NCAA Division II
Financial Aid and
National Letter of Intent

Natasha Oakes, Susan Pool and Alex Smith

Overview

• Period of award.
• Increases, decreases and cancellations.
• Calculating equivalencies.
• National Letter of Intent (NLI) Program.
• Resources and open forum.

What you will walk away with...

• Effectively explain financial aid legislation and NLI policies to institutional constituents.

• Apply the legislation and NLI policies to basic factual scenarios.
How we will get there...

• Identify fundamental financial aid legislation and NLI policies.
• Analyze potential issues when administering financial aid and the NLI.

Drop In No. 1

• Soccer coach drops in after the start of the spring term to discuss three of her student-athletes (SA) who have been aided for the year:
  • Coach has a little left in budget, is shy of team limits and would like to increase the aid for SA No. 1, her most improved athlete;
  • Coach wants to cut spring aid in half for SA No. 2, a highly recruited freshman that keeps breaking team rules; and
  • Coach was just informed that SA No. 3, the goalie, is quitting the team, but staying in school at least until end of the year. She would like to cancel her aid and award to unaided backup.

Period of Award

• Begins when a student-athlete receives any benefits as part of the grant-in-aid on the first day of classes for a particular academic term, or the first day of practice whichever is earlier.
• Ends at the conclusion of the period set forth in the financial aid agreement.
• Decrease not permitted from time prospective student-athlete or student-athlete signs financial aid agreement until the conclusion of the period set forth in the agreement.

NCAA Bylaws 15.02.6 and 15.3.4.3.3
Period of Award
(Continued)

- Financial aid based on athletics ability shall not be awarded in excess of one academic year.
- An institution may award financial aid for an academic year or part thereof.
  - Example: 2013-14 academic year or 2013 fall term.

Bylaws 15.3.3, 15.3.3.1 and 15.3.3.2

Summer Term Aid

An institution may also award financial aid for a summer term.
- Summer term is considered an additional award as member institutions may not provide athletics aid for a period in excess of one academic year.

Bylaws 15.3.3.2 and 15.3.3.2.1

Reduction or Cancellation

- Financial aid based on athletics ability may be reduced or cancelled during the period of the award, if the SA:
  - Renders himself/herself ineligible for competition;
  - Fraudulently misrepresents himself/herself;
  - Engages in serious misconduct; or
  - Voluntarily withdraws from a sport.
    - SA's aid may not be awarded to another SA during the same term.
    - SA's aid may be awarded to another SA in next term.

Bylaw 15.3.4.1
Awarding Aid to a Second SA

• If an institution has not reached the institutional financial aid limitations:
  • May award the financial aid of a SA who voluntarily withdraws from the team to another SA during same term.
  • Even if the award will cause the institution to reach the institutional financial aid limit as imposed by the institution itself.

Official Interpretation May 14, 1996

Nonathletic Conditions

• Financial aid agreement may include nonathletically related conditions by which aid may be reduced or canceled during the period of the award.
  • Example: Compliance with team rules, compliance with academic policies, GPA requirement, study hall requirement.

Bylaw 15.3.4.1.1

Increase Permitted

• Institutional financial aid may be increased for any reason prior to period of award.
  • Once period of award begins, may only be increased if institution can demonstrate it is unrelated to athletics reasons.

Bylaw 15.3.4.2
Initial Award of Athletics Aid

- SA receiving only institutional nonathletics aid may receive an initial award of athletics aid at any point during the academic year.
- Initial award of athletics aid may not be made retroactively to a previous academic year.

Bylaw 15.3.4.2.1

Increase, Reduction, Cancellation Not Permitted

- Institutional financial aid based on athletics may not be increased, decreased or cancelled during the period of award:
  - On the basis of an SA's athletics ability, performance or contribution to the team;
  - Because of an injury, illness or physical or mental medical condition; or
  - For any other athletics reason.

Bylaw 15.3.4.3

Hearing Opportunity

- Institution's regular financial aid authority shall notify in writing.
- Within 14 consecutive calendar days from the date of notification of the reduction or cancellation.
- Must include a copy of the established policies and procedures for conducting the hearing.
- Hearing must be conducted within 30 days of receiving the request.

Bylaw 15.3.2.4
Drop-In No. 1 Recap

• Coach has a little left in budget, is shy of team limits and would like to increase the aid for SA No. 1, her most improved athlete.

Drop-in No. 1 Recap (cont.)

• Once the period of the award begins, financial aid may only be increased if institution can demonstrate the increase is unrelated to athletics reasons.

• Although coach has room in her budget, because the increase would be based on athletics reasons, she would not be able to increase SA No. 1’s aid.

Drop-in No. 1 Recap (cont.)

• Coach wants to cut spring aid in half for SA No. 2, a highly recruited freshman that keeps breaking team rules.
Drop-in No. 1 Recap (cont.)

• Financial aid agreement may include nonathletically related conditions by which aid may be reduced or canceled during the period of the award.

• Therefore, provided the athletics aid agreement includes compliance with team rules as a condition, coach would be able to reduce SA No. 2's aid.

• Must provide SA No. 2 the opportunity for a hearing.

Drop-in No. 1 Recap (cont.)

• Coach was just informed that SA No. 3 the goalie is quitting the team, but staying in school at least until end of the year. Coach would like to cancel her aid and award to unaided backup.

Drop-in No. 1 Recap (cont.)

• Financial aid based on athletics ability may be reduced or cancelled during the period of the award, if the SA voluntarily withdraws from a sport.

• SA's aid may not be awarded to another SA during the same term.

• SA's aid may be awarded to another SA in next term.

• However, because team was not at maximum limitations, may award aid to unaided backup even if by doing so causes institution to meet the financial aid limit.
Drop-in No. 2

• Cross country coach is trying to understand the potential equivalency impact of two student-athletes.

• A walk-on who is currently receiving academic and need based aid only. He injured himself in the summer and will need to rehab all year. Coach would like to have student-athlete serve as manager for year and provide aid to cover room and board currently covered by parent contribution.

• Incoming freshman student-athlete who is receiving athletics aid, academic aid, outside scholarship for citizenship, Our State Vision for the Future grant and high school booster club award.

Calculating Equivalencies: Who

• Counter
  • Receiving financial aid based in any degree on athletics ability
  • Receiving institutional financial aid unless certification on file that student’s financial aid granted without regard in any degree to athletics ability.

Bylaws 15.02.3, 15.5.1 and Figure 15-2
Calculating Equivalencies

What

- All Institutional Aid
  
  Bylaw 15.02.4.1

- Exempted Institutional Aid Excluded
  
  - Academic Awards.
  
  - Legitimate loans.
  
  - Out-of-state tuition waivers having no relationship to athletics ability.
  
  - Employee-dependent tuition benefits.
  
  - Postgraduate scholarships.
  
  - Government grants.

  Bylaw 15.02.4.3 (a)-(g)

- See Figure 15-1 – Financial Aid Maximum Limits
Exempting Academic Awards

- Criteria:
  - Recipient qualifies for academic award that is part of institution's normal arrangements for academic scholarships pursuant to minimum institutional criteria; and
  - Upper 20 percent of high school graduating class;
  - High school cumulative grade-point-average of 3.500; or
  - Minimum 100 ACT or 1140 SAT.

Bylaw 15.02.4.3 (a)(1)(a)

OR

Exempting Academic Awards (cont.)

- Criteria:
  - Recipient qualifies for academic award that is part of institution's normal arrangements for academic scholarships pursuant to minimum institutional criteria; and
  - Has completed at least one academic year in college; and
  - Cumulative grade-point average of 3.300 for all academic work completed during collegiate enrollment that results in degree credits at the awarding institution.

Exempted Government Grants

- Government grants based on demonstrated financial need:
  - Regardless of whether institution is responsible for:
    - Selecting recipient;
    - Determining amount of aid; or
    - Providing supplementary funds for a previously determined amount.

Bylaw 15.02.4.3 (f)

- Government grants awarded for educational purposes.

Bylaw 15.02.4.3(g)
Exempted Outside Aid

- No relationship to athletics ability
  
  Bylaw 15.2.5.2

- Established and Continuing Program
  
  Bylaw 15.2.5.3

- Established and continuing program to aid students
- No restriction on choice of institution by donor; and
- No direct connection between donor and student-athlete's institution.

Employment

- Exempt earnings from a student-athlete's on- or off-campus employment if:
  
  Bylaw 15.2.6

  - Compensation is only for work actually performed;
  - Compensation is at a rate commensurate with the going rate of that locality for similar services; and
  - Employer does not use the athletics reputation of a student-athlete employee to promote the sale of the employer's products or services.

Employment (cont.)

- Fee-for-Lessons
  
  Bylaw 12.4.2.2

  - May receive compensation for teaching or coaching sport skills or techniques in his or her sport on a fee-for-lesson basis
  
  - Provided all compensation received by the student-athlete is consistent with the criteria governing compensation to student-athletes.
Calculating Equivalencies: How
For all counters:

Count all institutional aid received for room, board, tuition and fees, books and required course-related supplies.
• Exclusions may apply (e.g., exempted government grants and exempted institutional aid per Bylaw 15.02.4.3(a)).

Bylaws 15.02.4.1, 15.02.4.3 and 15.5.2.2

Calculating Equivalencies: How (cont.)

Then...

Create a fraction.
• Numerator = actual or average amount of room, board, tuition and fees and $800 if received any portion of books/supplies (or proportion of $800 equivalent to terms of enrollment).
• Denominator = full grant in aid value for room, board, tuition and fees based on actual cost or average cost of a full grant for all students at that institution and $800 for books/supplies.

Calculating Equivalencies: How (cont.)

Finally,

Add it up.
• Sum of all fractional and maximum awards received shall not exceed total limit.

Bylaws 15.02.4.1, 15.02.4.3 and 15.5.2.2
Drop In No. 2 Recap

• A cross country walk-on who is currently receiving academic and need based aid only. He injured himself in the summer and will need to rehab all year. Coach would like to have student-athlete serve as manager for year and provide aid to cover room and board currently covered by parent contribution.

• The athletically related financial aid received by the student-athlete would not count, provided the aid conformed to the provisions in the employment legislation (Bylaw 15.2.6).

Drop-in No. 2 Recap (cont.)

• Incoming freshman student-athlete who is receiving athletics aid, academic aid, outside scholarship for citizenship, Our State Vision for the Future grant and high school booster club award.

• Athletics aid ➔ Countable.
• Academic aid ➔ Exempt if meets Bylaw 15.02.4.3(a).
• Outside scholarship for citizenship/high school booster club award (some relationship to athletics ability) ➔ Countable for individual full grant, but exempt from team limits if meets Bylaw 15.2.3.3.
• Government grant ➔ Exempt per Bylaw 15.02.4.3 (f)(g).

NATIONAL LETTER OF INTENT

SUSAN PEAL
speak@ncaa.org
MOST COMMON DIVISION II FINANCIAL AID – NLI QUESTIONS

- Offer of Aid Before NLI Signing Date
- Financial Aid Authority’s Signature
- Date of Signing
- Aid for One Term vs. One Academic Year
- Multisport Participants
- Midyear Enrollee
- Delayed Enrollment
- Partial Qualifier
- Voluntarily Withdraw of Athletics Aid
- Release Request
- Binding NLI

NCAA rules prohibit a prospective student-athlete (PSA) from signing an athletics aid agreement before the NLI signing date for that sport.

Example: Offer of athletics aid (without the NLI) to a volleyball PSA March 17 would not be permissible.

The NLI is available to member institutions October 1 each year.
Offer of Aid Before NLI Signing Date
Financial Aid Authority's Signature

NLI is declared INVALID if on the athletics aid agreement there is:
  • No financial aid authority's signature prior to submitting the agreement to the PSA. The director of athletics signature does not satisfy this requirement.
  • No athletics aid awarded.
  • No amount of aid, conditions and terms of the award.

Date of Signing

The date of the financial aid authority's signature and the date the NLI is issued do not have to be the same date.

The PSA and/or parent do not have to sign the athletics aid agreement and NLI on the same date but do have to sign within the 7-day signing deadline.

Aid for One Term vs. One Academic Year

The NCAA rule permits athletics aid to be awarded for one academic term.

If athletics aid is accompanying the NLI, the aid must be awarded for the entire academic year.
### MOST COMMON FINANCIAL AID – NLI QUESTIONS

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The athletics aid agreement may list multiple sports with aid divided among sports. Only one sport can be listed on the NLI.

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If a PSA signs an NLI in November then graduates from high school at midyear, the institution may not award athletics aid to that PSA for the spring term following the PSA’s high school graduation.

Such an arrangement would constitute an impermissible award of an athletics aid for a period in excess of one academic year.

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If the institution’s admissions office or coach determines the PSA should delay enrollment from fall to spring, the NLI must be declared null and void. The NLI would remain binding if this is the PSA’s decision.

The intent when signing an NLI is for the PSA to enroll the upcoming academic year.
Delayed Enrollment
Partial Qualifier

NLI remains binding if a PSA is a partial qualifier (athletics aid permitted) unless otherwise stated on the institution's athletics aid agreement that the PSA must be eligible for competition to receive the aid.

Voluntarily Withdraw of Athletics Aid

The athletics aid may be withdrawn if the institution has included in the athletics aid agreement a condition to allow the PSA to voluntarily withdraw the athletics aid in order to receive a greater value of institutional financial aid.

When athletics aid is canceled the NLI becomes null and void.

Release Request

If an NLI signee requests an NLI release and it is granted, the aid agreement can be cancelled. The institution must take the appropriate steps to cancel the aid per NCAA rules.

If the institution does not grant the release, the NLI signee could decide to still attend the institution since the institution will not release him/her. The aid should be available if the signee decides to attend.
If PSA does not show for preseason practice or fall enrollment, the NLI remains binding. Athletics aid can be re-awarded in the ensuing term to another student-athlete.

If PSA quits the team, the NLI remains binding. Athletics aid can be re-awarded in the next term to another student-athlete.

If PSA does not complete the admission or NCAA Eligibility Center process, the NLI remains binding. Athletics aid can be re-awarded in the ensuing term to another student-athlete.

Resources

- LSDBi.
- Conference office.
- Colleagues within the membership.
- RSRO.
Open Forum

• What challenges administrators face in administering financial aid legislation on campus?

Questions?