Minutes of the Regular EDUCAUSE Board Meeting

October 26, 2015, Indianapolis, Indiana

Attendance

- **Board members attending:** Mark Askren, Kara Freeman, Diane Graves, Joy Hatch, Bill Hogue (Treasurer), Marc Hoit, Ron Kraemer, Edward Leach, Bruce Maas (Chair), Susan Metros (Vice Chair), John O’Brien (President and CEO), Laura Patterson, Kay Rhodes, Tracy Schroeder, Jack Suess, Justin Sipher (Secretary)

- **Board members excused:** Reggie Henry

- **Staff attending:** Joanne Dehoney, Susan Grajek, Julie Little, Thad Lurie, Stacy Ruwe

- **Guest attending (morning):** Jon Hockman, d3 Associates

Call to Order

Following an introduction to EDUCAUSE financials for new members, Maas convened the meeting at 8:25 a.m. (ET). He welcomed new board members Mark Askren, Diane Graves, Reggie Henry (absent), and Ed Leach. He thanked departing board members Kara Freeman, Mark Hoit, and Susan Metros for their service. Maas also acknowledged the EDUCAUSE staff for their exceptional efforts to produce the annual conference.

Consent Agenda

The minutes of the June 2015 board of directors meeting were submitted via the consent agenda. Without objection, the consent agenda was approved by unanimous consent. In response to a suggestion by Maas, the board agreed to move to e-mail approval for meeting minutes to expedite public posting.

President’s Report

President and CEO John O’Brien updated the board on the 2015 annual conference, noting conference innovations including newcomer programming, a spotlight on diversity, and cybersecurity session offered in collaboration with federal agencies. He described the redesign of the virtual conference, which is now organized to be a unique online experience with shorter sessions, four thematic tracks, and an opening convening in each area.
O’Brien reviewed EDUCAUSE 2015 accomplishments in the areas of foundational improvements, program extensions, innovations, and strategic partnerships. He highlighted:

- Membership gains in ELI and ECAR
- Modernization of EDUCAUSE administrative systems and processes
- The well-received launch of the first “family of sites” with the new EDUCAUSE Review website
- ECAR working group productivity gains, leading to 28 white papers this year (compared to 14 in the past three years combined)
- Program and product launches including the iPASS implementation grant, the Leading Academic Transformation program, new top 10 IT products, and maturity and deployment indices
- The role of EDUCAUSE leading or co-leading significant coalitions to develop higher education positions on net neutrality and the Federation for the Blind TEACH Act (now AIM-HE)

O’Brien showed the board an initial set of association key performance indicators (KPIs) across customer, employee, competitive, and financial categories. He also shared the results of the community poll with the board, noting that on the whole they were positive and contained numerous specific suggestions for practical program improvement that are being carefully reviewed and that will be incorporated into our strategic planning considerations.

**Financial Report**

Chief Financial Officer Stacy Ruwe described the association’s financial health as strong, noting that current forecasts indicate that all major revenue categories will meet or exceed the 2015 budget except investment income. Year-to-date investment income of $86,000 through August 31 is currently trending at 7.69% of budget due to a net loss of $473,000 booked in August when the market experienced significant volatility. Ruwe observed that some of the market reduction is expected to recover by year-end. Commenting on the forecasted break-even 2015 budget despite its $2.8M budgeted loss, Ruwe observed that factors contributing to the positive outcome include practicing financial restraint, breaking the website implementation into a family of sites, and experiencing strong 2015 annual conference exhibit sales and registration income.

Ruwe reported that at $23.7M, the reserve balance currently exceeds the allocation requirements of the board. She observed that (a) this is largely due to the delay of a planned drawdown for the web and AMS projects from 2015 to 2016 and that (b) by the end of 2016, the association will reach the nine-month target allocation for the operational reserve. Ruwe
advised the board that the audit committee approved an RFP to identify a new investment manager for the EDUCAUSE reserves portfolio.

Ruwe reported that EDUCAUSE and Internet2 (I2) have reached an agreement by which EDUCAUSE transfers the D.C. office lease to I2 while retaining access to the number of offices and the conference space we still need. Ruwe explained that the outstanding D.C. space obligation through February 28, 2021, was $1.3M, which I2 absorbed for a $.5M payment in 2015, plus $.5M occupancy costs paid over the next five years. These costs will be offset by the 2016 sale of the EDUCAUSE IPv4 block, estimated to yield $.9M. The final value to EDUCAUSE of the space transfer is anticipated to be approximately $1.2M.

On behalf of the audit committee, Hogue reported that the committee reviewed the 2016 capital and operations budget proposals and previewed two items: a presentation for new members on the EDUCAUSE financial model and the RFP for new investment consultants to manage our reserves.

**Strategic Planning Approach and Exercises**

O’Brien introduced strategic planning consultant Jon Hockman, who reported on the results of his interviews with board members and led the board through an issues identification process to help guide the upcoming strategic planning process.

The board reviewed and affirmed the proposed approach to strategic planning, in particular agreeing to the key assumptions that we will retain the current EDUCAUSE mission and values and develop a five-year plan encompassing a small set of ambitious but achievable goals. The board also offered several process improvement suggestions that the staff agreed to implement, particularly in the area of community engagement with the planning process. The proposed approach, which began with the July–August community poll, will include a member survey, competitor analysis, and input from members and nonmembers from a variety of demographic and affinity categories. The board will represent the membership in the design of the final plan, and the work will be completed by October 2016.
EDUCAUSE Benchmarking

Vice President for Data, Research, and Analytics (DRA) Susan Grajek provided an update on the EDUCAUSE benchmarking project, with specific attention to maturity and deployment indices. She reported that eight maturity indices and five deployment indices will be available to the program areas including ECAR, ELI, Enterprise, and Cybersecurity in a limited beta release in Q1. During the beta period, program areas will be making relevant indices available to their communities and experimenting with various support approaches.

Board discussion emphasized the timeliness of the project and the need for improved benchmarking in higher education IT. The board concurred that along with the indices themselves, community members require support interpreting and developing action plans. Board members also highlighted the need for detailed risk assessment and business planning before moving from pilot to benchmarking services.

2016 Priorities and 2016 Budget

O’Brien introduced the 2016 priorities, describing them as guiding budget planning, aligning directly with the CEO’s 2016 performance objectives, and providing a focus for staff and for the community on our most significant areas of attention next year. He reminded the board that this set is intended to transition to the launch of the strategic plan, and that we may review and update 2016 priorities in light of the strategic planning process for the balance of 2016 if appropriate. He presented six priorities:

• Ensure a thriving EDUCAUSE by conducting a successful strategic planning process that includes a comprehensive member survey and a review of our organizational effectiveness.

• Strengthen EDUCAUSE foundations by successfully completing the web and AMS projects, enhancing our security posture and PCI compliance, and improving the CDS reporting infrastructure.

• Ensure that EDUCAUSE is fiscally sustainable.

• Continually review and enhance existing programs with a focus in 2016 on the corporate, professional development, and policy areas.

• Maintain our innovative edge in the enhancement and development of programs and services for members including focused attention on integrated planning and advising for student success (iPASS), benchmarking, and Leading Academic Transformation.

• Improve inclusiveness, transparency, and communication within EDUCAUSE and its community.

Ruwe presented the proposed 2016 budget to the board, including the following highlights:
• A balanced budget for 2016, with a proposed $164,000 investment for benchmarking services to be funded by reserves
• A proposed $27.8M income budget
• A proposed $28.0M expense budget
• $400,000 in revenue for IPv4 addresses sale over the $500,000 committed to Internet2 in the office space deal

Income proposals included:
• Institutional dues increase of 3%
• Corporate dues increase of 2%
• An average 2% rate dues increase for ECAR and no increase for ELI subscriptions, with a drive to increase ELI membership numbers
• Market-based conference registration fee changes ranging from a 30% decrease for Senior Leadership Roundtable, which is becoming a smaller program, to a 60% increase for the CIO Roundtable

Expense proposals included:
• Salary and benefits (44% of total expense budget):
  ▪ New DRA benchmarking support and security positions approved
  ▪ Based on salary surveys showing an average increase of 2.9–3.1%, proposed merit, restructuring and market equity increase of 3%
• Reduced annual D.C. occupancy costs of $116,000 next year achieved by assigning lease to Internet2
• Continuation of a $250,000 central contingency fund to provide funding at the president’s discretion to offset budget reductions
• Depreciation expense of $816,000
• An indirect cost rate totaling 15% of grant expenses that is applied to all new grants excluding subawards (exception: Gates Capacity Building grant, which continues to offset operational salaries via the overhead line)
The proposed capital budget is $2,832,000. Proposed capital expenses include:

- Association management system (AMS) software replacement, $1M
- Web software replacement, $953,000
- DRA infrastructure investment including new web site integration, $565,000;
- End-of-life replacements for data center servers, controller, and firewall, $164,000
- .edu upgrade of technical infrastructure, $150,000

_Hogue moved that the board adopt the 2016 priorities and the 2016 budget as proposed. Hatch seconded. The motion carried unanimously._

**Board Officer Election**

Metros presented a single slate of 2016 board officers for consideration: Chair, Maas; Vice Chair, Schroeder; Treasurer, Hogue; Secretary, Sipher. Metros called for additional nominations; none were offered. Each candidate made a brief statement.

_Metros moved that the slate be accepted as described. Suess seconded. The motion carried unanimously._

**Area Reports and Discussion**

Vice President for Teaching, Learning, and Professional Development (TLPD) Julie Little discussed expanded outreach to liberal arts colleges and a subsequent 6% increase in proposals received from the sector for the ELI Annual Meeting. She described the evolution of the next generation digital learning environments (NGDLE) project to encompass new audiences. She also discussed a holistic approach to PD planning. A portfolio-wide location strategy increases efficiency for EDUCAUSE and enables annual and national views of PD opportunities for members. New PD programs in 2016 will be IT manager “boot camps” co-located with Connect, and a Leadership Institute for chief information security officers attached to the Security Professionals Conference.

Chief Operating Officer Thad Lurie updated the board on activities in the operations portfolio, including marketing, membership, IT, and content. Marketing and membership highlights included the Enhanced Decision Making pilot marketing campaign; launch of the new call for proposals application, Cadmium; the membership team’s proactive approach to new member onboarding and managing ECAR and ELI subscriptions; and progress in defining and outsourcing a member survey and competitor analysis. In the IT area, Lurie reported that the association management system will deploy in Q2 2016 and that the identity management implementation will occur in Q4 2015. He described security improvements, noting that EDUCAUSE will be hiring
a security manager. Finally, on the website/CMS project, he cited the EDUCAUSE Library as the next phase of the rollout.

Grajek noted that the Core Data Service is on track to match 2014 participation and now includes four-year trending almanacs and other tools. She gave the board a preview of the 2016 top 10 issues and technologies before publication in January 2016. In the cybersecurity area, she highlighted the launch of a new risk registry tool and a $60,000 grant secured by Joanna Grama to participate in definitional activities for improving higher education data quality and exchange. Finally, she shared the evaluation results for the 2015 Enterprise IT Summit, which indicated very high satisfaction (91%) and likelihood that participants would recommend the event (91%).

Ruwe shared further progress on modernizing and increasing the efficiency of EDUCAUSE administrative systems with the introduction this trimester of purchasing cards and standard two-week pay periods.

General discussion opened with a focus on membership and diversity. The board applauded this year’s focus on diversity at the annual conference and encouraged EDUCAUSE to continue emphasizing the issue of higher education IT workforce diversity in its content and programming. Suggestions included forming a young professionals advisory board and continuing to collaborate with I2 on gender diversity in IT. Board members noted that diversity programming efforts must transcend interest groups to reach those who may not consider diversity a priority.

Ruwe introduced the topic of corporate governance and engagement. She provided context about EDUCAUSE corporate programs, emphasizing the important contribution corporate partners make to non-grant revenue and the high turnover in corporate membership. She reported the launch of the corporate advisory panel, co-chaired by board member Tracy Schroeder and Mark Milliron, Civitas Learning co-founder and chief learning officer, and described other steps EDUCAUSE is taking to improve corporate engagement and value. Board discussion strongly concurred with the need to consider new strategies for engaging corporate partners to provide more value on both sides. Board members also noted the general importance of EDUCAUSE maintaining its objectivity and independence from particular interest groups in program decisions, enabling diverse voices that, for example, promote commercial solutions as well as open educational resources and community source. Suggestions for further corporate program development included creating guiding principles for corporate member engagement and specific mechanisms to help smaller institutions engage more successfully with solution providers.

Discussion turned to the Leading Academic Transformation (LAT) program. Little described the work as a new community of practice for non-IT academic leaders engaging in IT-enabled
projects to support student success. Programming for the LAT community begins in Q1 2016. Discussion centered on LAT as outreach to new audiences. Board members observed the increasing importance for EDUCAUSE members in collaborating effectively with colleagues represented in the LAT audience, and O’Brien shared his interest in this topic and his related virtual conference presentation this year. The board expressed general support for and interest in the program and requested a further update after the ELI 2016 Annual Meeting.

**Adjournment**

The business meeting adjourned at 3:40 p.m. (ET).

**Executive Session**

The executive session adjourned at 4:35 p.m. (ET).