



MEMORANDUM

March 1, 2007

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TO: NCAA Division III Chancellors and Presidents

NCAA Division III Directors of Financial Aid

NCAA Division III Directors of Athletics.

FROM: Dan Preston
Dean of Enrollment Management, Linfield College and
Chair of NCAA Division III Financial Aid Committee

Matt Banker
Associate Director of NCAA Membership Services.

SUBJECT: Division III Financial Aid Reporting Process Confidentiality Policies
and Impact of Sharing Financial Aid Variance Information.

On behalf of the NCAA Division III Financial Aid Committee, we want to first recognize all Division III institutions for their diligence in submitting their financial aid data in a timely manner for the 2006-07 reporting process and preparing institutional data and related information per the reporting process. As many of you are aware, the 2006-07 Division III financial aid reporting process is well underway. This is the second year of the annual financial aid reporting requirement, which serves as the flagship mechanism to evaluate each Division III institution's compliance with the primary Division III financial aid requirement – that no athletically based financial aid be provided to any Division III student-athlete.

Moreover, we would like to take this opportunity to call everyone's attention to the confidentiality policies in place for the reporting process and to remind all Division III institutions of the implications of sharing your institution's financial aid variance information with others.

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Confidentiality Policies Implemented for the Division III Financial Aid Reporting Process

The confidentiality and anonymity of student-identifying data, as well as confidentiality of each Division III institution, are of paramount importance to the Financial Aid Committee and NCAA staff. From the outset, the committee and NCAA staff implemented several measures to ensure complete confidentiality of institutions and student-athletes throughout the review process and to ensure "institutionally-blind" reviews by the committee.

As you may recall, a unique username and password has been given to each institution's chancellor or president and primary financial aid contact for uploading institutional financial aid data. All data are secured and stored on NCAA servers with data access limited to the NCAA staff through a password-protected data-management system.

Further, individual-record confidentiality is accomplished through the use of a unique-identification code established by the institution prior to data-file submission. To ensure anonymity of the student-athlete during the analysis of data, the unique identifiers are removed from the copy of the submitted-data set that is used for analysis by NCAA research staff. To maintain and ensure the confidentiality and anonymity of individuals and institutions through the interim, preliminary and final reporting phases, the data are aggregated to an appropriate level. Reporting will be suppressed if the individual-record level falls below three in the need-bracket or sport-by-sport breakdown.

Confidentiality of the institution during the analysis and review process is maintained through the use of unique identification codes established by the NCAA staff. The Financial Aid Committee knows each institution's case by this identification code only, not by institution name or other identifier.

Throughout the review process, committee members shall not discuss any information related to the financial aid reporting process or advise institutions regarding the preparation of their data or justifications. Committee members are directed to forward any inquiries from the membership regarding the financial aid reporting process to the NCAA staff. At no time does the NCAA staff nor committee share institutional financial aid data, variance information or any other proprietary information reviewed during this process with anyone other than the institution.

Please note that the NCAA enforcement services staff is currently handling reporting-process cases referred to it by the Financial Aid Committee as secondary violations. Secondary violations are not made public per NCAA rules. Therefore, the identity of institutions forwarded to NCAA enforcement services via this process will not be made public at any time. An institution's violation of any NCAA rules (including financial aid) would only be made public if the violations are considered major, as determined by the vice president for NCAA enforcement

services and the NCAA Division III Committee on Infractions. A major violation is defined as a violation that provides an extensive recruiting or competitive advantage. Multiple secondary violations could also collectively be considered a major violation. Procedurally, the Committee on Infractions would ultimately issue a public infractions report first to the chancellor or president of the institution and subsequently to the media outlining the institution's major violations, penalties and corrective actions.

Sharing Your Institution's Financial Aid Variance with Others

The only way in which a Division III institution's financial aid variance information could be made known to a third party is if the Division III institution shares its information with others. The decision to share your institution's financial aid variance, financial aid report, Level II written justifications or status with NCAA enforcement services with other Division III institutions is left entirely up to your institution.

Some Division III conferences have decided to require their member institutions to share financial aid variance information with other conference members. Some conferences have found it beneficial to share its financial aid variance information at the executive level. Whether your school already shares its financial aid variance information or is considering doing so in the future, there is reason to pause and consider the potential ramifications of sharing this information.

First, your institution's financial aid variance number reflects the difference of institutional gift aid between student-athletes and other students with similar need *at your institution*. Since the financial aid variance figure equates to an institution-specific self-assessment, it becomes an "apples to oranges" comparison to simply compare one institution's financial aid variance with the variance of another institution. To that end, to claim that a Division III institution with a higher financial aid variance is more egregiously violating Division III financial aid rules than an institution with a lower variance belies the fact that a financial aid variance, regardless of the number, could be completely acceptable if justified during the Level II review of the reporting process. Please note that the four percent financial aid variance threshold and other Level I review filters are not the Division III financial aid rules. Rather, an institution's financial aid variance and the three new review filters are triggers for further review and inquiry into the institution's financial aid packaging policies by the committee to ensure compliance with the financial aid rules outlined in NCAA Division III Bylaw 15.

From an athletics department staff perspective, it is inappropriate to use the knowledge of another Division III institution's financial aid variance as a means for Division III administrators and coaches to negatively recruit against another Division III school when both schools are recruiting the same prospective student-athletes. Again, the financial aid reporting process produces institutional self-assessments, not school-to-school comparisons.

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In sum, we hope that this information is helpful to all Division III stakeholders in better understanding the reporting process and variance information generated therein. We thank you for reviewing these important confidentiality policies as well as the potential implications of sharing your institution's financial aid variance with others. The value of this reporting process centers on evaluating each Division III institution's financial aid packaging practices to ensure compliance with the Division III rules and to reaffirm each institution's commitment to the Division III philosophy of awarding financial aid to student-athletes based on criteria other than athletics participation, ability or performance.

If you have any questions regarding the above information, please do not hesitate to contact Matt Banker, associate director of NCAA membership services, by telephone at 317/917-6222 or via e-mail at mbanker@ncaa.org. Thank you.

DP/MJB:crr

cc: Commissioners
Selected NCAA staff