



REPORT OF THE
NCAA DIVISION II STRATEGIC PLANNING AND FINANCE COMMITTEE
JUNE 20, 2024, VIDEOCONFERENCE

ACTION ITEMS.

1. **Legislative items.**

- **None.**

2. **Nonlegislative items.**

- **Process for adding a new Division II championship.**

- a. Recommendation. Create an exception to the championships triennial budget process in the Division II Budget Guidelines and Principles (see Attachment) to allow for the creation of a new Division II championship once a sport meets the minimum sponsorship of 35 institutions; further, require that the Division II Executive Board approve the budget for the new championship before the membership votes on a proposal to establish the new championship at the NCAA Convention.
- b. Effective date. Immediate.
- c. Rationale. The Strategic Planning and Finance Committee discussed the process for adding a new Division II championship in light of the division adopting legislation in January that establishes 35 as the number of sponsoring institutions to add a championship in a men's or women's sport. The committee weighed whether the process should be conducted within the existing triennial budget process or whether an exception should be created and opted for the latter, noting that a new championship should be expedited as much as possible to optimize the chance for student-athletes in that sport to have a postseason experience during the course of their athletics participation. The recommendation also includes requiring Executive Board budget approval before the membership votes on adding the championship at the next Convention. The committee believes doing so ensures fiscal responsibility and that the new championship will be appropriately funded to assure its success.
- d. Estimated budget impact. None.
- e. Student-athlete impact. Establishing the ability to approve a new championship outside of the triennial budget process optimizes the chance for student-athletes in that sport to have a postseason experience during the course of their athletics participation.

INFORMATIONAL ITEMS.

1. **Welcome and review of agenda.** Strategic Planning and Finance Committee Chair Julie Ruppert welcomed the group to its second meeting and previewed the agenda.
2. **Review of previous report.** The committee approved the report from its March 21 videoconference as presented.
3. **Discussion of process for adding a new Division II championship.** The committee discussed whether to allow adding a Division II championship outside the championships triennial budget process once a sport meets the minimum sponsorship of 35 institutions and agreed to create an exception providing such a process. (See Action Item No. 2 above.) If approved, the exception to the championships triennial budget process will be added to the Division II Budget Guidelines and Principles.
4. **Division II budget-to-actuals.** The committee reviewed the division's budget to actuals through May 31, 2024, noting that the report does not yet include all the expenses for spring sport championships.
5. **Division II long-range budget and assumptions.** The committee began discussing the division's long-range budget philosophy in light of the increased revenue coming to the division from the NCAA's new media rights agreement with ESPN and the intention to spend down the division's reserves to reach the mandated 60% of the operating budget by the end of the rights agreements (2032). While no decisions were required during this meeting, the initial discussion included how to allocate the new dollars and how to balance long-term initiatives and one-time spends to best position the division for fiscal success. The committee noted the review coincides with the development of the division's new operating/strategic plan to be launched in January 2026, and it also comes at a fortuitous time given the upcoming Division II Think Tank sessions that will occur just before the SPFC's September meeting. Accordingly, the committee agreed to seek feedback on the division's budgeting principles after the Think Tank sessions from the Division II Management Council and Executive Board. The SPFC will continue reviewing this matter during its next videoconference in August.
6. **Division II revenue distribution – Conference Sports Sponsorship Fund.** The committee revisited the request from the Division II Conference Commissioners Association (CCA) to consider implementing a one-year waiver process for the Conference Sports Sponsorship Fund for a conference that falls below the minimum number of six institutions sponsoring a specific sport to retain a distribution unit if the reason(s) for the shortfall is based on unforeseen circumstances that are no fault of the conference office itself.

The committee discussed the issue during its March videoconference and at that time it did not believe that a waiver process would be a good change for this distribution as it would require manipulation of financial distributions that were not supported by auditors, implementation of a waiver process, policies and procedures, and subjective consideration of mitigating circumstances that are not ideal for a financial distribution.

The committee also discussed a potential grace period (as an alternative to the waiver) and directed the staff to ask the auditors what impact a grace period would have on the automated process. Upon consultation, the auditors discouraged any methodology that would require manipulating underlying source systems and data to calculate. In their opinion, manual manipulation significantly increases the risk of distribution errors and alters source records for historical and analytical value.

After further discussion, the committee agreed not to grant the CCA's request and recommended that no changes be made to the Division II Conference Sports Sponsorship Fund to address reduction in sponsorship numbers.

7. **Conference Strategic Priorities Fund.** Staff noted that conference reports are due at the end of June and that the internal review of those already submitted has begun. The committee will conduct its annual review of these reports during its August videoconference.
8. **Future meetings and videoconferences.**
 - a. Monday, August 12, 1 to 4 p.m. Eastern time (videoconference).
 - b. Wednesday, September 18, 8:30 a.m. to 4 p.m. Eastern time (in-person meeting; Indianapolis).
 - c. Wednesday, December 11, 2:30 to 4 p.m. Eastern time (videoconference).

Committee Chair: Julie Ruppert, Commissioner, Northeast-10 Conference
Staff Liaisons: Terri Steeb Gronau, Division II Governance
Cara Hubert, Administrative Services
Maritza Jones, Division II Governance
Ryan Jones, Division II Governance
Andrea Worlock, Administrative Services

Division II Strategic Planning and Finance Committee June 20, 2024, Videoconference	
Attendees:	
Joseph Arnold, Clark Atlanta University.	
Peter Crabb, Northwest Nazarene University.	
Alexis Devlin, Catawba College.	
Curtis Janz, University of Arkansas, Fort Smith.	
Colleen Perry Keith, Goldey-Beacom College (Executive Board chair).	
Brandi Laurita, University of Findlay.	
Erin Lind, Northern Sun Intercollegiate Conference.	

Roberta Page, Slippery Rock University of Pennsylvania (Management Council chair).
Pennie Parker, Rollins College.
Julie Ruppert, Northeast-10 Conference.
David Wilmes, Slippery Rock University of Pennsylvania.
Sandra Woodley, University of Texas Permian Basin.
Frank Wu, Queens College (New York).
Absentees:
None.
Guests in Attendance:
None.
NCAA Staff Support in Attendance:
Terri Steeb Gronau, Cara Hubert, Maritza Jones, Ryan Jones and Andrea Worlock.
Other NCAA Staff Members in Attendance:
Gary Brown and Jill Waddell.

Division II Budget Guidelines and Principles

In accordance with NCAA Article 3 (finance), Division II is guaranteed revenue through allocations made to each division from the Association's general operating revenue; and Division II shall receive at least 4.37 percent of the Association's annual general operating revenue, as agreed on January 9, 1996.

The NCAA Division II Executive Board, Management Council and Strategic Planning and Finance Committee are committed to developing budgetary principles/guidelines that are reflective of the NCAA mission and principles and the Division II philosophy, strategic positioning platform and strategic plan. These principles/guidelines will be used to guide any deliberations that may occur related to the possible use of funds allocated to Division II.

These principles/guidelines include the following:

1. That budget decisions will be made to support the Division II strategic positioning platform and the strategic positioning outcome areas outlined in the Division II strategic plan, including, but not limited to, academics and life skills; athletics operations and compliance; diversity and inclusion; game day and conference and national championships; and membership and positioning initiatives.
2. That as budget discussions occur and decisions are made, funding championships will remain a priority to ensure the best possible championship experience for Division II student-athletes.
3. That an institution's expenses for participating in championship rounds of NCAA Division II championships will be covered, as prescribed by the Division II Championships Committee and championships policies and procedures, and that consistent transportation and per diem guidelines will be maintained for all Division II championships.
4. That Division II championships policies will reflect an interest in generating Division II championships revenue to the greatest extent possible, consistent with Division II championships principles and guidelines. Further, Division II championship policies will reflect an overall cost-containment philosophy supporting initiatives, such as the regionalization concept. For purposes of these budget principles, cost containment encompasses the efficient and cost-effective operation of Division II championships.
5. That the Division II Championships Committee shall initially approve any budget request from a sports committee. Sport committees should collaborate where appropriate across genders when making requests. The Championships Committee review process of budget request should ensure that any gender difference across sports are necessary appropriate and equitable. The Division II Executive Board shall have final approval.
6. That Division II championships shall operate on a triennial budget timeline to ensure a manageable approach to proposed adjustments. A triennial budget allows the division to make strategic decisions versus immediate reaction to items brought forth by the committees and keeps the division in alignment with the long-range budget determined for the division.

The Strategic Planning and Finance Committee shall, however, have the ability to address certain items outside of the triennial budget process and recommend any such items to the Management Council and Executive Board, which allows the division to address any immediate needs related to championships that may come forth between budget proposal years. These items include:

a. Issues related to gender equity;

b. Issues related ~~or to~~ health and safety; and

~~a-c. Adding a new Division II championship once a sport meets the minimum sponsorship of 35 institutions, brought forth outside of the normal budget process, and recommend any such items to the Executive Board, which allows the division to address any immediate needs related to championships that may come forth between budget proposal years.~~

Decisions regarding whether a budget request needs to be made outside of the triennial budget cycle should be made in consultation with necessary subject matter experts (e.g., Office of Inclusion, Sports Science Institute, championships staff).

7. For programs and other strategic initiatives, the division shall operate on an annual budget process. The Strategic Planning and Finance Committee, Management Council and Executive Board may review such budget requests prior to final approval by the Executive Board [Note that in some instances it may be necessary to use the legislative process.]
8. That there will be an annual distribution of funds to Division II institutions and conferences via the approved Division II Revenue Distribution Policy. The formula(s) shall include a principal goal of strengthening conference and institutional operations.

For the 2023-24 Fiscal Year, the total budget for the distribution will be \$7,930,033, distributed as follows:

- a. Conference Sports Sponsorship Fund: \$5,947,525; and
 - b. Institutional Equal Distribution Fund: \$1, 982,508.
9. That the Division II Strategic Planning and Finance Committee will be responsible for the mechanics of distributing the revenue distribution, and the distribution policy will be reviewed annually by the Division II Strategic Planning and Finance Committee.
 10. That the Division II cash reserve maintains a balance of at least 60 percent of the operating revenue for the division. The balance shall include the prior year's cash reserve and the current year's budget surplus.

11. That the Division II Administrative Committee shall be gathered to address issues in light of an unexpected event to determine the use of Division II insurance and reserve dollars. As needed, the Administrative Committee will seek input from the Division II Executive Board and NCAA Board of Governors. Further, the division shall prioritize expenses in the following order:
 - a. Contractual obligations.
 - b. Championships.
 - (1) Bracket reduction.
 - (2) Experience monies.
 - (a) Game experience.
 - (i) Official's assignments and fees.
 - (ii) Practice days and/or days off between competition days.
 - (iii) Web stream.
 - (iv) Marketing and promotion.
 - (v) Signage.
 - (b) Student-athlete experience.
 - (i) Trophies.
 - (ii) Awards (participant medallions).
 - (iii) Banquets.
 - (iv) Mementos (jackets, for example).
 - (v) Watches.
 - (3) Adjustment of regional sites.
 - (4) Reduction of per diem.
 - c. Revenue distribution.
 - d. Conference strategic priorities fund.
 - e. Strategic initiatives.
12. That the use of the annual operating surpluses from the previous fiscal year will be adopted each year by the Executive Board.
13. That the division (including colleges, universities and conferences) shall commit to fiscal responsibility at the local, conference, regional and national levels and that the division shall be held accountable for spending its dollars in a fiscally responsible manner. To that end, the Strategic Planning and Finance Committee has the authority to audit dollars allocated to Division II institutions and conferences from the Division II budget, including, but not limited to, sports sponsorship requirements of Division II member conferences.

14. That care will be taken to avoid funding special interests of various segments of the Division II membership or items that may be more an institution's or conference's responsibility than that of the Association or the division.
15. That Division II will follow the Association's request for proposal (RFP) process when the division has specific vendor relationships and/or consultant needs.
16. That these budget principles will be reviewed annually by the Strategic Planning and Finance Committee, Management Council and Executive Board and modified as necessary to ensure that they are reflective of the Division II philosophy, strategic positioning platform and strategic plan. The Executive Board has ultimate authority to approve the modifications to these guidelines and principles.

Approved August 2023 by the Division II Planning and Finance Committee and Presidents Council.