

MINNESOTA DEPARTMENT OF

*Children,
Families &
Learning*

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**Minnesota
Foundation for
Student
Organizations**

**2002 – 2003
Biennium Report
to the
Legislature**

**As required by
Minnesota
Statutes 2000
M.S. 124D.34,
Subd. 10**

ESTIMATED COST OF PREPARING THIS REPORT

This report provides information which is maintained by the Minnesota Foundation for Student Organizations as a part of its normal business functions. Therefore, the cost information reported below does not include the cost of gathering the data but rather is limited to the estimated cost of actually analyzing the data, determining recommendations and preparing this report document.

Special funding was not appropriated for the costs of preparing this report.

The estimated cost incurred by the Minnesota Foundation for Student Organizations in preparing this report is **\$ 744**.



The Minnesota Foundation for Student Organizations was established to address the future of career and technical student organizations and applied leadership opportunities. The Foundation has an operating agreement with CFL, which serves as the fiscal agent.

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Executive Summary

Originally created by the Minnesota Legislature in 1996, the Minnesota Foundation for Student Organizations continues with its mission which is to: **promote and support student organizations as they work to provide student opportunities for leadership, personal development, community service and career preparation.** These career and technical student organizations include:

Secondary

BPA – Business Professionals of America
DECA – Marketing Education
FCCLA – Family, Career and Community Leaders of America
FCCLA-HERO – Service Occupations and other related programs
FFA – Agriculture and Agribusiness education
HOSA – Health Occupations
SkillsUSA-VICA – Technical and Industry Occupations

Post Secondary

BPA – Business Professionals of America
DEX – Delta Epsilon Chi – Marketing Education
PAS – Post Secondary Agriculture Students
SkillsUSA-VICA – Technical and Industry Occupations

Over the past two years, the Minnesota Foundation for Student Organizations invested resources to examine and clarify the scope of work. Specifically, the Foundation:

- Contracted a study to discover the similarities and differences of student organizations and promotional opportunities. **This report revealed that state support of student organizations results in a tenfold return on state dollars invested.**
- Revised the definition of a fundable member to align with state law.
- Continued to deliver funds to student organizations.
- Provided organizational development assistance to student organizations.
- Continued to address the needs associated with a paradigm shift as student organizations transform themselves from state programs to nonprofit organizations.

The future holds a great deal of promise, and we look to the Minnesota Legislature to continue their partnership with the Foundation in support of career and technical student organizations and the thousands of Minnesota students being served.

Brief History

Prior to the development of the Minnesota Foundation for Student Organizations (MFSO), the state of Minnesota utilized state and federal funds to support vocational student organizations, as they were then known. FFA is the oldest student organization, now celebrating its 75th year, and FCCLA has over 50 years of history.

For decades, these student organizations operated as state programs, operated and supervised by state staff and funded by state and federal dollars. A series of questions over the years caused a review of how the State worked with student organizations. A report by the state Department of Administration over a decade ago indicated that student organizations and the state of Minnesota needed separation for legal and ethical reasons. In addition, an Attorney General's opinion cited a need for immediate action due to unacceptable levels of liability risk for the state.

96 – 97 Biennium

In 1996, the Legislature passed the original foundation legislation to develop the structure and direction of what would become the MFSO. This move envisioned student organizations benefiting from the wider range of opportunities available to organizations in the nonprofit sector.

Legislative leadership for this initiative included support from Senators Gen Olson, Steve Dille, Lawrence Pogemiller, Sam Solon and Cal Larson as well as Representatives Hilda Bettermann, Andy Dawkins, Lyndon Carlson, Elaine Harder, Ken Otremba, Jeff Bertrum and Leslie Schumacher.

98 – 99 Biennium

Foundation organized
Executive Director hired
Strategic Planning for two years completed.
Mission established
Name of Foundation established as “Minnesota Foundation for Student Organizations”
By-Laws established
Working agreement with State Board of Education established.
Support from MN State Colleges & Universities (MnSCU) (FY 98 - \$12,000 FY 99 - \$10,000)
Disbursed grants to student organizations (FY 98 - \$396,000 FY 99 - \$411,000)

00 – 01 Biennium

Friends of the Foundation established to serve MFSO as an official nonprofit arm.
Philosophy for Distribution of Funds and Funding Formula implemented
Foundation gets second Executive Director
Support from MnSCU (FY 00 - \$10,000 FY 01 - \$15,000)
Disbursed grants to student organizations (FY 00 – over \$500,000 FY 01 – over \$533,000)

Major Outcomes and Activities of the Current Biennium

Value of State Funding Increased 1000%

In a report commissioned by the Foundation, the estimated economic impact of career and technical student organizations in the state increases the value of state funding by 1000%. In November 2001, the Foundation contracted Mark Zingle, an actuary with experience in organizational development and workforce issues, to identify similarities and differences in student organizations as well as opportunities for promoting and funding them.

“...it appears that without the organizations making up the Foundation, donations and contributions in the range of \$3 million to \$5 million would go away (annually), considering both the value coming into the organizations and that being donated to others as a result of their effort. During a single biennium of the state, I believe we can say that a total of \$10 million in donated time and materials is at stake. That represents roughly tenfold (1000%) return on the state’s investment into the Foundation over the same period.” (Page 31 – Report prepared by Mark Zingle & Associates - 2001) A copy of the report is available through the Foundation Office.

Funding Formula Revised to Align with Minnesota Law

The Foundation Board revised the formula for distribution of funds to student organizations to reflect the outcome of a long term discussion of membership definitions, and to adhere to current Minnesota Statute 124D.355.

To qualify for funding from the Foundation, members must now be in Grades 10-14, enrolled in a program approved by the state, and hold national membership in their organization.

The age and enrollment requirements were enacted because of a new interpretation of the 124D.355 statute, and recent changes in the requirements for programs to become approved by the state. National membership was included at the request of a majority of the student organization executive directors, as was an increase in the base funding portion of the formula.

More vigilant procedures for verification of membership numbers were implemented, including verification of membership by their national organizations and spot checks of submitted membership rosters.

Another Executive Director Hired

The Minnesota Foundation for Student Organizations employed Lynn VanDervort as its Executive Director in September 2001. Continuity of service has been a challenge with three Executive Directors and the accompanying vacancies during the four years since the Foundation was established.

Outside Funding

So far this biennium, individuals have contributed almost \$1,500 in private resources to the Friends of the Minnesota Foundation for Student Organizations. The "Friends" organization was established prior to this biennium to serve as the recognized nonprofit arm of the foundation. The Foundation submitted six grant requests in the past year, all of which were not funded.

The Minnesota State Colleges and Universities (MnSCU) system maintained their support of \$15,000 annually for state leadership for career and technical student organizations in FY 2002. During that year, MnSCU directed the Foundation to address diversity and equity issues. MnSCU withdrew the funds for FY 2003, which represented 2.4% of the budget distributed by the Foundation, and the only ongoing higher education and/or federal funding source.

Funds Delivered to Student Organizations

Eleven career and technical student organizations received almost \$500,000 during FY 2002 in cash and discounted services through the Foundation. By the end of the biennium, they will have received just over \$1,000,000 toward operating these organizations at the state level. Without state organizations, local chapters could not exist.

The Foundation formula for distributing funds underwent transition during the biennium. The first year, over 33,000 members were included in the distribution formula. In the second year, the new formula distributed state funds based upon 17,880 members in grades 10-14. Student Organizations have served over 33,000 students each year of this biennium utilizing Foundation funds and outside resources.

Students Exhibit Excellence at National Competitions

Over the decades, Minnesota students have won thousands of national awards. During the current biennium, our students continued this fine tradition. Secondary and Post-secondary students brought home hundreds of national awards and medals. Additionally, select student members were honored with thousands of dollars in scholarships, recognizing their superior achievements.

Working Toward the Future

Long term success of the student organizations demands that they develop their individual organizations. Each organization must find a unique base of financial support, and become a leader in workforce development education based upon a unique mission-driven focus in the nonprofit world.

Changing the Paradigm

Since all career and technical student organizations started as state programs, the progress in transforming themselves into functioning nonprofit organizations is real and substantiated. If plotted on a graph, each could define growing capacity in their organizations toward independent function. All have progressed at different rates, and consequently each needs individual attention to continue the paradigm shift.

Tailored Assistance

The Foundation is piloting assistance structured to meet the individual needs of each student organization. Keeping in mind the best way to feed hungry people is to teach them how to fish, rather than giving them fish, the Foundation has moved toward a strong emphasis on individualized organizational development.

Some of the student organizations are very well positioned to move forward with minimal organizational assistance, some need board development, others need to develop effective alumni organizations for long term support. Each needs to build an active annual calendar of fundraising activities including an annual mail campaign and special events. All organizations need mentoring to focus on developing staff skills to meet the changing needs of programs transitioning from long histories as state programs to mission-based nonprofit organizations.

Financial Report

Fiscal Years 2002 and 2003

**Fiscal Year 2003 includes projections through June 30, 2003*

	FY 02	*FY 03
Income		
Legislative Appropriation	\$625,000	\$625,000
MN State Colleges and Universities	\$ 15,000	\$ 0
Balance Forward	<u> </u>	<u>\$ 62,700</u>
<i>Total Income</i>	\$640,000	\$687,700
Expenditures		
Grants to Student Organizations	\$460,536	\$567,700
Rentals and Services used by Student Organizations	\$ 38,041	\$ 40,000
Foundation Operating Expenditures	<u>\$ 78,723</u>	<u>\$ 80,000</u>
<i>Total Expenditures</i>	\$577,300	\$687,700
Balance Forward	\$ 62,700	\$ 0

Friends of the Minnesota Foundation for Student Organizations holds private donations for the Foundation and carried a balance on December 31, 2002 of \$9,821.59.

**PHILOSOPHY AND PLAN FOR FUND DISTRIBUTION TO
CAREER AND TECHNICAL STUDENT ORGANIZATIONS BEGINNING FY 00**

Adopted February 12, 1999

Revised February 7, 2000

Revised April 10, 2002

The Minnesota Foundation for Student Organizations is charged with a variety of responsibilities by the Minnesota Legislature including, but not limited to, distributing public funding, securing private funding and distributing private funding to career and technical student organizations (CTSO's).

It is recognized that each student organization has a board with responsibilities for governing its organization; setting priorities; directing and planning the program of work; and securing resources for the organization to thrive. It is further recognized that each of the student organizations has successfully raised substantial funding over the years, including membership dues, event fees, grant funds, corporate donations and other private contributions. Therefore, the foundation should be viewed as only one funding source for the state career and technical student organizations and as one source for continuity of the organizations.

With foundation funding and substantial complementary funding, it is anticipated that each student organization board can continue to build a stable, thriving organization that meets the needs of students, advisers and career areas served, as well as the intent of the Minnesota Legislature.

FORMULA FUNDING

The foundation intends to distribute a portion of the available funding to career and technical student organizations on a formula basis beginning FY 2000.

THE FORMULA HAS THREE PARTS:

• **Part A Base funding for statewide opportunity**

This plan distributes ~~50%~~ 60% of the formula funds for the "base."

"Base" resources are allocated by a fixed amount for each student organization. A maximum of two organizations can be recognized for each of the seven career areas defined in M.S. 124D.34.

This base recognizes that certain costs occur to:

- Maintain and operate a state office
- Staff a governing board
- Serve statewide learners

- Staff a variety of state, regional and national events
- Develop tools and resources for advisers and members
- Prepare and develop advisers

It is recognized that there are many differences in the CTSOs, their boards, executive directors, students and locations resulting in differences in needs/uses of dollars included in Part A funding.

Both Part B and Part C of the formula are viewed as “results-based” factors. The Foundation’s intention is to relate the variable formula portion of fund distribution to results-based concepts.

- **Part B Membership Factor**

Twenty-five percent (25%) of the formula funding is allocated on the basis of student members served, using an average over the past three years. The Foundation wishes to encourage increasing student membership and recognizes that additional resources are needed to serve additional student members.

- **Part C Chapter Factor**

~~Twenty-five~~ Fifteen percent (~~25%~~ 15%) of the formula funding is allocated on the basis of number of chapters. The Foundation wishes to encourage additional chapters to provide opportunities for additional students. The Foundation recognizes that additional resources are needed to service additional chapters.

DEFINITIONS:

Organization

- Satisfies all requirements to be in good standing with the national organization
- At least 100 student members
- At least 5 active chapters
- A maximum of two organizations can be recognized for each of the seven career areas defined in M.S. 124D.34

Member

- An individual student who pays state dues from individual or family sources OR
- An individual student for whom state dues are paid from chapter, school or private sources

For purposes of providing funding for student organizations, the foundation will fund organizations whose members are:

A student in grades 10-14 (or an ungraded equivalent) who holds active, paid concurrent state and national membership in a student organization and meets all of the following criteria:

- 1) Is currently eligible to participate in the organization's activities and/or competitive events at the local, regional, state and national levels.
- 2) Is currently eligible to hold office in the organization at a local, state and/or national level.
- 3) Is currently eligible to vote in local, state and/or national organization elections.
- 4) Is a resident of Minnesota or is registered and attends a Minnesota education system.

Chapter

- A school, institution, building or program where a career and technical student organization offers the opportunity for students to be members of a chapter.
- A nationally recognized, chartered chapter.
- Active/current student membership.
- The majority of the chapter members are in grades 10-14.

Reporting

- The most current student membership and chapter numbers need to be reported to the Foundation office prior to June 1 of each year.
- Numbers reported will be subject to audit at any time.

Membership numbers from the previous fiscal year will be used to generate the funding for the following fiscal year.

Student Organizations shall submit to the Foundation office by April 15, a roster of all national members for the current fiscal year, including each member's name and address. It is strongly recommended, but not required that the roster include additional data documenting each member's gender and racial background.

If the roster was generated by the national office, no further follow up is needed. If these names are self-reported at the state level, further documentation from their national office verifying the accuracy of the documents must be received by December 31 of the calendar year (or half way through the following fiscal year for which these numbers generate funds). Rosters may be submitted via hard copy, word process, database or spreadsheet formats.

Audit Policy

Membership documentation will be spot checked by a party outside of the foundation for accuracy. If during the spot checks, data amounting to 15% of the sample does not corroborate the information submitted, an automatic audit will ensue, with the cost of the audit to be paid by the student organization in question.

Depending upon whether the audit determines that mistakes were made unintentionally or intentionally, the board of directors has discretion to sanction a student organization by requiring grant monies be returned, withholding current or future grants, or suspending eligibility for funding through the foundation.

Additional philosophy on Incentive Grants remains unchanged and not funded for FY 2003.

Attachment B

Minnesota Foundation for Student Organizations Board of Directors

Governor Appointments:		(2003 Officers)
Agricultural Business	Ronald Sommers	(Treasurer)
Business	Jonathan Toronto	
Family and Consumer Sciences	(open)	
Health Occupations	Joan Muhs	
Marketing	Emily Saed	
Service Occupations	Jolene Hawkins	
Technical/Industry	(open)	
School District Administrator	(open)	
Middle School Administrator	(open)	
Secondary Administrator	R. Craig Vana	(Co-Chair)
Post-Secondary Administrator	Joseph Dennie	

Student Organization Representatives:		
Agriculture	Bruce Mathiowetz	
Business	Joan Sprengeler	
Family & Consumer Sciences	Joleen Durken	(Co-Chair)
Health Occupations	Carol Kelsey	
Marketing	Tom Joseph	
Service Occupations	JoAnne Collins	
Technical/Industry	Cindy Walters	

Students or Alumni of Student Organizations:

<i>Secondary</i>		
Michael Busch	FFA	
Nathan Deno	FCCLA & FFA	
Shawn Vogt Sween	FCCLA	
<i>Post-Secondary</i>		
Todd Huxford	SkillsUSA	
Andrew Syring	SkillsUSA	(Secretary)

Ex-Officio:
Student Organization Directors (7), MNSCU Liaison (1), CFL Liaison (1)

Executive Director
Lynn VanDervort
651-582-8322

Attachment C

RESOLUTION OF AGREEMENT

Between the

MINNESOTA DEPARTMENT OF CHILDREN, FAMILIES AND LEARNING,
hereinafter referred to as "the department" and

THE MINNESOTA FOUNDATION FOR STUDENT ORGANIZATIONS,
hereinafter referred to as "MFSO" or "the foundation"

WHEREAS, Minn. Stat. § 1240.34, subd. 2 (1999) authorizes the creation of the Minnesota Foundation for Student Organizations as a nonprofit organization for the following purpose: "to promote vocational student organizations and applied leadership opportunities in Minnesota public and nonpublic schools through public-private partnerships."

WHEREAS, Minn. Stat. § 124D.34, subd. 2 (1999) specifies that "[t]he board of directors of the foundation and foundation activities are under the direction of the commissioner of the department of children, families & learning ("the commissioner")

WHEREAS, Minn. Stat. § 124D.34, subd. 7 (1999) specifies that the commissioner has been given the responsibilities of appointing the executive director of the foundation from three candidates nominated and submitted by the foundation board of directors and, as necessary, other staff who shall perform duties and have responsibilities solely related to the foundation; and

WHEREAS, Minn. Stat. § 124D.34, subd. 5 (1999), identifies the specific powers and duties of the foundation as follows:

- (1) identify and plan common goals and priorities for the various school-to-work student organizations in Minnesota;
- (2) publish brochures or booklets relating to the purposes of the foundation and collect reasonable fees for the publications;
- (3) seek and receive public and private money, grants, and in-kind services and goods from non-state sources for the purposes of the foundation, without complying with section 7.09, subd. 1;
- (4) contract with consultants on behalf of the school-to-work student organizations;
- (5) plan, implement and expend money for awards and other forms of recognition for school-to-work student programs; and

- (6) identify an appropriate name for the foundation.

WHEREAS, Minn. Stat. § 124D.34, subd. 9 (1999) provides that monies received from private sources shall be administered by the board of directors of the foundation and may be contributed in any manner specified by the board of directors; and

WHEREAS, Minn. Stat. § 124D.34, subd. 6 (1999) provides that the foundation board shall review and approve each contract of the board and provides that each contract of the foundation board shall be subject to the same review and approval procedures as a contract of the commissioner.

THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The commissioner grants to the MFSO foundation the authority to establish bylaws of the foundation, a strategic plan, policies, administrative guidelines, and procedures of the foundation necessary to set forth activities to fulfill statutory obligations in Minn. Stat. § 124D.34 (1999).

2. The commissioner charges the MFSO board to execute and fully exercise the powers provided in Minn. Stat. § 124D.34 (1999).

3. The chair, once elected by the foundation board, shall lead the MFSO board in executing those responsibilities necessary for the successful operation of the foundation within the parameters established in statute, in the manner and method determined by the MFSO board.

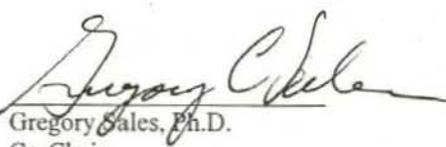
4. The executive director, once appointed by the commissioner, shall be provided by the MFSO board with direction, supervision, and evaluation;

5. The MFSO board shall annually provide copies for review and acceptance by the commissioner of the foundation's bylaws; the foundation's strategic plan and work plan; and the foundation's policies and procedures; and in addition, the annual report on the progress of the foundation's activities including a financial report for the preceding year. In the odd-numbered years, copies of MFSO's biennial report to the legislature shall also be provided to the commissioner.

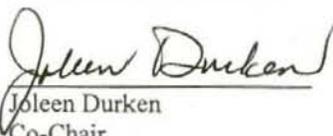
This resolution approved by the MFSO board of directors, and the commissioner of the department of children, families & learning on this second day of August, 2000.



Christine Jax, Ph.D.
Commissioner
Minnesota Department of
Children, Families & Learning



Gregory Sales, Ph.D.
Co-Chair
MFSO Board of Directors



Joleen Durken
Co-Chair
MFSO Board of Directors

8/2/00