



## Education and Leadership for a Lifetime

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To: Minnesota State High School League Member Schools

From: Erich Martens, Executive Director

Re: Membership Dues and Installment Invoices

Date: Friday, November 20, 2020

This memorandum provides important information regarding MSHSL Membership Dues including the installment payments that were announced on September 3, 2020. It also shares the modified dates for the invoicing and due dates for these payments. Additional background information related to the financial status of the League and recent actions is also included.

On September 3, 2020, MSHSL Member Schools were informed that, due to anticipated reductions in League revenues as a result of the great uncertainty surrounding state tournaments, member schools would be billed additional amounts to maintain the operations of the League. These amounts would be assessed based on the total amount needed to support the League's budget and would be differentiated by size of school.

Over the past few months, school leaders have provided significant feedback asking for additional information supporting the need for the installment payments and sharing concern about the equity of the amounts assessed to member schools. Schools have also requested that additional work be done to develop a sustainable future funding model for the MSHSL.

In response to its member schools' concerns, MSHSL Board of Directors and Staff held engagement sessions to provide more information on our budget and programs. Further, they have studied and discussed the installment payments that have been announced to schools and are planning for additional work in addressing the finances of the Minnesota State High School League.

On Thursday, November 12, 2020, the MSHSL Audit and Finance Committee recommended a revised budget with additional revenue for the 2020-2021 fiscal year that allowed for the reduction of the obligation of member schools by \$250,000. This revised budget was reviewed and supported by the Executive Committee of the Board on Monday, November 16, 2020.

The Audit and Finance Committee recommended, and the Executive Committee approved the decision that this reduction of membership responsibility directly impact Class A and Class AA schools on the grid below. This reduction accounts for 13.66% of the contribution requested of these 378 schools through the installment payments. As a result, schools in Class A and Class AA will have their installment payments reduced by this percentage. The full amount of that reduction will be addressed in the second of the required installment payments and is reflected in the total responsibility as well.

# of Schools	Enrollment	Class	Installment Plan #1 due 12/31/2020	Installment Plan #2 due 2/28/2021	Total Installment Plan Amount
64	1234-3276	AAAA	\$ 5,500	\$ 5,500	\$ 11,000
64	570-1228	AAA	\$ 4,500	\$ 4,500	\$ 9,000
128	205-568	AA	\$ 3,500	\$ 2,544	\$ 6,044
138	102-204	A	\$ 2,500	\$ 1,817	\$ 4,317
66	51 - 100	A	\$ 1,500	\$ 1,090	\$ 2,590
46	5-50	A	\$ 500	\$ 363	\$ 863
Home Schools	1-4		\$ 0	\$ 0	\$ 0
506			\$ 1,555,000	\$ 1,305,000	\$ 2,860,000

Due to ongoing study and the delay in determination of final amounts, the invoices for these payments will reflect these amounts and are scheduled to be sent to schools on December 2, 2020, with the due date for the first installment adjusted to December 31, 2020. Member schools may choose to pay both installments at that time. For schools that have already paid their dues, refunds will be sent for the adjusted amounts if applicable.

### **Budget Information and Background**

In providing additional information regarding adjustments in the revised budget, there are three important items that were considered.

Recently, the bonding bill was passed by the Minnesota legislative bodies and signed into law by Gov. Tim Walz on October 21, 2020. This bill included a provision that allowed a one-time transfer of \$500,000 from the MSHSL Foundation to the League to offset losses created by the COVID pandemic. The MSHSL Foundation Board approved this transfer on Wednesday, November 11, 2020, and the Audit and Finance Committee recommended that this amount be split evenly to reduce member school payments with the other half set aside to assist our 16 regions.

The League has now received commitments from some of our corporate sponsors to maintain their contributions to the League in this challenging year. The amount of these commitments is \$433,000. This anticipated revenue has been recommended to be reserved for expenses related to winter and spring tournaments which are being considered for the coming seasons.

The League continues to work with its financial institution in completing the forgiveness application process for a significant portion of its Paycheck Protection Program loan. The total amount of forgiveness on this loan is projected at more than \$530,000.

The MSHSL Board of Directors is scheduled to meet on December 3, 2020. At this meeting, they will discuss the next steps of moving toward a sustainable financial model for the League.