

NC SARA Board Meeting Minutes  
November 3, 2017  
Radisson Blu Hotel  
Minneapolis, MN

## AGENDA

### **Agenda Item I: Welcome and introductions:** Paul Lingenfelter, Chair

Council Members in attendance:

Barbara Ballard  
Chris Bustamante  
Joe Garcia  
Dianne Harrison  
Larry Isaak  
Paul Lingenfelter  
Teresa Lubbers  
Leah Matthews

M. Peter McPherson  
Patricia O'Brien  
Pamela Quinn  
Paul Shiffman  
Michael Thomas  
Larry Tremblay  
Leroy Wade

Council Members: attending by phone

George Ross  
Michael Zola  
Belle Wheelan

Council Members not in attendance:

Katheryn Dodge  
Kathleen Santora  
Peter Smith  
Dave Spence

NC-SARA staff present:

Marshall Hill  
Mary Larson  
Holly Martinez

Regional Compact SARA Directors and staff present

Somer Aly, WICHE-SARA  
Wanda Barker, SREB-SARA  
Kris Biesinger, SREB-SARA  
Jennifer Dahlquist, MHEC-SARA  
Sandy Doran, NEBHE-SARA

Emily Jacobson, MHEC-SARA  
Elisa Jaden, SREB-SARA  
John Lopez, WICHE-SARA  
Jennifer Parks, MHEC-SARA  
Rachel Stachowiak, NEBHE-SARA

Guests

Kate McCartan, Minnesota Office of Higher Education  
Yan Cao, Century Foundation

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**Agenda Item II (ACTION): Approve minutes of May 11, 2017**

Barbara Ballard – moved  
Diane Harrison – seconded  
Approved unanimously.

**Agenda Item III (ACTION): Update on progress of the SARA initiative**

Marshall Hill reported on the addition of three new staff at the NC-SARA office:  
Associate Director for Student and Institution Support – Mary Larson  
Executive Assistant – Laura Green  
Assistant Director for Business Operations – Shannon Walker

Mr. Hill reported on the State Portal Entity Meeting, held September 6-8, 2017 in Austin, Texas. Representatives from every SARA state, DC and the US Virgin Islands attended -- 75 people. NC SARA fully supports travel for one individual per state but allows two people from each state to attend.

Larry Isaack, Midwestern Higher Education Compact Update  
MHEC is making staff changes regarding SARA work as SARA moves into operational rather than startup phase. Jennifer Dahlquist will be more directly involved and Emily Jacobsen will become the program manager. Jenny Parks will remain involved as a SARA advisor but will be assuming new responsibilities for new initiatives at MHEC. Mr. Isaack recognized Jenny's strong contributions in establishing SARA in the Midwest.

Michael Thomas, New England Board of Higher Education Update  
Mr. Thomas acknowledged the accomplishments of Sandy Doran and Rachel Stachowiak in their work with SARA. He reported that SARA legislation has been enacted in Massachusetts as part of the state budget bill and that the Massachusetts Board of Higher Education on October 31 voted to join SARA. MA's application will be submitted to NEBHE later this year or early in 2018.

Wanda Barker for Dave Spence, Southern Regional Education Board  
Florida joined SARA in August and began accepting institution applications October 17. SREB continues to work with Puerto Rico and expects to have their application by spring of 2018. Eliza Jaden is the new SARA coordinator at SREB..

Joe Garcia, Western Interstate Commission for Higher Education  
Only two WICHE States and territories are not currently members of SARA: California and the Commonwealth of Northern Marianas Islands. CNMI is interested, but does not have a lot of distance education activity; interest is nevertheless growing. California challenges include the selection of a state portal entity satisfactory to all sectors, the opposition of several consumer groups, and existing legislation passed following the collapse of Corinthian Colleges that conflicts with SARA policy. W-SARA staff continues to support those in California seeking information about SARA and those

working to have the state join. Mr. Garcia further reported that each of the WICHE states reaching SARA renewal have renewed, and there are 210 SARA-participating institutions in the region. Mr. Garcia also reported that the W-SARA Steering Committee will establish a subcommittee to look at how SARA policy is changed; not focusing on changing policy.

**Agenda Item VI (ACTION): FY 2017 Audit Report**

Hill reported that a draft of the FY 2017 NC-SARA audit has been provided to Council members. The audit report mentions a possible financial risk to NC-SARA due to its holding in one financial institution funds that exceed the insurance provided by the Federal Deposit Insurance Corporation (FDIC). He reported that NC-SARA has already addressed that risk by establishing a “cash sweep” program with its bank that nightly diverts to accounts in other financial institutions funds that exceed the FDIC limit (\$250,000). NC-SARA will earn a small return on those “swept” funds. He indicated that he would seek the guidance of the finance committee about further segregating NC-SARA’s reserve fund into a different investment vehicle at a different institution.

Hill reported that RubinBrown, the audit firm hired to do the FY 2017 audit, will issue their management letter shortly, but the firm wanted to have the board review the draft audit before issuing the final letter and audit report.

Motion to receive the draft audit  
Paul Shiffman – motion  
Pam Quinn – second  
Motion passed unanimously

**Agenda Item V (ACTION): Finance Committee Report**

Teresa Lubbers, Treasurer, noted that most financial activity has already been covered in discussion related to the FY 2017 audit. She noted that the first quarter finances are stable.

The board considered and approved a request from NEBHE for reimbursement by NC-SARA of \$68,000 in expenditures from NEBHE’s SARA Reserves for activities related to Massachusetts’ consideration of joining SARA. The finance committee offered the opinion that NC SARA has the funding available to reimburse NEBHE if the board approves the reimbursement. The Executive committee, finance committee, and regional compact presidents all support the reimbursement of funds.

Motion to approve the allocation of funds to NEBHE to replenish reserve funds.  
Peter McPherson – motion  
Pat O’Brien – seconded  
Michael Thomas – abstain

Motion passed unanimously, with one abstention (Thomas).

**Agenda Item IV (ACTION): Institutional Fees for FY 2019 and 2020**

Mr. Hill recommended that NC-SARA institutional participation fees remain at the current level for the next two years (through June 30, 2020). Those fees are as follows:

Enrolled FTE	Annual Fee
Under 2,500.....	\$2,000
2,500-9,999.....	\$4,000
10,000 or more .....	\$6,000

Motion to approve the staff recommendation of fees remaining the same through June 30, 2020.  
Joe Garcia – motion  
Chris Bustamante – seconded

After discussion, the motion passed unanimously.

**Agenda Item VII (ACTION): Modifications to SARA manual**

Marshall Hill – Current policy allows for the possibility for institutions to be approved for participation on a provisional basis. Policy has been silent on changes to institution status between annual renewals. The proposed change would allow SARA states to consider relevant events and change an institution’s status to provisional under certain conditions.

Peter McPherson – moved approval  
Pat O’Brien – seconded

During discussion, the following amendment (which added the phrase “or renewed without such provisional designation” to the end of the policy language) was moved by Leroy Wade and seconded by Michael Thomas. The amendment was adopted unanimously.

New language:

3.3 Provisional status of an institution between renewal periods

A state, at its discretion, may place an institution on provisional status at any time if the institution is subject to any conditions set forth in Section 3.2.a or if the institution’s federal financial composite score falls between 1.0 and 1.5. An institution placed on provisional status shall remain in that status until its next renewal date, at which time the state will determine if the institution will be removed from SARA participation or renewed for SARA participation for no longer than one year, while still on provisional status, *or renewed without such provisional designation.*

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Peter McPherson moved approval of the new language, including the amendment; Teresa Lubbers seconded and the motion passed unanimously.

**BREAK**

**Agenda Item VIII (ACTION): SARA's Impact: Spring 2017 Enrollment Report**

Mr. Hill's presentation is available on the NC-SARA website.

**Agenda Item IX (ACTION): Modifications to NC SARA Bylaws**

The proposed modification would specify that the regional compact presidents would determine which two of them would serve on the NC-SARA executive committee. The modification would also exempt the two regional compact presidents from term limits regarding their service on the executive committee.

Diane Harrison – Moved  
Peter McPherson – seconded  
Motion approved unanimously.

**Agenda Item X (ACTION): Election of officers and committee members**

Peter McPherson announced that he desires to step away from his position as vice chair of NC-SARA and eventually from the board, due to other national responsibilities. Paul Lingenfelter spoke appreciatively about Mr. McPherson's role in the development of SARA. The executive committee moved that the Board confer on Mr. McPherson the honorary title of Founding Board Member and Vice Chair Emeritus. A plaque honoring his service was presented to Mr. McPherson. Other founding board members (Cradly DeGolian, Terry Hartle, Arthur Kirk, David Longenecker and Helena Stangle) will be provided similar plaques.

Mr. McPherson spoke of his pleasure in the success of SARA, and offered to assist the organization in any way, even after his service on the board concludes. He advised that additional discussions about governance were needed to ensure that if complicated issues arose that required official resolution by NC-SARA there would be no questions about how resolution was to be achieved.

Dianne Harrison seconded the motion of the executive committee.  
Motion approved unanimously.

Nominations of Officers: The executive committee nominated the following individuals to serve two-year terms as officers of the organization, beginning January 1, 2018.

Paul Lingenfelter, Chair  
Teresa Lubbers, Vice Chair  
LeRoy Wade, Treasurer

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Executive Committee: The executive committee nominated the following individuals to serve two-year terms on the executive committee, beginning January 1, 2018.

Paul Lingenfelter, Chair, *Ex Officio*  
Teresa Lubbers, Vice Chair, *Ex Officio*  
LeRoy Wade, Treasurer, *Ex Officio*  
Chris Bustamante  
Joe Garcia  
Patricia O'Brien  
Michael Thomas  
Larry Tremblay

Finance Committee: The executive committee nominated the following individuals to serve two-year terms on the finance committee, beginning January 1, 2018.

LeRoy Wade, Chair, *Ex Officio*  
Paul Lingenfelter, *Ex Officio*  
Kathryn Dodge  
Larry Isaak  
Leah Mathews

Mr. Lingenfelter asked if there were additional nominations. Chris Bustamante moved to close nominations; Diane Harrison seconded; motion passed unanimously.

A motion to approve the nominations made by the executive committee was made by Pat O'Brien; motion passed unanimously.

#### **Agenda Item XI: Discussion of SARA process for obtaining input on policy proposals**

Though no actions were taken, this topic elicited wide-ranging discussion. Members acknowledged the growth, success and maturation of the organization; the need to be open to the consideration of any needed changes; the existing language on the topic adopted in the SARA Manual, Section 8; and the continuance of different perspectives and desires regarding SARA policies. Discussion reinforced the desirability of using the regional compacts' SARA steering committees to initially consider proposed policy changes, while leaving open the possibility of other approaches. The board determined to discuss the issue further at its next meeting.

#### **Agenda Item XII: Information items**

- Update on student and institution support projects
- Marshall Hill noted that NC-SARA may need to modify its policies if the December 2016 U.S. Department of Education rules on state authorization of distance education move forward as written.
- Dates of 2018 meetings:

##### **2018 NC-SARA Board Meetings**

- May 2-3 in Denver, Colorado
- October 31-November 1 in Memphis, Tennessee

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**2018 State Portal Entity Meeting**

- September 18-20 in Salt Lake City, Utah

**Executive Session** Meeting moved into Executive Session at 12:15 p.m.

**Executive Session concluded and meeting adjourned at approximately 1:00 pm.**