



DIVISION III
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Division III September Webinar

Outcomes of Division III Financial Reviews

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Agenda

- Deloitte financial review and outcomes.
- Lewis Rice review and outcomes.
- Next steps.
- Questions.



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Deloitte Review





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Division III articulated two objectives for it's 2024 Financial Review

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STRENGTHEN OVERALL FINANCIAL PERFORMANCE


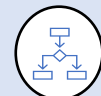
OBJECTIVES

-  Improve revenue growth
-  Identify priorities within current structure

OUTPUT

- Prioritization of opportunities to spend down the mandated reserve excess
- Prioritization of growth opportunities to increase revenue generation and/or enhance the DIII brand
- Roadmap and high-level plans for execution

OBJECTIVES

-  Identify threats to the current structure
-  Structure options to address / mitigate financial loss

OUTPUT

- Identified financial threats resulting in either severe revenue decline or cost increase
- Financial assessment and qualitative analysis of scenario resulting in significant financial decline
- Tactics to mitigate impact from potential threats

PLAN FOR A POTENTIAL DOWNSIDE

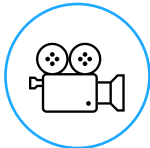

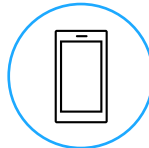

























Six threats were identified that could negatively impact DIII's financial position

Threat Summary

Potential DIII Financial Implication(s)

					
Student-Athletes as Employees	NCAA Membership Reduction	Championship Expense Inflation	Name, Image, & Likeness (NIL) Activity	March Madness Cancellation	Association-Wide Cost Allocation
NCAA student-athletes are recognized as institution employees requiring compliance with labor and employment laws (e.g., payment, benefits)	NCAA experiences a reduction in membership, negatively impacting the value of the Association's media rights	Sustained inflationary pressures exceed current forecasts, specifically for transportation and game operations (e.g., retail / sporting good expense line items)	NIL sponsorships continue to grow in collegiate athletics, resulting in (1) funds shifting away from institutions and into NIL collectives or direct payments to student-athletes and (2) a greater NCAA investment in resources (e.g., staff, training, regulation) to manage the activity	March Madness tournament is cancelled due to external factors (e.g., natural disaster)	NCAA changes the cost allocation of association-wide services (e.g., legal, communications, insurance, technology) from a centralized model to a divisional split
<p><u>Primary</u>: Reduction in membership as institutions reclassify sports from varsity to club</p> <p><u>Secondary</u>: Loss of voting influence in association-wide decisioning (e.g., constitutional amendments)</p>	<p>Significant, negative impacts to the total NCAA allocable revenue resulting in a long-term reduction of the DIII budget</p>	<p>Greater than expected championship expense increases with limited revenue offsets, reducing available funds for future enrichment programming</p>	<p>Local businesses and / or donors sponsor student-athletes in lieu of institutions, resulting in a net decrease in institution athletic department budgets and therefore requiring additional financial support from NCAA DIII to offset the loss</p>	<p>Significant, negative impacts to the total NCAA allocable revenue resulting in a short-term reduction of the DIII budget</p>	<p>Significant increase to DIII national office expenses for services previously provided by the Association</p>

Seven opportunities **were prioritized for refinement by the F&RM Working Group**

																				
DIII Championships Production	Mental Health & Substance Use Training	DIII Championships Mobile App	DIII Championships Role	Donations & Improved Vendor Agreements	Information and Insights Product	DIII Paid Marketing Campaign														
Stream all DIII championship competitions via OTT platform; expanding to regular season and/or marquee games as interest builds	Upskill coaches and select athletic department staff (e.g., athletic trainers) on how to intervene in critical mental health and substance abuse moments	Build a DIII championships mobile application to (1) democratize access to on-the-field highlights, player stories and stats, team schedules and scores, etc. and (2) unlock new / monetizable digital inventory	Develop new NCAA role that only focuses on Division III championships – specifically driving knowledge transfer, continuity, communications, and cost efficiency activities	Partner with 3 rd parties to offset championship expenses through (1) charitable donations of goods, services, or cash and (2) improved vendor agreements in concert with broader NCAA efforts	Develop an “opt-in” model to aggregate, anonymize, and glean insights from student-athlete data by partnering with wearable technology and research and development partners	Partner with current and former DIII student-athletes to promote NCAA “blue disc” and DIII uniqueness														
Expected Benefits																				
 Revenue	 Cost	 Brand	 Revenue	 Cost	 Brand	 Revenue	 Cost	 Brand	 Revenue	 Cost	 Brand	 Revenue	 Cost	 Brand	 Revenue	 Cost	 Brand	 Revenue	 Cost	 Brand

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Program
port



Socializing the findings

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DIII Councils / Committees

- ✓ Present Executive Readout to Finance & Risk Management Working Group
- Present out findings to Strategic Planning & Finance Committee
- Present updates to the Management Council and Presidents Council

NCAA DIII Institutions & Conferences

- Schedule socialization sessions / “roadshows” to provide overview of project, approach, and findings to institutions and conferences

NCAA Leadership

- Schedule socialization sessions / “roadshows” to provide overview of project, approach, and findings to key national office stakeholders (e.g., CFO, VP of Marketing)

Taking Action...

Determine roles and responsibilities

Identify members of the DIII Core Team and/or Strategic Planning & Finance Committee to own next steps

Submit approvals and requests

Determine appropriate stakeholders to socialize opportunities with and submit appropriate requests (e.g., budget, new positions)

Lewis Rice Review



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Scope and Focus of Review

Scope

To provide a comprehensive, independent assessment and evaluation of the NCAA Division III Enrichment Fund programs and grants.

Focus

Our focus in this external evaluation was:

- To REVIEW and ASSESS the goals, structure, eligibility criteria, selection processes and review procedures for the identified Division III Enrichment Fund programs and grants;
- To EVALUATE whether the programs and grants are meeting the NCAA's strategic priorities;
- To IDENTIFY and COMMUNICATE opportunities to refine and improve the objectives of the programs and grants; and,
- To RECOMMEND how the NCAA might implement a process to evaluate the efficacy of the identified programs and grants on a regular or going-forward basis.

General Observations - Strategic Priorities

The goal of this evaluation, in part, is to ensure the identified Enrichment Fund programs and grants meet the intended objectives of the 2021-24 Division III Triennium Strategic Plan. This Plan identifies Division III's overarching, strategic priority to maintain fiscal integrity.

- Review of annual program and grant budgets and expenditures demonstrated that the programs and grants are managed in a fiscally responsible manner.
- The objectives of many of the programs we reviewed in Phase I and II advance the Division's third strategic objective to "[e]ffectively manage diversity, equity and inclusion issues."
- Similarly, programs reviewed in Phase I, "[p]rovide professional development for Division III constituents" as contemplated in the sixth strategic objective of the Division III Strategic Plan.
- The Branding and Communications initiatives we reviewed in Phase II are designed to advance the fifth strategic priority, "[m]aintain the value of Division III Athletics."
- Finally, the Strategic Initiatives Conference Grant (Phase III) is itself identified in the Strategic Plan as the mechanism through which Division III will provide support to its member conference offices; beyond supporting conference offices, there are various initiatives funded through the SICG that are aligned with and support many of the Division III strategic priorities enumerated above.

General Observations

- Member institutions from nearly all conferences and from diverse geographic regions have accessed the Enrichment Fund programs and grants.
- Generally, we received positive feedback from program participants on the quality of the programming offered and the benefits of the professional development opportunities the programs and grants provide.
- Despite broad access, there is a general lack of awareness or understanding among some membership of the longer-term value the programs and grants deliver and their overall connection to the Division's strategic priorities.
- Division III does not have a marketing and communications plan to promote its Enrichment Fund programs and grants to membership.
- NCAA Division III staff and its membership engaged fully with our work, and this review benefitted significantly from staff and membership's active participation and candid conversations in our interviews.

General Observations

- There is not a consistent method or model to capture and analyze survey results across the various programs, which leads to inconsistencies and limits the NCAA's ability to leverage the response data to improve its programming. Further, beyond the survey instrument, there is no other existing mechanism to evaluate the efficacy of each program or grant.
- In addition to the evaluation process, Division III has not created an effective method to track participants or beneficiaries after the conclusion of the programs or grant, outside of maintaining an excel spreadsheet that lists past participants and beneficiaries.
- The NCAA has the general objective for the programs and grants to provide a level of financial support to student-athletes, institutions and conference offices that are committed to enhancing representation of those who have been historically underrepresented in intercollegiate athletics administration and coaching.
- “Success” of the various programs and grants is not clearly defined and, therefore, is not easily tracked or measured.

Overall Recommendations

- Develop a plan to market, promote and communicate about the Enrichment Fund programs and grants.
- Most programs and grants lack defined measures of success that can be tracked year-over-year. The Division would be well-served by developing specific measures to gauge each program and grant's efficacy in advancing the Division's strategic objectives.
- Once these measurable goals are established, Division III then could develop and implement a mechanism to track short-term and long-term outcomes across all programs and grants, including tracking the career trajectory of past program participants and grant beneficiaries.
- Division III likely requires additional human resources to address many of the recommendations in this review, including to improve the Division's marketing of and communication about the Enrichment Fund programs and grants and to develop measures of success and track outcomes.

Next Steps

- The Division III Presidents Council will assume responsibility for both reviews. It will determine strategies and implementation timeline in coordination with the governance structure and membership.
- Develop a strategy and timeline to implement the additional Deloitte opportunities and continue to monitor the threats.
- Lewis Rice review led to the approval of a new FTE for governance.
- Implement processes to standardize promotion, nomination and selection processes and objectives for programs.



Questions?



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