

# Agenda Book Annual Commission Meeting

November 8-10, 2021  
Grand Rapids, MI



Michigan Commissioners: David Eisler, Mark Huizenga, Brandy Johnson, Kimberly LaSata, Bill Pink  
Alternates: Daniel Hurley, Casandra Ulbrich

Feature photo courtesy of [Experience Grand Rapids](#).

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# Midwestern Higher Education Compact

Annual Commission Meeting

November 8-10, 2021

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# Meeting Detail

## Join Zoom Meeting

Virtual participants will use the same Zoom details for both days.

<https://us06web.zoom.us/j/87598213498?pwd=ZFp5QnQ4bFAvcnkYb1N1NMYmpSTGRTdz09>

Meeting ID: 875 9821 3498

Passcode: 423793

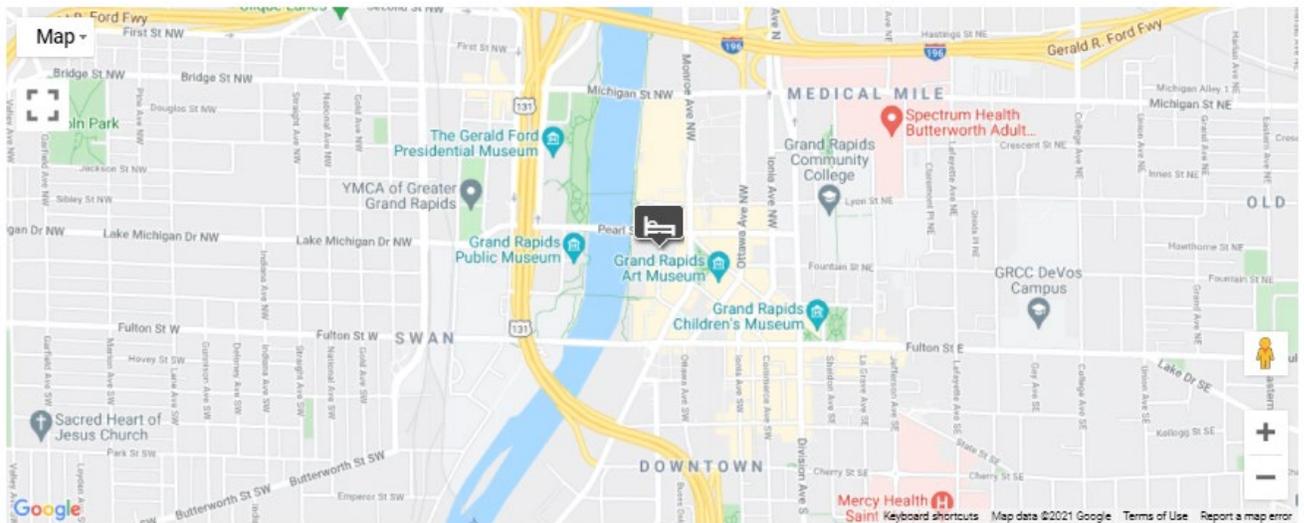
Call-in #: (312) 626-6799

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## Meeting Location

JW Marriott  
235 Louis Street NW, Grand Rapids  
(616) 242-1500

## Directions



## Airport Transportation

Should you be arriving through the [Gerald Ford International Airport](#), there is no complimentary airport shuttle service. A one-way taxi will be approximately \$33. You may also choose to use transportation services like Lyft or Uber.

## Parking

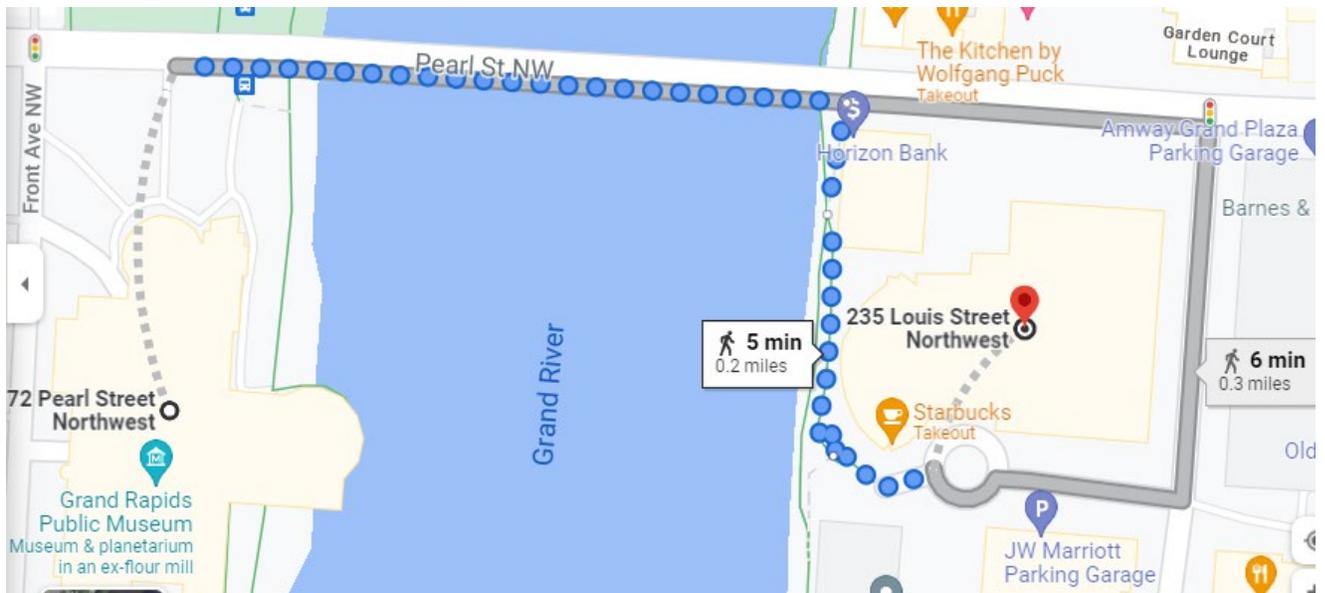
Please use the parking garage adjacent the hotel. Self-parking is \$32/day and Valet parking is \$35/day. Parking costs will be routed to the MHEC Master Bill.

## Tuesday, November 9, 6:00 p.m.

### Offsite Event: Grand Rapids Public Museum

*We will walk to the museum, departing the lobby at 5:45 p.m.  
Transportation will be arranged for anyone upon request.*

272 Pearl Street NW, Grand Rapids  
Approximately 0.2 miles



## Meeting Guidelines

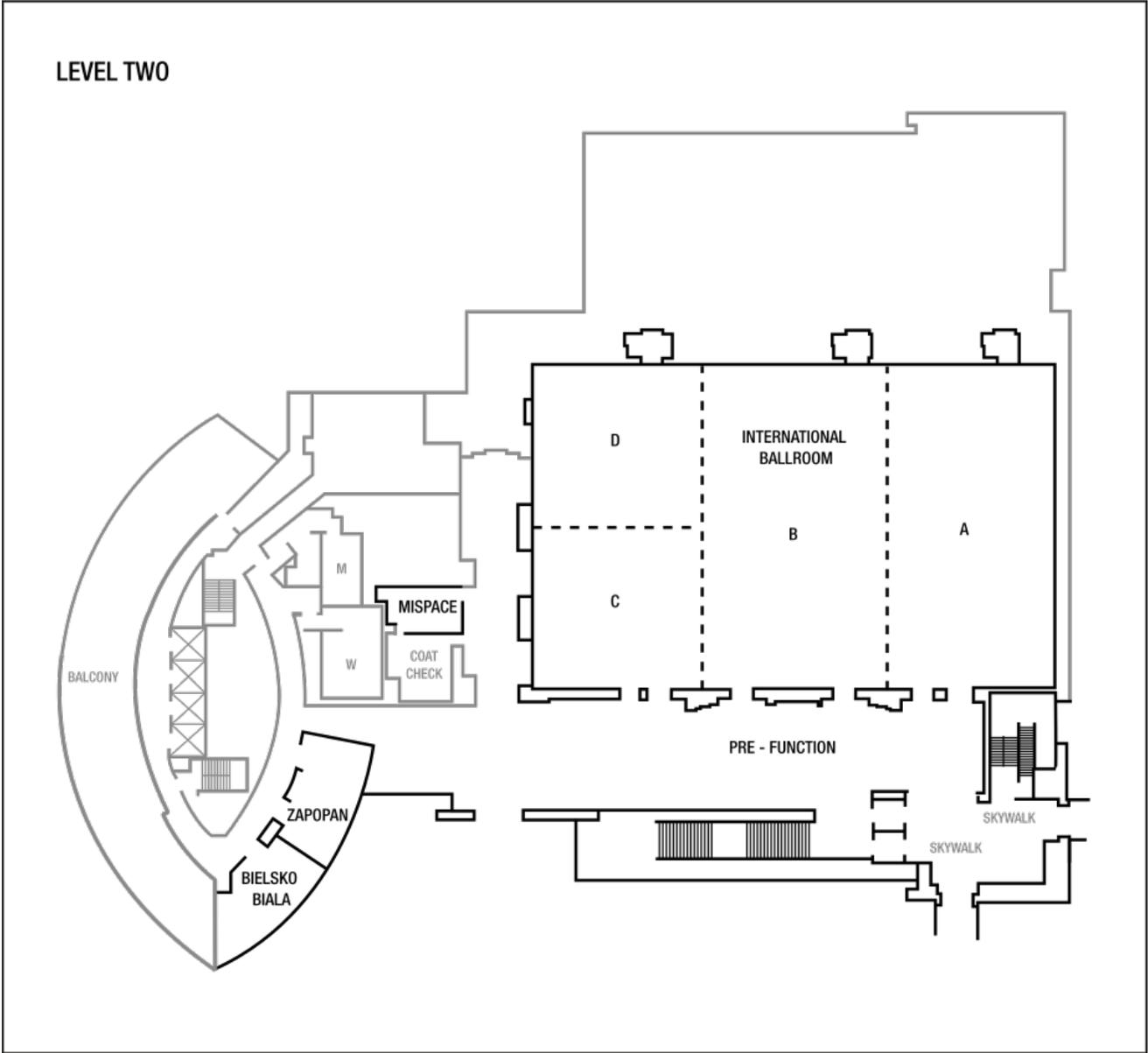
Our goal is to provide a safe experience for all participants. For in-person attendees, during our meeting, we will follow the Center for Disease Control and Prevention (CDC) guidelines. Please note, some of the [CDC's travel guidelines](#) differ for vaccinated and unvaccinated individuals.

- [Per CDC guidance](#), **individuals who are fully vaccinated** do not need to get tested or self-quarantine prior to travel. Individuals who are not fully vaccinated should get tested before and after travel, engage in social distancing and, in some cases, self-quarantine.
- The CDC recommends that **both fully vaccinated and unvaccinated individuals** wear masks and self-monitor for symptoms during travel.
- In addition, the CDC recommends that **both fully vaccinated and unvaccinated individuals** [wear masks indoors in public](#) in areas of substantial or high transmission to maximize protection from the Delta variant. At the time of publication of the agenda book, Grand Rapids, Michigan, is currently an area of high transmission, so masks are recommended for all meeting participants.

We encourage you to review the CDC guidance and follow these important safety measures to protect yourself and others. These safety measures will be updated as recommendations from the CDC and local health authorities change.

**HOTEL LAYOUT**

Finance & Audit Committee: Bielsko-Biala Room  
Governance Committee: Zapopan Room  
Monday Dinner, Tuesday Breakfast & Lunch, Wednesday Breakfast: Salon A  
Business Meeting Tuesday & Wednesday: Salon B



## **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.

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## Annual Commission Meeting - Hybrid

November 8-10, 2021

### Agenda

*All times are listed in Eastern Time (ET)*

#### ***Day 1: Monday, November 8***

2:30 p.m. – 4:00 p.m. ET                      Finance and Audit Committee Meeting (*for committee members only*)  
Bielsko-Biala Room

2:30 p.m. – 4:00 p.m. ET                      Governance Committee Meeting (*for committee members only*)  
Zapopan Room

5:00 p.m. – 6:00 p.m. ET                      Reception  
International Ballroom Salon A

6:00 p.m. – 8:30 p.m. ET                      Dinner  
Presenter – Mr. Quentin Messer, Chief Executive Officer, President and  
Chair – Michigan Strategic Fund, Michigan Economic Development  
Corporation  
Introduced by: Ms. Susan Heegaard, MHEC President

#### ***Day 2: Tuesday, November 9***

7:30 a.m. ET                                      BREAKFAST  
International Ballroom Salon A

- 8:30 a.m. ET                                      1) Call to Order – Dr. David Eisler (MI), MHEC Chair  
International Ballroom Salon B
- 2) Michigan Welcome  
Video Presentation: Governor Gretchen Whitmer  
Grand Rapids Mayor Rosalynn Bliss
- 3) Overview of Hybrid Meeting Guidelines – Ms. Susan Heegaard, MHEC  
President
- 4) Roll Call of States - Ms. Mary Roberson, MHEC Senior Director of  
Communications and Marketing



1:00 p.m. ET  
International Ballroom Salon B

13) New Business

- a) *Student Migration and Data Trends in the Midwest*  
Dr. Aaron Horn, MHEC Associate Vice President of Research, and  
Dr. Shaun Williams-Wyche, MHEC Associate Director of Research  
and Data Analysis
- b) Midwest Student Exchange Program Presentation - Ms. Sara  
Appel, MHEC Associate Director for Policy Initiatives, and Ms.  
Jenny Parks, MHEC Vice President

1:45 p.m. ET

- c) Finance and Audit Committee Report – Dr. Devinder Malhotra  
(MN), MHEC Treasurer and Committee Chair

1. Budget Highlights for FY21 (pp. 35-43)

**Action Item 3**

2. FY21 Audit Report (pp. 44-63)

**Action Item 4**

3. 1.5% State Commitment Increase FY23 (pp. 64-65)

2:30 p.m. ET

BREAK

2:45 p.m. ET  
International Ballroom Salon B

- d) Governance Committee Report – Rep. Barbara Ballard (KS),  
Committee Chair

**Action Item 5**

1. Commissioner Alternates to the Full Commission (p. 67)

**Action Item 6**

2. Appointment Terms to the Executive Committee (p. 68)

3. Awards Report

**Action Item 7-10**

- e) Nominations and Elections of Officers, Chair, Vice Chair, Past  
Chair, and Treasurer – Dr. David Eisler (MI), MHEC Chair (p. 69)

- 3:10 p.m. ET
- 14) *Building a Common Agenda and Regional Cooperation – Talent 2025*  
Mr. Mike Jandernoa, President, 42 North Partners; Mr. Kevin Stotts, President, Talent 2025; and Mr. Sean Welsh, Regional President, PNC Bank  
Introduced by Dr. David Eisler (MI), MHEC Chair
- Talent 2025 is working to ensure an ongoing supply of world-class talent for West Michigan. Composed of over 100 CEOs from the region, Talent 2025 illuminates gaps, evaluates leading practices, and advocates for the implementation of those leading practices to make West Michigan a top 20 employment region by the year 2025.*
- 3:55 p.m. ET
- 15) Wrap Up – Dr. David Eisler (MI), MHEC Chair
- 4:00 p.m. ET
- RECESS
- 5:45 p.m. ET
- WALK  
Depart from Lobby to Grand Rapids Public Museum  
0.2 miles via Pearl St NW  
*Transportation will be arranged for anyone who needs it.*
- 6:00 p.m. ET  
Floor 1 & 2  
Grand Rapids Public Museum
- RECEPTION AND GALLERY VIEWING
- 6:45 p.m. ET
- 16) WELCOME – Dr. David Eisler (MI), President, Ferris State University, and Mr. Dale Robertson, President & CEO, Grand Rapids Public Museum
- 6:50 p.m. ET
- DINNER
- 7:20 p.m. ET
- 17) *Partnership with Intentionality: The Grand Rapids Community College/Ferris State University Transfer Collaboration*  
Dr. David Eisler (MI), President, Ferris State University, and Dr. Bill Pink (MI), President, Grand Rapids Community College
- 18) MHEC Award Presentations – Ms. Susan Heegaard, MHEC President



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**Midwestern Higher Education Compact**  
**Annual Commission Meeting Minutes**  
**Virtual Meeting**  
**November 9-10, 2020**

**Commissioners Present**

- IL** 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 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, Board Member, Iowa Association of Community College Trustees  
Commissioner Olivia Madison, Iowa Governor's Designee and Dean Emerita of Library Services, Iowa State  
University  
Commissioner Alternate Todd Brown, Division Administrator of Financial Aid, Iowa College Aid  
Commissioner Alternate Timothy Fitzgibbon, Iowa Governor's Designee  
Commissioner Alternate Sharon Steckman, State Representative; Member, Education Committee
- KS** Commissioner Barbara Ballard, State Representative, Kansas Legislature  
Commissioner Blake Flanders, President & CEO, Kansas Board of Regents  
Commissioner Aaron Otto, Governor's Designee; Executive Director, Johnson County Airport Commission  
Commissioner Helen Van Etten, Board Member, Kansas Board of Regents  
Commissioner Alternate Marci Francisco, State Senator, Kansas Legislature  
Commissioner Alternate Ken Rahjes, State Representative; Chair, Higher Education Budget
- MI** Commissioner David Eisler, President, Ferris State University  
Commissioner Brandy Johnson, Policy Advisor, Office of the Governor  
Commissioner Kim LaSata, State Senator; Chair, Appropriations Subcommittee on Universities and  
Community Colleges  
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 Alternate Casandra Ulbrich, President, State Board of Education

- 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, Former Executive Vice President and Provost, University of Minnesota-Twin Cities  
 Commissioner Dennis Malhotra, Chancellor, Minnesota State  
 Commissioner Dennis Olson, Commissioner, Minnesota Office of Higher Education  
 Commissioner Alternate Lyndon Carlson, Chair, Ways and Means Committee, Minnesota State Legislature
- MO** Commissioner Susan Thomas, President, Truman State University  
 Commissioner Alternate Zora Mulligan, Commissioner, Missouri Department of Higher Education and Workforce Development
- NE** Commissioner Randolph Ferlic, Governor's Appointee  
 Commissioner Deb Frison, Chair, Coordinating Commission for Postsecondary Education  
 Commissioner Susan Fritz, Executive Vice President and Provost, 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 Tim Mihalick, 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 College  
 Commissioner V.J. Smith, State Senator, South Dakota Legislature  
 Commissioner Larry Tidemann, South Dakota Governor's Designee  
 Commissioner Janelle Toman, Director of Communications, South Dakota Board of Regents:  
 Commissioner Alternate Reynold Nesiba, Minority Whip, South Dakota Legislature  
 Commissioner Alternate Marli Wiese, State Representative; Member, Education Committee
- WI** Commissioner Joan Ballweg, State Representative; Member, Assembly Committee on Colleges and Universities  
 Commissioner Connie Hutchison, Executive Secretary, Wisconsin Higher Educational Aids Board  
 Commissioner Julie Underwood, Dean Emerita, University of Wisconsin  
 Commissioner Rolf Wegenke, President, Wisconsin Association of Independent Colleges and Universities  
 Commissioner Alternate Morna Foy, President, Wisconsin Technical College System  
 Commissioner Alternate Sean Nelson, Vice President of Finance, University of Wisconsin

**Guests and Presenters**

Dr. Robert Anderson, President, State Higher Education Executive Officers Association  
Dr. Susan Grajek, Vice President for Communities and Research, EDUCAUSE  
Dr. Kevin Gwaltney, Executive Director, Joint Committee on Education, Missouri General Assembly  
Dr. Thomas Harnisch, Vice President for Government Relations, State Higher Education Executive Officers Association  
Mr. Michael McCabe, Director, Council of State Governments, Midwest Office  
Ms. Kacy Meyer, Legislative Aide to MHEC Commissioner Julie Slama, State Senator, Nebraska Legislature  
Dr. Stephen Moret, President and CEO, Virginia Economic Development Partnership  
Ms. Madeline Pumariega, Executive Vice President and Provost, Tallahassee Community College

**MHEC Staff**

Ms. Carla Ahrens, Property Program Manager  
Ms. Sara Appel, Associate Director for Policy Initiatives  
Ms. Katie Chock, Meeting and Event Manager  
Ms. Jennifer Dahlquist, Vice President  
Mr. Cole Fournier, Intern  
Ms. Erin Frahm, Director of Finance and Administration  
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, Vice President  
Ms. Mary Roberson, Senior Director of Communications and Marketing  
Mr. Nathan Sorensen, Director of Government Contracts  
Mr. Rob Trembath, Chief Operating Officer and General Counsel  
Dr. Shaun Williams-Wyche, Associate Director of Research and Data Analysis

**MHEC Consultant**

Deb Kidwell

**Note:** Meeting materials and presentations can be found on the [MHEC website](#).

**Monday, November 9, 2020, 8:30 a.m. CT**

**1. Call to Order.**

Chair Madison (IA) called the meeting to order at 8:30 a.m. and welcomed commissioners and guests to the meeting including two new commissioners: Rep. John Black (MO) and Mr. Tim Mihalick (ND), board member, North Dakota State Board of Higher Education. She described the virtual meeting guidelines and informed the participants that the meeting was being live captioned. MHEC President Susan Heegaard also welcomed everyone.

The roll call of the states was taken with representatives from all 12 member states present, thereby establishing a quorum.

**2. Linking Jobs and Talents – Landing the Amazon HQ2 in Virginia**

Dr. Moret shared how he has collaborated with state, regional, and local partners leveraging higher education in the state of Virginia to craft an ambitious vision focused on transformational goals, including the acceleration of employment growth and moving the state back to the top of national business climate rankings.

- Virginia realized it did not have the resources to provide the largest package of incentives to Amazon. Their approach was to coordinate the efforts of education and the state to create their proposal. In doing so they used nearly all of the educational institutions in their state.
- A significant portion of their proposal was designed to significantly expand their ability to create a technology workforce, it was not Amazon specific.
- One of the expressed keys in their success was that Dr. Moret had a seat at the table in their educational governance infrastructure.

**3. Action Item 1 – Approval of the Agenda.**

*Commissioner Ballweg (WI) moved and Commissioner Flakoll (ND) seconded the motion to approve the Commission Meeting agenda.*

*Motion carried by voice vote.*

**4. Action Item 2 – Approval of the Annual Commission Meeting Minutes**

*Commissioner Toman (SD) moved and Commissioner Sauer (IN) seconded the motion to approve the minutes of the commission meeting held November 18-20, 2020, (agenda book, pp. 7-21).*

*Motion carried by voice vote.*

**5. Report of the MHEC Chair.** (written report in the agenda book p, 23)

Chair Madison (IA) presented her report and expressed the honor of serving as MHEC chair with the privilege to work with the other officers and staff. She acknowledged the constraints the year has entailed; however, she acknowledged the new ways MHEC is reaching out, including the ability to virtually complete the five remaining annual state visits. These virtual state visits allowed staff to discuss in detail such initiatives as the new dashboard and comparative data, and for commissioners to share their feedback and new ideas. The officers began routine monthly meetings (as necessary) that focused on feedback on the president's annual evaluation, financial reports, committee appointments, officer elections, and strategic priorities. She thanked the members of the Finance and Audit Committee and the Ad Hoc Gov Governance Committee for their successful work over their first full year. She reminded

commissioners that the strategic framework was in place and mentioned the tactical planning process and goals completed by President Heegaard, so that the ambitions of the plan can be realized. She addressed MHEC's value and highlighted the contracts and programs savings. She noted that the June 2021 Executive Committee meeting has been relocated to Des Moines, IA. Finally, she mentioned that the minutes from this meeting will be sent for an informal approval in mid-January, rather than waiting an entire year for review by attendees.

6. **Report of the MHEC President.** (written report in the agenda book pp. 25-27)

President Heegaard welcomed attendees, again acknowledging about 70 participants on the Zoom call. She acknowledged the unique world we are living in due to the pandemic and shared that she and staff are working remotely with the exception of several individuals that come into the office periodically. She challenged the group to “not waste a good crisis or challenge” expressing empathy and understanding for those impacted by COVID-19. She also mentioned the election, and that no matter how one feels about the outcome to view the election and COVID-19 as an opportunity to think about things differently. She expressed her gratitude to the staff, officers, and Chair Madison (IA) in particular for having to lead virtually during a pandemic. She recognized what makes MHEC unique is that policymakers and higher education leaders can come together to talk about the value proposition and the opportunities for higher education. She spoke about the communications plan to build upon the work of the strategic framework and reminded commissioners to please take the communications survey. She has focused on relationship building with the other compacts, other lead organizations across the country, and philanthropic partners– the latest with funding from Hewlett Foundation and Ascendium. She asked commissioners to carefully review the program summaries in the agenda book, noting another very successful year in technology purchases. In taking next steps MHEC's goal is to understand how to best serve and meet the needs of member states.

7. **MHEC Staff Video Introduction**

A video of the staff was played highlighting their MHEC responsibilities and fulfillment of their work.

8. **Unfinished Business.**

There was no unfinished business.

9. **New Business.**

a. **Action Item 3 – Master Property Program and Its Captive Layer.**

Ms. Dahlquist provided background on MHEC's Master Property Program (MPP) and a proposed change to the program with respect to the captive layer, considering both short- and long-term impacts. MHEC has focused on the captive layer in preparation for the July 2021 renewal as many of the member institutions will be out marketing the program this winter. She reviewed various risk financing solutions to meet current and future needs including a SWOT analysis (strengths, weaknesses, opportunities, and threats) along with a thorough analysis of options outlining the pros and cons of the status quo vs. making a change. The process has been thoughtful, diligent, and inclusive to the stakeholders involved and she noted the benefits of moving forward outweighed the risks. She outlined the approach taken to date in the timeline, culminating with the presentation to commissioners and a motion to continue the exploration and feasibility of establishing a MHEC-owned captive. She noted that there is no need for hiring of extra MHEC staff on this matter. Member institutions should not see any changes from their perspective. Ms. Dahlquist affirmed the request for confidentiality on this matter.

*Commissioner Francisco (KS) moved and Commissioner Cartney (SD) seconded the motion that the Commission approve the MHEC staff in conjunction with its outside counsel, the MPP Program Administration team, Marsh's captive group, and the MPP chair and vice chair ("MPP Captive Team"), continue the exploration and feasibility of establishing a MHEC-owned captive with the goal of reaching a final recommended course of action which will be shared with the Executive Committee by the end of 2020. Further, the Commission delegate to the MHEC officers the authority to approve the establishment of a MHEC-owned captive following consultation with and recommendation from the MPP Captive Team.*

*Motion carried by voice vote.*

## **Finance and Audit Committee Report.**

- 1) **Budget Highlights for FY20.** (agenda book pp.31-36)  
Treasurer Carfagna (OH) reviewed the FY20 budget highlights noting that MHEC's budget is presented on a cash basis (cash in and cash out); and that MHEC's accounting operations and the audit are based on an accrual basis (revenues recognized when invoice is created). The FY20 Year-End budget carry over number differs from the prepared audited financial statements for this reason. Revenues unexpectedly exceeded the budget estimates in large part due to an increase in technology purchases. Given the unpredictability of the increases lasting, MHEC still remains financially stable and able to meet future unexpected needs.
  - a) MHEC's revised financial statements show a \$682,007 carry-forward.
  - b) Two staff positions are to be filled, one to meet the deliverables of the policy and research area and another to support and build out MHEC programs and contracts.
  - c) Convenings have been reduced due to the pandemic and a portion of these expenses have been reallocated to support staff working at home.
  - d) MHEC also applied for and received money from the Federal Paycheck Protection Program for cautionary reasons, and since it will not be needed, the funds will be returned to the Small Business Administration by December 25.
  - e) \$271,000 in surplus funds will be used to meet the 6-month operations reserve (a year and half ahead of schedule), \$80,694 of the surplus funds will go to cover expenses in the FY21 budget, and the remaining \$330,313 of surplus funds will go into undesignated funds
  - f) All 12 states have paid their FY20 state commitment for a total of \$1.38M, and 8 of 12 states have already paid their FY21 state commitment.
  - g) Insurance programs revenue was \$688,520; technology contracts revenue was \$1.35M, interest income was \$42,194, and contract work income was \$36,375.
  - h) Consultant fees for technology and professional fees both exceeded estimates. Many of MHEC's expenses are under budget and operational expenses came to a halt or slowed due to the pandemic.
- 2) **FY20 Audit Report.** (agenda book pp. 37-57)  
Treasurer Carfagna (OH) stated that MHEC was audited and is on solid financial footing and remains well positioned in moving forward. He reminded commissioners of the difference between MHEC's stated carry forward and the auditor's carry forward. The biggest difference in the variance between budget numbers and the audit numbers has been identified by the auditors and has been corrected by MHEC staff. The issue concerned MPP dividend payments to institutions. The funds need to come from the

restricted MPP accounts set aside specifically for MPP use and not from MHEC's general operating funds. Steps have been taken to correct the error and prevent this problem from occurring in the future. This correction does affect MHEC's bottom line towards the positive. The other items flagged during the audit included one duplicate healthcare payment, one fiscal year-end audit adjustment, and a small bad debt write-off. The cumulative effect of these corrective misstatements is a decrease of net assets of approximately \$5,000. All of this information has been reviewed by the Finance and Audit Committee which has voted in the affirmative to approve the FY20 audited financials.

**Action Item 4: FY20 Audit Report.**

*Treasurer Carfagna (OH) moved and Commissioner Ferlic (NE) seconded the motion to accept the FY20 revised audited financials.*

*Motion carried by voice vote.*

**3) Action Item 5: Investment Policy.** (agenda book pp. 58-73)

Treasurer Carfagna (OH) noted the investment policy was an endeavor of the Finance and Audit Committee over the past year. The policy was modeled off of state government investment policies in order to more closely align MHEC with how government operations invest government funds. Given that MHEC is a hybrid of government and nonprofit higher education, and because funds are received from state governments, it was the committee's belief that MHEC should follow the same guidelines as state governments when it comes to investing government funds. Treasurer Carfagna (OH) provided brief highlights of the policy including its key objectives and controls. The document puts guardrails in place and the checks and balances necessary to avoid any egregious situations and promote MHEC's investment growth. The Finance and Audit Committee reviewed and voted in the affirmative on this investment policy.

*Treasurer Carfagna (OH) moved and Commissioner Ferlic (NE) seconded the motion to recommend approval of the MHEC Investment Policy per the recommendation of the Finance and Audit Committee.*

*Motion carried by voice vote.*

**4) Action Item 6: Delay of 1.5% State Commitment Increase to FY23.** (agenda book p. 74).

Treasurer Carfagna (OH) explained that it was prudent during this time, with the pandemic and as states are facing financial issues, that the increase be suspended. Without the increase, the state commitment remains at \$115,000. The 1.5% increase translates to \$1,725 per state, and if delayed for both years (FY21 & FY22), the state savings would result in \$3,450, which would mean a \$41,400 decrease in revenue to MHEC over the two years.

*Treasurer Carfagna (OH) moved and Commissioner Morris (IL) seconded the motion 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.*

*Motion carried by voice vote*

**5) Biennial budget discussion.**

The Finance and Audit Committee is taking a strong look at evolving MHEC to a biennial budget which would put MHEC more in alignment with MHEC member states. MHEC's bylaws currently state that MHEC operates on an annual budget so this would require a bylaw change. The committee is not asking for action at this time. For planning and internal purposes MHEC staff currently use a biennial budget approach each year. Treasurer Carfagna (OH) thanked MHEC staff and the Finance and Audit Committee for their work to get these reports together and keep MHEC financially sound.

**b. Ad Hoc Governance Committee Report.**

Committee Chair Ballard (KS) gave the Ad Hoc Governance Committee report. The ad hoc committee, established in June 2019, was tasked with exploring approaches to organizational and governance considerations, including the establishment and makeup of commissioner committees. She acknowledged members of the committee and noted that the committee met several times working to bring guidance and clarity to governance structure. Instead of attempting to make immediate wholesale change, they took a more measured and intentional approach, metering out the change over time to better measure the effectiveness of the change.

**1) Executive Committee Membership.** (agenda book pp.75-76)

Committee Chair Ballard (KS) emphasized that much discussion had taken place regarding the MHEC Executive Committee's purpose and the need to strike a balance between being nimble and being inclusive. This discussion also included addressing the Executive Committee size, tenure, and composition. She noted that any action items passed by the Commission would be effective on Dec. 31, 2021.

Committee Chair Ballard (KS) introduced the first recommendation concerning the Executive Committee made by the Ad Hoc Governance Committee -*to reduce the size of the Executive Committee down from two commissioners from each state to one commissioner per state with each Executive Committee member being appointed by the MHEC chair in consultation with the other officers and the MHEC president.* Significant commissioner discussion followed concerning both the size of the Executive Committee and the appointment process to the Executive Committee (mentioned was a potential role for state commissioner groups), with some commissioners voicing opposition to the proposal and others expressing support.

*\*\*Based upon this commissioner discussion Chair Madison (IA) requested Action Items 7-12 be referred back to the Ad Hoc Governance Committee for further study and consideration. Committee Chair Ballard agreed to the referral.\*\**

**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.** (agenda book p. 77)

*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.*

**2) Action Item 13: Governance Committee as a Standing Committee.** (agenda book p. 78)

Committee Chair Ballard noted that additional work around MHEC governance and related matters is needed on an ongoing basis. As such, the Ad Hoc Committee believes the commission would benefit from converting this ad hoc committee to a standing committee. A standing governance committee would also provide additional service opportunities for commissioners to expand their impact, engagement, and familiarity with the Compact.

*Committee Chair Ballard (KS) moved and Commissioner Flakoll (ND) seconded the motion that 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. Amendment: The Ad Hoc Committee will meet sometime in late November to discuss the composition of this standing committee and its makeup.*

During the discussion on the amended motion, Chair Madison (IA) requested clarification that determining the makeup of the committee includes

- a. Should the committee chair position be one of the 12 members or in addition, and,
- b. what should be the ex-officio membership of the committee.

Committee Chair Ballard responded that yes, we need to make sure we have balance on this standing committee.

*Amended Motion carried by voice vote.*

Chair Madison noted the motion carried and that the Ad Hoc Governance Committee will continue to finalize the membership issue decisions related to the standing committee.

Committee Chair Ballard (KS) emphasized that the Ad Hoc Governance Committee has worked hard. She acknowledged that she anticipated their discussions would not be easy, but she looked forward to working with the committee to work out the differences on Action Items 7-12. She thanked commissioners for the discussion.

**Extend adjournment to 1:00 p.m.**

*It was agreed to extend the meeting end time to 1:00 p.m. by unanimous consent.*

Chair Madison (IA) apologized for the meeting running late and recognized that some members might need to leave early.

**c. Nominations and Elections of Officers.** (agenda book, p. 79)

**Action Item 14: MHEC Chair election.**

*Commissioner Pink (MI) moved and Commissioner Ferlic (NE) seconded the motion to elect Commissioner Eisler (MI) as chair.*

*Motion carried by voice vote.*

**Action Item 15: MHEC Vice Chair election.**

*Commissioner Davidson (OH) moved and Commissioner Hershey (OH) seconded the motion to elect Commissioner Carfagna (OH) as vice chair.*

*Motion carried by voice vote.*

**Action Item 16: MHEC Treasurer election.**

*Commissioner Olsen (MN) moved and Commissioner Carlson (MN) seconded the motion to elect Commissioner Malhotra (MN) as treasurer*

*Motion carried by voice vote.*

Chair Madison (IA) offered congratulations to the new officers and thanked Commissioner Sauer (IN) for his exceptional service as past chair.

**d. Discussion regarding whether to shift timing of Executive Committee Meetings and full Commission Meetings.**

Chair Madison (IA) reported that Commissioners and Alternate Commissioners were surveyed in September with a 1-question survey regarding their thoughts on shifting the Executive Committee and full Commission meeting around and the survey results were: 27 responses, with 19 voting yes in favor of such a change, and 8 voting no.

Some of the pros and cons of switching the meetings around were shared. Ms. Chock next provided a brief overview of the roughly 10-20% increase in costs associated with a change. She also mentioned switching the dates around could have a negative effect on the availability of space needed by MHEC with price increases and space availability

varying from city to city. Another option mentioned was to move the Annual Commission Meeting to October. It was noted that October could be challenging for legislators running election campaigns, particularly for those running for re-election. Chair Madison (IA) concluded that the discussion will continue.

e. **Awards Ceremony**

Chair Madison (IA) announced that the Ad Hoc Governance Committee reviewed and then recommended candidates for the 2020 Outstanding Service and Phillip Sirotkin Awards to the commission for its approval. She stated that it was her honor to formally announce that the commission approved the following 2020 award recipients.

**2020 Outstanding Service Award Recipients.** (agenda book p. 81)

Ms. Diana Malott, director of Watkins Health Services for The University of Kansas,

Dr. Tanya Spilovoy, director of Open Policy at WCET

Ms. Betsy Talbot, manager of Private Institution Registration and Licensing at the Minnesota Office of Higher Education

**2020 Phillip Sirotkin Award**

Commissioner Sauer (IN), senior associate commissioner and chief academic officer, Indiana Commission for Higher Education,

Vice Chair Eisler (MI) then acknowledged Chair Madison (IA) for her service as chair from 2019-2020.

**10. Closing Remarks.**

Chair Madison (IA) acknowledged the following commissioners for their service on the commission with a combined total of 74 years of service, including Rep. Carlson's 29 years since MHEC's founding in 1991.

- Sen. Pat McGuire (IL), Illinois Senate, commissioner since 2015
- Sen. Paul Anderson (MN), Minnesota Senate, commissioner since 2019
- Dr. Karen Hanson (MN), University of Minnesota Former Executive Vice President and Provost, commissioner since 2013
- Rep. Lyndon Carlson (MN), Minnesota House of Representatives (in his 24th term and the longest serving MN legislator), commissioner since 1991
- Dr. Susan Fritz (NE), will be retiring in June as the University of Nebraska System Executive Vice President and Provost, commissioner since 2013
- Sen. Rick Kolowski (NE) Nebraska legislature, commissioner since 2013
- Rep. Dennis Johnson (ND) North Dakota House, commissioner since 2005
- Dr. Stephanie Davidson (OH), Vice Chancellor, Academic Affairs for the Ohio Department of Higher Education, commissioner since 2017

The meeting stood at RECESS at 12:54 p.m. with resumption on Nov. 10 at 12:30 pm.

Tuesday, November 10, 12:30 p.m. CT

President Heegaard welcomed everyone to day 2. The following program sessions were:

**Mapping a Path Forward - Using Data to Illuminate Gaps and Identify Opportunities.**

Commissioner Sauer (IN) introduced the panel of Dr. Shaun Williams-Wyche, MHEC Associate Director of research and Data Analysis, Ms. Madeline Pumariega, Executive Vice President and Provost, Tallahassee Community College, and the facilitator, Ms. Teresa Lubbers Commissioner, Indiana Commission for Higher Education (IN). Dr. Williams-Wyche demonstrated MHEC's Interactive Dashboard, highlighting three indicators: Preparation Gap-8<sup>th</sup> Grade Achievement by Income, Participant Gap-Enrollment by Race/Ethnicity, Completion Gap-Graduation Rates by Race/Ethnicity. Commissioner Lubbers (IN) highlighted the work being done in Indiana, including their 3<sup>rd</sup> equity report which illuminates the growing disparities in college readiness, persistence, and completion. Ms. Pumariega talked about the opportunities brought on by the pandemic to focus on credentials and student success.

**Restore, Adapt, Transform – 2021 Scenarios and Strategies for Postsecondary Success.**

Commissioner Malhotra (MN) introduced Dr. Susan Grajek, Vice President for Communities and Research. Dr. Grajek shared the challenges and opportunities these uncertain times present and helped commissioners develop a vision for restoring, adapting, and transforming through a discussion of scenarios and strategies for postsecondary success. A brief interactive exercise was conducted through virtual breakout rooms.

**Election is Over, What's Next for Higher Ed?**

Commissioner Ballard (KS) introduced Dr. Tom Harnisch, Vice President of Government Relations, State Higher Education Executive Officers. He provided federal election results, addressed other immediate issues like a relief package and FAFSA Simplification, and President-elect Biden's agenda for the 117th Congress.

**Midwestern Legislative Roundup.**

Commissioner Ballard (KS) introduced Mr. Mike McCabe, Director, Council of State Governments, Midwest Office. Mr. McCabe provided an update on the impact of the 2020 election, an update on the Midwest region's economy and fiscal picture, highlights from the 2020 legislative sessions including the top issues, and a 2021 legislative session preview.

**Reflections and for the Good of the Order.**

President Heegaard expressed her gratitude to Chair Madison (IA) for her leadership during the pandemic and recognized her deep commitment to the Compact and her passion for higher education. Chair Madison (IA) reflected on this highly successful meeting, which included rich and informative presentations and a proactive business agenda that reflected our sound fiscal foundation, reinforced the value of our Master Property Program, showcased our highly dedicated MHEC staff, and demonstrated the commitment of our commissioners as reflected in the discussion of proposed changes for our Executive Committee. Through our state meetings, she was highly impressed by our commissioners' strong support of MHEC goals, achievements and programs, as well as the strength of our broad membership-based state partnerships. She concluded by sincerely thanking her three fellow officers and the dedicated MHEC staff (especially President Susan Heegaard and Chief Operating Officer Rob Trembath) for ensuring MHEC's amazing accomplishments during a challenging year requiring new ways to successfully work together.

**Passing of the Gavel.** Chair Madison (IA) passed her gavel to Chair-elect Eisler (MI), who then accepted the gavel as the new MHEC Chair for 2020-2021. She, in turn, will serve as the Past Chair. Chair Eisler (MI) then offered his own concluding brief remarks before adjourning the meeting.

**Adjournment.**

The meeting was adjourned at 3:47 p.m. CT.

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To: MHEC Commission  
From: Susan Heegaard  
Re: MHEC President Report  
Date: October 28, 2021

## **Background**

It will be wonderful to be back together again in Grand Rapids. I have spent time in Michigan but not in this wonderful city which I am looking forward to exploring with you. A special thanks to Commission Chair and Ferris State President David Eisler, and to Grand Rapids Community College President Bill Pink, and their respective teams for all of their help in making this event happen. We have a great program planned for you whether you are attending in person or virtually. I am excited about our presentations and speakers as well as the interactive strategic planning session we have planned for Wednesday morning where together we will focus on our values as an organization. This plan will guide our work for the next four years. Thanks to each of you who have taken time away from your busy lives to be with us for a few days. We're not up to our usual numbers due to a couple of things like that pesky virus that won't go away, a couple of legislative sessions in North and South Dakota focused on redistricting, and a rescheduled SHEEO policy conference in D.C. that a number of our members are attending.

A year ago we were completely virtual and now thankfully, in both our personal and professional lives, things are moving in the right direction – not back to normal but to note an overused term, a “new normal” perhaps. The concept of place, how and where we do our work, entertain ourselves, and connect with one another is still evolving. While we're not completely back to how our office operated before the pandemic, our staff is working full-time and back together in the office part-time. I've missed them and the spontaneity that zoom just can't provide. Around the country, in our states and communities we together and individually continue to face divisiveness, polarization and judgements about who we each are, what we're doing and why. While this is troubling, it is also an opportunity for an organization like ours where Midwesterners, who care about higher education, policymakers, and institutional leaders alike, can come together (in person and virtually) to share and learn from one another.

As I finish my third year as MHEC president, I want you to know how grateful I am to all of you. A special thanks to our talented and hardworking staff who are making their way back to the office, traveling, and engaging together for the first time in close to two years. Thanks to our officers MHEC Chair David Eisler, Vice Chair Rick Carfagna, Treasurer Devinder Malhotra, and Past Chair Olivia Madison. We met last week in Minneapolis and had a productive and good time together. Last June we held our Executive Committee meeting in beautiful Des Moines after canceling our 2020 annual meeting there due to the pandemic.

As I mentioned last year at this time, we are fortunate to live and work here in the Midwest. I've lived in several different places but I was born and raised in Minnesota where I live with my immediate and large extended family. Here in the heartland, we find ourselves in 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.

We strive to serve, support, and add value to each of you, our member states and the many institutions, and students who choose to live and work in the Midwest. Once again, similar to last

year, our financial situation is strong due to several things including less than normal travel related expenses, revenue from our twelve member states, contract and program revenues, as well as growing philanthropic support for grant-related programs. We have maintained our six-month operations reserve, and similar to last year, 8 of our 12 states have already paid FY22 annual commitments. Our savings and ROI for our member states across the region is significant, with a total of \$62.8 million in program and contract savings and an additional \$60.9 million in savings for students and families. In the spirit of transparency, you'll see that our CFO Daniel Moser brought to my attention some accounting discrepancies that had been occurring for many years. We hired an outside firm with accounting expertise, CliftonLarsonAllen, to help us understand what happened, and why, and what steps we needed to take to improve our practices and prevent a similar situation in the future. Fortunately, the discrepancies resulted in a positive error regarding our finances. We are already implementing their recommendations. There is a report in your materials that further details this matter. With respect to staffing we have added consulting support to help us with some of our grant-related work in particular. The support has enabled us to expand our capacity as needed to meet expectations and add to our team without making permanent financial commitments.

### **Strategic Plan**

Building on our current strategic framework and prior strategic plan, we have a new strategic plan in the works. Aply-guided by Kathy Graves and Brigette Parenteau of the Parenteau Graves firm and a talented and representative group of ten commissioners and staff, we tried to build on MHEC's firm foundation and successes, to be realistic, optimistic, and innovative about the future. There is a draft report for your consideration and we have an exciting interactive activity planned for Wednesday morning that I hope you'll all participate in whether you are virtual or in person. A big thank you to the committee for your time, engagement, and great ideas.

### **Commission Committees**

Our commission committees - Finance and Audit, chaired by Treasurer Chancellor Devinder Malhotra, and Governance, chaired by Representative Barbara Ballard, have met numerous times this year virtually and provided additional structure, clarity, accountability, and focus to the Compact's work. There are two action items regarding alternate and Executive Committee commissioners that they have brought forward for your consideration. Thank you to the two chairs and to the committee members who generously gave their time and thoughtful feedback.

### **Collaboration and Partnership**

We continue to deepen our relationships among the four regional compact presidents and their respective staff--MHEC, New England Board of Higher Education (NEBHE), Southern Regional Education Board (SREB), and Western Interstate Commission for Higher Education (WICHE). Our relationships are collaborative and fun – they are our peers representing every state in the country except for New Jersey, New York, and Pennsylvania. I also continue to meet with and attend gatherings mostly still virtual, with our regional accreditor, the Higher Learning Commission (HLC), The State Higher Education Executive Officers Association (SHEEO), and 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 like Lumina, and our current funders Ascendium and Hewlett. I attended the MLC meeting in person in Rapid City this past June which was great. We enjoy a long and rewarding partnership with CSG Midwest Office Director Mike McCabe, his team, and members. In late October I attended the NC-SARA annual meeting in Washington D.C.

## Convenings, Programs, Policy and Research, Contracts

Details about all of this can be found in the agenda book, so I'll just provide some highlights here. Please take time to read the thoughtful summaries our staff have prepared regarding the work they do. All of our programs are well served by generous volunteers who provide time, advice and counsel to us. A big thank you to all of these volunteers without whom we could not do our work. Some key highlights of our work this year include:

- **Master Property Program (MPP)** – Beginning in 1994, MHEC's property insurance program continues to deliver protection and value to institutions throughout the country. After many successful years, this last one was particularly difficult. Several significant losses over the past couple of years combined with external factors beyond the program's control created a difficult renewal. However, with challenge comes opportunity and this year's focus will be to build on a strong foundation with a refresh that provides continued success, innovation, and resilience in the future. One of the strategies to combat the difficult market is to establish our own captive structure that provides us more control and transparency and opens up potential new opportunities for us.
- **Cyber Insurance** – At a time when cyber security threats are escalating, MHEC's program offers institutions, particularly small and medium, flexibility and broad coverage to address a rapidly changing cyber environment.
- **MHECare Student Health Solutions** – A new RFP this year resulted in a continued relationship with UnitedHealthcare StudentResources providing insurance to coverage to over 41,000 students across the country during the 2020-21 school year, and an exciting new virtual mental health program for campuses and students.
- **Midwest Student Exchange Program (MSEP)** – A report was prepared examining the relevancy of reciprocity programs, in the face of changing demographics and growing elimination of out-of-state tuition, offering some solutions to make our current program more relevant to the needs of our states and their students.
- **Midwestern State Authorization Reciprocity Agreement (M-SARA)** – Facilitated the participation of 49 states, 2,265 institutions (644 in the Midwest) in this voluntary distance education program, resulting in total savings this year of over \$24.3 million for the Midwest.
- **Multi-State Collaborative on Military Credit (MCMC)** – Partnered with NCHEMS on a 2020 report focused on military transcripts, competency-based learning, and state policy.
- **Policy and Research** – Our combined policy and research works produced reports large and small, long- and short-term in areas such as the digital divide exacerbated by Covid, affordability, and FAFSA (in the works), and enhancements to our data dashboard providing timely and reliable data and information to stakeholders in our region.
- **Dual Credit/Concurrent Enrollment Teacher Credentialing** – In spring 2021, in order to meet HLC's new requirements regarding teacher credentialing effective 2023, we launched an interactive web-based search tool Graduate Credit Quest with NEWERA. This database of online graduate courses enables teachers to search for online courses that will help them meet the HLC requirements.
- **Credential Transparency** – With generous funding from Ascendium, our partnership with Credential Engine and states throughout the Midwest continues to move forward, focused on providing clarity to credentialing throughout the Midwest and resources so that students and others can understand the meaning, value, application, and outcomes of various credentials with a focus on successful employment.
- **Open Education Resources (OER)** – The funding from Hewlett continues to support the OER work and training across the region. The partnership with the other three regional

compacts to further scale and improve OER access continues. With SREB, we produced a report on the use of OER in dual enrollment, that has been well received around the country.

- **Technologies Community** – Continued to advance projects in the areas of accessibility and IT services and further developed a more inclusive community-based approach going forward. A Midwest convening is planned for February 2022.
- **Technology Contracts**– Our contracts continue to provide value and savings across the region and revenue to MHEC. We provide a wide range of technology contract options to stakeholders in the Midwest and across the U.S., including eight new contracts this year.

### **What's next?**

We're prepared and excited to get back out to your states and meet with the commissioners and other higher education leaders during our state visits in January through April.

## **MHEC Chair Report**

### **Annual Commission Meeting**

### **November 2021**

It is a pleasure to welcome you to Grand Rapids for the 2021 Annual MHEC Commission meeting. Our community is a place where philanthropic investment and engagement have helped build a vibrant downtown. Grand Rapids is the second largest city in Michigan, the urban center of a growing region with over one million people. We are home to the Gerald R. Ford Presidential Museum, the Frederick Meijer Gardens and Sculpture Park, the Grand Rapids Public Museum and the world's largest public art event, ArtPrize. Our area hosts a rich mix of higher education institutions, among them Grand Rapids Community College, Aquinas College, Calvin University, Cornerstone University, Davenport University, Ferris State University, Grand Valley State University, and Kendall College of Art and Design. Much of the success of our region results from a strong spirit of partnership and collaboration. We look forward to sharing some of these efforts with you.

Looking back, it has now been nearly twenty months since the devastating impact of COVID-19 impacted each of our lives. Through this time our states, the federal government and our institutions have learned how to address COVID through testing, isolation, quarantine, and vaccines. The promise of this past summer, which saw a significant decline in positive cases and deaths, has been replaced by a fall where very infectious variants produced a surge in cases, especially among the unvaccinated and young people. While we are much better equipped to deal with this pandemic, the impact of COVID is staggering - over 43 million cases and 700,000 deaths in the United States alone. Each of us looks forward to a future when this deadly virus is controlled and we can again enjoy without restrictions the community, social interactions and events that bring us together.

For higher education this has been a challenge like none other. Effectively educating our students has required continual adaptation, and we have struggled to provide the sense of community that a college experience should be. Even with the considerable resilience of our students, many have been lonely and mental health challenges have grown for them. As we grapple with these problems, we have learned how to leverage the unique capabilities of our people and institutions to assist the communities and regions where we live.

These past months have displayed many times the strengths of our MHEC organization and the great value this brings to our states, our institutions, and our citizens. Working much of this time remotely and virtually, our MHEC staff have continued to provide the opportunities and support on which we depend. Their collaborative cost savings efforts have been especially appreciated in a time when our need for technology has increased so rapidly, along with constrained budgets and uncertain finances. Building upon our unique ability to convene, collaborate and partner, MHEC has continually adapted to innovate and evolve, and in doing so, to make a difference in this challenging environment.

There are many, many notable achievements for MHEC during this past year. Just some of these include:

- MHEC's partnership with Credential Engine has made it a national leader in the Credential Transparency movement.

- Responding to the increased need for services, MHEC has developed Student Mental Health Support.
- As the Master Property Program faces a very challenging insurance environment, MHEC has created its own captive level of support.
- Helping to keep college affordable, MHEC has expanded its efforts in Open Educational Resources to dual enrollment students.
- Continued development of the MHEC Interactive Dashboard has increased its capabilities through the addition of comparative data on race, ethnicity, and family income.

During our meeting we will review a proposed new strategic plan for MHEC. This is a critical time for all of us and the organizations we lead or represent. As we prepare to transition from COVID-19 we need to do more than just return to the normalcy of the past. We need to take what we have learned over the past year, apply this to the work we do and emerge as better organizations from this experience. In this context the new strategic plan for MHEC is precisely the right thing for our Compact to be doing now. I am very excited by this new strategic plan, which results from the combined efforts of Commissioners Molly Baumgardner, Mike Duffey, Kayla Hahn, Devinder Malhotra, Bill Pink, and Janelle Toman, together with Jennifer Dahlquist, Susan Heegaard and Jenny Parks from the MHEC staff. This group has been ably assisted by consultants Kathy Graves and Brigitte Parenteau from Parenteau Graves.

In preparation for this meeting, we are grateful for Commissioner Barbara Ballard and her leadership for the Governance Committee and for Commissioner Devinder Maholtra and his leadership for the Finance Committee. Additionally, I want to thank Commission Vice Chair Rick Carfagna and Past Commission Chair Olivia Madison for their leadership for MHEC during this past year.

It is important to thank each of you for your support and advocacy for MHEC. Please know how much I appreciate you taking time from your busy and demanding schedules to actively engage with, support, and participate in MHEC activities. As a result of your efforts each state has met its financial obligations to MHEC, making certain our organization is financially strong during these unsettling times.

With a small staff, the strength of MHEC flows from the combined contributions of people throughout the Midwest. MHEC brings together committees of practitioners and subject-matter experts to share knowledge, expertise and to collaboratively address issues in higher education. They do this through participation on a variety of committees:

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

Together these represent the efforts of 131 people. The programs MHEC sponsors depend on them and their engagement. I encourage you to review the membership listings for these

committees found under the “About” tab on the MHEC web site. Please take time to thank the people from your state who lend their expertise to our organization’s efforts.

As we gather either virtually or in-person for the Annual MHEC Commission meeting, we should all be very proud of our MHEC staff and especially the leadership of our president, Susan Heegaard. She and they have done remarkable work, and we all benefit from this. When the opportunity presents itself, please take a moment to thank them for their efforts over these past months. Their willingness to go above and beyond has made an important difference for us all.

David L. Eisler  
October 11, 2021

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# CliftonLarsonAllen Review of MHEC Financial Policies and Practices

Prepared by Daniel Moser and Susan Heegaard

## Background

In July 2021, Daniel Moser, MHEC CFO, brought to Susan Heegaard's attention discrepancies concerning MHEC's various unrestricted, restricted, and designated net asset accounts and the need to reconcile amounts reported in these accounts within MHEC's internal financial statements, audited financial statements, bank accounts, and related supporting documents. Shortly thereafter we contacted CliftonLarsonAllen LLP (CLA) and engaged them to assess and suggest improvements to our financial policies and practices, including accounting treatment of our designated and restricted funds. These accounting problems appear to date back many years and persisted until their discovery earlier this summer.

In addition, it is important to note that the 2020 audited financials included letters (AU 260 and 265) noting errors regarding tracking of the Master Property Program (MPP) funds back to sometime between 2010 and 2016 when funds were tracked incorrectly. The errors were addressed and problem fixed, however what was thought to be an isolated problem related to the MPP, was in fact related to the broader issues related to tracking of funds and accounts. MHEC also requested CLA's help to improve its supporting policies and practices to prevent similar discrepancies from occurring in the future and strengthen its overall finance and accounting function.

## Current Status

The team from CLA met with MHEC staff numerous times to gather information and identify helpful documentation. They also spoke with MHEC's auditors, with the Finance and Audit Committee and with the MHEC Officers. They concluded that there have been numerous discrepancies in amounts accounted for and reported in unrestricted, restricted, and designated net asset accounts within MHEC's internal financial statements, audited financial statements, bank accounts, and related supporting documents as far back as fiscal year 2014. Prior to that date there was insufficient documentation

## Next Steps

CLA made the following recommendations that the finance team has already begun to implement:

- Use consistent language when describing net asset types for ease of understanding among management and governance.
- Track and monitor all net assets with donor restrictions and board designations in an Excel spreadsheet. Staff could also integrate this practice into QuickBooks by using the "class" function within the chart of accounts. Maintain and link to documentation (agreements or contracts) outlining the amounts and intended uses, tracking releases as those intended uses are satisfied.
- Implement a process in which bank accounts are reconciled to the restricted or designated fund tracking spreadsheets and QuickBooks monthly, or do-away with the segregation of bank accounts. Consider further consolidating bank accounts to reduce the likelihood of errors in transfers between QuickBooks accounts based on the funding source and restrictions or designations.
- Separate roles and responsibilities related to the use of the net asset tracking spreadsheet (referred to by staff as the *Unrestricted Fund Balance Worksheet*).
- Enter all fiscal year-end adjustments that result from your financial statement audit into QuickBooks in a timely manner.
- Consider a policy for accepting donor-restricted contributions. Also, if current systems allow for it, consider also noting restricted contributions in your donor database. This creates redundancy in institutional knowledge.

## Financial Documents Highlights

### MHEC's FY21 Budget Review

#### Overview

- MHEC's budget is presented on a cash basis (when revenue is received); however, MHEC accounting operations and the audit are based on an accrual basis (when revenue is earned). This is why the carry-forward number will differ from the budget to the prepared audited financial statements.
- MHEC's budget concluded FY21 with \$5.3M in revenues, \$1.506M over the amount budgeted, helped by the addition of two grants and program revenues coming in significantly more than estimated. Overall, MHEC's expenses were \$265,065 more than budgeted. MHEC's FY21 revenues over expenses resulted in a one-time estimated surplus of \$1.337M. This surplus number will decrease to \$706,357 after M-SARA and grant expenses are accounted for.
- Consistent with budget plans, MHEC is in the process of filling one cross organization full-time position to assist in building out the policy and research function, along with assistance in the technology and the insurance program areas to ensure that the deliverables of MHEC's strategic framework are being met. The position has not yet been filled which helped contribute to MHEC spending \$185,823 less in salaries and benefits than originally budgeted. That number was also affected because a temporary hire in the student health area was not kept on as long as had been originally planned.
- In a typical year, a significant portion of MHEC's annual expenses are tied to travel for meetings and other convenings. Because MHEC followed the guidance of the CDC and Minnesota Department of Health regarding COVID-19 protocols, there was little to no travel in the first three quarters of FY21. Prior to the executive committee meeting this past June, all MHEC related meetings and events were held virtually. Given the uncertainty moving forward in the near future, MHEC will continue to host some hybrid events, which will likely not result in the same level of savings as holding completely virtual events. In FY21, a portion of the travel related expenses were reallocated to technology related costs to cover expenses associated with virtual meetings as well as permitting the MHEC staff to work from home during the pandemic. The remaining travel related savings that are left unspent will be allocated to any existing carry forward.
- Office renovations (finished in late May) expenses were slightly over the \$20,000 set aside by the commission for such work. There were some expenses that were not anticipated when originally budgeting for the modest renovation e.g. office door modification, additional technology needs, and some additional furniture replacement.

## Revenues

- Technology revenues were lower than budgeted because of larger than expected revenue sharing payments required to be made to the other regional compacts. MHEC shares a portion of revenues on all sales made in the other compact regions.
- MHEC did not know if it was going to be awarded any grants at the time of finalizing the FY21 budget and so did not budget in FY21 for grant funds but ended up receiving the Hewlett and Ascendium grants in the amount \$1,530,400.
- Insurance Programs revenue came in slightly higher than budgeted due to greater than expected revenues in Student Health Insurance.
- Other Program revenues came in slightly higher than budgeted. This includes payments received for M-SARA where MHEC budgeted \$453K but received \$464K with a reserve payment in the amount \$75K.
- All states paid their annual commitments of \$115,000 on time in FY21.
- Two new accounts were created but not reflected in the original FY21 budget: contract work revenues and research revenues. Contract work revenue is from work performed for the National Center for Higher Education Management Systems (NCHEMS) and research revenue is from work performed for Northern Illinois University by MHEC's policy team.

## Expenses

- There are four main categories within MHEC's expenses: salaries and benefits, professional fees, consultant fees, and general operations.
  - *Salaries and Benefits* – MHEC came in just under budget with 93% of the budgeted funds used for salaries and benefits.
  - *Professional Fees* – This area of the budget is higher than budgeted by 134%. The main contributor is an increase in the use of legal fees which were 193% over budget. During FY21, MHEC utilized outside counsel at a greater rate than previous years due to work in highly regulated and specialized areas such as the Student Health Program and the new captive layer of the Master Property Program, the updating and completion of employee documents, and compliance with the everchanging pandemic landscape. In addition, legal fees are now consolidated whereas before they were spread across several categories.
  - *Consultant Fees* – MHEC utilizes consultants as a way of increasing work capacity without the need to always add additional full-time employees. Consultants give MHEC the flexibility to increase resources when the workload increases and reduce its expenditure in personnel when the workload decreases. The three accounts within

- consultant fees category that contributes to the large variance between actual and budgeted are general consultant fees, computer services and support, and grant subcontractor expense, with the largest being grant subcontractor expense. Of the \$800,000 in consultant fees MHEC went over budget, \$592,000 is expenses associated with the Ascendium grant budget (which does not count against the MHEC general operating budget). Consultant help for the insurance programs and technology contracts and programs as well as consultant work to help MHEC leverage its technology resources account for the remaining \$207,916.07 amount over budget.
- *General Operations* – Overall MHEC’s general operations ended up 42% under budget. The primary source of savings in the general operations category is from the four travel related accounts (meals travel, transportation, lodging, meeting meals). Although MHEC employees started traveling at the end of FY21, MHEC saved a total of \$438,970 as a result of fewer travel related expenses. Another general operations category where actual expenses varied significantly from budgeted was bad debt expense where MHEC was \$59,000 over budget. The primary reason for this was because MHEC cleaned up its Accounts Receivables for all open invoices from previous fiscal years that had little chance for collection.
  - *Carry Forward* - MHEC’s preliminary carry-forward is \$1,337,894. However, this is just a preliminary number which will decrease significantly once M-SARA and grant expenses are accounted for.

### **Unrestricted Funds Balance Worksheet**

- *Board Designated – Operations Reserve*: The Commission approved that MHEC maintain an operation reserve amount equal to six months’ worth of its operating expenses. MHEC’s current operations reserve of \$1.67M is 6-months of FY20 final audited expenses. After the FY21 audit has been approved by the Commission the operation reserve amount will be evaluated to see if a change in the operation reserve amount is required for FY22.
- *Board Designated – Opportunity Reserve (Special Projects)*
  - *Open Education Resources (OER)*: MHEC spent \$11,022 from the Board Designated Open Education Resources account in support of the OER work MHEC is doing with the Hewlett grant.
- *Undesignated Total*: MHEC has a current Undesignated Total funds in the amount of \$387,050. Once the FY21 audit has been approved by the Commission, the FY21 carry-forward will be added to this amount.

## MHEC's FY21 Annual Audit (Action Item 4)

### Governance Letter

- Uncorrected and Corrected Misstatements
  - *Bullet Point 1:* The new revenue recognition standard (ASC 606) states that all revenue must be recognized in the fiscal year in which it is obtained or agreed upon. In FY21, MHEC received the first of three payments from NC-SARA in the amount of \$79,000. NC-SARA sent MHEC a document stating that the Compact will be receiving a total amount for M-SARA's reserve in the amount of \$237,000 over a three-year period. The payment was booked as revenue and the remaining funds to be paid to MHEC should have been recognized and booked to the receivables.
  - *Bullet Point 2:* Dell found an error in their reporting that led to an overpayment to MHEC over three quarters. MHEC is responsible for paying back half (\$172,487.94) of the total (\$344,975.87) overpayment over four quarters (\$43,121.98) starting in FY21 quarter three. MHEC should have increased a deferred revenue account and decreased the Dell revenue account to account for the funds that have been removed from Dell's administration fee payment to MHEC over quarter three and four of FY21.
  - *Bullet Point 3:* MHEC's technology Q4 revenues come in middle to late August. Because tech revenues are needed earlier than that for audit preparation purposes, MHEC estimates Q4 revenues. Those estimates are used as a placeholder to keep the audit moving so that when the actual revenues do arrive, the changes are made in QuickBooks. The auditor was provided a preliminary trial balance to start the audit and then changes were made for a total increase of \$331,000 once actual tech revenues were received.

### Internal Control Letter

- Material Adjustment
  - Please refer to the above bullet points for the explanations for all material adjustments made during the audit.

### Statement of Financial Position (Balance Sheet)

- Cash and Cash Equivalents are up 30% from the previous fiscal year.
- MHEC's last certificate of deposit (CD) matured in March of 2021 and those funds were moved to the insured cash sweeps (ICS) account.
- Accounts Receivable (A/R) are higher than the previous fiscal year as there are a few state dues outstanding as of the end of June.
- MHEC returned the Paycheck Protection Program loan of \$300,000 plus interest paid before the six-month grace period ended in December per an agreement between staff and the Commission Officers.

- Net Assets:
  - Operations reserve total represents six months of expenses and is based off of last fiscal year's actual expenses.
  - The change in Open Education Resources (OER) is expenses incurred in support of MHEC's work with the Hewlett grant.
  - Technology change is expenses for the technology needs for MHEC's Policy and Research, MSEP program, and office renovations.
  - Future lease payments is the portion that MHEC expenses every year to go towards our annual lease expense.
  - The commission set aside \$20,000 in FY21 for office renovations to ensure safety of employees in the office during the pandemic.

## **Statement of Activities (Income Statement)**

### *Revenues*

- In FY21 MHEC is recognizing the full amount of M-SARA's reserve funds payments in the amount of \$237,000 that will be received on an annual basis over a three-year period per documents sent by NC-SARA.
- Based on accrual accounting practices MHEC also has to recognize the full amount of the grants to be received based on the signed Hewlett and Ascendium grant agreements. Cash received to date for the Hewlett grant is \$164,000 with a remaining amount of \$86,000 in receivables. MHEC has received \$765,200 of the Ascendium grant with a remaining amount of \$515,200 in receivables.

### *Expenses*

- The contributing factor in the increase of our operations expenses is a \$500,000 Ascendium grant paid out to Credential Engine to conduct grant related work in numerous Midwestern states.
- MHECare in FY21 accumulated \$21,958 in expenses, a 925% increase over the previous fiscal year. \$20,000 of the \$21,958 in expenses are legal fees related to a renewal and expansion of the program, including mental health.
- The Other expenses category drops in FY21 compared to FY20 because there were no convenings that took place due to the pandemic. In FY20, \$133,000 of the \$195,000 in expenses in this category was for the November 2019 annual Commission meeting and the remaining amount was for various smaller meetings that took place at the beginning of FY20.
- The FY21 technology expense experienced a 367% decrease compared to FY20, mainly due to MHEC not needing to implement any COVID-related technology strategies similar to the costs incurred in FY20 at the start of the pandemic. FY21 was focused on maintenance of

MHEC's technology that had been implemented in FY20. Additionally, in FY20, MHEC utilized a consultant that was booked exclusively to this technology category; however, although MHEC is still utilizing the consultant, the expenses are booked across a few areas because of the cross-organizational nature of the work and not specifically to technology alone.

- MHEC's change in net assets in FY21 is showing \$1,740,886 carry-forward. However, there are a few items that must be removed from this amount because they are donor restricted and not revenue or expenses retained by MHEC's general operations, thus reducing the ultimate amount.
- MHEC has an actual carry-forward of \$706,357 (when removing the donor restricted funds).

#### **Statement of Functional Expenses**

- This report breaks down MHEC's expenses by allocation of each MHEC employee's time and operating cost spread across program services (Programs, Technology Contracts, and Research), General Management and Operations, and Fundraising (by default as a 501(c)3).

#### **Statement of Cash Flows**

- This report displays MHEC's cash flows (cash transactions) for the period ending June 30, 2021.
- At the beginning of December, the \$300,000 Paycheck Protection Program loan plus interest was returned to the SBA approved financial institution.

**Midwestern Higher Education Compact**  
**Statement of Activities (FY 2021 Budget Rollup)**  
July 2020 - June 2021

	FY21 Actual	FY21 Budget	Percent against budget	Over/Under
<b>Revenues</b>				
Insurance Programs	\$ 785,967.83	\$ 715,800.00	110%	\$ 70,167.83
Programs	\$ 543,000.00	\$ 453,000.00	120%	\$ 90,000.00
Grants (Hewlett & Ascendium)	\$ 1,530,400.00	\$ -	0%	\$ 1,530,400.00
Technology Contracts	\$ 1,035,439.18	\$ 1,235,900.00	84%	\$ (200,460.82)
State Commitments	\$ 1,380,000.00	\$ 1,380,000.00	100%	\$ -
Other	\$ 36,837.73	\$ 20,300.00	181%	\$ 16,537.73
<b>Total Revenues</b>	<b>\$ 5,311,644.74</b>	<b>\$ 3,805,000.00</b>	<b>140%</b>	<b>\$ 1,506,644.74</b>
<b>Expenses</b>				
Salaries and Benefits	\$ 2,379,731.78	\$ 2,565,555.02	93%	\$ (185,823.24)
Professional Fees	\$ 121,941.88	\$ 90,750.00	134%	\$ 31,191.88
Consultant Fees	\$ 952,605.96	\$ 152,329.89	625%	\$ 800,276.07
General Operations	\$ 463,387.94	\$ 422,069.35	110%	\$ 41,318.59
<i>Travel Accounts</i>				
<i>Meals Travel</i>	\$ 613.73	\$ 20,002.50	3%	\$ (19,388.77)
<i>Transportation</i>	\$ 8,063.96	\$ 171,553.50	5%	\$ (163,489.54)
<i>Lodging</i>	\$ 39,641.31	\$ 150,817.50	26%	\$ (111,176.19)
<i>Meeting Meals</i>	\$ 7,763.78	\$ 135,616.50	6%	\$ (127,852.72)
Total General Operations	\$ 519,470.72	\$ 900,059.35	58%	\$ (380,588.63)
<b>Total Expenses</b>	<b>\$ 3,973,750.34</b>	<b>\$ 3,708,694.26</b>	<b>107%</b>	<b>\$ 265,056.08</b>
<b>Total Net Revenues</b>	<b>\$ 1,337,894.40</b>	<b>\$ 96,305.74</b>	<b>1389%</b>	<b>\$ 1,241,588.66</b>

\*Net revenue number will change after M-SARA and Grants expenses are accounted for resulting in an adjusted carry-forward number.

### Unrestricted Fund Balance, Snapshot as of 6/30/2021

Unrestricted	Committee Approved Amount	Expended Amount	PY(s) Adjustments	FY '21 Adjustments	Balance as of 06/30/2021
Board Designated					
Board Designated - Risk Management	25,000.00	-	-	-	25,000.00
Board Designated - Operations Reserve	1,005,121.00	-	394,879.00	271,000.00	1,671,000.00
Board Designated - Opportunity Reserve					
Special Projects*					
Open Education Resources (OER)	110,000.00	-	(85,898.22)	(11,022.96)	13,078.82
Special Projects Total	<u>110,000.00</u>	<u>-</u>	<u>(85,898.22)</u>	<u>259,977.04</u>	<u>13,078.82</u>
Organizational Capacity					
Technology**	413,936.00	(372,976.00)	-	(30,521.00)	10,439.00
Organizational Capacity Total	<u>413,936.00</u>	<u>(372,976.00)</u>	<u>-</u>	<u>(30,521.00)</u>	<u>10,439.00</u>
Board Designated - Opportunity Reserve Total	<u>523,936.00</u>	<u>(372,976.00)</u>	<u>(85,898.22)</u>	<u>(30,521.00)</u>	<u>23,517.82</u>
Board Designated - Capital Assets Reserve					
Future Lease Payments	450,000.00	(155,454.00)	(65,454.00)	(32,727.00)	196,365.00
Capital Investments	300,000.00	(262,709.00)	-	(20,000.00)	17,291.00
Board Designated - Capital Asset Reserve Total	<u>750,000.00</u>	<u>(418,163.00)</u>	<u>(65,454.00)</u>	<u>(52,727.00)</u>	<u>213,656.00</u>
Board Designated Total	<u>2,304,057.00</u>	<u>(791,139.00)</u>	<u>294,879.00</u>	<u>176,729.04</u>	<u>1,946,252.64</u>
Undesignated Total	953,475.00	-	(916,543.85)	350,119.76	387,050.91
<b>Total Unrestricted</b>	<u><u>3,257,532.00</u></u>	<u><u>(791,139.00)</u></u>	<u><u>(621,664.85)</u></u>	<u><u>526,848.80</u></u>	<u><u>2,333,303.55</u></u>

[REPORT 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, 2021, and have issued our report thereon dated [REPORT 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 September 13, 2021, 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. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2021. 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.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. There were no significant financial statement disclosures identified during the audit.

### **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:

- Increase in accounts receivable and M-SARA with donor restriction revenue to record the full amount of reserve funding approved by the NC-SARA Board – \$158,000
- Increase in deferred revenue and decrease in technology revenue for Dell error identified during the year – \$86,000
- Decrease to accounts payable and increase to technology revenue to adjust compact technology revenue sharing estimates to actual – \$331,000

The effect of these corrected misstatements is an increase of net assets of approximately \$403,000.

### **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 [REPORT 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, 2021, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses and, therefore, material weaknesses may exist that were not identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

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.

We consider the following deficiency in the Compact's internal control to be a material weakness:

### **Material Adjustments**

During the course of our engagement, we proposed material audit adjustments to the Compact's recorded account balances in the areas of receivables, deferred revenue, and revenue, which if not recorded, would have resulted in a material misstatement of the Compact's financial statements. The need for these adjustments indicates that the Compact's interim financial information is not materially correct, which may affect management decisions made during the course of the year.

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

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Financial Statements

June 30, 2021

(With Comparative Totals for June 30, 2020)

**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, 2021, 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, 2021, 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 2020 financial statements of the Compact, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 10, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Minneapolis, Minnesota  
[REPORT DATE]

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Midwestern Higher Education Compact  
Statement of Financial Position  
June 30, 2021 (With Comparative Totals for June 30, 2020)

	2021	2020
<b>Assets</b>		
Cash and cash equivalents	\$ 5,263,746	\$ 4,045,477
Certificates of deposit	-	100,000
Receivables	1,376,107	728,403
Prepaid expenses	123,935	126,241
Property and equipment, net	181,904	203,316
	\$ 6,945,692	\$ 5,203,437
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 452,436	\$ 363,713
Accrued payroll and related expenses	236,833	198,937
Paycheck Protection Program loan	-	300,000
Deferred revenue	201,244	-
Deferred lease incentive	168,959	195,453
	1,059,472	1,058,103
<b>Net Assets</b>		
Without donor restrictions		
Board-designated		
Risk management	25,000	25,000
Operations reserve	1,671,000	1,400,000
Open Education Resources (OER)	13,079	27,679
Technology	10,439	40,960
Future lease payments	196,365	229,092
Capital investments	17,291	37,291
Undesignated	2,396,460	1,863,239
Total without donor restrictions	4,329,634	3,623,261
With donor restrictions		
Purpose restricted	1,556,586	522,073
	5,886,220	4,145,334
	\$ 6,945,692	\$ 5,203,437

Midwestern Higher Education Compact

Statement of Activities

Year Ended June 30, 2021 (With Comparative Totals for Year Ended June 30, 2020)

	2021		Total	2020
	Without Donor Restrictions	With Donor Restrictions		
<b>Revenues</b>				
State commitments	\$ 1,380,000	\$ -	\$ 1,380,000	\$ 1,380,000
Program revenue				
Master property program	415,270	-	415,270	409,107
MHECare	370,491	-	370,491	280,238
M-SARA	464,000	237,000	701,000	458,000
Cyber insurance	207	-	207	176
Contract revenue				
Technology	1,280,415	-	1,280,415	1,356,777
Grants	-	1,530,400	1,530,400	-
Contracted revenue	2,125	-	2,125	36,375
Other income	18,000	-	18,000	4,460
Sponsorships	-	-	-	28,000
Conference registration income	-	-	-	150
Interest income	16,713	-	16,713	41,369
Net assets released from restriction	732,887	(732,887)	-	-
<b>Total revenues</b>	<b>4,680,108</b>	<b>1,034,513</b>	<b>5,714,621</b>	<b>3,994,652</b>
<b>Expenses</b>				
Program services				
Operations	2,770,831	-	2,770,831	2,055,900
Services				
Master property program	137,159	-	137,159	396,106
MHECare	21,958	-	21,958	2,143
M-SARA	40,019	-	40,019	36,373
Other	55,885	-	55,885	195,255
Contract				
Technology	35,155	-	35,155	129,152
Policy and research	32,227	-	32,227	32,312
<b>Total program services</b>	<b>3,093,234</b>	<b>-</b>	<b>3,093,234</b>	<b>2,847,241</b>
Management and general expenses	878,118	-	878,118	744,736
Fundraising expenses	2,383	-	2,383	2,561
<b>Total expenses</b>	<b>3,973,735</b>	<b>-</b>	<b>3,973,735</b>	<b>3,594,538</b>
Change in Net Assets	706,373	1,034,513	1,740,886	400,114
Net Assets, Beginning of Year	3,623,261	522,073	4,145,334	3,745,220
Net Assets, End of Year	\$ 4,329,634	\$ 1,556,586	\$ 5,886,220	\$ 4,145,334

## Midwestern Higher Education Compact

### Statement of Functional Expenses

Year Ended June 30, 2021 (With Comparative Totals for Year Ended June 30, 2020)

	2021				2020
	Program Services	Management and General	Fundraising	Total	
Salaries and Benefits	\$ 1,685,413	\$ 691,936	\$ 2,383	\$ 2,379,732	\$ 2,285,355
Professional Fees	97,594	8,790	-	106,384	90,986
Contract Services	763,560	27,507	-	791,067	80,939
Office Space Lease	110,792	47,292	-	158,084	155,937
Auto and Parking	-	-	-	-	878
Office Supplies	2,105	884	-	2,989	4,814
Postage	-	-	-	-	584
Shipping	2,142	385	-	2,527	2,821
Printing	337	130	-	467	9,134
Subscriptions	30,831	3,134	-	33,965	30,465
Software/Maintenance Contract	133,487	29,760	-	163,247	102,307
Telephone	12,121	5,174	-	17,295	21,005
Insurance	16,417	7,008	-	23,425	23,570
Miscellaneous	91,049	30,783	-	121,832	289,253
Depreciation	30,984	13,225	-	44,209	44,209
Travel/Meetings/Conference	82,679	254	-	82,933	415,220
Office Equipment	33,723	11,856	-	45,579	37,061
<b>Total Expenses by Function</b>	<b>\$ 3,093,234</b>	<b>\$ 878,118</b>	<b>\$ 2,383</b>	<b>\$ 3,973,735</b>	<b>\$ 3,594,538</b>

## Midwestern Higher Education Compact

### Statement of Cash Flows

Year Ended June 30, 2021 (With Comparative Totals for Year Ended June 30, 2020)

	2021	2020
Operating Activities		
Change in net assets	\$ 1,740,886	\$ 400,114
Adjustments to reconcile change in net assets to net cash used for operating activities		
Depreciation	44,209	44,209
Loss on disposal	4,206	-
Changes in operating assets and liabilities		
Receivables	(647,704)	101,658
Prepaid expenses	2,306	31,640
Accounts payable	88,723	94,952
Accrued payroll and related expenses	37,896	(20,754)
Deferred revenue	201,244	(115,000)
Deferred lease incentive	(26,494)	(22,557)
Net Cash from Operating Activities	1,445,272	514,262
Investing Activities		
Purchase of property and equipment	(27,003)	-
Proceeds from maturity of certificates of deposit	100,000	360,000
Net Cash from Investing Activities	72,997	360,000
Financing Activities		
Proceeds from Paycheck Protection Program loan	-	300,000
Repayment of Paycheck Protection Program loan	(300,000)	-
Net Cash from (used for) Financing Activities	(300,000)	300,000
Net Change in Cash and Cash Equivalents	1,218,269	1,174,262
Cash and Cash Equivalents, Beginning of Year	4,045,477	2,871,215
Cash and Cash Equivalents, End of Year	\$ 5,263,746	\$ 4,045,477

## **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, 2020, 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, 2021 and 2020, management determined an allowance was not necessary. The Compact's accounts receivable, unbilled receivables, and deferred revenues as of July 1, 2019 were \$830,061, \$0, and \$0, 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, 2021 and 2020.

### 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 Compact currently has no certificate of deposits outstanding.

### Deferred Revenue

Revenue received in advance is recorded as deferred revenue until the performance obligation has been met.

### 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) restrictions. Some donor-imposed (or grantor) 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 restrictions 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 restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

### **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 Compact receives revenues based on the budget of NC-SARA and a set amount is voted on by 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, 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.

### Subsequent Events

The Compact has evaluated subsequent events through [REPORT DATE], 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:

	2021	2020
Cash and cash equivalents	\$ 5,263,746	\$ 4,045,477
Certificates of deposit	-	100,000
Accounts receivable	1,376,107	728,403
	\$ 6,639,853	\$ 4,873,880

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 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 2021 and 2020.

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.

**Note 3 - Property and Equipment**

Property and equipment consist of the following at June 30, 2021 and 2020:

	2021	2020
Computers	\$ 30,407	\$ 30,407
Office improvements	-	7,520
Software and IT equipment	306,463	295,369
Furniture	176,961	176,952
Leasehold improvements	375,877	362,552
	889,708	872,800
Less accumulated depreciation	(707,804)	(669,484)
Net property and equipment	\$ 181,904	\$ 203,316

**Note 4 - Notes Payable**

Notes payable consist of the following at June 30, 2021 and 2020:

	2021	2020
1.00% Payroll Protection Program loan	\$ -	\$ 300,000

During 2020, the Compact was granted a \$300,000 loan under the Paycheck Protection Program (PPP) administration by a Small Business Administration (SBA) approved partner. The loan was uncollateralized and was fully guaranteed by the Federal Government.

The Compact paid off \$300,000 of the PPP loan, including interest at 1% prior to December 31, 2020.

**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 \$81,088 and \$78,704 for the years ended June 30, 2021 and 2020, respectively. Approximate future annual rental commitments are as follows:

Years Ending June 30,	Amount
2022	\$ 83,538
2023	86,054
2024	88,638
2025	91,288
2026	86,132
	\$ 435,650

**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 \$214,285 and \$202,445 for the years ended June 30, 2021 and 2020, respectively.

**Note 7 - Net Assets With Donor Restrictions**

Net assets with donor restrictions consist of the following at June 30, 2021 and 2020:

	2021	2020
Programmatic activities		
Credential Engine	\$ 669,647	\$ -
Master property program	270,073	295,073
M-SARA	464,000	227,000
Open Educational Resources (OER)	152,866	-
	\$ 1,556,586	\$ 522,073

Net assets released from restrictions for the years ended June 30, 2021 and 2020, were comprised of the following:

	2021	2020
Satisfaction of purpose restrictions		
Credential Engine	\$ 610,753	\$ -
Open Educational Resources (OER)	97,134	-
Master property program	25,000	265,009
MCMC - Strada Education Network	-	22,709
	\$ 732,887	\$ 287,718

**Note 8 - Net Assets Without Donor Restrictions – Board Designated**

At June 30, 2021 and 2020, net assets without donor restrictions designated by the Board are available for the following purposes:

	2021	2020
Risk management	\$ 25,000	\$ 25,000
Operations reserve	1,671,000	1,400,000
Opportunity reserve		
Special projects		
Open Education Resources (OER)	13,079	27,679
Organizational capacity		
Technology	10,439	40,960
Capital asset reserve		
Future lease payments	196,365	229,092
Capital investments	17,291	37,291
	\$ 1,933,174	\$ 1,760,022

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.

## **Proposal to Waive the 1.5% Annual Increase to the State Compact Commitment for FY23 (one additional year)**

In 1991 when MHEC was established, the annual state compact commitment was \$58,000. Over the ensuing 30 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 \$20,000.\* Throughout all of these increases, MHEC's annual state compact commitment remains the lowest among the regional higher education compacts.

During the November 2019 Commission meeting in Indianapolis, the Commission approved increasing the state compact commitment 1.5% annually beginning in FY22 (fiscal year being July 1 through June 30). Implementing an annual increase was an attempt to provide a more regular, modest, and predictable state commitment increase. 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 was consistent with the strategy used by the Southern Regional Education Board (1.5% increase on its \$298,508 state commitment for FY21) and the Western Interstate Commission for Higher Education (2% increase on its \$153,000 state commitment for FY21). Both SREB and WICHE did not increase their state dues for FY22. SREB approved a 1.5% increase for FY23 while WICHE voted to not increase their dues for FY23.

Given the pandemic and the resulting economic issues it caused both nationally and across all the MHEC member states, the Commission approved waiving the 1.5% annual increase to the state compact commitment for FY22, instead making it effective beginning FY23. For most of the 12 member states of MHEC, FY23 begins July 1, 2022. Although economic conditions have cleared up some in the last 12 months, the ongoing pandemic is still creating some uncertainty about what the future holds. The Finance and Audit Committee discussed the issue during its October 15, 2021, meeting and, although no consensus was reached on whether or not to waive the 1.5% increase in FY23, the committee did recommend waiving the 1.5% increase for purposes of bringing it forward to the MHEC officers and the full Commission for consideration. At its October 25, 2021, meeting the MHEC officers agreed that waiving the 1.5% annual increase one additional year made sense given the uncertainty caused by the pandemic, and consequently recommended the Commission waive the 1.5% annual increase for FY23. This waiver would be for one additional year only and would not affect future annual increases to the state compact commitment beginning in FY24.

### **Proposal**

That for FY23, the MHEC Commission waive the 1.5% annual increase to the MHEC state compact commitment originally approved by the Commission at the November 2019 Commission meeting to become effective in FY22, then subsequently waived for FY22 at the 2020 Commission Meeting. This additional one-year waiver would be for FY23 only, with the 1.5% annual increase remaining in effect for FY24 and beyond.

*\*In 1991 when MHEC was established, the annual state compact commitment was \$58,000. The state commitment remained at \$58,000 through 1999 when the Commission approved increasing it to \$75,000. The Commission again voted to increase the state commitment to \$82,500 in 2001, to \$90,000 in 2005, and to \$95,000 in 2008. In 2015 the Commission approved increasing the state compact commitment an additional \$20,000 to \$115,000 and then subsequently approved to keep it at \$115,000 through FY21. In 2019 the Commission approved increasing the state compact commitment 1.5% annually beginning in FY22. The Commission subsequently approved waiving the 1.5% annual increase for FY22, instead making it effective beginning FY23.*

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## **Commissioner Alternates to the Full Commission**

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 has 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 a state (e.g. State Higher Education Executive Officer (SHEEO), 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 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 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 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 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.

## **Executive Committee Appointment Length and Terms**

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.*

With such little guidance to go on there is limited understanding among Executive Committee members regarding how they were appointed to the Executive Committee, and for how long their appointment is supposed to last. This lack of understanding is further compounded by actual practice as some commissioners serve on the Executive Committee for one year while others have served over ten years. In an effort to start putting some structure and transparency around Executive Committee membership, the Governance Committee is recommending the commission establish a standard term of appointment to the Executive Committee. With the hope of creating the proper balance between committee continuity and stability while still maintaining the ability to bring diversity and new thought experiences to the Executive Committee, the Governance Committee is recommending Executive Committee members serve three-year terms with no term limits. Although three years may seem long, there will be greater turnover on the Executive Committee than the three-year term might imply. Approximately half of all commissioner appointments to the full commission are for two years so there is no guarantee a person will serve their full three-year term on the Executive Committee. The Governance Committee plans on tracking the turnover on the Executive Committee over time to see if the three-year term is effective at balancing the two interests of bringing new ideas and diversity to the committee while maintaining some committee stability and continuity.

### **Proposal**

The commission formally approve that the term of service for each Executive Committee member be three-years with no term limits.

## 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 David Eisler (MI) will become past chair, Vice Chair Rick Carfagna (OH) will become the 2021-2022 chair, and Treasurer Devinder Malhotra (MN) will become vice chair at the conclusion of the 2021 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. South Dakota, last having a commissioner serve as chair more than 10 years ago, is one of the next states in the rotation to succeed for an officer position. As such, Chair David Eisler, in consultation with the MHEC officers, invited V.J. Smith, state senator from South Dakota, to serve as treasurer, and he graciously agreed to serve if nominated and approved.

### **Proposal**

#### **Action Item 7: MHEC Chair Election**

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

#### **Action Item 8: MHEC Vice Chair Election**

That consistent with MHEC bylaws the commission approve Devinder Malhotra (MN) for the position of MHEC vice chair.

#### **Action Item 9: MHEC Past Chair Election**

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

#### **Action Item 10: MHEC Treasurer Election**

That the commission approve V.J. Smith (SD) for the position of MHEC treasurer.

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## Strategic Plan Framework

### final draft for recommendation to the Commission

#### MISSION (what good we do and for whom)

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.

#### VISION (the impact we seek)

##### *Proposed revision:*

To improve the economic vitality and competitiveness of the Midwest region through collective problem-solving and partnerships that strengthen postsecondary education.

##### *Current version:*

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

#### STRATEGIC PRIORITIES (our focus for next 4 years)

##### **Innovation, efficiency & effectiveness**

- Serve as an incubator, discussing research and ideas and piloting potential solutions in a low-risk environment.
- Study challenging topics (such as declining enrollment, learning gaps, affordability) and consider how MHEC could/should play a role in addressing the issue.

##### **Regional problem solving**

- Take on projects and issues that are too big for one state to do alone, working jointly to improve higher education and to make the Midwest region stronger and more competitive.
- Convene leaders to share successful models and approaches that institutions and states can adopt and tailor.

##### **Cost savings & business solutions**

- Drive savings for institutions, states, and students.
- Help solve key business problems.
- Protect investments in higher education by collaborating and reducing risk.

## **VALUES**

- We will obtain input at the November Commissioner meeting, then reconvene the Strategic Planning Committee to draft and recommend the final set of core values.

## **PRINCIPLES OF THE STRATEGIC PLAN**

- We will continually evaluate the purpose and impact of our work to be as responsive and valuable as possible to MHEC members.
- We will integrate diversity, equity and inclusion into all aspects of our planning and operations.
- We will be intentional within each priority about articulating who is served, who we want to participate, and who benefits.

## **NEXT STEPS**

- Following approval of the Commissioners, MHEC staff will work with Parenteau Graves to develop an operating plan that articulates strategies, tactics, timeline, metrics, roles and responsibilities in each of the three strategic priority areas.
- The Strategic Planning Committee will reconvene to draft and recommend core values to the Commissioners.

# Master Property Program (MPP)

Prepared by Jennifer Dahlquist, Vice President

## 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 MPP has developed a program mission to be the premier higher education-related property insurance program focused on strategic growth, program stability, and member value for institutions in the MHEC region, and the three other regional compacts (including 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 has experienced multiple challenges over the past few years and up until the 2021/22 renewal, was able to maintain excellent member retention. A combination of significant program losses in a relatively short time period, coupled with meaningful changes in the insurance industry outside of the program's control, now require a MPP redesign, rethinking the ways in which the program can continue to meet member needs successfully, building on the historical strength of MHEC's ability to deliver a premier property insurance program. This past renewal, the challenges reached the point where the program unfortunately witnessed the loss of primarily two key members, the Illinois Public Higher Education Cooperative (IPHEC which includes all the public 4-year institutions in Illinois) and the University of Nebraska System, among other institutions, which resulted in a loss of approximately half the previously insured institutions. This difficult situation presents both a challenge and opportunity to update and strengthen the MPP.

The property market is incredibly challenging for a variety of reasons including a global increase in catastrophic losses, the cyclical nature of insurance markets turning hard, several significant losses inside the MHEC program, increased underwriting scrutiny on higher education risk overall as well as a focus on severe convective storm risk, the shift from one to two insurers supporting the program to a complex panel of global insurers, and structural inflexibilities within the MPP.

The MPP provides member institutions a captive structure via a captive layer that covers losses up to the first \$2.5M subject to a program aggregate, and when losses exceed this level, traditional insurance kicks in. This was achieved by utilizing a rent-a-captive. In the early days of the MPP this provided many benefits but as the insurance market changed and member needs became less homogenous, the rent-a-captive didn't allow MPP to tailor the captive layer in a manner that supported the diverse member needs such as members with significant catastrophic (or CAT) risk, members in distinct geographic locations, members with varying loss histories, etc. In addition, the previous rent-a-captive was managed by a third party and MHEC and the MPP members were not part of the captive management decisions. MHEC has transitioned to a MHEC-owned captive, Stone Arch Insurance Company, that will address many of these needs.

## Next Steps

The MPP must adapt, making what may result in meaningful structural changes to survive. Through the renewal, the MPP Team (MHEC, its program and captive manager Marsh, and the MPP

Leadership Committee) heard feedback from many members that the MHEC program was their only property insurance option, so members are counting on MHEC for coverage. The reality is that until the market conditions improve, the program must continue to evolve and will not look the same as the MPP of the past. These challenges, which are not insignificant, present the MPP Team with an opportunity to examine all options on the table. Marsh is actively engaged in strategic conversations with the insurance markets regarding possible program structures. While there is much work to be done, the MPP Team is committed a deep and thoughtful review, leaving no stone unturned, and making a decision that is in the best interest of our member states and institutions.

# Stone Arch Insurance Company

Prepared by Jennifer Dahlquist, Vice President

## Background

Since 1994, the Master Property Program (MPP) has provided member institutions with comprehensive property coverage, tailored to their needs, reducing insurance costs and improving asset protection. Two of MPP's greatest strengths, stability and member commitment, are due in part to the MPP's responsiveness to member needs. The hardening property insurance market has presented the MPP with numerous challenges and as a result, MHEC underwent a multi-year strategic examination of the program's structure. MHEC focused this examination on the loss fund, or captive layer, with the assistance of expertise from the MPP Program Administrator Marsh's captive group.

The MPP offers institutions access to a loss fund, paying losses subject to an annual limit, creating distance from the insurance market. MHEC's loss fund, developed in the early 90s, is a rent-a-captive structure managed by Captive Resources, housed in an entity named Everest Property Insurance Company (EPIC). Funded by MPP member institutions, the loss fund returns 100% of this contribution back to members in the form of dividends or paid claims. The results of the multi-year examination recommended that MHEC replace this rent-a-captive with a MHEC-owned single parent captive to best serve current and future risk management needs of MPP member institutions.

On March 23, 2021, MHEC recommended, with the support of the MPP Leadership Committee, that the MHEC Officers approve establishing a MHEC-owned captive to replace the current rent-a-captive structure. The MHEC officers provided their unanimous approval, solidifying MHEC's commitment to the MPP. This new captive, named Stone Arch Insurance Company, began supporting the MPP effective July 1, 2021, domiciled in Vermont, a leading state for captive programs.

## Current Status

MHEC continues to work extensively with outside counsel and the Marsh Captive Solutions team on building the foundation of the program. Numerous agreements with the insurance company providers are being reviewed and executed, with solid understandings established. This puts MHEC in a stronger position where it fully understands the captive mechanics contrasted with the previous rent-a-captive where it was not a party to most negotiations and agreements.

## Next Steps

Stone Arch Insurance Company will afford numerous benefits to the MPP, including, but not limited to; providing the MPP with independence to develop its own specialized property program specifications based on its size and complexity; opening access to a wide variety of global insurance and reinsurance providers; providing choice for service providers, ensuring the best service at economical cost; creating freedom to develop insurance offerings beyond property to continue to meet the needs of Compact member states; bringing more control over the amount and cost of capital allocated to securitization; and reducing operating costs over time. It also opens the door to develop additional insurance programs down the road and enable MHEC the opportunity to respond to new and emerging risk management needs beyond just property insurance.

# Cyber Insurance

Prepared by Carla Ahrens, Property Program Manager

## Background

The MHEC [Cyber Insurance](#) program was established in 2018 to provide an option to institutions in the MHEC region as well as sister compacts-- the New England Board of Higher Education (NEBHE), the Southern Regional Education Board (SREB), and the Western Interstate Commission for Higher Education (WICHE)--to purchase cyber insurance coverage. This cyber insurance solution is tailored to deliver the right mix of risk transfer and advisory solutions for institutions to assess, manage, and respond to their risk. Higher education Institutions, like other key business and government entities, 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. According to Marsh's cyber team, the loss environment has resulted in accelerating pricing pressure even on loss-free accounts that have good controls. Rate increases are expected to continue to rise through the rest of the year. Marsh is predicting 100% increases in higher education business.

## Current Status

Along with Marsh, MHEC's insurance Program Administrator, MHEC offers 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.

Cyber risks are growing in frequency and severity, making them one of the biggest threats facing higher education institutions today. MHEC has had several member institutions request quotes for coverage but meeting the IT requirements of the insurance carriers has been difficult and the cost of the insurance coverage in the current market has significantly increased.

## Next Steps

Many large institutions have already or 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 obtaining additional insurance protection.

Due to the frequency and severity of cyber claims, particularly in the higher education market, underwriting scrutiny has increased significantly, and carriers are requiring additional information to issue quotes. To help educate institutions, MHEC held a webinar, [Increasing Ransomware Attacks Trigger Major Shifts in Cyber Insurance](#) on October 6, with cyber professionals from Marsh providing higher education IT, finance, and risk management professionals an update on risk controls that institutions can implement to mitigate cyber risk to meet the underwriting expectations of insurers. MHEC will continue to monitor the market with Marsh's assistance and keep institutions informed of any changes.

# MHECare Student Health Solutions

Prepared by Jennifer Dahlquist, Vice President

## Background

Created in conjunction with MHEC's Student Health Benefits Advisory Committee (SHBAC), MHECare was established through requests from key higher education and legislative leaders seeking a collaborative region-wide approach to supporting student health. The committee consists of a broad cross section of experts in student health benefits from campuses across the MHEC states and beyond. In 2012-13 MHECare began providing institutions of higher education access to an array of insurance solutions that assist campuses in supporting student health. MHEC offers institutions access to programmatic options for fully insured school-sponsored plans and virtual mental health services. Campuses can leverage MHECare knowing that MHEC has performed its due diligence through a comprehensive and extensive RFP process, enabling student health administrators the opportunity to spend their time focused on efforts that will directly impact students. The program is also available to postsecondary institutions of MHEC's sister compact regions in the [New England Board of Higher Education](#), the [Southern Regional Education Board](#), and the [Western Interstate Commission for Higher Education](#).

## Current Status

On September 3, 2020, 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 was nearing conclusion and required a new bidding cycle for the primary carrier offering student health insurance for institutions with school-sponsored insurance plans. Second, the contract that afforded institutions the ability to offer a private student health insurance exchange concluded and required bidding. Third, the committee sought providers that can offer institutions virtual mental health services, given increased interest during the pandemic. The committee recommended that MHEC begin contract negotiations with four vendors, one for the primary carrier offering, one for the private student health insurance exchange option, and two for the virtual mental health services. Since that recommendation, MHEC has completed contract negotiations with UnitedHealthcare StudentResources to continue offering school-sponsored insurance plans. An agreement with META Teletherapy was also executed for virtual mental health services.

Twenty-eight campuses from across the U.S. participate for the 2021-22 school year through the option with UnitedHealthcare StudentResources for fully insured school-sponsored health insurance. For the 2020-21 school year, MHECare provided coverage to over 41,000 students. MHEC began offering institutions an option for virtual mental health services through META in summer 2021. The MHEC agreement with META provides institutions affordable access to a mental health provider marketplace where students can choose to connect with school counselors or META teletherapists through a mobile app for private, secure video, audio, and chat therapy.

## Next Steps

MHEC is working with META to demonstrate their virtual services to campuses. MHEC continues to work with its outside counsel with expertise in healthcare law to assist with the remaining two agreements, one for a private student health insurance exchange, and one additional virtual mental health service. Contracts will be announced as they are finalized.

# Midwest Student Exchange Program (MSEP)

Prepared by Sara Appel, Associate Director for Policy Initiatives

## Background

The [Midwest Student Exchange Program \(MSEP\)](#) is an interstate tuition reciprocity program offering reduced tuition rates to students in the states of Indiana, Kansas, Minnesota, Missouri, Nebraska, Ohio, and Wisconsin. MSEP is a voluntary program and although the Compact has 12 member states, not all participate. Illinois and Michigan have moved to an inactive status, and Iowa and South Dakota have elected not to participate.

Since 1994, through MSEP, MHEC has been providing more affordable educational opportunities for students to attend out-of-state institutions at reduced costs. MSEP serves as the Midwest's largest multi-state tuition reciprocity program, sitting alongside other state-to-state reciprocity programs. Eighty-six campuses from the nine participating states in the MHEC region have received students at reduced rates. 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. Students benefit because of expanded choice while institutions enrolling them (as well as states) realize gains from the additional students attending postsecondary education there. Recent elimination by some institutions of out-of-state tuition has affected institutional participation in the program as have changes in student demographics and credentialing.

## Current Status

According to the [2020-2021 MSEP Data Report](#) eight states participated in the program as well as 86 two- and four-year public and private institutions. Forty-seven institutions reported data on 8,450 students who saved almost \$61M in tuition payments. Recommendations for additional data to collect for FY22 participation include types of tuition models and the length of time students use the program.

Since 2019, MHEC staff have conducted a thorough program review to determine the current relevance and value of MSEP. The review culminated in the report [Student Reciprocity Programs and MSEP in the 21<sup>st</sup> Century](#) which drew upon historical MHEC documents, peer reviewed literature, interviews, and surveys. This 25-year retrospective revealed the need to review the scope of the program to ensure the program benefits continue to reach a wide range of stakeholders. Recommendations from the report include 1) to clarify the goals of MSEP, 2) to improve, expand, and support the collection and reporting of MSEP data, 3) to update and optimize MSEP policies, and 4) to improve MSEP administration and staffing. As a result, the MSEP Council met on July 22, 2021, and clarified the program's goals to "increase postsecondary education opportunities throughout the Midwest and provide cost savings for students and families within the region as well as assisting the two and four-year public and not-for-profit private institutions with an enrollment management tool." The MSEP Council continues to meet quarterly to assist MHEC staff in updating and optimizing the program via the development of policies and procedures. Staff conducted a [webinar on the report](#) on October 7, 2021.

## Next Steps

The MSEP Council requested that MHEC staff continue its exploration of the various student exchange and reciprocity programs across the U.S. and report its findings and recommendations to the MSEP Council in spring 2022 and to the Commission at the June 2022 Executive Committee meeting.

# 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 register with and meet authorization guidelines in every other state other than their own, where students were located. This involved countless hours of compliance research, information gathering, and the payment of often very expensive fees. Now, with SARA, the approach has streamlined, improved, and added consistency to the compliance efforts of institutions offering distance education programs or courses across state lines and throughout the country, except for California. 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 U.S. Department of Education and regional accreditors.

## Current Status

Currently, 49 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands are members of SARA. 2,265 institutions participate in SARA, and of that total, 644 institutions are in MHEC states. California is the only state that is not a member, but discussions continue to encourage their joining.

M-SARA (Midwestern State Authorization Reciprocity Agreement) is a key way that MHEC is involved with both NC-SARA and the other regional compacts. M-SARA hosts its own set of annual meetings for the M-SARA Regional Steering Committee (RSC) members and M-SARA state portal agents (SPAs), 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. Due to the pandemic, both groups met more frequently over the last 18 months. However, we are getting back to the routine of bimonthly and quarterly meetings now. SARA work at the regional and national level continues to be 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.

Roles and responsibilities discussions between the Regional Compacts and NC-SARA continue as we work toward a clear understanding and more transparent cooperation.

## Next Steps

Work will continue with supporting our states' M-SARA work and with NC-SARA and other partners in the agreement to gain role clarity and more transparency in SARA policy creation and related processes.

## 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, particularly in the Midwest. 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; and (4) Providing public outreach and service to institutions and governments. Some projects are one-time and short-term while others are more comprehensive. We welcome ideas and suggestions from our stakeholders in the region. Some of the more recent reports follow below.

### Current Status

*[The Digital Divide Among College Students: Lessons Learned From the COVID-19 Emergency Transition](#)*

One of the few reports examining the digital divide, the gap between those who can and cannot access the Internet among college students during the COVID-19 shift to remote learning, with data presented from national and Midwest collected surveys. An analysis of recent institutional efforts and state legislation highlights approaches to bridge the digital divide for students.

*2021 State Performance Update*: A performance update for each MHEC member state to supplement the biennial *[Higher Education in Focus](#)* report. This supplement provides the latest data on a subset of key indicators relevant to higher education and the economy. The reports will be available in February of 2022.

*[Interactive Dashboard](#)*: Indicators on MHEC's interactive dashboard have been updated with the most recent data available. Indicators are organized within seven categories: Context, Preparation, Participation, Affordability, Completion, Finance, and Benefits. Several of these areas also portray a subcategory highlighting opportunity and achievement gaps by income, race, and ethnicity.

*The Effect of State Appropriations on College Graduation Rates of Diverse Students*: This is the first national study to estimate the effect of state appropriations on the college graduation rates of underrepresented students over a 12-year period. Simulations were also conducted to estimate the effect of a 10% increase in appropriations on graduation rates. The report and a research brief will be released in November of 2021.

*Improving FAFSA Filing Among College-Going High School Seniors*. This report estimates rates of FAFSA completion among high school graduates within each MHEC state; reviews research on methods for increasing FAFSA completion; and provides state policy considerations, such as a FAFSA completion high school graduation requirement. The report will be released in December of 2021.

### Next Steps

*College Student Mental Health Research Initiative*: MHEC is collaborating with the University of Michigan Healthy Minds research team and American College Health Association to document recent trends in the mental and behavioral health of college students in the Midwest, including the impact of the COVID-19 pandemic. The first report will be released in January of 2022.

# 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. Research indicates that such programs enhance educational outcomes for students, particularly those from underserved populations. In 2015 the [Higher Learning Commission \(HLC\)](#), regional accreditor for Midwestern states, clarified its expectations for the credentials of postsecondary faculty, including concurrent enrollment instructors in high schools. The new policy language stated that postsecondary instructors for undergraduate courses must possess a master's degree in the field they teach or hold a master's degree in another field and at least 18 graduate credits in the field they teach.

This clarification highlighted a longstanding concern in the world of concurrent enrollment: many high school teachers without full credentials as defined by HLC were serving as concurrent enrollment instructors. Ever since, states across the Midwest have struggled to help teachers gain the credential needed to teach concurrent enrollment courses and meet the high demand for such courses. The shortage of fully credentialed concurrent enrollment teachers is particularly acute in rural and distressed urban areas. 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, and extended that to 2023.

MHEC's past 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 \(ECS\)](#); a MHEC hosted the [Concurrent Enrollment Teacher Credentialing Summit](#) in May 2018; advisory groups to address different aspects of the teacher shortage; and strategic partnerships with regional and national entities that are also working to address the concurrent enrollment teacher shortage.

## Current Status

In spring 2021, MHEC and the [Northeast Wisconsin Educational Resource Alliance \(NEWERA\)](#) launched an interactive web-based search tool, [Graduate Credit Quest \(GCQ\)](#), which allows teachers from MHEC states to search for online graduate courses designed to help them meet HLC's credentialing expectations offered by Midwestern universities. MHEC started to host conversations about the concurrent enrollment teacher supply crisis with the College in the High School Alliance ([CHSA](#)), and the National Alliance of Concurrent Enrollment Partnerships ([NACEP](#)). The Dual Enrollment Teacher Pipeline Working Group met through summer 2021 and published, *Building a Concurrent Enrollment Teacher Pipeline: Opportunities, Challenges, and Lessons*, in October 2021 that addressed the complexities and suggested strategies to increase the supply of concurrent enrollment teachers. The [Southern Regional Education Board \(SREB\)](#) and MHEC supported research into the use of Open Educational Resources (OER) in dual enrollment settings, culminating in, [OER in Dual Enrollment](#) and [webinar](#) on that topic.

## Next Steps

MHEC staff will continue to build state and institutional participation on the GCQ site and enhance the site with the goal of it becoming a central source of information for teachers, graduate schools, and concurrent enrollment advocates. Collaborations with national concurrent enrollment organizations will also continue as MHEC seeks ways to help its member states provide concurrent enrollment opportunities to students. Finally, as the 2023 HLC deadline approaches, MHEC staff will continue to keep closely in touch with HLC to make sure regional stakeholders have the information they need and HLC is aware of the challenges still facing concurrent enrollment providers and instructors.

# Midwest Credential Transparency Alliance (MCTA)

Prepared by Sara Appel, Associate Director for Policy Initiatives

## Background

Credential transparency refers to making public, in formats people can read and systems can act upon, essential information about credentials, such as their competencies, quality, costs, pathways, transfer value, and connections to jobs. It is based on the premise that the easier it is to access and use comparable information about credentials, the easier it is for people to find the most cost-effective way to learn the right skills and find the best jobs.

MHEC and Credential Engine received a grant from the Ascendium Foundation in April 2020. Credential Engine is a non-profit whose mission is to map the credential landscape with clear and consistent information, that help create resources that assist people to find education and employment pathways that are best suited for them. This collaboration's mission is to work with all 12 Midwest states to meet them where they are and support their movement along a path toward credential transparency. This work involving MHEC and Credential Engine, is being guided by the Midwest Credential Transparency Alliance (MCTA). Each participating MHEC state has an opportunity to create a team of representatives from higher education agencies and systems, K-12 agencies, workforce development agencies, and governor's offices. Members of the MCTA will be able to collaborate and support the creation of a rich, interoperable, linked work and learner data system. The goal is to allow institutions and organizations within states an opportunity to publish their credentials to the Credential Registry, providing a free, open access tool for students, educators, and employers to search for and learn about all the credentials offered throughout the Midwest.

MCTA's intention is not to duplicate efforts, but instead tailor each approach to help align and extend value to work Midwest states are already doing or are planning to do.

## Current Status

MCTA is working together to identify current data workflows and sources, as well as discover opportunities to use more transparent, open-source credential information to help meet goals of institutions and organizations within states goals. To move this work forward, MHEC and Credential Engine held a kick-off meeting in May with over 100 participants including legislators, workforce development, and postsecondary education as well as other not-for-profit organizations. Attendees learned more about the MCTA, reviewed use cases, and Midwest state and regional priorities related to credentialing. In September [it was announced](#) that Iowa, North Dakota, and Wisconsin signed agreements to participate in work to deliver current, consistent, accessible, and comprehensive information on all types of credentials leading to job opportunities.

## Next Steps

The MCTA has an email list and listserver to share resources and/or answer questions, established quarterly meeting times and developed a charter that was approved in August. The Pathways Action Team is also meeting regularly and looking at pathways for cybersecurity and autonomous vehicles. A spreadsheet has already been populated with 692 identified pathways in the Midwest and they recently published [a brief](#) documenting their progress. Additional action teams are being identified.

## Multi-State Collaborative on Military Credit (MCMC)

Prepared by Sara Appel, Associate Director for Policy 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. 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 in the areas of articulation of academic credit; communication and outreach; data, technology, and systems; and licensure and certification. Grants were awarded to MHEC by the Lumina Foundation and the Strada Education Network in 2015 to address barriers for military-connected students in accessing, participating, and completing postsecondary education. This 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, National Center for Higher Education Management Systems (NCHEMS) and MHEC were awarded a \$25,000 competitive grant from the American Institutes for Research (AIR) as part of its [National Research Collaborative on Postsecondary Competency Based Education and Learning](#). The funding supported research that led to the publishing of [Military Transcript and Experience Review: A 13-state scan of policies](#) released in December 2020. Findings were shared at the 2020 CBExchange Annual Conference and a [webinar hosted by MHEC](#) in January 2021. Due to this publication, Nebraska is supporting a recent effort by the University of Nebraska system, in conjunction with a community college, to explore a systematic approach to articulation for military credit. The American Legion used it as a resource and included in their March 2021 report, [The Future of Credentialing of Servicemembers and Veterans: Leveraging Partners, Policies and Resources](#).

A webinar was held in June, *2021 Emerging Issues and Policies Regarding Military-Connected Students*, with 207 participants from 39 states across the nation. MHEC has changed the distribution of the MCMC update to periodic updates and continues to use the MCMC listserv and other social media. MCMC collaborated with the Western Interstate Commission for Higher Education's Cooperative for Educational Technologies and Student Authorization Network (WCET) and assisted them in updating their white paper, [State Authorization and Military Students](#) in February 2021.

### Next Steps

Many of the MCMC states are being encouraged by their governor or other state leaders to focus on credentialing and workforce development. MCMC has incorporated military-connected students in these fields. MHEC is also using its expertise in meeting the needs of military-connected students by participating in conversations at regional and national level organizations such as the Council for Adult and Experiential Learning, Midwestern-State Authorization Reciprocity Agreement, and Student Veterans of America on potential legislation, policies and research. MHEC hosted a [webinar on October 26](#), on how to navigate the Army IgnitED tool which provides military-connected students online access to use their Tuition Assistance, track their educational opportunities, receive support, and guidance throughout their educational pathway either at home or abroad. Over 350 people registered for this event which garnered participation from the entire MHEC region, 38 states in total.

# 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](#). In 2020, the four regional compacts formed a nationwide network of OER support known as the National Consortium for Open Educational Resources ([NCOER](#)). Each regional compact received an 18-month, \$250,000 grant from the [Hewlett Foundation](#) to increase OER capacity and implementation in its member states to share best practices, scale successful efforts, and leverage collective resources to enhance OER implementation across the country.

## Current Status

MHEC's work with OER includes: 1) An OER List Server and monthly OER newsletter to keep Midwestern OER stakeholders informed and connected to regional and national OER efforts; 2) Regular virtual meetings of state OER action teams and support for their work to build OER capacity in their respective states; 3) [OER-related webinars](#) that reach a wide range of stakeholders and inform them of the work of the 12 state action teams and other nationwide OER-related work; 4) Support for statewide OER summits throughout 2021-22 in Missouri, Michigan, Iowa, Kansas, Minnesota, and Wisconsin and senior leadership trainings in Indiana, Illinois, and North Dakota, support for membership in the Open Education Network in South Dakota and Nebraska, and a faculty grant pilot program in Ohio; 5) Support for three career and technical education OER creation projects, in partnership with the [Rebus Textbook Success](#) program; and 6) Convening of a OER Technology Working Group that has been jointly exploring technology providers and services to support the use of OER.

MHEC has also convened a national group of leaders in OER to help advise a study to identify recommendations for reporting [cost savings and return on investment for OER](#). The purpose of this research is to assess the return on investment of OER for students, institutions, and states and to provide a framework that organizations can adapt to their own context to determine the return on investment of OER. MHEC conducted a [webinar on the research](#) on August 18. Additionally, MHEC completed research with the Southern Regional Education Board (SREB) that explored state and institutional initiatives which have spurred an increased interest in the use of open educational resources, or OER, in dual enrollment courses. The report [OER in Dual Enrollment](#) was published in October and a subsequent [webinar with SREB](#) and panelists was conducted on October 13, 2021.

## Next Steps

MHEC will be continuing to meet regularly with the OER State Action Teams throughout the winter and spring 2022, and supporting the upcoming statewide summits in Kansas, Minnesota/Wisconsin, and Iowa. The outcomes of the OER Cost Savings and Return on Investment working group will be published in early Spring and a webinar will be held to share the findings. The three projects working on developing new career and technical education OER will also publish their new resources in Spring 2022.

# MHEC Technologies Community

Prepared by Debra Kidwell, Consultant

## Background

The [Technologies Community](#) (formerly technology 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. Like other MHEC voluntary advisory groups, their participation, input, advice, and counsel is critical to developing and sustaining an effective approach to technology solutions throughout the region and beyond.

## Current Status

Recognizing the diversity of technology's role, efforts are consistently being taken to broaden the scope and impact of the Technologies Community. Five standing [advisory groups](#) support the Technologies Community, as do work groups formed on an as-needed basis.

1. **Academic Technologies Advisory Group:** Focused on accessibility and classroom design.
2. **Comprehensive Learner Records Advisory Group:** Provides information and creates dialogue around the new technology of secure and verifiable learning and employment records, and other related digital credentialing solutions.
3. **Emerging Perspectives Advisory Group:** Delved into current issues around the data ecosystem.
4. **Information Security Advisory Group:** Impetus for RFP and resulting [security services contracts](#). Working on a cyber-security webinar series to follow the webinar *Increasing Ransomware Attacks Trigger Major Shifts in Cyber Insurance* held October 6, for Cybersecurity awareness month.
5. **Technology Contracts Advisory Group:** Anticipated kickoff fall 2021.

Planning is underway for the February 2022 Technologies Community annual convening, around the theme of *Are we Evolving or Revolving?* The theme brings forth the choices facing technology leaders as they must decide whether to maintain past methods and tools, or to move in new directions. The convening will address many of the key technology areas as identified by the Technologies Executive Committee as impacting higher education: Learning Analytics & Data Governance, Classroom Design & Teaching Models, Broadband, Funding models and fees, and Cybersecurity.

## Next Steps

MHEC and the Technologies Executive Committee as well as the broader Technology Community, tailor MHEC's technology work to best serve MHEC states and institutions. Volunteers will be sought for new advisory groups, RFP work, and other identified needs. New initiatives and projects are continually evaluated for benefit to the region and higher education, with current opportunities around FAFSA, Universal Broadband, Security Services, Learning Analytics, and Artificial Intelligence.

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# Technology Contracts

Prepared by Nathan Sorensen, Director of Government Contracts

## Background

MHEC's technology contracts are rooted in delivering timely, effective, and cost-efficient technology solutions. During the pandemic, the [hybrid](#) and [HyFlex](#) online learning and remote work experience have changed expectations for students, faculty, and staff. Technology in its many different forms, and its connection to student access and learning, has become increasingly important. MHEC contracts are awarded based on competitive bid requirements that are consistent with statutory procurement requirements of the Compact member states. By entering into agreements for the benefit of its member states, MHEC provides institutions with a contract framework that allows flexibility and ease of use, while still maintaining compliance with applicable procurement statutes. Consistent with the Compact approach, a representative group of MHEC technology stakeholders including staff and volunteers, conduct a competitive sourcing process that leverages the potential purchasing power of the MHEC region. The result is a master agreement that facilitates a direct relationship between the technology provider and institutions with discounted pricing as well as terms and conditions that are better than most users can negotiate individually. This process is designed to minimize the burden on administrative resources for institutions in the region, saving both time and money. Additionally, it allows both the institution and the technology provider to focus most of its energy on finding the technology solution that best fits the institution's needs and negotiating the technology provider's order, instead of the contract itself.

## Current Status

This year, MHEC added eight new contracts to its portfolio. Over 50 volunteers assisted with preparing and evaluating three solicitations. The Virtualization and Data Center Modernization solicitation workgroup evaluated 16 proposals and awarded contracts to Dell EMC, HP Enterprise, and Presidio. The Digital Credential Solutions workgroup evaluated seven proposals and awarded one contract for e-Transcripts and Supportive Services to Parchment. The IT Security Services solicitation has awarded six contracts for consulting and training services to BerryDunn, CampusGuard, Envoy for LUCY Security Services, Infosec, Pondurance, and RK Consultancy Services, Inc. All awarded contracts have a term of up to seven years and are available for use by all public and private not-for-profit institutions of higher education in the MHEC region and 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. Some of the contracts extend eligibility for use by K-12 districts, local governments, and states. Nationally, usage has steadily grown 10% each of the last five years and sales total over \$2.2B. In FY 2021, the estimated savings in the MHEC region was over \$34M.

## Next Steps

MHEC is continuously developing strategic contracts, with guidance from MHEC's Technologies Community. Anticipated IT solicitations over the next year include end-user computing and statistical solutions. Each solicitation seeks input from a wide variety of subject matter experts to determine 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 evaluate proposals and make recommendations to the MHEC president for an award. Once a contract is awarded, the Technologies Community assists MHEC with managing the vendor relationships.

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## MHEC Annual Estimated Savings for Entities and Citizens

MHEC Member States	2020-2021 Annual State Commitment	Technology <sup>1</sup>	Master Property Program <sup>2</sup>	Midwestern-State Authorization Reciprocity Agreement <sup>3</sup>	State Contract and Programs Total Savings	Citizen Savings through the Midwest Student Exchange Program <sup>4</sup>	Total Annual Savings
Illinois	115,000	8,725,836	NP <sup>5</sup>	3,928,476	12,654,312	34,143,482	46,797,794
Indiana	115,000	4,384,954	NP <sup>5</sup>	1,520,097	5,905,051	840,247	6,745,298
Iowa	115,000	778,207	-	2,349,061	3,127,268	NP <sup>5</sup>	3,127,268
Kansas	115,000	1,711,231	2,161,931	1,110,084	4,983,246	3,518,075	8,501,321
Michigan	115,000	4,605,621	545,384	3,061,458	8,212,463	2,673,553	10,886,016
Minnesota	115,000	2,551,262	NP <sup>5</sup>	2,830,955	5,382,217	2,679,921	8,062,138
Missouri	115,000	3,568,714	1,518,288	2,292,136	7,379,138	6,119,175	13,498,313
Nebraska	115,000	1,262,748	93,936	719,896	2,076,580	5,846,034	7,922,614
North Dakota	115,000	754,234	NP <sup>5</sup>	352,995	1,107,229	287,387	1,394,616
Ohio	115,000	3,194,342	NP <sup>5</sup>	4,850,487	8,044,829	2,765,577	10,810,406
South Dakota	115,000	182,713	NP <sup>5</sup>	NP <sup>5</sup>	182,713	NP <sup>5</sup>	182,713
Wisconsin	115,000	2,471,788	NP <sup>5</sup>	1,337,142	3,808,930	2,096,353	5,905,283
<b>Program Totals</b>	<b>\$1,380,000</b>	<b>\$34,191,650</b>	<b>\$4,319,539</b>	<b>\$24,352,787</b>	<b>\$62,863,976</b>	<b>\$60,969,804</b>	<b>\$123,833,780</b>

**FOOTNOTES:**

1. Arrow/Commvault, Corel, Dell, HP, Info-Tech, Lenovo, Microfocus, Oracle, Parchment, SAS, Walker and Associates, and Xerox.
2. Based on premium and loss information as of June 30, 2021.
3. As of FY21, M-SARA savings are based on NCHEMS' methodology as explained on NC-SARA Cost Savings website. See <https://nc-sara.org/sara-cost-savings>.

4. Student tuition savings for the academic year 2020-2021.
5. Non-participating state for 2020-2021.

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## Presenters



### **Sara Appel**

Associate Director for Policy Initiatives  
Midwestern Higher Education Compact

Sara Appel serves as the Associate Director, Policy and Research Initiatives, in this role she manages the Multi-State Collaborative on Military Credit and the Midwest Student Exchange Program. She has been working with student servicemembers in higher education for over 20 years and has experience in grant writing and program management. Prior to her working for the Compact, Sara was the academic programs manager at the Indiana Commission for Higher Education. She has an undergraduate degree in Secondary Education and a master's degree in history with an emphasis on research. Both degrees are from Southeast Missouri State University in Cape Girardeau. Sara began working for the Compact in January 2016.



### **Dr. David Eisler**

President  
Ferris State University

Dr. David Eisler has served as president of Ferris State University since July 2003 and is the senior public university president in Michigan. Under his leadership, the University has embarked on an ambitious program of curricular innovation, classroom renovation, cooperative programs with high schools and community colleges, and providing opportunity for students who may not otherwise attend college. Ferris was the first university selected to receive the Uncommon Greatness Award from the Center for Community Leadership of the Grand Rapids Chamber of Commerce.

Eisler is a recipient of the Newsmaker of the Year in Education by the Grand Rapids Business Journal, is a member of the Ferris State University Welding Engineering Technology Hall of Fame, the University of Michigan School of Music, Theater, and Dance Hall of Fame, and is a recipient of the Albertus Marquis Nelson Lifetime Achievement Award from Who's Who International. In addition to MHEC, he serves on the boards of the AASCU-Penson Center for Professional Development, the Great Lakes Intercollegiate Athletic Conference (GLIAC), the Grand Rapids Symphony, the Michigan Association of State Universities (MASU), Michigan Works! West Central, and the Western Collegiate Hockey Association (WCHA). He is past board chair for the GLIAC, MASU, the Michigan Nonprofit Association, and the WCHA, and past member of the AASCU Board of Directors and Talent 2025.

President Eisler believes strongly the higher education experience should prepare students for successful careers, create a pattern of intellectual rigor, develop a commitment to community engagement and provide the foundation for lifelong learning.



**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.



**April Henry**

Director, Workforce Development  
Kansas Board of Regents

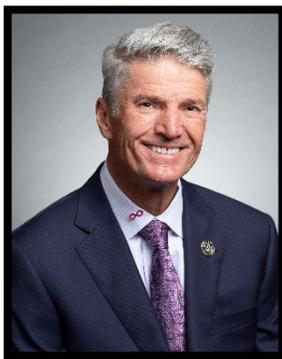
April Henry has been with the Board of Regents since 2013 and has worked on various initiatives and projects including: Accelerating Opportunity: Kansas (AO-K), Excel in CTE (SB155), House Bill 2506, AO-K TANF Scholarship, Special Collections, Tiered/Non-tiered course designation, Program Alignment, New Program proposals, Program Modifications, Military Articulation, Perkins, and Transfer and Articulation. Prior to joining the Board staff, she worked at a Kansas community college where she held different positions including in admissions, advising, faculty, and as a program director. She holds a Bachelor of Business Administration from Washburn University and a Master of Business Education from Emporia State University.



**Dr. Aaron Horn**

Associate Vice President of Research  
Midwestern Higher Education Compact

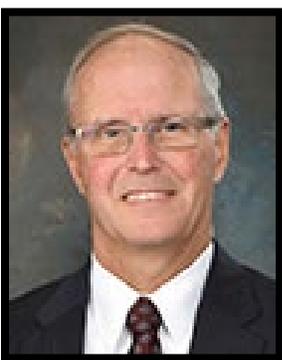
Dr. Aaron Horn is the Associate Vice President of Research at the Midwestern Higher Education Compact (MHEC). He leads multiple research initiatives intended to inform policymaking in the Midwest and beyond in the areas of college readiness; affordability and finance; educational quality; and performance, value, and accountability. His published research over the past decade has spanned such topics as internationalization; scientific integrity; faculty stress; study abroad; moral and ethical development; civic engagement; and performance indicators for accountability systems. Prior to joining MHEC, Aaron conducted educational research at the University of Minnesota, where he coordinated various large-scale projects, including the DOE-funded Study Abroad for Global Engagement, a pioneering nationwide study on the long-term outcomes of participation in study abroad programs. Aaron joined MHEC in 2012.



**Mike Jandernoa**

President  
42 North Partners

Mike Jandernoa was President/CEO of Perrigo Company from 1983 to 2000, Chairman of the Board from 1991 to 2003, and continued to serve on the Board of Directors until 2017. Perrigo is a leading global healthcare supplier that develops, manufactures, and distributes over-the-counter and generic prescription pharmaceuticals. Mike is a graduate of the University of Michigan and was a CPA, having worked at BDO Seidman for seven years prior to joining Perrigo in 1979. He serves on the Board of Directors of Business Leaders for Michigan, Hopen Life Science Fund, Cirius Therapeutics, Lacks Enterprises, ADAC Automotive, Spectrum Health System, UofM President’s Advisory Board, GVSU Foundation, and the Gerald R. Ford Presidential Foundation. In addition, Mike has founded or cofounded the following organizations: Jandernoa Entrepreneurial Mentoring, Bridge Street Capital Partners, Grand Angels, and 42 North Partners, a family office focusing on investments, entrepreneurship, and community.



**Michael McCabe**

Director  
Council of State Governments, Midwest Office

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.



**Quentin L. Messer, Jr.**

Chief Executive Officer  
Michigan Economic Development Corporation  
President and Chair, Michigan Strategic Fund

As MEDC CEO and President and Chair of the Michigan Strategic Fund, Quentin L. Messer, Jr. is charged with implementing and executing MEDC’s core mission of business development and attraction, community development, providing access to capital and enhancing Michigan’s image and brand with a focus on building a strong and equitable economy for all Michiganders.

Immediately prior to his role as CEO of MEDC, Messer served as President and CEO of New Orleans Business Alliance (NOLABA) leading efforts around business attraction, small business growth, talent development, branding, and driving market-responsive, equitable economic growth for New Orleans residents.

As the assistant secretary at Louisiana Economic Development, Messer was designated President of the Louisiana Economic Development Corporation, helping to provide financial assistance to small and medium size businesses in partnership with the private sector and federal agencies including the U.S. Small Business Administration. Messer’s private sector experience includes The Boston Consulting Group and O’Melveny & Myers LLP, as well as work at a variety of start-up ventures, including as a principal at Foster Chamberlain, LLC – a start-up venture accelerator and corporate venturing consultancy.

He is an IEDC certified economic developer (CECd), Messer received a Bachelor of Arts from Princeton University, where he was a Princeton School of Public and International Affairs major and earned his Juris Doctorate and Master of Business Administration from Columbia University’s Law and Business Schools, respectively. He sits on the board of directors of the International Economic Development Council, where he serves on the board’s Committee for Public Conduct and also is the incoming Co-Chair of the Racism in Economic Development Committee. Messer was named in Consultants Connect North America’s Top 50 Economic Developers in both 2019 and 2020.



**Paula Nissen**

Lead Workforce Preparation and Education Consultant in the  
Community College and Workforce Preparation Division  
Iowa Department of Education

Paula Nissen is the Lead Consultant and Outreach Liaison for the Community College and Workforce Preparation Division at the Iowa Department of Education, specializing in workforce preparation and education outcomes research. She has over twenty years of experience leading and organizing teams consisting of a variety of education, research and workforce professionals based on the project or discipline. She has developed innovative research which brings

together multiple data sources and requires community and government partners work together toward a common set of goals and priorities.

Prior to her current position, she was responsible for the development and dissemination of products and services which benefit business and community development efforts across the State of Iowa working directly with workforce and economic development professionals.



**Jenny Parks**

Vice President  
Midwestern Higher Education Compact

Jenny Parks is Vice President of Policy and Research at the Midwestern Higher Education Compact (MHEC). She leads the exploration, development, and implementation of projects that help Midwestern postsecondary institutions improve the way they serve students. Jenny has worked at all levels of education and in multiple sectors of higher education having worked with state and federal compliance, institutional research, and policy advocacy. She earned her master's degree in Educational Policy and Research from the

University of Wisconsin-Madison. Currently she is pursuing her doctorate in Higher Education from Northeastern University in Boston. Jenny joined the Compact in September 2013.



**Dr. Ben Passmore**

Associate Vice President for Policy Analysis and Research  
University of Wisconsin System

Ben Hill Passmore is Associate Vice President for the Office of Policy Research and Analysis, joining the University of Wisconsin System Administration in April of 2018. In this role, he is charged with supporting both UW System leadership and UW campuses with data and predictive modeling to improve decision making, progress and performance. Prior to joining the UW System, Ben spent 15 years with the University System of Maryland finishing his time there as the Assistant Vice Chancellor for Administration and Finance. He has

worked in institutional and policy research since 1992 with a specific focus on analytics and expanding data use, educational access, improving college attainment, trend forecasting, and organizational change in higher education. Ben holds a PhD in cultural anthropology from Southern Methodist University in Dallas, Texas. He has held faculty positions at universities and community colleges where he has taught a range of students including underrepresented minorities, non-traditionally aged students, active-duty military, and traditional students. He has taught online, face-to-face, and hybrid courses. He has conducted research in educational and workplace settings on organizational transformation, risk and social capital, and policy creation in Eastern Europe, the U.S.-Mexico Borderlands, and the United States.



**Dr. Bill Pink**

President  
Grand Rapids Community College

Dr. Bill Pink became Grand Rapids Community College's 10<sup>th</sup> president in May 2017, and is the first African-American appointed to the post in the 100-plus years of the institution. With more than 25 years as an educator and leader at the national and local level, Dr. Pink is focused on building on GRCC's strong history of service to all students, guiding the college to be relevant and responsive to its community.

Before becoming president, Dr. Pink served as GRCC's vice president and dean for Workforce Development and as Oklahoma State University's vice president for academic affairs. The Abilene, Texas, native has taught and coached in Oklahoma, Nebraska, and Oregon. He was a successful college basketball player, earning awards for his athletic and academic achievements, including a 2016 induction into the York College Athletic Hall of Fame. Dr. Pink has an associate degree from York College in Nebraska, a bachelor's degree from Oklahoma Christian University, a master's degree from the University of Central Oklahoma, and a doctorate from the University of Oklahoma.

He is also involved in governance and policy development at regional and national levels, and was elected to the board of trustees for the Higher Learning Commission. He serves on the Community College Advisory Panel for The College Board and has also been appointed to the Executive Committee of the Michigan Economic Development Corporation by Gov. Gretchen Whitmer. He was recently elected to the American Council on Education board, working with leaders from across the nation to shape public policy and help more students gain a quality education. Dr. Pink also serves in leadership posts for a variety of workforce and community organizations.



**Kevin Stotts**

President  
Talent 2025

Kevin Stotts is President of Talent 2025, a CEO-led effort in western Michigan to improve the quality of the region's talent development, attraction, and retention efforts. As President, he works with business, education, workforce, and economic development leaders, as well as policy makers, to ensure West Michigan is a top-20 region for talent.

Prior to joining Talent 2025, Kevin has led several non-profit organizations related to education, workforce, and community development and serves on several statewide, regional, and local boards and commissions related to education and workforce.



**Sean P. Welsh**

Executive Vice President and Regional President  
Western Michigan PNC Bank

Sean Welsh began his banking career in 1986 with American National Bank & Trust Company of Chicago after graduating from Michigan State University. He has held various positions managing and working in Corporate Real Estate, Capital Markets and Corporate Banking.

Sean currently serves as Regional President for the Western Michigan Market. Previously he served as Senior Vice President and Division Manager for National City's Corporate Banking group in Chicago and Northern Illinois. Sean relocated to Chicago from Kalamazoo in 1998 to establish National City's Corporate Banking line of business in Chicago.

Sean currently serves on the Boards of The Right Place, Spectrum Health Systems, Southwest Michigan First, YMCA of Greater Grand Rapids, Talent 2025 and Grand Valley State University Foundation. He is married and has three daughters.



**Dr. Shaun Williams-Wyche**

Associate Director of Research and Data Analysis  
Midwestern Higher Education Compact

Dr. 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.

**Strategic Planning Consultants**



**Kathy Graves**

Parenteau Graves

Kathy Graves heads the firm’s strategic and communications planning. She is the recipient of a Minnesota Newspaper Award for feature writing, a Minnesota Magazine & Publishing Association Excellence Award, The Minneapolis Award, and the ARC Changemaker Award. She also is the co-author and editor of *Indians in Minnesota* (University of Minnesota Press) and teaches writing at Metropolitan State University. Prior to forming Parenteau Graves in 1994, Kathy served as marketing and public relations director for The Minnesota and Virginia Operas and on the staff of U.S. Senator Gary Hart. She also was the arts writer for the *Southwest Journal* for seven years and a Mondale Policy Fellow

at the Humphrey School of Public Affairs. Her board service includes the Friends of the Hennepin County Library, PACER Center, Mayflower Church, and Mind Body Solutions. Kathy has a degree in political science and English from Colorado College.



**Brigitte Parenteau**

Parenteau Graves

Brigitte Parenteau guides Parenteau Graves’ website development and design work. She also executes comprehensive communications for several longstanding clients. Prior to forming Parenteau Graves, Brigitte served as associate marketing director for The Minnesota Opera and marketing director for Penumbra Theatre Company. She has a degree in French and political science from the University of Wisconsin, with web design training from the Minneapolis College of Art and Design. She has served on the boards of St. John’s Episcopal Church, League of Women Voters of Minneapolis, Allina Hospice Care, and City House.

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## MHEC Commissioners

### Executive Officers

Chair: David Eisler, Michigan  
Vice Chair: Rick Carfagna, Ohio  
Treasurer: Devinder Malhotra, Minnesota  
Past Chair: Olivia Madison, Iowa

### Executive Committee

Illinois: Suzanne Morris, Katie Stuart  
Indiana: Ken Sauer, **TBD**  
Iowa: Olivia Madison, **TBD**  
Kansas: Barbara Ballard, Blake Flanders  
Michigan: David Eisler, Brandy Johnson  
Minnesota: Connie Bernardy, Devinder Malhotra  
Missouri: Kayla Hahn, **TBD**  
Nebraska: John Cavanaugh, Deborah Frison  
North Dakota: Mark Hagerott, **TBD**  
Ohio: Rick Carfagna, Gary Cates  
South Dakota: Larry Tidemann, Janelle Toman  
Wisconsin: Connie Hutchison, Rolf Wegenke

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

### ILLINOIS

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



#### **Mollie Foust**

Illinois Governor's Designee; and Senior Counselor to the Deputy Governors  
Illinois Governor's Office



#### **Suzanne Morris**

Vice Chair  
Illinois Community College Board



#### **Katie Stuart**

State Representative; Member, Higher Education Committee  
Illinois General Assembly

#### **VACANCY**

Appointing Authority: President of the Senate

#### **VACANCY**

Appointing Authority: Illinois Board of Higher Education

## INDIANA

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



**Jon Ford**

State Senator; Majority Member, Appropriations Committee  
Indiana General Assembly



**Jack Jordan**

State Representative  
Indiana General Assembly



**Ronald S. Rochon**

President  
University of Southern Indiana



**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



**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 Chair  
Iowa Association of Community College Trustees



**Tim Goodwin**  
State Senator; Vice Chair, Ways and Means Committee  
Iowa Legislature



**Olivia M.A. Madison**  
Iowa Governor's Designee; and Professor Emerita and  
Dean Emerita of Library Services  
Iowa State University



**Sharon S. Steckman**

State Representative; Member, Appropriations & Education Committees  
Iowa Legislature



**Andrew J. Baumert** (Commissioner Alternate)

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



**Jacob Bossman** (Commissioner Alternate)

State Representative; Member, Appropriations & Education Committees  
Iowa Legislature



**Timothy Fitzgibbon** (Commissioner Alternate)

Iowa Governor's Designee; and Senior Vice President  
First National Bank



**Herman Quirnbach** (Commissioner Alternate)

State Senator; Ranking Member, Education Committee  
Iowa Legislature



**Mark Wiederspan** (Commissioner Alternate)  
Executive Director  
Iowa College Aid

**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, Senate Education Committee  
Kansas Legislature



**Blake Flanders**  
President and CEO  
Kansas Board of Regents



**Aaron A. Otto**  
Kansas Governor's Designee



**Allen Schmidt**  
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



**Mark Huizenga**  
State Representative; Chair, Appropriations Subcommittee  
on Higher Education and Community Colleges  
Michigan Legislature



**Brandy M. Johnson**

Michigan Governor's Designee; and Special Advisor, Sixty by 30  
Michigan Department of Labor and Economic Opportunity



**Kim LaSata**

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



**Bill Pink**

President  
Grand Rapids Community College



**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>



**Connie Bernardy**

State Representative; Chair, Higher Education Finance and Policy Division  
Minnesota Legislature



**Michael Goh**

Vice President for Equity and Diversity  
University of Minnesota – Twin Cities



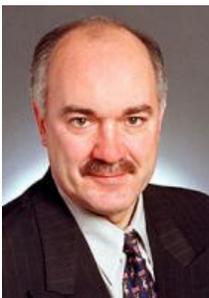
**Devinder Malhotra**

Chancellor  
Minnesota State



**Dennis Olson**

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



**David Tomassoni**

State Senator; President Pro Tem & Chair, Higher Education Finance &  
Policy 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**  
Missouri Governor's Designee; and Policy Director  
Governor Michael Parson, State of Missouri



**Cindy O'Laughlin**  
State Senator; Chairwoman, Education Committee  
Missouri General Assembly



**Susan L. Thomas**  
President  
Truman State University

**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>



**John Cavanaugh**  
State Senator  
Nebraska Legislature



**Randolph M. Ferlic**  
Nebraska Governor's Designee



**Deborah A. Frison**  
Commission Member  
Coordinating Commission for Postsecondary Education



**Susan M. Fritz**  
Executive Vice President and Provost Emerita  
University of Nebraska System



**Lynne Walz**  
State Senator; Member, Education Committee  
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



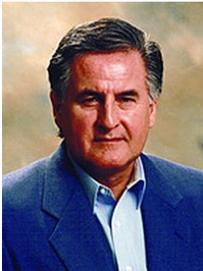
**Mark Hagerott**  
Chancellor  
North Dakota University System



**Tim Mihalick**  
Board Member, State Board of Higher Education  
North Dakota University System



**Brandy Pyle**  
State Representative; Member, Higher Education Committee  
North Dakota Legislative Assembly



**James L. Davis** (Commissioner Alternate)  
Former President  
Turtle Mountain Community College

## OHIO

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



**Rick Carfagna**  
State Representative; Assistant Majority Floor Leader  
Ohio Legislature



**Gary Cates**  
Senior Vice Chancellor  
Ohio Department of Higher Education



**Jerry Cirino**

State Senator; Vice Chair, Senate Workforce & Higher Education Committee  
Ohio Legislature



**Mike Duffey**

Ohio Governor's Designee; and Senior Vice Chancellor  
Ohio Department of Higher Education



**Jack Hershey**

President and CEO  
Ohio Association of Community Colleges



**Bruce Johnson** (Commissioner Alternate)

President  
Inter-University Council of Ohio

**SOUTH DAKOTA**

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



**Michael Cartney**

President  
Lake Area Technical College



**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, Joint 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>



**Connie Hutchison**  
Executive Secretary  
State of Wisconsin Higher Educational Aids Board



**David Murphy**  
State Representative; Chair, Committee on Colleges and Universities  
Wisconsin State Legislature



**Steven Nass**  
State Senator; Member, Education Committee  
Wisconsin State Legislature



**Julie Underwood**  
Wisconsin Governor's Designee; and Professor Emeritus  
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

## MHEC Staff



**Carla Ahrens**  
Property Program Manager  
Programs & Contracts  
Phone: (612) 677-2776  
[carlaa@mhec.org](mailto:carlaa@mhec.org)  
[mhec.org/carla-ahrens](http://mhec.org/carla-ahrens)



**Sara E. Appel**  
Associate Director for Policy Initiatives  
Policy & Research  
Phone: (612) 677-2778  
[saraa@mhec.org](mailto:saraa@mhec.org)  
[mhec.org/sara-e-appel](http://mhec.org/sara-e-appel)



**Katie A. Chock**  
Meeting and Event Manager  
Communications & Operations  
Phone: (612) 677-2760  
[katiec@mhec.org](mailto:katiec@mhec.org)  
[mhec.org/katie-a-chock](http://mhec.org/katie-a-chock)



**Jennifer M. Dahlquist**  
Vice President  
Programs & Contracts  
Phone: (612) 677-2762  
[jenniferd@mhec.org](mailto:jenniferd@mhec.org)  
[mhec.org/jennifer-m-dahlquist](http://mhec.org/jennifer-m-dahlquist)



**Erin Frahm**  
Director of Finance and Administration  
Finance & HR  
Phone: (612) 677-2766  
[erinf@mhec.org](mailto:erinf@mhec.org)  
[mhec.org/erin-frahm](http://mhec.org/erin-frahm)



**Susan G. Heegaard**  
President  
Phone: (612) 677-2761  
Cell: (651) 324-0174  
[susanh@mhec.org](mailto:susanh@mhec.org)  
[mhec.org/susan-g-heegaard](http://mhec.org/susan-g-heegaard)



**Aaron S. Horn, Ph.D.**

Associate Vice President of Research  
Policy & Research  
Phone: (612) 677-2768  
[aaronh@mhec.org](mailto:aaronh@mhec.org)  
[mhec.org/aaron-s-horn](https://mhec.org/aaron-s-horn)



**Emily M. Jacobson**

Associate Director of M-SARA  
Policy & Research  
Phone: (612) 677-2771  
[emilyj@mhec.org](mailto:emilyj@mhec.org)  
[mhec.org/emily-m-jacobson](https://mhec.org/emily-m-jacobson)



**Ben Millard**

Data and Analytics Officer  
Communications & Operations  
Phone: (612) 677-2772  
[benm@mhec.org](mailto:benm@mhec.org)  
[mhec.org/ben-millard](https://mhec.org/ben-millard)



**Daniel Moser**

Chief Financial Officer  
Finance & HR  
Phone: (612) 677-2764  
[danielm@mhec.org](mailto:danielm@mhec.org)  
[mhec.org/daniel-j-moser](https://mhec.org/daniel-j-moser)



**Jennifer L. Parks**

Vice President  
Policy & Research  
Phone: (612) 677-2779  
[jennyp@mhec.org](mailto:jennyp@mhec.org)  
[mhec.org/jennifer-l-parks](https://mhec.org/jennifer-l-parks)



**Leah Reinert, Ph.D.**

Policy and Research Manager  
Policy & Research  
Phone: (612) 677-2775  
[leahr@mhec.org](mailto:leahr@mhec.org)  
[mhec.org/leah-reinert](https://mhec.org/leah-reinert)



**Mary E. Roberson**

Senior Director of Communications and Marketing  
Communications & Operations  
Phone: (612) 677-2765  
[maryr@mhec.org](mailto:maryr@mhec.org)  
[mhec.org/mary-e-roberson](http://mhec.org/mary-e-roberson)



**Nathan Jay Sorensen**

Director of Government Contracts  
Programs & Contracts  
Phone: (612) 677-2767  
[nathans@mhec.org](mailto:nathans@mhec.org)  
[mhec.org/nathan-jay-sorensen](http://mhec.org/nathan-jay-sorensen)



**Robert J. Trembath**

Chief Operating Officer and General Counsel  
Communications & Operations  
Phone: (612) 677-2763  
[robt@mhec.org](mailto:robt@mhec.org)  
[mhec.org/robert-j-trembath](http://mhec.org/robert-j-trembath)



**Liz Van Pay**

Digital Communications & Marketing Intern  
Policy & Research  
Phone: (612) 677-2787  
[lizv@mhec.org](mailto:lizv@mhec.org)  
[mhec.org/liz-van-pay](http://mhec.org/liz-van-pay)



**Shaun Williams-Wyche, Ph.D.**

Associate Director of Research and Data Analysis  
Policy & Research  
Phone: (612) 677-2773  
[shaunw@mhec.org](mailto:shaunw@mhec.org)  
[mhec.org/shaun-williams-wyche](http://mhec.org/shaun-williams-wyche)

**MHEC Consultants**

**Deb Kidwell**  
Technologies Community  
Policy & Research  
[debk@mhec.org](mailto:debk@mhec.org)

**Annika Many**  
OER & MCTA  
Policy & Research  
[oer@mhec.org](mailto:oer@mhec.org)  
[mcta@mhec.org](mailto:mcta@mhec.org)

**Rohit Tandon**  
OER & MCTA  
Policy & Research  
[oer@mhec.org](mailto:oer@mhec.org)  
[mcta@mhec.org](mailto:mcta@mhec.org)



# 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.

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## 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.

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#### 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.

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#### **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.

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#### **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.

O: 612.677.2777  
F: 612.767.3353  
E: MHEC@MHEC.ORG

# 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**

### **2022 MHEC EXECUTIVE COMMITTEE MEETING**

Monday, June 6 - Tuesday, June 7, 2022

Omaha, NE

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

October 2021

Midwestern Higher Education Compact  
105 Fifth Avenue South, Suite 450  
Minneapolis, MN 55401  
[mhec@mhec.org](mailto:mhec@mhec.org) / [www.mhec.org](http://www.mhec.org)

