by established criteria of which athletics participation may be a major criterion;

(b) Disbursement of the aid may be through the awarding agency for the recipient's educational expenses, provided the aid is awarded prior to the recipient's initial enrollment at a member institution and the awarding agency provides written notification of the award to the institution. After enrollment at a member institution, disbursement of the aid shall be through the institution for the recipient's educational expenses while attending the institution. A violation of this bylaw shall be considered an institutional violation per Constitution 2.8.1; however, the violation shall not affect the student-athlete's eligibility, provided the student-athlete deposits the aid with the institution and the aid does not result in an overaward of financial aid to the student-athlete; *(Adopted: 1/10/95 effective 8/1/95, Revised: 4/20/99 effective 8/1/99)*

(c) The recipient's choice of institutions shall not be restricted by the donor of the aid;

(d) The awarding individual or organization and the donor of the aid shall not be representatives of the athletics interests or an athletics booster group of a member institution;

(e) The value of the award alone or in combination with other athletically related financial aid shall not exceed the value of a full grant-in-aid or the value of the award in combination with nonathletically related financial aid shall not exceed the value of the student-athlete's cost of attendance; *(Revised: 8/23/06)*

(f) The award may be provided to the recipient on only one occasion;

(g) If the recipient is recruited, the recipient is considered a counter per Bylaw 15.5.1, and the amount is applied to the maximum awards limitations of Bylaw 15.5 for the sport in question; and

(h) The award is not received from an outside sports team or organization that conducts a competitive sports program by a member of that team.

Bylaw 15.3.4.2 – Reduction or Cancellation Permitted. Institutional financial aid based in any degree on athletics ability may be reduced or canceled during the period of the award if the recipient: *(Revised: 1/11/94, 1/10/95)*

(a) Renders himself or herself ineligible for intercollegiate competition;

(b) Fraudulently misrepresents any information on an application, letter of intent or financial aid agreement (see Bylaw 15.3.4.2.3);

(c) Engages in serious misconduct warranting substantial disciplinary penalty (see Bylaw 15.3.4.2.4); or

(d) Voluntarily (on his or her own initiative) withdraws from a sport at any time for personal reasons; however, the recipient's financial aid may not be awarded to another student-athlete in the academic term in which the aid was reduced or canceled. A student-athlete's request for written permission to contact another four-year collegiate institution regarding a possible transfer does not constitute a voluntary withdrawal. *(Revised: 1/10/92, 1/11/94, 1/10/95, 1/9/96, 12/13/05, 9/11/07)*

Bylaw 15.3.4.2.2 – Nonathletically Related Conditions. An institutional financial aid agreement may include nonathletically related conditions (e.g., compliance with academics policies or standards, compliance with athletics department rules or policies) by which the aid may be reduced or canceled during the period of the award. *(Adopted: 4/23/08)*

Bylaw 15.3.4.3.2 – Decrease Not Permitted. An institution may not decrease a prospective student-athlete's or a student-athlete's financial aid from the time the prospective student-athlete or student-athlete signs the financial aid award letter until the conclusion of the period set forth in the financial aid agreement, except under the conditions set forth in Bylaw 15.3.4.2. (Adopted: 1/11/94, Revised: 4/2/03 effective 8/1/03)

Bylaw 15.5.1 – Counters. A student-athlete shall be a counter and included in the maximum awards limitations set forth in this bylaw under the following conditions: *(Revised: 6/10/04)*

(a) Athletics Aid. A student-athlete who receives financial aid based in any degree on athletics ability shall become a counter for the year during which the student-athlete receives the financial aid; or

(b) Athletics Participation as a Major Criterion. A recruited student-athlete who receives outside financial aid for which athletics participation is a major criterion (see Bylaw 15.2.6.4) shall become a counter for the year during which the student-athlete receives the aid; or

(c) Educational Expenses -- Olympic Committee/National Governing Body. A student-athlete who receives educational expenses awarded by the U.S. Olympic Committee or a U.S. national governing body (or, for international student-athletes, expenses awarded by the equivalent organization of a foreign country) per Bylaw 15.2.6.5 shall become a counter for the year during which the student-athlete receives the aid.

Bylaw 15.5.1.1 – No Athletics Aid – Certification Required. A student-athlete (except for a recruited football or basketball student-athlete) who does not receive athletically related financial aid per Bylaw 15.5.1-(a) through Bylaw 15.5.1-(c) but receives institutional financial aid (as set forth in Bylaw 15.02.4.1) shall not be a counter if the faculty athletics representative and the director of financial aid that the student-athlete's financial aid have certified was granted without regard in any degree to athletics ability. The certification shall be kept on file in the office of the athletics director.

Bylaw 15.5.1.2 – Football or Basketball, Varsity Competition. In football or basketball, a student-athlete who was recruited by the awarding institution and who receives institutional financial aid (as set forth in Bylaw 15.02.4.1) granted without regard in any degree to athletics ability does not have to be counted until the student-athlete engages in varsity intercollegiate competition (as opposed to freshman, B-team, subvarsity, intramural or club competition) in those sports. For this provision to be applicable, there shall be on file in the office of the athletics director certification by the faculty athletics representative, the admissions officer and the chair of the financial aid committee that the student's admission and financial aid were granted without regard in any degree to athletics ability. *(Revised: 1/16/93 effective 8/1/93, 1/11/94, 6/20/04)*

Bylaw 15.5.1.2.2 – Exception -- Receipt of Institutional Academic Aid Only. In football or basketball, a student-athlete who was recruited by the awarding institution and whose only source of institutional financial aid is academic aid based solely on the recipient's academic record at the certifying institution, awarded independently of athletics interests and in amounts consistent with the pattern of all such awards made by the institution, may compete without counting in the institution's financial aid team limits, provided he or she has completed at least one academic year of full-time enrollment at the certifying institution and has achieved a cumulative grade-point average of at least 3.300 (on a 4.000 scale) at the certifying institution. *(Adopted: 10/27/05 effective 8/1/06)*

Bylaw 15.5.3.2.2.1 – Academic Honor Awards. Academic honor awards that are part of an institution's normal arrangements for academic scholarships, based solely on the recipient's high school record and awarded independently of athletics interests and in amounts consistent with the pattern of all such awards made by the institution, are exempt from an institution's equivalency computation, provided the recipient was ranked in the upper 10 percent of the high school graduating class or achieved a cumulative grade-point average of at least 3.500 (based on a maximum of 4.000) or a minimum ACT sum score of 105 or a minimum SAT score of 1200 (critical reading and math). *(Adopted: 1/12/99 effective 8/1/99, Revised: 1/14/08 effective 8/1/08)*

Bylaw 15.5.3.2.2.1.1 – Additional Requirements. The following additional requirements shall be met: *(Adopted: 1/12/99 effective 8/1/99)*

(a) The awards may include additional, nonacademic criteria (e.g., interviews, essays, need analysis), provided the additional criteria are not based on athletics ability, participation or interests, and the awards are consistent with the pattern of all such awards provided to all students;

(b) No quota of awards shall be designated for student-athletes;

(c) Athletics participation shall not be required before or after collegiate enrollment;

(d) No athletics department staff member shall be involved in designating the recipients of such awards;

(e) Any additional criteria shall not include athletics ability, participation or interests; and

(f) There must be on file in the office of the director of athletics certification by the financial aid director or the chair of the financial aid committee that such awards are part of the institution's normal arrangements for academic scholarships, awarded independently of athletics ability, participation and interests and in amounts consistent with the pattern of all such awards made by the institution.

Bylaw 15.5.3.2.2.1.2 – Renewals. The renewal of an academic honor award (per Bylaw 15.5.3.2.2.1) is exempt from an institution's equivalency computation, provided: *(Adopted: 1/12/99 effective 8/1/99)*

(a) The recipient achieves a cumulative grade-point average of at least 3.000 (based on a maximum of 4.000) at the certifying institution; and

(b) The recipient meets all NCAA, conference and institutional progress toward degree requirements.

Bylaw 15.5.3.2.2.2 – Institutional Academic Scholarships. Institutional academic scholarships that are part of an institution's normal arrangements for academic scholarships, based solely on the recipient's academic record at the certifying institution, awarded independently of athletics interests and in amounts consistent with the pattern of all such awards made by the institution, are exempt from an institution's equivalency computation, provided the recipient has completed at least one academic year of full-time enrollment at the certifying institution and has achieved a cumulative grade-point average of at least 3.300 (on a 4.000 scale) at the certifying institution. *(Adopted: 10/27/05 effective 8/1/06)*

FIGURE 15-1
Financial Aid Maximum Limits

	Citation	Individual Limitation[1]	Institutional Sport Limitation
Academic honor award	15.5.3.2.2.1	Yes	No
Aid based on athletics ability	15.02.4.1-(a)	Yes[2]	Yes
Americorps Program	15.2.5.1-(a)	No	No
Athletics grant	15.02.4.1-(a)	Yes[2]	Yes
Athletics participation compensation	15.1.2-(e)	Yes, if eligibility has not been exhausted[3]	No[3]
Dependents Education Assistance Program	15.2.5.1-(e)	No	No
Disabled Veterans award	15.2.5.1-(b)	No	No
Educational Expenses USOC or NGB	15.02.4.2-(e) 15.2.6.5	Yes[2] Yes[2]	Yes[7] Yes[7]
Employment	15.2.7	No	No
Gifts following completion of eligibility	15.1.2-(c)	Yes	No
Government grants, institutionally administered	15.02.4.1-(b) 15.1.2-(a) 15.2.5	Yes Yes Yes	Yes[4] Yes[4] Yes[4]
Government grants, not institutionally administered	15.1.2-(a) 15.2.5 15.2.5.1	Yes Yes No	No No No
Honorary academic award	15.02.4.3-(a) 15.02.6	Yes Yes	No No
Institutional Employee Dependent Tuition Benefit	15.02.4.1-(a)	Yes	No[5]
Institutional grant or scholarship	15.02.4.1-(a) 15.5.3.2.2.2	Yes Yes	Yes[4] No
Loan, legitimate, repayment schedule	15.02.4.1-(a) 15.1.2-(f)	No No	No No
Military reserve training program	15.2.5.1-(c)	No	No
Montgomery G.I. Bill-Active Duty and Selected Reserve	15.2.5.1-(d)	No	No
Operation Gold Grant	15.02.4.5	No	No
Outside aid for educational purposes, unrelated to athletics ability	15.2.6.2 15.2.6.2.1.1 15.02.4.2-(b)	Yes Yes Yes	No No No
Outside aid, athletics participation considered a major criterion	15.2.6.4	Yes[2]	Yes, if recruited[7]
Outside aid, athletics participation not considered a major criterion	15.02.4.2-(c) 15.2.6.3	Yes Yes	No No
Parent/guardian contribution	15.2.6.1 15.2.6.1.1	No	No
Pell Grant	15.1.1	Yes	No
Postgraduate Scholarship	15.02.4.3-(b)	Yes	No
Professional sports stipend	15.1.2-(d)	Yes[3]	No[3]
Research grant	15.02.4.3-(a) 15.02.6	Yes Yes	No No
Social Security Insurance Program (including the Reinstated Entitlement Program for Survivors)	15.2.5.1-(e)	No	No
Special Assistance Fund	15.01.6.1	No	No
Summer school financial aid	15.2.8	Yes[6]	No
Supplemental Educational Opportunities Grant	15.02.4.1-(b)	Yes	Yes[4]
Student-Athlete Opportunity Fund	15.01.6.2	No	No
Tuition waiver	15.02.4.1-(a)	Yes	Yes[4]
U.S. Nuclear Propulsion Officer Candidate Program	15.2.5.1-(g)	No	No
Veteran's Death Pension Program	15.2.5.1-(e)	No	No
Veterans Educational Assistance Program	15.2.5.1-(h)	No	No
Vocational Rehabilitation for Service-Disabled Veterans Program	15.2.5.1-(i)	No	No
Welfare Benefits	15.2.5.1-(j)	No	No

Key:
[1] The limitation is equal to the value of the cost of attendance as defined by Bylaw 15.02.2.
[2] This type of aid is limited to the value of a full grant-in-aid.
[3] However, receipt of such compensation renders a student-athlete ineligible for intercollegiate athletics competition under the Association's rules of amateurism (see Bylaw 12).
[4] If considered a counter per Bylaw 15.5.
[5] Exempt if the student-athlete's parent or guardian has been employed as a full-time employee or staff member by the institution for at least five years.
[6] Institution is limited to providing value of full grant-in-aid during summer.
[7] Aid is countable toward team's limit up to full grant-in-aid. Additional aid up to the cost of attendance cannot be athletically related.