Committee of the Whole
Business Session

Tuesday, November 6, 2007
10.00-11.45 am
Mount Elbert
Tuesday, November 6, 2007

10.00 - 11.45 am
Mount Elbert

Committee of the Whole, Business Session

Agenda

Reconvene Committee of the Whole: Camille Preus, chair

Report and recommended action of the Audit Committee:
Dave Nething, committee chair

FY 2007 audit report

Report and recommended action of the Executive Committee:
Camille Preus, WICHE chair

Report and recommended action of the Programs and Services Committee: Carl Shaff, committee chair

Report and recommended action of the Issue Analysis and Research Committee: Jane Nichols, committee chair

Change in 2008 meeting dates, proposed locations, and dates for future meetings 10-3

Proposed change to WICHE chief executive officer’s title 10-4

Discussion Items:

• Update on WICHE’s budget 10-5

• The future of the Legislative Advisory Committee (LAC) 10-8

• The WICHE agenda book: Should it go digital? 10-10

Election of chair, vice chair, and immediate past chair as officers of the WICHE Commission

Remarks from the new chair

Selection of the 2007 Executive Committee members

Note: States should have caucused in advance of this session to determine who will represent their state on the Executive Committee, beginning service immediately and continuing until the end of the November 2008 meeting

Meeting evaluation

Meeting evaluation form (also available via email following the meeting)
Other business

Adjournment
ACTION ITEM
Change in 2008 Meeting Dates, Proposed Locations, and Dates for Future Meetings

The Time and Place Committee (Dave Nething, Camille Preus, and Roy Ogawa) met via teleconference on Monday, October 8, 2007, to discuss the 2008 commission meeting dates and to create a proposed plan for future meeting locations and dates. Executive Director David Longanecker and Erin Barber staffed the meeting.

Summary
The committee decided to change the 2008 meeting dates to May 19-20 and November 10-11 to avoid conflicts with Mother’s Day and Election Day. The May 2008 meeting will be held in Rapid City, SD, and the November 2008 meeting will be held in Arizona (city to be determined).

In addition, the committee proposes the following for future meeting locations and dates.

- May 18-19, 2009   Nevada
- November 2-3, 2009   Boulder, CO
- May 17-18, 2010   Oregon
- November 8-9, 2010   Hawaii
- May 16-17, 2011   California
- October 31-November 1, 2011   Colorado

Action Requested
The committee requests a vote by the Committee of the Whole to approve the proposed future locations and meeting dates.
ACTION ITEM

Proposed Change to WICHE Chief Executive Officer’s Title

During the August 28, 2007, Executive Committee teleconference, the committee voted to present the title change for WICHE’s chief executive officer as an action item to be voted on by the Committee of the Whole at the November 5-6, 2007, commission meeting.

Summary
Currently, there are 32 references to the “executive director” in the Bylaws that will need to be changed to “president.” The title is not explicitly referred to in the original Compact. The only reference to staff in the Compact is in section VI, which states that “the Commission shall elect from its number a chairman and a vice chairman and may appoint, and at its pleasure dismiss or remove, such officers, agents, and employees as may be required to carry out the purpose of this Compact; and shall fix and determine their duties, qualifications and compensation, having due regard for the importance of the responsibilities involved.”

Action Requested
The only action necessary by the commission to alter the chief executive officer’s title from executive director to president is to vote to change the title in the Bylaws of the organization.

Notice of this proposed change to the Bylaws was given in the Call to the Meeting sent out on September 5, 2007, approximately 60 days prior to the November 5-6, 2007, meeting, as required by the Bylaws.
DISCUSSION ITEM
Update on WICHE’s Budget

Summary
At the May meeting in Whitefish, MT, the commission reviewed budget projections for fiscal year (FY) 2007 and approved a general fund budget for FY 2008. This agenda item provides updated information for both years, including year-end figures for FY 2007 and an update on progress regarding the FY 2008 budget. This item also provides some points for discussion about possible future budget initiatives.

Background
The FY 2007 budget presented to you at the May meeting projected a revenue and expenditure pattern that anticipated a surplus of $247,009. The actual budget for FY 2007 finished with a surplus of $501,093. The most significant reasons for the difference were: (1) general fund costs of the Policy Analysis and Research unit were nearly $120,000 less than anticipated, due primarily to staff vacancy savings; (2) costs of the executive director’s office were nearly $50,000 less than anticipated for the same reason; and (3) miscellaneous and general funds were substantially less than originally budgeted.

The FY 2008 budget included in this agenda also looks slightly different than the budget presented to you in May (see table below). At that time we were presenting essentially a balanced budget, reflecting an anticipated surplus of $2,977. The budget presented here projects an anticipated surplus of $27,789, which is primarily the result of two adjustments.

- First, the budget we presented did not anticipate recapturing the dues-in-arrears from California, but this $87,000 is now reflected as anticipated revenue for FY 2008. This has been included for two reasons. First, with the approval of commissioners from California, it is reasonable to assume that we will receive these fees. Second, our auditors are becoming antsy about continuing to reflect this as an accounts receivable.
- Second, this budget includes a line item identified as “transition funding – WICHE Policy unit,” which we discussed and you approved at the May meeting but which was not included in that budget. This item provides the Policy Analysis and Research unit with sufficient funding from the general fund to assure current staffing levels during this fiscal year, in anticipation of more substantial grant funding in future years. It is similar to the Science, Technology, and Innovation line item, which was provided for the transition in our technology-related activities.

In sum, the general fund budget is very sound. We are projecting a slight surplus at this time. In addition, the substantial surplus in FY 2007 leaves WICHE with a healthy reserve. Overall, WICHE began FY 2008 with $1,012,869 in reserves; $807,108 of this amount is dedicated to reserve requirements (minimum reserve, facilities protection reserve, Colorado Educational and Cultural Facilities Authority (CECFA) bond requirements, and the reserve for unexpected shortfall). The remaining $205,711 is currently uncommitted.

Points of Discussion
There are three primary budget-related issues the commission will want to consider.

Commitment of reserves to evaluation of WICHE and its executive director. The commission needs to assess the amount it wishes to devote to the evaluation of the organization, which we expect will be conducted between December 2007 and May 2008. These funds will need to be dedicated from reserves for this purpose and could be dedicated from either the reserve for unexpected shortfalls or from the reserves available for dedication.

Consideration of commitment of reserves to debt repayment of the CECFA bond. The CECFA bond, a loan that covers WICHE’s portion of the debt service not covered by the Ford Foundation loan on the State Higher Education Policy Center (SHEPC) office facility, will, according to our current plan, be retired in 2015. The outstanding principal on this loan is currently approximately $685,000. It may be advantageous for WICHE to consider retiring this loan early, if reserves accumulate to a point where this is possible.
What’s on the horizon for FY 2009. As we begin to prepare the budget for FY 2009, which will be approved at the May 2008 meeting, you should be aware of significant financial changes that may occur in the near future. During FY 2009 we will complete currently funded work that’s being conducted under three sources of external funding.

- State Scholars Initiative (FY 2008 funding: $1.186 million). Federal funding for the State Scholars program is currently reasonably assured through March 2009. There is a possibility that federal funding may continue beyond that period but no assurances. Your staff, however, has been pursuing various possible foundation funding sources to assure the sustainability of the program, should future federal funding not materialize.
- Rural Mental Health Research Center (FY 2008 funding: $639,000). Federal funding for the center expires at the end of the current federal fiscal year (September 30, 2008). We will compete again to oversee this national research center. We believe our work has been valued but do expect serious competition from others.
- Escalating Engagement – State Policy to Protect Access (FY 2008 funding: $228,000). Ford Foundation funding for the Escalating Engagement project will expire June 30, 2008. We will likely approach the Ford Foundation about sustaining this effort, but future funding is far from assured.

Failure to renew these grants or secure outside funding for these or other projects will have only a modest impact on the general fund but would significantly affect WICHE’s consolidated budget and overall organizational activities. Currently, these funds, approximately $2 million, represent more than a quarter of the agency’s operating budget, and these projects employ a quarter of our staff.
# WICHE General Fund Budget

## Comparing FY 2007 with FY 2008

### Revenue

<table>
<thead>
<tr>
<th></th>
<th>FY 2007 Budget</th>
<th>FY 2007 Actual</th>
<th>FY 2008 Better or (Worse) than FY 2007 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indirect Cost Reimbursements</td>
<td>$271,000</td>
<td>$245,154</td>
<td>($25,846) -9.5%</td>
</tr>
<tr>
<td>Grants &amp; Contracts Revenue - Carryover</td>
<td>$0</td>
<td>$4,170</td>
<td>$4,170</td>
</tr>
<tr>
<td>California Delinquent Dues</td>
<td>a $1,680,000</td>
<td>b $1,680,000</td>
<td>$0 0.0%</td>
</tr>
<tr>
<td>Interest</td>
<td>$265,000</td>
<td>$350,296</td>
<td>$85,296 32.2%</td>
</tr>
<tr>
<td>Publication Sales &amp; Refunds</td>
<td>$100</td>
<td>$63</td>
<td>($37) -37.0%</td>
</tr>
<tr>
<td>Other Income</td>
<td>$12,900</td>
<td>$15,278</td>
<td>$2,378 18.4%</td>
</tr>
<tr>
<td>Credit Card Transaction Rev. / Units</td>
<td>$8,000</td>
<td>$10,356</td>
<td>$2,356 29.4%</td>
</tr>
<tr>
<td>Interfund Transfers</td>
<td>$4,000</td>
<td>($4,602)</td>
<td>($8,602) -215.0%</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$2,241,000</td>
<td>$2,300,715</td>
<td>$59,715 2.7%</td>
</tr>
</tbody>
</table>

### Expenditures

<table>
<thead>
<tr>
<th></th>
<th>FY 2007 Budget</th>
<th>FY 2007 Actual</th>
<th>FY 2008 Better or (Worse) than FY 2007 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Exchange Program</td>
<td>$268,908</td>
<td>$272,203</td>
<td>($3,295) -1.2%</td>
</tr>
<tr>
<td>Policy Analysis &amp; Research</td>
<td>$339,434</td>
<td>$187,593</td>
<td>$151,841 44.7%</td>
</tr>
<tr>
<td>Communications &amp; Public Affairs</td>
<td>$314,845</td>
<td>$305,761</td>
<td>$9,084 2.9%</td>
</tr>
<tr>
<td>Science and Technology</td>
<td>$28,047</td>
<td>$29,819</td>
<td>($1,773) -6.3%</td>
</tr>
<tr>
<td>Executive Director's Office</td>
<td>$404,998</td>
<td>$356,231</td>
<td>$48,767 12.0%</td>
</tr>
<tr>
<td>Commission Meeting Expense</td>
<td>$122,922</td>
<td>$92,638</td>
<td>$30,284 24.6%</td>
</tr>
<tr>
<td>Administrative Services</td>
<td>$457,336</td>
<td>$306,226</td>
<td>$101,110 22.1%</td>
</tr>
<tr>
<td>Indirect Cost Sharing Expense</td>
<td>$74,526</td>
<td>$64,895</td>
<td>$9,631 12.9%</td>
</tr>
<tr>
<td>Miscellaneous Gen. Fund</td>
<td>$202,884</td>
<td>$123,063</td>
<td>$79,822 39.3%</td>
</tr>
<tr>
<td>Program Development</td>
<td>$25,000</td>
<td>$11,191</td>
<td>$13,809 55.2%</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>$2,101</td>
<td>$501,093</td>
<td>$498,993</td>
</tr>
</tbody>
</table>

### Surplus (Deficit) for the Fiscal Year

- **Revenue:** $2,241,000
- **Expenditures:** $2,101
- **Surplus:** $2,241,000 - $2,101 = $2,238,899

### Reserves at Beginning of Year

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2007</th>
<th>FY 2008</th>
<th>FY 2008 Surplus (Deficit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Reserve</td>
<td>$268,668</td>
<td>$268,668</td>
<td>$268,668 - $18,300 = $250,368</td>
</tr>
<tr>
<td>Reserve for Facility Payments</td>
<td>$211,000</td>
<td>$211,000</td>
<td>$211,000</td>
</tr>
<tr>
<td>Reserve for Unexpected Shortfall</td>
<td>$239,140</td>
<td>$239,140</td>
<td>$239,140</td>
</tr>
<tr>
<td>Reserve Available for Dedication</td>
<td>$224,401</td>
<td>$224,401</td>
<td>$224,401</td>
</tr>
<tr>
<td><strong>Total Reserves at Beginning of Year</strong></td>
<td>$565,968</td>
<td>$565,968</td>
<td>$565,968</td>
</tr>
</tbody>
</table>

### Reserves Dedicated during Year

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2007</th>
<th>FY 2008</th>
<th>FY 2008 Surplus (Deficit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exec Dir Office Temp Staffing</td>
<td>$25,000</td>
<td>$24,085</td>
<td>$915 3.7%</td>
</tr>
<tr>
<td>WICHE Senior Officer's Search</td>
<td>$50,000</td>
<td>$30,108</td>
<td>$19,892 39.8%</td>
</tr>
<tr>
<td>Reserve required for CECFA Bond</td>
<td>$72,899</td>
<td>$72,899</td>
<td>$72,899 - $2,899 = $70,000</td>
</tr>
<tr>
<td>Reserve Available for Dedication</td>
<td>$224,401</td>
<td>$224,401</td>
<td>$224,401</td>
</tr>
<tr>
<td><strong>Total Reserves Dedicated during Year</strong></td>
<td>$565,968</td>
<td>$565,968</td>
<td>$565,968</td>
</tr>
</tbody>
</table>

### Surplus (Deficit) for the Fiscal Year above

- **Revenue:** $2,238,899
- **Expenditures:** $2,101
- **Surplus:** $2,238,899 - $2,101 = $2,217,798

### Reserves at End of Year

- **Reserves at End of Year:** $2,217,798

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**Notes:**

- (a) Dues for FY 2007 were $112,000 for FY 2008 they are $116,000 and for FY 2009 they are $120,000.
- (b) Reserve amount of $652,968 includes unpaid CA dues of $87,000. Reserve reduced by $87,000 to $565,968 for illustration purposes.
- (c) Minimum reserve set by the commission is 12% of Budgeted Expenses.
- (d) * Adopted at May 07 meeting: Equal to 6 months of Facility Cost.
- (e) * Adopted at May 07 meeting: Equal to 10% of Budgeted Expenses. To be used only if anticipated funding does not materialize.
- (f) CECFA Bond requires a reserve set aside which reduces each year.
DISCUSSION ITEM

The Future of the Legislative Advisory Committee (LAC)

Summary
The commission needs to discuss the future of the Legislative Advisory Committee (LAC). LAC participation has ebbed and flowed: at the October 10-11, 2007, meeting, only six members participated, a new low. WICHE staff needs advice from the commission about how to energize the LAC in the future.

Background
In 2002 WICHE “revived” the Legislative Advisory Committee, which had originated in the early 1990s under Jere Mock’s leadership, had atrophied during the late 1990s, and was revived in 2002.

The purpose of the LAC has been twofold: to provide WICHE with advice from a legislative perspective and to broaden awareness of WICHE within legislative bodies throughout the West. The LAC has also been used as a venue to provide important policy research and issue analysis to member-legislators, so that they have the benefit of an “out-of-state” assessment of these issues.

LAC participation has ebbed and flowed, ranging from a high of about 50 percent participation (at last year’s meeting in Breckenridge, CO, held in association with the Council of State Governments–West (CSG–West) meeting) to a low of 20 percent (at our October 2007 meeting, held in Denver in association with Higher Education Institute of the National Conference of State Legislatures (NCSL)).

Points of Discussion
Four concerns have arisen that WICHE staff needs your assistance in addressing.

Engagement of LAC members. Some LAC members have been very engaged in the committee and have provided substantial value to WICHE. Sen. Jeanne Kohl-Wells (WA), Rep. Phyllis Gutierrez Kenney (WA), and Sen. Warren Hardy (NV), who are currently WICHE commissioners, were introduced to WICHE through the LAC. Others, such as Sen. Ed Olsen (SD), Sen. Richard Devlin (OR), and Rep. Mack Shirley (ID), have essentially become acquainted with WICHE through the LAC and have become friends through their engagement.

Yet relatively few of the LAC members become active or engaged in the committee’s activities.

Furthermore, there has been very little contact between commissioners and LAC members. Neither group knows the other very well.

Selection of LAC members. Each state has at least two members in the LAC. In most cases, the WICHE commissioners, sometimes in association with their state’s legislative counsel, select two legislators to serve on the LAC. In addition, all WICHE commissioners who are also legislators serve on the LAC. One unintended exception to this is Idaho, where somehow legislative leadership has usurped the role of appointing LAC members.

These practices have created three issues in the past.

First, there is no logical process for succession, so we tend to have quite haphazard ways of replacing members. Sometimes commissioners decide the wrong people are on the LAC and replace them. Sometimes natural attrition, particularly with term limits, leads to turnover. Many times people serve for many years. The result is that there is confusion over who serves, for how long, and to what end.

Second, some legislators, when appointed, actually believe that they have been appointed to the commission and are quite upset to discover that they are considered “just” advisors.

Third, some members turn out not to be key legislators who work on higher education issues and thus provide little help in advancing the purposes of the LAC.
Financing the LAC. Since reviving the LAC in 2000, the costs associated with the committee have come from soft-money funds – primarily from Ford Foundation grants. Because these funds have been modest, our efforts have been modest. This, in part, accounts for our modest results.

If this is a valuable activity, should it be funded by the general fund? To do so would require approximately $20,000 to $30,000 annually.

The Venue for the LAC meeting. In the recent past, we have generally scheduled the LAC as a wraparound event with either the CSG–West or the NCSL meeting. The perceived advantage of this has been that LAC members could use our funding to help defray the expenses of attending the other meeting. But there are possible disadvantages, as well. Wrapping our LAC meeting around another can make for quite a long trip for LAC members. In addition, members who do not associate themselves with the wraparound organization (particularly those who associate most closely with the other organization) can be put off.

We have a number of options:

• Continue our practice of associating with CSG–West or NCSL (when it meets in the West).
• Support a stand-alone LAC meeting.
• Wrap the LAC meeting around one of the WICHE meetings.
• Discontinue the LAC meeting.
• Mix and match the above.

Staff seeks your advice on how to proceed in the future. Our inclination is to continue with our current practice or to support a stand-alone LAC meeting. While there would be some value in associating the LAC with a WICHE meeting, the possible down side of this would be confusing the roles of LAC members (already an occasional problem) and logistical difficulties for staff in preparing for two meetings. WICHE staff does not want to discontinue the LAC, though current levels of participation would suggest that we must do better in enhancing participation or the effort will not be financially justifiable.
DISCUSSION ITEM
The WICHE Agenda Book: Should It Go Digital?

David Longanecker invites commissioners to join him in discussing an idea that has wide appeal with WICHE staff: a digital agenda book. Staff is considering redesigning the agenda book so that it will be available from a dedicated commissioners’ page on the WICHE website. A digital agenda book has two major advantages. First, it will save WICHE a considerable sum each year (in the thousands of dollars) in printing and mailing costs. And second, while it will be posted 10 days before the meeting, in accordance with WICHE bylaws, an online agenda book will allow for last-minute additions and updates, if needed. The online agenda book will be printable, if commissioners want a paper copy. Additionally, a print “Schedule at a Glance” and any other pertinent information needed to conduct business will be available at the commission meeting.
MEETING EVALUATION
WICHE Commission Meeting
November 5-6, 2007
Denver, 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:
Erin Barber, WICHE, 3035 Center Green Drive, Boulder, CO 80301
Fax: 303.541.0204; email: ebarber@wiche.edu or dlonganecker@wiche.edu