

1999 HOUSE APPROPRIATIONS

HB 1355

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HOUSE BILL 1355

House Appropriations Committee

Conference Committee

Hearing Date JANUARY 20, 1999

Tape Number	Side A	Side B	Meter #
ONE	X		0.0 TO 25.0
Committee Clerk Signature <i>Kathleen Jones</i>			

Minutes:

A BILL for an Act to create and enact a new chapter to title 15 of the north Dakota Century Code, relating to adoption of the Midwestern regional higher education compact.

1A: .0 - .2 Chairman Dalrymple called the meeting to order with all committee members present.

1A: .9 - 7.5 Chancellor Larry Isaak of the University Systems reviewed the Midwestern Higher Education Commission is to provide greater higher education opportunities in the Midwestern Region. The University Systems Office would hope the Legislative Assembly approve the enabling legislation for membership in the MHEC.

The ND University System office has included \$150,000. in its needs-based budget request to support a two-year membership in MHEC as reviewed in HB 1003. The Fiscal note does have a travel appropriation but the people and institutions involved would be responsible for the travel expense from other parts of the University System budget.

The difference between WICHE and MHEC are the programs offered. The only overlap is in the Student Exchange Program. MHEC provides regional cost saving benefits for their members. (Note enclosed testimony/handout.)

1A:7.5 - 8.2 Rep Carlson wanted to know why Montana and South Dakota were not part of this pact. Chancellor Isaak indicated Montana was a part of the western state pact (WICHE) but the state is not part of the mid western region. South Dakota could be a member of MHEC but are not currently.

1A: 8.2 -9.7 Rep. Delzer inquired if the funding was taken from the pool would the University System make MHEC a line item in two years? Chancellor Isaak stated he believed that was a possibility.

1A: 10.4 - 13.3 Senator David Nething, District 48, spoke in favor of HB 1355. As cosponsor of HB 1355 he believed MHEC has additional opportunities to offer to the North Dakota University System and students recruitment.

1A: 13.5 - 17.2 Rep. Lloyd asked what other programs could be funded with dollars if the University Systems did not join MHCE. Chancellor Isaak stated there were other program but this was a board decision. Rep. Lloyd stated his concern of money would come out of the campus budgets. Chancellor Isaak indicated that this issue was very high. The campus heads are very excited about the benefits to each campus across the state.

1A: 17.2 - 23.3 Several questions regarding the direct benefits to the students.

1A: 23.5 - 24.7 Rep. Svedjan asked if MHEC allow the University System to compare costs, etc. to like size university systems. Not at this time.

1A:24.7 The continuation on House Bill 1355 will be heard by the Education & Environment Division of the House Appropriation Committee.

General Discussion

- Committee on Committees
- Rules Committee
- Confirmation Hearings
- Delayed Bills Committee
- House Appropriations
- Senate Appropriations
- Other

Date February 11, 1999			
Tape Number	Side A	B Side	Meter #
1	x		45.0-60.0
Committee Clerk Signature		<i>Paulette Cussias</i>	

Minutes:

A Bill for an Act o to create and enact a new chapter to title 15 of the North Dakota Century Code, relating to adoption of the midwestern regional higher education compact.

45.0 Chairman Dalrymple opened committee work on HB 1355.

46.0 Rep. Delzer moves for a do not pass on HB 1355, 2nd by Rep. Boehm.

47.0 Rep. Poolman supports the do not pass.

49.4 The vote for a do not pass was 18 yes, 2 no, 0 absent. Rep. Delzer carried the bill to the house floor.

FISCAL NOTE

(Return original and 10 copies)

Bill/Resolution No.: HB 1355 Amendment to: _____

Requested by Legislative Council Date of Request: 1-15-99

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts. Please provide breakdowns, if appropriate, showing salaries and wages, operating expenses, equipment, or other details to assist in the budget process. In a word processing format, add lines or space as needed or attach a supplemental sheet to adequately address the fiscal impact of the measure.

Narrative:

(See attachment)

2. State fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	0	0	0	\$700,000 \$1,425,000	0	\$725,000 \$1,470,000
Expenditures	0	0	\$200,000	0	\$213,500	0

3. What, if any, is the effect of this measure on the budget for your agency or department:

For rest of 1997-99 biennium: None
(Indicate the portion of this amount included in the 1999-2001 executive budget:)

b. For the 1999-2001 biennium: Need an additional \$150,000 general fund appropriation for dues.
(Indicate the portion of this amount included in the 1999-2001 executive budget:)

c. For the 2001-03 biennium: Need an additional \$6,500 general fund appropriation for increased dues.

4. County, city, and school district fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

Signed: 

Typed Name: Laura Glatt

Department: North Dakota University System

Phone Number: 328-4116

Date Prepared: 1-20-99

Attachment for HB1355

Membership dues of \$75,000 per year (or \$150,000 for the biennium) are included for 99-01. A three percent annual increase in dues is included in the membership dues estimate for 01-03 (biennial cost is \$156,500). Travel costs of \$50,000 in 99-01 and \$57,000 in 01-03 are associated with ND's participation in MHEC committees including the following: academic software committee, interactive courseware committee, Midwest student exchange council, natural gas committee, regional exchange of courses and programs, regional purchasing initiative steering committee, risk management committee, and telecommunications committee. The travel costs will be absorbed within the current budget of the NDUS. Meal and lodging costs for participation in these committees are paid by MHEC.

The fiscal note does not take into account any potential savings that may result in ND's participation in any joint initiatives since these may be limited in the first biennium and are difficult to predict.

Additional revenues, in the form of new tuition collections, are estimated to be \$700,000-\$1,425,000 in the 99-01 biennium and \$725,000-\$1,470,000 in the 01-03 biennium. This is based upon an assumption that the NDUS will attract from 100-200 new students from the MHEC states. These students would pay 150% of the ND resident tuition rate. The tuition rates included in the executive budget were used for calculation purposes. These were increased by an additional three percent per year for subsequent biennia.

Date: 2/11/99
 Roll Call Vote #: /

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. ~~1355~~ 1355

House Appropriations Committee

- Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Not Pass

Motion Made By Delzer Seconded By Boehm

Representatives	Yes	No	Representatives	Yes	No
Chairman Dalrymple	X		Nichols	X	
Vice-Chairman Byerly	X		Poolman	X	
Aarsvold		X	Svedjan	X	
Bernstein	X		Timm	X	
Boehm	X		Tollefson	X	
Carlson	X		Wentz		X
Carlisle	X				
Delzer	X				
Gulleson	X				
Hoffner	X				
Huether	X				
Kerzman	X				
Lloyd	X				
Monson	X				

Total (Yes) 18 No 2

Absent 0

Floor Assignment ~~Boehm~~ Delzer

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
February 12, 1999 8:59 a.m.

Module No: HR-28-2655
Carrier: Delzer
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1355: Appropriations Committee (Rep. Dalrymple, Chairman) recommends DO NOT PASS (18 YEAS, 2 NAYS, ABSENT AND NOT VOTING). HB 1355 was placed on the Eleventh order on the calendar.

1999 TESTIMONY

H B 1355

HB 1355

Partnerships - Regional

December 1998

Midwest Higher Education Commission (MHEC)

The Midwestern Higher Education Commission (MHEC) is an interstate compact agency that was established in 1991. The purpose of MHEC 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 citizens residing in the several states which are parties of the compact.

As of 1997, the member states of MHEC are Illinois, Indiana, Kansas, Michigan, Minnesota, Missouri, Nebraska, Ohio and Wisconsin.

- The basic charters of MHEC and the Western Interstate Commission for Higher Education (WICHE) are similar. They specify two primary functions: (1) fact-finding and research into the needs and problems of higher education within the region; and (2) developing and administering interstate or inter-institutional arrangements to provide adequate facilities and services for graduate, professional, technical and undergraduate education.

The North Dakota University System office has included \$150,000 in its needs-based budget request to support a two-year membership in MHEC. This membership would provide expanded educational opportunities for North Dakota students and administrative alignments with other Midwestern higher education institutions.

FOR MORE INFORMATION CONTACT:

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www.ndus.nodak.edu

About MHEC

[Mission](#) | [Structure](#) | [Programs](#) | [Keys to Success](#)

Mission

Established in 1991 as an interstate compact agency, the Midwestern Higher Education Commission (MHEC) is charged with promoting interstate cooperation and resource sharing in higher education. As of March 1997, the member states of MHEC are Illinois, Indiana, Kansas, Michigan, Minnesota, Missouri, Nebraska, Ohio, and Wisconsin.

Structure

Each member state appoints five Commissioners to MHEC's governing body: the governor or the governor's designee, a member of each chamber of the state legislature, and two at-large members, one of whom must come from post-secondary education. The Commission meets twice each year to establish goals and priorities, review programs and approve the operating budget. The work of the Commission is financed largely through member state dues and foundation grants. A small, full-time staff located on the University of Minnesota -Twin Cities campus, administers MHEC's daily operation and programming activities.

Programs

The Commission follows six major goals in carrying out its compact mission. They are to enhance productivity through reductions in administrative costs; to encourage student access, completion and affordability; to facilitate public policy analysis and information exchange; to facilitate regional academic cooperation and services; to promote quality educational programs; and to encourage innovation in the delivery of educational services.

The Commission relies upon the grassroots involvement of higher education to develop and implement its programs. All initiatives supported by the Commission are overseen by appointed volunteer committees of practicing professionals from colleges, universities and state agencies located in member states. The committee members are identified through peer nominations and selected for their expertise in specific program areas.

The Commission is grateful to the more than three hundred representatives of Midwestern colleges, universities and leadership organizations who serve on its program committees and oversee each of the MHEC initiatives. Their efforts have produced significant benefits for Midwestern higher education and the students it serves. To date, over four hundred institutions and agencies have participated in MHEC programs.

The Keys to MHEC's Success

In each of its program initiatives MHEC has fostered regional cooperation to create new opportunities and benefits for midwestern higher education. To attribute the success of these programs solely to regional cooperation however, would ignore several other important parts of the picture. What are MHEC's other keys to making these programs work?

First and foremost, the Commission relies upon voluntary leadership from all sectors of Midwestern higher education to develop and oversee its programs. Each committee appointed by the Commission assumes intellectual ownership of the program initiative for which it was established. The Commission serves as a neutral convenor/facilitator, and also provides the resources necessary to support the committees and their work. More than 300 representatives of public and private Midwestern colleges, universities, community colleges, technical colleges and educational leadership organizations serve on MHEC committees, and guide the design, implementation and oversight of the programs sponsored by the Commission.

Secondly, MHEC has been extremely fortunate in enlisting the help of institutional and state representatives to assist in guiding its Request For Proposal (RFI) processes. Whenever MHEC invites proposals from national vendors, the high quality of the RFI criteria and capabilities conceptualized the program committees have been strong negotiating points accomplishing program agreements. In just the VPN and Interactive Video programs alone, MHEC estimates that Midwestern institutions have saved over \$8 million since 1993 as a result of negotiated price reductions.

Thirdly, one of MHEC's primary policies is to make all of its programs available to all sectors of higher education, from community and technical colleges to large research universities. This serves the dual purpose of creating a massive pool of potential purchasers whenever MHEC issues an RFI as well as leveraging the best opportunities for institutions, systems and consortia.

MHEC is committed to supporting alliances among institutions, systems and consortia throughout the Midwest region achieve practical and mutually beneficial outcomes for higher education. The Commission respects the integrity of inter-institutional cooperatives and purchasing consortia and does not wish to compete with these interests. The Commission's goal is to encourage the development of strategies that will enable these groups to form "alliances of alliances" to accomplish advantageous outcomes that cannot be fully realized through independent efforts.

The advancement of education through interstate cooperation is a priority of the Midwestern Higher Education Commission. The programs initiated through the Midwestern Compact have served higher education well in the 1990's, and the Commission believes that they will continue to do so especially given the substantial challenges of change that face our colleges and universities on the eve of a new millennium. Through the leadership and dedicated efforts of its Program Committees, the Compact will continue to be a positive force in creating new opportunities for higher education.

Contacting MHEC

For further information regarding the Midwestern Higher Education Commission or one of its programs, please [contact the main office](#).



We welcome any questions, comments or suggestions that you might have. Please feel free to [contact us](#) by e-mail, phone, fax, or mail.



Midwestern Higher Education Compact

**1998-99
Annual Report**

*A report on the Compact's program activities to advance
Midwestern higher education through regional cooperation.*

January 1999

The Midwestern Higher Education Commission is a nonprofit regional organization established by compact statute to assist Midwestern states in advancing higher education through interstate cooperation and resource sharing.

Member states are:

Illinois	Missouri
Indiana	Nebraska
Kansas	Ohio
Michigan	Wisconsin
Minnesota	

MHEC seeks to fill its interstate mission through programs which:

- enhance productivity through reductions in administrative costs
- encourage student access, completion and affordability
- facilitate public policy analysis and information exchange
- facilitate regional academic cooperation
- encourage quality educational programs and services in higher education
- encourage innovation in the delivery of educational services

January 1999

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INTRODUCTION

The Midwestern Higher Education Commission is established through interstate compact legislation jointly enacted by the states of Illinois, Indiana, Kansas, Michigan, Minnesota, Missouri, Nebraska, Ohio, and Wisconsin.

The purpose of the Compact is to advance Midwestern higher education through interstate cooperation and resource sharing. The Commission is the governing body of the Compact, and is comprised of five appointees from each member state. Three Commissioners are appointed by each state's governor, and two are appointed by the state's legislative leadership. The Commission meets twice annually to establish priorities and oversee the programs of the Compact.

The Commission's goals are to:

- Enhance productivity through reductions in administrative costs;
- Encourage student access, completion, and affordability;
- Facilitate public policy analysis and information exchange;
- Foster regional academic cooperation and services;
- Promote quality educational programs; and
- Encourage innovation in the delivery of educational services.

The Compact is founded on a philosophy of grassroots involvement by higher education. Its programs are established for the benefit of public and private non-profit colleges, universities, community colleges, technical colleges who reside in and serve the citizens of member states. Volunteer committees of practicing professionals from colleges, universities and state higher education leadership organizations oversee the development, implementation and oversight of Compact programs. Committee members are appointed through peer nomination processes, and are acknowledged for their expertise in specific subject areas.

Compact programs are financed largely through member state dues and foundation grants. The Commission offices are located in Minneapolis, Minnesota. Administrative support services are provided to the Commission through an agreement with the University of Minnesota. A small staff administers day-to-day program activities

Sixteen Initiatives To Advance Higher Education

Since its inception in 1991, the Commission has undertaken 16 different initiatives in carrying out its mission. More than 600 public and private institutions, state agencies and leadership organizations have participated in these endeavors. Those MHEC programs dedicated to increasing productivity and reducing administrative costs (namely the Academic Course Scheduling Program, the Interactive Video Program, the Master Property Insurance Program and the Midwest Telecommunications Alliance) have produced significant financial savings through regional collaboration in leveraging the assets represented by Midwestern higher education. In addition, the Midwest Student Exchange Program has provided tuition savings to students electing to pursue college studies in neighboring states.

*Summary of Programs -
done by Commission*

Regional Cost Savings Benefits

To date, the Commission has supported six initiatives to improve productivity and reduce administrative costs through regional cooperation. The combined net savings benefits produced over the past five years is estimated to be approximately \$43 million dollars. Figure 1 provides a state-by-state summary of savings achieved through these programs. These estimates are based upon information provided by the endorsed vendors participating in the initiatives. The criteria varies from program to program.

Figure 1
Estimated Cost Savings Achieved through MHEC Programs: 1994-1998
(S in thousands)

MHEC Initiative	IL	IN	KS	MI	MN	MO	NE	OH	WI
Academic Scheduling Software	\$276.8	\$122.1	\$109.3	\$235.0	\$61.0	\$162.4	\$69.8	\$364.8	\$292.3
Interactive Video Classrooms	\$4,547.3	\$3.7	\$132.5	\$1,185.9	\$1,809.2	\$1,029.2	N/A	\$2,521.5	N/A
Midwest Telecom Alliance	\$838.0	\$428.4	\$178.5	\$9,814.0	\$1,338.3	\$321.3	\$319.2	\$5,164.9	\$499.8
Midwest Student Exchange	N/A	N/A	\$4,441.2	\$1,419.5	\$487.0	\$1,548.1	\$3,516.2	N/A	N/A
Regional Master Property	\$595.1	N/A	N/A	\$247.0	\$470.4	\$1,001.4	\$366.7	\$173.0	N/A
Regional Natural Gas	\$109.2	\$118.3	N/A	\$0.2	N/A	N/A	N/A	\$56.5	\$285.5
State Dues Paid 1992-1998	\$464.0	\$174.0	\$464.0	\$464.0	\$464.0	\$464.0	\$464.0	\$464.0	\$232.0
Net Savings Through MHEC Initiatives	\$5,902.4	\$498.5	\$4,397.5	\$12,437.6	\$3,701.9	\$3,598.4	\$3,807.9	\$7,816.7	\$845.6

Notes:

1. Estimated region-wide savings over the five-year period totals \$43,006,500.
2. MSEP data reflects the tuition savings realized by participating students according to their state of residence.
3. Telecom Alliance savings based on combined participant and contributory traffic volume

The Compact also supports initiatives in the areas of public policy analysis, information exchange, regional academic cooperation and innovation in the delivery of quality educational services. Programs pertaining to these areas of emphasis include a study of minority faculty representation in higher education; a framework for the career development of women in higher education; a second generation format to support web-based postings of employment opportunities in higher education; a series of Internet listservs to enable rapid and efficient information exchanges

among higher education professionals; the development of standards to assure interoperability in the delivery of distance education; the identification of pedagogical features and capabilities for technology mediated instructional materials; and most recently, the convening of a regional policy summit on the future of Midwestern higher education.

The Commission, through the dedicated volunteer efforts of Midwestern college and university faculty and staff, continues to support the development of new initiatives. Several projects, currently in planning, offer excellent promise for building upon the success of the Compact.

The following report summarizes program activities underway in 1998-99 and provides information on outcomes achieved to date.

The Academic Scheduling Software Program

As a result of requests received from 33 community colleges and private liberal arts colleges, the Commission established an Academic Software Committee in May 1994. The Committee was asked to investigate the academic scheduling needs of Midwestern colleges and universities and advise the Commission on ways that those needs might be addressed more efficiently through a regional program.

The Committee began its work by surveying more than 400 institutions about their scheduling processes and requirements. The survey results, together with a review of literature and consultations with more than 150 registrars and academic scheduling officers, provided the basis for a comprehensive statement on the features and capabilities sought in academic scheduling software products. The Committee's findings and recommendations were sent to the registrars and chief academic officers of all institutions in member states, and to more than 200 other colleges and universities throughout the nation who requested the information.

The Committee then examined products currently available in the marketplace. That investigation revealed a minimal diffusion of computer-aided course scheduling systems and pricing that was unaffordable to many institutions. Most products were bundled elements of comprehensive information system packages. In order purchase a scheduling product, an institution had to purchase a complete system package which was generally unaffordable to small and medium sized campuses. In addition, many of the bundled products had serious shortcomings in terms of course scheduling functionality.

The Committee submitted its findings to the Commission in 1994 together with the recommendation that a region-wide purchasing initiative be established through the Commission's Request for Proposals process. The Commission approved the Committee's recommendation, and in February 1995, a subcommittee was appointed to implement the RFP process based on the "features and capabilities" publication. The RFP culminated in the selection of two firms – Applied Business Technologies (ABT) and Universal Algorithms, Inc. (UAI) – to provide software products to interested institutions in member states. The negotiated discounts under this program (ranging from 25% to more than 60%) had never before been offered by the endorsed vendors. These specially priced

offerings brought computer-aided scheduling within the financial reach of virtually all institutions in the Compact states.

The program was announced in November 1995 through letters and brochures mailed to the scheduling officers, registrars, facilities planners, physical plant directors, computing services directors and institutional research directors of all colleges and universities. In 1996 and 1997 a series of twenty-one regional seminars were held at various campus locations throughout the region. Well over 600 college and university staff attended, representing 297 public and private institutions. In 1997, a second brochure describing the program was prepared and mailed to those institutions who had not yet joined the program. A program summary was also included on the MHEC web homepage. In 1998, the process was repeated a third time.

ACS Program Outcomes

Colleges and universities have benefited from this program in several ways. First, the specifications developed by the Committee provided comprehensive guidelines for campuses to use in selecting scheduling software products. Second, in emphasizing and promoting the development of unbundled standards-based applications, the Committee sent an important message to the software industry, i.e. that there is a healthy educational market for such software products, and that colleges and universities do seek this type of flexibility in fulfilling their computing needs.

The regional information seminars enabled hundreds of academic scheduling officers and facilities planners to view first-hand the capabilities and advantages of using scheduling software products. Provosts and business vice presidents attending the seminars were able to assess the software's value and potential for increasing administrative productivity and operational efficiency. Another outcome of the seminars was the opportunity for academic officers to share ideas and information concerning their own scheduling experiences. These exchanges led to the creation of a dedicated Internet discussion forum sponsored by the Commission. The electronic forum allowed academic schedulers and facilities managers to continue discussions over the Internet. More than 300 institutional representatives have utilized this information exchange mechanism.

The success of the program is attested to by the fact that 95 colleges and universities (with all member states of the Compact represented) have purchased software from the endorsed vendors. Figure 2 summarizes the program's cost-savings benefits. To date, the combined savings benefits realized by participating institutions totals \$1,159,031.

**Figure 2
Academic Course Scheduling Program Savings**

State	Retail Value	MHEC Purchase Price	Purchase Savings	License Renewal Savings**	Total Institutional Savings
Illinois	\$348,969	\$161,704	\$187,265	\$89,520	\$276,785
Indiana	\$178,762	\$84,889	\$93,873	\$45,760	\$139,633
Kansas	\$135,878	\$65,602	\$70,276	\$39,000	\$109,276
Michigan	\$313,500	\$140,000	\$173,500	\$61,500	\$235,000
Minnesota	\$83,427	\$35,942	\$47,530	\$13,480	\$61,010
Missouri	\$205,463	\$96,428	\$109,035	\$53,360	\$162,395
Nebraska	\$87,349	\$40,353	\$46,996	\$22,840	\$69,836
Ohio	\$463,766	\$220,108	\$243,658	\$121,120	\$364,778
Wisconsin	\$360,664	\$173,766	\$186,898	\$105,400	\$292,298
Totals	\$2,177,823	\$1,018,792	\$1,159,031	\$551,980	\$1,711,012

are cumulative since program's inception in spring, 1996

* Numbers

** Projected savings over the 4-year renewal cycle of the program

Equally as important as the cost savings realized in purchases, are the operational efficiencies achieved by using the software. These include:

- Increased productivity
- More timely responses to room scheduling requests
- Better fit between academic classes and the facilities used
- More knowledgeable and informed decision-making with regard to the assignment of facilities
- Better capital planning decisions concerning program requirements for new and renovated facilities.

The University of Minnesota estimates that it saves \$750,000 in annual operating costs as a result of automating and streamlining its academic scheduling and space management functions using the MHEC endorsed software. Kankakee Community College reports that the software has definitely proven its value as a tool in developing capital plans, designs and specifications. Clearly, the applications offered through this program, have more than justified the initial purchase price.

The program was originally scheduled to expire in 1998. However, at the request of several institutions, it is being renewed for an additional year. Through agreements with Universal Algorithms Inc. and Applied Business Technologies' new partner, Comquip, this software program will be available to institution in 1999.

The Midwest Telecommunications Alliance

The Midwest Telecommunications Alliance succeeds an earlier Compact program entitled the Virtual Private Telecommunications Network (VPN) which was developed in 1994. When considering the renewal of the VPN in 1996, the Commission's Telecommunications Committee concluded that it

would be more effective to promote the development of a mechanism to encourage institutions and network consortia of all types to work together to achieve optimal telecommunications pricing for everyone's benefit.

As a first step, the Committee joined with MiCTA, a statewide network association based in Michigan, and the North Central Regional Education Laboratories based in Illinois to form the Midwest Telecommunications Alliance. The goal of the Alliance is to leverage the combined volume of educational and other non-profit organizations and networks to obtain mega-volume pricing advantages on long distance voice rates, interactive video transmission rates, data communications, pay phone, calling card, and student resale rates. The Alliance was formally established in 1997, and has experienced excellent growth since that time. MiCTA serves as the Alliance administrator and negotiates rates and services on behalf of the membership.

Telecom Alliance Outcomes

The original VPN and the more recent Alliance have produced substantial financial benefits for participating institutions and consortia. The VPN produced more than \$2.5 million in cost-savings during its three year span. The new Alliance has significantly improved upon those savings by successfully negotiating favorable telecommunication rates with multiple providers. The combined 1997 and 1998 savings accrued through both direct and contributory traffic totals \$16.2 million. The rates achieved through MiCTA represent a 36% average improvement in the original VPN. Furthermore, through agreements with Qwest, Sprint, MCI-WorldCom and AT&T, the Alliance provides institutions with an array of low cost voice, video and internet service options. The program is now available to institutions throughout the nation and the total volume achieved contributes to the volume benefits enjoyed by institutions in member states of the Compact.

Figure 3
Telecommunications Alliance Volume*
(in thousands)

State	MHEC VPN Network 1994	MHEC VPN Network 1995	MHEC VPN Network 1996	Telecom Alliance 1997	Telecom Alliance 1998
Illinois	\$432.0	\$360.0	\$456.0	N/A	\$2,000.0
Indiana	N/A	N/A	N/A	\$500.0	\$700.0
Kansas	N/A	N/A	N/A	N/A	\$500.0
Michigan	\$4,300.0	\$3,228.0	\$4,932.0	\$11,000.0	13,000.0
Minnesota	\$2,310.0	\$2,448.0	\$2,556.0	N/A	\$1,700.0
Missouri	N/A	N/A	N/A	N/A	\$900.0
Nebraska	\$108.0	\$108.0	\$120.0	N/A	\$800.0
Ohio	\$1,804.0	\$1,776.0	\$2,016.0	\$1,700.0	\$11,200.0
Wisconsin	N/A	N/A	N/A	N/A	\$1,400.0
Total Volume**	\$8,955.0	\$7,920.0	\$10,080.0	\$13,200.0	\$32,200.0
Estimated Annual Savings***	\$895.5	\$792.0	\$1,008.0	\$4,719.0	\$11,495.4

*Amounts represent total voice, video, and or data communications services purchased through the program.

**Includes contributory traffic as well as participant traffic in member states

***The 1997 and 1998 rates negotiated by the Alliance are approximately 36% below the expiring VPN rates. Estimated Alliance and VPN savings average 35.7% and 10% per year respectively.

Alliance membership has grown to more than 700 members nationally. Annual dues are \$75 per year. Alliance membership is open to all sectors of K-12 and higher education as well as state and local government agencies and non-profit public service agencies such as hospitals, fire departments, etc.

The Interactive Video Classroom Program

The Interactive Video Program was established in 1994 to promote inter-operability standards in support of video-based distance education, and to make standards-based room designs, equipment and related services available to institutions at affordable prices. The program is entering its sixth year.

Since 1994, more than 200 institutions and consortia have acquired interactive video classrooms and equipment through this program. The combined retail value of these acquisitions totals \$46,700,425. The discounted purchase price totals \$35,446,904. The net savings realized by participating institutions and organizations totals \$11,253,521 (see Figure 4). In addition to public and private colleges and universities, several state agencies, K-12 school districts and local units of government have participated. The program has had a substantial impact on the ability of education and government to communicate through interactive video networks, and to function across networks with equipment from several different manufacturers.

Figure 4
Interactive Video Program Benefits

State	Retail Value	MHEC Purchase Price	Net Institutional Savings
Illinois	\$18,609,634	\$14,038,321	\$4,571,313
Indiana	\$34,401	\$30,665	\$3,736
Kansas	\$599,372	\$466,914	\$132,458
Michigan	\$3,486,670	\$2,300,794	\$1,185,876
Minnesota	\$8,201,622	\$6,392,149	\$1,809,473
Missouri	\$5,758,429	\$4,729,191	\$1,029,239
Ohio	\$10,010,397	\$7,488,870	\$2,521,527
Totals	\$46,700,525	\$35,446,904	\$11,253,622

*Above data represents the cumulative five year totals (1994-1998) of the program

The need for this initiative has been largely met. Thus, the program, in its present form, is scheduled sunset next year. The Telecommunications Committee is presently examining higher education's need for and interest in one or more new initiatives that focus on low-end video products and capabilities. The Committee has worked for more than five years to develop successful regional approaches to improve access to telecommunications services and to reduce costs. It continues to be a leading advocate of standards-based technology and endeavors to identify appropriate technology benchmarks that improve transmission quality.

The Master Property Insurance Program

The Risk Management Committee was established in 1992 to facilitate the development of mechanisms to improve physical asset and human resource protection; risk management services; and research and information exchange among Midwestern institutions of higher learning.

In 1994, the Committee developed and implemented a Master Property Insurance Program that offered exceptional broad coverage, superior loss control and asset protection services at substantial premium savings for colleges and universities. The program also offered the added value benefits of claims support, loss control and prevention engineering services, research, presentations and publications on loss prevention practices. The firm of Johnson and Higgins, Inc. (now J&H Marsh & McLennan Sedwick James) was retained as program administrator through an RFP process. Direction and oversight of the Master Property Insurance Program is vested with the insured institutions. An oversight committee elected by the members meets quarterly with the program administrator and the underwriter to resolve problems and assure quality services to the membership. The Commission provides coordination and staff support to the insured group.

In 1997, the Master Property Program was renewed for a second three-year term. To build upon the success of the first three years and to further the advantage of the interests of the insured members, a funded deductible approach was instituted. This innovative feature provides dividend payments on an annual basis to member institutions subject to favorable loss experience. The underwriter for the program is Zurich-American. J&H Marsh & McLennan continues to serve as program administrator, and Captive Resources, Inc. was appointed program consultant to implement the funded deductible strategy.

Master Property Outcomes

On July 1, 1998, the Master Property Program entered its fifth year. The program currently enrolls 30 institutions and campuses. This year, the member institutions will realize almost \$300,000 savings on a \$1.9 million dollar premium base. These savings, added to those achieved in prior years, bring the total accrued financial benefits realized by participating institutions to more than \$2 million dollars. (See Figure 5.) In addition to direct savings produced through participation, seventy other non-enrolling institutions used the program to leverage better rates from their own carriers. While these institutions did not directly contribute to the program, they realized more than \$800,000 in premium reductions as a result of this offering.

**Figure 5
Master Property Program Benefits
1994-98**

State	Accrued Premium Savings to Participating Institutions 1994-98*	Savings Leveraged by Non-enrolling Institutions	Combined Savings Achieved by Enrolling & Non-enrolling Institutions
Illinois	\$196,000	\$399,000	\$595,100
Michigan	18,000	229,000	247,000
Minnesota	453,338	17,400	470,738
Missouri	969,435	32,000	1,001,435
Nebraska	352,674	14,000	366,674
Ohio	45,000	128,000	173,000
Totals	\$2,034,447	\$819,500	\$2,853,947

*Based on actual accrued reductions in expiring 1993 premium rates. There have been no rate increases over the five-year duration of the program.

The Midwest Student Exchange Program

The Midwest Student Exchange Program was established in 1994 to expand interstate educational opportunities for students in the member states of the Compact. Through reciprocity, residents of participating states may pursue designated out-of-state programs of study. The program makes these designated, out-of-state programs of study available to students at reduced tuition levels.

Five of the Compact states (Kansas, Michigan, Minnesota, Missouri and Nebraska) participate in the program. The public and private institutions of a state become eligible to participate on a voluntary basis when that state's higher education leadership signs the Midwest Student Exchange Agreement and appoints a representative to the Midwest Student Exchange Council. Each campus designates degree programs that will be offered to students, how many students will be admitted and the criteria for admission. Under the program, enrolling out-of-state students are charged 150 percent of a public institution's regular in-state tuition rate. Those students attending private colleges pay 90 percent of the institution's general tuition rate.

Student Exchange Outcomes

The program has witnessed steady growth over the past five years. Beginning with 366 students in 1994, enrollment has increased each year. In fall 1998, 1,726 students enrolled. (See Figure 6.) If this trend continues at the present rate, enrollments will surpass 2,000 students within the next two years.

Figure 6
Midwest Student Exchange Program Enrollment
 (by State of Residence)

State	Fall 1994	Fall 1995	Fall 1996	Fall 1997	Fall 1998
Kansas	49	99	162	563	793
Michigan	56	103	130	130	190
Minnesota	15	35	38	62	62
Missouri	118	127	123	107	152
Nebraska	128	186	332	451	529
Totals	366	550	785	1,313	1,726

The Midwest Student Exchange Program offers several advantages. The tuition burden of students pursuing designated programs of study at out-of-state institutions is reduced. Enrolling students and their families have saved approximately \$11.5 million in tuition costs since the program began five years ago. (See Figure 7.)

Figure 7
Midwest Student Exchange Tuition Savings
 by State of Residence*
 (in thousands)

State	1994	1995	1996	1997	1998	Totals
Kansas	\$100.3	\$208.7	\$351.9	\$1,259.4	\$2,520.9	\$4,441.2
Michigan	114.6	217.1	282.4	290.8	514.6	1,419.5
Minnesota	30.7	73.8	82.6	138.7	161.3	487.1
Missouri	241.6	267.7	267.2	239.4	532.2	1,548.1
Nebraska	262.0	392.1	721.1	1,008.9	1,132.1	3,516.2
Totals	\$749.2	\$1,159.4	\$1,705.2	\$2,937.2	\$4,861.1	\$11,412.1

*estimate based on full academic year enrollment

The program provides several benefits to participating institutions as well. It offers them a mechanism for balancing academic program offerings with optimal enrollment levels. It also provides another means of diversifying their student populations. Many campuses have found the program to be of special value in attracting students with unique talents in academic areas such as the fine and performing arts where scholarship assistance is limited. The program also offers special advantages in promoting regional collaboration among institutions to expand access and reduce costly academic duplication.

The Natural Gas and Utilities Initiative

The deregulation of the natural gas industry and the resulting increased competition in the marketplace may offer colleges and universities unique savings opportunities in the purchase of natural gas. In 1996, the Commission established a natural gas and utilities committee to examine these cost-savings opportunities and to develop a plan to regionally leverage mutual advantages both in natural gas pricing and supply stability.

Following an Request for Information (RFI) process conducted under Compact authority in which the initiative's guiding principles, structures and parameters were set forth, Enron Energy Services, Inc. was selected to act as the program's administrator. A master agreement with was signed in late February 1998, and the Committee, along with Enron, began work on developing a series of "prototype" strategies to test the viability of the regional procurement concept.

Prototype Trials

In April 1998, announcements were sent to all institutions and state agencies in the Compact states inviting volunteers to participate in "proof of concept" prototype trials. Initial response was exceptional with 213 institutions and agencies expressing interest. Eight institutional and systemic configurations in five states (Wisconsin, Indiana, Ohio, Michigan and Illinois) were selected to participate in the "proof of concept" trials. To date, the prototype participants have purchased approximately 4.4 million decatherms of natural gas. Savings over local tariff rates total \$569,528. (See Figure 8.)

Figure 8
Estimated Natural Gas Savings in Prototype Trials

	Est. Decatherm Volume	Est. Savings From Local Tariff Rates
Wisconsin*	3,000,000	\$285,461
Indiana	762,000	\$118,252
Ohio	397,525	\$56,458
Michigan	180,000	\$195
Illinois	65,000	\$109,162
Totals	4,404,525	\$569,528

Although the early results are promising, it remains to be seen whether or not the prototype approaches can be effectively implemented regionally in a manner that produces significant financial benefits on a wide scale. A large number of institutions and state agencies are monitoring the trials with the objective of future participation if positive results are forthcoming.

The Midwestern Higher Education Policy Summit

An important step towards addressing the challenges of affordability, finance and change in higher education was taken when 110 state policy leaders and higher education leaders from Midwestern states met June 3-5, 1998, in Oak Brook, Illinois. This event, entitled the "Midwestern Higher Education Policy Summit" was co-sponsored by the Midwestern Higher Education Commission (MHEC), the Midwestern Legislative Conference and the Midwestern Governors' Conference of the Council of State Governments (CSG). It was supported by a grant from the W.K. Kellogg Foundation and with assistance from Ferris State University. Participants included state legislators, governor's office representatives, presidents, chancellors, and state higher education leaders from Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

The Summit's goals were to stimulate discussion and analysis of key higher education issues vital to the future of the region and to engender a renewed spirit of collaboration and cooperation among governors, legislators and higher education leaders. The meeting offered a unique opportunity for participants to convene in a neutral setting away from the state house. Three issues critical to shaping the future of higher education in the Midwest were addressed: (1) *increasing higher education's capacity for change*; (2) *ensuring affordability*; and (3) *developing long term funding, ensuring accountability, and stimulating productivity and efficiency*. Over the course of three days, 22 recommendations were set forth as guiding principles for individual states and institutions to utilize in pursuing further discussions on campus and in the respective states.

Clearly, the Summit goals of promoting leadership discussions on issues vital to the future of the region and engendering a renewed spirit of collaboration and cooperation among state policy leaders and educators were achieved. To date, five of the twelve states represented at the Summit have begun follow-up discussions on the issues discussed. Hopefully, all 12 Midwestern states will take up the challenge of developing consensus on a better, more responsive system of higher education that realizes the promise which it holds for the citizens of the Midwestern states.

Following the Summit, the Midwest Legislative Conference and the Midwestern Higher Education Commission each adopted resolutions urging the respective state legislatures and higher education institutions to give careful consideration to the recommendations approved by participants in the 1998 Midwestern Higher Education Policy Summit. A final report on Summit proceedings was prepared and mailed to the governors, legislators, presidents, chancellors and state higher education leaders of the 12 Midwestern states. The report may be obtained by contacting either the Commission office or the Council of State Governments Midwestern Office.

The Interactive Courseware Initiative

In 1997, the Commission established a regional Committee of 18 faculty scholars and academic officers with acknowledged expertise in technology mediated instruction. The Committee's charge was to conceptualize and develop one or more initiatives to:

1. Increase faculty understanding of interactive courseware functionality and benefits.
2. Promote faculty development in the uses of interactive courseware.
3. Encourage new instructional products that meet the educational features and capabilities sought by faculty.
4. Facilitate faculty research on the learning outcomes and the continuous improvement of interactive courseware.
5. Make available the highest quality and most cost-effective commercial courseware at the best prices to the academic community.

The Committee focused its efforts on those academic disciplines and subjects characterized by widely diverse learner demands at various collegiate and career stages of learning. The initial emphasis was on general education components of undergraduate associate and baccalaureate degree programs; e.g. English, mathematics, natural sciences, social sciences, humanities and fine arts.

Four activities were identified in the Committee's action plan; the identification of criteria that set forth the educational features and capabilities to be incorporated into superior quality courseware; the assessment of courseware products currently available in the marketplace; the development of a faculty collaborative to facilitate the introduction, use and evaluation of those courseware products that meet the criteria of excellence; and the establishment of a distributed learning workshop to create new models and courseware materials to support *anytime, anywhere learning*.

Identifying Educational Features and Capabilities of Quality Courseware

The Committee compiled criteria on educational features and capabilities sought in superior quality courseware. The objectives were to provide educational benchmarks to guide faculty in selecting courseware products and to complement the technological specifications and standards being established through national efforts such as the National Learning Infrastructure Initiative.

In the compilation process, the Committee concentrated on "high end" distributed learning materials. Extensive reviews of learning research were conducted. Faculty, who are acknowledged for their expertise in distributed learning, were queried. In-depth examinations were made of various applications of learning principles and theories. The criteria identified were widely critiqued and underwent several iterations before being adopted by the committee. The adopted statement of desired courseware features and capabilities incorporates ten major elements:

- *Interactive Design*
- *Sound Pedagogical Strategy*
- *Learner Centered and Faculty Friendly*
- *Flexible Applications*
- *Appropriate Content Guidelines*
- *Ongoing Evaluation and Assessment*
- *Feedback/Report Generation*
- *Faculty Development Support*
- *Course Designations*
- *Standard Technology*

Product Evaluations

In November 1997, the Committee issued a nationwide RFI process to 140 providers of distributed learning materials. The results were disappointing. Fewer than one in ten organizations contacted had courseware products sophisticated enough to enable them to respond favorably to the information request. Of the private sector products, only two were found to be even remotely qualified and both had serious deficiencies. It quickly became evident to the Committee that the private sector has yet to produce "high end" courseware that incorporates the best of educational features sought by higher education and that merits wide adoption by higher education.

None of the campus-based products reviewed were appropriately structured, staffed or organized to create, monitor and continuously improve their courseware. Most consisted of very small faculty cadres of "lone rangers" who were supported by undergraduate and graduate student programmers and instructional designers. Nearly all focused upon building proof-of-concept lessons, software micro-worlds suitable for investigating cognitive consequences of mediated learning materials, or on supplementary lessons intended to be bolted onto conventionally communicated material.

The Distributed Learning Workshop

Based on its findings, the Committee recommended that the Commission establish a regional not-for-profit *Distributed Learning Workshop* to create courseware products that meet educational expectations for excellence in higher education. The Workshop's mission will be to produce inquiry-based learning materials through the strategic utilization of high quality, location independent, computer-mediated techniques.

The Workshop will undertake six interrelated and far-reaching initiatives. The Commission agrees with the Committee on the fundamental wisdom and merit of each. It believes that the implementation of these six initiatives will provide the 853 private and public colleges and universities in the Compact states the means and materials they need to leverage their individual and collective interests, expertise and resources towards transformational advancements in technology mediated instructional materials. The six initiatives are:

1. To create research-based standards for designing, developing, implementing and continuously improving high-quality computer-based instructional materials.
2. To create Internet-based standards and protocols for distributing computer-based instructional materials over the Internet.
3. To improve the educational achievement of entry-level college students by developing exemplary, standards-based computer-based instructional materials attuned to the special circumstances and learning support requirements of entry-level students.
4. To provide continuous professional development education and support for faculty interested in improving their understanding and knowledge of teaching and learning in

- instructional settings in which computer-based instructional materials are used by their students.
5. To provide a variety of support mechanisms for faculty interested in developing their technological and pedagogical expertise in developing, customizing, using and evaluating computer-based instructional materials.
 6. To support the efforts of MHEC-affiliated colleges and universities to form education technology partnerships with high schools.
 7. A business plan and financial prospectus to support the workshop initiative is presently being developed. Upon completion, colleges and universities will be invited to join with the Compact as founding partners of the Workshop and matching funds to support implementation will be sought from appropriate foundations.

Information Exchange Services

The Commission has been actively involved in the Internet since its inception, and continues to maintain a strong presence on the World Wide Web for the purpose of facilitating regional information exchanges among colleges and universities. Several Internet discussion groups are supported through the Commission's web server. These electronic forums enable highly efficient communications among college and university staff such as telecommunications directors, registrars and academic scheduling officers, institutional risk managers, and facility managers.

The Commission's web site at www.mhec.org contains up-to-date information on the various program activities of the Compact.

A Look Ahead

The Commission continues its efforts to advance higher education through new and innovative approaches to interstate cooperation. Committees sponsored by the Commission are presently examining the merits and feasibility of several program proposals. These include the establishment of a Distributed Learning Workshop to develop exemplary technology mediated courseware materials based upon learning precepts and educational features and capabilities specified by college and university faculty; the development of an electronic warranty program that bundles the various types of equipment maintenance contracts into comprehensive service warranty packages at reduced prices; the establishment of a regional voluntary benefits initiative to enable the half million employees of Midwestern higher education to access various types of supplemental insurance at discounted prices; and the development of regional approaches to increase higher education's capacity to deliver distance education.

The Compact's Success

There are several reasons for the Midwestern Higher Education Compact's success over the past seven years. In each program, regional cooperation is fostered to create new opportunities and benefits for Midwestern higher education. To attribute the success of Compact programs solely to regional cooperation, however, would ignore several other important contributing factors.

The Commission, rather than establishing a central bureaucracy, relies upon voluntary leadership from all sectors of higher education to develop and oversee Compact programs. Each committee appointed by the Commission assumes intellectual ownership of the program initiative for which it was established. The Commission serves as a facilitator in the developmental process. It provides the resources necessary to support the committees in their work. More than 600 representatives of public and private colleges, universities, community colleges, technical colleges, and state educational leadership organizations have served on Compact program committees.

The Commission has received the help of institutional and state representatives to assist in guiding its RFP processes. When proposals are invited from national vendors, the high quality of the RFP criteria conceptualized by the program committees have been strong negotiating points to accomplish program agreements.

One of the Compact's primary policies is to make all of its programs available to all sectors of higher education, from public and private community and technical colleges to large research universities.

The Commission does not engage in "reinvention." It is, however, committed to improving the performance of existing structures and alliances among institutions, systems, consortia and states throughout the Midwest to achieve practical and mutually beneficial outcomes for higher education. The Commission respects the integrity of inter-institutional consortia and does not seek to compete with these interests. The Commission's goal is to encourage the development of strategies that will enable these groups to form "alliances of alliances" to accomplish advantageous outcomes that cannot be fully realized through independent efforts.