



Report on the Minnesota State High School League Fiscal Year 2024

Report to the Legislature

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As required by statute, this report costs approximately \$1200 to prepare, including staff time, printing, and mailing expenses.¹

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¹ Minn. Stat. section 3.197 (2023).

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Legislative Charge

The Minnesota State High School League (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]."²

Each year, the commissioner of education obtains and reviews 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 and 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.³

Introduction

The commissioner has obtained the following sources of data for this report:

- Correspondence from the board president of the MSHSL.
- Correspondence from the 2022-23 MSHSL board of directors' president, including an explanation of the executive director's performance review.
- The Minnesota High School League Adoption of Programs Task Force report dated August 2, 2022.
- The Minnesota High School League Strategic Directions reports for 2022.
- The Approved Music List dated October 6, 2022.
- The Minnesota State High School League timeline for 2023-24 and 2024-25.
- The Advisory Committee Report to the MSHSL Board of Directors dated October 6, 2022.
- The Adoption of Interscholastic Programs Process report dated December 1, 2022.
- The MSHSL Board of Directors Meeting notes dated February 2, 2023.
- The Activity Advisory Committee Recommendations to the MSHSL Board of Directors, which was submitted in October of 2022.
- The 2023-2024 Awards Categories report dated June 6, 2023.
- The Activity Advisory Committee report dated June 6, 2023.

² [Minn. Stat. 128C.01 \(2023\)](#).

³ [Minn. Stat. 128C.20 \(2023\)](#).

- The Instant Replay Protocol at the MSHSL Basketball Tournament dated April 23, 2023.
- The 2023-24 Proposed MSHSL Basketball Rule changes.
- The MSHSL Presenting Partners Agreement dated June 6, 2023.
- The MSHSL Regions/Section Seeding Consistency report dated June 6, 2023.
- The MSHSL Behavior Expectations dated June 6, 2023.
- The MSHSL Position Statement dated June 6, 2023.
- The MSHSL Boys Volleyball Season Selection Task Force report dated June 6, 2023.
- The Representative Assembly report dated May 9, 2023.
- A letter from the Minnesota Adapted Athletics Association dated October 22, 2022.
- The Proposed New MAA Season Timelines for the 2023-24, 2024-25 and 2025-26 seasons.
- The Representative Assembly Process Addition of a Sport to the MSHSL Sanctioned Sports report list dated May 9, 2023.
- The Summary of MSHSL Board of Directors Actions dated December 1, 2022.
- The Minnesota Boys High School Volleyball statistics between 2018 and 2022.
- The Minnesota Boys High School Volleyball Demographics for the 2022 season.
- The signed proposal to sanction boys high school volleyball signed in 2022.
- The State of Minnesota Office of the State Auditor Management and Compliance Report for the MSHSL for the year ended July 31, 2022.

Analysis

State Auditor's Financial and Compliance Audit

The commissioner must obtain an accurate and concise summary of the annual financial and compliance audit prepared by the state auditor that includes information about compensation and expenditures by the executive director of the MSHSL and MSHSL staff.⁴

The state auditor's report reviewed the basic financial statements of the MSHSL for the fiscal year 2022. The state auditor included the following schedule of findings and recommendations:

1. Finding 2021-001: Internal Control/Segregation of Duties – Regions
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

⁴ Per [Minnesota Statutes, section 128C.02](#), this information should come directly from a written report prepared by the board itself. In addition, it is the responsibility of the board to present copies of the report to the education committees of the legislature. There is no requirement in statute or rule that requires an annual legislative report from the Commissioner of Education.

statements and related notes, and the accuracy and completeness of all financial records and related information is the responsibility of each region secretary, each region committee, and the MSHSL.

Adequate segregation of duties is a key internal control in an organization's accounting system.

Management of each region and the MSHSL is 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 financial statements.

Due to the limited number of staff, the management of Regions 1A, 2A, 4A, 5A, 1AA, 2AA, 3AA, 4AA, 5AA, and 6AA requested that the state auditor prepare the financial statement information and related note disclosures included in the MSHSL's audited financial report.

The size of the regions and their staffing limits the internal control that management can design and implement into the organization.

Inadequate segregation of duties could adversely affect the regions' ability to detect misstatements in amounts that would be material in relation to the financial statements in a timely period by employees in the normal course of performing their assigned functions.

This arrangement is not unusual for organizations the size of the regions. This decision was based on the availability of the region's staff and the cost-benefit of using our expertise.

The state auditor recommends that each region committee and the board and management of the MSHSL be mindful that limited staffing causes inherent risks in safeguarding the organization's assets and proper reporting of its financial activity. The state auditor further recommends that 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 that has not been resolved since 2007.

2. Finding 2021-002: Tournament Reports

Tournament reports are required to be completed by the schools hosting the tournament to account for tickets sold and tournament revenue. The tournament location, activity, date, beginning and ending ticket numbers, and tickets used are to be recorded on the tournament reports. The reports are signed and submitted to the region secretaries with the tournament revenue.

During the review of the tournament revenue and reports at each of the regions, the following issues were noted:

- eight regions had tournament reports with missing beginning and ending ticket numbers, improper ticket numbers with no documented explanation or a reference to an online ticket report that was not included with the tournament report;

- one region had a tournament report that was missing;
- two regions had tournament revenue recorded incorrectly in the general ledger;
- five regions had tournament reports where the ticket numbers did not reconcile with the revenue received;
- five regions had tournament reports that the site manager did not sign; and
- two regions had ticket revenue turned over to the Region Secretary as cash.

Many tournaments are held at numerous sites statewide, and tickets are often sold online. The State Auditor's report found that tournaments are often staffed with workers with no prior tournament experience, who do not take proper care to accurately record tournament activity or document the method used for the ticket sales, resulting in inaccurate tournament records and reporting of tournament revenue.

The state auditor recommends that region secretaries closely monitor site personnel and tournament managers to ensure tournament reports are complete, accurate, and submitted for all tournaments. If alternative methods of ticket sales are used, the state auditor recommends that an explanation be included on the tournament report to support missing or improper ticket numbers. It also recommends that regional personnel deposit tournament receipts on time and accurately record them in the general ledger.

This was a previously reported item that has not been resolved since 2009.

Salaries and Expenses

Staff salaries are based on a range established by the Board of Directors. Beginning with the 1997-98 school year, staff salaries have been based upon a comparison of similar athletic and activity associations in the states that comprised the Big Ten athletic conference (Illinois, Indiana, Iowa, Maryland, Michigan, Minnesota, Nebraska, New Jersey, Ohio, Pennsylvania, and Wisconsin), among other criteria. These criteria include education levels, administrative certifications, responsibilities, and the size and scope of the state association.

During the 2022-23 school year, the Executive Director and his staff were reimbursed \$17,301.85 for statewide travel. Expenses are reimbursed as identified by the Board of Directors Policy and Minnesota Statutes 2023, section 43A.18, subdivision 2.

Complaints and Lawsuits

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

The lawsuits listed here were initiated or resolved within the 2022-23 school year, and the outcome or status of each case, as of December 2023, is included in the descriptions.

Guarin v. MSHSL, Hennepin County District Court File No. 27-CV-22-14526

The plaintiff brought suit on October 6, 2022, alleging the MSHSL violated his due process rights under the Fourteenth Amendment when he was ruled ineligible for varsity competition for one calendar year following a

transfer of schools. Plaintiff's motion for a TRO was denied on October 7, 2022. The defendant's motion to dismiss for failure to state a claim was granted, and the case was dismissed with prejudice on December 27, 2022.

AK v. MSHSL, United States District Court File No. 23-cv-1985

- The plaintiff brought suit in Rice County District Court on or about June 8, 2023, alleging the MSHSL violated his due process rights and a breach of contract after he was ruled ineligible for varsity competition for one calendar year following a transfer of schools. The MSHSL removed the case to federal court on or about June 28, 2023, and filed a motion to dismiss for failure to state a claim. The court granted the MSHSL's motion to dismiss on August 21, 2023, and dismissed the matter, in its entirety, with prejudice.

Harvey v. MSHSL et al., Hennepin County District Court File No. 27-CV-23-10923

- The plaintiff brought suit on or about June 9, 2023, against the head coach and school, athletic trainer and provider, contest official and scheduler, and the MSHSL due to a concussion that the plaintiff incurred in a wrestling match in December 2019. The allegations against the MSHSL are that the MSHSL was negligent in its supervision and training related to concussions. The MSHSL filed an answer on July 27, 2023. The matter has now been assigned to outside litigation counsel by MSHSL's insurance provider. Discovery is ongoing.

Kvalvog v. MSHSL, Clay County Court File No. 14-CV-23-3134

- The plaintiff brought suit on or about July 20, 2023, alleging that the MSHSL was liable to him for allegedly defamatory statements made by a member school. The MSHSL served a motion to dismiss for failure to state a claim on or about August 8, 2023. A hearing date was scheduled for January 18, 2024, but the judge was reassigned, and the hearing was canceled. A new hearing date has not yet been established.

Executive Director's Performance Review

The commissioner must obtain an explanation of the executive director's performance review and review it.

The annual evaluation of the executive director was conducted by the former board president, who served during the 2022-23 school year, and is positive. According to the former board president, during the 2022-23 school year, the following results were obtained based on the below rating scale and comments:

Rating Scale:

- 1 – Exceeds Expectations
- 2 – Meets Expectations
- 3 – Does Not Meet Expectations

Board Operations:

- Provides the Board of Directors with adequate and timely information: 1
- Develops an agenda and organizes meetings for the Board of Directors: 1

- Facilitates a sound Board/Staff working relationship through communications; clarification of roles, authority, and responsibility; and an environment that values trust, cohesiveness, respect, integrity, and perspective sharing: 1

Comments:

- Agendas and communications are timely and clear, giving direction and focus for the board to consider.

League Management:

- Prepares an annual budget for consideration and adaptation by the Board of Directors: 1
- Appropriately administers the MSHSL Budget: 1
- Develops recommendations regarding MSHSL policies and positions for consideration by the Board of Directors: 2
- Works cooperatively with the MSHSL Board to develop goals or action plans consistent with the MSHSL's mission and governing values: 1
- Implements the MSHSL's mission, goals, policies, programs, and services: 1
- Maintains necessary MSHSL records: 1
- Continuously evaluates MSHSL programs, services, and needs and makes recommendations to the Board as appropriate: 1
- Coordinates and directs the MSHSL personnel, including hiring, evaluation, productivity, staff involvement, morale, delegation of authority, position descriptions, administration of salary, fringe benefits, working conditions, and termination of employees: 2

Comments:

- Oversight of the league budget, staff, and policies is done thoughtfully and preparedly. The executive director is a very effective listener and speaker, building effective relations with everyone he meets.

Leadership:

- Exercises initiative through the generation of ideas and willingness to implement those ideas once they become policy: 1
- Exhibits consistent, rational behavior: 1
- Seeks improvement in skills, knowledge, and organizational mission: 1
- Provides an appropriate role model for peers and subordinates, exemplifying MSHSL values: 1
- Displays an interest in and commitment to organizational mission, goals, and values: 1
- Recommends goals and priorities to the Board: 1
- Accepts responsibility: 1
- Leads with concern and support for others: 1
- Provides adequate information and support for the Board regarding state and national issues: 1

Comments:

- The Executive Director has a positive, focused, student-centered approach in all he does as a director. He demonstrates strong leadership and "ownership" as the face of MSHSL.

Cooperative Relationships:

- Maintains communication and coordination with MSHSL members, affiliated organizations, groups, and individuals impacting fine arts and athletic activities: 1
- Maintains necessary communication and coordination with the National Federation of State High School Associations: 1
- Develops a sense of teamwork among staff members and the Board of Directors: 1

Comments:

- The Executive Director displays strong communication skills that are effective for the staff and board. The Executive Director and the MSHSL are connected nationally and are a resource for other state organizations.

Performance on Implementing Board Goals:

- The Executive Director institutes internal mechanism to address goals set by the Board of Directors: 1.5
- Increased the MSHSL's communication with member schools and affiliated organizations: 1
- Achieved goals set by the Board of Directors: 1

Comments:

The Executive Director works effectively with the board to establish year-long goals. He establishes and delegates staff to support the direction of the board.

General Comments:

- The State of Minnesota is fortunate to have the Executive Director leading the MSHSL. The Executive Director is extremely knowledgeable and passionate, and he cares about all the people he meets. His positive attitude is refreshing.

MSHSL Implementation of Affirmative Action, Comparable Worth, and Sexual Harassment and Violence Policy and Rules

The commissioner must obtain and review information about the extent to which the MSHSL has implemented its affirmative action policy, comparable worth plan, and sexual harassment and violence policy and rules. The board president provided the following information:

- The Board of Directors' affirmative action policies ensure that jobs within the League are equally accessible to all qualified persons. The staff follows 128C.15, subd. 2, when employment opportunities become available. In addition, employment information is placed on the League's website and communicated directly to our member schools, primarily through electronic mail.

- The League's comparable worth plan was initially adopted in the fall of 1988. Subsequently, the Board of Directors employed Miriam Kragness, ROI Consultants, Inc., to evaluate jobs and assign pay grades. The Board approved the comparable worth plan she submitted to the Directors on August 14, 1997. The League completed and filed its most recent Pay Equity Report with The Minnesota Department of Management and Budget (MMB). The Notice of Pay Equity Compliance was received and dated May 6, 2021. A copy of the Notice is attached.
- The League's Sexual, Racial, and Religious Harassment and Violence and Hazing Policy was adopted as a Bylaw and published statewide in the MSHSL Official Handbook and on the MSHSL website. The MSHSL staff was trained on this Policy on July 11, 2023, by Kristina Borgen, legal counsel for The League and attorney for Kelly and Lemmons. Further, all members of the Board of Directors, MSHSL Staff, and Region Secretaries are provided a verbal and written review of the Policy annually by legal counsel or the Executive Director of the MSHSL at its annual workshop in August. This action took place on August 1, 2023. These individuals provide written verification that they are familiar with the policy and that it has been explained to them.

Evaluation of Proposed Changes in MSHSL Policy

The commissioner must obtain and review an evaluation of any proposed changes in the MSHSL policy. The board president provided a copy of policies developed and revised by the board of directors and changes to the bylaws approved by the board of directors and representative assembly this last calendar year.

- In August 2022, the MSHSL Board of Directors established the Adoption of Programs Task Force. The task force developed recommendations for the Board of Directors to establish clearer pathways through which new programs may be considered and adopted into the League. The committee's primary work, later ratified by the Board of Directors, created an Emerging Status process. In addition, the task force recommended policy and bylaw language that would clarify the definition, purpose, and operating procedures associated with our presenting partnerships. Work with the task force continues in the 2023-2024 school year to discuss the potential implementation of a policy with clear steps to sunset a sport or activity, should the participation wane or not meet certain thresholds.
- The MSHSL established Strategic Directions in 2019 and continues to review, discuss, and establish current Strategic Directions each year in guiding the work of the MSHSL Board of Directors and staff members. The Strategic Directions for the 2022-23 school year recognize critical topics and focus areas for the League. They are included as an appendix.
- In June 2021, the MSHSL Board of Directors approved the formation of the Diversity, Equity, and Inclusion (DEI) Committee. The committee was formed to create and promote a culture where diversity, equity, and inclusion are valued and respected, a hallmark of all programs, practices, and policies within the League. The title was changed to DEIB, with the DEI Committee's recommendation to add "Belonging." Now known as the DEIB Committee, the committee is ongoing and will continue to review, analyze, and provide recommendations to the League's Board of Directors. The committee initially focused on hiring practices, emphasizing recruiting a diverse pool of candidates, providing transparency in the process, and increasing the diversity of interview teams. The League continues its practice of building teams and committees with broader representation. Work of the DEIB Committee in the 2022-23 school year included a book read and Nationwide Book Study through NFHS on the book, "From Athletics to Engineering, 8 Ways to

Support Diversity, Equity and Inclusion" by Johnnie Johnson & Dr. Michael E. Webber. League Staff and the Board of Directors also participated in the book study. In addition, the committee created The Board Position Statement Code of Commitment, which the Board of Directors approved at their June 6, 2023, meeting. The updated Code of Commitment is included as an appendix.

- The financial situation that faced the League in the summer of 2020 was incredibly daunting. With more than 50% of the League's budget reliant on tournament revenue and great uncertainty about the League's ability to host tournaments with fans and broadcast, there was a more significant financial burden placed on member schools. As a result, the Board of Directors called an emergency task force in June 2020 to provide recommendations to fund the MSHSL if revenues from state tournaments, broadcasts, and sponsorship were not realized. The Board adopted this emergency funding model in August and immediately called for a longer term Financial Advisory Committee to develop a sustainable financial model that would provide a stable funding source to keep the programs and activities of the MSHSL available for all participants. The Board of Directors approved this new funding model in June 2021. Due to this new funding model, the Revenue Sharing Plan, established in 1990, amended in 1991, and no longer used, was removed. In its place, a new model directed any excess revenue toward reducing membership dues, consistent with how they are collected. During the 2022-23 school year, the League managed its budget under this model and took several steps to contain expenses, enhance revenues, and explore innovative fiscal opportunities. As a result, membership fees for member schools reached their lowest level in over 15 years.
- In June 2022, the MSHSL and six other statewide organizations (MSBA, MASA, MASSP, AMSD, MNIAAA, and MSHSCA) partnered with Forbes Solutions, led by Paula Forbes and Dario Otero on the "Together We Make a Difference" initiative. The initiative's main goal was to bring students' voices to the expectations of safe and respectful behavior in our schools and interscholastic contests. The initiative brought groups together to work and engage in conversations about how all members can establish, support, and expect positive behavior at our schools and contests. The Student Advisory and Leadership Team (SALT) was created in September 2022 to advise League Staff and the Board of Directors and create leadership training and development opportunities for students in MN. In September 2022, Student World Regional Café Meetings and a Statewide Conference were held across the state on January 13, 2023. The partnering associations continue their work with the ongoing mission to focus on safe, respectful, and inclusive environments in all programs and activities.

Conclusion

Minnesota Statutes 2023, section 128C.20, subdivision 1, requires the Minnesota Department of Education commissioner to conduct an annual review of the MSHSL. This report documents the needed review.