

**State of Indiana
Commission for Higher Education**

Minutes of Meeting

Friday, October 8, 2010

I. CALL TO ORDER

The Commission for Higher Education met in regular session starting at 9: 05 a.m. at the Indiana Memorial Union, Georgian Room, 900 E. 7th St., Bloomington, Indiana, with Chair Michael Smith presiding.

II. ROLL CALL OF MEMBERS AND DETERMINATION OF A QUORUM

Members Present: Cynthia Baker, Gerald Bepko, Dennis Bland, Susana Duarte de Suarez, Jud Fisher, Keith Hansen, Marilyn Moran-Townsend, Eileen O’Neill Odum, Ken Sendelweck, Mike Smith.

Members participating via conference call: Jon Costas.

Members Absent: Carol D’Amico, Chris Murphy, George Rehnquist.

The following institutional presidents attended the meeting: Dr. Linda Bennett, University of Southern Indiana; Dr. Jo Ann Gora, Ball State University; Dr. Michael McRobbie, Indiana University, and Mr. Thomas Snyder, Ivy Tech Community College. Dr. Richard Ludwick, President of Independent Colleges of Indiana, also attended the meeting.

III. CHAIR’S REPORT

Mr. Smith thanked President McRobbie for hosting a reception for the Commission members on the previous night. He also thanked President McRobbie for joining the Commission members for breakfast and sharing with them the vision strategy and priorities of Indiana University. Mr. Smith mentioned that President McRobbie and his three children would become American citizens on Monday, October 11th, and on behalf of the Commission Mr. Smith extended his welcome and congratulations.

President McRobbie welcomed the Commission to campus.

IV. COMMISSIONER’S REPORT

There was none.

V. CONSIDERATION OF THE MINUTES OF THE SEPTEMBER 2010 COMMISSION MEETING

Mr. Smith announced that on page 8 of the agenda booklet, the phrase should read: “The number of **high schools participating in** dual credit courses has increased from 90 to 150”, instead of “**high school students taking** dual credit courses”.

R-10-08.1 RESOLVED: That the Commission for Higher Education hereby approves the Minutes of the September 2010 regular meeting as amended. (Motion – Duarte de Suarez, second – Hansen, unanimously approved)

VI. DISCUSSION ITEMS AND BIENNIAL BUDGET HEARINGS

A. Fall 2010 Enrollment at Indiana Public Higher Education Institutions

Ms. Jennifer Seabaugh, Manager of Information Research, Commission for Higher Education, presented this item. Each fall institutions submit a fall enrollment survey to the Commission for Higher Education. Ms. Seabaugh presented a compilation of this data, detailing the fall headcount enrollment by status, fall headcount and FTE enrollment, both in public two- and four-year institutions. She also made a fall enrollment state comparison between three states: Ohio, Illinois, and Minnesota. This comparison shows that Indiana’s enrollment is considerably higher than enrollment in any of these states.

Ms. Seabaugh presented the charts showing fall headcount enrollment by student level and by residency status, as well as fall reciprocity headcount enrollment on some four-year campuses and a few Ivy Tech campuses.

Mr. Smith thanked Ms. Seabaugh for her presentation and especially for gathering the data on neighboring states.

B. State Student Assistance Commission (SSACI)

Ms. Claudia Braman, Executive Director, presented this item. She spoke about SSACI’s mission: make college more affordable for Hoosier families with grant programs; allow choice by granting awards to students at public, independent and proprietary colleges; and make the delivery of awards as simple as possible through research and technology.

Ms. Braman gave a brief overview of SSACI programs. The largest being the Frank O’Bannon Grant Program, which is comprised of the Higher Education Award and Freedom of Choice Grant. This is the largest need-based program available to full-time students.

Ms. Braman spoke about the Twenty-first Century Scholars Program, which is designed to support and encourage young people from lower-income families to enter college through early intervention strategies and grants. Students are enrolled while in the seventh or eighth grade.

Ms. Braman commented on other SSACI grant and scholarship programs, available for young Hoosiers pursuing various careers, as well as programs for members of the Indiana Air and Army National Guard, and for children of certain veteran and public safety officers.

Ms. Braman gave a brief overview on how Indiana's financial aid budget looks compared to surrounding and similar states, which experience considerable cuts in state funding. Ms. Braman also spoke about the challenges facing SSACI due to Indiana state budget cuts. They include: tuition increases, increased utilization of awards, increase in eligible applicants, increases in 21st Century enrollment, and a few others. Ms. Braman commented on some ways that SSACI is cutting their administrative costs: going paperless, saving on copying, e-mailing materials that used to be mailed, moving from the off-campus to on-campus location for meetings, etc.

Ms. Braman presented SSACI's 2011-13 operating budget request.

Mr. Bland asked whether SSACI has a breakdown in graduation rates for various awards recipients.

Ms. Braman responded that these numbers would be available from the institutions that track the graduation rates.

Mr. Bland asked Mr. Smith to consider getting this information, which would help the Commission to make the right decision in allocating the funds.

Mr. Smith appreciated this suggestion and reminded the Commission that in the "*Reaching Higher*" document the Commission makes the assertion and provides data regarding the completion rates of 21st Century Scholars. Mr. Smith added that this information should be made more visible, since it is a measure of a return on a very significant investment. Mr. Smith asked the Commission staff to pursue this suggestion.

Mr. Hansen said that he had learned at the previous meetings that the need for the 21st Century funds had led to withdrawing money out of the Frank O'Bannon grant. He asked whether the numbers presented were accounting for this, or whether they were based on the expected need for the 21st Century Scholars program. Ms. Braman responded that this was the same budget that SSACI had this year, and it does not account for these numbers because SSACI would not know how much money will have to be moved from Frank O'Bannon grant to the 21st Century fund until the end of May 2011 when SSACI receives all the applications.

Mr. Smith asked whether Ms. Braman had any feedback from the legislative leadership regarding some recommendations that were approved by the Commission for Higher Education and SSACI, and that included the need-based measurement by the 21st Century Scholars program at time of entry into higher education. Ms. Braman responded that she has not received a lot of comments, but has received a lot of questions regarding the 21st Century Scholars program.

C. Indiana University

Dr. McRobbie spoke about six principles of excellence: education, faculty, research, international dimension, health sciences and health care, and engagement and economic development. Dr. McRobbie commented on the excellent education Indiana University provides to the population of Indiana either through its nine campuses, located throughout the state, or through Centers for Medical Education, also located in various parts of Indiana.

Dr. McRobbie stated that enrollment this fall has reached 109,445 students, which is a record high for the University, even though this is the third consecutive year for Indiana University when enrollment reached 100,000. Indiana University East had the largest increase in enrollment – 15.1 percent.

Speaking about excellence in academics, Dr. McRobbie mentioned Dr. Elinor Ostrom, who received a Nobel Prize in Economics in 2010. Dr. McRobbie said that IU has 21 members of national academies, 44 members of the American Associations, and five members of the American Philosophical Society. Last year one of the members of IU faculty became a member of the World Scientific Society. Dr. McRobbie said that the university's medical programs produce over 50 percent of the state's physicians, over 40 percent of the nurses, 90 percent of the dentists, and 50 percent of the optometrists.

Dr. McRobbie stated that 63 percent of this year's freshmen class is Indiana residents. Over 41 percent of Indiana residents are at the top ten of their high school class; 149 of these students are high school valedictorians. These numbers reflect the quality of the IU educational experience, which gives students the vital skills, no matter what area they are working for their life-long success.

Dr. McRobbie commented on the research growth. Last academic year IU had a record \$604 million in externally sponsored program awards. Dr. McRobbie mentioned national prominence in life sciences, informational technology, and international studies.

Dr. McRobbie described the engagement activities. IU has established Innovate Indiana initiative, and through this initiative the university is investing in coordinating developmental activities statewide. Dr. McRobbie mentioned the Innovate Indiana Fund, which was started a year ago. Dr. McRobbie spoke about some other investment companies, as well as about the IU Innovation Center at Bloomington and the IU School of Medicine. Dr. McRobbie briefly described other engagement activities on IU's regional campuses.

Speaking on affordability, Dr. McRobbie said that an average tuition at IU Bloomington is just over \$10,000, which is the lowest among the Big Ten universities. Dr. McRobbie mentioned IU's scholarships and grant programs. Dr. McRobbie spoke about state funding cuts and indicated that IU achieved more than \$90M in spending cuts over the last year, and expects to achieve more than \$100M cuts by the end of this year.

Dr. McRobbie commented on the regional campus plan "Blueprint for Student Attainment", which is accessible to a wide range of Indiana students and prepares them for careers in their communities. He added that 80 percent of the students remain in the community after graduation. However, Dr. McRobbie pointed out that the graduation rates must be improved.

Dr. McRobbie presented the University's 2011-13 operating budget request.

Ms. Moran-Townsend made a comment regarding the completion attainment on the regional level. She said that research indicates that the longer students stay in the University, the less likely they are to complete their degrees, so she was concerned with the University's metrics that encourage students to stay at the University for six years.

Dr. McRobbie responded that six years seems to be an accepted standard; however, the students can graduate in four years, if they so choose.

D. Ball State University

Dr. Gora focused her presentation on four themes: differentiation – how Ball State is different; alignment - how Ball State is aligned with the Commission’s priorities; results – how Ball State emphasizes the results and tracks their progress every year, according to their strategic plan, which is aligned with the Commission’s “*Reaching Higher*” document; and efficiencies – how Ball State emphasizes efficiencies.

Dr. Gora spoke about the unique educational curriculum at Ball State University and its focus on the undergraduate experience. She mentioned that 90 percent of their students are from Indiana. Dr. Gora commented on higher academic standards for the students: 63.2 percent of all the freshmen students have an Academic Honors Diploma or equivalent, which is a 35 percent increase over last few years. Dr. Gora also mentioned an over 50 point increase in average freshmen SAT scores over the last few years.

Dr. Gora stated that the University’s Immersive Learning program is a cornerstone of its strategic plan. She described the main points of this program. In the past three years 8,165 students have worked on 512 Immersive Learning projects in 85 of Indiana’s 92 counties. Dr. Gora talked about several projects of Immersive Learning, and pointed out that the graduates of this program leave with a resume, not just a transcript.

Dr. Gora added that BSU offers to all their students the Entrepreneurship Minor across the curriculum. She also pointed out that Ball State University is the only university in the country that pioneered in *Degree in Three* Program, which offers the students to take classes all year round and complete a regular curriculum in 34 different majors in three years.

Dr. Gora stated that Ball State University’s goals are aligned with the Commission’s “*Reaching Higher*” document.

Dr. Gora briefly commented on graduation rates. BSU had an over 63 percent increase in a four-year graduation rate, and over 22 percent increase in a six-year graduation rate. There was also a 6.8 percent increase in freshman retention over the last few years.

Dr. Gora spoke about the increase in total enrollment, which was more than ten percent over the last few years. While increasing academic standards, BSU was able to increase its minority enrollment: African American – 42 percent increase; Hispanic – 183 percent increase. Dr. Gora added that BSU has seen over a 98 percent increase in off-campus enrollment, due to the fact that Ball State offers an on-line degree completion which is flexible and not bound by traditional semesters. Dr. Gora talked about the affordability of the University and the increased number of scholarships it awards.

Dr. Gora brought up three major areas of efficiencies: low staffing ratios and controlled growth in administrative staff; health care cost containment; and energy efficiency. Dr. Gora quoted an article in the “*Chronicle of Higher Education*” in April 2009, which highlighted a report on labor force trends in higher education using BSU’s methodology. Ball State University has the lowest number of average FTE employees per 100 FTE students in Indiana.

Dr. Gora spoke about the measures to deal with reduction in the University's budget. The University did a review of their compensation package, restructured its health care plans, thus increasing the number of the employees who use the Consumer Driven plans. Now the University's average employer's contribution is lower than the state's average. Dr. Gora also commented on energy cost efficiency and measures the University has taken to reduce these costs.

Dr. Gora presented the Ball State University 2011-13 operating budget request.

Mr. Bland asked how Ball State achieved such great results in minority enrollment and retention. Dr. Gora responded that they use aggressive recruiting; going to high schools that prepare students well and that have significant minority enrollment; creating University staff admissions councils, who can talk to parents and help them make a decision on choosing Ball State University for their children's education.

Mr. Fisher asked whether the Immersive Learning experience is required for graduation. Dr. Gora responded that it was not. Ball State's strategic plan says that by 2012 they want to be able to offer every student an opportunity to be involved in one Immersive Learning project.

Mr. Smith congratulated Ball State on its accomplishments without increased state funding and said that this in itself is the highest reward for distinction. Mr. Smith also asked Dr. Gora to consider whether the University really does need more money. Dr. Gora responded that Ball State would like to make the Immersive Learning projects mandatory for graduation, and this requires funding. Also, the faculty members are considerably underpaid compared to their colleagues at other state universities. Answering Mr. Smith's question, Dr. Gora confirmed that Ball State has problems recruiting faculty members, and those who come to work for Ball State eventually leave for better paying jobs, so they have to be replaced by contracted faculty. Dr. Gora concluded that Ball State University uses its money wisely, but they could do much more if they had additional funding.

E. University of Southern Indiana

Dr. Bennett pointed out that this was the second iteration of using the performance-based funding formula. She said that this presentation is built on what USI is really doing that is related to performance. At first, Dr. Bennett gave a brief history of the University. In 1985, when the University of Southern Indiana was established, 33 percent of high school graduates in southwestern Indiana were seeking some form of postsecondary education. In 2009 the number was 84 percent.

Dr. Bennett spoke about fall 2010 student enrollment, which was 10,702. Ninety-six percent of the students have completed either Core 40 or Core 40 Honors Diploma. The students come from 90 Indiana counties, 41 states, and 67 countries. Dr. Bennett mentioned the campus' diversity: 11 percent of students are from the underrepresented groups, and 24 percent of students are age 25 or older. A large number of the University student enrollment comes from transfer students.

Dr. Bennett talked about the 38 percent increase in degree production in the last decade. She pointed out that the University has a strategic plan, which is very closely aligned with the "*Reaching Higher*" document. One of the goals of the University's strategic plan is continued progress in degrees granted.

Dr. Bennett commented on graduation and retention rates and ways to increase them, which include: greater flexibility in degree programs; online education; summer enrollments; dual credit (54 percent increase in last two years); and dual admissions with Vincennes University and Ivy Tech Community College.

Dr. Bennett spoke about efficiency and mentioned the drop from state contribution of 60 percent to 56 percent. Dr. Bennett gave a special recognition to Commissioner Lubbers for collaboration during budget cuts of last December.

Dr. Bennett commented on one of the major goals of the University to remain affordable and provide public education in the region, and stated that the University has remained faithful to this goal. Dr. Bennett presented a tuition chart and added that the University believes that the best scholarship is a low tuition.

Dr. Bennett spoke about accountability as being a part of the University's culture. She stated that the University is committed to its public role to serve its region. For many years the University had had an Assessment Day, when they conduct a number of assessments, including learning outcomes. The University is planning to add another Assessment Day in the spring.

Dr. Bennett mentioned that the University is an early adopter of VSA (Voluntary System of Accountability). Dr. Bennett spoke about the University's commitment to the region through various outreach programs.

Dr. Bennett commented on student involvement in internships, co-ops and applied research projects. The University conducts a survey of graduates annually, and the most recent survey shows that 91.5 percent of 2009 graduates are now working in their chosen fields, and that more than 80 percent of all USI graduates remain in Indiana.

Dr. Bennett spoke about the funding priorities of the University. She said the first priority would be increasing the number of full-time faculty, percentage of which at present is the lowest compared to any public Indiana university. Another priority is enhancing the University's advising system. She said that USI has just received a \$1.2 million grant from the U.S. Department of Education to enhance advising for low-income, first generation, and learning disabled students. About 35 percent of USI undergraduates would qualify to participate in these programs.

Dr. Bennett also said that another funding priority would be to strengthen programs linked to student success, which would include increasing campus employment. Dr. Bennett said that she has eliminated a vice presidency and integrated student affairs into academic affairs to generate more synergies in retention programming.

Dr. Bennett presented the University's 2011-13 operating budget request.

Ms. Moran-Townsend asked whether the study on the students working in their field was a sampling survey. Dr. Bennett confirmed that it was, and that the previous year's graduates were included in it.

Ms. Baker asked how the University encourages faculty to participate in the Assessment Day, and also how the faculty teaches summer courses. Answering the first question, Dr. Bennett said that most assessments are now being done online, so the University is able to

do this with less reliance on the faculty. However, the faculty has embraced the Assessment Day as a part of the culture of the University. The second Assessment Day in the spring will be a day on-campus, with departments and faculty involved. No classes will be held on that day. Teaching in summer is funded as a percentage of a regular base. With the enrollment increase, more than 40 percent of the teachers are overloaded, and have to teach 12 semester/hours each semester.

Mr. Sendelweck asked whether USI has given consideration to formalizing a *Degree in Three* program for its students, considering their demographics and graduation rates.

Dr. Bennett responded that most of the 2009 graduates finished their degrees in four years or less, so the trend is to move in this direction.

F. Ivy Tech Community College

Mr. Snyder began by presenting a chart that compared the percentage of adults between ages 18 and 34, who were enrolled in college in Korea and US in 2007. At that time the US was in seventh place, with only 30 percent enrolled in college. Mr. Snyder mentioned Lumina's Big Goal of having 6,454 graduates per year. He also spoke about the National Governors' Association's goal of having an additional 8.2 million college graduates, and this goal cannot be met with recent high school graduates alone; thus, there is a need to focus on improving educational attainment among adults.

Mr. Snyder mentioned the American Graduation Initiative, the goal of which is to lead the world with the highest proportion of college graduates by 2020, and to have 5 million more community college graduates.

Mr. Snyder gave a brief overview on the student body of Ivy Tech Community College: 60 percent receive financial aid; average age is 27.3; approximately 25 percent are single moms; 13,000 are African-Americans; and nearly 10,000 students receive food stamps.

Mr. Snyder presented a chart that showed their graduation success metrics: 15.4 percent graduate; 3.2 percent graduate and transfer; 15.8 percent transfer; 6 percent are still enrolled. Total graduation success is 40.5 percent. The other 60 percent of those who were enrolled leave Ivy Tech for various reasons, and their further success is unknown.

Mr. Snyder briefly spoke about the College's plans for accelerating greatness: 1) student success; 2) globally competitive Indiana; 3) quality and efficiency in what the College does, and 4) resource base. Then Mr. Snyder commented on the College's new initiatives, which include mandatory orientation; mandatory advising prior to remediation; financial aid propriety processing dates; and decreased textbook variance. Mr. Snyder mentioned a few other new initiatives: Accelerated Associate Degree program; adult degree completion program; manufacturing institute partnership; and a plan to launch the Tennessee Completion Model.

Mr. Snyder presented the Ivy Tech Community College 2011-13 operating budget request. He concluded his presentation by saying that 73 percent of Ivy Tech's students are working adults with an average income of \$25,073, and yet they are enrolled and attend the college.

Mr. Snyder told the Commission about an Ivy Tech minority student, Michael Rice. Michael dropped out of Ivy Tech nine years ago, but returned two years ago. In September Vice President of the United States Joe Biden visited Ivy Tech. Michael greeted him on

campus and told him his story. Michael was then invited by Vice President Biden to visit the White House, where Michael, among eight other students from Community Colleges, met with Secretary of Education Arne Duncan.

VII. DECISION ITEMS

A. Academic Degree Programs

1. Academic Degree Programs on Which Staff Propose Expedited Action

Staff presented a list of degree program proposal(s) for expedited action.

R-10-08.2 RESOLVED: That the Commission for Higher Education hereby approves by consent the following degree program(s), in accordance with the background discussion in this agenda item:

- Master of Arts in Business Education to be offered by Ball State University-Statewide via Distance Education Technology
- Master of Science in Education to be offered by Purdue University-Calumet Statewide via Distance Education Technology
- Bachelor of Social Work to be offered by Indiana University Northwest at Gary
- Bachelor of Science in Business Administration to be offered by Indiana University East at Madison
- Bachelor of Science in Criminal Justice to be offered by Indiana University East at New Castle (Motion – Bepko , second – Moran-Townsend, unanimously approved)

B. Capital Projects

Mr. Smith said that at the working session last evening the members of the Commission decided that the capital projects presentations would be heard and discussed, as they usually are; however, the Commission's action on all but two items (item 5 and item 7) would be deferred pending further review of the presented materials. This discussion and review has been scheduled on November 12th, and will not delay the State Budget Committee's approval process that would follow the Commission's actions. This is an effort on the part of the Commission to be diligent and thorough, and present careful recommendations to the Budget Committee for its consideration. However, Mr. Smith wanted to make sure that the Commission is quite prepared to entertain the presentations today and process the data.

1. Anderson New Construction at the Ivy Tech Anderson Campus

Mr. Jeff Terp, Vice President, Policy Analysis and Engagement, Ivy Tech Community College, presented this project. Mr. Terp gave a brief explanation of how Ivy Tech approaches and prioritizes its capital projects, and how these projects correlate between their strategic plan, their mission, and the Commission's "Reaching Higher" document. Mr. Terp said that the process began in 2006 in cooperation with the State Budget Committee. Paulien Associates helped Ivy Tech to refine the model factors and develop a more comprehensive space model for Ivy Tech that included all types of space categories and factored Indiana's projected budget constraints. Paulien Associates also applied space modeling factors to current enrollments to test proposed modeling guidelines.

Mr. Terp stated that three sets of standards were developed and implemented: project standards, building systems standards, and space standards, and these standards are being used for all new projects.

Mr. Terp briefly mentioned members of the Facilities and Design Council, as well as the purposes of establishing this council. Mr. Terp pointed out that the goal of the college is never to defer their R&R, but always to stay current on it. Half of their R&R is paid out of state funding, and the other half comes out of regional operating funds.

Mr. Terp spoke about Ivy Tech's project priority, stating that the Anderson Expansion and the Muncie Fisher Building are their next priority on the list. Mr. Terp spoke about the Anderson project, pointing out that currently the 2,700 students are using leased space, which expires in 2012. Construction of a new building would be the best and cheapest solution to accommodate the students. Mr. Terp described the project's background, and presented the charts showing the site and floor plans.

Mr. Terp next spoke about the Muncie Fisher Building project. The building was donated to Ivy Tech by the Fisher family two years ago, and Ivy Tech began renovation. The first floor has been completed and is used for classroom space; it was paid for by internally generated cash. Now Ivy Tech would like to use the planning and education money that was previously appropriated to it and finish the restoration of this building.

Mr. Terp presented a chart showing debt service ratio.

Mr. Smith asked Mr. Terp to return to a slide showing the projects for the 2010-13 bienniums and 2011-21 ten-year plans. Mr. Smith asked whether Ivy Tech's priority was the Muncie project or Anderson's new construction.

Mr. Terp responded that the main campus in Muncie is in serious need of expansion and renovation, and the Fisher building will address a portion of these needs. Mr. Smith asked about the enrollment on the Muncie campus, to which Mr. Terp responded that there were 5,000 students. Mr. Smith then asked how many buildings were required to accommodate this number

of students. Mr. Terp responded that there are two buildings on Cowan Road, as well as leased space downtown, and the Fisher building, which needs to be renovated and expanded.

Ms. O'Neill Odum asked about the funding requested for various constructions and renovations in the previous biennium, compared to the funds requested for this biennium. Mr. Terp responded that the funds requested for the two capital projects he presented were 20 percent of the amount requested last biennium.

Mr. Smith once more asked for a clarification on which of the two projects was the stronger priority for Ivy Tech. Mr. Terp responded that they both were equally strong on the Ivy Tech's priority list.

Ms. Moran-Townsend asked whether these projects were on Ivy Tech's priority list last biennium. Mr. Terp confirmed that they were.

2. Muncie/Anderson Planning Revised at the Ivy Tech Muncie Campus

Please see the previous capital project. Mr. Terp presented this project along with the previous project.

3. Teaching Theatre Replacement Project at the University of Southern Indiana Campus

Mr. Mark Rozewski, Vice President for Finance and Administration, University of Southern Indiana (USI), presented this project. USI proposes construction of a \$16,500,000 Teaching Theatre to replace the current theatre, costume shop, and scene shop located approximately four miles from campus. The University requests release of \$13,000,000 in bonding authorization, approved by the 2009 Indiana General Assembly. The balance of the project, \$3,500,000 will be funded through private gifts and University resources.

Mr. Hansen asked Mr. Rozewski to describe the program itself. Mr. Rozewski responded that this program has 170 students involved in about 70 majors; so if this program had a theatre, it could blossom in a larger group of majors.

Ms. O'Neill Odum asked whether this project had been requested previously. Mr. Rozewski responded that this project has been on the University's capital plan for twenty years.

Ms. Duarte de Suarez asked how this theatre relates to the other facilities at the University. Mr. Rozewski responded that this theatre is in the University's Master Plan, and would be built as an addition to the University Center.

Mr. Smith asked whether the new theatre should be built in Evansville as a community asset, but staffed and ran by the University for teaching and for performance. Mr. Smith also referred to \$3,500,000 received by the

University from private funds for this construction project, and he suggested that this money should stay in the community. Mr. Rozewski responded that Evansville already has two community theatres, as well as a theatre on the campus of the University of Evansville. Mr. Smith asked whether it was not possible to lease this theatre for USI's teaching purposes. Mr. Rozewski responded that it would not be appropriate, and also this building would be even further from campus. Mr. Rozewski pointed out that USI would prefer to bring the community to the campus, rather than bringing the campus to the community.

Mr. Moran-Townsend asked about the cost of the square footage of this project. Mr. Rozewski responded that the cost is around \$400 per square foot, which is not unusual for theatres of this kind.

Mr. Smith asked whether there were other performing arts in the University's College of Liberal Arts. Mr. Rozewski responded that this was the only performing art program in the University's curriculum.

4. Central Campus Academic Renovation & Utility Improvements Project – Phase 2 at the Ball State University Campus

Ms. Gretchen Gutman, Associate Vice President, Governmental Relations, Ball State University (BSU), presented this project. This project is a part of BSU's Strategic Plan to improve their core facilities. These buildings are being heavily used by about two-thirds of all students on the campus (approximately 11,000 to 14,000 students per week).

Ms. O'Neil Odum asked whether the funds for this project have been requested previously. Ms. Gutman responded that this is the first request of these funds.

5. Lease of Space – 2039 North Capitol Avenue for Indiana University-Purdue University Indianapolis

Mr. Tom Morrison, Vice President of Capital Projects and Facilities, Indiana University (IU) presented this project. IU is asking to lease on behalf of and for the use of the Indiana University School of Health and Rehabilitation Sciences for the newly created Master of Physician Assistant program at IUPUI. The premises consists of 8,810 square feet which, when renovated, will house office, exam and classroom spaces. Annual rent is \$114,530 with a cost of renovations not to exceed \$245,000. Rent and cost of renovation payments will be made for the School of Health and Rehabilitation Sciences Accounts. If the program begins to expand outside of the current leased space, IU will look to leasing additional space in the same area or potentially move to the IUPUI campus if the space becomes available.

Ms. Lubbers reminded the Commission that this is a non-fee replacement project, and that is why the Commission was acting on it today.

Mr. Smith asked who the landlord of the space was. Mr. Morrison responded that it was Clarian Hospital.

Ms. O'Neill Odum asked whether IU anticipated in ten years opening a new building for this program. Mr. Morrison said that this will not be the University's intention. There would be two options: either the University will renew the lease, or the program will move back to the IU Hospital complex.

Mr. Jason Dudich, Associate Commissioner and Chief Financial Officer, Commission for Higher Education, gave the staff recommendation. He pointed out that the new program will be housed in this space, and IU has promised to monitor this program. If this program does not meet the expected enrollment level, the University will reevaluate it and either reduce space or take other actions.

Ms. O'Neill Odum commented on the fact that when this new program was first introduced to the attention of the Commission, it was offered as an academic degree with zero cost associated with it. Ms. O'Neill Odum pointed out that this was not accurate, because the Commission was not just funding this lease for five or ten years, but might be dealing with potentially a very expensive project.

Mr. Smith confirmed that when presenting a new degree program, IU requested no new state funds for it. Mr. Smith asked Mr. Morrison to speak to this point. Mr. Morrison responded that this was a long standing practice of the Commission to say that no new state funds were requested for a new degree program. All academic degree programs in the IU system pay for their space.

Mr. Smith wanted to clarify the point of no new state funds being used in such cases, because there were in fact some incremental state funds being dispersed.

Dr. Bepko said that the expression "No new state funds are requested" is true, because the state will pay no appropriation. If the money is coming from the state for other things, like enrollment, that is a different case.

Ms. O'Neill Odum was concerned that in the long run the state would have to pay for a new building, thus state funds would be used eventually for the program.

Dr. Bepko responded that what is being paid for rent now could be capitalized at some point. When the new program is proposed, no new state funds are requested for it, and the University is ready to use its own money for developing this program. Years later, if the program is successful, the University may come back to the Commission and ask for the facility, but it may or may not be paid with state funds even then. A lot of buildings are constructed with other funds, and not with state money. Dr. Bepko said that at this point he would not want the University to speculate on what would happen ten years from now.

Mr. Smith concluded that he would want complete transparency on the issue of using new state funds on the new degree programs.

R-10-08.3 RESOLVED: That the Commission recommends approval to the State Budget Agency and the State Budget Committee of the project *Lease of Space – 2039 North Capitol Avenue for Indiana University-Purdue University Indianapolis*, as presented in the project description and staff analysis October 8, 2010 (Motion – Bepko, second – Fisher, unanimously approved)

6. Neurosciences Research Building at the Indiana University-Purdue University Indianapolis Campus

Mr. Tom Morrison presented this project. He explained that this building will provide laboratory-research space for new scientists and expansion space for existing psychiatric and neuroscience research at IU. The whole project consists of two buildings, and this particular building will be the first one to be jointly developed by IU and Clarian Hospital. IU will construct one building, and Clarian will build another. The estimated cost of the project is \$53 million, with \$43 million from state funding authorized by the 2007 and 2009 General Assembly, \$5 million from the IU School of Medicine gifts, and \$5 million from Auxiliary Reserves.

Ms. Moran-Townsend asked whether the original Neurosciences building was a state-funded building. Mr. Morrison confirmed that it was. He explained that this used to be a campus building, but, as part of a land-swap deal IU swapped the entire site on the western edge of the IUPUI campus, which included several buildings of the land and the old Neurosciences building. In exchange in 2014 the University will receive the old Wishard Hospital property, on which site the new building would be constructed.

Ms. Moran-Townsend asked whether the Commission was involved in the land-swapping deal. Mr. Morrison responded that the Commission was not, but the Governor was.

Ms. O'Neill-Odum asked whether the funding for the proposed project was larger or smaller compared to the last biennium's request. Mr. Morrison responded that this project is on a larger side, because it is a research facility, so the request is for \$43 million.

Mr. Smith wanted to clarify what the amount of funding was for a project or multiple IU projects the last time the University presented its capital project request. Mr. Morrison responded that the request was for \$150 million. In response to a question from Ms. O'Neill-Odum, Mr. Morrison explained that \$43 million being requested now is the part of these \$150 million.

Mr. Smith asked whether this would not be to the University's advantage if Clarian Hospital financed the new building and leased it to the University. Mr. Smith said that times are changing, and nobody can predict whether the Universities and hospitals systems would be allowed to operate the way

they do now. Mr. Morrison answered that this was an option that IU has been in the process of examining.

Dr. Bepko asked whether the new building would be only for IU employees. Mr. Morrison confirmed that it would. Dr. Bepko asked whether it would not be better if the building would be owned by the University, so in case of any changes in the collaboration between the University and the hospital, the University would not lose the building. Mr. Morrison responded that the question of ownership applies not only to the building but to the land, as well.

Ms. Duarte de Suarez requested to clarify the process of approving the capital project. Mr. Morrison explained the process.

7. Drug Discovery Facility at the Purdue University West Lafayette Campus

Mr. Kevin Green, Director of State Relations, Purdue University, presented this project. He said that the new facility will be a part of the Life and Health Sciences Quad. This project was not on Purdue's capital request two years ago. The cost of the facility is estimated at \$25 million and will be funded with \$20 million in bond authority, and \$5 million from gifts or indirect cost recovery revenues.

Mr. Jason Dudich gave the staff recommendation.

R-10-08.4 **RESOLVED:** That the Commission recommends approval to the State Budget Agency and the State Budget Committee of the project *Drug Discovery Facility at the Purdue University West Lafayette Campus*, as presented in the project description and staff analysis October 8, 2010 (Motion – Hansen, second – Moran-Townsend, unanimously approved)

8. Health and Human Services Research Facility at the Purdue University West Lafayette Campus

Mr. Green presented this project. He said that a small part of this project was included in Purdue's capital request last biennium. It was an \$80 million request, \$60 million in state funding, and \$20 from private funding. That project was dealing with Life Sciences. Mr. Green said that for the project Purdue received from the General Assembly \$12 million worth of bonding authority (\$6 million coming from the state, and \$6 million coming from the University's own resources), and \$10 million worth of renovation money for a total from the state of \$22 million.

Mr. Green stated that this project would combine various departments into one facility, which is estimated to cost \$54 million. The project cost is broken down into the following funding sources: \$16 million in gifts/donations, \$16 million in parking revenue bonds, \$16 million in fee replacement bonds, and \$6 million in indirect cost recovery funds. In total,

the state will cover approximately 30 percent of the cost of this new structure, and 70 percent will come from other funding sources.

9. Capital Projects on Which Staff Propose Expedited Action

Staff presented a list of capital projects for expedited action.

R-10-08.5 RESOLVED: That the Commission for Higher Education approves by consent the following capital projects, in accordance with the background information provided in this agenda item:

- Math Sciences Research Data Center Renovation at Purdue University: \$2,949,000
- Agricultural and Biological Engineering and Central Machine Shop Facility at Purdue University: \$4,300,000
- Riley Hospital – Wells Research Center for a Pediatric Phenotyping Core Renovation: \$8,500,000
- Qualified Energy Savings Project – Increase in Scope: \$8,000,000
- General R&R – FY10: \$989,032 (Motion – Fisher, second – Sendelweck, unanimously approved)

Mr. Smith asked Mr. Dudich to explain how Riley Hospital's project appeared on this list. Mr. Dudich explained that the reason the Commission staff chose to expedite this project is that it is funded entirely out of federal funds, and no state funds are involved. The cost is rather high, but this is a research laboratory space, and it is usually expensive to renovate such a facility.

Ms. O'Neill Odum referred to the energy savings project and asked whether the first portion of this project was also on a list of items for an expedited approval.

Mr. Dudich responded that originally it was a full Agenda item, and the cost was \$3,000,000.

Mr. Smith asked why on the energy savings project there was no reference to a third party sharing the risk of a promise of a recovery.

Mr. Morrison responded that no third party is involved in this project. He also explained the increase in the scope of the project, from \$3,000,000 originally to \$8,000,000 at present. He said the money is bonding authority; the University can borrow funds to take action on these energy savings projects, and the proceeds from

the energy savings will pay back the bonds. Initially, the statute was \$10,000,000 per university. For Indiana University it meant this amount for all the IU campuses. Now the statute has changed to \$15,000,000 per campus. This particular project at the South Bend campus is IU's priority.

Dr. Bepko asked whether this project would become a general obligation of the State of Indiana, when the Commission, by voting on this project, allows IU to sell \$8,000,000 worth of bonds. Mr. Morrison responded that the bonds are backed up by the state, but IU has the primary responsibility to pay this amount. He added that this is a different way to do R&R that will not cost the state or the institution any money.

C. Policy on Approving New Degree Programs for Ivy Tech Community College

Commission members have deferred action on this item until December Commission meeting.

VIII. INFORMATION ITEMS

- A. Status of Active Requests for New Academic Degree Programs
- B. Capital Improvement Projects on Which Staff Have Acted
- C. Capital Improvement Projects Awaiting Action
- D. Minutes of the September Commission Working Sessions

There was no discussion of these items.

IX. NEW BUSINESS

There was none.

X. OLD BUSINESS

There was none.

XI. ADJOURNMENT

The meeting was adjourned at 12:50 p.m.

Mike Smith, Chair

Jud Fisher, Secretary