

## **Educational Column - Multi-year Financial Aid Agreements**

With the adoption of NCAA Proposal Nos. 2014-13 (as amended by Proposal No. 2014-13-1) and 2014-14, the membership has raised additional questions regarding multi-year agreements. While the January 24, 2012, question and answer column regarding the multi-year agreement legislation remains an important resource, the following is intended to provide additional clarification for the membership.

**Question No. 1:** How is the period of award for a multi-year agreement defined?

**Answer:** The period of award for a financial aid agreement begins in the academic year in which aid is first provided and ends once the agreement no longer specifies that it will provide athletically related financial aid for additional academic terms or years. The following examples are intended to illustrate the period of award for various financial aid awards:

- 1) Scenario: Provides a 50-percent equivalency for the first academic year and no athletically related financial aid for the second and third academic years.

Analysis: One academic year. The agreement is a one-year financial aid agreement for the student-athlete's first academic year at the certifying institution and would need to be renewed or not renewed after the initial year.

- 2) Scenario: Provides no athletically related financial aid for the first academic year and a 50-percent equivalency for the second and third academic years.

Analysis: Two academic years. The agreement is a two-year financial aid agreement that does not begin until the student-athlete's second academic year of enrollment at the certifying institution. Note that because no athletics aid was provided in the initial year of enrollment, this financial aid agreement would not validate an NLI.

- 3) Scenario: Provides a 50-percent equivalency for the first academic year, no athletically related financial aid for the second academic year and a 50-percent equivalency for the third academic year.

Analysis: Three academic years. The agreement is a three-year financial aid agreement that begins with the student-athlete's first academic year at the certifying institution.

**Question No. 2:** Is it permissible to provide a student-athlete a temporary increase during the period of the award and return the student-athlete to the original award during the period of the award without the return to the original award being considered a reduction? For example, a student-athlete is awarded a three-year financial aid agreement for a 25-percent equivalency from athletics. At the start of the second term of the student-athlete's first academic year, additional athletically related financial aid is available and the decision is made to award it to the student-athlete for that term only. After that term, the student-athlete will return to the 25-percent equivalency for the remainder of the period of award.

**Answer:** Yes, a temporary increase during the period of award may occur at any time during the period of award. However, at the time of renewal, the new financial aid agreement would be considered a reduction if it does not cover the same term (or remainder of the student-athlete's eligibility) and does not average equal to or more than the average of the previous agreement, including any increases.

**Question No. 3:** Is it permissible to adjust a multiyear financial aid agreement to decrease in one academic year and increase in an equal value in a later academic year if the total equivalency provided equals or exceeds the value stated in the original financial aid agreement? For example, the original multiyear agreement provides a 25-percent equivalency per academic year for five academic years. Can the institution adjust the agreement to provide a 25-percent equivalency for the first three academic years, a 35-percent equivalency for the fourth academic year and a 15-percent equivalency for the fifth academic year?

**Answer:** The answer depends on the wording of the financial aid agreement. If, as in the example above, the agreement states that it provides a 25-percent equivalency per academic year for five academic years, then it is not permissible to reallocate the award in such a way that would result in the award for any academic year within the period of award to be less than a 25-percent equivalency, absent a renegotiation of the terms that results in an overall increase to the student-athlete. If, however, the financial aid agreement specifies that it provides an average of a 25-percent equivalency over five academic years, then the reallocation described above would be permitted as long as the student-athlete receives an average of at least 25-percent of an equivalency over the five-year period of the award. As a best practice, institutions that offer awards that specify

an average amount of athletics aid to be provided over multiple academic years are encouraged to notify the student-athlete of the specific equivalency he or she will receive for the upcoming academic year not later than legislated date for providing student-athletes with renewal notifications.

**Question No. 4:** May a one-year agreement be extended prior to the end of the agreement to make it a multi-year agreement?

**Answer:** Yes, but the terms of the agreement depend on whether the student-athlete's agreement is subject to the new NCAA Bylaw 15.3.4.3. If it is not subject to the new Bylaw 15.3.4.3, the agreement must maintain the terms of the single year agreement for that initial year, but may be for any amount for the subsequent years. If the existing agreement is subject to the new Bylaw 15.3.4.3, the new agreement cannot average any less than the amount received by the student-athlete under the single-year agreement. For example, a one-year agreement for 2015-16 for a 50-percent equivalency not subject to the new Bylaw 15.3.4.3 could be extended post signing to a three-year award of 50-percent for 2015-16, 10-percent for 2016-17 and 10-percent for 2017-18 (or any other terms for 2016-17 and 2017-18). That same three-year agreement subject to the new Bylaw 15.3.4.3 could be extended to 50-percent, 25-percent, 75-percent or 25-percent, 50-percent, 75-percent, but not less than any other term combination that averages to 50-percent over the new three-year period of the award.

[References: NCAA Division I Bylaws 15.02.7 (period of award), 15.3.2.3 (hearing opportunity), 15.3.2.3.1 (reduction of a multi-year award), 15.3.3 (period of institutional financial aid award), 15.3.3.1 (period of award), 15.3.4.1 (increase permitted), and 15.3.4.3 (reduction or nonrenewal not permitted) (effective August 1, 2015)]