



NCAA DIVISION I COUNCIL  
AD HOC FINANCIAL AID ISSUES WORKING GROUP

RECOMMENDATIONS FOR NCAA  
DIVISION I STUDENT-ATHLETE EXPERIENCE COMMITTEE  
AND DIVISION I COUNCIL

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**NCAA Division I Council Ad Hoc Financial Aid Issues Working Group  
Recommendations for NCAA Division I Student-Athlete Experience Committee  
and NCAA Division I Council**

**EXECUTIVE SUMMARY**

This report was commissioned by the NCAA Division I Council at the request of the NCAA Division I Student-Athlete Experience Committee. The NCAA Division I Council Ad Hoc Financial Aid Issues Working Group was appointed to analyze the current impact of cost-of-attendance legislation for equivalency sports and respond to one fundamental question:

- Is the issue of roster expansion a concern to NCAA Bylaw 20.9.1.3 (The Commitment to Fair Competition) that needs to be addressed proactively based on the information available; OR, should additional time be taken to collect data about cost of attendance provided to student-athletes in equivalency sports?

**After significant evaluation and deliberation, the working group sought membership feedback on the following two concepts, and has agreed to send both to the Student-Athlete Experience Committee and the Council for discussion:**

1. Maintain the current legislation, gather data and monitor over the next two to three years.
2. Allow the provision of other expenses related to attendance at the institution, up to cost of attendance established pursuant to Bylaws 15.02.2 and 15.02.2.1, only in proportion to a student-athlete's equivalency. Further, exclude the elements from the student-athlete's numerator and denominator when calculating his or her equivalency.

**In addition, the working group recommends a third option for consideration:**

3. A comprehensive review of the financial aid legislation (Bylaw 15), including its association with membership requirements (Bylaw 20).

## **BACKGROUND / HISTORY**

During the 2015 NCAA Convention, autonomy conferences and schools adopted NCAA Proposal No. 2014-13 (Autonomy Proposal – Financial Aid – Maximum Limit on Financial Aid – Full Grant-In-Aid – Other Expenses Related to Attendance up to Cost of Attendance), expanding the definition of full grant-in-aid to include tuition and fees, room and board, books and other expenses related to college attendance, up to the full cost of attendance. The effective date for the amended legislation was August 1, 2015, and was required for autonomy conferences; however, it was optional for nonautonomy conferences, subject to conference and institutional discretion.

After the rule was changed, many institutions impacted by the legislation began to consider whether unintended consequences existed and should be addressed. Specifically, the expansion of the legislation intended to provide student-athletes with additional funds to cover cost of attendance; however, as written, the legislation allows schools to provide additional funds to student-athletes who previously did not receive athletically related financial aid. Therefore, if a school uses the additional cost-of-attendance funds to provide athletics aid to other student-athletes, an increase in roster sizes may result, or at least an increase in the number of counters within the roster. Recognizing this, the Council, at the request of the Student-Athlete Experience Committee, formed the Ad Hoc Financial Aid Issues Working Group to conduct an extensive review of the amended legislation and its impact on equivalency sports.

### **Maintaining Division I Commitments and Core Values.**

A group of 17 individuals from member schools and conferences, including directors of athletics, senior woman administrators, conference representatives, financial aid officers, a student-athlete and a coach worked collaboratively over the past seven months to conduct a comprehensive review of the application of cost-of-attendance legislation. The group's diversity ensured all Division I perspectives were represented. The Division I commitments, located in Bylaw 20.9.1, guided the working group, specifically a commitment to value-based legislation, fair competition and student-athlete well-being. The working group members also took direction from the NCAA's core values, including a shared belief in and commitment to respect for institutional autonomy and philosophical differences.

### **A Well-Vetted Approach.**

The working group worked efficiently to form recommendations in time for the 2016-17 legislative cycle, should a proposal be introduced. Throughout the review, the working group used several resources to assist it in forming concepts. Specifically, the working group reviewed the current cost-of-attendance legislation, as well as other legislative proposals which were either defeated or withdrawn, in the area of cost of attendance. The working group also reviewed

multiyear agreement legislation and educational resources for autonomy legislation related to financial aid. Further, the working group studied two documents created specifically for them: Equivalency Sports and NCAA Championship Squad Size Demographics, and Equivalency Sports Funding Information.

Aside from its own discussions, the working group sought feedback from the following organizations via survey instrument, telephone calls and in-person meetings:

- Collegiate Commissioners Association Compliance Administrators;
- Division IA-Athletic Directors;
- Division IA-Faculty Athletic Representatives;
- Equivalency sports' coaches associations;
- Faculty Athletic Representatives Association;
- Gender Equity Task Force;
- NCAA Committee on Women's Athletics;
- NCAA Division I Conference Commissioners;
- NCAA Division I Conference Commissioners Association;
- NCAA Division I Institutions;
- NCAA Division I Student-Athlete Advisory Committee; and
- National Association of Student Financial Aid Administrators.

### **A Call to Action.**

The greatest concern voiced after the adoption of cost-of-attendance legislation was that it will result in "roster creep"; a practice that some schools use to "stockpile" talented student-athletes who would otherwise choose to attend and participate at a different school if not for access to additional financial aid. The concern over stockpiling is that it adversely affects Bylaw 20.9.1.3 (The Commitment to Fair Competition). However, "roster creep" is a misnomer because all equivalency sports, except baseball, are allowed to have unlimited participants. Therefore, the concern is more about "counter creep", because the application of cost of attendance increases the base figure of a scholarship (denominator). That increase allows schools to provide athletics aid to student-athletes who previously did not receive any.

### **This concern led to one overarching question, resulting in the concepts development:**

- Is the issue of roster expansion a concern to Bylaw 20.9.1.3 (The Commitment to Fair Competition) that needs to be addressed proactively based on the information available; OR, should additional time be taken to collect data about cost of attendance provided to student-athletes in equivalency sports?

## OPTIONS FOR CONSIDERATION

After the working group's discussion, analysis and receipt of feedback, two concepts emerged for consideration. The intention of the working group is to provide an overview of each concept, including important intricacies and next steps, in anticipation that the Student-Athlete Experience Committee and the Council will be prepared to render a decision.

**1. Maintain the current legislation, gather data and monitor over the next two to three years.**

Intent: Collect data to see whether trends in how athletics aid is awarded in equivalency sports are inconsistent with Bylaw 20.9.1.3 (The Commitment to Fair Competition).

Sixty-seven (67) percent of the responses received via the membership survey supported Concept No. 1, noting that Division I is currently in the first year under the cost-of-attendance legislation; and the need for legislative change is not evident, at this point, based on a lack of national data demonstrating a behavioral trend counter to the intent of the cost-of-attendance legislation. Rather, there is strong belief in a portion of the membership that making changes now would be speculative, at best, as data collection over time may provide additional insight. Waiting ensures all unintended consequences of existing legislation relative to fair competition are appropriately addressed. Further noted, preemptive research is a necessity to protect against unforeseen financial hurdles that may have significantly larger impacts on some schools than on others. The recommendation is for Council to take seriously the consequences of any legislative adoption, amendment or implementation concerning athletics and institutional aid that may create a residual financial impact. Finally, maintaining current legislation allows the Division I membership to reinforce that the intent of cost-of-attendance legislation was to more comprehensively address the educational costs of student-athletes.

With respect to which financial aid data elements should be monitored to evaluate trend comparisons, the NCAA research staff recommended and the working group supported, the following:

- a. Counter numbers per sport;
- b. Average equivalency percent awarded per counter per sport;
- c. Roster numbers per sport; and
- d. Average total expenditure per institution per sport.

These elements were specifically identified, as compared to others, because the NCAA collects this data in a uniform manner from all Division I institutions on an annual basis. The sources which will be used to collect and monitor these data elements include the NCAA Financial Reporting System and the NCAA Membership Database.

Further, the research staff noted initial data reflecting the impact of the implementation of cost-of-attendance legislation will not be available until March 2017. This is a direct result of the timing associated with institutional data submission to the NCAA. As such, a four-year trend comparison between data elements pre and post adoption of cost-of-attendance legislation (two-years pre and two-years post) will not be available until March 2018.

The data will be reviewed periodically by the Student-Athlete Experience Committee to determine if observed changes in the data deserve a closer look by the membership.

- 2. In response to concerns about counter expansion and its impact on fair competition: Allow the provision of other expenses related to attendance at the institution, up to cost of attendance established pursuant to Bylaws 15.02.2 and 15.02.2.1, only in proportion to a student-athlete's equivalency. Further, exclude the elements from the student-athlete's numerator and denominator when calculating his or her equivalency.**

Intent: Permit additional athletics financial aid to be provided to a student-athlete in an equivalency sport to cover cost of attendance. However, only tuition and fees, room and board, and required course-related books would be used to calculate equivalencies (e.g., similar to a state-mandated tuition waiver).

Survey results also showed a majority of support (52 percent) for Concept No. 2. However, based on comments provided within the survey, as well as feedback gathered during in-person discussions, there appears to be a potential for additional support if the concept could be implemented in a manner that appropriately accounts for institutional policies regarding aid disbursement (e.g., all aid must be applied to tuition and room and board prior to other expenses related to attendance at the institution).

This could be accomplished through a more-targeted proposal to change the definition of a full grant-in-aid (Bylaw 15.02.5) and legislation related to the individual limit (Bylaw 15.1), as well as to how equivalencies are calculated (Bylaw 15.5.3.2). Specifically, full grant-in-aid and the individual limit would reflect the limitation to providing athletics aid for other expenses related to attendance at the institution, only in proportion to countable aid provided for tuition and fees, room and board and required books.

For example:

- a. The numerator would include the student-athlete's countable aid toward tuition and fees, room and board, and required books at the institution.
- b. The denominator in the equivalency computation would include the total value of tuition and fees, room and board, and required books at the institution.
- c. The legislation would also specify that aid awarded for "other expenses" to the student-athlete in proportion to the equivalency computation would not count toward the equivalency computation, regardless of whether the institution's policies require aid to be credited toward other elements first (e.g., tuition and fees, room and board).

Further, the pursuit of legislative change like this requires a parallel autonomy and Council-governance approach. The equivalency computations legislation (Bylaw 15.5.3.2) is a Council-governance provision. Therefore, any legislation to amend the way equivalencies are calculated must be addressed through the Council-governance legislative process. However, the definition of a full grant-in-aid (Bylaw 15.02.5) and legislation related to the individual limit (Bylaw 15.1) are autonomy provisions. A proposal that would attempt to change the definition of a full grant-in-aid or the individual limit, including the amount of athletics aid that may be provided to a student-athlete ("other expenses" only in proportion to the equivalency) would need to go through the autonomy legislative process.

Therefore, ultimate action would require both a recommendation to the Council that a proposal is placed in the 2016-17 Council-governance legislative process and a recommendation that Council request the autonomy conferences to place a companion proposal in their 2016-17 legislative process. In addition, action via both legislative processes would need to occur during the January 2017 NCAA Convention as both Council-governance and autonomy representation would be present.

Mutual coordination and agreement as to the current need for the legislative changes for the entire membership would be a key element of successfully moving the concept forward. This would extend to a need to coordinate a comprehensive question and answer document regarding the entire proposal to assist with clarifying associated implementation issues (e.g., availability and equivalency computation for increases based on financial agreement designation versus disbursement) and a comprehensive review of any ramifications of a potential financial aid limitation.

## FINAL THOUGHTS

Based on the information presented, including that each concept was supported by a majority of those surveyed, both concepts have appropriate merit to be recommended for further consideration and ultimate recommendation to the Council. However, both also have significant counterpoints to consider.

As it pertains to Concept No. 1, feedback from the survey noted that "addressing this important issue now is critical for both the commitment to fair competition value and confidence in the shared-governance process." Further, if counter expansion is going to be addressed, it should be done sooner, rather than later, as it may become more difficult to introduce a solution once awarding behavior has changed. Once aid is awarded, that aid will need to be awarded for the next three to four years, and as such, it could take many years for those programs to reduce their rosters to negate the "roster creep".

On the other hand, even with the joint effort of both the Council-governance and autonomy legislative processes, implementation of Concept No. 2 can still allow aid to be provided in a way that erodes the competitive-equity principles behind the countable limits. Although the math becomes more difficult, the same counter-expansion issue is still present. By way of example:

Institution's prior definition of full grant-in-aid:	\$20,000
Institution's "additional expenses related to attendance" (i.e., cost of attendance):	\$5,000
Institution's new definition of full grant-in-aid:	\$25,000

Under prior definition of full grant-in-aid, a returning student-athlete was receiving \$20,000 (1.0 equivalency). If Concept No. 2 is implemented, the institution could still do the following:

1. Continue to provide returning student-athlete with \$20,000, consisting of \$16,000 countable aid (0.8 equivalency) and a proportional \$4,000 "other expenses" (0.8 of \$5,000); and
2. Institution could then provide new student-athlete with \$5,000, consisting of \$4,000 countable aid (0.2 equivalency) and a proportional \$1,000 "other expenses" (0.2 of \$5,000).

The math may be more confusing, but the net effect is the same: the cost of a 1.0 equivalency goes from \$20,000 to \$25,000 (intended effect), while the incremental funds can be provided to additional student-athletes rather than more athletics aid provided to the same student-athletes (unintended consequence).

Thus, the ultimate recommendation is for the Student-Athlete Experience Committee and the Council to evaluate both options within the context of the broader additional work being undertaken related to other financial aid and membership-related issues to determine which approach warrants further action at this time.

### **ADDITIONAL RECOMMENDATION**

There is a strong belief amongst the working group and membership (via outreach) that regardless of which concept an individual may support, there is not a clear understanding of how any legislative recommendation would fit within the context of potential recommendations of other working groups currently examining additional financial aid and membership-related issues. As such, the working group recommends a comprehensive review of the financial aid legislation (Bylaw 15), including its association with membership requirements (Bylaw 20).