

**NCAA Division I Newly Adopted Financial Aid Legislation
Question and Answer Document**

(Updated: November 22, 2011)

This document contains questions and answers to assist the NCAA membership in its understanding of select proposals adopted October 27, 2011, by the NCAA Board of Directors.

NCAA Division I Proposal No. 2011-96 Financial Aid – Maximum Limits on Financial Aid – Individual and Team Limits

Question: Does the legislation apply to agreements that will be issued during the November 2011 National Letter of Intent signing period?

Answer: Yes. It is permissible for institutions to offer awards that include the miscellaneous expense allowance during the November signing period for student-athletes enrolling in the 2012-13 academic year. [Note: This legislation is not applicable to student-athletes who will enroll midyear during the 2011-12 academic year.]

Question: Does the miscellaneous expense allowance need to be included in the financial aid agreement?

Answer: Yes. Pursuant to NCAA Bylaw 15.3.2.3, if the institution intends to provide the allowance, the terms of the allowance must be included. An institution may include conditional language in the agreement such that if the student-athlete reaches the value of a full grant-in-aid through aid that is yet to be identified, then the miscellaneous expense allowance will be provided.

Question: What is the source of the money to cover the miscellaneous expense allowance?

Answer: In general, the funds for the allowance are to come from institutional sources; however, subject to conference approval, Student Assistance Fund dollars may be used.

Question: Does the legislation still include the minimum 25 percent equivalency provision for baseball?

Answer: Yes. An institution shall provide each counter athletically related and other institutional financial aid that is equal to or greater than 25 percent of a full grant-in-aid.

Question: Does the legislation include a minimum equivalency provision for sports other than baseball?

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Answer: No. The Student-Athlete Well-Being Working Group will make a final recommendation regarding this issue to the Board of Directors in January or April 2012.

Question: Does the legislation still permit institutional aid to be used to meet the Division I membership criteria for financial aid minimums?

Answer: Yes. There was no change to the current membership criteria legislation.

Question: May a student-athlete who receives only nonathletically related financial aid up to the value of a full grant-in-aid, receive the miscellaneous expense allowance without triggering counter status?

Answer: The student-athlete may receive the allowance, but if the allowance is athletically related financial aid, the receipt of such aid would trigger counter status. If the miscellaneous expense allowance is provided from the Student Assistance Fund through a financial aid agreement, then the Student Assistance Fund money is athletically related. A student-athlete who is not a counter may receive expenses through the normal administration of the Student Assistance Fund (but not as a miscellaneous expense allowance) without becoming a counter.

Question: If a student-athlete becomes a counter solely as result of receiving the miscellaneous expense allowance, does that student-athlete need to be included in the NCAA Division I Academic Progress Rate calculations?

Answer: Yes.

Question: If a student-athlete receives athletically related and nonathletically related financial aid up to the value of a full grant-in-aid, and receives the miscellaneous expense allowance, does the miscellaneous expense allowance count toward the team limit?

Answer: No.

Question: Does a loan count toward reaching the value of a full grant-in-aid? Do government grants (e.g., Pell Grant) or work study count?

Answer: Financial aid that counts toward a student-athlete's individual cost of attendance limit also counts toward reaching the value of a full grant-in-aid. A loan that is based on a regular repayment schedule and is available to all similarly situated students would not count toward reaching the value of a full grant-in-aid. Pell Grants will no longer count toward the individual limit under the new legislation.

Employment earnings (including work study) do not count toward the individual limit.

Question: Does the legislation require an affirmative action by a conference to enable the miscellaneous expense allowance?

Answer: No. Each conference has the discretion to impose more stringent standards, if desired.

Question: Does the "varsity competition" legislation (related to counter status) still apply to football and basketball?

Answer: Yes. In football or basketball, a student-athlete who was recruited by the awarding institution and who receives institutional financial aid granted without regard in any degree to athletics ability, becomes a counter if the student-athlete engages in varsity intercollegiate competition.

Question: Does outside financial aid that is athletically related count toward team limits?

Answer: No. Only institutional athletically-related financial aid counts toward team limits.

Question: May outside aid alone count toward the value of a full grant-in-aid which, if reached, would allow the miscellaneous expense allowance to be provided?

Answer: Yes. However, as noted above, if the miscellaneous expense allowance is athletically related financial aid, the receipt of such aid would trigger counter status. If the miscellaneous expense allowance is provided from the Student Assistance Fund through a financial aid agreement, then the Student Assistance Fund money is athletically related. A student-athlete who is not a counter may receive expenses through the normal administration of the Student Assistance Fund (but not as a miscellaneous expense allowance) without becoming a counter.

Question: May outside aid, in combination with institutional aid (athletically related and nonathletically related) count toward the value of a full grant-in-aid which, if reached, would allow the miscellaneous expense allowance to be provided?

Answer: Yes.

Question: Is this legislation subject to the override process?

Answer: Yes.

Question: If an institution issues a grant-in-aid that includes the miscellaneous expense allowance and then the legislation is overridden, must the institution issue a new grant-in-aid without the allowance?

Answer: No. The terms of the award may be fulfilled, as written, regardless of the outcome of the override process.

Question: May an institution include language in the financial aid agreement that stipulates that an institution will not disburse the miscellaneous expenses until the student-athlete's eligibility has been exhausted (e.g., disburse the miscellaneous expense in one lump sum)?

Answer: The miscellaneous expense allowance, like any other financial aid, is required to be disbursed in accordance with institutional policies applicable to all students. In addition, an institution may not provide financial aid to a student-athlete that exceeds the permissible individual limit in any particular academic year.

Question: How does the miscellaneous expense allowance apply to midyear enrollees?

Answer: The allowance must be prorated based on the terms of actual attendance. For example, if a student-athlete initially enrolls for the academic year during the second semester and the institution's miscellaneous expense allowance is \$2,000, the student-athlete may be awarded only \$1,000 for the second semester.

Question: Must the miscellaneous expense allowance be awarded for a full academic year or may it be awarded for only one term of an academic year?

Answer: For a multiyear award, there is no requirement that the aid must be awarded in equal amounts during individual academic years. For a one-year award, aid must be awarded in equal amounts for the year. It may be possible to award different amounts of different elements of aid during each term in order to achieve equal amounts for each term.

Question: For a multiyear award that includes \$2,000 per year, may all \$2,000 be disbursed in one semester or does it have to be equally split between the two terms?

Answer: An institution must follow its own procedures regarding the disbursement of financial aid. Generally, an institution should ensure that excess aid is not provided to a student-athlete. For example, if \$2,000 is provided at the beginning of the academic year and the student-athlete does not enroll during the second semester, then a violation will result for having disbursed excess financial aid.

Question: If an institution awards a multiyear scholarship that includes the miscellaneous expense allowance amount in the agreement, would it be considered a reduction if the institution chooses not to provide the same miscellaneous expense amount in a future agreement?

Answer: A reduction occurs if the renewal period is for fewer years than the original agreement, unless the renewal includes the remaining years of the student-athlete's eligibility in all sports (e.g., five-year period of eligibility) or the average amount of aid provided per year in the renewal is less than the average amount of aid provided per year in the original agreement, including any increases during the period of the original award.

Question: If an institution awards a one-year scholarship that includes the miscellaneous expense allowance amount in the agreement, would it be considered a reduction if the institution chooses not to provide the same miscellaneous expense amount in a future agreement?

Answer: If the miscellaneous expense allowance funds were provided as athletically related aid, then the aid must have been included in the one-year agreement. If the miscellaneous expense allowance will not be provided in a new award, then the award is a reduction. If the miscellaneous expense allowance funds were provided from the Student Assistance Fund, there is no reduction (assuming no other changes to the agreement related to the amount of aid provided).

Question: Will the miscellaneous expense allowance amount (\$2,000) be adjusted during the next three years?

Answer: Yes. The \$2,000 figure will be adjusted annually based on the Consumer Price Index. No other changes to the legislation (cost of attendance and miscellaneous expense allowance) may be made for three years.

Question: How does the miscellaneous expense allowance apply to summer school enrollment?

Answer: The miscellaneous expense allowance does not apply to summer school enrollment. The proposal did not change the legislation as it applies to summer school, other than to exempt the Pell Grant from cost of attendance. Therefore, in the summer a student-athlete may not receive financial aid that exceeds the cost of attendance. A student-athlete may receive institutional financial aid based on athletics ability (per Bylaw 15.02.4.1) and educational expenses awarded (per Bylaw 15.2.6.4) up to the value of a full grant-in-aid, plus any other financial aid up to the cost of attendance.

Question: A student-athlete is awarded a full athletics grant-in-aid and an honorary academic award that covers the difference between the institution's value of a full grant-in-aid and its cost of attendance (\$3,000). Is the student-athlete limited to accepting only \$2,000 of the honorary academic award?

Answer: No. The provision of the current legislation that permits a student-athlete to receive a full grant and other nonathletically related aid up to the cost of attendance will continue to apply. If a miscellaneous expense allowance is awarded as athletically related aid, the allowance is limited to the value of the difference between a full grant-in-aid and cost of attendance or \$2,000, whichever is less.

Question: A student-athlete is awarded a full athletics grant-in-aid and an honorary academic award for \$1,000. The difference between the institution's value of a full grant-in-aid and its cost of attendance is \$3,000. May the student-athlete accept the \$1,000 award and receive \$2,000 through an athletically related miscellaneous expense allowance?

Answer: No. Once a student-athlete receives miscellaneous expense allowance funds that are athletically related, the allowance is limited to the value of the difference between a full grant-in-aid and cost of attendance or \$2,000, whichever is less.

Question: A student-athlete is awarded a full athletics grant-in-aid and an honorary academic award for \$1,000. The difference between the institution's value of a full grant-in-aid and its cost of attendance is \$3,000. May the student-athlete accept the \$1,000 award and receive \$1,000 through an athletically related miscellaneous expense allowance?

Answer: Yes. Once a student-athlete receives miscellaneous expense allowance funds that are athletically related, the allowance is limited to the value of the difference between a full grant-in-aid and cost of attendance or \$2,000, whichever is less. Since the student-athlete is not receiving more than \$2,000, this situation is permissible.

Question: If a student-athlete receives a miscellaneous expense allowance, is the value of the allowance added to the denominator of the student-athlete's equivalency calculation?

Answer: No. The denominator does not exceed the value of a full grant-in-aid in any case.

Proposal No. 2011-97 Financial Aid – Eligibility for Institutional Financial Aid – Former Student-Athletes; Period of Institutional Financial Aid Award – Multiyear Grants-in-Aid

Question: Does the legislation apply to agreements that will be issued during the November 2011 National Letter of Intent signing period?

Answer: Yes. It is permissible for institutions to offer multiyear awards during the November signing period for those student-athletes enrolling for the 2012-13 academic year. [Note: This legislation is not applicable to student-athletes who will enroll midyear during the 2011-12 academic year.]

Question: Does the legislation require an affirmative action by a conference to enable the multiyear grant provision?

Answer: No. Each conference has the discretion to impose more stringent standards, if desired.

Question: Has anything changed as it relates to the National Letter of Intent?

Answer: No. Although the financial aid agreement may be for a period of one to five years, the obligation on the student-athlete remains only one year of enrollment.

Question: Are there any implications for a prospective student-athlete or student-athlete who signs a multiyear grant and then transfers before the end of the period of the award?

Answer: There have been no changes to the current transfer rules. The basic transfer residence requirement and exceptions continue to apply (e.g., permission to contact, one-time transfer exception process).

Question: May the amount of an athletics grant-in-aid be increased at any time for any reason?

Answer: Yes. An athletics grant-in-aid may be increased after it is awarded at any time and for any reason, including an athletics reason.

Question: May an institution include athletically related conditions in the financial aid agreement that would allow the institution to increase the student-athlete's aid during the period of the award?

Answer: No. Such conditions are not consistent with the collegiate model. If a student-athlete performs well during a given year (or throughout the period of the award) and athletics aid is available, an institution may increase a student-athlete's award,

provided the student-athlete has not exceeded his or her individual limit and such an increase does cause the institution to exceed its team limits in the applicable sport.

Question: Does the legislation change any provisions related to the conditions for reduction or cancelation of aid?

Answer: No. During the term of the award it is only permissible to reduce or cancel the aid for the legislated conditions (Bylaw 15.3.4.2) and other nonathletically related conditions that are included in the financial aid agreement (Bylaw 15.3.4.2.2).

Question: May a multiyear grant be canceled at the end of the first year due to athletics reasons?

Answer: No. During the term of the award (including all years of a multiyear agreement) it is only permissible to reduce or cancel the aid for the legislated conditions (Bylaw 15.3.4.2) and other nonathletically related conditions that are included in the financial aid agreement (Bylaw 15.3.4.2.2).

Question: May the period of a multiyear grant be extended during the award?

Answer: It would be permissible for the institution to simply issue a renewal for an additional period. Note that if the value and/or period of the renewal are less than the original agreement, it would be necessary to notify the student-athlete of his or her right to a hearing.

Question: Does the legislation require that the aid for each additional year of a multiyear grant be the same or greater than the first year?

Answer: No. The terms may include a lesser or a greater amount during each year of the award.

Question: Must the aid in a multiyear award be awarded in equal amounts for each term of each academic year of the period of the award?

Answer: No. However, please note that the current restrictions (aid must be awarded in equal amounts for each term) will continue for awards that are issued for only one academic year.

Question: May an institution renegotiate the terms a multiyear grant during the period of the award?

Answer: The terms of a multiyear grant may be renegotiated during the period of the award, provided the renegotiated grant results in an increase in the total amount of aid that will be provided during the period of the award.

Question: May a multiyear financial aid agreement be issued for a period that includes only part of the final academic year (e.g., four and one-half academic years)?

Answer: Yes.

Question: May a multiyear financial aid agreement that would cover five years of eligibility include a provision that reduces the period of the award to four years if the student-athlete exhausts eligibility in the sport after four years?

Answer: Yes. Pursuant to Bylaw 15.3.4.2.2, 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.

Question: May a multiyear financial aid agreement that would cover five years of eligibility include a provision that reduces the period of the award to four years if the student-athlete graduates after four years?

Answer: Yes. Pursuant to Bylaw 15.3.4.2.2, 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.

Question: Under what circumstances will a renewal of a multiyear agreement be considered a reduction by which the student-athlete must be provided the opportunity for a hearing?

Answer: Situations in which the renewal period is for fewer years than the original agreement, unless the renewal includes the remaining years of the student-athlete's eligibility in all sports (e.g., five-year period of eligibility) and situations in which the average amount of aid provided per year in the renewal is less than the average amount of aid provided per year in the original agreement, including any increases during the period of the original award.

Question: Is this legislation subject to the override process?

Answer: Yes.

Question: If an institution issues a multiyear grant and then the legislation is overridden, must the institution issue a new one-year grant?

Answer: No. The terms of the award may be fulfilled, as written, regardless of the outcome of the override process.

Question: May multiyear awards include summers?

Answer: No. It is necessary to make a separate award for a summer term.

Question: Will the proportionality for athletically related summer financial aid be based solely on the amount of athletically related aid provided during the academic year?

Answer: Yes. Other institutional aid will not be included in order to determine the proportion of athletics aid that may be awarded for a summer term.

Question: How does this legislation affect the application of Bylaw 15.3.4.2.5 (Release of Obligation to Provide Athletically Related Financial Aid)?

Answer: Bylaw 15.3.4.2.5 applies only to one-year awards. It does not apply to multiyear awards.

Question: May an institution offer a scholarship for an academic year that will occur after the student-athlete's initial year of enrollment (i.e., the student-athlete self-finances the first academic year and is guaranteed a scholarship the next academic year)?

Answer: Yes; however, pursuant to National Letter of Intent policies, it would not be permissible to issue a National Letter of Intent with such a scholarship offer.