

COMMISSION FOR HIGHER EDUCATION

Friday, February 11, 2011

INFORMATION ITEM D: Minutes of the December 2010 Commission Working Sessions

MINUTES OF THE COMMISSION WORKING SESSIONS

Thursday, December 9, 2010

I. CALL TO ORDER

The Commission for Higher Education met in working session starting at 6:30 p.m. (ET) at University Place Conference Center, Indianapolis, Indiana. Commission members in attendance were Cynthia Baker, Jerry Bepko, Dennis Bland, Marilyn Moran-Townsend, Ken Sendelweck, Carol D'Amico, Jud Fisher, Eileen Odum, George Rehnquist, Chris Murphy and Michael Smith.

Absent were: Keith Hansen, Jon Costas, and Susana Duarte de Suarez

Staff present was Jason Bearce, Jon Gubera, Jason Dudich, Teresa Lubbers, Ken Sauer, Catisha Coates and Jennifer Seabaugh.

II. DISCUSSION

Jason Dudich, Chief Financial Officer, presented the staff's recommendations for the 2011-13 biennial budget. He said the recommendations are guided by the assumption that total higher educational funding over the biennium would remain flat. Therefore, in order to maintain the Commission's commitment to provide a portion of the funding for the Performance Formula, the staff proposes a 5% cut in each institution operations funding and replaces that difference (approx. 61M per year over the biennium) based on each institution's performance on the formula. Some institutions actually have a negative result on some metrics within the formula but no institutions will have the negative impact counted twice in their final distribution. The result of this process is that some institutions will have up to 5% or beyond in funding restored from the cut based on demonstrated performance on the metrics approved by the Commission and others will be restored somewhere between 0 to 5% of the cut based on their demonstrated performance. He then explained the specific results for each institution if the budget was passed by the General Assembly under the current proposal.

Jerry Bepko asked if all institutions participate in the Successful Completion of Credit Hours (SCCH) performance metric – specifically, IU-B and PU-WL.

Jason Dudich explained that currently each institution is able to participate in 5 of 6 of the performance metrics (with the inclusion of BSU and ISU in SSCH) which the Commission has seen as appropriately equitable. So while IU-B and PU-WL do not participate in SCCH, they are the only ones (along with IUPUI) that qualify for research performance funding. As stable campuses, IU-B and PU-WL don't typically show SCCH growth so they have not been allowed to participate in this metric.

Teresa Lubbers stated this is still a topic that needs to be examined further by staff and the institutions as the formula evolves.

Eileen Odum stated that she was troubled by the fact that some of the performance dollars are based on projected numbers instead of actual (this would be the case for SCCH and Dual Credit SCCH, Early College SCCH, and Research). Other Members expressed the same concern.

Mike Smith requested that Jason Dudich run the data on actual SCCH for each of the three categories for 2007-10 and compare that average to the 2009 data using the same methodology for calculating award amounts and report the results to the Commission the following morning.

Jason Dudich then explained the budget proposal for debt service over the 2011-13 biennial budget. The proposal asks that fee replacement remain flat, which will have the impact of reducing the debt owed over the biennium by approximately \$22M, which is a functional result achieved by not approving any new capital projects. As such, staff proposes that projects approved by the Commission up through November 2010 move forward, but none thereafter. Any surplus funds that occur over the biennium from this action will be allocated to Repair and Rehabilitation for institutions.

Chris Murphy asked about projects that have been previously approved by the General Assembly but have not yet been requested by the State Budget Agency or Budget Committee for CHE to review.

Jason Dudich stated that CHE would then have to review and provide a recommendation. Ultimately, CHE is only a recommending body so, even if CHE gives an unfavorable recommendation on a project, the General Assembly and Governor may still approve and provide appropriations for a new capital project, which in this case would affect the bottom line of the overall budget package proposed by staff.

Chris Murphy asked that Jason Dudich provide legislators information on the possible impact of any approval of new capital projects in terms of debt service that would have the effect of changing the bottom line in the CHE proposal. Jason Dudich said he will share that information.

Jason Dudich then explained the budget proposal for Repair and Rehabilitation (R&R) over the 2011-13 biennial budget. The proposal asks that R&R be funded at 52.8M over the biennium, which is made possible by not allowing additional capital projects (that incur debt or fee replacement) and by cutting most higher education line-items by 15% (State Student Assistance Commission of Indiana is not part of the 15% cut metric requested by SBA although they were cut by 1.8M). He also mentioned that institutions have said they prioritize R&R funding over new capital projects.

Jason Dudich next explained the budget proposal for new Capital projects over the 2011-13 biennial budget. The proposal asks that no new, state-funded, fee replacement eligible capital projects be approved and/or funded. Institution requests for this biennium for new capital projects equaled in total 522M. If all of these new capital projects were approved it would add 45.5M to the current projected debt service total of 177M. In total from the submission of new capital requests by all of the institutions, only 20M, or 3.8%, of the 522M total was provided as a funding match.

Jason Dudich then explained the budget proposal for all Line-Items over the 2011-13 biennial budget. The proposal asks that all line-items be cut by 15% or 6.8M, except for those that had been cut by 15% in the last biennium (e.g., CHE budget) and SSACI (which is operating under a 1.8M cut in administrative costs). In the last biennium, the line items were cut by 30M, most of which came from the Innovation Alliance.

Chris Murphy stated he was not sure if a 15% across the board cut is the right approach. He suggested that in the future the Commission should analyze demonstrated performance and need to make determinations of cuts specific to those line-items.

Teresa Lubbers stated that as staff is reformatting the budget submission policy that this topic is one of a few others for which they are working to improve and any changes will be part of the next budget process.

Jason Dudich stated in summary that the total impact of all cuts to the higher education 2011-13 budget from 2009-11 is 43.5M, or 2.5%, of the total higher education budget allotment. The total goes from 1.761B to 1.718B with the breakdown as follows: a 1.1% cut in operations, 12.7% in debt service, and a 10.5% cut of line items.

Mike Smith stated that this 2.5% reduction seems quite small and fair considering the state of the economy both in Indiana and throughout the nation. He went on to state that most other states' higher education institutions will be facing much deeper cuts, and then asked if anyone from the institutions would like to comment on this final summary.

John Grew from Indiana University stated that he appreciated the earnest effort made on this task by both the CHE staff and Commission members to make the best and most fair recommendation to the General Assembly during a very difficult economic climate.

Jerry Bepko stated that it would be great to get analytical information on other states' budget cutting for comparative purposes with Indiana because it will be helpful for all policymakers, and most likely it will show that Indiana institutions fared better than their peers in other states.

Jason Dudich stated that staff will collect and report that data when it becomes available.

Eileen Odum stated that funding results from institutional performance on the funding formula need to be shared with the public, particularly the Boards of Trustees at all of the public colleges.

Teresa Lubbers stated that a report as such will be part of the communications sent to Boards of Trustees through the Trustees Academy.

III. ADJOURNMENT

The Chair adjourned the meeting at 8:48p.m. (ET).

MINUTES OF THE COMMISSION WORKING SESSIONS

Friday, December 10, 2010

IV. CALL TO ORDER

The Commission for Higher Education met in working session starting at 7:45 a.m. (ET) at University Place Conference Center, Indianapolis, Indiana. Commission members in attendance were Cynthia Baker, Jerry Bepko, Dennis Bland, Marilyn Moran-Townsend, Ken Sendelweck, Carol D'Amico, Jud Fisher, Eileen Odum, George Rehnquist, Chris Murphy and Michael Smith.

Absent were: Keith Hansen, Jon Costas, and Susana Duarte de Suarez

Staff present was Jason Bearce, Jon Gubera, Jason Dudich, Teresa Lubbers, Ken Sauer, Catisha Coates and Jennifer Seabaugh.

V. DISCUSSION

- A. Ken Sauer, Chief Academic Officer, presented the ITCC proposed new policy for approving new sites for degree programs. The plan is to move this process to an expedited item on the agenda.

Chris Murphy stated that for all new programs we ought to have a process of giving preliminary approval subject to a time period (say four years) when it would come up for review for final approval.

Eileen Odum stated we should have a contingent plan for approving new programs.

Jerry Bepko stated we need to establish set criteria so there is a consistent and fair approach to this – knowing that Commissions (membership) do change over time.

Carol D'Amico stated we really need to take a closer look at what credentials we are approving and counting in our measure. In light of all of the national focus on this topic, certificates will come under greater scrutiny, but she is not comfortable with the Commission micromanaging – extending these existing programs to new sites is a decision that ought to be made by the Board of Trustees.

Teresa Lubbers stated it's time to have the Commission really examine the currency of certificates in light of the fact they are included in our goals in degree attainment for updating Reaching Higher. People like Complete College America are doing a lot of work on this.

Mike Smith stated let's table this because we need to reexamine a policy for the schools as a whole, and put it on the agenda in early 2011, understanding the need to move forward on this topic.

- B. Catisha Coates, Special Projects Coordinator, presented on the Improving Teacher Quality Grants, Title II part A of NCLB. She presented the stipulations of the grant and the scoring process and then provided the names, programs, and dollars awarded for each over the two years of the grant. Since 2002, ICHE has participated in this program as part of NCLB.

Eileen Odum asked how many RFP responses were received and how many received awards.

Catisha Coates stated there were 8 responses and 7 were awarded funding.

Marilyn Moran-Townsend asked if we may have an annual report on the results from the mandatory outside evaluation that each recipient must have done.

- C. Jennifer Seabaugh, Data Coordinator, provided a fall enrollment rough draft report for each of the public universities. She stated that staff hopes to have the final data warehouse finished by December 17th, working in conjunction with IBRC, and after that time will be able to confirm final numbers.

VI. ADJOURNMENT

The Chair adjourned the meeting at 8:58 a.m. (ET).