

ISSUE THREE: DIVISION III FINANCIAL AID STANDARDS

Identification of Issue

Division III is the only NCAA division that prohibits the awarding of financial aid based on athletics ability and/or participation. Beyond a prohibition on athletics scholarships, the rules governing financial aid forbid any consideration of athletics in the student financial aid packaging process regardless of a school's policies and procedures and call for the equitable treatment of student-athletes and other students.

In the recent Division III membership survey, member institutions were asked to provide a level of agreement, ranging from strongly agree to strongly disagree, with the following statement: Consideration of leadership in athletics (e.g., team captain) in the awarding of financial aid should be allowed provided it is consistent with the consideration of leadership in other student activities. Nearly two-thirds of respondents indicated some level of agreement with this statement. This finding is significant considering the current Division III prohibition on the consideration of athletics participation or ability in the formulation of student financial aid packages.

Background

Division III financial aid legislation prohibits athletics scholarships, which are prevalent at the Division I and Division II level. The legislation precludes member institutions from considering athletics participation in high school or college, as well as athletics ability in the formulation of student financial aid. Additionally, the bylaws call for the equitable and consistent treatment of student-athletes and other students throughout the financial aid packaging process. These standards are in place to uphold the central tenet of financial aid in Division III - the principle of amateurism. Division III Bylaw 15.4.1 (a) reads. "A member institution shall not consider athletics ability, participation or performance as a criterion in the formulation of the financial aid package." Therefore, consideration of athletics in leadership grants, a form of financial aid, is prohibited.

In 2004 Division III enacted legislation that requires institutions to participate in an annual financial aid reporting process to ensure adherence to financial aid legislation. Through a reporting and review protocol, the Division III Financial Aid Committee assesses each institution's compliance with the two guiding principles—no athletics consideration in aid packaging, and the equitable treatment of student-athletes and other students. To date, this

program has provided the committee the opportunity to review the financial aid packages awarded to three entering freshman cohorts (2004-2006) for compliance (“Level 1 Review”). Based on specific review criteria, the committee has conducted an in-depth, “Level 2” examination of financial aid awards at 120 schools, more than one-quarter of the membership.

The consideration of athletics participation and ability in the awarding of leadership grants has been discussed repeatedly by the Division III membership and the Division III governance structure during the past decade. Violations where athletics has been considered in the awarding of leadership grants have been uncovered through the reporting process mentioned above.

Leadership grants are widely used by Division III member institutions to award prospective and continuing students who have demonstrated leadership abilities in various activities such as student government, charitable organizations and clubs. The prohibition on the consideration of leadership in athletics has led some to question the principle of equitable treatment of student-athletes and other students when student-athletes are precluded from these grants. This has also led some to believe the current financial aid standard concerning leadership grants is disparately impacting student-athletes – that it’s punishing them, rather than celebrating their commitment to participation and success.

The Division III Financial Aid Committee, the NCAA group with direct oversight of the financial aid standards, has discussed the issue extensively. In November of 2006, the committee chair authored a memorandum to all Division III presidents and chancellors presenting the committee position on the topic. While the committee was sympathetic to those claiming the current standard condoned a disparate impact on student-athletes, it could not see how an amendment to the rule could balance the upholding of the central Division III tenet of amateurism and be practically implemented without creating the potential for abuse. The phrases “slippery slope” and “Pandora’s Box” were prevalent throughout the discussions.

Division III Philosophical Principles

Division III financial aid regulations are based on three principles from the Division III philosophy statement. Section (b) states that Division III institutions “award no athletically related financial aid to any student,” while section (f) notes that these same schools should “assure that athletics participants are not treated differently from other members of the student-body.” In addition, section (g) of the statement directs institutions to integrate their athletics programs “into the campus culture and educational mission.” Although when it originated this statement was drafted with an eye toward interdepartmental administrative policy, the concept of integration has become a bedrock foundation of the philosophy in its own right.

Division III financial aid legislation prohibits athletics scholarships that are prevalent in Divisions I and II. The legislation precludes member institutions from considering athletics participation in high school or college, as well as athletics ability in the formulation of student financial aid. Additionally, the bylaws call for the equitable and consistent treatment of student-athletes and other students throughout the financial aid packaging process. These standards are in place to uphold the central tenet of financial aid in Division III; the principle of amateurism. Division III Bylaw 15.4.1 (a) reads. “A member institution shall not consider athletics ability, participation or performance as a criterion in the formulation of the financial aid package.” Therefore, consideration of athletics in leadership grants, a form of financial aid, is prohibited.

Identification of Options

The first option available to the Division III membership is the maintenance of the status quo where the prohibition on any consideration of athletics leadership in student financial aid packaging is upheld. The current reporting program would remain in place to ensure compliance with this approach.

The second option would amend Bylaw 15.4 to allow the consideration of athletics in leadership grants through a membership vote. The Chancellor/Presidents Advisory Group (PAG) and Presidents Council explored several alternatives in this regard, including permitting the consideration of athletics leadership within current financial aid review process; enhancing the review criteria and/or data submission associated with the current Division III Financial Aid reporting program; and the establishment of a Division III leadership grant clearinghouse. However, it abandoned those options when it became clear that they lacked significant support.

Summary of Membership Feedback

The Division III membership survey provided schools with the opportunity to comment on Division III financial aid standards. Member institutions were asked to provide a level of agreement, ranging from strongly agree to strongly disagree, with four items related to this topic. When considering if student financial aid decisions should be independent from the athletics department, 90% indicated agreement or strong agreement. When considering the appropriateness of the current financial aid reporting program, 79% were in agreement or strong agreement. Schools were asked if punitive sanctions for violations found through the reporting program are appropriate. Two-thirds responded in agreement or strong agreement.

Schools were also presented with the following statement: Consideration of leadership in athletics (e.g., team captain) in the awarding of financial aid should be allowed provided it is

consistent with the consideration of leadership in other student activities. 20% indicated strong agreement with the statement. 32% indicated agreement and an additional 13% indicated somewhat agreement. 6% indicated somewhat disagreement, while 12% indicated disagreement and another 16% indicated strong disagreement. 2% of respondents indicated “Don’t Know.” When the results are aggregated, just more than half of respondents agree with the statement while just more than one-quarter disagree. Just less than 20% responded in the “somewhat” categories. It is important to note that this finding should not be viewed as a referendum on the current financial aid standards that govern Division III member institutions. This survey item was simply inquiring as to the school’s preference.

Additionally, the conditional clause, “provided it is consistent with the consideration of leadership in other student activities,” does provide a degree of important context. This item is not asking if schools are interested in creating athletics leadership grants, but rather leadership grants that consider athletics among a list of other student activities that a student could be involved in. That is an important distinction that should not be overlooked. It is also important to remember that this survey prompt does not present the respondent with any information regarding how such a policy could be implemented.

The town hall forums conducted in the spring of 2008 provided some additional context on the issue. It was clearly noted during these events that the competing tenets of prohibiting financial aid based on athletics ability versus treating student-athletes like other students can create a tension for the division as whole, across conferences, within conferences and even within individual schools. In order to justify an amendment to allow the consideration of athletics in leadership-based financial aid, one must appropriately balance these competing principles.

Arguments made at the town hall forums in support of leadership-based financial aid where athletics is considered included the following notions:

- Athletics is recognized as having a salutary effect on individual leadership skills; recognition of those skills exhibited in high school is an appropriate basis for institutional gift aid.
- Athletics leadership is permissible as an admissions criteria; it should be treated the same as an aid criteria.

- The rule restricts institutions from using criteria for the distribution of aid even if no NCAA athletes are awarded these grants. This tremendously infringes on institutional autonomy at a time when many enrollment driven institutions need all options available.
- The financial aid reporting program is capable of detecting any abuses.

Arguments made at the town hall forums against leadership-based financial aid where athletics is considered included the following notions:

- Division III's identity is most clearly tied to the concept that our student-athletes are not granted aid based on athletics ability. To weaken that, even in such a limited way, would erode the bedrock principle upon which the division is based.
- The weakening of financial aid rules could also lead us down a path where we end up with few distinguishing characteristics as a division.
- Oversight and enforcement of such a change should it be instituted will be difficult as leadership criteria are difficult to define and clear guidelines will be a challenge to establish.
- Accountability would be paramount in any change but institutions may be hesitant to agree to such scrutiny.

Recommendations for Further Consideration

During their August 6-7 discussions, the members of the PAG and the Presidents Council expressed overwhelming sentiment for preserving the current philosophical and legislative standards related to Division III financial aid. This included strong opposition to the consideration of athletics leadership in the packaging of financial aid, even if such consideration were consistent with leadership grants related to other student activities.

Opposition to athletics leadership grants emphasized both philosophical and practical considerations. On the philosophical side, chancellors and presidents felt that athletics leadership awards were inconsistent with division's best known philosophical tenet and would adversely affect the fundamental Division III identity. Strong concern also was expressed that

no practical methods existed to establish leadership awards without "opening the door" to athletics aid. Leadership is defined too broadly and inconsistently at the secondary school level to permit the establishment of a meaningful standard. It is more appropriate to expect and reward the leadership of prospective student-athletes in endeavors beyond athletics.

Accordingly, the Council concludes that:

- Current philosophical tenets, legislative standards and programs related to Division III financial aid be retained.

The Council recommends that:

- A "Supermajority" be required to make future revisions to these financial aid tenets, standards and programs.