

Financial Aid Basics

*University of Colorado
Monthly Compliance Meeting
January 8, 2009*

PROTECT



Overview of Today's Session

- Announcements from Jo
- Announcements from HAC
- Review of Financial Aid
- A few reminders
- Compliance Quote of the Month



Jo's Announcements

- CARA Logs- If you do not have a SA signature; turn them in for review and send over a SA next week.
- Complimentary Admission Forms- submit by 12pm on day of game or Fridays for weekend games to **Ticket Office**. It is noon for a reason!
- NLI Signing Dates – 2/4/2009 for MFB, WSO & TR/CC
- January Stipends – 2 this month, must be in 12 credits or have grad letter on file with Kris.
- 2nd Team Meetings – Compliance, Academics, STEPS

Announcements from the HAC

- Fall Grades
- Book Return and Pick-up
- Speaker – January 26



Financial Aid Overview

- Definitions.
- Eligibility for financial aid.
- Permissible sources of aid.
- Individual and team limits.
- Terms and conditions.
- Renewals and nonrenewals.

Definitions

- Full grant-in-aid (FGIA) -- Bylaw 15.02.5.
 - Tuition and fees, room and board and required course-related books.
- Cost of attendance (COA) -- Bylaw 15.02.2.
 - Includes total cost of tuition and fees, room and board, books and supplies, transportation and other expenses as calculated by the financial aid office per Federal guidelines.

Definitions

- Individual limit -- Bylaws 15.01.6 and 15.1
 - Maximum amount of aid an individual may receive.
- Counter -- Bylaw 15.02.3.
 - Student-athlete who must be counted against team limits.
- Institutional aid -- Bylaw 15.02.4.1.
 - Aid administered by the institution.

Eligibility for Institutional Aid

Bylaw 15.01.5

- Our Student-athletes must meet all guidelines.
 - State of Colorado.
 - Federal.
 - Big 12 Conference.
 - University of Colorado.
 - NCAA.

Eligibility for Institutional Aid

Bylaw 15.01.5

- Undergraduate eligibility remaining under five-year rule (Bylaw 14.2.1).
- Graduate student-athlete with eligibility remaining under Bylaw 14.1.9.

Eligibility for Institutional Aid

Bylaw 15.01.5

- Student-athlete has not received more than five years of aid within six years of initial full-time collegiate enrollment.
- After six-years financial aid eligibility restrictions apply only to unearned athletics aid for which athletics intercedes.

Eligibility for Institutional Aid

Bylaw 14.5.5.4

- Remember.... A 4-Year college transfer **must** have been academically eligible for competition had they remained at the previous institution in order to receive institutional athletically related financial aid per Bylaw 14.5.5.4.

Eligibility for Institutional Aid

Bylaw 14.5.6.5

- Four-year institution to a two-year institution and then to the certifying institution (4-2-4 transfer) shall complete at least one regular academic term of enrollment at the two-year institution in order to be eligible for athletically related financial aid at the certifying institution per Bylaw 14.5.6.5.

Permissible Sources of Financial Aid

Individual Limit

Bylaw 15.1

- Student-athlete's individual limit is their Cost of Attendance (COA).
- Student-athletes may receive the following aid up to the value of a Full Grant In Aid (FGIA).
 - Athletically related institutional aid (their scholarship)
 - Outside aid with athletics participation as a **major** criterion.
 - Educational expenses from an Olympic committee or a national governing body.

Individual Limit

Bylaw 15.1

- PLUS, a student-athlete may receive:
 - Other financial aid unrelated to athletics ability up to the COA

OR

- For a student-athlete who receives a Pell Grant, the greater of the value of a FGIA plus the Pell Grant or the value of a student-athlete's COA.

What is a Counter?

Bylaw 15.02.3

- A student-athlete who must be counted against the financial aid limit in a sport (e.g. FB-85; MBB – 13; WBB-13, etc.)

How Does a Student-Athlete Become a Counter?

Bylaw 15.5.1

- The student-athlete:
 - Receives institutional athletics aid (their scholarship).
 - “Recruited” and receives outside aid for which athletics participation is a **major criterion**.
 - Receives institutional aid with no certification that the aid was not based on athletics ability.

Counter Notes

- In some instances, student-athletes who receive institutional aid may not be counters.
 - Student-athlete receiving aid is specifically exempted by NCAA legislation (e.g., academic honor awards, established institutional research grant, exhausted eligibility, permanent medical noncounters).

How is an Equivalency Calculated?

Bylaw 15.5.3.2

- Calculate a fraction for all counters.
- Numerator includes all institutional aid for room, board, tuition and fees up to the value of a FGIA, except for legislated exceptions.
- Denominator is the value of a FGIA based on the actual costs or average costs of a FGIA for all students.
- The dollar amount used for books in both the numerator and the denominator is \$400.
- NCAA Compliance Assistant *internet* (CAi).

How is an Equivalency Calculated?

Bylaw 15.5.3.2

Exceptions

- Academic Honor Awards (Bylaw 15.5.3.2.1.1).
 - Based on high school academic record.
 - Awarded independently of athletics interests.
 - Recipient must:
 - Be in the top 10% of graduating class; or
 - Achieve a cumulative GPA of at least 3.500; or
 - Achieve a minimum score of 1200 on the SAT; or
 - Achieve a minimum score of 105 on the ACT.

How is an Equivalency Calculated?

Bylaw 15.5.3.2

Exceptions

Institutional Academic Scholarships (Bylaw 15.5.3.2.1.2)

- Based on academic record at the institution.
- Awarded independently of athletics interests.
- Recipient must:
 - Complete one-academic year at the certifying institution; and
 - Achieve a minimum cumulative GPA of 3.300.

University of Colorado-Boulder

CASE STUDIES:

Juli, Brad, KJ and Leslie

University of Colorado-Boulder 2008-2009 Figures

● FGIA, in-state	\$18,000
● FGIA, out-of-state	\$35,500
● COA, in-state	\$22,000
● COA, out-of-state	\$40,500

Juli - Facts:

Juli is a recruited, in-state, student-athlete participating in soccer. She received a \$8,000 athletics scholarship and a \$14,000 honorary academic award.

Juli's financial aid worksheet

Athletics aid	\$ 8,000
Honorary academic honor award	<u>\$14,000</u>
Total aid	\$22,000

Question/Answer

Is Julie a counter?

*Yes. Juli is receiving an athletics award.
She is a counter.*

May Juli receive all the aid described?

Yes. Juli may receive athletics aid up to the value of a FGIA (\$18,000) and other aid unrelated to athletics up the COA (\$22,000).

Question/Answer

What is Juli's Equivalency Value?

Juli's financial aid worksheet

Athletics aid \$ 8,000

Honorary academic award \$14,000

Total aid \$22,000

Athletics aid \$ 8,000

FGIA amount \$18,000 = .44%

Brad – Facts:

Brad is an in-state, student-athlete who walked onto the golf team. He is financing his education with a part-time campus job earning \$10,000 a year. He receives a tuition waiver worth \$5,000 as the son of a faculty member. He also receives an award from the local high school golf booster club worth \$500.

Brad's financial aid worksheet

Employment earnings	\$10,000
Tuition waiver	\$ 5,000
Golf club award	<u>\$ 500</u>
Total aid	\$15,500

Question/Answer

Has Brad's aid gone over his individual limit?

No, because the employment earnings do not count toward the FGIA limit or the COA limit. The tuition waiver counts toward his COA limit only. Only the outside award with athletics as a major criterion counts toward his FGIA limit.

Question/Answer

What is Brad's equivalency?

Brad's financial aid worksheet

Employment earnings	\$10,000
Tuition waiver	\$ 5,000
Golf club award	<u>\$ 500</u>
Total aid	\$15,500

Brad's outside award with athletics as a **major criterion** counts toward the team limits only if he was recruited. He was not, so no equivalency should be calculated.

Remember, what constitutes being "recruited"? Bylaw 13.02.12.1

KJ - Facts

KJ is a recruited third-year, out-of-state track student-athlete. He receives a \$10,000 athletics scholarship. He also receives a \$5,000 institutional grant and a \$3,000 Pell Grant. In addition, KJ's parents contribute to his education expenses.

KJ's financial aid worksheet

Athletics aid	\$10,000
Institutional award	\$5,000
Pell Grant	\$3,000
Parental contribution	<u>\$5,000</u>
Total aid	\$23,000

Question/Answer

Has KJ exceeded his individual financial aid limit?

No. Contributions from parents are not included in either the COA or FGIA limits. His athletics aid counts towards the FGIA limit. The institutional award counts towards his FGIA and COA limits. The Pell Grant does not count against the FGIA limit but does count towards the COA limit. The track scholarship does not exceed the value of an out-of-state FGIA (\$35,500). The combination of the track scholarship, the institutional award, and the Pell Grant do not exceed the COA limit (\$40,500).

What is KJ's equivalency value?

Athletics aid	\$ 10,000
Institutional Award	<u>\$ 5, 000</u>
Total Countable Aid	\$15,000
FGIA amount	\$35,500 =.42%

Leslie – Facts:

Leslie is a recruited, in-state, volleyball student-athlete on a full-athletics scholarship. She also qualifies for the state “cream-of-the-crop” award, which is a \$3,000 scholarship available to all students from that state who graduated from high school with a 2.500 or better grade-point average.

Leslie’s financial aid worksheet

Athletics award	\$18,000
Outside education grant	<u>\$ 3,000</u>
Total aid	\$21,000

Question/Answer

Should Leslie's financial aid be calculated in the volleyball team's limit?

Leslie is a "counter". She counts against the team limit and her FGIA limit. The outside award is unrelated to her athletics ability. Even though it does not count towards her FGIA, it counts towards her COA limit.

Terms of Awarding Aid

- Award must conform to CU and Big 12 Conference regulations (Bylaw 15.3.2.1).
- Aid awarded to prospective student-athlete may not be conditioned on recipient reporting in satisfactory physical condition (Bylaw 15.3.2.2).

Terms of Awarding Aid

Bylaw 15.3.2.3

- Written statement required and must include
 - Amount (40%)
 - Duration (Fall/Spring 2008-09)
 - Conditions (2.0, attends class, etc.) &
 - Terms of award.
- Must be signed by individual who oversees awarding of financial aid (Gwen Pomper) generally (electronic authorization permissible).
- Signature of director of athletics attesting the award does not satisfy this requirement.

Period of Institutional Financial Aid

- One-year period.
 - Aid may not be awarded in excess of one academic year or for a period of less than one academic year. (Bylaw 15.3.3.1). Ex: Fall/Spring 2008-09
 - Aid shall be awarded in equal amounts for each term of the academic year (Bylaw 15.3.3.2). Ex: Must show 100% for the fall and the spring semesters...cannot have the SA on 10% fall semester and then he/she plays well, increase to 65% for spring semester.

Period of Institutional Financial Aid

- ❑ Exceptions to one year period (Bylaw 15.3.3.1.1):
 - Midyear Enrollment (Ex. Skier who enrolls at semester full-time for the first time).
 - Final Semester/Quarter (Ex. FB SA graduating in Dec.)
 - One-Time Exception (never been on aid before, you want to provide financial aid to them—financial need, equity purposes, etc.)

Period of Institutional Financial Aid

- During academic year, period of the award begins with the first day of class or practice, whichever is earlier (Bylaw 15.02.) Ex: Soccer begins August 7th, golf begins with Monday, August 24, 2009.
- “Period of award” for reduction/cancellation is from student-athlete’s signing of award letter through period set forth in agreement (Bylaw 15.3.4.3.2).

Period of Institutional Financial Aid

What about the summer term (Bylaw 15.2.8)?

- Separate award will be issued to the SA.
- Awarded in proportion to aid during regular term. If SA was on 40% during the regular academic year, we cannot provide the SA with 80% for the summer session.

Period of Institutional Financial Aid

□ Additional issues:

- Financial aid authority precedent for renewals (Bylaw 15.3.3.1.2).
 - Prospective student-athlete must be informed that the renewal will not be automatic.
- Injury or illness policy.
 - It is not permissible to assure the prospective student-athlete that aid will automatically be renewed in case of an injury (Bylaw 15.3.3.1.3).

When is Reduction or Cancellation Permitted During Period of Award?

Bylaw 15.3.4.1

- **Ineligible.**
- **Fraud.**
- **Serious misconduct.**
 - An institution may cancel or reduce the financial aid of a student-athlete who is found to have engaged in misconduct by the university's regular disciplinary authority for students, even if the loss-of-aid requirement does not apply to the student body in general. (Bylaw 15.3.4.1.2)
- **Voluntary withdrawals.**
 - Must be initiated by student-athlete.
 - Recipient's financial aid may not be awarded to another student-athlete in the academic term in which the aid was reduced or canceled.
 - Student-athlete's request for written permission to contact another four-year collegiate institution regarding a possible transfer does not constitute a voluntary withdrawal.

When is Reduction or Cancellation Not Permitted During Period of Award?

- Generally, not permitted for any reason not listed in Bylaw 15.3.4.1.
- Bylaw 15.3.4.3 specifically does not allow for reduction:
 - Based on the student-athlete's athletics ability.
 - Because of an injury, illness or physical or mental condition. (Note: need not prevent participation).
 - For any other athletics reason.

Hearing Requirement

Bylaw 15.3.2.4

- Prior to reduction or cancellation, the student-athlete must be provided with the following:
 - Written notice of the reduction or cancellation; and
 - Written notice of an opportunity for a hearing.
 - Written notice shall include a copy of CU's established policies and procedures for conducting the required hearing, including the deadline by which a student-athlete must request such a hearing.

Hearing Requirement

- Hearing must be prompt.
- Hearing must be conducted by the entity that considers such requests from all student-athletes in accordance with established institutional policies.
 - Hearing cannot be conducted by athletics department or faculty athletics committee.
 - Athletics department staff may be standing member.

When is an Increase Permitted During Period of Award? Bylaw 15.3.4.2

- Between the period when the student-athlete signs the financial aid agreement and the beginning of the period of the award (i.e., first day of practice or class).
- During the period of the award, if the institution can demonstrate that the increase is unrelated to an athletics reason.

Renewals and Nonrenewals

Bylaw 15.3.5.1

- Must be made in writing on or before July 1.
- Notification must:
 - Be prompt and in writing.
 - Be sent to all student-athletes who received an award the previous academic year and has eligibility remaining.
 - Come from the institution's regular financial aid authority (Gwen Pomper from financial aid office -- not from the athletics department).
- Hearing required if cancelled or reduced. See Bylaw 15.3.2.4.

University of Colorado-Boulder

CASE STUDIES:

Maria and Andy

Maria – Facts:

- Maria is a nonrecruited, first-year, walk-on to the ski team. She receives no institutional aid.
- Maria's coach Richard Rokos wants to give her athletics aid at midyear.

Question/Answer

Assuming the team has money available within team limitations to award, may Maria accept the aid?

Yes, Maria may receive the aid because she had not received institutional aid prior to this date (Bylaw 15.3.3.1.1). However, aid cannot be awarded retroactively. Therefore, the award can only be for the remainder of the year's expenses, per Bylaw 15.3.1.3 (retroactive financial aid).

Andy – Facts:

Andy is a recruited, out-of-state, third-year student-athlete participating in track and field. He is awarded a .40% equivalency for the full academic year. He has not performed up to Coach Coutts expectations and has been attending counseling sessions for depression.

Question/Answer

May Coach Coutts cancel Andy's aid at midyear?

No. Coach Coutts may not reduce or cancel a student-athlete's aid for athletics reasons or due to injury, illness or physical or mental condition.

Keep in Mind....

- Institutions may write nonathletically related conditions into the financial aid agreement.

Question/Answer

What if Andy quits the team out of frustration for his poor performance and other issues?

- Coach Coutts may reduce or cancel his aid if he voluntarily withdraws from the team at any time.

NOTE: The institution must inform Andy of his opportunity for a hearing before reducing or cancelling his aid.

Case Study No. 1

- Jack has signed an athletics scholarship agreement for the 2007-08 academic year.
- An athletics department policy specifies no SAs may consume alcohol during the regular academic year.
- May 2008: Jack, an alcoholic, is cited for drinking alcohol in his dorm room.
- Jack's coach wants to remove him from the team and cancel his athletics aid for the remainder of the academic year.
- Is this permissible?

Case Study No. 1: Answer

- While it is permissible for Jack's coach to dismiss him from the team, it is not permissible to cancel Jack's athletics aid.
- If the athletics department's alcohol policy was part of Jack's financial aid agreement, then his aid could be canceled.
- If the agreement included the alcohol policy, and Jack signed his agreement knowing he is an alcoholic, could his aid be canceled based on Bylaw 15.3.4.1-(b), citing that Jack fraudulently misrepresented information?

Case Study No. 1 (continued)

- Jack is renewed for the 2008-09 academic year. His financial aid agreement requires that he must attend Alcoholics Anonymous (AA) meetings three times per week.
- October 2008: Jack's coach discovers he has stopped going to AA meetings.
- Is it permissible for Jack's coach to cancel his aid for the remainder of the 2008-09 academic year?

Case Study No. 1: Answer (continued)

- Yes. Institutions are permitted to include nonathletically related conditions into financial aid agreements, including conditions related to the treatment associated with Jack's addiction. If Jack does not fulfill the conditions related to his treatment, his aid may be canceled during the period.
- His aid is not being canceled based on his alcoholism but rather based on the conditions he agreed to when signing his financial aid agreement.
- Remember...

Case Study No. 1: Answer (continued)

- Institutions are encouraged to consult with legal counsel when writing financial aid agreements. Depending on the nature of the condition, it may be difficult to document that the student-athlete violated the nonathletics condition and/or institutional conduct policy.
- For example, attendance at AA meetings is completely confidential. Jack's institution must be comfortable that it has sufficient reason to believe he violated the conditions specified in his financial aid agreement.

Case Study No. 2

- Paxil, a tennis student-athlete, signs an athletics aid agreement that specifies she must maintain a 2.000 cumulative GPA during the regular academic year.
- Following the 2008 fall term, Paxil's grade-point average falls to a 1.750 and she is academically ineligible for competition.
- January 2009: Paxil is diagnosed with depression.
- Paxil's coach wants to reduce her athletics aid.
- Is this permissible?

Case Study No. 2: Answer

- CU must be comfortable that the reduction is based on Paxil rendering herself academically ineligible [Bylaw 15.3.4.1-(a)], not her depressive condition.
- CU athletics may want to consult with legal counsel office prior to taking action to reduce Paxil's aid.
- Paxil must be provided with a hearing opportunity before CU tennis reduces her aid.

Questions?

Just A Few Reminders....

- It is not permissible to post pictures of current CU recruits onto a Facebook site to allow the recruit to then download the pictures for their own scrapbook. (Bylaw 13.10.5 and or 13.10.8)
- It is not permissible for MBB, WBB or VB to purchase videos from Hoop1 Video for scouting purposes, unless we are involved in post-season championship play. (Bylaw 11.6.1.2)

Compliance Quote of the Month

- Great moments are
born from great
opportunity

• Herb Brooks, coach of the 1980 “Miracle on Ice” Hockey Team