

## 2023, 2024, 2025 and 2026 Division I Men's Basketball Preliminary Round Bid Specifications Budget Parameters

**Budget.** As part of the site-selection process, each prospective host institution/conference must submit a proposed budget for approval by the NCAA staff.

**Expense Components.** The budget has two components to chart expenses: game expenses (e.g., promotions, ticket expenses, equipment, competition venue and personnel expenses) and entertainment expenses (e.g., catering).

Please account for all applicable taxes (may include state, city, local, entertainment, admissions or other) for all tickets, within the ticket expense category. Both the rate and type of tax need to be reported in the budget and updated as necessary.

The host institution/conference and/or competition venue will remit all applicable taxes to the appropriate taxing authorities.

**Game Expenses.** While there is no minimum or maximum for line item game expenses, hosts should be mindful to budget for only those items which are necessary to operate the championship, according to the guidelines outlined in the bid specifications and the championship host operations manual.

**Entertainment (Catering) Expenses.** The maximum total for all entertainment expenses is \$55,000 for the First Four and first-/second rounds, and \$50,000 for regional rounds.

The entertainment budget is enough for funding all functions required by the NCAA. This includes required catering for tournament meetings, and media meals, committee and NCAA executive meals and officials' functions during the championship. No other functions, refreshments or hospitality are a permissible expense. Hosts are provided catering tips to assist with planning for required meals.

**Borrowing.** Host institutions/conferences may not borrow from the game expense budget to cover entertainment expenses, or vice versa. Line item expenses may be over or under budget, if the approved total expense area (i.e., game expense, entertainment) is not exceeded.

**Adjustments.** Budget adjustments are not permitted unless approved in advance and in writing by the NCAA. Host institutions/conferences are required to request adjustments prior to **February 15** in the year of the awarded championship round. Increases are generally not permitted to exceed 10 percent of the budgeted amount for any item. All expenditures in excess of the approved amounts will be the responsibility of the host institution/conference or competition venue even if estimated receipts are exceeded.

### Competition Venue.

**Parking.** The competition venue shall retain all the revenue from parking.

**Rental Fee.** If conducted at an off-campus venue, 10 percent of the gross revenue from the sale of tickets, less any ticket expenses (e.g., charge card fees, ticket vendor fee, etc.), facility fees and amounts due and payable to government agencies (e.g., taxes) shall be paid to an off-campus venue as a rental fee.

From its rental fee, an off-campus venue shall furnish and pay for all operating personnel and services deemed necessary by the NCAA, including but not limited to, ushers, ticket sellers, ticket takers, video board operations, police and security personnel, special police, city police, firefighters, maintenance and clean-up of the building and grounds, press areas, etc. Therefore, the aforementioned items are not reimbursable for off-campus venues.

All competition venue rental payments are subject to audit, review and adjustment pending basketball committee review of the championship.

**Taxes.** By October 31 the year prior to the championship, at the host's expense, the host may be required to provide a formal letter of attestation from an outside accounting firm/CPA verifying the tax position of the state and locality to the NCAA specific to admissions tax, sales tax and other ancillary taxes (i.e. food and beverage, lodging, etc.). The format of this letter and applicable tax topics shall be provided by the NCAA in advance of this deadline during the NCAA fiscal year in which the basketball tournament occurs should the letter be required.

As of August 2019, the NCAA was sales and use tax-exempt in the following states: Arkansas, Colorado, Connecticut, Delaware\*, District of Columbia, Florida, Illinois, Indiana (not for hotel lodging or food/meals), Kansas, Kentucky, Massachusetts, Michigan, Missouri, New Jersey, New Mexico\*, New York, North Carolina, Ohio, Tennessee, Texas (not for hotel lodging), Utah\*, Vermont, Virginia, Wisconsin, and Wyoming. Hosts are advised to notify vendors in advance, so the vendors may delete sales and use taxes before sending invoices. Hosts are responsible for applicable sales and use tax payments based on total gross receipts. This shall be reported as a reimbursable expense. Please note that other taxes may apply, and hosts are responsible for identifying and reporting those accordingly during the bid process and updating for actuals following the event.

\* These states have special tax requirements.

**Financial Report.** Host institutions/conferences must file a financial report, including payment of the amount due to the NCAA, **within 60 days** after the final date of competition at the site. A \$1,000 fine may be assessed for each day that a host institution/conference fails to submit its financial report and payment after the deadline. The basketball committee has the authority to waive this provision based on extenuating circumstances.

**Receipts.** All income from the sale of tickets (face value of ticket) shall be included in the championship receipts. On the financial reporting system, hosts shall input all receipts for tickets sold for their site once numbers are verified by the NCAA.

**Pre-Settlement.** A ticket pre-settlement will occur prior to January 31, the year of the awarded championship. The NCAA will work with the host and competition venue ticket managers to update the financial reporting system to verify ticket sales receipts and expenses to date.

**Facility Fee.** A facility fee (included in the face value ticket price) shall be permitted provided the facility fee income is not a pass through to the competition venue's operational budget and a facility fee is charged for other events conducted in the competition venue as required by a government agency. Supporting documentation shall be provided to the NCAA during the bid process.

**Audit.** The NCAA reserves the right to randomly select sites for financial and box-office audits following the championship. Competition venue and honorarium settlements are subject to change until the audits are reviewed and accepted by the NCAA. If selected for audit, the following documentation will be requested: ticket reports; invoices, contracts, or timesheets supporting all expenses; general ledger; bank statements; and competition venue rental agreement. The documentation should support all information on the host financial report.

**Honorarium.** Hosts may be provided an honorarium of up to 10 percent of the net receipts (i.e., net receipts are calculated as the gross receipts from the sale of tickets minus approved actual expenditures). The honorarium for hosting at an on-campus institutional venue shall not exceed \$300,000, and the honorarium for hosting at an off-campus venue shall not exceed \$200,000. The exact percentage shall be recommended by the basketball committee and approved by the NCAA. The honorarium will be forwarded to the host institution/conference, if approved by the NCAA, **no later than August 1**.

## Receipts.

Ticket prices are set by the NCAA based on a market assessment and in collaboration with the host and competition venue.

## Game Expenditures

### **Promotion.**

Promotion may be permitted for specific line items, subject to approval of the NCAA staff. Upon reaching sellout status, hosts shall no longer incur promotion expenses. The NCAA promotions program will complement the host's activities in this area.

1. **Advertising.** If advertising is necessary to maximize ticket sales; subject to NCAA approval.
2. **Postage.** Costs for mailing/shipping promotional items.
3. **Printing.** Costs for the printing of promotional items such as flyers.

### **Ticket Expense.**

1. **Charge Card Expenses.** Actual credit card fees incurred on the sale of game tickets through the host's or venue's ticketing system via phone or internet.
2. **State and City Taxes.** Taxes incurred on the sale of game tickets.
3. **Ticket Vendor Fee.** Actual host/venue ticket provider's ticket fee that is included in the ticket price and incurred on the sale of game tickets through the host's or venue's ticketing system.

### **Equipment.**

1. **Temporary Restrooms.** Expenses for establishing a temporary restroom(s) in the event temporary restrooms are required (e.g., in connection with a storage area converted to media work area).
2. **Copy/Fax Machines.** The cost for the rental of photocopiers.
3. **Transportation.** Expenses for the media shuttle, if approved by the NCAA.
4. **Statistics Monitor Rental.** The cost for the rental of no more than 11 statistics monitors.
5. **Handheld Radio Rental.** The cost for the rental of handheld radios for the game management staff.
6. **Locker Room/Athletic Training Supplies/Equipment.** Expenses for required locker room and athletic training supplies and equipment.
7. **Courtesy Vehicle Fuel.** Gasoline expenses for fueling NCAA-provided courtesy vehicles.
8. **NCAA Return Shipping.** Shipping fees incurred on the return of required post-event NCAA-provided equipment.

### **Facility.**

1. **Supplies.** Cost for office supplies necessary and directly related to operating the championship.
2. **Facility Rental Charge.** Ten percent of the gross revenue from the sale of tickets, less any ticket expenses (e.g., charge card fees, ticket vendor fee, etc.), venue fees and amounts due and payable to government agencies (e.g., taxes) shall be paid to an off-campus competition venue.
3. **Decor.** Rental of pipe-and-drape is a permissible expense, as are carpeting from back-of-house corridors to the court and in the endzones between the edge of the court and the first row of seats. The competition venue shall provide all tables, chairs, topping and skirting at its expense.
4. **Ambulance.** The cost of ambulance service for all practice sessions and games is a permissible game expense. The competition venue also must provide certified medical personnel and a first aid room (normally located on the main concourse) on open practice and game days to serve the general public. The costs associated with providing this normal first aid service for the public (which is generally in operation at all events in the building) is not a reimbursable expense.
5. **Directional Signage.** Printing of directional signs through the NCAA's designated provider for the competition venue is a permissible game expense.
6. **Facility Fee.** A facility fee (included in the face value ticket price) shall be permitted provided the facility fee income is not a pass through to the competition venue's operational budget and a facility

fee is charged for other events conducted in the competition venue as required by a government agency. Supporting documentation shall be provided to the NCAA upon request.

## **Personnel.**

From its rental fee, an off-campus competition venue shall furnish and pay for all operating personnel and services deemed necessary by the NCAA, including but not limited to, ushers, ticket sellers, ticket takers, video board operations, police and security personnel, special police, city police, firefighters, maintenance and clean-up of the building and grounds, press areas, etc. Therefore, the aforementioned items are not reimbursable for off-campus venues.

However, the following items are reimbursable for **ALL** competition venues:

1. **Public Address Announcer.** Reimbursed according to the host institution's/conference's standard rate.
2. **Scoreboard Timer.** Reimbursed according to the host institution's/conference's standard rate.
3. **Official Scorer.** Reimbursed according to the host institution's/conference's standard rate.
4. **Statisticians.** Reimbursed according to the host institution's/conference's standard rates.
5. **Police Escorts.** Police escorts between the team hotels and the competition venue on practice and game days, including game day shoot-arounds at the competition venue. All other escort expenses shall be the responsibility of the participating institution.
6. **Medical.** According to the host institution's/conference's standard rates, directly attributable to the championship.
7. **Press Stewards.** Up to \$1,500 for the cost of press stewards that work during the championship.
8. **Committee/Site Representative Lodging.** Lodging expenses for the basketball committee member. NCAA staff members will be responsible for their lodging expenses.
9. **Officials Lodging.** Lodging expenses for the game officials.
10. **Tournament Manager and Media Coordinator Lodging.** Lodging expenses for the tournament manager and media coordinator.
11. **NCAA Site Visit Meals.** Cost of dinner and lunch with NCAA staff during the site visit that occurs in the months prior to the championship.
12. **Timeout Coordinator/Officials Evaluator Lodging.** Lodging expenses for the timeout coordinator and officials' evaluator.
13. **Future Hosts Ticket and Travel.** Lodging, game tickets and per diem for two individuals who attend a preliminary round site the year prior to hosting.
14. **Precision Time/DV Sport Staff Lodging.** Lodging expenses for the Precision Time and DV Sport technicians.

In addition to the reimbursable expenses, the following personnel expenses are reimbursable for

### **ON-CAMPUS COMPETITION VENUES ONLY:**

1. **Ushers.** Cost for ushers utilized at the competition venue during the championship.
2. **Police and Security.** Cost for police and security at the competition venue during the championship.
3. **Ticket Sellers/Ticket Takers.** Cost for ticket sellers/takers at the competition venue during the championship.
4. **Custodians (Facility Venue).** Cost for custodians at the competition venue during the championship.
5. **Maintenance (Facility Venue Labor).** Cost for maintenance labor at the competition venue during the championship.

## Entertainment

The maximum for entertainment expenses is \$55,000 for First Four and first/second rounds, and \$50,000 for regional rounds.

The host may use the entertainment budget to provide a meal for game management staff on practice day, the “off” day and game days, however, the total reimbursable entertainment expenses cannot exceed the maximums stated above.

The following are the reimbursable entertainment expenses:

1. **Media Buffet.** Expenses for media meals and refreshments during the championship.
2. **Participants’ Refreshments.** Expenses for participating team refreshments at the competition venue.
3. **Pre-Tournament and Transition Meetings.** Expenses for refreshments during the pre-tournament and transition meetings.
4. **Game Officials’ Meeting.** Expenses for meal provided during the game officials’ meeting.