
Minutes of the Regular Session of the EDUCAUSE Board

Thursday, December 19, 2019, Online

Note: All times listed are eastern time (ET)

Attendance

Board members attending: Michael Berman, Raechelle (Rae) Clemmons, Keith (Mac) McIntosh (*Treasurer*), Joseph (Joe) Moreau, Michele Norin (*Chair*), Helen Norris, John O'Brien (President and CEO; ex officio), Amelia Parnell, Mark Roman, Carol Smith, Jennifer Sparrow, Sue Workman (*Vice Chair*)

- **Staff attending:** Eden Dahlstrom, Susan Grajek, Mairéad Martin, Nicole McWhirter, Stacy Ruwe, Catherine Yang; Karen Mateer
- **Unable to attend:** Elias Eldayrie

Call to Order

With a quorum present, Board Chair Michele Norin called the meeting to order at 2:04 p.m. A special welcome was extended to new board members Michael Berman, Amelia Parnell, and Mark Roman.

Norin reviewed the agenda for the meeting.

Election of Board Officers

The proposed slate of officers was read:

Chair—Michele Norin
Vice Chair—Sue Workman
Treasurer—Keith McIntosh
Secretary—Joe Moreau

Norin asked for any additional nominations from the floor; none were offered.

Michael Berman moved to approve the proposed slate of candidates. Jennifer Sparrow seconded. The motion to approve this slate was unanimously approved.

Approval of Annual Budget

Vice President for Business Services and Chief Financial Officer Stacy Ruwe presented the 2020 budget documents. She noted the salary process had been completed and was reflected in the final budget submission. Ruwe reviewed the three-year operating budget, pointing out that the 2021 operating budget is expected to be balanced. She also noted a \$1.2 million draw down of the reserves is planned in 2020 to help complete the implementation of the strategic plan. In 2019 no reserve drawdown will occur due to positive returns on the investment portfolio and expense underspending.

Ruwe then went over the major changes to the 2020 operating budget, including a reduction of \$500,000 for salary turnover savings.

Ruwe reminded the board that the deficit budgets this year and for the last couple of years were intentional to support extraordinary investments in projects, initiatives, and infrastructure. She also

noted that in 2018, lower than expected investment earnings contributed to the deficit. She anticipates a \$1 million surplus in 2019 due to exceptional investment performance.

Amelia Parnell asked about staff turnover. Ruwe reported that EDUCAUSE turnover is now lower than association norms. As turnover is trending down, so too will salary cost savings.

Berman asked if the organization had a reserve policy. Ruwe explained the board policy directs the association to maintain a reserve adequate to fund 6 to 12 months of annual operating expenses in case of adverse events. Berman also asked about the rationale behind the inclusion of turnover salary savings as a budget line item. Ruwe noted that we have a conservative budget stance that has never relied on the historical operating contingency. The salary savings is meant to provide a truer, more accurate depiction of actual activity. Berman then inquired about the \$76,000 increase in the Gifts and Awards line item. Vice President for Professional Learning Eden Dahlstrom shared that this is due in large part to an increase in conference honoraria and a new DEI award.¹

Mark Roman inquired about whether the 5% investment forecast was reasonable. Ruwe responded that the investment advisors recommended this forecast amount. Roman noted our unallocated reserve and asked whether it could lead to any questions regarding our nonprofit status. Ruwe responded that the auditors have not commented on the reserve, as it is less than our annual operating expenses. Roman commented that reserves might be reported as allocated if appropriate to improve optics to members. Norin affirmed that the reserve is intended to cover 6 to 12 months of operating expenses in case of a catastrophic emergency. She also commented that the board might consider describing the reserve as such. McIntosh affirmed Norin's response. Ruwe responded this is not an audit concern, but the board could allocate more of the reserve for specific purposes like they have done historically, such as when they established the Diana G. Oblinger Innovation Forum. She suggested the Finance Committee would consider this in the coming year.

Parnell inquired about the increase in registration and membership dues. She asked if there was a rate increase philosophy and suggested we might alternate registration and membership dues increases annually. Ruwe responded that this had not previously been discussed and suggested the Finance Committee could consider it in the coming year. Parnell asked how often the board has budget discussions. Ruwe responded that the budget status is discussed at every board meeting as well as the presentation of audits and tax returns. Norin added that the board holds regular discussions of fee increases.

Dahlstrom clarified the 4% projected increase in registration and fee revenue does not entirely reflect an increase in fees. It is more likely due to the increased number of fee-based events and increased event attendance.

Norin asked for approval of the three-year budget.

Sue Workman moved to approve the 2020 budget. Berman seconded. The motion was unanimously approved.

¹ While Dahlstrom's statement about the increase in the amount allocated for event speakers is accurate, it is not reflected in the Gifts and Awards line item. On further review, it was discovered that \$76,000 allocated to Gifts and Awards should have been placed under AV equipment rental. This recording error neither changes the bottom line of the annual budget nor the three-year budget.

Member Exit Interviews

Ruwe reported on the status of membership renewal, sharing that while the revenue shows a 1% increase in membership revenue, renewals are currently down by 1%, with two weeks left in the year. Approximately 190 members did not renew across all member categories. This is typical of the annual member churn. The Finance Committee has suggested that board members contact colleagues they may know whose institutions did not renew to better understand why they did not renew and/or encourage them to renew. If board members have this contact, they can report back to staff what they learn. Ruwe created a spreadsheet listing all the nonrenewals. Board members can access that spreadsheet to indicate who they will contact and what they learn. President and CEO John O'Brien suggested that each board member try to contact five nonrenewing colleagues. A list of suggested questions has been developed to help frame these conversations and was provided to the board members in their board books. Board members should let Ruwe know if a contact listed for a given institution is wrong, as this can occasionally explain a nonrenewal.

Approval of 2020 Organizational Goals

O'Brien presented an overview of the new organizational goals for 2020 and recapped the board discussion to date, including the recent review and support by an ad hoc board subcommittee. He pointed out that the goals were developed using a new framework introduced by Director of Board and Enterprise Planning Nicole McWhirter featuring greater staff involvement in developing goals that are more strategic and less operational, but still mapped to our existing strategic priorities and intended to be unwaveringly member-focused.

Raechelle Clemmons commented positively on the process and applauded McWhirter's efforts to make the goals more strategic in nature.

Norin asked for approval of the 2020 Organizational Goals.

Helen Norris moved to approve the 2020 Organizational Goals. Carol Smith seconded. The motion was unanimously approved.

Discussion and Approval of Newly Proposed Structure for Board Committees

Norin provided context around the proposal of changes to the structure for board committees, noting that this was a favorable time to examine the board committee structure and address these changes. Under the new structure, each board member would be assigned to a committee. O'Brien and Norin will make the committee assignments, taking into account both the individual's preferences and the needs of the committees. Norin reiterated that the focus of this meeting was to approve the new structure, including the addition of a Governance Committee—not to approve each committee's charter. Charters will be approved in February after committee membership has been assigned and each respective committee has time to examine its charter.

Norin asked McWhirter to recap the feedback received from the board on the new structure:

- **Why is the risk management function part of the Audit Committee and not the Finance Committee?**

- McWhirter noted that membership oversight was recently added to the Finance Committee; therefore, she assigned risk management to the Audit Committee, which was also consistent with her research on nonprofit organizations.
- **Should members assigned to the Finance and Audit Committees have specific financial expertise or certifications?**
 - Ruwe commented that she doesn't feel it's necessary for our association, given that we consult with outside experts and everyone on the board has a baseline expertise to bring to these roles. Ruwe also noted that to do that we would need to recruit a very different kind of board member.
- **Should we elaborate on the committee review process mentioned in each of the charters?**
 - McWhirter shared that the Governance Committee, once in place, will be responsible for developing and overseeing that review process.
- **Should the Nominations Committee be a subcommittee of the governance committee?**
 - McWhirter shared that, per the bylaws, the vice chair of the board sits on the Nominations and Leadership Development Committee. With the addition of the Governance Committee, which the vice chair will chair, there will be an even stronger linkage between the Nominations and Leadership Development Committee and the board going forward. McIntosh added that the nominations is often a pipeline to the board and provides an opportunity for nonboard members to serve in a high-level capacity and therefore should continue to be made up of nonboard members.
- **Should other advisory committees be subcommittees of the board?**
 - Given the myriad advisory committees that EDUCAUSE has and the varied functions they serve within the organizations, O'Brien responded that he would not support this change as it would involve the board in operational issues.
- **Should the executive committee include all board committee chairs?**
 - McWhirter shared that the bylaws currently do not stipulate that but instead name the chair, vice chair, secretary, treasurer, and president and CEO as members of the Executive Committee. Ruwe added that it would be preferable that the Audit Committee chair does not sit on the Executive Committee so to maintain an adequate separation of responsibilities.

Given Ruwe's advisement on maintaining an independent Audit Committee, Clemmons asked if it was a good idea to have the board secretary on the Audit Committee. McWhirter responded that the current committee charters, which are included in the bylaws, state there should be a board officer on every board committee. Norin suggested we might consider removing the board secretary from the Audit Committee. Ruwe commented that it's preferable not to have a member of the Executive Committee on the Audit Committee to keep a measure of separation and objectivity.

With the additional responsibilities added to the board chair under the proposed structure, Workman added that the board may want to reconsider the practice of having the board vice chair sit on the Corporate Member Advisory Committee (CMAC). McWhirter clarified that while the CMAC charter does state that a board member serves on that committee, it doesn't stipulate that it has to be the vice chair or any other officer of the board.

Norris inquired whether the Finance Committee requires a board officer. McWhirter said yes, and McIntosh added that the board treasurer serves the Finance Committee chair.

Per the discussion and agreement by the board, McWhirter amended the proposal to reflect the removal of the board secretary from the Audit Committee. Norin confirmed that modification and asked for approval of the board committee structure.

Keith McIntosh moved to approve the modified proposed structure for board committees. Amelia Parnell seconded. The motion was unanimously approved.

As voting took place, board members were directed to complete a survey within the portal where they are asked to indicate their preferences for committee service. Norin reported that Elias Eldayrie has offered to continue as chair of the Audit Committee.

Closing Remarks

Norin offered special thanks to Raechelle Clemmons for her tremendous contributions during her tenure on the board and expressed her best wishes to Clemmons in her new role in the private sector. O'Brien echoed her thanks and commented on Clemmons's unique quality of "effective patience and impatience." Clemmons offered parting thoughts as she moves to the next phase of her career. She has a deep attachment to this group and looks forward to continuing friendships and collaborations.

O'Brien thanked everyone for a very successful and productive meeting and commended Norin on her leadership as board chair.

Adjourn Meeting

The meeting was adjourned at 3:27 p.m.