Thank you for taking the time to review this presentation in advance of the vote on the three financial aid proposals at the 2017 NCAA Convention. Versions of this PowerPoint have been used to educate the Division II membership following the financial aid educational session that was conducted at the 2016 Convention. Notes have been added to each slide to assist you as you read through the presentation.

Should you have questions on the information, please contact the following individuals:

- For questions about the proposals or the Legislation Committee’s financial aid review: Karen Wolf (kwolf@ncaa.org)
- For questions about the data: Gregg Summers (gsummers@ncaa.org)
By reviewing this presentation, you will gain an understanding of the three proposals, how the proposals were developed as part of the comprehensive financial aid review and data the Legislation Committee reviewed in making the legislative recommendations. You will also be provided an overview of the next steps.
HISTORY OF THE FINANCIAL AID REVIEW
In November 2013, the Division II Legislation Committee began a comprehensive review of Bylaw 15, the financial aid legislation. Financial aid was not reviewed as part of the Ease of Burden initiative, but the committee (as well as the Management Council) continued to hear membership concerns that the legislation was difficult to understand and to apply on campus.

After several in-person meetings where the committee discussed potential changes to the legislation, the committee agreed there was a need for actual data as opposed to anecdotal conversation on financial aid behaviors. In January 2015, Division II institutions received a request for access to their Compliance Assistant (CA) financial aid data. Institutions were given the opportunity to opt out of the request and the review of data was solely for informational purposes. No student-athlete or institution-specific information was shared with the committee, staff liaisons or the membership.

At the March 2015 meeting, based on the review of the CA data, the committee developed nine concepts for potential change.

Also during this time, the Interpretations Subcommittee reviewed all financial aid interpretations that had been previously issued on LSDBi. The subcommittee reviewed each interpretation for accuracy and clarity. Of the more than 200 interpretations reviewed, 92 were archived for lack of clarity or due to inaccuracies based on legislative changes over time. Another 14 interpretations were rewritten for clarity and reissued for the membership’s use.
Finally, the committee recommended four noncontroversial proposals pertaining to financial aid. The most noticeable was a reorganization of Bylaw 15, which was intended to make the legislation more intuitive and easier to administer for campus constituents.
The committee requested guidance from both the Presidents Council and Management Council on the nine concepts. Specifically, the committee asked whether feedback should be sought on all nine concepts or whether the councils felt any of the concepts did not warrant further discussion by the membership. The councils felt it was important to gather feedback on all nine concepts. Based on that decision, a membership survey was sent in May 2015.

The survey responses clearly indicated lack of support for two concepts: (1) Permitting multiyear financial aid agreements; and (2) Reducing team equivalency limits while only counting athletics aid toward individual and team equivalency limits. As a result, the committee eliminated those two concepts from future discussions at the June 2015 meeting.

The committee moved forward with the seven remaining concepts as part of an educational session at the 2016 Convention. This session provided the opportunity for committee members to provide the membership with an update on the progress of the two-plus year review and introduce the CA data reviewed by the committee.

The seven concepts included four concepts pertaining to calculation of equivalencies and three concepts regarding administration of financial aid:

**Equivalency calculation concepts**

1. Exempt all academic aid and eliminate national criteria for exemption;
(2) Exempt all need-based aid;
(3) Exempt any aid received by all students at the institution (e.g., tuition discounts); and
(4) Count only athletics aid toward individual and team equivalency limits.

Aid administration concepts:
(5) Eliminate term-by-term athletics aid awards;
(6) Permit increases of athletics aid at any time, for any reason; and
(7) Eliminate the limit on the total awards in men’s sports.
In person after the educational session and online after Convention, the membership was provided an opportunity to provide feedback on the seven concepts through a survey. The survey results played a key role in the committee’s March 2016 meeting where they decided to recommend three concepts for sponsorship for the 2017 Convention.

The concepts the committee recommended were:
(1) Count only athletics aid toward individual and team equivalency limits.
(2) Eliminate term-by-term athletics aid awards; and
(3) Permit increases of athletics aid at any time, for any reason.

Both councils approved the three concepts at their respective April 2016 meetings.
At their summer meetings, the councils reviewed the three proposals in legislative form and agreed to officially sponsor all three proposals for a membership vote at the 2017 Convention.

(Note: The three proposals are available on LSDBi and are also included as a resource on the Legislative Actions and Issues page on ncaa.org)
This slide provides additional detail on the survey responses. The survey was sent to individuals in a wide range of positions in an attempt to gain feedback from as many constituents as possible. Requests were sent to presidents and chancellors, faculty athletics representatives, directors of athletics, senior woman administrators (with a request that they forward to other athletics department staff members, including coaches), compliance administrators (with a request that they forward to the campus financial aid administrator(s) who work with athletics aid) commissioners (with a request that they forward to personnel in their office who are involved with compliance),

In total, 775 individuals responded to the survey opportunity, including 698 from an institution, 76 from a conference office or institutional staff who only identified their conference, and one respondent who did not specify his or her employment location. There was at least one response from 83% of Division II institutions and all but four conference offices. There were seven institutions who had more than 10 responses to the survey.
While responses came from a variety of positions, the response groups that were most representative of the membership – based on the number responding and the characteristics of the responding institutions -- were directors of athletics and compliance administrators.

<table>
<thead>
<tr>
<th>Position</th>
<th>N</th>
<th>% from Private</th>
<th>% from HBCU</th>
<th>% from MFB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Athletics Director</td>
<td>175</td>
<td>49%</td>
<td>5%</td>
<td>52%</td>
</tr>
<tr>
<td>Compliance Admin.</td>
<td>143</td>
<td>51%</td>
<td>5%</td>
<td>55%</td>
</tr>
<tr>
<td>Head/Assistant Coach</td>
<td>134</td>
<td>66%</td>
<td>0%</td>
<td>67%</td>
</tr>
<tr>
<td>Associate/Assistant AD</td>
<td>112</td>
<td>55%</td>
<td>7%</td>
<td>62%</td>
</tr>
<tr>
<td>Faculty Athletics Rep.</td>
<td>66</td>
<td>50%</td>
<td>9%</td>
<td>46%</td>
</tr>
<tr>
<td>Financial Aid Officer</td>
<td>44</td>
<td>56%</td>
<td>2%</td>
<td>51%</td>
</tr>
<tr>
<td>President/Chancellor</td>
<td>42</td>
<td>59%</td>
<td>3%</td>
<td>51%</td>
</tr>
<tr>
<td>Commissioner/Conf. Staff</td>
<td>29</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>26</td>
<td>46%</td>
<td>4%</td>
<td>67%</td>
</tr>
</tbody>
</table>

Membership: 52% private, 9% HBCU, 54% sponsor MFB
PRESIDENTS COUNCIL-SPONSORED
FINANCIAL AID PROPOSALS
The first of the three proposals pertains to calculation of equivalencies. Currently, for any counter (a student-athlete receiving institutional aid based on athletics ability), an equivalency is calculated based on the amount of institutional aid the student-athlete is receiving. The individual equivalency amount is a fraction calculated by the amount of institutional aid received divided by the value of the full grant-in-aid (cost of tuition + fees + books + room + board). Some institutional aid, such as academic aid that meets legislated criteria or government grants based on financial need, are exempted from the calculation. Each individual student-athlete’s equivalency, when totaled, cannot exceed the team equivalency limit as laid out in Bylaw 15.4.2.1 (maximum equivalency limit). For instance, the team limit in basketball is 10.0, while the team limit in women’s golf is 5.4. Based on the team limit, there may be instances where a student-athlete must turn down institutional financial aid due to NCAA financial aid legislation.

This proposal would change the method of calculation to counting only athletics aid in the individual and team equivalencies. Institutions would still be required to adhere to full grant-in-aid amounts and federal cost of attendance policies. This method of calculation would allow student-athletes to receive institutional financial aid in a manner similar to their non-athlete peers, which in turn could help with enrollment management and retention. Additionally, since coaches would be able to distribute athletics aid without concern for other financial aid becoming countable toward the team equivalency limit, this method would reinforce the Division II partial scholarship model and potentially encourage coaches to distribute athletics aid to additional team members.
One of the concerns the committee heard about this concept in the feedback was whether this would create a competitive advantage for institutions with more financial resources. The CA data demonstrates that there are only four institutions in the division that fully fund all of their sports currently. In this definition, fully funded means offering 90% or more of the legislated team equivalency limit. Only 13% of Division II teams are fully funded, meaning that 87% of Division II teams are not awarding the legislatively permitted amount of athletics aid currently.

Additionally, during the course of the committee’s review, the 2015 GOALS study results were released. Division II student-athletes responded at the highest rate of the three divisions that college costs were an important consideration in making their college choice, with more than two-thirds agreeing with that statement. This highlighted for the committee the need to ensure that Division II financial aid legislation puts student-athlete well-being as a primary focus.

These two data points were the most surprising in the committee’s review and highlighted the opportunity to accomplish two goals with this proposal: (1) Increase student-athlete access to financial aid by ensuring that their athletics participation does not detrimentally impact their ability to pay for college; and (2) Reduce administrative burden by making the legislation easier to understand and apply.

**PROPOSAL #1: COUNT ONLY ATHLETICS AID TOWARD INDIVIDUAL AND TEAM EQUIVALENCY LIMITS**

- Only four Division II institutions fully fund all of their sports (at or above 90% of team limit) and only 13% of teams are fully funded.
- According to the 2015 GOALS study, more than two-thirds of Division II student-athletes report that college costs were an important consideration in making their college choice.
This table displays the following for all sports:

- “Per-SA Median” is the median (or “middle value”) number of equivalencies for each student-athlete, including those not receiving aid. For example, half of baseball student-athletes count below .15 equivalencies toward the team limit, and half count above .15.
- “Median Fund Level” is the median (or “middle value”) percent of maximum funding level for all teams in the sport. For example, half the baseball squads are funded below 61% of their maximum allowable equivalencies, and half are funded above 61% of the maximum.
- “Teams Fully Funded” is the percentage of squads in the sport that are funded at 90% or more of their maximum equivalency level. For example, 15% of baseball teams receive 90% or more of their legislated maximum equivalencies.

It is important to note that the figures for cross country (MCC, WCC) represent only schools that do not sponsor indoor or outdoor track. In addition, per-student-athlete medians for track (MTR, WTR) are artificially low because student-athletes who compete in multiple track sports (cross country, indoor, outdoor) are included in athlete counts for each, but the equivalency totals combine all three sports. So a distance runner who competes in cross country, indoor track and outdoor track will count as three athletes, but his or her equivalency level will only be counted once.

<table>
<thead>
<tr>
<th></th>
<th>Per-SA Median</th>
<th>Median Fund Level</th>
<th>Teams Fully Funded</th>
</tr>
</thead>
<tbody>
<tr>
<td>MBA</td>
<td>.15</td>
<td>61%</td>
<td>15%</td>
</tr>
<tr>
<td>MBB</td>
<td>.49</td>
<td>80%</td>
<td>30%</td>
</tr>
<tr>
<td>MCC</td>
<td>.15</td>
<td>27%</td>
<td>1%</td>
</tr>
<tr>
<td>MFB</td>
<td>.23</td>
<td>70%</td>
<td>22%</td>
</tr>
<tr>
<td>MGO</td>
<td>.17</td>
<td>48%</td>
<td>10%</td>
</tr>
<tr>
<td>MLA</td>
<td>.16</td>
<td>53%</td>
<td>4%</td>
</tr>
<tr>
<td>MSO</td>
<td>.18</td>
<td>61%</td>
<td>13%</td>
</tr>
<tr>
<td>MSW</td>
<td>.17</td>
<td>44%</td>
<td>8%</td>
</tr>
<tr>
<td>MTE</td>
<td>.23</td>
<td>48%</td>
<td>11%</td>
</tr>
<tr>
<td>MTR</td>
<td>.05</td>
<td>98%</td>
<td>4%</td>
</tr>
<tr>
<td>MVU</td>
<td>.17</td>
<td>64%</td>
<td>25%</td>
</tr>
<tr>
<td>MWR</td>
<td>.17</td>
<td>58%</td>
<td>9%</td>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>Per-SA Median</th>
<th>Median Fund Level</th>
<th>Teams Fully Funded</th>
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<tbody>
<tr>
<td>WBB</td>
<td>.51</td>
<td>77%</td>
<td>20%</td>
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<tr>
<td>WCC</td>
<td>.15</td>
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<td>.12</td>
<td>14%</td>
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<tr>
<td>WFH</td>
<td>.11</td>
<td>49%</td>
<td>4%</td>
</tr>
<tr>
<td>WGO</td>
<td>.27</td>
<td>36%</td>
<td>4%</td>
</tr>
<tr>
<td>WIA</td>
<td>.14</td>
<td>35%</td>
<td>1%</td>
</tr>
<tr>
<td>WSB</td>
<td>.23</td>
<td>62%</td>
<td>13%</td>
</tr>
<tr>
<td>WSO</td>
<td>.91</td>
<td>57%</td>
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<td>WTR</td>
<td>.07</td>
<td>35%</td>
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</tr>
<tr>
<td>WVR</td>
<td>.31</td>
<td>63%</td>
<td>17%</td>
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</table>
Another concern the committee heard during the review is whether this proposal would specifically create a competitive and/or recruiting advantage in the “big three” sports of men’s and women’s basketball and football. However, these sports are already awarding the most athletics aid, with student-athletes receiving more than 80% of their financial aid package from athletics aid. Even further, on 35% of men’s and women’s basketball and football teams, athletics aid comprises 99+% of the countable aid toward the team’s equivalency limit. As a result, this proposal would impact those three sports the least.
This table displays the following for all sports with greater than 200 counters:

- “% Aided” is the percentage of all counters who receive countable non-athletics aid.
- “Mean” is the average value of the countable non-athletics aid, among those who receive such aid (those who do not are excluded).
- “Median” is the middle value of countable non-athletics aid, among those who receive it.

When the mean is greater than the median, as it is for all sports, that indicates that the distribution of award amounts is bunched up at smaller levels, with fewer large awards.

There is not a lot of variation in the means and medians, though the numbers for lacrosse are at or near the highest for both genders. This means that the amounts do not vary tremendously by sport among those who receive countable non-athletics aid, though the percentage of counters who receive such aid is higher in a few selected sports.

(Cross country numbers pertain only to schools that don’t sponsor indoor or outdoor track.)
This graph shows that as funding level (percent of maximum equivalencies awarded) increases, the percentage of countable aid from non-athletics sources decreases. For example, among squads that use less than 10% of their maximum equivalencies, 42% of countable aid comes from non-athletics sources; meanwhile, among squads using 90% or more of their maximum equivalencies, only 19% of countable aid comes from non-athletics sources. In other words, heavily funded teams rely less on non-athletics aid.
This chart shows, by sport, the percentage of total countable aid that comes from athletics. Across the entire division, 80% of all countable aid comes from athletics (see dashed line). Three of the five sports that exceed the divisional average are the so-called “revenue” sports: men’s and women’s basketball, and football. In these sports, less than 16 percent of countable aid comes from non-athletics sources. This shows that the highest-profile sports are already being funded primarily by athletics aid.

Incidently, this total countable aid from D2 institutions totals $1.1 billion over the two years of data.
This chart further illustrates how different the source of countable aid is between the “revenue” sports (football and men’s and women’s basketball) and other sports.

All squads were divided into four equal groups (quartiles) according to the percent of total countable aid that came from athletics. The pair of columns on the left represents the 25% of squads that have the lowest level of athletics funding – two-thirds or less of countable aid coming from athletics. The pair of columns on the far right represents those squads in the quartile with the highest proportion of athletics funding – 99% or 100% of countable aid from athletics.

Among revenue sports (green bars), 35% of squads are in the highest quartile – where almost all countable aid comes from athletics – and less than 10% are in the lowest quartile. Conversely, among other sports (blue bars) almost 30% of squads are in the lowest quartile – where less than two-thirds of countable aid comes from athletics. This shows again how reliance on athletics aid is skewed toward higher levels in revenue sports.
Another concern expressed to the committee was the difference between public and private institutions. It is accurate that private institutions award more financial aid to student-athletes than public institutions. The data confirms that private institutions award slightly more than twice as much athletics aid than public institutions, at an average of $11,000 to $4,900. Private institutions also award three times as much other countable aid and more than twice as much exempt aid to student-athletes than public institutions.
However, it also costs more to attend private institutions. Based on the average full grant-in-aid amounts at private and public institutions, student-athletes at private institutions have a remaining out-of-pocket cost that is approximately $3,500 more than their peers at public institutions. So even though private institutions are awarding more aid in every category, student-athletes at private institutions still, on average, have an annual out-of-pocket cost of $14,572 whereas student-athletes attending public institutions average an out-of-pocket cost of $10,960.
This is a graphic representation of that point. The color bars and the dollar values in the chart are higher in every category for private institutions. The orange bar highlights the out-of-pocket cost, as the gap between financial aid received and the value of a full grant-in-aid.
Data from Compliance Assistant and NCAA financial data confirm that comparatively few squads are approaching their maximum equivalency limit. Across all sports, the average squad is using 56% of its available equivalencies. Meanwhile, only one-fifth of the countable aid comes from a source other than athletics aid. This indicates that schools are not relying heavily on non-athletics countable aid to increase awards to student-athletes.

Division I also considered this concept in the 2015-16 legislative cycle. The Division I Proposal No. 2015-67 was membership-sponsored by three conferences: American Athletic Conference, Big Ten Conference, Mid-American Conference. The Division I Council did not vote on the proposal in April 2016 and requested a comprehensive financial aid review be completed in Division I to assess all aspects of the division’s financial aid legislation.
This chart summarizes the survey feedback on Proposal #1 by position. The darker green notes a response of “strongly support”, lighter green “support”, no color “neutral”, pink “oppose” and red “strongly oppose”. All positions, with the exception of presidents and chancellors, expressed overall support for Proposal #1. Presidents and chancellors expressed more support than opposition, but the support did not exceed the 50% mark. The committee noted the small number of president and chancellor responses (42 of 320) and the lack of reliable data from that position group.

The public/private data demonstrates the cumulative responses of individuals based on institutional classification and does not include responses from the conference office.
The second and third proposals pertain to administration of athletics aid.

The second proposal would eliminate term-by-term athletics aid awards and require athletics aid to be awarded for one academic year. Currently, Division II is the only division that permits athletics aid to be awarded on a term-by-term basis. Based on the concerns associated with paying for college expressed by Division II student-athletes in the 2015 GOALS study, the committee recommended this change to ensure that student-athletes have adequate notice about their athletics aid status for the entire academic year.

However, there are instances where it is not detrimental to student-athlete well-being to receive an athletics aid agreement for less than an academic year and this proposal would establish those exceptions. For instance, a midyear enrollee would only need athletics aid for the terms in which he or she is enrolled. Similarly, if the student-athlete is enrolled in the final semester/quarter needed to complete his or her degree, a one-term award is appropriate. There would also be a one-time exception for a coach to have an opportunity to put a deserving student-athlete on athletics aid. This exception could be used for a walk-on who is not currently receiving athletics aid or for a student-athlete who was previously on athletics aid but had his or her athletics aid non-renewed, for instance a student-athlete who was academically ineligible in the prior year but has regained academic eligibility who coach wants to reward.

This proposal also reduces administrative burden on compliance administrators and financial aid officers. Requiring athletics aid to be provided for a full academic year will
reduce the paperwork associated with preparing athletics aid agreements more than once a year.

Finally, the data indicated that more than 75% of athletics aid awards currently granted to student-athletes are for a full academic year, so many institutions are already behaving in this manner.
The support for Proposal #2 was not as high as Proposal #1. However, the percentage of neutral responses was significantly larger for this proposal. This is potentially indicative of the fact that more than three-fourths of athletics aid agreements are already awarded for a full academic year, so the neutral respondent’s behavior may not be impacted by the proposal.

As with Proposal #1, the public/private data demonstrates the cumulative responses of individuals based on institutional classification and does not include responses from the conference office.
Finally, the third proposal would permit institutions to increase athletics aid for any reason, at any time. Currently, once the period of the award begins (either the start of the term or when the student-athlete receives benefits associated with the athletics aid agreement, whichever comes first), increases to athletics aid must be for a reason unrelated to athletics (e.g., academic performance, financial need). The committee noted that there is likely a lack of consistency in how the current rule is being applied across the division due to its subjectivity.

For example, imagine a football team that has two student-athletes with $5,000 in unmet financial need according to the FAFSA. One student-athlete is the starting quarterback, who was named the conference player of the year and holds a number of institutional records. The other student-athlete is the eighth wide receiver on the depth chart and has only played in one game. Which student-athlete is more likely to receive the increase in athletics aid? While it is accurate that both have unmet financial need, if the head coach recommends that the quarterback receive a $5,000 increase can the administration really be sure if the increase is a result of the student-athlete’s athletics performance or his unmet financial need?

This change would allow institutional discretion to distribute athletics aid as deemed appropriate on individual campuses. The team equivalency limits would remain, so the current checks and balances in terms of the overall amount of permissible athletics aid would remain. Each institution could have its own policies and procedures regarding requests for increases to athletics aid and the standard for approval.
The support for Proposal #3 was higher than Proposal #2 but lower than Proposal #1. In making this recommendation, the committee felt that this concept would actually aid competitive fairness in that all institutions would have the opportunity to make local decisions on how to spend scholarship dollars instead of having applying the current legislation differently.

As noted with the previous two proposals, the public/private data demonstrates the cumulative responses of individuals based on institutional classification and does not include responses from the conference office.
This graph combines all position responses to provide an overall sense of the support/opposition for each proposal. For instance, for Proposal #1, 69% of respondents either supported or strongly supported, 8% were neutral and 23% opposed or strongly opposed.

While Proposals #2 and #3 did not receive the same level of support as Proposal #1, the committee felt strongly about both from a student-athlete well-being perspective and noted that none of the three proposals received more opposition than support.
NEXT STEPS
In advance of the 2017 Convention in January, the Presidents Council requested that a number of resources be provided to the membership to help facilitate the conversation amongst involved constituents as institutions prepare to vote on the three proposals. This presentation is one of those resources, which also includes:

1. A question and answer guide specific to the three proposals;
2. Financial Aid 101, a primer on the current financial aid legislation;
3. Myths and facts document, which highlights many of the data points reviewed by the committee;
4. An equivalency calculation case study, demonstrating the current application and the proposed application; and
5. Text of the three proposals.
QUESTIONS?