



2012 Report on the Minnesota State High School League

**Report
To the
Legislature**

**As required by
Minnesota Statute**

§ 128C.20

COMMISSIONER:

Brenda Cassellius, Ed. D.

FOR MORE INFORMATION CONTACT:

Sara Winter

Division of Compliance and Assistance

T: 651.582.8237

Email: sara.winter@state.mn.us

1500 Highway 36 West

Roseville, MN 55113-4266

TTY: (800) 627-3529 OR (651) 582-8201

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Cost of Report Preparation

The total cost for the Minnesota Department of Education (MDE) to prepare this report was approximately \$350.00. Most of these costs involved staff time in analyzing data from surveys and preparing the written report. Incidental costs include paper, copying, and other office supplies.

Estimated costs are provided in accordance with Minnesota Statutes 2011, section 3.197, which requires that at the beginning of a report to the legislature, the cost of preparing the report must be provided.

REPORT ON THE MINNESOTA STATE HIGH SCHOOL LEAGUE

Purpose of the Report

Minnesota Statute § 128C.20, Subdivision 1, requires the Commissioner of Education (Commissioner) to conduct an annual review of the Minnesota State High School League (MSHSL). The MSHSL “is a nonprofit corporation that is a voluntary association of high schools . . . whose governing boards have delegated their control of extracurricular activities . . . to the [MSHSL].” Minn. Stat. § 128C.01, Subd. 1. Minnesota Statute § 128C.20, Subdivision 1, specifically directs the Commissioner to obtain and review the following information about the MSHSL:

1. An accurate and concise summary of the annual financial and compliance audit prepared by the state auditor that includes information about the compensation of and the expenditures by the executive director of the MSHSL and MSHSL staff;
2. A list of all complaints filed with the MSHSL, all lawsuits filed against the MSHSL, and the disposition of those complaints and lawsuits;
3. An explanation of the executive director’s performance review;
4. Information about the extent to which the MSHSL has implemented its affirmative action policy, its comparable worth plan, and its sexual harassment and violence policy and rules; and
5. An evaluation of any proposed changes in MSHSL policy.

The Commissioner has obtained the following sources of data for this report: correspondence from the President of the MSHSL Board of Directors (Board President); Notice of Pay Equity Compliance presented to MSHSL by Minnesota Management & Budget dated January 6, 2010; MSHSL 2011-2012 Annual Report; and the State of Minnesota, Office of the State Auditor, Management Letter as a Result of the Audit of the MSHSL, for the year ended July 31, 2011.

State Auditor’s Financial and Compliance Audit

The Commissioner must obtain and review an accurate and concise summary of the annual financial and compliance audit prepared by the state auditor that includes information about the compensation of, and the expenditures by, the executive director of the MSHSL and MSHSL staff.

The Minnesota State Auditor’s report reviewed the basic financial statements of the MSHSL for fiscal year 2011. In its Management Letter, the state auditor included the following schedule of findings and recommendations:

1. Each region has an administrative secretary who is responsible for the accounting functions. Establishing and maintaining internal control over the various accounting cycles, the fair presentation of the financial statements and related notes, and the accuracy and completeness of all financial records and related information is the responsibility of each regional secretary, each regional committee, and the MSHSL. Adequate segregation of duties is a key internal control in an organization's accounting system. The size of the regions and their staffing limits the internal control that can be designed and implemented into the organization. Management should be aware that segregation of duties at the regional level is not adequate from an internal control point of view.

Management of each region and the MSHSL are responsible for the accuracy and completeness of all financial records and related information. Also, management is responsible for controls over the period-end financial reporting process, including controls over procedures used to enter transaction totals into the general ledger; initiate, authorize, record, and process journal entries into the general ledger; and record recurring and nonrecurring adjustments to the financial statements.

During the regional audits, material adjustments were proposed to convert five of the region's financial records to the financial statements as reported. These adjustments increased liabilities and related expenses. It was recommended that each regional committee and the Board and management of the MSHSL be mindful that limited staffing causes inherent risks in safeguarding the organization's assets and the proper reporting of its financial activity. It was further recommended the regional committees and the Board and management of the MSHSL continue to implement oversight procedures and monitor those procedures to determine if they are still effective internal controls.

This was a previously reported item not resolved.

2. Review of the tournament revenues and reports at each of the regions found that: 1) two regions had tournament reports with missing beginning and ending ticket numbers or improper ticket numbers; 2) one region had a tournament report that was not signed; 3) one region had tournament revenue coded to the wrong revenue accounts; and 4) three regions had tournament reports with ticket numbers that did not reconcile to the revenue received or recorded in the general ledger.

It was recommended that regional secretaries more closely monitor site personnel and tournament managers to ensure that tournament reports are complete, accurate, and submitted for all tournaments.

This was a previously reported item not resolved.

In accordance with Minn. Stat. § 128C.12, the state auditor performed tests of compliance with appropriate laws and regulations. The results of their tests indicated

that, for the items tested, the MSHSL complied with the material terms and conditions of applicable legal provisions.

A. Compensation of the MSHSL's Executive Director and Staff

According to the Board President, staff salaries are based on a range established in policy by the Board of Directors. Salaries are based, among other criteria, upon a comparison of similar athletic and activity associations in the states that comprise the Big Ten athletic conference (Illinois, Indiana, Iowa, Michigan, Minnesota, Ohio, Pennsylvania, and Wisconsin). The Minnesota Management and Budget (MMB) formerly known as Department of Employee Relations (DOER), affirmed MSHSL's compliance with pay equity laws in a letter to the MSHSL dated January 6, 2010.

B. Expenditures of the MSHSL's Executive Director and Staff

According to the Board President, the director and his staff were reimbursed a total of \$24,857.00 for statewide travel during the 2011-2012 school year. The Board President states that expenses are reimbursed as identified in the Board of Directors policy and in Minn. Stat. § 43A.18, Subd. 2, the Commissioner's Plan.

Complaints and Lawsuits

The Commissioner must obtain and review a list of all complaints filed with the MSHSL, all lawsuits filed against the MSHSL, and the disposition of those complaints and lawsuits.

State law does not proscribe a dispute resolution method for the MSHSL, but the MSHSL has established a policy for hearing disputes regarding student eligibility including hearing and hearing review procedures.

A description of the hearings held during the 2011-2012 fiscal year are as follows:

- September 12, 2011 – Bylaw 111, Transfer and Residence
Hearing Officer recommended and Board of Directors approved the student's ineligibility for varsity competition for 365 days commencing from the first day of the student's attendance at the new school.
- September 29, 2011 – Bylaw 111, Transfer and Residence
Hearing Officer recommended and Board of Directors approved the student's ineligibility for varsity competition for 365 days commencing from the first day of the student's attendance at the new school.
- November 15, 2011 – Bylaw 111, Transfer and Residence
Hearing Officer recommended and Board of Directors approved the student's ineligibility for varsity competition for 365 days commencing from the first day of the student's attendance at the new school.

- November 22, 2011 – Bylaw 111, Transfer and Residence
Hearing Officer recommended and Board of Directors approved the student's immediate eligibility for varsity competition at the new school.
- November 22, 2011 – Bylaw 111, Transfer and Residence
Hearing Officer recommended and Board of Directors approved the student's immediate eligibility for varsity competition at the new school.
- April 11, 2012 – Bylaw 111, Transfer and Residence
Hearing Officer recommended and Board of Directors approved the student's ineligibility for varsity competition for 365 days commencing from the first day of the student's attendance at the new school.
- May 3, 2012 – Bylaw 205, Chemical Eligibility
Hearing Officer recommended and Board of Directors approved the student's ineligibility.
- June 25, 2012 – Bylaw 111, Transfer and Residence
Hearing Officer recommended and Board of Directors approved the student's ineligibility for varsity competition for 365 days commencing from the first day of the student's attendance at the new school.
- June 28, 2012 – Bylaw 111, Transfer and Residence
Hearing Officer recommended and Board of Directors approved the student's ineligibility for varsity competition for 365 days commencing from the first day of student's attendance at the new school.

Executive Director's Performance Review

The Commissioner must obtain and review an explanation of the executive director's performance review. The annual evaluation of the executive director was completed in 2012 and is positive. According to Board President: "[Executive Director] is flawless in the way he manages the [MSHSL Board's] operations. He models cohesiveness, integrity and trust through his relationships with the staff and board members. Informational materials are always received in a timely [manner] and he is readily available to all board members for questions or concerns."

MSHSL Program Implementation

The Commissioner must obtain and review information about the extent to which the MSHSL has implemented its affirmative action policy, its comparable worth plan, and its sexual harassment and violence policy and rules.

According to the Board President, the Board's affirmative action policies ensure that jobs within the MSHSL are equally accessible to all qualified persons. The Board President states that staff follow Minn. Stat. § 128C.15, Subd. 2 when employment opportunities become available.

According to the Board President, the MSHSL's comparable worth plan was initially adopted in the fall of 1988. A consultant was subsequently hired to evaluate jobs and assign pay grades. The comparable worth plan submitted by the consultant was approved by the Board on August 14, 1997. The MSHSL completed and filed its most recent Pay Equity Report with MMB on January 13, 2009, and the Notice of Pay Equity Compliance was received and dated January 6, 2010.

According to the Board President, the MSHSL's Sexual, Racial, and Religious Harassment and Violence and Hazing Policy was adopted as a Bylaw, and it is enforced statewide. The MSHSL continues to be a national leader in this area and has shared the vision of the harassment/hazing policy with all of the states in the National Federation of State High School Associations. In addition, the MSHSL's TeamUp program provides a DVD to all member schools regarding hazing, and the Coaches' Clipboard section of the MSHSL website provides a direct link for coaches entitled, "Hazing; The Painful Truth." This DVD was developed by Rochester, Minnesota school district in conjunction with the Rochester, Minnesota Police Department.

Evaluation of Proposed Changes in League Policy

The Commissioner must obtain and review an evaluation of any proposed changes in MSHSL policy. The Board President provided a copy of policies that were developed and revised and approved by the Board of Directors and a copy of Minutes Meeting of the Representative Assembly, May 14, 2012, which provided the changes as follows:

- Minnesota Debate Teachers Association Policy Change proposal for the MSHSL State Debate Tournament – to make Public Forum an event offered at the section and state level for competition in interscholastic debate.
- H.F. 1585 enacted March 2012 reduces from 180 to 90 the number of days during which a school must make good faith effort to join an interscholastic conference before asking the MSHSL to help the school arrange conference membership.
- Proposed Policy – Review of Board Policies – ensuring comprehensive review of Board of Directors policies.
- Coach Education Requirement – Policy Draft – to implement a continuing education requirement for Minnesota coaches at the Varsity, Junior Varsity, and B-squad levels.

- Transfer Eligibility Review Process, Fair Hearing Procedure 300.3.A.2 – eliminating other circumstances beyond the control of the student.
- Transfer Eligibility Review Process, Fair Hearing Procedure 300.3.D.3 – outlining transfer eligibility appeal and hearing step-by-step process.
- MSHSL Activity Advisory Committee Process – outlining the process for advisory committee recommendations.
- MSHSL Board of Director’s Policy – Videotaping another School Game – outlining applicability and potential penalties.
- MSHSL Board of Director’s Policy – Announcement at Tournament Games – clarifying that announcements pertaining to “special days” may not be read or otherwise advertised at MSHSL sponsored tournaments.
- Policy: Rule Book Coverage Below Varsity Level – all events/games involving teams at the sophomore, B-squad, junior varsity, and varsity levels are governed by the rules published by the National Federation of High School Associations or other books adopted by the MSHSL Board of Directors.
- General Eligibility Review Process – amending calendar days to school business days.

Conclusion

Minnesota Statute § 128C.20, Subdivision 1 requires the Commissioner of MDE to conduct an annual review of the Minnesota State High School League. This report documents the required review.