

**METROPOLITAN STATE UNIVERSITY of DENVER  
BOARD OF TRUSTEES**

Governance Committee

Thursday, December 5, 2013

9:30-11:00am – SSB 440A

Student Success Building, 890 Auraria Parkway

**I. CALL TO ORDER**

**II. APPROVAL OF MINUTES**

A. June 5, 2013 Governance Committee Minutes

**III. DISCUSSION ITEMS:**

A. Bylaws Amendments

B. Election of Officers

C. Ad hoc committees

i. Nominating

ii. Buildings and Grounds

iii. Leadership Transition and Succession

D. Significant State and Federal Higher Education Developments

**IV. ADJOURNMENT**

**METROPOLITAN STATE UNIVERSITY of DENVER**  
**BOARD OF TRUSTEES**  
**Governance Committee Meeting Minutes**  
Wednesday, June 5, 2013

**CALL TO ORDER**

The Governance Committee Meeting was **called to order** at 2:00 p.m. by Trustee Harris. She was joined by Chairman Cohen, Trustee Bookhardt, Trustee Carroll, Trustee Hanzlik, and Trustee Pogge. Faculty Trustee David Sullivan and Student Trustee Jesse Altum were also in attendance along with President Jordan, Board Secretary Loretta Martinez, and various faculty, administrators and staff.

**APPROVAL OF MINUTES**

The first order of business was the **approval of the April 3, 2013 Governance Committee Minutes**. Trustee Pogge moved, **with a second** by Trustee Harris. The motion was **unanimously approved**.

**DISCUSSION ITEMS**

**A. 2013-2014 Meeting Schedule.** Trustee Harris explained three scheduling options were discussed at the April 3, 2013 governance committee meeting. Of those three, two options are being presented for final consideration. Chair Cohen explained that the Board currently has a Wednesday/Thursday schedule but the Wednesday committee meetings conflict with Faculty Senate meetings. One of the options discussed in April included an all-day “Friday” meeting; meaning, committee meetings in the morning with the public meeting in the afternoon. This was a less favorable option since a) most Trustees found it difficult to dedicate a full work day and b) most Trustees felt a Friday would be best served if it was a half day at max—due to Trustee business travel and/or weekend plans.

Accordingly, the two final options are: a) half day Thursday (committee meetings – 7:30am-12:30pm) and half day Friday (public meeting – 7:30am-12:00pm) or b) all day Thursday. Secretary Martinez added that either schedule would be a reduction in meetings; from 5 business meetings plus a retreat (5+1) to 4 business meetings plus a retreat (4+1). In addition, the meetings would be scheduled during months where there is an institutional need; such as in the Spring when we need to approve budget and tenure items. The proposed 4+1 schedule includes meetings in December, April, May, June with a Retreat in September. This creates a significant amount of downtime between December and April which happens to be the legislative season so we have plugged in a special work session in February that can be cancelled if there is no business need.

The consensus was to recommend option A to the Board. Trustee Harris requested a motion. Trustee Pogge moved, **with a second** by Trustee Harris. The motion was **unanimously approved**.

**B. Retreat Planning.** Trustee Harris suggested that an email be sent to the Board with a reminder to bring their calendars to the public meeting—for the purpose of setting the Retreat dates. The dates that are currently being considered are September 19-20, 2013. Trustee Harris asked if there were any burning topics that should be included on the Retreat agenda. Chair Cohen offered succession planning for the Board, President Jordan and leadership team; academic performance—namely the dashboard and strategic plan. President Jordan offered debt capacity and themed housing project and mentioned that a number of themes that center around increasing MSU Denver’s retention rate have been discussed in recent weeks; such as student success and international students. Trustee Hanzlik requested that the Board discuss graduate programs in terms of “where are we now and where do we need to be.” Provost Golich also mentioned educational quality.

Chair Cohen recommended that the agenda highlight 3-4 key initiatives that add value and help move the institution forward; further explaining that last year there were too many topics and not enough time to discuss any topic in depth.

Secretary Martinez explained that in the past, she and President Jordan have worked with Board leadership to craft the Retreat agenda. She asked whether this practice would continue or whether the governance committee wished to be involved in the planning. It was the consensus of the Board to stay with the current practice. The Board and leadership team were asked to forward any additional topics for consideration to President Jordan, Secretary Martinez, Chair Cohen and Vice Chair Lucero. It was also the consensus of the Board that the Retreat location is both “local and convenient” or that an overnight stay be incorporated if Trustees are expected to drive a fair distance. Trustee Harris added that a local and convenient location can be distracting and further explained that the Castle Rock location (2 years ago) was very inconvenient as Trustees had to drive back and forth.

**C. Officer Election.** Secretary Martinez explained that the Board has to take action on the Treasurer during the business meeting in light of Natalie Lute’s resignation and further explained the Board can opt not to make any additional changes if they wish.

**D. Succession Planning.** Trustee Harris expressed her concern with the Boards current term expirations; in light of Chair Cohen’s “chairman” term expiring December 31, 2013 and Vice Chair Lucero’s “board” term expiring December 31, 2014 which doesn’t give her enough time to complete a “chair” term; presuming she is elected the next chair. Additionally, there would not be enough continuity to move the Board forward, in light of the other Board expirations which Secretary Martinez explained is 3 years according to state statutes.

## **EXECUTIVE SESSION**

Trustee Harris read the Trustees into **Executive Session** at 2:51 p.m., and asked for a motion. The motion was made and seconded and **unanimously approved**.

## **ADJOURNMENT**

Trustee Harris officially **adjourned** the meeting at 3:09 p.m.

**AGENDA ITEM: Approval of Bylaw Amendments**

**BACKGROUND:**

As part of the discussion at the Board's annual retreat in 2013, the Board determined that it was important to make certain changes to the Bylaws to effectuate the Board's wishes concerning Board leadership positions and succession. In accordance with Article XII of Bylaws, the Bylaws may be amended at any meeting of the Board by majority vote so long as written notice is given to each Board member prior to the meeting at which such amendments are to be considered.

**ANALYSIS:**

The attached revised Bylaws were developed by the Governance Committee in consultation with the General Counsel's office. A redlined document is attached which details the recommended changes in the areas of Board leadership positions and their terms, including length and timing as well as additional changes to the current committee structure.

**RECOMMENDATION:**

The Governance Committee recommends approval of the attached revised Bylaws, effective December 6, 2013.

## **BYLAWS of the Board of Trustees Metropolitan State University of Denver**

### **ARTICLE I**

#### **AUTHORITY AND POWERS**

Colorado law vests the supervision and control of Metropolitan State University of Denver in the Board of Trustees. The University is a body corporate of the State of Colorado.

##### **A. Authority and Powers**

As provided by section 23-54-101, C.R.S., *et seq.*, the Board has full authority and responsibility for the governance of the University. The Board has such powers, rights, and privileges as are granted to it by Colorado law, including, but not limited to, suing and being sued; taking and holding personal property and real estate; contracting and being contracted with; selling, leasing, or exchanging real property; controlling and directing all monies received by it; authorizing revenue bonds and other lawful financial transactions to raise money; and determining personnel matters.

##### **B. Delegation**

Except for powers that are legislative or judicial in nature, the Board may delegate authority to perform such duties as the Board deems proper and necessary.

### **ARTICLE II**

#### **BOARD MEMBERSHIP**

The Board includes eleven statutory members, consisting of nine voting members and two non-voting advisory members, who shall have such qualifications, and subscribe to the oath, as prescribed by law. In addition, pursuant to Board policy, the Board includes one alumni representative who serves as a non-voting advisory member.

##### **A. Voting Members**

The voting members are appointed by the Governor of the State of Colorado, with the consent of the State Senate, for terms of up to four years expiring on December 31 of the third calendar year following the calendar year in which the voting member is appointed. A vacancy in the unexpired term of a voting member shall be filled by appointment of the Governor for the unexpired term.

##### **B. Advisory Members**

Advisory members shall not vote on matters before the Board, nor shall they attend executive sessions of the Board. Advisory members shall include one full-time member

of the University's teaching faculty at large, elected by the faculty at large; one full-time junior or senior University student, who has been a Colorado resident for at least three years immediately prior to election by the student body at large; and one alumnus of the University, who shall serve as an alumni representative. A vacancy in an unexpired term of an advisory member shall be filled by election for the unexpired term. Advisory members shall serve for a term of one year expiring June 30.

### **ARTICLE III**

#### **OFFICERS**

The officers of the Board include the Chair, Vice Chair, Treasurer, and Secretary. Such officers shall be elected by a majority of a duly constituted quorum of the Board.

##### **A. Election**

Election of officers shall take place at the annual Board meeting. The Chair and Vice Chair shall hold office for a period of two ~~one~~ calendar years until their successors are elected. The Secretary and Treasurer shall hold office at the pleasure of the Board.

##### **B. Removal**

The Board may remove any of its officers whenever in its judgment the best interests of the Board will be served thereby.

##### **C. Chair**

The Chair shall be a member of the Board. The Chair shall preside at meetings of the Board and shall sign contracts and documents required to be executed by the Board. The Chair shall appoint members of the Board to committees and as representatives to other bodies. The Chair shall also perform such additional tasks as may be necessary to implement actions approved or taken by the Board. The Chair also shall serve as Past Chair for one year after the term has ended to facilitate the transition to new Board leadership.

##### **D. Vice Chair**

The Vice Chair shall be a member of the Board. The Vice Chair shall, in the absence of the Chair, perform the duties of the Chair. The Vice Chair shall also serve as the Chair of the Presidential Evaluation Committee.

##### **E. Secretary**

The Secretary shall not be a member of the Board. The Secretary shall make certifications on behalf of the Board and perform such other duties as are normally performed by the Secretary of a public entity, and those which may be assigned by the

Board. The Secretary shall cause all notices to be sent that may be required by these Bylaws and the law. The Secretary shall also cause a record to be kept and maintained of all actions, proceedings, and policies of the Board.

#### **F. Treasurer**

The Treasurer shall not be a member of the Board. The Treasurer shall cause statements of the financial condition of the Board and other such other financial documents as may be requested by the Board to be prepared, compiled, and provided to the Board.

#### **G. Assistants**

The Board may appoint such assistants as it deems necessary to accomplish the duties of the officers of the Board.

#### **H. Vacancies**

In the event of a vacancy in any office of the Board, a successor shall be elected by a majority of a duly constituted quorum of the Board to serve for the period of the unexpired term.

### **ARTICLE IV**

### **MEETINGS**

#### **A. Annual Meeting**

The annual meeting of the Board shall be held in ~~December~~<sup>June</sup> of each year or at such time and place as may be designated by the Board by resolution. The annual meeting shall be for the purpose of electing officers and the transaction of other business.

#### **B. Regular Meetings**

Regular meetings of the Board shall be held at such time and place as established yearly by resolution of the Board.

#### **C. Special Meetings**

The Board Chair may call special meetings of the Board at any time, and shall do so upon the written request of a majority of the Board.

#### **D. Committee Meetings**

A Committee Chair may call meetings at such time and place as is necessary to discharge committee duties.

#### **E. Notices**

Notice of the time, place, and agenda of all meetings of the Board and any of its committees shall be given in accordance with the Colorado Open Meetings Law.

#### **F. Agendas**

No less than five days before the annual meeting or any regular meeting, an agenda setting forth the matters to be considered at the meeting shall be sent to Board members. An agenda for any special meeting or committee meeting shall be sent to Board members as early as is practicable.

#### **G. Records of Meetings**

In accordance with the Colorado Open Meetings Law, a recording and minutes shall be kept of all Board and committee meetings, with the exception of certain matters discussed in executive session.

#### **H. Presence of Members at Meetings**

Board members may attend meetings by telephone. Meetings may be held by telephone, video conferencing, or other forms of electronic communication.

#### **I. Motions and Seconding**

All members of the Board may make and second motions.

#### **J. Voting**

Only voting members of the Board may vote on actions before the Board. Only members of a committee may vote on actions before committees. In extraordinary circumstances, a Board member who is unable to attend may vote by written proxy as to a specific question.

#### **K. Executive Session**

Upon a two-thirds vote of the voting members, an executive session may be held to discuss matters as permitted by the Colorado Open Meetings Law.

#### **L. Adjournment**

Any meeting may be adjourned and its business continued to an appointed day by a vote of the majority of the voting members present even though there may be less than a quorum.

## **M. Rules of Procedure**

To the extent a meeting procedure is not addressed by these Bylaws or the law, the Board and its committees may consult ROBERT'S RULES OF ORDER for guidance.

### **ARTICLE V**

#### **EXERCISE OF POWERS**

Official action of the Board or recommendations of any committee shall occur only in open session at meetings duly called and held at which a quorum is present. Matters coming before the Board or its committees at meetings shall be determined by a majority of the voting members who are present.

### **ARTICLE VI**

#### **QUORUM**

A quorum of the Board shall be a majority of its voting members. A quorum of any committee of the Board shall be a majority of its voting members.

### **ARTICLE VII**

#### **COMMITTEES AND OTHER BODIES**

The Board shall have the committees described in these Bylaws and may create ad hoc committees as needed. Formal actions of all committees shall be limited to recommendations made to the entire Board and shall in no way bind the Board. Standing ~~C~~committees of the Board include:

##### **A. Academic and Student Affairs Committee**

The purpose of the Academic and Student Affairs Committee is to review and make recommendations to the Board regarding academic and student issues, including but not limited to the addition of new academic requirements, programs, degrees, majors, and fees, significant changes in policies, and other areas essential to the academic endeavor of the University and the welfare of its students. The Provost and Vice President for Academic Affairs shall serve as staff to the committee.

##### **B. Finance Committee**

The purpose of the Finance Committee is to review and make recommendations regarding the University's finances and budget and significant changes thereto, including but not limited to setting annual budget parameters, tuition rates, salary rates, financial aid, parameters for issuance of debt, and other areas essential to the fiscal soundness of the University. The Finance Committee also serves as the Board's audit committee and

shall review annually and report to the Board any material issues or findings pertaining to the University's annual audit or any significant interim audit or risk management issues. The Vice President for Administration, Finance and Facilities/~~Treasurer~~ shall serve as staff to the committee.

**C. ~~Board~~ Governance Committee**

The purpose of the ~~Board~~ Governance Committee is to review and make recommendations to the Board regarding Board operations and institutional governance, including but not limited to Board policies, these Bylaws, Board meetings, retreats and orientation, the Board budget, nomination of prospective Board members, records management and retention, technology, materials and communications, website, staffing, budget, orientation, and other policy matters areas essential to effective operation of the Board. The General Counsel/Secretary shall serve as staff to the committee.

**D. ~~Presidential~~ Executive evaluation Committee**

The purpose of the ~~Presidential~~ Executive evaluation Committee is to take necessary actions when the Board is not in session, review the President's performance per the requirements of the employment contract and Board policies, report its findings to the Board, and make recommendations to the Board regarding the terms and conditions of the President's employment and compensation. The Committee may evaluate other appointees or individuals as needed. The Committee shall have the full power of the Board in between meetings of the Board except for the hiring or termination of the President and shall report its actions to the Board at its next meeting. The membership of the Committee shall be the Chair, Vice-Chair, Past Chair and up to two of the Chairs of the standing committees of the Board as designated by the Chair of the Board. The President and General Counsel/Secretary shall serve as staff to the committee.

In addition to serving on committees, Board members also serve on the governing boards of other bodies. These other bodies include:

**A. Auraria Higher Education Center**

The purpose of this enterprise is to support the University, Community College of Denver, and the University of Colorado Denver and to facilitate the achievement of their goals and objectives on the Auraria campus.

**B. Metropolitan State University College of Denver Foundation, Inc.**

The purpose of this nonprofit, direct-support corporation is to promote the development and general welfare of the University by receiving, investing, and administering private support.

**C. HLC@Metro, Inc.**

The purpose this special purpose corporation is to own the hotel and hospitality learning center and provide for its financing, construction, operation, and management.

**D. MSCD Roadrunner Recovery and Reinvestment Act Finance Authority**

The purpose of this finance authority is to issue bonds necessary to finance the hotel and hospitality learning center project and loan the proceeds to HLC@Metro, Inc. This finance authority is also available for the financing of future projects.

**ARTICLE VIII**

**CONFLICT OF INTEREST**

All decisions of the Board and its members must be made solely on the basis of a desire to promote the best interests of the University. A conflict of interest exists when a Board member has or represents interests that may compete with or be adverse to those of the Board and the University. A conflict of interest exists not only when there is any benefit, direct or indirect, received by such Board members or their affiliates, in connection with the official actions of the Board and University, but also when the Board or University interests are, or could be, adversely affected by a conflict of interest or perception or appearance of a conflict. Although Board members may have allegiances to and associations with other outside interests, their paramount fiduciary obligation is to serve the best interests of the Board and the University. All conflicts of interest must be fully disclosed and the interested Board member shall refrain from participation in and consideration of the proposed matter.

Each Board member shall maintain on file a statement with the Secretary identifying: all business or other undertakings in which such Board member has a direct or substantial financial interest; all contracts and/or contract proposals with the University; or, that to the best of the Board member's knowledge after diligent inquiry, no such financial interests exist.

**ARTICLE IX**

**INDEMNIFICATION**

The University shall indemnify any Board member who is a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of service as a Board member against expenses and judgments if the person acted in good faith and in a manner reasonably believed to be in or not opposed to the interests of the University, and with respect to any criminal action or proceedings, had no reasonable cause to believe the conduct was unlawful.

## **ARTICLE X**

### **EXPENSE REIMBURSEMENT**

Board members may be reimbursed for reasonable and necessary expenses incurred in the performance of Board duties.

## **ARTICLE XI**

### **NECESSARY POLICIES AND PROCEDURES**

The Board has the responsibility and authority to promulgate Board policy by resolution or otherwise.

## **ARTICLE XII**

### **AMENDMENT AND REPEAL OF BYLAWS**

These Bylaws may be amended or repealed, consistent with the law, at any meeting of the Board by majority vote, so long as written notice is given to each Board member prior to the meeting at which such amendment or repeal is to be considered.

**AGENDA ITEM:**                      **Nomination and Election of Board Officers**

**BACKGROUND:**

Pursuant to Article III, Section A, of the Bylaws of the Board of Trustees, officers of the Board shall be elected at the annual meeting of the Board. All officers shall be elected by a vote of the majority of a duly constituted quorum of the Board and shall serve a two year term commencing at the end of this business meeting.

**RECOMMENDATION:**

Nominations shall be taken from the floor for the positions of Chair and Vice-Chair.

## Significant State and Federal Higher Education Developments

- President Obama's **Plan to make College More Affordable: A Better Bargain for the Middle Class**
  - **Tie financial aid to college performance**, starting with publishing new college ratings before the 2015 school year
  - The new ratings will be based on **access, affordability, and outcomes**
  - **Challenge states to fund public colleges based on performance**
  - **Hold students and colleges receiving student aid responsible** for making progress toward a degree
  - **Help ensure borrowers can afford their federal student loan debt** by allowing all borrowers to cap their payments at 10 percent of their monthly income
  - **Promote innovation and competition in the higher education marketplace** by demonstrating that new approaches can improve learning and reduce costs.
- Higher Education Reauthorization (HEA) re-authorization hearings being conducted by the Senate Committee on Health, Education, Labor and Pensions ( HELP)
  - Roles of the state, federal government and accreditors
  - College affordability
  - Increasing quality in higher education
  - Student access
  - Innovative approaches to improving student success
  - Financial aid
  - Teacher preparation programs
- University and College Board Members found exempt from oversight rules pertaining to Municipal Advisors
- FY 2014 Direct pay Sequester Reduction is 7.2%, a lower percentage reduction than the 2013 8.7% reduction on the original 35% subsidy for Build America Bonds
- 24.9 Million Dollar Award from U.S. Department of Labor to Community Colleges for Innovative Training Programs--MSU Denver receives \$1,958,663
- Governor Hickenlooper's proposed allocation of an additional \$100 million for state higher education and commensurate tuition increase constraints

THE WHITE HOUSE  
Office of the Press Secretary

FOR IMMEDIATE RELEASE  
August 22, 2013

**FACT SHEET on the President's Plan to Make College More Affordable:  
A Better Bargain for the Middle Class**

A higher education is the single most important investment students can make in their own futures. At the same time, it has never been more expensive. That's why since taking office, President Obama has made historic investments in college affordability, increasing the maximum Pell Grant award for working and middle class families by more than \$900, creating the American Opportunity Tax Credit, and enacting effective student loan reforms eliminating bank subsidies and making college more affordable.

However, despite these measures, college tuition keeps rising. The average tuition at a public four-year college has increased by more than 250 percent over the past three decades, while incomes for typical families grew by only 16 percent, according to College Board and Census data. Declining state funding has forced students to shoulder a bigger proportion of college costs; tuition has almost doubled as a share of public college revenues over the past 25 years from 25 percent to 47 percent. While a college education remains a worthwhile investment overall, the average borrower now graduates with over \$26,000 in debt. Only 58 percent of full-time students who began college in 2004 earned a four-year degree within six years. Loan default rates are rising, and too many young adults are burdened with debt as they seek to start a family, buy a home, launch a business, or save for retirement.

Today, President Obama outlined an ambitious new agenda to combat rising college costs and make college affordable for American families. His plan will measure college performance through a new ratings system so students and families have the information to select schools that provide the best value. And after this ratings system is well established, Congress can tie federal student aid to college performance so that students maximize their federal aid at institutions providing the best value. The President's plan will also take down barriers that stand in the way of competition and innovation, particularly in the use of new technology, and shine a light on the most cutting-edge college practices for providing high value at low costs. And to help student borrowers struggling with their existing debt, the President is committed to ensuring that all borrowers who need it can have access to the Pay As You Earn plan that caps loan payments at 10 percent of income and is directing the Department of Education to ramp up its efforts to reach out to students struggling with their loans to make sure they know and understand all their repayment options.

<b><u>A Better Bargain for the Middle Class: Making College More Affordable</u></b>
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### **Paying for Performance**

- Tie financial aid to college performance, starting with publishing new college ratings before the 2015 school year.
- Challenge states to fund public colleges based on performance.
- Hold students and colleges receiving student aid responsible for making progress toward a degree.

### **Promoting Innovation and Competition**

- Challenge colleges to offer students a greater range of affordable, high-quality options than they do today.
- Give consumers clear, transparent information on college performance to help them make the decisions that work best for them.
- Encourage innovation by stripping away unnecessary regulations.

### **Ensuring that Student Debt Remains Affordable**

- Help ensure borrowers can afford their federal student loan debt by allowing all borrowers to cap their payments at 10 percent of their monthly income.
- Reach out to struggling borrowers to ensure that they are aware of the flexible options available to help them to repay their debt.

## **PAY COLLEGES AND STUDENTS FOR PERFORMANCE**

The federal government provides over \$150 billion each year in student financial aid, while states collectively invest over \$70 billion in public colleges and universities. Almost all of these resources are allocated among colleges based on the number of students who enroll, not the number who earn degrees or what they learn. President Obama's plan will connect student aid to outcomes, which will in turn drive a better, more affordable education for all students:

- **Tie Financial Aid to College Value:** To identify colleges for providing the best value and encourage all colleges to improve, President Obama is directing the Department of Education to develop and publish a new college ratings system that would be available for students and families before the 2015 college year. In the upcoming reauthorization of the Higher Education Act, the President will seek legislation allocating financial aid based upon these college ratings by 2018, once the ratings system is well established. Students can continue to choose whichever college they want, but taxpayer dollars will be steered toward high-performing colleges that provide the best value.

- New College Ratings before 2015. Before the 2015 school year, the Department of Education will develop a new ratings system to help students compare the value offered by colleges and encourage colleges to improve. These ratings will compare colleges with similar missions and identify colleges that do the most to help students from disadvantaged backgrounds as well as colleges that are improving their performance. The results will be published on the College Scorecard. The Department will develop these ratings through public hearings around the country to gather the input of students and parents, state leaders, college presidents, and others with ideas on how to publish excellent ratings that put a fundamental premium on measuring value and ensure that access for those with economic or other disadvantages are encouraged, not discouraged. The ratings will be based upon such measures as:
  - Access, such as percentage of students receiving Pell grants;
  - Affordability, such as average tuition, scholarships, and loan debt; and
  - Outcomes, such as graduation and transfer rates, graduate earnings, and advanced degrees of college graduates.
- Base Student Aid on College Value by 2018. Over the next four years, the Department of Education will refine these measurements, while colleges have an opportunity to improve their performance and ratings. The Administration will seek legislation using this new rating system to transform the way federal aid is awarded to colleges once the ratings are well developed. Students attending high-performing colleges could receive larger Pell Grants and more affordable student loans.
- **Engage States with a Race to the Top for Higher Education that Has Higher Value and Lower Costs:** The President requested \$1 billion in Race to the Top funding to spur state higher education reforms and reshape the federal-state partnership by ensuring that states maintain funding for public higher education. About three-quarters of college students attend a community college or public university, and declining state funding has been the biggest reason for rising tuition at public institutions. The Race to the Top competition will have a special focus on promoting paying for value as opposed to enrollment or just seat time. States typically fund colleges based on enrollment rather than on their success at graduating students or other measures of the value they offer. There are notable exceptions, like Tennessee, Indiana and Ohio, which fund colleges based on performance. To build on their examples, the President's plan would also encourage states to provide accelerated learning opportunities, smooth the transition from high school to college and between two- and four-year colleges, and strengthen collaboration between high schools and colleges.
- **Reward Colleges for Results with a Pell Bonus and Higher Accountability:** To encourage colleges to enroll and graduate low- and moderate-income students, the

President will propose legislation to give colleges a bonus based upon the number of Pell students they graduate. And the Administration will prevent the waste of Pell dollars by requiring colleges with high dropout rates to disburse student aid over the course of the semester as students face expenses, rather than in a lump sum at the beginning of the semester, so students who drop out do not receive Pell Grants for time they are not in school.

- **Demand Student Responsibility for Academic Performance:** To ensure students are making progress toward their degrees, the President will also propose legislation strengthening academic progress requirements of student aid programs, such as requiring students to complete a certain percentage of their classes before receiving continued funding. These changes would encourage students to complete their studies on time, thereby reducing their debt, and will be designed to ensure that disadvantaged students have every opportunity to succeed.

#### PROMOTE INNOVATION AND COMPETITION

A rising tide of innovation has the potential to shake up the higher education landscape. Promising approaches include three-year accelerated degrees, Massive Open Online Courses (MOOCs), and “flipped” or “hybrid” classrooms where students watch lectures at home and online and faculty challenge them to solve problems and deepen their knowledge in class. Some of these approaches are still being developed, and too few students are seeing their benefits. The federal government can act as a catalyst for innovation, spurring innovation in a way that drives down costs while preserving quality.

To promote innovation and competition in the higher education marketplace, the President’s plan will publish better information on how colleges are performing, help demonstrate that new approaches can improve learning and reduce costs, and offer colleges regulatory flexibility to innovate. And the President is challenging colleges and other higher education leaders to adopt one or more of these promising practices that we know offer breakthroughs on cost, quality, or both – or create something better themselves:

- **Award Credits Based on Learning, not Seat Time.** Western Governors University is a competency-based online university serving more than 20,000 students with relatively low costs— about \$6,000 per year for most degrees with an average time to a bachelor’s degree of only 30 months. A number of other institutions have also established competency-based programs, including Southern New Hampshire University and the University of Wisconsin system.
- **Use Technology to Redesign Courses.** Redesigned courses that integrate online platforms (like MOOCs) or blend in-person and online experiences can accelerate

the pace of student learning. The National Center for Academic Transformation has shown the effectiveness of the thoughtful use of technology across a wide range of academic disciplines, improving learning outcomes for students while reducing costs by nearly 40 percent on average. Carnegie Mellon University's Open Learning Initiative has developed a hybrid statistics course used at six public universities, and its students performed as well as their peers in a traditional course in only 75 percent of the time. Arizona State University's interactive algebra lessons helped students perform 10 percent better, despite meeting half as often, and at a lower cost. The University of Maryland redesigned an introductory psychology course, reducing costs by 70 percent while raising pass rates. New York's Open SUNY initiative brings together every online program offered system-wide, helping students complete more quickly.

- **Use Technology for Student Services.** Online learning communities and e-advising tools encourage persistence and alert instructors when additional help is needed. Technology is enabling students from across campuses and across the world to collaborate through online study groups and in-person meet-ups. MOOC-provider Coursera has online forums in which the median response time for questions posed by students is 22 minutes. To help students choose the courses that will allow them to earn a degree as quickly as possible, Austin Peay State University has developed the "Degree Compass" system that draws on the past performance of students in thousands of classes to guide a student through a course, in a similar manner to the way Netflix or Pandora draw on users' past experience to guide movie or music choices.
- **Recognize Prior Learning and Promote Dual Enrollment.** Colleges can also award credit for prior learning experiences, similar to current Administration efforts to recognize the skills of returning veterans. Dual-enrollment opportunities let high school students earn credits before arriving at college, which can save them money by accelerating their time to degree.

To help colleges innovate and improve quality and outcomes, the Administration will:

- **Empower Students with Information:** New college ratings will help students compare the value offered by different colleges. The Department of Education will enlist entrepreneurs and technology leaders with a "Datapalooza" to catalyze new private-sector tools, services, and apps to help students evaluate and select colleges. The effort will be complemented by earnings information by college that will be released for the first time on Administration's College Scorecard this fall.
- **Seed Innovation and Measure What Works:** To demonstrate what works, President Obama has proposed a new \$260 million First in the World fund to test

and evaluate innovative approaches to higher education that yield dramatically better outcomes, and to develop new ways for colleges to demonstrate that they are helping their students learn. In addition, the Department of Labor is planning to grant an additional \$500 million to community colleges and eligible four-year colleges and universities next year. A portion of these resources will be used to promote accelerated degree paths and credentials that would drive more high-quality and affordable options for adult workers and students. Through these efforts, the Administration will work with business and philanthropy to support industry partnerships to enrich student learning with valuable job exploration and experience.

- **Reduce Regulatory Barriers:** The Department will use its authority to issue regulatory waivers for “experimental sites” that promote high-quality, low-cost innovations in higher education, such as making it possible for students to get financial aid based on how much they learn, rather than the amount of time they spend in class. Pilot opportunities could include enabling colleges to offer Pell grants to high school students taking college courses, allowing federal financial aid to be used to pay test fees when students seek academic credit for prior learning, and combining traditional and competency-based courses into a single program of study. The Department will also support efforts to remove state regulatory barriers to distance education.

Finally, the President will challenge leaders in states, philanthropy, and the private sector to make their own commitments to improve college value while reducing costs. For example, states can redesign the transition to postsecondary education and commit to strategies to improve student learning and enhance student advising, such as hybrid learning pilots, adaptive learning platforms, and digital tutors. Philanthropists can create initiatives, pilots and prizes for colleges that advance competency-based education, accelerated degrees, and the integration of new technologies into on-campus teaching and learning. Investors and entrepreneurs can directly support and develop new technologies and innovations that accelerate student learning while evaluating the effectiveness of different approaches. And employers and industry groups can collaborate with postsecondary institutions and new providers to develop high-quality, low-cost degrees in growing sectors of the economy, offer work-based learning experiences to students, and hire graduates who demonstrate the knowledge and skills employers need.

#### ENSURE STUDENT DEBT IS AFFORDABLE

While bringing down costs for current and future college students, President Obama will also help students with existing debt to manage their obligations. Income-driven repayment plans allow borrowers to take responsibility for their federal student loan debt with more flexible repayment terms, while helping professionals like teachers and

nurses who take on critical jobs in our society that require significant education but may result in modest salaries. These plans allow students to fully repay their student debt on a sliding scale that adjusts monthly payments based on changing income and growing families. Nearly two-thirds of people that currently participate in the income-driven repayment plans make less than \$60,000 a year. Currently, about 2 million of 37 million federal student loan borrowers are benefitting from income-driven plans.

- **Make All Borrowers Eligible for Pay As You Earn:** To make sure that students and families have an easy-to-understand insurance policy against unmanageable debt now and in the future, the President has proposed allowing all student borrowers to cap their federal student loan payments at 10 percent of their monthly income. Currently, students who first borrowed before 2008 or have not borrowed since 2011 are not eligible for the President's Pay As You Earn plan. In addition, the Administration will work with Congress to ensure that the benefits are targeted to the neediest borrowers.
- **Launching an Enrollment Campaign for Pay As You Earn:** Beginning this fall, the Department of Education will contact borrowers who have fallen behind on their student loan payments, undergraduate borrowers with higher-than-average debts, and borrowers in deferment or forbearance because of financial hardship or unemployment to ensure they have the information they need to choose the right repayment option for them. Starting in 2014, the Department of Education and the Department of Treasury will work to help borrowers learn about and enroll in Pay As You Earn and Income-Based Repayment plans when they file their taxes. And to assist guidance counselors and other advisers who guide students through the process of selecting and financing their higher education, the Administration will launch a "one-stop shop" that will include important resources for choosing among various income-driven repayment options.

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## United States Senate

COMMITTEE ON HEALTH, EDUCATION,  
LABOR, AND PENSIONS

WASHINGTON, DC 20510-6300

PAMELA J. SMITH, STAFF DIRECTOR  
DAVID P. CLEARY, REPUBLICAN STAFF DIRECTOR

<http://help.senate.gov>

September 16, 2013

Dear Higher Education Stakeholder:

In preparation for the upcoming reauthorization of the Higher Education Act (HEA), the Senate Committee on Health, Education, Labor and Pensions (HELP) will embark on a series of hearings over the next several months to examine important policy issues facing postsecondary education in the United States. As part of this process, the Committee will seek recommendations on the issues addressed in our hearings from diverse voices throughout higher education to help inform our views on reauthorization.

While details may change, we expect the hearings to cover topics such as:

- The roles of the state, the federal government, and accreditors in higher education;
- Keeping college affordable;
- Examining ways to increase quality in higher education;
- Student access;
- Innovative approaches to improving student success;
- Student financial aid; and
- Teacher preparation programs.

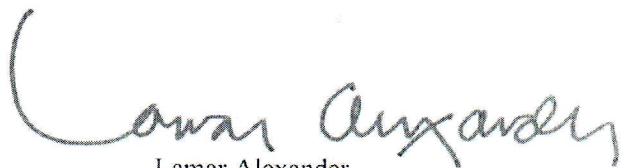
Each hearing will be announced at least one week in advance by the Senate HELP Committee. Once a hearing has been announced, we ask your organization to submit recommendations related to that announced hearing topic only. Recommendations should be submitted before the hearing occurs. Please make your recommendations as specific as possible and limit each submission to no more than 5 pages. We ask you to provide background on the issue addressed, citing the appropriate statutory reference or regulation, details on each recommendation, including proposed legislative language, if appropriate, and the rationale for the recommendation. In addition, please include the name, title, email address and phone number for the appropriate point of contact. Please submit your recommendations to [hea\\_reauth113@help.senate.gov](mailto:hea_reauth113@help.senate.gov). Your recommendations will be used to inform the Committee's thoughts regarding the reauthorization but will not be included in the hearing record.

Thank you in advance for your input and support for postsecondary education. Your assistance is critical to the work of our Committee in moving forward with reauthorization of the *Higher Education Act*.

Sincerely,



Tom Harkin  
Chairman



Lamar Alexander  
Ranking Member

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## Final Rule on Municipal Advisors Exempts University and College Board Members, a Major Victory for Higher Education

In a major victory for higher education, the Securities and Exchange Commission has exempted college and university board members acting within the scope of their official capacity from the commission's oversight rules pertaining to "municipal advisors." The exemption applies to both elected and appointed trustees, and covers both governmental and private nonprofit institutions. The exemption also covers college and university staff acting within the scope of their employment. The SEC rules, first released as a proposal for public comment in January 2011, are part of several compliance rules the SEC must finalize to implement the Dodd-Frank Wall Street Reform and Consumer Protection Act.

The proposed rule threatened to define the vast majority of private and public institution trustees and university affiliated foundation board members as municipal advisors—that is, market professionals or intermediaries in the municipal bond market—when their institutions issue tax-exempt debt. The proposed rule also would have required board members to register with the SEC, make several personal financial and employment disclosures unrelated to their volunteer work as a board member, and face stiff penalties for non-compliance.

The Association of Governing Boards of Universities and Colleges (AGB), with the support of other associations, led the effort to reverse the SEC's initial proposed rule and exempt public and private trustees from the final rules. At AGB's urging, scores of boards and institutions submitted remarks to the SEC during the open comment period asking for relief. AGB President Rick Legon met several times with SEC commissioners and senior level staff over the past two and one half years in an attempt to persuade the commission to reverse course. In March 2012, at the SEC's invitation, Legon submitted proposed language for the final rule that specifically excluded trustees and senior staff members. And, in July 2012, AGB Board Chair Jim Geringer testified before the House Financial Services Committee, arguing for the exemption and for pending legislation to amend Dodd-Frank and exclude board members, as well as presidents, chief financial officers, and legal counsels, from the municipal advisor definition. The legislation passed the House of Representatives but died at the end of the 112th Congress. All of these efforts paid off, as evidenced in the final regulatory language.

The main thrust of AGB's argument, made consistently throughout this process, was simple: board members do not provide advice and counsel to their institutions on matters related to the issuance of tax-exempt debt; rather, they act in their capacity as decision-makers about such issues after gathering advice and counsel from individuals external to the institution. State laws and long-standing legal precedent have defined board members as fiduciaries and not as advisors or intermediaries.

Efforts to more closely regulate municipal advisors grew out of serious concerns in Congress over the practice of municipal entities entering into complex derivative and other financial transactions on the advice

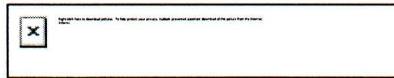
of unregulated advisors who were not required to adhere to standards for training, qualification, or conduct. It is AGB's position that the SEC's January, 2011, interpretation of the Dodd-Frank law was overly broad and incorrectly included college and university board members under the municipal advisor definition. The SEC ultimately, and wisely, agreed, as its final rule makes clear. We extend our appreciation to the many higher education institutions that shared their concerns directly with the commission—a record number of responses, according to SEC leaders. The result is a major victory for volunteer board members and the concept of citizen trusteeship.

More on the final rule can be found on the [SEC's website](#).

[Unsubscribe](#)

AGB | 1133 20th St NW | Suite 300 | Washington, DC, 20036

[www.agb.org](http://www.agb.org)



## **FY 2014 Direct Pay Sequester Announced**

The IRS Office of Tax Exempt Bonds (TEB) has announced that the sequester reduction percentage for payments to issuers of direct pay bonds (including Build America Bonds, Qualified School Construction Bonds, Qualified Zone Academy Bonds, New Clean Renewable Energy Bonds, and Qualified Energy Conservation Bonds) for FY 2014 will be 7.2 percent, a lower percentage reduction than the 8.7 percent that has been applied to the payments since the sequester first went into effect on March 1, 2013.

The new percentage will apply, in general, to payments made on or after October 1, 2013, and before October 1, 2014. If Congress alters the sequester, the percentage may change. Some payments made after October 1, 2013, where the 8038-CP was filed before October 1, 2013, may be subject to the higher 8.7 percent reduction depending on whether the payment was considered "obligated" under federal accounting rules before October 1, 2013. The current government shutdown will likely delay the processing of any payments currently in the pipeline, but issuers should still file according to the 8038-CP instructions.

Absent Congressional action, the sequester reductions will continue through and including FY 2021. There will be different percentages each year and the estimates are that each year the percentage reduction will decrease somewhat.

The TEB announcement is available [here](#).

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**From:** Clelland, Philip (Bennet)

**Sent:** Wednesday, September 18, 2013 3:35 PM

**Subject:** Labor Department Awards \$24.9 Million to Colorado Colleges for Innovative Training Programs

## **U.S. SENATOR MICHAEL BENNET**

*Member: Agriculture, HELP, and Finance Committees*

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**FOR IMMEDIATE RELEASE**

Wednesday, September 18, 2013

**CONTACT:** Kristin Lynch – 303-837-3802

Philip Clelland – 202-224-5852

# **Labor Department Awards \$24.9 Million to Colorado Colleges for Innovative Training Programs**

*Promotes Skills Development, Employment Opportunities for Coloradans*

*Bennet Supported Grant Application*

**Washington, DC** – The U.S. Department of Labor today announced a nine-college consortium in Colorado led by Front Range Community College will receive a \$24,945,310 competitive grant for the development and expansion of innovative training programs. Senator Michael Bennet advocated on behalf of the consortium's grant application in a letter to the Labor Department in August.

The grant is part of the Trade Adjustment Assistance Community College and Career Training Grant Program, which promotes skills development and employment opportunities in fields such as advanced manufacturing, transportation and health care, as well as science, technology, engineering and math through partnerships between training providers and local employers. Labor Secretary Tom Perez announced the grants with Lieutenant Governor Joe Garcia this morning at Front Range Community College.

"Many Coloradans who are still struggling during the economic recovery want nothing more than to put in an honest day's work at a good-paying job to help provide for their families," **Bennet said**. "This grant will help a team of colleges and universities in our state put together a set of programs to train job seekers with skills that are aligned with the needs of employers. It will help get Coloradans back to work and provide a boost to our economy."

The full list of institutions and their respective awards is included below:

- **Front Range Community College**, Westminster, \$9,925,073
- **Aims Community College**, Greeley, \$2,106,296
- **Community College of Denver**, Denver, \$3,534,061

- **Emily Griffith Technical College**, Denver, \$417,734
- **Lamar Community College**, Lamar, \$1,092,663
- **Metropolitan State University**, Denver, \$1,958,663
- **Pikes Peak Community College**, Colorado Springs, \$2,307,859
- **Pueblo Community College**, Pueblo, \$1,656,914
- **Red Rocks Community College/Warren Technical College**, Lakewood, \$1,946,047

During his time in the Senate, Bennet has advocated for legislation to improve federal job training programs to ensure workers are getting the skills needed by employers. Earlier this year, Bennet introduced the bipartisan *Careers Through Responsive, Efficient and Effective Retraining (CAREER) Act* with Senator Rob Portman (R-OH), which would make federal job training programs more responsive to the needs of the 21st-century job market.

Bennet also successfully secured a provision from the CAREER Act as an amendment to the *Workforce Investment Act*, which was reported out of the Senate Health, Education, Labor and Pensions Committee in July.

###

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# COLORADO

Department of Higher Education

Priority: R-1 and R-2  
\$100 Million General Fund for Student  
Financial Aid and Higher Education  
FY 2014-15 Change Requests

## ***Cost and FTE***

- The Department of Higher Education requests an increase of \$100 million General Fund in FY 2014-15 (and beyond). This \$100 million General Fund increase is comprised of \$40 million General Fund for Student Financial Aid (R-1) and \$60 million General Fund for higher education institutions to control tuition increases (R-2).

## ***Current Program***

- The Colorado Commission on Higher Education's top Master Plan goal is increasing degree and credential attainment to meet future workforce needs in the state. The Commission's goals also stress expanding access to higher education and affordability.
- The Department has implemented a new financial aid methodology which rewards retention and completion.
- Availability of financial aid is a critical factor in ensuring access to college. In FY 2011-12, the average state financial aid award was \$1,000 per undergraduate student.

## ***Problem or Opportunity***

- From FY 2008-09 to FY 2013-14, the public higher education system in Colorado experienced a \$162 million reduction in state funding. During this time higher education tuition increased substantially.

## ***Consequences of Problem***

- Tuition increases have reduced affordability and thus access to higher education for many Coloradans.
- Students who attend Colorado institutions of higher education are incurring more student loan debt. At Colorado public institutions, 58 percent of students graduate with debt. The average student loan debt is \$24,850 for a bachelor's degree.

## ***Proposed Solution***

- The \$40 million Financial Aid increase represents a 42 percent increase in funding, the largest in Colorado history. The request adds \$30 million for Need Based Aid, \$5 million for Work Study, and \$5 million for Merit Based Aid. Additional funding for higher education will be available for tens of thousands of Colorado students.
- The \$60 million increase provides a proportional 11.0 percent increase for public colleges and universities. This request doubles the operating increase provided last year and is intended to control tuition increases.
- The Governor has issued a challenge to Colorado Governing Boards to hold down tuition increases and he has set a hard cap of no more than 6.0 percent growth in FY 2014-15.