

## Individual Participating in Competitive Events that Award Prize Money

The following information was prepared by the NCAA Legislative Services staff and distributed to the Chief Executive Officers of National Governing Bodies. This information was a result of many individuals participating in individual tournaments (e.g., tennis, golf, track, etc.) and accepting prize money based on their place of finish. Many individuals assume that so long as the prize money does not exceed the individuals expenses related to the competition then it is ok to accept the prize money. **THIS IS COMPLETELY INCORRECT.** An individual **will lose** their NCAA **amateur status** if they **accept any prize money** based upon their place of finish. Please read the following information closely prior to participating in any event that is awarding prize money.

### Applicable Amateurism Legislation

Bylaw 12.1.1.-(a). An individual loses amateur status and, thus, shall not be eligible for intercollegiate competition in a particular sport if the individual uses his or her athletics skill (directly or indirectly) for pay in any form in that sport.

Bylaw 12.1.1.-(b). An individual loses amateur status and, thus, shall not be eligible for intercollegiate competition in a particular sport if the individual accepts a promise of pay even if such pay is to be received following completion of intercollegiate athletics participation.

Bylaw 12.1.2.-(f). An individual loses amateur status through the receipt of pay, which includes actual and necessary expenses or any other form of compensation to participate in athletics competition (while not representing an educational institution) from a sponsor other than an individual upon whom the athlete naturally or legally is dependent or the nonprofessional organization that is sponsoring the competition.

Bylaw 12.1.2.-(j). An individual loses amateur status through the receipt of pay, which includes any payment, including actual and necessary expenses conditioned on the individual's place finish or performance or given on an incentive basis, or receipt of expenses in excess of the same reasonable amount for permissible expenses given to all individuals involved in the competition.

Bylaw 12.1.2.-(l). An individual loses amateur status through the receipt of pay, which includes cash, or the equivalent thereof (e.g., trust fund), as an award for participation and competition at any time, even if such an award is permitted under the rules governing an amateur, noncollegiate event in which the individual is participating. An award or cash prize that an individual could not receive under NCAA legislation may not be forwarded in the individual's name to a different individual or agency.

NCAA Bylaw 12.2.3.1. An individual may participate singly or as a member of an amateur team against professional athletes.

## Case Studies.

{Note: The following situations assume that if the event requires a participant to indicate whether he or she will participate as an amateur or professional, the individual indicates that he or she will compete as an amateur.}

**Situation:** An individual participates in a competitive event (e.g., tennis tournament, track meet) sponsored by a nonprofessional organization in which prize money will be awarded to participants based on their place finish in the event. The individual participates in the event for three days and receives \$3,000 cash based on his or her place finish in the event.

**Question:** Has the individual jeopardized his or her athletics eligibility for NCAA competition in the applicable sport?

**Answer:** Yes. The individual has accepted pay in the form of a cash award for participating in the competition and, thus, would not be eligible (subject to restoration) to compete in intercollegiate competition in the applicable sport.

**Situation:** An individual participates in a competitive event (e.g., tennis tournament, track meet) sponsored by a nonprofessional organization in which prize money will be awarded to participants based on their place finish in the event. The individual remains in the event for five days and qualifies for \$500 cash based on his or her place finish in the event. Because the individual's actual and necessary expenses (i.e., travel, room and board) are \$750, the nonprofessional organization sponsoring the competition allows the individual to keep the \$500 in prize money to help defray some of his or her actual and necessary expenses.

**Question:** Has the individual jeopardized his or her eligibility in the applicable sport?

**Answer:** Yes. The individual has accepted pay in the form of a cash award based on his or her athletics skill in the applicable sport. Although the individual's prize money does not exceed his or her actual and necessary expenses, because the payment was conditioned on the individual's place finish in the event, the individual no longer would be eligible (subject to restoration) to participate in intercollegiate competition in the applicable sport.

**Situation:** An individual participates in a competitive event (e.g., tennis tournament, track meet) in which a nonprofessional organization sponsoring the competition provides prize money to participants based on their place finish in the event. The individual participates in the event for three days and, based on his or her place finish, earns \$1,000 in prize money. The individual's actual and necessary expenses are \$300. Because the individual's prize money earnings based on place finish exceed his or her actual and necessary expenses, the sponsor of the competition allows the individual to keep \$300 of the prize money to cover his or her actual and necessary expenses.

**Question:** Has the individual jeopardized his or her eligibility for intercollegiate competition in the applicable sport?

**Answer:** Yes. The individual has accepted pay in the form of a cash award based on his or her athletics skill in the applicable sport. Although the individual's actual and necessary expenses do not exceed the amount of the individual's prize money based on place finish, the actual and necessary expenses are conditioned on the individual's place finish and are provided to the individual out of his or prize earnings. Thus, the individual would not be eligible (subject to restoration) for intercollegiate competition in the applicable sport.

**Situation:** An individual participates in a competitive event (e.g., tennis tournament, track meet) sponsored by a nonprofessional organization in which prize money is awarded to participants based on their place finish in the event. The individual participates in the event for the entire week and earns \$5,000 in prize money based on his or her place finish in the event. The sponsor agrees to hold the individual's earnings in escrow until such time as the individual has completed his or her intercollegiate athletics eligibility in the applicable sport. The individual agrees to accept such earnings subsequent to exhausting eligibility in the applicable sport.

**Question:** Has the individual jeopardized his or her eligibility for intercollegiate competition in the particular sport?

**Answer:** Yes. The individual has accepted a promise of a cash award based on his or her place finish in the event to be received following completion of the individual's intercollegiate athletics participation. Thus, the individual would not be eligible (subject to restoration) for intercollegiate competition in the applicable sport.

**Situation:** An individual participates in a competitive event (e.g., tennis tournament, track meet) sponsored by a nonprofessional organization in which prize money is awarded to participants based on their place finish in the event. Prior to the competition, the nonprofessional sponsor has agreed to provide the individual's transportation to and from the event as well as \$100 for each day the individual participates in the competitive event to cover the individual's meals and lodging (assume that the \$100 a day is a reasonable amount to cover meals and lodging). The individual participates in the event for three days and could receive \$1,000 based on his or her place finish in the event. The individual accepts the \$300 (and transportation expenses to and from the event) and the return ticket home.

**Question:** Has the individual jeopardized eligibility for intercollegiate competition in the applicable sport?

**Answer:** No. The individual has not used his or her athletics skill for pay in any form in the applicable sport. The individual has received actual and necessary expenses from the nonprofessional sponsor of the competition, and such expenses were not conditioned in any manner on the individual's place finish or performance in the event. Thus, the individual remains eligible for intercollegiate competition in the applicable sport.

**Situation:** An individual participates in a competitive event (e.g., tennis tournament, track meet) sponsored by a nonprofessional organization in which prize money is awarded to the participants based on their place finish in the event. The nonprofessional sponsor has agreed to reserve a pool of funds to provide actual and necessary expenses to the amateur participants in the competition. The pool of funds will be based on the potential earnings based on the place finish of all the amateur participants in the event. In other words, if a participant decides not to accept the 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 a day) to cover the individual's actual and necessary expenses while participating in the event. The individual participates in the event for four days and could receive \$2,000 prize money based on his or her performance in the event. The sponsor provides the individual with \$400 and transportation to and from the event to cover his or her actual and necessary expenses.

**Question:** Has the individual jeopardized his or her eligibility for intercollegiate competition in the applicable sport?

**Answer:** No. The individual in question 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 competition to establish a pool in order to provide actual and necessary expenses to amateur participants. The individual received actual and necessary expenses from the sponsor that were not conditioned on the individual's place finish or performance in the event. Thus, the individual remains eligible for intercollegiate competition in the applicable sport.

As you can see from the above-mentioned situations, an individual jeopardizes his or her eligibility if the individual accepts pay in the form of cash that is based on or tied to the individual's place finish or performance in the competitive event, even if such earnings do not exceed the individual's actual and necessary expenses to participate in the tournament. Therefore, nonprofessional sponsors of competitive events that wish to make funds available to cover 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 participant's actual and necessary expenses and are not based in any manner on the individual's place finish or provided directly out of the individual's prize money earnings in the event. It is advisable for such an agreement to be included either in the application or entry form for the event or for some arrangement to be made with the individual prior to participation in the event. Therefore, the individual will understand that he or she will be receiving a uniform, reasonable amount of funds to cover actual and necessary expenses for each day of participation in the event, regardless of how well he or she performs in that event. Such an arrangement will not jeopardize the individual's amateur status in the applicable sport.