

Educational Column -- Amateurism -- Student-Athlete's Receipt of Expenses from Nonprofessional Sponsor of Event and Payment Based on Performance (I)

Date Issued: May 03, 2007

Type: Ed. Column

Item Ref: 1

Interpretation:

NCAA Division I institutions should note that in accordance with NCAA Bylaw 12.1.2.1.4.5 (expenses from sponsor other than parents/legal guardian or nonprofessional sponsor of event), it is permissible for an individual to receive actual and necessary expenses to participate in athletics competition (while not representing an educational institution) from the nonprofessional organization sponsoring the competition. However, according to Bylaw 12.1.2.1.5 (payment based on performance), an individual would jeopardize his or her intercollegiate eligibility if he or she accepted any payment, including actual and necessary expenses, conditioned on the individual's or team's place finish or performance or given on an incentive basis, or received expenses in excess of the same reasonable amount for permissible expenses given to all individuals or team members involved in the competition.

Please note that acceptance of prize money by student-athletes is not permissible. Student-athletes may mistakenly believe that as long as their actual and necessary expenses are in excess of the prize money awarded, it is permissible to accept prize money. Institutions should be aware of this potential misunderstanding in the application of the legislation and inform the student-athlete that eligibility will be jeopardized if he or she receives prize money based on or tied to place of finish or performance in the competitive event, even if such earnings do not exceed the student-athlete's actual and necessary expenses to participate in the competition.

Further, it is important to note that nonprofessional sponsors of competitive events that wish to make funds available for the actual and necessary expenses of amateur participants in the event may do so provided the expenses are a uniform, reasonable amount to cover the student-athlete's actual and necessary expenses and are not based in any manner on the student-athlete's place of finish in that event.

In tennis, institutions should be aware that nonprofessional event sponsors (e.g., International Tennis Federation) are providing prize money to participants based on place of finish. Moreover, it appears the money provided is being labeled as actual and necessary expenses even though the receipt of such money is based, at least in part, on performance. Event sponsors are also providing money with the label of actual and necessary expenses that are the same dollar amount the participant would have received had they accepted prize money. Institutions should note that this method of prize money allocation likely would jeopardize a student-athlete's eligibility. The following situations will assist in the application of Bylaws 12.1.2.1.4.5 and 12.1.2.1.5 to student-athletes involved in outside tennis competition:

1. **Situation:** A student-athlete participates in a tennis tournament sponsored by a nonprofessional organization in which prize money will be awarded to participants based on place of finish provided the participant advances to at least the second round of the event. The student-athlete remains in the event for two days and reaches the second round. The student athlete qualifies for and receives \$750 cash based on his or her place finish in the event.

Question: Has the student-athlete jeopardized his or her eligibility in tennis?

Answer: Yes, the student-athlete has accepted pay in the form of a cash award based on his or her athletics skill and, thus, would not be eligible (subject to student-athlete reinstatement) to participate in intercollegiate tennis competition.

2. **Situation:** A student-athlete participates in a tennis tournament sponsored by a nonprofessional organization in which prize money will be awarded to participants based on place of finish provided the participant advances to at least the second round of the event. The student-athlete remains in the event for two days and reaches the second round. The student athlete qualifies for \$750 cash based on his or her place finish in the event. Because the student-athlete's actual and necessary expenses (travel, room and board) are \$1000, the nonprofessional organization sponsoring the competition allows the student-athlete to keep the \$750 in prize money to help defray some of his or her actual and necessary expenses.

Question: Has the student-athlete jeopardized his or her eligibility in tennis?

Answer: Yes, the student-athlete has accepted pay in the form of a cash award based on his or her athletics skill. Although the amount received does not exceed his or her actual and necessary expenses, the payment was conditioned on the student-athlete's place finish in the event. As a result, the student-athlete would no longer be eligible (subject to student-athlete reinstatement) to participate in intercollegiate tennis competition.

3. **Situation:** A student-athlete participates in a tennis tournament sponsored by a nonprofessional organization in which prize money will be awarded to participants based on place of finish provided the participant advances to at least the second round of the event. Prior to the competition, the nonprofessional sponsor has agreed to reserve a pool of funds to provide actual and necessary expenses to the amateur participants in the event. In other words, if a participant decides not to accept prize money based on place finish, the earnings will be retained by the nonprofessional organization sponsoring the event and will be placed in a pool to cover the actual and necessary expenses of amateur competitors. The sponsors agree to provide each amateur participating in the event a reasonable amount of expenses (e.g., \$100 per day) to cover the individual's actual and necessary expenses while participating in the event. The student-athlete remains in the event for two days and is eligible to receive \$750 prize money based on his or her performance in the event. The student-athlete declines the prize money, but the sponsor provides the student-athlete with \$200 to cover his or her actual and necessary expenses.

Question: Has the student-athlete jeopardized his or her eligibility in tennis?

Answer: No, the student-athlete did not accept pay in the form of cash based on his or her place finish in the event. Such funds were retained by the nonprofessional sponsor of the event to establish a pool in order to provide actual and necessary expenses to amateur participants. As long as the student-athlete incurred actual and necessary expenses that totaled at least \$200, the receipt of such expenses would be permissible provided they were not conditioned on the student-athlete's place finish or

performance in the event. Thus, the student-athlete remains eligible for intercollegiate tennis competition. Finally, even if the sponsor did not establish a "pool" of funds to provide actual and necessary expenses to amateur participants, a student-athlete who received \$200 would not have jeopardized his or her amateur status in this situation.

4. **Situation:** A nonprofessional sponsor of a tennis tournament will reimburse actual and necessary expenses for amateur participants. The tournament will reimburse up to \$100 per day. In order to qualify for receipt of those expenses, the participant must advance at least to the second round of the tournament, which occurs on days two and three of the tournament.

Question: May the student-athlete accept money to cover actual and necessary expenses?

Answer: No, the student-athlete may not accept money to cover actual and necessary expenses in this situation because it is based, at least in part, on advancement to the second round of the tournament.

[References: Bylaws 12.1.2.1.4.5 (expenses from sponsor other than parents/legal guardians or nonprofessional sponsor of event) and 12.1.2.1.5 (payment based on performance)]