Budget and Fiscal Policy Committee Meeting

March 14, 2012

Attendees: Jason Dudich, Teresa Lubbers, Chris Murphy, Chris LaMothe, Ken Sendelweck, Eileen O’Neill Odum, William Bogard, Tom Morrison, Gretchen Gutman, Susan Williams, John Grew, Diann McKee, Jeff Terp, , Cindy Brinker, Julie Griffith

Ms. Odum began the Committee meeting at 8am EST. Ms. Odum discussed the agenda for the meeting.

Mr. Dudich and Ms. Odum reviewed an updated version of the Budget Instruction Project Plan. Updates to the plan included new deadline goals for the budget process including when submissions would be due to CHE, when data would be populated and provided to the institutions from CHE and the expected times when institutions would present their budget submission to the Commission. (Item included)

Ms. Odum then reviewed her edits to the Higher Education Efficiency Guidelines that was discussed during the 2/7/12 committee meeting and the report out during the Thursday night Commission discussion on 3/8/12. Mr. Murphy noted that document was a good start to make suggestions to institutions regarding efficiencies, but felt the document might seem to prescriptive as it stands today. Mr. Murphy suggested a preamble or some type of starting paragraph to put the guideline document in context. Ms. Odum agreed and noted that such text should be included. Other committee members did not have a chance to fully review the document. Ms. Odum stated the document was still a work in progress and the committee would continue to review and provide suggested changes to Mr. Dudich and other committee members.

Mr. Dudich then proceeded to review the draft budget schedules developed during February and provided to the committee and institutions on 3/1/12. Mr. Dudich noted that schedules are still a work in progress and based on the Budget Instruction Project Plan, should be completed on or before 4/30/12. Mr. Dudich mentioned that the institutions should have their individual feedback regarding the schedules to him by 3/19/12. Mr. Dudich then provided a brief overview of the schedules to the committee members and noted the major changes in the schedules from previous years. Mr. Murphy noted that while some data was being collected and provided by the Commission and other data from the institution itself, being able to gather and provide the data from one entity will help align information and data in the future. Mr. Murphy also inquired regarding the General Fund Operating Budget and Student Financial Aid tab how Work Study programs are included in these figures and how the institution provides funding for the Work Study program. Mr. Dudich noted that he would look into this issue and determine how the 7 institutions account for the Work Study Program.

Mr. Dudich finished up the budget schedule discussion noting that further work will need to be done with the schedules regarding data from the institutions, feedback from committee members and other parties and drafting the text part of the instructions. (Item attached)

Mr. Sendelweck inquired as to the current pending capital projects with the Commission and wished to confirm that the policy under the instructions and the committee would be that any pending capital projects which have been authorized by the General Assembly but do not have funding associated with the project would not be reviewed by the Commission at this time. Rather, each institution should re-submit their pending capital projects along with newly requested capital projects as part of their 2013-15 capital project requests from the state. Mr. Dudich concurred with that statement.

Mr. Sendelweck noted that based on this policy, any pending state funded capital project may not be approved by the Commission until the end of the 2013 legislative session. Mr. Murphy confirmed the committee’s concern with approving capital projects without state funding and the policy that the Commission should wait until funds have been identified.

Mr. Terp stated that the policy relates to appropriating new funds for capital projects, however, Ivy Tech has calculated they expect to under spend their debt service appropriation, allowing Ivy Tech some room to add a new project without going over the appropriated amount for debt service. Mr. Terp noted that based on their analysis Ivy Tech could fund a new capital project without requesting any new funds. Mr. Bogard noted that figures would need to be reviewed by the Commission and Budget Agency before a project was deemed to have funding. In addition, Mr. Bogard and Mr. Murphy noted that the legislature approved funding for a specific set of capital projects in the 2011 session. If a project was not included in that list, should it be moved forward even though funds are available based on refinancing debt or savings in debt service. Mr. LaMothe mentioned that R&R was still a major concern, and asked would the Commission be willing to fund a new capital project using up higher education funding resources versus funding R&R. Mr. Murphy concurred. Further discussion would be necessary to address this issue.

The meeting ended at roughly 9:00am EST. The next meeting will be April 11, 2012 at 8am EST.