

**REPORT OF THE
NCAA DIVISION III FINANCIAL AID COMMITTEE**

1. ACTION ITEMS.

a. Legislative Action Items.

- None.

b. Nonlegislative Action Items.

(1) Accept Written Justifications for Financial Aid Variances from Four Institutions.

- (a) Recommendation: To accept the financial aid variance and written justifications of four of the 25 institutions originally referred to NCAA enforcement staff by the NCAA Division III Financial Aid Committee for alleged secondary violations of NCAA Division III Bylaw 15 from the 2005-06 financial aid reporting process year based on mitigating information submitted by the four institutions.
- (b) Rationale: The committee rescinded the secondary violations originally cited to four institutions based on mitigating information that outlined acceptable justification(s) for each institution's financial aid variance. The opportunity for an institution to submit mitigating information to contest any alleged violation of NCAA legislation is a standard component to NCAA enforcement protocol for processing violations that ensures due process.
- (c) Estimated Financial Impact: None.
- (d) Student-Athlete Impact: None.

(2) Additional Filters for Selecting Institutions for Level I Review.

- (a) Recommendation: To endorse the use of additional review filters in selecting institutions with a financial aid variance below four percent for a full Level I review in future financial aid reporting cycles.

- (b) Rationale. The committee discussed additional options for identifying institutions for a Level I review during the upcoming reporting cycle. The NCAA staff reminded the committee that it has always maintained the authority to review any institution's final detailed report in the Level I review, regardless of its variance. The NCAA staff identified three methods by which the committee may identify additional institutions for a Level I review who are below the four-percent variance threshold. These methods include identifying statistical outliers on: 1) the difference in the proportion of financial need met by institutional gift aid between student-athletes and other students; 2) the outcome of the proportionality test that assesses the relationship between student-athletes in the cohort and the institutional gift aid awarded to them; and 3) the difference in the proportion of financial need met by institutional gift aid between sport groups and other students. The committee concurred with the need to review institutions identified as statistical outliers since these values may indicate advantages to student-athletes in the awarding of financial aid when the overall variance estimate is below four percent.
- (c) Estimated Financial Impact. None.
- (d) Student-Athlete Impact: None.

2. INFORMATIONAL ITEMS.

- a. **Athletics Endowment Memorandum.** The NCAA staff disseminated a memorandum to Division III presidents, chancellors and financial aid directors that highlighted the prohibition of athletics endowments or funds without exception effective August 1, 2008. The information will also be posted on the National Association of Student Financial Aid Administrators (NASFAA) Web site and included in the NCAA News this summer.
- b. **Division III Financial Aid Presentations/Outreach.** The committee reviewed the presentation developed by the NCAA staff to be used for upcoming financial aid education sessions. The committee recommended including athletics participation as an impermissible criterion for awarding aid within the presentation's case studies. The committee also recommended using team captain positions as examples of criteria that cannot be considered as leadership criterion in determining the financial aid package for student-athletes.

- c. Financial Aid Data Management System (FADMS) User's Manual Update.** The committee approved changes to the user's manual including the revised section on annualizing financial aid data for students who only attend a portion of the academic year. The committee noted this policy will provide balance of efficiency and effectiveness without burdening institutions. NCAA staff noted the user's manual is available for all Division III institutions to retrieve from the FADMS or at the Financial Aid Committee's Web page.
- d. Review of NCAA Division III Bylaw 15.4.1.1 (annual electronic report).** The committee reviewed Bylaw 15.4.1.1 and the meaning of the word "format" as it relates to the reporting process and findings of secondary violations. The committee noted that NCAA staff cited institutions in the 2005-06 reporting cycle for violating Bylaw 15.4.1.1 when the committee determined that an institution did not provide an adequate written justification during its Level II review. The NCAA staff noted Bylaw 15.4.1.1 primarily encompasses the legislative requirement to submit complete and correct financial aid data on time and that the word "format" remained ambiguous to institutions cited in violation of the bylaw as to its scope. The committee noted Bylaw 15.4.1 (consistent financial aid package) addresses the substantive Division III financial aid requirements of providing consistent financial aid packaging and not considering athletics ability in the awarding of financial aid. The committee decided to table any legislative amendment to expand the intent behind Bylaw 15.4.1.1 and to continue referencing Bylaw 15.4.1 and other Bylaw 15 legislation as appropriate when citing an institution at the conclusion of the reporting process. The committee noted, if necessary, it may revisit the intersection of the Division III financial aid legislation and cited violations coming out of the 2006-07 reporting cycle.
- e. Requesting Additional Information and/or Academic or Financial Aid Data.** The committee reviewed a template guide the committee may use when requesting justifications from institutions in the Level II review to ensure a consistent and thorough solicitation of information. The committee discussed whether it could tailor its request by institution and use portions of the guide's questions to request information from institutions. The committee suggested the final version of the guide be posted on the NCAA's Web site so all institutions could access the guide and better understand the types of information the committee generally requests from them. The committee also concurred that the guide should include introductory language that emphasizes the consistent input of the president or chancellor and other key representatives of the institution that serve in leadership roles in the area of student financial aid to avoid rotation of individuals responding to the committee's requests.

The committee further suggested the introductory language include a summary highlighting the most common causes for an institution's variance to rise above the four-percent threshold. The committee requested staff present an updated version of the template for committee review at its October teleconference.

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