**Commission for Higher Education - Budget and Fiscal Policy Committee**

October 12, 2011 Meeting Minutes

**Attendees**: William Bogard, Cindy Brinker, Jason Dudich, Julie Griffith, Kevin Green, John Grew, Gretchen Gutman, Chris LaMothe, Jeff Linder, Teresa Lubbers, Tom Morrison, Eileen O’Neil Odum, Phil Rath, Ken Sendelweck, Mike Smith, Susan Brock Williams

Mr. Dudich provided an update to the Committee on the Performance Funding Formula (PFF) project. He noted that the next task following the CFO meeting is to develop a draft recommendation for the PFF sub-committee to review. That meeting will be held on October 28, 2011 and will allow the PFF sub-committee to review the draft proposal and provide staff with thoughts and revisions to prepare for the December Commission vote.

Mr. Dudich updated the Committee on the legislative mandates required of the Commission. It was noted that for the PFF revisions mandate, the project was on task and referred to the previous discussion regarding the PFF. Also noted was the Entrepreneurship Inventory mandate and the status on the project. Mr. Dudich noted the project was on schedule and hoped to have the report and website up and running before the November 1, 2011 deadline. For the mandate to have a financial transparency website for public institutions on the CHE website, Mr. Dudich updated the Committee on the gathering of information being conducted by CHE staff and the hope to have a status update as required by law on November 15, 2011. Mr. Dudich noted he hoped to have the website up and running by the 15th of November, but mentioned the law only requires an update on the project by the 15th. Finally, Mr. Dudich mentioned the mandate for CHE to study the Ivy Tech enrollment patterns and how Ivy Tech will address those enrollment changes with capital requests. Currently, CHE is gathering information from Ivy Tech and hopes to have a report ready by the December 1, 2011 deadline to share with the Budget Committee and the Commission members.

Mr. Dudich commented on the project to update the Commission’s policy regarding the review and approval of capital projects. Currently, Mr. LaMothe and Mr. Dudich are still working on this project and determining next steps. Ms. O’Neil Odum inquired as to the establishment of any milestones or dates for this project. Mr. Dudich mentioned the need to establish a timeframe for the project and would want to work with Mr. LaMothe on that aspect of the project. Mr. Dudich stated he would work with Mr. LaMothe on setting up a time to discuss this topic and other items regarding the project in the future.

Ms. Lubbers spoke about the PFF and the need to keep the current form in mind when considering revisions to the PFF as part of the mandate from the legislature. She noted that keeping the current setup is important to the PFF and has been echoed by institution’s Presidents as a major concern during discussions.

Mr. Smith agreed with Ms. Lubbers and noted his discussions with some of the institutions regarding the PFF and stated his concerns with the current level of the PFF funding and the marginal changes it is making. He asked the question why the Commission could not layer on top of the PFF an incentive to increase completion. An example he gave was asking an institution what it would take to generate more degrees and how it could be done.

Ms. Lubbers added comments about the PFF that with adequate time and current PFF efforts, changes will be made in the system, but to remember the change will take some time and there will be small changes in degree production during the onset of the updated PFF. She noted that as the Commission talks about PFF changes, keeping all options on the table are important.

Mr. Smith agreed with Ms. Lubbers and noted the national attention the state, CHE and the PFF has gained in the last few years. He posed the question can Indiana perform at a better level and challenge our institutions asking what it would take as a system to get more degrees for Hoosiers. Mr. Smith added that we should look for ways to accelerate degree production and wanted to know what institutions and the state would need to make such a change.

Ms. Odum noted that the PFF will take time to make change, but the Commission cannot stop moving forward with the PFF and making changes. She noted the Commission and others need to talk about making the changes Mr. Smith noted, but there was concern that institutions were not talking about this issue unless pressed from outside entities, like the Commission.

Ms. Lubbers agreed the dialogue provided by Mr. Smith and Ms. Odum is important and should continue as the discussion moves forward. She noted the current PFF is a growth model and will take time to make change but wanted to discuss further a target model. She noted the need to gather thoughts from the institutions as to how they would reach targets that might be set forth.

Mr. Linder provided his thoughts on a target based model and inquired as to what steps would be taken to develop this model, how would the targets be set, and at what level. He noted that each campus differs based on student make up, but would be open to talking about a target based model.

Ms. Lubbers concluded the meeting stating the current goals for the PFF should focus on the number of graduates and the graduation rate. Ms. Odum agreed that the Committee should focus on numbers, present information to the full Commission at the annual retreat and then determine the next steps.

The meeting ended at approximately 9:00am.