Executive Committee

Monday, 8.00 – 8.30 am (closed)
Birch

8.30 – 9.30 am (open)
Centennial F

Agenda - Closed Session

INFORMATION ITEM: Informal Review of the Executive Director’s Performance

Agenda - Open Session

Executive Committee Minutes, May 2002

Executive Committee Minutes, July 2002

Executive Committee Minutes, August 2002

Executive Committee Minutes, October 2002

ACTION ITEM: Audit Report for FY 2002

INFORMATION ITEM: Charge from the Chair to Review WICHE and its Leadership

INFORMATION ITEM: Mental Health Program Update
Monday, November 11, 2002

8.00 - 8.30 am
Birch

Executive Committee Meeting (Closed - members only)
Committee Members

Tad Perry (SD), chair
Chuck Ruch (ID), vice chair
Emily Stonington (MT), immediate past chair

Diane Barrans (AK)
Linda Blessing (AZ)
Robert Moore (CA)
Bill Kuepper (CO)
Doris Ching, 2001-02 and Clyde Kodani, 2002-03 (HI)
Gary Stivers (ID)
Dick Crofts (MT)
Ray Rawson (NV)
Bruce Hamlett (NM)
David Nething (ND)
Diane Vines (OR)
Bob Burns (SD)
David Gladwell (UT)
Don Carlson (WA)
Jenne Lee Twiford (WY)

Agenda

**Information Item:** Informal Review of the Executive Director’s Performance
Monday, November 11, 2002

8.00 - 9.30 am
Centennial F

Executive Committee Meeting - Open

Committee Members

Tad Perry (SD), chair
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Jenne Lee Twiford (WY)

Agenda

2. Audit Report for FY 2002

**Information Items:**

1. Charge from the Chair to Review WICHE and its Leadership
2. Office Space (oral report)
3. Mental Health Program Update
4. Commission Meeting Agenda (oral review)

Other Business
INFORMATION ITEM
Informal Review of the Executive Director’s Performance

Executive Director’s 2002 Activities Outside of the Office

January

1/9/02  Presentation at University of Phoenix Futures Roundtable, Phoenix (paid by UOP)
1/10/02  Visit and presentation to Arizona Board of Regents executive director and staff (paid by UOP)
1/17-18/02  Participation on University of Phoenix Taskforce on Teacher Education, Phoenix (paid by UOP)
1/21-23/02  Presentation at Council on Higher Education Accreditation annual convention, San Francisco (paid by CHEA)

February

2/5/02  Visit to Gates Foundation to solicit support for Compact for Faculty Diversity, Seattle (paid by WICHE)
2/6/02  Visit and presentation to Washington State Higher Education Coordinating Board monthly meeting, Seattle (paid by WICHE)
2/10-12/02  Participation in American Council on Education annual meeting, San Francisco (paid by WICHE)
2/26/02  Meeting with James Thurber, American University, regarding revenue project, Washington D.C. (paid by WICHE/NPEC)
2/27/02  Meeting with Nevada Sen. Reid’s staff regarding NEON
Meeting with Washington Rep. Dicks and staff regarding NEON
Meeting with North Dakota Sen. Dorgan’s staff regarding NEON
2/28-3/1/02  Participation as member of National Postsecondary Education Commission (paid by NPEC)

March

3/5-6/02  Presentation to Ohio Board of Regents Finance Reform Taskforce, Columbus, Ohio (paid by O BOR)
3/7/02  Presentation to Board of Regents for University and Community College
System of Nevada, Reno (paid by UCCSN)
3/8/02 Facilitation of Arizona Board of Regents and staff meeting with University Council of Presidents regarding health sciences and mission differentiation, Phoenix (paid by Arizona)
3/15/02 Participation as national advisory board member in Standards for Success annual board meeting, Denver
3/16-19/02 Attend American Association of Higher Education (AAHE) annual conference, Chicago (paid by WICHE)
3/22/02 Meeting with chancellor, University of Colorado Health Sciences Center, Denver
3/22/02 Meeting with Executive Director, Colorado Commission on Higher Education, Denver

April
4/3/02 Meeting with Sally Stroup, assistant secretary for Postsecondary Education, U.S. Dept. of Education, Washington, D.C.
4/4-5/02 Participation in NCHEMS meeting on “Preparing a New Generation of Higher Education Policy Analysts,” Fairfax, VA (paid by NCHEMS)
4/10/02 Presentation to New Mexico Blue Ribbon Task Force on Evaluating the Higher Education Funding Mechanism in New Mexico, Albuquerque (paid by New Mexico)
4/12/02 Participation on SHEEO/ECS National Advisory Committee on Teacher Mobility, Washington, D.C. (paid by SHEEO)
4/16/02 Keynote presentation at Distance Education & Training Council (DETC) Annual Conference, Denver
4/17-18/02 Facilitation of Oregon University System’s (OUS) System Strategic Planning Committee Work Session and various meetings related to this strategic planning process, Portland (paid by WICHE/Ford)
4/30/02 Participation in National Center for Public Policy and Higher Education’s Forum on State Policy Implementation, San Francisco (paid by NCPPHE)

May
5/6-8/02 Participation in Northwest Academic Forum (NWAF) annual meeting, Bismarck (paid by NWAF and University of Wyoming)
5/10/02 Meeting with chancellor and vice chancellors, University of Colorado Health Sciences Center, Denver
5/15/02 Presentation at WCET Costing and Financing Meeting, Herndon, VA (paid by WICHE)
5/16/02 Presentation at University of Denver Higher Education Program's Annual Awards Banquet, Denver
5/17/02 Facilitation of OUS System Strategic Planning Committee Work Session and Presentation to Education Joint Boards Working Group, Portland (paid by OUS)
5/18-22/02 Participation in WICHE Commission meeting, Santa Fe (paid by WICHE)
5/24-6/2/02 Presentation and participation in Boyer Foundation and China Government-sponsored Sino-U.S. Seminar on Nongovernmental Education, Shanghai, China (paid by WICHE and Chinese Government)
<table>
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<tr>
<th>Date</th>
<th>Event Description</th>
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<tbody>
<tr>
<td>June</td>
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<tr>
<td>6/12-13/02</td>
<td>Participation as board member in National Postsecondary Education Consortium (NPEC) Executive Committee Meeting, Washington, D.C. (paid by NPEC)</td>
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<tr>
<td>6/14/02</td>
<td>Presentation at National Association of State Scholarship and Grant Programs/National Council of Higher Education Loan Programs (NASSG/P/NHELP) Annual Financial Conference, Denver</td>
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<tr>
<td>6/20-21/02</td>
<td>Participation in Alliance for International Higher Education Policy Studies (AIHEPS) meeting on State Policy and Higher Education Performance, A Case Study of New Mexico and New Jersey Financing Policies, Jersey City, NJ (paid by AIHEPS)</td>
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<tr>
<td>6/24-25/02</td>
<td>Participation in Western Governors’ Association Annual Meeting, Phoenix (paid by WICHE)</td>
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<tr>
<td>6/26/02</td>
<td>Participation as treasurer and board member in American TelEdCommunications Alliance (AT Alliance) Board Meeting, Minneapolis (paid by WICHE/AT Alliance)</td>
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<tr>
<td>6/27/02</td>
<td>Presentation at Council for Higher Education Accreditation (CHEA) Annual Conference, New Orleans, LA (paid by CHEA)</td>
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<tr>
<td>July</td>
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<tr>
<td>7/2-3/02</td>
<td>Participation in ECS Center for Community College Policy strategic directions seminar, Denver</td>
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<tr>
<td>7/12/02</td>
<td>Keynote presentation to Higher Education Association of the Rockies (HEAR), Breckenridge (paid by HEAR)</td>
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<tr>
<td>7/15-17/02</td>
<td>Participation in Council of State Governments annual meeting, Lake Tahoe (paid by WICHE)</td>
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<tr>
<td>7/18/02</td>
<td>Presentation at, and participation in, Oregon State Board of Higher Education Retreat, Portland (paid by OSU)</td>
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<tr>
<td>7/19/02</td>
<td>Participation in WICHE Legislative Advisory Committee Meeting, Lake Tahoe (paid by WICHE)</td>
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<tr>
<td>7/25/02</td>
<td>Presentation at National Conference of State Legislatures (NCSL) annual conference, Denver</td>
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<tr>
<td>7/27-28/02</td>
<td>Presentation at SHEEO annual meeting, San Diego (paid by WICHE)</td>
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<td>August</td>
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<tr>
<td>8/1/02</td>
<td>Presentation to Joint Meeting of the Colorado Governor’s Blue Ribbon Panel on Higher Education and Commission on Higher Education, Denver</td>
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<tr>
<td>8/6/02</td>
<td>Meeting with president and chancellors of University of Colorado, Boulder</td>
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<td>8/8/02</td>
<td>Keynote Presentation to Academic Systems Meeting, San Diego (paid by Academic Systems)</td>
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<tr>
<td>8/15/02</td>
<td>Facilitation of Arizona Board of Regents Retreat, Phoenix (paid for by WICHE/Lumina)</td>
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<tr>
<td>8/21-23/02</td>
<td>Presentation to Oregon State Board of Education (OSBE) Retreat (paid by WICHE and OSBE)</td>
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<tr>
<td>8/27-28/02</td>
<td>Presentation at 2002 National Governors Association Center for Best Practices, New Directions and Strategies in Merit-Based Aid, Charleston, WV (paid for by NGA)</td>
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<td>9/15/02</td>
<td>Attended Independence of Mexico Celebration at invitation of Mexican Consul to the U.S., Denver Performing Arts Center (paid by WICHE)</td>
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<tr>
<td>9/16/02</td>
<td>Keynote presentation at Pathways to College Regional Forum, Albuquerque (paid by WICHE/Pathways)</td>
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<tr>
<td>9/24/02</td>
<td>Meeting with staff of the Association of Governing Boards (AGB), Washington, D.C.</td>
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<td>9/25/02</td>
<td>Participation in NGA Roundtable on governors’ roles in implementing a system of lifelong learning (paid by NGA)</td>
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<tr>
<td>9/29-10/1/02</td>
<td>Participation in Aspen Institute of the Future of American Higher Education (paid by WICHE)</td>
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<tr>
<td>10/2/02</td>
<td>Presentation at College Board/WICHE co-sponsored Dialogue on Financial Aid, San Antonio, Texas (paid by WICHE/College Board)</td>
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<tr>
<td>10/7-8/02</td>
<td>Participation as board member in American Association of Higher Education (AAHE) board meeting, Washington, D.C. (paid by AAHE)</td>
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<tr>
<td>10/10/02</td>
<td>Presentation to New Mexico Commission on Higher Education, Santa Fe (paid by New Mexico)</td>
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<tr>
<td>10/16/02</td>
<td>Participation in NGA meeting on redesigning high schools, Denver</td>
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<tr>
<td>10/16/02</td>
<td>Luncheon remarks, 2002 National Scholarship Providers Association Annual Conference, Denver</td>
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<tr>
<td>10/17-19/02</td>
<td>Participation as board member in annual meeting of the Consortium on North American Higher Education Collaboration (CONAHEC), Calgary, Alberta, Canada (paid by WICHE)</td>
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<tr>
<td>10/23-24/02</td>
<td>Panel presentation at Optimizing the Nation’s Investment/02 Persistence and Success in Postsecondary Education – University of Wisconsin-Madison, Wisconsin (paid by U of WI)</td>
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<tr>
<td>10/30/02</td>
<td>Participate in Arizona Board of Regents special meeting on Changing Directions (paid by WICHE/Lumina)</td>
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<tr>
<td>11/4-5/02</td>
<td>Participate as board member in NCEP meeting and as chair of program sub-committee (paid by NCEP)</td>
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<tr>
<td>11/6/02</td>
<td>Foundation visits (paid by WICHE)</td>
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<tr>
<td>11/9/02</td>
<td>Presentation at WCET Annual Meeting, Denver</td>
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<tr>
<td>11/10-12/02</td>
<td>WICHE Commission meeting, Broomfield</td>
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<td>Date</td>
<td>Event Description</td>
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<tr>
<td>11/13/02</td>
<td>Authors meeting on Higher Education and the West, Boulder</td>
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<tr>
<td>11/19/02</td>
<td>Participate in Advanced Placement (AP) Network Meeting, Portland (Paid by WICHE/AP Grant)</td>
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<tr>
<td>11/20-21/02</td>
<td>Presentation at NCPPHE’s State Policy Meeting, Annapolis, MD (paid by NCPPHE)</td>
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<tr>
<td>11/22/02</td>
<td>Presentation at Midwestern Higher Education Commission’s (MHEC) meeting, Chicago (paid by MHEC)</td>
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**December (anticipated)**

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
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<tbody>
<tr>
<td>12/10/02</td>
<td>Presentation at NorthStar Conference on Financing and Investing in Higher Education, Washington, D.C. (paid by NorthStar)</td>
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<tr>
<td>12/11-12/02</td>
<td>Participate in CSG Meeting, Richmond, VA (paid by WICHE)</td>
</tr>
</tbody>
</table>
Committee Members Present
Chuck Ruch (ID), vice chair
Emily Stonington (MT), immediate past chair
Linda Blessing (AZ)
Bill Kuepper (CO)
Clyde Kodani (HI)
Gary Stivers (ID)
Dick Crofts (MT)
Ray Rawson (NV)
Bruce Hamlett (NM)
David Nething (ND)
Diane Vines (OR)
David Gienapp for Bob Burns (SD)

Other Commissioners Present (continued)
Larry Isaak (ND)
John Haeger (AZ)
Frank Kerins (MT)
Richard Kunkel (ND)
George Mantes (UT)
Jane Nichols (NV)
Ray Ono (HI)
Cam Preus-Braley (OR)
Carl Shaff (NV)

Other Commissioners Present
John Barrasso (WY)
Bill Byers (CO)
Phil Dubois (WY)
Cece Foxley (UT)
Everett Frost (NM)
Marc Gaspard (WA)

Other Commissioners Present (continued)
Larry Isaak (ND)
John Haeger (AZ)
Frank Kerins (MT)
Richard Kunkel (ND)
George Mantes (UT)
Jane Nichols (NV)
Ray Ono (HI)
Cam Preus-Braley (OR)
Carl Shaff (NV)

Vice Chair Ruch called the meeting of the Executive Committee to order. He announced that Chair Tad Perry’s father had died on May 19 and Tad had returned home.

Vice Chair Ruch announced that a break in the committee meeting would occur when Sen. Pete Domenici arrived to discuss his perspective on mental health issues. He said in order to stay on schedule, remaining business would be conducted at 4:00 p.m. when the Executive Committee would reconvene for that purpose.

Action Item
Review/Approval of the Executive Committee Minutes

Action Item
Fiscal Year 2003 Salary and Benefits Recommendations

The staff recommendations for FY 2003 salary and benefit increases were based on data collected in Colorado, throughout the region, and from Mountain States Employers’ Council. The data show that salaries in Colorado are higher than in other areas of the West.

Salary Schedule Recommendation

Marv Myers referred to the proposed salary schedule adjustments (page 53 of the agenda book). Most of the recommended salary grade adjustments are for 4 percent increases. One salary grade where WICHE has fallen significantly behind other employers in the area is salary grade 4, which is primarily administrative assistants. The recommendation for this grade is higher at 9.2 percent. The total general fund impact of this recommendation is $3,993, and it affects 21 staff members.

Salary Increase Recommendation

The recommendation for FY 2003 salary increases (pages 51-52 of the agenda book) is for 4.0 percent for the nonexempt- and exempt-level staff, plus a small amount (.11 percent of total salaries) for equity adjustments. The total general fund impact of the recommended salary schedule adjustments and salary increases is $37,274.

Benefit Cost Increase Recommendation

Myers reported that health insurance and health-related costs have increased by 22 percent. The recommendation for the FY 2003 benefit increase is 1.06 percent of total salaries or $9,393 for the general fund budget.

Myers reported that overall the salary and benefit increase recommendation is 5.29 percent of total salaries and $46,667 for the general fund budget.

Commissioner Shaff asked if the salary and benefit recommendation was tied to the proposed dues increase. Myers said the proposed dues increase is for FY 2004 and FY 2005 and is not tied to FY 2003. Myers said the proposed FY 2003 budget includes the salary and benefits recommendation.

Vice Chair Ruch recommended that the Executive Committee discuss the proposed FY 2003 budget before acting on the proposed salary and benefit increase. (Action on this item was taken during the FY 2003 budget discussion; refer to the next agenda item.)

Action Item
Fiscal Year 2003 Budget and Review of FY 2002 Budget

Myers referred to the action item (pages 55-58 of the agenda book) for the FY 2003 budget discussion. The FY 2002 budget estimate (page 56 of the agenda book, column B-E) shows interest income is down from projected levels, as is the indirect cost income generated from grants and contracts. Myers said interest rates remain low and the indirect cost income is down because grant and contract funds have been spent at a lower rate than projected (indirect costs are based on a percentage of the amount of each grant or contract). Myers said the FY 2002 budget shows general fund expenditures to be less than projected, resulting in a $24,000 surplus. Myers said one expense that was not projected is a shortfall of $29,483 for the Doctoral Scholars project.

The FY 2003 budget (page 56 of the agenda book, columns F-J) estimate shows a 4 percent dues increase (approved two years ago), low interest income, and an increase in the indirect cost income due to an increased level of activity in grants and contracts. The salary and benefit recommendation, previously discussed, appears on line 16, column F. The FY 2003 budget results in a $6,000 surplus.
Myers referred to the pie chart located on page 57 of the agenda book that shows state dues are slightly more than 76 percent of WICHE’s general fund income, and salary and benefits are almost 46 percent of WICHE’s expenditures.

Reserves

Two years ago the commission set the minimum reserve level for WICHE at 12 percent of general fund expenditures. Funds above the 12 percent minimum are available for dedication to other commission-approved expenditures that are not ongoing expenses. The commission has approved one-time expenditures for the purchase of and consultation regarding association management software, and for expenses related to WICHE’s impending office move (WICHE’s current lease expires September 30, 2004). Myers reported that some of the designated expenditures approved last year were not spent and that the FY 2003 budget proposes carrying forward these anticipated expenses. The FY 2003 budget includes the addition of a one-time expenditure for WICHE’s 50th anniversary activities. [NOTE: The expenditure for WICHE’s 50th anniversary activities (pages 177-179 of the agenda book) will be acted on later during this commission meeting.) WICHE’s FY 2003 net general fund operating budget is $2,022,979 and reserve expenditures are $203,979, resulting in a general fund budget reserve of $247,580.

Commissioner Carlson asked about the reliability of the projections for indirect cost income, particularly as it relates to the Mental Health Program and the states funding for this program. Myers said the projection for indirect cost income in FY 2002 is solid because nine months of the fiscal year have been realized and only three months are projected. Myers said the figure for FY 2003 indirect cost income may actually be more than currently projected. Myers said that Dennis Mohatt, the director of the Mental Health Program and his staff have done a tremendous job of obtaining additional funding for the program’s activities, and the program’s financial outlook has been improving dramatically.

Commissioner Carlson asked about the financial impact on the Mental Health Program when states do not pay their dues. Myers said the program supplements the dues income with grants and contracts.

Carlson asked about the reliability of the figure for the Professional Student Exchange Program (PSEP) support fees and noted the reduction from last year. David Longanecker said the actual PSEP support fee amount is unknown, and the figure is projected to factor in states’ tendency to reduce the number of supported students each year. Myers added that this figure is the most uncertain figure in the budget projections.

Commissioner Carlson said the three issues before the Executive Committee – the salary and benefit recommendations, the FY 2003 budget, and the FY 2004-2005 dues increase – cause him concern because of the unstable financial condition of the states. Carlson said the dues increase for FY 2003 was approved during a year when state budgets were stable, but the proposal before the Executive Committee now is a recommendation to increase expenses at a time when state budgets are facing real budget reductions. Carlson said he has some desire to support the proposed salary and benefit recommendations and the FY 2003 budget because these items will be included in a dues increase that has already been approved. Carlson said it is going to be very difficult to explain a dues increase when the states are facing budget reductions.

Commissioner Foxley said when the FY 2003 dues increase was approved the country was not in a recession. Foxley said in Utah state budgets are being cut, along with staff. Foxley said she would like to rethink the FY 2004 and FY 2005 recommended dues increase and explore areas where expenses could be cut.

Commissioner Frost asked if the FY 2003 budget was based on the increase in dues already approved by the commission, and if there was anything in the FY 2003 budget that anticipated a dues increase in FY 2004 and 2005. Longanecker said he believes the only item that would carry forward to those fiscal years would be the increased base for salaries. Myers expressed his concern about the reduction in the level of the reserves for FY 2004 and 2005. Myers said dues increases primarily go toward increases in
staff salaries, health insurance, and office rent.

Commissioner Stivers asked if the states’ budgets were in a position to eliminate fees in FY 2004 and FY 2005, how comfortable is WICHE’s reserve level and is there a need to begin to build the reserve? Longanecker said he fundamentally disagreed with Myers on the status of the reserves. Longanecker said WICHE is abiding by commission-established policy concerning the reserves. He said if WICHE’s reserves are inadequate, then the policy on reserve levels should be reevaluated, and that WICHE’s reserves are in excess of the current reserve policy. Longanecker said as long as the reserves are in excess of the policy, he does not agree that more reserves are better and WICHE should not be accumulating reserves while charging the states more dues. Longanecker said the purpose of the organization is not to build reserves; it is to provide a service to the states as efficiently and effectively as possible. Longanecker said there is a legitimate question about whether the 12 percent reserve policy is an adequate level. He said the reserve is not a “rainy day” reserve; it is a “contingency” reserve. Commissioner Frost said WICHE is in a substantially better position than it was three years ago when it was building factors into the budget for which there were not known resources.

Commissioner Hamlett said, based on this discussion as well as the lengthy discussion held during the closed session of the Executive Committee, he would like to make a motion.

COMMISSIONERS HAMLETT/CROFTS (M/S) APPROVAL OF THE FISCAL YEAR 2003 SALARIES AND BENEFITS RECOMMENDATIONS AND THE FISCAL YEAR 2003 BUDGET.

Commissioner Carlson said he would support the motion, but he wanted the record to reflect that many of the states have biennial budgets, and if states are unable to meet these commitments, the Executive Committee should be authorized to reevaluate WICHE’s FY 2003 budget.

Commissioner Nichols pointed out that the salary and benefit recommendation does not include a cost-of-living adjustment, unlike many of the states; and that the proposed increase would be the only increase WICHE staff would receive.

Commissioner Carlson asked for clarification about Commissioner Hamlett’s motion. Vice Chair Ruch said the motion was to approve both the FY 2003 salary and benefits recommendations and the FY 2003 budget as proposed. He further clarified that each state had one vote on the motion.

The motion to approve the FY 2003 salary and benefit recommendation and the FY 2003 budget was approved unanimously. These items will be acted on by the full commission on May 21, 2002 (at tomorrow’s meeting).

Vice Chair Ruch announced that the Executive Committee meeting was recessed and would reconvene at 4:00 p.m. on May 20, 2002, to address the remaining agenda items, including the proposed dues increase for FY 2004 and FY 2005.

Minutes (continued)
Executive Committee
May 20, 2002 - 4:00 p.m.

Vice Chair Ruch called the meeting of the Executive Committee to order.

Action Item
WICHE Dues for FY 2004 and 2005

The action item to establish the WICHE dues for the FY 2004-2005 biennium (pages 59-61 of the agenda book) recommends that dues be increased from $103,000 in FY 2003 to $107,000 in FY
Commissioner Carlson proposed the dues for FY 2004 be set at $105,000 and the dues for FY 2005 be set at $108,000. Carlson said it is known that Colorado has a higher cost-of-living than many other WICHE states and this, coupled with the nationally experienced inflationary cost of healthcare, would be explainable to state legislatures. Commissioner Carlson said these facts, along with the proposed decrease in the amount of future dues, would make the WICHE package more palatable to the states’ legislatures. Carlson said the Executive Committee should revisit the dues proposal in November, recognizing that the states will have a clearer idea of state economies and be better prepared to evaluate the proposal. Carlson said in November, the Executive Committee would be in a better position to recommend an additional increase in dues or to recommend a freeze on dues.

Commissioner Crofts asked about the rationale for establishing the proposed dues increase. Myers said the FY 2003 salary and benefit package and the increase in office rent is approximately $60,000. The proposed dues increase is $4,000 per state or $60,000 total. In FY 2005, WICHE will move its offices and experience significant costs. In FY 2003, funds have been earmarked to include some of those FY 2005 costs. Myers said without a dues increase in FY 2004 and FY 2005, it will be difficult to set aside any funds for the office move, and the full cost of the move will need to be funded in FY 2005.

Longanecker said he understands the dilemma many of the states are facing, with no salary increases and staff reductions. He said the recommended dues increase is a modest inflationary increase to provide for salary increases, benefit cost increases, and increases for office rent. He said the numbers that Commissioner Carlson has proposed would still allow WICHE to cover its uncontrollable expenditure items, but it would not provide much for salary increases in subsequent years. He said Carlson’s proposed numbers would allow WICHE to tread water. Longanecker said in the coming year, he may propose staff reductions rather than no salary increases.

Commissioner Rawson said after 20 years in the legislature he has experienced a cyclical budget crisis in the Western states every eight to 10 years. This year, the country has experienced a terrorist crisis. Rawson said if the commission goes into a crisis management mode with freezing and cutting in response to that crisis, the desired effect will have been accomplished. Higher education issues are the strength of the country. Rawson said a $2,000 adjustment for Nevada would be insignificant and he proposed leaving the proposed dues increase at the recommended level. He said a reduction of $2,000 per state for WICHE, however, could be detrimental to the organization; it would be prudent for the Executive Committee to approve the increase as proposed.

Commissioner Blessing said she supports a modest dues increase. In Arizona, budget deficits have been experienced for two years in a row and salary increases are at a $1,450 flat rate for each employee. The PSEP program dollars have been cut by 11.3 percent and that equals 11 student positions. Blessing said she has a high regard for the WICHE program and she will be supportive of a modest dues increase.

Commissioner Stivers said in Idaho, deductibles and copays have been increased to cover the increases in the cost of health insurance, salary increases have been frozen, and many agencies are laying off staff (in his office 20 percent of the staff have been laid off). He said restrictions have been implemented for purchasing and staff promotions/adjustments of any kind. Stivers said in Idaho, even small dollar amounts mean a lot.

Commissioner Twiford said Wyoming had a successful year, with community colleges and the university receiving a 12 percent increase for the biennium. Wyoming’s success is related to the stable condition of prices/demand for oil and gas. Twiford said Wyoming would be able to support a dues increase.

COMMISSIONER CARLSON/BLESSING (M/S) THE FY 2004 DUES BE SET AT $105,000, THE FY 2005 DUES BE SET AT $108,000, AND THAT THE EXECUTIVE COMMITTEE REVISIT THE DUES PROPOSAL IN NOVEMBER.
Commissioner Frost asked if the Executive Committee had the authority to revisit the budget. Commissioner Carlson said the Executive Committee would be meeting in the interim and they would be able to recommend action to the commission. Commissioner Crofts asked Carlson how he calculated the amount of the proposed reduction in the dues increase. Commissioner Carlson said he was considering one-half of a percent of the proposed increase. Marv Myers said the proposed reduction in FY 2004 is 1.94 percent and in FY 2005 it is 2.86 percent. Commissioner Crofts asked what the percent difference is from $103,000 to $107,000 and from $107,000 to $111,000. Myers said it is 3.88 and 3.74 percent respectively.

Commissioner Nething said WICHE would be backing itself into a corner with the reduction in the dues increase and the known cost increases. Nething questioned the reserve level. Longanecker said the mandatory level for reserves is $242,757 in FY 2003 and that it is important to also note the line items for dedicated reserves. Nething said in North Dakota, the state examines its projected economy in order to make fiscal decisions, and it would be difficult to consider economic projections for the 15-state region. Nething asked if the decision to set the dues was critical at this time. Longanecker said most state agencies require the figures by August/September.

Commissioner Crofts said he was struck by the notion of setting the WICHE dues by a state’s ability to pay because, ironically, when the states have prospered WICHE has not benefited by an additional dues increase. Crofts said the original dues increase seemed well justified and he would support the original proposed level.

Commissioner Nething said $4,000 isn’t going to break any state budget, but it might break WICHE. Nething said perception is a problem in North Dakota, when the state is approving 2 percent salary increases and WICHE is proposing 4 percent increases.

Commissioner Gienapp said he could support the reduced level of dues increase, but he would prefer the original proposal because smaller incremental increases are more readily justifiable than potentially playing catch up a few years from now with a 12 percent dues increase.

Commissioner Frost said it is very important that WICHE not get into the difficult budget position of years past; this is what led to the large dues increase in FY 2001-2002. Frost said WICHE has a very small budget, and $60,000 is more critical to WICHE than $4,000 is to the states. He said WICHE’s value to the states remains constant; its services are not being reduced. He said New Mexico is inclined to vote for the reduced level, but would rather support the original proposal.

Commissioner Carlson said perception is important and it is a part of the process of getting the dues approved in Washington. The fiscal chairs in the house and senate and the governor’s higher education officers need to know a substantial effort has been made to reduce costs. In Washington, higher education did not receive an increase. The budgets for all agencies in Washington will be submitted in October, and the state would be better prepared to evaluate an additional dues increase in November.

Commissioner Carlson called for the question; Vice Chair Ruch called for the vote.

COMMISSIONER CARLSON/BLESSING (M/S) THAT THE FY 2004 DUES BE SET AT $105,000, THE FY 2005 DUES BE SET AT $108,000, AND THE EXECUTIVE COMMITTEE REVISIT THE DUES PROPOSAL IN NOVEMBER. The motion passed with four no votes (MT, NV, SD, and WY) and one absent state (CA).

Discussion Item
WICHE’s Minimum Reserve Level

During its February conference call meeting, the Executive Committee requested this agenda item to explore the notion of a “rainy day” reserve fund to help WICHE weather lean years and to reexamine the minimum reserve level. Longanecker said, unlike the states that must cover large, uncontrollable
expenses, WICHE should be able to budget and change the nature of its operations without a rainy day fund. Longanecker said WICHE should have a reserve policy with an adequate reserve level.

Commissioner Rawson asked about the current reserve policy. Longanecker said WICHE's rationale for having an adequate reserve is in case a revenue stream is breached or if an uncontrollably catastrophic expense is experienced.

Commissioner Blessing said now is not the right time to consider raising the minimum reserve level and she would like to have this discussion item tabled until fiscal times are better.

Commissioner Frost said the review of the reserve level should include a review of insurance levels for catastrophic loss and legal fees. Longanecker said WICHE is pretty well covered for these items.

Commissioner Carlson said he supports tabling the reserve level discussion, and is concerned about reaching a decision concerning the office building for FY 2005. Longanecker said it is important for WICHE to build up an office building reserve for maintenance and repair in the future. Longanecker said this fund would be proposed to the commission next year, depending on the fiscal outlook. Longanecker said FY 2003 will not be a difficult budget year, but FY 2004 and 2005 will be especially difficult. Longanecker said it is important to note the items in the dedicated reserve fund and, if necessary, a revision to the budget would be sought to reallocate these funds.

Vice Chair Ruch said the officers are working with staff as a subcommittee of the Executive Committee on the future office facilities for WICHE.

Information Item
Developing a National Technical Assistance Center for Older Adult Mental Health Services

The WICHE Mental Health Program is seeking a $1.4 million grant from the Substance Abuse and Mental Health Services Administration (SAMHSA) to establish a national technical assistance center for older adult mental health services (see attachment 1 for details). The Mental Health Program’s activities are overseen by the Mental Health Oversight Council (MHOC). MHOC was established by the WICHE Commission to assure the program’s activities were being monitored by mental health professionals.

Other
Commissioner Frost requested that an acknowledgement of Tad Perry’s loss of his father be made on behalf of the commission.

The meeting adjourned.
The Challenge

The WICHE Mental Health Program proposes to develop a multi-institutional collaborative technical assistance center focused on mental health services for older adults (age 65+). The center would facilitate a unique partnership and knowledge exchange between researchers, public mental health policy and practice, and consumers and family members to promote system improvement and the adoption of science-based innovation. To facilitate this project, WICHE is seeking a $1.4 million grant from the Substance Abuse and Mental Health Services Administration (SAMHSA).

Background

In May 2002, the SAMHSA-Center for Mental Health Services issued a Guidance for Applicants (GFA) for Targeted Capacity Expansion: Meeting the Mental Health Services Needs of Older Adults (GFA No. SM 02-009), with applications due by June 19, 2002. The purpose of the grant program is to increase service capacity for older adults with mental health needs. Two strategies are being employed by SAMHSA-CMHS to achieve its desired outcome: 1) the provision of $3.6 million for the funding of up to nine (9) expansion grants to help communities provide services and build the necessary infrastructure to support expanded services to older adults with mental health needs; and 2) the provision of $1.4 million to support one (1) national technical assistance center focused on the growing and diverse mental health needs of older persons.

The TA Center will have specific tasks and areas of focus:

1. Synthesize knowledge and disseminate a knowledge base to support mental health outreach, prevention, early intervention, assessment, and treatment services to older adults.
2. Serve as a resource to the nine “Group I” awardees in this targeted expansion to assist these sites in achieving their program goals, including evaluation and dissemination of program products and findings (e.g., best practices).
3. Identify or construct TA manuals and resources to help providers, administrators, and consumers faithfully implement evidence-based mental health practices for older adults.
5. Assist in the continuing data analysis, synthesis, transfer, and application of knowledge from the SAMHSA-funded Primary Care Research in Substance Use and Mental Health Practice for the Elderly (PRISM e) study, including the provision of a final public archive of the evaluation database and user’s manual from the PRISM e study.
6. Be a resource to stakeholders around the nation who need information about evidence-based services for older adults.
7. Collect data required by the Government Performance and Results Act (GPRA) from each Group I awardee and conduct a cross-site evaluation and analysis using these GPRA data.

The WICHE Vision

The Western Interstate Commission for Higher Education (WICHE) works with its member states to assure access to high quality, efficient, and affordable higher education for all citizens of the West. Founded in 1955, the WICHE Mental Health Program is a collaborative venture with the 15 Western states’ public mental health programs. The program’s mission is twofold: 1) to assist the states in the improvement of systems of care for persons with mental illness and their families; and 2) to advance the preparation of a qualified mental health workforce in the West.
The National Technical Assistance Center for Older Adult Mental Health Services at WICHE would be developed as a virtual organization with the capacity to integrate the work of its collaborative partners from across the nation and integrate with the work of the PRISMe study. Today is an era of transition for older Americans. The World War II generation is rapidly disappearing, with an estimated 30,000 WWII veterans dying per day over the past half decade. Their children, born before, during, and after the war, are now moving into older adulthood. For the next several decades (2010-2030), this generation of 76 million Americans and their slightly older peers, commonly referred to as the baby-boom generation, will move into older adulthood, eventually accounting for 20 percent of the U.S. population (AoA, 2001). The baby-boom generation population cohort (bubble) has radically changed the face of America throughout its lifespan, with institutions from schools to the workplace changing to meet the demands of this very large group. It is likely their expectations for access, availability, and acceptability of mental health services will cause mental health services for older adults to undergo radical change as well.

The core technical assistance infrastructure would be established within WICHE in Boulder, CO. Activities would be conducted with collaborative entities and individuals, with WICHE providing centralized coordination and monitoring functions. WICHE’s Western Consortium for Educational Telecommunication (WCET) will collaborate to develop TA strategies that employ state-of-the-art telecommunications vehicles to ensure maximum access for those seeking assistance. This venture will not only result in the accumulation and exchange of technical expertise with the Group I grantees associated with this Targeted Capacity Expansion by SAMHSA/CMHS but will also enhance the enduring capacity of WICHE and its partners to support older adult mental health services far beyond the term of federal grant support, as has been previously demonstrated in WICHE’s collaborative work with the SAMHSA/CMHS-funded National Technical Assistance Center for Rural & Frontier Mental Health Services. The following entities have agreed to support and collaborate in the TA Center:

- University of Southern Maine – Muskie Institute – Center for Healthcare Policy and Research.
- University of Colorado Health Sciences Center.
- Kirksville College of Osteopathic Medicine (Missouri and Arizona campuses).
- NASMHPD - Center for Evidence-Based Practices.
- National Association for Rural Mental Health.
ACTION ITEM
Executive Committee Conference Call Minutes
July 24, 2002

Members Present
Tad Perry (SD), chair
Emily Stonington (MT), immediate past chair
Diane Barrans (AK)
Linda Blessing (AZ)
Bill Byers for Bill Kuepper (CO)
Clyde Kodani (HI)
Doris Ching (HI)
Gary Stivers (ID)
Dick Crofts (MT)
David Nething (ND)
Diane Vines (OR)
Don Carlson (WA)
Jenne Lee Twiford (WY)

Members Unable to Attend
Chuck Ruch (ID), vice chair (CA)
Ray Rawson (NV)
Bruce Hamlett (NM)
Bob Burns (SD)
David Gladwell (UT)

Others Attending
Louise Lynch (AZ)

Staff Attending
David Longanecker
Cheryl Blanco
Jere Mock
Marv Myers
Marla Williams

Chair Perry called the meeting of the Executive Committee to order.

Discussion Item
Draft Schedule for November 2002 Commission Meeting

David Longanecker reviewed the first draft schedule for the November commission meeting. He said the overall themes are finance and accountability in higher education. He said that this meeting will launch WICHE’s 50th year anniversary celebration. Suggested speakers for each of the sessions were reviewed. An optional meeting at the conclusion of the commission meeting will be offered. It is a planning session with the authors of Higher Education in the West.

Chair Perry asked that “What’s Up in the WICHE States?” be added to the schedule, and that two of the sessions on finance be combined. Longanecker said the suggestions will be incorporated into the next draft of the meeting schedule. The committee agreed the schedule looked good and the meeting themes were timely.

Discussion Item
WICHE’s 50th Anniversary Celebration

The November commission meeting schedule includes both a lunch and dinner on Monday to begin WICHE’s celebration of its 50th anniversary. Longanecker said invitations could be extended to others to attend meal functions at their own expense. He said he is hopeful that Colorado Gov. Bill Owens would be able to speak at the lunch on Monday.

Longanecker said two states have begun to plan their state-level 50th anniversary activities. New Mexico and Montana were the first states to sign the Western Regional Education Compact in 1952. These states want to hold events before the end of the year, and South Dakota is also interested in holding its event before the end of the year.
Jere Mock said that at the May commission meeting an array of activities was approved by the commission. The plan includes regional activities in connection with WICHE Commission meetings in November 2002, May 2003, November 2003, and the state-level events. Mock said she is discussing the possibility of the University of Colorado’s involvement in producing a video documentary highlighting the development of higher education in Western states. Mock said if the tape is produced, public television stations would be asked to show the tape throughout the region. Mock said that she and Deborah Jang would be the staff contacts who will be working with the Executive Committee to plan the state-level activities.

Discussion Item
Developing Policy: When Good States Become Delinquent

David Longanecker reported that two of the WICHE states will not be paying their dues in full: California and Colorado. In California, there is a bill before the legislature to pay 50 percent of the dues this year and a commitment to pay the other 50 percent the following year in addition to the full dues for that year. Colorado has indicated that it will pay the dues this year, less 4.5 percent. Colorado’s rationale for the 4.5 percent cut in WICHE dues is that this is the same amount the Colorado system of higher education is experiencing and it should be passed along to WICHE. Longanecker reported the Executive Committee would need to consider the impact that the actions of California and Colorado will have on WICHE’s budget because the shortfall in dues revenue was not factored into the FY 2003 budget approved in May.

Longanecker said currently WICHE does not have a policy to deal with states that are delinquent in paying dues. Longanecker said the commission should discuss the establishment of a policy for this so it is not being handled on an ad hoc basis. Longanecker referred the Executive Committee to a draft policy statement, as follows:

Delinquent Dues Policy (draft)

WICHE state dues are payable on July 1st of each fiscal year. States that have not paid dues in full by this date will be considered in arrears. WICHE will seek full payment of the dues with the assistance of the WICHE commissioners and other relevant state officials.

Consequences of Nonpayment:

If the debt is not paid by:

• The end of year one (June 30), WICHE will cease to schedule additional meetings in the state.
• The end of year two, WICHE will cease to reimburse travel expenses to any WICHE sponsored meetings by commissioners and constituents from the state.
• The end of year three, interest will be attached to the debt retroactive for the three-year term and noncore WICHE services will be discontinued to the state.
• The end of year five, services to the state will be terminated until the debt is fully repaid with accrued interest.

Marv Myers listed the states that have paid the dues to date (in the order that payment was received): North Dakota, South Dakota, Montana, Utah, Wyoming, Washington, and Nevada. Commissioner Blessing said she would check on Arizona’s dues payment. Commissioner Barrans said she would confirm that Alaska’s dues payment had been processed. Commissioner Ching said Hawaii’s dues payment is consistently late because its appropriations are received late.

Commissioner Carlson said the recognition that nonpayment of dues has a direct impact and consequence for WICHE is an important first step. Carlson said he believes it is important for the
Executive Committee to discuss the delinquent dues policy but it should be voted on by the full commission. Longanecker said he agreed and believes it is important for the Executive Committee to take a position on the policy and bring that position to the full commission. Longanecker reported that California had become delinquent in paying dues in 1992-93 and that the matter was handled at the staff level. This created hard feelings among those involved. Longanecker said it is important that the full commission be behind any policy concerning this matter.

Commissioner Blessing suggested the first line of the policy should be changed to allow for payment after July 1. Longanecker said the first bullet does suggest that states are not considered in arrears until after July 1 of the following year. Commissioner Carlson said recognizing the fiscal constraints in the states he supports this leniency. Commissioner Nething asked if a separate policy concerning states that do an across-the-board cut like Colorado should be considered. Nething said the way the policy is written, states are expected to make up the shortage in a future year. Longanecker said a separate policy about this had not been considered because WICHE is a membership organization that provides services at a set price. He said that commissioners could certainly consider a separate policy. Longanecker stated that Colorado’s cut was not an across-the-board cut for all state agencies but rather a cut for higher education. Commissioner Byers said Colorado supports the draft policy and believes it is a good start for addressing the issue. Byers said it is Colorado’s intention to make up for the shortfall in dues payment at some future date. Longanecker said the draft policy would allow states to make up dues and the penalties states would experience would be incremental. In year two, travel expenses would cease to be reimbursed and this amount could be credited to a states dues payment account if commissioners attended meetings at their own expense. Longanecker said states have found ways to pay the dues in full and sometimes this has meant taking funds away from the Professional Student Exchange Program. Marv Myers said in the past other states have made cuts like Colorado. He said New Mexico consistently shaves a small portion off of the payment and makes this up within the same fiscal year. Longanecker said he would not want WICHE to become too relaxed about dues payment and that states should be expected to pay the full amount. Commissioner Vines said she agreed because she was a California commissioner during the time when California was in arrears.

Longanecker suggested that he rework the policy and bring it back to an Executive Committee conference call meeting before the November commission meeting. Chair Perry said WICHE should take a business approach to this and that he would suggest the first two penalties be switched so that nonreimbursement of travel expenses would occur in the first year of the state’s delinquency. Commissioner Barrans said this could lead to states not participating in WICHE meetings and may diminish WICHE’s value to these states.

Commissioner Nething asked about other regional organizations and how they deal with states that are delinquent in paying dues. Longanecker said he does not know the answer to this question and will look into it.

Chair Perry said staff will rework the policy and present it to the Executive Committee at the October 1 conference call.

Dues Deficit and FY 2003 Budget

David Longanecker said if California’s deficit is 50 percent of the FY 2003 dues, he would propose deferring an item from the dedicated reserves to make up for the temporary shortfall. He said Kent Briggs, of the Council of State Governments-West, has been helpful in providing WICHE and others with updates concerning California’s budget situation. Longanecker said Colorado’s deficit may be different, depending on its intent to make up the deficit. Longanecker said while final figures are unavailable, it appears that the FY 2002 budget will end up better than projected last May and any improvement could be carried forward to FY 2003. Longanecker said if this is the case, no cuts would be necessary. Chair Perry said this approach made sense and others agreed. Longanecker said a budget update will be provided during the August Executive Committee conference call meeting.
Discussion Item
WICHE’s Role in the Higher Education Reauthorization Act

David Longanecker said it would be useful for WICHE to establish a policy about federal issues that come forward from time to time. He said increasingly he is receiving requests from national organizations asking WICHE to take positions on federal initiatives. Longanecker said he would appreciate direction from the commission concerning procedure. Longanecker said WICHE’s purpose is not to be a lobbyist for the West at the federal level, and if it were, it would need to change its legal status because 501(c)3 organizations are limited in participating in these activities. Longanecker said there are occasions where it is appropriate for WICHE to advocate for issues unique to the West. Longanecker referred the committee to the discussion item (attachment 1) for a list of potentially appropriate activities such as:

- The distribution (by formula) of federal funds, because the distribution may or may not favor the unique and exceptional growth in higher education occurring in the West.
- Regulation of technology-mediated instruction because of our substantial involvement in this issue through WCET and other venues.
- Issues with respect to persistence and completion because of its particular relevance in statewide strategic plans throughout the West.

Longanecker said he is proposing that the responsibility for developing such responses be vested with the executive director, under direction from the officers, because the timeliness of such responses is often paramount to communicating effectively in this arena. The Executive Committee agreed with Longanecker’s proposal. Commissioner Ching said David Longanecker’s leadership has advanced WICHE’s goal to become a larger player in federal issues that uniquely affect the West.

Report
Legislative Advisory Committee Meeting of July 19, 2002

Jere Mock thanked the Executive Committee members for their assistance in getting legislators appointed to WICHE’s reactivated Legislative Advisory Committee. Mock said there was a high level of participation at the July 19, 2002, meeting of that committee in Lake Tahoe. Mock said there were 22 legislative participants at that meeting. WICHE commissioners who are also legislators attended (Don Carlson, Ryan Deckert, David Gladwell, David Nething, and Emily Stonington). Mock said economic reports from the states were troubling and that FY 2003 will not be nearly as dire as FY 2004, due to the reallocation of other funds to make up for unexpected expenses in FY 2003. Mock said Jane Wellman of the Institute of Higher Education Policy presented a report she has produced, called “The Double Whammy.” Wellman’s paper discusses increasing fiscal pressures in the states, rising enrollments, and changing demographics. Mock said the presentation was excellent and would distribute Wellman’s presentation to interested commissioners.

Mock said the Legislative Advisory Committee meeting was held in connection with the Council of State Governments-WEST (CSG-WEST) annual meeting. She said approximately 70 people attended the WICHE breakfast. Longanecker presented his “What’s Up in the West?” paper, similar to the presentation he gave at the May commission meeting. Mock said both the WICHE breakfast and the Legislative Advisory Committee meeting were very effective and helped WICHE strengthen its relationship with key legislators in the region.

Commissioner Carlson said he particularly liked Wellman’s presentation because it described the continued dilemma of reduced funds for higher education coupled with increased enrollment. Commissioner Stonington said Wellman’s presentation gave legislators a sense of the complexity of this issue, something that very few legislators understand. Longanecker said WICHE polled the Legislative Advisory Committee about its next meeting. He said while it is clear that connecting to the CSG-WEST
annual meeting draws more legislative participation, it is also clear that WICHE should not hold the next meeting in connection with CSG-WEST because that meeting will be held in Hawaii. Chair Perry reported that North Dakota and South Dakota are not members of CSG-WEST. Longanecker said it makes sense for WICHE to hold the next meeting of the Legislative Advisory Committee around the WICHE Commission meeting in May. Commissioner Nething said the meeting should focus on what legislators need to know about higher education involving area institutions. Nething said these presentations tend to go over the heads of legislators; legislators need to know about the big picture – how important higher education is to their states’ economic and cultural future. Nething said presentations such as these are more effective at the beginning of the legislative session. Longanecker said individuals involved in higher education sometimes take for granted that others are as involved and he appreciates Nething’s suggestion. Mock said Barbara Cegavske of Nevada is heading up the CSG-WEST Legislative Academy and she has spoken to her about WICHE presenting as part of the academy program. The Legislative Academy is designed for freshmen legislators, and this would help them better understand the role of higher education. The next Legislative Academy will be held in early December just prior to the start of the legislative session. Longanecker thanked the committee for its input.

Announcements by Chair Perry

Evaluation of the Executive Director

Chair Perry said a thorough review of the executive director will be conducted beginning with the November 2002 commission meeting and carrying through to the May 2003 commission meeting. This period includes WICHE’s 50th anniversary, and while WICHE activities are being held in the states, it will give the states an opportunity to comment on the effectiveness of the executive director and the organization. Chair Perry said he and Longanecker would develop a process to present to the Executive Committee at their October conference call meeting and an evaluation process should be ready for the full commission at the November meeting.

Nominating Committee

Chair Perry announced that several commissioners have agreed to serve on the Nominating Committee to select the nominee for vice chair of the WICHE Commission for 2002-2003. Chair Perry announced that Diane Vines (OR) will serve as chair of the Nominating Committee, and the following commissioners will serve as members of the Nominating Committee: Everett Frost (NM), Carl Shaff (NV), Cece Foxley (UT), and Emily Stonington (MT). Chair Perry said this information along with the process for nominating individuals for the vice chairmanship will soon be shared with all commissioners.

The meeting adjourned.
Discussion Item  
WICHE’s Role in the Higher Education Reauthorization Act  
Prepared by David Longanecker

Background
Periodically, WICHE’s support is solicited by other organizations or individuals in support of policy issues being considered within the federal government. Sometimes these issues are so pertinent to WICHE’s own goals and objectives that, even if our perspective were not sought, we may believe that it should be shared. Many federal issues revolve around access and accountability within higher education, so there are often close linkages between the federal interest and those of WICHE. Yet to the best of my knowledge, there is no clear guidance or policy within WICHE about how the organization should respond to such policy initiatives.

As reauthorization of the Higher Education Act, currently scheduled for 2003, becomes more of a focus of federal attention; and as the federal budget for higher education becomes constrained by limited discretionary funding, there will be ample opportunity for WICHE to offer its perspective on such issues. It would be helpful to me, particularly given my history as a federal official, to have some policy guidance on how WICHE should respond to federal issues. To that end, I propose the following prospective policy for WICHE’s consideration.

Proposed Policy
WICHE should be quite parsimonious in becoming involved in federal policy discussions. WICHE should pursue only issues that are central to WICHE’s mission of assuring high-quality postsecondary education to the citizens of the West and that relate to specific projects or activities included in WICHE’s workplan, as approved by the commission. Responsibility for preparing and pursuing WICHE’s positions should rest with the executive director, with direction from the officers of the organization.

Ramifications
By requiring only highly targeted involvement in federal policy discussions, there will obviously be circumstances in which other organizations or individuals will believe that WICHE is less involved than it should be. Yet there are numerous national higher education organizations that represent higher education well at the federal level, and WICHE would add little value if it weighed in regularly on federal issues, particularly considering that WICHE does not have a presence in Washington, D.C. Furthermore, WICHE is not a lobbying organization and would have to register as such if it were to pursue a substantial and active federal lobbying role. In practical terms, adopting the posture proposed above would likely mean that WICHE would be unlikely to pursue such issues as increases in Pell Grants or other programs, in general, because such issues would not be “uniquely Western.” On the other hand, WICHE might weigh in on issues such as: (1) the distribution (by formula) of federal funds, because the distribution may or may not favor the unique and exceptional growth in higher education occurring in the West; (2) regulation of technology-mediated instruction because of our substantial involvement in this issue through WCET and other venues, and/or (3) issues with respect to persistence and completion because of their particular relevance in statewide strategic plans throughout the West. I am proposing that the responsibility for developing such responses be vested with the executive director, under direction from the officers, because timeliness of response is often paramount to communicating effectively in this arena.
ACTION ITEM

Executive Committee Conference Call Minutes
August 29, 2002

Members Present
Tad Perry (SD), chair
Chuck Ruch (ID), vice chair
Diane Barrans (AK)
Linda Blessing (AZ)
Robert Moore (CA)
Bill Kuepper (CO)
Clyde Kodani (HI)
Doris Ching (HI)
Ray Rawson (NV)
Bruce Hamlett (NM)
David Nething (ND)
Diane Vines (OR)
Bob Burns (SD)
David Gladwell (UT)
Don Carlson (WA)
Jenne Lee Twiford (WY)

Members Unable to Attend
Emily Stonington (MT), immediate past chair
Gary Stivers (ID)
Dick Crofts (MT)

Others Attending
Louise Lynch (AZ)

Staff Attending
David Longanecker
Cheryl Blanco
Sally Johnstone
Karen Middleton
Jere Mock
Marv Myers
Marla Williams

Chair Perry called the meeting of the Executive Committee to order.

Announcements

• Chair Perry congratulated David Nething for the Council of State Government’s recognition of North Dakota for their roundtable work.

• David Longanecker welcomed newly appointed California commissioner, Robert Moore.

Action Item
Mentoring the Creation of a National “Virtual K-12” Organization

Sally Johnstone said WCET was asked to host a two-year planning grant by the William and Flora Hewlett Foundation to support the launch of a national K-12 e-learning association. WCET would serve as the fiscal agent and mentoring organization for the new, national nonprofit organization that would facilitate collaboration, advocacy, and research to enhance quality K-12 e-learning (see attachment 1).

Commissioner Ching asked about the project’s budget and its impact on WICHE. Johnstone said the project funds would be managed through WICHE and WICHE would receive indirect income from the grant. David Longanecker said this activity would be fully supported by grant funds. Commissioner Kuepper asked about the figure for indirect costs, noting that this figure is not consistent for all proposals. Johnstone said the William and Flora Hewlett Foundation has a 10 percent cap for indirect on this grant.

Commissioner Carlson asked about the relationship and cooperation between the new K-12 organization and existing state groups. Karen Middleton said the new, national organization would fill a gap that would assist leaders of state-level initiatives.
Action Item
Planning a Center for Transforming Student Services

Sally Johnstone said the action item (attachment 2) requests permission to seek funding to develop tools and resources to assist institutions in using technology solutions to provide more effective and efficient student services. The new planning grant would allow WCET to continue current efforts in this arena conducted under the LAAP project. The new project would lay the foundation for a Center for Transforming Student Services, and provide WCET with tools and resources to support institutions in the redesign of new technology-enabled student services. The existing LAAP project concludes at the end of 2002.

Johnstone said since the budget for the new planning project is estimated at $400,000, it exceeds the WICHE Commission’s pre-approved amount of $100,000 for WCET projects (commission approval for projects under $100,000 for WCET is not required), and approval is now being sought. David Longanecker added that the project activities are included in the commission approved workplan for 2002-2003.

Commissioner Carlson asked about the amount of the proposed indirect cost income. Longanecker said 15 percent is WICHE’s standard rate for indirect costs, and when this amount is limited by a foundation or other funding source, WICHE will determine whether or not it is worth accepting less indirect to carry out a project.

Commissioner Burns asked if software had been developed that could be used for this project. Johnstone said WCET is working with institutions and SCT, a software developer, to identify institutional needs for software, but it has not yet been developed.

Commissioner Ching asked about the timeframe for the project and if alternatives were in place should grant funds not be received. Johnstone said the alternative to getting funding for this project is that WCET will lose staff with expertise in this area, and current funding expires at the end of the calendar year.

Commissioner Carlson asked about evaluation of the project’s success. Johnstone said there is a strong evaluative component to the project.

Discussion Item
Draft Schedule for November 2002 Commission Meeting

David Longanecker said this draft of the November 2002 commission meeting schedule is similar to the first draft but incorporates suggestions generated during the July Executive Committee conference call meeting. An invitation to speak at the meeting has been sent to Colorado Governor Bill Owens. The governor’s staff will confirm his participation four to six weeks prior to the meeting.
Commissioner Burns asked about extending invitations to former WICHE commissioners and others for WICHE’s 50th anniversary dinner. Longanecker said he did intend to invite others to participate at their own expense.

Following the conclusion of the commission meeting, an optional symposium has been scheduled with the authors of chapters of a book-in-progress about the history of Western higher education (WICHE originally initiated this project but transferred oversight to Les Goodchild, a professor from the University of Denver). Commissioner Rawson said if the chapter authors develop PowerPoint presentations these could be useful as part of presentations to state legislators. Longanecker said some of this material might be incorporated into products developed as part of WICHE’s 50th anniversary celebration (to be discussed later during this conference call meeting).

**Information Item**

**WICHE’s General Fund Budget Final Summary for FY 2002**

Marv Myers reported WICHE’s FY 2002 budget ended in better condition than was anticipated at the May commission meeting. He said the reason for this improvement was an increase in revenue and a decrease in expenses over original projections. The increase in revenue was due to increased activity on grants and contracts generating indirect cost income for WICHE. Overall, the FY 2002 budget realized a $35,056 increase in reserves over original projections.

Commissioner Carlson asked about the substantial amount for the Doctoral Scholars shortfall. David Longanecker said WICHE had anticipated receiving $35,000 from Atlantic Philanthropic Services (APS). In anticipation of receiving APS funding, WICHE incurred expenses. The Doctoral Scholars Program has since been shut down. Funds are being sought from APS to recover these expenses and to continue the work of the Doctoral Scholars Program. The proposal to APS requests approximately $300,000, and APS has suggested that funding is likely.

**Dues**

David Longanecker said he may need to request an adjustment to the FY 2003 budget approved in May because of anticipated dues payment shortfalls in California, Colorado, and New Mexico. California proposes paying 50 percent of its dues this year and making up the other 50 percent next year; however its budget has not been approved. Colorado’s dues payment is expected to be cut by 8.5 percent, and New Mexico’s dues payment was short by approximately $200. With the uncertainty about California’s dues payment, it is difficult to determine what adjustments, if any, will need to be made to WICHE’s FY 2003 budget.

In October, the Executive Committee will review a second draft of a WICHE policy concerning states that are delinquent in dues payment. In November, the full commission will take action on this policy.

**Information Item**

**WICHE’s 50th Anniversary Celebration**

Jere Mock reported that seven states have decided when their 50th anniversary event will take place. Mock said it would be helpful to set the dates in the remaining eight states. Each state will be given $2,500 to assist with expenses for its event. States with plans in place are having breakfast or lunch events while their legislatures are in session. Utah’s event will be held in connection with WICHE’s May 2003 commission meeting in Salt Lake City. Mock said in addition to the state-level activities, other anniversary events will be held in connection with the November 2002, May 2003, and November 2003 WICHE Commission meetings. In addition, a proposal has been submitted to KRMA, a Denver area public television station, to develop a documentary to review: 1) the development of higher education in
the West over the past 50 years; 2) higher education’s contribution to the West’s social, cultural, and economic strengths of the region; and 3) WICHE’s role in this process.

Commissioner Blessing asked if David Longanecker planned to attend the state-level events. Longanecker said he would attend these events (or not) depending on the wishes of the states.

Commissioner Carlson said he had asked for a list of previous WICHE commissioners for Washington State. Longanecker said work is underway to develop lists of previous WICHE constituency groups for each state, such as former WICHE commissioners, Professional Student Exchange Program participants, and others. Mock reported that 10 of the state lists have been completed and all will be distributed soon.

Information Item

WICHE National Technical Assistance Center for Older Adult Mental Health Services

David Longanecker reported that WICHE’s Mental Health Program appears to be a strong candidate for a grant from the U.S. Dept. of Health and Human Services–Substance Abuse and Mental Health Services Administration to establish the National Technical Assistance Center for Older Adult Mental Health Services. Funding notification is expected the end of September.

Longanecker announced that Dennis Mohatt, director of WICHE’s Mental Health Program, had been appointed to serve as a resource consultant to the rural subcommittee of President George W. Bush’s New Freedom Commission on Mental Health. He will assist the subcommittee in developing recommendations designed to improve rural mental health resources.

Information Item

WICHE Legislative Advisory Committee 2002 Meeting Summary

A summary of WICHE’s Legislative Advisory Committee meeting held in connection with the Council of State Governments–WEST meeting on July 19, 2002, was attached as part of the agenda material for the Executive Committee conference call.

David Longanecker reported excellent participation at the WICHE legislative breakfast also held at the Council of State Governments–WEST meeting. Longanecker said most states are in grave financial situations and that it appears this condition may continue for a couple of years. Commissioner Carlson said a number of presidents in Washington have indicated a financial crisis in higher education. He said it appears that higher education in Washington will not be able to carry on with its existing funding and that additional funding will be necessary. Carlson asked Longanecker if WICHE would be able to make recommendations to the states concerning the condition of higher education’s finances. Longanecker said the policy discussions planned for the November commission meeting should prove to be helpful to the states. Commissioner Burns said many of the states are increasing tuition and fees to offset budget shortfalls, and he believes WICHE should assess this approach as it relates to student access.

Longanecker said WICHE’s current project funded by The Lumina Foundation focuses on this topic. Commissioner Carlson said states are increasing out-of-state tuition and WICHE, as a regional organization, ought to explore issues around regional tuition. Commissioner Nething said North Dakota has completed its institutional budget process and the institutions have been informed that there will not be additional funding available during the next interim and perhaps longer. Longanecker said WICHE might be able to get involved through training sessions for new legislators that are conducted by other organizations. He said WICHE might be able to interject a higher education theme to these legislative training sessions. Longanecker said another potential role for WICHE could be to examine the different state responses to these issues. He said this information would be important for legislators and governors as they begin this year’s legislative sessions.
Other

The “Pathways to College” project will hold a regional meeting on September 16-17, 2002, in Albuquerque, NM, to explore issues around K-12/postsecondary articulation. Cheryl Blanco said registrations have been received by 115 individuals, representing all of WICHE’s states and Texas.

The meeting adjourned.
Attachment 1

ACTION ITEM
Mentoring the Creation of a National “Virtual K-12” Organization

Summary
This project responds to the need for a national resource for the rapidly developing field of K-12 e-learning. The Western Cooperative for Educational Telecommunications (WCET) has been asked to host a planning grant to support the launch of a national K-12 e-learning association. This association would eventually form an independent, national 501(c)3, nonprofit organization “to facilitate collaboration, advocacy, and research to enhance quality K-12 e-learning.” WCET would serve as the sponsoring agency, and would guide and support the new association through its early development stages.

Background
WCET served as a co-host to a recent national Virtual High School Summer Institute along with the University of California College Prep Initiative, which is led by WICHE Commissioner Francisco Hernandez. The institute was sponsored by the William and Flora Hewlett Foundation.

More than 50 national leaders in virtual secondary education were in attendance. This meeting was the culmination of nearly two years of work by leaders in the virtual K-12 setting, with calls for a separate organization to better serve the needs of this rapidly growing arena. At the request of the Hewlett Foundation, WCET has remained involved in this process and has been asked to serve as a mentor organization to sponsor the launch of a new national organization.

The purpose of the meeting was to determine the interest and viability of this national association. There was strong and solid support demonstrated at that meeting, and a planning committee was created to move the process forward. This proposal is culmination of those planning efforts and the work done at the summer institute.

Relationship to WICHE’s Mission
The project supports WICHE’s mission to increase access to higher education by increasing access for underserved populations to college preparation courses at the secondary level.

Project Goal
The goal is to develop and launch an independent, nonprofit organization to serve the needs of K-12 e-learning on a national level.

Project Objective
The use of technology to serve K-12 students is a recent development in education. Nationally, it is a rapidly growing arena with few organized resources that serve this audience.

Although the planning committee for this organization has not agreed upon the audience they intend to serve, the composition of the group reflects the leadership of the virtual K-12 community, comprised of program directors, principals, and administrators. There is no existing national organization designed to address or serve their particular set of needs.

Virtual K-12 leaders face common issues as they build and grow online programs. Those shared challenges include: teacher training, curriculum and course development, the need for research and best practices, strategies for student performance, and the delivery of student services, financing, and public policy.
Principal Project Activities

This two-year project will create a new national organization. A table of project activities and outcomes is attached.

Budget

The total budget for the two-year project will be approximately $350,000. WICHE’s indirect income will be about $35,000.

Action Requested

Approval to seek, receive, and expend funds from the William and Flora Hewlett Foundation for a grant to support the launch of a national K-12 e-learning association.
ACTION ITEM
Planning a Center for Transforming Student Services

Summary
This planning project would continue the work of the Western Cooperative for Educational Telecommunications’ (WCET’s) LAAP project, “Beyond the Administrative Core: Creating Web-Based Student Services for Online Learners.” Building on what we have learned in that project, we propose to develop tools and resources to assist institutions in using technology solutions to create new more effective and efficient student services. This work is envisioned as a precursor to a multi-million dollar project that would establish a Center for Transforming Student Services. Through the center, WCET would further expand its research and writing on best practice models in online student services, manage a grant program that would provide specific assistance to grantee institutions ready to use technology to improve their services, develop a one-stop searchable Web site featuring a broad collection of electronic student services resources, and provide several communication tools to enhance the sharing of information on technology-enabled student services among institutions.

Background
In the LAAP project, WCET worked with three institutions and a corporate partner to design new Web-based academic advising, orientation, and tutoring services. These new services, customized and personalized for the individual student, are designed to improve student success and retention and to provide staff with the types of tools and information they need to better serve students. Through this project, WCET identified methodologies that help institutions, regardless of their size or mission, to understand the best ways of using technology to reinvent their services.

Relationship to WICHE’s Mission
Good student services such as academic advising, orientation, tutoring, and library services are essential to a student’s academic success. Although traditional students have access to these services on campus, a growing population of part-time and distance students have limited or nonexistent access. With the current estimate of 2.25 million students studying online at U.S. colleges and universities, it is imperative that institutions find ways to service these students. Moreover, all students expect to access many services over the Web. By using well-designed technology solutions, institutions can better serve both the on and off campus populations. Thus, this project supports WICHE’s mission to improve access to quality higher education.

Project Goal
The goal is to serve the needs of institutions seeking to use technology to improve and expand access to their student services.

Project Objective
The project will build upon the work of WCET to create awareness about the needs of all students for access to good student services. It will help institutions rethink the ways services are provided and how technology can be used to integrate them in ways that will provide higher quality and more efficient service. It will also make software developers aware of institutional needs in selected areas of student services.

Principal Project Activities
During this planning project, WCET will develop the plans and initial services to be provided by the Center for Transforming Student Services. Activities will include:
• Developing the tools and resources to assist institutions in determining their readiness to design more effective and efficient student services enabled by technology. Additional tools based on the LAAP methodologies will help institutions envision and plan new services designed from the student’s point of view and customized and personalized for the individual student via the use of technology.

• Expanding the current Web site collection of best practice models of electronic student services and developing plans for a new database driven site that will allow users to search in a variety of ways for best practice models, guidelines for new online services, and a plethora of other resources related to electronic student services.

• Developing plans for a monograph series on selected aspects of electronic services along with several communication strategies to facilitate institutions’ sharing of information and advice on the use of technology in delivering student services.

• Designing a multiyear grant program with workshops and facilitation services to be provided by WCET to grantee institutions ready to develop new services with measurable outcomes.

• Continuing the highly successful Webcast series, begun in the LAAP project, featuring a different aspect of electronic student services each month.

**Anticipated Project Outcomes**

This planning project will lay the foundation for the Center for Transforming Student Services. At the end of the project, we will have tools and resources to support institutions in the redesign of student services along with a plan for a grant program that would allow WCET to provide direct assistance to grantee institutions ready to design new technology-enabled services.

**Budget**

The total budget for this one-year planning project will be approximately $400,000. WICHE’s indirect income will be about $60,000.

**Action Requested**

Approval to seek, receive, and expend funds to plan for the establishment of a Center for Transforming Student Services, and to seek additional funds for the establishment of the center.
Chair Perry called the meeting of the Executive Committee to order.

**Action Item**

**Policy on State Dues Arrears**

David Longanecker reviewed the proposed policy for states in arrears on dues (attachment 1). The proposal was modified from a draft reviewed during the July conference call meeting of the Executive Committee. Under the proposed policy, consequences for nonpayment of the full dues would take effect after one year. WICHE would cease to reimburse travel expenses to any WICHE-sponsored meetings by commissioners and constituents from the state, WICHE would cease to schedule additional meetings in the state, and interest accruing at the rate of inflation would be attached to the state’s dues obligation. Commissioners would have opportunities to gain credit toward their state’s dues obligation by paying their own travel expenses to attend commission meetings (estimated at $6,000 to $8,000 per year). After five years, WICHE services to the state would cease until the state’s dues obligation was fully repaid with accrued interest.

Longanecker reported the three states currently in arrears are: New Mexico, owing $200; Colorado, owing $8,240; and California, having yet to pay its FY 2003 dues of $103,000. It is anticipated that California will pay 50 percent of FY 2003 dues and owe the other 50 percent, or $51,500.

Longanecker reported that the exact language approved by the California legislature had not been received, and that California’s intent to repay WICHE the other 50 percent was unknown. Longanecker reported that California cut the dues of 12 organizations by 50 percent this year and that WICHE had not been singled out for the dues shortage. Commissioner Hamlett asked for a copy of a letter sent to the State of New Mexico requesting the balance of New Mexico’s dues.

The Executive Committee agreed that the policy on state dues arrearages was necessary and appropriate.

**COMMISSIONERS CARLSON/BLESSING (M/S) APPROVAL TO ADVANCE THE POLICY ON STATE DUES DEFAULT TO THE FULL WICHE COMMITTEE FOR ACTION DURING THE NOVEMBER 2002, COMMITTEE OF THE WHOLE MEETING.** The motion passed unanimously.
A Draft Charge from the Chair to Review WICHE and its Leadership

Chair Perry reviewed the draft charge to review WICHE and its leadership as follows:

WICHE will celebrate two milestones in the next year:
1) Its 50th year as an organization providing service to the Western states.
2) Its fifth year under its current leadership.

Given this, it is an appropriate time to review the organization and its leadership.

The chairman will ask three commissioners to serve as a special committee to review WICHE and its leadership. The review committee is charged with conducting a review of the WICHE organization and its leadership. The committee should respond to the following:

1. Is WICHE’s current work plan relevant to the issues facing higher education in the West?
2. Is WICHE effective in meeting program and policy goals and objectives with current activities?
3. Is WICHE’s leadership effective in meeting and contributing to its service to the West?

The review committee will determine methods for seeking input from different WICHE constituencies.

To pursue this task, the review committee will secure the assistance of a consultant who is familiar both with WICHE and with higher education in the West. This consultant will conduct interviews, using the protocol developed by the committee, to secure the perceptions of various WICHE constituencies (commissioners, government leaders, higher education leaders, organizational leaders, and others served by WICHE) about the effectiveness of WICHE and its leadership.

The review committee will report its findings to the Executive Committee.

The Executive Committee agreed that this was a good plan and encouraged that the process get underway.

Audit Report for FY 2002 - Preliminary Findings

David Longanecker reported that the audit report for FY 2002 had just been received last evening and staff had not had an opportunity to fully review it. He said the auditors made two comments about the A-133 federal audit concerning the Advanced Placement project. One of the comments concerned a disbursement violation which actually occurred in FY 2001 but continued into FY 2002 and therefore was reported in FY 2002. This comment concerned a premature payment to the State of Hawaii. The funds were subsequently returned to WICHE after a two to three month period occurring over the FY 2001 and FY 2002 audit periods. The other comment concerned the timeliness of quarterly reports to the federal government about the project’s progress. The auditor’s “comments” are not considered “material comments” (or very serious infractions). The auditors did not disallow any payments and found WICHE’s financial statements to be “clean.” Longanecker said the full audit report will be presented to the Executive Committee at the November meeting.

Draft Schedule for November 2002 Commission Meeting

Longanecker reported that the only significant change in the November meeting schedule was that Harold Enarson declined his invitation to speak at WICHE’s 50th anniversary celebration dinner, and that he was looking for a dinner speaker. It was suggested that former WICHE chairs, such as Audrey Alvarado, Frank Besnette, or Kerry Romesburg might be good choices.
Longanecker said it is unclear if the optional session with the authors of Higher Education in the West book would be held. This session was to be coordinated through the University of Denver.

Commissioner Carlson asked about ground transportation to/from the Denver International Airport. Longanecker explained that staff would be providing ground transportation for commissioners. He said the cost may be less and he hoped it would prove to be more convenient for commissioners. He said it is important for commissioners to contact Marla Williams with their flight information for ground transportation scheduling. A transportation schedule, complete with exact pick-up locations, will be distributed in advance of the meeting.

Information Item
WICHE’s 50th Anniversary Celebration

Jere Mock said, as previously reported, several regional and state-level events were being planned for WICHE’s 50th anniversary celebration. She said for the November meeting, former WICHE commissioners, Professional Student Exchange Program alumni, and others would be invited to the dinner on Monday, November 11. She said 12 of the 15 states have scheduled their state-level events and she would like to hear from Oregon, Nevada, and North Dakota. She said that New Mexico will hold its event before the end of the year and the other states would have events between January and Spring 2003.

Commissioner Nething said he will be meeting with the other North Dakota commissioners during the November commission meeting to plan North Dakota’s event. Commissioner Vines said she will soon be meeting with the other Nevada commissioners for the same purpose. Commissioner Rawson said he has met with the other Nevada commissioners and will share their plans for Nevada’s event with Mock. Commissioner Ching said she had more material for Mock following her meeting with the other Hawaii Commissioners and former WICHE commissioner and chair Dick Kosaki.

Information Item
Office Space

Longanecker said he and Myers had recently met with Dennis Jones, president of NCHEMS (National Center for Higher Education Management Systems) and Paul Lingenfelter, executive director of SHEEO (State Higher Education Executive Officers). He said both organizations are interested in partnering with WICHE to obtain new office facilities. He said NCHEMS is interested in sharing office facilities only if the Learning Center component of the plan materializes; SHEEO is interested regardless. He said both organizations are involved in trying to raise funds for the project. Longanecker said he is planning to propose to the commission in November that WICHE remove one option from consideration and that is the notion of building an office facility. He said there is an abundance of existing office facilities available in the Boulder/Denver area due to business failures. He said purchasing an existing building may reduce the projected cost of office facilities. Commissioner Blessing said purchasing an existing building would reduce the risks associated with constructing a facility.

Other

Commissioner Carlson reported that Ken Jacobsen, a WICHE commissioner from Washington, had resigned his commission appointment. He said he hoped the governor would act quickly to replace Jacobsen so the new Washington commissioner could attend the November meeting.

Commissioner Ching asked if it would be appropriate for a state legislator to attend the WICHE Commission meeting as an observer if Hawaii paid for travel expenses. Since the legislator is a member of WICHE’s Legislative Advisory Committee, Longanecker encouraged his attendance.

The meeting adjourned.
WICHE state dues are payable on July 1st of each fiscal year. States that have not paid dues in full by the end of the fiscal year (June 30th) will be considered in arrears. WICHE will seek full payment of the dues with the assistance of the WICHE commissioners and other relevant state officials.

**Consequences of Nonpayment**

If the arrearage is not paid by June 30, of year one, WICHE will:

- Cease to reimburse travel expenses to any WICHE-sponsored meetings by commissioners and constituents from the state. A credit toward the state’s dues obligation will be given for commissioners who incur travel expenses to attend WICHE Commission meetings during this period.

- WICHE will cease to schedule additional meetings in the state.

- Interest accruing at the rate of inflation will be attached to the state’s dues obligation.

If the arrearage is not paid by June 30, of year five, WICHE will:

- Terminate services to the state until the state’s dues obligation is fully repaid with accrued interest.

**Action Requested**

Approval to advance the policy on state dues default to the full WICHE Commission for action during the November 2002 Committee of the Whole meeting.
A copy of the auditors report for the year ended June 30, 2002, and a letter from the auditors regarding internal control are being sent to each Commissioner along with the agenda materials for this meeting. Boulder CPA firm Rhode, Scripter & Associates LLP performed the audit.

The financial statement formats comply with the Statement of Financial Accounting Standards (SFAS), No. 117, Financial Statements of Not-for-Profit Organizations, and No. 124, Accounting for Certain Investments Held by Not-for-Profit Organizations.

Cover Letter from Auditors

The auditors commented that the limited number of office personnel prevents segregation of duties necessary to assure maximum internal control. As the auditors note, this situation is not uncommon for organizations of WICHE’s size, and management involvement in certain areas reduces the organization’s exposure to major error. This note has been made annually.

For example, operating units receive monthly detail of income and expenditures on accounts for the unit, which has budget responsibility. By monitoring these on a regular basis, unit staff can check for proper recording of cash receipts and disbursements. Also, funds received on federal awards and interest are direct deposited to WICHE’s bank or money market accounts by the payor. Thus, no cash comes into the WICHE office for these items.

Independent Auditor’s Report (page 1)

In the regular audit, which is performed annually, the auditors test whether the financial statements prepared by WICHE accurately portray our true financial position. The auditors report that these financial statements present fairly, in all material respects, the financial position of WICHE as of June 30, 2002, and are in conformity with U.S. generally accepted accounting principals.

Statement of Financial Position (page 2)

This statement is a summary of the financial position of WICHE as of June 30, 2002.

The lower section on “net assets” is similar to net worth for profit-making companies. “Undesignated net assets” consist of the general fund carryover of $306,273, plus balances in the revolving funds for printing, network, and telephone services of $45,686; the facilities expense fund of $11,945; and the furniture and equipment fund of $204,664 – primarily the book value of WICHE-owned furniture and equipment.

“Net assets designated for the future program activity” primarily reflect the balance in the Professional Student Exchange Program (PSEP).

“Board designated for contingencies” is the $232,821 minimum reserve, based upon 12 percent of budgeted expenditures, as approved by the commission in May of 2000.

Statement of Activities (page 3)

This statement reports revenue by source and expenditures divided between program services and supporting services. Expense totals for program services and supporting services are presented and tie to
the bottom line in the Statement of Functional Expenses (pages 4 and 5). At the bottom of the page, “net assets at the end of the year” tie to the next to the last line of the previous page.

**Statement of Functional Expenses (pages 4 and 5)**

This statement reports program areas by groupings of expenditure categories. The lower portion reports pass-through expenditures for the Student Exchange support fees, the internal charge-back allocations, and the indirect cost allocations.

**Statement of Cash Flows (page 6)**

This statement provides an analysis of the changes during the year in cash and “cash equivalents.” On June 30, 2002, cash and cash equivalents included funds in checking, interest bearing savings, and the money market account.

**Auditor’s Report on Compliance and Internal Control in the Regular Audit (page 14)**

In the regular audit, no opinion of compliance is expressed regarding the requirements of any programs, either minor or major. An opinion on internal control is expressed by the auditors in a separate letter (summarized above), regarding instances that they determined are not material. When the level of federal expenditures reaches the $300,000 threshold, an additional audit (summarized below) is needed to test compliance with federal programs. Two instances of reportable conditions were found and reported; the auditors determined were not material. They are described below.

**Auditor’s Report on Compliance in the Required A-133 Federal Audit (page 16)**

In addition to the regular audit, an audit of federal awards was conducted as required by the Office of Management and Budget Circular A-133, “Audits of Institutions of Higher Education and Other Non-Profit Organizations.” This audit tests whether WICHE is in compliance with the requirements of the major federal programs. The auditors report that WICHE was found to be in compliance in all material respects with the requirements of each of its major federal programs. However, the auditors report that two immaterial instances of noncompliance were found, which are described on pages 19 and 20 of the auditors report.

Each of these immaterial instances of noncompliance have to do with the Advanced Placement program granted to WICHE from the U.S. Dept. of Education and passed through the Colorado Dept. of Education. The first instance of noncompliance had to do with WICHE advancing federal grant funds to one of the state departments of education in advance of that state’s expenditure of these funds. The second instance has to do with the timeliness of two quarterly reports to the federal Dept. of Education. Both of the instances have been addressed and corrected by WICHE.

**Action Requested**

Approval of the Auditors Report for Fiscal Year 2002.
INFORMATION ITEM
Charge from the Chair to Review WICHE and its Leadership

WICHE will celebrate two milestones in the next year:

1) Its 50th year as an organization providing service to the Western states.
2) Its fifth year under its current leadership.

Given this, it is an appropriate time to review the organization and its leadership.

The chairman has asked three commissioners to serve as a special committee to review WICHE and its leadership. David Nething (ND) will serve as committee chair with Linda Blessing (AZ) and Everett Frost (NM).

The review committee is charged with conducting a review of the WICHE organization and its leadership. The committee should respond to the following:

1. Is WICHE’s current work plan relevant to the issues facing higher education in the West?
2. Is WICHE effective in meeting program and policy goals and objectives with current activities?
3. Is WICHE’s leadership effective in meeting and contributing to its service to the West?

The review committee will determine methods for seeking input from different WICHE constituencies.

To pursue this task, the review committee will secure the assistance of a consultant who is familiar both with WICHE and with higher education in the West. This consultant will conduct interviews, using the protocol developed by the committee, to secure the perceptions of various WICHE constituencies (commissioners, government leaders, higher education leaders, organizational leaders, and others served by WICHE) about the effectiveness of WICHE and its leadership.

The review committee will report its findings to the Executive Committee.
Human and Fiscal Resources

The Mental Health Program has a core staff composed of: Dennis Mohatt, senior program director; Chuck McGee, and Diana Vari. The team is augmented by consulting personnel on an as-needed, project-specific basis. Two consulting professionals, Jim Stockdill and Allan Press, work a routine part-time schedule with the program. This fall, the program reestablished its post-doctoral fellowship, and Scott Adams, Ph.D., started a 12-month placement in October 2002.

Financial stability has been maintained in the program over the past fiscal year. After beginning the fiscal year with a projected negative fund balance, the program finished the year with a modest positive fund balance (reserve). The program has received notice of award for several contracts, and projects a continued stability of funding.

Program Activities

Western States Decision Support Group (WSDSG). The WICHE Mental Health Program continues its facilitation of WSDSG, with support from both WICHE member states and the federal Center for Mental Health Services. This group seeks to build and support regional expertise in the area of data management and performance measurement in the public mental health system.

State-Specific Consultation

Alaska. During June of 2002 the program director met with state mental health officials and external entities to assist in the formation of plans relating to needs assessment and program planning for children’s mental health. The program assisted in the preparation of a children’s mental health systems grant proposal submitted to the federal Center for Mental Health Services, which was not successful.

California. The WSDSG held one of its three meetings during FY02 in San Diego. The meeting included the opportunity to highlight several innovative programs from California.

Colorado. The program completed a major study of the prevalence and incidence of mental illnesses in Colorado and the level of utilization of publicly funded services.

Montana. The program director participated in the planning for a statewide conference on the impact of the farm crisis on the mental health needs of Montana rural residents and served as a keynote speaker. The WSDSG held one of its meetings in Helena; it focused on several Montana model programs.

New Mexico. In collaboration with the Division of Behavioral Health in New Mexico, the WICHE Mental Health Program co-sponsored the annual conference of the National Association for Rural Mental Health. The conference brought over 400 rural mental health professionals, consumers, and family members from 36 states together to focus on rural issues.

South Dakota. WICHE is the lead consultant on three major projects in South Dakota. The first is the annual survey of consumer satisfaction in the public mental health system. Secondly, we have been completing a needs assessment similar to the one completed for Colorado. Finally, we are facilitating a statewide planning process for a legislatively mandated Children’s Mental Health Task Force.
Wyoming. The program has been actively engaged in supporting both the consumer satisfaction survey process and a statewide needs assessment. We have just been awarded a contract to facilitate a planning effort focused on children’s mental health. Finally, we are just concluding a needs assessment and planning process with a community mental health center in southwest Wyoming.

Other Activities

Dennis Mohatt, the senior program director, has been appointed to consult with the rural issues subcommittee of President Bush’s New Freedom Commission on Mental Health. WICHE has received a contract for his consultation services and the preparation of a paper focused on rural issues for the commission.

WICHE has agreed to co-sponsor the 2004 Annual Conference of the National Association for Rural Mental Health, and Dennis Mohatt will serve as the conference chairperson.

Future Opportunities

1. The program is collaborating with the State of Wyoming in the planning and preparation of a grant submission to support a children’s mental health system of care. If awarded, this five-year ($8 million) grant would include several evaluation and training components that would be facilitated by WICHE.

2. In partnership with the State of Washington, we are working on the development of a series of strategic planning efforts, seeking to explore innovative financing strategies for public mental health.

3. The program has received a preliminary approach by the federal Office of Rural Health Policy to edit a book on rural mental health.

4. Discussion is ongoing with the State of Utah regarding the development of an initiative to assist the public mental health system in promoting and supporting evidence-based practice.