Budget and Fiscal Policy Committee Meeting Minutes – September 19, 2011

Commission for Higher Education

Attendees:

* CHE: Jason Dudich, Mike Smith, Eileen O’Neill Odum, Ken Sendelweck
* IHE: Mark Rowzeski (USI), Cindy Brinker (USI), Phil Rath (VU), Gretchen Gutman (BSU), Kevin Green (PU), Susan Williams (PU), Tom Morrison (IU), John Grew (IU), Jeff Linder (IU), Brian Hasler (ISU)
* SBA: William Bogard

Ms. O’Neill Odum started the meeting by reviewing the agenda for the meeting and discussing the protocol for the meeting.

First on the agenda was an overview of current projects in which the BFPC has assigned to committee members.

* Capital Project Review and Approval Process: Mr. Dudich provided an updated on this project and discussed the meeting with Mr. LaMothe and his thoughts regarding the Commission’s role when reviewing capital projects. Mr. Dudich noted that Mr. Smith and Mr. Sendelweck provided feedback to the project outline provided by Mr. LaMothe. Mr. Dudich noted that institutions would receive the project outline and solicit feedback as well.
	+ Ms. Odum asked if milestones would be set for this project and Mr. Dudich noted that in the next meeting with Mr. LaMothe, he would review the feedback and thoughts from Commission members and discuss with Mr. LaMothe setting milestones for this project.
	+ Mr. Smith noted that having access to long term capital plans would be helpful during the development of this policy. Mr. Smith noted the presentation provided by Purdue during the Commission’s visit to the campus in September of 2010. He inquired as to other institutions providing an overview of their master capital plan. Several institutions noted they would be happy to present their master capital plan to either the Committee or the Commission, or both. Mr. Smith noted that information included in the master capital plan presentations should include additions and retirements of buildings on campuses.
	+ Mr. Dudich will follow up with Mr. LaMothe and the institutions to find a time to have such presentation.
* Budget Planning and Instructions Project: Ms. Odum provided an update regarding this project. She noted that the project plan was provided to the Commission’s Executive Committee for feedback and suggestions. Executive Committee members did provide feedback and Ms. Odum will incorporate those changes into the project plan. Ms. Odum noted milestones in the project plan that were to be completed in the month of September, including developing a stakeholder list and emailing stakeholders to inform them of the project and their involvement. She reviewed the remainder of the project plan with the Committee.
	+ Mr. Dudich noted that as of 9/19/11 he had developed a list of stakeholders for the project and would send an email out that day informing stakeholders of the project and requesting a point of contact from each entity.
	+ Mr. Smith noted that this project should link to efforts in the Performance Funding Formula project and the Reaching Higher 2.0 project. He also noted that CHE needs to better align metrics and measures used by IHE (on dashboards, Board of Trustee meetings, etc.) and metrics used by CHE to create a level of consistency.
* Performance Funding Formula Project: Ms. Odum noted that several activities have been completed as part of this project. Such activities have included the HCM report on performance funding in other states and the impact on IN, individual meetings with IHE Presidents regarding the HCM study, performance funding and Reaching Higher 2.0, meeting with IHE CFO’s to solicit feedback with regard to changes to the PFF and other groups that have interest in the PFF. Ms. Odum stated that during this time, the PFF working group would begin consolidating information regarding the PFF and begin working on potential revision to the formula as part of the mandate from the General Assembly.
	+ Ms. Odum noted that she would like to see the HCM study and other state’s PFF metrics included in the PFF matrix created by Mr. Dudich. Mr. Dudich noted he would include those and provide that to the Committee.
	+ Ms. Odum stated that the PFF working group would begin formulating a 1st draft of PFF alternatives and work with Committee members on such draft. She included that the Committee would meet sometime in October to discuss a potential 1st draft and work on refining the draft. Ms. Odum noted that the draft should tie to Reaching Higher 2.0.
	+ Mr. Dudich noted that many of the IHE CFOs and others thought the meeting with CFO’s to discuss PFF metrics was helpful and there had been a request to potentially meet again as a follow up. Ms. Odum noted that based on the progression of the PFF project, that would be considered but a firm date would not be set at this time.
	+ Mr. Smith included in the discussion the importance of student debt and the impact it has on students during their time in higher education. He noted that potentially including some type of metrics that measured this information might be helpful. Mr. Smith finished with a comment that he would work with IU CFO Neil Theobald to gather additional information.
* Legislative Mandate Update: Mr. Dudich provided an update on the four major mandates set forth by the General Assembly in which the Commission must provide information by the end of the calendar year.
	+ Mr. Dudich noted that the Financial Transparency project is well underway. Mr. Hatchett with CHE has drafted a letter that will be sent out to each IHE by the end of the week requesting various documents and point of information that will be complied throughout September and October. Mr. Dudich noted that the law requires a status report for this project to the State Board of Finance and the Legislative Council by November 15, 2011. Mr. Dudich finished by stating he hopes to have the website and data posted and the status report submitted on or before the required deadline.
	+ Mr. Dudich reviewed the Entrepreneurial Inventory project being conducted by CHE. Mr. Chase with CHE has been working on this project since September as it was handed off to him by a former CHE intern. Due to lack of progress, Mr. Dudich noted that additional time must be spent on this project to get it back on track. As of the Committee meeting, Mr. Chase has collected data from a majority of IHE (public and private) and will begin building a master list of information which will be posted on the CHE website. A report of this project is due to the Legislative Council by November 1, 2011. Mr. Dudich hopes to have posted on CHE’s website the inventory list on or before the required deadline.
	+ Mr. Dudich quickly reviewed the requirements set forth in law for revisions to the PFF. He noted the earlier discussion regarding PFF and the reporting date of December 2, 2011 to the State Budget Committee.
	+ Mr. Dudich reviewed the requirement that CHE study Ivy Tech enrollment and the impact on facilities over the next several years. Mr. Chase with CHE submitted a list of questions to Ivy Tech regarding enrollment, facility capacity and information regarding projections and space utilization. Ivy Tech provided a response to those questions on September 15, 2011 and Mr. Chase is continuing to review the response and seek additional information. A report is due to the State Budget Committee by December 1, 2011.

Ms. Odum then moved to the second portion of the agenda, which dealt with future Committee work and other topics of discussion for the Committee.

The discussion of the Committee focused on Reaching Higher 2.0 and the role of the BFPC. Ms. Odum noted the role of the Committee with regard to the content and information included on the dashboard. She stated the BFPC would help with the creation of the dashboard and once established, would provide reviews and updates to the dashboard as part of the Committee’s work. Mr. Smith noted the dashboard should be more informative and more efforts should be place on updating the dashboard. He noted the dashboard should be more visible and understandable by the public, which could include trends and outcomes that Hoosiers could view. Mr. Smith noted information regarding number of on-line degree awarded as an example.

Mr. Smith added with regard to information and dashboard data, how has the PFF moved the needle and improved overall metrics and outcomes in higher education? Concerns were raised that after 4 years of the PFF being fully implemented, does the state have data that can show if metrics and outcomes are improving with the PFF? Mr. Smith finalized his comments by asking what could be done to accelerate the process of moving the needle and improving results and outcomes.

The Committee then discussed thoughts regarding Reaching Higher 2.0 and the dashboard. Mr. Smith noted a focus on institutional financial aid and revisiting current strategies and the impact of wrap around services. He noted the Committee should create a document that look at all best practices with regard to financial aid and wrap around services.

Ms. Odum focused on capital plans and the relationship with Reaching Higher 2.0 and the need to have a long term view for capital plans. She observed her concerns with student affordability not being owned and managed by IHE in a long term sense. Ms. Odum stated that a 10 year outlook as to how IHE view student debt could be helpful in the formation of Reaching Higher 2.0.

Mr. Smith stated that it would be interesting to ask IHE what it would take to produce a bachelor’s degree at a specific cost over 4 years. This prospective would allow students to know the cost of a degree upfront and fix tuition and fees for a set period of time. Mr. Smith followed up by asking what it would take for IHE to get to that point. Mr. Smith finalized his comments by stating that this is something the Commission and IHE should think about.

Ms. Odum followed up the Reaching Higher discussion by noting she is working on a 2 to 3 page document as to the items the BFPC are working on and how that can be integrated into the Reaching Higher 2.0 document.

Mr. Smith asked for time to discuss overall policy with regard to cost of higher education, degree production and degree attainment. He noted that his discussion was more academic and wanted the Committee to think about his thoughts. Mr. Smith pointed out the major policy changes in K-12 and how can higher education learn from that experience. Mr. Smith expanded on his comments noting that in the case of K-12 the oversight agency had to make tough changes in order to address various issues. Mr. Smith asked the question, “Does higher education have the will to make changes in order to produce the results in higher education that Indiana needs?” He continued with comments related to tuition and fees and how costs are rising but Indiana per capita income has decreased and what steps would need to be taken to lower the cost of higher education. Mr. Smith stated that these are tough questions that need to be asked and discussed within the higher education community.

Ms. Odum wrapped up the Committee meeting by noting the remaining meetings for 2011. The November BFPC meeting will be at noon on November 21, 2011. The December Committee meeting with start at 9am on December 14, 2011.

The meeting was concluded at 10:30am.