

REPORT OF THE  
NCAA DIVISION III BUDGET COMMITTEE

1. ACTION ITEMS.

a. 2003-04 Budget-to-Actual. [Attachment A]

- (1) Recommendation. Review the final 2003-04 fiscal year financial results of \$14,390,000 in revenue and \$12,075,821 in expenses.
- (2) Rationale. These figures represent the actual revenue allocated and expenses incurred for the 2003-04 fiscal year. Expenses were approximately \$3,400,000 under budget. Championship expenses came in approximately \$2,000,000 under budget as a result of reduced transportation costs. Non-championship initiatives were \$1,400,000 under budget. The Student-Athlete Regional Leadership Conferences and the Initiative Grants for Diversity and Membership Education were not fully utilized by the membership this fiscal year. The Division III Financial Aid Division-wise Pilot Honorarium program was budgeted in this fiscal year; however, the majority of the submissions were delayed and will not be paid until 2004-05. These unspent funds have been added back into the Division III reserve for use in future years.
- (3) Budget Impact. Not applicable.

b. Division III Loss of Revenue Recovery Plan and Insurance. [Attachment B]

- (1) Recommendation. Review the updated financial recovery plan and consider obtaining additional insurance coverage for Division III in the event of a catastrophe causing a loss of revenue. The annual cost to the DIII budget would range between \$112,500 to \$225,000 for coverage ranging from \$8 to 10 million.
- (2) Rationale. The Division III Budget Committee has prepared a financial recovery plan highlighting the options of continued operations in the event that a catastrophic event occurred, causing the Association to lose substantial revenue. Based on this plan, Division III would receive a percentage of the Association's insurance payout as well as utilize existing reserve balances. Additional budget reductions would be required in some years to bridge the gap caused by the lost revenue. Because the financial recovery plan is meant to provide recovery options for one year only, the Budget Committee recommends obtaining additional insurance coverage that would allow the division to maintain a portion of the reserve balance to operate in the second year of financial recovery.

(3) Budget Impact. \$112,500 to \$225,000.

2. **INFORMATIONAL ITEMS.**

- a. **2004-05 Budget-to-Actual.** [Attachment C]  
The first quarter results include \$15,445,000 in revenue and \$2,245,235 in expenses. Please note that the Financial Aid Education expenses for this year will also reflect the delayed honorarium payments from 2003-04. This is the first year for the new mandated reserve level of \$1,500,000.
- b. **2004-05 and 2005-06 Biennial Budget.** [Attachment D]  
The 2005-06 budget reflects the nonchampionships reallocations approved by the Management and Presidents Council. These reallocations include \$25,000 for the addition of the Division-wide Sportsmanship Initiative, a \$50,000 reduction in the Initiative Grant-Diversity, a \$50,000 reduction in the Initiative Grant-Membership Education, a \$75,000 increase in Initiative Grant-Student-Athlete Welfare, a \$27,000 increase in the Conference Technology Grant and a \$27,000 reduction in the STARR program. The 2005-06 Championship budget also includes \$1,500,000 for team sport automatic qualification enhancements.
- c. **Eight-year Revenue and Expense Projections.** [Attachment E]  
This schedule includes the results and projections from 2002 through 2010. The projected reserve balance in 2010 is \$8,145,479. The Championships Committee is working on initiatives to enhance the quality of championships, including enhancements to the student-athlete experience that may reduce that reserve level over the next several years.
- d. **Budget Timeline.** [Attachment F]  
Any inflationary adjustments or reallocations for the 2005-06 budget must be submitted to the national office finance staff by January 31. The Executive Committee will approve the 2005-06 budget during their August meeting.
- e. **Future Meeting.**  
The committee may require an additional conference call in the spring if there are any additional budget initiatives that will require approval for the 2005-06 fiscal year.

*Committee Chair: Ivory Nelson, Lincoln University (Pennsylvania)*  
*Staff Liaison: Beth Altstadt Barnett, Finance*

