



Agenda Book
Annual Commission Meeting
November 9 & 10, 2020
(Virtually)



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Midwestern Higher Education Compact

Annual Commission Meeting

November 9 & 10, 2020

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Meeting Detail

All three dates (October 30, November 9, and November 10) will use the same Zoom details.

Join Zoom Meeting

<https://zoom.us/j/99843822575?pwd=aXNCNGdOb3lGMTBPRT5aTYzcnB5QT09>

Meeting ID: 998 4382 2575

Passcode: 455157

Dial by your location

+1 312 626 6799 US (Chicago)

ROLES & RESPONSIBILITIES OF THE MHEC COMMISSIONER

- 1) The role of the commissioner is a two-fold responsibility:
 - a. To the compact as a whole; and
 - b. To the constituents served by the compact.
- 2) Commissioners are expected to attend the compact's annual meeting in November and other meetings of committees to which they are assigned. The location of annual meetings rotates among the twelve member states of the compact. Two commissioners from each state serve on the Executive Committee, which acts for the Commission in the interim between annual meetings and oversees the development of the compact's short-and long-range activities. The Executive Committee meets in June and November. Other committees are appointed to oversee programs or special initiatives and meet by conference call when possible.
- 3) Commissioners will have a general knowledge and understanding of public and private higher education trends in their state and in the Midwest.
- 4) Commissioners will develop an understanding of MHEC governance, programs, services, and policy.
- 5) Commissioners will work to build regional partnerships for effective and efficient access to, and quality of, higher education in their state and in the Midwest.
- 6) Commissioners are expected to act as an ambassador for MHEC and will identify opportunities to increase visibility for MHEC within their states, regionally and nationally and disseminate information about MHEC's programs and services wherever possible.
- 7) In conjunction with the MHEC president, commissioners will pursue annual meetings with their governor and other state leaders to report to them on MHEC programs and activities, and to solicit their ideas.
- 8) Commissioners will promote legislation and policies on a non-partisan basis to encourage use of MHEC programs and services within their state.
- 9) Commissioners will aid in ensuring timely payment of their state's annual commitment.
- 10) Commissioners will be available to compact staff for consultation.

Annual Commission Meeting - Virtual
November 9, 2020 | 8:30 a.m. – 12:30 p.m. CT
November 10, 2020 | 12:30 p.m. – 3:45 p.m. CT
Agenda
All times are listed in Central Time (CT)

Day 1: Monday, November 9

- | | |
|---------------|---|
| 8:30 a.m. CT | 1) Call to Order and Overview of Virtual Meeting Guidelines – Ms. Olivia Madison (IA), MHEC Chair, and Ms. Susan Heegaard, MHEC President |
| | a) Roll Call of States and Introductions of Commissioners Present – Ms. Mary Roberson, MHEC Senior Director of Communications and Marketing |
| 9:00 a.m. CT | 2) <i>Linking Jobs and Talent – Landing the Amazon HQ2 in Virginia</i>
Stephen Moret, President and CEO, Virginia Economic Development Partnership
Introduced by: Dr. David Eisler (MI), MHEC Vice Chair |
| 9:45 a.m. CT | BREAK (15-minutes) |
| 10:00 a.m. CT | Action Item 1 3) Approval of Agenda - Ms. Olivia Madison (IA), MHEC Chair

Action Item 2 4) Approval of Annual Commission Meeting Minutes, November 18-20, 2019 - Ms. Olivia Madison (IA), MHEC Chair |
| 10:05 a.m. CT | 5) Report of the MHEC Chair – Ms. Olivia Madison (IA), MHEC Chair |
| | 6) Report of the MHEC President – Ms. Susan Heegaard, MHEC President |
| 10:10 a.m. CT | 7) MHEC Staff Introduction Video |
| 10:30 a.m. CT | 8) Unfinished Business |
| 10:30 a.m. CT | 9) New Business |
| | a) Master Property Program Loss Fund Structure Discussion and Possible Action – Ms. Susan Heegaard, MHEC President, and Ms. Jennifer Dahlquist, MHEC Vice President |

Day 2: Tuesday, November 10

12:30 p.m. CT	<p><i>Mapping a Path Forward - Using Data to Illuminate Gaps and Identify Opportunities</i></p> <p>Ms. Madeline Pumariega, Executive Vice President and Provost, Tallahassee Community College, and Dr. Shaun Williams-Wyche, MHEC Associate Director of Research and Data Analysis</p> <p>Facilitator: Ms. Teresa Lubbers, Commissioner, Indiana Commission for Higher Education</p> <p>Introduced by: Dr. Ken Sauer (IN), MHEC Past Chair</p>
1:15 p.m. CT	BREAK
1:30 p.m. CT	<p><i>Restore, Adapt, Transform – 2021 Scenarios and Strategies for Postsecondary Success</i></p> <p>Ms. Susan Grajek, Vice President for Communities and Research, EDUCAUSE</p> <p>Introduced by: Dr. Devinder Malhotra, Chancellor, Minnesota State</p>
2:15 p.m. CT	BREAK
2:30 p.m. CT	<p><i>Election is Over, What's Next for Higher Ed?</i></p> <p>Dr. Thomas Harnisch, Vice President of Government Relations, State Higher Education Executive Officers</p> <p>Introduced by: Rep. Barbara Ballard (KS)</p>
3:00 p.m. CT	<p><i>Midwestern Legislative Roundup</i></p> <p>Mr. Mike McCabe, Director, Council of State Governments, Midwest Office</p> <p>Introduced by: Rep. Barbara Ballard (KS)</p>
3:30 p.m. CT	<p>Reflections and For the Good of the Order - Ms. Olivia Madison (IA), MHEC Chair</p> <p>Passing of the Gavel to Dr. David Eisler (MI), Chair-elect</p>
3:45 p.m. CT	ADJOURN

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Midwestern Higher Education Compact

Annual Commission Meeting

Westin Indianapolis
November 18-20, 2019

Minutes

Commissioners Present

- IL** Commissioner La Shawn Ford, Chair, Appropriations-Higher Education, Illinois General Assembly
Commissioner Mollie Foust, Senior Counselor to the Deputy Governors State of Illinois, Governor's Office
Commissioner Alice Marie Jacobs, Board Member, Illinois Board of Higher Education
Commissioner Suzanne Morris, Board Member, Illinois Community College Board
- IN** Commissioner Charles Johnson, President, Vincennes University
Commissioner Jack Jordan, State Representative, Indiana General Assembly
Commissioner Ken Sauer, Senior Associate Commissioner and Chief Academic Officer, Indiana
Commission for Higher Education
Commissioner David Wantz, President, Independent Colleges of Indiana
Commissioner Andy Zay, State Senator, Indiana General Assembly
Commissioner Alternate Teresa Lubbers, Commissioner, Indiana Commission for Higher Education
- IA** Commissioner Nancy Boettger, Regent, Board of Regents, State of Iowa
Commissioner Derrick Franck, Commissioner, Iowa Association of Community College Trustees
Commissioner Olivia Madison, Dean Emerita of Library Services, Iowa State University
Commissioner Joe Mitchell, State Representative, Iowa Legislature
Commissioner Alternate Carrie Koelker, State Senator, Iowa Legislature
- KS** Commissioner Barbara Ballard, State Representative, Kansas Legislature
Commissioner Aaron Otto, Governor's Designee; Executive Director, Johnson County Airport Commission
Commissioner Alternate Marci Francisco, State Senator, Kansas Legislature
- MI** Commissioner David Eisler, President, Ferris State University
Commissioner Bill Pink, President, Grand Rapids Community College
Commissioner Scott VanSingel, Chair, Appropriations Subcommittee on Higher Education & Community
Colleges,
Michigan Legislature
Commissioner Alternate Daniel Hurley, CEO, Michigan Association of State Universities
Commissioner Casandra Ulbrich, Vice Chancellor for Institutional Advancement University of Michigan
Dearborn
- MN** Commissioner Paul Anderson, Chair, Higher Education Finance and Policy, Minnesota State Legislature
Commissioner Connie Bernardy, Chair, House Higher Education Finance and Policy Committee, Minnesota
State Legislature
Commissioner Karen Hanson, Executive Vice President and Provost, University of Minnesota-Twin Cities
Commissioner Dennis Olson, Commissioner, Minnesota Office of Higher Education

Commissioner Alternate Lyndon Carlson, Chair, Ways and Means Committee, Minnesota State Legislature

- MO** Commissioner Kayla Hahn, Policy Director, State of Missouri
Commissioner Susan Thomas, President, Truman State University
- NE** Commissioner Randolph Ferlic, Governor's Appointee
Commissioner Deb Frison, Vice Chair, Coordinating Commission for Postsecondary Education
Commissioner Susan Fritz, Interim President, University of Nebraska
Commissioner Alternate Michael Baumgartner, Executive Director, Coordinating Commission for Postsecondary Education
- ND** Commissioner Kyle Davison, State Senator, North Dakota Legislative Assembly
Commissioner Tim Flakoll, Governor's Designee; Provost, Tri-College University
Commissioner Mark Hagerott, Chancellor, North Dakota University System
Commissioner Dennis Johnson, State Representative, North Dakota Legislative Assembly
Commissioner Don Morton, Member, North Dakota State Board of Higher Education
- OH** Commissioner Rick Carfagna Chair, Finance Subcommittee on Higher Education, Ohio Legislature
Commissioner Gary Cates, Senior Vice Chancellor, Innovation and Enterprise Development, Ohio Department of Higher Education
Commissioner Stephanie Davidson Vice Chancellor, Academic Affairs, Ohio Department of Higher Education
Commissioner Jack Hershey, President, Ohio Association of Community Colleges
- SD** Commissioner Michael Cartney, President, Lake Area Technical Institute
Commissioner Erin Healy, Minority Whip, South Dakota Legislature
Commissioner V.J. Smith, State Senator, South Dakota Legislature
Commissioner Larry Tidemann, State Senator, South Dakota Legislature
Commissioner Janelle Toman, Director of Communications, South Dakota Board of Regents:
Commissioner Alternate Reynold Nesiba, Minority Whip, South Dakota Legislature
- WI** Commissioner Julie Underwood, Dean Emerita, University of Wisconsin
Commissioner Connie Hutchison, Executive Secretary, Wisconsin Higher Educational Aids Board
Commissioner Rolf Wegenke, President, Wisconsin Association of Independent Colleges and Universities
Commissioner Alternate Morna Foy, President, Wisconsin Technical College System

Guests

Mrs. Jessica Barrett, Manager for Academic Affairs, Indiana Commission for Higher Education
Ms. Gretchen Bartelson, Dean, Center for Teaching & Learning, Northwest Iowa Community College
Ms. Maureen Biehl, Senior Vice President, Marsh USA, Inc. (IN)
Mr. Dave Boettger (IA)
Mrs. Dawn Clark, Director of Academic Affairs and Transfer, Indiana Commission for Higher Education
Mrs. Patsy Eisler (MI)
Dr. Susan Ellspermann, President, Ivy Tech Community College (IN)

Dr. Trent Engbers, Associate Professor of Political Science, University of Southern Indiana
Mr. Gary Findell, Principal, Design Development LLC (MN)
Dr. Chris Foley, Assistant Vice President and Director, Office of Online Education, Indiana University System
Ms. Jana Fornario, HCM Strategists
Dr. Kevin Gwaltney, Executive Director, Joint Committee on Education, Missouri General Assembly
Dr. Thomas Harnisch, Director of State Relations and Policy Analysis, American Association of State Colleges and Universities (DC)
Mr. Scott Jenkins, Director of State Policy, Lumina Foundation (IN)
Mr. Eugene Johnson, Assistant Commissioner, Indiana Commission for Higher Education
Ms. Tari Lambert, Director, Transfer Indiana Central Office, Indiana Commission for Higher Education
Mr. Michael McCabe, Director, Council of State Governments, Midwest Office (IL)
Mr. PJ McGrew, Executive Director, Governor's Workforce Cabinet, State of Indiana
Mr. Jamie Merisotis, President and Chief Executive Officer, Lumina Foundation (IN)
Mr. Ross Miller, Director of State Authorization and Reciprocity, Indiana Commission for Higher Education
Mr. Gregory Palermo, Emeritus Professor, Iowa State University
Mr. Frederick Payne, Commissioner, Indiana Department of Workforce Development
Mr. Dan Peterson, Vice President, Industry and Government Affairs, Cook Group, Inc. (IN)
Mr. Neil Ridley, Senior Fellow, Georgetown Center for Education and Workforce
Ms. Jillian Scholten, Director of Academic Affairs and Talent Credentialing, Indiana Commission for Higher Education
Ms. Malia Sieve, HCM Strategists
Mr. Henry Stoeber, President & CEO, AGB
Mrs. Gail Tidemann (SD)
Mr. Sean Tierney, Associate Commissioner for Policy and Research, Indiana Commission for Higher Education
Ms. Nicole Whelan, Research Analyst, Minnesota Office of Higher Education

MHEC Staff

Ms. Carla Ahrens, Property Program Manager
Ms. Sara Appel, Multi-State Collaborative on Military Credit; Midwest Student Exchange Program Manager
Ms. Katie Chock, Meeting and Event Manager
Ms. Kristin Coffman, Director of Finance and Administration
Ms. Jennifer Dahlquist, Vice President
Ms. Susan Heegaard, President
Dr. Aaron Horn, Associate Vice President of Research
Ms. Emily Jacobson, Associate Director of M-SARA
Mr. Ben Millard, Data and Analytics Officer
Mr. Daniel Moser, Chief Financial Officer
Ms. Jenny Parks, Senior Director of Policy and Academic Initiatives
Ms. Mary Roberson, Senior Director of Communications and Marketing
Mr. Nathan Sorensen, Director of Government Contracts
Mr. Rob Trembath, Senior Vice President and General Counsel
Dr. Shaun Williams-Wyche, Research Manager

Monday, November 18

New Commissioner Orientation and Gathering

MHEC President Susan Heegaard welcomed new commissioners and a few guests to the orientation and gathering. All new commissioners were asked to introduce themselves and their source of appointment to the commission. Each staff member also introduced themselves and their role with the Compact. Susan provided some highlights about the Compact's history, organization, governing body, funding, and the work of the Compact. Each of the four officers reflected on their service as a commissioner and officer.

Reception and Dinner

MHEC President Susan Heegaard and Commission Chair Ken Sauer (IN) welcomed commissioners and guests. Ms. Tari Lambert, director of the Transfer Indiana Central Office, Indiana Commission for Higher Education, and Gretchen Bartelson, dean of the Center for Teaching & Learning, Northwest Iowa Community College, were each acknowledged as 2019 recipients of MHEC's Outstanding Service Award.

President Heegaard engaged Mr. Jamie Merisotis, President and CEO, Lumina Foundation, in multiple questions surrounding the topic *Driving Student Success with Innovation and Preserving the Midwest's Talent*.

Tuesday, November 19

1. Call to Order.

Commission Chair Ken Sauer (IN) called the meeting to order at 8:09 a.m. and welcomed commissioners and guests to Indianapolis. MHEC President Susan Heegaard also welcomed commissioners and gave remarks about Monday's events and the new commissioner orientation. She shared the theme of the meeting's structure of presentations around the value proposition of higher education, workforce needs, and changing demographics. The roll call of the states was taken, and all member states were present. Commissioners, guests, and staff introduced themselves.

2. Indiana Welcome.

Sen. Andy Zay provided a welcome to Indiana on behalf of the Indiana commissioners.

3. Roles and Responsibilities of the MHEC Commissioner.

MHEC President Susan Heegaard reviewed the roles and responsibilities of the MHEC commissioner.

4. Approval of the Minutes.

Action 1: *Commissioner Tim Flakoll (ND) moved and Commissioner Andy Zay (IN) seconded the motion to approve the minutes of the commission meeting held November 14-16, 2018, (agenda book, pp. 9-32).*

Motion carried.

5. **Report of the Chair.**

Commission Chair Ken Sauer (IN) presented his remarks around three themes. **Year of Transition:** He acknowledged that the transition to Susan after a long-serving president had gone well. He thanked all of the commissioners for their state outreach and providing input. He highlighted Susan's qualities that stood out in the search process, including a great deal of energy, a desire to touch-base with many people, and that she asks a lot of questions and challenged to look at things differently. **Creation of New Committees:** The Compact had a strong foundation to build upon, however a fresh opportunity to look at doing things in a more clear and transparent way led to the creation of the Ad Hoc Governance Committee and Finance and Audit Committee being established. These committees have also led to further sustaining engagement of the commissioners in doing the business of the Compact. **Stakeholder Engagement:** An environmental scan was performed by Academic Search, this survey and getting the ideas of stakeholders outside of the Commission has led to fresh ideas and will benefit the Compact going forward. MHEC is half-way through its strategic plan, which provides a framework. Wednesday morning's mid-point reflection will work with HCM Strategists to help provide some actionable areas to pursue over the next two years. Commissioners were asked for their engagement for the future of Compact, to help shape staff's work, and so the Compact can be even more meaningful to each of the member states, in looking at best practices in each other's states and how all can work together.

6. **Report of the President.**

MHEC President Susan Heegaard highlighted the contents of the commissioner folders, noting the materials for Wednesday's session on the Mid-point Reflection. She expressed her gratitude to the officers especially Ken who has been a wise counselor in her first year, as well as her gratefulness for all the commissioner support, soliciting their continued feedback. She challenged commissioners to think about "Why do you do what you do?" She shared her personal stories about leaving the Midwest for various employment opportunities, only to intentionally return to live and work in the Midwest.

She confirmed that MHEC is in a good health financially. She mentioned the importance of her connections with funders and acknowledged that having Jamie Merisotis speak to the group was a great opportunity for MHEC. President Heegaard also mentioned her strong relationship with the other compact presidents, noting their multiple meetings. She briefly acknowledged all of the work of the compact highlighting OER, MSEP, concurrent enrollment, M-SARA, student health, property insurance, and technology contracts. She asked Dr. Shaun Williams-Wyche to demonstrate MHEC's Interactive Dashboard that is currently being piloted through March 1, 2020. She welcomed feedback from commissioners on this new tool. Available at <https://www.mhec.org/research/mhec-interactive-dashboard>.

7. **Unfinished Business.**

There was no unfinished business.

8. **New Business.**

a. **Finance and Audit Committee Report.**

Treasurer and Chair of the Finance and Audit Committee David Eisler (MI) thanked the members of the Finance and Audit Committee. The committee met three times by phone and once in person on November 18.

b. Treasurer's Report

1. Budget Highlights for FY 2019:

Treasurer David Eisler (MI) reviewed the FY 2019 budget highlights (agenda book pp. 37-40). He explained that MHEC revenues were higher by \$369K, as a result of more students being involved in MHECare, and technologies revenue increased due to a good 4th quarter, finally, interest also increased due to the Sweeps account. Other notable influences were due to personnel changes. MHEC's payroll taxes decreased, resulting in \$21K over budget. Operations also decreased \$107K, due to rent, travel and lodging being lower. Resulting in \$65K down overall in expenses. MHEC's one-time carry-forward is \$435K.

2. FY 2019 Audit Report: Treasurer Eisler walked through the audit letters and highlighted a couple of key items specifically that of the limited size of office staff in accounting practices.

The FY 2019 Audit Report submitted by Eide Bailly, LLP indicated that overall the Compact's financial condition remains strong. (agenda book pp. 41-62)

Action 2: Treasurer David Eisler (MI) moved and Commissioner Randy Ferlic (NE) seconded the motion to accept the FY 2019 audit.

Motion carried.

3. Proposed Unrestricted Fund Balance Policy Changes (agenda book pp. 65-79)

Action 3: Treasurer David Eisler (MI) moved and Commissioner Randy Ferlic (NE) seconded the motion that the commission approve that MHEC retain an Operations Reserve Fund equal to six-months of its average annual operating costs.

Motion carried.

Action 4: Treasurer David Eisler (MI) moved and Commissioner Larry Tidemann (SD) seconded the motion that the commission approve providing MHEC staff three years' time beginning January 1, 2020, to build up the Operations Reserve Fund to the six months of average annual operations costs required by the (newly approved) Operations Reserve Fund Policy.

Motion carried.

Action 5: Treasurer David Eisler (MI) moved and Commissioner Larry Tidemann (SD) seconded the motion that the commission approve delegating to the president in consultation with the treasurer the authority to spend up to \$165,000 annually from the Operations Reserve Fund or an amount not to exceed 5 percent of the Operations Reserve Fund, whichever is greater.

Motion carried.

Action 6: Treasurer David Eisler (MI) moved and Commissioner Rick Carfagna (OH) seconded the motion that the commission approve delegating to the Executive Committee the authority to spend up to 25 percent of the Operations Reserve Fund.

Motion carried.

Action 7: Treasurer David Eisler (MI) moved and Commissioner Marci Francisco (KS) seconded the motion that the commission approve delegating to the MHEC officers the authority to spend up to \$100,000 annually from the Opportunity Reserve Fund.

Discussion: Request for amendment to add use of word 'annually' to the motion.

Motion carried.

Action 8: Treasurer David Eisler (MI) moved and Larry Tidemann (SD) seconded the motion that the commission approve delegating to the MHEC president the authority to annually spend less than \$25,000 from the Capital Asset Fund.

Motion carried.

Action 9: Treasurer David Eisler (MI) moved and Commissioner Larry Tidemann (SD) seconded the motion that the commission approve the proposed Unrestricted Fund Balance Policy and that each motion include the word "annually" as appropriate.

4. Consideration and Recommendation on the State Compact (See Addendum A)

Action 10: Commissioner Randy Ferlic (NE) moved and Commissioner Morna Foy (WI) seconded the motion that the commission approve increasing the state compact commitment 1.5% annually beginning in FY 2022, and that this amount be reviewed by the commission every 5 years or more often if requested by the MHEC president, by the officers, or by the Executive Committee.

Motion carried.

c. Ad Hoc Governance Committee Report

Commission Vice Chair Olivia Madison (IA), who serves as chair of the Ad Hoc Governance Committee, thanked the committee for their service noting they'd met three times by phone and again in person on November 18.

1. Report of the Phillip Sirotkin and Outstanding Service Awards Committee.

Commission Vice Chair Olivia Madison (IA) announced that the committee had reviewed and had voted on candidates for the Phillip Sirotkin and Outstanding Service Awards.

2. Nominations and Elections of Officers

Commission Vice Chair Olivia Madison (IA) reported that the committee had met and recommended Commissioner Rick Carfagna (OH) to position of treasurer.

Action 11. *Commission Vice Chair Olivia Madison (IA) moved and Commissioner Jack Hershey (OH) seconded the motion to elect Commissioner Rick Carfagna (OH) as treasurer.*

Motion carried.

Action 12 *Commission Vice Chair Olivia Madison (IA) moved and Commissioner Randy Ferlic (NE) seconded the motion to elect Commissioner David Eisler (MI) as vice chair.*

Motion carried.

3. Proposed Bylaw Changes

Commission Vice Chair Olivia Madison noted that because notice of the bylaw amendments were not provided to the commissioners at least 30 days prior to the commission meeting, approval of the bylaw amendments would require two-thirds of the compacting states to vote in favor. Action 13: *Commission Vice Chair Olivia Madison (IA) moved and Commissioner Barbara Ballard (KS) seconded the motion to approve the amendment to Article III Section 1 of the MHEC bylaws.*

Motion carried by unanimous consent.

Action 14: *Commission Vice Chair Olivia Madison (IA) moved and Commissioner Barbara Ballard (KS) seconded the motion to approve the amendment to Article VI Sections 2 and 3 of the MHEC bylaws.*

Motion carried by unanimous consent.

Action 15: *Commission Vice Chair Olivia Madison (IA) moved and Commissioner Barbara Ballard (KS) seconded the motion to approve the editorial amendments to the MHEC bylaws.*

Motion carried by unanimous consent.

4. Diversity

Commission Vice Chair Olivia Madison stated the committee had one additional motion it would like to present to the commission. However, because there was not prior notice of this motion given to the commissioners, the commission would first need two-thirds of the compacting states to approve putting the motion on the agenda. All 12 member states, through their respective commissioners, unanimously consented to put the action item on the agenda.

Action 16: *Commission Chair Ken Sauer (IN) moved and Commissioner Barbara Ballard (KS) seconded the motion that the commission take into consideration diversity broadly construed (e.g., legislator/non-legislator, race, gender, age, experience, geographic location, etc.) when making officer appointments and when*

making appointments to commission committees to reflect a mix of experiences and perspectives.

Motion carried.

Collection of Conflict of Interest Forms.

Annual Conflict of Interest forms were collected, any conflicts will be noted and filed in the MHEC office.

9. CSG Midwest Update. (Addendum B)

Mr. Mike McCabe, director of the Midwestern office of The Council of State Governments (CSG), provided an update including 2019 session highlights, a 2019 legislative session preview, and a current economic and fiscal picture. Acknowledgment was given to Rep. Joan Ballweg (WI) who serves as national chair-elect of CSG. Rep. Ballweg is also a MHEC commissioner. An invitation was extended to the July 19-22, 2020, meeting.

10. Federal Issues Update.

Dr. Thomas Harnisch, director of State Relations and Policy Analysis for the American Association of State Colleges and Universities, provided an update on federal higher education policy.

11. Moderated Q&A with Mike McCabe and Tom Harnisch

Commissioner Tim Flakoll (ND), MHEC past chair, moderated a question and answer session with Mr. McCabe and Dr. Harnisch.

12. Issues Facing the Midwest. Future Workforce Needs, Changing Demographics, and the Value Proposition of Higher Education

Presenters: Mr. Neil Ridley, Senior Fellow, Georgetown University Center for Education and Workforce; and Mr. Henry Stoeber, President and CEO, AGB

13. Lessons Learned from the Governor's Workforce Cabinet (GWC), State of Indiana

Presenters: Ms. Teresa Lubbers, Commissioner, Indiana Commission for Higher Education; Mr. PJ McGrew, Executive Director, Governor's Workforce Cabinet; Mr. Frederick D. Payne, Commissioner, Indiana Department of Workforce Development; and Mr. Dan Peterson, Vice President, Industry & Government Affairs, Cook Group, Inc.

14. Credential Engine

Commission Chair Ken Sauer (IN) provided an update on the work of the Indiana Commission for Higher Education and their work with Credential Engine.

Recess

Action 17: *Commissioner Larry Tidemann (SD) moved and Commissioner Aaron Otto (KS) seconded the motion that the commission recess at 4:33 p.m.*

Motion carried.

Evening Event.

Commissioners attended a reception and dinner at the Indiana State Museum.

Ms. Jennifer Dahlquist, MHEC vice president was acknowledged for 20 years of service to the Compact.

Dr. Stephanie Davidson, vice chancellor for Academic Affairs, Ohio Department of Higher Education was the 2019 recipient of the Phillip Sirotkin Award.

Commission Chair Ken Sauer, Senior Associate Commissioner and Chief Academic Officer, Indiana Commission for Higher Education was acknowledged for his year as commission chair (Nov. 2018- Nov. 2019).

Dr. Sue Ellspermann, President, Ivy Tech Community College; and former Indiana Lieutenant Governor, was the keynote address on *Ivy Tech Pathways for Student Success and Meeting the Workforce Needs of the Midwest*.

Wednesday, November 20

At 8:34 a.m. Commission Chair Ken Sauer (IN) called the meeting to order.

16. MHEC: A Midpoint Reflection and Strategic Priorities for the Future (Addendum C)

Ms. Jana Fornario, and Ms. Malia Sieve, HCM Strategists led commissioners through a series of exercises in guiding commissioners in identifying strategic priorities for MHEC's future.

17. Announcements

- a. **Concluding Remarks.** Commission Chair Ken Sauer (IN) thanked the commissioners for entrusting him to lead. He offered that the experience had been a humbling one and re-energized his commitment to MHEC. He thanked the staff, especially acknowledging President Heegaard on her leadership during this transition.
- b. **Passing of the Gavel.** Chair-elect Olivia Madison (IA) accepted the gavel from outgoing Commission Chair Ken Sauer (IN) and offered her own reflections on the work of the Compact.

5. Adjournment

The meeting was adjourned at 10:51 a.m.

State Compact Commitment

	FY'19-20	FY'20-21 Projected	FY'22 Projected 1.5% Increase	FY'23 Projected 1.5% Increase
MIHEC				
Number of States (in the Compact)	12	12	12	12
State Commitment Amount	\$ 115,000.00	\$ 115,000.00	\$ 116,725.00	\$ 118,476.00
Total Annual Dues	\$ 1,380,000.00	\$ 1,380,000.00	\$ 1,400,700.00	\$ 1,421,712.00

MIHEC's state commitment has been \$115,000 since 2016 when it was increased from \$95,000. FY '22-'23 include the 1.5% proposed increase per year for MIHEC.

	16	16	16
WICHE			
Number of States (in the Compact)	16	16	16
State Commitment Amount	\$ 150,000.00	\$ 156,060.00	\$ 159,181.00
Total Annual Dues	\$ 2,448,000.00	\$ 2,496,960.00	\$ 2,546,896.00

WICHE dues raised 2% annually. WICHE's Board voted to raise the dues in FY '19 from \$153,000.00 to \$156,060.00 or 2% increase in FY '20. The Board also voted going forward there would be a 2% increase annually.

	16	16	16
SREB			
Number of States (in the Compact)	16	16	16
State Commitment Amount	\$ 208,508.00	\$ 211,636.00	\$ 214,811.00
Total Annual Dues	\$ 3,336,128.00	\$ 3,386,176.00	\$ 3,436,976.00

SREB's dues raised 1.5% annually. SREB's Board voted to raise the dues in FY '19 from \$208,508.00 to \$211,636.00 or 1.5% increase in FY '20. The Board also voted going forward there would be a 1.5% increase annually.

NEBHE			
State Commitment Amount (CT)	\$ 183,750.00	\$ 183,750.00	\$ 183,750.00
State Commitment Amount (ME)	\$ 147,000.00	\$ 147,000.00	\$ 147,000.00
State Commitment Amount (MA)	\$ 367,500.00	\$ 367,500.00	\$ 367,500.00
State Commitment Amount (NH)	\$ 147,000.00	\$ 147,000.00	\$ 147,000.00
State Commitment Amount (RI)	\$ 147,000.00	\$ 147,000.00	\$ 147,000.00
State Commitment Amount (VT)	\$ 84,000.00	\$ 84,000.00	\$ 84,000.00
Total Annual Dues	\$ 1,076,250.00	\$ 1,076,250.00	\$ 1,076,250.00

NEBHE's dues are based on the states' population. The numbers for FY '22-'23 are projected assuming that NEBHE has no change in state population.

Note:			
MIHEC dues started in FY91 at \$58,000	\$ 58,000.00	0%	
The first increase took place in FY00 to \$75,000	\$ 75,000.00	29%	
The second increase took place in FY02 to \$82,500	\$ 82,500.00	10%	
The third increase took place in FY06 to \$90,000	\$ 90,000.00	9%	
The fourth increase took place in FY08 to \$95,000	\$ 95,000.00	5.6%	
The current dues of \$115,000 took place in FY16	\$ 115,000.00	21%	75%

In a 25 year span MIHEC has increased the dues a total of 75% averaging 15% per increase.



*Midwestern State Partisan Control
2020 Legislative Sessions*

Party in Control

State	Governor	<i>Governor</i>	<i>House</i>	<i>Senate</i>
Illinois	<i>J.B. Pritzker</i>	<i>D</i>	D	D
Indiana	Eric Holcomb	R	R	R
Iowa	Kim Reynolds	R	R	R
Kansas	<i>Laura Kelly</i>	<i>D</i>	R	R
Michigan	<i>Gretchen Whitmer</i>	<i>D</i>	R	R
Minnesota	<i>Tim Walz</i>	D	<i>D</i>	R
Missouri	Mike Parson	R	R	R
Nebraska	Pete Ricketts	R		**
North Dakota	Doug Burgum	R	R	R
Ohio	<i>Mike DeWine</i>	R	R	R
South Dakota	<i>Kristi Noem</i>	R	R	R
Wisconsin	<i>Tony Evers</i>	<i>D</i>	R	R

BOLD/ITALICS = change resulting from 2018 elections

** Officially, the Nebraska Unicameral is nonpartisan.

Unified Republican: Indiana, Iowa, Missouri, North Dakota, Ohio, South Dakota

Unified Democrat: *Illinois*

Republican Governor, Democratic Legislature:

Democratic Governor, Republican Legislature: *Kansas, Michigan, Wisconsin*

Republican Governor, Non-Partisan Legislature: Nebraska**

Republican Governor, Split Legislature:

Democratic Governor, Split Legislature: *Minnesota*

MEMORANDUM



To: Susan Heegaard
President, Midwestern Higher Education Compact

From: HCM Strategists

Date: Oct. 31, 2019

Subject: Background Information for Planning Session

Higher education drives the economic vitality and quality of life for state residents; there is both a moral and economic imperative to make quality higher education accessible and affordable. In member states of the Midwestern Higher Education Compact (MHEC), demographic and cultural shifts have coupled with changes in state funding to make higher education's role increasingly challenging. MHEC's work to support states as they navigate these challenges is more important than ever and will drive continued iteration of MHEC's strategic plan and direction. In preparation for MHEC's upcoming November 5 strategic repositioning meeting, HCM Strategists (HCM) has undertaken the following steps:

- Reviewed MHEC's strategic plan, agenda book, and website
- Reviewed documents from Academic Search's 2019 Environmental Scan
- Interviewed Maya Ranchod Kirkhope from Academic Search
- Performed additional research based on analysis of the Environmental Scan and the interview with Maya Ranchod Kirkhope
- Reviewed public-facing documents from other Compacts (WICHE, NEBHE and SREB)
- Conducted a survey on potential areas for MHEC action and analyzed results

The information learned provided insights into the following questions, which will inform the November 5 meeting: (1) What is MHEC's purpose? (2) Where has MHEC experienced the most success? (3) What are the broad topics of interest to commissioners and in which of MHEC's offerings (convenings, research, programs, contracts) do they find most value? (4) What are some of the distinctive concerns of MHEC's member states? (5) What particular areas of interest will best advance MHEC's mission over the next few years?

Some interviewees from the environmental scan, particularly those external to MHEC, pointed to the need to frame MHEC work in a more future-focused context. A review of the materials would suggest that refinement of MHEC's vision and mission would be a valuable activity that allows for the alignment of strategies and activities.

An initial and key question for HCM's analysis was, how has MHEC advanced the four major themes of its strategic plan since 2017? Those themes are: 1) shifting demographics; 2) evolving modes of packaging and delivering education; 3) declining share of public investment in higher education; and 4) desire for collaboration beyond the institution.

- 1) *Shifting demographics*: MHEC has successfully led the Multi-State Collaborative on Military Credit (MCMC), with external funders (Lumina) supporting the work and commissioners reporting value. MHEC's annual technologies committee meeting focused on Adapting to Generational Change, which addressed how technology can be used to meet the needs of adult learners.

- 2) *Evolving modes of packaging and delivering education*: MHEC created an advisory committee on open-education resources (OER) and collaborated with WICHE on a summit, with ongoing "action teams" continuing the work. Some interviewees felt untapped OER potential existed, while others felt WICHE was now the lead on this work. In addition, MHEC hosted a Concurrent Enrollment Teacher Credential Summit attended by 100 participants and launched a concurrent enrollment working group.
- 3) *Declining share of public investment in higher education*: To help institutions grapple with the need to restructure (and reduce) the costs of operating, MHEC has led several collaborative purchasing and cost-savings opportunities, including work on technology contracts, property insurance, and student health.
- 4) *Desire for collaboration beyond the institution*: This is a broadly defined theme that includes K-12 collaboration. As mentioned, MHEC has facilitated work regarding concurrent enrollment.

Several areas of broad interest emerged within the environmental scan that seem to lend themselves to the purpose of MHEC and that also overlap with some of the successes above:

- Reducing costs;
- Supporting the academically underprepared and financially vulnerable;
- Access and completion for an increasingly diverse student body;
- Access and completion for rural students;
- Access and completion for less traditional students, including dual enrollment students, adults, military, parents, and the incarcerated;
- Preparing students for changing workplace needs; and
- Alternative instructional methods (i.e. stackable certificates, competency-based education, MOOCs).

In addition to the topics above, interviewees noted several things about the approach they would like MHEC to take on those topics. Specifically, they emphasized the value of performing scans on policies and practices, convening states and stakeholders, enabling purchasing contracts, and bringing in experts to provide guidance. In addition, the importance of providing differentiated opportunities for states based on their contexts and interests was noted.

While there are areas of broad interest across all 50 states and therefore opportunities to collaborate with other compacts, there are some distinctive midwestern features worth noting that should influence the selection of actionable strategies for this repositioning:

- Large rural communities;
- Enrollment challenges, due to decreasing traditional student population or loss of students outside of the state; and
- The intersection of economic decline, tax capacity, and increasing pressure on the higher education business model makes midwestern institutions uniquely vulnerable.

Based upon an understanding of MHEC's purpose and past successes, commissioner and philanthropic interests, and distinctive concerns for member states, a survey was sent to assess interest in potential areas for actionable opportunities. Twenty-three individuals responded to the survey that asked them to rate various opportunities, and all concepts were generally well-received.

Based upon the survey results, it is suggested that the upcoming planning meeting ask participants to consider, prioritize, and further refine possibilities aligned with the areas of opportunity that received high interest on the survey:

- (1) Aligning workforce and higher education
- (2) Concurrent enrollment
- (3) Lowering costs, for students, institutions and/or states, while maintaining quality
- (4) Non-degree credentials
- (5) Value proposition and return on investment
- (6) Serving adult students

This planning session will create an opportunity to further define MHEC's vision and mission, as well as aligned opportunities and potential actionable steps. We look forward to working with the officers and staff members of MHEC to undertake this important work to better support states.

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MHEC Chair 2020 Annual Commission Report

Olivia M.A. Madison

Professor Emerita and Dean Emerita of Library Services, Iowa State University

I have the honor this year of serving as your MHEC Chair and working in close collaboration with your three other officers – Dr. David Eisler, vice chair; Rep. Rick Carfagna, treasurer; and Dr. Ken Sauer, past chair. January began with high expectations for our MHEC organization and programs. However, the framework rapidly changed to a new challenging landscape, parallel to our twelve states and higher education itself. On behalf of the commission, I remain in awe of how MHEC pivoted, without pause, in reframing how we do business while maintaining a strategic eye to the future. In doing so, all states clearly continue to benefit from MHEC membership. The strategic and programmatic use of video conferencing tools was essential to how we conducted our business and will continue to assist us by expanding our abilities to learn, share, and conduct business well beyond in-person meetings and programming.

Our many initiatives and successes are the result of the commitment of our MHEC and Commission leadership, committee members, commissioners/alternates, and the entire MHEC staff. We were assisted by our state-based supporters and many fellow “travelers” within the higher education community. Below are a few illustrations of our many accomplishments, several of which will be discussed during our meeting.

State Visits: Fortunately, seven of our twelve annual state visits were completed in-person with President Susan Heegaard, Chief Operating Officer and General Counsel Rob Trembath and, as possible, elected officers. I am pleased to report that all 12 states are now complete, with the remaining five being virtual. Highlights included showcasing MHEC’s new dashboard, comparative data, and important observations and feedback by commissions/alternates and guests.

Officers: The officers began holding monthly meetings, as necessary, to provide advice/recommendations to me, each other, President Heegaard, and other MHEC leadership staff. Agenda topics included budget, Finance and Audit Committee recommendations, presidential annual performance process, strategic priorities, and committee appointments/officer elections. Past Chair Sauer and I completed with President Heegaard, her 2019-20 Presidential Performance Report (approved and accepted unanimously by the Executive Committee – on behalf of the commission). The officers also initiated obtaining feedback from commissioners and alternates regarding scheduling annual commission and Executive Committee meetings for future commission discussion and decisions.

Finance and Audit Committee and FY 2019/2020 Budget: Our new Finance and Audit Committee, chaired by Rep. Carfagna (following Dr. Eisler), had an Impressive start, including responsibilities with state/federal financial reporting requirements, a recommendation regarding when to implement our approved state mandatory dues increase, and discussing how we might reframe our budget as a two-year complex planning tool.

Ad Hoc Governance Committee: As part of a full agenda, the Ad Hoc Governance Committee (under the able leadership of its chair, Rep. Barbara Ballard) continued its study for a reframed Executive Committee, including its membership and appointment terms, with action recommendations at this meeting. The committee also conducted the annual awards process, which includes the prestigious Sirotkin and Outstanding Service Awards to be approved/awarded at this meeting.

Strategic Planning: With the current MHEC Strategic Framework in place, President Heegaard initiated a tactical planning process that resulted in four actionable priorities that build upon our strategic plan. The officers approved the process and the final priorities, which reflect our past and future ambitions.

In conclusion, on behalf of the Iowa commissioners and alternates, we look forward to welcoming the Annual MHEC Executive Committee to Des Moines, Iowa, in June 2021!

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To: MHEC Commission
From: Susan Heegaard
Re: MHEC President Report
Date: October 15, 2020

Background

Change is. Who would have thought a year ago that we would be meeting, shopping, teaching, learning, socializing, worshiping, exercising, and doing almost all things virtually? Our challenges are not insignificant, but for the most part we have adapted remarkably well. For many people in our country, life is deeply challenging, every single day. From job losses and racial unrest to financial difficulties and illness, these are difficult times. But they are also times of opportunity and a chance for us to use this moment to think about how to create a different and better future for our students, families, campuses, communities, and states. In our own family, we are experiencing this change daily. My husband and I are both working remotely and are the parents of two college students, one a freshman in Wisconsin attending mostly online and the other a junior, living at home, attending remotely in California. While isolating, I believe some of the coping and resilience skills they are picking up, will serve them well for years to come.

As I finish my second year as MHEC president, I want to share how grateful I am to all of you. A special thanks to our top-notch staff who have adapted to these changes with a positive spirit and strength. Thanks to our officers--MHEC Chair Olivia Madison, Vice Chair David Eisler, Treasurer Rick Carfagna, and Past Chair Ken Sauer--for your wise advice and counsel and support as we navigated a tough year. We were all supposed to be in Des Moines in November for our annual meeting but unfortunately due to the pandemic, we'll delay our visit to that great Midwestern city until June 2021 for our Executive Committee meeting.

If you think about it, we are an unusual entity. All of us have our various affinity groups that we belong to that allow us to connect with peers in like situations. Our compact however, is one place where Midwesterners who care about higher education, policymakers, and institutional leaders alike, can come together to share learning and best practices, problem solve or just have fun together. We are fortunate to live and work here in the Midwest. This is the best place to live in our country - the quality of life is unbeatable and while we often have our own destructive weather challenges, we don't have the magnitude of hurricanes or forest fires experienced in other parts of the country.

MHEC aims to serve, support, and add value to each of our member states and the many institutions, and students who choose to live and work in the Midwest. Fortunately for now, our financial situation is strong with a healthy mix of revenue from our members states, contract and program revenues, as well as growing philanthropic support. We have a six-month operations reserve, ahead of schedule, and 8 of our 12 states have already paid FY21 annual commitments.

Strategic Framework and Positioning

In June 2019 Maya Kirkhope with Academic Search reported on the environmental scan of MHEC she led, to gauge and clarify how the Compact is perceived and valued. Following that, we asked HCM Strategists, a public policy focused firm, to help us take the information gathered during the

scan and identify strategic, actionable next steps for the Compact. HCM reported its recommendations to the Executive Committee last June and delivered a [Strategic Framework](#) to us shortly thereafter. The Framework guides our overall efforts and we've developed workplans tied to the Framework. Next steps include current efforts to develop a communications plan tied to the Framework – we will need your input for that as well!

Commission Committees

The two new commission committees—Ad Hoc Governance and Finance and Audit—have met numerous times and provided additional structure, clarity, accountability, and focus to the Compact's work. I am grateful to the commissioners who agreed to serve on and lead these two committees and to Representative Barbara Ballard and Representative Carfagna who chaired the committees.

Collaboration and Partnership

Relationships among MHEC and the three other regional compact presidents and staff-- New England Board of Higher Education (NEBHE), Southern Regional Education Board (SREB), and Western Interstate Commission for Higher Education (WICHE)--are strong. We have developed a constructive and collaborative working relationship and lean on each other often, which has been helpful and fun. I continue to meet with and attend gatherings albeit virtually, with our regional accreditor, the Higher Learning Commission (HLC), The State Higher Education Executive Officers Association (SHEEO), the Council of State Governments Midwest Legislative Conference (MLC), The National Council for State Authorization Reciprocity Agreements (NC-SARA), technology experts throughout the country, as well as philanthropic organizations including Ascendium, Lumina, Strada, Joyce, and Hewlett.

Convenings, Programs, Policy and Research, Contracts

What a year! Here's to the excellent work that the staff and committee members have been engaged in and accomplished this past year. Details about all of this can be found in the agenda book, please take time to read the interesting summaries our staff have prepared of the work they do. Some key highlights include:

- Dual Credit/Concurrent Enrollment Teacher Credentialing – Continued work within our region and across the country, with a focus on addressing HLC's new requirements regarding teacher credentialing effective 2023. Developed a partnership with NEWERA to establish a database of online graduate courses for teachers to meet HLC requirements.
- Multi-State Collaborative on Military Credit (MCMC) – Partnered with NCHEMS on a 2020 report focused on military transcripts, competency-based learning, and state policy.
- Open Education Resources (OER) – Deepened OER work and training across the region, successfully partnered with the other three regional compacts and received additional funding from the Hewlett Foundation to further scale and improve OER access.
- Technologies Community – Collaborated to advance projects in the areas of accessibility and IT services and further developed a more inclusive community-based approach going forward.
- Master Property Program (MPP) – Provided property insurance --despite continued uncertainty in the market--to 98 institutions (over 180 campuses) across the country, resulting in \$10.2 million savings, \$7.1 for the Midwest. A captive review project to explore affordable options is underway.

- Cyber Insurance – Offered institutions, particularly small and medium, flexibility and broad coverage to address rapidly changing cyber security threats.
- MHECare Health Insurance Solutions – Provided over thirty campuses, 38,000 students across all four compacts, a sustainable student health insurance program. New RFP issued this year with a virtual mental health component.
- Midwest Student Exchange Program (MSEP) – Enabled 9 states, 84 institutions, and 10,986 students to participate in the program. A review and report examining the relevancy of reciprocity programs, in the face of changing demographics and growing elimination of out-of-state tuition, is forthcoming.
- Midwestern State Authorization Reciprocity Agreement (M-SARA) – Facilitated the participation of 49 states, 2,171 institutions (573 in the Midwest) in this voluntary distance education program, resulting in total savings this year of over \$16 million for the Midwest.
- Policy and Research – Brought policy related program work and research together to leverage our approach, launched the interactive student data dashboard, producing relevant and timely reports on debt, finance, and an upcoming report the impact of COVID on mental health and the digital divide.
- Technology Contracts– Provided a wide range of technology contract options to stakeholders in the Midwest and across the U.S. resulting in a very successful year.

We've planned what we hope is an engaging virtual annual meeting for you with a talented group of presenters who'll talk about some timely and important topics.

What's next?

- Strategic Communications: Gather your input to help guide our communications approach and clearly align it with our strategic framework, build and expand MHEC's brand and value proposition across the region and country.
- Contracts and Joint Purchasing: Explore, enhance and expand opportunities for contracting and joint purchasing including technology that supports student success and the sharing of resources that facilitate the procurement of COVID-19 related supplies.
- Resource Capacity and Funding Diversification: Identify additional ways to attract philanthropic support to MHEC and our member states, aligned with MHEC's strategic framework.
- Engagement: Expand ways in which commissioners and other key stakeholders can be more involved with the compact through one time and ongoing activities tied to the strategic framework.
- Underserved Students: Use the interactive data dashboard to identify opportunities to help address and close gaps, address equity and improve access and outcomes for all students.
- Strategic Plan: Begin to lay groundwork for MHEC's next strategic plan, invite a working group that includes commissioners, to help guide the process.
- Shared Learning: Work with a wide range of external and internal groups to identify best practices and share them across the region.
- COVID-19 Pros and Cons: Highlight what has worked well during the pandemic and adopt as regular business activities e.g. more webinars and virtual convenings.

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Action Item 3

Master Property Program Loss Fund Structure Discussion and Possible Action

Details to be provided at a later date as materials are still in development.

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FY20 Budget Note

The following budget and financial documents - Budget Highlights for FY20 document, the Budget FY20 Unrestricted Fund Balance spreadsheet, and the Audit Report documents - are still in draft form. In MHEC's FY20 audit, a payment that should have been expensed to a Master Property Program restricted account was instead expensed to MHEC's general account. Although correcting this error positively affects MHEC's bottom line, it does require the auditors to submit a revised FY20 audit report which will in turn require changes to the Unrestricted Fund Balance spreadsheet and the Budget Highlights for FY20 document. The auditors were still working on the revised audit at the time of publication of this agenda book. The FY20 Budget spreadsheet will not be affected by the revised audit and is presented in this agenda book in its final form.

Where possible, the draft budget and financial documents in this agenda book have been highlighted to indicate where changes to the documents will occur due to the correction of the error and submission of the revised audit. Corrected budget and financial documents replacing these draft documents will be provided to all Commissioners prior to the start of the November 9-10, 2020, Commission meeting.

FY20 Budget

	FY20 Approved Budget	FY20 Year End	Variance
REVENUES			
OTHER REVENUES			
State Commitment Income	\$ 1,380,000.00	\$ 1,380,000.00	\$ -
Interest Income	\$ 35,500.00	\$ 42,193.96	\$ 6,693.96
Conference Registration Income	\$ 500.00	\$ 150.00	\$ (350.00)
Other Income	\$ 100.00	\$ 4,462.23	\$ 4,362.23
Sponsorships	\$ 32,000.00	\$ 28,000.00	\$ (4,000.00)
Contract Work Income	\$ -	\$ 36,375.00	\$ 36,375.00
PROGRAM REVENUES			
MHECare	\$ 180,000.00	\$ 280,238.46	\$ 100,238.46
Master Property Program	\$ 400,000.00	\$ 408,282.00	\$ 8,282.00
M-SARA	\$ 453,000.00	\$ 453,000.00	\$ -
CONTRACT REVENUES			
MedTech	\$ 862,475.00	\$ 1,356,777.16	\$ 494,302.16
TOTAL REVENUES	\$ 3,343,575.00	\$ 3,989,478.81	\$ 645,903.81
EXPENSES			
Personnel			
Salaries	\$ 1,668,447.15	\$ 1,656,723.65	\$ (11,723.50)
Payroll Tax	\$ 145,411.18	\$ 119,674.43	\$ (25,736.75)
Employee Benefits	\$ 504,994.36	\$ 508,958.16	\$ 3,963.80
TOTAL PERSONNEL	\$ 2,318,852.69	\$ 2,285,356.24	\$ (33,496.45)
Consultants			
Staff Development	\$ 22,500.00	\$ 8,897.25	\$ (13,602.75)
Consultant	\$ 142,510.50	\$ 174,943.86	\$ 32,433.36
Other Contractors	\$ -	\$ -	\$ -
TOTAL CONSULTANT SERVICES	\$ 165,010.50	\$ 183,841.11	\$ 18,830.61
Operations			
Advertising	\$ -	\$ -	\$ -
Publications	\$ 432.00	\$ 424.36	\$ (7.64)
Dues & Subscriptions	\$ 10,540.00	\$ 29,205.41	\$ 18,665.41
Shipping	\$ 3,075.00	\$ 2,820.86	\$ (254.14)
Interest/Service Chargers & Fees	\$ 1,286.25	\$ 2,295.08	\$ 1,008.83
License	\$ 1,050.00	\$ 1,258.69	\$ 208.69
Parking	\$ 3,285.00	\$ 887.50	\$ (2,397.50)
Rent/Leases	\$ 162,645.55	\$ 160,018.66	\$ (2,626.89)
Conferences/Training (Meals & Entertainment)	\$ 181,027.32	\$ 172,699.04	\$ (8,328.28)
Meeting Room Rental Fees	\$ 590.00	\$ 4,100.86	\$ 3,510.86
Postage	\$ 990.00	\$ 583.29	\$ (406.71)
Printing & Duplicating	\$ 27,650.00	\$ 9,133.97	\$ (18,516.03)
Professional Fees	\$ 46,097.50	\$ 101,703.68	\$ 55,606.18
Promotional & Award Items	\$ 1,610.00	\$ 2,665.39	\$ 1,055.39
Repairs & Maintenance	\$ 1,050.00	\$ 2,101.29	\$ 1,051.29
Office Supplies & Equipment	\$ 28,367.00	\$ 38,893.56	\$ 10,526.56
Phone/Fax/Internet	\$ 14,935.00	\$ 21,005.01	\$ 6,070.01
Travel & Lodging	\$ 377,352.75	\$ 236,004.40	\$ (141,348.35)
Insurance	\$ 30,430.75	\$ 23,569.61	\$ (6,861.14)
Miscellaneous	\$ 10,050.00	\$ 4,506.73	\$ (5,543.27)
Depreciation	\$ (42,752.31)	\$ (44,209.18)	\$ (1,456.87)
TOTAL OPERATIONS	\$ 859,711.81	\$ 769,668.21	\$ (90,043.60)
TOTAL EXPENSES	\$ 3,343,575.00	\$ 3,238,865.56	\$ (104,709.44)
<i>Surplus (Deficit)</i>	<i>\$ -</i>	<i>\$ 750,613.25</i>	<i>\$ 750,613.25</i>

**Unrestricted Fund Balance
Snapshot of FY20 as of 06/30/2020**

Unrestricted	Committee Approved Amount	Expended Amount	PY(s) Adjustments	FY20 Adjustments	Balance as of 06/30/2020	Proposed FY21 (as of 10/30/20)
Board Designated						
Board Designated - Risk Management	25,000.00	-	-	-	25,000.00	
Board Designated - Operations Reserve	1,005,121.00	-	294,879.00	100,000.00	1,400,000.00	1,671,000.00
Board Designated - Opportunity Reserve						
Special Projects*						
State Authorization	25,000.00	(16,020.00)	(8,980.00)	-	-	
Higher Education Redesign	50,000.00	(48,094.00)	(1,906.00)	-	-	
Technology Consulting	25,000.00	(25,000.00)	-	-	-	
Open Education Resources (OER)	110,000.00	-	(29,037.00)	(53,283.52)	27,679.48	
State Educational Performance Indicators	60,886.00	-	(58,348.76)	(2,537.24)	-	
Special Projects Total	<u>270,886.00</u>	<u>(89,114.00)</u>	<u>(98,271.76)</u>	<u>44,179.24</u>	<u>27,679.48</u>	
Organizational Capacity						
Technology**	413,936.00	(372,976.00)	-	-	40,960.00	
Branding	50,000.00	(50,000.00)	-	-	-	
Former President's Deferred Compensation	323,116.91	-	(323,116.91)	-	-	
Presidential Search	110,000.00	(110,000.00)	(110,000.00)	-	-	
Organizational Capacity Total	<u>897,052.91</u>	<u>(532,976.00)</u>	<u>(433,116.91)</u>	<u>-</u>	<u>40,960.00</u>	
Board Designated - Opportunity Reserve Total	<u>1,167,938.91</u>	<u>(622,090.00)</u>	<u>(531,388.67)</u>	<u>-</u>	<u>68,639.48</u>	
Board Designated - Capital Assets Reserve						
Future Lease Payments	450,000.00	(155,454.00)	(32,727.00)	(32,727.00)	229,092.00	
Capital Investments	300,000.00	(262,709.00)	-	-	37,291.00	
Board Designated - Capital Asset Reserve Total	<u>750,000.00</u>	<u>(418,163.00)</u>	<u>(32,727.00)</u>	<u>(32,727.00)</u>	<u>266,383.00</u>	
Board Designated Total	<u>2,948,059.91</u>	<u>(1,040,253.00)</u>	<u>294,879.00</u>	<u>11,452.24</u>	<u>1,760,022.48</u>	
Undesignated Total	953,475.00	-	(1,022,708.20)	253,136.35	183,903.15	232,323.15
Total Unrestricted	<u><u>3,901,534.91</u></u>	<u><u>(1,040,253.00)</u></u>	<u><u>(727,829.20)</u></u>	<u><u>264,588.59</u></u>	<u><u>1,943,925.63</u></u>	

Budget Highlights for FY 2020 (as of 10/30/20)

Overview

- MHEC's budget is presented on a cash basis (cash in and cash out); however, MHEC accounting operations and the audit are based on an accrual basis (revenues recognized when invoice is created). This is why the FY 2020 Year-End budget carry over number will differ from the prepared audited financial statements.
- At the June 2020 Executive Committee meeting, MHEC reported it was projecting a \$430,380 carry forward. Upon closure of the FY 2020 fiscal year, but prior to all of the FY 2020 revenue and expenses being reported, MHEC projected a \$539,120 carry forward at the August 20 Finance and Audit Committee meeting. Now that all FY 2020 revenues and expenses have been reported, MHEC's FY 2020 Year End budget carry forward shows \$750,613 while the prepared audited financial statements show a ~~\$400,114~~ carry forward. The difference of ~~\$350,499~~ is largely due to the differences in the way dividends paid out to the Master Property Program were recorded.
- The difference between the \$750,613 and the ~~\$400,114~~ can be attributed to a few variances between the budget numbers and the audit numbers:
 - A duplicate health care payment
 - A fiscal year-end audit adjustment
 - A small bad debt write-off
- Consistent with budget plans, MHEC is in the process of filling one full-time position to assist in furthering our policy and research area to ensure that we are meeting the deliverables of MHEC's strategic framework. MHEC will also fill one full-time position that will help in supporting and building out our programs and contract area.
- A significant portion of MHEC's annual expenses are tied to travel for meetings and other convenings. Because COVID-19 disrupted the second half of FY 2020, MHEC had to cancel or postpone a few large end-of-the-year meetings and move instead to virtual meetings. As a result, a portion of the travel related expenses were reallocated to allow MHEC staff to work from home during the pandemic with the remaining travel related budgeted expenses left unspent.
- MHEC still retains the funds from the federal Paycheck Protection Program loan it took out in June and will hold onto it through December 25, at which point the funds will be returned to the Small Business Administration (SBA).
- MHEC is utilizing the funds from the ~~\$400,114~~ surplus for the following:
 - \$271,000 used to meet the 6-month operations reserve (a year and half ahead of schedule).

- \$80,694 to cover expenses in the FY 2021 budget,
 - The remainder ~~\$48,420~~ into undesignated funds.
- While revenues unexpectedly exceeded budget estimates in large part likely due to an increase in technology purchases, we don't know if that will continue or for how long. It is important and fiscally responsible, for MHEC to remain financially stable and able to meet future unexpected needs.

Revenues

- **State Commitments (\$1,380,000):** All twelve states paid the \$115,000 state commitment.
- **Insurance Programs (\$688,520):** MHECare revenue earned \$280,328, considerably more than estimated. MHECare revenue is based 100 percent on plan participation and how many students enroll, which can significantly fluctuate from year-to-year. In addition, the MHEC budget is determined prior to the timeline of when campuses make critical decisions regarding their student health plans. The MPP revenue earned \$8,282 more than estimated. MPP revenues are agreed upon during the renewal period. If an institution joins the program midway through the coverage period, the program revenues fluctuate.
- **Technology Contracts (\$1,356,777):** MHEC revenues from technology contracts exceeded the budgeted amount by \$494,302. MHEC's largest provider Dell, had 3rd and 4th quarter sales that were significantly higher than anticipated, likely impacted by COVID-19 due to increased technology demands for remote work and learning.
- **Interest Income (\$42,194):** During the FY 2020 budget process, estimates were conservative based on the fluctuations of the economy and the market. The end-of-the-year actual numbers came in higher than budget, but lower than FY 2019. In Q3 when the market dropped due to the economic shut down, MHEC's Insured Cash Sweeps (ICS) account interest rate went from 1.5 percent to 0.5 percent, with only one remaining CD open at this time with an interest rate of 0.5 percent.
- **Contract Work Income (\$36,375)** MHEC did not budget for the contract work income as it was unanticipated at the time the FY 2020 budget was developed. These were funds provided for contract work with Credential Engine.

Expenses

- **Consultant Services:** The two accounts that make a majority of the expenses in the consultant fees are computer services (\$102,307) and general consultant fees (\$69,496). Computer services exceeded the budgeted amount by approximately \$32,443. One of the reasons computer services is over budget, is due to higher than planned use of the technology consultants. Another factor in exceeding the planned budget in computer services, was the costs incurred in preparation of setting up MHEC employees to work from home. The majority of expenses in the general consultant account are attributed to the technology committee consultant (MHEC did not replace the CIO when he left a little over a year ago, instead filling in some of his job

responsibilities with the consultant). Finally, staff development funds were not fully utilized in FY 2020.

- The following operations expenses had the greatest variances from the budget:
 - **Dues and Subscriptions:** FY 2019 prepaid expenses were adjusted into FY 2020 during the audit contributing to the year-end total. We also had to reclass a technology membership to this account that was significant.
 - **Professional fees:** MHEC's accounting fees exceeded estimates in FY 2020 because at the beginning of FY 2020 Q3, MHEC brought on an accounting consultant from Robert Half to help cover for the loss of former Director of Finance and Administration Kristin Coffman who passed away in the winter. In March 2020, MHEC hired the consultant as its new Director of Finance and Administration and ended up buying out the consultant's contract from Robert Half.
 - **Office Supplies and Equipment:** As the pandemic started to spread and MHEC staff moved to working from home, the officers approved a one-time payment to the staff to ensure that they have the technology needs to conduct operations from home.
 - **Travel and Lodging (Airfare and Hotel):** In Q3 and Q4 of FY 2020 there were fewer regional convenings, allowing MHEC to make adjustments in related expenses, resulting in \$141,348 under budget.
 - **Conference and Training (Meals and Entertainment):** The expenditure for conference and training was \$8,328 under budget due to fewer regional convenings.
 - **Telephone/Fax/Internet:** The actual expense in FY 2020 is similar to FY 2019 by \$1,500. We under budgeted in this expense by \$6,100.

Note: Many of MHEC's expenses are under budget due to COVID-19. Many of the main operations expenses either came to a halt or slowed down at the end of February.

Date

To the Commission
Midwestern Higher Education Compact
Minneapolis, Minnesota

We have audited the financial statements of Midwestern Higher Education Compact (the Compact) as of and for the year ended June 30, 2020 and have issued our report thereon dated DATE. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated August 12, 2020, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Compact solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Compact is included in Note 1 to the financial statements. As described in Note 1, the Compact changed its accounting policy related to the presentation of the statement of cash flows by adopting the provisions of Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 605). The accounting changes adopted in the current year were not considered to have a material effect on the financial statements. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. There were no accounting estimates identified during the audit as significant to the financial statements.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.

The following misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

- Decrease in expense and increase in cash due to removal of duplicate invoice – \$22,000
- Decrease in accounts receivable and increase in expenses due to the collection of payment - \$17,000
- Increase in cash and accounts payable due to removal of adjustment - \$25,000

The effect of these corrected misstatement is a decrease of net assets of approximately \$5,000.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management that are included in the management representation letter dated **Date**.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Compact, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Compact's auditors.

This communication is intended solely for the information and use of management, the Commission, and others within the Compact and is not intended to be, and should not be, used by anyone other than these specified parties.

Minneapolis, Minnesota

[Report date]

To the Commission
Midwestern Higher Education Compact
Minneapolis, Minnesota

In planning and performing our audit of the financial statements of Midwestern Higher Education Compact (the Compact) as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Compact's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Compact's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, the Commission, and others within the Compact and is not intended to be, and should not be, used by anyone other than these specified parties.

Minneapolis, Minnesota

DRAFT

Financial Statements

June 30, 2020

(With Comparative Totals for June 30, 2019)

Midwestern Higher Education Compact

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Independent Auditor's Report

To the Commission
Midwestern Higher Education Compact
Minneapolis, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of Midwestern Higher Education Compact (the Compact), which comprise the statements of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Compact as of June 30, 2020, and the results of its changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Compact's 2019 financial statements, and our report dated November 22, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Eide Bailly Signature

Minneapolis, Minnesota

DATE, 2020

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Midwestern Higher Education Compact
Statement of Financial Position
June 30, 2020 (With Comparative Totals for June 30, 2019)

	2020	2019
Assets		
Cash and cash equivalents	\$ 4,045,477	\$ 2,871,215
Certificates of deposit	100,000	460,000
Receivables, net	728,403	830,061
Prepaid expenses	126,241	157,881
Property and equipment, net	203,316	247,525
	\$ 5,203,437	\$ 4,566,682
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 363,713	\$ 268,761
Accrued payroll and related expenses	198,937	219,691
Paycheck Protection Program loan	300,000	-
Deferred state commitments	-	115,000
Deferred lease incentive	195,453	218,010
	1,058,103	821,462
Net Assets		
Without donor restrictions		
Board-designated		
Risk management	25,000	25,000
Operations reserve	1,400,000	1,300,000
Open education resources	27,679	80,963
State educational performance indicators	-	2,537
Technology	40,960	40,960
Future lease payments	229,092	261,819
Capital investments	37,291	37,291
Undesignated	1,725,594	1,319,223
Total without donor restrictions	3,485,616	3,067,793
With donor restrictions		
Purpose restricted	659,718	677,427
	4,145,334	3,745,220
	\$ 5,203,437	\$ 4,566,682

Midwestern Higher Education Compact

Statement of Activities

Year Ended June 30, 2020 (With Comparative Totals for Year Ended June 30, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenues				
State commitments	\$ 1,380,000	\$ -	\$ 1,380,000	\$ 1,380,000
Program revenue				
Master property program	408,282	-	408,282	420,154
MHECare	280,238	-	280,238	340,838
M-SARA	453,000	5,000	458,000	450,000
Cyber insurance	176	-	176	726
Contract revenue				
Technology	1,356,777	-	1,356,777	1,041,071
Contracted revenue	36,375	-	36,375	-
Other income	4,460	-	4,460	2,723
Sponsorships	28,000	-	28,000	32,000
Conference registration income	150	-	150	300
Interest income	42,194	-	42,194	57,681
Net assets released from restriction	22,709	(22,709)	-	-
Total revenues	<u>4,012,361</u>	<u>(17,709)</u>	<u>3,994,652</u>	<u>3,725,493</u>
Expenses				
Program services				
Operations	2,055,900	-	2,055,900	2,059,135
Services				
Master property program	396,106	-	396,106	148,243
MHECare	2,143	-	2,143	1,023
M-SARA	36,373	-	36,373	41,090
Other	195,255	-	195,255	206,910
Contract				
Technology	129,152	-	129,152	120,653
Policy & research	32,312	-	32,312	62,637
Total program services	<u>2,847,241</u>	<u>-</u>	<u>2,847,241</u>	<u>2,639,691</u>
Management and general expenses	744,736	-	744,736	839,614
Fundraising expenses	2,561	-	2,561	2,824
Total expenses	<u>3,594,538</u>	<u>-</u>	<u>3,594,538</u>	<u>3,482,129</u>
Change in Net Assets	417,823	(17,709)	400,114	243,364
Net Assets, Beginning of Year	<u>3,067,793</u>	<u>677,427</u>	<u>3,745,220</u>	<u>3,501,856</u>
Net Assets, End of Year	<u>\$ 3,485,616</u>	<u>\$ 659,718</u>	<u>\$ 4,145,334</u>	<u>\$ 3,745,220</u>

Midwestern Higher Education Compact
Statement of Functional Expenses
Year Ended June 30, 2020 (With Comparative Totals for Year Ended June 30, 2019)

	2020				2019
	Program Services	Management and General	Fundraising	Total	
Salaries and Benefits	\$ 1,675,044	\$ 607,750	\$ 2,561	\$ 2,285,355	\$ 2,296,847
Professional Fees	66,688	24,298	-	90,986	23,998
Contract Services	72,542	8,397	-	80,939	122,520
Office Space Lease	115,099	40,838	-	155,937	148,056
Auto and Parking	694	184	-	878	2,621
Office Supplies	3,677	1,137	-	4,814	6,423
Postage	428	156	-	584	684
Shipping	2,637	184	-	2,821	3,382
Printing	8,720	414	-	9,134	3,312
Subscriptions	27,050	3,415	-	30,465	22,303
Software/Maintenance Contract	80,754	21,553	-	102,307	136,790
Telephone	15,408	5,597	-	21,005	19,850
Insurance	17,281	6,289	-	23,570	18,585
Miscellaneous	289,253	-	-	289,253	8,457
Depreciation	32,403	11,806	-	44,209	42,752
Travel/Meetings/Conference	412,009	3,211	-	415,220	591,070
Office Equipment	27,554	9,507	-	37,061	34,479
Total Expenses by Function	<u>\$ 2,847,241</u>	<u>\$ 744,736</u>	<u>\$ 2,561</u>	<u>\$ 3,594,538</u>	<u>\$ 3,482,129</u>

Midwestern Higher Education Compact

Statement of Cash Flows

Year Ended June 30, 2020 (With Comparative Totals for Year Ended June 30, 2019)

	2020	2019
Operating Activities		
Change in net assets	\$ 400,114	\$ 243,364
Adjustments to reconcile change in net assets to net cash used for operating activities		
Depreciation	44,209	42,752
Changes in operating assets and liabilities		
Receivables	101,658	(264,084)
Prepaid expenses	31,640	(7,143)
Accounts payable	94,952	(36,676)
Accrued payroll and related expenses	(20,754)	81,592
Deferred state commitments	(115,000)	-
Deferred compensation	-	(323,117)
Deferred lease incentive	(22,557)	(21,792)
Net Cash from (used for) Operating Activities	<u>514,262</u>	<u>(285,104)</u>
Net Cash from Investing Activity		
Proceeds from maturity of certificates of deposit	<u>360,000</u>	<u>899,645</u>
Net Cash from Financing Activity		
Proceeds from Paycheck Protection Program loan	<u>300,000</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	1,174,262	614,541
Cash and Cash Equivalents, Beginning of Year	<u>2,871,215</u>	<u>2,256,674</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 4,045,477</u></u>	<u><u>\$ 2,871,215</u></u>

Note 1 - Principal Activity and Significant Accounting Policies

Organization

The Midwestern Higher Education Compact (the Compact) commenced operations in 1991 as a not-for-profit corporation to improve higher education opportunities and services in the midwestern United States through interstate cooperation. States become members of the Compact through passage of legislation. The member states of the Compact include Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

The Compact's mission is to advance education through cooperation and collaboration. The Compact seeks to fulfill its interstate mission through programs that reduce administrative costs, encourage student access and education affordability, facilitate public policy analysis and information exchange, facilitate regional academic cooperation, and encourage quality educational programs and services in higher education.

Comparative Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Cash and Cash Equivalents

The Compact considers all cash and highly liquid financial instruments with original maturities of three months or less when purchased to be cash equivalents, excluding certificates of deposit. At times, cash and cash equivalents, including certificates of deposit, may be in excess of FDIC insurance limits.

Receivables and Credit Policies

Accounts receivable consists primarily of amounts due for dues and fees. Intentions to give and conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. The Compact uses the allowance method to determine uncollectible contributions and other receivables. The allowance is based on prior year experience and management's analysis. The Compact does not charge interest on past due accounts. Accounts receivable are written off when deemed uncollectible. At June 30, 2020 and 2019, the allowance was \$0 and \$21,411, respectively.

Property and Equipment

Property and equipment additions over \$3,500 are recorded at cost or, if donated, at the estimated fair value at the date of donation. Depreciation of property and equipment is provided using the straight-line method over the estimated useful lives of the assets.

Computers	3 years
Office improvements	5 years
Software and IT equipment	5 years
Furniture	10 years
Leasehold improvements	15 years

When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Compact reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2020 and 2019.

Investments in Certificates of Deposit

Purchases of certificates of deposit are recorded at cost. Investment interest income is reported in the statement of activities as an increase in net assets without donor restriction. The certificates of deposit have maturity dates ranging from six months or less.

Deferred State Commitments

State commitments received in advance of the applicable period are recorded as deferred revenue until earned.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated resources.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restricted are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Compact reports contributions restricted by donors as increases in net assets with donor restriction expires, that is, when stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets released from restrictions. Donor-imposed restrictions are released when the resource was restricted has been fulfilled, or both.

Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

State commitment revenue is billed at the beginning of each fiscal year and is recognized ratably throughout the year. Invoices are due upon receipt of billing. State commitments paid in advance are deferred to the year in which they relate. Technology contract revenues are recognized quarterly based on an agreed upon administration fee per sale made under the contract. Insurance program revenues are recognized in two ways. MHECare revenues are recognized three times a year and is based on an agreed upon administration fee applied to the total premiums paid by students and institutions participating in the program. Master Property Program revenues are recognized ratably annually and based upon the number of institutions engaging in the program. Institutions may join mid-policy year and are assessed based on an agreed upon administration fee. M-SARA revenue is recognized when earned, the Organization receives revenues based on the budget of NC-SARA and a set amount is voted on but the NC-SARA finance and audit committee. Unsecured credit is extended to these organizations in the normal course of business.

Donated Materials and Services

Contributed goods are reflected as support in the financial statements at their estimated values on the date of donation. The Compact records donated professional services at the fair value of the services received.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expense that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses allocated include salaries and benefits, professional fees, contract services, office expenses including office supplies, postage, shipping, and printing; software and maintenance contracts, insurance, depreciation, and travel costs, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Compact qualifies as a tax-exempt organization under Section 501(c)(3) and is not a private foundation under Section 509(a) of the Internal Revenue Code. The Compact is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Compact is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Compact has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990T) with the IRS.

The Compact believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Compact would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Recent Accounting Guidance

FASB has issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. This standard assists the Compact in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Compact has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying consolidated financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

Subsequent Events

The Compact has evaluated subsequent events through **DATE**, 2020, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the balance sheet date, comprise the following:

	2020	2019
Cash and cash equivalents	\$ 4,045,477	\$ 2,871,215
Certificates of deposit	100,000	460,000
Accounts receivables	728,403	830,061
	\$ 4,873,880	\$ 4,161,276

The Compact regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Compact has various sources of liquidity at its disposal, including cash and cash equivalents, certificates of deposits, and accounts receivable.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Compact considers all expenditures related to its ongoing activities of programs, research, and technology contracts as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Compact operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Compact's cash and shows positive cash generated by operations for fiscal years 2020 and 2019.

As part of the liquidity management plan, excess cash is invested in the insured cash sweeps (ICS) account. The Compact no longer has certificate of deposits greater than one year, the Compact has the option to withdraw the funds with an interest penalty that is minimal to the overall certificate of deposit. Although the Board does not intend to spend long-term investments, these amounts could be made available if necessary. As such, they are considered to be available for general expenditures within one year.

Note 3 - Property and Equipment

Property and equipment consists of the following at June 30, 2020 and 2019:

	2020	2019
Computers	\$ 30,407	\$ 30,407
Office improvements	7,520	7,520
Software and IT equipment	295,369	295,369
Furniture	176,952	176,952
Leasehold improvements	362,552	362,552
	872,800	872,800
Less accumulated depreciation	(669,484)	(625,275)
Net property and equipment	\$ 203,316	\$ 247,525

Note 4 - Notes Payable

Notes Payable consist of the following at June 30, 2020 and 2019:

	2020	2019
1.00% Payroll Protection Program loan, due in monthly installments of \$7,040 starting in November 2021, including interest to June 2025, unsecured	\$ 300,000	\$ -

Future maturities of the notes payable are as follows:

Years Ending June 30,	Amount
2021	\$ -
2022	50,427
2023	82,361
2024	83,188
2025	84,024
	\$ 300,000

The Compact was granted a \$300,000 loan under the PPP administration by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Compact is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Compact has recorded a note payable and will record the forgiveness upon being legally released from the loan obligation by the SBA. No forgiveness income has been recorded for the year ended June 30, 2020. The Compact will be required to repay any remaining balance.

The stipulations the Compact made with the commission officers is to fully repay the loan at the end of the six-month grace period ending December 25, 2020 if the loan is not needed or consumed. **The Compact will owe no payments on the principal**, but will have to pay the amount of accrued interest following the six months.

Note 5 - Leases

The Compact leases office space located at 105 Fifth Avenue South through May 2026. Rent expense is prorated over the term of the lease and expensed as incurred.

Office space expense was \$78,704 and \$76,764 for the years ended June 30, 2020 and 2019, respectively. Approximate future annual rental commitments are as follows:

Years Ending June 30,	Amount
2021	\$ 81,088
2022	83,538
2023	86,055
2024	88,638
2025	91,288
Thereafter	86,132
	\$ 516,739

Note 6 - Retirement Plan

Employees of the Compact participate in a TIAA tax sheltered deferred annuity plan upon completion of a 30-day waiting period. The employee must contribute to the plan through payroll withholdings. The Compact contributes 13% of the employee's salary to the plan. Employees are required to contribute 2.5% of their annual salary to the plan. An employee may choose to increase their contribution according to federal guidelines. Employer contributions were \$202,445 and \$204,207 for the years ended June 30, 2020 and 2019, respectively.

Note 7 - Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at June 30, 2020 and 2019:

	2020	2019
Programmatic activities		
Master property program	\$ 432,718	\$ 432,718
M-SARA	227,000	222,000
Multi-State Collaborative on Military Credit (MCMC)		
MCMC - Strada Education Network	-	22,709
	\$ 659,718	\$ 677,427

Net assets released from restrictions for the years ended June 30, 2020 and 2019, were comprised of the following:

	2020	2019
Satisfaction of purpose restrictions		
MCMC - Strada Education Network	\$ 22,709	\$ 3,690
Master property program	-	40,000
	\$ 22,709	\$ 43,690

Note 8 - Net Assets Without Donor Restrictions – Board Designated

At June 30, 2020 and 2019, net assets without donor restrictions designated by the Board are available for the following purposes:

	2020	2019
Risk management	\$ 25,000	\$ 25,000
Operations reserve	1,400,000	1,300,000
Special projects		
Open education resources	27,679	80,963
State education performance indicators	-	2,537
Organizational capacity		
Technology	40,960	40,960
Capital asset reserve		
Future lease payments	229,092	261,819
Capital investments	37,291	37,291
	\$ 1,760,022	\$ 1,748,570

The Board established a policy to maintain a reserve for three purposes. (1) The operations reserve is intended to cover shortfalls in the operating budget as a result of unanticipated loss in funding or greater than anticipated expenses. The target operations reserve is a set amount approved by the Compact's commission. (2) The special projects and organizational capacity reserve funds are intended to provide funds to meet special targets of opportunity or need that further the mission of the Compact which may or may not have specific expectation of incremental or long-term increased revenue. (3) The capital asset reserve is intended to provide a ready source of funds for repair or acquisition of leaseholds, furniture, fixtures, and equipment necessary for the effective operation of the Compact and programs.



Investment Policy
(Draft, 08 August 2020)

DRAFT

Investment
Policy

MIDWESTERN HIGHER EDUCATION COMPACT

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MISSION

“MHEC brings together midwestern states to develop and support best practices, collaborative efforts, and cost-sharing opportunities. Through these efforts it works to ensure strong, equitable postsecondary educational opportunities and outcomes for all.”

DRAFT

Midwestern Higher Education Compact Investment Policy

INTRODUCTION

The intent of the Investment Policy of the Midwestern Higher Education Compact is to define the parameters within which funds are to be managed. Through methods, procedures and practices, the policy formalizes the framework for the Midwestern Higher Education Compact's investment activities that must be exercised to ensure effective and judicious fiscal and investment management of the Midwestern Higher Education Compact's funds. The guidelines are intended to be broad enough to allow the Chief Financial Officer and the President to function properly within the parameter of responsibility and authority, yet specific enough to adequately safeguard the investment assets.

GOVERNING AUTHORITY

The investment program shall be operated in conformance with federal, state, and other legal requirements, including Minnesota state statute section 118A.04 Investments.

SCOPE

This policy applies to activities of the Midwestern Higher Education Compact with regard to investing the financial assets of all funds. In addition, funds held by trustees or fiscal agents are excluded from these rules; however, all funds are subject to regulations established by the state of Minnesota. The covered funds, and any new funds created by the Midwestern Higher Education Compact, unless specifically exempted by the oversight of the Commission and this policy, are defined in the Midwestern Higher Education Compact's Annual Financial Report.

Except for funds in certain restricted and special funds, the Midwestern Higher Education Compact commingles its funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping, and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

GENERAL OBJECTIVES

The primary objectives, in priority order, of investment activities shall be:

1. Safety

Safety of principle is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The goal will be to mitigate credit risk and interest rate risk.

A. *Credit Risk*. The Midwestern Higher Education Compact will minimize credit risk, which is the risk of loss due to the failure of the security issuer, by:

- Limiting investments to the type of securities listed in this investment Policy

- Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the Midwestern Higher Education Compact will do business in accordance with this policy.
- Diversifying the investment portfolio so that the impact of potential losses from any one type of security from any one individual issuer will be minimized.

B. *Interest Rate Risk.* The Midwestern Higher Education Compact will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:

- Structuring the investment in the portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy.

2. Liquidity

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). Alternatively, a portion of the portfolio may be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short-term funds.

3. Yield

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints of safety and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:

- A security with declining credit may be sold early to minimize loss of principal.
- A security swap would improve the quality, yield, or target duration in the portfolio.
- Liquidity needs of the portfolio require that the security be sold.

4. Special Considerations

Where possible, funds may be invested for the betterment of the local economy or that of local entities within the Midwestern Higher Education Compact states. The Midwestern Higher Education Compact may accept a proposal from an eligible institution which provides for a reduced rate of interest provided that such institution documents the use of deposited funds for development in higher education.

STANDARDS OF CARE

1. Prudence

Standard of prudence to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. The Chief Financial Officer and the President acts in accordance with written procedures and this investment policy and by exercising due diligence shall be relieved of personal liability for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

The “prudent person” standard states that,

“Investments shall be made with judgement and care, under circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.”

2. Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. Disclosure shall be made to the governing body. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking any personal investment transactions with the same individual with whom business is conducted on behalf of the Midwestern Higher Education Compact.

3. Delegation of Authority and Responsibility

A. Governing Body (Commission).

The governing body will retain ultimate fiduciary responsibility for the portfolios. The governing body will receive an annual report and vote on any amendments to update the investment policy.

B. Chief Financial Officer.

Authority to manage the investment programs is granted to the Chief Financial Officer and the President with direction from the Finance and Audit Committee.

C. Finance and Audit Committee.

The Midwestern Higher Education Compact will utilize the Finance and Audit Committee to provide guidance to the Chief Financial Officer and the President.

D. Investment Adviser.

The Midwestern Higher Education Compact may engage the services of one or more external investment managers to assist in the management of the entity's investment portfolio in a manner consistent with the entity's objectives. Such external managers may be granted discretion to purchase and sell investment securities in accordance with this Investment Policy. Such managers must be registered under the Investment Advisers Act of 1940.

AUTHORIZED FINANCIAL INSTITUTIONS, DEPOSITORIES, AND BROKER/DEALERS

1. Authorized Financial Institutions, Depositories, and Broker/Dealers

A list will be maintained of financial institutions and depositories authorized to provide investment services. In addition, a list will be maintained of approved security broker/dealers selected by creditworthiness (e.g. a minimum capital requirement of \$5,000,000 and at least five years of operations). These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1.

A. The Chief Financial Officer and the President shall determine which financial institutions are authorized to provide investment services to Midwestern Higher Education Compact. Institutions eligible to transact investment business with Midwestern Higher Education Compact include:

- a) Primary government dealers as designated by the Federal Reserve Bank;
- b) Nationally or state-chartered banks;
- c) The Federal Reserve Bank; and,
- d) Direct issuers of securities eligible for purchase.

B. Selection of financial institutions and broker/dealers authorized to engage in transactions with the Midwestern Higher Education Compact shall be at the sole discretion of the Midwestern Higher Education Compact.

C. All brokers/dealers who desire to become qualified for investment transactions must supply the following (as appropriate):

- Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines.
- Proof of Financial Industry Regulatory Authority (FINRA) certification
- Proof of state registration
- Completed broker/dealer questionnaire (not applicable Certificate of Deposits).
- Certification of having read and understood and agreeing to comply with the Midwestern Higher Education Compact's investment policy.
- Evidence of adequate insurance coverage.

D. All financial institutions who desire to become depositories must supply the following (as appropriate):

- Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines.
- Proof of state registration
- Evidence of adequate insurance coverage.

E. A periodic review of the financial condition and registration of all qualified financial institutions and broker/dealer will be conducted by the Chief Financial Officer and the President.

2. Emerging and Community Financial Institutions

From time to time, the Chief Financial Officer and the President may choose to invest in Instruments offered by emerging, and local community financial institutions. In such situations, a waiver to certain parts of the criteria under paragraph 1 may be granted. All terms and relationships will be fully disclosed prior to purchase and will be reported to the appropriate entity on a consistent basis and should be consistent with state and local law. These types of investment purchases should be approved by the Finance and Audit Committee and by the appropriate governing body in advance.

3. Competitive Transactions

A. The Chief Financial Officer shall obtain competitive bid information when considering financial institutions within the MHEC twelve states. All terms and relationships will be fully disclosed prior to purchase and will be reported to the appropriate committee on a consistent basis and should be consistent with state and local laws.

B. If the Midwestern Higher Education Compact is offered a security for which there is no readily available competitive offering on the same specific issue, then the Chief Financial Officer shall document quotations for comparable or alternative securities. When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities at the same original price.

C. If the Midwestern Higher Education Compact hires an investment adviser to provide investment management services, the adviser must provide documentation of competitive pricing execution on each transaction. The investment adviser will retain documentation and provide upon request.

SAFEKEEPING AND CUSTODY

1. Delivery vs. Payment

All trades of marketable securities will be executed (clear and settled) on a delivery vs. payment (DVP) basis to ensure that securities are deposited in the Midwestern Higher Education Compact's safekeeping institution prior to the

release of funds.

2. Third-Party Safekeeping

Securities will be held by independent third-party safekeeping institutions selected by the Midwestern Higher Education Compact. All securities will be evidenced by safekeeping receipts in the Midwestern Higher Education Compact's name. The safekeeping institution shall annually provide a copy of its most recent report on internal controls – Service Organization Control Reports (formerly 70, or SAS 70) prepared in accordance with the Statement On Standards for Attestation Engagements (SSAE) No. 16 (effective June 15, 2011.)

3. Internal Controls

Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Midwestern Higher Education Compact are protected from loss, theft, or misuse. Specifics for the internal controls shall be documented in an investment procedures manual that shall be reviewed and updated periodically by the Chief Financial Officer.

The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefit likely to be derived and the valuation of costs and benefits required estimates and judgement by management. The internal controls shall address the following points at a minimum:

- Control of collusion,
- Separation of transaction authority from accounting and recordkeeping,
- Custodial safekeeping,
- Avoidance of physical delivery securities,
- Clear delegation of authority to subordinate staff members,
- Written confirmation of transactions for investments and wire transfers,
- Dual authorizations of wire transfers,
- Staff training, and
- Review, maintenance, and monitoring of security procedures both manual and automated.

Management shall establish a system of internal controls, which shall be documented in writing. The internal controls shall be reviewed by the Finance and Audit Committee, where present, and with the independent auditor. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the Midwestern Higher Education Compact.

SUITABLE AND AUTHORIZED INVESTMENTS

1. Investment Types and Credit Guidelines

Consistent with the Minnesota state statute 118A.04 Investments and other state and local laws concerning investment practices, the following investments will be permitted by this policy and those defined by other state and local law where applicable. If additional types of securities are approved for investment by public funds by state statute, they will not be eligible for investment by the Midwestern Higher Education Compact until this policy has been amended and the amended version adopted by the governing body. Typical types of securities Include:

- U.S. Treasury and other government obligations that carry the full faith and credit guarantee of the United States for the payment of principle and interest;
- Federal Agency or U.S. government sponsored enterprises (GSE) obligations, participations, or other instruments;
- Bankers' acceptance;
- Federally insured time deposits (Non-negotiable certificates of deposit) in state or federally chartered banks, savings and loans, or credit unions, provided that:
 - The amount per institution is limited to the maximum covered under federal insurance (FDIC);
- Time deposits (Non-negotiable certificates of deposit) in state or federally chartered banks, savings and loans, or credit unions in excess of insured amounts which are fully collateralized with securities in accordance with state law;
- Negotiable certificates of deposits (NCDs);
- Commercial paper, rated in the highest tier (e.g. A-1, P-1, F-1, or D-1 or higher) by nationally recognized statistical rating organization;
- Investment-grade obligations of state, provincial and local governments, and public authorities;
- Fully collateralized Repurchase agreements collateralized in compliance with this policy, governed by a SIFMA Master Repurchase Agreement and with a maximum stated maturity that shall be matched to the expenditure plan;
- SEC registered money market mutual funds; and
- Local government investment pools.

IMPORTANT NOTE: If the credit rating of a security is subsequently downgraded below the minimum rating level for a new investment of that security, the Chief Financial Officer shall evaluate the downgrade on a case-by-case basis in order to determine if the security should be held or sold. The Chief Financial Officer will apply the general objectives of safety, liquidity, yield, and legality to make the decision.

2. Collateralization

Where allowed or required by state law, full collateralization will be required on all demand deposit accounts, including checking accounts and negotiable (as authorized by respective state statutes) and non-negotiable certificates of deposit.

Authorized Collateral

Acceptable collateral for bank deposits and repurchase agreements shall include only:

- Obligations of the U.S. Government, its agencies and GSE's, including mortgage backed securities
- Obligations of any state, city, county, or authority rated at least AA by two nationally recognized statistical rating organizations.

INVESTMENT PARAMETERS

1. Mitigating Credit Risk in the Portfolio

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Midwestern Higher Education Compact shall mitigate credit risk by adopting the following:

A. Diversification.

The investment shall be diversified by:

- Limiting investments to avoid overconcentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities),
- Limiting investment in securities that have higher credit risks,
- Investing in securities with varying maturities, and
- Continuously investing a portion of the portfolio in readily available funds such as local government investment pools, money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

B. Mitigating Market Risk in the Portfolio.

Market risk is the risk that the portfolio value will fluctuate due to changes in the general level of interest rates. The Midwestern Higher Education Compact recognizes that, over-time, longer-term/core portfolios have the potential to achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. The Midwestern Higher Education Compact shall mitigate market risk by providing adequate liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes. The Midwestern Higher Education Compact further

recognizes that certain types of securities, including variable rate securities, securities with principle paydowns prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments. The Midwestern Higher Education Compact, therefore, adopts the following strategies to control and mitigate its exposure to market risk:

- The Midwestern Higher Education Compact shall maintain a minimum of six months of budgeted operating expenditures in short-term investments to provide sufficient liquidity for expected disbursements.
- The maximum percent of callable securities in the portfolio shall be 15%.
- The maximum stated final maturity of individual securities in the portfolio shall be five years, except as otherwise stated in this policy.
- Liquidity funds will be held in money market instruments maturing one year or shorter.
- Longer term/Core funds will be defined as the funds in excess of liquidity requirements. The investments in this portion of the portfolio will have maturities between 1 day and 5 years and will be only invested in higher quality and liquid securities.
- The duration of the portfolio shall at all times be approximately equal to the duration (plus or minus 10%) of a Market Benchmark Index selected by the Midwestern Higher Education Compact based on the Midwestern Higher Education Compact investment objectives, constraints, and risk tolerances. The entity's current Benchmark shall be documented in an *Investment Procedures Manual*.

Total Portfolio Maturity Constraints:	
	Minimum % of Total Portfolio
Under 30 days	
Under 1 year	
Under 5 years	
WAM (weighted average maturity)	

- a) Exception to 5-year maturity maximum: Reserve monies may be invested in securities exceeding five (5) years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds.
- b) Due to fluctuations in the aggregate surplus funds balance, maximum percentage for a particular issuer or investment type may be exceeded at a point in time subsequent to the purchase of a particular security. Securities need not be liquidated to realign the portfolio; however, consideration should be given to this matter when future purchases are made.

PERFORMANCE STANDARDS/EVALUATION

The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. A series of appropriate benchmarks shall be established against which portfolio performance shall be compared on a regular basis. The benchmark shall be reflective of the actual securities being purchased and risks undertaken and the benchmarks shall have a similar weighted average maturity and credit profile as the portfolio.

REPORTING/DISCLOSURE

1. Methods

The Chief Financial Officer shall prepare an investment report at least quarterly *[or monthly]*, including a management summary that provides an analysis of the status of the current investment portfolio and the individual transactions executed over the last quarter *[or month]*. The management summary will be prepared in a manner which will allow the Midwestern Higher Education Compact to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report should be provided to the entity's President and the Finance and Audit Committee. The report will include at a minimum, the following:

- An asset listing showing par value, cost and accurate and complete market value of each security, type of investment, issuer, and interest rate;
- Average maturity of the portfolio and modified duration of the portfolio;
- Maturity distribution of the portfolio;
- Average portfolio credit quality;
- Time-weighted total rate of return for the portfolio for the prior one month, three months, twelve months, year to date, and since inception compared to the Benchmark Index returns for the same periods;
- Average weighted yield to maturity of portfolio on investments as compared to applicable Benchmarks; and
- Distribution by type of investment.

ANNUAL REPORTS

- The investment policy shall be reviewed at least annually within 120 days of the end of the fiscal year to ensure of its consistency with the overall objectives of preservation of principal, liquidity, and return, and its relevance to current law and financial and economic trends.
- A comprehensive annual report shall be presented in conjunction with the investment policy review. This report shall include comparison of the Midwestern Higher Education Compact's return to Benchmark Index return, shall suggest policies and improvements that might enhance the investment program, and shall include an investment plan for the coming year.

ANNUAL AUDIT

- Midwestern Higher Education Compact shall establish an annual process of independent review by an external auditor to assure compliance with internal controls. Such audit will include portfolio tests deemed appropriate by the auditor.

POLICY CONSIDERATIONS

1. Exemption

Any investment currently held that does not meet the guidelines of this policy shall be temporarily exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

2. Amendments

This policy shall be reviewed on an annual basis. Any changes must be approved by the Finance and Audit Committee and any other appropriate authority, as well as the individuals charged with maintaining internal controls.

3. Broker Fees

If Midwestern Higher Education Compact utilizes a third party-broker to manage the investment portfolio, the broker fees shall not exceed 1 percent unless authorized by the finance and audit committee prior to moving forward.

APPROVAL OF INVESTMENT POLICY

The initial policy will be approved by the full commission. Any modifications to that policy thereafter shall be formally approved and adopted by the Finance and Audit Committee of the Midwestern Higher Education Compact.

Action Item 6

Proposal to Waive the 1.5% Annual Increase to the State Compact Commitment for FY22

In 1991 when MHEC was established, the annual state compact commitment was \$58,000. Over the ensuing 29 years the Commission approved increasing the commitment a total of \$57,000, to its current amount of \$115,000. Although the average annual increase to the state compact commitment since 1991 is approximately \$1,966, the increases have been implemented irregularly, with intervals between requests, ranging from two to nine years, and in varying amounts ranging from a low of \$5,000 to a high of \$17,000.

During the November 2019 MHEC Commission meeting in Indianapolis, the Commission approved increasing the state compact commitment 1.5% annually beginning in FY22. This annual increase is an attempt to provide a more regular, modest, and predictable state commitment. A 1.5% increase would mean the state commitment would increase to \$116,725 in FY22, or an increase of \$1,725. Additionally, implementing a modest annual increase is consistent with the strategy used by the Southern Regional Education Board (1.5% annual increase on its current \$208,508 state commitment) and the Western Interstate Commission for Higher Education (2% annual increase on its current \$153,000 state commitment).

For most of the 12 member states of MHEC, FY22 begins July 1, 2021. Given the current pandemic situation, and the resulting economic crisis it has caused, both nationally and across all the MHEC member states, the MHEC officers propose waiving the 1.5% annual increase to the state compact commitment for the FY22. This proposed action will not affect future annual increases to the state compact commitment beginning in FY23.

Proposal:

That for FY22, the MHEC Commission waive the 1.5% annual increase to the MHEC state compact commitment approved by the Commission at the November 2019 Commission meeting. The waiver is for FY22 only, with the 1.5% annual increase remaining in effect for FY23 and beyond.

Action Items 7-11

Executive Committee Membership

Background

The MHEC bylaws give very little guidance around the Executive Committee's size, composition, appointment process, and tenure. Article VI Section 1. Executive Committee of the MHEC bylaws currently state:

The commission shall establish an executive committee, which shall be empowered to act on behalf of the commission during the interims between commission meetings. The composition, procedures, duties, budget, and tenure of such an executive committee shall be determined by the commission, except that each compacting state shall be entitled to equal representation and voting rights on the committee. Past chairs of the commission that remain duly appointed commission members or that serve as alternate commission members shall serve on the executive committee as ex officio members. The power of such an executive committee to act on behalf of the commission shall at all times be subject to any limitations imposed by the commission, the compact or these bylaws.

The first MHEC Executive Committee meeting on March 27, 1991, consisted of one commissioner, including the elected officers, from each of the compacting states. Twelve years later, in June of 2003, the commission approved expanding the Executive Committee to include two commissioners from each compacting state. However, even though there were now two commissioners per state serving on the Executive Committee, each state was still only entitled to one vote. In June 2004, the commission amended the bylaws to further expand the committee by permitting past chairs of the commission to serve on the Executive Committee as ex officio members as long as they remain duly appointed commission members or serve as alternate commission members.

The MHEC bylaws empower the Executive Committee to act on behalf of the commission in the interims between commission meetings. This requires some agility on the part of the Executive Committee to convene on fairly short notice and take action. An Executive Committee can also serve as an effective sounding board for the MHEC officers and MHEC staff. In the Ad Hoc Governance Committee's view, a 24-person Executive Committee, or nearly one half of the full 60 person Commission, serves neither of these purposes very well. It is very difficult to coordinate a convening of 24 individuals in a short period of time. It is equally difficult and time consuming to consult with 24 different individuals when looking for the type of advice and counsel generally provided by an executive board. Inevitably what happens is only a small subset of the Executive Committee is consulted.

In an effort to make the Executive Committee more agile and responsive to MHEC's organizational needs, the Ad Hoc Governance Committee is recommending that the commission reduce the size of the Executive Committee down from two members from each state to one member from each state. One person serving from each state would also be consistent with the smaller size executive boards of the Southern Regional Education Board (SREB) and the Western Interstate Commission for Higher Education (WICHE).

In addition to reducing the size of the Executive Committee, the Ad Hoc Governance Committee is recommending the commission put some additional structure and transparency around the Executive Committee membership related to terms of service, Executive Committee member alternates, the role of officers on the Executive Committee and the role of past chairs on the Executive Committee.

Proposal

The commission approve the following proposed revisions to the MHEC Executive Committee membership effective December 31, 2021:

Action Item 7. Reduction of Executive Committee Membership

Reduce the size of the Executive Committee down from two commissioners from each state to one commissioner from each state with each Executive Committee member being appointed by the MHEC chair in consultation with the other officers and the MHEC president.

Action Item 8. Standard Appointment Length and Terms

The term of service for each Executive Committee member shall be three years with no term limits.

Action Item 9. Appointment of Executive Committee Alternates

Two alternates from each state shall be appointed to the Executive Committee, one legislator and one non-legislator, by the MHEC chair in consultation with the other officers and the MHEC president. The term of service for the Executive Committee alternates shall similarly be three years with no term limits.

Action Item 10. MHEC Officers

The four MHEC officers (chair, vice chair, treasurer, and past chair) shall serve on the Executive Committee ex officio (voting) in addition to the 12 state delegate members (making a 16-member Executive Committee) with the officers having all of the same rights as the other members of the Executive Committee.

Action Item 11. Past MHEC Chairs

Past MHEC chairs shall no longer be considered ex officio (voting or non-voting) members of the Executive Committee. However, they are free to attend any Executive Committee open meetings. The only exception is for the immediate past chair, who is a member of the Executive Committee by virtue of being an officer.

Action Item 12

Commissioner Alternates to the Full Commission

Background

The Commission is made up of five statutorily-appointed commissioners from each of the compacting states plus a number of commissioner alternates. In addition to bringing a different perspective to the commission, these commissioner alternates are occasionally asked to represent their state when a statutorily-appointed commissioner is unable to participate. Currently, there is no guidance around commissioner alternates to the commission, except for a few states that have adopted their own policies. Iowa, for example, has a statute that requires five alternates be appointed to the commission in addition to the five statutorily-appointed commissioners.

In the past, MHEC staff leadership have made some commissioner alternate appointments to the full commission who then served in conjunction with a state's statutorily-appointed delegates. These MHEC appointed alternates often bring a different and valuable perspective to the commission that is not already represented from that state (e.g., state SHEEO officer, or private college representation). On some occasions, these MHEC appointed alternates would end up voting on their state's behalf when the statutorily-appointed commissioners were not available.

In order to bring more guidance and clarity around MHEC appointed commissioner alternates, the Ad Hoc Governance Committee recommends the commission formally approve that in the absence of some clearly articulated legislation or other practice of a compacting state, the MHEC chair, in consultation with the other officers and the MHEC president, may appoint commissioner alternates to the full commission. The Ad Hoc Governance Committee further recommends that these MHEC appointed commissioner alternates shall not have voting rights since their authority to serve on the commission does not derive from an appointment made by a member state. However, in all other respects, the MHEC appointed commissioner alternates should have full participation rights and have a term of service of three years with no term limits.

Proposal

The commission formally approve that, effective December 31, 2021, in the absence of some clearly articulated legislation or other practice of a compacting state, the MHEC chair, in consultation with the other officers and the MHEC president, may appoint commissioner alternates to the full commission with terms of three years with no term limits. These MHEC appointed commissioner alternates shall not have voting rights but in all other respects shall have full participation rights.

Action Item 13

Governance Committee as a Standing Committee

Background

During its June 2019 meeting, the MHEC Executive Committee established an Ad Hoc Governance Committee to explore MHEC approaches to organizational and governance considerations for the future. The committee was tasked with taking a more deliberate and focused approach to the establishment and use of commissioner committees with particular focus on governance, nominations (including awards), and other related matters. Since that June Executive Committee meeting, the Ad Hoc Governance Committee has met several times while making a number of recommendations to the commission ranging from Sirotkin and Outstanding Service Award nominees to the composition and structure of the Executive Committee.

Governance Committee Purpose, Meetings and Composition

The Ad Hoc Governance Committee recommends that additional work around governance and related matters is needed on an ongoing basis and that the commission would benefit from converting the committee from an ad hoc committee into a standing committee. Also, converting the Ad Hoc Governance Committee into a standing committee would provide additional service opportunities for commissioners to expand their impact, engagement, and familiarity with the Compact.

Governance Committee's Purpose: To help the commission take a more deliberate and focused look at MHEC's approach to governance, nominations and other related matters. The Governance Committee would act as an advisory committee to the commission, including the MHEC chair and president. It is charged with reviewing and providing guidance on MHEC governance, including governing documents, nominations, and other matters as appropriate.

Governance Committee Meetings: The committee is expected to meet up to two times per year, or more frequently as circumstances dictate. One committee meeting shall be held at some point in time prior to MHEC's summer commissioner meeting, with the other committee meeting to be held at some point in time prior to MHEC's fall commissioner meeting. Additional meetings may be scheduled at the discretion of the committee chair, the MHEC chair, or the MHEC president.

Governance Committee Composition: The committee shall be comprised of 12 members, one from each compacting state, with each member serving a two-year term. Terms are renewable. The chair of the committee shall be appointed by the MHEC chair, following consultation with the other officers and the MHEC president. The MHEC president and chief operating officer shall serve on the committee as ex officio non-voting members. All commissioner members of the committee are entitled to one vote on any matter coming before the committee. A majority of the voting committee members present shall constitute a quorum. Any question submitted to the committee for a vote shall be determined by simple majority.

Proposal

The Commission approve the establishment of a standing Governance Committee which shall provide guidance to the Commission on MHEC governance, nominations, and other matters as appropriate. The Governance Committee shall serve in an advisory capacity to the commission and be responsible for making recommendations to the commission for action, when appropriate.

Action Items 14-16

Nominations and Elections of Officers

MHEC's Bylaws, Article III. Officers Section 1. Election and Succession. state:

As provided by the compact, the officers of the commission shall include a chair, vice chair, past chair, and a treasurer, all of whom shall be duly appointed commission members.

Officers shall be elected by the commission at any meeting at which a quorum is present. The chair, vice chair and treasurer shall serve one-year terms or until their successors are elected by the commission. The vice chair shall succeed to the office of chair upon completion of the chairperson's term of office. The treasurer shall succeed to the office of vice chair upon completion of the vice chair's term of office.

Therefore, upon commission approval, MHEC Chair Olivia Madison (IA) will become past chair, Vice Chair David Eisler (MI) will become the 2020-2021 chair, and Treasurer Rick Carfagna (OH) will become vice chair at the conclusion of the 2020 Annual Commission Meeting.

It is the Commission's policy to take into consideration diversity broadly construed when electing its officers. Additionally, the Commission looks at rotating the position of chair between commissioners from each of the 12 member states and alternating the position of chair between legislators and non-legislators. Minnesota, last having a commissioner serve as chair more than 15 years ago, is one of the next states in the rotation to succeed for an officer position. As such, Chair Olivia Madison, in consultation with the MHEC officers, invited Dr. Devinder Malhotra, chancellor of Minnesota State, to serve as treasurer, and he graciously agreed to serve if nominated and approved.

Proposal

Action Item 14: MHEC Chair Election

That consistent with the MHEC bylaws the commission approve David Eisler (MI) for the position of MHEC chair.

Action Item 15: MHEC Vice Chair Election

That consistent with MHEC bylaws the commission approve Rick Carfagna (OH) for the position of MHEC vice chair.

Action Item 16: MHEC Treasurer Election

That the commission approve Devinder Malhotra (MN) for the position of MHEC treasurer.

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2020 Outstanding Service Award Recipients



Diana Malott

Director, Watkins Health Services
The University of Kansas

- 11+ Years of service to MHEC
- Member of MHEC's Student Health Benefits Advisory Committee since 2009 inception, participation in bid processes
- Champion for student health
- Kansas Board of Regents founding member of MHECare
- Collaboration with other compact regions to expand MHECare



Tanya Spilovoy

Director, Open Policy
WCET

- 6 years of service to MHEC
- Assistance with planning and implementation of MHEC's OER Summit, leading to collaboration with other compact regions, and assistance on securing of funding
- M-SARA Regional Steering Committee member, North Dakota second state to join M-SARA and first state to have all institutions join, and North Dakota portal agent



Betsy Talbot

Manager, Private Institution Registration and Licensing
Minnesota Office of Higher Education

- 4.5 years of service to MHEC
- Current Chair, M-SARA Regional Steering Committee
- Critical to success of M-SARA in Minnesota
- Voice for postsecondary opportunities at state, regional, and national level
- Active in national organizations focused on compliance and educational quality

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Master Property Program (MPP)

Prepared by Carla Ahrens, Property Program Manager

Background

The [Master Property Program](#) (MPP), was developed in 1994 to broaden property insurance coverage, reduce program costs, and encourage improved asset protection strategies for Midwestern 2- and 4-year and not-for-profit colleges and universities. Because of its success, the program has developed a program mission to be the premier property insurance program focused on strategic growth, program stability, and member value for institutions in the MHEC region, and the three other regional compacts which includes the Western Interstate Commission for Higher Education (WICHE), the New England Board of Higher Education (NEBHE), and the Southern Regional Education Board (SREB).

Current Status

The MPP faced another difficult renewal this year due to an overall challenging property insurance market and several large property losses that have occurred the past two years in the MPP program. The market has further hardened as a result of many natural disasters that have occurred in the past several years nationwide. The MPP experienced a successful renewal July 1, 2020, with 98 institutions renewing their policies which included more than 180 campuses with total insured values of approximately \$83B. In FY 2020, it is estimated that the program saved participating institutions approximately \$10.2M of which \$7.1M of these savings were for the Midwest participants alone.

One of the many benefits of the MPP is the existence of the loss fund (captive) layer within the program structure that offers the potential for a dividend when an institution's losses and program losses are favorable. Since the program's inception more than \$21M in dividends have been distributed to the Midwest MPP members. The members of the MPP also view the program as a long-term relationship rather than just another insurance market.

Next Steps

The MPP Leadership committee met virtually October 28. The committee debriefed on the July 1, renewal and started working on renewal strategies for the 2021 renewal. The MPP is currently doing a Captive Review Project to determine what the future of the MPP captive should look like.

The MPP and Marsh are currently working on a quote for a new prospect in the Midwest.

Cyber Insurance

Prepared by Carla Ahrens, Property Program Manager

Background

The MHEC [Cyber Insurance](#) initiative was established in 2018 to provide an option to institutions in the MHEC region as well as sister compacts the Western Interstate Commission for Higher Education (WICHE), the New England Board of Higher Education (NEBHE), and the Southern Regional Education Board (SREB) to purchase cyber insurance coverage. Higher Education institutions continue to face significant and increasing cyber threats due to the valuable information stored on their networks and the ability for threat actors to use network infrastructure to launch operations against other targets. College and university networks can be difficult for administrators to effectively secure because of their size and sharing of information.

Institutions in the MHEC member states have been asking for a cyber insurance solution which is tailored to deliver the right mix of risk transfer and advisory solutions for institutions to assess, manage, and respond to their risk.

Current Status

Along with Marsh USA Inc., MHEC's Program Administrator for programs of insurance, MHEC is now able to offer institutions the flexibility of insurance carrier choice, the broadest coverage available, and access to limits that meet institutional coverage needs. The MHEC Cyber Insurance approach analyzes the institution's threat environment, assesses the significance of the vulnerabilities in security controls and determines how much financial exposure the institution faces. MHEC's approach can also provide benchmarking on how much cyber coverage institutions of similar risk are buying.

Next Steps

Many large institutions are currently purchasing cyber liability insurance, therefore the MHEC Cyber Liability market for this program focuses on mid-size and smaller institutions that are not currently purchasing cyber liability insurance and are experiencing funding obstacles to consider additional insurance protection.

Next steps include hosting a webinar targeting attendees to include risk managers, vice presidents of finance and IT directors to raise awareness of the potential risks with cyber liability and make institutions aware of the MHEC Cyber program.

MHECare Health Insurance Solutions

Prepared by Jennifer Dahlquist, Vice President

Background

Created in conjunction with MHEC's Student Health Benefits Advisory Committee, [MHECare](#) provides campuses that offer students a school-sponsored plan the flexibility to tailor plans specifically to meet the needs of their students with national carrier UnitedHealthcare StudentResources. The program is also available to postsecondary institutions of MHEC's sister compact regions in the New England Board of Higher Education (NEBHE); the Southern Regional Education Board (SREB); and the Western Interstate Commission for Higher Education (WICHE).

For those institutions in the MHEC region only that are unable to offer a school-sponsored plan, MHEC also provides an option with IXSolutions for private student health insurance exchanges. Through a private health insurance exchange, campuses can offer students multiple coverage options, provide support from insurance experts, and save valuable administrative time.

Current Status

Thirty campuses from across the U.S. participate for the 2020-21 school year through the option with UnitedHealthcare StudentResources and six campuses are providing the IXSolutions private exchange to their students. While enrollment numbers are not yet available for the current academic year, in 2019-2020, MHECare provided coverage to over 38,000 students.

Next Steps

In early 2020, MHEC reassembled its Student Health Benefits Advisory Committee for the purpose of conducting an RFP for MHECare. Existing contracts with carriers were nearing completion. As part of this process the committee determined that mental health continues to be of great concern to campuses. Therefore, the committee advocated adding an offering that support student mental health virtually. Health centers and local communities are often overwhelmed with requests for mental health services and students can face lengthy waits in attempting to access providers and a virtual option could significantly expand access to all students, particularly during the COVID-19 pandemic.

On September 3, the Student Health Benefits Advisory Committee issued the MHECare Student Insurance Solutions RFP. The purpose of the RFP is threefold. First, the existing agreement with UnitedHealthcare StudentResources is nearing conclusion and requires bidding for the primary carrier offering student health insurance for institutions with school-sponsored insurance plans. Second, the current contract with IXSolutions that affords institutions the ability to offer a private student health insurance exchange is also nearing conclusion and requires bidding. Third, the committee is seeking providers that can offer institutions virtual mental health services.

The committee held a mandatory pre-bid virtual meeting and twenty prospective providers attended, representing a good balance among all three RFP purposes (primary carrier, private exchange, and virtual mental health). RFP responses were due on October 5, and the committee received a robust number of proposals and is diligently evaluating the responses with the goal of being able to share recommended providers in November.

Midwest Student Exchange Program (MSEP)

Prepared by Sara Appel, Associate Director, Policy and Research Initiatives

Background

The [Midwest Student Exchange Program](#) (MSEP) offers reduced tuition rates to students in the states of Illinois, Indiana, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Ohio and Wisconsin. The New England Board of Higher Education (NEBHE), Southern Regional Education Board (SREB), and Western Interstate Commission for Higher Education (WICHE) all have similar regional reciprocity programs. MSEP is a voluntary program (as are all MHEC programs) and although the Compact has 12 member states, not all participate. Michigan recently moved to an inactive status, and Iowa and South Dakota elected not to participate in the 2019-2020 academic year.

For over 25 years, MSEP has served as the Midwest's largest multi-state tuition reciprocity program and has provided more affordable educational options for students to attend out-of-state institutions. Nearly 85 campuses from the participating states have opened their doors to students at reduced rates alongside other state-to-state reciprocity programs and tuition breaks. Public institutions enrolling students under the program agree to charge no more than 150% of the in-state resident tuition rate while private institutions offer a 10% reduction on their tuition rates.

There is a twofold benefit to the program. Families are provided additional postsecondary educational opportunities outside their state of residence with cost savings. When students from other states attend out-of-state institutions, it provides those colleges and universities with additional students as well as the state potentially retaining some of these and filling workforce needs.

Current Status

There are nine states participating with 84 institutions in the MSEP including 2- and 4-year public and private campuses. For FY20, there were 10,986 students participating in the program which saved students and families over \$81M.

MSEP institutional participants maintain MSEP webpages providing current information for potential students in the program. Institutions also submit annual data. Actual savings through the program will vary from institution to institution depending upon tuition rates. Participating students typically realize savings between \$500 and \$5,000 annually.

MHEC provides a semi-annual MSEP electronic newsletter to share news items and examples of promising practices. In August 2020, MHEC staff conducted a webinar to train and update institutional staff about changes and improvements to MSEP data reporting. MSEP institutional staff have noted their appreciation regarding these improvements in communications.

Next Steps

In order to provide better service to students and institutions, in fall 2019, MHEC began the development of a report that will include a national scan, research, and a thorough program review to determine its current relevance and value. The final report of those findings is expected in early 2021.

Midwestern-State Authorization Reciprocity Agreement (M-SARA)

Prepared by Emily Jacobson, Associate Director of M-SARA

Background

The [State Authorization Reciprocity Agreements](#) (SARA) program, provides a voluntary, approach to state oversight of postsecondary distance education. When states join SARA-- and membership is voluntary -- they agree to follow uniform processes for approving eligible institutions' participation in SARA. Prior to SARA, an institution serving online students had to meet authorization guidelines in every other state where students were located. This involved countless hours of compliance research, information gathering, and the payment of often very expensive fees. SARA has streamlined, improved, and added consistency to the compliance efforts of institutions offering distance education programs or courses across state lines.

The National Council for State Authorization Reciprocity Agreements (NC-SARA) is the national entity that coordinates efforts of the four regional SARAs housed at the regional higher education compacts. NC-SARA collects data about national SARA participation and distance education enrollments, collects participation fees, creates and updates SARA policies, and maintains strong connections to the US Department of Education and regional accreditors. NC-SARA also hosts annual meetings to support connections among multiple SARA stakeholders and to promote consistency in SARA practice across the nation.

Current Status

As of September 28, 49 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands are members of SARA. 2,171 institutions participate in SARA, and of that total, 573 institutions are in MHEC states. California is the only state that is not a member.

M-SARA (Midwestern State Authorization Reciprocity Agreement) hosts its own set of annual meetings for M-SARA Regional Steering Committee (RSC) members and M-SARA state portal agents, the individuals in each state who review and approve institutions for SARA participation. A portion of each meeting is dedicated to a joint meeting between both groups with NC-SARA representatives present. Both groups meet on at least a quarterly basis throughout the year. SARA work at the regional and national level is a complex, delicate balancing act. Federal regulations, state requirements, institutional needs, and, of course most of all, students' needs must all be considered and optimally addressed.

In April of 2020, NC-SARA launched a [Professional Licensure Directory](#) and made it publicly available. NC-SARA worked with SARA State Portal Entities (SPEs) and regional compact staff to create the directory, which provides contact information for five programs (counseling, nursing, psychology, social work, and teacher education) that lead to a professional license. These programs were chosen because they have the most enrollments, per the data provided by NC-SARA participating institutions. The directory compiles general contact information for relevant licensure boards and state governing bodies in 50 states and three territories (the District of Columbia, Puerto Rico, and the U.S. Virgin Islands).

Next Steps

MHEC is pleased to announce the appointments of Betsy Talbot, Minnesota Office of Education and Chris Foley, Office of Online Education at Indiana University.

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Research

Prepared by Aaron Horn, Associate Vice President of Research

Background

MHEC's approach to [higher education research and policy analysis](#) informs institutional and state efforts in improving postsecondary policies, practices, and outcomes. MHEC supports the work of commissioners, state legislators and agency staff, institutional and system leaders, and the broader community of higher education administrators and researchers in several ways:

1. Maintaining a repository of expertise, knowledge, and best practices for guiding policy and practice
2. Conducting applied research and analysis on critical topics in higher education
3. Developing innovative approaches to improve educational opportunity and effectiveness
4. Providing public outreach and service to institutions and governments

Current Status

- **Interactive Dashboard.** The online dashboard allows users to select from a comprehensive set of indicators and provides several options to tailor the data, including multiple data years, any peer state in the U.S., various figure types, disaggregation by race/ethnicity and family income, and exporting of figures and tables as a PDF or PowerPoint. MHEC will update the dashboard with data released in 2020 and continue implementing feedback received from interested stakeholders.
- **State Performance Update.** This supplement to *Higher Education in Focus 2019* will provide the latest data on a subset of indicators relevant to the goal of improving educational attainment in each MHEC state. Performance indicators are categorized within five areas: Preparation, Participation, Affordability, Completion, and Finance.
- **College Student Debt: What State and Institutional Leaders Should Know.** MHEC is producing a policy report that examines recent trends in student loan debt, the amount of debt accumulated during college by race/ethnicity and family income, research on the effects of debt accumulation, and policy options for institutions and states to reduce student reliance on loans.
- **The Effect of State Appropriations on College Graduation Rates of Diverse Students.** This national study estimates the effect of state appropriations on the graduation rates of freshman cohorts by race and ethnicity. Results will be presented at a 2021 SHEEO conference on public funding for higher education.
- **Digital Divides at the University: Lessons learned from the COVID-19 Emergency Transition.** MHEC is producing a research brief on the digital divide and its implications for college students. Findings are presented from large-scale surveys of the COVID-19 emergency transition conducted at Indiana University and The Ohio State University, including both the flagship and regional campuses.

Next Steps

- **College Student Mental Health in the Wake of COVID-19.** MHEC is exploring a potential collaboration with a research team in Michigan to examine the impact of COVID-19 on student mental health, assess the effectiveness of institutional responses, and provide recommendations for policy and practice.

Dual Credit/Concurrent Enrollment Teacher Credentialing

Prepared by Jenny Parks, Vice President

Background

[Concurrent enrollment](#) provides high school students the opportunity to take college credit-bearing courses in their high school classrooms. Concurrent enrollment and other early college practices have spread to all 50 states and continue to grow as such practices are shown by research to enhance educational outcomes for students, particularly those from traditionally underserved populations. In 2015 the [Higher Learning Commission \(HLC\)](#), the regional accreditor for Midwestern states, clarified its expectations for the credentials of postsecondary faculty, including concurrent enrollment instructors in high schools. This clarification was an effort to ensure the high quality of college courses students receive in high school settings and to optimize students' success once they enter a postsecondary institution. However, the change brought to light a longstanding concern in the world of concurrent enrollment: many high school teachers without full credentials as defined by HLC (i.e., adequate graduate coursework in subject they teach) were serving as concurrent enrollment instructors.

In response, state-level stakeholders began collecting data about concurrent enrollment teacher credentials and discovered that many teachers lacked graduate degrees and/or the graduate credits required by HLC. The shortage of fully credentialed concurrent enrollment teachers was particularly acute in rural and distressed urban areas. In response, HLC developed an extension plan which provided a seven-year (2015-2022) window for instructors to earn the additional academic credentials they needed to teach in their respective disciplines.

MHEC's work in this area has involved research on this issue in 2018 and 2019; a [research brief authored in collaboration with the Education Commission of the States \(ECS\)](#); MHEC hosted [Concurrent Enrollment Teacher Credentialing Summit](#) in May 2018.

Current Status

In the wake of the COVID-19 crisis, HLC extended the deadline for teachers to attain their additional credentials from 2022 to 2023. MHEC staff remain involved in regional and national concurrent enrollment conversations, including collaborations with the National Alliance of Concurrent Enrollment Partnerships ([NACEP](#)), the College in the High Schools Alliance ([CHSA](#)), and HLC. MHEC supports three advisory groups to address different aspects of the teacher supply dilemma. In fall 2020, MHEC and the [Northeast Wisconsin Educational Resource Alliance \(NEWERA\)](#) aim to launch an interactive web-based search tool, [Graduate Credit Quest \(GCQ\)](#), which will allow teachers from all 12 MHEC states to search for online graduate courses designed to help them meet HLC's credentialing expectations and offered by Midwestern universities.

Next Steps

MHEC staff are developing a thought paper showcasing innovative ways institutions are developing graduate courses and programs for current and aspiring concurrent enrollment instructors. Finally, MHEC is conversing with NACEP and CHSA to create more events and opportunities to address the teacher pipeline issue, examine state level concurrent enrollment practice and policy alignments, and promote the use of OER in concurrent enrollment courses.

Multi-State Collaborative on Military Credit (MCMC)

Prepared by Sara Appel, Associate Director, Policy and Research Initiatives

Background

The mission of the [Multi-State Collaborative on Military Credit](#) (MCMC) is to facilitate an interstate partnership of the 12 Midwestern Higher Education Compact (MHEC) states plus Kentucky in support of military connected students earning college credit. MCMC works to translate competencies acquired by military-connected students and veterans through military training and experiences to college credentials that lead to employment in the civilian workforce. States exchange information and share best practices via knowledge communities in the areas of articulation of academic credit; communication and outreach; data, technology, and systems; and licensure and certification. MCMC addresses the three most common problems military-connected students face: appropriate advising, trained faculty and staff, and transfer of credit.

Grants were awarded to MHEC by the Lumina Foundation and the Strada Education Network in 2015 to address barriers for military-connected students to access, participation, and completion in postsecondary education. Addressing these barriers was accomplished through a comprehensive review and advancement of effective policy and practice within and among institutions, states, federal agencies, and not-for-profit organizations.

Current Status

In 2019, MHEC received grant funds from the American Institutes for Research (AIR) for joint research with the National Center for Higher Education Management Systems (NCHEMS) on a 13-state review of policies and implications of military transcript and experience. This research project is part of the National Research Collaborative on Competency-Based Education and Learning at AIR. MHEC and NCHEMS have conducted interviews with state agencies and conducted a survey to gain a better understanding of the interpretation of state policies. MHEC and NCHEMS are in the process of summarizing the relevant policies, survey findings, and perceived impacts on military-connected students with an intent to strengthen the understanding of competency-based research and learning. The final deliverable, a short report, will be available by the end of 2020. MHEC looks forward to continued work on this important topic.

Communication with MCMC participants, institutions, military, and other stakeholders has held steady. With COVID-19, webinars were put on hold as stakeholders turned their attention to the pandemic and issues surrounding the virus and higher education. MHEC continues to distribute quarterly MCMC updates and utilizes social media. The presence and knowledge of MCMC continues to grow throughout the nation.

Next Steps

Many of the MCMC states continue to be encouraged by their governor or other state leaders to focus on career technical credit and workforce development. MCMC has incorporated military-connected students in these fields. MHEC is also applying its expertise in sharing information with the other regional compacts, NC-SARA, and Credential Engine in the areas of complaint data, legislation, and transfer credit as they pertain to military-connected students. As the COVID-19 pandemic continues, MCMC participants, institutions, military, and other stakeholders will continue to dedicate their attention and time to important related issues. MHEC will continue to provide support for the MCMC in communicating best practices, legislation, and bubbling issues related to military-connected students and their families.

Open Educational Resources

Prepared by Jenny Parks, Vice President

Background

[Open Educational Resources](#) (OER) are textbooks and ancillary learning materials accessible via the Internet at little or no cost to students or institutions and openly licensed so that users can modify, share, and retain them. The use of such resources addresses the rapid increase in the cost of textbooks and other learning materials in the last two decades and supports more innovative ways for faculty and students to engage with and co-create course contents. MHEC seeks to support its member states as they increase their capacity to implement OER and establish the means to sustain their creation and use at the institutional, system, and state levels.

This work at MHEC started in 2018 with a kick-off at the [OER Implementation and Policy Summit for the MHEC States](#). Funded in part by the William and Flora Hewlett Foundation, the Summit brought together a wide range of stakeholders from all twelve MHEC states, and state OER action teams were created. Each team created a list of suggested state and regional actions which have informed MHEC's work with OER. Since that time, there have been major changes in the higher education landscape which have shaped OER work at MHEC, in its states, and across the nation. Not the least of these is the COVID-19 pandemic and the massive shift to online education, which has escalated interest in digital learning materials and, in particular, interest in OER. Another major change has been the increase in commercial subscription textbook and learning materials services, also known as inclusive access programs, which are a response by publishers to the traction being gained by OER across the nation.

Current Status

MHEC's work with OER includes:

- an OER List Server to keep Midwestern OER stakeholders informed and connected to regional and national OER efforts;
- regular virtual meetings of state OER action teams and support for their work to build OER capacity in their respective states;
- a monthly OER newsletter; and
- OER-related webinars that reach a wide range of stakeholders and inform them of the work of the 12 state action teams and other OER-related work nationwide

MHEC staff remain connected to the regional and national OER community via presentations at national events and collaborations with the other regional compacts. MHEC also works with other national OER organizations such as the [Open Education Network \(OEN\)](#) with which MHEC worked to provide the [Senior Leaders Open Education Seminar](#) in December 2019. This first-of-its-kind OER training event, and its costs, were underwritten by the Hewlett Foundation as well.

Next Steps

The four regional compacts received a planning grant from the [Hewlett Foundation](#) to devise a nationwide collaborative OER support strategy. Final proposals for coordinated work among the four compacts were submitted in September 2020 for grants of \$250,000.00 each to cover 18 months of OER work to commence in 2021. While attending to the unique needs of each region and individual states, this nationwide collaboration will allow the regional compacts to share best practices, scale successful efforts, and leverage collective resources to enhance OER implementation across the county.

Technologies Community

Prepared by Debra Kidwell, Consultant

Background

The [Technologies Community](#) (formerly MHEC Technologies Committee) is composed of college, system, and university chief information officers, telecommunications directors, computing service directors, procurement officers, and educational planners representing both individual campuses and systems in the MHEC member states. The name shift from Committee to Community was made to allow for more inclusivity among stakeholders. The purpose of the Technologies Community has been updated to the following:

Technology's role in higher education is increasingly diverse, continually evolving, and embedded in the fabric of institutional operations. The technologies group engages IT innovators and specialists from services areas for technology, academia, students, and administration. The group provides strategic guidance to MHEC on technology-related topics in support of the mission of higher education institutions and states in the Midwest.

Current Status

Projects were approved and are moving forward in the areas of accessibility, technology community, and IT security services:

- Developing programming on accessibility, which is the ongoing process by which an organization ensures its current and future IT can be used effectively by everyone including individuals with disabilities.
- Identifying an approach to building and maintaining a technologies community that will be more inclusive and utilize the MHEC Strategic Framework for its basis. As part of this, the annual gathering of the Technologies Community will meet virtually in February 2021.
- Collaborating on various projects such as identifying procurement skills that will be needed in the future and inclusive access for the upcoming Educause conference (October), and working with the policy group on initiatives in the area of learner records.
- IT Security Services RFP issued October 14, 2020, to establish new contracts in the areas of Security Threat Intelligence Products and Services, Security Information and Event Management (SIEM), Managed Security Services (MSS), Security Awareness Training, and Security Consulting Services.

Next Steps

MHEC will continue working with the Technologies Executive Committee to identify how to structure MHEC's work in technology so as to best serve the MHEC states and institutions. Research will also continue on the feasibility of projects such as the following:

- A pilot program around digital fluency, which is the ability to select and use the appropriate digital tools and technologies to achieve a particular outcome.
- Opportunities for MHEC engagement around Universal Broadband services, which refers to government efforts to ensure all citizens have access to the internet.
- Assess institutional demand/need for online program management (OPM) systems, which involves the practice of contracting with external, third-party organizations that help colleges and universities develop and deliver online degree or certificate programs.

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Technology Contracts

Prepared by Nathan Sorensen, Director of Government Contracts

Background

MHEC's approach to education technology contracts is rooted in delivering timely, effective, and cost-efficient technology solutions. By entering into agreements for the benefit of its member states, MHEC provides institutions with a contract framework that allows flexibility while still maintaining compliance with applicable procurement statutes. MHEC has adopted a policy that requires MHEC contracts to be awarded based on competitive bid requirements that are consistent with the statutory procurement rules of the Compact member states. The agreements are a product of a representative group of stakeholders from the higher education technology community conducting a competitive sourcing process that leverages the potential purchasing power of the 12 MHEC member states. The result is a master agreement that facilitates a direct relationship between the technology providers and institutions and contains discounted pricing as well as terms and conditions that are better than most higher education institutions can negotiate individually. This process is designed to minimize the burden on administrative resources for institutions in the 12 MHEC member states, saving both time and money, while expediting technology acquisitions. Additionally, it allows an institution to focus most of its energy on finding the technology solution that best fits its needs instead of the contract details.

Current Status

Increasingly, an information technology (IT) investment is needed to support student success, faculty, and staff functions, which is no small matter to a college campus, large or small. This has been especially true during the pandemic. MHEC currently focuses on technology contracts with mega vendors including the likes of Dell, HP Enterprise, HP Inc., Lenovo, Oracle, SAS, VMware, and Xerox. These mega vendors are often where the majority of an institution's IT budget is spent and can be the most difficult to manage in terms of compliance, negotiation, and general relationship. [All of these contracts](#) are available for use by all public and private not-for-profit institutions of higher education in the 12 MHEC member states, and in most instances, also include the other regional compacts: The New England Board of Higher Education (NEBHE); the Southern Regional Education Board (SREB); and the Western Interstate Commission for Higher Education (WICHE) member states. In efforts to support education overall, some of the contracts extend eligibility for use by K-12 districts, local governments, and states. Nationally, all four compact regions have benefited from MHEC contracts, as usage has significantly grown over the last five years from \$308M to over \$585M in sales. Overall, the estimated savings in the MHEC region was nearly \$37M during FY20 an increase of 27% from the prior year.

Next Steps

MHEC is continuously developing strategic contracts, with guidance from the technology community, to provide easier and quicker access to IT solutions. Anticipated IT solicitations over the next year encompass digital credentialing solutions, research and advisory services, IT security services, and creative software to name a few. Each solicitation seeks input from a wide variety of subject matter experts to discuss current best practices and define the scope of a proposed solution. During the solicitation, a workgroup is formed of members representing the MHEC region, who will then evaluate proposals and make recommendation to the MHEC president for an award. Once a contract is awarded, the workgroups are convened as needed to assist MHEC with managing the vendor relationship.

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MHEC Annual Estimated Savings for Entities and Citizens

MHEC Member States	2019-2020 Annual State Commitment	Total Annual Savings	Contracts			Programs		
			Computing Hardware ¹	Computing Software ²	Technology Services ³	Master Property Program ⁴	Midwest Student Exchange Program ⁵	Midwestern-State Authorization Reciprocity Agreement ⁶
Illinois	115,000	55,073,853	8,231,120	173,864	113,774	183,056	43,756,039	2,616,000
Indiana	115,000	8,668,274	5,847,913	91,027	73,062	NP ⁷	1,256,272	1,400,000
Iowa	115,000	1,853,113	598,102	15,323	11,625	12,063	NP ⁷	1,216,000
Kansas	115,000	12,161,060	881,463	58,157	12,398	4,811,755	5,293,287	1,104,000
Michigan	115,000	14,843,486	7,676,868	83,135	73,476	126,349	5,227,658	1,656,000
Minnesota	115,000	9,715,329	2,579,477	635,757	65,268	NP ⁷	4,738,827	1,696,000
Missouri	115,000	15,352,492	3,465,744	98,704	2,555	1,223,210	8,618,279	1,944,000
Nebraska	115,000	9,295,174	1,154,343	176,244	6,433	629,321	6,664,833	664,000
North Dakota	115,000	1,103,934	103,195	44,413	506	NP ⁷	603,820	352,000
Ohio	115,000	6,646,987	1,941,334	127,528	18,294	113,953	2,341,878	2,104,000
South Dakota	115,000	121,877	87,478	34,036	363	NP ⁷	NP ⁷	NP ⁷
Wisconsin	115,000	6,272,336	1,961,611	342,008	46,117	NP ⁷	2,618,600	1,304,000
Program Totals	\$1,380,000	\$141,107,915	34,528,648	\$1,880,196	\$423,871	\$7,099,707	\$81,119,493	\$16,056,000

FOOTNOTES:

1. Contracts include: Dell, HP, Lenovo, Alcatel-Lucent, Ciena/Walker and Associates, and Xerox.
2. Contracts include: Novell/MHEC Collaborative Program, Oracle, Arrow/VMWare, SAS, and Corel.
3. Contracts include: Info-Tech Research Group and Parchment.
4. Based on premium and loss information as of June 30, 2020.
5. Student tuition savings for the academic year 2019-2020.
6. Savings does not include personnel and travel cost savings.
7. Non-participating state for 2019-2020.

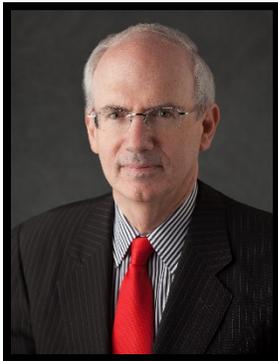
MHEC Cumulative Estimated Savings for Entities and Citizens through June 2020

MHEC Member States	Contracts				Programs			Cumulative State Savings	What Member States Paid Cumulative (State Commitment)
	Computing Hardware ¹	Computing Software ²	Technology Services ³	Legacy Initiatives ⁴	Master Property Program ⁵	Midwest Student Exchange Program ⁸	State Authorization Reciprocity Agreement ⁹		
Illinois Member Since 8/20/1991	106,706,782	7,034,692	3,517,165	15,672,186	50,052,923	270,848,350	9,912,000	463,744,098	2,512,000
Indiana Member Since 3/14/1996	38,718,790	3,288,756	2,732,478	5,358,571	440,095	11,262,767	5,360,000	67,161,457	2,222,000
Iowa Member Since 6/6/2005	7,324,478	396,479	23,024	231,371	554,190	-	4,776,000	13,305,542	1,490,000
Kansas Member Since 4/25/1990	11,017,423	2,167,403	156,535	3,025,262	26,825,389	83,592,639	4,368,000	131,152,651	2,512,000
Michigan Member Since 7/24/1990	61,767,203	4,085,238	3,623,985	43,222,866	17,374,350	62,259,581	5,760,000	198,093,222	2,512,000
Minnesota Member Since 4/26/1990	22,513,920	5,772,372	564,699	10,876,074	15,306,381	54,821,655	6,440,000	116,295,100	2,512,000
Missouri Member Since 5/9/1990	27,784,776	2,243,053	47,636	5,484,930	42,550,922	66,226,645	7,368,000	151,705,961	2,512,000
Nebraska Member Since 6/5/1991	6,605,532	1,829,487	64,111	2,127,919	13,370,168	80,322,508	2,656,000	106,975,724	2,512,000
North Dakota Member Since 4/22/1999	1,732,157	991,812	32,087	1,000,822	-	5,874,622	1,408,000	11,039,500	1,990,000
Ohio Member Since 1/9/1991	31,824,128	3,956,395	1,578,703	32,198,285	463,660	5,260,367	8,104,000	83,385,538	2,512,000
South Dakota Member Since 3/13/2008	651,891	458,946	5,313	NA	492,535	-	-	1,608,685	1,240,000
Wisconsin Member Since 4/18/1994	22,743,333	1,394,474	438,782	6,747,463	-	45,322,672	5,328,000	81,974,725	2,338,000
TOTAL	\$339,390,413	\$33,619,105	\$12,784,518	\$125,945,750	\$167,430,613	\$685,791,806	\$61,480,000	\$1,426,442,204	\$26,864,000

FOOTNOTES:

1. Contracts include: Dell, HP, Lenovo, Juniper, Enterasys, Systemax, Mitel, Sun, IQ, Alcatel-Lucent, Ciena/Walker and Associates, and Xerox.
2. Contracts include: Novell/MHEC Collaborative Program, Oracle, Corel, Arrow/VMWare, SAS, and Open Systems.
3. Contracts include: Info-Tech Research Group, Parchment, and CampusEAI.
4. Expired contracts include: office products, telecommunications, equipment maintenance, and academic scheduling, Interactive video, and APN.
5. Based on premium and loss information as of June 30, 2020.
6. Iowa State University asked MHEC to bid their property insurance for FY 2009. The MHEC bid, with a much lower deductible, was \$186,205 less per year than ISU was paying. ISU selected their current carrier at a price of \$858,824 or \$201,532 less than paid in FY 2008.
7. In 2009, 2012, and 2013, SD Office of Risk Management requested a quote for property insurance at its six SD Regent institutions. Even though the SD Offices of Risk Management kept its current carrier, they indicated the MHEC quotes saved the institutions \$85,000, \$239,302, and \$168,233 respectively.
8. Student tuition savings through the academic year 2019-2020.
9. Savings does not include personnel and travel cost savings.

Presenters



Dr. Jeffrey P. Gold

Chancellor

University of Nebraska Medical Center, University of Nebraska at Omaha

Jeffrey P. Gold, M.D., is a nationally recognized leader and tireless advocate for transforming higher education, academic medicine and health care delivery.

He became the eighth chancellor of the University of Nebraska Medical Center, Vice President of the University of Nebraska System and the chair the board of UNMC's principle clinical care academic health system partner, the Nebraska Medicine Health System, in January of 2014.

As UNMC's chief executive officer, Dr. Gold is responsible for all aspects of campus leadership, program quality and operations, including 7 Colleges, numerous institutes, a staff and faculty of about 5,000 and its 4,100 health professions students. Additionally, Nebraska Medicine has over 7,500 employees and an operating budget of well more than \$1.8 billion. The combined annual economic impact of the "500-mile campus" academic health center with 7 Health Profession Colleges, 2 Institutes, 37 Centers of Excellence exceeds \$4.9 billion.

In April of 2017 Dr. Gold was also named the Chancellor of the University of Nebraska at Omaha, the state's public urban metropolitan university. The University of Nebraska at Omaha has an enrollment of over 12,000 undergraduate students, 3,000 graduate students, a broad public service mission and an NCAA Division I-A athletic program.

Dr. Gold holds a tenured faculty appointment at the rank of Professor in the College of Medicine and as well, as a Professor in the College of Public Health, where his research interests in health care policy, population health and epidemiology are concentrated. He also serves as a University of Nebraska System Vice President.

Prior to joining UNMC, Dr. Gold served as Chancellor of the University of Toledo's academic and clinical health sciences, which includes the Colleges of Medicine, Nursing, Pharmacy, Health Science and Human Service, and Graduate Studies. In that role, Dr. Gold had full leadership responsibility of the clinical, education and research programs, the faculty practice plan and the integrated hospital and ambulatory health care delivery system.

Prior to joining the University of Toledo, Dr. Gold served in academic and clinical leadership roles at the Albert Einstein College of Medicine – Montefiore Medical System as professor, department chair and heart center director and previously at the Weill Cornell College of Medicine – New York Presbyterian Medical Center as professor and division chief of children's cardiac surgery, where he was an active academic cardiac surgeon. His research has been extramurally supported for decades, including by the NIH, AHA, ACC, AMA, NYSDOH and many others.

Dr. Gold is a proud graduate from the Cornell University College of Engineering, where he received a degree in Theoretical and Applied Mechanics. He earned his M.D. from the Weill Cornell College of Medicine and completed his general surgery residency at The New York – Presbyterian Hospital and Memorial Sloan Kettering Cancer Center, where he later served as

the administrative chief resident. He completed his cardiothoracic surgical fellowship training at the Brigham and Women's Hospital in Boston with additional training in pediatric cardiac surgery at the Boston Children's Hospital, both of Harvard Medical School.

Dr. Gold has been certified by the American Board of Surgery and by the American Board of Thoracic Surgery, specializing in adult and pediatric cardiac surgery. He is licensed in Nebraska, Ohio, New York and New Jersey.

Dr. Gold's national leadership roles are extensive, and have included more than 50 national professional committees and more than 100 national organizations, volunteer boards, government/public health councils, and industry. He has recently served as the Chair the American Medical Association's Council on Medical Education and as chair of the AMA/AAMC's Liaison Committee on Medical Education. He is a member of the AMA House of Delegates. Dr. Gold has also served in numerous roles on governing boards and as the elected leader of regional and national professional, accreditation and advocacy organizations in the educational, research and clinical care delivery sectors.

He has worked extensively with national and state level elected and appointed governing and administrative bodies as an advisor, advocate and trusted resource in the areas of higher education, research and clinical care. He continues to be highly engaged in these areas in the public sector, including the US congress, as well as with the regional and national private philanthropic and corporate sectors. In these roles, he is a highly sought after thought leader at all levels of federal, state and local government, higher education, academic health care and public policy. He is a highly regarded keynote public speaker based upon his extensive experience and respected judgment.

Dr. Gold currently serves the Chair of the Board of the Accreditation Council on Graduate Medical Education as well as several other national leadership positions in the Association of American Medical Colleges, the American Medical Association, the American Hospital Association and other prestigious organizations. In addition, he has been elected the Chair of the AMA Council on Medical Education, the president of the Thoracic Surgery Directors Association and as a Director of the Board of the Society of Thoracic Surgeons.

Dr. Gold serves on several key National Academy of Science, Engineering & Medicine steering committees, including the Physician Wellness Taskforce, the COVID-19 Taskforce and the All Hazard 21st Century Threats Taskforce. In addition, he has been very active on the national level in multiple educational, research and clinical COVID-19 pandemic response, with hundreds of educational and media appearances, webinars, congressional/departmental/agency hearings and briefings.

He has been repeatedly recognized as a Top 50 Health Care Executive and as a Top 100 Physician Executive, as well many national awards for service leading numerous community volunteer programs, philanthropic campaigns and programs. He continues his research interests actively with ongoing publications and presentations and continues to serve several journal editorial boards. Dr. Gold has authored over 200 peer-reviewed manuscripts, 350 national presentations, 40 books and chapters and over 300 invited professorships and keynote presentations.

He is married for more than forty years to a physician and has two adult children.



Ms. Susan Grajek

Vice President for Communities and Research
EDUCAUSE

Susan Grajek is EDUCAUSE's Vice President for Communities and Research. She is responsible for EDUCAUSE research and benchmarking programs (the EDUCAUSE Center for Analysis and Research (ECAR) and the Core Data Service), formal and informal communities (including the Cybersecurity Initiative and HEISC, the EDUCAUSE Learning Initiative (ELI), the Enterprise IT program, working groups, and constituent groups), and partnership activities. She also convenes the IT Issues Panel, which releases the Top 10 IT Issues

annually.

Before joining EDUCAUSE, she spent over 25 years at Yale University in a variety of IT management and leadership positions at the University and the School of Medicine, which encompassed academic computing, IT support, communications, assessment, strategic planning, and relationship management. Grajek, who has a Ph.D. in research psychology from Yale, held a faculty appointment in the Yale University School of Medicine's Department of Epidemiology and Public Health, where she taught data management. Her expertise encompasses the design and execution of research in management, the behavioral sciences, and public policy, as well as statistical analysis. She also has an established background in IT planning, assessment, and metrics, as well as IT operational leadership.



Dr. Tom Harnisch

Vice President for Government Relations
State Higher Education Executive Officers Association

Dr. Tom Harnisch joined SHEEO in January 2020. As vice president for government relations, Dr. Harnisch is located in Washington, D.C., where his primary leadership responsibility is planning, implementing, and coordinating SHEEO's portfolio of federal relations, policy, communication, and advocacy work. He monitors new and potential federal action (legislation, rules, and other policies and actions) that have relevance for our membership. Dr. Harnisch is responsible for bringing these issues to the attention of SHEEO staff

and SHEEO's membership and for articulating their potential impact on our members and the institutions and students they serve.

From 2007 to 2019, Dr. Harnisch worked in a series of roles at the American Association of State Colleges and Universities (AASCU), including as director of state relations and policy analysis. In his role at AASCU, his roles included policy research, analysis, and communication to the AASCU membership and other external stakeholder groups. He helped craft the AASCU Public Policy Agenda and planned the Higher Education Government Relations Conference. His research interests and commentary on higher education finance, access, affordability, and other topics have been cited in over 200 articles, including The New York Times, The Washington Post, Politico, Inside Higher Ed, and The Chronicle of Higher Education. He is also an adjunct faculty member at Georgetown University and The George Washington University. Dr. Harnisch earned a bachelor's degree from the University of Wisconsin-Madison, a master's from the University of Minnesota, and a doctorate from The George Washington University..



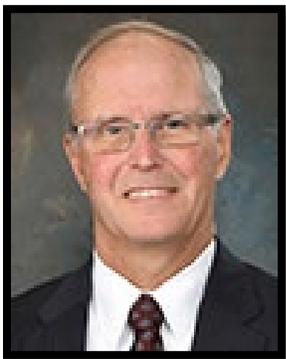
Ms. Teresa Lubbers
Commissioner
Indiana Commission for Higher Education

Teresa Lubbers was appointed in 2009 to serve as Commissioner for Indiana’s Commission for Higher Education, the coordinating agency charged with ensuring the state’s postsecondary education system is aligned to meet the needs of students and the state. Prior to joining the Commission, Lubbers served in the Indiana State Senate for 17 years, leading on education and economic development issues as Chair of the Senate Education and Career Development Committee.

As Commissioner, Lubbers works to increase college completion, ensure academic quality and student learning and align postsecondary credentials with meaningful careers. She partners with policymakers and higher education leaders to develop and implement the state’s higher education strategic plans, including the Commission’s recently adopted fourth plan, “Reaching Higher in a State of Change.”

Lubbers is a past chair and a current member of both the State Higher Education Executive Officers and the Midwestern Higher Education Compact. She serves as Chair for both the National Council for State Authorization Reciprocity Agreements and Higher Learning Advocates Board of Directors. Additionally, she serves as a Commissioner for both the Education Commission of the States and the Postsecondary Value Commission, a member of the Advisory Council for both the Council for Adult and Experiential Learning and the Level Up Advisory Council and as the Chair of Indiana’s Governor’s Workforce Cabinet.

Lubbers is past chair and current member of the YMCA of Great Indianapolis and Chair of the YMCA Foundation. She is the co-founder of the Lugar Excellence in Public Service Series. Lubbers holds an undergraduate degree from Indiana University and a Master’s in Public Administration from the Kennedy School of Government at Harvard University.



Mr. Michael McCabe
Director
Council of State Governments, Midwest Office

Mr. Mike McCabe is the director of the Midwestern Office of The Council of State Governments (CSG). In that role, he oversees the efforts of an eleven-member team that provides research and staff support services to several groups of state officials, including primarily the Midwestern Legislative Conference. Prior to assuming his current duties, he served first as a policy analyst and later as the assistant director of the Midwestern Office. Before joining CSG, McCabe worked as an attorney with a private law firm in Des Moines,

Iowa. A graduate of Iowa State University, he earned his law degree at the University of Illinois.



Dr. Stephen Moret

President and CEO
Virginia Economic Development Partnership

Dr. Stephen Moret is President and CEO of the Virginia Economic Development Partnership. At VEDP, he has collaborated with state, regional, and local partners to craft an ambitious vision focused on transformational goals, including accelerating employment growth; enabling every region to grow; and moving Virginia back to the top of national business climate rankings. At VEDP, he led Virginia’s successful state-and-local team bid for Amazon’s HQ2; designed Virginia’s \$1.1-billion Tech Talent Investment Program; and has launched a world-class, custom workforce initiative, the Virginia Talent Accelerator Program. Previously he served as Louisiana Secretary of Economic Development, CEO of the LSU Foundation, and as a consultant with McKinsey & Company. Moret earned an MBA from Harvard Business School as well as a doctorate in higher education management from the University of Pennsylvania, where his research focused on linkages between higher education and the labor market.



Ms. Madeline Pumariega

Executive Vice President and Provost
Tallahassee Community College

Madeline Pumariega is the Executive Vice President and Provost of Tallahassee Community College, recognized as a top 10 community college in the nation. This recognition is focused on the high achievement and performance of America’s community college. The college is strongly focused on innovation, student success, academic excellence, equity and workforce readiness.

In this role of Executive Vice President, she provides leadership and is responsible for aligning and advancing the high-impact practices within the College’s three core divisions of academic affairs, student affairs and workforce development. Pumariega’s goal is to ensure that all students have a pathway to complete their degree or professional credential that allows them to finish their academic goals and helps them start a career.

Pumariega, a thought leader in student success, workforce innovation and higher education policy, was appointed as the first female and Hispanic Chancellor of the Florida College System (FCS) in 2015. Recognized amongst the top in the nation, the FCS is comprised of 28 colleges and serves nearly 800,000 students and is committed to maintaining the highest quality programs to meet Florida's growing workforce needs.

Prior to becoming Chancellor, Pumariega served as president of Take Stock in Children, a statewide non-profit focused on breaking the cycle of poverty through education. Take Stock in Children has helped more than 25,000 students living in poverty successfully complete high school and move into post-secondary education and careers.

As a product of the college system, Pumariega began her academic career at Miami Dade College and returned to the college where she spent 20 years growing her career culminating as President of the Wolfson Campus. While at Miami Dade College, she developed innovative approaches to support academic progress and student success, ensuring that thousands of

youth can access and complete college. Pumariega was instrumental in supporting workforce programs by leveraging key partnerships in the community.

Pumariega believes in giving back and being involved in both statewide and local boards that focus on transforming communities.



Dr. Shaun Williams-Wyche

Associate Director of Research and Data Analysis
Midwestern Higher Education Compact

Shaun Williams-Wyche is the associate director of the research and data analysis for the Midwestern Higher Education Compact (MHEC), joining the Compact in June 2018. He brings over a decade of experience working in higher education in program administration, institutional research, and state policy research. Prior to joining MHEC, Shaun served as a research analyst at the Minnesota Office of Higher Education (OHE), covering topics including educational attainment, student retention, financial aid, student loan debt, and study abroad safety. Shaun also has extensive experience collaborating with legislative, postsecondary, K-12, and community stakeholders while working at OHE, where he led statewide efforts around closing educational attainment disparities by race and ethnicity. Shaun has held adjunct faculty appointments in political science at Metropolitan State University; the University of Minnesota, Twin Cities; and the University of Minnesota, Duluth. His degrees include a B.A., magna cum laude, Political Science and Anthropology, Southern Methodist University; M.A., Political Science, University of Minnesota; and Ph.D., Political Science, University of Minnesota.

MHEC Commissioners

Executive Officers

Chair: Olivia Madison, Iowa
Vice Chair: David Eisler, Michigan
Treasurer: Rick Carfagna, Ohio
Past Chair: Ken Sauer, Indiana

Executive Committee

Illinois: La Shawn Ford, Suzanne Morris
Indiana: Ken Sauer, **TBD**
Iowa: Carrie Koelker, Olivia Madison
Kansas: Blake Flanders, Marci Francisco
Michigan: David Eisler, **TBD**
Minnesota: Connie Bernardy, Devinder Malhotra
Missouri: Kayla Hahn, **TBD**
Nebraska: Deborah Frison, Rick Kolowski
North Dakota: Mark Hagerott, Dennis Johnson
Ohio: Rick Carfagna, Stephanie Davidson
South Dakota: Larry Tidemann, Janelle Toman
Wisconsin: Joan Ballweg, Rolf Wegenke

*Ex Officios: Lyndon Carlson (MN); Randy Ferlic (NE);
Tim Flakoll (ND); and Teresa Lubbers (IN)

ILLINOIS

<https://www.mhec.org/states/illinois>



La Shawn Ford
State Representative; Chair, Appropriations-Higher Education
Illinois General Assembly



Mollie Foust
Senior Counselor to the Deputy Governors
Illinois Governor's Office



Alice Marie Jacobs
Board Member
Illinois Board of Higher Education

**Former MHEC Chairperson*



Pat McGuire
State Senator; Chair, Higher Education Committee
Illinois General Assembly



Suzanne Morris
Vice Chair
Illinois Community College Board

INDIANA

<https://www.mhec.org/states/indiana>



Charles R. Johnson, Jr.
President
Vincennes University



Jack Jordan
State Representative
Indiana General Assembly



Ken Sauer
Indiana Governor's Designee; and Senior Associate Commissioner and Chief
Academic Officer, Indiana Commission for Higher Education



David W. Wantz
President and CEO
Independent Colleges of Indiana



Andy Zay
State Senator
Indiana General Assembly



Teresa S. Lubbers (Commissioner Alternate)
Commissioner
Indiana Commission for Higher Education

IOWA

<https://www.mhec.org/states/iowa>



Nancy Boettger
Regent
Board of Regents, State of Iowa



Derrick R. Franck
Board Member
Iowa Association of Community College Trustees



Olivia M.A. Madison

Iowa Governor's Designee; and Professor Emerita and Dean Emerita of Library Services, Iowa State University



Joe Mitchell

State Representative; Member, Education Appropriations Subcommittee
Iowa Legislature



Herman Quirnbach

State Senator; Ranking Member, Education Committee
Iowa Legislature



Andrew J. Baumert (Commissioner Alternate)

Vice President for Marketing and Outreach
Iowa Association of Independent Colleges and Universities



Todd Brown (Commissioner Alternate)

Division Administrator, Financial Aid Program Administration
Iowa College Aid



Timothy Fitzgibbon (Commissioner Alternate)
Governor's Designee; and Senior Vice President
First National Bank



Carrie Koelker (Commissioner Alternate)
State Senator; Member, Education Appropriations Subcommittee
Iowa Legislature



Sharon S. Steckman (Commissioner Alternate)
State Representative; Member, Education Committee
Iowa Legislature

KANSAS

<https://www.mhec.org/states/kansas>



Barbara W. Ballard
State Representative, Kansas Legislature
Associate Director, Robert J. Dole Institute



Molly Baumgardner
State Senator; Chair, Education Committee
Kansas Legislature



Blake Flanders
President and CEO
Kansas Board of Regents



Aaron A. Otto
Kansas Governor's Designee



Helen Van Etten
Board Member
Kansas Board of Regents



Marci Francisco (Commissioner Alternate)
State Senator
Kansas Legislature



Ken Rahjes (Commissioner Alternate)
State Representative; Chair, Higher Education Budget
Kansas Legislature

MICHIGAN

<https://www.mhec.org/states/michigan>



David L. Eisler
President
Ferris State University



Brandy M. Johnson
Michigan Governor's Designee; and Postsecondary and Workforce Policy Advisor
Office of the Governor, State of Michigan



Kim LaSata
State Senator; Chair, Appropriations Subcommittee on Universities and Community
Colleges
Michigan Legislature



Bill Pink
President
Grand Rapids Community College



Scott VanSingel
State Representative; Chair, Higher Ed. & Community Colls. Appropriations
Subcommittee
Michigan Legislature



Daniel J. Hurley (Commissioner Alternate)
Chief Executive Officer
Michigan Association of State Universities



Cassandra Ulbrich (Commissioner Alternate)
President
State Board of Education

MINNESOTA

<https://www.mhec.org/states/minnesota>



Paul T. Anderson
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Minnesota Legislature



Connie Bernardy
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Minnesota Legislature



Karen Hanson
Former Executive Vice President and Provost
University of Minnesota – Twin Cities



Devinder Malhotra
Chancellor
Minnesota State



Dennis Olson
Minnesota Governor's Designee; and Commissioner
Minnesota Office of Higher Education



Lyndon R. Carlson (Commissioner Alternate)
State Representative; DFL Lead, Ways and Means Committee
Minnesota Legislature



Paul Cerkvenik (Commissioner Alternate)
President
Minnesota Private College Council

MISSOURI

<https://www.mhec.org/states/missouri>



John Black
State Representative; Member, Higher Education Committee
Missouri General Assembly



Kayla Hahn
Governor's Designee; and Policy Director
Governor Michael Parson, State of Missouri



Susan L. Thomas
President
Truman State University

VACANCY
Appointing Authority: President Pro Tem of the Senate
Missouri General Assembly

VACANCY
Appointing Authority: MO Governor (Higher Education at-large)



Zora Mulligan (Commissioner Alternate)
Commissioner of Higher Education
Missouri Department of Higher Education & Workforce Development

NEBRASKA

<https://www.mhec.org/states/nebraska>



Randolph M. Ferlic
Nebraska Governor's Designee



Deborah A. Frison
Chair
Coordinating Commission for Postsecondary Education



Susan M. Fritz
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Rick Kolowski
State Senator; Member, Education Committee
Nebraska Legislature



Julie Slama
State Senator
Nebraska Legislature



Mike Baumgartner (Commissioner Alternate)
Executive Director
Coordinating Commission for Postsecondary Education

NORTH DAKOTA

<https://www.mhec.org/states/north-dakota>



Kyle Davison

State Senator; Member, Education Committee
North Dakota Legislative Assembly



Tim Flakoll

North Dakota Governor's Designee



Mark Hagerott

Chancellor
North Dakota University System



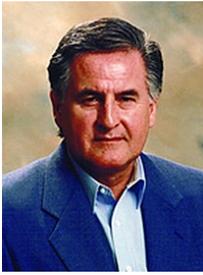
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North Dakota Legislative Assembly



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Board Member, State Board of Higher Education
North Dakota University System



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OHIO

<https://www.mhec.org/states/ohio>



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Ohio Legislature



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Senior Vice Chancellor, Innovation and Enterprise Development
Ohio Department of Higher Education



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Ohio Governor's Designee; and Vice Chancellor, Academic Affairs
Ohio Department of Higher Education



Jack Hershey
President and CEO
Ohio Association of Community Colleges



Stephanie Kunze
State Senator; Chairwoman, Higher Education Committee
Ohio Legislature



Bruce Johnson (Commissioner Alternate)
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Sinclair Community College

SOUTH DAKOTA

<https://www.mhec.org/states/south-dakota>



Michael Cartney
President
Lake Area Technical Institute



Erin Healy
State Representative; Member, Education Committee
South Dakota Legislature



V.J. Smith
State Senator; Member, Education Committee
South Dakota Legislature



Larry J. Tidemann
South Dakota Governor's Designee



Janelle K. Toman
Director of Communications
South Dakota Board of Regents



Reynold Nesiba (Commissioner Alternate)
State Senator; Member, Committee on Appropriations
South Dakota Legislature



Marli Wiese (Commissioner Alternate)
State Representative; Member, Education Committee
South Dakota Legislature

WISCONSIN

<https://www.mhec.org/states/wisconsin>



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Wisconsin State Legislature



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Executive Secretary
State of Wisconsin Higher Educational Aids Board



Steven Nass

State Senator; Member, Education Committee
Wisconsin State Legislature



Julie Underwood

Wisconsin Governor's Designee; and Dean of Education
University of Wisconsin-Madison



Rolf Wegenke

President
Wisconsin Association of Independent Colleges and Universities (WAICU)



Morna K. Foy (Commissioner Alternate)
President
Wisconsin Technical College System



Sean P. Nelson (Commissioner Alternate)
Vice President of Finance
University of Wisconsin System

MHEC Committees

<https://www.mhec.org/about/committees>

M-SARA Regional Steering Committee
Master Property Program Leadership Committee
Master Property Program Loss Control Workshop Subcommittee
Midwest Student Exchange Program Council
Multi-State Collaborative on Military Credit Steering Committee
Review Panel for State Policy and Performance Data
Student Health Benefits Advisory Committee
Technologies Executive Committee
Technologies Community

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MHEC STRATEGIC FRAMEWORK

PRIORITIES 2020–2021

VISION:

MHEC members collaborate to address the region's most pressing challenges in higher education and transform educational opportunities so that people and communities thrive.

MISSION:

MHEC brings together midwestern states to develop and support best practices, collaborative efforts, and cost-sharing opportunities. Through these efforts it works to ensure strong, equitable postsecondary educational opportunities and outcomes for all.

WHO MHEC SERVES:

MHEC is comprised of member states from the midwestern United States. MHEC works with and for a variety of stakeholders within and across member states, including higher education system leaders, state policymakers, legislators, and institutional leaders, while always maintaining a focus on students and their success.

HOW MHEC WORKS:

MHEC's strategic approach highlights member states' strong desire for collaboration, effectiveness, and efficiency. MHEC believes that collaborative actions informed by research and best practices are the catalyst for improving quality, accessibility, relevance, and affordability of postsecondary educational opportunities. MHEC does this primarily through the following approaches: convenings, programs, research, and cost-savings contracts. Increasingly, MHEC looks to leverage these approaches in conjunction with each other to serve its strategic priorities.

STRATEGIC PRIORITIES, 2020–2021:

The current MHEC strategic plan highlights three challenges for higher education in midwestern states: 1) shifting demographics; 2) evolving modes of packaging and delivering education; and 3) declining share of public investment in higher education. MHEC will continue supporting states' responses to these pressures by shaping its focus around the following strategic priorities:

1. *Increase access, promote affordability, and improve outcomes for all of the region's learners, including the historically underserved.*
2. *Foster a culture of continuous learning through increasingly aligned educational and workforce systems.*
3. *Sustain and advance affordable, high-quality educational opportunities through cost-savings initiatives.*
4. *Understand and communicate the value of and return on investment in higher education.*

Focusing on these priorities will allow MHEC to continue serving, supporting, and adding value to states in the near future, while also paving the way for the years beyond.

STRATEGIC PRIORITY 1:

Increase access, promote affordability, and improve outcomes for all of the region's learners, including the historically underserved.

The goal of this priority is to recognize that the diversity of today's learners and the changing demographics of the Midwest necessitate new ways of thinking about engaging and supporting students in the region. It also recognizes there are groups of students, including students of color, adults, low-income, first-generation, and students from rural communities, for whom barriers to equitable access and outcomes remain. Affordability, in particular, creates access issues. MHEC provides value for member states by facilitating the sharing of best practices in policies and programs that support the success of all students, with attention to underserved populations.

STRATEGIES:

- Work with states to better understand the needs of and serve military-connected students. MHEC will continue to work with interested members and leaders in this field to identify

challenges, share best practices, and support the development of policies and practices that better serve military-connected students.

- Support states to better serve nontraditional students. MHEC will share research to better understand the specific challenges facing nontraditional students and share best practices on policies and programs to serve them (e.g. credit for prior learning, competency-based education).
- Further efforts to support concurrent enrollment opportunities for midwestern students, including addressing instructor qualification concerns, by collaborating with partners to gather, develop, and disseminate best practices, and leveraging research expertise to better understand challenges.
- Further develop opportunities for Open Educational Resources (OER) and access to other lower-cost learning materials via collaboration with other compacts. In addition, explore other potential strategies for increasing the usage and effectiveness of alternate learning materials within midwestern states.

STRATEGIC PRIORITY 2:

Foster a culture of continuous learning through increasingly aligned educational and workforce systems.

The goal of this priority is to support states in advancing a culture of continuous learning, recognizing that technology and other factors create continuous demand for new skills and new modes of educational delivery. Building a more adaptive, responsive system to meet learner and workforce needs requires ever-stronger relationships between education and workforce. This priority recognizes that communication and partnerships between K-12, higher education, and workforce forms the foundation for meaningful policy and programmatic changes.

STRATEGIES:

- Highlight effective practices in K12, higher education, and workforce alignment, and identify and support opportunities that foster such partnerships in the region.
- Support states in efforts to define and catalog high-quality nondegree credentials in their states and provide credit for learning outside of the classroom, and seek opportunities to partner with other national organizations and regional compacts to further this work.
- Develop additional support for states interested in furthering workforce-aligned educational opportunities, such as apprenticeships and partnerships with local chambers of commerce.
- In harmony with Strategic Priority 1, further the work to facilitate access to concurrent enrollment for students in the Midwest region.

STRATEGIC PRIORITY 3:

Sustain and advance affordable, high-quality educational opportunities through cost-savings initiatives.

This priority recognizes that the midwestern region faces ongoing challenges with the costs of higher education: institutions grappling with sustainability in the face of declining enrollment and declining public funding, state budgets with limited room to increase funding due to economic decline and tax capacity, and debt-burdened students. Approaching these challenges creatively and collaboratively can help ensure higher education remains a strong thread in the midwestern fabric and that students have access to affordable educational opportunities that provide a strong return on investment.

STRATEGIES:

- Continue building on the success of purchasing contracts and programs, such as technology contracts and property insurance, by exploring new opportunities. MHEC will look for ways to incorporate process improvements into contracts work to continually advance effectiveness.
- Provide opportunities for states to learn about strategies for lowering costs, including:
 - Examining the overall higher education “business model”;
 - Strategies to better serve students resulting in less cost to the student and institution; and
 - New models for funding student education.
- Intentionally align MHEC cost-savings contract and program work with opportunities to improve student success, such as in student health insurance work. Explore opportunities for more contracts impacting academic and student support work at institutions.
- Continue supporting lower-cost, high-quality opportunities for students to broaden their educational options through ongoing work with the National Council for State Authorization Reciprocity Agreements (NC-SARA).
- Use social media to elevate the leadership role of MHEC and midwestern states in cost management and control.
- In harmony with Strategic Priority 1, further support opportunities to lower costs for students, including the Multi-State Collaborative on Military Credit (MCMC), concurrent enrollment, Open Educational Resources (OER) and access to other learning materials, and the Midwest Student Exchange Program (MSEP).

STRATEGIC PRIORITY 4:

Understand and communicate the value of and return on investment in higher education.

The goal of this priority is to support students in assessing the value of postsecondary paths, to support institutions in articulating their value within their states, and to support policymakers in accessing relevant data.

STRATEGIES:

- Host national experts and showcase practices from states on communicating and promoting the value of higher education at one or more convenings. The insights will inform policymakers and system and campus leaders.
- Assess the viability of a MHEC-led social media and communications strategy to convey a data-driven message on the clear value proposition of higher education and return on investment for states and their economies, institutions, industry, communities, and students.
- Develop, publish, and support the higher education community in using an interactive data dashboard that highlights higher education outcomes and linked quality of life outcomes across the midwestern region and nation.
- In harmony with Strategic Priority 2, explore ways to support states in gaining a better understanding of credentials of value and in communicating that information to students and families.

ABOUT THE STRATEGIC PLANNING PROCESS:

The Midwestern Higher Education Compact (MHEC) operates under a four-year strategic plan, with the current plan guiding 2017-2021. At this mid-point of the strategic plan, MHEC partnered with HCM Strategists (HCM), a public policy and advocacy consulting firm focused on reducing disparities in education and health, to support a strategic positioning process and midpoint reflection.

The work began by seeking to answer the following questions: (1) What is MHEC's purpose? (2) Where has MHEC experienced the most success? (3) What are the broad topics of interest to commissioners and in which of MHEC's offerings (convenings, research, programs, contracts) do they find most value? (4) What are some of the distinctive concerns of MHEC's member states? (5) What areas of interest will best advance MHEC's mission over the next few years?

In order to answer those questions, HCM undertook a multi-step process that drew upon the 2019 Environmental Scan performed by the Academic Search firm and additional complementary research. After the research HCM engaged with MHEC staff, officers, and commissioners to further define priorities and strategies. HCM surveyed MHEC commissioners, which then informed a discussion and planning process with MHEC staff and officers in November 2019. This resulted in a draft strategic midpoint plan shared with commissioners for feedback at the November 2019 Annual Commission Meeting. The final result was a Strategic Framework to complement the existing strategic plan.

Thank you to the many who contributed to the development of this Strategic Framework, including MHEC staff, officers, and commissioners, as well as to the leaders at national and regional organizations who provided insight and feedback as part of the environmental scan that established the groundwork for this framework.

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The Midwestern Regional Higher Education *Compact*

Entered into by and between the States signatory hereto, to advance higher education through interstate cooperation to meet the needs of the Midwestern Region of the United States of America.

ARTICLE I. PURPOSE

The purpose of the Midwestern Higher Education Compact shall be to provide greater higher education opportunities and services in the Midwestern region, with the aim of furthering regional access to, research in and choice of higher education for the citizens residing in the several states which are parties to this Compact.

ARTICLE II. THE COMMISSION

The compacting states hereby create the Midwestern Higher Education Commission, hereinafter called the Commission. The Commission shall be a body corporate of each compacting state. The Commission shall have all the responsibilities, powers and duties set forth herein, including the power to sue and be sued, and such additional powers as may be conferred upon it by subsequent action of the respective legislatures of the compacting states in accordance with the terms of this Compact.

The Commission shall consist of five resident members of each state as follows: the governor or the governor's designee who shall serve during the tenure of office of the governor; two legislators, one from each house (except Nebraska, which may appoint two legislators from its Unicameral Legislature), who shall serve two-year terms and be appointed by the appropriate appointing authority in each house of the

legislature; and two other at-large members, at least one of whom shall be selected from the field of higher education. The at-large members shall be appointed in a manner provided by the laws of the appointing state. One of the two at-large members initially appointed in each state shall serve a two-year term. The other, and any regularly appointed successor to either at-large member, shall serve a four-year term. All vacancies shall be filled in accordance with the laws of the appointed states. Any commissioner appointed to fill a vacancy shall serve until the end of the incomplete term.

The Commission shall select annually, from among its members, a chairperson, a vice chairperson and a treasurer.

The Commission shall appoint an executive director who shall serve at its pleasure and who shall act as secretary to the Commission. The treasurer, the executive director and such other personnel as the Commission may determine, shall be bonded in such amounts as the Commission may require.

The Commission shall meet at least once each calendar year. The chairperson may call additional meetings and upon the request of a majority of the Commission members of three or more compacting states, shall call additional meetings. Public notice shall be given of all meetings and meetings shall be open to the public.

Each compacting state represented at any meeting of the Commission is entitled to one vote. A majority of the compacting states shall constitute a quorum for the transaction of business, unless a larger quorum is required by the bylaws of the Commission.

ARTICLE III. POWERS AND DUTIES OF THE COMMISSION

The Commission shall adopt a seal and suitable bylaws governing its management and operations.

Irrespective of the civil service, personnel or other merit system laws of any of the compacting states, the Commission in its bylaws shall provide for the personnel policies and programs of the Compact.

The Commission shall submit a budget to the governor and legislature of each compacting state at such time and for such period as may be required. The budget shall contain specific recommendations of the amount or amounts to be appropriated by each of the compacting states.

The Commission shall report annually to the legislatures and governors of the compacting states, to the Midwestern Governors' Conference and to the Midwestern Legislative Conference of the Council of State Governments concerning the activities of the Commission during the preceding year. Such reports shall also embody any recommendations that may have been adopted by the Commission.

The Commission may borrow, accept, or contract for the services of personnel from any state or the United States or any subdivision or agency, from any interstate

agency, or from any institution, foundation, person, firm or corporation.

The Commission may accept for any of its purposes and functions under the Compact any and all donations and grants of money, equipment, supplies, materials and services (conditional or otherwise) from any state or the United States or any subdivision or agency thereof, or interstate agency, or from any institution, foundation, person, firm, or corporation, and may receive, utilize and dispose of the same.

The Commission may enter into agreements with any other interstate education organizations or agencies and with higher education institutions located in non-member states and with any of the various states of these United States to provide adequate programs and services in higher education for the citizens of the respective compacting states. The Commission shall, after negotiations with interested institutions and inter-state organizations or agencies, determine the cost of providing the programs and services in higher education for use of these agreements.

The Commission may establish and maintain offices, which shall be located within one or more of the compacting states.

The Commission may establish committees and hire staff as it deems necessary for the carrying out of its functions.

The Commission may provide for actual and necessary expenses for attendance of its members at official meetings of the Commission or its designated committees.

ARTICLE IV. ACTIVITIES OF THE COMMISSION

The Commission shall collect data on the long-range effects of the Compact on higher education. By the end of the fourth year from the effective date of the Compact and every two years thereafter, the Commission shall review its accomplishments and make recommendations to the governors and legislatures of the compacting states on the continuance of the compact.

The Commission shall study issues in higher education of particular concern to the Midwestern region. The Commission shall also study the needs for higher education programs and services in the compacting states and the resources for meeting such needs. The Commission shall from time to time prepare reports on such research for presentation to the governors and legislatures of the compacting states and other interested parties. In conducting such studies, the Commission may confer with any national or regional planning body. The Commission may redraft and recommend to the governors and legislatures of the various compacting states suggested legislation dealing with problems of higher education.

The Commission shall study the need for provision of adequate programs and services in higher education, such as undergraduate, graduate or professional student exchanges in the region. If a need for exchange in a field is apparent, the Commission may enter into such agreements with any higher education institution and with any of the compacting states to provide programs and services in higher education for the citizens of the respective compacting states. The Commission shall, after negotiations with interested institutions and the compacting states, determine the costs of providing the

programs and services in higher education for use in its agreements. The contracting states shall contribute the funds not otherwise provided, as determined by the Commission, for carrying out the agreements. The Commission may also serve as the administrative and fiscal agent in carrying out agreements for higher education's programs and services.

The Commission shall serve as a clearinghouse on information regarding higher education activities among institutions and agencies.

In addition to the activities of the Commission previously noted, the Commission may provide services and research in other areas of regional concern.

ARTICLE V. FINANCE

The monies necessary to finance the general operations of the Commission not otherwise provided for in carrying forth its duties, responsibilities and powers as stated herein shall be appropriated to the Commission by the compacting states, when authorized by the respective legislatures by equal apportionment among the compacting states.

The Commission shall not incur any obligations of any kind prior to the making of appropriations adequate to meet the same; nor shall the Commission pledge the credit of any of the compacting states, except by and with the authority of the compacting state.

The Commission shall keep accurate accounts of all receipts and disbursements. The receipts and disbursements of the Commission shall be subject to the audit and accounting procedures established under its

bylaws. However, all receipts and disbursements of funds handled by the Commission shall be audited yearly by a certified or licensed public accountant and the report of the audit shall be included in and become part of the annual report of the Commission.

The accounts of the Commission shall be open at any reasonable time for inspection by duly authorized representatives of the compacting states and persons authorized by the Commission.

ARTICLE VI. ELIGIBLE PARTIES AND ENTRY INTO FORCE

The states of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota and Wisconsin shall be eligible to become party to this Compact. Additional states will be eligible if approved by a majority of the compacting states.

As to any eligible party state, this Compact shall become effective when its legislature shall have enacted the same into law; provided that it shall not become initially effective until enacted into law by five states prior to the 31st day of December 1995.

Amendments to the Compact shall become effective upon their enactment by the legislatures of all compacting states.

ARTICLE VII. WITHDRAWAL, DEFAULT AND TERMINATION

Any compacting state may withdraw from this Compact by enacting a statute repealing the Compact, but such withdrawal shall not become effective until two years

after the enactment of such statute. A withdrawing state shall be liable for any obligations which it may have incurred on account of its party status up to the effective date of withdrawal, except that if the withdrawing state has specifically undertaken or committed itself to any performance of an obligation extending beyond the effective date of withdrawal, it shall remain liable to the extent of such obligation.

If any compacting state shall at any time default in the performance of any of its obligations, assumed or imposed, in accordance with the provisions of this Compact, all rights, privileges and benefits conferred by this Compact or agreements here-under shall be suspended from the effective date of such default as fixed by the Commission, and the Commission shall stipulate the conditions and maximum time for compliance under which the defaulting state may resume its regular status. Unless such default shall be remedied under the stipulations and within the time period set forth by the Commission, this Compact may be terminated with respect to such defaulting state by affirmative vote of a majority of the other member states. Any such defaulting state may be reinstated by performing all acts and obligations as stipulated by the Commission.

ARTICLE VIII. SEVERABILITY AND CONSTRUCTION

The provisions of this Compact entered into hereunder shall be severable and if any phrase, clause, sentence or provision of this compact is declared to be contrary to the constitution of any compacting state or of the United States or the applicability thereof to any government, agency, person or circumstance is held invalid, the validity of

the remainder of this Compact and the applicability thereof to any government, agency, person or circumstance shall not be affected thereby. If this Compact entered into hereunder shall be held contrary to the constitution of any compacting state, the Compact shall remain in full force and effect as to the remaining states and in full force and effect as to the state affected as to all severable matters. The provisions of this Compact entered into pursuant hereto shall be liberally construed to effectuate the purposes thereof.

This compact is now in full force and effect, having been approved by the governors and legislatures of more than five of the eligible states.

MEMBER STATES

State of Illinois
By Jim Edgar
August 20, 1991

State of Michigan
By James A. Blanchard
July 24, 1990

State of North Dakota
By Edward T. Schafer
April 22, 1999

State of Indiana
By Evan Bayh
March 14, 1996

State of Minnesota
By Rudolph Perpich
April 26, 1990

State of Ohio
By Richard F. Celeste
January 9, 1991

State of Iowa
By Tom Vilsack
June 6, 2005

State of Missouri
By John D. Ashcroft
May 9, 1990

State of South Dakota
By Mike Rounds
March 13, 2008

State of Kansas
By Michael Hayden
April 25, 1990

State of Nebraska
By Ben Nelson
June 5, 1991

State of Wisconsin
By Tommy Thompson
April 18, 1994

Midwestern Higher Education Commission

Bylaws

Article I. Commission Purpose, Functions and Bylaws

Section 1. Purpose.

Pursuant to the terms of the Midwestern Higher Education Compact (hereinafter referred to as "the compact"), the Midwestern Higher Education Commission (hereinafter referred to as "the commission") is established to fulfill the objectives of the compact, including the development and promotion within the compacting states, of new and more efficient opportunities in higher education.

Section 2. Functions.

In pursuit of the fundamental objectives set forth in the compact, the commission shall, as necessary or required, exercise all of the powers and fulfill all of the duties delegated to it by the compacting states. The commission's activities shall include the preparation of reports, studies and recommendations, the provision of information and consulting services, the facilitation of resource sharing and exchanges, and the promotion and implementation of other initiatives related to the improvement of higher education in the compacting states, as provided by the compact, or as determined by the commission to be warranted by, and consistent with, the objectives and provisions of the compact.

The president (referred to as executive director in the compact statute) serves as the commission's principal administrator.

Section 3. Bylaws.

As required by the compact, these bylaws shall govern the management and operations of the commission. As adopted and subsequently amended, these bylaws shall remain at all times subject to, and limited by, the terms of the compact.

Article II. Membership

Section 1. Commission Members.

The commission membership shall be comprised as provided in the compact. The appointing authorities in each of the compacting states shall forward the names of their appointees to the commission chair. After verifying compliance with the compact provisions governing commission appointments, the commission chair shall promptly acknowledge the receipt of all qualified appointments by letter to both the appropriate appointing authorities and the designated appointees. The commission chair shall promptly advise the appropriate appointing authorities of the need to appoint new commission members upon the expiration of designated terms of the occurrence of mid-term vacancies.

Section 2. Affiliate Members.

States not eligible to become a party to the compact and/or Canadian Provinces may become affiliate members of the commission when mutual interests exist and when it would benefit the compact to enter into such arrangements. Such other states and/or Canadian Provinces may be afforded status as affiliate members to the commission in accordance with policies and procedures approved by the commission.

The compact legislation must be approved by affiliate member states or provinces prior to being afforded affiliate member status.

Section 3. Associate Members.

Entities not eligible to become members of the compact may be afforded status as associate members of the commission in accordance with the policies and procedures approved by the commission.

Section 4. Compact Participation in MHEC Programs.

For the 12 states identified in Article VI of the MHEC compact statute, the MHEC compact statute must remain in effect in order for those states to participate in MHEC programs and services

Article III. Officers

Section 1. Election and Succession.

As provided by the compact, the officers of the commission shall include a chair, vice chair, past chair, and a treasurer, all of whom shall be duly appointed commission members.

Officers shall be elected by the commission at any meeting at which a quorum is present. The chair, vice chair and treasurer shall serve one-year terms or until their successors are elected by the commission. The vice chair shall succeed to the office of chair upon completion of the chairperson's term of office. The treasurer shall succeed to the office of vice chair upon completion of the vice chair's term of office.

Section 2. Duties.

The four officers shall perform all duties of their respective offices as provided by the compact and these bylaws. Such duties shall include, but are not limited to, the following:

- a. Chair. The chair shall call and preside at all meetings of the commission, shall prepare agendas for such meetings, shall make appointments to all committees of the commission, and, in accordance with the commission's directions, or subject to ratification by the commission, shall act on the commission's behalf during the interims between commission meetings.
- b. Vice Chair. The vice chair shall, in the absence or at the direction of the chair, perform any or all of the duties of the chair. In the event of a vacancy in the office of chair, the vice chair shall serve as acting chair until a new chair is elected by the commission.
- c. Treasurer. The treasurer, with the assistance of the commission's president, shall act as custodian of all commission funds and shall be responsible for monitoring the

administration of all fiscal policies and procedures set forth in the compact or adopted by the commission. Pursuant to the compact, the treasurer shall execute such bond as may be required by the commission covering the treasurer, the president and any other officers, commission members and commission personnel, as determined by the commission, who may be responsible for the receipt, disbursement, or management of commission funds.

- d. Past Chair. Commencing upon completion of the term of office of chair, the past chair, if still a duly appointed commissioner, shall serve one year in the position of past chair. The past chair shall, in the absence or at the discretion of the chair and vice chair, perform any or all of the duties of the chair. In the event of a vacancy in the office of the chair and vice chair, the past chair shall serve as acting chair until a new chair or vice chair is elected by the commission.

Article IV. Commission Personnel

Section 1. Commission Staff and Offices

The commission shall appoint a president, who shall serve at its pleasure and who shall act as chief executive officer and secretary to the commission. The president shall hire and supervise such other staff as may be authorized by the commission. The president shall establish and manage the commission's office or offices, which shall be located in one or more of the compacting states as determined by the commission.

Section 2. Duties of the President.

The president serves as the commission's principal administrator and secretary.

1. Principal Administrator. As the commission's principal administrator, the president shall perform such duties as may be delegated by the commission or required by the compact and these bylaws, including, but not limited to, the following:
 - a. Recommend general policies and program initiatives for the commission's consideration.
 - b. Recommend for the commission's consideration administrative and personnel policies governing the recruitment, hiring, management, compensation and dismissal of commission staff.
 - c. Implement and monitor the administration of all policies and program initiatives adopted by the commission.
 - d. Prepare draft annual budgets for the commission's consideration.
 - e. Monitor all commission expenditures for compliance with approved budgets and maintain accurate records of account.
 - f. Assist commission members as directed in securing required appropriations from the compacting states;
 - g. Execute contracts on behalf of the commission as directed.
 - h. Receive service of process on behalf of the commission.

- i. Prepare and disseminate all required reports and notices as directed by the commission.
2. Secretary. As the commission's secretary, the president shall keep minutes of all commission and executive committee meetings and shall act as the custodian of all documents and records pertaining to the status of the compact and business of the commission.

Section 3. Policy and Programmatic Committees.

In functioning as the commission's principal administrator, the president may establish committees to help explore and implement commission policies and program initiatives. The president shall appoint the members of the committees and shall determine the composition, procedures, duties, budget and tenure of such committees.

At the discretion of the president, the positions of chair and vice chair may be established for each committee. If a chair and vice chair is established, the president shall appoint the chair and vice chair following nominations from members of the respective committees. The term of office for the chair and vice chair shall be two years. The vice chair shall succeed the chair upon the expiration of the chair's term. The chair and vice chair shall serve at the pleasure of the president. The duties of the chair and vice chair shall include, but not be limited to, the following:

- a. Chair: The chair shall call and preside at all meetings of the committee, shall prepare agendas for such meetings, and in accordance with the committee's directions and subject to the president's approval, shall act on the committee's behalf during the interim between committee meetings.
- b. Vice Chair: The vice chair shall, in the absence or at the direction of the chair, perform any or all of the duties of the chair. In the event of a vacancy in the office of the chair, the vice chair shall serve as acting chair until the president appoints a new chair.

Article V. Meetings of the Commission.

Section 1. Meetings and Notice.

The commission shall meet at least once each calendar year at a time and place to be determined by the commission. Additional meetings may be scheduled at the discretion of the chair and must be called upon the request of a qualified number of commission members, as provided in the compact. All commission members shall be given written notice of commission meetings at least 30 days prior to their scheduled dates.

Final agendas shall be provided to all commission members no later than 10 days prior to any meeting of the commission. Thereafter, additional agenda items requiring commission action may not be added to the final agenda, except by a vote of the commission in which two-thirds of the compacting states vote aye. All commission meetings, except executive sessions limited to personnel matters, shall be open to the public and prior public notice shall be provided in a manner consistent with the customs and practices of the compacting states.

Section 2. Quorum.

Commission members representing a majority of the compacting states and affiliate members shall constitute a quorum for the transaction of business, except as otherwise required in these bylaws. The presence of one or more commission members from a compacting state is sufficient to constitute the presence of that state for purposes of determining the existence of a quorum, provided the delegation present is entitled to vote on behalf of the state represented. The presence of a quorum must be established before any vote of the commission can be taken.

Section 3. Voting.

Each compacting state represented at any meeting of the commission is entitled to one vote. Fractional voting is prohibited. Each affiliate member represented at any meeting of the commission is entitled to one vote. The commission members representing a single compacting state may, subject to applicable state laws, employ the means of their choice for determining their state's vote.

In the event that a minimum number of commission members is required by a compacting state to be present at a commission meeting in order to vote on behalf of such state, the presence of that number of commission members shall also be required by the commission for purposes of determining the existence of a quorum. Except as otherwise required by the compact or these bylaws, any question submitted to a vote of the commission shall be determined by a simple majority.

Section 4. Procedure.

Matters of parliamentary procedure not covered by these bylaws shall be governed by Robert's Rules of Order.

Article VI. Commission Committees

Section 1. Executive Committee.

The commission shall establish an executive committee, which shall be empowered to act on behalf of the commission during the interims between commission meetings. The composition, procedures, duties, budget, and tenure of such an executive committee shall be determined by the commission, except that each compacting state shall be entitled to equal representation and voting rights on the committee.

Past chairs of the commission that remain duly appointed commission members or that serve as alternate commission members shall serve on the executive committee as ex officio members. The power of such an executive committee to act on behalf of the commission shall at all times be subject to any limitations imposed by the commission, the compact or these bylaws.

Section 2. Finance and Audit Committee.

The Finance and Audit Committee acts as an advisory committee to the commission and is charged with reviewing and providing guidance on all compact financial matters.

Section 3. Other Committees.

The commission may establish such other committees as it deems necessary to carry out its objectives. The composition, procedures, duties, budget and tenure of such committees shall be determined by the commission.

Article VII. Finance

Section 1. Fiscal Year.

The commission's fiscal year shall begin on July 1 and end on June 30.

Section 2. Budget.

The commission shall operate on an annual budget cycle and shall, in any given year, adopt budgets for the following fiscal year or years by such time as may be necessary to allow legislative appropriations from the compacting states to be secured. Commission budgets shall be submitted to the compacting states as required by the compact.

Section 3. Accounting and Audit.

The commission, with the assistance of the president, shall keep accurate and timely accounts of all receipts and disbursements of commission funds. The treasurer, through the president, shall cause the commission's records of account to be audited annually by a certified or licensed public accountant, and, as required by the compact, the report of such audit shall be made a part of the commission's annual report.

Section 4. Debt Limitations.

The commission shall monitor its own and its committees' affairs for compliance with all provisions of the compact and these bylaws governing the incursion of debt and the pledging of credit.

Section 5. Travel Reimbursement.

Subject to the availability of budgeted funds, and unless otherwise provided by the commission, commission members shall be reimbursed for any actual and necessary expenses incurred pursuant to their attendance at all duly convened meetings of the commission or its committees.

Article VIII. Required Reports

In addition to such other reports as may from time to time be required by the compact, these bylaws, or any action of the commission, the commission shall prepare and disseminate the following reports as required by the compact:

- a. An annual report documenting the commission's activities during the preceding year and including the annual audit report and any recommendations that may have been adopted by the commission.

- b. A biannual compact evaluation report, analyzing the effects of the compact on higher education in the compacting states and including recommendations concerning the continuance of the compact.

Article IX. Adoption and Amendment of Bylaws

Any bylaw may be adopted, amended or repealed by a majority vote of the compacting states, provided that written notice and the full text of the proposed action is provided to all commission members at least 30 days prior to the meeting at which the action is to be considered. Failing the required notice, a two-thirds majority of the compacting states shall be required for such action.

As adopted by the Midwestern Higher Education Commission on March 10, 1991; May 20, 1995; June 20, 2003; November 18, 2004; November 14, 2006; November 14, 2011; June 3, 2019; and November 19, 2019

Upcoming Meeting Save-the-Dates

2021 MHEC EXECUTIVE COMMITTEE MEETING

Monday, June 7 - Tuesday, June 8, 2021

Hilton Downtown Des Moines
435 Park Street
Des Moines, IA 50309



Photo Courtesy of [Catch Des Moines](#)

More information, as it becomes available at [MHEC.org/events](https://mhec.org/events).

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