

**State of Indiana  
Commission for Higher Education**

**Minutes of Meeting**

**Thursday, December 13, 2012**

**I. CALL TO ORDER**

The Commission for Higher Education met in regular session starting at 1:00 p.m. at Ivy Tech Community College, Illinois Fall Creek Center, Community Room, 1<sup>st</sup> Floor, 2535 N. Capitol Avenue, Indianapolis, IN 46208, with Chair Marilyn Moran-Townsend presiding.

**ROLL CALL OF MEMBERS AND DETERMINATION OF A QUORUM**

*Members Present:* Gerald Bepko, Dennis Bland, Carol D’Amico, Susana Duarte De Suarez, Jud Fisher, Chris LaMothe, Marilyn Moran-Townsend, Dan Peterson, George Rehnquist, Kent Scheller, and Mike Smith.

*Members Absent:* Chris Murphy, Eileen Odum, Hannah Rozow.

**CHAIR’S REPORT**

Ms. Moran-Townsend said that she is very much looking forward to working with Indiana’s new Governor, who expressed in his campaign and through many public forums his strong belief in the importance of the education and higher education in particular.

**COMMISSIONER’S REPORT**

Ms. Teresa Lubbers, Commissioner, spoke about the regional College Success Coalition meetings around the state. Seven out of eight Regional Town Hall meetings have been completed, with one remaining in Evansville, which has been scheduled for January 10<sup>th</sup>. These meetings have provided the Commission with a great opportunity to focus attention on “Reaching Higher, Achieving More” and the goal of 60% Hoosiers holding postsecondary credentials by 2025. Equally important has been facilitating regional discussions on the challenges they face and the solutions they are implementing to increase the educational attainment of their citizens – and to link that education with workforce needs. These meetings have also provided the opportunity to highlight the changes in the 21<sup>st</sup> Century Scholars Program. This work will continue as the Commission will visit additional counties next year. There are now 34 county college success coalitions in operation and another 17 that will be operational in 2013.

Ms. Lubbers mentioned the Midwestern Higher Education Compact meeting that she attended in Cincinnati in mid-November. In addition to the annual business meeting, MHEC hosted a policy seminar on “The Relationship of Higher Education to Workforce Needs.” Charles Kolb, who was the Commission’s keynote speaker at last year’s Weldon Conference, provided a similar presentation at the conference, highlighting trends in higher education and workforce needs. Indiana continues to be actively involved in MCEC – in both their policy initiatives and their cost-savings programs. The state pays \$95,000 in annual dues to MHEC. The savings realized by Hoosier schools and local governments totaled nearly \$2.4 million for the last year, and cumulative savings (since 1996) total over \$25 million.

Ms. Lubbers said that Commission's staff members are reaching out to new and returning members of the legislature, to ensure that higher education issues receive the attention they deserve and the state needs. More than ever, these leaders understand the value of postsecondary credentials and are engaging with the Commission in these important discussions. On January 9<sup>th</sup>, the Commission will be bringing together higher education, policy and business leaders for the state's first State of Higher Education Address.

Finally, Ms. Lubbers commended all those who were listening to Senator Lugar's farewell address before the Senate yesterday.

Ms. Moran-Townsend announced that this was Ms. Rosemary Price's last meeting, since Ms. Price, Administrative Assistant and Event Manager, will be retiring from the Commission. Ms. Moran-Townsend asked Dr. Bepko to read the resolution honoring Ms. Price.

**R-12-09.1** **WHEREAS** Rosemary Price has served with distinction for twenty-two years as a member of the staff of the Indiana Commission for Higher Education, including her present position of Administrative Assistant and Event Manager; and

**WHEREAS** since joining the Academic Affairs staff in November 1990, she has assisted in the processing of every new degree program proposal that has come to the Commission during that period; and

**WHEREAS** throughout this time she has played a vital role in facilitating the high volume of communications and interactions with various academic groups, such as the academic officers, STAC, and faculty panels; and

**WHEREAS** Rosemary has done an exceptional job in discharging her long-term responsibility for assembling and publishing the monthly agenda for the Commission; and

**WHEREAS** she has played a major role planning innumerable Commission events, including the monthly Commission meetings and the annual Weldon, Faculty, and Student Conferences; and

**WHEREAS** she has been responsible for annually assisting and convening the Faculty or Student Nominating Committees; and

**WHEREAS** Rosemary discharged her duties in a manner that clearly displayed a genuine commitment to higher education and to the work of the Commission;

**WHEREAS** her calm, pleasant, and cheerful manner will be missed by staff and Commission members alike, to say nothing of the treasure trove of information about the Commission and the institutions, which is irreplaceable;

**NOW THEREFORE BE IT RESOLVED**, that the Commission for Higher Education expresses its appreciation for Rosemary Price's service to the State on behalf of Indiana higher education and wishes her every happiness during her well-earned retirement (Motion – Bepko, second – Scheller, unanimously approved).

Ms. Price thanked everybody who has helped her in all these years, and said that she will miss everybody.

## **CONSIDERATION OF THE MINUTES OF THE NOVEMBER 2012 COMMISSION MEETING**

**R-12-09.2 RESOLVED:** That the Commission for Higher Education hereby approves the Minutes of the November 2012 regular meeting (Motion – Smith, second – Fisher, unanimously approved)

### **II. THE PUBLIC SQUARE - PRODUCTIVITY**

#### **A. Student Financial Literacy and Borrowing – A Panel Discussion**

Ms. Moran-Townsend invited Mr. Joseph Wood, President and CEO, ISM Education Loans; Ms. Denise Feser, Senior Vice President, School and Student Services, USA Funds; Mr. David Murray, President, National Center for College Costs; Dr. Neil Theobald, Senior Vice President and Chief Financial Officer, Indiana University; and Dr. DeWayne Matthews, Vice President for Policy and Strategy, Lumina Foundation for Education, for a panel discussion.

Ms. Lubbers explained that the Commission has been receiving increasing questions about financial literacy and borrowing patterns; so this panel was invited to talk about these issues.

In his introductory speech, Dr. Matthews stated that Lumina sees Indiana as a real-world laboratory for innovations that are necessary throughout higher education. He said that Indiana is a step ahead of the other states on main issues and financial literacy, as well as student debts and borrowing, which are growing issues.

Before the panel discussion began, Ms. Lubbers announced that Dr. Theobald will be leaving Indiana University to assume the position of President of Temple University. Ms. Lubbers thanked Dr. Theobald for all his work at Indiana University and wished him well in his new position.

Mr. Wood talked about ISM and explained that it is a public benefit corporation, created in 1980. It was organized exclusively for education purposes and has always been supportive of the education needs of Hoosiers.

Mr. Wood told the Commission that representatives from ISM go to high schools all over the state. They speak in front of students and their parents, trying to help them with the process of financial aid, and stressing the importance of starting the process early. Mr. Wood also mentioned ISM's website, where the students can get information they need. Over the last three years ISM has helped tens of thousands of Hoosiers.

Ms. Feser, who spoke next, said that USA Funds has been in Indianapolis since 1960, and it has been involved in student loans the entire time. USA Funds became the guarantor of student loans in 1977, when the company signed its first reinsurance agreement with the US Department of Education. Ms. Feser pointed out that in its entire history it has had a very keen interest not just in the issue of student loans and

borrowing, but also in helping students to repay these loans and manage their debts. Ms. Feser said that USA Funds is focused on higher education, preparation, access and success, but to them success is not that just completing the degree program, but also being able to pay back money borrowed for college and not suffer for the consequences of default.

Ms. Feser also explained that, as a guarantor, the USA Funds still has close to a \$62 billion portfolio of federal student loans that it manages, and it is required by US DOE to form default prevention activities, because of the impact the loan defaults has on the organization. The USA Funds looks at this as the opportunity to educate borrowers about the loan management practices, as well.

Ms. Feser talked about a financial advisory council, established several years ago, and about its curriculum, which is based on financial literacy skills, and time and money management, specifically for college and university students. It started with five modules; and eventually, it became an online program with 34 lessons, dealing not only with financial issues and repayment programs, but also managing a budget while students are in school.

Ms. Feser spoke about their other program, “Life Skills”, which is being offered free to any college and university. She added that schools that have implemented this program into academic programs in the first year have been much more successful. Ms. Feser said that the students, who took the course of financial literacy recognize the benefits of the skills they have learned.

The next speaker, Mr. Murray, talked about growing student debt-loads. In recent years, because of the increased demand for financial aid and increasing tuition, grant money was not enough to cover students costs, so students had to borrow more money for college. Mr. Murray mentioned that students and parents have very little knowledge about the real cost of college. High school students apply for financial aid in their senior year; however, Mr. Murray pointed out, it would be better if this process could begin a year earlier.

Mr. Murray presented a chart showing average Indiana salaries for various jobs and debt-to-income analysis. Mr. Murray explained that according to a federal direct student-loan program, a student can borrow \$5500 for the first year of college; \$6500 for the second year, \$7500 for junior year and \$7500 for senior year. Mr. Murray showed data on loans repayment, based on the salaries students are likely to earn after receiving their degrees.

Another reason for accruing a large debt, continued Mr. Murray, is that over half of the students nationally change their minds about majors and career plans between the time they go to college and the time they leave, so their salary expectations may change, as well. Mr. Murray said that he and his company are trying to encourage high school students to pursue an Academic or Technical Honors diploma, because with these diplomas the students could be eligible for more financial aid.

Mr. Murray also mentioned the importance to students of attending college full-time, because students get more state financial aid than part-time students. Mr. Murray also suggested using credit completion instead of grade point average as a criterion for eligibility for a state aid.

Another point brought up by Mr. Murray was family contribution. He said that the financial benchmark for the federal formula was set in 1964; these numbers are now unrealistic, especially considering low-income families. Mr. Murray mentioned parent loans that could be a heavy burden on a family. Once again, Mr. Murray stressed the importance of teaching financial-literacy classes to high school students, as well as helping parents to get this information.

Dr. Theobald spoke about some initiatives that Indiana University is implementing to reduce debt. He mentioned three categories of those initiatives. First is cost reduction, which is being achieved using several practices, such as benchmarking of the administrative costs, reforming employees' health care system, closing the school of continuing studies, etc.

The second category is a four-year completion. This can be achieved with the help of discounting summer tuition for by percent. This summer the savings for students were \$11.48 million. Beginning in the fall, students who have 60 credit hours after their sophomore year and 2.0 GPA will have their tuition frozen; the same practice applies to those after three years, who have 90 credit hours. If they reach their fourth year and have not graduated, the freeze will end.

The third category, of which Dr. Theobald spoke, was the creation of the office of financial literacy. IU invites students and parents to come to this office and talk about the options for paying for school. In the next months IU will have a financial literacy course, which will focus on smart choices about debt, budgeting, and savings for college students. Dr. Theobald mentioned that Kelly School of Business is developing an online credit bearing course on financial literacy. It will be tuition free and open to all students, and it will be required for everybody who borrows money.

Dr. Matthews summarized the two main ideas. One is the issue of financial planning, which more students will need now, and they also need it earlier than their senior year in high school. The students and their parents are getting very conflicting messages about how expensive the college is. The second idea is the incentive both for the institution and the students to graduate in four years.

In response to a question from Ms. Moran-Townsend regarding Indiana student debt and default being much higher than in other states in the country, Dr. Theobald responded that the for-profit sector has a much higher default rate than do private or public universities.

Responding to Mr. Smith's question regarding the credit score and the actual need of the borrower, Mr. Wood said that in order to take a loan against any state or federal program a student just need to apply and meet the requirements. Ms. Feser echoed this comment, saying that schools have very limited ability to deny a student a federal loan, even knowing that a student may be a high risk for a default. She added that it would be helpful if the schools had the ability to counsel students on limiting their borrowing and spending the money only on education needs.

Responding to Mr. LaMothe's question about data showing the loan amount that actually goes to college costs, Dr. Theobald responded that the university is required to refund any amount of the cost of attending IU, and they have sent refunds of \$60

million to students. Dr. Theobald also said that students need to have parental guidance to use the loan money wisely.

In response to Dr. Bepko's question regarding the new federal guidelines on loan forgiveness, Dr. Theobald explained that this is a program in which repayment amounts are limited to ten percent of a borrower's income, and as long as the payments are being made on time within 20 years (or ten for those in a public service), the remainder of the debt is forgiven.

Mr. Murray suggested integrating Kelly School of Business' free online financial literacy class as a financial literacy standard for the state. The students will receive a few credit hours from IU for this class, while at the same time they will be informed about finance in a much broader way. Mr. LaMothe added that it makes sense to teach this class to sophomores and juniors in high school.

Ms. Moran-Townsend suggested that Mr. Murray's organization collaborate with Ivy Tech Community College in order to help its students with their needs. Mr. Murray again stressed the importance of going to school full-time, since a full-time status helps the students in getting more financial aid; also, the graduation rate for full time students is much higher than that of part-time students.

Ms. Duarte De Suarez expressed her concern for young people from the minority community and first generation students, who do not know what it takes to go to college in this country, and are unaware of the financial aid available to them. To her question about reaching out to these students, Dr. Matthews responded that Lumina supported the development of "Know How 2 Go". The target of this program is the potential first generation and minority students at the 8<sup>th</sup> grade level who wanted to go to college, but do not know how to. Dr. Matthews talked about his meetings with these students and the interviews with parents, who also did not know how they could help their children.

Ms. Lubbers thanked Lumina for their commitment to the film "First Generation"; this film was shown at the conclusion of each of her visits to the communities around the state.

Dr. Theobald said that the university may try to make the course on financial literacy a requirement for admission, to make sure the students understand what loan is and that it has to be paid back.

Mr. Fisher made a comment that college mentors and school teachers could talk to children even before 8<sup>th</sup> or 9<sup>th</sup> grade about the cost of college and financial responsibility. Dr. Matthews explained that sometimes the teachers are not a reliable source of information, and it is important to get the community involved. Mr. Wood echoed this remark, adding that the counselors can also help.

Responding to a question by Ms. Lubbers about some guidance that should be provided to students and families concerning the amount of money to be borrowed, Ms. Feser said that a general guideline for a borrower is that his monthly payment should not exceed eight or ten percent of his salary. She added that USA Funds' budgeting tool can be very helpful in calculating other expenses.

Mr. Murray told the Commission members about his work with sophomores, juniors and seniors a year ago. He mentioned the College Cost Estimator that the students used to learn the amount of financial aid they were eligible for.

Mr. LaMothe suggested having more discussion on this subject in the future.

In response to Mr. Bland's questions about a specific advice to the 21<sup>st</sup> Century Scholars pertaining to finances and completion, Dr. Theobald responded that internships and various experiences would benefit these students very much.

Dr. Matthews spoke about the federal programs, which are part of the problem, because the design of these programs constricts the state and colleges' abilities to do anything in this area. In some ways, these federal programs are working contrary to the needs of students. Dr. Matthews said that some of these problems will have to be addressed soon by Congress. He added that the universities would like to have the ability to influence the loan decisions, so federal policies on this problem should change, as well. Dr. Matthews also stated that there is a need to shift away from the eligibility-based model toward the more student-centered, success-centered approach.

Ms. Moran-Townsend thanked all panelists for their participation.

### **III. RHAM DECISIONS AND OTHER DECISION ITEMS**

There were none at this time.

### **IV. TIME-SENSITIVE ACTION ITEMS**

#### **A. Academic Degree Programs**

##### **1. Bachelor of Science in Dental Hygiene to be offered by Indiana University Northwest at Gary**

**R-12-09.3 RESOLVED:** That the Commission for Higher Education approves *the Bachelor of Science in Dental Hygiene to Be Offered by Indiana University Northwest at Gary*, in accordance with the background discussion in this agenda item and the *Program Description* (Motion – Bepko, second – LaMothe, two votes against, approved by the majority of votes)

Dr. Margie Ferguson, Assistant Vice President for Statewide Academic Relations, Indiana University, presented this proposal.

In response to a question from Mr. Bland regarding the additional employment opportunities, Mr. Ed Popcheff, Director of Governmental Affairs, Indiana Dental Association, said that there is a variety of pathways in dental hygiene even at the Associate's level. He added that there is also a Bachelor's preparation in dental hygiene, which is a great foundation for a dental school.

Responding to questions from Mr. Rehnquist, Dr. Ferguson assured him that a demand in dental offices for additional students is very high, and that dental

hygienists will return to school for an advanced degree, because it will offer much better employment opportunities, as well as much higher salaries.

Dr. Pat Bankston, Associate Dean, Indiana University School of Medicine, Northwest; Dean, College of Health and Human Services, IU Northwest; Professor of Anatomy and Cell Biology, Professor of Pathology and Laboratory Medicine, supported Dr. Ferguson's response, saying that this degree is very much needed in the Northwest Indiana, and confirming that the employment opportunities are great. He also added that the direction of the health care is moving toward Bachelor's degrees and advanced Master's degrees.

Dr. D'Amico confirmed that Bureau of Labor Statistics has included dental hygienists in the top three fields in terms of growth, for Associate degree holders. However, Ms. D'Amico expressed concern that the program constricts the options for students who want to get into the workforce with an Associate degree. She also pointed out the growing trend for Master's degree requirements for the positions where an Associate degree used to be sufficient. Ms. D'Amico was concerned that this trend will lead to a rise in the cost of preventive dental care.

In response to Ms. D'Amico's comments, Mr. Popcheff said that currently public health initiatives demand more than Associate degrees. Federally qualified health centers require public health and systems management expertise. Mr. Popcheff stated that such academic training is very crucial to the entire dental team concept.

Ms. Duarte De Suarez made a comment, concurred by Mr. Rehnquist, that after having checked with several private sources, she was assured that the across the board opinion was that this program should not be approved, since practicing dentists do not see the need in Bachelor Degree in Dental Hygiene at this time.

Dr. Bepko expressed his support of the idea of controlling health care costs; however, referring to Mr. Popcheff's support of the program, Dr. Bepko pointed out that the Commission should be encouraging the universities to respond to the highest needs of their communities.

Dr. Scheller commented in support of the program, saying that the Bachelor degree will open various opportunities for the graduates.

Dr. Ken Sauer, Senior Associate Commissioner, Research and Academic Affairs, gave the staff recommendation.

In response to Mr. LaMothe's comment about eliminating an Associate degree altogether and forcing people to go to a four year degree, Dr. Ferguson responded that IU Northwest is responding to the Commission's call to do away with Associate degrees. She added that IU Northwest developed a Bachelor program, which fits with the national trend. Ivy Tech offers a 79 hours program; however, since an Associate degree requires 86 hours, Ivy Tech's program is not an Associate degree. This program is not being offered in Gary.

Dr. Sauer explained that Ivy Tech offers two Associate degrees in Dental Hygiene, but not in Northwest region. He added that colleges and the universities

have reached an agreement to keep the health program in the university sector as opposed to community college.

In response to Ms. Duarte De Suarez' question, Dr. Ferguson confirmed that a current Associate degree being offered at IU Northwest will indeed be eliminated if the new program is approved.

Responding to a comment from Mr. Peterson, Dr. Bankston confirmed that the point of the new Bachelor degree program is that IU Northwest will have students being trained various skills, not only technical skills, and this is the way of the future.

## **B. 2013-15 Postsecondary Budget Recommendations**

**R-12-09.4**            **RESOLVED:** That the Commission for Higher Education adopts budget recommendations for the 2013-15 biennium that are consistent with the document *2013-15 Postsecondary Education Budget Recommendations*, dated December 13, 2012 (Motion – Smith, second – Fisher, one abstained, approved by the majority of votes)

Mr. Jason Dudich, Associate Commissioner and Chief Financial Officer, presented this item.

The presentation, as well as supporting documents, can be found at the Commission's website at [www.che.in.gov/fiscalaffairs](http://www.che.in.gov/fiscalaffairs).

In her comment, concurred by Mr. Bland, Ms. Moran-Townsend expressed appreciation of Mr. Dudich's hard work in putting together such a detailed presentation.

Mr. Smith noted his appreciation of the Commission's increased investment in higher education through the budget recommendation. He thanked the leadership and vision of the Commission and noted the benefit this recommendation could have on the state and Hoosiers. In addition, Mr. Smith challenged the Commission to continue the dialogue regarding mission differentiation among the public institutions and to acknowledge potential structural deficiencies and aberrations that may exist in institutional funding. Mr. Smith noted that performance funding does allow for institutions to catch up if such deficiencies exist, but reminded the Commission that the performance formula alone may not make adjustments in a timely manner.

## **IV. INFORMATION ITEMS**

- A. Status of Active Requests for New Academic Degree Programs
- B. Requests for Degree Program Related Changes on Which Staff Have Taken Routine Staff Action
- C. Capital Improvement Projects on Which Staff Have Acted
- D. Capital Improvement Projects Awaiting Action
- E. Calendar of Upcoming Meetings of the Commission

**IX. NEW BUSINESS**

There was none.

**X. OLD BUSINESS**

Ms. Moran-Townsend said that she had asked each Committee Chair to provide a quick update on their work since the retreat. She said that Academic Affairs and Quality Committee was going to be focusing on learning outcomes, as well as on the subject of whether it is better to have more or fewer degree programs.

Mr. Bland said that the main focus of his Committee would be on community education and communication, and second area of focus will be student advising.

**XI. ADJOURNMENT**

The meeting was adjourned at 3:25 P.M.

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Marilyn Moran-Townsend, Chair

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Chris LaMothe, Secretary