

2003-07



Kentucky High School Athletic Association

Operational Strategic Plan

STARTING OUR 87th YEAR OF SERVICE TO KENTUCKY SCHOOLS

MISSION STATEMENT

The KHSAA shall establish, promote and deliver the highest quality interscholastic athletic programs and activities in an efficient and progressive manner that emphasize participation, safety, sportsmanship and integrity to enhance the educational experience of the student athlete.

Goal 1.0- Financial Stability and Debt Retirement

Goal 2.0- Educate KHSAA Constituencies

Goal 3.0 - Staff Growth and Development

Goal 4.0 - Monitor and Audit Compliance with KHSAA Rules.

Goal 5.0 - Enhance and Promote Current Programs and Preserve History.

Goal 6.0 - Promote Citizenship and Sportsmanship.



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(a kentucky.com affiliate)



*Member of
National Federation
of High School Associations*

**KENTUCKY HIGH SCHOOL
ATHLETIC ASSOCIATION**

**2003-2007 STRATEGIC PLAN
GOALS AND OBJECTIVES**

KHSAA BOARD OF CONTROL

Chuck Broughton, 2007, Owensboro
Lonnie Burgett, 2005, Mayfield
Gary Dearborn, 2007, Cynthiana
Paul Dotson, 2004, Belfry
Cynthia Elliott, 2007, Jackson
Betsy Glover, 2004, Lewisport
Paula Goodin, 2007, Pineville
Sally Haeberle, 2006, Ashland
Stan Hardin, 2006, Louisville
Ken Hurt, 2005, Lancaster
Kathy Johnston, 2003, Lexington
L.V. McGinty, 2004, Paducah
Steve Parker, 2005, Lexington
Jeff Perkins, 2005, Somerset
Eddie Saylor, 2004, Molus
Bob Schneider, 2008, Newport
James Sexton, 2006, Louisville
Bob Stewart, 2006, Louisville
Jerry Taylor, 2006, Munfordville

KHSAA EXECUTIVE STAFF

Brigid DeVries, Commissioner
Larry Boucher, Assistant Commissioner
Julian Tackett, Assistant Commissioner
Roland Williams, Assistant Commissioner
Butch Cope, Director of Promotions and Media Relations
Ken Tippet, Fund Raising Consultant

July, 2003

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During the 1992-93 School Year, the State Board for Elementary and Secondary Education directed the Kentucky Department of Education to assign staff to conduct a Management Review of the association and its operations. After weeks of analysis, the following sixty-seven (67) recommendations were delivered to the State Board. Following each recommendation is the KHSAA Board of Control approved response to the recommendation.

Review Recommendation 1. There should be a complete review of essential services and associated costs to determine which services could be eliminated until the financial condition improves. The review process should include individuals with financial and management experience as well as representatives from member schools.

Approved Board of Control Response to Recommendation 1 - The Board of Control and staff feel strongly that this was the purpose and ultimate outcome of this review. This has been an almost constant subject of discussion since Commissioner Wise took office in 1991.

The staff will work over the next few weeks prior to presentation of the Association budget in July, to compile a list of services provided to the membership, and the associated costs of these services. This information would be reviewed by a panel including Board of Control and staff members, and representatives of our auditing firm, legal counsel, and a other professional volunteers. This group would serve also as our Budget/Audit Review Committee as referenced in other recommendations. The staff is especially sensitive to any reduction in services to the membership in light of the current dues structure.

There have *already been a great many cuts made in the Association budget including -*

- 1) Revision in the Health care plan offered to KHSAA employees including re-assigning Commissioner Sanford's widow and another staff member to other optional, less expensive coverages. This savings is between \$8,000 and \$10,000 per year since July of 1991. In addition, members who are contractually guaranteed family insurance coverage have sought cross referencing and co-matching of insurance plans with working spouses, further reducing insurance costs for two employees from approximately \$1160 per month to about \$500 per month with no reduction in benefit and still continuing to meet contractual obligations.
- 2) Insurance costs have also been reduced through the work of the staff with our new insurance carrier allowing the association to save money through reclassification in the workers compensation area.
- 3) Staff salaries were frozen for the 1992-93 year, which actually amounts to a cut of about 4% for each employee due to the cost of living index.
- 4) Sectional Directors were eliminated at a cost savings of \$48,000 per year, and the consultant position was reduced to a percentage yield position, thereby saving around \$30,000 per year.
- 5) Catastrophic Insurance coverages were revised and re-bid with a net savings of around \$50,000 per year.
- 6) Printing costs will be reduced as well through the bidding process as well as \$25,000 to \$30,000 savings with the new trophy vendor.

As part of the regular procedures of the office, the auditors will routinely appear before the Board of Control to answer questions and other types of inquiries along with the presentation of the audit.

In addition, the staff recommended and the Board of Control approved compliance with an addition to the KARs which mandates regular financial reporting by the Association to the State Board of Elementary and Secondary Education.

Review Recommendation 2. In conjunction with the review of services there should be an analysis of what is an appropriate level for member schools to pay for the services received.

Approved Board of Control Response to Recommendation 2 - The current dues structure is based on a need of school dues to generate approximately \$300,000, and scaled based upon school size. The current dues structure is also due in part to the fact that the Association retains no proceeds from post-season play prior to the championship round, and the dues structure is a contingency on the obligation to Montgomery and Traders Bank. The Board of Control and staff are on record and constantly reiterating the stance as being desirous of lowering the dues structure at the first feasible opportunity and are constantly reviewing this item.

Review Recommendation 3. A review should be completed to ensure that the services provided to officials are paid for by officials.

Approved Board of Control Response to Recommendation 3 - The following represents the findings of the review of the officials fees and the services provided. Officials annually pay a fee of \$25 to register with the KHSAA, and an additional \$15 per additional sport. This represents an increase from the \$20 and \$10 rates charged prior to this year. The additional \$5 is placed in a reserve fund to be used for awards, recognition and training programs for officials and to help recognize their contribution to high school sports.

The officials receive the following services from the KHSAA -

- 1) Membership in the National Federation Interscholastic Officials Association (NFIOA) which includes the National Federation News Magazine (published 9 times annually), a \$1,000,000 blanket liability insurance policy, Optional Medical Insurance Coverage (for an additional fee from the official), representation on National Rules Committees, Discounted Rates on Hotels, Rental Cars, etc. The KHSAA pays \$9 per registered official for this service.
- 2) Rules Books are provided for each sport in which the official is registered, at an average cost of \$4 per official, per sport.
- 3) Registration patches which denote level of registration (Registered / Approved / Certified), at a cost of \$1 per registered official annually.
- 4) Whistle Bits, A quarterly publication begun in 1992-93 for Officials and Assigning Secretaries, at a cost of \$1.50 per registered official annually
- 5) An annual awards and recognition banquet, begun in 1992-93 to identify and show appreciation for Kentucky's outstanding high school officials, at an average cost of \$2 per registered official annually.
- 6) Annual rules clinics and rules interpretations, at a cost of \$1.00 per official annually.
- 7) New registration and re-registration forms, disqualification forms, Officials evaluation forms, meeting attendance and examination forms, etc. with an average annual cost of \$2 per official.
- 8) KHSAA Annual Handbook, at an average cost of \$2 per official
- 9) Championship bags, certificates, and other mementos to recognize and honor officials working in championship events. This began in 1992-93 at an average cost of .60 per official.
- 10) For multiple sport officials, items 2, 3, 6, and 7 would also be costs for the officials registering in each additional sport, and would be covered by the \$15 fee for additional sports.

A sampling of contiguous states shows that Tennessee charges \$20 for the first sport, \$15 for each additional; Ohio charges \$30 for the first sport, \$13 for each additional; West Virginia charges \$20 per sport; and Indiana charges \$25 for the first sport, and \$3 for each additional.

The total cost of a first sport registrant is approximately \$23.10, while the additional sport official costs approximately \$9.

Review Recommendation 4. In light of the tight fiscal situation the Association faces, it is recommended that the following practices be considered:

No more than two complimentary tickets be provided to Board of Control Members.

No more than two complimentary tickets be provided to each Association staff member.

Corporate sponsors be given complimentary tickets only when it is in the best interest of the Association or when included in a contract for services or goods rendered.

All other individuals that the Association feels it would be beneficial to acknowledge be given the opportunity to purchase tickets in choice locations within the arena, but at the full ticket price.

The practice of priority tickets at reduced rates be eliminated.

Approved Board of Control Response to Recommendation 4 - The Board of Control, after much discussion and considering various financial impacts, has approved the following ticket policy for immediate implementation -

- 1) Complimentary tickets (2 each) be given to the current members of the Association staff, and the current members of the Board of Control. Each person would be required to sign a statement upon receiving the tickets that the tickets were for personal use and would not be sold for personal gain. The Board of Control or staff member will be afforded the option of purchasing the two seats adjacent to the complimentary seats at full price.
- 2) Complimentary ticket (1 each) to Tournament Workers with option to purchase adjacent seat at full price. Same as current policy. Approximately 25 issued per tournament.
- 3) Complimentary ticket (1 each) to Game Officials with option to purchase adjacent seat at full price. Currently, game officials are issued two (2) each. Twenty-four issued per tournament.
- 4) Complimentary ticket (1 each) to former Board of Control members with option to purchase adjacent seat at full price. For 1992-93, former Board of Control members were allowed to purchase two (2) seats at the priority ticket price (\$2 per session). Approximately 50 ordered tickets this year.
- 5) Complimentary ticket (1 each) to State Board of Elementary and Secondary Education members with option to purchase adjacent seat at full price. For 1992-93, SBESE members were offered the option of purchasing two tickets at the priority ticket price (\$2 per session).
- 6) Complimentary ticket (1 each) to Basketball Assigning Secretaries with option to purchase adjacent seat at full price. For 1992-93, Assigning Secretaries were entitled to purchase two (2) seats at the priority price (\$2 per session).
- 7) Other complimentary tickets as in approved Board of Control policy (grand total of all complimentary tickets not to exceed 250), at the discretion of the Commissioner when in the best interest of the Association. Only eight (8) complimentary tickets are currently given to corporate sponsors, and these tickets go to Frank Shoop Chevrolet in compliance with a car contract. All future sponsor complimentary tickets in conjunction with a corporate sponsorship, would be required to be approved by the Board of Control as they approve the contract. For

1992-93, the Commissioner was authorized at the July, 1992 meeting of the Board of Control to issue not more than 250 complimentary tickets, and he did not issue the full amount allowable.

- 8) Until the dues structure is revised, the practice of "Priority" tickets be continued. The principals of each member school may continue to receive two (2) tickets to each state basketball tournament, while paying only the \$2 per ticket (\$16 total per set) service fee. Each member school superintendent may continue to receive one (1) ticket to each state basketball tournament, while paying only the \$2 per ticket (\$16 total per set) service fee. The current location plan would continue in the future.

It is estimated that this change could yield a total of \$13,920 in revenue to the Association based upon 1993 sales figures related to tickets sold to staff and Board of Control (\$4608), tournament workers and referees (\$1152), State Board of Elementary and Secondary Education members (\$2880), Former Board of Control members (\$4160) and Assigning Secretaries (\$1120).

Review Recommendation 5. In order to reduce the cost of order forms and the associated postage, consideration should be given to consolidating forms.

Approved Board of Control Response to Recommendation 5 - This is already in progress. Various forms will be examined, consolidated and numbered. A forms directory will be published by the staff to aid schools and others in compliance.

Review Recommendation 6. The board minutes should include the options considered by the Board, especially when it concerns expenditures, and a justification (explanation) of the action taken.

Approved Board of Control Response to Recommendation 6 - This is being done now, beginning with the March, 1993 meeting. It should be noted that committee chair persons have been directed to insure that accurate minutes are taken, and perhaps designate a committee secretary.

Review Recommendation 7. Meeting files should be created following each meeting, including the minutes and all documents presented to the Board.

Approved Board of Control Response to Recommendation 7 - This recommendation was placed into effect with the March meeting, and we will attempt to re create meeting folders for all previously conducted 1992-93 meetings, and will continue the practice in the future.

Review Recommendation 8. Board members should receive an explanation of all bill payments so they know what has been paid and to have sufficient knowledge to act on the document.

Approved Board of Control Response to Recommendation 8 - This recommendation was implemented beginning in March, and will be made easier by a revision in the accounting package currently in use by the Association.

Review Recommendation 9. Board minutes should include the time of adjournment.

Approved Board of Control Response to Recommendation 9 - This has been done effective March, 1993.

Review Recommendation 10. The Board needs to spend more time on policy development and direction to staff. To more aptly do this, there should be training provided for Board members on their fiduciary responsibilities.

Approved Board of Control Response to Recommendation 10 - The Board of Control fully accepts responsibility for past actions, and for its duties in the future. This was part of a 1992 recommendation from Board of Control members and Commissioner Wise. The staff will develop a seminar, to be approved by the Board of Control, which beginning in July will offer more training for Board of Control members in a variety of areas. To do this, the idea of requiring the members of the Board of Control to spend at least one complete day in the office following their election to the Board of Control is a necessity. This would allow for seminar time and this "in-service" could be used as a briefing period for Association Constitution, Bylaws, Tournament Rules, policies and procedures, as well as observation of the staff and an appreciation for their duties and capabilities. Several of these types of seminars could also be conducted in conjunction with the state basketball tournaments. The policy direction should be made more feasible by the continued use of eligibility committee meetings to ease the burden of the regular meetings.

Review Recommendation 11. If there is no interest in assuming or fulfilling the fiduciary role, then there should be a restructuring of the Board of Control so that individuals with financial, management, and possibly legal expertise are included in the composition of the Board.

Approved Board of Control Response to Recommendation 11 - Though the Board of Control realizes it has made past mistakes, it takes exception to the statement that it has no interest in its fiduciary responsibility. The current Board of Control has worked with diligence to fulfill its fiscal and other positional responsibilities and is receptive to continuing to use any additional training and expertise

available to makes its decisions. This will include utilizing the Budget/Audit Review committee to insure that proper standards are being used, and that the full Board of Control is better able to interpret results and predict future outcomes.

Review Recommendation 12. In light of the Association's fiscal situation, the net gain of holding a championship or tournament must be considered when determining future locations. It may be necessary to require a guarantee of a certain amount of revenue of a guarantee maximum on the amount of expenses. Unless the revenue structure changes, the Association cannot afford to depend on the weather or other factors beyond its control to bring in the needed revenues, especially in basketball and football.

Approved Board of Control Response to Recommendation 12 - The staff annually provides the Board of Control members with financial recaps on the revenue generating sports programs, and a regular status report on all budget categories. These items are available to be used when sites and dates are selected, and must be utilized first and foremost above geographic and political preferences. In addition, for the 1994 situations, the staff will be consulting with the representatives of the host cities prior to the April meeting of the Board of Control, and will report their ability to insure the tournament success through guarantees or through efforts to sell tickets at the local level. The Board of Control will use this information to help make an informed decision as it relates to tournament sites.

Review Recommendation 13. Staff should be directed to compile all policies adopted by the Board of Control into a single document so that future board members and staff have ready access to Association policies.

Approved Board of Control Response to Recommendation 13 - Staff has begun to assemble a Policy and Procedure Manual for the Association. Included will be the Board of Control Handbook, staff policies and procedures, event management guidelines, purchasing and procurement regulations, and many other decision making guides which have previously been included only in Association minutes, or committee minutes. This will be helpful with Association Board of Control and staff turnover. The tentative time table calls for the Board of Control Handbook to be revised for the April meeting, with the full book compiled in tentative form for Board of Control approval before the July meeting of the Board of Control. In the interim, state purchasing and procurement policies will guide Board of Control and staff decisions until final policies are in place. This has been the case since July of 1992.

Review Recommendation 14. Where policies and procedures are not written, staff should put them in writing. These should be submitted to the Board of Control for approval. Then staff should maintain a Policies and Procedures Manual that is amended as need by the Board of Control.

Approved Board of Control Response to Recommendation 14 - To be done by staff as part of Recommendation 13.

Review Recommendation 15. There should be written policies and procedures adopted by the Board of Control that set specific authorization limits for when staff, Commissioner, and Board of Control approval is required when making purchases.

Approved Board of Control Response to Recommendation 15 - To be done by staff as part of Recommendation 13.

Review Recommendation 16. A formal process should be developed which requires solicitation of price quotes for expenditures exceeding \$1,000.

Approved Board of Control Response to Recommendation 16 - To be done by staff as part of Recommendation 13 with these guidelines in place.

Review Recommendation 17. A policy should be adopted that requires staff to advertise when expenditures on goods or services are to exceed \$10,000.

Approved Board of Control Response to Recommendation 17 - To be done by staff as part of Recommendation 13 with these guidelines in place. This process has been in development and initial implementation stages since April of 1992.

Review Recommendation 18. All requests for bids on major goods or services should be advertised so all vendors capable of responding have the opportunity to do so. Following such a process, there should be a contract drawn up with the successful vendor with specific language of what is to be provided when, where, how, who is responsible for what, and the contract period with appropriate cancellation, re-negotiation and/or renewal clauses.

Approved Board of Control Response to Recommendation 18 - This will not only be a part of the Procedure Manual, but is essentially in effect now. Any item with an annual line item expenditure, or receipt if applicable, of \$10,000 will be advertised, and final acceptance contracts/letters of agreement will be signed when approved. In addition, letters of agreement/contracts will be signed with the trophy,

novelty and printing contracts which were awarded in July of 1992, and expire in July of 1995. State purchasing and procurement policies will guide Board of Control and staff decisions until final policies are in place, and will be the framework for the Association final policy.

Review Recommendation 19. All services and the associated charges to be rendered by a vendor should be presented in writing when proposals are sought by the Association.

Approved Board of Control Response to Recommendation 19 - To be done as part of contracts / letters of agreement.

Review Recommendation 20. Consideration should be given either to adopting the state travel regulations which provide for \$.22 per mile and \$20 per day for meals or to canvassing some member schools and adopting the rates used by the majority of those surveyed.

Approved Board of Control Response to Recommendation 20 - Effective retroactive to March 16, 1993 for Board of Control members and effective immediately for staff members, the standard state government reimbursement schedules and regulations shall be utilized. This projects a \$2,500 savings per year in Board of Control expense reimbursements based on 1992-93 payments and should represent a savings in staff reimbursements of about \$500 to \$750 per year.

Review Recommendation 21. The practice of providing travel advances should be eliminated and staff should be encouraged to join institutions such as the Commonwealth Credit Union which provide travel loans for employees.

Approved Board of Control Response to Recommendation 21 - Though the number of occurrences have been minimal, this practice will be discontinued. Staff is currently investigating the options related to membership in the Commonwealth Credit Union.

Review Recommendation 22. A control process should be developed to determine the amount of miles the cars are being driven by each person for business related travel.

Approved Board of Control Response to Recommendation 22 - This recommendation will be implemented with a full scale travel log required for each employee who is furnished company transportation beginning May 1, 1993.

Review Recommendation 23. Once a control procedure is in place, an analysis should be completed to see if it would be more economical to pay employees for business related travel instead of supplying a car.

Approved Board of Control Response to Recommendation 23 - The Board of Control approved this recommendation as listed. In addition, the Procedures manual will include regulations on who can drive the cars, and about their general usage on behalf of the Association.

Review Recommendation 24. If the decision is to retain vehicles, consideration should be given to purchasing less expensive cars with maximum fuel efficiency and developing written policies and procedures on the appropriate use and maintenance of vehicles.

Approved Board of Control Response to Recommendation 24 - The Board of Control approved this recommendation as listed. In addition, the purchase will be advertised as required by the purchasing guidelines, and will require final approval of the Board of Control.

Review Recommendation 25. Eliminate automobile coverage and ask each employee to obtain an insurance rider through their individual coverage and then reimburse the employee at the end of a year.

Approved Board of Control Response to Recommendation 25 - The Board of Control has directed staff to investigate the feasibility and costs savings related to this item and report back to the full Board of Control at the earliest opportunity, not later than the July meeting of the Board of Control.

Review Recommendation 26. The planned inventory control numbering system should be implemented as soon as possible.

Approved Board of Control Response to Recommendation 26 - Companies in this business have been contacted and price quotations solicited. This procedure will be implemented during the May/June period when the annual inventory is normally taken.

Review Recommendation 27. A realistic replacement schedule should be established, especially for the computer equipment, that sets aside funds and evaluation should then be completed to see if the replacement is necessary. If not, the funds could be carried forward for future use.

Approved Board of Control Response to Recommendation 27 - The staff will be consulting outside organizations including auditing firms, state agencies and other companies with expertise in this area and will be attempting to develop this schedule prior to the July meeting of the Board of Control.

Review Recommendation 28. The Board of Control Handbook should be revised and updated to use for training with new board members after a policies and procedures manual is completed.

Approved Board of Control Response to Recommendation 28 - This will be done as a part of Recommendation 13. In addition, the Board of Control and staff point to the implementation of the seminar for new Board of Control members to help familiarize themselves with KHSAA procedures, policies, etc.

Review Recommendation 29. Until the financial condition improves, all Board meetings should be held in Lexington so that the expenses related to staff travel can be eliminated.

Approved Board of Control Response to Recommendation 29 - The staff recommendation, approved by the Board of Control, is to hold all regular meetings for the 1993-94 academic year in Lexington with the exception of the meeting to be held in conjunction with the football championships, and the state tournament meeting. This will begin with the July meeting of the Board of Control. A complete proposed meeting schedule will be presented to the Board of Control in April. This will result in a savings of more than \$2,000 in travel and per diem reimbursements for the three meetings held out of Lexington this past year.

Review Recommendation 30. There should be clear policies on when travel reimbursement rates are to be paid. If a meeting is over by 4:30 p.m. then the Association should not pay expenses for that night unless it is more than a certain distance for the member to drive and likewise if the meeting begins after 10:00 a.m. expenses should not be paid for the night before.

Approved Board of Control Response to Recommendation 30 - This recommendation was approved as part of Recommendation 20.

Review Recommendation 31. There should be consideration given to restricting the number of individuals that travel to the National Federation of State High School Associations' annual meeting.

Approved Board of Control Response to Recommendation 31 - Due to budget concerns, the Board of Control has adopted the following policy-

"Effective until further altered by the Board of Control, only the Commissioner shall be reimbursed for attendance at the Fall, Winter, and Summer meetings of the National Federation."

This is the only staff and Board of Control development function offered which can help with the performance of the job as it relates to the business of athletics. The chance to interact and exchange with other members of the Federation family is invaluable and prevents time lost from "re-inventing" the wheel in certain situations. How another state handled a matter is invaluable as a resource to help with our daily functions. Frequently, representatives of our staff and Board of Control serve as panel moderators and discussion leaders, and the staff attends every available seminar to help with enhanced job performance. Many seminars are held for Board of Control members as well as staff, and this professional development is an asset to the person's service as a Board of Control representative or staff member.

Review Recommendation 32. The payment of Board of Control members expenses for being in attendance at the boys and girls state basketball tournaments should be severely reduced if not eliminated. Expenses should only be paid when fulfilling function of a Board member, either for attending a meeting or representing the Association in an official capacity.

Approved Board of Control Response to Recommendation 32 - The Board of Control should, while being reimbursed, hold committee meetings and appeals hearings during one tournament, and its general session during the other tournament. The Board of Control member is acting as a representative, and each individual is frequently called upon by constituents in attendance to discuss association business as the football and basketball tournaments allow for the greatest number of constituents to be gathered and vital information exchange occurs during this time. The Board of Control intends to incorporate training and appeals hearings in addition to participation in awards and other ceremonies into the activities surrounding the state basketball tournaments.

Review Recommendation 33. Continue the use of eligibility committees to reduce the amount of time needed at regular board meetings for appeals hearings.

Approved Board of Control Response to Recommendation 33 - The Board of Control has adopted this regulation. In addition, the feasibility of a central eligibility committee to hear all appeals will be investigated.

Review Recommendation 34. Accounting control procedures should be developed and included in the Policies and Procedures Manual in the event that something should happen to an employee involved in the process.

Approved Board of Control Response to Recommendation 34 - Staff will incorporate these items into the Procedures Manual.

Review Recommendation 35. The revenue structure should be analyzed to determine if there are other methods to generate revenue with more certainty since expenditures are barely covered by revenues.

Approved Board of Control Response to Recommendation 35 - This is currently being done and is an ongoing process.

The very nature of this association leads to a great many variable receipts and expenditures. The only certainty is the school dues and for the most part, the officials revenue. All other revenue items are dependent upon the market place. The staff has encouraged the Board of Control over the last two years to look at a variety of income options and a couple are to be considered at the April meeting.

It should also be noted that this is a private, non profit association, and other than trying to build reserves, a significant profit is not the primary objective of the Association, and has never been.

Review Recommendation 36. A thorough analysis should be completed on the potential revenues that may be generated before deciding future tournament sites.

Approved Board of Control Response to Recommendation 36 - Certainly the complete financial history and projections, not just revenue and actual paid attendance, should be considered, and this information is provided to the Board of Control on a routine basis. This will be provided as discussions of tournament sites are held, as well looking into the timing of these tournaments and their conflicts with collegiate events.

Another subject which must be discussed should be the potential revision of the state basketball tournament format, in order to eliminate and/or reduce expenses, and perhaps, increase revenue at the same time.

Review Recommendation 37. Fund-raising firms should be contacted to determine if there are more effective ways to raise funds, especially to pay for the cost of the building. However, serious consideration should be given to contracting with a firm that specializes in corporate solicitation to see if greater revenue can be generated for day to day operations.

Approved Board of Control Response to Recommendation 37 - This is ongoing as several firms have been contacted concerning the brick sales, and about marketing the Association including corporate and tournament sponsorship. The number of companies with success dealing with athletics is very limited, but every viable alternative will be considered.

Review Recommendation 38. Eliminate dependency on advance funds at the earliest possible date.

Approved Board of Control Response to Recommendation 38 - This dependency will be reviewed and hopefully eliminated when our long term obligation to Montgomery and Traders Bank is fulfilled and our reserve is satisfactory. It should be noted that these advances are due strictly to the timing of the billings, and necessary only to insure cash flow during the summer months. Research into the feasibility of revising the Association fiscal year may also yield a solution to the problem.

Review Recommendation 39. Review current distribution of free publications to determine if greater sales or cost savings could be obtained by reducing the number of free publications provided.

Approved Board of Control Response to Recommendation 39 - To be done by staff as Part of Recommendation 1, then reviewed by the Budget/Audit Review Committee. The staff and Board of Control is especially sensitive to any cutback in services as long as the current dues structure is necessary.

Review Recommendation 40. Change the way a school schedules Hall of Fame games to close the loophole that currently permits the circumvention of the rules.

Approved Board of Control Response to Recommendation 40 - The Hall of Fame games and the procedure for their contract is to be reviewed at the April meeting of the Board of Control. It is the staff recommendation based on discussions with representatives of member schools that the date for scheduling and payment be moved to February 28 to allow for maximum participation as this is a \$25,000 line item in the Association budget.

Review Recommendation 41. Consider implementing the sharing of net proceeds of Hall of Fame games with the Association and ask participating schools to market the game as such.

Approved Board of Control Response to Recommendation 41 - To be discussed in April as mentioned in Recommendation 40, but staff and Board of Control are concerned that a percentage might deter participation and therefore be a financial detriment. This is a potential survey item for the membership.

Review Recommendation 42. Seek the assistance of former state golf champions and corporate sponsors to turn the Hall of Fame golf outing into a true fund raiser.

Approved Board of Control Response to Recommendation 42 - Staff has been directed to begin work in this area immediately as other benefit golf tournaments raise a substantial amount of money.

Review Recommendation 43. There should be written procedures and forms to control any compensatory leave, program and they should be incorporated into the policies and procedures manual. These procedures should set maximum amounts that can be earned and carried.

Approved Board of Control Response to Recommendation 43 - To be included in KHSAA Procedures manual. Many of these types of items are included in past Board of Control minutes, and will only require compilation.

Review Recommendation 44. Since the work is somewhat cyclical, it is recommended that until the financial situation improves, the receptionist position be converted from full-time to part-time.

Approved Board of Control Response to Recommendation 44 - The staff and Board of Control disagree with the notion that the work is cyclical. As a compromise, the staff recommends a revised job description with a lower salary comparable to others in similar positions in state government while allowing for relief of some of the administrative and secretarial duties handled by the executive staff. Depending upon what is legally allowable, consideration may be given to full time, temporary status, thereby reducing job benefit costs. Final determination will be made following study and budget considerations.

Review Recommendation 45. There should be consideration given to having the office manager report to the business manager to relieve some of the administrative responsibilities placed on the Commissioner.

Approved Board of Control Response to Recommendation 45 - This is being done as a practical matter now as it relates to the business and accounting functions, and the office manager's authority and responsibility for all of the clerical personnel has been reinforced to redistribute a portion of this administrative load. This will be revised on the Association flow chart, though the secretarial duties for the Commissioner will continue to be handled by the Office Manager to insure consistency.

Review Recommendation 46. Position descriptions should be updated to current expectations so the evaluations will be more effective.

Approved Board of Control Response to Recommendation 46 - This will be part of the Procedures Manual for the Association.

Review Recommendation 47. Consideration should be given to making the Fun Raising Consultant position a salaried position and the duties one of coordinating fund raising activities with outside firms that are in the fund raising business. This task should be given high enough priority that the salary is set with the expectation that if sufficient funds are not raised, the person would be replaced.

Approved Board of Control Response to Recommendation 47 - This full time position should be given consideration by the Board of Control and staff as funds become available. It is possible that a successful contract with an outside marketing firm could eliminate the need for this position. Certainly the current incentives should be addressed and potentially revised, and any staff member who fails to meet the job expectations can be relieved of duty.

Review Recommendation 48. Family coverage should be eliminated and those employees given the option to purchase coverage for their spouse and children.

Approved Board of Control Response to Recommendation 48 - The Board of Control has voted to defer consideration of this item until the full impact of health care reform can be determined. This is a benefit which was contracted with certain employees as a condition of their accepting their position. The staff has revised coverages over the past year, saving \$8,000 to \$10,000 from prior years with the changes in coverage and options, and another sizable amount with the matching and cross referencing done this year. The staff would recommend raising deductible amounts to reduce costs,

bidding the coverage to other carriers, and checking into the viability of state coverage as in Recommendation 49, before this contractual obligation is eliminated or changed. Currently the family rate per month is approximately \$580, and this has been reduced to \$275 for one employee, and \$220 for another through cross referencing and matching. This item will be revisited when further data is available as to the inquiry contained in Recommendation 49.

Review Recommendation 49. Legislation should be considered to permit the Association to participate in the state health insurance plan. Presently, KRS 18A.225 and KRS 18A.228 prohibits participation by anyone not paid by the Commonwealth. Health care reform may impact this area. If it is not possible to participate in the state plan, then consideration should be given to shifting coverage to a health maintenance organization.

Approved Board of Control Response to Recommendation 49 - Staff is currently researching with state government agencies as to the necessary legal steps to allow for our participation. Preliminary indications are that the only step necessary is State Department of Education endorsement as a designated agency.

Review Recommendation 50. When the compensatory leave policy is developed, consideration should be given to possibly increasing the number of legal holidays provided to employees and eliminate the shortened work schedule.

Approved Board of Control Response to Recommendation 50 - The Board of Control recommends that the eleven holidays observed by most state agencies be observed which would include Thanksgiving and the day after; Christmas and one day; New Years Eve and Day; Martin Luther King Day; Presidents Day; Memorial Day; July 4; and Labor Day. Any other reduction in schedule could only be made at the discretion of the Commissioner after assuring that the work load of the Association is able to be continued satisfactorily.

Review Recommendation 51. The taxable benefit on cars should be reviewed to ensure that the appropriate allowance is being shown for each employee.

Approved Board of Control Response to Recommendation 51 - In conjunction with Recommendation 22, accurate records will be given to each employee through the auditing firm.

Review Recommendation 52. A position should be created for an in-house attorney and the position should be advertised to ensure the greatest number of applicants. When litigation services are required, then proposals should be sought and reviewed to determine the best course of action for the Association at that time.

Approved Board of Control Response to Recommendation 52 - Currently, attorneys are only utilized for litigation and as needed for Board of Control meetings. Day to day interpretations are adequately handled by staff. Preliminary cost analysis indicates that an in house attorney would be much more costly than the current expenditures. Initial indications show a minimum of \$60,000 in start up costs to include library, materials, and liability insurance. This is in addition to salary, clerical staff, benefit packages, and other incentives and may not eliminate any of the current legal expenses. Even with an in house counsel, most major court cases would continue to be referred to counsel with athletics and other non profit experience. The staff and Board of Control feel that with the recent accountability standards required by the Board of Control of Control, the Association is certainly in better stead with regards to its legal expenditures.

Review Recommendation 53. Reduce the frequency of the "Athlete" magazine to four time a year. This would generate at least \$7,500 just in printing cost savings. Additional savings would be made in labeling and postage.

Approved Board of Control Response to Recommendation 53 - The production will be reduced to six (6) of issues to allow for bi-monthly publication and to insure the timeliness of the information. With the exception of selected state associations, state universities and our member schools, the staff will eliminate complimentary copies of the magazine and solicit the \$10 subscription fees. It is felt that these two steps should save the Association \$3,000 to \$4,000 in printing and processing costs for the magazine.

The staff also notes the reduction of \$6,000 to \$9,000 in costs for this years magazine due to the reduction in the number of printed copies from 3,600 per issue to 1,400 per issue with the elimination of the officials.

Review Recommendation 54. Reconsider paper stock, number of ink colors, and bindings on all publications. Specifically, move away from offset enamel text to regular stock on Handbook and the "Athlete" magazine.

Approved Board of Control Response to Recommendation 54 - This change will be made with our printer, and the most efficient combination of workable product and costs savings will be utilized, including the elimination of coated stock where possible. In addition, a total revision of the Handbook format is being studied which could drastically reduce its costs.

Review Recommendation 55. Reconsider the number and use, in some cases, of photos in publications. For example, elimination of Board member photos would reduce cost of handbook and programs.

Approved Board of Control Response to Recommendation 55 - This is an extremely negligible cost savings and the Board of Control has voted to fund this cost in all publications as a personal expense.

Review Recommendation 56. Once there have been major changes in quantity and makeup of documents, the printing service should be re-bid to see if the same quality service can be obtained at a lower price.

Approved Board of Control Response to Recommendation 56 - During the second and third year of the current printing contract, we will continue to revise and cut costs of our publications. We will re-bid our printing services at the end of 1994-95 in conjunction with the term of our current contract with the revised quantities and specifications.

Review Recommendation 57. The binding of the "Athlete" magazine at the end of the year should be delayed until the financial situation improves.

Approved Board of Control Response to Recommendation 57 - The staff will research different binding options and vendors to preserve some form of archival copy.

Review Recommendation 58. A more realistic charge should be added to all orders for tickets and documents. Perhaps a rate structure based on weight should be developed.

Approved Board of Control Response to Recommendation 58 - Effective July 1, the postage and handling charge for items such as tickets will raise from \$2 to \$5, which is certainly more realistic. A revised shipping and handling chart will be developed by staff for mailing of such items as the calendars, Handbooks, and perhaps included in face charges to eliminate confusion.

Review Recommendation 59. If the fee structure is changed, there may need to be charges for purchased publications. The books could be purchased in bulk to benefit from any large quantity pricing and then the cost could be passed on to the schools and officials.

Approved Board of Control Response to Recommendation 59 - The staff concurs that when the membership fee structure is changed, certainly these publication charges should be considered. The cost of these types of items was part of the analysis done by staff in proposing the current fee structure. The office already buys in bulk whenever possible, and will continue to do so. Until the dues structure is revised, the staff recommends that these items continue to be distributed to the membership as in the past, or at least until the review in Recommendation 1 is complete.

Review Recommendation 60. A complete review/analysis should be completed to determine if restructuring the current debt is an appropriate course of action.

Approved Board of Control Response to Recommendation 60 - This is ongoing. Since the January meeting, discussions have been held with three banks, including the original issuer of the bonds, and one outside bond refinancing agency. In addition, discussions are now under way with state government representatives who are reviewing the bonding documents and advising as to possible alternatives.

Review Recommendation 61. The transfer from the retirement trust fund to the general fund should be transferred back as soon as possible.

Approved Board of Control Response to Recommendation 61 - The retirement trust fund is a separate interest bearing checking account and as of this writing, has a balance of over \$30,000. Its only expenditure is for the monthly liability to Mrs. Nelle Sanford, the widow of the former Commissioner, and the interest receipts are more than adequate to cover the payment. The only other liability to the fund would be the sick time compensation payment made to employees who retire from service with the Association, and it is adequate for that purpose at this time. In conjunction with our audit review, a regular line item expense will be incurred each year as we will transfer reserves from the yearly operations to this fund to insure its solvency and ability to meet future calls.

Review Recommendation 62. Catastrophic insurance is a service that is very costly and should be provided on a fee per student basis or be offered only for those sporting events (tournaments and championships) that the Association manages.

Approved Board of Control Response to Recommendation 62 - Currently bids have been solicited for the 1993-94 school year. Early indications are that the service will not increase substantially in price. This service is invaluable to our membership and despite only paying a few claims due to the high deductible, certainly affords a level of protection unavailable to our schools and students at the price we can obtain. Representatives of the insurance industry tell this office that the cost to an individual school for the same policy would be over \$6 per student compared our current expenditure of \$2.10 per student this year.

Review Recommendation 63. If team expenses are going to continue to be paid, then provisions should be made to pay expenses for participants in individual sports.

Approved Board of Control Response to Recommendation 63 - This item is under constant scrutiny by the Board of Control and the staff, and this 1992-93 cut should be the first restored should the financial picture allow. The staff recommendation, approved by the Board of Control, revises the basketball expense policy immediately to allow for payment only through the day following elimination, which could save approximately \$6,000 to \$8,000 per tournament.

Review Recommendation 64. Should attempt to get into the state government telecommunication system since the bulk of their phone calls are to and from schools.

Approved Board of Control Response to Recommendation 64 - Staff is currently consulting state agencies as to this option. Preliminary indications are that the only step necessary is State Department of Education endorsement as a designated agency.

Review Recommendation 65. A review should be completed of all tournament expenditure practices to first find a system that treats all students equally and second that is most economical.

Approved Board of Control Response to Recommendation 65 - The staff recommended that effective 1993-94, all team sports be reimbursed \$7 per night for necessary lodging, \$4 per meal, and \$1 per mile traveled in all sports where reimbursement is made to make fair and equal distributions. This was approved by the Board of Control. This would have represented a savings of \$1,378 on the 1992 Football playoff expenses for the teams, and over \$4,500 per tournament on the two 1992 basketball tournaments, or a total of \$10,450, and would represent the same payment schedule for all sports in which expenses are paid.

Review Recommendation 66.

(#1A) Budget/Audit Committee should be appointed in accordance with the action of the Board of Control. The committee role and scope of responsibility should be developed. The committee should immediately begin to meet to advise the Commissioner on financial matters.

(#1B) There should be consideration given to adding individuals outside the Board of control with finance backgrounds to the Budget/Audit Committee to assist in advising on the finances of the Association.

Approved Board of Control Response to Recommendation 66 - (1A and 1B) - The staff and Board of Control concurs with this recommendation as mentioned in Recommendation 1. It is the feeling that enough expertise is available in a combination of the Board of Control, Staff, auditing firm, legal counsel, and other professional volunteers as mentioned in Recommendation 1 to allow the Board of Control to make informed decisions. It should be noted that legal counsel and the auditing firm are much more involved on a daily basis since July of 1991 at the request of the Commissioner.

Review Recommendation 67. The Board of Control should reconsider the composition of the Board and the methods used to elect/select Board members.

Nevertheless, the State Board questions whether the present composition of the Board (school and athletic administrators) and the method of selecting Board members, should not be reconsidered to (a) broaden the base of the Board and (b) bring talents and experiences which might not be present. Issues the Board of Control should consider and respond to would include:

Should non-school related individuals have a seat on the Board (community leader, business people, etc.)?

Should the current election process be redesigned to eliminate or restructure the current "region" election process?

Should "at large" members be elected?

Should the State Board appoint a certain number of Board positions in addition to the elected positions, or appoint all Board members?

Approved Board of Control Response to Recommendation 67 - To make any change to increase the number of members would require a change in the Federal Court Decree. Secondly, there is nothing to prohibit the Board of Control President from appointing ad hoc or advisory committees with members other than Board and staff members. This is currently being done in reference to the Hall of Fame selections, and in conjunction with the Budget/Audit Review Committee and may be the best way to satisfy all interested parties.