

# ***A Participation Fee Primer***



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# ***Preface: Planning For Participation Fees, Hoping To Keep Participation Rates High***

Recent budget constraints in many school districts, brought on by a variety of circumstances, have increased discussion about Participation Fees for extracurricular athletics and other after-school activities -- more commonly referred to by its incorrect title of "Pay-To-Play."

The number of school districts assessing Participation Fees in Michigan has ranged between 50 and 100 over the past decade. The passage of Proposal A in 1993 was predicted to cause an immediate spike in the number of schools assessing fees, but those prophecies are only on the brink of being realized now - 10 years later.

Fund-raising has become more and more a way of life for educational athletics to help augment the regular budget, avoiding the assessment of Participation Fees, which school administrators and parents have traditionally opposed. However, with the recent financial shortages realized and projected in school districts, the consideration of Participation Fees has grown as districts struggle to maintain athletic programming. There are many who are again seeking information from the MHSAA as they consider such assessments.

This publication is designed to describe and address the issues surrounding Participation Fees, and also promote the value of the voluntary, extracurricular athletic programs in our schools. Make no mistake - the MHSAA will not advocate schools going to Participation Fees. However, given the financial times we live in, it is the role of the Association to assist schools in their planning, and also to provide guidance as such fees relate to MHSAA Handbook regulations schools voluntarily adopt and agree to enforce each year as a requirement of membership.

We have designed this publication so that its individual pages may be easily reproduced for distribution at meetings and other forums where the Participation Fee topic is discussed. MHSAA member schools are receiving additional resources to be used administratively. We hope you will find this information to be useful in these difficult times.



# ***What Are Participation Fees?***

- **A Participation Fee is a financial assessment made by a school district for its students to participate on an extracurricular athletic team or to take part in other after-school activities.**

- **Participation Fees have a long history in certain parts of Michigan, but in the past 10 years, the percentage of MHSAA member schools assessing such fees has only averaged around 10 percent. Nationally, there are areas which have assessed fees for even longer times, and at rates even higher than those discussed in Michigan.**

- **Michigan law upholds the assessment of Participation Fees. On June 18, 1985, the Michigan Court of Appeals ruled that fees were acceptable because the funds were required for only extracurricular activities, and no school credit was awarded for participation in those activities.**



- **While not normally assessed in educational athletics, families are familiar with Participation Fees through those assessed for participation in local youth athletic programs, or through travel teams.**



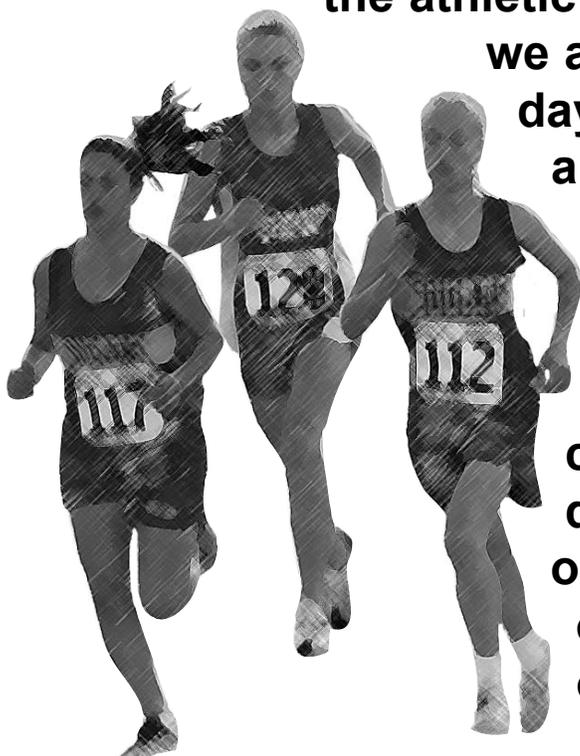
## ***What Participation Fees Are Not***

● **Participation Fees are not a guarantee of a spot on an athletic team or playing time on that team. In sports with roster limits, where sometimes cuts occur, the fee is not assessed if a youngster does not make the team.**

**Nor does the fee automatically provide for playing time for a student-athlete. All of the conditions of being a team member apply as if the fee did not exist - and that includes playing time based on the coaches' decision of a youngster's athletic ability.**

● **Participation Fees do not confer authority to make demands of the school related to the athletic department. While**

**we are all stakeholders in the day-to-day conduct of school sports, paying a Participation Fee does not give the payer of that fee a greater voice in how the program is operated. The school administration must maintain complete control, even if it cannot completely fund the program and depends on Participation Fees or outside contributions from other organizations such as booster clubs or corporate sponsors.**



# ***Rationale Against Participation Fees***

● Participation has long been a privilege available to all students meeting academic and other eligibility criteria. Athletic Participation Fees threaten to create teams that will be made up of only those families within a school district with the ability to pay - a notion not much different than some of the elite travel teams that exist in non-school sports. That's not what school sports should be about.



● Participation fees make very little positive difference in the budget for athletics and have the potential to do more harm than good to the overall school budget.

● The athletic budget on average nationally is less than 1 or 2 percent of the total budget, hardly a place to solve the problems of school finance.



● In days of increased competition to attract families to move into communities, or have students transfer into districts through Schools of Choice, the existence of Participation Fees or the rates being charged may become a determining factor in where a family purchases a home or where a youngster attends school. The end result is a decrease in state aid based on enrollment figures.

● Imposing Participation Fees reduces student involvement and paid attendance at athletic events, further negating much of the new revenue anticipated.

# ***Rationale For Participation Fees***

● In tight economic times, school districts have seen Participation Fees as a last resort in choosing between offering extracurricular athletic programming and cutting back or not sponsoring such programs at all.

● In an overall budget picture, school districts are asking all programs to be subject to cuts, and some kind of outside financing so that each department contributes its share to the reduction effort.



# ***Alternatives To Participation Fees***

Consideration should be given to alternatives which are more sensible and defensible than Participation Fees, which can accomplish similar or better financial results, while maintaining the overall quality of the athletic program. Here are some examples which could be applied to many sports:

- **Cutting one day of competition from the schedule**
- **Cutting a week off of a season**
- **Cutting out-of-state or off-campus pre-season “training” trips**
- **Cutting back on travel, finding more competition locally**
- **Eliminating holiday break practices and competition**



**Cuts like these are better than eliminating sports, or levels of teams within a sport, or charging Participation Fees.**

# ***The Positive Values Of Participation Fees***

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# ***The Positive Values Of Participation In Extracurricular Activities***

● Two comprehensive studies of the academic performance of high school students in North Carolina reveal significant differences between athletes and non-athletes:

✓ **Grade Point Average - Athletes had grade point averages nearly a full point higher than non-athletes.**

✓ **End Of Course Testing - Athletes scored between 10 and 15 percent higher than non-athletes.**

✓ **Attendance - Athletes average about half the absences of non-athletes.**

✓ **Discipline Referrals - About 10 percent higher for non-athletes than athletes.**

✓ **Dropout Rates - 12 times lower for athletes than non-athletes.**

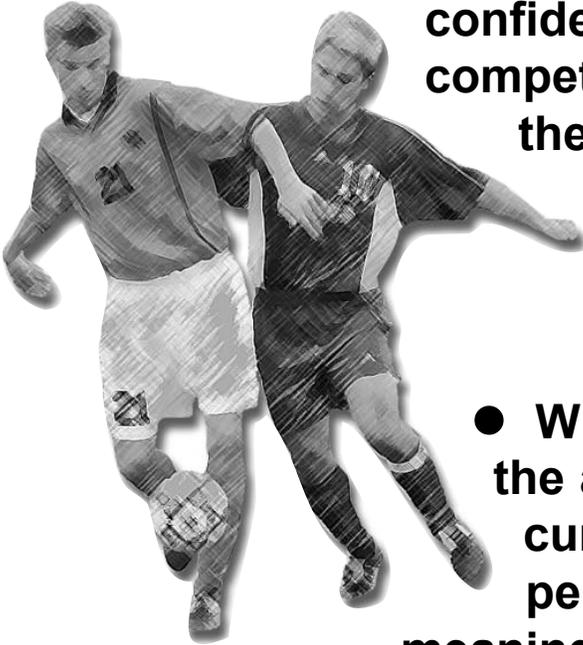
✓ **Graduation Rates - Over 99 percent for athletes, about 94 percent for non-athletes.**

✓ **Similar findings have taken place in studies conducted in other states.**



● **Participation in high school activities is often a predictor of later success - in college, a career and becoming a contributing member of society.**

● **Activity programs provide valuable lessons for practical situations - teamwork, sportsmanship, winning and losing, and hard work. Through participation in activity programs, students learn self-discipline, build self-confidence and develop skills to handle competitive situations. These are qualities the public expects schools to produce in students so that they become responsible adults and productive citizens.**



● **While only consuming 1 to 2 percent of the average school budget, extra-curricular activities affect up to 75 percent of the student body in a meaningful way.**

● **Athletic participation in Michigan sets new records annually, with over 300,000 participants taking part in 2001-02. In fact, Michigan ranks fifth in the nation in high school sports participation, higher than its population figures (eighth) would predict.**

# ***Participation Fees Raise A Little Money, Cut A Lot of Participants***

- Participation Fees typically discourage and ultimately reduce student participation, with the participation rate dropping in proportion to the amount of the fee:

- ✓ Fees of up to \$100 will reduce participation by 10 percent

- ✓ Fees of up to \$200 will reduce participation by 20 percent

- ✓ Fees over \$200 will reduce participation 30 percent

- Participation drops in proportion to the number of years the fees are maintained.

On average, there is a 10 percent reduction in participation in the second and third years of fees, less in the first and fourth.

- ✓ The year after East Jackson High School ended five years of participation fees of just \$50 per student in the 1980's, student participation tripled.

- Participation suffers the most for:

- ✓ Junior high/middle school programs and students

- ✓ Sub-varsity programs and students

- ✓ Spring sports

- ✓ Lower-visibility programs and participants

- ✓ Multi-sport athletes

- ✓ Multi-child families

- ✓ Low income families

- Reduced student participation leads to reduced parent/public participation at interscholastic events.



# ***Participation Fees & The MHSAA***

● Member schools have not empowered the MHSAA with any authority to regulate Participation Fees nor the administration of such programs.

● The MHSAA will be gathering, during the Spring and Fall of 2003, additional data to determine how many member schools plan to utilize Participation Fees during the 2003-04 school year, the range of such fees, and the different structure of fee programs being utilized. This information will be used to further help schools deal with Participation Fee issues.



● MHSAA member schools may accept financial assistance, equipment or other valuable considerations from outside groups, such as booster clubs, service clubs or corporate sponsors, without being in violation of MHSAA Handbook rules they have adopted as long as the assistance is provided to the school district and not individual student-athletes.

● Scholarships and reduced fees for individual student-athletes may be provided if the basis of such awards is financial hardship rather than athletic ability. Whatever type of system is used to provide scholarships, fee waivers or reductions, it is recommended that application procedures and guidelines are published and well publicized.

● Donated funds to a school athletic fund from outside groups may be used to compensate faculty and non-faculty coaches as allowed by Regulation II, Section 3, Interpretation 154 of the 2002-03 MHSAA Handbook, as long as the compensation does not exceed the limitations imposed in the master agreement. Donated funds may be used for this purpose if allowed by the local school district, and paid through the school district.



● Academic and other eligibility standards as described in the MHSAA Handbook remain in place regardless of Participation Fees or any other means through which the school athletic program is financed. If a local school district has a policy stricter than those published in the MHSAA Handbook, they may be applied. At no time may an MHSAA member school district waive the minimum eligibility standards in the Handbook.

● Locally-developed school district disciplinary codes are enforced according to policies adopted by their boards of education. It is recommended that all students and parents receive written copies of their school's athletic code, as well as a copy of the brochure, Your High School Eligibility, which is available free through the MHSAA office.