EDUCAUSE BOARD MEETING

JUNE 10, 2014—LOUISVILLE, CO

ATTENDANCE

- **Board members attending:** Debra Allison (Chair), Kara Freeman, Joy Hatch, Bill Hogue, Marc Hoit, Bruce Maas (Treasurer), Susan Metros (Vice Chair), Richard Northam, Diana Oblinger (President and CEO), Laura Patterson, Tracy Schroeder, Justin Sipher (Secretary; joined by phone and online), Randy Stiles
- **Staff attending:** Joanne Dehoney, Julie Little, Thad Lurie, Stacy Ruwe
- **Members attending:** Mark Askren, chair of the Nominations Committee, attended 11:00–11:15 a.m. (MT) by phone.

CALL TO ORDER

Allison convened the meeting at 8:15 a.m. (MT). She welcomed Marc Hoit to the board to replace the seat vacated by Brian Voss.

CONSENT AGENDA

Allison called for a motion to approve the consent agenda. Stiles so moved; Maas seconded. The motion to approve the consent agenda was carried by unanimous agreement.

PRESIDENT'S REPORT

Oblinger updated the board on association activities for the prior trimester.

ADMINISTRATIVE IT SUMMIT

Oblinger reported that the Administrative IT Summit has exceeded registration targets. She reported that the summit is being held in collaboration with NACUBO and sponsored by Accenture, CDW-G, and Ellucian, and will focus on:

- Defining the value of administrative IT to the institution
- Understanding the potential and the pitfalls of business process reengineering (BPR)
- Developing effective sourcing strategies

Oblinger noted that registrations include:

- 27% business officers
- 25% teams from a single institution

AWARDS

Oblinger reported that EDUCAUSE won two awards this trimester:
Silver in the Association Media and Publishing (EXCEL) Awards for the 2013 annual conference’s Connected Age video.

Bronze in the Association Media and Publishing (EXCEL) Awards for an in-house ad, “Take the OMG out of BYOD.”

Little confidentially shared the recognition committee’s awardee decisions:

- Leadership award: Gordon Wishon
- Community Service award: Joanne Kossuth and Theresa Rowe
- Rising Star award: Katie Vale

BADGING

Little reported on the current status of the EDUCAUSE badging initiative, noting that badge “activity”—the use and views of badges—is increasing, with nearly 1,000 badges issued year to date and close to 90,000 “activities” recorded this year to date.

- In response to a question from Metros, Little explained that members who earn badges are notified via e-mail, then use the Credly application service to manage their badges.
- Northam asked if badges give prospective employers information about skills. Oblinger responded that currently, badges indicate completion of EDUCAUSE programs and activities, and Little added that EDUCAUSE could help translate the skills learned in these activities for employers. In response to a question from Maas, Little clarified that only current and future, not past activities can be badged. In response to a question from Metros, Little explained that the member leads of institutes and other professional development programs are eligible for badges.

NEXT GENERATION LEARNING CHALLENGES K–12 INVESTMENTS

NGLC K–12 grant activity was highlighted.

- In May 2014, NGLC announced Wave IV Cycle 2: $8M in grant awards for breakthrough schools that will fund 16 school launches or conversions and 8 planning grants.
- The NGLC Regional Funds will disburse $25M to catalyze regional incubators of breakthrough-model schools and build local networks capable of being self-sustaining.
- NGLC is launching a pilot initiative with D.C. and Chicago partners with $1.3M in planning grants awarded in May to 13 schools.
- NGLC expects seven new funded sites to be announced in late June, including three from another Gates Foundation initiative, the Next Gen Systems Initiative.

Little reported that funding for the initiatives is coming from the Dell Foundation, the Bill & Melinda Gates Foundation, and City Bridge, a foundation that supports urban school transformation.

In response to a question from Maas, Little explained that Wave IV Cycle 2 reports will be found on the NGLC website.
Oblinger reported on the formation of new EDUCAUSE/Jisc working group that will develop a set of desired characteristics and capabilities for the higher education IT leader of the future. Lurie, who is executive staff liaison for the project, noted that the group:

- Includes 10 leading UK and U.S. CIOs
- Will have an additional focus on the particular needs of emerging CIOs
- Will present its findings and recommendations at the EDUCAUSE 2014 Annual Conference

**POLICY UPDATES**

Oblinger updated the board on two policy matters:

- **Network neutrality:** Oblinger reported that the EDUCAUSE/ARL/ALA coalition now includes AAU, which opens the door for APLU and ACE to join. She added that AACC, AASCU, NAICU have expressed interest as well.
- **National Federation of the Blind’s TEACH Act:** Oblinger advised the board to watch the progress of this act carefully as it may have broad campus impacts if passed or if its provisions are rolled into the Higher Education Act reauthorization next year. She noted that EDUCAUSE is coordinating its monitoring of the bill with ACE, AAU, APLU, NAICU, and ARL, and that the organizations will sponsor a legal review of the act this summer.

Maas added that a new president will be announced at the NFB annual meeting in July, and that it is likely to be Mark Riccobono. Maas and other board members feel such an appointment would be positive.

**INPUT ITEMS**

Oblinger presented three topics for feedback from the board.

**CONSTITUENT GROUP (CG) POLICIES**

Oblinger informed the board the EDUCAUSE proposes to institute policies for constituent groups (CGs):

- Groupings will be determined based on activity or engagement of the group.
  - Active groups will continue to be supported by EDUCAUSE staff
  - Less active groups will continue, but in a self-service mode
  - Inactive groups will be phased out
- CG leaders are employees of regular member institutions.
- A three-year rotation for CG leaders is proposed for active groups.

Oblinger noted that with board approval and advice, EDUCAUSE will work with the community to get input from CG leaders on making this change.

- Allison concurred with the suggestions, noting that when she was ready to turn over her role as CG co-lead, she found that in the absence of a planned term, she felt reluctant to appear as though reneging on her commitment.
- Maas voiced support, observing that in the case of the CIO-CG, the current lead has been a diligent contributor who has had to put in lot of work, and that this provision will create a logical transition path for her.
- In response to a question from Hatch, Little noted that EDUCAUSE has not yet considered whether or not to formalize a co-lead model for all CGs.
• Sipher voiced support for the strategy, observing that it will need careful communication to avoid sending an inadvertent and unintended message that leads are being pushed out.
• In response to a question from Allison, Oblinger clarified that intention is to roll the change through in stages.
• Maas suggested several CGs that could benefit from new energy.
• In response to a question from Schroeder, Little agreed to add the CG lead role to the list of volunteer activities available to members.

### NEXT GENERATION DIGITAL LEARNING ENVIRONMENTS

Oblinger introduced the topic of a grant from the Gates Foundation that, if received as anticipated, will enable EDUCAUSE to issue an RFP for projects that help build the required infrastructure for digital learning. The first phase is research to help structure the challenge grants. The board was asked for suggestions of individuals to serve as members of an expert panel or interviewees.

• Maas reported that the Unizin project will be announced on June 10 and that Gates has expressed interest. Maas added that the digital learning ecosystem is critically important higher education’s future.
• Patterson concurred with Maas, adding that it is an opportunity for higher education as an industry to bring together the contributions of academic technology experts and librarians to envision the needed infrastructure.

### ECAR EMBARGO CHANGE

Oblinger requested board input on a change that is under consideration for the ECAR embargo. She noted that the current embargo is five months, and that ECAR is weighing the pros and cons of increasing the embargo to two years. She explained that members have been giving feedback that they can generally wait five months for ECAR content to become open rather than join ECAR, and that we suspect this is negatively affecting ECAR subscription rates. Oblinger opened the floor for comment.

• Schroeder responded that as a first reaction, two years is forever in a climate of information abundance. Schroeder further inquired if, knowing that members need ECAR data and reports, we could simply roll ECAR costs into membership. Oblinger responded that past models of the cost of rolling ECAR into EDUCAUSE membership indicate that it is prohibitively expensive for members. Schroeder suggested that perhaps a pay-as-you-go, à la carte model could be explored.
• Metros concurred with Schroeder, observing that if EDUCAUSE members and others want ECAR content they will find a way to work around the embargo to get it. Metros added that it is frustrating because faculty, researchers, and others on campus who need ECAR resources may have no idea how to figure out if their institution is an ECAR subscriber; they cannot buy resources on an as-needed basis.
• Hoit noted that if ECAR were a service or a feature of membership, the cost of rolling in ECAR to a dues increase could be reasonable, and suggested modeling the cost of rolling it into membership.
• Northam concurred with Hoit, suggested exploring a transition plan to stair-step the change over three years.
• Oblinger mentioned that ELI would be a factor to consider as it is also a sub-brand with a separate fee structure. She also reminded the board that for smaller or less affluent colleges, even a small increase in dues can be cost-prohibitive. Hatch concurred with Oblinger, noting that even a $500 increase could be enough to prevent some institutions from renewing their EDUCAUSE membership.
• Hogue voiced support for implementing an à la carte option. Oblinger responded that previously, it was not technically possible for EDUCAUSE to support pay-as-you-go, but that it will be possible with the new AMS.
• Schroder concurred with Northam, suggesting that EDUCAUSE explore the possibility of developing a hybrid model that combines modest, graduated increases to overall dues with à la carte options. Ruwe responded that we can model possible costs and fee structures.

Oblinger summarized, noting that the board does not recommend changing the embargo at this time.

• Northam agreed with Oblinger’s conclusion, adding that he does not see a strong case for change.
• Hoit suggested that it would be more effective to roll out a set of price changes and options at the same time as a holistic new model.
• Stiles cautioned against giving the impression of increasing costs with no additional value.
• Northam suggested that there may be solution partners that we could work with to stand up digital downloads more quickly. Lurie responded that while this is the case, we would want to develop a strategy in light of the AMS functionality and project.
• In response to a question from Schroeder about possible financial motivations for the change, Ruwe noted that ECAR is seeing a slight down trend in support, particularly among corporate partners.
• Hatch suggested that maybe there’s a middle ground between five months and two years that would encourage subscriptions.
• Schroder noted that EDUCAUSE must avoid creating the impression that EDUCAUSE is attempting to force people to join ECAR.
• Maas suggested that ELI and ECAR are so valuable, having them as separate entities might weaken the EDUCAUSE value proposition.
• Sipher suggested forming a subcommittee of board and key staff to come back to the full board with alternatives. In response to Sipher, Oblinger suggested developing a set of financial scenarios before moving to subcommittee.

Oblinger summed up by saying that as a next step, we would get back to the board with more information. In response to a question from Patterson, Oblinger suggested that we would reopen the possibility of a subcommittee after the board has reviewed current financial scenarios for changing the sub-brand membership structures.

FINANCIAL REPORT

Oblinger asked Stacy Ruwe to provide the trimester financial report.

TRIMESTER FINANCIAL UPDATE

Ruwe summarized the highlights of the financial report, explaining that against the budgeted 2014 loss of $1.5M, the actual year-to-date loss appears as $900K. She clarified that while her office and staff are tracking the loss closely, the apparent loss should be interpreted in the context of the cyclical nature of the EDUCAUSE budget year, driven by the annual conference. She noted that:

• Corporate revenues and conference registration income are both down slightly, possibly due to eliminated products like the Sprint and one regional conference.
• Investment value is down, both because we rebalanced our portfolio as we were overweight in mutual funds, and because we sold funds and used the proceeds for our seasonal borrow from the reserves this spring, which we will replenish with revenues from the annual conference this fall.
• Our self-insurance program for health insurance is saving $35K YTD.
We have accelerated the spending for the AMS/CRM system, which is affecting cash flow but is not anticipated to affect our operating budget as most of the costs will be capitalized. Work is still very preliminary and no project budget has yet been developed or proposed.

EDUCAUSE holds $14.6M in grants and endowments for specific programs presently.

In response to a question from Hoit, Ruwe explained that because we are so conservatively invested with relatively low yields to preserve our capital and maintain liquidity, borrowing money at market rates would be more expensive than self-funding our bridge needs by transferring funds out of reserves.

In response to a question from Metros, Ruwe explained that interest generated from grant holdings goes toward those grant programs.

Ruwe provided a status update on the EDUCAUSE reserves, noting that current allocations are 65% fixed income and 35% mutual funds, falling within the investment policy guidelines of 60-65% fixed income and 20-35% mutual funds. She reiterated that the seasonal move of $850K in February from cash dividends on mutual funds to operational cash accounts will be replenished around the annual conference.

In response to a question from Hogue about the impact on the association of the 2008 economic downturn, Oblinger reported that EDUCAUSE weathered the downturn well. However, association best practice shifted to holding more months in operational reserve as a result of the downturn. Subsequently, the EDUCAUSE board increased the target for operational reserves to one year.

Freeman noted that the audit committee asked about dips in income and received satisfactory answers. Ruwe added the dips are primarily tied to levels of grant funding for that year.

Stiles asked if the auditors comment on internal IT security, IT general controls. Ruwe responded that they had no comments. Freeman, a member of the audit committee, added that generally they only report deficiencies and there were none.

In response to Stiles, Hogue asked if the suggestion is that there should be IT audits. Stiles agreed that this may be warranted. Maas responded that it would be a separate engagement.

**FORM 990**

After the Form 990 was explained and presented by Ruwe, Allison called for vote to approve the Form 990. Maas moved to approve the Form 990, Hogue seconded. The measure passed 11-0, with one member not present.

**AUDIT COMMITTEE REPORT**

Ruwe reported that the 2013 audit was completed with a clean opinion, and that the audit committee also reviewed the 5500-TIAA, 5500 Valic, and 403b audits. She reported that all audits passed and no board action is required. Ruwe informed the board that the previous year’s 403b deficiencies were corrected by updating plan documents and internally preparing financial statements.

Maas commended Ruwe, noting that the deficiency was there for several years and that Ruwe repaired it immediately while improving transparency overall.

Ruwe commended the audit committee for their assistance and introduced Alex Alavi, the new controller.

**RETIREMENT PLAN COMMITTEE REPORT**
Ruwe noted that the retirement plan committee has been working with an advisory firm, Well and Good, which conducted a review that favorably compared the new platform to our old platform. In addition to the 5500 and 403b audits, Ruwe reported the following actions related to the retirement platform:

- Rolled out new platform (TIAA-CREF’s Retirement Choice Plan) for staff retirement plan effective May 1, 2014; reviewed investment options on the old and new platforms
- Performed non-discrimination testing of retirement benefits
- Approved moving the EDUCAUSE retirement plan to a safe harbor plan in 2015

Freeman stressed the importance of having an active the retirement committee from the perspective of federal requirements for sound fiduciary management of associations.

**BUSINESS MEETING**

**PROJECT REVIEW AND INPUT**

Oblinger introduced the projects to be presented to the board informally by staff in the collaboration area:

- **Versatility training**, a personal/professional development program offered to EDUCAUSE staff that provides tools for improving your communications and interactions.
- **The Administrative IT Program**, which is being built around the themes of
  - Cost/value of administrative IT systems
  - Business intelligence/analytics
  - Business process reengineering
  - Sourcing and hosting strategies
  - Knowledge sharing
- **The EDUCAUSE messaging strategy**, a new effort to clarify the EDUCAUSE message, positioning, and strategic communications using frameworks that have been successful in other sectors.
- **Long-form media experiments**, new content formats for EDUCAUSE Review that combine text and media for a textured view of topics.

**SELECTION OF THE BOARD SLATE**

Oblinger introduced Mark Askren, chair of the nominations committee, who joined the meeting by phone. Askren described the committee process that leads to the final slate, noting in particular the demographic balance of the nominee pool.

- Oblinger thanked Askren for his service.
- Hogue commented that the Round 1 pool seemed small. Oblinger clarified that the round 1 pool has been consistent over the last three years, and acknowledged that four years ago we had a larger pool.

Oblinger opened the discussion of candidates. In response to a question, Oblinger noted that when Allison, Northam, and Stiles end their terms in 2014, the board will be reasonably balanced by gender.

The board defined the 2014 board nominee slate and recommended an at-large appointee.
• Stiles asked if we could add two directors at-large. Hogue concurred. Oblinger responded that the by-laws allow more than one director at-large.
• Schroeder suggested that perhaps a corporate advisory council would be an effective way to bring corporate voices into EDUCAUSE governance.

### OFFICER ELECTIONS

Allison provided an overview of the process for electing officers of the board at the fall meeting, noting that unlike some boards, the EDUCAUSE board does not have a formal succession path for officers. She reminded the board members that:

- Outgoing board members form the nominating committee to develop a slate
- There can be multiple candidates for a position
- New board members may vote
- Outgoing board members do not vote
- Per the bylaws, there are no term limits

At Allison’s request, each current officer gave a brief overview of the responsibilities and estimated the approximate time commitment of the role.

Allison provided a timeline for the fall officer nomination and election process.

### ADJOURNMENT

Allison called for a motion to adjourn. Maas so moved, and Northam seconded. The business meeting adjourned at 12:15 p.m. (MT).

The executive session adjourned at 3:41 p.m.