

**Maryland Future Business Leaders of America  
(FBLA)- Phi Beta Lambda (PBL):  
Summary of Concerns Regarding  
Board Practices**



**Division of Career and College Readiness  
Office of Leadership Development and School Improvement**

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## Maryland Future Business Leaders of America (FBLA) – Phi Beta Lambda (PBL): Summary of Concerns Regarding Board Practices

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# Maryland Future Business Leaders of America (FBLA) – Phi Beta Lambda (PBL): Summary of Concerns Regarding Board Practices

## Table of Contents

Purpose .....	4
Membership Selection Process .....	5
Operations and Fiscal Management .....	5
Operations .....	5
Fiscal Management .....	5
Conflicts of Interest.....	8
Coordinating Learning Experiences and Partnering with the Division of Career and College Readiness .....	9
Recommendations for Improvements .....	9
Appendices.....	10



## Maryland Future Business Leaders of America (FBLA) – Phi Beta Lambda (PBL): Summary of Concerns Regarding Board Practices

### Purpose

The purpose of this document is to share concerns regarding compliance of the Maryland FBLA-PBL Board Association with requirements detailed in Code of Maryland Regulation (COMAR) [13A.04.02 Secondary School Career and Technical Education](#). COMAR defines a Career and Technical Student Organization (CTSO) as

*“...an organization of individuals enrolled in CTE programs of study that engages students in co-curricular CTE learning experiences as an integral part of the instructional program, is approved by the Maryland State Department of Education, and adheres to the Policies and Procedures for Implementing Career and Technical Student Organizations in Maryland.”*

Currently, the Maryland FBLA-PBL Board Association is not in compliance with COMAR, which jeopardizes Maryland FBLA-PBL standing as a recognized Maryland CTSO. For over a year, the Division of Career and College Readiness attempted to collaborate with members of the Maryland FBLA-PBL Board Association to address areas of misalignment. As of March 2021, areas of misalignment have not been adequately addressed. The Division of Career and College Readiness is committed to working with Maryland FBLA-PBL and National FBLA-PBL Boards to bring Maryland FBLA-PBL in compliance with requirements detailed in COMAR.

COMAR requires CTSOs to adhere to [policies and procedures for CTSOs](#). Maryland FBLA-PBL is not in alignment with the policies and procedures document. Specifically, Maryland FBLA-PBL Board Association is not adhering to the *Operation and Oversight Requirements* listed in the policies and procedures document ([August, 2020](#)). Listed below are the sections from the policies and procedures document that are noncompliant.

1. Developing procedures for electing and appointing members as well procedures for the rotation and removal of board members, with the chair of the CTSO Board of Directors to serve for a maximum of two, three-year consecutive terms (item 2, page 8).
2. Complying with state regulations regarding operations and financial management (items 1 and 2, page 8).
3. Coordinating learning experiences among the national organization, local school systems, MSDE CTSO Director, and CTSO Board (item 4, page 9).
4. Ensuring alignment of CTSO learning experiences with Maryland approved CTE programs of study (item 5, page 9).
5. Partnering with the Division of Career and College Readiness to provide oversight to local CTSO chapters and organize statewide CTSO events (page 10, Oversight Requirements).

The remaining pages of this document provides evidence of noncompliance.



## Maryland Future Business Leaders of America (FBLA) – Phi Beta Lambda (PBL): Summary of Concerns Regarding Board Practices

### Membership Selection Process

Maryland CTSOs are required to, “.....develop procedures for electing and appointing members as well as procedures for the rotation and removal of board members, with the chair of the CTSO Board of Directors to serve for a maximum of two, three-year consecutive terms.” There appears to be no consistently established process regarding the election, appointment, rotation, and removal of members of the Maryland FBLA-PBL Board of Directors. There also does not appear to be term limits for members of the board. Key areas of concern include:

- The Maryland FBLA-PBL Association’s Operating Policies do not include an application or nomination process for identifying new board members.
- Key stakeholders (FBLA Chapter Advisors, FBLA students, etc.) have no input regarding board membership.
- There is a lack of communication to board members regarding the addition of board members. For example, at the December 8, 2020 board meeting, the Vice-Chair proposed two people for membership. Board members did not receive communication prior to the meeting regarding the selection of new board members. The candidates attended the board meeting and were present while their biographies were presented and while the board held a vote on their membership.
- There is not a clear process to replace Local Chapter Advisors on the board when they are no longer employed by a school system. In a February 2021 board meeting, a retired educator was moved from being a Local Chapter Advisor Board member to a Business, Industry, and Postsecondary Representative. It is unclear what business, industry, or postsecondary institution this board member represents.

### Operations and Fiscal Management

#### Operations

There appears to be inconsistency with the operation of the Maryland FBLA-PBL Board. Specifically, the Board does not have regularly scheduled meeting dates. Meeting dates for the board are not provided to board members and local advisors at the beginning of a program year. Meeting minutes are not shared with key stakeholders including local advisors and FBLA members. The Association’s finances do not appear to be regularly shared with local advisors and FBLA members. There are few to no opportunities for local advisors to provide input regarding decisions that the board makes, which include board membership and fiscal expenditures.

#### Fiscal Management

All references to Maryland FBLA-PBL Association’s financials were retrieved from [990 Tax Forms](#) provided by the National FBLA-PBL Association (National FBLA-PBL).

There are several concerns regarding fiscal management for the Maryland FBLA-PBL Association regarding transparency, accountability, and the implementation of sound fiscal practices. In 2012,



**Maryland Future Business Leaders of America (FBLA) – Phi Beta Lambda (PBL): Summary of Concerns Regarding Board Practices**

the Maryland FBLA-PBL Board Association established a foundation to provide support for State winners to participate in national competitions, earn scholarships, and participate in leadership development programs. The foundation is also charged with supporting the Annual State Leadership Conference. There are several concerns regarding the Foundation:

1. According to the [Maryland FBLA website](#) (retrieved February 2021), every member on the Maryland FBLA-PBL Foundation Board is also on the Maryland FBLA-PBL Board Association (Figure 1). There is no separation between the members of the Maryland FBLA-PBL Board Association and the Maryland FBLA Foundation Board. Decisions regarding the amount of funds allocated to the Foundation are made by members serving on both the Association and Foundation Boards. As a result, the accountability structure for sound financial practices is unclear.

**Figure 1.** Members of the Maryland FBLA-PBL Board also serve on the Maryland FBLA-PBL Foundation Board.

<b>Member</b>	<b>Maryland FBLA-PBL Foundation Board Role</b>	<b>Maryland FBLA-PBL Board Association Role</b>
<b>Member 1</b>	Board Chairman	Vice-Chairman
<b>Member 2</b>	Secretary	Secretary
<b>Member 3</b>	Treasurer	Board Member
<b>Member 4</b>	State Advisor (Ex-Officio)	Chairman

*Source: [www.mdfla.org](http://www.mdfla.org)*

2. Funds are routinely transferred from the Maryland FBLA-PBL Board Association to the Maryland FBLA-PBL Foundation. Once funds are transferred to the Maryland FBLA-PBL Foundation, there appears to be no opportunity for FBLA advisors and members to have input on how funds are spent. For example, from 2013-2020, over \$250,000 was transferred from the Maryland FBLA-PBL Association to the Maryland FBLA-PBL Foundation. During that time, the Association only provided \$14,000 to students in scholarships (Figure 2). Ninety-five percent of the Maryland FBLA-PBL Association giving went to the Maryland FBLA-PBL Foundation (Figure 3). It is unclear if Maryland FBLA-PBL members are aware that their dues and registration fees are used to fund the Foundation. It is also unclear if Maryland FBLA-PBL members are aware of the process for oversight and accountability of funds once funds are transferred from the Association to Foundation.



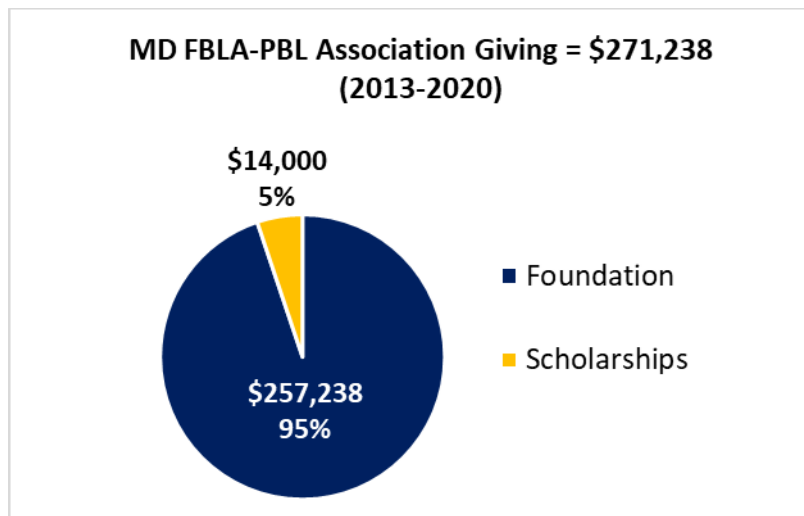
## Maryland Future Business Leaders of America (FBLA) – Phi Beta Lambda (PBL): Summary of Concerns Regarding Board Practices

**Figure 2.** From 2013 – 2020, over \$200,000 was provided from the Maryland FBLA-PBL Association to the Maryland FBLA-PBL Foundation. During the same timeframe, the Maryland FBLA-PBL Association provided \$14,000 to students for scholarships.

<b>Maryland FBLA-PBL Association Giving</b>			
<i>*Information retrieved from the FBLA-PBL 990 Tax Forms (2013-2020)</i>			
<b>Year</b>	<b>Funds Provided to the Foundation</b>	<b>Funds Provided for Student Scholarships</b>	<b>Total Giving to the Foundation and Scholarships</b>
2013 - 2014	\$50,000	\$2,000	\$52,000.00
2014 - 2015	\$0	\$2,000	\$2,000.00
2015 - 2016	\$0	\$2,000	\$2,000.00
2016 - 2017	\$100,000	\$2,000	\$102,000.00
2017 - 2018	\$50,000	\$2,000	\$52,000.00
2018 - 2019	\$50,000	\$2,000	\$52,000.00
2019 - 2020	\$7,238	\$2,000	\$9,238.00
<b>Totals</b>	<b>\$257,238.00</b>	<b>\$14,000.00</b>	<b>\$271,238.00</b>

Source: FBLA Association’s 990 Tax Forms via National FBLA-PBL

**Figure 3.** 95% of Maryland FBLA-PBL Association Giving goes to the Maryland FBLA-PBL Foundation.





**Maryland Future Business Leaders of America (FBLA) – Phi Beta Lambda (PBL): Summary of Concerns Regarding Board Practices**

3. According to the Maryland FBLA-PBL Foundation webpage, the mission of the organization is to, “... provide support to state winners to participate in national competition, scholarships, and leadership development programs...” (retrieved from the [website](#) in February 2021). From 2016-2019, the Maryland FBLA-PBL Foundation gave approximately 14% of revenue received to support such efforts (Figure 4). It is unclear how remaining funds were used to support Maryland FBLA students.

**Figure 4.** The Maryland FBLA-PBL Foundation appears to allocate only 14% of revenue to support the stated mission.

Maryland FBLA-PBL Foundation Revenue				FBLA Foundation Giving		
Year	Funds Provided by the Maryland FBLA-PBL Association	Funds Provided From Other Sources	Total	Funds Provided for Scholarships	Funds Provided For Travel	Total
2016-2017	\$100,000	\$5,120	\$105,120	\$0	\$0	\$0
2017-2018	\$50,000	\$3,345	\$53,345	\$0	\$9,723	\$9,723
2018-2019	\$50,000	\$2,456	\$52,456	\$20,355	\$0	\$20,355
<b>Total</b>	<b>\$200,000</b>	<b>\$10,921</b>	<b>\$210,921</b>	<b>\$20,355</b>	<b>\$9,723</b>	<b>\$30,078</b>

*Source: FBLA Foundation’s 990 Tax Forms via National FBLA-PBL*

4. The draft operating budget for the Maryland FBLA-PBL Association presented at the December 8, 2020 board meeting, revealed an overall net loss of \$2,886 for the Maryland FBLA-PBL Association. The December budget included a \$4,670 donation from the Association to the Foundation. It is unclear why funds would be provided to the Foundation when the budget for the Association reveals an overall net loss.

**Conflicts of Interest**

The Maryland FBLA-PBL Association does not appear to implement a written conflict of interest policy for board members or require board members to disclose conflicts of interest that may arise. The 2019-2020 Chapter Information Request Form, which was submitted with the Associations’ 990 Tax Form, stated that the Association does not have a conflict of interest policy. This is a concern because there appears to be conflicts of interest on the Maryland FBLA-PBL board.

- a. In the 2019-2020 Chapter Information Request Form that accompanied the 990 Tax Form, the Maryland FBLA-PBL Association indicated that it is involved in business transactions of \$10,000 or more with a person or entity that is affiliated with the Maryland FBLA-PBL Association.





## Maryland Future Business Leaders of America (FBLA) – Phi Beta Lambda (PBL): Summary of Concerns Regarding Board Practices

- b. The person whose company supplies the branded merchandise for the Maryland FBLA-PBL Association is an officer on both the Maryland FBLA-PBL Association and Foundation Boards. According to the tax filing information and an internet search of the officer's company, the Maryland FBLA-PBL Association, the Maryland FBLA-PBL Foundation, and the officer who supplies branded merchandise to the Maryland FBLA-PBL Association all share the same mailing address.
- c. The selection process that was used to identify the officer's company to supply branded merchandise is unclear. There appears to be no vendor selection guidelines in the Association Board's Operating Policies.

### Coordinating Learning Experiences and Partnering with the Division of Career and College Readiness

Maryland [CTSO policies and procedures](#) requires all CTSOs to collaborate with the Division of Career and College Readiness to align CTSO learning experiences with CTE programs of study, provide oversight to local CTSO chapters, and organize statewide CTSOs events. It appears that the Maryland FBLA-PBL Association routinely excludes the FBLA State Director from event planning and communications regarding FBLA. For example, on December 22, 2020, a teacher from a Maryland public high school sent an email to the Maryland State FBLA Director and select members of the Maryland FBLA-PBL Board of Directors. A Board of Director member responded to the email informing the teacher to email him directly, and that there was no need to include the Maryland State Department of Education (MSDE) in emails regarding specific competitive events. Instructing a Maryland public school teacher not to contact MSDE about a co-curricular student event is not in alignment with Operation and Oversight Requirements for CTSOs as described in policies and procedures for Maryland CTSOs.

### Recommendations for Improvements

The Division of Career and College Readiness is committed to collaborating with the Maryland FBLA-PBL Association and the National FBLA-PBL Association to bring Maryland FBLA-PBL into compliance with COMAR requirements. The following actions are recommended to be led by the National FBLA-PBL Association:

- a. Revise Maryland FBLA-PBL bylaws to include effective practices for fiscal management and board operations (conflict of interest requirements, fiscal transparency, etc.);
- b. Develop and implement a nomination and application process to join the Maryland FBLA-PBL Association Board;
- c. Develop and implement procedures for the rotation and removal of board members; and
- d. Develop a process and timeline to transition to the revised bylaws and board procedures.



## Maryland Future Business Leaders of America (FBLA) – Phi Beta Lambda (PBL): Summary of Concerns Regarding Board Practices

It is expected that the Maryland FBLA-PBL Association will be in compliance with COMAR prior to the start of the 2021-2022 school year. The Division of Career and College Readiness is available to support implementation of suggested recommendations to proactively ensure compliance with COMAR by start of the upcoming school year.

### Appendices

To view documents that underpin this review, please select the following link:

<https://marylandstatedepartmentofeduca.box.com/s/92cxra7m2zj7tb09bsc0cpv2jo8z59eu>.