

**REPORT OF THE  
NCAA EXECUTIVE COMMITTEE  
JANUARY 18, 2013**

**KEY ITEMS.**

None.

**ACTION ITEMS.**

None.

**INFORMATIONAL ITEMS.**

1. **Welcome and announcements.** President Simon welcomed Rita Cheng, chancellor of Southern Illinois University at Carbondale, who was attending her first Executive Committee meeting. She also thanked Jim Schmotter, Ann Martin and Jeff Martinez, all of whom were attending their last Executive Committee meeting, and presented them with service awards.
2. **Approval of August 1, 2012, meeting report.** The report of the August 1, 2012, Executive Committee meeting was approved as distributed.
3. **Discussion with student-athlete advisory committee leadership.** The leadership of the national student-athlete advisory committees (SAACs) provided updates to the Committee on issues and initiatives within each division.
  - a. **Division I.** Eugene Daniels updated the Committee on Division I SAAC priorities, including efforts to enhance awareness of opportunities for student-athletes on campuses to voice their opinions through the governance structure, continued involvement and opportunities for feedback in the reform efforts, and the development of a community relations partnership. Daniels noted that, during the 75th Anniversary NCAA Men's Final Four, SAAC will be working with Samaritan's Feet to provide shoes for youth with need.
  - b. **Division II.** Hilary Cox provided an update on main areas being addressed by the Division II National SAAC, including the Make-A-Wish Foundation, a model campus and conference SAAC document, SAAC collaboration efforts with the Faculty Athletic Representatives Association, and the development of a faculty mentor award for student-athletes to recognize supportive faculty on campus.
  - c. **Division III.** Wes Lambert updated the Committee on the Division III Special Olympics partnership, noting several initiatives over the past six months. SAAC recently made a presentation at the International Law Enforcement Torch Run Convention (LETR) and shared ideas on ways to incorporate local Division III

SAACs in LETR endeavors. Additionally, the SAAC conducted a tennis clinic at the NCAA Convention for 100 Special Olympic athletes from the Dallas area.

5. **Update on Child Sexual Abuse Endowment Task Force.** Chancellor Tim White provided an update on the work of the Child Sexual Abuse Endowment Task Force and sought committee feedback on a variety of topics, including endowment structure as well as objectives and allocations. The Committee will receive additional updates during its August meeting.
  
6. **NCAA Executive Committee Finance Committee report.**
  - a. Fiscal year 2011-12 audited financial statements. The Finance Committee met with the audit firm of Deloitte and staff to review fiscal year 2011-12 financial statements and conducted the required audit communications and review. Deloitte issued an unqualified opinion for the fiscal year statements ending August 31, 2012. Highlights of the Consolidated Statement of Financial Position are:
    - (1) The Association's total net assets increased by approximately \$70 million, which was \$15 million more than the prior year. This increase was a combination of increases in revenue from television and marketing rights and championships.
    - (2) Accounts receivable decreased from \$29.3 million to \$14 million. This decrease was a result of payments from the State of Texas and Reliant Park related to the Final Four event in Houston.
    - (3) The irrevocable trust amount of \$16 million represents the remaining proceeds from the 2012 bonds that were in advance refunded in 2011-12. These funds are exclusively restricted for future obligations and semi-annual payments. The corresponding liability is reflected in bonds payable.
    - (4) The contributions receivable amount of \$40.2 million represents the value of the 50-year lease on the existing building and the additional land for the new office facility. This is a valuation of the state's contribution to the NCAA office facilities and land for \$1 a year rent over the 50-year time period.
    - (5) The increase in NCAA properties reflects the final result of the new construction related to the new office expansion.
    - (6) Deferred revenue increased at \$9.5 million, which represents \$2.5 million in advance ticket sales for several championships and \$7 million in a timing

difference as refunds on tickets were issued after year end. All allocations to the respective reserves, per Executive Committee policy, have been made.

- (7) The Association had an overall increase in revenue of \$25 million this past year, primarily related to the increases in television and marketing rights fees of \$18.5 million as well as an increase of \$8 million in championship revenues.
- (8) Investment income of \$29.5 million decreased by \$3 million over the prior year. This was a combination of a decrease of \$3 million in realized gains, and a decrease of \$2 million in unrealized gains, which were offset by a \$2 million increase in investment earnings.
- (9) On the expense side, the distribution to Division I represents a five percent increase over prior year, or a total increase of \$23.8 million.
- (10) The Division I championships increase of \$11 million is the result several factors. There was a \$3 million increase in team travel costs, primary due to increase in charter flights. In addition, increased ticket sales had some offsetting expenditures.
- (11) Championship expenditures for Divisions II and III also showed increases. Both divisions also experienced increases in team travel costs, primarily due to increase in volume and prices for charter flights.
- (12) Association-wide programs reflected an increase of \$9 million. Current year expenses include expenses related to two significant legal cases totaling \$4 million dollars.
- (13) The increase in management and general is the result of the new building project noncapitalized expenses and bond interest expenses.
- (14) Excess revenues over expenses for the year were approximately \$70 million.

It was VOTED

“To approve the fiscal year 2011-12 audited financial statements.”

- b. Recommended uses of unallocated net assets. Fiscal year 2011-12 year ended with the Association having \$68 million in unrestricted net assets available for allocation. The Finance Committee recommends the approval of the uses of unallocated net assets as follows:

- (1) A \$42 million supplemental distribution is recommended for Division I. This is \$6 million higher than the supplemental distribution that occurred last January, and, if approved, will be distributed in early February.
- (2) \$13.8 million is recommended for health and safety initiatives. \$10.3 million will be used towards a one-time cash payment to expand catastrophic insurance coverage for the 32 student athletes who currently receive home care. This policy will take all 32 to a \$100,000 a year limit and provide for annual inflationary increases of two percent. The remaining amount will be used for health and safety initiatives.
- (3) A \$2 million allocation is recommended to fund initiatives related to transforming intercollegiate athletics. These initiatives, combined with the change in athletics certification, will require extensive system development hours and contractual engagements for the rewriting of the bylaws.
- (4) A \$5.8 million fund for student initiatives that include expanding the current limited resource institutions grant through 2016, inflationary set back money for championship travel, and an initiative to provide TV exposure through the golf channel for Division I men's and women's golf championship.
- (5) A \$2 million legal fee contingency is recommended.
- (6) A \$100,000 donation to the Red Cross for Hurricane Sandy from Division I. Division II and III have already approved \$100,000 donations from each division.

It was VOTED

“To approve the proposed unallocated net assets allocations.”

c. First quarter fiscal year 2012-13 budget to actual.

- (1) The Association has limited financial activity in the first quarter, with the majority of revenues and expenditures occurring in the second half of the year related to championship activity and revenue distributions.
- (2) Television and marketing rights revenue received is 15 percent of the budget and is consistent with the prior year. Championships revenue is 3.4 percent of plan, or \$2.4 million, which is slightly lower compared to prior year. Most of this is attributed to timing differences.
- (3) The Association's total operating expenses are approximately 7.6 percent of the total budget for the first quarter, which is higher than prior year. The

increase is related to travel costs that are trending higher, office expansion expenses that were not capitalized, some additional marketing expenses related to men's basketball and staffing expenses, which were the result of positions being filled in championships that were vacant a year ago.

**7. Report from December 11, 2012, Executive Committee Administrative Subcommittee teleconference.** Bearby reported that the subcommittee, pursuant to its authority under the NCAA Constitution and Bylaw Provision 4.1.2(f), authorized the NCAA legal counsel to initiate litigation against NCAA insurers that have defense obligations underlying the Arrington concussion matter pending in Illinois.

**8. Reports from Association-wide committees.**

a. NCAA Committee on Women's Athletics. The committee reviewed a request from the Committee on Women's Athletics to endorse the principles of equal opportunity as embodied in the Brighton Declaration on Women and Sport. This declaration was initially reviewed during the August 2012 meeting and supported pending review by NCAA legal counsel and the divisional presidential bodies. The committee noted that legal counsel recommended specific language supporting the principles of equal opportunity, and all three divisional presidential bodies have reviewed and are supportive of this action.

It was VOTED

“To support the concept of equal opportunity for the participation of girls and women in sport at all levels as embodied in the Brighton Declaration.”

b. NCAA Committee on Competitive Safeguards and Medical Aspects of Sports (CSMAS). The Committee received an update from Dr. Brian Hainline, NCAA chief medical officer, on current health and safety issues. The Committee expressed support for the creation of this position and the outline of the work plan presented by Dr. Hainline.

**9. Litigation update.** The Committee received a report from the NCAA general counsel regarding litigation and settlement actions.

**10. NCAA Division I Board of Directors and Divisions II and III Presidents Councils reports.**

- a. Division I Board of Directors. The Committee received an update on the actions of the Division I Board of Directors that included the following:
- (1) Enforcement working group. Approved the recommendations of the enforcement working group with an effective date of August 1, 2013. The recommendations included a new violations structure, a new process structure, an increased penalty structure and greater accountability for those who oversee the athletics program and specific sport programs.
  - (2) Moratorium. Suspended legislative cycle except issues that relate to the ongoing reform agenda or issues that are considered emergency or otherwise essential in nature.
  - (3) Brighton Declaration. Supported the principles of the Brighton Declaration on Women and Sport.
  - (4) Upcoming agenda. The Board will be asked to approve phase 1 recommendations of the Rules Working Group, which will include 26 legislative proposals that will begin to change the regulatory culture in Division I. In addition, the Board will be asked to approve a women's basketball recruiting model being recommended by the Division I Leadership Council.
- b. Division II Presidents Council. The Committee received an update on the actions of the Division II Presidents Council that included the following:
- (1) Division II emergency legislation. Voted to adopt emergency legislation to deregulate NCAA Bylaw 16.4 related to medical expenses to permit an institution, conference, or the NCAA to provide medical and related expenses and services to a student-athlete, effective immediately. Deregulating this legislation will provide institutions the flexibility to identify the most cost-effective approach to addressing the healthcare needs of student-athletes, in light of the Patient Protection and Affordable Care Act.
  - (2) 2013 Division II Chancellors and Presidents Summit. Hosted its fourth Chancellors and Presidents Summit Thursday in conjunction with the 2013 NCAA Convention. There were approximately 180 Division II chancellors and presidents in attendance to discuss four topics of ongoing importance to the division: the "Path to Graduation" – Academic Success in Division II; Enforcement for the Division II Membership; Health and Safety of

Division II Student-Athletes; and Enhancing the Division II Student-Athlete Experience through a Diverse and Inclusive Campus Environment.

- (3) Division II chancellors and presidents survey. This fall, the division conducted a survey of all Division II chancellors and presidents to obtain feedback with regard to the relevance of the Division II Strategic Positioning Platform on campuses and to ascertain whether the Presidents Council is pursuing the most appropriate priorities at this time. The division received 183 responses, for a response rate of 63 percent. The responding institutions were generally representative of the division as a whole. Results of the survey:
  - (a) The Division II Strategic Positioning Platform received strong support from the chancellors and presidents. More than 90 percent agreed or strongly agreed that the platform is relevant and provides value to their institution and that the platform accurately describes the student-athlete experience on their campus.
  - (b) The survey asked chancellors and presidents to rate the importance of five key issues to Division II athletics as a whole. The issue identified as most important was the current academic review related to initial eligibility, progress toward degree and two-year college transfer requirements; 76 percent of chancellors and presidents said this was “important” or “very important” to the division. Three issues were rated as slightly less important, but roughly equivalent to one another: evaluating the effectiveness of the Life in the Balance initiative, easing the administrative burden on athletics administrators, and expanding diversity and inclusion in athletics. Less than one-half of the chancellors and presidents surveyed said that strategically increasing division membership is important or very important.
- (4) 2013 NCAA Convention. Division II will vote on 13 proposals during its Convention business session. Convention Proposal No. 2013-9 specifies that an institution located in Mexico may join the Division II membership. This proposal, if adopted, will not create a new international pilot program exclusively for institutions located in Mexico; rather, it will add language to the current international pilot program allowing institutions in Mexico to apply for Division II membership within the timeline of the current program that permits institutions in Canada to become members of Division II.
- (5) Division II officers on Executive Committee. Re-elected Pat O’Brien, president, West Texas A&M University, for a second term as chair of the

Presidents Council for 2013; Tom Haas, president, Grand Valley State University, as vice-chair of the Presidents Council for 2013; and Bob Boerigter, commissioner, Mid-America Intercollegiate Athletics Association, as chair of the Management Council for 2013. All three of these Division II officers will attend Executive Committee meetings during 2013.

c. Division III Presidents Council. The Committee received an update on the actions of the Division III Presidents Council. These included:

- (1) Recruiting working group. The Division III recruiting working group is exploring whether the current year-round recruiting environment is aligned with the division's philosophy. At the Division III forum, round table discussions and held straw votes were conducted to get more direction from the membership on possible ways to improve the recruiting process, in light of the evolving youth sport culture and related work/life balance issues.
- (2) Conference Grant Program -- best business practices. Approved the Management Council's recommendation to establish "better business practices" associated with the administration of the Division III Conference Grant Program, including an annual third-party review of expenditures and related documentation.
- (3) Ethnic Minority and Women's Enhancement Postgraduate Scholarship for Careers in Athletics. Approved the Management Council's recommendation to endorse, in concept, the increase of the ethnic minority and women's enhancement postgraduate scholarship from \$6,000 to \$7,500 for a total annual increase of \$39,000 per year (26 scholarships at an increase of \$1,500 each). The \$7,500 award would be consistent with the amount of the current Post Graduate Scholarship.
- (4) Membership survey. The division will be sending a comprehensive survey to all institutions and conferences. The last membership-wide survey was conducted in 2008. The survey will help Division III shape future policy discussions, as well as the allocation of resources for the 2015-18 budget. The Councils also discussed the current economic climate and how it could affect Division III athletics departments in the short and long term (e.g. dropped sports and/or dropped programs). The Councils noted this topic will be included in the survey and suggested it be discussed with a broader membership audience.
- (5) Special Olympics update. The Division III partnership with Special Olympics remains a focal point. During the Convention, the Division III SAAC coordinated a Special Olympics tennis clinic at the Gaylord. The clinic

included 100 Special Olympics athletes, the Management Council, and more than 50 volunteer delegates. Plans are underway to promote the partnership at the Division III Men's Basketball Championship final to be played as part of the 75th Celebration of March Madness in Atlanta. Another opportunity for engagement is the Special Olympics National Games being held in New Jersey in June 2014. Special Olympics North America has asked the SAAC to identify ways that institutions can assist with the Games.

- (6) CSMAS update. Discussed CSMAS' proposed legislation for a Sports Safety Package that would require every institution in the Association to have a designated team physician, catastrophic sport injury reporting, coach sport safety training and certification for strength coaches. The Council also discussed the concept that CSMAS is considering in regard to reducing the penalty (365 days to 50 percent of the season) for a positive street drug test at championships

**11. Future meetings.** The Committee reviewed its future meetings schedule.

**12. Executive session.** An executive session was held to provide an attorney client privileged briefing regarding enforcement department.

*Committee Chair: Lou Anna Simon, Michigan State University.*

*Staff Liaisons: Bernard W. Franklin, MSAA*

*Delise O'Meally, MSAA.*

January 18, 2013	
Attendees	Absentees
Stan Albrecht, Utah State University Gene Block, University of California, Los Angeles Rita Cheng, Southern Illinois University at Carbondale Mark Emmert, NCAA President Judy Genshaft, University of South Florida Thomas Haas, Grand Valley State University William Harvey, Hampton University Nathan Hatch, Wake Forest University David Hopkins, Wright State University Ann Martin, Regis University Jeff Martinez, University of Redlands William Meehan, Jacksonville State University Noreen Morris, Northeast Conference J. Patrick O'Brien, West Texas A&M University Jack Ohle, Gustavus Adolphus College Harris Pastides, University of South Carolina, Columbia John Peters, Northern Illinois University James Schmotter, Western Connecticut State University Lou Anna Simon, Michigan State University	
<u>Other Participants</u>  Scott Bearby, managing director of legal affairs David Berst, vice president of Division I Gary Brown, director of NCAA News Jackie Campbell, director of Division I governance Daniel Dutcher, vice president of Division III Brian Hainline, NCAA chief medical officer Jim Isch, chief operating officer Kevin Lennon, vice president of academic and membership affairs Louise McCleary, director of Division III governance Kathleen McNeely, vice president of administration and chief financial officer Mike Racy, vice president of Division II Donald Remy, executive vice president of legal affairs/general counsel Terri Steeb-Gronau, director of Division II governance Bob Williams, vice president of communications Tim White, chancellor, University of California	