



MEMORANDUM

October 18, 2002

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Indianapolis, Indiana

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TO: Executive Directors of Selected Coaches Associations.

FROM: Carolayne Henry, chair.  
Division I Student-Athlete Reinstatement Committee.

SUBJECT: Acceptance of Prize Money.

At the April 2002 Board of Directors meeting, Proposal No. 99-110 (as amended by Proposal No. 99-110-2) was adopted to allow prospective student-athletes to accept prize money based on place finish in an open athletics event, provided the prize money does not exceed the individual's expenses. This proposal differs from current practice since the analysis for determining if the individual's expenses exceeded his or her prize money must be done on an event-by-event basis, as opposed to comparing the cumulative expenses with the total prize money earnings for a period of time. Further, pending final approval in October by the Division I Management Council and Board of Directors, an open athletics event for the purposes of this bylaw shall be defined as any event that is not invitation only.

*Bylaw 12.1.1.4.1 – Exception for Prize money Prior to Full-Time Collegiate Enrollment. Prior to full-time collegiate enrollment, an individual may accept prize money based on his or her place finish or performance in an open athletics event. Such prize money may not exceed actual and necessary expenses and may be provided only by the sponsor of the open event.*

In light of the new legislative change regarding the acceptance of prize money and many other discussions involving the Division I amateurism legislation, the Division I Student-Athlete Reinstatement Committee discussed the appropriate reinstatement condition for an individual who accepts prize money exceeding actual and necessary expenses. The committee concluded that an individual who is clearly aware that he or she accepted prize money in excess of his or her expenses after September 1, 2002, should not be reinstated.

This represents a shift from the previous reinstatement condition, which simply required the repayment of any prize money received by an individual. Beginning with prize money accepted after September 1, 2002, if the individual accepts prize money in an event exceeding his or her expenses, the general presumption would be that the individual not be reinstated.

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Summary of Changes:

1. Prior to initial collegiate enrollment, prize money is permissible only under the following conditions:
  - a. Prize money accepted for each individual event does not exceed the actual and necessary expenses for that specific event;
  - b. Prize money is awarded from the sponsor of the event; and
  - c. Prize money is awarded in an event that is open and, thus, not an invitation only event (pending adoption by the NCAA Division I Board of Directors in November 2002).
2. For prospective student athletes, prize money accepted after September 1, 2002, which exceeds expenses in a particular event will likely result in permanent ineligibility.

In an effort to educate prospective student-athletes, the committee is sharing this information with the Coaches' Associations. Questions regarding the application of the reinstatement condition, which will be applied to individuals who accept prize money above expenses, should be directed to Julie Roe, director of student-athlete reinstatement, or Jennifer Strawley, assistant director of student-athlete reinstatement, at phone number 317/917-6040. Questions regarding the application of the legislation should be directed to the NCAA membership services staff at phone number 317/917-6222.

CH:tlc

cc: Collegiate Commissioners Association Compliance Administrators

This memorandum has been distributed to the following individuals:

Mr. Sam Bell  
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