



# MHEC Annual Commission Meeting

November 18-20, 2024

Overland Park, Kansas

Thank you to our Kansas Commissioners for hosting!

Rep. Barbara Ballard, Sen. Molly Baumgardner, Dr. Blake Flanders, Mr. Aaron Otto, Mr. Wint Winter,  
Sen. Marci Francisco, and Rep. Ken Rahjes.



## 2024 MHEC Annual Commission Meeting

### Agenda

#### Meeting Details

Zoom link, hotel/parking info, and offsite venues 8

[Marriott Overland Park Overview](#)

Registered Commissioners as of Nov. 8, 2024 11

#### Roles & Responsibilities of the MHEC Commissioner

Roles and Responsibilities of the MHEC Commissioner - Updated/Approved Nov. 2023 14

(Central Time)

**Monday, November 18, 2024**

Location

11:00 a.m. to  
12:30 p.m.

**Strategic Planning Committee Lunch Meeting**  
Ms. Kathy Graves, Parenteau Graves  
(for committee members only)

Four Winds I

1:00 p.m. to  
2:30 p.m.

**Finance and Audit Committee Meeting**  
Mr. Larry Tidemann (SD), Treasurer and Committee Chair  
(for committee members only)

Notos Boardroom

1:00 p.m. to  
2:30 p.m.

**Governance Committee Meeting**  
Dr. Julie Underwood (WI), Committee Chair  
(for committee members only)

Kansas Boardroom

1:00 p.m. to  
2:30 p.m.

**Ad Hoc Committee Meeting**  
Ms. Breanne Hegg, MHEC Vice President, and Dr. Jenny Parks,  
MHEC Vice President  
(for committee members only)

Four Winds I

3:00 p.m.

**BOARD BUS for Optional Tour of the Burlington Santa Fe Training Center**  
Depart from the Marriott Hotel Lobby

Hotel Lobby

3:05 p.m.

**BUS DEPARTS for Johnson County Community College**

12345 College Blvd,  
Overland Park, KS  
(3.2 miles)

3:20 p.m.

**OPTIONAL TOUR of the Burlington Northern Santa Fe Training Center**  
Johnson County Community College

[Industrial Training Center - BNSF](#)

4:50 p.m.

**BUS DEPARTS for the Marriott Kansas City Overland Park**

10800 Metcalf  
Avenue, Overland  
Park, KS (3.2 miles)

5:05 p.m.

**ARRIVE at the Marriott Kansas City Overland Park**

5:30 p.m.

**RECEPTION**

Great Plains ABCD

6:15 p.m.

**Welcome**  
Ms. Susan Heegaard, MHEC President

Great Plains ABCDE

6:30 p.m.

**DINNER**

7:15 p.m.

**PRESENTATION - New Momentum: Kansas Economic Development**  
Mr. Joshua Jefferson, Deputy Secretary of Business Development,  
Kansas Department of Commerce  
Introduction: Rep. Barbara Ballard (KS), MHEC Chair

Great Plains ABCDE

[Kansas Department of Commerce](#)

8:00 p.m.	<b>CLOSING REMARKS</b> Ms. Susan Heegaard, MHEC President	
(Central Time)	<b>Tuesday, November 19, 2024</b>	Location
7:30 a.m.	<b>BREAKFAST</b>	Four Winds I, II, III
8:30 a.m.	<b>1) Call to Order</b> Rep. Barbara Ballard (KS), MHEC Chair	Great Plains FGHIJ
	<b>2) Kansas Welcome</b> Rep. Barbara Ballard (KS), MHEC Chair and Gov. Laura Kelly (video)	
8:50 a.m.	<b>3) Overview of Hybrid Meeting Guidelines</b> Ms. Mary Roberson, MHEC Senior Director of Commissioner Relations and Operations	
	<b>4) Roll Call of the States</b> Ms. Mary Roberson, MHEC Senior Director of Commissioner Relations and Operations When the commissioners' member state is called, please indicate your presence.	
	<b>5) Introductions of Commissioners, Guests, and Staff</b>	
9:10 a.m.	<b>6) Approval of Agenda - ACTION ITEM 1</b> Rep. Barbara Ballard (KS), MHEC Chair	
	<b>Action on Agenda</b>	16
	<b>7) Approval of Annual Commission Meeting Minutes, November 13-15, 2023 - ACTION ITEM 2</b> Rep. Barbara Ballard (KS), MHEC Chair	
	<b>November 2023 Annual Commission Meeting Minutes - Draft</b>	17
	<b>Action on Minutes</b>	36
9:15 a.m.	<b>8) PRESENTATION - Federal Update</b> Dr. Thomas Harnisch, Vice President of Government Relations, State Higher Education Executive Officers Introduction: Sen. Marci Francisco (KS), Kansas Legislature	
	<b>SHEEO Presenter Profile</b>	37
9:50 a.m.	<b>9) Report of the MHEC Chair</b> Rep. Barbara Ballard (KS), MHEC Chair	
	<b>Rep. Barbara Ballard (KS) - Chair Report</b>	38
10:00 a.m.	<b>10) Report of the MHEC President</b> Ms. Susan Heegaard, MHEC President	
	<b>Ms. Susan Heegaard (MHEC) - President Report</b>	40
10:15 a.m.	<b>BREAK</b>	
10:30 a.m.	<b>11) PRESENTATION - Perspective from the Midwest: A Legislative Recap and 2025 Session Preview</b> Ms. Laura Tomaka, Director, Council of State Governments, Midwest Office Introduction: Sen. Molly Baumgardner (KS), Chair, Senate Committee on Education, Kansas Legislature	Great Plains FGHIJ
	<b>CSG Presenter Profile</b>	42
11:00 a.m.	<b>12) Unfinished Business</b>	
	<b>a) Contract and Program Updates</b>	
	<b>1. Master Property Program/Stone Arch Captive</b> Ms. Breanne Hegg, MHEC Vice President, Mr. Dan Ellingsen, Senior Vice President, Marsh Captive Solutions, and Ms. Maureen Biehl, Senior Vice President, Marsh & McLennan	

	<b>Marsh Captive Solutions Presenter Profile</b>		43
	<a href="#">MHEC Presenter Profile - Hegg</a>		
	<b>2. Midwestern-State Authorization Reciprocity Agreement (M-SARA) Regional Steering Committee Restructure - ACTION ITEM 3</b>		
	Ms. Sara Appel, MHEC Director of M-SARA, and Ms. Jennifer Armour, Associate Director for Academic Affairs, Kansas Board of Regents & MHEC M-SARA Regional Steering Committee Chair		
	<b>Action on M-SARA RSC Policy and Procedure Manual</b>		44
	<b>M-SARA Presenter Profile</b>		48
	<a href="#">MHEC Presenter Profile - Appel</a>		
11:25 a.m.	<b>13) PRESENTATION - Mission Possible: Developing Literacy Teachers like Rocket Scientists. How the Blueprint for Literacy is Reshaping Educator Preparation.</b>		
	Dr. Cynthia Lane, Director, Office of Literacy, Kansas Board of Regents Introduction: Dr. Blake Flanders (KS), President, Kansas Board of Regents		
	<b>KBOR Presenter Profile</b>		49
12:05 p.m.	<b>LUNCH</b>	Four Winds I, II, III	
1:00 p.m.	<b>14) Unfinished Business (continued)</b>	Great Plains FGHIJ	
	<b>a) Contract and Program Updates (continued)</b>		
	<b>3. Midwest Student Exchange Program Update</b>		
	Dr. Jenny Parks, MHEC Vice President		
	<b>Update on MSEP</b>		50
	<a href="#">MHEC Presenter Profile - Parks</a>		
	<b>b) Strategic Plan Next Steps</b>		
	Ms. Kathy Graves, Parenteau Graves Introduction: Ms. Susan Heegaard, MHEC President		
1:35 p.m.	<b>15) New Business</b>		
	<b>a) Finance and Audit Committee Report</b>		
	Mr. Larry Tidemann (SD), Treasurer and Committee Chair		
	<b>1. FY24 Audit Report - ACTION ITEM 4</b>		
	Ms. Ashlee Lent, Senior Manager, Moss Adams		
	<b>FY24 Audited Financial Statements Draft</b>		52
	<b>Action on Audit Approval</b>		79
	<b>2. Form 990 Timeline</b>		
	Ms. Emina Cresswell, Tax Senior Manager, Moss Adams		
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	<b>3. Budget Highlights for FY24 and FY25 year-to-date</b>		
	Mr. Larry Tidemann (SD), Treasurer and Committee Chair		
	<b>Finance and Audit Committee Guiding Notes</b>		81
	<b>FY25 YTD September Financial Statements Draft</b>		85
	<b>FY24 Budget to Actual Comparison</b>		115
	<b>4. MHEC Annual State Commitment 1.5 % Increase in Effect 2026 - ACTION ITEM 5</b>		
	Mr. Larry Tidemann (SD), Treasurer and Committee Chair		
	<b>Action on State Compact Commitment Increase</b>		116

	<b>5. MHEC Travel Policy (Non-Staff)</b> Mr. Larry Tidemann (SD), Treasurer and Committee Chair	
	Travel Policy (Non-Staff)	118
	<b>6. MHEC Investment Policy - ACTION ITEM 6</b> Mr. Pranav Kothari (IL), Chair, Illinois Board of Higher Education, and Mr. Tim Mihalick (ND), Chair, State Board of Higher Education	
	Investment Policy Statement	121
	Action on Investment Policy	136
2:20 p.m.	<b>b) Nominations and Elections of Officers, Chair, Vice Chair, Past Chair, and Treasurer - ACTION ITEMS 7-10</b> Rep. Barbara Ballard (KS), MHEC Chair	
	Action on Election of Officers	137
2:30 p.m.	<b>BREAK</b>	
2:45 p.m.	<b>16) PRESENTATION: A Stronger Nation – Attainment for a Purpose</b> Dr. Chris Mullin, Strategy Director for Data and Measurement, Lumina Foundation Introduction: Rep. Ken Rahjes (KS)	Great Plains FGHIJ
	Lumina Presenter Profile	138
3:25 p.m.	<b>17) Wrap Up</b> Rep. Barbara Ballard (KS), MHEC Chair	
3:30 p.m.	<b>RECESS - ACTION ITEM 11</b>	
	Action to Recess	139
4:15 p.m.	<b>BOARD BUS for the Robert J. Dole Institute of Politics</b> Depart from the Marriott Hotel Lobby	Hotel Lobby
4:20 p.m.	<b>BUS DEPARTS for the Robert J. Dole Institute of Politics, University of Kansas</b>	2350 Petefish Drive, Lawrence, KS (40 min drive, 36.8 miles)
	<b>PRESENTATION ON BUS - Rolling Through Kansas History on Highway K-10</b> Mr. Paul Stuewe, Retired Kansas High School History Teacher	
	Tuesday Event Presenter Profiles	140
5:00 p.m.	<b>RECEPTION &amp; MUSEUM GALLERY VIEWING</b>	Hansen Hall
	<a href="#">Robert J. Dole Institute of Politics Museum</a>	
5:15 p.m.	<b>18) Welcome to KU Campus</b> Dr. Douglas Girod, Chancellor, University of Kansas	Hansen Hall
6:00 p.m.	<b>19) Welcome to Dole Institute</b> Ms. Audrey Colman, Director, Robert J. Dole Institute of Politics	
6:15 p.m.	<b>DINNER</b>	
7:00 p.m.	<b>20) PRESENTATION - The First Lady's Soft Power Influence on Higher Education</b> Dr. Diana Carlin, Author Introduction: Rep. Barbara Ballard (KS), MHEC Chair	
7:40 p.m.	<b>21) MHEC Award Presentations</b> Ms. Susan Heegaard, MHEC President, and Rep. Barbara Ballard (KS), MHEC Chair	
8:20 p.m.	<b>BUS DEPARTS for the Marriott Kansas City Overland Park</b>	10800 Metcalf Avenue, Overland Park, KS (40 min drive, 36.8 miles)
9:00 p.m.	<b>ARRIVE at the Marriott Kansas City Overland Park</b>	

(Central Time)	<b>Wednesday, November 20, 2024</b>	Location	
7:30 a.m.	<b>BREAKFAST</b>	Four Winds I, II, III	
8:30 a.m.	<b>22) Reconvene</b> Rep. Barbara Ballard (KS), MHEC Chair	Great Plains FGHIJ	
8:30 a.m.	<b>23) MHEC Data Analysis Update</b> Mr. Ben Aase, Principal, CliftonLarsonAllen; Dr. Patrick Connally, Director, CliftonLarsonAllen; and Mr. Mitch Turnbow, Digital Director, CliftonLarsonAllen		
	<b>CliftonLarsonAllen Presenter Profiles</b>		142
9:00 a.m.	<b>24) PRESENTATION - Postsecondary Education for Incarcerated Individuals Featuring Kansas and Michigan</b> Mr. Sean Addie, Director of Correctional Education, U.S. Department of Education; Ms. Kary Bosma, Co-Director, The Hope-Western Prison Education Program; Dr. Greg Mosier, President, Kansas City Kansas Community College; and Mr. Allan Wachendorfer, Program Manager, Vera Institute of Justice (Facilitator); Introduction by: Rep. Carol Glanville, State Representative; Chair, Higher Education Committee, Michigan Legislature		
	<b>Panel Presentation Profiles</b>		144
9:50 a.m.	<b>BREAK</b>		
10:00 a.m.	<b>25) New Business (continued)</b>	Great Plains FGHIJ	
	<b>c) Governance Committee Report</b> Dr. Julie Underwood (WI), Committee Chair		
	<b>1. Bylaw Change: Recognition of the Governance Committee as a Standing Committee - ACTION ITEM 12</b>		
	Action on Bylaw Change Article VI Sections 3 and 4		147
	<b>2. Approval for Contract Extension Delegation - ACTION ITEM 13</b>		
	Action on Contract Extension Delegation		148
	<b>3. Approval for Establishing an Ad Hoc Stone Arch Insurance Company Committee - ACTION ITEM 14</b>		
	Action on Ad Hoc Stone Arch Co. Committee		149
	<b>4. Awards Report</b>		
10:30 a.m.	<b>26) Ad Hoc Programmatic Investment Committee</b> Ms. Susan Heegaard, MHEC President, and Ms. Breaune Hegg, MHEC Vice President		
10:50 a.m.	<b>27) Closing Comments</b> Rep. Barbara Ballard (KS), MHEC Chair		
	<b>28) Passing of the Gavel</b>		
11:00 a.m.	<b>ADJOURN</b>		
	<b>Program Reports</b>		
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## Meeting Details

### Join Zoom Meeting

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

<https://mhec-org.zoom.us/j/86265173052?pwd=QaKRPLAyP9AvUGt0OnqtHSTijwzlb.1>

Meeting ID: 862 6517 3052

Passcode: 456286

### Meeting Location

Marriott Kansas City Overland Park  
10800 Metcalf Avenue, Overland Park, KS  
(913) 451-8000

### Airport Transportation

There is no complimentary airport shuttle service from the Kansas City International Airport to the Marriott Overland Park Hotel. You may choose to take a taxi or use transportation services like Lyft or Uber. It is about a 35-minute drive.

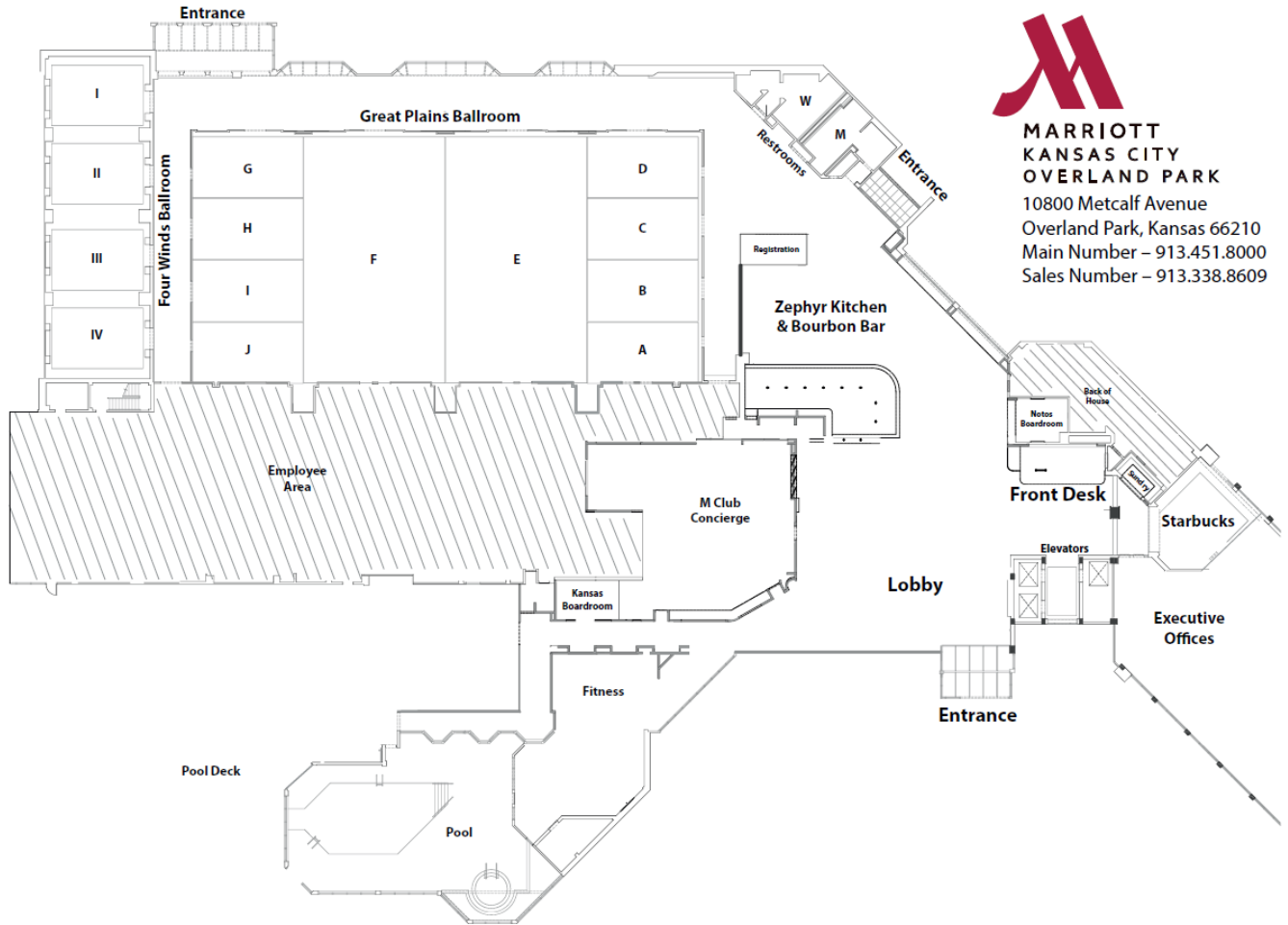
### Parking at The Marriott

Please use the onsite self-parking. Parking is available for \$15 per night. Enter through the parking gate and take a ticket. During check-in, let the hotel know that you are parking in the lot. You will use your hotel key for entrance and exit including the last departure from the hotel. Parking costs will be routed to the MHEC bill.



# The Marriott Meeting Room Locations – Lobby Level

- Strategic Planning Committee – Four Winds I
- Finance and Audit Committee Meeting – Notos Boardroom (near the front desk)
- Governance Committee Meeting – Kansas Boardroom (near the fitness center)
- Ad Hoc Committee Meeting – Four Winds I
- Monday Reception/Dinner – Great Plains ABCD/ABCDE
- Breakfast & Lunch – Four Winds I, II, III
- Commission Meeting – Great Plains FGHIJ



  
**MARRIOTT**  
**KANSAS CITY**  
**OVERLAND PARK**  
 10800 Metcalf Avenue  
 Overland Park, Kansas 66210  
 Main Number – 913.451.8000  
 Sales Number – 913.338.8609

## **Tuesday, November 19 - Offsite Event**

### **Robert J. Dole Institute of Politics, University of Kansas**

2350 Petefish Drive, Lawrence, KS (40 min drive, 36.8 miles)

*MHEC will provide bus transportation.*

### **Parking at the Dole Institute**

Please use the ground parking lot directly outside of the Dole Institute. Enter through the main door.

If you are driving separately, please let Katie Chock know.

### **Meeting Guidelines**

Our goal is to provide a safe experience for all participants. We ask that you please do not attend if you have symptoms, have tested positive for, or are waiting for results for COVID-19, flu, RSV, or other contagious illnesses.

## Registered Commissioners as of Nov. 8, 2024

### Illinois

Dr. Maureen Banks, Board Member, Illinois Community College Board

Sen. Michael Halpin, State Senator; Co-Chair, Higher Education Committee, Illinois General Assembly (virtual)

Mr. Pranav Kothari, Chair, Illinois Board of Higher Education

Rep. Katie Stuart, State Representative; Chair, Higher Education Committee, Illinois General Assembly (virtual)

### Indiana

Dr. Charles Johnson, President, Vincennes University

Dr. Dottie King, President & CEO, Independent Colleges of Indiana

Dr. Kenneth Sauer, Senior Advisor to the Commissioner, Indiana Commission for Higher Education

### Iowa

Rep. Jacob Bossman, State Representative; Member, Appropriations & Education Committees, Iowa Legislature

Mr. Timothy Fitzgibbon, Senior Vice President, First National Bank & Iowa Governor's Designee (alternate)

Mr. David Ford, Bureau Chief, Iowa College Aid, Iowa Department of Education (alternate)

Ms. Joanna Hofer, Past Board Chair, Iowa Association of Community Colleges

Ms. Olivia Madison, Professor Emerita and Dean Emerita of Library Services, Iowa State University & Iowa Governor's Designee

Sen. Cindy Winckler, State Senator; Ranking Member, Education Appropriations Subcommittee, Iowa Legislature

### Kansas

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

Sen. Molly Baumgardner, State Senator; Chair, Senate Committee on Education, Kansas Legislature

Dr. Blake Flanders, President and CEO, Kansas Board of Regents

Sen. Marci Francisco, Senator, Kansas Legislature (alternate)

Mr. Aaron Otto, Assistant County Manager, Johnson County, and Governor's Designee

Rep. Ken Rahjes, State Representative; Member, House Committee on Higher Education, Kansas Legislature (alternate)

## Registered Commissioners as of Nov. 8, 2024

### Michigan

Dr. David Eisler, Former President; Professor, Community College Leadership Studies, Ferris State University (alternate) (virtual)

Rep. Carol Glanville, State Representative; Chair, Higher Education Committee, Michigan Legislature

Dr. Daniel Hurley, Chief Executive Officer, Michigan Association of State Universities

Ms. Emma Young, Education Policy Analyst to the Governor, State of Michigan, and Governor's Designee (virtual)

### Minnesota

Mr. Paul Cerkvenik, President, Minnesota Private College Council (virtual)

Mr. Dennis Olson, Commissioner, Minnesota Office of Higher Education

### Missouri

Ms. Samantha Dickey, Assistant Commissioner for Postsecondary Policy, Missouri Department of Higher Education & Workforce Development

Mr. David Pearce, Director Governmental Relations, University of Central Missouri

Dr. Susan Thomas, President, Truman State University (virtual)

### Nebraska

Dr. Michael Baumgartner, Executive Director, Coordinating Commission for Postsecondary Education (alternate)

Sen. John Cavanaugh, State Senator, Nebraska Legislature

Dr. Deborah Frison, Deputy Commissioner of Education, Nebraska Department of Education (virtual)

Mr. Grant Latimer, Policy Advisor, Office of Governor Jim Pillen, State of Nebraska (virtual)

Dr. Paul Turman, Chancellor, Nebraska State College System (alternate)

### North Dakota

Sen. Tim Flakoll, Provost, Tri-College University, and Governor's Designee

Dr. Mark Hagerott, Chancellor, North Dakota University System Office

Mr. Timothy Mihalick, Chair, State Board of Higher Education, North Dakota University System Office

## **Registered Commissioners as of Nov. 8, 2024**

### **Ohio**

Mr. Gary Cates, Senior Vice Chancellor, Ohio Department of Higher Education

Mr. Mike Duffey, Chancellor, Ohio Department of Higher Education, and Governor's Designee (virtual)

### **South Dakota**

Mr. Larry Tidemann, Governor's Designee

### **Wisconsin**

Dr. Eric Fulcomer, President, Wisconsin Association of Independent Colleges and Universities

Ms. Layla Merrifield, President, Wisconsin Technical College System (alternate)

Rep. David Murphy, Chair, Committee on Colleges and Universities, Wisconsin State Legislature (virtual)

Dr. Julie Underwood, Dean Emerita, University of Wisconsin-Madison, and Governor's Designee

## **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. Other committees are appointed to oversee programs or special initiatives and meet virtually when necessary.
- 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's mission, 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 member obligations.
- 10) Commissioners will be available to Compact staff for consultation.

*Adopted Tuesday, November 14, 2023  
Annual Commission Meeting*

## PRESENTATION - New Momentum: Kansas Economic Development

### Presenter



#### **Joshua Jefferson**

Deputy Secretary of Business Development  
Kansas Department of Commerce

Joshua Jefferson serves as the Deputy Secretary of Business Development for the Kansas Department of Commerce. He is responsible for business recruitment and in-state business development, driving growth and prosperity for the state. He spearheads strategic initiatives that foster a business-friendly environment, forges partnerships with key stakeholders, and attracts investments that drive job creation and private sector capital investment.

Jefferson is an accomplished professional in economic development, commercial real estate, aviation management and workforce development. With more than 17 years of experience, Joshua was a driving force in shaping the economic landscape in the Greater Phoenix Metro, where he most recently served as Economic Development Program Manager for the city of Tempe, Arizona. He earned a bachelor's degree in Urban Real Estate Planning at Arizona State University.

## **Action Item 1**

### **Agenda**

**Proposed Action 1:** The Commission approve the Nov. 18-20, 2024, agenda.





## Minutes for Agenda Book - November 2023 Annual Commission Meeting

11/13/2023 | 03:30 PM - (GMT-06:00) Central Time (US & Canada)

The Saint Paul Hotel

### Attendees

#### Illinois

- Commissioner, Maureen Banks, Community College Trustee, Illinois Community College Board
- Commissioner Michael Halpin, State Senator; Co-Chair, Higher Education Committee Illinois General Assembly
- Commissioner Pranav Kothari, Public Member, Illinois Board of Higher Education
- Commissioner Katie Stuart, State Representative; Chair, Higher Education Committee, Illinois General Assembly

#### Indiana

- Commissioner Jodie Ferise, Vice President and General Counsel, Independent Colleges of Indiana (virtual)
- Commissioner Kenneth Sauer, Senior Associate Commissioner and Chief Academic Officer, Indiana Commission for Higher Education

#### Iowa

- Commissioner Jacob Bossman, State Representative; Member, Appropriations Committee Iowa Legislature
- Commissioner Joanna Hofer, Past Board Chair, Iowa Association of Community College Trustees (virtual)
- Commissioner Olivia Madison, Governor's Designee, Professor Emerita and Dean Emerita of Library Services, Iowa State University (virtual)
- Commissioner Greta Rouse, Regent, Iowa Board of Regents (virtual)

- Commissioner Alternate Sharon Steckman, Ranking Member, Education Committee, Iowa Legislature

## **Kansas**

- Commissioner Barbara Ballard, State Representative; Minority Caucus Chair, Kansas Legislature/Associate Director, Robert J. Dole Institute (Acting Chair)
- Commissioner Molly Baumgardner, State Senator; Chair, Senate Committee on Education Committee, Kansas Legislature
- Commissioner Blake Flanders, President and CEO, Kansas Board of Regents (virtual)
- Commissioner Aaron Otto, Governor's Designee; Assistant County Manager, Johnson County Government
- Commissioner Alternate Marci Francisco, State Senator, Kansas Legislature

## **Michigan**

- Commissioner David Eisler, Former President; Professor of Music and Community College Leadership Studies, Ferris State University (Past Chair)
- Commissioner Carol Glanville, State Representative; Chair, Higher Education Committee, Michigan Legislature
- Commissioner Brandy Johnson, President, Michigan Community College Association
- Commissioner Sean McCann, State Senator; Chair, Universities and Community Colleges Appropriations Subcommittee, Michigan Legislature
- Commissioner Alternate Daniel Hurley, Chief Executive Officer, Michigan Association of State Universities (MASU)

## **Minnesota**

- Commissioner Rachel Croson, Executive Vice President/Provost, University of Minnesota
- Commissioner Dennis Olson, Commissioner, Minnesota Office of Higher Education

## **Missouri**

- Commissioner Samantha Dickey, Interim Assistant Commissioner for Postsecondary Policy, Missouri Department of Higher Education & Workforce Development (virtual)
- Commissioner David Pearce, Director of Governmental Relations, University of Central Missouri
- Commissioner Susan Thomas, President, Truman State University (virtual)

## **Nebraska**

- Commissioner John Cavanaugh, State Senator, Nebraska Legislature
- Commissioner Deborah Frison, Commission Member, Coordinating Commission for Postsecondary Education (virtual)
- Commissioner Chris Kabourek, Senior Vice President for Business and Finance/CFO, University of Nebraska (virtual)
- Commissioner Lynne Walz, State Senator; Member, Education Committee, Nebraska Legislature
- Commissioner Grant Latimer, Governor's Designee; Policy Advisor to Governor Jim Pillen, State of Nebraska
- Commissioner Alternate Michael Baumgartner, Executive Director, Coordinating Commission for Postsecondary Education

## **North Dakota**

- Commissioner Kyle Davison, State Senator; Member, Appropriations Committee, North Dakota Legislative Assembly
- Commissioner Tim Flakoll, Governor's Designee; Provost, Tri-College University
- Commissioner Timothy Mihalick, Chair, State Board of Higher Education

## **Ohio**

- Commissioner Gary Cates, Senior Vice Chancellor, Ohio Department of Higher Education
- Commissioner Jack Hershey, President & CEO, Ohio Association of Community Colleges

## South Dakota

- Commissioner Michael Cartney, President Emeritus, Lake Area Technical College
- Commissioner Larry Tidemann, Governor's Designee, Commissioner (Treasurer)
- Commissioner Tyler Tordsen, State Representative; Member, House Education Committee, South Dakota Legislature

## Wisconsin

- Commissioner Joan Ballweg Majority Caucus Vice-Chair, Wisconsin State Legislature (virtual)
- Commissioner Eric Fulcomer, President, Wisconsin Association of Independent Colleges and Universities (WAICU)
- Commissioner Connie Hutchison, Executive Secretary, Wisconsin Higher Educational Aids Board
- Commissioner Julie Underwood, Governor's Designee; Dean Emerita, University of Wisconsin-Madison (Governance Committee Chair)
- Commissioner Alternate Morna Foy, President, Wisconsin Technical College System

## Guests/Presenters

- Mr. Albert Ballard (KS)
- Dr. Brian Baumgardner (KS)
- Dr. Susan Brower, Minnesota State Demographer, Minnesota State Demographic Center
- Ms. Zola Davis (MN)
- Mrs. Patsy Eisler (MI)
- Ms. Carmen Evenson (IA)
- Dr. Kathleen Fimple, Academic Programs Officer, Coordinating Commission for Postsecondary Education (NE)
- Ms. Ellie Findell (MN)
- Ms. Nancy Fuchs, Executive Consultant, CliftonLarsonAllen
- Dr. Nathan Grawe, Professor of Economics, Carleton College (MN)
- Ms. Heather Grawe (MN)
- Dr. Kevin Gwaltney, Executive Director, Joint Committee on Education, Missouri General Assembly

- Ms. Melissa Harman, Partner, Moss Adams
- Dr. Thomas Harnisch, Vice President for Government Relations, State Higher Education Executive Officers Association
- Ms. Ashlee Lent, Senior Manager, Moss Adams
- Mrs. Nicauris Heredia Rosario, Policy Advisor, Office of Governor Walz and Lt. Governor Flanagan (MN)
- Mr. Aric Kirkland, Director, Desktop and Classroom Technology, Eastern Michigan University
- Dr. Scott Lanyon, Vice Provost and Dean of Graduate Education, University of Minnesota
- Ms. Leah Lindstrom, Executive Consultant, CliftonLarsonAllen
- Ms. Katie Nadeau (MN) Operations Director, Minnesota Business Partnership
- Ms. Gillian Pete (MN)
- Mr. Daniel Schwarcz, Fredrickson & Byron Professor of Law, University of Minnesota Law School
- Ms. Sydney Spreck, Policy Advisor, Office of Governor Tim Walz and Lt. Governor Peggy Flanagan (MN)
- Dr. Steve Stuart (IL)
- Mr. Kurt Zellers, CEO, Minnesota Business Partnership

## **MHEC Staff**

- Ms. Sara Appel, Director of M-SARA
- Ms. Katie Chock, Senior Meeting, Event, and Operations Manager
- Dr. Beth Ellie, Associate Director of Policy Initiatives
- Ms. Erin Frahm, Director of Finance and Administration
- Ms. Susan Heegaard, President
- Dr. Aaron Horn, Associate Vice President of Research
- Ms. Deb Kidwell, Director of Technology Initiatives
- Ms. Jenny Parks, Vice President
- Ms. Mary Roberson, Senior Director of Communications and Marketing
- Mr. Nathan Sorensen, Director of Government Contracts
- Mr. Robert Trembath, Chief Operating Officer and General Counsel
- Dr. Shaun Williams-Wyche, Associate Director of Research and Data Analysis

## **Meeting Details**

**Monday, November 13, 2023**

### **OPTIONAL TOUR - Minnesota State Capitol**

Commissioners split into two groups and docents provided a private tour of the Minnesota State Capitol.

### **WELCOME RECEPTION & DINNER**

MHEC President Susan Heegaard provided a welcome to the meeting. She thanked the Minnesota commissioners for hosting the meeting. She welcomed 24 new commissioners, acknowledging those who may have been in attendance at the June meeting, but were new to the annual meeting and/or were attending virtually.

### **DINNER**

### **PRESENTATION - Social and Economic Realities of Demographic Shifts in the Midwest**

Dr. Susan Brower, Minnesota State Demographer, Minnesota State Demographic Center, provided a demographic update for higher education in the Midwest. Her presentation examined the demographic shifts occurring throughout the Midwest and their effects on the economy. Using Minnesota's age structure, Dr. Brower provided a glimpse of what is to come and the impact of the working-age population tied to current job vacancies and participation in the labor force. The Midwest region has been impacted by the loss of people to other parts of the United States meanwhile international migration doesn't fully counter these losses. She indicated that Minnesota job vacancies are concentrated in food service, retail, and health occupations.

### **CLOSING REMARKS**

Following a question and answer period President Heegaard thanked Dr. Brower and offered some closing remarks.

**Tuesday, November 14, 2023**

## **BREAKFAST**

### **1) Call to Order**

Acting Chair Barbara Ballard (KS) called the meeting to order at 8:34 a.m. CT. She thanked the commissioners for their presence and welcomed commissioners and guests to the meeting. She acknowledged the value of each of the commissioners, the significance each brings to the commission, and welcomed their input. Dr. Brower was acknowledged for her extraordinary presentation on Monday evening and for providing a great way to start the annual meeting. She then introduced Commissioner Olson (MN) to give the welcome.

### **2) Minnesota Welcome**

Commissioner Dennis Olson (MN) gave the welcome. Serving as Minnesota Governor Tim Walz's designee, Mr. Olson brought greetings on the governor's behalf, who was on a trade mission in Australia. He reaffirmed Dr. Brower's comments regarding cost being one of the greatest barriers to college. He briefly spoke about securing \$650M in new state money for higher education in Minnesota, highlighting the North Star Promise, guaranteed admissions program, and the data around Native American students not graduating on time. He also acknowledged the work yet to be done on bridging attainment gaps.

### **3) Overview of Hybrid Meeting Guidelines**

President Heegaard outlined the meeting guidelines for virtual and in-person attendees. She acknowledged the hiring of an audio-visual company to improve the meeting experience.

### **4) Roll Call of States -**

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

### **5) Introductions of Commissioners, Guests, and Staff**

Commissioners, staff, and guests introduced themselves both in-person and virtually.

## **6) Approval of Agenda - ACTION ITEM 1**

**(emailed/printed materials)**

*Commissioner Michael Cartney (SD) moved and Commissioner Julie Underwood (WI) seconded the motion to approve the revised Commission Meeting agenda dated 11/7/2023. Motion carried by voice vote.*

## **7) Approval of Annual Commission Meeting Minutes, November 14-16, 2022 - ACTION ITEM 2**

*Commissioner Aaron Otto (KS) moved and Commissioner Connie Hutchison (WI) seconded the motion to approve the minutes of the commission meeting held November 14-16, 2022, in Columbus, Ohio. Motion carried by voice vote.*

## **8) Report of the MHEC Chair**

Acting Chair Ballard (KS) shared the pleasure she had of serving with Dr. Devinder Malhotra, the outgoing MHEC chair. Dr. Malhotra retired from the Minnesota State College and University System in August and Rep. Ballard stepped in as acting chair. In giving her report she referenced Dr. Malhotra's written report on pp. 29-30.

## **9) Report of the MHEC President**

President Heegaard presented her report, most of which was found on pp. 31-32 of the agenda book. Additional things acknowledged during her report included the many new commissioners, her attendance at the Stone Arch Captive meeting in Burlington, Vermont, the data presented by Dr. Brower that confirmed many of the issues member states are facing, and internal organizational improvements including in the areas of human resources and finances, and a new board portal.

## **BREAK**

15-minute break



## 10) Federal Update

Commissioner Alternate Dan Hurley (MI) introduced Dr. Tom Harnisch, vice president for government relations for the State Higher Education Executive Officers (SHEEO) Association. His presentation highlighted 1) Budget and appropriations, 2) Federal Legislation, 3) FAFSA Simplification, 4) Student Loan Repayment, 5) Regional Tech Hubs, and 6) Regulations.

## 11) Perspective from the Midwest: A Legislative Recap and 2024 Session Preview

Scheduled speaker Laura Tomaka, director of the Council of State Governments-Midwest Office, was unable to attend. Commissioners requested to see if a presentation and/or notes from the Council of State Governments could be obtained and shared with commissioners.

### **BREAK**

15-minute break

## 12) Unfinished Business

### a) Contract and Program Updates

President Heegaard and COO and General Counsel Rob Trembath provided an update on the Master Property Program, technology contract payments and the National Council for State Authorization Reciprocity Agreements (NC-SARA).

#### 1. Master Property Program/Stone Arch Captive

Mr. Trembath provided a brief history of the program, its success, the change in the market, and three items impacting the program (three large losses, change in underwriting perspectives, and increased members' marketing). All of these factors ultimately led to the sunseting of the program. MHEC has retained Marsh to help with next steps and winddown of the program. He provided an update on Stone Arch Insurance Company which replaced MHEC's rent-a-captive. In early 2023, \$2M in dividends were paid to members of the program. There is still approximately \$1M in dividends owed to institutions, however it is being held until a letter of credit from the IRS is released, and the remaining money will then be distributed. Additionally, Stone Arch is winding down

the two years of losses through July 2023 (“run-off”). Once all claims are paid, Stone Arch can choose to go into dormancy for five-year periods of time or be closed. All these decisions do not need to be made for several years. There are still benefits to be gained through a group program according to insurance experts. President Heegaard indicated there may be a need for assistance from commissioners and advisory committees to explore program options for the Captive. Commissioner David Pearce (MO) expressed interest in exploring options for institutions and states, regardless of whether MHEC ends up actually doing anything. Commissioners expressed support to explore options and MHEC will keep commissioners informed and report back next fall.

## **2. Technology Contract Payments**

Mr. Trembath shared that the Dell contract is currently about 80 percent of MHEC’s technology revenue. He then offered some background on MHEC’s old expiring technology contract with Dell, the subsequent RFP and award process, and the fact that Dell was awarded a contract following this process. In negotiations with Dell, MHEC submitted an admin. fee of 1.5 percent which is the market rate and which MHEC submits to all tech. vendors. Dell did not attempt to renegotiate the admin. fee rate as they had with the old contract resulting in a significant increase in MHEC revenue, upwards of \$4M more to date than anticipated. There is the potential to maintain this increased revenue for the six more years on the contract. President Heegaard pointed out the cost sharing with the other compacts. She also mentioned the development of an ad hoc committee (to be first addressed by the Governance Committee) to explore ways to use this additional revenue. Mr. Nathan Sorensen, MHEC director of government contracts, confirmed that all the new end-user computing contracts are at the market rate 1.5 percent fee and also mentioned that the contract scope goes beyond the devices and takes into consideration the additional components it takes to support campus technology, making it a more comprehensive contract. The work of the Technologies Community led by Ms. Deb Kidwell, MHEC director of technology initiatives, was also acknowledged in support of these contracts.

### **3. National Council for State Authorization Reciprocity Agreements (NC-SARA)**

Ms. Heegaard shared her work on the NC-SARA board. She expressed her positivity toward the movement of effectiveness and efficiency of the NC-SARA work and discussions with the federal government on distance education. Ms. Sara Appel, MHEC director of M-SARA, talked about the M-SARA Regional Committee's (RSC) submission of 26 policy modifications and that three of the six that went forward to the board were M-SARA submissions, and that all six were unanimously approved. The M-SARA RSC continues to work collectively with all the regions and seeks input from experts about all the regulations impacting M-SARA, distance education, and certification/licensure in preparation for federal regulations. There are representatives from all the member states on the RSC. Jennifer Armour, Kansas Board of Regents, was acknowledged for her leadership of the RSC. She's been involved since its beginning ten years ago. Acting Chair Ballard (KS) shared her previous experience on the board and summarized the benefits to students and states by M-SARA participation. Commissioner Ken Sauer (IN) confirmed how M-SARA has been a good example of states working together and the value to institutions in member states. Commissioner Jacob Bossman (IA) noted the ability to participate because of the membership in the Compact.

#### **13) New Business**

##### **a) BoardEffect – Board portal introduction**

Ms. Mary Roberson, MHEC senior director of communications and marketing, introduced BoardEffect, the new board portal which offers a secure platform for commissioners to interact. She thanked the Governance Committee for their feedback on the tool and shared a quick video highlighting some of the features. She mentioned the following benefits: meeting material access and the ability for MHEC to be agile in updating content and making it accessible; historical content and library (e.g. meeting minutes), improved communications from MHEC as well as from commissioner to commissioner to bridge the hybrid gap, add to calendar options, update notifications, and also copying commissioner access. The tool is powerful and there are many more features. MHEC staff are also learning the tool and welcome questions.

### **LUNCH**

one-hour lunch break

## 14) New Business (continued)

### b) Finance and Audit Committee Report

Treasurer Larry Tidemann (SD) acknowledged outgoing Finance and Audit Committee members Commissioners Randy Ferlic (NE) and Jon Ford (IN), as well as current committee member Commissioner Molly Baumgardner (KS), and the addition of Commissioner Pranav Kothari (IL) to the committee. He encouraged commissioners who have an interest in the committee to inform MHEC. He confirmed that the Compact is in good financial shape. He provided a brief background on MHEC's decision to work with CliftonLarsonAllen (CLA).

#### 1. CliftonLarsonAllen Update and Report on Budget Support and Process Improvements

Ms. Nancy Fuchs, executive consultant for CliftonLarsonAllen (CLA), provided some background on how MHEC first engaged CLA, how CLA started by first evaluating MHEC, then helping MHEC to implement finance and budgeting systems, as well as helping with forecasting. Now that the systems are up and running with these new platforms, she will roll-off the MHEC work. She introduced her colleague Ms. Leah Lindstrom, executive consultant for CLA, who will now work on the day-to-day of MHEC finances alongside Ms. Erin Frahm, MHEC director of finance and administration.

Ms. Lindstrom shared her background working in the higher education industry and how she will operate as a fractional chief financial officer for MHEC working on monthly reconciliation to produce clean financials each month. She expressed her interest in looking forward to what other items might need to be addressed in the future.

#### 2. Budget Highlights for FY23 and FY24 year-to-date

Treasurer Tidemann (SD) reviewed the Finance and Audit Committee report as stated on pp. 36-37 of the agenda book. He noted MHEC's financial carryforward of over \$4.54M puts the Compact in a strong financial position. He highlighted the new tools that helped develop a Management Report (pp. 38-55 of the agenda book) which is easily produced each quarter. Commissioner Baumgardner (KS) requested an acknowledgment from commissioners for Ms. Frahm and her adaptability to learn five new platforms and provide transparent information for accountability to the commission and the member states. She also acknowledged CLA for the transition from FASB to GASB, and their work to help

confirm Moss Adams for the audit. Commissioner Pearce (MO) asked about MHEC's tax status given the increased income and its impact on MHEC's 501(c)3 status. Mr. Trembath indicated that the surplus will affect MHEC's *type* of 501(c)3 classification but not the 501(c)3 status itself. MHEC derives the 501(c)3 status from its activities lessening the burden of government. MHEC regularly checks with outside counsel regarding its 501(c)3 status.

### **3. FY23 Audit Report – Moss Adams**

Treasurer Tidemann (SD) shared that Eide Bailly declined to do the audit due to changes outside of MHEC's control. MHEC's connection to CLA led the Compact to connect with the audit firm Moss Adams. Ms. Melissa Harman, partner, and Ms. Ashlee Lent, senior manager, provided background on the history of Moss Adams and its history with higher education clients, the team serving MHEC on the audit, and their scope of services for ending year June 30, 2023, including the auditor opinion and report, and required communications to MHEC's governing board. Moss Adams will also assist with MHEC's upcoming Federal 990 form. In their update they indicated that their balance testing was 100 percent complete, the financial statement review is 60 percent complete, footnote testing is 60 percent complete, the component auditor communication is 50 percent complete, and the group audit and restatement work is 60 percent complete. Ms. Lent noted that MHEC's discretely presented component unit (Stone Arch) added a slight delay and, given Moss Adam's first year of work with MHEC, they wanted to ensure enough time to complete the work. Their expectation in the future would be to have the audited financial statements complete by the time of the annual fall meeting.

Required communications were presented to the Commission, including one material weakness regarding financial reporting due to the restatements, and the earlier mentioned discretely presented component unit which had been previously omitted by Eide Bailly in their audit (Stone Arch is separately audited). Moss Adams does not expect this to recur in the future.

Upcoming pronouncements were addressed including accounting changes and error corrections, compensated absences, and IT controls. Given MHEC's adoption of new software this year, it is recommended that MHEC implement stronger IT security controls.

Moss Adams offered a number of resources and ongoing information.

## c) Governance Committee Report

Acting Chair Ballard (KS) provided some background on the committee's initial start as an ad hoc committee to become a standing committee. Committee Chair Underwood (WI) thanked the committee members: Commissioner Ballard (KS), Commissioner Cartney (SD), Commissioner Samantha Dickey (MO), Commissioner Jack Hershey (OH), Commissioner Olivia Madison (IA), and Commissioner Walz (NE).

### 1. Roles and Responsibilities of the MHEC Commissioner - ACTION

#### ITEM 3

Committee Chair Underwood (WI) gave the background on the Roles and Responsibilities of the MHEC Commissioner document found on p. 57 of the agenda book. The committee reviewed the 2005 document and made minimal changes, tracked on p. 58 of the agenda book. The committee would like to see this document acknowledged every year, as well as in commissioner orientations, and reviewed more frequently than every 18 years.

*Commissioner Cartney (SD) moved that the Commission formally approve the modified MHEC commissioner roles and responsibilities, and that the roles and responsibilities be reviewed annually by Commissioners during the full Commission meeting and during commissioner orientation. Commissioner Tidemann (SD) seconded.*

*Motion carried by voice vote.*

### 2. Guidelines for MHEC Officer Nomination Process - ACTION ITEM 4

Committee Chair Underwood (WI) reviewed the commissioner process for officer nominations on p. 59 of the agenda book. The Governance Committee drafted guidelines on p. 60 of the agenda book.

Commissioner Eisler (MI) noted that the Compact really has no control over commissioner appointments and he provided his support for this motion. Commissioner Flakoll (ND) also noted that term limits create a lot of challenges in this process.

*Commissioner Tim Flakoll (ND) moved that the Commission formally approve the Guidelines for MHEC Officer Nomination Process. Commissioner Dickey (MO) seconded.*

*Motion carried by voice vote.*

### **3. Increasing the Size of the Finance and Audit Committee – ACTION ITEM 5**

Committee Chair Underwood (WI) reviewed increasing the size of the Finance and Audit Committee as noted on p. 61 of the agenda book with representation from all 12 member states.

*Commissioner Hershey (OH) moved the Commission formally approve increasing the size of the Finance and Audit Committee to include one member from each compact state.*

*Commissioner Kothari (IL) seconded.*

*Motion carried by voice vote.*

### **4. Awards Report**

Committee Chair Underwood (WI) shared that the awards process is part of the Governance Committee duties. The process for review of the Outstanding Service Award(s) and the Phillip Sirotkin Award were reviewed by the committee and voted on by the commission. The awards will be presented at the dinner this evening.

#### **d) Nominations and Elections of Officers, Chair, Vice Chair, Past Chair, and Treasurer - ACTION ITEMS 6-9**

Acting Chair Ballard (KS) called upon Past Chair Eisler (MI) to address the first motion. Past Chair Eisler (MI) called upon Commissioner Baumgardner (KS).

##### **Action Item 6: MHEC Chair Election**

*Commissioner Baumgardner (KS) moved that consistent with the MHEC bylaws the commission approve Barbara Ballard (KS) for the position of MHEC chair. Commissioner Otto (KS) seconded.*

*Motion carried by voice vote.*

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

*Commissioner Hutchison (WI) moved that the commission approve Joan Ballweg (WI) for the position of MHEC vice chair. Commissioner Underwood (WI) seconded.*

*Motion carried by voice vote.*

It was noted that Commissioner Ballweg (WI) is currently in legislative session and unable to attend the Commission.

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

Commissioner McCann (MI) moved that the commission approve David Eisler (MI) for the position of MHEC past chair, and Commissioner Glanville (MI) seconded.

Past Chair Eisler (MI) respectfully declined due to transition of MHEC appointments by the Michigan governor. He indicated it would be his last MHEC meeting. He was acknowledged by the commission and President Heegaard for his many years of work and dedication to MHEC.

#### **Action Item 9: MHEC Treasurer Election**

*Commissioner Cartney (SD) moved that the commission approve Larry Tidemann (SD) for the position of MHEC treasurer. Commissioner Hutchison (WI) seconded.*

*Motion carried by voice vote.*

#### **Action Item 10: Past Chair Option**

*Commissioner Flakoll (ND) moved that, given the circumstances of past chairs, the Executive Committee be allowed to, at their discretion, appoint someone for the past chair position. They don't have to but could if they wish to have a person in this role.*

*Commissioner Cartney (SD) seconded.*

*Motion carried by voice vote.*

Past Chair Eisler (MI) asked for a recognition of the new MHEC officers.

#### **BREAK**

20-minute break



## 15) PRESENTATION - AI and its Impact on Higher Education

Commissioner John Cavanaugh (NE) introduced Mr. Daniel Schwarcz, Fredrickson & Byron Professor of Law for the University of Minnesota Law School. Mr. Schwarcz provided an introduction to generative artificial intelligence (AI), generative pre-trained transformers (GPT), how Generative AI is being used to support individualized instruction, advising, and promotion of diversity viewpoints. Additionally, he shared his own research of how he's used AI for legal instruction.

### Wrap Up

Chair Ballard (KS) provided logistical details for the evening.

### RECESS

*Commissioner Francisco (KS) moved and Commissioner Pearce (MO) seconded the motion to recess the meeting at 3:35 p.m. CT.*

*Motion carried by voice vote.*

## EVENING EVENT - Bell Museum, University of Minnesota

Commissioners enjoyed a narrated planetarium show and viewing of exhibits during the reception, followed by dinner, and a guest presentation.

## 16) WELCOME

Commissioner Rachel Croson (MN) welcomed everyone to Minnesota and to the University of Minnesota campus. She provided background on the Bell Museum venue and its spotlight on science, and its role in connecting the community and the University of Minnesota to learn about ongoing science projects. She shared how the university's connection to the museum is one example of its commitment as a land-grant institution. She expressed her commitment as a commissioner and her excitement to be part of the work MHEC is doing.

## 17) PRESENTATION - Higher Education and Workforce, How Does the Midwest Respond

Commissioner Bossman (IA) introduced Mr. Kurt Zellers., CEO of the Minnesota Business Partnership. The focus of Mr. Zellers presentation was on adaptability with policies,

process, and outreach. He talked about the misalignment of higher education and the workforce.

## **18) MHEC Award Presentations**

### **Staff Acknowledgments**

10 years: Jennifer Parks, Vice President, Policy and Research

10 years: Nathan Sorensen, Director of Government Contracts

25 years: Mary Roberson, Senior Director of Communications and Marketing

### **2023 Outstanding Service Award Recipients**

- Mr. Aric Kirkland, Director of Desktop and Classroom Technology, Eastern Michigan University
- Dr. Kathleen Fimple, Academic Programs Officer, Coordinating Commission for Postsecondary Education

### **2023 Phillip Sirotkin Award**

Since 2019, Commissioner Tidemann (SD) has served as the governor's designee. He's had four other terms dating back to 2008, during his terms as a state representative and state senator.

**Wednesday, November 15, 2023**

### **BREAKFAST**

## **19) Reconvene**

Chair Ballard (KS) reconvened the meeting at 8:30 a.m. CT.

## **20) PRESENTATION - Facing Change: How can Higher Education Adapt and Move Forward in our Midwest Region**

Commissioner Eric Fulcomer (WI) introduced Dr. Nathan Grawe, professor of economics for Carleton College (MN), who provided demographic data for the Midwest region and then presented recommendations for improving how the region can respond to that data, focusing on attention to student success, academic programming, and collaborating across institutions and systems.

## **21) PRESENTATION - What's Coming Next with the FAFSA**

Ms. Heegaard reintroduced Mr. Harnisch. She mentioned MHEC's upcoming FAFSA Summit in Chicago on June 18-20. FAFSA is the Free Application for Federal Student Aid. Mr. Harnisch was asked to give an update on the new FAFSA, in addition, President Heegaard asked him to provide a brief state update in place of a presentation from CSG.

He highlighted some policy-level national trends as well as state headlines and welcomed input from the commissioners. National themes included direct admissions, bumps in enrollment, growth of last-dollar tuition-free public college programs, overall increases in state higher education subsidies, tuition freezes, continued growth of mandatory FAFSA policies, focus on restricting/eliminating DEI programs, bans on transcript withholding, efforts to eliminate tenure, and addressing student basic needs.

Mr. Harnisch gave background on the FAFSA, its history, key features on the FAFSA changes, outstanding issues, the timeline, research SHEEO is conducting, and the potential effects on MHEC member states.

## **22) Closing Comments**

Chair Ballard (KS) reminded commissioners of the meetings scheduled for 2024 and thanked them for their participation in the meeting.

## **23) Passing of the Gavel**

Chair Ballard (KS), as outgoing chair and incoming chair passed herself the gavel.

## **ADJOURN**

*Commissioner Tidemann (SD) moved and Commissioner Pearce (MO) seconded the motion to recess the meeting at 10:07 a.m. CT.*

*Motion carried by voice vote.*

## **Action Item 2**

### **Minutes**

**Proposed Action 2:** The Commission approve the Annual Commission Meeting Minutes in Saint Paul, MN, on November 13-15, 2023.

## PRESENTATION - Federal Update

### Presenter



#### **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.

# **MHEC Chair Report**

## **Executive Committee Meeting**

November 2024

October 17, 2024

I have served as a legislatively-appointed commissioner for over twenty years!

It has been an honor to serve as the chair of the Midwestern Higher Education Compact (MHEC). I want to thank each and every one of you for your dedication as commissioners. The work of MHEC would not be accomplished without your involvement.

We have appointed commissioner representatives from our member states as we begin the strategic planning process. The Ad Hoc Strategic Planning Committee met and the goal was to propose a timeline. We agreed to recommend that the committee begin its work in January 2025, with the goal of creating a strategic plan for 2025-2028. Our Ad Hoc Committee Programmatic Investment Committee has been tasked with exploring options for investing in the development of new MHEC programmatic activities. The committee has been meeting monthly and the conversations have been productive. There have been many creative ideas and I look forward to hearing the report during this meeting.

As past chair of the Governance Committee, I wish to thank Julie Underwood, chair, and the other committee members for their outstanding work. We have added two more representatives to our Governance Committee and one to our Finance and Audit Committee, continuing to round out state representation per our new structure.

As you will recall, due to the result of some unexpected revenue, primarily derived from MHEC's technology contracts, MHEC has additional funds for the coming year. The focus of this ad hoc committee is advisory and charged with exploring options for investing MHEC funds such as (1) expanding existing MHEC programs, contracts, and research, and/or (2) developing one or more new programs, contracts, research, or other activities. Our goal is to have this new committee present its findings and recommendations to the Commission at our Commission Meeting this November.

The commission will also be asked to establish a new ad hoc committee to study and make recommendations regarding the future of Stone Arch, MHEC's solely owned captive insurance company. Stone Arch was originally created to support MHEC's Master Property Program (MPP). With the sunset of MPP, MHEC must now determine how, if at all, to best utilize Stone Arch. The Governance Committee recommends an ad hoc commissioner committee examine the issue and report back its findings and recommendations at the June 2025 executive committee meeting.

We've had a few commissioner changes. We welcome Dr. Charles "Chuck" Johnson, president at Vincennes University in Indiana. He has been appointed to fulfill Dr. Ron Rochon's appointment. We also welcome two new commissioner alternates in Wisconsin: Layla Merrifield, new president of the Wisconsin Technical College System, and Christopher Patton, interim vice president for university relations at the University of Wisconsin System. They replace their predecessors Dr. Morna Foy and Sean Nelson who have both retired.

I have enjoyed working with Susan Heegaard, president of MHEC, Rob Trembath, chief operating officer and general counsel, and the MHEC staff. Thank you for your outstanding work and dedication. To my fellow MHEC Officers Sen. Joan Ballweg (WI), vice chair, and Larry Tidemann (SD), treasurer, and Dr. David Eisler (MI), past chair, it has been an honor to serve with you. I appreciate your kindness and assistance.

I would be remiss if I did not acknowledge and thank Larry Isaak, Lana Oleen, Randy Ferlic and Olivia Madison for their encouragement, guidance, and support over the years.

Again, it has been an honor and a privilege to serve as MHEC's chair and work with each of you. I am excited for you to be in Kansas, the Sunflower State. I look forward to welcoming you to the Senator Robert J. Dole Institute of Politics, at the University of Kansas.

Barbara W. Ballard, Ph.D.

MHEC Chair, 2023-2024

Minority Caucus Chair, Kansas House of Representatives

Senior Associate Director, Robert J. Dole Institute of Politics, The University of Kansas

## **MHEC President Report 2024 Annual Commission Meeting**

Welcome to Overland Park, and our 2024 annual commission meeting. Whether you're with us in person or online, we're so glad that you are here. A special thanks to our Kansas hosts for helping us plan a great visit and to Katie Chock and Mary Roberson for organizing this meeting and leading preparation of the meeting materials. On our first day after our committee meetings, we'll tour the Burlington Northern Santa Fe Railroad (BNSF) training facility at Johnson County Community College. Over the next few days we have some terrific speakers and topics lined up, including learning about the success Kansas is experiencing with its innovative approach to developing literacy teachers, prison education models in the Midwest, an update on Stronger Nation and attainment from the Lumina Foundation, and state and federal updates from our colleagues at the Council of State Governments (CSG) Midwest and the State Higher Education Executive Officers Association (SHEEO). I'm especially looking forward to our time at the Dole Institute and the presentation on First Ladies by Dr. Diana Carlin. I hope that you'll take the time to connect with and get to know one another, especially because we have some terrific new commissioners and staff.

We're now back to a full staff of 16. Five staff are new to MHEC since we met last fall. Breanne Hegg is our vice president for programs and contracts. She is also leading our strategic plan implementation and operating plan along with Kathy Graves, Parenteau Graves, who continues to help our staff in a consultative role. Other new staff include Samra Asghedon, manager of external relations and strategic initiatives, Jonathan McNicholes, manager of policy and stakeholder engagement, Sophie Mancino, office and convening coordinator, and our newest staff member, Carrie Wandler, director of policy initiatives. These folks and their colleagues have been working hard throughout the year and have prepared reports you'll find in the agenda book. I hope you'll review them.

During this past year the top issues that we heard across the region concerned declining enrollment, changing populations, and campus closures. Similar to past years, we heard about workforce shortages and how to better connect higher education and workforce needs, cyber threats, and the overall value proposition of higher education. The FAFSA continues to be on the front burner, with worries about confusion generated by the federal government's new FAFSA rollout. There's continued interest among states in the merits of requiring the FAFSA and how to support students filling out the form. In response to this, mid-June we held a Midwest FAFSA Summit in Chicago. We partnered with the SHEEO and the National College Attainment Network (NCAN) with a compelling agenda and support from Strada Education Foundation. The participation and engagement were strong, and we have already begun with states to support them in the year ahead.

Several programmatic areas I'd like to highlight include continued work on open educational resources (OER), with Jenny Parks, vice president of policy and research, successfully securing a second round of funding from the Hewlett Foundation to provide more support to our states; concurrent enrollment, where we also continue to provide support to states as they navigate new requirements directed by the Higher Learning Commission; the Midwest Student Exchange Program (MSEP) which is getting a fresh review and potential overhaul; and property insurance and our captive, Stone Arch, where we are exploring offerings for the future. We'll need your input in particular on a couple of these topics.



Our budget is in healthy shape thanks to continued increased technology revenues. This increase has spurred us to develop an investment policy as well as establish an ad hoc committee of commissioners who met over the summer and early fall to propose innovative programmatic ways to spend/invest some of the increased revenue. A big thank you to our member states this past year for paying their annual commitments on time and to the states that already paid this year before our December 31 deadline. The \$115,000 commitment is the lowest among the regional compacts and has not increased for over a decade. You will again be asked during our meeting to consider whether we should proceed with the scheduled increase in our annual commitment given the increased revenues.

It has been a pleasure to work with our chair, Representative Barbara Ballard (KS). Barbara is the minority caucus chair, the longest-serving legislator in Kansas, and the senior associate director of the Robert J. Dole Institute of Politics. We're also deeply grateful to our vice chair, Representative Joan Ballweg (WI), and to Larry Tidemann (SD) and David Eisler (MI) who have served for several years as treasurer and past chair, respectively. We have tried again to be intentional regarding appointments to our standing and ad hoc committees by balancing elected and appointed government officials with higher education leaders and focusing on diversity, broadly construed. Please let us know if you'd like to serve on any of these committees.

A big focus continues to be on organizational improvements with support from the team from CLA who have helped us update, streamline, and align our various accounting and finance practices as well as implement new, more efficient, and effective tools for our reimbursement, billing, payroll, and budgeting functions. You'll hear from them during the meeting as they embark on an effort to analyze our data capacity and platforms to see where we can eliminate duplication and improve efficiency. Athena Resource continues to support our human resources processes and offerings.

With respect to strategic partnerships, I continue to regularly meet and collaborate with the other regional compact presidents. For me, those relationships are really valuable as we share with one another some of the common challenges and opportunities we all face. While things regarding NC-SARA, now 10 years old, have improved significantly under new leadership, we continue to face challenges coming from the federal government and certain advocacy groups. Our relationship with SHEEO and the Midwest office of CSG continues to be strong and I attend their annual meeting each year.

MHEC is a unique organization where regardless of politics, higher education leaders, policymakers and other midwestern leaders can come together to focus on education and our region's overall health and well-being. It is so clear during our visits that you care deeply about your states, the people there and how to help position the region positively for the future. I am deeply grateful to our staff and to each and every one of you. Whether you've shown up at a meeting, webinar, or on a call, giving generous time and support by serving on a committee or offering me honest feedback and advice, your engagement is what leads to our success. Thank you.

## **PRESENTATION - Perspective from the Midwest: A Legislative Recap and 2025 Session Preview**

### **Presenter**



#### **Laura Tomaka**

Director

Council of State Governments, Midwest Office

Laura A. Tomaka is director of the CSG Midwest office. She is responsible for managing the staff and providing secretariat services to the Midwestern Legislative Conference, along with various other association duties. Before serving as director, Laura served as CSG Midwest director of policy and professional development. She served many years as CSG Midwest's lead staff person for the Midwestern Legislative Conference Economic Development Committee and as program coordinator for the Bowhay Institute for Legislative Leadership Development (BILLD).

Laura holds a bachelor's degree in political science from Old Dominion University and a master's degree in political science from Loyola University in Chicago.

## Unfinished Business | Contract and Program Updates Master Property Program/Stone Arch Captive

### Presenter



#### **Dan Ellingsen**

Senior Vice President  
Marsh Captive Solutions

Dan Ellingsen's current primary role is senior account executive in Marsh's Captive Solutions United States practice. His current client-related duties include leading the efforts of the client service teams that manage the daily activities of pure captive insurance companies, risk retention groups, and pooling facilities. Dan acts as a key member of the client service team, providing clients with valuable information and insight into their captive programs. As a member of the local senior management team, he assists in the development of internal policies and procedures. He also works with companies in the formation process to ensure a proper structure that benefits the client. He has extensive experience in managing captives for small, midsize, and large corporations and is familiar with their complexities. Dan also has experience with several parent company industry types including retail, health services, manufacturing, transportation, banking and finance, and technology.

Dan joined Marsh in 2011. He has experience in client relationship management, large account business, and process optimization. He received a Bachelor of Business (Accounting) from Central Queensland University in Australia, and he's a Certified Management Accountant in Canada, and a member of the Institute of Chartered Professional Accountants of Nova Scotia in Canada.

### Action Item 3

## Midwestern-State Authorization Reciprocity Agreement (M-SARA) Regional Steering Committee Restructure

Over the past year, M-SARA staff and the M-SARA Regional Steering Committee (RSC) collaborated to rewrite the M-SARA Policy and Procedure Manual to meet the current needs of the RSC and address feedback from internal and external SARA stakeholders. The new draft manual and a summary of proposed changes are attached. One change of direct relevance to the Commission concerns the composition and appointment of RSC members.

The current composition and appointment processes of the M-SARA RSC

Type of RSC Member	How Appointed	Voting Privileges?
State (N=11)	Commissioners of that state	YES
At Large (N=5)	MHEC President	YES
Total = 16 voting		

The proposed composition and appointments processes of the M-SARA RSC

Type of RSC Member	How Appointed	Voting Privileges?
State (N=11)	State Portal Entity*	YES
Non-Voting (N=3)	MHEC President	NO
Total = 11 voting/3 consulting		

\*The State Portal Entity (SPE) for each state is the entity that approves institutions in the state for participation in SARA and monitors their compliance with SARA policies.

The proposed policy updates do the following:

1. Reduce the number of voting members of the RSC from 16 to 11
2. Limits voting privileges to representatives of State Portal Entities/the States
3. Allows the states/SPEs to determine whom shall represent their perspectives on the RSC.

The reasons for proposing these changes include:

1. Brings the composition of MHEC's RSC into alignment with that of the other three regional compact RSCs (i.e., they have full SPE representation)
2. Limits voting to state representatives (i.e., not institutional representatives) also in line with the other regional compact RSCs and in response to a major criticism of SARA by student consumer advocates.
3. Retains the important institutional voice and perspective on the M-SARA RSC.

As the proposed changes transfer the authority for appointing RSC members from MHEC Commissioners to the staff of each state's designated SPE. In addition to these proposed changes, the M-SARA RSC has also recommended that the MHEC Commissioners of each state has the power to remove and replace their states member of the M-SARA RSC through a majority vote. The previous and proposed new policy language is as follows:

### **Current RSC Manual Policy Language**

#### 1.2 RSC Composition

- a. The M-SARA Regional Steering Committee will be comprised of one member from each state participating in the agreement. This state representative appointed by the MHEC commissioners from that state shall be a regulator, State Portal Entity, or an institutional representative. Institutional representatives must be from SARA participating institutions. Institutional representatives can work for the actual institution or system that represents institutions.

### **Proposed NEW RSC Manual Policy Language**

#### 2.2 RSC Composition

- a. The M-SARA Regional Steering Committee will be comprised of one voting member from the SPE of each state participating in the agreement. This state representative is determined by the SPE.

### **Current RSC Manual Policy Language**

#### 1.3 Terms of Membership

- a. RSC members serve for a period of three years, starting on the first day of the month that follows the month in which their membership was approved by MHEC's president or the commissioners of the state the member will represent.
- b. A member who takes over the term of a member who has left prior to the expiration of the term for which they were appointed will finish that term and is then eligible to be reappointed for a subsequent full three-year term of their own.
- c. There are no term limits.
- d. All at-large members must be reaffirmed by the MHEC president, and all state representatives must be reaffirmed by the commissioners of the state the member represents on the RSC, at the end of their first three-year term and subsequent terms.

### **Proposed NEW RSC Manual Policy Language**

#### 2.3 Terms of Membership

- a. RSC voting members serve until they are either replaced by their SPE or removed and replaced by a majority vote of the MHEC Commissioners of their state conducted either in-person, electronically, or virtually.

With support from MHEC's RSC, that the Commission adopt the following action:

**Action Item 3:** Motion: That the commission approve the changes to the M-SARA Regional Steering Committee (RSC) Policy and Procedure Manual effective on January 1, 2025, transferring the responsibility for appointing RSC members from the Commission to each state's appointed State Portal Entity (SPE). Additionally, MHEC Commissioners of a state will have the power to remove and have replaced their RSC member via a majority vote, which can be held in-person, electronically, or virtually.

# RSC Policy Manual Change Guide

## Major Changes

1. Replaced at-large members with non-voting members.
  - a. Reduced the number of non-voting members (formerly at-large) from five to three.
  - b. Established a rotating term cycle, where one non-voting member's term ends each year.
2. Assigned the state SPE organization, rather than the MHEC Commission, the responsibility of appointing RSC members. The state SPE is predetermined by the state.
  - a. Removed term limits for RSC members to allow SPEs the flexibility to appoint the appropriate individual for the role. This acknowledges that certain positions may require replacements due to personnel changes.
3. Added the ability for MHEC commissioners of a state to remove and replace their state's RSC member by majority vote.
4. Adjusted all voting requirements to a majority vote, except for special rules of order and the M-SARA amendment process, which will still require a two-thirds vote.
5. Introduced Section 10, M-SARA Manual Amendment Process, enabling the M-SARA RSC to amend the manual through a two-thirds vote, with the approval of the MHEC president.

## Minor Changes

1. Replaced incorrect date references in the PMP process with references to the dates set in the NC-SARA schedule.
2. Designated *Roberts Rules of Order* as the official parliamentary procedure for the RSC.
3. Added a governing rules section.
4. Clarified the responsibilities of members, the chair, and the vice-chair.
5. Adjusted quorum requirements to reflect the removal of at-large members.

## Language Changes

1. Updated all instances of "telephonic" to "virtual."
2. Changed voting terminology from "half plus one" to "majority."
3. Added a definitions section.
4. Made minor adjustments for policy clarity.
5. Incorporated a voting metric in all voting processes.
6. Corrected minor grammatical issues and typos.
7. Rewrote 6.1 Authorization of adverse actions by the Unified State Authorization Reciprocity Agreement and SARA Manual for clarity.
8. Adjusted instances of policy that referenced "days" to either "calendar days" or "business days" in alignment with NC-SARA policy.

**Unfinished Business | Contract and Program Updates  
Midwestern-State Authorization Reciprocity Agreement (M-SARA)  
Regional Steering Committee Restructure - ACTION ITEM 3**

**Presenter**



**Jennifer Armour**

Associate Director for Academic Affairs  
Kansas Board of Regents

Jennifer Armour has been with the Kansas Board of Regents since 2014 and is an associate director for academic affairs. In this role, she assists with regulating private and out-of-state entities operating in the state and serves as the SARA State Portal Entity. In addition to these duties, Jennifer provides direction for the regulatory document workflow system and coordinates the private postsecondary annual data collection. She also supports the state's Experimental Program to Stimulate Competitive Research (EPSCoR) Program Review

Committee and responds to student complaints received by the Board. In 2019, she was appointed to serve as the state representative to MHEC's SARA Regional Steering Committee and has been serving as chair since February 2023.

Jennifer has worked for over twenty years in higher education and came to the Board after working in both public and private institutions in admissions, financial aid, and student leadership development. She received her Bachelor of Arts in Business Administration from Kansas Wesleyan University and a Master of Business Administration from Southwestern College.



**PRESENTATION - Mission Possible: Developing  
Literacy Teachers like Rocket Scientists.  
How the Blueprint for Literacy is Reshaping Educator Preparation.**

**Presenter**



**Cynthia Lane**

Director, Literacy  
Kansas Board of Regents

Dr. Cynthia Lane is highly recognized for her leadership in the field of education. Lane has earned numerous awards and recognitions, including being named as Kansas Superintendent of the Year in 2016. She has more than 40 years of service to the profession, including serving as superintendent of Kansas City, Kansas Public Schools, special education teacher, director, principal, family advocate, and assistant superintendent for finance and teaching for learning. Most recently Lane served as a member of the Kansas Board of Regents where she chaired the Academic Affairs committee

focused on ensuring education accessible and affordable and that students graduate with valued credentials and degrees.

Lane has championed literacy as a civil right. Lane currently serves as director of literacy, leading the Board of Regents' implementation of the Blueprint for Literacy (SB 438). The charge of the Blueprint ensure the Kansas educator workforce is highly skilled in the Science of Reading, and specifically Structured Literacy to advance the literacy rates across Kansas. She believes our mission is possible when we keep the main thing the main thing: Equip teachers so that every child learns to read.

## **Update on MSEP Advisory Group Recommendations**

### **Attachment to Midwest Student Exchange Program (See Programs Section)**

At the June 2024 Executive Committee meeting, MHEC staff reported on the continued decline in MSEP participation among states, institutions, and students. Included in that report were recommendations from an MSEP advisory group which met from January through May of 2024 to study and discuss declining program participation. A robust discussion among Commissioners followed the presentation, and a revised motion and action item were crafted which read:

*Action 9: Commissioner Katie Stuart (IL) moved and Commissioner Dan Hurley (MI) seconded that the MHEC Executive Committee, acting on behalf of the MHEC Commission, supports the recommendation of the of the MSEP 2.0 Advisory Committee and MSEP Council in implementing the program improvement recommendations:*

- *Increase engagement in MSEP communications and outreach.*
- *Perform procedural improvements; and*
- *Explore development and costs of a Midwest College Cost Savings Finder.*

*MHEC staff will report its findings to the commission at the November 2024 Commission Meeting. Motion carried by voice vote.*

In response to the motion and action items, MHEC staff provide the following:

1. Improvements to MSEP communications and outreach were recommended by the advisory group. On July 1, 2024, the staff member responsible for MSEP left MHEC, pausing the work. On October 21, Carrie Wandler joined MHEC as the director of policy initiatives and began engaging with this work. MHEC staff recommend that improvements to MSEP communications be explored and implemented between October 2024 and June 2025 and reported to the Commission at the June 2025 Executive Committee meeting. Improvements to MSEP procedures and policies were recommended by the advisory group. As noted above, staffing changes impacted the progress of this work. MHEC staff recommend that improvements to MSEP policies and procedures be explored and implemented between October 2024 and June 2025 and reported to the Commission at the June 2025 Executive Committee meeting.
2. In service to the goals of MSEP and to serve a wider range of states and institutions, the MSEP advisory group recommended the development of an online tool to help Midwestern students and families search for tuition savings opportunities in the Midwest. The tool would help students and families find and compare tuition rates that were reduced due to reciprocity programs, including MSEP, and due to new tuition models proliferating across the region. The Commission charged MHEC staff with exploring the creation of such a tool and reporting back in November 2024 on progress toward that goal.
3. Between the June 2024 Executive Committee meeting and the November 2024 Annual Commission meeting, MHEC staff met to create a three stage-process for exploring the development of a tool to enable students and families to efficiently and effectively identify degree programs and associated costs within the MHEC region, taking into account differential tuition models such as the Midwest Student Exchange Program (MSEP), state reciprocity agreements, and institutional-offered tuition discounts. The proposed three stages of the process and their timing are as follows:

### Stage 1: October 2024 - May 2025

In response to the commission recommendation, MHEC will hire an external consultant to build upon the work and recommendations of the MSEP Advisory group. The consultant is conducting an analysis and assessment of existing on-line tools and stakeholder needs to identify critical gaps. Budget = \$25,000. Findings and recommendations to be presented at the June 2025 Executive Committee meeting.

Stage 2: July - Oct 2025 (If recommendation from Stage 1 is to move to Stage 2 and if the recommendation is approved by the Executive Committee.)

Hire an external consultant to a) convene stakeholders to develop the features and scope of the proposed tool; b) identify the potential sources of data and data collection strategies to be used with the proposed tool; and c) identify target audiences, specific project goals, and project performance metrics. Budget = \$25,000. Findings and recommendations to be presented at the November 2025 Annual Commission Meeting.

Stage 3: Dec 2025 – May 2026 (If recommendation from Stage 2 is to move to Stage 3 and if the recommendation is approved by the Executive Committee.)

Develop and implement a strategy for building and launching the proposed tool, analyzing resource requirements for implementation and maintenance, and engaging members of the Commission in the project. Prior to committing to the project, a comprehensive proposal and budget will be prepared and presented at the June 2026 Executive Committee Meeting for possible approval. If approved, MHEC staff will initiate the development and implementation processes for the tool's successful creation and launch.

**MIDWESTERN HIGHER EDUCATION COMPACT**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2024**

**MIDWESTERN HIGHER EDUCATION COMPACT  
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**MIDWESTERN HIGHER EDUCATION COMPACT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2024 AND 2023**

**INTRODUCTION**

The Midwestern Higher Education Compact (MHEC), has prepared MHEC's financial statements including this narrative discussion and analysis of the financial position and activities of MHEC for the fiscal year ending June 30, 2024 and 2023. It includes in some cases a comparative presentation and analysis of the current and preceding year to provide context as our practice is to budget for one year and plan for the following. This discussion has been prepared by management and should be read in conjunction with the financial statements including the notes thereto, which follow this section.

**USING THIS ANNUAL REPORT**

This discussion and analysis is intended to serve as an introduction to the Midwestern Higher Education Compact's basic financial statements. The Midwestern Higher Education Compact's basic financial statements are composed of the statement of net position, the statement of revenues, expenses, and change in net position and statement of cash flows.

**FINANCIAL HIGHLIGHTS**

- The assets of MHEC exceeded its liabilities by \$15,563,826 and \$10,028,283 for the fiscal years ended June 30, 2024 and 2023, respectively.
- MHEC's total net position increased by \$5,535,543 and \$4,547,159 during the fiscal years ended June 30, 2024 and 2023, respectively.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The purpose of these financial statements, along with the accompanying notes to the financial statements, is to present the financial position and results of operations to the financial statement users. The financial section of this report consists of:

1. Management Discussion and Analysis
2. Report of Independent Auditors
3. Basic (Enterprise Fund) Financial Statements
  - a. Statement of Net Position
  - b. Statement of Revenues, Expenses and Changes in Net Position
  - c. Statement of Cash Flows
4. Notes to the Financial Statements

MHEC uses fund accounting to ensure and demonstrate compliance with finance and related legal requirements. MHEC maintains one proprietary fund, an enterprise fund. The enterprise fund financial statements report information about MHEC's overall financial status. The statements present information on MHEC's assets, liabilities, and net position, and show how net position has changed during the year. These financial statements and explanatory notes are prepared in conformance with generally accepted governmental accounting principles and are reported using the accrual basis of accounting.

**MIDWESTERN HIGHER EDUCATION COMPACT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2024 AND 2023**

MHEC shifted to following Governmental Accounting Standards Board (GASB) in the fiscal year ended 2022 after operating under FASB since 1991. MHEC has determined that the Stone Arch Insurance Company (Stone Arch) meets the criteria to be presented as a component unit of MHEC. Stone Arch is wholly owned by MHEC and was formed to provide insurance coverage to the member institutions of MHEC (the Insureds). Stone Arch's financial statements are presented following each of MHEC's respective basic financial statements, as Stone Arch operates and reports on a calendar year basis and on the Financial Accounting Standards Board (FASB) basis of accounting.

Financial statements of enterprise fund activities provide a general overview of MHEC's operations in a manner similar to a private sector business. These statements consist of the statement of net position and the statement of revenues, expenses and changes in net position and are prepared using an accrual basis of accounting. **These statements begin on page 8 of this report.**

The *statement of net position* presents MHEC's assets and liabilities; the difference between the two is net position. Over time, the increase or decrease in net position can serve as an indicator as to whether MHEC's financial position is improving or deteriorating.

The *statement of revenues, expenses and changes in net position* presents information showing how MHEC's net position has changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The *statements of cash flows* provide information about the cash receipts, cash payments, and net change in cash resulting from the operating, investing, and financing activities (capital and noncapital) of MHEC during the fiscal year. This statement helps users assess MHEC's ability to generate net cash flows, its ability to meet obligations as they come due, and its need for external financing.

The statement of cash flows is divided into three sections:

*Cash flows from operating activities.* This section shows the net cash used by the operating activities of MHEC.

*Cash flows from capital financing activities.* This section reflects the cash received and paid for nonoperating, noninvesting, and capital financing purposes.

*Cash flows from investing activities.* This section shows the purchases, proceeds, and interest received from investing activities.

## **NOTES TO THE FINANCIAL STATEMENTS**

The notes provide additional information that is essential to fully understand the financial statements. **The notes to the financial statements start on page 14 of this report.**

**MIDWESTERN HIGHER EDUCATION COMPACT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2024 AND 2023**

**FINANCIAL ANALYSIS**

While MHEC prepares a two-year budget for forecasting purposes, the Executive Committee only approves the acting budget on an annual basis at its June meeting. During fiscal year 2024 MHEC incurred a fourfold increase in technology contract revenue due largely to an increased administration fee bringing that fee in line with an industry average. One contract in particular is driving this technology contract revenue increase, which is expected to continue over the seven-year life of the contract. Implementation of strategic planning initiatives has started.

The Executive Committee, which has the authority to act on behalf of the full Commission during the interim between Commission meetings, approves next fiscal year's budget at its annual meeting in June just prior to the end of the fiscal year, while the full Commission approves the prior fiscal year's audit and other major organizational financial decisions at its fall meeting. The Finance and Audit Committee attempts to meet quarterly to review organizational financials and policies and make recommendations to the Commission where appropriate.

As noted earlier, net position may serve over time as a useful indicator of MHEC's financial position. MHEC's assets exceeded its liabilities by \$15,481,871 and \$10,028,283 as of June 30, 2024 and 2023, respectively. Current assets net of current liabilities increased \$5,516,073 due to increased program revenue from negotiated administrative fees and expenses associated with technology contracts.

**Condensed Statements of Net Position**

	As of June 30		Increase (Decrease)
	2024	2023	
<b>Assets</b>			
Current Assets	\$ 17,968,768	\$ 12,056,924	\$ 5,911,844
Capital Assets, Net	215,839	287,710	(71,871)
<b>Total Assets</b>	<u>\$ 18,184,607</u>	<u>\$ 12,344,634</u>	<u>\$ 5,839,973</u>
<b>Liabilities</b>			
Current Liabilities	\$ 2,615,742	\$ 2,138,016	\$ 477,726
Long-Term Liabilities	86,994	178,335	(91,341)
<b>Total Liabilities</b>	<u>\$ 2,702,736</u>	<u>\$ 2,316,351</u>	<u>\$ 386,385</u>
<b>Net Position</b>			
Restricted	\$ 20,073	\$ 20,073	\$ -
Net Investment in Capital Assets	37,504	22,166	15,338
Unrestricted	15,424,294	9,986,044	5,438,250
<b>Total Net Position</b>	<u>\$ 15,481,871</u>	<u>\$ 10,028,283</u>	<u>\$ 5,453,588</u>



**MIDWESTERN HIGHER EDUCATION COMPACT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2024 AND 2023**

Key elements of the increase of net position of \$5,535,543 and \$4,547,384 for the fiscal years ending June 30, 2024 and 2023, respectively are as follows:

**Condensed Statements of Revenues, Expenses and Changes in Net Position**

	As of June 30		Increase
	2024	2023	
Operating Revenues	\$ 9,574,313	\$ 8,497,304	\$ 1,077,009
Operating Expenses	4,472,223	3,969,714	502,509
Operating Income	5,102,090	4,527,590	574,500
Nonoperating Revenues (Expenses), Net	351,498	19,569	331,929
Change in Net Position	<u>5,453,588</u>	<u>4,547,159</u>	<u>\$ 906,429</u>
Net Position, Beginning of Year	10,028,283	5,481,124	\$ 4,547,159
Net Position, End of Year	<u>\$ 15,481,871</u>	<u>\$ 10,028,283</u>	<u>\$ 5,453,588</u>

- MHEC's operating revenues for fiscal year 2024 increased \$1,077,009 as compared to fiscal year 2023. This increase was due to continue strong revenue relating to technology contracts. Operating revenues for fiscal year 2023 increased \$3,723,705 as compared to fiscal year 2022. This increase was due to the renegotiated technology contracts.
- Overall, fiscal year 2024 operating expenses increased \$502,509 compared to 2023. This was mostly due to increase expenses relating to policy and reach, as well as convening. During fiscal year 2023 total operating expenses decreased \$237,247 compared to 2022. This was mostly due to a reduction in contracted services related to expiring grants.

**DEBT ADMINISTRATION**

MHEC entered into finance lease agreements primarily for copying equipment and office space. The balance of all finance leases payable totaled \$178,335 and \$265,544 as of June 30, 2024, and 2023, respectively, with payments payable through fiscal year 2026. Additional information on MHEC's long-term liabilities can be found in Note 6 of this report.

**NEXT YEAR'S FUNDING AND BUDGET**

The Midwestern Higher Education Compact's budget for fiscal year 2025 was approved by the officers in June 2024. MHEC will continue to utilize funds to further operations and strategic mission goals.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide an overview of MHEC finances and to demonstrate MHEC's accountability for the money it receives.

Questions about information in this report or requests for additional financial information should be addressed to Midwestern Higher Education Compact, 105 5<sup>th</sup> Avenue South, Minneapolis, MN 55401

*Report of Independent Auditors – keep this page as a placeholder for the table of contents.*

**MIDWESTERN HIGHER EDUCATION COMPACT  
STATEMENT OF NET POSITION  
JUNE 30, 2024**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 14,389,928
Restricted Cash	20,176
Accounts Receivable	3,477,441
Prepaid Expenses	81,223
Total Current Assets	17,968,768

**CAPITAL ASSETS**

Capital Assets, Net	94,420
Right-of-Use (ROU) Lease Assets, Net	121,419
Total Capital Assets, Net	215,839

Total Assets	\$ 18,184,607
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**LIABILITIES AND NET POSITION**

**CURRENT LIABILITIES**

Accounts Payable	\$ 2,224,440
Accrued Vacation	151,747
Accrued Payroll and Related Expenses	93,010
Unearned Revenue	55,204
Current Portion of Long-Term Lease Liability	91,341
Total Current Liabilities	2,615,742

**LONG-TERM LIABILITIES**

Long-Term Lease Liability	86,994
Total Long-Term Liabilities	86,994

Total Liabilities	2,702,736
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**NET POSITION**

Restricted	20,073
Net Investment in Capital Assets	37,504
Unrestricted	15,424,294
Total Net Position	15,481,871

Total Liabilities and Net Position	\$ 18,184,607
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*The accompanying notes are an integral part of these financial statements.*

**MIDWESTERN HIGHER EDUCATION COMPACT**

**STONE ARCH INSURANCE COMPANY  
COMPONENT UNIT - BALANCE SHEET  
AS OF DECEMBER 31, 2023**

	<u>2023</u>
<b>Assets</b>	
Cash and Restricted Cash	\$ 10,501,039
Prepaid Expenses	4,553
Federal Income Tax Receivable	949,102
Deferred Federal Income Tax Asset	1,006
Total Assets	<u>\$ 11,455,700</u>
<b>Liabilities and Stockholder's Equity</b>	
<b>Liabilities</b>	
Net Deposit Liability	5,905,701
Accounts Payable and Accrued Liabilities	4,790
Total Liabilities	<u>5,910,491</u>
<b>Stockholder's Equity</b>	
Common stock, \$0 par value, 1,000,000 shares authorized, 250,000 shares issued and outstanding	-
Contributed Capital	250,000
Retained Earnings	5,295,209
Total Stockholder's Equity	<u>5,545,209</u>
Total Liabilities and Stockholder's Equity	<u>\$ 11,455,700</u>

*The accompanying notes are an integral part of these financial statements.*

**MIDWESTERN HIGHER EDUCATION COMPACT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2024**

<b>OPERATING REVENUES</b>	
State Commitments	\$ 1,380,000
Program Revenues:	
Technology Contract	6,834,276
MHECare	511,816
Midwestern-State Authorization Reciprocity Agreement (M-SARA)	523,461
Grants	324,760
Total Operating Revenues	<u>9,574,313</u>
<b>OPERATING EXPENSES</b>	
Program Services:	
Convening	1,074,989
Technology Contract	428,671
Risk Management	100,923
M-SARA	562,256
Other	74,105
Policy and Research	1,175,757
Total Program Services Expenses	<u>3,416,701</u>
Management and General Expenses	1,052,692
Fundraising Expenses	2,830
Total Operating Expenses	<u>4,472,223</u>
<b>OPERATING INCOME</b>	5,102,090
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest Income	355,135
Interest Expense	(3,637)
Total Nonoperating Revenues (Expenses)	<u>351,498</u>
<b>CHANGE IN NET POSITION</b>	5,453,588
Net Position - Beginning of Year	<u>10,028,283</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 15,481,871</u></u>

*The accompanying notes are an integral part of these financial statements.*

**MIDWESTERN HIGHER EDUCATION COMPACT**

**STONE ARCH INSURANCE COMPANY  
COMPONENT UNIT - INCOME STATEMENT  
FOR THE YEAR ENDING DECEMBER 31, 2023**

	<u>2023</u>
<b>Revenue</b>	
Net (Loss) Gain on Deposit Contracts	\$ (52,866)
Interest Income	<u>319,152</u>
Total Revenue	266,286
<b>Expenses</b>	
General and Administrative Expenses	<u>249,273</u>
Total Expenses	249,273
Income before Federal Income Taxes	17,013
Federal Income Tax Expense (Benefit)	<u>29,136</u>
Net (Loss) Income	<u><u>\$ (12,123)</u></u>

**STONE ARCH INSURANCE COMPANY  
COMPONENT UNIT - STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY  
YEAR ENDED DECEMBER 31, 2023**

	<u>Contributed Capital</u>	<u>Retained Earnings</u>	<u>Total Shareholder's Equity</u>
Balance at December 31, 2022	\$ 250,000	\$ 5,307,332	\$ 5,557,332
Net Loss	<u>-</u>	<u>(12,123)</u>	<u>(12,123)</u>
Balance at December 31, 2023	<u><u>\$ 250,000</u></u>	<u><u>\$ 5,295,209</u></u>	<u><u>\$ 5,545,209</u></u>

*The accompanying notes are an integral part of these financial statements.*

**MIDWESTERN HIGHER EDUCATION COMPACT  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2024**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Received for State Commitments	\$ 1,380,000
Cash Received for Grants And Contracts	9,498,629
Cash Received for Other Operating Revenue	85
Cash Payments to Employees for Services	(1,784,206)
Cash Paid to Vendors	(3,948,896)
Net Cash From Operating Activities	<u>5,145,612</u>

**CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES**

Principal Paid on Leases and Direct Borrowing Payable	(87,209)
Interest Paid on Leases	(3,637)
Net Cash From Capital Financing Activities	<u>(90,846)</u>

**CASH FLOWS FROM CAPITAL INVESTING ACTIVITIES**

Interest Received	355,135
Net Cash From Investing Activities	<u>355,135</u>

**NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH**

5,409,901

Cash, Cash Equivalents, and Restricted Cash - Beginning of Year

9,000,203

**CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR**

\$ 14,410,104

**CASH FLOWS PROVIDED BY OPERATING ACTIVITIES**

Operating Income	\$ 5,102,090
Adjustments to Reconcile Change in Operating Income to Net Cash	
Depreciation	29,922
Amortization	63,529
Addition to Property and Equipment	(21,580)
Changes in Assets and Liabilities Related to Operations:	
Receivables	(463,194)
Prepaid Expenses	(38,749)
Accounts Payable	493,647
Accrued Vacation, Payroll and Related Expenses	12,547
Unearned Revenue	(32,600)
Net Cash From Operating Activities	<u><u>\$ 5,145,612</u></u>

*The accompanying notes are an integral part of these financial statements.*

**MIDWESTERN HIGHER EDUCATION COMPACT**  
**STONE ARCH INSURANCE COMPANY**  
**COMPONENT UNIT - STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2023**

	2023
<b>Cash Flows from Operating Activities</b>	
Net (loss) income	\$ (12,123)
Add (deduct) items not affecting cash:	
Net deferred federal income tax	14,818
Changes in assets and liabilities	
Prepaid expenses	10,403
Federal income taxes receivable	14,319
Net deposit liability	(66,250)
Accounts payable and accrued expenses	(70,560)
Net cash flows from operating activities	(109,393)
<b>Cash Flows from Financing Activities</b>	
Capital contributed and total cash flows from financing activities	
Net Change in cash and restricted cash	(109,393)
Cash and restricted cash, beginning of period	10,610,432
Cash and restricted cash, end of period	\$ 10,501,039

*The accompanying notes are an integral part of these financial statements.*



**MIDWESTERN HIGHER EDUCATION COMPACT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

Midwestern Higher Education Compact (MHEC or the Compact) is a regional multistate nonprofit organization established by interstate compact to help its member states work together to achieve cost savings, collaborate, and share best practices and to meet the workforce and education needs of their residents. MHEC encourages cooperation and the sharing of resources among states and institutions and with related private and public entities.

**Definition of Reporting Entity**

MHEC follows Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity and respective financial accountability. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. MHEC is not a component unit of any other primary governmental entity or governing body.

**Discretely Presented Component Unit**

MHEC has determined that the Stone Arch Insurance Company (Stone Arch) meets the criteria to be presented as a component unit of MHEC. The Company is wholly owned by the Midwestern Higher Education Compact and was formed to provide insurance coverage to the member institutions of MHEC (the Insureds), as more fully described in Note 9. Stone Arch is included in MHEC's reported entity because (1) MHEC holds a majority equity interest in the entity, that does not meet the definition of an investment under GASB State No. 72 and (2) MHEC can impose its will upon Stone Arch by significantly influencing the program, projects, activities, or level of services performed by Stone Arch. Stone Arch's financial statements are presented following each of MHEC's respective basic financial statements, as Stone Arch operates and reports on a calendar year basis and on the Financial Accounting Standards Board (FASB) basis of accounting. The financial information included herein is presented as of December 31, 2023 (the most recent audit information available).

**MIDWESTERN HIGHER EDUCATION COMPACT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

The significant accounting policies of MHEC are described as follows:

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The accounting policies of MHEC conform to generally accepted accounting principles (GAAP) applicable to governmental units accounted for as a Proprietary Fund. The Proprietary Fund is used since MHEC's powers are related to those operating in a manner like a private organization. Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Following the accrual basis of accounting, revenue is recognized when earned, and expenses are recognized when the liability is incurred. Revenue is recognized on all grants as allowable reimbursable expenses are incurred. Cash received more than allowable expenses is recorded as unearned revenue or refundable advances, and allowable expenses incurred more than cash received are recorded as receivables. Program cash is deposited into and disbursed from a single checking account with accountability maintained using departmental accounting. MHEC distinguishes between operating revenues and expenses and nonoperating items in the statement of revenues, expenses, and changes in net position. Operating revenues and expenses generally result from providing services in connection with MHEC's purpose of providing education services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

**Cash, Cash Equivalents, and Restricted Cash**

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

Restricted cash is cash received from legally separate entities, deposited in MHEC cash accounts, and are restricted to purpose of use. When an expenditure is incurred for purposes for which both restricted and unrestricted cash are available, MHEC considers restricted funds to have been spent first.

**Accounts Receivable**

Accounts receivable consist primarily of amounts collectible 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 receivables are written off when deemed uncollectible. On June 30, 2024, the allowance was \$-0-. Accounts receivables are due within 30 days. Accounts receivables are not secured. Statements are issued quarterly, and balances are reviewed monthly for collectability.

**MIDWESTERN HIGHER EDUCATION COMPACT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Capital Assets**

Capital asset additions over \$3,500 are recorded at cost or, if donated, at the acquisition value at the date of donation. Depreciation and amortization of capital assets is provided using the straight-line method over the estimated useful lives of the assets.

Computers	3 Years
Software and IT Equipment	5 Years
Furniture	10 Years
Leasehold Improvements	Lesser of Useful Life or Lease Term

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 revenues, expenses, and changes in net position. 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 capital assets 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 year ended June 30, 2024.

**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.

**MIDWESTERN HIGHER EDUCATION COMPACT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**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.

**Revenue Recognition**

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 are based on an agreed upon administration fee applied to the total premiums paid by students and institutions participating in the program. Midwestern-State Authorization Reciprocity Agreement (M-SARA) revenue is recognized when earned, the Organization receives revenues based on the budget of NC-SARA and a set amount is voted on by the NC-SARA finance and audit committee. Program revenue from Research is recognized when earned. Unsecured credit is extended to these organizations in the normal course of business.

**Grants**

Revenue is recognized in the year to which it applies. For multiyear grants and contracts, revenue is recognized to cover the expenses which accrue in that year and excess revenue is deferred. MHEC recognizes all excess revenue in the year the grant or contract concludes.

**Expense Allocation**

The costs of providing various programs and other activities have been summarized on the statement of revenues, expenses, and changes in net position. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Net Position**

Included in the net position are unrestricted, restricted net position and net investment in capital assets. When an expenditure is incurred for purposes for which both restricted and unrestricted net position are available, MHEC considers restricted funds to have been spent first. Also included in net position is net investment in capital assets. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.

**MIDWESTERN HIGHER EDUCATION COMPACT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Compensated Absences**

Full-time employees of MHEC are eligible to earn up to 120 hours of paid vacation each fiscal year during their first three years of employment. After three years of full-time employment with MHEC, full-time employees are eligible to earn up to 160 hours of paid vacation each fiscal year. Employees regularly scheduled to work at least 20 hours per week for MHEC are eligible to earn paid vacation days on a proportional basis. A maximum of 240 hours of vacation leave can be carried over each year. Earned vacation hours in excess of the maximum are forfeited at the end of each fiscal year. Unused vacation leave is paid upon termination if there is a remainder. MHEC provides up to 16 days each year of paid holiday and 12 days paid personal time off for full-time employees. Unused personal time off, separate from vacation, is forfeited at the end of each fiscal year and at time of termination.

**Unearned Revenue**

Unearned revenue consists of amounts received in advance related to a grant. The grant funds are recognized as revenue when the related expenses are incurred and the performance obligations are satisfied in accordance with the terms of the grant agreement.

**Long-Term liabilities**

Long Term liabilities include obligations that will not be paid within the next fiscal year.

**Adoption of New Accounting Standard**

In May 2022, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96 – Subscription Based Information Technology Arrangements. MHEC adopted this statement effective July 1, 2022. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible assets) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBIT. We have determined the adoption of the statement to not have a material impact on the financial statement as of June 30, 2024.

**Right-of-Use Assets and Liabilities**

The Compact determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) lease assets and lease liability in the statement of net position.

**MIDWESTERN HIGHER EDUCATION COMPACT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Right-of-Use Assets and Liabilities (Continued)**

ROU assets represent the Compact's right to use an underlying asset for the lease term and lease liabilities represent the Compact's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Compact will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Compact has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of net position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Compact has elected to use its estimated incremental borrowing rate. The estimated incremental borrowing rate is an estimate of the interest rate that would be charged for borrowing the lease payment amount during the lease term.

**NOTE 2 CASH, CASH EQUIVALENTS, AND RESTRICTED CASH**

Cash, cash equivalents, and restricted cash are reflected on the June 30, 2024 statement of net position as follows:

Unrestricted	\$ 14,389,928
Restricted	20,176
Total Cash, Cash Equivalent, and Restricted Cash	\$ 14,410,104

**NOTE 3 CONCENTRATION**

For the year ended June 30, 2024, 14% of MHEC's revenue was from state commitment dues. These dues are split evenly among MHEC's 12 member states. Revenue from technology contracts was 71% of MHEC's revenues with one contract attributed to 92% of the technology contract revenue.

**NOTE 4 RETIREMENT PLAN**

Employees of the Compact participate in a Teachers Insurance and Annuity Association of America (TIAA) tax deferred annuity plan (TDA) upon completion of a 30-day waiting period and a deferred compensation (DC) retirement plan. 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 \$213,187 for the year ended June 30, 2024.

**MIDWESTERN HIGHER EDUCATION COMPACT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 5 CAPITAL ASSETS**

Capital assets consist of the following:

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024
Capital Assets, Being Depreciated:				
Computers	\$ 30,407	\$ -	\$ -	\$ 30,407
Software and IT Equipment	306,463	21,580	-	328,043
Furniture	176,961	-	-	176,961
Leasehold Improvements	375,877	-	-	375,877
Total Capital Assets	<u>889,708</u>	<u>21,580</u>	<u>-</u>	<u>911,288</u>
Less: Accumulated Depreciation	<u>(786,946)</u>	<u>(29,922)</u>	<u>-</u>	<u>(816,868)</u>
Net Capital Assets, Being Depreciated	102,762	(8,342)	-	94,420
Right-of-Use Lease Assets:				
Office Space	302,145	-	-	302,145
Equipment	<u>9,863</u>	<u>-</u>	<u>-</u>	<u>9,863</u>
Total Right-of-Use Assets	312,008	-	-	312,008
Accumulated Amortization - Office Space	(122,906)	(61,452)	-	(184,358)
Accumulated Amortization - Equipment	<u>(4,154)</u>	<u>(2,077)</u>	<u>-</u>	<u>(6,231)</u>
Total Accumulated Amortization	<u>(127,060)</u>	<u>(63,529)</u>	<u>-</u>	<u>(190,589)</u>
Net Right-of-Use Lease Asset Balance	<u>184,948</u>	<u>(63,529)</u>	<u>-</u>	<u>121,419</u>
Total Capital Assets, Net	<u>\$ 287,710</u>	<u>\$ (71,871)</u>	<u>\$ -</u>	<u>\$ 215,839</u>

**MIDWESTERN HIGHER EDUCATION COMPACT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 6 RIGHT-OF-USE ASSETS AND LIABILITIES**

MHEC leases equipment and office facilities for various terms under long-term, noncancelable operating lease agreements. MHEC leases office space at 105 5th Avenue South in Minneapolis. This lease expires May 31, 2026, has an initial right-of-use value of \$302,145 and a discount rate of 1.66%. The net value at June 30, 2024, of this lease is \$117,785. MHEC leases a copier, which expires March 24, 2026, and has an initial Right-of-Use value of \$9,863 with a discount rate of 1.66%. The net value at June 30, 2024, of this lease is \$3,634. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. Certain facility leases provide for increases in future minimum annual rental payments. Additionally, the agreements generally require the Company to pay real estate taxes, insurance, and repairs, which are excluded from the right to use assets and liability, and expensed as incurred.

The long-term lease activity for the year ended June 30, 2024 is as follows:

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Amount Due in One Year
Long-term Lease Liability, net	\$ 178,335	\$ -	\$ 91,341	\$ 86,994	\$ 91,341
	<u>\$ 178,335</u>	<u>\$ -</u>	<u>\$ 91,341</u>	<u>\$ 86,994</u>	<u>\$ 91,341</u>

A maturity analysis of future lease payments as of June 30, 2024, is as follows:

Year Ending	Principal	Interest	Total
2025	\$ 91,341	\$ 2,144	\$ 93,485
2026	86,994	604	87,598
Totals	<u>\$ 178,335</u>	<u>\$ 2,748</u>	<u>\$ 181,083</u>

**NOTE 7 RISK MANAGEMENT**

MHEC is exposed to various risks of loss related to premises liability; torts, thefts of, damage to or destruction of assets; injury to staff and acts of God. MHEC purchases commercial liability insurance for directors and officers and employment practices (\$3,000,000 combined limit), general liability (\$1,000,000), professional liability and errors and omissions (\$1,000,000 combined limit), cyber insurance (\$2,000,000), crime insurance (\$1,000,000) along with general umbrella (\$4,000,000) and business travel accident insurance, property coverage on a replacement cost basis and workers comp coverage for all MHEC employees. There have been no claims in over five years.



**MIDWESTERN HIGHER EDUCATION COMPACT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 8 FUNCTIONAL AND NATURAL EXPENSE CLASSIFICATION**

MHEC's operating expenses by functional and natural classification are as follows:

	Program Services	Management and General	Fundraising	Total
Salaries and Benefits	\$ 1,935,953	\$ 503,961	\$ 2,830	\$ 2,442,744
Professional Fees	1,691	289,995	-	291,686
Contract Services	358,758	98,156	-	456,914
Office Space Lease	78,318	27,104	-	105,422
Office Supplies	6,779	2,019	-	8,798
Postage and Shipping	5,136	1,106	-	6,242
Printing	3,146	1,094	-	4,240
Dues and Subscriptions	16,993	19,896	-	36,889
Software/Maintenance Contract	84,788	36,727	-	121,515
Telephone	7,230	2,502	-	9,732
Insurance	22,482	7,780	-	30,262
Miscellaneous	5,883	6,089	-	11,972
Depreciation and Amortization	69,425	24,026	-	93,451
Travel/Meetings/Conference	780,392	19,960	-	800,352
Office Equipment	39,727	12,277	-	52,004
Total Expenses by Function	<u>\$ 3,416,701</u>	<u>\$ 1,052,692</u>	<u>\$ 2,830</u>	<u>\$ 4,472,223</u>

**NOTE 9 DISCRETELY PRESENTED COMPONENT UNIT DISCLOSURES**

**Note A - Organization and Significant Accounting Policies**

**Organization**

Stone Arch Insurance Company (Stone Arch or the Company), was incorporated under the laws of the State of Vermont effective June 8, 2021, and issued a Certificate of Authority effective July 1, 2021, permitting the Company transact the business of a captive insurance company by the Vermont Department of Financial Regulation (the Department).

The Company is wholly-owned by the Midwestern Higher Education Compact (MHEC or the Parent), and was formed to provide insurance coverage to the member institutions of MHEC (the Insureds), as more fully described in Note B.

MHEC is a 501(c)3 entity, one of the four statutorily created higher education interstate compacts founded in 1991. 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.

The Company has no employees. Pursuant to a management agreement, Marsh Management Services Inc. provides accounting, records retention, regulatory compliance, and other related services to the Company.

**MIDWESTERN HIGHER EDUCATION COMPACT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

***Basis of Reporting***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) promulgated by the Financial Accounting Standards Board Accounting Standards Codification.

***Use of Estimates***

Preparation of financial statements in accordance with U.S. GAAP 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.

***Subsequent Events***

The Company has evaluated subsequent events for disclosure and recognition through August 26, 2024, the date on which these financial statements were available to be issued.

***Deposit Accounting***

As more fully described in Note B, Stone Arch assumes property coverage from two unrelated insurance companies. Management has determined that the assumed reinsurance agreements do not subject the Company to a reasonable possibility of realizing a significant loss. Accordingly, these transactions have been accounted for using the deposit method of accounting, which follows the guidance for insurance and reinsurance contracts that do not transfer risk.

Premium deposits assumed by the Company are earned ratably over the terms of the agreements to which they relate as a component of net gain on deposit contracts on the statements of operations. Amounts related to the unexpired portion of the policy term at the balance sheet dates are reported as a component of the net deposit liability.

***Liability for Losses and Loss Adjustment Expenses***

The liability for unpaid losses and loss adjustment expenses (LAE) reported as part of the net deposit liability consists of case-basis estimates of reported losses, plus supplemental amounts related to incurred but not reported losses (IBNR) calculated based upon loss projections utilizing actuarial studies of the insureds' historical experience and industry data. An estimate of ultimate losses and LAE is projected at each reporting date. IBNR reserves are derived from the difference between the projected ultimate losses and LAE and the sum of case-basis losses and LAE and inception-to-date paid losses and LAE. In establishing its aggregate liability for losses and LAE, the Company utilizes the findings of an independent consulting actuary. Actuarial methodologies used by the consulting actuary include the Bornhuetter-Ferguson and loss development methods, on both a paid and incurred basis, as well as the frequency severity method.

**MIDWESTERN HIGHER EDUCATION COMPACT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

Management believes that its aggregate liability for unpaid losses and LAE at December 31, 2023 and 2022 represents its best estimate, based upon the available data, of the amount necessary to cover the ultimate cost of losses. However, because of the limited population of insured risks, limited historical data, uncertainty related to economic conditions, judicial decisions, legislation and other uncertainties, actual loss experience may not conform to the assumptions used in determining the estimated amounts for such liability at the balance sheet date. Accordingly, the ultimate liability could be significantly in excess of or less than the amount indicated in the financial statements. As adjustments to these estimates become necessary, such adjustments are reflected in current operations.

***Cash and Restricted Cash***

For the purposes of the statement of cash flows, the Company considers money market fund accounts and all other highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

The Federal Deposit Insurance Corporation (FDIC) insures amounts on deposit with each financial institution up to limits as prescribed by law. The Company holds funds with financial institutions in excess of the FDIC or non-FDIC insured amounts; however, the Company has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

Restricted cash consists of cash held by the Company and pledged as collateral for letters of credit (LOCs) obtained for the benefit of the unrelated insurance companies, as further described in Note B.

A summary of the Company's cash and restricted cash at December 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Cash - M&T Bank	\$ 840,456	\$ 3,699,849
Restricted cash - M&T Bank	<u>9,660,583</u>	<u>6,910,583</u>
Total cash and restricted cash	<u>\$ 10,501,039</u>	<u>\$ 10,610,432</u>

**Note B - Insurance Activity**

Effective July 1, 2021, the Company assumes property coverage from AIG Property Casualty Company (AIG) and Zurich American Insurance Company (Zurich), with a per occurrence limit of \$2,500,000, and an annual aggregate limit of \$8,210,583. Insured deductibles range from \$25,000 to \$1,000,000 and only apply to losses, not LAE. The assumed limits are excess of the insureds' deductible, and include LAE. The Company assumes 100% of the coverage on a quota share basis, 60% from AIG (\$1,500,000 per occurrence and \$4,210,583 in the aggregate) and 40% from Zurich (\$1,000,000 per occurrence and \$4,000,000 in the aggregate).

**MIDWESTERN HIGHER EDUCATION COMPACT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

Effective July 1, 2022, the Company assumes property coverage with a combined per occurrence limit of \$1,937,500, and a combined aggregate limit of \$5,000,000. The Company assumes from AIG 75% of \$1,750,000 per occurrence (\$1,312,500 per occurrence), and 75% of the aggregate limit (\$3,750,000). The Company assumes from Zurich 25% of \$2,500,000 (\$625,000 per occurrence), and 25% of the aggregate limit (\$1,250,000). Treatment of insureds' deductibles and LAE remains unchanged.

The assumed insurance coverage expired on July 1, 2023, and was not renewed.

As security for the assumed reinsurance agreements, the Company obtained LOCs from M&T Bank for the benefit of AIG and Zurich. A summary of the LOCs at December 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
LOC for the benefit of Zurich	\$ 1,700,000	\$ 2,700,000
LOC for the benefit of AIG	\$ 7,960,583	\$ 4,210,583

During May of 2024, the Company decreased the value of the LOC in favor of AIG to a total balance of \$6,960,583.

As disclosed in Note A, the Company holds restricted cash as collateral for the LOCs as of December 31, 2023 and 2022.

As of December 31, 2022, the Company also placed \$100,000 on deposit with Zurich as additional collateral, which was included as a component of the net deposit liability. Zurich released the funds withheld during 2023; therefore, as of December 31, 2023, there were no funds withheld.

As of December 31, 2023 and 2022, the components of the net deposit liability are as follows:

	<u>2023</u>	<u>2022</u>
Case-basis loss and LAE reserves	\$ 2,928,997	\$ 3,697,979
IBNR loss and LAE reserves	2,970,109	4,435,539
Deposit contract premium receivable	-	(2,196,492)
Fronting fees payable	-	128,224
Premium taxes payable	6,595	6,701
Funds held - Zurich	-	(100,000)
Net deposit liability	<u>\$ 5,905,701</u>	<u>\$ 5,971,951</u>

**MIDWESTERN HIGHER EDUCATION COMPACT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

The components of the net (loss) gain recorded on deposit contracts for the year ending December 31, 2023, and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Deposit premium earned	\$ (46,376)	\$ 9,950,411
Losses and LAE paid	(2,234,412)	(146,482)
Change in loss and LAE reserves	2,234,412	(5,980,970)
Policy acquisition costs incurred	<u>(6,490)</u>	<u>(543,987)</u>
Net gain on deposit contracts	<u>\$ (52,866)</u>	<u>\$ 3,278,972</u>

In accordance with the guidance, the liability for loss and LAE should be recorded as component of the net deposit liability at discounted present value. Due to the short pay-out period associated with the coverage offered, the Company recorded these amounts at their current value, which approximates the discounted present value.

**Note C - Federal Income Taxes**

The Company files its federal income tax return on a standalone basis, and is not considered an insurance company for federal income tax purposes. The Company calculates its tax liability using the U.S. federal statutory tax rate of 21%. The provision for income taxes differs from the amount of income tax expense determined by applying the 21% tax rate to pre-tax net income due to the net gain on deposit contracts, which is excluded from taxable income.

The components of the provision for federal income tax for the periods ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Current expense (benefit)	\$ 14,318	\$ (150,488)
Deferred expenses (benefit)	<u>14,818</u>	<u>(11,624)</u>
Federal income expense (benefit)	<u>\$ 29,136</u>	<u>\$ (162,112)</u>

For the years ended December 31, 2023 and 2022, the Company received an income tax refund of \$150,000, and paid income taxes of \$640,000, respectively.

Deferred federal income taxes arise from temporary differences between the valuation of certain assets and liabilities as determined for financial reporting purposes and federal income tax purposes. The Company's temporary differences are measured at an effective tax rate of 21% as of December 31, 2023 and 2022. Although realization is not assured, management believes it is more likely than not that the deferred tax will be realized. The amount of the deferred tax considered realizable could be reduced in the near term if estimates of future taxable income are reduced.

**MIDWESTERN HIGHER EDUCATION COMPACT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024**

As of December 31, 2023 and 2022, the Company recorded a deferred tax asset amounting to \$1,006 and \$15,824, respectively, that relates entirely to timing of accrued expenses.

The Company accounts for uncertain tax positions in accordance with applicable guidance. Accordingly, any tax benefits resulting from uncertain tax positions taken, or expected to be taken in a tax return, would require the accrual of a liability. No uncertain tax positions have been identified by management, nor any liabilities accrued, as of December 31, 2023 and 2022.

**Note D - Shareholder's Equity**

In accordance with laws of the State of Vermont, for the purpose of submitting its financial statements to the Department, the Company is required to use U.S. GAAP with the exception of variances prescribed by Vermont laws and regulations or permitted by the Department. The laws of the State of Vermont require the Company to maintain unimpaired minimum capital and surplus (shareholder's equity) of \$250,000. As of December 31, 2023 and 2022, shareholder's equity totaled \$5,545,209 and \$5,557,332, respectively.

Vermont law provides that no dividends may be paid without prior approval of the Insurance Commissioner of the Department. No dividends were declared or paid during the years ending December 31, 2023 and December 31, 2022.

Net (loss) income and capital and surplus as reported in the 2023 and 2022 Vermont Captive Insurance Company Annual Reports and the corresponding amounts reported in these financial statements are reconciled as follows:

	December 31, 2023		December 31, 2022	
	Net Income	Capital and Surplus	Net Income	Capital and Surplus
As reported in the Annual Report	\$ (13,026)	\$ 5,544,305	\$ 588,475	\$ 2,952,694
Net deposit liability	-	905	-	2,569,606
Net (loss) gain on deposit liability	(1)	-	2,569,606	-
General and administrative expense	905	-	-	-
Federal income taxes	-	-	35,032	35,032
Rounding	(1)	(1)	-	-
As reported in the financial statements	<u>\$ (12,123)</u>	<u>\$ 5,545,209</u>	<u>\$ 3,193,113</u>	<u>\$ 5,557,332</u>

## **Action Item 4**

### **FY24 Audit**

**Proposed Action 4:** Based on the recommendation of the Finance and Audit Committee, the Commission approve the audit for FY24.

# FY24 Audit Report and Form 990 Timeline

## Moss Adams Presenters



### **Emina Cresswell**

Tax Senior Manager

Emina Cresswell has practiced public accounting since 2007. She's the tax leader of the Washington region's Not-for-Profit Practice. Emina focuses on tax compliance and consulting services for a wide range of not-for-profit clients, including public charities, private foundations, colleges and universities, credit unions, health care, telecommunication, and utility cooperatives. She also has extensive experience advising not-for-profit organizations on formation and ongoing retention of tax-exempt status, Forms 990 and 990-T, state reporting issues, payroll reporting, information reporting, tax reform implications, unrelated business income, related organizations, and taxable subsidiaries.



### **Ashlee Lent**

Senior Manager

Ashlee Lent has practiced public accounting at Moss Adams since 2013, and specializes in serving higher education, governmental, and not-for-profit organizations. She's very hands-on with her clients and always strives to provide a smooth audit process, as client service is a passion of hers. Ashlee works extensively in the testing of investment portfolios, including cryptocurrencies, with a significant amount of the portfolios including alternative investments. She has significant background in compliance with student financial assistance awards, research and development grants, higher education emergency relief funds, and many other programs. Ashlee works with several foundations within the higher education industry. Prior to joining Moss Adams, she was a private accountant for a small business.



# Finance & Audit Committee Report Guiding Notes

## Review FY24 Audited Financial Statements Draft – Ashlee Lent & Emina Cresswell, Moss Adams Senior Managers

- This is the second year that Moss Adams is MHEC's audit firm.
- The FY24 audit started on September 16, 2024, and was conducted virtually.
- This is the third year that MHEC is being audited under GASB standards instead of FASB standards.
- This is the second year that MHEC's wholly owned captive, Stone Arch's financials are included in the MHEC financials.
- The audit went smooth and was completed on time this year.
- Clifton Larson Allen (CLA) continues to help MHEC staff prepare for the audit and navigate a few financial issues, including the new Lease Standard change and other accounting practice changes and updates.

## Review FY24 Budget to Actuals and FY25 YTD Financial Statements draft – Treasurer Larry Tidemann

### FY24 Budget to Actuals

- *Revenues*
  - Technology contracts revenues came in over \$2 million (145%) higher than originally budgeted and are expected to continue at that amount due to an increased administrative fee (1.50 %), more in line with industry standards. FY24 was MHEC's 2<sup>nd</sup> year of the increased admin fee.
  - Policy and Program revenues came in slightly higher than budgeted.
  - All 12 states paid state commitments on time in FY24.
  - Interest income came in \$330k over budget due to MHEC's ICS interest rate going from .4% to 3.5% along with increased funds in the ICS account.
- *Expenses*
  - There are four main categories within MHEC's expenses, and they are salaries and benefits, professional fees, consultant fees, and general operations (which consists of long-term rents/leases, office related expenses, convening, risk management, and other).
    - *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 147%. The main contributor to that increase is the use of our accounting consultants and increased audit and tax preparation costs due to and tax preparers. HR & payroll support fees are up due to MHEC utilizing a search firm and more formal process to hire our new Vice President and 2 other staff.

- *Consultant Fees* – This is usually a large area for MHEC however budgeting for these expenses have become more accurate. Consulting Costs came in under budget with 32% of funds being used. This is due to lower-than-expected use of Strategic Initiative consultants. Some of these consultants’ fees have already started to happen in FY25.
- *Convening* – While there are variations within the individual travel accounts, convening expenses as a whole are close to the budgeted amounts.
- *General Operations* – Overall MHEC’s general operations actual vs. budget comes out under budget by a little less than 13%. MHEC saw savings in the Office related costs due to switching phone providers and lower-than-expected computer equipment costs. Other Expenses came in under budget due to MHEC no longer having to provide M-SARA Mini grants to states. NC-SARA has taken this over. The remainder will go to the undesignated total (retained earnings). Our preliminary carryforward is \$5,453,588.

FY25 YTD Financial Statements draft\*

\*Financials are not complete and are in rough draft form. Numbers will change.

- *Revenues*

- Tech Revenue reports for the first quarter have not been received and recorded, however MHEC now records estimated revenue and compact sharing amounts to have financials reflect a more accurate portrait of MHEC’s financial position.
- Grant income is lower than expected so far due to the 2<sup>nd</sup> Hewlett grant ending in September, however a new Hewlett grant has started, and is already picking up.
- 5 states have paid their FY25 dues so far. (OH, KS, WI, MN, NE).
- MHEC received a \$50,000 sponsorship from the Strada Foundation, for the FAFSA event that MHEC hosted this past summer, that was not budgeted for.
- Other Nonoperating Revenue – Interest Income is coming in slightly higher than budgeted for due to increased funds in the ICS account.

- *Expenses*

- *Salaries and Benefits* – Salaries and benefits are coming under budget due to 2 positions budgeted for but not filled. MHEC has since filled one of the positions and is working with CLA to determine the scope of the data/IT position before hiring for that.
- *Professional Fees* – Professional fees as a whole are close to budget. Accounting fees will go up as the audit and 990 work is done. HR fees are higher than budgeted due to the use of a search firm to help find our new Director of Policy Initiatives.

- *Consultant Fees* – These are expected to increase as MHEC has hired communications and data/IT consultants as part of our Strategic Initiatives plan. Also, grant consultants will resume with the 3<sup>rd</sup> Hewlett grant officially beginning.
  - *Convening* – Convening costs are coming in under budget, however these will increase significantly after the Annual Commission Meeting in November.
  - *Office and Other Operating Costs* – Other operating costs are coming in slightly under budget due to lower-than-expected Sub Grant costs.
- *Statement of Financial Position (Balance Sheet) Highlights*
    - This statement is a standard part of a complete set of financial statements as is seen in our annual year-end audit.
    - Current Assets - are made up of Cash, Accounts Receivable and Prepaid expenses.
    - Long-term Fixed Assets - include items like Leasehold Improvements and the Right of Use account that was created when we capitalized our leases in FY22, due to a change in accounting standards.
    - MHEC has an office lease at the Crown Royal Building that expires May of 2026.
    - Liabilities - include routine Accounts Payable, Accrued Vacation Liability, Liabilities associated with capitalizing our Lease in FY22, and Deferred Revenue.
    - Deferred Revenue - captures the unearned portions of revenues, which allows the spreading of state revenues across the 12-month fiscal year to match expenditures. This also allows for the spreading of grant revenues over the course of the grant period to match expenditures.
    - Net Assets - This section reflects the ending period balance of Net Asset accounts and includes Restricted funds, Board Designated funds, and Undesignated Organization Funds.
    - With the \$5.4 million FY24 carryover plus the \$1.8 million budgeted as a carryforward this fiscal year, MHEC's total Net Assets are projected to be almost \$17.2 million at the end of fiscal year 2025.
    - MHEC is in the process of creating an investment policy to better utilize the unrestricted funds.

#### **Review Investment Policy – Treasurer Larry Tidemann**

- Due to increased revenues, MHEC has worked with CLA to create an Investment Policy and better utilize its increased organizational funds.
- The Investment Policy has been reviewed and approved by the Finance & Audit Committee.

#### **Overview of updated Non-Staff Travel Policy – Treasurer Larry Tidemann**

- The Travel Policy has not been updated since 2012.

- Over the course of multiple Finance & Audit meetings and with CLA's guidance, MHEC has created an updated Non-Staff Travel Policy that was approved by the Finance and Audit Committee in early November.

# September Monthly Financial Reports

Midwestern Higher Education Compact



DRAFT

Prepared on  
October 24, 2024

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## Midwestern Higher Education Compact

### Historical and Budgeted Financial Statements

For the Three Months Ended September 30, 2024 and Year Ending June 30, 2025

The accompanying historical financial statements and budgeted financial statements include the following departures from accounting principles generally accepted in the United States of America and the guidelines for presentation of a forecast established by the AICPA:

#### Historical

- The financial statements omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America.
- Allowance for losses is updated on an annual basis.
- Accrued vacation is updated on an annual basis.
- The financial statements do not reflect bonuses accrued at year-end.
- The entity reports expenses by natural classification and omits reporting expenses by functional classification in accordance with GAAP.

The effects of these departures have not been determined.

#### Statement of Activities' Assumptions - Budget

1. Budgeted Technology Contract Revenues increased by ~10% due to an increased administrative fee more in line with industry standards.  
The Contract Revenue budget amount represents the total amount budgeted for the entire quarter. This is the planned revenue for the three-month period. Each month 1/3 of the quarterly budgeted revenue is recognized as revenue. The monthly revenue recognized is an estimate. MHEC bills contract revenue for the quarter at the end of the quarter. Although, the precise revenue numbers are known annual, allowing MHEC to compare the actuals against the budgeted estimates. This approach helps in managing and forecasting revenue, but it's important to adjust for any discrepancies between the estimated and actual figures once the actuals are available.
2. Technology contract revenue sharing estimates are based on an agreed upon administration fee under each contract.  
The budgeted amount for compact revenue sharing is for the entire quarter, and 1/3 of this quarterly budgeted amount is recognized as monthly revenue. The compact revenue sharing figures will be recorded as actuals when they are available.
3. State Obligation Revenue the other large source of MHEC revenue is projected to stay flat at \$1,380,000 due to set state obligations. States are billed at the beginning of the fiscal year and the amount received from the states are deferred than recognized as actual revenue throughout the fiscal year.
4. Personnel Cost are budgeted to increase 13.9% due to market adjustments and growth.
5. Budgeted Personal Expenses include employee benefits such as health insurance, dental insurance, group life insurance, supplemental life insurance, short/long-term disability, employer 403(b), Section 125 Plan, Employee Parking, Car Rental Allowance, SUTA, Employee FICA, Cell Phone, and Training/Professional Development.
6. Non-Personnel Expenses include professional fees, consultants, long term rents/leases, office costs, and convening expenses. These expenses are projected to increase \$1.4M. This budget increase is driven by Communication Consultants, Computer Service & Support, and General Consultant Fees relating to efforts to continue to grow and improve the organization. The increase in budget expenses matches the increase in revenue that MHEC has experienced in FY23 to FY24 due to an increased administrative fee more in line with industry standards. Another part of the projected \$1.4M increase relates to convening expenses due to MHEC being able to hold more meetings and do more travel again in FY25.

No assurance is provided.

# Statement of Activities

For the Three Months Ended September 30, 2024

	Actual	Budget	Total over Budget
<b>REVENUE</b>			
4100 Grants	56,604.93	80,066.76	(23,461.83)
4200 Contract Revenue	1,718,193.75	1,718,193.75	0.00
4010 Microfocus Collaborative Fees	7,891.62	3,125.01	4,766.61
4230 Compact Revenue Sharing	(430,330.00)	(430,330.00)	0.00
<b>Total 4200 Contract Revenue</b>	<b>1,295,755.37</b>	<b>1,290,988.76</b>	<b>4,766.61</b>
4400 State Obligations Revenue	345,000.00	345,000.00	0.00
4603 Miscellaneous Other Income	210.00		210.00
4997 Services	50,000.00		50,000.00
<b>Total Revenue</b>	<b>1,747,570.30</b>	<b>1,716,055.52</b>	<b>31,514.78</b>
<b>TOTAL REVENUE</b>	<b>1,747,570.30</b>	<b>1,716,055.52</b>	<b>31,514.78</b>
<b>EXPENDITURES</b>			
5000 All Personnel Costs			
5001 Salary	406,657.17	487,509.24	(80,852.07)
5101 Health Insurance	68,900.25	78,625.89	(9,725.64)
5102 Dental Insurance	3,092.62	3,850.11	(757.49)
5103 Life/ LTD/ STD Insurance	3,032.54	3,542.25	(509.71)
5105 Vision Insurance	339.53	403.89	(64.36)
5107 Employer 403(b)	54,751.40	63,376.20	(8,624.80)
5108 Section 125 Plan	0.00	249.99	(249.99)
5109 Employee Parking	7,814.44	5,400.00	2,414.44
5110 Other Benefits	1,820.00	1,950.00	(130.00)
5112 SUTA	950.37	50.15	900.22
5114 Payroll Tax Expense	27,107.02	34,889.28	(7,782.26)
5115 Cell Phone	2,147.84	2,550.00	(402.16)
5116 Employee Development Funds	1,990.36	8,500.05	(6,509.69)
6305 Workers Compensation Insurance	485.97	1,462.65	(976.68)
<b>Total 5000 All Personnel Costs</b>	<b>579,089.51</b>	<b>692,359.70</b>	<b>(113,270.19)</b>
5200 All Professional Fees			
5201 Accounting Services	27,539.06	42,750.00	(15,210.94)
5202 Legal Fees	1,727.32	15,000.00	(13,272.68)
5204 Honoraria and Lecture Fees		7,786.65	(7,786.65)
5207 HR & Payroll Support	52,306.44	19,632.00	32,674.44
5210 Professional Fees - Other	295.00	0.00	295.00
<b>Total 5200 All Professional Fees</b>	<b>81,867.82</b>	<b>85,168.65</b>	<b>(3,300.83)</b>
5300 Consultants			
5301 Communications Consultant	781.25	47,499.99	(46,718.74)
5302 Computer Services & Support	51,690.45	152,765.43	(101,074.98)
5302A Allocation account Computer Svcs & Support		16,353.33	(16,353.33)
<b>Total 5302 Computer Services &amp; Support</b>	<b>51,690.45</b>	<b>169,118.76</b>	<b>(117,428.31)</b>
5304 General Consultant Fees	58,928.02	154,624.98	(95,696.96)



			<b>Total</b>
	<b>Actual</b>	<b>Budget</b>	<b>over Budget</b>
<b>Total 5300 Consultants</b>	<b>111,399.72</b>	<b>371,243.73</b>	<b>(259,844.01)</b>
6000 Office Costs			
6001 Supplies	2,156.31	1,963.11	193.20
6002 Office & Computer Equipment	2,364.47	8,681.88	(6,317.41)
6004 Publications		4,473.24	(4,473.24)
6005 Dues, Subscriptions & Memberships	12,958.91	19,138.72	(6,179.81)
6006 License	278.00	450.00	(172.00)
6007 Postage and Shipping	1,662.30	775.01	887.29
6009 Printing and Duplicating	401.90	986.07	(584.17)
6010 Telephone/Fax/Internet	2,881.72	1,729.92	1,151.80
6100 Long Term Rents/Leases			
6102 Buildings and Facilities	31,491.66	22,944.75	8,546.91
6103 Rental Equipment	649.35		649.35
6405 Amortization Expense	15,882.33	15,590.13	292.20
<b>Total 6100 Long Term Rents/Leases</b>	<b>48,023.34</b>	<b>38,534.88</b>	<b>9,488.46</b>
6108 Computer Software Expense	18,524.65	9,838.74	8,685.91
6109 Repairs and Maintenance	323.58	1,477.05	(1,153.47)
6304 Risk Management-General Agency Insurance	7,754.74	10,527.51	(2,772.77)
6315 Promotional and Award Items	14.05	853.64	(839.59)
<b>Total 6000 Office Costs</b>	<b>97,343.97</b>	<b>99,429.77</b>	<b>(2,085.80)</b>
6200 Convening Expenses			
6105 Meeting Room Rental Fees	30.00	400.00	(370.00)
6206 Conference Registration Fees	14,504.98	20,152.50	(5,647.52)
6207 Meals	8,137.47	12,524.71	(4,387.24)
6208 Transportation	47,314.15	54,644.67	(7,330.52)
6209 Lodging	31,578.24	48,347.17	(16,768.93)
6210 Meeting Catering and Food	3,245.03	20,775.26	(17,530.23)
6211 Conference Tech Services (AV)	0.00	2,862.50	(2,862.50)
<b>Total 6200 Convening Expenses</b>	<b>104,809.87</b>	<b>159,706.81</b>	<b>(54,896.94)</b>
6400 Other Operating Expenses			
5305 Sub-Grant Expense	3,000.00	25,562.49	(22,562.49)
6300 Operating Interest Charges & Service Fees		18.75	(18.75)
6402 Depreciation Expense	7,763.23	7,620.72	142.51
6404 Miscellaneous	1,030.77	999.99	30.78
<b>Total 6400 Other Operating Expenses</b>	<b>11,794.00</b>	<b>34,201.95</b>	<b>(22,407.95)</b>
<b>Total Expenditures</b>	<b>986,304.89</b>	<b>1,442,110.61</b>	<b>(455,805.72)</b>
<b>NET OPERATING REVENUE</b>	<b>761,265.41</b>	<b>273,944.91</b>	<b>487,320.50</b>
<b>OTHER REVENUE</b>			
4601 Interest Income	123,408.91	75,000.00	48,408.91
<b>Total Other Revenue</b>	<b>123,408.91</b>	<b>75,000.00</b>	<b>48,408.91</b>
<b>OTHER EXPENDITURES</b>			
7200 Nonoperating Interest Expense	688.58	536.25	152.33
<b>Total Other Expenditures</b>	<b>688.58</b>	<b>536.25</b>	<b>152.33</b>
<b>NET OTHER REVENUE</b>	<b>122,720.33</b>	<b>74,463.75</b>	<b>48,256.58</b>

No assurance is provided on these financial statements and supplemental information. See selected information

5/30

	Actual	Budget	Total over Budget
CHANGE IN NET ASSETS	\$883,985.74	\$348,408.66	\$535,577.08

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# Statement of Financial Position

As of September 30, 2024 and 2023

	As of Sep 30, 2024	As of Sep 30, 2023 (PY)	Total
<b>ASSETS</b>			
<b>Current Assets</b>			
<b>Bank Accounts</b>			
1000 MHEC - American National Bank (Checking)	3,379,471.60		4,413,643.38
1001 MHEC - American National Bank (Savings)	252,006.02		246,848.29
1003 Grant - American National Bank (Checking)	87,804.00		87,804.00
1004 MPP - American National Bank (Savings)	20,200.64		20,100.46
1102 American National Bank (ICS)	13,801,922.79		7,087,466.12
<b>Total Bank Accounts</b>	<b>17,541,405.05</b>		<b>11,855,862.25</b>
<b>Accounts Receivable</b>			
1210 MHEC - Receivables	813,537.24		2,858,640.87
<b>Total Accounts Receivable</b>	<b>813,537.24</b>		<b>2,858,640.87</b>
<b>Other Current Assets</b>			
1240 Other Accounts Receivable	1,718,193.75		41.53
1303 Prepaid Expenses	114,516.93		32,433.70
<b>Total Other Current Assets</b>	<b>1,832,710.68</b>		<b>32,475.23</b>
<b>Total Current Assets</b>	<b>20,187,652.97</b>		<b>14,746,978.35</b>
<b>Fixed Assets</b>			
1400 Fixed Assets	535,410.58		530,821.35
1404 Office Leasehold Improvements	375,877.06		375,877.06
1413 Right of Use Lease Asset	312,007.90		312,007.90
1497 Accumulated Amortization	(206,471.46)		(142,941.78)
1498 Accumulated Depreciation	(824,631.36)		(793,809.24)
<b>Total Fixed Assets</b>	<b>192,192.72</b>		<b>281,955.29</b>
<b>TOTAL ASSETS</b>	<b>\$20,379,845.69</b>		<b>\$15,028,933.64</b>

## LIABILITIES AND NET ASSETS

### Liabilities

#### Current Liabilities

##### Accounts Payable

2000 Accounts Payable	146,601.30	1,568,434.32
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<b>Total Accounts Payable</b>	<b>146,601.30</b>	<b>1,568,434.32</b>
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##### Credit Cards

2067 Divvy Credit Card	2,663.83	8,713.99
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<b>Total Credit Cards</b>	<b>2,663.83</b>	<b>8,713.99</b>
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##### Other Current Liabilities

2102 Other Payables	2,228,454.00	534,404.71
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2105 Healthcare Reimburse	1,055.52	1,479.19
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2107 HSA Reimbursement	112.57	544.50
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2108 AFLAC	332.80	192.00
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2110 403(b) Withholding	3,470.03	6,949.94
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2114 Other Payroll Withholdings	(197.31)	0.00
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	<b>As of Sep 30, 2024</b>	<b>As of Sep 30, 2023 (PY)</b>	<b>Total</b>
2117 Accrued Vacation	151,747.05	124,438.75	
2120 Accrued Payroll	41,755.49	86,325.88	
2206 Short Term Lease Liability	68,980.82	65,866.79	
2215 Deferred Revenue	1,282,019.21	1,315,934.88	
<b>Total Other Current Liabilities</b>	<b>3,777,730.18</b>	<b>2,136,136.64</b>	
<b>Total Current Liabilities</b>	<b>3,926,995.31</b>	<b>3,713,284.95</b>	
<b>Long-Term Liabilities</b>			
2300 Long Term Lease Liability	86,993.21	178,334.50	
<b>Total Long-Term Liabilities</b>	<b>86,993.21</b>	<b>178,334.50</b>	
<b>Total Liabilities</b>	<b>4,013,988.52</b>	<b>3,891,619.45</b>	
<b>Net Assets</b>			
3000 Undesignated Organizational Net Assets	10,964,537.35	6,839,948.84	
3010 Board Designated Funds	4,497,261.00	3,168,261.00	
3300 Restricted Net Assets	20,073.08	20,073.08	
Change in Net Assets	883,985.74	1,109,031.27	
<b>Total Net Assets</b>	<b>16,365,857.17</b>	<b>11,137,314.19</b>	
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$20,379,845.69</b>	<b>\$15,028,933.64</b>	

# Statement of Cash Flows

For the Three Months Ended September 30, 2024

	<b>Total</b>
<b>OPERATING ACTIVITIES</b>	
Change in Net Assets	883,985.74
Adjustments to reconcile Change in Net Assets to Net Cash provided by operations:	
1210 MHEC - Receivables	2,663,052.51
1240 Other Accounts Receivable	(1,717,342.55)
1303 Prepaid Expenses	(33,294.23)
1497 Accumulated Amortization	15,882.42
1498 Accumulated Depreciation	7,763.22
2000 Accounts Payable	(211,302.42)
2067 Divvy Credit Card	(13,983.70)
2102 Other Payables	378,566.04
2105 Healthcare Reimburse	352.58
2107 HSA Reimbursement	(427.42)
2108 AFLAC	204.80
2110 403(b) Withholding	(2,451.86)
2114 Other Payroll Withholdings	(165.13)
2120 Accrued Payroll	(43,993.50)
2206 Short Term Lease Liability	(22,360.40)
2215 Deferred Revenue	1,226,815.13
<b>Total Adjustments to reconcile Change in Net Assets to Net Cash provided by operations:</b>	<b>2,247,315.49</b>
<b>Net cash provided by operating activities</b>	<b>3,131,301.23</b>
<b>NET CASH INCREASE FOR PERIOD</b>	<b>3,131,301.23</b>
Cash at beginning of period	14,410,103.82
<b>CASH AT END OF PERIOD</b>	<b>\$17,541,405.05</b>

# Statement of Activities - Contract Services

## For the Three Months Ended September 30, 2024

	Actual	Budget	Total over Budget
<b>REVENUE</b>			
4200 Contract Revenue	1,718,193.75	1,718,193.75	0.00
4010 Microfocus Collaborative Fees	7,891.62	3,125.01	4,766.61
4230 Compact Revenue Sharing	(430,330.00)	(430,330.00)	0.00
<b>Total 4200 Contract Revenue</b>	<b>1,295,755.37</b>	<b>1,290,988.76</b>	<b>4,766.61</b>
<b>Total Revenue</b>	<b>1,295,755.37</b>	<b>1,290,988.76</b>	<b>4,766.61</b>
<b>TOTAL REVENUE</b>	<b>1,295,755.37</b>	<b>1,290,988.76</b>	<b>4,766.61</b>
<b>EXPENDITURES</b>			
5000 All Personnel Costs			
5001 Salary	79,533.81	49,050.54	30,483.27
5101 Health Insurance	6,890.02	7,149.30	(259.28)
5102 Dental Insurance	309.26	436.89	(127.63)
5103 Life/ LTD/ STD Insurance	291.77	363.57	(71.80)
5105 Vision Insurance	33.94	35.64	(1.70)
5107 Employer 403(b)	5,475.14	6,376.56	(901.42)
5108 Section 125 Plan	0.00		0.00
5109 Employee Parking	781.45	756.00	25.45
5112 SUTA	149.88	0.00	149.88
5114 Payroll Tax Expense	5,302.36	3,511.85	1,790.51
5115 Cell Phone	300.00	150.00	150.00
5116 Employee Development Funds	415.00	500.01	(85.01)
6305 Workers Compensation Insurance	48.60	147.18	(98.58)
<b>Total 5000 All Personnel Costs</b>	<b>99,531.23</b>	<b>68,477.54</b>	<b>31,053.69</b>
5300 Consultants			
5302 Computer Services & Support	2,618.16	4,250.01	(1,631.85)
5302A Allocation account Computer Svcs & Support		1,487.73	(1,487.73)
<b>Total 5302 Computer Services &amp; Support</b>	<b>2,618.16</b>	<b>5,737.74</b>	<b>(3,119.58)</b>
<b>Total 5300 Consultants</b>	<b>2,618.16</b>	<b>5,737.74</b>	<b>(3,119.58)</b>
6000 Office Costs			
6001 Supplies	60.94	178.59	(117.65)

	<b>Actual</b>	<b>Budget</b>	<b>Total over Budget</b>
6002 Office & Computer Equipment	236.44	334.86	(98.42)
6004 Publications		123.24	(123.24)
6005 Dues, Subscriptions & Memberships	686.50	3,875.01	(3,188.51)
6007 Postage and Shipping	25.43		25.43
6009 Printing and Duplicating		66.96	(66.96)
6010 Telephone/Fax/Internet	288.17	157.38	130.79
6100 Long Term Rents/Leases			
6102 Buildings and Facilities	3,149.17	2,087.37	1,061.80
6103 Rental Equipment	64.93		64.93
6405 Amortization Expense	1,588.23	1,418.25	169.98
<b>Total 6100 Long Term Rents/Leases</b>	<b>4,802.33</b>	<b>3,505.62</b>	<b>1,296.71</b>
6108 Computer Software Expense	937.80	50.01	887.79
6109 Repairs and Maintenance	16.87	134.37	(117.50)
6304 Risk Management-General Agency Insurance	775.48	957.72	(182.24)
<b>Total 6000 Office Costs</b>	<b>7,829.96</b>	<b>9,383.76</b>	<b>(1,553.80)</b>
6200 Convening Expenses			
6206 Conference Registration Fees	2,970.00	3,356.25	(386.25)
6207 Meals	2,696.68	3,555.00	(858.32)
6208 Transportation	5,034.37	6,300.00	(1,265.63)
6209 Lodging	1,492.02	7,130.01	(5,637.99)
6210 Meeting Catering and Food		3,125.01	(3,125.01)
<b>Total 6200 Convening Expenses</b>	<b>12,193.07</b>	<b>23,466.27</b>	<b>(11,273.20)</b>
6400 Other Operating Expenses			
6402 Depreciation Expense	776.31	693.30	83.01
<b>Total 6400 Other Operating Expenses</b>	<b>776.31</b>	<b>693.30</b>	<b>83.01</b>
<b>Total Expenditures</b>	<b>122,948.73</b>	<b>107,758.61</b>	<b>15,190.12</b>
<b>NET OPERATING REVENUE</b>	<b>1,172,806.64</b>	<b>1,183,230.15</b>	<b>(10,423.51)</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$1,172,806.64</b>	<b>\$1,183,230.15</b>	<b>\$ (10,423.51)</b>

# Statement of Activities - Risk Management

## For the Three Months Ended September 30, 2024

	Actual	Budget	Total over Budget
<b>REVENUE</b>			
4300 Program Revenue		0.00	0.00
<b>Total Revenue</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>TOTAL REVENUE</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>EXPENDITURES</b>			
5000 All Personnel Costs			
5001 Salary	3,014.15	25,030.23	(22,016.08)
5101 Health Insurance	2,659.56	4,153.35	(1,493.79)
5102 Dental Insurance	119.36	207.30	(87.94)
5103 Life/ LTD/ STD Insurance	112.62	171.09	(58.47)
5105 Vision Insurance	13.10	13.77	(0.67)
5107 Employer 403(b)	2,113.40	3,253.92	(1,140.52)
5108 Section 125 Plan	0.00		0.00
5109 Employee Parking	301.63	259.20	42.43
5112 SUTA	56.20	0.00	56.20
5114 Payroll Tax Expense	200.91	1,674.29	(1,473.38)
5115 Cell Phone	47.84	150.00	(102.16)
5116 Employee Development Funds		500.01	(500.01)
6305 Workers Compensation Insurance	18.75	75.12	(56.37)
<b>Total 5000 All Personnel Costs</b>	<b>8,657.52</b>	<b>35,488.28</b>	<b>(26,830.76)</b>
5200 All Professional Fees			
5202 Legal Fees	202.00	7,500.00	(7,298.00)
<b>Total 5200 All Professional Fees</b>	<b>202.00</b>	<b>7,500.00</b>	<b>(7,298.00)</b>
5300 Consultants			
5302 Computer Services & Support	1,010.61		1,010.61
5302A Allocation account Computer Svcs & Support		1,211.16	(1,211.16)
<b>Total 5302 Computer Services &amp; Support</b>	<b>1,010.61</b>	<b>1,211.16</b>	<b>(200.55)</b>
5304 General Consultant Fees	23,625.00	53,675.01	(30,050.01)
<b>Total 5300 Consultants</b>	<b>24,635.61</b>	<b>54,886.17</b>	<b>(30,250.56)</b>
6000 Office Costs			



	<b>Actual</b>	<b>Budget</b>	<b>Total over Budget</b>
6001 Supplies	23.52	145.38	(121.86)
6002 Office & Computer Equipment	91.26	272.61	(181.35)
6005 Dues, Subscriptions & Memberships	335.18	850.01	(514.83)
6007 Postage and Shipping	53.34	50.01	3.33
6009 Printing and Duplicating		54.51	(54.51)
6010 Telephone/Fax/Internet	111.23	128.10	(16.87)
6100 Long Term Rents/Leases			
6102 Buildings and Facilities	1,215.57	1,699.32	(483.75)
6103 Rental Equipment	25.07		25.07
6405 Amortization Expense	613.05	1,154.64	(541.59)
<b>Total 6100 Long Term Rents/Leases</b>	<b>1,853.69</b>	<b>2,853.96</b>	<b>(1,000.27)</b>
6108 Computer Software Expense	362.01		362.01
6109 Repairs and Maintenance	6.51	109.38	(102.87)
6304 Risk Management-General Agency Insurance	299.34	779.67	(480.33)
<b>Total 6000 Office Costs</b>	<b>3,136.08</b>	<b>5,243.63</b>	<b>(2,107.55)</b>
6200 Convening Expenses			
6206 Conference Registration Fees		2,250.00	(2,250.00)
6207 Meals	155.55	415.00	(259.45)
6208 Transportation	1,256.86	1,550.00	(293.14)
6209 Lodging	2,387.66	1,750.00	637.66
<b>Total 6200 Convening Expenses</b>	<b>3,800.07</b>	<b>5,965.00</b>	<b>(2,164.93)</b>
6400 Other Operating Expenses			
6402 Depreciation Expense	299.64	564.39	(264.75)
6404 Miscellaneous		0.00	0.00
<b>Total 6400 Other Operating Expenses</b>	<b>299.64</b>	<b>564.39</b>	<b>(264.75)</b>
<b>Total Expenditures</b>	<b>40,730.92</b>	<b>109,647.47</b>	<b>(68,916.55)</b>
<b>NET OPERATING REVENUE</b>	<b>(40,730.92)</b>	<b>(109,647.47)</b>	<b>68,916.55</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ (40,730.92)</b>	<b>\$ (109,647.47)</b>	<b>\$68,916.55</b>

# Revenue and Expenses by Class - Risk Management Programs

For the Three Months Ended September 30, 2024

	Risk Management Programs	Master Property Program	MHECare	Total Risk Management Programs	TOTAL
<b>REVENUE</b>					
<b>Total Revenue</b>				<b>0.00</b>	<b>0.00</b>
<b>TOTAL REVENUE</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>EXPENDITURES</b>					
5000 All Personnel Costs					0.00
5001 Salary		2,009.46	1,004.69	3,014.15	3,014.15
5101 Health Insurance	1,605.38		1,054.18	2,659.56	2,659.56
5102 Dental Insurance	72.05		47.31	119.36	119.36
5103 Life/ LTD/ STD Insurance	67.98		44.64	112.62	112.62
5105 Vision Insurance	7.91		5.19	13.10	13.10
5107 Employer 403(b)	1,275.70		837.70	2,113.40	2,113.40
5108 Section 125 Plan		0.00	0.00	0.00	0.00
5109 Employee Parking	182.07		119.56	301.63	301.63
5112 SUTA		37.46	18.74	56.20	56.20
5114 Payroll Tax Expense	(0.03)	133.98	66.96	200.91	200.91
5115 Cell Phone	47.84			47.84	47.84
6305 Workers Compensation Insurance	11.31		7.44	18.75	18.75
<b>Total 5000 All Personnel Costs</b>	<b>3,270.21</b>	<b>2,180.90</b>	<b>3,206.41</b>	<b>8,657.52</b>	<b>8,657.52</b>
5200 All Professional Fees					0.00
5202 Legal Fees	202.00			202.00	202.00
<b>Total 5200 All Professional Fees</b>	<b>202.00</b>			<b>202.00</b>	<b>202.00</b>
5300 Consultants					0.00
5302 Computer Services & Support	610.04		400.57	1,010.61	1,010.61
5302A Allocation account Computer Svcs & Support					0.00
<b>Total 5302 Computer Services &amp; Support</b>	<b>610.04</b>		<b>400.57</b>	<b>1,010.61</b>	<b>1,010.61</b>
5304 General Consultant Fees		11,250.00	12,375.00	23,625.00	23,625.00
<b>Total 5300 Consultants</b>	<b>610.04</b>	<b>11,250.00</b>	<b>12,775.57</b>	<b>24,635.61</b>	<b>24,635.61</b>
6000 Office Costs					0.00
6001 Supplies	14.20		9.32	23.52	23.52

	Risk Management Programs	Master Property Program	MHECare	Total Risk Management Programs	TOTAL
6002 Office & Computer Equipment	55.09		36.17	91.26	91.26
6005 Dues, Subscriptions & Memberships	315.29		19.89	335.18	335.18
6007 Postage and Shipping	53.34			53.34	53.34
6009 Printing and Duplicating					0.00
6010 Telephone/Fax/Internet	67.14		44.09	111.23	111.23
6100 Long Term Rents/Leases					0.00
6102 Buildings and Facilities	733.75		481.82	1,215.57	1,215.57
6103 Rental Equipment	15.13		9.94	25.07	25.07
6405 Amortization Expense	370.05		243.00	613.05	613.05
<b>Total 6100 Long Term Rents/Leases</b>	<b>1,118.93</b>		<b>734.76</b>	<b>1,853.69</b>	<b>1,853.69</b>
6108 Computer Software Expense	218.52		143.49	362.01	362.01
6109 Repairs and Maintenance	3.93		2.58	6.51	6.51
6304 Risk Management-General Agency Insurance	180.69		118.65	299.34	299.34
<b>Total 6000 Office Costs</b>	<b>2,027.13</b>		<b>1,108.95</b>	<b>3,136.08</b>	<b>3,136.08</b>
6200 Convening Expenses					0.00
6207 Meals	96.12	59.43		155.55	155.55
6208 Transportation	620.64	242.52	393.70	1,256.86	1,256.86
6209 Lodging	1,061.55	1,326.11		2,387.66	2,387.66
<b>Total 6200 Convening Expenses</b>	<b>1,778.31</b>	<b>1,628.06</b>	<b>393.70</b>	<b>3,800.07</b>	<b>3,800.07</b>
6400 Other Operating Expenses					0.00
6402 Depreciation Expense	180.87		118.77	299.64	299.64
<b>Total 6400 Other Operating Expenses</b>	<b>180.87</b>		<b>118.77</b>	<b>299.64</b>	<b>299.64</b>
<b>Total Expenditures</b>	<b>8,068.56</b>	<b>15,058.96</b>	<b>17,603.40</b>	<b>40,730.92</b>	<b>40,730.92</b>
<b>NET OPERATING REVENUE</b>	<b>(8,068.56)</b>	<b>(15,058.96)</b>	<b>(17,603.40)</b>	<b>(40,730.92)</b>	<b>(40,730.92)</b>
			\$		\$
<b>CHANGE IN NET ASSETS</b>	<b>\$ (8,068.56)</b>	<b>\$ (15,058.96)</b>	<b>(17,603.40)</b>	<b>\$ (40,730.92)</b>	<b>(40,730.92)</b>

# Statement of Activities - M-SARA

For the Three Months Ended September 30, 2024

	Actual	Budget	Total over Budget
<b>REVENUE</b>			
4300 Program Revenue		0.00	0.00
<b>Total Revenue</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>TOTAL REVENUE</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>EXPENDITURES</b>			
5000 All Personnel Costs			
5001 Salary	41,854.82	48,436.17	(6,581.35)
5101 Health Insurance	10,810.44	6,980.55	3,829.89
5102 Dental Insurance	485.22	339.15	146.07
5103 Life/ LTD/ STD Insurance	457.79	343.62	114.17
5105 Vision Insurance	53.29	35.64	17.65
5107 Employer 403(b)	8,590.49	6,296.70	2,293.79
5108 Section 125 Plan	0.00		0.00
5109 Employee Parking	1,226.10	81.00	1,145.10
5112 SUTA	37.46	0.00	37.46
5114 Payroll Tax Expense	2,790.42	3,224.33	(433.91)
5115 Cell Phone	150.00	150.00	0.00
5116 Employee Development Funds	100.00	500.01	(400.01)
6305 Workers Compensation Insurance	76.29	145.32	(69.03)
<b>Total 5000 All Personnel Costs</b>	<b>66,632.32</b>	<b>66,532.49</b>	<b>99.83</b>
5300 Consultants			
5302 Computer Services & Support	4,107.89		4,107.89
5302A Allocation account Computer Svcs & Support		2,192.43	(2,192.43)
<b>Total 5302 Computer Services &amp; Support</b>	<b>4,107.89</b>	<b>2,192.43</b>	<b>1,915.46</b>
5304 General Consultant Fees	1,000.00	6,300.00	(5,300.00)
<b>Total 5300 Consultants</b>	<b>5,107.89</b>	<b>8,492.43</b>	<b>(3,384.54)</b>
6000 Office Costs			
6001 Supplies	143.09	263.19	(120.10)
6002 Office & Computer Equipment	371.02	493.50	(122.48)
6005 Dues, Subscriptions & Memberships	1,203.96	4,200.00	(2,996.04)

	<b>Actual</b>	<b>Budget</b>	<b>Total over Budget</b>
6007 Postage and Shipping	208.69	200.00	8.69
6009 Printing and Duplicating		98.70	(98.70)
6010 Telephone/Fax/Internet	452.14	231.93	220.21
6100 Long Term Rents/Leases			
6102 Buildings and Facilities	4,941.04	3,076.14	1,864.90
6103 Rental Equipment	101.90		101.90
6405 Amortization Expense	2,491.92	2,090.13	401.79
<b>Total 6100 Long Term Rents/Leases</b>	<b>7,534.86</b>	<b>5,166.27</b>	<b>2,368.59</b>
6108 Computer Software Expense	1,471.44		1,471.44
6109 Repairs and Maintenance	26.47	198.03	(171.56)
6304 Risk Management-General Agency Insurance	1,216.72	1,411.41	(194.69)
6315 Promotional and Award Items		103.64	(103.64)
<b>Total 6000 Office Costs</b>	<b>12,628.39</b>	<b>12,366.67</b>	<b>261.72</b>
6200 Convening Expenses			
6206 Conference Registration Fees	1,370.00	249.99	1,120.01
6207 Meals	(50.55)	620.72	(671.27)
6208 Transportation	2,482.85	17,637.42	(15,154.57)
6209 Lodging	1,249.60	14,349.98	(13,100.38)
6210 Meeting Catering and Food	0.00	11,000.00	(11,000.00)
6211 Conference Tech Services (AV)	0.00		0.00
<b>Total 6200 Convening Expenses</b>	<b>5,051.90</b>	<b>43,858.11</b>	<b>(38,806.21)</b>
6400 Other Operating Expenses			
5305 Sub-Grant Expense		13,749.99	(13,749.99)
6402 Depreciation Expense	1,218.12	1,021.68	196.44
6404 Miscellaneous	878.83		878.83
<b>Total 6400 Other Operating Expenses</b>	<b>2,096.95</b>	<b>14,771.67</b>	<b>(12,674.72)</b>
<b>Total Expenditures</b>	<b>91,517.45</b>	<b>146,021.37</b>	<b>(54,503.92)</b>
<b>NET OPERATING REVENUE</b>	<b>(91,517.45)</b>	<b>(146,021.37)</b>	<b>54,503.92</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ (91,517.45)</b>	<b>\$ (146,021.37)</b>	<b>\$54,503.92</b>

# Statement of Activities - Policy and Research

## For the Three Months Ended September 30, 2024

	Actual	Budget	Total over Budget
<b>REVENUE</b>			
4100 Grants	56,604.93	80,066.76	(23,461.83)
4997 Services	50,000.00		50,000.00
<b>Total Revenue</b>	<b>106,604.93</b>	<b>80,066.76</b>	<b>26,538.17</b>
<b>TOTAL REVENUE</b>	<b>106,604.93</b>	<b>80,066.76</b>	<b>26,538.17</b>
<b>EXPENDITURES</b>			
5000 All Personnel Costs			
5001 Salary	99,299.50	131,473.20	(32,173.70)
5101 Health Insurance	16,391.37	21,292.68	(4,901.31)
5102 Dental Insurance	735.71	1,121.91	(386.20)
5103 Life/ LTD/ STD Insurance	694.14	1,010.16	(316.02)
5105 Vision Insurance	80.77	114.51	(33.74)
5107 Employer 403(b)	13,025.35	17,091.51	(4,066.16)
5108 Section 125 Plan	0.00		0.00
5109 Employee Parking	1,859.06	1,549.80	309.26
5112 SUTA	93.69	0.84	92.85
5114 Payroll Tax Expense	6,653.88	9,576.68	(2,922.80)
5115 Cell Phone	750.00	750.00	0.00
5116 Employee Development Funds	66.34	2,499.99	(2,433.65)
6305 Workers Compensation Insurance	115.59	394.44	(278.85)
<b>Total 5000 All Personnel Costs</b>	<b>139,765.40</b>	<b>186,875.72</b>	<b>(47,110.32)</b>
5200 All Professional Fees			
5204 Honoraria and Lecture Fees		7,786.65	(7,786.65)
<b>Total 5200 All Professional Fees</b>		<b>7,786.65</b>	<b>(7,786.65)</b>
5300 Consultants			
5302 Computer Services & Support	6,755.61	750.00	6,005.61
5302A Allocation account Computer Svcs & Support		4,228.26	(4,228.26)
<b>Total 5302 Computer Services &amp; Support</b>	<b>6,755.61</b>	<b>4,978.26</b>	<b>1,777.35</b>
5304 General Consultant Fees	34,303.02	67,149.99	(32,846.97)
<b>Total 5300 Consultants</b>	<b>41,058.63</b>	<b>72,128.25</b>	<b>(31,069.62)</b>

	<b>Actual</b>	<b>Budget</b>	<b>Total over Budget</b>
6000 Office Costs			
6001 Supplies	179.46	507.57	(328.11)
6002 Office & Computer Equipment	562.49	951.69	(389.20)
6004 Publications		4,350.00	(4,350.00)
6005 Dues, Subscriptions & Memberships	1,347.75	3,452.99	(2,105.24)
6007 Postage and Shipping	360.17	174.99	185.18
6009 Printing and Duplicating		190.29	(190.29)
6010 Telephone/Fax/Internet	685.56	447.27	238.29
6100 Long Term Rents/Leases			
6102 Buildings and Facilities	7,491.88	5,932.53	1,559.35
6103 Rental Equipment	154.47		154.47
6405 Amortization Expense	3,778.41	4,030.95	(252.54)
<b>Total 6100 Long Term Rents/Leases</b>	<b>11,424.76</b>	<b>9,963.48</b>	<b>1,461.28</b>
6108 Computer Software Expense	5,612.13	1,191.00	4,421.13
6109 Repairs and Maintenance	40.13	381.84	(341.71)
6304 Risk Management-General Agency Insurance	1,844.85	2,721.93	(877.08)
6315 Promotional and Award Items	14.05		14.05
<b>Total 6000 Office Costs</b>	<b>22,071.35</b>	<b>24,333.05</b>	<b>(2,261.70)</b>
6200 Convening Expenses			
6105 Meeting Room Rental Fees	30.00		30.00
6206 Conference Registration Fees	3,340.00	7,764.99	(4,424.99)
6207 Meals	2,281.69	4,212.50	(1,930.81)
6208 Transportation	9,049.85	17,481.24	(8,431.39)
6209 Lodging	7,358.13	15,104.68	(7,746.55)
6210 Meeting Catering and Food		4,550.25	(4,550.25)
6211 Conference Tech Services (AV)		2,362.50	(2,362.50)
<b>Total 6200 Convening Expenses</b>	<b>22,059.67</b>	<b>51,476.16</b>	<b>(29,416.49)</b>
6400 Other Operating Expenses			
5305 Sub-Grant Expense	3,000.00	11,812.50	(8,812.50)
6402 Depreciation Expense	1,846.87	1,970.37	(123.50)
<b>Total 6400 Other Operating Expenses</b>	<b>4,846.87</b>	<b>13,782.87</b>	<b>(8,936.00)</b>
<b>Total Expenditures</b>	<b>229,801.92</b>	<b>356,382.70</b>	<b>(126,580.78)</b>

	Actual	Budget	Total over Budget
NET OPERATING REVENUE	(123,196.99)	(276,315.94)	153,118.95
OTHER EXPENDITURES			
7000 Indirect Cost Allocation	4,289.11		4,289.11
<b>Total Other Expenditures</b>	<b>4,289.11</b>	<b>0.00</b>	<b>4,289.11</b>
NET OTHER REVENUE	(4,289.11)	0.00	(4,289.11)
CHANGE IN NET ASSETS	<b>\$ (127,486.10)</b>	<b>\$ (276,315.94)</b>	<b>\$148,829.84</b>



# Revenue and Expenses by Class - Policy and Research

For the Three Months Ended September 30, 2024

	Policy & Research	Concurrent Enrollment	FASFA Summit 2024	MCMC	MSEP	Open Education Resources (OER)	Research	Total Policy & Research	TOTAL
<b>REVENUE</b>									
4100 Grants						56,604.93		56,604.93	56,604.93
4997 Services			50,000.00					50,000.00	50,000.00
<b>Total Revenue</b>	<b>0.00</b>	<b>0.00</b>	<b>50,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>56,604.93</b>	<b>0.00</b>	<b>106,604.93</b>	<b>106,604.93</b>
<b>TOTAL REVENUE</b>	<b>0.00</b>	<b>0.00</b>	<b>50,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>56,604.93</b>	<b>0.00</b>	<b>106,604.93</b>	<b>106,604.93</b>
<b>EXPENDITURES</b>									
5000 All Personnel Costs									0.00
5001 Salary	22,470.39	9,463.52		1,158.73	11,752.96	7,730.19	46,723.71	99,299.50	99,299.50
5101 Health Insurance	6,290.59					916.37	9,184.41	16,391.37	16,391.37
5102 Dental Insurance	282.35					41.13	412.23	735.71	735.71
5103 Life/ LTD/ STD Insurance	266.39					38.81	388.94	694.14	694.14
5105 Vision Insurance	31.00					4.52	45.25	80.77	80.77
5107 Employer 403(b)	4,998.80					728.19	7,298.36	13,025.35	13,025.35
5108 Section 125 Plan	0.00				0.00			0.00	0.00
5109 Employee Parking	713.46					103.93	1,041.67	1,859.06	1,859.06
5112 SUTA	74.93				18.76			93.69	93.69
5114 Payroll Tax Expense	1,504.84	635.94		77.25	800.24	520.37	3,115.24	6,653.88	6,653.88
5115 Cell Phone	150.00						600.00	750.00	750.00
5116 Employee Development Funds	66.34							66.34	66.34
6305 Workers Compensation Insurance	44.37					6.45	64.77	115.59	115.59
<b>Total 5000 All Personnel Costs</b>	<b>36,893.46</b>	<b>10,099.46</b>		<b>1,235.98</b>	<b>12,571.96</b>	<b>10,089.96</b>	<b>68,874.58</b>	<b>139,765.40</b>	<b>139,765.40</b>
5300 Consultants									0.00
5302 Computer Services & Support	2,390.38	527.00				348.22	3,490.01	6,755.61	6,755.61
5302A Allocation account Computer Svcs & Support									0.00
<b>Total 5302 Computer Services &amp; Support</b>	<b>2,390.38</b>	<b>527.00</b>				<b>348.22</b>	<b>3,490.01</b>	<b>6,755.61</b>	<b>6,755.61</b>
5304 General Consultant Fees		15,300.00				19,003.02		34,303.02	34,303.02
<b>Total 5300 Consultants</b>	<b>2,390.38</b>	<b>15,827.00</b>				<b>19,351.24</b>	<b>3,490.01</b>	<b>41,058.63</b>	<b>41,058.63</b>
6000 Office Costs									0.00
6001 Supplies	90.13					8.10	81.23	179.46	179.46
6002 Office & Computer Equipment	215.88					31.44	315.17	562.49	562.49
6005 Dues, Subscriptions & Memberships	387.69					17.29	942.77	1,347.75	1,347.75
6007 Postage and Shipping	43.08	246.92				70.17		360.17	360.17
6009 Printing and Duplicating									0.00
6010 Telephone/Fax/Internet	263.10					38.33	384.13	685.56	685.56
6100 Long Term Rents/Leases									0.00
6102 Buildings and Facilities	2,875.20					418.84	4,197.84	7,491.88	7,491.88
6103 Rental Equipment	59.29					8.63	86.55	154.47	154.47
6405 Amortization Expense	1,450.05					211.23	2,117.13	3,778.41	3,778.41
<b>Total 6100 Long Term Rents/Leases</b>	<b>4,384.54</b>					<b>638.70</b>	<b>6,401.52</b>	<b>11,424.76</b>	<b>11,424.76</b>
6108 Computer Software Expense	878.01					124.72	4,609.40	5,612.13	5,612.13
6109 Repairs and Maintenance	15.40					2.24	22.49	40.13	40.13
6304 Risk Management-General Agency Insurance	708.01					103.14	1,033.70	1,844.85	1,844.85
6315 Promotional and Award Items	14.05							14.05	14.05
<b>Total 6000 Office Costs</b>	<b>6,999.89</b>	<b>246.92</b>				<b>1,034.13</b>	<b>13,790.41</b>	<b>22,071.35</b>	<b>22,071.35</b>
6200 Convening Expenses									0.00
6105 Meeting Room Rental Fees	30.00							30.00	30.00

	Policy & Research	Concurrent Enrollment	FASFA Summit 2024	MCMC	MSEP	Open Education Resources (OER)	Research	Total Policy & Research	TOTAL
6206 Conference Registration Fees	3,340.00							3,340.00	3,340.00
6207 Meals	1,271.02					1,010.67		2,281.69	2,281.69
6208 Transportation	4,536.74	646.32				3,866.79		9,049.85	9,049.85
6209 Lodging	5,915.40					1,442.73		7,358.13	7,358.13
<b>Total 6200 Convening Expenses</b>	<b>15,093.16</b>	<b>646.32</b>				<b>6,320.19</b>		<b>22,059.67</b>	<b>22,059.67</b>
6400 Other Operating Expenses									0.00
5305 Sub-Grant Expense						3,000.00		3,000.00	3,000.00
6402 Depreciation Expense	708.76					103.26	1,034.85	1,846.87	1,846.87
<b>Total 6400 Other Operating Expenses</b>	<b>708.76</b>					<b>3,103.26</b>	<b>1,034.85</b>	<b>4,846.87</b>	<b>4,846.87</b>
<b>Total Expenditures</b>	<b>62,085.65</b>	<b>26,819.70</b>	<b>0.00</b>	<b>1,235.98</b>	<b>12,571.96</b>	<b>39,898.78</b>	<b>87,189.85</b>	<b>229,801.92</b>	<b>229,801.92</b>
<b>NET OPERATING REVENUE</b>	<b>(62,085.65)</b>	<b>(26,819.70)</b>	<b>50,000.00</b>	<b>(1,235.98)</b>	<b>(12,571.96)</b>	<b>16,706.15</b>	<b>(87,189.85)</b>	<b>(123,196.99)</b>	<b>(123,196.99)</b>
<b>OTHER EXPENDITURES</b>									
7000 Indirect Cost Allocation						4,289.11		4,289.11	4,289.11
<b>Total Other Expenditures</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>4,289.11</b>	<b>0.00</b>	<b>4,289.11</b>	<b>4,289.11</b>
<b>NET OTHER REVENUE</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>(4,289.11)</b>	<b>0.00</b>	<b>(4,289.11)</b>	<b>(4,289.11)</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ (62,085.65)</b>	<b>\$ (26,819.70)</b>	<b>\$50,000.00</b>	<b>\$ (1,235.98)</b>	<b>\$ (12,571.96)</b>	<b>\$12,417.04</b>	<b>\$ (87,189.85)</b>	<b>\$ (127,486.10)</b>	<b>\$ (127,486.10)</b>

# Statement of Activities - Convening

For the Three Months Ended September 30, 2024

	Actual	Budget	Total over Budget
<b>REVENUE</b>			
<b>Total Revenue</b>			<b>0.00</b>
<b>TOTAL REVENUE</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>EXPENDITURES</b>			
5000 All Personnel Costs			
5001 Salary	70,862.53	93,295.44	(22,432.91)
5101 Health Insurance	14,696.43	16,983.84	(2,287.41)
5102 Dental Insurance	659.65	795.96	(136.31)
5103 Life/ LTD/ STD Insurance	622.35	692.31	(69.96)
5105 Vision Insurance	72.41	87.90	(15.49)
5107 Employer 403(b)	11,678.47	12,128.40	(449.93)
5108 Section 125 Plan	0.00		0.00
5109 Employee Parking	1,666.83	1,161.00	505.83
5112 SUTA	224.82	9.16	215.66
5114 Payroll Tax Expense	4,723.70	6,656.06	(1,932.36)
5115 Cell Phone	150.00	600.00	(450.00)
5116 Employee Development Funds	313.50	2,000.01	(1,686.51)
6305 Workers Compensation Insurance	103.65	279.90	(176.25)
<b>Total 5000 All Personnel Costs</b>	<b>105,774.34</b>	<b>134,689.98</b>	<b>(28,915.64)</b>
5200 All Professional Fees			
5204 Honoraria and Lecture Fees		0.00	0.00
5210 Professional Fees - Other		0.00	0.00
<b>Total 5200 All Professional Fees</b>		<b>0.00</b>	<b>0.00</b>
5300 Consultants			
5302 Computer Services & Support	5,584.53	1,250.01	4,334.52
5302A Allocation account Computer Svcs & Support		3,243.69	(3,243.69)
<b>Total 5302 Computer Services &amp; Support</b>	<b>5,584.53</b>	<b>4,493.70</b>	<b>1,090.83</b>
<b>Total 5300 Consultants</b>	<b>5,584.53</b>	<b>4,493.70</b>	<b>1,090.83</b>
6000 Office Costs			
6001 Supplies	129.98	389.40	(259.42)

	<b>Actual</b>	<b>Budget</b>	<b>Total over Budget</b>
6002 Office & Computer Equipment	504.33	730.11	(225.78)
6005 Dues, Subscriptions & Memberships	1,477.29	1,395.00	82.29
6007 Postage and Shipping	778.99	0.00	778.99
6009 Printing and Duplicating		146.01	(146.01)
6010 Telephone/Fax/Internet	614.66	343.14	271.52
6100 Long Term Rents/Leases			
6102 Buildings and Facilities	6,717.17	4,551.09	2,166.08
6103 Rental Equipment	138.50		138.50
6405 Amortization Expense	3,387.72	3,092.31	295.41
<b>Total 6100 Long Term Rents/Leases</b>	<b>10,243.39</b>	<b>7,643.40</b>	<b>2,599.99</b>
6108 Computer Software Expense	7,390.09	2,750.01	4,640.08
6109 Repairs and Maintenance	35.98	293.01	(257.03)
6304 Risk Management-General Agency Insurance	1,654.07	2,088.15	(434.08)
6315 Promotional and Award Items		0.00	0.00
<b>Total 6000 Office Costs</b>	<b>22,828.78</b>	<b>15,778.23</b>	<b>7,050.55</b>
6200 Convening Expenses			
6105 Meeting Room Rental Fees		400.00	(400.00)
6206 Conference Registration Fees	6,824.98	1,981.26	4,843.72
6207 Meals	1,729.63	1,245.49	484.14
6208 Transportation	24,166.30	4,930.75	19,235.55
6209 Lodging	14,878.62	4,062.50	10,816.12
6210 Meeting Catering and Food	2,780.73	1,000.00	1,780.73
6211 Conference Tech Services (AV)		500.00	(500.00)
<b>Total 6200 Convening Expenses</b>	<b>50,380.26</b>	<b>14,120.00</b>	<b>36,260.26</b>
6400 Other Operating Expenses			
6402 Depreciation Expense	1,655.88	1,511.58	144.30
6404 Miscellaneous		0.00	0.00
<b>Total 6400 Other Operating Expenses</b>	<b>1,655.88</b>	<b>1,511.58</b>	<b>144.30</b>
<b>Total Expenditures</b>	<b>186,223.79</b>	<b>170,593.49</b>	<b>15,630.30</b>
<b>NET OPERATING REVENUE</b>	<b>(186,223.79)</b>	<b>(170,593.49)</b>	<b>(15,630.30)</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ (186,223.79)</b>	<b>\$ (170,593.49)</b>	<b>\$ (15,630.30)</b>

# Revenue and Expenses by Class - Convening

## For the Three Months Ended September 30, 2024

	Convening	Commission Meeting (Annual)	Commission Meeting (Executive)	Tech Community-Annual Meeting	Tech Community-Exec Meeting	Tech Community-Other Meetings	Total Convening	TOTAL
<b>REVENUE</b>								
<b>Total Revenue</b>							<b>0.00</b>	<b>0.00</b>
<b>TOTAL REVENUE</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>EXPENDITURES</b>								
5000 All Personnel Costs								0.00
5001 Salary	70,862.53						70,862.53	70,862.53
5101 Health Insurance	14,696.43						14,696.43	14,696.43
5102 Dental Insurance	659.65						659.65	659.65
5103 Life/ LTD/ STD Insurance	622.35						622.35	622.35
5105 Vision Insurance	72.41						72.41	72.41
5107 Employer 403(b)	11,678.47						11,678.47	11,678.47
5108 Section 125 Plan	0.00						0.00	0.00
5109 Employee Parking	1,666.83						1,666.83	1,666.83
5112 SUTA	224.82						224.82	224.82
5114 Payroll Tax Expense	4,723.70						4,723.70	4,723.70
5115 Cell Phone	150.00						150.00	150.00
5116 Employee Development Funds	313.50						313.50	313.50
6305 Workers Compensation Insurance	103.65						103.65	103.65
<b>Total 5000 All Personnel Costs</b>	<b>105,774.34</b>						<b>105,774.34</b>	<b>105,774.34</b>
5300 Consultants								0.00
5302 Computer Services & Support	5,584.53						5,584.53	5,584.53
5302A Allocation account Computer Svcs & Support								0.00
<b>Total 5302 Computer Services &amp; Support</b>	<b>5,584.53</b>						<b>5,584.53</b>	<b>5,584.53</b>
<b>Total 5300 Consultants</b>	<b>5,584.53</b>						<b>5,584.53</b>	<b>5,584.53</b>
6000 Office Costs								0.00
6001 Supplies	129.98						129.98	129.98
6002 Office & Computer Equipment	504.33						504.33	504.33
6005 Dues, Subscriptions & Memberships	1,477.29						1,477.29	1,477.29
6007 Postage and Shipping	757.58		21.41				778.99	778.99
6009 Printing and Duplicating								0.00
6010 Telephone/Fax/Internet	614.66						614.66	614.66
6100 Long Term Rents/Leases								0.00
6102 Buildings and Facilities	6,717.17						6,717.17	6,717.17
6103 Rental Equipment	138.50						138.50	138.50
6405 Amortization Expense	3,387.72						3,387.72	3,387.72
<b>Total 6100 Long Term Rents/Leases</b>	<b>10,243.39</b>						<b>10,243.39</b>	<b>10,243.39</b>
6108 Computer Software Expense	7,390.09						7,390.09	7,390.09
6109 Repairs and Maintenance	35.98						35.98	35.98
6304 Risk Management-General Agency Insurance	1,654.07						1,654.07	1,654.07
<b>Total 6000 Office Costs</b>	<b>22,807.37</b>		<b>21.41</b>				<b>22,828.78</b>	<b>22,828.78</b>
6200 Convening Expenses								0.00
6206 Conference Registration Fees	6,824.98						6,824.98	6,824.98
6207 Meals	1,250.32				16.19	463.12	1,729.63	1,729.63
6208 Transportation	13,289.03	8,105.37	55.25		822.36	1,894.29	24,166.30	24,166.30
6209 Lodging	9,918.78					4,959.84	14,878.62	14,878.62
6210 Meeting Catering and Food				1,000.00		1,780.73	2,780.73	2,780.73

	Convening	Commission Meeting (Annual)	Commission Meeting (Executive)	Tech Community-Annual Meeting	Tech Community-Exec Meeting	Tech Community-Other Meetings	Total Convening	TOTAL
<b>Total 6200 Convening Expenses</b>	<b>31,283.11</b>	<b>8,105.37</b>	<b>55.25</b>	<b>1,000.00</b>	<b>838.55</b>	<b>9,097.98</b>	<b>50,380.26</b>	<b>50,380.26</b>
6400 Other Operating Expenses								0.00
6402 Depreciation Expense	1,655.88						1,655.88	1,655.88
<b>Total 6400 Other Operating Expenses</b>	<b>1,655.88</b>						<b>1,655.88</b>	<b>1,655.88</b>
<b>Total Expenditures</b>	<b>167,105.23</b>	<b>8,105.37</b>	<b>76.66</b>	<b>1,000.00</b>	<b>838.55</b>	<b>9,097.98</b>	<b>186,223.79</b>	<b>186,223.79</b>
<b>NET OPERATING REVENUE</b>	<b>(167,105.23)</b>	<b>(8,105.37)</b>	<b>(76.66)</b>	<b>(1,000.00)</b>	<b>(838.55)</b>	<b>(9,097.98)</b>	<b>(186,223.79)</b>	<b>(186,223.79)</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ (167,105.23)</b>	<b>\$ (8,105.37)</b>	<b>\$ (76.66)</b>	<b>\$ (1,000.00)</b>	<b>\$ (838.55)</b>	<b>\$ (9,097.98)</b>	<b>\$ (186,223.79)</b>	<b>\$ (186,223.79)</b>

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# Statement of Activities - General & Administrative

For the Three Months Ended September 30, 2024

	Actual	Budget	Total over Budget
<b>REVENUE</b>			
4400 State Obligations Revenue	345,000.00	345,000.00	0.00
4603 Miscellaneous Other Income	210.00		210.00
<b>Total Revenue</b>	<b>345,210.00</b>	<b>345,000.00</b>	<b>210.00</b>
<b>TOTAL REVENUE</b>	<b>345,210.00</b>	<b>345,000.00</b>	<b>210.00</b>
<b>EXPENDITURES</b>			
5000 All Personnel Costs			
5001 Salary	112,092.36	127,078.47	(14,986.11)
5101 Health Insurance	15,847.05	19,783.65	(3,936.60)
5102 Dental Insurance	711.37	818.61	(107.24)
5103 Life/ LTD/ STD Insurance	785.89	859.29	(73.40)
5105 Vision Insurance	78.11	108.12	(30.01)
5107 Employer 403(b)	12,592.85	16,520.22	(3,927.37)
5108 Section 125 Plan	0.00	249.99	(249.99)
5109 Employee Parking	1,797.30	1,404.00	393.30
5110 Other Benefits	1,820.00	1,950.00	(130.00)
5112 SUTA	388.32	40.15	348.17
5114 Payroll Tax Expense	7,435.78	9,240.47	(1,804.69)
5115 Cell Phone	750.00	750.00	0.00
5116 Employee Development Funds	1,095.52	2,500.02	(1,404.50)
6305 Workers Compensation Insurance	111.78	381.24	(269.46)
<b>Total 5000 All Personnel Costs</b>	<b>155,506.33</b>	<b>181,684.23</b>	<b>(26,177.90)</b>
5200 All Professional Fees			
5201 Accounting Services	27,539.06	42,750.00	(15,210.94)
5202 Legal Fees	1,525.32	7,500.00	(5,974.68)
5207 HR & Payroll Support	52,306.44	4,632.00	47,674.44
5210 Professional Fees - Other	295.00		295.00
<b>Total 5200 All Professional Fees</b>	<b>81,665.82</b>	<b>54,882.00</b>	<b>26,783.82</b>
5300 Consultants			
5301 Communications Consultant	781.25	9,999.99	(9,218.74)
5302 Computer Services & Support	7,549.23	7,765.41	(216.18)
5302A Allocation account Computer Svcs & Support		3,990.06	(3,990.06)
<b>Total 5302 Computer Services &amp; Support</b>	<b>7,549.23</b>	<b>11,755.47</b>	<b>(4,206.24)</b>
5304 General Consultant Fees		2,499.99	(2,499.99)
<b>Total 5300 Consultants</b>	<b>8,330.48</b>	<b>24,255.45</b>	<b>(15,924.97)</b>
6000 Office Costs			
6001 Supplies	1,605.12	478.98	1,126.14
6002 Office & Computer Equipment	543.84	5,899.11	(5,355.27)
6005 Dues, Subscriptions & Memberships	7,877.94	5,365.71	2,512.23
6006 License	278.00	450.00	(172.00)
6007 Postage and Shipping	235.68	350.01	(114.33)

			<b>Total</b>
	<b>Actual</b>	<b>Budget</b>	<b>over Budget</b>
6009 Printing and Duplicating	401.90	429.60	(27.70)
6010 Telephone/Fax/Internet	662.82	422.10	240.72
6100 Long Term Rents/Leases			
6102 Buildings and Facilities	7,243.08	5,598.30	1,644.78
6103 Rental Equipment	149.35		149.35
6405 Amortization Expense	3,652.95	3,803.85	(150.90)
<b>Total 6100 Long Term Rents/Leases</b>	<b>11,045.38</b>	<b>9,402.15</b>	<b>1,643.23</b>
6108 Computer Software Expense	2,532.66	5,847.72	(3,315.06)
6109 Repairs and Maintenance	193.69	360.42	(166.73)
6304 Risk Management-General Agency Insurance	1,783.59	2,568.63	(785.04)
6315 Promotional and Award Items		750.00	(750.00)
<b>Total 6000 Office Costs</b>	<b>27,160.62</b>	<b>32,324.43</b>	<b>(5,163.81)</b>
6200 Convening Expenses			
6206 Conference Registration Fees		800.01	(800.01)
6207 Meals	1,324.47	1,027.00	297.47
6208 Transportation	5,323.92	2,195.26	3,128.66
6209 Lodging	4,212.21	1,750.00	2,462.21
6210 Meeting Catering and Food	464.30	1,100.00	(635.70)
<b>Total 6200 Convening Expenses</b>	<b>11,324.90</b>	<b>6,872.27</b>	<b>4,452.63</b>
6400 Other Operating Expenses			
6300 Operating Interest Charges & Service Fees		18.75	(18.75)
6402 Depreciation Expense	1,785.54	1,859.40	(73.86)
6404 Miscellaneous	151.94	999.99	(848.05)
<b>Total 6400 Other Operating Expenses</b>	<b>1,937.48</b>	<b>2,878.14</b>	<b>(940.66)</b>
<b>Total Expenditures</b>	<b>285,925.63</b>	<b>302,896.52</b>	<b>(16,970.89)</b>
<b>NET OPERATING REVENUE</b>	<b>59,284.37</b>	<b>42,103.48</b>	<b>17,180.89</b>
<b>OTHER REVENUE</b>			
4601 Interest Income	123,408.91	75,000.00	48,408.91
<b>Total Other Revenue</b>	<b>123,408.91</b>	<b>75,000.00</b>	<b>48,408.91</b>
<b>OTHER EXPENDITURES</b>			
7000 Indirect Cost Allocation	(4,289.11)		(4,289.11)
7200 Nonoperating Interest Expense	688.58	536.25	152.33
<b>Total Other Expenditures</b>	<b>(3,600.53)</b>	<b>536.25</b>	<b>(4,136.78)</b>
<b>NET OTHER REVENUE</b>	<b>127,009.44</b>	<b>74,463.75</b>	<b>52,545.69</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$186,293.81</b>	<b>\$116,567.23</b>	<b>\$69,726.58</b>



# Statement of Activities - Strategic Initiatives

## For the Three Months Ended September 30, 2024

	Actual	Budget	Total over Budget
<b>REVENUE</b>			
<b>Total Revenue</b>			<b>0.00</b>
<b>TOTAL REVENUE</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>EXPENDITURES</b>			
5000 All Personnel Costs			
5001 Salary		13,145.19	(13,145.19)
5101 Health Insurance	1,605.38	2,282.52	(677.14)
5102 Dental Insurance	72.05	130.29	(58.24)
5103 Life/ LTD/ STD Insurance	67.98	102.21	(34.23)
5105 Vision Insurance	7.91	8.31	(0.40)
5107 Employer 403(b)	1,275.70	1,708.89	(433.19)
5109 Employee Parking	182.07	189.00	(6.93)
5112 SUTA		0.00	0.00
5114 Payroll Tax Expense	(0.03)	1,005.60	(1,005.63)
6305 Workers Compensation Insurance	11.31	39.45	(28.14)
<b>Total 5000 All Personnel Costs</b>	<b>3,222.37</b>	<b>18,611.46</b>	<b>(15,389.09)</b>
5200 All Professional Fees			
5207 HR & Payroll Support		15,000.00	(15,000.00)
<b>Total 5200 All Professional Fees</b>		<b>15,000.00</b>	<b>(15,000.00)</b>
5300 Consultants			
5301 Communications Consultant		37,500.00	(37,500.00)
5302 Computer Services & Support	24,064.42	138,750.00	(114,685.58)
5304 General Consultant Fees		24,999.99	(24,999.99)
<b>Total 5300 Consultants</b>	<b>24,064.42</b>	<b>201,249.99</b>	<b>(177,185.57)</b>
6000 Office Costs			
6001 Supplies	14.20		14.20
6002 Office & Computer Equipment	55.09		55.09
6005 Dues, Subscriptions & Memberships	30.29		30.29
6010 Telephone/Fax/Internet	67.14		67.14
6100 Long Term Rents/Leases			
6102 Buildings and Facilities	733.75		733.75
6103 Rental Equipment	15.13		15.13
6405 Amortization Expense	370.05		370.05
<b>Total 6100 Long Term Rents/Leases</b>	<b>1,118.93</b>		<b>1,118.93</b>
6108 Computer Software Expense	218.52		218.52
6109 Repairs and Maintenance	3.93		3.93
6304 Risk Management-General Agency Insurance	180.69		180.69
<b>Total 6000 Office Costs</b>	<b>1,688.79</b>		<b>1,688.79</b>
6200 Convening Expenses			
6206 Conference Registration Fees		3,750.00	(3,750.00)
6207 Meals		1,449.00	(1,449.00)

	<b>Actual</b>	<b>Budget</b>	<b>Total over Budget</b>
6208 Transportation		4,550.00	(4,550.00)
6209 Lodging		4,200.00	(4,200.00)
<b>Total 6200 Convening Expenses</b>		<b>13,949.00</b>	<b>(13,949.00)</b>
6400 Other Operating Expenses			
6402 Depreciation Expense	180.87		180.87
<b>Total 6400 Other Operating Expenses</b>	<b>180.87</b>		<b>180.87</b>
<b>Total Expenditures</b>	<b>29,156.45</b>	<b>248,810.45</b>	<b>(219,654.00)</b>
<b>NET OPERATING REVENUE</b>	<b>(29,156.45)</b>	<b>(248,810.45)</b>	<b>219,654.00</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ (29,156.45)</b>	<b>\$ (248,810.45)</b>	<b>\$219,654.00</b>

**MHEC**  
**FY24 Budget to Actual Comparison**  
 July 2023 - June 2024

	FY24 Actual	FY24 Approved Budget	FY24 % of Budget	
<b>Revenues</b>				
1 Contract Revenue	\$ 8,619,567.00	\$ 6,238,025.00	138.18%	
2 Microfocus Collaborative Fees	\$ 14,904.00	\$ 20,000.00	74.52%	
3 Compact Revenue Sharing	\$ (1,800,195.00)	\$ (1,559,506.00)	115.43%	
4 <b>Techonology Contract Revenue</b>	<b>\$ 6,834,276.00</b>	<b>\$ 4,698,519.00</b>	<b>145.46%</b>	\$ 2,135,757.00
5 Grants	\$ 324,670.00	\$ 305,014.00	106.44%	
6 Program Revenue	\$ 1,035,277.00	\$ 914,530.00	113.20%	
7 <b>Policy and Program Revenue</b>	<b>\$ 1,359,947.00</b>	<b>\$ 1,219,544.00</b>	<b>111.51%</b>	
8 State Obligations Revenue	\$ 1,380,000.00	\$ 1,380,000.00	100.00%	
9 Interest and Other Income	\$ 355,225.00	\$ 21,600.00	1644.56%	
10 <b>General Management and Operations Revenue</b>	<b>\$ 1,735,225.00</b>	<b>\$ 1,401,600.00</b>	<b>123.80%</b>	
11 <b>Total Revenues</b>	<b>\$ 9,929,448.00</b>	<b>\$ 7,319,663.00</b>	<b>135.65%</b>	\$ 2,609,785.00
<b>Expenses</b>				
12 <b>Salaries and Fringe Benefits</b>	<b>\$ 2,442,744.00</b>	<b>\$ 2,639,433.00</b>	<b>92.55%</b>	
13 <b>Professional Fees</b>	<b>\$ 445,986.00</b>	<b>\$ 303,440.00</b>	<b>146.98%</b>	
14 Accounting Services	\$ 253,312.00	\$ 143,000.00	177.14%	
15 Legal Fees	\$ 38,373.00	\$ 60,000.00	63.96%	
16 Honoraria and Lecture Fees	\$ 6,500.00	\$ 33,040.00	19.67%	
17 HR & Payroll Support	\$ 145,847.00	\$ 65,400.00	223.01%	
18 Professional Fees - Other	\$ 1,954.00	\$ 2,000.00	97.70%	
19 <b>Consultant Fees</b>	<b>\$ 382,028.00</b>	<b>\$ 1,189,619.00</b>	<b>32.11%</b>	
20 Computer Services & Support	\$ 121,514.00	\$ 511,519.00	23.76%	
21 Communications Consultant	\$ 2,188.00	\$ 190,000.00	1.15%	
22 General Consultant Fees	\$ 258,326.00	\$ 488,100.00	52.92%	
23 <b>Office Related Costs</b>	<b>\$ 122,267.00</b>	<b>\$ 180,558.00</b>	<b>67.72%</b>	
24 Office & Computer Equipment	\$ 11,042.00	\$ 35,004.00	31.54%	
25 Dues, Subscriptions & Memberships	\$ 36,890.00	\$ 35,356.00	104.34%	
26 Telephone/Fax/Internet	\$ 9,732.00	\$ 22,400.00	43.45%	
27 Computer Software Expense	\$ 39,496.00	\$ 56,889.00	69.43%	
28 Other	\$ 25,107.00	\$ 30,909.00	81.23%	
29 <b>Long Term Rents/Leases</b>	<b>\$ 169,027.00</b>	<b>\$ 172,028.00</b>	<b>98.26%</b>	
30 Buildings and Facilities	\$ 105,422.00	\$ 108,000.00	97.61%	
31 Rental Equipment	\$ 75.00	\$ 500.00	15.00%	
32 Amortization Expense	\$ 63,530.00	\$ 63,528.00	100.00%	
33 <b>Convening</b>	<b>\$ 800,352.00</b>	<b>\$ 845,113.00</b>	<b>94.70%</b>	
34 Transportation	\$ 197,631.00	\$ 310,065.00	63.74%	
35 Lodging	\$ 212,309.00	\$ 225,415.00	94.19%	
36 Meeting Catering and Food	\$ 208,573.00	\$ 141,934.00	146.95%	
37 Other	\$ 181,839.00	\$ 167,699.00	108.43%	
38 <b>Risk Management-General Agency Insurance</b>	<b>\$ 30,263.00</b>	<b>\$ 39,000.00</b>	<b>77.60%</b>	
39 <b>Other Expenses</b>	<b>\$ 83,193.00</b>	<b>\$ 141,080.00</b>	<b>58.97%</b>	
40 Sub-Grant Expense	\$ 42,100.00	\$ 100,000.00	42.10%	
41 Depreciation Expense	\$ 29,922.00	\$ 27,453.00	108.99%	
42 Miscellaneous and Interest Expense	\$ 11,171.00	\$ 13,627.00	81.98%	
43 <b>Total Expenses</b>	<b>\$ 4,475,860.00</b>	<b>\$ 5,510,271.00</b>	<b>81.23%</b>	\$ (1,034,411.00)
44 <b>Net Revenue (Deficit)</b>	<b>\$ 5,453,588.00</b>	<b>\$ 1,809,392.00</b>	<b>301.40%</b>	\$ 3,644,196.00
	\$ 1,205,102.00	\$ 1,377,779.00	<b>87.47%</b>	General Operations

## **Action Item 5**

# **Consideration and Recommendation on the State Compact Commitment**

### **Introduction**

Beginning FY26, MHEC's state compact commitment will increase from \$115,000 to \$122,057, the first increase in MHEC's state compact commitment since 2015. In an attempt to provide a more regular, modest, and predictable state commitment, the Commission approved increasing the state compact commitment 1.5% cumulatively over a four-year period beginning in FY23. Under this approach, the MHEC member states would see their state compact commitment increase to \$122,055 in FY26, and to \$129,543 in FY30, and so on. (Please see table below). As FY26 approaches, MHEC is in a strong financial position due in large part to the robust use of its technology contracts and the administrative fees associated with those contracts.

Given MHEC's current strong financial position, should MHEC proceed with the pending state compact commitment increase? Should MHEC raise the state compact commitment only when there is a financial need, or is it a good practice to have a set commitment amount that provides a known, expected and regular increase?

### **Background**

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 compact commitment 1.5% annually beginning in FY22. The annual increase was an attempt to provide a more regular, modest, and predictable state commitment. A similar strategy was adopted by the Southern Regional Education Board (SREB) and the Western Interstate Commission for Higher Education (WICHE). However, in 2020, due to the pandemic and uncertainty it caused, the Commission waived the 1.5% annual increase to the state compact commitment for FY22, instead having the annual increase become effective in FY23.

Given the continuing uncertainty caused by the pandemic, as well as the healthy financial condition of MHEC, the Executive Committee again reconsidered the state compact commitment at its June 2022 meeting. Instead of increasing the state compact commitment 1.5% every year, the Executive Committee approved the current approach to state compact commitment increases whereby the state compact commitment increases cumulatively over a four-year period beginning in FY23. Under this approach the MHEC member states would see their state compact commitment

increase from its current \$115,000 to \$122,057 in FY26 and \$129,546 in FY30 and so on. (Please see table below.)

Year	Fiscal Year	State Dues	1.5% Increase	State Dues with 1.5% Increase	Year Increase Goes into Effect	State's Actual Payment in that Fiscal Year
7/1/22-6/30/23	FY23	\$115,000	\$1,725	\$116,725	No	\$115,000
7/1/23-6/30/24	FY24	\$116,725	\$1,751	\$118,476	No	\$115,000
7/1/24-6/30/25	FY25	\$118,476	\$1,777	\$120,253	No	\$115,000
7/1/25-6/30/26	FY26	\$120,253	\$1,804	\$122,057	Yes	\$122,057
7/1/26-6/30/27	FY27	\$122,057	\$1,831	\$123,888	No	\$122,057
7/1/27-6/30/28	FY28	\$123,888	\$1,858	\$125,746	No	\$122,057
7/1/28-6/30/29	FY29	\$125,746	\$1,886	\$127,632	No	\$122,057
7/1/29-6/30/30	FY30	\$127,632	\$1,914	\$129,546	Yes	\$129,546

**Proposed Action 5: Reaffirm the motion that passed at the June 6-7, 2022, meeting that states:**

“Commissioner Randy Ferlic (NE) moved and Commissioner Barbara Ballard (KS) seconded the motion to approve an increase in the state compact commitment, effective FY26, that is a 1.5% cumulative increase over a four-year period beginning in FY23.

Inquiries were asked about the other compacts dues. It was acknowledged there is a need to communicate effectively about the change as it progresses over the years.

Motion carried by a roll call vote by state.”

## Travel Reimbursement Policy – Non-Staff

### Documentation of Expenses

Per [IRS guidelines](#), to be eligible for reimbursement appropriate documentation including itemized/detailed receipts must be submitted for all expenses (copies are acceptable).

The MHEC Expense Reimbursement Form is required and must be submitted to MHEC no later than 30 days from the last day of travel. Claims submitted after this time will not be processed.

### Air Travel

- Airfare is currently capped at \$750 per flight. Any flight costing over this amount will need to have prior authorization. If using the MHEC travel agent, they will request this authorization before booking any flight over the cap amount.
- Travelers are encouraged to be flexible with travel plans, including connecting flights vs. direct flights, to save on airfare.
- MHEC commissioners and committee members are encouraged to book air travel through MHEC's current travel agent. Those not representing one of these two stakeholder groups should book their own airfare unless prior authorization to use MHEC's travel agent has been given.
- MHEC will cover the cost of the initial ticket and travel agent fees for standard airfare. MHEC will not cover premium, business comfort, or first-class levels of airfare.
- MHEC will cover the cost of one baggage fee per person, per flight.
- Flight change fees, lost ticket fees, or additional baggage fees are not reimbursable. An exception will be made when the flight change is requested by MHEC.
- Canceled or unused tickets must be reused to attend a MHEC function. Exceptions can only be made when the full cost of the ticket is reimbursed to the Compact. MHEC reserves the right to bill the traveler for any canceled or unused tickets that are not reused at a MHEC event within 12 months of the missed MHEC function.
- MHEC will cover the cost of personal vehicle mileage to and from the airport, and airport parking charges.
- MHEC will cover the cost of transportation to and from the airport (e.g. shared shuttle service, rideshare options, taxi, or light rail) Note: Limousine and luxury car rentals will not be reimbursed.
- Transportation gratuity is capped at 20% of the transportation fee.

## Automotive Travel

- Automotive fees are capped at \$750 in total. This includes car rental and gas fees combined or mileage reimbursement.
- MHEC will cover the cost of car rentals up to a midsize sedan (exceptions may be granted with prior authorization). Limousine and luxury car rentals will not be reimbursed.
- Gas expenses are reimbursable only when driving a rental vehicle. Gas purchases will not be reimbursed for personal vehicle use as this expense is calculated into the IRS Optional Standard Mileage Rate.
- MHEC will reimburse mileage, at the current IRS Optional Standard Mileage Rate, for personal vehicle use.
- Travelers are encouraged to use hotel transportation or shuttle services when available. Taxi and rideshare options are reimbursable when these options are unavailable. The gratuity reimbursement is capped at 20% of the transportation fee.
- MHEC will reimburse the cost of tolls and parking costs.

## Bus/Train Travel

- MHEC will reimburse the cost of bus and/or train travel. Bus or train fares are currently capped at \$750 per round trip. Any travel costing over this amount will need to have prior authorization.

## Hotel Accommodations

- MHEC will try to negotiate a group room rate with reduced parking and internet rates. MHEC will also attempt to have all guest room costs billed directly to the Compact. Incidentals will be the responsibility of the traveler, and the hotel will require a personal credit card upon hotel check-in. Travelers are required to stay in the room block provided by the Compact and to reserve their room prior to the hotel "cut-off" date. Travelers will not be reimbursed for accommodations at other hotels when rooms are available in the MHEC room block at the designated hotel. If rooms become unavailable or if alternate accommodations are needed, travelers must reach out to the MHEC event contact prior to the event.
  - Should meeting attendance require challenging travel times for the traveler, resulting in the need for additional accommodations beyond the meeting dates, prior authorization is required.
- Travelers are responsible for any charges resulting in a failure to cancel a hotel reservation prior to a MHEC- or hotel-determined deadline. MHEC reserves the right to bill the traveler for any outstanding charges.
- MHEC will cover hotel parking costs and standard internet charges (premium internet charges will not be reimbursable).

- MHEC does not cover incidentals such as pay-per-view entertainment, mini-bar charges (including in-room, non-complimentary water). Hotel staff gratuities are the responsibility of the traveler and will not be reimbursed.

## Meals

- A traveler is reimbursed for the actual cost of meals, including tax and gratuity, up to the daily limits outlined below:

Breakfast	\$19
Lunch	\$21
Dinner	\$38
Incidentals	\$7

- Itemized receipts, showing meals and totals, are required for all reimbursements (copies are acceptable).
- Reimbursement includes tax and gratuity. Meal gratuity reimbursements are capped at 20% of the total food cost.
- Expenditures for alcoholic beverages and entertainment are not reimbursable. Any such expenses on a receipt must be deducted from a traveler's expense reimbursement. The cost of meals will be reimbursed for travelers travelling during normal mealtimes.
- If a traveler does not spend the maximum allowance for a meal, the remaining amount can be used to reimburse another reimbursable meal within the same day.
  - For example:
    - If a traveler spends only \$10 on breakfast, the remaining \$9 can be added to the lunch allowance, making it \$30 for lunch.
  - Please note:
    - The carryover of unused meal allowance is only applicable within the same day.
    - The total daily request for reimbursement should not exceed the combined daily limits for breakfast, lunch, dinner, and incidentals, which is \$85.
- MHEC provides meals for certain meetings and events. Travelers choosing to dine elsewhere and not participate in provided meals are responsible for their meal expenses and will not be reimbursed. This also applies to conferences or other events where MHEC has requested attendance. Exceptions can be made if the traveler's dietary restrictions prevent them from dining at the MHEC event. A continental breakfast or reception does not need to be counted as a provided breakfast or dinner.
- Expenses cannot be claimed against a meal that was purchased for you by another individual related to the event/meeting.





# **Investment Policy Statement**

## **Midwestern Higher Education Compact**

Adopted: OPEN  
Affirmed: N/A  
Amended: N/A

Developed in collaboration with



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# INVESTMENT POLICY

## Purpose

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This Investment Policy Statement (“Policy” or “IPS”) provides the framework for the management of the investments of Midwestern Higher Education Compact (“MHEC”) strategic reserves (“Reserves” or “Fund”). The purpose of this policy statement is to document the investment management process by:

- Identifying the key roles and responsibilities relating to the ongoing management of the MHEC’s assets;
- The selection, supervision, monitoring and evaluation of the investment program;
- Setting forth an investment structure for the MHEC’s assets;
  - This structure includes various asset classes and acceptable ranges that, in aggregate, are expected to produce a sufficient investment return over the long term while prudently managing risk;
  - This strategy should provide guidance in all market environments, and should be based on a clear understanding of worst case outcomes;
- Establishing the criteria to measure, monitor and evaluate performance results for on a regular basis; and
- Encouraging effective communications between all fiduciaries, including external parties engaged to execute investment strategies.

## Mission

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The purpose of the Midwestern Higher Education Compact is 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 the compact.

## Goal

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The overall investment **goal** of the Reserves is to preserve the purchasing power of the current and future needs of the organization consistent with the aforementioned mission. Other goals include:

- To maximize return within reasonable and prudent levels of risk, and
- To maximize the value of the fund while maintaining liquidity needed to support spending in prolonged down markets.

## Scope

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This policy applies to assets that are a part of the Reserves and for which the Commission has responsibility, specifically

- Operating Reserve

- Nine Month Reserve
- Special Project Reserve, and
- Sustainability Reserve

## History & Purpose of the Fund

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### Brief History and Purpose

This Investment Policy is intended to provide direction and guidance to MHEC's Commission, Finance and Audit Committee and staff regarding the management and use of the Reserves. The Reserves are intended to sustain both short-term and long-term investments to both ensure enough liquid funds are maintained to meet the organization's cash needs while maximizing the investment/interest income on any excess cash.

The Reserves shall be invested in a manner that complies with all federal and Minnesota requirements applicable to MHEC as currently constituted, specifically including, but not limited to, any laws or regulations pertaining to the maintenance of MHEC's federal tax exemption under Section 501(c)(3) of the Internal Revenue Code as an organization described in Section 509(a)(1) of the Code.

### Source and uses of funding.

Excess MHEC funds shall be added to the Reserves and then used for various purposes including strategic projects, funding MHEC's annual organizational cash needs, and ensuring MHEC's sustainability.

## Standard of Care

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**Prudent Investor Rule:** Investments shall be made in accordance with the Prudent Investor Rule, which states that relative to investments, a trustee has to (1) make decisions based on an evaluation of the total portfolio, (2) promote diversification (which is fundamental to risk management), (3) analyze and make conscious decisions concerning the levels of risk appropriate to the purposes, distribution requirements and other circumstances of a trust, and (4) exercise their duty to delegate matters in which they do not have experience, as other prudent investors would.

**Legality:** Investments shall comply with the statutes referenced in this policy and with any other applicable federal, state and local laws, rules or regulations.

## Annual Review/Affirmation

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It is not expected that this policy will change frequently. In particular, short-term changes in the financial markets should not require adjustments to the policy.

### At least annually:

- The expected time horizon for each Reserve will be reviewed by the Commission.

- The policy should be affirmed or updated/affirmed.

## **Definition of Duties**

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### **The Commission**

The Commission (“Commission”) has ultimate fiduciary responsibility for the strategic reserves of MHEC. The Commission must ensure that appropriate policies governing the management of the reserves are in place and that these policies are being effectively implemented. To implement these responsibilities, the Commission sets and approves the Investment Policy Statement.

### **Finance and Audit Committee**

The Finance and Audit Committee acts as an advisory body to both the Commission and Staff.

### **Staff**

The Staff, which includes the President, the Chief Operation Officer, the General Counsel, and the Director of Finance and Operations, are responsible for adopting the provisions of this policy, including: approving investment strategy; hiring and firing of investment managers, custodians, and investment consultants; monitoring performance of the Reserves on a regular basis (at least quarterly); and maintaining sufficient knowledge about the Reserves and its managers to be reasonably assured of their compliance with the investment policy statement. They are delegated the authority to conduct administration of the Reserves and consult with the Commission and any investment consultant on matters relating to the investment of the Reserves.

### **Investment Consultant (if applicable)**

The Investment Consultant is responsible for assisting the Staff in all aspects of managing and overseeing the reserves. The consultant is the primary source of investment research and education and investment manager information. On an ongoing basis the consultant will:

- 1) Provide proactive recommendations;
- 2) Supply Staff with reports (e.g., asset allocation studies, investment research and education) or information as reasonably requested;
- 3) Monitor each investment manager/fund;
- 4) Provide Staff with quarterly performance reports; and
- 5) Assist Staff periodically, with a review of the Investment Policy Statement, including an assessment of the current asset allocation and investment objectives.

### **Investment Manager (if applicable)**

The investment managers, as chosen by the investment consultant and/or Staff, may choose the specific securities that will be used to meet the Reserve’s investment objectives. Such services also include economic analysis, and deciding when to purchase, sell, or hold individual securities. The Commission will not reserve any control over investment decisions within a particular mutual fund or ETF, which has been selected to manage a portion of the assets.

### **Custodian(s)**

The custodian's primary function will be to hold in custody the assets of MHEC, including individual securities and shares or other interests invested in commingled vehicles. The custodian will also reconcile account positions and activity with the investment managers, account for the collection of interest and dividends, account for security transactions, and prepare periodic (e.g., monthly) account statements.

### **Additional Specialists**

Specialists such as attorneys, auditors, and others may be employed by the Commission to assist in meeting its responsibilities and obligations to administer reserve assets prudently.

### **Ethics and Conflicts of Interest**

All personnel and related parties involved in the investment processes or activities related to the Fund shall refrain from personal activity that could conflict with the proper execution and management of the investments, or that could impair their ability to make impartial investment recommendations or decisions. In the event a conflict should arise, the conflicted party is expected to notify the Commission and/or Staff as soon as practical.

## **Objectives**

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The strategic reserves of MHEC operate in service of its mission and is expected to provide steady financial support to the organization in perpetuity. These assets are currently divided into four distinct Reserves: (1) Operating Reserve, (2) Nine Month Reserve, (3) Special Project Reserve, and (4) Sustainability Reserve. There are two primary objectives for the management of the reserves:

- 1) To maintain the real purchasing power of the reserves over time. In assessing the purchasing power, both returns and new additions to the reserves will be taken into consideration.
- 2) To provide a reasonable level of consistency in support of the operating budget MHEC. Spending volatility is taken into consideration in formulating the investment policy but is secondary to maintaining purchasing power and growing the reserves.

Higher investment returns tend to be accompanied by higher rates of volatility, creating tension between the two realities. The different Reserves comprising the overall strategic reserves will be prudently managed with a diversified strategy to balance this tension.

Moreover, the Staff believe that ensuring sufficient portfolio liquidity to make transfers to the operations of the organization is an important priority with respect to constructing the portfolio.

## **Spending**

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The following is a summary of the spending and authorization policies for each of the four distinct Reserves.

**Operating Reserve:** President has full discretion to spend as implied by the approval of the annual budget from the Commission.

**Nine Month Reserve:** President has full discretion to spend as implied by the approval of the annual budget from the Commission. Any spending should be reported to the Finance and Audit Committee.

**Special Project Reserve:** An annual proposal to spend from the Special Project Reserve should be approved by the Commission with the guidance of the Finance and Audit Committee. However, the President has the ability to spend up to \$250,000 annually from this fund without prior Commission approval. Any spending outside of Commission approval should be reported to the Finance and Audit Committee at the next scheduled meeting.

**Sustainability Reserve:** An annual proposal to spend from the Sustainability Reserve should be approved by the Commission with the guidance of the Finance and Audit Committee. The Commission has full discretion to release up to 4% of market value of the Sustainability Reserve annually.

When any respective Reserve becomes overfunded in regards to the set target fund amount laid out below, the President has the power to designate up to \$250,000 of those excess funds, with the Finance and Audit Committee having the power to designate the remaining excess funds above \$250,000.

Additional details surrounding these policies can also be found in the respective reserve descriptions in the pages below.

## **Operating Reserve**

**Objective:** Support immediate spending needs and maintain minimum required to meet liquidity targets. Currently targeting 12 months of operating expenses.

**Target Fund Amount:** \$4,000,000

**Time Horizon:** Immediate (0-12 months)

**Spending:** Discretion for the President to spend out of the Operating Reserve is implicit following the annual budget approval from the Commission.

**Risk Profile:** Achieve targeted performance expectations while accepting a minimal level of short-term capital volatility.

- 1) The annualized volatility (standard deviation) should be no greater than 1.5%; and
- 2) Weighted average duration should not exceed 0.5 years

**Liquidity Needs:** High

**Suitable Asset Classes and Targets:** short-term investment-grade fixed income (including individual securities, mutual funds, ETFs)

- 1) Cash and equivalents
- 2) Certificates of Deposit (“CDs”) with a maturity of 12 months or less
  - a. Individual CDs must remain within FDIC or NCUA coverage limits.
  - b. CDs purchased through programs that spread FDIC or NCUA coverage among multiple institutions are acceptable.
- 3) Money market mutual funds

- 4) U.S. Treasury bonds, notes, or bills with maturities of no greater than 12 months; and
- 5) U.S. Agency bonds, notes, or debentures issued by or guaranteed by a U.S. government agency or instrumentality with maturities of no greater than 12 months

**Portfolio Benchmark:** ICE BofA U.S. 3-month Treasury bill

**Performance Benchmark:** The performance goal of the Operating Reserve is:

- 1) Maintain annualized total return (net of fees) of greater than or equal to the portfolio benchmark.



## **Nine Month Reserve**

**Objective:** Operate as a “rainy day” fund and maintain 9 months of operating expenses.

**Target Fund Amount:** \$3,000,000

**Time Horizon:** Intermediate (0-2 years)

**Spending:** Discretion for the President to spend out of the Nine Month Reserve is implicit following the annual budget approval from the Commission. Since this is meant to serve as a “rainy day” fund, any spending should be reported to the Finance and Audit Committee at the next scheduled meeting.

**Risk Profile:** Achieve targeted performance expectations while accepting a minimal level of short-term capital volatility.

- 1) The annualized volatility (standard deviation) should be no greater than 2.5%; and
- 2) Weighted average duration should not exceed 1 year

**Liquidity Needs:** High

**Suitable Asset Classes and Targets:** short- & intermediate-term investment-grade fixed income (including individual securities, mutual funds, ETFs)

- 1) U.S. Treasury bonds, notes, or bills with maturities of no greater than two years;
- 2) U.S. Agency bonds, notes, or debentures issued by or guaranteed by a U.S. government agency or instrumentality with maturities of no greater than two years;
- 3) Investment grade U.S. corporate bonds with maturities of no greater than two years;
- 4) Money market mutual funds; and
- 5) Cash and equivalents

<b>Asset Class</b>	<b>Target</b>	<b>Minimum</b>	<b>Maximum</b>
Fixed Income	100%	90%	100%
Investment grade	100%	90%	100%
Below-investment grade	0%	0%	0%
Cash and equivalents	0%	0%	10%

**Portfolio Benchmark:** 100% Bloomberg U.S Treasury Bills 9-12 Month

**Performance Benchmark:** The performance goals of the Nine Month Reserve over its time horizon of 0-2 years are:

- 1) Maintain annualized total return (net of fees) of greater than or equal to the portfolio benchmark.

## **Special Project Reserve**

**Objective:** To fund specific special projects as they arise.

**Target Fund Amount:** \$1,000,000

**Time Horizon:** Intermediate (1-5 years)

**Spending:** An annual proposal to spend from the Special Project Reserve should be approved by the Commission with the guidance of the Finance and Audit Committee. However, the President has the ability to spend up to \$250,000 annually from this fund without prior Commission approval. Any spending outside of Commission approval should be reported to the Finance and Audit Committee at the next scheduled meeting.

**Risk Profile:** Achieve targeted performance expectations while accepting some level of short-term capital volatility.

- 1) The annualized volatility (standard deviation) should be no greater than 6%; and
- 2) Weighted average duration should not exceed 3.5 years

**Liquidity Needs:** Moderate

**Suitable Asset Classes and Targets:** short- & intermediate-term investment-grade fixed income (including individual securities, mutual funds, ETFs)

- 1) U.S. Treasury bonds, notes, or bills with maturities of no greater than five years;
- 2) U.S. Agency bonds, notes, or debentures issued by or guaranteed by a U.S. government agency or instrumentality with maturities of no greater than five years;
- 3) Investment grade U.S. corporate bonds with maturities of no greater than five years;
- 4) Nontraditional fixed income funds with aggregate duration of no longer than five years (limited to no more than 20% of this Fund);
- 5) Money market mutual funds; and
- 6) Cash and equivalents

<b>Asset Class</b>	<b>Target</b>	<b>Minimum</b>	<b>Maximum</b>
Fixed Income	100%	90%	100%
Investment grade	100%	90%	100%
Below-investment grade	0%	0%	10%
Cash and equivalents	0%	0%	10%

**Portfolio Benchmark:** 100% Bloomberg U.S. 1-5 Year Government / Credit

**Performance Benchmark:** The performance goals of the Infrastructure Fund over its time horizon of 1-5 years are:

- 1) Achieve an annualized total return (net of fees) of CPI + 1%;
- 2) Achieve an annualized total return (net of fees) of 3.5%+; and
- 3) Maintain annualized total return (net of fees) within +/- 1% of portfolio benchmark

## **Sustainability Reserve**

**Objective:** To support the long-term sustainability of MHEC. MHEC does not intend to access the principal and will use the returns to help fund an annual draw for operations.

**Target Fund Amount:** \$4,000,000

**Time Horizon:** Long-term (5+ years)

**Spending:** An annual proposal to spend from the Sustainability Reserve should be approved by the Commission with the guidance of the Finance and Audit Committee. The Commission has full discretion to release up to 4% of market value of the Sustainability Reserve annually. The 4% figure is calculated by averaging the most recent twelve (12) calendar quarters ending with the end of the most recent fiscal year. If the portfolio's history does not extend back twelve (12) calendar quarters, then the total value for each quarter over the life of the fund shall be used.

**Risk Profile:** Achieve targeted performance expectations while accepting moderate levels of capital volatility.

- 1) The annualized volatility (standard deviation) should be no greater than 12%.
- 2) Weighted average duration should not exceed 8 years.

**Liquidity Needs:** Potential for some illiquidity.

**Suitable Asset Classes and Targets:** Equities, fixed income, alternatives, cash

<b>Asset Class</b>	<b>Target</b>	<b>Minimum</b>	<b>Maximum</b>
Equity	40%	20%	60%
U.S.	27%	13%	50%
Non-U.S.	13%	6%	25%
Fixed Income	60%	40%	80%
Investment grade	55%	40%	80%
Below-investment grade	5%	0%	10%
Liquid Alternatives	0%	0%	10%
Cash and equivalents	0%	0%	4%

**Portfolio Benchmark:** 40% MSCI ACWI & 60% Bloomberg Aggregate

**Performance Benchmark:** The performance goals of the Sustainability Reserve over a full market cycle (generally assumed to be 5-7 years) are:

- 1) Achieve an annualized total return (net of fees) of CPI + 2%;
- 2) Achieve an annualized total return (net of fees) of 4.5%+; and
- 3) Maintain annualized total return (net of fees) within +/- 1% of portfolio benchmark

# Rebalancing

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The Staff will review the Fund's asset allocation periodically. The Staff will review deviations from asset class policy targets outside of the allowable ranges at any point in time and if necessary, rebalancing may occur.

In general, the Fund's average asset allocation should match the targets listed in the table above. However, there may be times when tactical over or underweights are maintained to take advantage of favorable market conditions. In addition, the Staff recognize that investing in certain illiquid investments (i.e. interval funds, etc.) makes it more challenging to quickly adjust those allocations. As a consequence of these constraints, deviations from policy targets may occur.

Cash receipts shall be invested as soon as practical and in accordance with the current asset allocation policy, unless otherwise approved.

# Liquidity

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The Fund will seek to maintain a balance between investment goals and liquidity needs. Liquidity is necessary to meet the spending needs of the respective Fund and any extraordinary events. In some instances, the most appropriate investment option is one that comes with liquidity constraints.

Illiquid investments include private equity, private debt, and private real assets. Interval funds are considered semi-liquid due to lock-up periods, redemption restrictions, and in some cases, illiquidity of the underlying investments. The tradeoff between appropriateness and liquidity will be considered throughout the portfolio construction process, but with the following limits:

**Liquid assets:** 100% of the (1) Operating Reserve, (2) Nine Month Reserve, and (3) Special Project Reserve; and at least 90% of the (4) Sustainability Reserve

**Semi-liquid assets:** No more than 10% of the Sustainability Reserve

**Illiquid assets:** Not permitted in any Reserve

# Manager Guidelines and Restrictions

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In today's rapidly changing and complex financial world, no list or types of categories of investments can provide continuously adequate guidance for achieving the investment objectives. Any such list is likely to be too inflexible to be suitable for the market environment in which investment decisions must be made. Therefore, it is the process by which investment strategies and decisions are developed, analyzed, adopted, implemented, and monitored, and the overall manner in which investment risk is managed, which determines whether an appropriate standard of reasonableness, care and prudence has been met for the strategic reserves.

## General

The following categories of investments are not permitted for investment without the Finance and

Audit Committee's prior written approval or as specifically authorized in the implementation of alternative strategies: (1) private placements or restricted securities, other than Rule 144A Securities; (2) commodities including gold, precious gems or commodity futures; (3) uncovered options; (4) short sales or margin transactions; (5) use of derivatives or leverage ; and (6) securities of the investment manager or its respective parent, subsidiaries or affiliates.

### **Equity**

The maximum position in any security may not exceed 10% of the portfolio. The allocation to any one economic sector or country (for international equity portfolios) should not be excessive and should be consistent with the portfolio's benchmark index and with managers of similar investment styles.

### **Fixed Income**

Not more than 10% of a manager's portfolio may be invested in the securities of any one issuer, with the exception of the U.S. Government, its agencies, or other sovereign government issuers. Securities denominated in foreign currencies are limited to not more than 10% of the total fixed income portfolio.

Investments rated below BBB- by Standard & Poor's Corporation, or comparable nationally recognized rating services, are limited to not more than 10% of the Special Project Reserve and Sustainability Reserve. Unrated securities considered by the manager to be within the quality guidelines of the account may be purchased. In the case of a split rating, the higher rating shall apply. If a downgrade causes a violation of these guidelines, such downgraded security may be held at the manager's discretion. The duration of the fixed income portfolio may not differ by more than two years from the duration of its benchmark index.

### **Investment Monitoring and Reporting**

Investment managers will be monitored on an ongoing basis. When monitoring fund managers, the level of risk (as measured by standard deviation) should be commensurate with the level of historical net returns. In addition, historical returns should compare favorably to both an appropriate benchmark and peer group over rolling, trailing 3- and 5-year periods. Additional quantitative factors that may be considered include Alpha, Beta, correlation, and the Sharpe ratio.

It is understood that there are likely to be short-term periods during which performance deviates from market indices. During such times, greater emphasis shall be placed on peer performance comparisons with fund managers employing similar styles.

### **Investment Manager Termination**

Frequent changes of investment managers are neither expected nor desirable but from time-to-time, changes are likely to be required. The fund managers will be monitored on an ongoing basis, and it is at the Board's sole discretion to take corrective action by replacing a fund manager, if it is deemed appropriate at any time.

While there are no hard and fast rules about when a fund manager should be removed or replaced, the following factors may be considered:

- The Finance and Audit Committee has lost confidence in the fund manager's ability to achieve the fund's risk/return objectives,
- The fund manager's style has changed over time (Style Drift),
- Significant team departures have occurred or are expected to occur,

- Any violation of the fund’s prospectus,
- Any material litigation against the fund manager, or
- Any changes in fund manager’s ownership structure.

## Acknowledgement

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We recognize the importance of adhering to the mission and strategy detailed in this policy. We agree to work to fulfill the objectives stated herein, within the guidelines and restrictions, to the best of our ability. We acknowledge that open communications are essential to fulfilling this mission, and therefore, recognize suggestions regarding appropriate adjustments to this policy or the manner in which investment performance is reviewed are expected.

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# Appendix – Investment Policy Account Listing

Cash & Investments	XXXX Bank Checking	XXXX Bank Savings	XYZ Account	ABC Account	123 Account	Total
<b>Investment Objective</b>	Capital Preservation & Liquidity	Capital Preservation & Liquidity	Income	Income	Income	
<b>Primary Investments</b>	Cash	Cash	1-2 Year Treasuries; Treasury money market	1-5 Year Treasuries; Treasury money market	40% stocks; 60% fixed income	
<b>Operating Reserve</b>	\$1,500,000	\$2,500,000				<b>\$4,000,000</b> 33%
<b>Nine Month Reserve</b>			\$3,000,000			<b>\$3,000,000</b> 25%
<b>Special Project Reserve</b>				\$1,000,000		<b>\$1,000,000</b> 8%
<b>Sustainability Reserve</b>					\$4,000,000	<b>\$4,000,000</b> 33%
<b>TOTAL</b>	<b>\$1,500,000</b> 13%	<b>\$2,500,000</b> 21%	<b>\$3,000,000</b> 25%	<b>\$1,000,000</b> 8%	<b>\$4,000,000</b> 33%	<b>\$12,000,000</b>
	<b>\$4,000,000</b>					

## **Action Item 6**

### **MHEC Investment Policy**

**Proposed Action 6:** Based on the recommendation of the Finance and Audit Committee, the Commission approve the MHEC Investment Policy.



## Action Items 7-10

### Nominations and Elections of Officers

MHEC's Bylaws state:

***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 commission is being asked to elect from its members individuals for the office of chair, vice chair, treasurer, and immediate past chair. The MHEC bylaws state that Representative Barbara Ballard, as chair, shall succeed to the office of the immediate past chair if elected by the commission.

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 when possible, maintains a balance between legislators and non-legislators within its officers. Upon consultation with the current MHEC officers, it is recommended that \_\_\_\_\_ be elected to the office of chair, Rep. Katie Stuart (IL) be elected to the office of vice chair, Tim Mihalick (ND) be elected to the office of treasurer, and Rep. Barbara Ballard (KS) be elected to the office of past chair. All four individuals have graciously agreed to serve if nominated and approved.

#### **Proposal**

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

That consistent with the MHEC bylaws the commission approve \_\_\_\_\_ for the position of MHEC chair.

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

That the commission approve Rep. Katie Stuart (IL) for the position of MHEC vice chair.

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

That the commission approve Rep. Barbara Ballard (KS) for the position of MHEC past chair.

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

That the commission approve Tim Mihalick (ND) for the position of MHEC treasurer.

## PRESENTATION: A Stronger Nation – Attainment for a Purpose

### Presenter



#### **Chris Mullin**

Strategy Director for Data and Measurement  
Lumina Foundation

Christopher (Chris) Mullin, Ph.D., is strategy director of data and measurement for Lumina Foundation, an independent, private foundation in Indianapolis that is committed to making opportunities for learning beyond high school available to all.

Previously, he served as director of Strong Start to Finish at Education Commission of the States, executive vice chancellor of the Florida College System, the assistant vice chancellor for policy and research at the State University System of Florida, Board of Governors, the program director for policy analysis of the American Association of Community Colleges (AACC), and a postdoctoral fellow at the Illinois Education Research Council. Over the years he has also attended many Lumina convenings, both as a presenter and a participant.

He earned his bachelor's and doctoral degree from the University of Florida and a Master of Education degree from Teachers College of Columbia University.

## **Action Item 11**

### **RECESS**

**Proposed Action 11:** The Commission approve a meeting recess until 8:30 a.m. on Nov. 20, 2024.

## Tuesday Evening Presenters

### PRESENTATION ON BUS - Rolling Through Kansas History on Highway K-10



**Paul Stuewe**  
**Retired High School Teacher**

Paul Stuewe, a lifelong Kansan, dedicated 44 years to teaching high school history, inspiring generations of students. Raised on a farm in the Flint Hills of Wabaunsee County, Kansas, he earned his bachelor's degree in history from Washburn University, followed by two master's degrees from the University of Kansas in education and history. A U.S. Army veteran who served during Vietnam, Paul has received numerous accolades, including induction into the Kansas Teacher Hall of Fame, the American Lawyers Auxiliary's Teacher of the Year, and the Mayor's Excellence in Education Award from the

City of Lawrence. Additionally, he edited *Kansas History Revisited: Historical Images and Perspectives*. His community contributions extend beyond the classroom, having served as board president for both the Lawrence Schools Foundation and the Kansas Historical Foundation, as well as a member of the Lawrence Historic Resources Commission.

### Welcome to KU



**Douglas Girod**  
Chancellor  
University of Kansas

Douglas A. Girod began as the 18<sup>th</sup> chancellor of the University of Kansas in July 2017. In this role, Chancellor Girod leads KU's mission to educate leaders, build healthy communities and make discoveries that change the world.

Chancellor Girod has established a bold vision for the University of Kansas to be a destination for top scholars from across the world, an engine of economic growth for Kansas, and one of the nation's leading research universities. In pursuing this vision, Chancellor Girod seeks to elevate the university's national stature and enhance KU's membership in the Association of American Universities.

Under Chancellor Girod's leadership, KU has recruited the largest freshman class in history, earned the highest designation for the KU Cancer Center, increased research expenditures for six straight years, and established new medical oversight models for student healthcare services. In October 2021, Chancellor Girod was named to the AAU board of directors.

Before becoming chancellor, Dr. Girod served as executive vice chancellor at KU Medical Center, where he oversaw the educational, research, patient care and community engagement missions of the schools of Medicine, Nursing and Health Professions.

A head-and-neck surgeon, Girod first joined the KU Medical Center faculty in 1994 and quickly rose through the academic ranks, becoming chair of the Otolaryngology department in 2002. In that role, he was instrumental to the University of Kansas Health System being named in the U.S. News & World Report "Best Hospitals" national rankings. He also served as interim

executive dean of the KU School of Medicine and as senior associate dean for clinical affairs at the medical center.

Chancellor Girod earned his bachelor's degree in chemistry from the University of California at Davis and his medical degree from the University of California at San Francisco. He completed his residency and an NIH research fellowship at the University of Washington in Seattle. Prior to joining the University of Kansas Medical Center, Girod served as vice chairman and research director in the Department of Otolaryngology at the Naval Medical Center in Oakland.

## Welcome to Dole Institute



### Audrey Coleman

Director  
Robert J. Dole Institute of Politics

Audrey Coleman is the Director of the Robert J. Dole Institute of Politics, where she has held leadership roles since 2012. Formerly the Archivist to Senator Bob Dole, in Summer 2023 Audrey lead months-long commemorative efforts in honor of Senator Bob Dole's 100<sup>th</sup> birthday and the 20<sup>th</sup> anniversary of the Dole Institute, including a celebratory slate of guests including Senators Trent Lott and Tom Daschle, and *Wall Street Journal* Executive Washington Editor Jerry Seib. Audrey cultivates transformative program partnerships that impact audiences and engage institutions across the region and the nation. Her experience with public engagement crosses disciplines, generations, and political philosophies. Audrey's resourceful leadership strategy centers on attributes exclusive to the Dole Institute including the leadership legacies of Senators Bob and Elizabeth Dole, their papers, and the vast network associated with the Senators, the Dole Institute, and the University of Kansas. Audrey holds graduate and undergraduate degrees from the University of Kansas, where she was a member of the Phi Beta Kappa Honors Society.

## PRESENTATION - The First Lady's Soft Power Influence on Higher Education



### Diana Carlin

Author

Dr. Diana Carlin is professor emerita of communication at Saint Louis University and a retired professor of communication studies at the University of Kansas. She served as dean of the Graduate School and International Programs at Kansas and associate provost for Graduate and Global Education at Saint Louis.

She has researched and taught courses on first ladies for 30 years and is a founding member of the First Ladies Association for Research and Education. She is co-author of the first college textbook on first ladies, *U.S. First Ladies: Making History and Leaving Legacies* published in 2023 and *Remember the First Ladies: The Legacies of America's History-Making Women* published in 2024. She is the author of book chapters on Martha Washington, Julia Grant, Lady Bird Johnson, Barbara Bush, and Michelle Obama.

## MHEC Data Analysis Update

### CliftonLarsonAllen Presenters



**Ben Aase**

Principal

Ben Aase is a member of CliftonLarsonAllen's industry leadership team, he leads the nonprofit digital services. CLA's team of 900 nonprofit professionals serve over 10,000 nonprofits nationally through integrated wealth advisory, outsourcing, digital, audit, and tax services to help them succeed professionally and personally.

Ben has a bachelor's in economics from Colorado College and a master's from the Carlson School of Management at the University of Minnesota. He is a board director and investment committee member of the Cargill Foundation, a co-founder of Impact Hub MSP, a former Bush Fellows Selection Committee Member and a judge in the Meda Million Dollar Challenge, and a former review board member for the Impact Ventures division of the Minnesota Cup. Ben is also co-founder of the Minneapolis Professional Chapter of Net Impact. Ben was recently named a (Real) Power 50 by Minnesota Business Magazine.



**Patrick Connally**

Data Analyst Manager

Patrick Connally is an experienced digital technology, project, and change leader. He has over 20 years of experience helping clients assess, transform, and operate their organizations.

Throughout his career, he has supported customers in the public sector (Federal as well as State & Local government), financial services, manufacturing, and retail/consumer goods industries.

His prior professional experience includes working for global professional services and Software as a Service (SaaS), Platform as a Service (PaaS), and Infrastructure as a Service (IaaS) organizations. Most recently, he led go to market (GTM) strategy and product development for Microsoft's \$2B professional services industry and product organization.

He holds a bachelor's, two master's, and doctor of philosophy (Ph.D.) degree. He also holds both a Project Management Professional (PMP #523676) and Agile Certified Practitioner (PMI-ACP #2158657) issued by the Project Management Institute.



## **Mitchell Turnbow**

Digital Growth Director

Mitchell Turnbow is a dynamic technology and digital consulting professional based in Indianapolis, Indiana, with nearly 15 years of experience. He has a proven track record of successful partnerships with business owners and leadership teams, working with some of the largest and most innovative organizations globally to implement system and process improvements.

He specializes in driving digital maturity within organizations. Mitchell understands the importance of fostering a collaborative environment that encourages sharing. With a deep understanding of various leading enterprise platforms, Mitchell stays up to date with the latest technologies and trends. He leverages this knowledge to develop customized solutions for clients in industries such as retail, manufacturing, and non-profit.

His ability to cultivate an environment of sharing and his drive for outcomes make him an invaluable asset for clients looking to optimize their digital practices. Collaboration is at the core of Mitchell's strategy for driving business success. Through open and honest communication with clients, he ensures that their goals and objectives are aligned with the solutions he develops, ultimately driving results.

## PRESENTATION - Postsecondary Education for Incarcerated Individuals Featuring Kansas and Michigan

### Presenters



#### **Sean Addie**

Director of the Office of Correctional Education in the Office of Career, Technical, and Adult Education  
U.S. Department of Education

Sean Addie is the Director of the Office of Correctional Education in the Office of Career, Technical, and Adult Education at the U.S. Department of Education (ED). His work at ED includes serving as an agency expert on correctional and reentry education, administering adult and juvenile correctional and reentry education programs, and coordinating inter- and intra-agency efforts pertaining to correctional and reentry education. Sean previously worked at the Vera Institute of Justice and the National Center for Juvenile Justice.

Sean has a B.A. in History from Washington and Jefferson College and a J.D. from the University of Pittsburgh School of Law and is licensed to practice law in New York and Pennsylvania.



#### **Kary Bosma**

Co-Director  
The Hope-Western Prison Education Program

Kary Bosma is co-director of the Hope-Western Prison Education Program, which provides a liberal arts-based bachelor's degree to incarcerated students in Michigan. After earning her Bachelor's Degree in Criminal Justice from Calvin University, Kary began a career in higher education, working in student life and program leadership roles at her alma mater. When the institution began the Calvin Prison Initiative in 2015, Kary was well-positioned to combine her skills and experience in higher education with her interest in student success

and restorative justice. In 2021, Kary began a monthly convening of Michigan colleges and universities involved in prison education and education leaders from the Michigan Department of Corrections. These gatherings provided an opportunity to share best practices, develop shared educational standards, and learn from one another's experiences. In 2023, the group formally organized into the Michigan Consortium for Higher Education in Prison. In 2024, Kary became co-director of the Hope-Western Prison Education Program, which began in 2019 and currently serves 58 incarcerated students.





## **Greg Mosier**

President  
Kansas City Kansas Community College

Dr. Greg Mosier has served as president of Kansas City Kansas Community College since June 2018. He is a firm believer that innovation through collaboration is the best way to serve our communities and currently leads an effort, through strategic public/private partnerships, to build a \$74 million, 92,000 sq.ft. comprehensive Community Education, Health and Wellness Center in the heart of Kansas City, Kansas' urban core.

Mosier served on Kansas' Business Attraction Team to bring Panasonic North America to the KC Metro area, as well as serving on the Board and current Board Chair for the Wyandotte Economic Development Council, the Board of the KCK Chamber of Commerce, Leavenworth County Development Corporation and other organizations. With more than 30 years' experience in Higher Ed., Mosier served as the executive vice president at Rochester Community and Technical College, in Rochester Minnesota and vice president of academic affairs at Oklahoma State University Institute of Technology where he worked with more than 400 national and international companies, expanding, and creating new programs sponsored and supported by the business sector.

As dean at Moberly Area Community College in Missouri, Mosier was part of a gubernatorial assigned business attraction team responsible for bringing the IBM Information Technology Global Delivery Center to Columbia, MO; adding more than 600 new jobs to the community.

Beyond his educational experiences, Mosier has worked in the private sector, working for organizations such as NASA, Rockwell International, Technologies International, EduSystems Inc., and the Consortium for International Development. Work for these groups included Department of Defense contract work in the United States, and community college development for World Bank projects and the Ministries of Education in Yemen, Bahrain and Saudi Arabia.

Greg and Laurie, have two children, Garrett, 27, who graduated with an mechanical engineering degree from the University of Tulsa, and Savannah, 25, who is competing a doctorate in biomechanical engineering at the University of Kansas.



## **Allan Wachendorfer**

Program Manager  
Vera Institute of Justice

Allan Wachendorfer is a program manager with Vera's Unlocking Potential initiative, working to expand access to high-quality postsecondary programs in prisons. He co-leads the initiative's equity work, which includes identifying and reforming policies and practices that contribute to inequitable access, completions, and outcomes for incarcerated students of color. Allan also provides technical assistance to colleges, corrections departments, and nonprofits offering postsecondary education and reentry programs to incarcerated people.

Before joining Vera, Allan was the director of public policy for the Michigan chapter of the National Association of Social Workers.

He is also a founding member and current board chair of Nation Outside, a movement of formerly incarcerated people that inspires its members and the community to advocate for systems of support for currently and formerly incarcerated folks, their loved ones, and their communities.

Allan holds a BS from Eastern Michigan University and an MSW from the University of Michigan.

## Action Item 12

### Bylaw Change: Recognition of the Governance Committee as a Standing Committee

MHEC's Bylaws state (Proposed amended text in red/underlined):

*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. Governance Committee*

*The Governance Committee acts as an advisory committee to the commission and is charged with providing guidance to the commission on MHEC governance matters, nominations, and other matters as appropriate.*

*Section ~~3~~4. 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.*

**Proposed Action 12:** The Commission approve the amendment to Article VI Sections 3 and 4 of the MHEC bylaws.

## Action Item 13

### Approval for Contract Extension Delegation

Consistent with its member states' requirements, MHEC follows a competitive sourcing event prior to awarding bids and entering into contracts with vendors. The competitive sourcing documents set forth the criteria of the solicitation, including the contract commencement and termination dates, plus any contract extension options. Generally, when all contract extension options have been utilized, the contract has reached its final termination date as originally established in the competitive sourcing event, and the contract is then terminated. However, the Commission does have the authority to extend a contract's term beyond this final termination date. Commission approved extensions most commonly occur during instances when entities in the MHEC states continue to need to utilize the MHEC contract, but new replacement contracts are not yet available because MHEC needs additional time to finalize the competitive sourcing event that will lead to the new replacement contracts. Vendors often struggle with the timelines MHEC currently works under when seeking these contract extensions, not recognizing approval can only be obtained at a November Commission meeting or a June Executive Committee meeting. MHEC staff are seeking more flexibility and potential quicker turnaround times in getting these contract extensions completed. Accordingly, the Governance Committee is recommending that the Commission's authority to grant these contract extensions be delegated to the Governance Committee.

**Proposed Action 13:** The Commission's authority to extend MHEC contracts for up to one year be delegated by the Commission to the Governance Committee, with any such extensions beyond one year requiring ratification by the full Commission at its next meeting.

## **Action Item 14**

### **Approval for Establishing an Ad Hoc Stone Arch Insurance Company Committee**

MHEC is the sole shareholder of Stone Arch Insurance Company, a captive insurance company domiciled in Vermont. MHEC initially used Stone Arch for the captive layer in its Master Property Program (MPP). With the sunset of MPP, MHEC needs to determine if and how they want to utilize Stone Arch. An understanding of captives, their relationship with the insurance industry, and the variety of ways institutions can utilize and benefit from captives is important when trying to determine the best utilization and structure for Stone Arch. Gaining this understanding takes more time than can be allotted during a Commission meeting or Executive Committee meeting. A smaller committee of commissioners can take the time to work with MHEC staff and MHEC's captive consultant to become better informed on captives and the potential opportunities for Stone Arch, and can then inform and advise the full Commission on the best path forward for Stone Arch. The Governance Committee therefore recommends a new ad hoc commissioner committee be established to inform and advise the Commission on the future utilization and structure of Stone Arch.

**Proposed Action 14:** The Commission establish an Ad Hoc Commissioner Committee to help inform and advise the Commission on the future of Stone Arch Insurance Company, MHEC's wholly-owned captive, and share its findings and recommendations to the Executive Committee at the June 2025 Executive Committee Meeting.

## **Programs**

Master Property Program

Stone Arch Insurance Company

MHECare Student Health Solutions

Midwest Student Exchange Program (MSEP)

Midwestern-State Authorization Reciprocity Agreement (M-SARA)

# Master Property Program (MPP)

Prepared by Breanne Hegg, Vice President, Programs and Contracts

## 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 public and not-for-profit colleges and universities. At its November 2022 meeting, the MHEC Commission made the decision to sunset the current MPP effective July 1, 2023. The Commission decision was rooted in three challenges pressing upon the program – a series of three large losses in a relatively short period of time, changes in underwriting perspectives and weather patterns around severe convective storm risk, and increased program competition and member marketing.

As a part of MPP, MHEC rented a cell in a rent-a-captive, Everest Property Insurance Company (EPIC), for more than 20 years before launching its own captive, Stone Arch Insurance Company on July 1, 2021. Captives are an insurance company created and wholly owned by a parent company or group to insure its own risks. In the case of MPP, the captive covered the first layer of risk, up to \$2 million. Even though the MPP started using Stone Arch as its captive, MPP members were required to keep some funds in the EPIC rented cell until all liabilities were met. EPIC decided to novate (replace with a new contract) the cell MHEC rented to a third party (thereby transferring the liabilities to a new entity) and allowing the remaining member equity to be distributed to participants in the form of additional dividend payments. The first round of these dividends was distributed in accordance with the MPP's dividend policy that was created and adopted by MPP Leadership. Approximately \$2M was distributed to former members in early 2023.

## Current Status

MHEC has continued to retain its long-time program manager, Marsh, through the transition. Marsh's services to unwind the Master Property Program while also servicing members (answering coverage questions, fielding claims, loss control support, finalizing and balancing accounting). At this time, the Master Property Program has 12 open claims remaining, and Marsh anticipates that these claims may take one more year to resolve.

This fall MHEC learned that the IRS had released its final letter of credit hold on the remaining rent-a-captive funds, which allowed MHEC to start the process of distributing the final \$1.1M in dividends from the rent-a-captive to eligible former MPP members.

## Next Steps

MHEC continues to explore ways to serve its member states and institutions in the area of insurance and risk management, including through its captive, Stone Arch Insurance Agency.

As part of this exploration process, MHEC will continue to offer fine arts and terrorism coverage at reduced costs to institutions for the 2024-25 policy year. MHEC is exploring whether to continue offering this coverage going forward.

# Master Property Program - Stone Arch Insurance Company

Prepared by Breanne Hegg, Vice President, Programs and Contracts

## Background

The MHEC Master Property Program (MPP) offered institutions access to a loss fund, or captive, which paid out smaller, or attritional losses, subject to an annual limit, that the insurance market would otherwise need to cover, thereby creating distance from the insurance market. The MPP's loss fund, developed in the early 90s, was a rent-a-captive structure managed by Captive Resources, housed in an entity named Everest Property Insurance Company (EPIC). Captive insurance is an insurance company created and wholly owned by a parent company or group to insure its own risks. Captives cover the first layer of risk, up to \$2 million. Funded by MPP member institutions, the loss fund returned 100% of the members' contribution back to the members in the form of dividends or paid claims. Facing numerous challenges resulting from a hardening and unpredictable property insurance market, MHEC underwent a multi-year strategic examination of MPP's structure. With the assistance of expertise from the MPP Program Administrator Marsh's captive group, the examination focused on the loss fund. The results of this multi-year examination recommended that MHEC replace the rent-a-captive with a MHEC-owned single-parent captive to best serve the current and future risk management needs of MPP member institutions.

At its November 2020 annual meeting, the Commission delegated to the MHEC officers the authority to approve the establishment of a MHEC-owned captive. 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. 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

Although the MPP officially sunset on July 1, 2023, Stone Arch Insurance Company continues to support the MPP's loss fund layer until all open claims have been paid and settled. At this time, twelve remaining open claims exist. MHEC continues to retain the services of Marsh Captive Management to operate Stone Arch Insurance Company, which includes paying claims and providing regular reporting to the Vermont Department of Financial Regulation.

## Next Steps

During this "run-off" period MHEC may find additional uses for the captive and begin to write new lines of insurance, but if it does not, at the conclusion of the "run-off" period (which can take several years) MHEC will need to determine if it dissolves Stone Arch Insurance Company or places it into dormancy, which is allowed for five-year periods of time.

To assess what next steps MHEC should take to best support its strategic goals, MHEC engaged with Marsh to conduct a strategic review. The goal of the strategic review is to assess possible scenarios and help MHEC make a formal recommendation on how to best use the captive to support the needs of the states and institutions it serves in the coming years. Five commissioners and one former MPP member provided feedback as part of a focus group to inform the research as part of this review. In order to complete the strategic review, we asked the Governance Committee to recommend the establishment of an ad hoc commissioner committee to help inform and advise the Commission on the future of Stone Arch Insurance Company, and to have this ad hoc committee share its findings and recommendations to the Executive Committee at the June 2025 Executive Committee Meeting. The Governance Committee agreed and will formally make this recommendation to the full commission at the November commission meeting.



# MHECare Student Health Solutions

Prepared by Breanne Hegg, Vice President, Programs and Contracts

## 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. In 2012-13 MHECare began providing institutions of higher education access to an array of insurance solutions that assist campuses in supporting student health. In 2021 MHEC and the Student Health Benefits Advisory Committee completed an RFP, making awards to four vendors: UnitedHealthcare StudentResources, HealthMarkets, META Teletherapy, and TAO Connect.

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.

## Current Status

With the addition of the University of Illinois Urbana-Champaign, Kent State University, and Chicago State University, 28 institutions are contracted to participate for the 2024-25 school year with UnitedHealthcare StudentResources for fully insured school-sponsored health insurance. Twenty-six of the 28 institutions using these plans are from the Midwest.

MHEC continues to offer institutions virtual mental health services through META and TAO Connect, which reorganized this year under the Uplift company. 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 private, secure online therapy. Maharishi International University in Fairfield, Iowa, has used META through the MHEC contract for the past few years. TAO Connect provides institutions with a platform of self-serve mental health modules for students to leverage independently, or in conjunction with campus counseling. Minot State University in Minot, North Dakota, is using TAO Connect under the MHEC contact.

For those institutions not offering a fully insured school-sponsored health insurance plan, HealthMarkets provides an easy avenue for students and their dependents to find health insurance and connects students searching for insurance with licensed insurance agents. MHEC is exploring adjustments to this contract that might increase its use.

## Next Steps

MHEC anticipates being able to share with UnitedHealthcare Student Resources participating institutions later this fiscal year that the program has reached the cumulative growth threshold of 10,000 participants since 2021, which will result in higher target loss ratios/lower rates for members in the coming year. As the program continues to grow, additional thresholds can be met to further reduce rates.

Goals for MHECare include growing UnitedHealthcare StudentResources contract usage in the Midwest; expanding research, resources, and support for mental health; and engaging an expanded Student Health Benefits Advisory Committee. WICHE is also interested in growing the United Healthcare Student Resources contract use in their region, and MHEC is working with them to support this work. MHEC is also working with its other MHECare contract vendors to increase higher education's exploration of the available solutions offered by these vendors.

# Midwest Student Exchange Program (MSEP)

Prepared by Jenny Parks, Vice President, Policy & Research, et al.

## Background

The [Midwest Student Exchange Program](#) (MSEP) operates as an interstate tuition reciprocity program, extending reduced tuition rates to students in Indiana, Kansas, Minnesota, Missouri, Nebraska, Ohio, and Wisconsin. Despite the Midwestern Higher Education Compact having 12 member states, not all participate actively. Illinois and Michigan are currently inactive, while Iowa and South Dakota have opted out. Since its inception in 1994, MSEP, facilitated by the Midwestern Higher Education Compact (MHEC), has enabled students to pursue more affordable educational opportunities at out-of-state institutions. It stands as the Midwest's largest multi-state tuition reciprocity initiative, with over 60 campuses from nine participating states offering reduced rates. Public institutions agree to charge no more than 150% of in-state tuition, while private institutions offer a 10% reduction. Alongside state-to-state reciprocity programs, all four regions of the country have student exchange programs with some variation among them.

In the last five years, MSEP participation among states, institutions, and students has declined. MHEC staff researched and reported factors contributing to these declines: demographic patterns and transitions, increases in distance education, changes in educational programs and credentials, and innovations in tuition models. In response to the changing needs of institutions and students, MHEC convened an advisory group of regional stakeholders to help update and enhance the program. This MSEP 2.0 advisory group met over the 2023-24 academic year and made recommendations to MHEC's Executive Committee at its June 2024 meeting:

- Invest in MSEP Communication & Outreach
- Perform Procedural Improvements
- Implement a Midwest College Cost Savings Finder

These recommendations were approved by the Executive Committee after a robust discussion and a change to the recommendation pertaining to the Midwest College Cost Savings Finder. Rather than the word "implement," the word "explore" was used. MHEC staff were tasked with reporting back to the MHEC Commission at its November 2024 meeting. (See supplemental updates.)

## Current Status

As of July 1, 2024, MHEC's MSEP lead program staff left the organization. A search process followed, and a new MSEP lead started October 21, 2024. Work to run MSEP and serve its participating states, institutions, and students was shared among MHEC staff during the search process.

For the 2023-24 academic year, eight states actively participated in the program, with over 60 institutions, including both two- and four-year public and private not-for-profit institutions, submitting data. In total, 4,322 students saved almost \$30 million in tuition during the 2024 fiscal year.

## Next Steps

The new MSEP lead will implement the recommendations of the MSEP 2.0 Advisory Committee and report on them to the Executive Committee in June 2025. MHEC has hired an external consultant to work with the new MSEP to conduct the analysis and assessment of existing online tools and stakeholder needs relevant to the proposed cost savings finder. Please see the supplemental update on the MSEP Advisory Group recommendations for additional details.

# Midwestern-State Authorization Reciprocity Agreement (M-SARA)

Prepared by Sara Appel, Director of M-SARA

## Background

The State Authorization Reciprocity Agreements (SARA) program provides a voluntary, streamlined process for states to oversee postsecondary distance education, ensuring uniform standards across participating states. Institutions pay a fee to join, which simplifies their ability to offer online programs without registering in every state where their students reside. SARA enhances quality assurance, consumer protections, and the value of credits for distance education students. California is the only state not yet participating, though discussions continue.

The National Council for State Authorization Reciprocity Agreements (NC-SARA) coordinates the program, in partnership with the four regional compacts, ensuring consistent nationwide coverage and efficient operations. NC-SARA manages data, participation fees, and policy development, while maintaining connections with the U.S. Department of Education and regional accreditors. The presidents of the four regional compacts serve on NC-SARA's board.

## Current Status

Currently, 49 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands are members of SARA. Within SARA, 2,412 institutions participate, of which 654 (321 private non-profit, 295 public, 33 private for-profit, and 2 tribal) institutions are in MHEC states. M-SARA (Midwestern-State Authorization Reciprocity Agreement) staffed by MHEC, leads the work in the Midwest. M-SARA hosts its own set of annual meetings for the M-SARA Regional Steering Committee (RSC) members and M-SARA state portal entities (SPEs), the individuals in each state who review and approve institutions for SARA participation and monitor institutional compliance. Jennifer Armour, associate director for academic affairs at the Kansas Board of Regents, serves as chair.

There are concerns about the federal government's recent actions and the impact on SARA and NC-SARA as well as states and institutions across the country. The U.S. Department of Education's Program Integrity and Institutional Quality Negotiated Rulemaking Committee did not achieve consensus on Issue Paper 2: State Authorization (revised in Session 3). Proposed regulations would diminish current reciprocity uniformity under SARA, add burden to state higher education executive agencies, and significantly impact institutions and their providing student access to quality distance education. This and much more may change depending on the outcome of the November presidential election.

## Next Steps

Over the past year, M-SARA staff and the M-SARA Regional Steering Committee (RSC) have worked together to revise the M-SARA Policy and Procedure Manual, the result of a more inclusive and somewhat complicated process. Please review the action item for additional information.

## **Policy & Research**

Research

Dual Credit/Concurrent Enrollment Teacher Credentialing

Open Educational Resources (OER)

Technologies Community

# 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 recent work completed for MHEC stakeholders includes research and feedback on state approaches to funding capital projects; promise programs; high school graduate projections; the effect of net price on completion rates; trends in campus and program closures; no-confidence votes; tuition reciprocity and out-of-state enrollment; student migration trends; direct college enrollment rates; retention rates; causes of sector differences in net price; the cost of online vs. face-to-face education; population projections by age; and measurement of basic needs insecurity.

## Current Status

- *2024 State Performance Update*: A performance update for each MHEC member state will be completed to supplement the periodic [Higher Education in Focus](#) report. This supplement provides the latest data on a subset of key indicators relevant to higher education and the economy.
- [Interactive Dashboard](#): Current dashboard indicators continue to be updated with the most recent data. A new Health category was added, which will feature indicators related to the condition of student mental health, relevance for student success, treatment access and utilization, and campus climate.
- *Advancing Open Educational Resources (OER) for Mental Health Training and Education: Landscape Analysis*. A landscape analysis is underway to assess existing mental health OER repositories, content standards, and evaluation criteria, as well as to identify gaps and opportunities for advancing mental health-related textbooks and psychoeducational resources.
- *Strengthening the Internship-to-Employment Pathway: Landscape Analysis*. Through a comprehensive literature review, this project identifies barriers to internship access, particularly for underrepresented groups, and examines potential strategies for improving internship opportunities and placement rates.
- *Collecting and Reporting Data for Improving Dual Enrollment Programs*: This project will draw on literature reviews and stakeholder interviews to guide state efforts to assess and improve dual enrollment data.
- *College Promise Programs: Insights for Higher Education Leaders in the Midwest*: This report will use current research and data to compare the characteristics of college promise programs in the Midwest. Options for the design and implementation of promise programs will also be discussed.

## Next Steps

*Workforce Development Policy and Research*: MHEC is exploring ways to expand its policy and research efforts to improve education-workforce alignment. Key areas of focus include strengthening college-to-workforce pipelines in critical sectors, supporting underserved populations, enhancing institutional best practices, developing performance indicators and projections, and leveraging data sharing and analytics.

# Dual Credit/Concurrent Enrollment Teacher Credentialing

Prepared by Jenny Parks, Vice President

## Background

[Dual credit/concurrent enrollment](#) programs offer high school students the chance to earn college credits while still in high school, either in their own classrooms or on college campuses. These programs have been shown to improve student outcomes, save students money, enhance college success, and serve as recruitment avenues for postsecondary institutions. While these programs are available nationwide, the demand for them is rapidly increasing, presenting various challenges for states, such as funding such courses consistently, especially in rural and low-income areas, and ensuring a large enough and qualified teaching force. MHEC's initiatives attempt to address these and other challenges regionally.

In 2015 the [Higher Learning Commission \(HLC\)](#), the primary accreditor for Midwestern states, clarified its credentialing expectations for postsecondary instructors, including those teaching concurrent enrollment courses in high schools. This change raised concerns about access to necessary courses, particularly for high school teachers lacking the specified credentials. Since then, Midwestern states have worked to help teachers obtain the credentials needed to meet the growing demand for concurrent enrollment courses. However, in November 2023, the HLC adopted a [new policy](#) allowing institutions more flexibility in how they determine that instructors are qualified to reach college level courses. In 2024, MHEC convened an advisory group to support institutions as they responded to this policy change. A research report on the range of approaches institutions have adopted to dual enrollment faculty qualification is in development for FY25.

## Current Status

During this past year, MHEC has engaged in the following work:

- Supporting state systems and institutions navigating the new HLC concurrent enrollment credentialing standards by hosting an advisory group to share policy documents, best practices, and related resources. Quarterly meetings are held with engagement from more than 100 individuals from the Midwest.
- Design and rebuild and launched a new version of [Graduate Credit Quest \(GCQ\)](#), a searchable database providing teachers with a list of relevant courses available to earn the credentials necessary to teach college-level courses; including a design and launched a new version on August 16. The new version includes enhancements based on user feedback focused on user access, simplified administrative utilities, user communications, and streamlined maintenance features. Next steps include installation of an artificial intelligence (AI) assistant, and additional outreach to new and legacy users. Analytics for the site should be significantly improved, enabling more value-added information for internal (MHEC) and external user benefits.
- MHEC held a series of five webinars with national concurrent enrollment thought leaders that explored how states in the MHEC region are implementing the recommendations from the January 2024 Community College Research Center (CCRC) and College in High School Alliance report, *How States and Systems Can Support Practitioner Efforts to Strengthen Dual Enrollment*.

## Next Steps

In FY25 MHEC will engage in the following work:

- Continue close collaborations with HLC and ensure that HLC and the midwestern dual/concurrent enrollment community are well-informed about each other's policies and agendas;
- Research on data collection and reporting pertaining to dual and concurrent enrollment in the 12 MHEC states;
- Engage in outreach to state NACEP chapters to share MHEC resources and gather input; and
- MHEC, along with Complete College America, will host a concurrent enrollment workshop for Midwest states on July 29-30, 2025.

# Open Educational Resources (OER)

Prepared by Jenny Parks, Vice President

## Background

[Open Educational Resources](#) (OER) are teaching, learning, or research resources that are offered freely to users in at least one form and that either reside in the public domain or have been released under an open copyright license that allows for its free use, reuse, modification, and sharing with attribution. (As defined by [SPARC](#).) 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 instructional innovation. MHEC supports its member states as they increase their capacity to implement OER and establish sustainable use of them 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, share best practices, scale successful efforts, and leverage collective resources to enhance OER implementation across the country. In 2022 and 2024 MHEC received additional grants from the Hewlett Foundation to continue the work with the Midwestern states and the collaboration with the NCOER across the country.

## Current Status

Under this grant to date, MHEC has been meeting regularly with OER State Action Teams to plan their activities for the year. MHEC communicates regularly with the OER community, including a newsletter that has nearly doubled in subscribers since it first began in 2019.

MHEC hosted an Open Education Summit in January, each OER State Action Team recorded [a 10-minute video and poster presentation on their open education work](#).

In summer 2024, MHEC published the results of a yearlong research project, [A Course Marking Roadmap](#), to understand how institutions are using course marking to communicate and track which courses use OER. This report outlines a set of recommendations for the development and implementation of open and affordable course marking based on conversations with a nationally representative group of institutional, system, and state experts in course marking. Five steps critical to the development of a course marking process are outlined and detailed, along with takeaways designed to help those interested in developing and implementing course marking.

## Next Steps

MHEC has submitted a final report to the Hewlett Foundation, detailing the success of the past two years. Awarded another grant for \$550,000.00 to continue this OER work from 2024 through 2026, MHEC has begun planning for the next phase by partnering closely with MHEC's sister compacts to share lessons learned from the Midwest and expand the work nationally. MHEC looks forward to working with the OER State Action Teams to determine what support they need over the next two years. This coming year, each state will receive a \$10,000 subgrant to help augment state OER capacity. Teams can choose activities such as statewide convenings, support for identifying OER in transfer courses, establishing disciplinary communities of practice, or other capacity-building efforts. A [Senior Leaders Open Education Seminar](#) will be hosted virtually by the Open Education Network on November 6. MHEC will host another Midwestern OER Summit in January 2026, bringing OER State Action Teams from across the Midwest for learning, strategic planning, and networking.

# MHEC Technologies Community

Prepared by Debra Kidwell, Director of Technology Initiatives

## Background

The [Technologies Community](#) includes college, system, and university chief information officers, telecommunications directors, computing service directors, procurement officers, and educational planners representing both individual campuses and systems throughout the Midwest. 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. The Technologies Executive Committee oversees the activity of the community.

## Current Status

The Technologies Community continues to drive innovation and collaboration in higher education technology across the Midwest. The Community is thrilled to announce that Craig Jackson, executive director of Technology Infrastructure & Research Computing at Illinois State University, has accepted an invitation to represent Illinois on the Technologies Executive Committee for a two-year term. This appointment strengthens the Community's regional leadership and ensures diverse perspectives in shaping MHEC's technology initiatives.

With the Community's commitment to fostering information technology (IT) leadership, an exciting [IT Leadership Launchpad Series](#) has been offered this fall. The dynamic five-part series addresses real-world challenges faced by higher education IT leaders. Based on insights from [MHEC's recent paper](#), each session focuses on key principles for conveying IT value through thoughtfully designed scenarios. Participants engage in collaborative problem-solving, shared experiences, and the development of innovative strategies to elevate IT's strategic role on their campuses. Participants take away actionable strategies to amplify IT's impact at their institutions.

The Community hosted a successful networking breakfast for institutional representatives at EDUCAUSE 2024 in San Antonio. This event provided a valuable opportunity for MHEC's Technologies Community members to connect, exchange ideas, and discuss key issues shaping higher education technology in the Midwest. Participants built relationships and explored how MHEC's technology initiatives benefit institutions across the Midwest.

The Technologies Community emphasized the collaborative nature of IT, bringing stakeholders together to support educational success. The holistic approach recognizes that IT is horizontally integrated across institutions, and that through collaboration and understanding, the Community helps institutions effectively manage the growing risks and opportunities associated with IT.

## Next Steps

The annual Technologies Community convening will be February 2025. Under the theme, "Maximizing the Ops: Opportunities, Optimism, Optics and Operations," the event will bring technology leaders together to explore innovative approaches and strategies areas such as optimistic approaches to cybersecurity, optimizing operations and ROI for technology, new opportunities in AI that balance innovation, policy, and practicality, and the external optics of IT. The community strives to enhance the digital literacy of everyone who interacts with technology, focusing on understanding what technology is, how to maximize the value of technology investments, and how these investments support educational missions, and the students served.



# Contracts

Academic

Technology

# MHEC Academic Contracts

Jenny Parks, Vice President

## Background

MHEC has a long history of supporting institutions via its technology contracts. Those contracts primarily address the IT and infrastructure needs of institutions. In recent years, under the name “Academic Contracts,” MHEC has begun to explore additional contracting opportunities that more directly meet the needs of students and faculty at institutions. MHEC's academic contracts are a response to changes unfolding at MHEC and in the broader higher education landscape. With inputs from institutional stakeholders, MHEC staff have identified opportunities in contracting that focus on outcomes as a measure of success, such as the ability to use solutions within higher education, efficiency, competency, or shared knowledge. Academic contracts will be created consistent with the statutory procurement requirements of the Compact member states. The work to develop academic contracts reflects the directives outlined in the MHEC’s strategic plan.

## Current Status

### Letter of Intent with [Creative Commons](#)

The letter of intent with Creative Commons (CC), was developed in response to recommendations and needs arising from MHEC’s open educational resources (OER) initiative. CC is a nonprofit organization that provides open licenses so content creators have a free, simple, and standardized way to designate copyright permissions for creative and academic works. Under this letter of intent with MHEC, Creative Commons offers a 15% discount on all training to stakeholders in states serviced by MHEC and its sister compacts.

### Potential RFPs (Request for Proposals)

A process for assessing the viability of potential RFPs in the academic space has been implemented, and multiple projects are being assessed through that process such as:

- Professional Licensure: identify resources that systematically investigate and collect data about professional licensure disclosure compliance.
- Open Educational Resources: identify and negotiate optimal terms for platforms used to produce and update Open Educational Resources.
- Consulting Services: identify firms that offer consulting services in specific areas such as transcript automation and credential processing, virtual reality, and/or staffing services.
- Shared Services: discussions of the Ad Hoc Program Committee have repeatedly focused on the idea of creating contracts for outsourcing certain institutional operations and/or developing new ways to share and contract such services.

## Next Steps / Collating Information

States and higher education institution leadership frequently request help and support from MHEC in obtaining regional, cost- and time-saving contracts for needed services. MHEC staff are investigating approaches that focus on this new area of work, emphasizing that any work undertaken should be based on MHEC’s strategic plan as well as those needs that MHEC can best serve and support. This may include additional staffing or other resources based on work prioritization metrics.

MHEC has the opportunity to expand its contract services to the Midwest, providing cost- and time-saving resources to the higher education institutions it serves. Expanding MHEC’s work in this area is an area of consideration for FY25 and beyond and could require additional staff resources or a readjustment of its current portfolio to expand capacity.

# Technology Contracts

Prepared by Nathan Sorensen, Director of Government Contracts

## Background

The Midwestern Higher Education Compact (MHEC) continues to leverage its broad contracting authority to provide cost-effective, adaptable technology solutions for member states. MHEC's competitive bidding process ensures alignment with public procurement laws and focuses on obtaining the best value for educational institutions across the Midwest. With input from technology experts and educational leaders, MHEC designs contracts that prioritize flexibility, compliance with public procurement regulations, and operational efficiency, all while reducing administrative costs for a wide range of institutions.

Since its inception, MHEC's technology contracts have been instrumental in streamlining procurement, providing cutting-edge solutions ranging from advanced analytics, end-user computing, enterprise networking and data center solutions, to cloud services. These contracts remain key to helping educational institutions in MHEC member states respond to the rapidly changing technological and educational landscape.

## Current Status

In FY24, MHEC's technology contracts produced significant savings, with a conservative estimate of \$32 million across the Compact's member states. MHEC currently manages 21 technology contracts, which include key agreements with Connection, Dell, HPE, Oracle, Lenovo, and emerging technology providers such as Resultant and SAS Institute. Notably, these contracts are available to all public and private not-for-profit higher education institutions in the MHEC region, other [regional compacts](#), K-12 districts, and local and state governments. Designed for adaptability and cost-effectiveness, these contracts are projected to see increased utilization and savings through 2029. MHEC's proactive collaboration with stakeholders is crucial in adapting contract offerings to meet immediate and long-term challenges, laying a solid foundation for future technological advancements across a broad spectrum of institutions.

## Next Steps

MHEC continues to advance its technology contracts to address the evolving needs of educational institutions. The Next Generation Higher Education ERP System of Systems RFP ([MHEC-RFP-04182024](#)) has progressed to the final vendor evaluation phase, with selections expected by the end of 2024. The selected ERP vendor(s) will provide customizable, cloud-based solutions covering all stages of the ERP lifecycle, from initial planning and implementation to ongoing maintenance and support. These systems will address key areas like student information, financial management, and human resources, while incorporating artificial intelligence (AI) and machine learning to enhance data-driven decision-making.

In 2025, MHEC will also launch a solicitation for enterprise document management solutions (EDMS) to streamline document processes and reduce costs. These solicitations will be publicly announced to ensure transparency and broad participation from interested vendors.

## MHEC Annual Estimated Savings for Entities and Citizens

MHEC Member States	2023-2024 Annual State Commitment	Technology <sup>1</sup>	Midwestern-State Authorization Reciprocity Agreement <sup>2</sup>	State Contract and Programs Total Savings	Citizen Savings through the Midwest Student Exchange Program <sup>3</sup>	Total Annual Savings
<b>Illinois</b> Member Since 8/20/1991	115,000	10,167,071	6,529,450	16,696,521	9,369,156	26,065,677
<b>Indiana</b> Member Since 3/14/1996	115,000	3,499,287	2,295,800	5,795,087	747,280	6,542,367
<b>Iowa</b> Member Since 6/6/2005	115,000	355,601	3,464,800	3,820,401	NP <sup>4</sup>	3,820,401
<b>Kansas</b> Member Since 4/25/1990	115,000	1,630,521	1,729,800	3,360,321	1,988,094	5,348,415
<b>Michigan</b> Member Since 7/24/1990	115,000	5,483,944	4,599,600	10,083,544	645,756	10,729,300
<b>Minnesota</b> Member Since 4/26/1990	115,000	2,330,987	4,052,325	6,383,312	2,881,756	9,265,068
<b>Missouri</b> Member Since 5/9/1990	115,000	3,051,341	3,210,400	6,261,741	3,616,132	9,877,873
<b>Nebraska</b> Member Since 6/5/1991	115,000	762,092	1,159,840	1,921,932	3,931,229	5,853,161
<b>North Dakota</b> Member Since 4/22/1999	115,000	137,175	517,600	654,775	252,984	907,759
<b>Ohio</b> Member Since 1/9/1991	115,000	2,951,182	7,549,200	10,500,382	3,829,344	14,329,726
<b>South Dakota</b> Member Since 3/13/2008	115,000	346,943	-	346,943	NP <sup>4</sup>	346,943
<b>Wisconsin</b> Member Since 4/18/1994	115,000	1,516,213	2,055,600	3,571,813	2,547,914	6,119,727
<b>Program Totals</b>	<b>\$1,380,000</b>	<b>\$32,232,357</b>	<b>\$37,164,415</b>	<b>\$69,396,772</b>	<b>\$29,809,645</b>	<b>\$99,206,417</b>

**FY24 FOOTNOTES:**

1. CampusGuard, Connection, Dell Technologies, HP Enterprise, HP Inc., Infosec, Lenovo, Micro Focus, Oracle, Parchment, Presidio, SAS, and Xerox.
2. As of FY24, M-SARA savings are based on NCHEMS' methodology as explained on NC-SARA Cost Savings website. See <https://nc-sara.org/sara-cost-savings>.
3. Student tuition savings for the academic year 2023-2024.
4. Non-participating state for 2023-2024.

As of 10/14/2024

# Appendices

## Commissioners

Illinois

Indiana

Iowa

Kansas

Michigan

Minnesota

Missouri

Nebraska

North Dakota

Ohio

South Dakota

Wisconsin

## Committees

### MHEC Staff

### Compact Language

### Bylaws

### Commissioner Board Portal Access

### MHEC Strategic Plan | 2022-2025

### Upcoming Meetings

## MHEC Commissioners

### Executive Officers

Chair: Barbara Ballard, Kansas  
Vice Chair: Joan Ballweg, Wisconsin  
Treasurer: Larry Tidemann, South Dakota  
Past Chair: David Eisler, Michigan

### Executive Committee

Illinois: Maureen Banks, Katie Stuart  
Indiana: Spencer Deery, Dottie King  
Iowa: Jacob Bossman, TBD  
Kansas: Barbara Ballard, Blake Flanders  
Michigan: Carol Glanville, Brandy Johnson  
Minnesota: Dennis Olson, Scott Olson  
Missouri: Brad Christ, Samantha Dickey  
Nebraska: John Cavanaugh, Deborah Frison  
North Dakota: Mark Hagerott, Brandy Pyle  
Ohio: Jerry Cirino, Mike Duffey  
South Dakota: Michael Cartney, Larry Tidemann  
Wisconsin: Eric Fulcomer, TBD  
Ex Officios: David Eisler (MI), Tim Flakoll (ND),  
Olivia Madison (IA), David Pearce (MO), Ken Sauer (IN)

### ILLINOIS

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



**Maureen Banks**  
Board Member  
Illinois Community College Board



**Michael Halpin**  
State Senator; Co-chair, Higher Education Committee  
Illinois General Assembly



**Pranav Kothari**  
Board Chair  
Illinois Board of Higher Education



**Katie Stuart**  
State Representative; Chair, Higher Education Committee  
Illinois General Assembly

**VACANCY**

Appointing Authority: Illinois Governor's Office (Designee)

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

**INDIANA**



**Bob Behning**

State Representative; Chair, Education Committee  
Indiana General Assembly



**Spencer Deery**

State Senator; Majority Member, Education and Career Development Committee  
Indiana General Assembly



**Charles Johnson**

President  
Vincennes University



**Dottie King**

President & CEO  
Independent Colleges of Indiana



**Ken Sauer**

Indiana Governor's Designee; and Senior Advisor to the Commissioner  
Indiana Commission for Higher Education

## IOWA



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

**Jacob Bossman**

State Representative; Member, Appropriations Committee  
Iowa Legislature



**Joanna Hofer**

Past Board Chair  
Iowa Association of Community College Trustees



**Olivia M.A. Madison**

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



**Greta Rouse**

President Pro Tem  
Iowa Board of Regents



**Cindy Winckler**

State Senator; Ranking Member, Education Appropriations Subcommittee  
Iowa Legislature





**Andrew J. Baumert** (Commissioner Alternate)  
Vice President for Marketing and Outreach  
Iowa Association of Independent Colleges and Universities



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



**David Ford** (Commissioner Alternate)  
Bureau Chief  
Iowa College Aid - Iowa Department of Education



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



**Jeff Taylor** (Commissioner Alternate)  
State Senator; Chair, Education Appropriations Subcommittee  
Iowa Legislature

## KANSAS



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

**Barbara W. Ballard**

State Representative; Minority Caucus Chair, Kansas Legislature  
Associate Director, Robert J. Dole Institute



**Molly Baumgardner**

State Senator; Chair, Senate Committee on Education  
Kansas Legislature



**Blake Flanders**

President and CEO  
Kansas Board of Regents



**Aaron A. Otto**

Kansas Governor's Designee



**Wint Winter**

Board Member  
Kansas Board of Regents



**Marci Francisco** (Commissioner Alternate)  
State Senator  
Kansas Legislature



**Ken Rahjes** (Commissioner Alternate)  
State Representative; Member, Committee on Higher Education Budget  
Kansas Legislature

## **MICHIGAN**

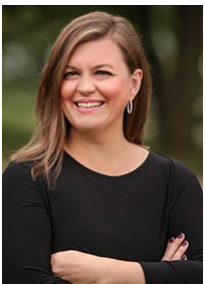
<https://www.mhec.org/states/michigan>



**Carol Glanville**  
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Michigan Legislature



**Daniel J. Hurley**  
Chief Executive Officer  
Michigan Association of State Universities



**Brandy M. Johnson**  
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**Sean McCann**  
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Michigan Legislature



**Emma Young**  
Policy Analyst to the Governor  
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**David L. Eisler** (Commissioner Alternate)  
Former President; Professor, Community College Leadership Studies  
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**VACANCY** (Commissioner Alternate)  
Appointing Authority: Michigan Governor Designee of State Board of Education

## MINNESOTA

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



**Rachel Croson**  
Executive Vice President and Provost  
University of Minnesota – Twin Cities



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State Senator; Chair, Higher Education Committee  
Minnesota Legislature



**Dennis Olson**  
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Minnesota Office of Higher Education



**Scott Olson**  
Chancellor  
Minnesota State



**Gene Pelowski, Jr.**  
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Minnesota Legislature



**Paul Cerkvenik** (Commissioner Alternate)  
President  
Minnesota Private College Council

## **MISSOURI**



<https://www.mhec.org/states/missouri>  
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**Susan L. Thomas**  
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State Senator; Chair, Education and Workforce Development  
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## **NEBRASKA**

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



**Matthew Blomstedt**  
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**NORTH DAKOTA**

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



**Kyle Davison**  
State Senator; Member, Appropriations Committee  
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North Dakota Governor's Designee



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**Tim Mihalick**  
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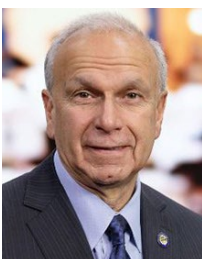


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## OHIO



<https://www.mhec.org/states/ohio>  
**Gary Cates**  
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**Jerry Cirino**  
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**Mike Duffey**  
Ohio Governor's Designee; and Chancellor  
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**Tom Young**  
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## **SOUTH DAKOTA**

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



**Michael Cartney**  
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South Dakota Legislature



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**Larry J. Tidemann**  
South Dakota Governor's Designee



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State Representative; Member, House Education Committee  
South Dakota Legislature



**Erin Healy** (Commissioner Alternate)  
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South Dakota Legislature



**Reynold Nesiba** (Commissioner Alternate)  
State Senator; Minority Leader  
South Dakota Legislature

**WISCONSIN**



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

**Joan Ballweg**  
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Wisconsin State Legislature



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**David Murphy**  
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Wisconsin State Legislature



**Julie Underwood**  
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**Vacancy**  
Appointing Authority: Governor (higher education)



**Layla Merrifield** (Commissioner Alternate)  
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Wisconsin Technical College System



**Christopher Patton** (Commissioner Alternate)  
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University of Wisconsin System

## MHEC Committees

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

M-SARA Regional Steering Committee  
Midwest Student Exchange Program Council  
Review Panel for State Policy and Performance Data  
Student Health Benefits Advisory Committee  
Technologies Executive Committee

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Research

# 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.

### 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; November 19, 2019, and November 15, 2022.*

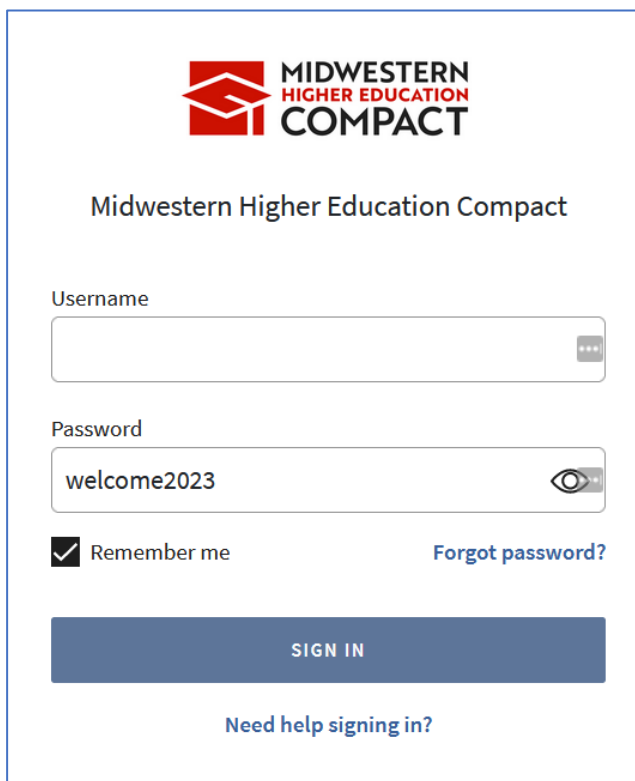
## Board Portal Introduction - BoardEffect

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The BoardEffect platform supports a modern approach to governance by offering a secure, online solution that allows collaboration with board members, sharing of documents, annotating of meeting materials, and more.

### Log-in:

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**MIDWESTERN  
HIGHER EDUCATION  
COMPACT**

Midwestern Higher Education Compact

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Your Username is your first initial and last name. E.g. mroberson

Your password is welcome2023

Note: if you're a new commissioner as of this year, your password is welcome2024

Everything is in lowercase letters. You will be asked to change your password upon log-in.

### App Access

BoardEffect offers an app for [Apple](#) and [Android](#) and iOS.



BoardEffect

### Assistance

Please reach out to Mary Roberson ([maryr@mhec.org](mailto:maryr@mhec.org)) or Katie Chock ([katiec@mhec.org](mailto:katiec@mhec.org)) with any questions. Once logged in, you may access the library for additional BoardEffect training materials. BoardEffect also offers an Online Knowledge Base. We look forward to sharing more information during the Annual Commission Meeting.



## Strategic Plan | 2022 – 2025

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

MHEC brings together leaders from 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)

To improve individual career readiness and regional economic vitality through collective problem-solving and partnerships that strengthen postsecondary education.

### **VALUES** (what guides our decision making)

**Collaboration.** We believe working together in an open, respectful environment creates the foundation for cooperation and innovation that allows us to research, share, pilot, and scale ideas to improve our individual institutions, states, and region.

**Innovation.** We believe that bringing creativity and tenacious problem solving to the challenges and opportunities in higher education helps produce excellent results for our states, institutions, and students.

**Diversity, Equity, Access, and Inclusion.** We believe that the diversity of our members is one of our greatest strengths and is a driving force in helping our region build access for all to a postsecondary education and inclusive environments that promote success.

**Excellence.** We believe that high standards together with effective and efficient use of our resources are at the core of producing exceptional outcomes for our member states and their respective institutions.

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

### **Advance innovation, efficiency & effectiveness.**

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

### **Develop collaborative solutions to regional problems and opportunities.**

- Take on projects, issues and opportunities that are too big for one state to do alone, working jointly to improve higher education and to strengthen the Midwest region.
- Serve as a conduit, convening and connecting leaders to share successful models and actionable approaches that institutions and states can adopt and tailor.

### **Drive cost savings & business solutions.**

- Devise opportunities for institutions, states, and students to save money.
- Collaborate to reduce risk and take advantage of opportunities that solve business issues.

## **PRINCIPLES OF THE STRATEGIC PLAN**

- We will continually evaluate the purpose and impact of our work to provide the leadership, responsiveness, and value needed by our 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.

## **Upcoming Meetings Save-the-Dates**

### **2025 MHEC EXECUTIVE COMMITTEE MEETING**

June 2-3, 2025  
Chicago, IL



November 2024

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



