Committee of the Whole – Business Session

Call to Order: Don Carlson, chair

Report of the Executive Committee

- **Action Item** Auditor’s report for FY 2004 (Tab 1 and distributed separately) 1-17

- **Action Item** The purchase of the office building (tentative item; may be distributed separately)

Information Items:

- Executive Committee meeting minutes of May 17, 2004 10-3

- Executive Committee conference call meeting minutes of August 10, 2004 10-9

Report of the Programs and Services Committee [Tab 7]

Report of the Issue Analysis and Research Committee [Tab 8]

- **Action Item** Revisions to the bylaws 10-15

- **Information Item:** FY 2005 budget update 10-25

- **Action Item** Election of chair and vice chair

Remarks from the new chair

Selection of 2005 Executive Committee members

Report of the Site Selection Committee

- Meeting evaluation (Tab 10 and available online) 10-27

Other business

Adjournment
### INFORMATION ITEM
#### WICHE General Fund Budget
**Actual for FY 2004 and Budget for FY 2005**

### Revenue & Expenditures

<table>
<thead>
<tr>
<th>FY 2004</th>
<th>FY 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>B</td>
</tr>
<tr>
<td></td>
<td>FY 2004</td>
</tr>
<tr>
<td></td>
<td>Budget</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>1 Revenue:</strong></td>
<td></td>
</tr>
<tr>
<td>2 Member dues</td>
<td>1,545,000</td>
</tr>
<tr>
<td>3 Delinquent dues</td>
<td>(51,000)</td>
</tr>
<tr>
<td>4 Interest</td>
<td>42,000</td>
</tr>
<tr>
<td>5 Indirect cost recovery</td>
<td>315,000</td>
</tr>
<tr>
<td>6 Miscellaneous income</td>
<td>54,000</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>1,905,000</td>
</tr>
<tr>
<td><strong>9 Expenditures:</strong></td>
<td></td>
</tr>
<tr>
<td>10 SEP - Programs</td>
<td>278,429</td>
</tr>
<tr>
<td>11 Policy Analysis &amp; Research</td>
<td>254,266</td>
</tr>
<tr>
<td>12 Communications &amp; Public Affairs</td>
<td>226,448</td>
</tr>
<tr>
<td>13 Commission Meeting Expense</td>
<td>106,954</td>
</tr>
<tr>
<td>14 Executive Director's Office</td>
<td>375,917</td>
</tr>
<tr>
<td>15 Administrative Services</td>
<td>470,166</td>
</tr>
<tr>
<td>16 Miscellaneous Expenses</td>
<td>164,423</td>
</tr>
<tr>
<td>17 Indirect Cost Sharing Expenses</td>
<td>22,000</td>
</tr>
<tr>
<td>18 Staff Salaries &amp; Benefits Cost Increases for FY 2005</td>
<td>(13,920)</td>
</tr>
<tr>
<td>19 Staff Turnover/Vacancy Estimate (1.5% of Salaries &amp; Benefits)</td>
<td>(12,000)</td>
</tr>
<tr>
<td>20 Program Development Fund</td>
<td>20,000</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>1,904,683</td>
</tr>
<tr>
<td><strong>21 Net Reserve Dedications During the Fiscal Year</strong></td>
<td>(163,078)</td>
</tr>
<tr>
<td><strong>22 Surplus (Deficit) for the Fiscal Year</strong></td>
<td>317</td>
</tr>
<tr>
<td><strong>23 Better or (Worse) than Budget or Estimate</strong></td>
<td>237,974</td>
</tr>
</tbody>
</table>

### Reserves

<table>
<thead>
<tr>
<th>FY 2004</th>
<th>FY 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>B</td>
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<tr>
<td></td>
<td>FY 2004</td>
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<tr>
<td></td>
<td>Budget</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>24 Reserves:</strong></td>
<td></td>
</tr>
<tr>
<td>25 Minimum Reserve</td>
<td>228,562</td>
</tr>
<tr>
<td>26 Reserves Available for Dedication</td>
<td>404,789</td>
</tr>
<tr>
<td><strong>Total Reserves - Beginning of the Fiscal Year:</strong></td>
<td>633,351</td>
</tr>
<tr>
<td><strong>28 Total Reserves - End of the Fiscal Year:</strong></td>
<td>779,245</td>
</tr>
</tbody>
</table>

### Deductions to the Reserve During the Fiscal Year:

<table>
<thead>
<tr>
<th>FY 2004</th>
<th>FY 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>B</td>
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<tr>
<td></td>
<td>FY 2004</td>
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<tr>
<td></td>
<td>Budget</td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>29 Deductions to the Reserve During the Fiscal Year:</strong></td>
<td></td>
</tr>
<tr>
<td>30 Surplus (Deficit) Applied to Reserves</td>
<td>317</td>
</tr>
<tr>
<td>31 Association Mgmt. Software</td>
<td>(51,000)</td>
</tr>
<tr>
<td>32 Office Move</td>
<td>(30,000)</td>
</tr>
<tr>
<td>33 Office Furniture &amp; Equipment</td>
<td>(30,000)</td>
</tr>
<tr>
<td>34 50th Anniversary Celebration</td>
<td>(53,395)</td>
</tr>
<tr>
<td>35 Equity &amp; Learning Center for new office building</td>
<td>0</td>
</tr>
<tr>
<td>36 Contingent Carry Forward to FY 2005</td>
<td>0</td>
</tr>
<tr>
<td><strong>Net Reserve Dedications During the Fiscal Year:</strong></td>
<td>(163,078)</td>
</tr>
</tbody>
</table>

### End of the Fiscal Year:

<table>
<thead>
<tr>
<th>FY 2004</th>
<th>FY 2005</th>
</tr>
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<tbody>
<tr>
<td>A</td>
<td>B</td>
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<tr>
<td></td>
<td>FY 2004</td>
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<tr>
<td></td>
<td>Budget</td>
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<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>38 End of the Fiscal Year:</strong></td>
<td></td>
</tr>
<tr>
<td>39 Minimum Reserve</td>
<td>228,562</td>
</tr>
<tr>
<td>40 Reserves Available for Dedication</td>
<td>241,711</td>
</tr>
<tr>
<td><strong>Total Reserves - End of the Fiscal Year:</strong></td>
<td>470,273</td>
</tr>
</tbody>
</table>

### Change in Total Reserves - Increase or (Decrease)

<table>
<thead>
<tr>
<th>FY 2004</th>
<th>FY 2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>B</td>
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<tr>
<td></td>
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<tr>
<td></td>
<td>Budget</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>42 Change in Total Reserves - Increase or (Decrease):</strong></td>
<td>(163,078)</td>
</tr>
</tbody>
</table>

### Better or (Worse) than Budget or Estimate

<table>
<thead>
<tr>
<th>FY 2004</th>
<th>FY 2005</th>
</tr>
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<tbody>
<tr>
<td>A</td>
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<td>FY 2004</td>
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<tr>
<td></td>
<td>Budget</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>43 Better or (Worse) than Budget or Estimate:</strong></td>
<td>308,972</td>
</tr>
</tbody>
</table>

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**Changes:**
- Dues per State: $103,000
- Dues per State: $105,000

**Notes:**
- **(a)** Budget approved by the commission in May of 2003, adjusted for actual carry-over from FY 2003 and actual benefit cost increases by unit.
- **(b)** Does not increasing from FY 2003 to FY 2004, as approved by the Executive Committee during a conference call on Feb. 25, 2003, but increasing by $2,000 per state during FY 2005.
- **(c)** For FY 2004, assumes $103,000 as an accounts receivable from California.
- **(d)** Ave. daily balance: Actual for FY 2004 is $4,560,000 at 0.87%; and budget for FY 2005 is $3,488,000 at 0.87%.
- **(e)** Includes legal fees, unallocated rent, and other miscellaneous costs not allocated to unit budgets.
- **(f)** For FY 2004, includes $32,000 transferred from closed accounts.
- **(g)** Salary and benefit cost increases for FY 2005 distributed to the various unit budgets based upon actual merit salary increases.
- **(h)** Reserve funds for the next office move and for office furniture in the Fall of 2004, each at $30,000 for two successive fiscal years (FY 2003 and FY 2004).
ACTION ITEM
Revisions to WICHE’s Bylaws

Summary
This document contains proposed revisions to WICHE’s bylaws. It was approved for advancement to the full commission for action by the Executive Committee during its August 10 conference call meeting. Full commission approval of these revisions is being sought.

Background
During its August 10 conference call meeting, the Executive Committee amended and approved the advancement of the proposed changes to the bylaws to the full commission for action at the November commission meeting. At the May meeting, the commission reviewed a version of the proposed changes to the bylaws, but due to the timing guided by the bylaws, no action could be taken. The proposed revisions result from an in-depth evaluation of the organization and a review of the role of the WICHE commissioner by New Mexico commissioner and past WICHE chair (in 2000) Everett Frost. The proposed revisions occur primarily in Article II, Membership, where Section 4 and Section 5 are added to describe the powers of the WICHE Commission, and the duties and functions of the WICHE Commission. In Article IV, Officers, Terms, Duties, the suggested changes include reference to “chairman” being changed to “chair”; and the position of past chair is added and made formal (this position has been functioning as described and this will formalize the position). In Section 4, Annual Authorizations of Officers, Delegation of Authority is added to annually and automatically authorize the officers and executive director to perform certain fiscal and administrative functions; and Section 5 has been added to create an Audit Committee of the Commission. Finally, in Article VI, Sections 1 through 5 are suggested to be added to describe the role and responsibilities of WICHE’s executive director.

The proposed revisions to the bylaws follow. Please note: bolded text represents proposed additions to the bylaws; struck text represents proposed deletions.

WESTERN INTERSTATE COMMISSION FOR HIGHER EDUCATION
BYLAWS

ARTICLE I
Description, Goals, Program Objectives, Program Criteria, Operating Principles, Affiliated States

Section 1. Description
The Western Interstate Commission for Higher Education (WICHE) is a public interstate agency that operates under the Western Regional Education Compact. The Compact has been adopted by the legislatures of thirteen Western states, signed into law by their governors, approved by the Congress of the United States, and signed by the President. The Compact calls for the governor of each of those states to appoint three Commissioners to oversee the development of WICHE programs and to assure that the Compact is carried out for the benefit of the citizens of the West. Other states in the Western region may become affiliated members of the organization when mutual interests exist and when it would benefit WICHE to enter such arrangements.
Higher education, as defined by WICHE, consists of those programs offered by accredited colleges and universities, and includes the following:

a. Academic, technical, and professional fields of study leading to associate, baccalaureate, and/or graduate degrees;

b. Continuing education;

c. Vocational-technical education; and

d. Distance-delivered education.

Section 2. Mission

The fifteen member states of the Western Interstate Commission for Higher Education work collaboratively to expand educational access and excellence for all citizens of the West. By promoting innovation, cooperation, resource sharing, and sound public policy among states and institutions, WICHE strengthens higher education’s contributions to the region’s social, economic, and civic life.

Section 3. Objectives

WICHE seeks to accomplish its mission through a variety of activities that have the following objectives:

a. To extend the availability of quality higher education programs among Western states.

b. To identify emerging issues, trends, and problems affecting higher education.

c. To provide research, analysis, and reporting of information on public policy issues of concern in the WICHE states, and to provide opportunities for discussion and strengthened understanding of these issues among policymakers.

d. To promote collaboration within higher education and among the educational sectors, the government sector, and the private sector.

e. To identify the broad array of technical, programmatic, and financial resources available in higher education and to link those resources to the needs of the region.

f. To serve as an informed and objective representative of higher education before Western governmental and education leaders.

g. To help increase the participation and success in higher education of underrepresented and underserved populations.

h. To promote the use of new and effective technologies, models, and methods in higher education.

i. To strengthen the linkages between higher education and the economy, including workforce requirements and government services.

j. To encourage Western higher education cooperation with other regions and, where appropriate, across national boundaries.

Section 4. Program Criteria

The name of the agency implies certain criteria:

a. Western. That the program has significant implications for people and institutions in the Western states, but may have implications for other states as well;

b. Interstate. That the program has significant implications for more than one state, usually a group of states, with interstate and interinstitutional cooperation implied;

c. Commission. That the program is sponsored or co-sponsored by the Commission and has its approval;

d. Higher Education. That the program has a significant component related to higher education.
Section 5. Operating Principles

a. Programs and projects shall receive formal approval of the Commission according to procedures the Commission has established and may, from time to time, revise;

b. Requests for services originating with or endorsed by the governors or legislatures of the compacting states shall be given priority by the Commission and staff.

Section 6. Affiliated States

States geographically in the Western region but not signatories to the Western Regional Education Compact may be afforded status as affiliated states in accordance with policies and procedures approved by the Commission.

ARTICLE II
Membership

Section 1. Members

The membership of the Commission shall consist of three residents of each member state, at least one of whom shall be an educator engaged in the field of higher education. The commissioners from each compacting state shall be appointed by the governor thereof as provided by law in such state. The Commissioners from each affiliated state shall be selected as determined by the state. Commissioners may be removed or suspended from office as provided by the laws of the states from which they shall have been appointed.

Section 2. Tenure

The term of each Commissioner shall be four years. Each Commissioner shall hold office until a successor shall be appointed and qualified.

Section 3. Vacancies

If any Commission office becomes vacant for any reason, the Secretary-Treasurer shall inform the appropriate governor, and request the governor to fill the office for the remainder of the unexpired term.

Section 4. Powers of the Commission

The WICHE Compact delegates to the Commissioners acting as a Commission complete power and control over the organization known as WICHE and its component parts. The powers of the Commission include the following powers that the WICHE Compact has expressly given to the Commission:

- To make and implement policy.
- To make contracts.
- To hire the executive director of WICHE and determine his or her compensation and terms of appointment.
- To determine what programs and services shall be offered.
- To sue and to be sued.
- To determine through budgeting and policy the parameters for personnel positions to be funded and the amount and configuration of the Commission’s compensation system.
- To hold title to all property belonging to WICHE.
Section 5. Duties and Functions of the Commission

Under its broad responsibility defined in the Compact for overseeing the management and control of WICHE, the Commission has many specific duties and functions. Its power to control, manage, and govern WICHE necessarily includes exercise of wide discretion, including discretion in what actions it takes directly and in what authority it delegates to individuals and groups within the Commission. The delegation by the Commission of authority to individuals within the WICHE does not relieve the Commission from its ultimate responsibility for the entire Organization. The Commission may withdraw or modify delegated authority, but not on a retroactive basis. Listed below are those duties and functions considered by the Commission to be among the most important it exercises:

a. To select and appoint an executive director of WICHE who serves as the WICHE’s chief executive officer (generally considered to be the most important task carried out by the Commissioners).

b. To adopt bylaws, policies, rules, and regulations for the operation of the WICHE.

c. To evaluate periodically the Mission, Goals, and Objectives of the Commission; the established procedures and policies of the WICHE; and the performance of the executive director of WICHE, considering proposals for same from the executive director or from Committees of WICHE with the executive director’s recommendation.

d. To delegate authority and responsibility deemed by the Commission to be appropriate and necessary for the most effective operation of the WICHE with the full understanding that such delegation implies the right of the Commission to withdraw or modify the delegation when it is considered wise to do so.

e. To approve, or authorize others to approve, all grants and contracts between the WICHE and other parties, including but not limited to those contracts for: services rendered, programs offered, equipment and materials to be purchased, lease or rent of facilities, lease or rent or purchase of land, construction of buildings, and care and preservation of all WICHE property.

f. To approve, by budgeting, the expenditures of all moneys.

g. To approve policies which apply to the rights and responsibilities of those who are employed by WICHE.

h. To receive benefits and donations directly from the federal government or from state governments or from private or corporate sources, to be used in ways recommended by the executive director and deemed by the Commissioners to be in the best interests of WICHE and consistent with its Mission.

i. To give priority to requests for services, within the parameters of the WICHE Compact, Mission, and resources, originating with or endorsed by the governors or legislators of the compacting states.

ARTICLE III
Meetings

Section 1. Meetings of the Commission

The full Commission shall meet twice each year. Meetings of the Commission shall be held during the months of May or June and November or December on the day and at a time and place set at least one meeting in advance of the meeting to be held. All members shall be given written notice of the meetings of the full Commission at least sixty (60) days prior to the full Commission meetings.

Section 2. Special Meetings

Special meetings may be called at any time by the Chair or upon request of the delegations of three or more states, provided, however, that all members shall be given at least thirty (30) days written notice as to the time and place the special meeting is to be held, unless such notice is waived by the written action of a majority of the whole number of member states.
Section 3. Attendance at Meetings
Commissioners shall attend two meetings of the full Commission and all special meetings of the Commission each year. When conditions develop which will prevent their attendance, they shall notify Commission headquarters as soon as possible.

Section 4. Quorums
One or more Commissioners from each state of a majority of the whole number of member states shall constitute a quorum for the transaction of business.

Section 5. Voting
Each member state represented at any meeting of the Commission is entitled to one vote.

Section 6. Agenda
Items of business requiring action at the meetings of the Commission shall be limited to those appearing on the agenda, which shall be mailed to the members not less than ten (10) days in advance of the scheduled meeting. Whenever possible, working papers and staff recommendations on these items shall accompany the agenda. Nothing in this bylaw shall prohibit the Commission from adding items to the agenda of any meeting if no action is requested thereon at that meeting.

Section 7. Executive Sessions
Executive sessions of the Commission may be held at the discretion of the Chair or at the request of any three Commissioners present and voting. The executive director shall be present at all executive sessions. The Chairman, with the approval of a majority of the Commissioners present and voting, may invite other individuals to attend.

Section 8. Special Executive Sessions
Special executive sessions, limited to the members of the Commission, shall be held only to consider the appointment, salary, or tenure of the executive director.

ARTICLE IV
Officers, Terms, Duties

Section 1. Officers
The officers of the Commission shall include a Chairman and Vice Chairman, a Vice Chair, a Past Chair, and a Secretary-Treasurer. The executive director shall be the Secretary-Treasurer.

Section 2. Election
The Chairman and the Vice Chairman shall be elected at the regular Annual Meeting and shall hold office until the next Annual Meeting, or until their successors are elected and qualified.

Section 3. Duties
The officers shall perform the usual duties of their respective offices, including the following:

a. Chairman. The Chairman of the Commission shall serve as Chairman ex officio of the Executive Committee, shall call and preside at all meetings of the Commission and of the Executive Committee, shall prepare agenda for these meetings, shall appoint the appointive members of all committees, and shall be
an ex officio member of all Commission committees, with power to vote. In the intervals between meetings of the Commission and the Executive Committee, the Chairman shall represent these bodies.

At the next meeting of each body, the Chairman shall report to members all action taken on their behalf. All such acts of the Chairman shall be taken subject to ratification by the Executive Committee or the Commission, according to their respective jurisdictions. Pursuant to Article V, Section 1, upon retirement from this office, the Chairman, if still a WICHE Commissioner, shall serve one year in an advisory capacity on the Executive Committee without a vote, but shall have a vote if elected a regular Executive Committee member.

b. Vice Chairman. In the absence of the Chairman or in the event the Chairman is present but desires the Vice Chairman to do so, it shall be the duty of the Vice Chairman to perform all the duties of the Chairman. The Vice Chairman shall be an ex officio member of all Commission committees, with power to vote, and shall assist the Chairman and executive director in liaison with executive, legislative, and other public bodies. The Vice Chairman shall be the Chairman-Elect and shall succeed the Chairman in office. In the event that there is a vacancy in the office of the Chairman, the Vice Chairman shall serve as Acting Chairman until the full Commission, at its next regularly scheduled meeting, can take formal action to designate the Chairman.

c. Past Chair. Upon retirement from the office of Chair, the past Chair, if still a WICHE Commissioner, shall upon election by the Commission serve one year in the position of Past Chair and serve on the Executive Committee with vote. In the event that there is a vacancy in the office of the Vice Chair, the Past Chair shall serve as Acting Vice Chair until the full Commission, at its next regularly scheduled meeting, can take formal action to elect or designate a new Vice Chair.

d. Secretary-Treasurer. The Executive Committee shall appoint the executive director to act as its Secretary-Treasurer to keep minutes of all meetings of the Commission and its committees, and it shall be the duty of the Secretary-Treasurer to send copies of the minutes of all Commission and Executive Committee meetings to the governors and transmit a record of attendance from their states. The Secretary-Treasurer shall file, index, and preserve carefully all minutes, papers, and documents pertaining to the business and proceedings of the Commission and its committees; shall act as custodian of all funds of the Commission; and shall keep proper accounts concerning the disposition of all such funds. The Commission shall cause the books of account of the Commission to be audited annually.

Section 4. Annual Authorizations of Officers; Delegation of Authority

Each year, after the election of new officers of the Commission, the following authorizations and delegations of authority are approved by the Commission, such authorizations and delegations being effective until rescinded or until the next election of Commission officers:

a. The Chair and other newly elected officers of the Commission are authorized to sign or delegate the signing of checks, drafts, and other documents on the Commission’s behalf following Commission fiscal procedures.

b. The Vice Chair of the Commission is authorized to sign for the executive director of the Commission in the absence of the Chair.

c. The Past Chair of the Commission is authorized to sign for the Chair or the Vice Chair in the absence of either.

d. The executive director of the Commission is authorized to sign contracts, grants, and other agreements that are necessary for the daily operation of the Commission and to hire, evaluate, promote, and make retention decisions of all WICHE employees except for the executive director. The executive director of the Commission is further authorized to delegate similar authority to other WICHE-employed administrators connected with various entities of the Commission to execute designated contractual documents and to hire, evaluate, promote, and make retention decisions for WICHE staff related to their respective responsibilities. The executive director shall furnish the Executive Committee at each regular meeting of the Commission a list of staff members with delegated signatory authority.
Section 5. Bond
The officers shall execute such bond as may be required from time to time by the Executive Committee. The cost of such bond shall be charged against Commission funds.

Section 6. Delegation of Authority
The officers are authorized to enter contractual agreements and sign documents on behalf of the Commission. The Secretary-Treasurer is further authorized to sign contracts, grants, and other agreements that are necessary for the effective operation of WICHE.

ARTICLE V
Committees

Section 1. Executive Committee
The Executive Committee shall consist of one Commissioner from each member state, with committee members selected by their respective state delegations by whatever procedure each delegation may determine. The Chairman of the Commission shall serve ex officio, as Chairman of the Executive Committee, with a vote. The Vice Chairman and the Past Chair shall be ex officio members of the Executive Committee without vote if not already designated an Executive Committee member from his or her state. The Chair, Vice Chair, and the Past Chair may vote if representing their state in Executive Committee meetings; notwithstanding any other provision of the bylaws, in no case shall there be more than one vote per state.

Section 2. Powers of the Executive Committee
Except as otherwise provided in the Compact, during the intervals between the meetings of the Commission, the Executive Committee may exercise all the powers of the Commission. The Executive Committee may fix its own rules of procedure, and it shall keep a record of its proceedings and shall report these proceedings to the Commission at the next regular or special meeting of the Commission.

Section 3. Attendance at the Executive Committee Meetings
Members of the Executive Committee shall attend all regular and special meetings of the Committee, and when unable to attend, shall arrange for one other Commissioner from their respective states to attend as their official representative with power to vote.

Commissioners who are not members of the Executive Committee shall be invited to all meetings of the Executive Committee at their own expense, with voice but no vote.

Section 4. Conduct of the Executive Committee Meetings
The provisions of the following listed sections of Article III shall also apply to the meetings of the Executive Committee:

   Section 4. Quorums
   Section 5. Voting
   Section 6. Agenda
   Section 7. Executive Sessions
   Section 8. Special Executive Sessions

Section 5. Audit Committee Acumen
The Audit Committee of the Commission shall be composed of at least three and not more than five members, shall be composed only of current or former Commissioners, each of whom shall otherwise be independent of any fiduciary advantage from either WICHE or from the public accounting firm.
employed to audit WICHE. Each member should be knowledgeable about non-profit financial management principals and practices. The Chair of the Commission shall appoint the members of the Audit Committee, with the Past Chair of the Commission serving as the Chair of the Audit Committee. In order to preserve continuity, members of the Audit Committee shall be appointed to three or four-year, staggered terms. No member shall serve for more than five consecutive years. The Audit Committee shall:

- review the appointment and compensation of the registered public accounting firm employed to audit WICHE, and recommend to the Commission retaining or reselecting the auditor;
- review and approve any amendments to the fees to be paid in the audit contract; and
- receive the annual audit of the organization from the auditor, engage in a review of the audit with the auditor, and recommend to the Commission whether to accept or reject the annual audit as submitted to the Commission.

Section 56. Special Committees

At any meeting the Commission may authorize the creation of such special committees as it deems necessary and appropriate and may fix their size, duties, and tenure.

Section 67. Committees

Members of Committees shall attend all regular and special meetings of their committees, and when unable to attend, shall arrange for one other Commissioner from their respective states to attend as their official representative with power to vote.

ARTICLE VI

Director and Staff

The Executive Director of the Commission

There shall be an executive director and such staff as may be deemed necessary by the Commission. The Commission’s office shall be established in one of the compacting states as may be determined by the Commission.

Section 1. Employment of the Executive Director by the Commission

The Commission employs the executive director of the Commission.

Section 2. Delegation of Authority by the Commission to the Executive Director

The executive director of the Commission is the chief executive officer of the Commission to whom the Commission delegates the authority and responsibility for implementing the Commission’s Mission, Objectives, Program Criteria, and Operating Principles and managing, supervising, and controlling the Commission staff, except for such matters as the Commission reserves to itself. The executive director and all other holders of Commission employee positions are subject to the rules, regulations, and policies issued by the Commission and to operating budgets approved by the Commission. The executive director or persons designated by the executive director are responsible for naming persons to fill positions at the Commission. The rules, regulations, and policies for managing, supervising and controlling the Commission activities include the Commission Policy and Procedure Manual, and such other rules, regulations, and policies as the Commission may adopt or approve. The executive director may reorganize the structure of the Commission Staff, subject only to the right of the Commission to review the reorganization if the Commission deems it appropriate.
Section 3. Reporting by the Executive Director

The executive director alone reports directly to the Commission. Other individuals and groups within the Commission, except those responsible for internal auditing, may approach the Commission officially on formal Commission business only through the executive director or in accordance with approved rules, regulations, policies and procedures for review by the Commission or for setting the Commission’s agendas.

Section 4. Duties and Powers of the Executive Director

The role of the executive director of the Commission is one of creative leadership and therefore not to be described by a detailed list of specific duties. As the chief executive officer of the Commission, the executive director is responsible to the Commission for implementation of the Commission’s rules, regulations, policies, and procedures and for the functioning of the Commission staff and has the authority and responsibility necessary to direct the staff in carrying out the responsibility and authority delegated to the staff by these policies. All decisions and actions of the executive director are subject to the right of the Commission to intervene. This right is used with discretion and only as appropriate. The magnitude and complexity of the operation of the Commission make it neither wise nor feasible for the Commission to intervene in decisions and actions of the executive director and those to whom the executive director delegates responsibilities, except in the most unusual circumstances. Under the general authority granted to the executive director of the Commission by the Commission, the executive director has duties and responsibilities including but not limited to:

a. Discharging primary responsibility for all the factors that contribute to the quality of Commission programs and services.

b. Maintaining general supervision of all relationships between representatives of the member states and the various levels of Commission staff.

c. Directing financial management of the Commission and its component parts in conformity with Commission management rules, regulations, policies, and procedures. This function includes but is not limited to the preparation of budgets, requests to member states, grant and contract requests, maintenance of financial records and accounts for the Commission and its hosted programs, the receipt and expenditure of all Commission funds, preparation of required financial reports, and signing of grants and contracts.

d. Directing personnel, including employment and termination, individual wage determination within Commission-ratified policy, assigning and reassigning administrative duties, and conditions of employment for administrators, staff, and other employees of the Commission programs.

e. Directing operation and maintenance of the physical plant, purchase of supplies and equipment, and the maintenance of appropriate inventories and records of real and personal property under the jurisdiction of the Commission. Ensuring that the Commission Office shall be established in one of the member States.

f. Overseeing fund raising.

g. Directing management of investments in accordance with the policies and procedures established by the Commission.

h. Serving as the primary spokesperson for the Commission to news media, constituent groups, government agencies, etc.

i. Redelegating the above authority as deemed necessary.

Section 5. Removal of the Executive Director of the Commission

The relationship between the executive director of the Commission and the Commission is governed by the letter of appointment between them; by the rules, regulations, and policies of the Commission and the WICHE Policies and Procedures Manual. The executive director may be removed only as stated in the letter of appointment.
ARTICLE VII
Finance

At the direction of the Executive Committee, the executive director shall submit a proposed annual budget for the consideration of the Commission. The Commission shall act upon such proposed budget at its Semiannual Meeting.

ARTICLE VIII
Changing Bylaws

Any bylaw may be adopted, amended, or repealed by the affirmative vote of a majority of the whole number of member states, provided, however, that notice of the proposed action shall be included in the call for the meeting at which they are to be considered and that copies of all proposed changes shall be sent with the call to all members of the Commission.

ARTICLE IX
Suspension of Rules

At any meeting of the Commission or its Executive Committee, any rules laid down in these bylaws may be suspended by a vote of two-thirds of the whole number of member states for any purpose not inconsistent with the provision of the Western Regional Education Compact. This article does not apply to Article VIII.


ACTON REQUESTED
Approval of the proposed changes to WICHE bylaws.
Information Item
Executive Committee Conference Call Meeting Minutes
August 10, 2004

Committee Members Attending
Don Carlson, chair (WA)
Diane Barrans, vice chair (AK)
Chuck Ruch, immediate past chair (SD)
Larry Gudis (AZ)
Robert Moore (CA)
William Kuepper (CO)
Doris Ching (HI)
Gary Stivers (ID)
Sheila Stearns (MT)
Carl Shaff (NV)
Patricia Sullivan (NM)
David Nething (ND)
Camille Preus-Braly (OR)
Debora Merle (WA)

Committee Members Unable to Attend
Tad Perry (SD)
E. George Mantes (UT)
Klaus Hanson (WY)

Staff Attending
David Longanecker, executive director
Cheryl Blanco
Marv Myers
Marla Williams

Call to Order
Chairman Don Carlson called the meeting to order.

Action Item
Approval of the Executive Committee Meeting Minutes of May 17, 2004

Commissioners Stearns/Shaff (M/S) Approval of the Executive Committee Meeting Minutes of May 17, 2004 (attached). The motion passed unanimously. (Note: The minutes of the executive committee meeting in May and subsequent executive committee conference call meetings will be contained in the November meeting agenda book.)

Action Item
Approval to Advance Proposed Bylaw Changes to the Full Commission for Action in November

David Longanecker said most of the suggested revisions to the bylaws were reviewed by the executive committee at the May meeting. He said at that meeting, it was suggested that the term “chairperson” be changed to “chair.” It was also suggested that an audit committee be established. Longanecker said the audit committee structure and duties contained in the proposed changes to the bylaws are similar to the recommendations made by the Sarbanes-Oxley Act for publicly held companies. The proposed audit committee members will include both current and former WICHE commissioners.

Discussion during this conference call meeting resulted in additional suggested changes to the bylaws:

• Commissioner Ching suggested, due to the slang-like nature of the word “savvy” used in the description of the audit committee membership, another word might be more appropriate for this formal document. Commissioner Barrans suggested “acumen” might be a more appropriate word.

• Barrans also suggested there should be specific terms for the audit committee members, and those terms should be staggered to retain some continuity on the committee.
• Ching also questioned the wording under Article VI, Section 4, describing the commission’s power to intervene on 
decisions of the executive director. She suggested the statement, “This right is rarely exercised,” be changed to, “This 
right is used with discretion and only as appropriate.”

• Commissioner Kuepper suggested a change in the wording under Article IV, Section 4, a., to include the chair, so the 
first sentence reads: “a. The Chair and other newly elected officers of the commission are authorized to sign…. It 
was agreed that this change in item a. also clarifies the statement that follows it in item b.

• Longanecker said additional changes to the bylaws could be made during the November meeting. He said 
substantive or radical changes that are not published 60 days prior to the November meeting could not be made 
because that would violate the spirit of the prior notification provisions of the bylaws.

COMMISSIONERS RUCH/SULLIVAN (M/S) APPROVAL TO ADVANCE THE PROPOSED REVISIONS TO THE BYLAWS 
FROM BOTH THE MAY MEETING AND THIS CONFERENCE CALL MEETING TO THE FULL COMMISSION FOR 
ACTION IN NOVEMBER. The motion passed unanimously. As guided by the bylaws, by Sept. 8, proposed revisions to 
the bylaws will be distributed to the full commission along with the call to the November meeting. Attachment 1 of these 
meeting minutes reflects the revisions to the bylaws resulting from action taken during this conference call meeting. This 
version of the proposed revisions to the bylaws will be presented in the agenda book for action by the full Commission 
during the November 9 Committee of the Whole meeting.

Discussion Item
November 2004 Commission Meeting Schedule

David Longanecker reviewed the sessions proposed for the November meeting:

• “What’s up in the WICHE West?” and “What’s WICHE Been Up To Lately?” with speakers David Longanecker, the 
executive director of WICHE, and Cheryl Blanco, the director of the Policy Analysis and Research unit at WICHE.

• “Policy Discussion: Elections and Implications,” with speaker Pam Inman, the new executive director of the Western 
Governors’ Association.

• “Policy Discussion: Measuring Up 2004,” with speaker Pat Callan, the president of the National Center for Public 
Policy and Higher Education.

• “Policy Discussion: Acting on Measuring Up 2004,” with speaker Dennis Jones, the president of the National Center 

• “Policy Discussion: Open Learning Networks and other Nifty Developments,” with speaker Sally Johnstone, the 
director of WCET at WICHE.

Longanecker said that since the meeting schedule was distributed, he has learned that two of the speakers proposed 
for Tuesday’s session are unable to participate on Tuesday. He said he will be reworking the schedule to possibly 
accommodate these speakers on Monday, and this may mean moving the committees to Tuesday morning. He said 
his wanted to get the executive committee’s reaction to the proposed sessions. The committee was pleased with the 
proposed speakers and sessions, but concern was expressed about the length of Monday afternoon’s break. A new 
schedule will be distributed in early September.

Information Item
General Fund Budget Update for FY 2004 and FY 2005

David Longanecker referred to the budget attachment and reported that WICHE ended FY2004 better than anticipated, 
with $238,000 to be contributed to reserves (line 23, column d). The reason for this improvement is that expenditures 
were less than anticipated (line 21, column d); most of this was due to staff cutbacks made early. Once it was 
determined that staff cuts would be necessary in FY 2005, they were made during FY 2004 rather than waiting. Revenues 
fell short by $36,000 (line 8, column d) over what was anticipated. This shortfall is because California did not pay any 
amount of dues, and half of the dues ($52,000) were expected from California.
Chair Carlson asked about California’s current situation regarding WICHE’s dues. Longanecker said that while California has a budget, he has not been able to find out if WICHE’s dues are in its budget. He said that thanks to the good efforts of Assemblywoman Carol Liu and Senator Dede Alpert, there was money in the budget at one point for California’s arrears in dues for both last year and the year before. Former WICHE Commissioner Bruce Hamlett, who now works with one of the California legislature’s finance committees, is trying to determine if WICHE’s dues are in the budget. Longanecker said he also hasn’t been able to determine if there is any money for WICHE in the 8800 section of the budget (from which claims against the state are paid). Chair Carlson said it looks as though the budget is in pretty good shape, even if California’s dues are not paid.

Longanecker reported that the reserve balance at the end of the fiscal year was expected to be $470,273 (line 41, column b), but as a result of the reduction in expenses, the year-end reserve balance is $779,245 (line 41, column d). However, some of these funds are earmarked for the office building ($220,000; line 35, column f) and some are earmarked as contingency funds ($238,291; line 36, column f) to be used if California is unable to pay its dues, or if projected indirect income fell short, or for some other unplanned necessity during FY 2005. While this means a good amount of the reserves could be spent this year, the reserves would still remain above the mandated level (12 percent of budgeted annual expenditures). Chair Carlson said he is pleased that the organization looks fiscally viable.

**Project Updates**

**Legislative Advisory Committee Meeting**

Longanecker reported that the Legislative Advisory Committee met in Salt Lake City, UT, in conjunction with the National Conference of State Legislatures annual meeting on July 19. He said the meeting was successful but sparsely attended, with only eight Legislative Advisory Committee members attending: California Assemblywoman Carol Liu, Colorado Representative Nancy Spence and Senator Ron Tech, New Mexico WICHE Commissioner and Senator Dede Feldman, North Dakota WICHE Commissioner and Senator David Nething, South Dakota Senator Ed Olson, and Washington WICHE Commissioner and Chair Senator Don Carlson and Senator Jeanne Kohl-Wells. He said the meeting has also been held in previous years in conjunction with the Council of State Governments-West annual meeting. He said that in November he would like commissioners to talk about getting more representation on the Legislative Advisory Committee. WICHE commissioners are key to filling these positions; there are vacancies in nine states (Arizona, California, Colorado, Hawaii, Idaho, North Dakota, Oregon, Utah, and Wyoming), with more likely following the elections this fall. He said the committee members seem to value their membership, and their involvement in WICHE is very valuable to the organization. He said that frequently committee members are important and effective advocates for WICHE in their states.

Cheryl Blanco said the Legislative Advisory Committee members had a good discussion around the “mobile student.” She said discussions about what states are doing to insure access and success of these students was valuable, and everyone learned a great deal from each other.

Chair Carlson said the small attendance was likely due to the fact that it is particularly hard to get legislators interested in higher education issues during the time NCSL allotted WICHE on the program. He said he’d like to work with NCSL to get WICHE a better spot on the agenda that does not conflict with other events. He added that he gained much from this meeting.

**Implementing the MHEC/WICHE Master Property and Property & Casualty Insurance Programs in the WICHE Region**

David Longanecker said Jere Mock is the primary staff person for this project, and he would report on her behalf. Since the WICHE Commission approved expanding the Midwestern Higher Education Compact’s (MHEC’s) two insurance and risk management programs to the WICHE region in May, the University and Community College System of Nevada (UCCSN) has joined the Master Property Program (MPP), becoming the first system in the West to participate in this regional collaboration. UCCSN predicts the program will save the system a half-million dollars this year on its $2.6 billion in insured assets.

Staff have been contacting institutional and system risk managers in the WICHE region to inform them about these programs, and several institutions have expressed an interest in joining. However, there are a number of states where institutions are not allow to participate in programs other than their own self-insure programs or their state’s programs. Longanecker said he would work with these states to encourage changes in legislation that would enable institutional participation in the WICHE programs.
The Master Property Program, created 10 years ago by MHEC, now includes 37 institutions (with 74 campuses) with total insured values of over $45 billion. The program has generated more than $19 million in savings for the participating institutions. Lexington AIG is the program underwriter; Marsh and Captive Resources administers the program under the direction of an oversight committee that is representative of the insured institutions. GAB Robins handles all property claims for the member institutions.

Another initiative being introduced meets the needs of smaller colleges and universities through a risk-pooling arrangement similar to the Master Property Program. The new initiative is designed for two-year and four-year public and private institutions with enrollments under 7,500. Many smaller institutions need to leverage their casualty and property coverage together and cannot afford the MPP minimum policy deductible. As membership in this new program develops, an oversight committee will be established to represent the institutional members in this regional program. Longanecker said this program provides institutions insurance at a much lower premium and provides, as part of membership, access to a loss prevention program benefit.

Implementing the Equity Scorecard Project with Two Colorado Institutions
David Longanecker said this project is also under the direction of Jere Mock, and he would be reporting on her behalf. In March, the executive committee approved WICHE’s participation as a subcontractor to the University of Southern California’s Center for Urban Education (CUE) to conduct a pilot of the Equity Scorecard initiative with two institutions in the WICHE member states. The project is funded by the Ford Foundation through a $150,000 grant to CUE. Of this, $60,936 is WICHE’s subcontracted amount. Since the commission’s last project update in May, a consultant has been hired to manage the pilot: Suzanne Benally, a former WICHE staff member who directed WICHE’s Institute on Ethnic Diversity. Two Colorado institutions have been recruited to participate in the pilot project: Fort Lewis College in Durango and Metropolitan State College in Denver.

The Equity Scorecard project regards educational inequities as a problem of institutional performance and is designed to help colleges and universities improve the educational participation, access, and success of underrepresented ethnic and minority students.

USC-CUE and WICHE will pursue additional funding from foundations and other organizations that may support an expansion of the Equity Scorecard approach to other WICHE states and institutions.

Changing Direction: Integrating Higher Education Financial Aid and Financing Policy
Cheryl Blanco reported that through the Changing Direction project, several activities are planned or are currently taking place:

- A short report will be published summarizing the discussions held during the national policy forum held in June in Seattle. Commissioners will receive a copy of this report in September.

- Ten states are currently involved in the technical assistance offered through this project; a new call for state involvement will be issued in November.

- New publications include a study looking at the effects of financial aid policies on articulation and transfer; and a survey of educational policy advisors in gubernatorial offices, conducted by the National Governors Association, based on surveys of education policy advisors in gubernatorial offices for the Changing Direction project.

- A leadership institute, cosponsored with the Association of Governing Boards (AGB), is scheduled for early October. Approximately 10 states from around the nation have been invited to participate. Western states include Colorado, Montana, New Mexico, and Utah.

Expanding Engagement: Public Policy to Meet State and Regional Needs
Cheryl Blanco reported that the Ford Foundation–funded project Expanding Engagement will end December 31. This project has focused on access, accountability, workforce issues, and the financing of information technology. Project events remaining this year are:

- WICHE will participate in the technical assistance aspect of this project: Montana, Nevada, and Utah.
• Cosponsors WICHE and MHEC (Midwestern Higher Education Compact) will hold a subregional policy forum this month for low-growth states. Eight states have been invited; Western states include Montana, New Mexico, North Dakota, South Dakota, and Wyoming. The forum’s focus is on attracting and retaining students when states anticipate a decline or very low growth in the numbers of high school graduates over the next decade.

• A regional policy forum on workforce, economic development and higher education will be held in Denver in early December.

Accelerated Learning Options: A Study of State and Institutional Policies and Practices
Cheryl Blanco reported that the Lumina Foundation–funded project Accelerated Learning will focus on state and institutional policy concerning the International Baccalaureate, Advanced Placement, dual enrollment, and concurrent enrollment, including transcript analysis and finance questions. This new project will be initiated in October and is closely linked to recent projects related to strengthening access for underrepresented populations. Blanco said she will provide a more comprehensive report in November.

Western Consortium for Accelerated Learning Opportunities (WCALO)
The WCALO project is slated to end in September, and a request for a one-year project extension will be submitted. Forthcoming project deliverables are:

• A new publication examining interactive video as a strategy to expand access.

• A new advanced placement tool, adapted from the WCET’s EduTools model, will soon be unveiled. This tool will expedite online research by schools, principals, and teachers, helping them to examine various characteristics of Advanced Placement course providers and select providers best suited to meet their requirements and finances. The initial edition of this tool will soon be available; funding for future expanded editions will be explored.

Office Building Update
Marv Myers reported that a non–legally binding letter of intent will soon be presented to the sellers of an office building located at 3035 Center Green Drive (Foothills Parkway and Valmont Street) in Boulder, CO. The letter of intent notifies the sellers of the intent of SHEPC (State Higher Education Policy Center, LLC) to purchase the building for $4.0 million.

Priced at $4.4 million, the 32,000-square-foot building was built in 1983, is currently vacant, and previously has been occupied by high tech firms. WICHE’s share will be approximately 58 percent.

SHEPC (WICHE, NCHEMS, and SHEEO) will finance $3.0 million through the Ford Foundation’s PRI (program-related investment) loan at a 1 percent interest rate, amortized over 15 years. During the first year of the loan, no principal or interest payments will be required by the foundation. In year two, regular interest and principle payments begin, with a balloon payment (the entire balance of the loan) due after year 11. The remaining balance, approximately, $1.0 to $1.4 million, will be financed through equity contributions by the three organizations, possibly in conjunction with a small additional loan. WICHE’s initial building payments will be equal to or slightly less than its current rent.

If the offer is accepted, for tax purposes, the sellers want to postpone the property closing until May 1, 2005. It will take the sellers three to four months to complete the required interior renovations prior to being occupied in December or January; rent would be paid until the closing around May 1, 2005.

The meeting adjourned.
Executive Committee Members Present
Don Carlson, chair (WA)
Diane Barrans, vice chair (AK)
Chuck Ruch, immediate past chair (SD)
John Haeger for Linda Blessing (AZ)
Bob Moore (CA)
William Kuepper (CO)
Doris Ching (HI)
Gary Stivers (ID)
Sheila Stearns (MT)
Carl Shaff (NV)
Patricia Sullivan (NM)
David Nething (ND)
Camille Preus-Braly (OR)
Tad Perry (SD)
E. George Mantes (UT)
James Sulton (WA)
Klaus Hanson (WY)

Other Commissioners Present
Tex Boggs (WY)
Bob Burns (SD)
Bill Byers (CO)
Ryan Deckert (OR)
Phil Dubois (WY)
Johnny Ellis (AK)
Everett Frost (NM)

Other Commissioners Present (continued)
Mike Hillman (ND)
Richard Kendell (UT)
Frank Kerins (MT)
Richard Kunkel (ND)
Jane Nichols (NV)
Roberta Richards (HI)
Diane Vines (OR)
Cindy Younkin (MT)

Guests Present
Don Carpenter
Dawn Cypriano-McAferty
Louise Lynch
Annie McLeod
Chris Morphew
Joel Sideman
Ron Sparks, II

Staff Present
David Longanecker, executive director
Cheryl Blanco
Caroline Hilk
Sandy Jackson
Sally Johnstone
Jere Mock
Marv Myers
Marla Williams

Chair Don Carlson called the meeting to order.

Action Item: Approval of Minutes

Action Item: Fiscal Year 2005 Salary and Benefit Recommendations
Marv Myers summarized the salary and benefits recommendations for fiscal year 2005 located on pp. 1-45 and 1-46 of the agenda book. The recommendation includes a salary increase pool of 3.5 percent for staff and a couple of salary adjustments beginning July 1. Salary increases are based on performance/merit only; WICHE does not provide a cost of living adjustment. He said the total package of $36,554 does not include any benefit improvements or enhancements.
Health insurance has increased by only 6 percent for WICHE this year. However, staff are increasingly paying more for less with regard to health insurance. He reminded the commission that staff did not receive a salary increase last year.

David Longanecker said this would be a 3.5 percent increase on average for staff with a couple of salary equity adjustments for positions that are out of range and increases in the costs of benefits associated with health insurance, etc.

COMMISSIONERS BARRANS/SHAFF M/S APPROVAL OF THE SALARY AND BENEFIT RECOMMENDATIONS FOR FISCAL YEAR 2005. Vice Chair Diane Barrans said while it was unfortunate last year that WICHE was not in a financial position to make an annual salary increase available to staff, the commission had a strong recognition of the staff’s very positive performance. She said based on this she believes the commission can strongly support this and she recommends unanimous approval of the action item in recognition of the outstanding performance of staff. The motion passed unanimously.

Chair Carlson reminded the committee that this item will be presented to the full commission tomorrow and will include some further presentation by Diane Barrans of the closed and the open sessions of the executive committee.

**Action Item: Fiscal Year 2005 General Fund Budget and Review of Fiscal Year 2004 General Fund Budget**

Marv Myers said the action item regarding the budget is located on pp. 1-47 through 1-50 of the agenda book. He referred the committee to the detailed table on p. 1-48. He said in an overall sense, WICHE’s fiscal picture has improved quite a bit from what was anticipated at the May 2003 commission meeting. He said what has caused this improvement is a reduction in expenditures that has occurred through staff reductions. He said some of the staff reductions are due to externally funded projects coming to an end but also from some general fund staff layoffs. He said FY 2004 revenue will end with delinquent dues a bit higher than anticipated due to California’s nonpayment of dues. He added that it is anticipated that the dues will be recovered from California through the action of the California Board of Control. He said indirect costs were higher, interest was lower, and miscellaneous income was higher due to the receipt of some small projects. Overall, this means the budget will be within $8,000 of what was budgeted. On expenditures, he said the staffing reductions resulted in improving the budget by $133,000 which results in a net overall improvement for the fiscal year of $125,000. He said he expects the FY 2004 budget to improve even further because historically expenditures during the last two months of the fiscal year end up being lower than projected.

For FY 2005, Myers reported that projected income reflects the dues increase of $3,000 per state for a total of $105,000 in dues per state. He said the FY 2005 budget anticipates that all 15 states will pay their dues. He said interest income continues to be down partially because of the base investment level will be lower. This is because of lower project activity and the planned 5 percent contribution towards the equity position for the new office facility. Also as a result of project activities being less, indirect income will be less in FY 2005. He said overall, revenues are anticipated to be very close to what they were for FY 2004. He said expenditures are in line with anticipated revenue. He said the budget is a constant monitoring process and staff will be reporting back to the executive committee on a regular basis.

Myers directed the committee to the lower portion of the table on p. 1-48 to report on reserves. He said through prior commission action, WICHE is required to maintain a minimum reserve (shown on line 26) of 12 percent of expenditures. He said line 27 shows the amount of reserves available for dedication, and lines 29-37 shows some of the various dedications already approved by the commission. The amount dedicated for the office building on line 35 will likely not be spent during this fiscal year but will be spent during FY 2005. He said staff will be bringing an action item to the executive committee once the specific office building has been identified. He said one new line item is on line 30, the “Surplus (deficit) Applied to Reserves.” He said this line item is something staff would like to keep to be used only in a worst case scenario. Examples of its use would be if a state does not pay its dues in the coming fiscal year or if projected indirect cost income does not materialize; then this line would provide a certain amount of flexibility. He said if the budget develops as planned, there would not be any need to transfer money from line 30; however staff would prefer to have the built in flexibility that line 30 provides.

Myers said p. 1-49 of the agenda book is a summary of expenditures by fiscal year of WICHE’s various components resulting in the net operating budget on line 18. This shows WICHE’s net operating budget for FY 2003 was $6.2
Myers said p. 1-50 of the agenda book is a pie chart that summarizes WICHE’s income and expenditures for the upcoming fiscal year (FY 2005).

Myers said the action requested today is approval of the general fund budget for fiscal year 2005.


**Action Item: Establishing Dues for the Fiscal Year 2006 and Fiscal Year 2007 Biennium**

David Longanecker said the agenda item on pp. 1-52 to 1-54 of the agenda book proposes a modest dues increase for fiscal year 2006 and fiscal year 2007. He said the increase for fiscal year 2005 has already been approved. He said dues are set this far in advance to accommodate states that begin preparing budgets this early and particularly for those states with biennium budgets, so they can be incorporated into state planning beginning this fall. The proposal is for a $3,000 increase in fiscal year 2006, which will be slightly less than a 3 percent increase in dues, and a $4,000 increase in fiscal year 2007, which will be slightly less than a 4 percent increase in dues. He said while exact figures are unknown these increases are expected to be somewhat in line with inflation.


**Information Item: Role of the WICHE Commissioner and Proposed Changes to the Bylaws**

Commissioner Everett Frost thanked Marla Williams, who worked through the details of the proposed bylaws changes to show what would be added, deleted, and changed, and he thanked Diane Barrans, who did a very thorough critique of an earlier version of the bylaw changes.

Frost explained why this item is being presented to the commission. He said last year WICHE had its five-year anniversary evaluation. The results of that evaluation focused on the executive director and some of the program activities, but it was discovered during this process that there was not much material or documentation about the role and expectation of the WICHE commissioners. Frost was asked to present some conceptual material about how this might be approached and the ensuing discussion in November determined that more explicit material about the role of the WICHE commission should be developed. Shortly after the November meeting, Frost reported receiving a dreaded call from immediate past Chair Ruch saying the officers were asking him to carry on with this project. It was decided that Frost would act as a committee of one to develop what is presented for this May’s meeting on pp. 1-55 to 1-69 of the agenda book. He said in order to create this clarification, he looked at two policy documents currently in place: the compact that established WICHE and addresses the main legal responsibilities of the commissioners; and the bylaws that dwell on commissioners in terms of office, role, and the committee system. He said that after working from these two documents, as well as other documents from other organizations, he is proposing some changes to the bylaws that would make much more explicit the role of the WICHE commissioner and add some detail to what is broadly outlined in the other documents. He said as part of this, there is some matching of responsibilities between the WICHE commissioners and the executive director. He said on pp. 1-67 and 1-68 of the agenda book he has attempted to describe the creative role of the commissioners and the role of higher education leadership. He is also recommending a commissioner’s handbook that would contain all of these documents and more, which would be distributed to all commissioners and updated once per year. This handbook could also be used in new commissioner orientation sessions. He said the changes include some legal or bureaucratic detail that he believes is needed, given the changing roles of the executive director and the commissioners. He said the primary purpose of and the most important role for the WICHE commissioners is the hiring of the executive director. This process, which has always been informal, has now been set out in more specific language. There is also a section on the delegation of authority from the commission to the officers of the commission and to the executive director; much of this has to do with clarifying the audit trail. Other changes include the recommendation that an audit committee be created, and that it sit in with the staff during the annual audit exit report to insure that representatives of the commission
are involved with the auditors. He said he is not implying that there is currently a problem, only that commissioners have a legal responsibility to pay attention to the audit. Another change is to formalize the role of the past chairperson. He said it has been his observation that the chair and vice chair look to the immediate past chairperson to get all of the work of the commission done. He said since this does happen, the past chair should have a more formally defined role.

He said he believes the next step in this process is to give the commission or a subgroup of the commission time to review these documents before they are returned to the commission for approval in November. The bylaws require 60 days notice of proposed changes before a vote can be taken on any changes. It would be wise to have the officers and the executive director review these proposed changes to make sure we are not creating any problems. If any changes to these documents are to be made, they need to be made by August 1 or sooner, for next November’s meeting. He said the question is, do you want to do this or has this been an exercise in bureaucracy?

Carlson said it is the chair’s intent that he will open it up for committee discussion now; that the executive committee will consider it further during their telephone conference call meetings this summer; and that by August, the executive committee will make a recommendation for the November meeting, where a formal action will be taken by the full commission. He said because of the required timing for bylaws changes, formal action by the commission cannot be taken until November.

Commissioner Vines asked if the commission would consider referring to the officers as “chair” and “vice chair” rather than “chairperson” because “chairperson” is awkward and most organizations use “chair.” Frost said this is something that is easy to change.

Chair Carlson said consideration might be given to having a former commissioner serve on the audit committee because of their background and knowledge in the area of audits. Frost said he had arbitrarily suggested the officers and said there is lots of room for changes, and his experiences with other boards is that it helps to have continuity. Longanecker said some of the commissioners might be following the events around the passage of the Sarbanes-Oxley Act and its recommendations that the audit committee be separate from the officers because of potential conflicts of interest. He said this is something the commission might want to think about because there are already suggestions that nonprofits should follow these guidelines due to potential liability.

Commissioner Perry said the title of the executive director and chief operating officer of the commission are embedded in the bylaws. He asked if anyone during the process of all of this had given any thought to changing the title of the executive director. Commissioner Frost said he had incorporated a change into the first draft of the proposal, but David Longanecker did not want his title changed, and there is a certain amount of stress produced by that kind of a title change. Frost said he believes WICHE has changed as an organization enough; that it has achieved executive officer status; and that ultimately the next change should be to call the position “president.” Perry said there is never going to be a point in time when there isn’t going to be some sort of stress financially or otherwise for the organization and sometimes you just have to do it. Perry said he would encourage the committee of one and the executive committee to think about that as it goes through the bylaw changes.

Commissioner Hanson said on p. 1-57 it is outlined under membership that each state has three members, but on p. 1-59 under voting it states that every state has only one vote. He asked does every state have to caucus ahead of time to determine their vote. Chair Carlson said yes; when the votes are taken in the committee of the whole, the three commissioners need to make a decision about who is voting for that state.

Commissioner Nething said he realizes there is a process that must be gone through for the adoption of the bylaw changes, but it seems that it would be advantageous to approve the handbook, regardless of what happens to the bylaws. He said he thinks it looks good now and that it would certainly be helpful to the commissioners. Chair Carlson he would like to first finish the general discussion and then come back to the suggestion to approve handbook.

Commissioner Stearns said on p. 1-58 in the section on enumerating the powers of the commission, it is disconcerting to find that commissioners have the power to sue and also are able to be sued. She said it was new to her. David Longanecker said it may be important to note that WICHE does carry liability insurance for the commissioners.

Chair Carlson said there will be further conversation about this during the executive committee conference calls this summer, with an August 1 deadline for proposals to change the bylaws. Carlson asked whether any additional changes suggested during the November meeting would mean a further delay in approving bylaws. Longanecker said the
proposed changes must be published 60 days prior to the meeting at which action to change them would take place. However, he believes that the proposed changes can be amended at the November meeting. Longanecker said he’d like to take an action at the next executive committee meeting that would approve the changes presented for vote in November. Frost said Roberts Rules of Order do allow for additional changes to bylaws during the meeting as long as the proposed initial changes are presented with advanced notice.

COMMISSIONER NETING/SULLIVAN (M/S) APPROVAL OF THE COMMISSIONERS HANDBOOK. The motion passed unanimously.

Chair Carlson thanked Everett for his work on this committee of one. He said it is apparent that a lot of work has gone into this and he is very appreciative.

Commissioner Ruch said since he was the one who called upon the committee of one, he wanted to publicly express his appreciation to Everett Frost for his work on these documents. He said this is a chore that not many would leap to take on and yet it is vitally important to the life of the organization. He said Frost has done “yeoman service” in spite of the difficulties. Ruch thanked Frost on behalf of the WICHE Commission for a job well done.

**Information Item: Mental Health Program Overview**

David Longanecker reported for Dennis Mohatt, the Mental Health Program director. He said that Mohatt was unable to attend this commission meeting because he is in Alaska working on projects to generate revenue for the Mental Health Program. He said Dennis apologizes for not being able to attend the meeting.

Longanecker said there is always a report about the Mental Health Program at the executive committee meeting because this was the commission’s charge a few years ago.

The Mental Health Program began as a part of WICHE in 1955 and is currently governed primarily by the Mental Health Oversight Council, which consists of the state mental health directors and two WICHE commissioners. He referred the committee to the report on pp. 1-71 and 1-72 of the agenda book. He said the past 18 months have been very difficult for Mental Health. The one benefit higher education has in looking at the past 18 months is that life could be worse: mental health budgets have suffered as much if not more than higher education has in general. Mental health is generally within the state budget in the same area as health insurance benefits for the poor, Medicaid, and other things, so it generally has been an area that has faced very substantial cuts. As a result of this, a number of the states have found it very difficult to pay their dues to the Mental Health Program. He said while WICHE has only one state with unpaid dues (California), the Mental Health Program has a number who are not paying their dues at the current time. The program financially recovered from some very difficult times last year to become much more robust this year, but it is doing so out of project-driven activities. WICHE likes to keep a balance between our service to the states and our project-driven activities, and there is some danger of losing that balance in the Mental Health Program. He said the Mental Health Program is currently providing a great deal of technical assistance and data support for various states, particularly around needs assessment and performance measurements. The program is working on workforce development issues with a number of states, including developing a fairly strong presence in working with general practitioners and family practitioners to help them better understand how they can help treat mental illness. The unit is providing a tremendous national presence on mental health issues for the West, particularly the frontier West. Dennis Mohatt was a consultant on the President’s New Freedom Commission on Mental Health and was in fact the author of the subcommittee report on rural mental health. The program is working on efforts from strategic planning to data analysis to technical assistance in eight of the Western states. Longanecker said it is a very active program; Dennis Mohatt has done a marvelous job and is driving himself very hard to secure these resources. He said it has been a very productive year for the Mental Health Program.

**Information Item: Review of the May 2004 Meeting Schedule**

David Longanecker reviewed the schedule for the next day and a half commission meeting.

The meeting adjourned.
Meeting Evaluation
WICHE Commission Meeting
November 8-9, 2004
Broomfield, Colorado

Please give us your suggestions on the following areas:

Program (presentations and discussions, committee of the whole structure, and speakers):

Agenda Book (format, content):

Schedule (structure, schedule, pace of meeting):

Facilities (hotel, sleeping rooms, food):

Future topics for policy discussions:

Other comments you care to make:

Your name (optional): ____________________________________________

Please return to:
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Please us the other side of the form or additional paper, if necessary.
Thanks.