Committee of the Whole – Business Session

Agenda

Reconvene Committee of the Whole: Thomas Buchanan, chair

Report and recommended action of the Audit Committee: Jane Nichols, committee chair

Action Item

FY 2010 audit report (separate document)

Report and recommended action of the Executive Committee: Thomas Buchanan, 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: Robert Burns, committee chair

Report and recommended action of the Self-funded Units Committee: James Hansen, committee vice chair

Discussion Items:
Update on the Legislative Advisory Committee (LAC) annual meeting: Senator David Nething, LAC member

Update on WICHE’s budget 10-3

Action Item

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

Remarks of outgoing chair

Remarks of new chair

Selection of 2011 committee members

Meeting evaluation (electronic) (http://www.surveymonkey.com/s/SCGKH3X)

Other business

Adjourn Committee of the Whole business session
DISCUSSION ITEM
Update on WICHE’s Budget

WICHE did not budget for any deficits for FY 2010 and did not realize any in the general fund, as you can see in the report titled “General Fund Budget Comparing FY 2010 with FY 2011.” However, as can be seen on the report’s program area revenue and expense summary, one of our program areas did realize a loss; but even that did not cause WICHE to realize a deficit in FY 2010.

All WICHE programs combined resulted in a gain in net assets of $80,442. When WICHE is combined with the State Higher Education Policy Center (SHEPC), then the combined financial statement shows a loss of $106,044. This is entirely to be expected because SHEPC always shows a loss, due to fact that the partners make equity contributions to SHEPC rather than revenue contributions.

The Programs and Services unit, the Policy unit, the Professional Student Exchange Program (PSEP), and the Compact for Faculty Diversity all experienced small gains or no changes. No change is the required result of programs like PSEP and the Bridges to the Professoriate, which are not designed to do anything other than pay the expenses of the program.

The Mental Health Program experienced a gain of $132,278. Since it began the year in a deficit position of ($89,843), it has now moved to a positive fund balance of $42,434.

WCET experienced a loss of $182,386. Since it began the year with a fund balance of $282,535 and it has received a contribution of $100,000 from the WICHE reserves, as directed by the commission, it is now at a fund balance of $200,149.

Our new initiative, Technology and Innovation, began the year with a zero balance and added a $50,000 contribution from WICHE reserves, as directed by the commission. Technology and Innovation operated partly inside the general fund and partly separately in FY 2010 and spent $2,574 less than its $57,009 general fund contribution. It ended the year with a fund balance of $50,000.

The general fund began the year with a reserve of $1,337,633 and ended the year with a reserve of $1,325,821, as seen on the general fund budget report.

Looking Ahead to Fiscal Year 2011

Again, WICHE has not budgeted for a deficit for FY 2011. However, due to the tight economy, we have not budgeted for any small gains either. It will be a challenge in all our program areas to manage the budgets carefully.

As a further note, two rooms which have been common areas for SHEPC until this fiscal year have been moved by agreement of the partners into the private spaces of WICHE and SHEEO. WICHE has taken possession of a 193-square-foot room on the second floor, and SHEEO has taken possession of a 294-square-foot room on the first floor. The net result of this is a small adjustment of ownership percentage of each of the partners in SHEPC. WICHE has moved from an ownership percentage of approximately 58 percent of SHEPC prior to FY 2011 to an ownership percentage of approximately 57 percent beginning in FY 2011.
## Program Area Revenue and Expense Summary for FY 2010

<table>
<thead>
<tr>
<th></th>
<th>Programs &amp; Services</th>
<th>Policy Analysis</th>
<th>PSEP &amp; Bridges</th>
<th>Mental Health</th>
<th>WCET</th>
<th>Innovation &amp; Technology</th>
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</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
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<tr>
<td>Membership Dues and Fees</td>
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<td>$159,000</td>
<td>$331,391</td>
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<td>Conference Registration Fees</td>
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<td>Grants and Contracts</td>
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<td>$1,529,272</td>
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<td>Indirect Cost Recovery</td>
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<td>$(269)</td>
<td>$(14,756)</td>
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<td>Indirect Cost Sharing</td>
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<td>$70,439</td>
<td>$11,599</td>
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<td>$633</td>
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<td>$2,118</td>
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<td>Miscellaneous Income</td>
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<td>$28,042</td>
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<td><strong>Expenses</strong></td>
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<td>Salaries</td>
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<td>$66,635</td>
<td>$167,654</td>
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<td>Audit, Legal &amp; Consulting</td>
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<td>$128,700</td>
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<td>Subcontracts</td>
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<td>Travel</td>
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<td>$13,244</td>
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<td>Marketing</td>
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<td>Indirect Costs</td>
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<td>$163,793</td>
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<td>Credits for other programs</td>
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<td>$10,684</td>
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<td>$(55,683)</td>
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<td><strong>Total Expenses</strong></td>
<td>$754,635</td>
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<td>$436,807</td>
<td>$1,611,819</td>
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<td>$1,052,771</td>
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<td><strong>Excess Revenue (Loss)</strong></td>
<td>$36,023</td>
<td>$7,627</td>
<td>$8,340</td>
<td>$132,278</td>
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<td>$(182,386)</td>
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### Western Interstate Commission for Higher Education
#### General Fund Budget
#### Comparing FY 2010 with FY 2011

### Revenue and Expenditures

<table>
<thead>
<tr>
<th></th>
<th>FY 2010 Budget</th>
<th>FY 2010 Actual</th>
<th>Higher or (Lower) than Budget</th>
<th>FY 2011 Budget</th>
<th>FY 2011 Actual</th>
<th>Higher or (Lower) than Budget</th>
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<tbody>
<tr>
<td><strong>Revenue</strong></td>
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<tr>
<td>4102 Indirect Cost Reimbursements</td>
<td>$230,000</td>
<td>$237,370</td>
<td>$97,370 42.3%</td>
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<td>4104 Indirect Cost Sharing-WICHE</td>
<td>($30,000)</td>
<td>($82,038)</td>
<td>($52,038) 173.5%</td>
<td>($60,000)</td>
<td>($30,000)</td>
<td>100.0%</td>
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<tr>
<td>a) Members/Fees States/Institutions</td>
<td>$1,875,000</td>
<td>$1,875,000</td>
<td>$0 0.0% 100.0%</td>
<td>$1,875,000</td>
<td>$0 0.0%</td>
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<td>b) California Delinquent Dues</td>
<td>$87,000</td>
<td>$0 0.0%</td>
<td>($87,000) 100.0%</td>
<td>$87,000</td>
<td>$0 0.0%</td>
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<td>4300 Interest</td>
<td>$60,000</td>
<td>$14,031</td>
<td>($45,969) -76.6%</td>
<td>$20,000</td>
<td>($40,000)</td>
<td>-100.0%</td>
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<td>4400 Publication Sales &amp; Refunds</td>
<td>$1,875,000</td>
<td>$1,875,000</td>
<td>$0 0.0% 100.0%</td>
<td>$1,875,000</td>
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<td>4900 Credit Card Transaction Rev./Units</td>
<td>$3,500</td>
<td>$0 0.0%</td>
<td>($3,500) -100.0%</td>
<td>$1,000</td>
<td>($2,500)</td>
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<td><strong>Total Revenue</strong></td>
<td>$2,237,600</td>
<td>$2,141,536</td>
<td>($96,064) -4.3%</td>
<td>$2,193,050</td>
<td>($44,550)</td>
<td>-2.0%</td>
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<tr>
<td><strong>Expenditures</strong></td>
<td></td>
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<tr>
<td>0102 Student Exchange Program</td>
<td>$300,907</td>
<td>$292,567</td>
<td>($8,341) -2.8%</td>
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<td>0104 Policy Analysis &amp; Research</td>
<td>$308,075</td>
<td>$295,920</td>
<td>($12,154) -3.9%</td>
<td>$308,146</td>
<td>$72 0.0%</td>
<td>$12,226 4.1%</td>
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<td>0105 Communications &amp; Public Affairs</td>
<td>$435,644</td>
<td>$387,153</td>
<td>($48,491) -11.1%</td>
<td>$435,605</td>
<td>($39) 0.0%</td>
<td>$48,451 12.5%</td>
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<tr>
<td>0107 Technology &amp; Innovation</td>
<td>$57,009</td>
<td>$54,934</td>
<td>($2,074) -3.6%</td>
<td>$29,686</td>
<td>($27,323)</td>
<td>-47.9%</td>
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<tr>
<td>0110 President's Office</td>
<td>$435,644</td>
<td>$387,153</td>
<td>($48,491) -11.1%</td>
<td>$435,605</td>
<td>($39) 0.0%</td>
<td>$48,451 12.5%</td>
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<tr>
<td>0111 Commission Meeting Expense</td>
<td>$139,414</td>
<td>$99,808</td>
<td>($39,606) -28.4%</td>
<td>$129,975</td>
<td>($9,439)</td>
<td>-6.8%</td>
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<tr>
<td>0112 Administrative Services</td>
<td>$25,750</td>
<td>$14,419</td>
<td>($11,331) -44.0%</td>
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<tr>
<td>0115 Miscellaneous Gen. Fund</td>
<td>$25,750</td>
<td>$14,419</td>
<td>($11,331) -44.0%</td>
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<tr>
<td>0116 Program Development</td>
<td>$13,502</td>
<td>($12,248)</td>
<td>($917) -6.4%</td>
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<tr>
<td>0131 LAC Meeting</td>
<td>$14,031</td>
<td>$14 0.0%</td>
<td>($13,917) -99.9%</td>
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<tr>
<td><strong>Total Expenditures</strong></td>
<td>$2,236,509</td>
<td>$2,003,348</td>
<td>($233,161) -10.4%</td>
<td>$2,193,050</td>
<td>($43,459)</td>
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<tr>
<td><strong>Surplus (Deficit) for the Fiscal Year</strong></td>
<td>$1,091</td>
<td>$138,188</td>
<td>$137,097</td>
<td>$0 ($88,009)</td>
<td>$241,216</td>
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</tbody>
</table>

### Reserves at Beginning of Year

<table>
<thead>
<tr>
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<tr>
<td>Minimum Reserve</td>
<td>$268,381</td>
<td>$268,381</td>
<td>$0 0.0%</td>
<td>$263,166</td>
<td>($5,215)</td>
<td>-1.9%</td>
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<tr>
<td>Reserve for Facility Payments</td>
<td>$198,000</td>
<td>$198,000</td>
<td>$0 0.0%</td>
<td>$194,000</td>
<td>($4,000)</td>
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<tr>
<td>Reserve for Unexpected Shortfall</td>
<td>$223,651</td>
<td>$223,651</td>
<td>$0 0.0%</td>
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<td>Reserve required for CECFA Bond.</td>
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<td>$70,000</td>
<td>$0 0.0%</td>
<td>$70,000</td>
<td>$0 0.0%</td>
<td>$0 0.0%</td>
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<tr>
<td>Reserve Available for Dedication</td>
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<td>$577,300</td>
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<td>$579,350</td>
<td>$1,749 0.3%</td>
<td>$1,749 0.3%</td>
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<tr>
<td><strong>Reserves at Beginning of Year</strong></td>
<td>$1,337,633</td>
<td>$1,337,633</td>
<td>$0 0.0%</td>
<td>$1,325,821</td>
<td>($11,812)</td>
<td>-5.6%</td>
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### Reserves Dedicated during Year

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</thead>
<tbody>
<tr>
<td>Reserved for Louis Fox</td>
<td>$50,000</td>
<td>$50,000</td>
<td>$0 0.0%</td>
<td>$50,000</td>
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<td>Reserved for WCET</td>
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<td>$100,000</td>
<td>$0 0.0%</td>
<td>$0 0.0%</td>
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<td>Deficit (Surplus) for the Fiscal Year above</td>
<td>($1,091)</td>
<td>($138,188)</td>
<td>$137,097 5566.8%</td>
<td>$0 ($1,091) 100.0%</td>
<td>($138,188) 100.0%</td>
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<td><strong>Reserves Dedicated during the Fiscal Year</strong></td>
<td>$148,909</td>
<td>$11,812</td>
<td>$137,097 5566.8%</td>
<td>$0 ($1,091) 100.0%</td>
<td>($138,188) 100.0%</td>
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### Reserves at End of Year

<table>
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<tr>
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<tbody>
<tr>
<td><strong>Reserves at End of Year</strong></td>
<td>$1,188,724</td>
<td>$1,325,821</td>
<td>$137,097</td>
<td>$1,325,820</td>
<td>($11,812)</td>
<td>-5.6%</td>
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</table>

(a) In May 2008, Commission set dues for FY 2010 at $125,000 and for FY 2011 at $130,000. In May 2009, Commission reduced FY 2011 dues to $125,000.
(b) California unpaid Dues.
(c) Minimum reserve set by the commission is 12% of Budgeted Expenses. Set May 2000.
(d) Facility Payments reserve set by commission at 6 months of cost. Set May 2007.
(e) Unexpected Shortfall reserve set by commission at 10% of Budgeted Expenses. To be used only if anticipated funding does not materialize. Set May 2007.
(f) CECFA Bond reserve. Legal requirement of bond financing.
(g) Allocation from Reserves for Louis Fox only if necessary. Set by Executive Committee at Nov 2009 meeting.
(h) Allocation from Reserves for WCET only if necessary. Set by Executive Committee at Nov 2009 meeting.