

**State of Indiana
Commission for Higher Education**

Minutes of Meeting

Thursday, September 8, 2016

I. CALL TO ORDER

The Commission for Higher Education met in regular session starting at 1:00 p.m. at Indiana University Bloomington, 900 East 7th Street, Bloomington, IN University, with Vice Chair Susana Duarte De Suarez presiding.

ROLL CALL OF MEMBERS AND DETERMINATION OF A QUORUM

Members Present: Gerald Bepko, Dennis Bland, John Conant, Susana Duarte De Suarez, Jud Fisher, Lisa Hershman, Chris LaMothe, Mika Mosier, and Caren Whitehouse.

Members Absent: Jon Costas, Allan Hubbard, Chris Murphy, Dan Peterson, and John Popp

CHAIR'S REPORT

Vice Chair Duarte De Suarez began her report stating on behalf of the Commission, I would like to thank Indiana University for providing us with a tour of campus and your hospitality last evening, and for hosting our meeting today.

I wanted to pass along Chairman Peterson's regrets to the Commission Members and institutional leaders here today that he was unable to attend this meeting due to a long standing prior engagement.

We have several updates on Commission-related events, so please mark your calendars for these upcoming events.

Later this month the Commission will host a Quantitative Reasoning Faculty Workshop to complement the Commission's participation in the Building Math Pathways project. A statewide group of faculty will have the opportunity to hear from Eric Gaze, Director of the Quantitative Reasoning Program at Bowdoin College in Maine on the importance and relevance of Quantitative Reasoning. That workshop will be held on September 27th and faculty from all disciplines are welcome to attend.

The Commission is pleased to announce that with sponsorship from USA Funds that the Student Advocates Conference will take place again this year on December 1-2 in Indianapolis. You may recall that last year the inaugural conference had over 350 participants from all areas of student success including advisors, mentors and other advocates in higher education.

Finally, our Faculty Commission Member, Dr. John Conant, will host a Faculty Leadership Conference in February 2017, focusing on integrating career ready skills into lower level course curriculum. More details about this event will be made available this fall.

COMMISSIONER'S REPORT

Commissioner Lubbers began her report stating, I hope you're feeling a growing momentum around issues related to higher education. Maybe part of this is because school is "back in session." I think more importantly it's because higher education is taking a place of greater importance to Hoosiers – not just higher education leaders, employers and policymakers – but more broadly the Hoosiers who are seeking to improve their lives through increasing their preparation. In recent days, I read editorials by Vince Bertram, President and CEO of Project Lead the Way, and Michael Hicks, the Director of the Center for Business and Economic Research at Ball State University. Each addresses in specific ways the answer to the question of college value. According to Vince Bertram, "Here is what we know: The real college debate should not be "whether," but rather what type of postsecondary education one should pursue. The decision properly requires taking the long view. Think of the cost of post-secondary education as investing in the future, with the extra earnings as the "return on investment."

Mike Hicks makes his case by discussing employment changes by both occupation and education attainment. "The most startling labor market fact is that for the past quarter century total employment has declined for workers with a high school diploma or less. While total employment between 2007 and 2015 has risen by 3.2 percent of 4 million jobs, employment for workers without a college credential has declined by 7.2 percent, or more than 5.1 million jobs over the same period. It is important to say plainly that these jobs aren't coming back."

Adding to this dynamic is a report by the Georgetown Center on Education and Workforce entitled "America's Divided Recovery: College Haves and Have Nots." These findings show that while some jobs are back, they are not concentrated in the same occupations that lost jobs during the recession. "The Great Recession crushed low-skill blue-collar and clerical jobs, while the recovery added many high-skill managerial and professional jobs. Workers with at least some postsecondary education now make up 65 percent of total employment."

It is against this backdrop of value and employment needs that the Commission will release our Indiana College Value Index on September 21st. We discussed this at the morning working session, too.

The beginning of the academic calendar is also a good time to consider trends that are likely to impact higher education policy, schools and students. Some trends cited by the Education Commission of the States and others:

1. The free community college movement and related cost discussions.
2. Getting serious about adult students.
3. Sexual violence prevention and response fueled by high-profile cases.
4. Remote learning and its impact on institutions and students.
5. Ways to measure learning and the alignment with job needs.

In each of these areas, Indiana and our institutions are responding and our strategic plan is guiding the Commission's efforts.

CONSIDERATION OF THE MINUTES OF THE AUGUST, 2016 COMMISSION MEETING

R-16-06.1 RESOLVED: That the Commission for Higher Education hereby approve the Minutes of the August 2016 regular meeting (Motion – Fisher, second – Bland, unanimously approved)

II. BUSINESS ITEMS

A. 2017-2019 Indiana Postsecondary Institution Budget Presentations

1. Indiana University

President Michael McRobbie presented this item.

Mr. LaMothe remarked that he is continually impressed that President McRobbie and his peers, in differing sizes, are running an incredibly complex, very sophisticated and enormous operation: a billion dollar corporation called a university. Mr. LaMothe is impressed with what Indiana University is doing. He read through the strategic vision and saw significant improvements in some of the key metrics that we've been looking at, including the rate of tuition increases. He stated that one of the great challenges that President McRobbie and his peers have is growing and responding to the educational requirements and opportunities, while also trying to manage cost and finding sources of revenue to fuel it.

Mr. LaMothe stated that he will be asking this same question to each of the institutions. He said the one thing he does not hear often are the efforts that the university is doing to manage costs to look for efficiencies and to drive out obsolete costs or practices and asked President McRobbie to talk about what IU is doing.

In response to Mr. LaMothe, President McRobbie stated that IU has a similar strategic or intense focus on operational improvements, driving costs out of the system and trying to drive efficiency. On the academic side, when you're in an environment where the bulk of your employees are tenure track or tenured employees in the university, in order to respond to need, you cannot do it in terms of how people do it in a business design. IU's approach has really been a progressive transformation of the university. The School of Health, Physical Education, and Recreation (HPER) is a classic example. While it was a school that was highly relevant and contemporary when it started it was becoming less so in recent years. The goal was to transform it into a school that was going to be focused on the professions of the future. The point being, how can we best utilize resources we already have by transforming an institution that maybe had less relevance today than it had into one that is very relevant and professionally focused. All of the seven programs you have seen are focused on how IU can transform the core academic mission of the institution to focus on where the professional needs and demands are coming from our students.

President McRobbie stated, on the administrative side, decide what can be done centrally and what can rightly be done at the level of the individual schools or campuses. IU has progressively and systematically worked on the centralization of services where that makes sense across the university. The most recent example is under the extremely able direction of John Whelan, Associate Vice President of Human Resources, a new strategic plan was implemented to bring together all our disparate human resources organizations and point them all in one direction. This is a way of better utilizing the resources IU already has and can lead to a greater leverage of those resources in economies of scale. These are among the kinds of effective strategies you can put in place because they're strategies with a purpose, people can understand why you're doing them and although they can be disruptive there's a clear goal in mind for why you're doing it.

There is no shortage of other programs that we have put in place to reduce costs across the university. He said Dr. Morrison could speak extensively about energy costs and how all new buildings will be at least LEED silver certified and renovated buildings will be LEED silver certified. That alone results in tens of millions of dollars to the institution. In the long version of the strategic plan, the very last priority is focused exactly on the whole question of efficiency and greater effectiveness.

2. Indiana State University

President Daniel Bradley presented this item.

Mr. LaMothe stated that it is clear President Bradley is very focused on many of the key initiatives of the Commission and applauds their performance over the last several years. He said you have been focused on the necessity of cutting cost and driving efficiency.

In response to Mr. LaMothe's question about how they've done so well in cutting costs, President Bradley said he thinks if 65-70 % is personnel, they must be the focus. ISU has done a number of things in other areas such as outsourcing some activities. ISU works very hard in remodels to make sure light and thermal insulation is improved at the same time so that utility costs are controlled. The price of those utilities is going up fast enough so that even though usage is going down, cost is rising. ISU outsources things someone else can do better. For instance, the dining operation is outsourced because Sodexo, with a worldwide reach, can run a better dining operation than ISU. ISU has very few vehicles and use Enterprise Rental Car for most of the vehicles used. Efficiency must increase 1-2% per year over the next decade in order to balance the books. ISU has made their classrooms large and there is a limit to that. There is a limit to how much utilization you can get from your buildings. We've retired about 100,000 square feet of academic administrative space in the last decade at the same time that we've increased our student body. ISU has greatly increased the efficiency that they're getting from their buildings.

Mr. Bland asked President Bradley to comment on a graph in a slide regarding ISU's operating appropriations and trends and state appropriations. President Bradley said that the left hand side coincides with the great recession. Everyone lost a significant

amount of dollars at that time, but we have not been a winner in the performance funding process and we have just continued to atrim our state appropriations.

Mr. Bland requested clarification on the next graph as well. President Bradley said the first graph is simply state appropriation and it has declined from 77 million to 66 million in the period of 2009 to 2017. The second graph reflects that decline as well as about a 30% increase in enrollment. It is more complex because there are two variables taking place at once. Some institutions whose graphs stays flat or goes up, it doesn't necessarily mean that they got more money, it could be that they have fewer students or some combination. It is about two thirds student enrollment and one third decline in appropriation.

Ms. Lubbers commented, in defense of President Bradley, in terms of the time President Bradley came and the numbers during that time. He came at a point with the chart we show you that ISU, based on their enrollment and appropriation, was at a very high level compared to other four year institutions. He has been building the enrollment up and as he's indicated, a lot of this has to do with appropriation per FTE and the relationship with your enrollment during that time. You have to look at both pictures in context, the economic situations and the enrollment changes during that time. We have every reason to believe that these numbers based on performance and economic improvement during this time that we could see some upward ticking of that as well. It's a contextual picture that tells a story but it has a lot of nuances to it as well.

3. University of Southern Indiana

President Linda Bennett presented this item.

Ms. Whitehouse commented that the name Physical Activity Center Classroom does not adequately describe what this building does or is. She hopes when the Commission visits USI in November there will be an opportunity to see it. It is a very multipurpose building and very heavily used by all students at one point or another. It is not just an avenue for commencement or basketball games, but a powerful building with a lot of connections throughout the campus. The name really belies what it does.

Mr. LaMothe said that each university is having to look at cost and efficiencies. He asked President Bennett to discuss what USI is doing and if it involves the board or if it is more focused among the administrative team.

President Bennett stated that USI has always been focused on efficiency because it was a need. She said they've always had a very low tuition coupled with a very low state appropriation, they have had to make sure they're making the most out of every dollar. At every board meeting, members of the board and the finance committee monitors very closely and presses in terms of what are you doing to stop some things in order to take on new things. USI has public budget hearings on campus that are launched by saying, these are the revenues and here's how they've been spent. Guidelines for the Vice Presidents and the Deans are that if you want to do something new, tell us what you are going to stop doing and do it through reallocation. Campus wide, if we want to do something, how do we find existing monies to make that possible. When she

interviewed at USI to become Provost 13 years ago, she walked in during her interview to the open budget hearing process. That was a tradition at USI of being very open with budget, very realistic and asking the hard questions in terms of why are you asking for these new monies and is there a way through reallocation to accomplish that. In 2010 when the Commission asked the National Center for Higher Education Management Systems (NCHEMS) to do a study of efficiency across the campuses, USI was found to be highly efficient. USI was congratulated for producing more degrees than resources would have dictated USI would be able to do. NCHEMS even questioned their own measures because they felt that just couldn't be true.

In response to Mr. Bland's request to provide insight into something that would be helpful for the Commission to know as you think about your budget, President Bennett stated that she has always felt that the Commission recognizes the uniqueness of USI. She has been very gratified as she goes into Indianapolis, legislators outside of their region have begun to talk to them and recognize they represent something of a different model. USI is not a research university 'wannabe' but are still multipurpose. USI takes at a high value the impact they have on students. The engagement model was part of USI's founding. Think of USI as a modern day land grant. If you went back and looked at the land grants in the late 19th century going into the early 20th century, you would see a lot of parallels in their development and the development of USI. USI was developed for the same reason as the 1862 Act established a lot of the land grants. USI was put there deliberately to develop and enhance that region. When USI became a statewide public institution in 1985, one third of high school graduates in the region went on to postsecondary education. Now, more than 80% do. That is our impact.

4. Vincennes University

President Chuck Johnson presented this item.

Mr. LaMothe stated that he knows for years Vincennes University has had to work with less, and in particular in the last few years it is remarkable to see what VU is doing. He asked President Johnson to discuss some of the strategies or focuses of VU on this area of drive efficiency and cost out of the system.

President Johnson stated that he worked for four higher education institutions in his career and this is the most thinly staffed, administratively, organizations he's been involved in. Where other organizations might have four people to do something, VU has a quarter of a full time person who does it. VU is very conscious of the overhead costs of having too much administration. VU has a very cost sensitive approach and are very conscious of the value offered. Quality has to be matched with the cost of what is being delivered. One of the most recent initiatives launched is under the health care plan. VU is self-insured so every time costs go up, VU bears the direct cost. Two years ago, they approached the board and said they would like to develop their own clinic, manage their own wellness program and run their costs through this clinic. VU would hire the staff and it would be for all of VU employees. Side by side with that, would be two other initiatives. First, all staff would be put through wellness screenings so that there is opportunity to anticipate and identify long term and critical problems that people are facing. In the first year of this, VU has identified some individuals, unbeknownst to

them, some very serious health issues and have been able to get them the care needed in a way that not only preserved their health but also preserved some of the costs incurred with later diagnoses. Second, faculty and staff are given the resource to identify the best provider for their need at the best cost. VU has seen tremendous savings and have kept health care premiums flat for employees and VU for about four years. They have identified about one million dollars in savings by running their own clinics.

He continued saying like other institutions, VU has limited control over energy costs, however with the support of the state and others, a significant steam line replacement that is saving thousands of gallons of water and a lot of money to try to develop the heating on the campus. VU has created more efficient buildings on campus and part of VU's capital request is to continue to build on that. Their board is a very engaged with helping maintain VU as a very cost effective and value driven organization. VU has done a lot to take a look at whether academic and administrative programs need to be reorganized. VU is fortunate to have industrial partners that help in the curriculum in ways that otherwise they would not have the resources to do.

Ms. Duarte De Suarez stated that President Bradley talked about the Guided Pathways to Completion and talk about the incorporation of some of these programs to the 15 high schools. She asked him to explain what kind of setups or agreements are needed to get into the curriculum of the high schools. President Bradley said in many cases these are places that VU already had dual credit relationships, so this was taking it to a different level. VU goes in and identifies what kind of programs based on their industry and regional workforce needs that they would be able to develop. The main thing is taking a VU curriculum and standards and delivering it at the high school level, wherever possible, using the high school faculty member who is credentialed to teach at the college level.

B. Academic Degree Program for Expedited Action

1. Ph.D. in Data Science offered by Indiana University at Indiana University-Purdue University Indianapolis
2. Doctor of Public Health in Global Health Leadership offered by Indiana University at Indiana University Purdue University Indianapolis
3. Associate of Applied Science in Optometric Technology to be offered Ivy Tech Community College in Bloomington

R-16-06.2 RESOLVED: That the Commission for Higher Education approves by consent the following degree programs, in accordance with the background information provided in this agenda item. (Motion – Bepko, second – LaMothe, unanimously approved)

C. Capital Projects for Full Discussion

1. Indiana State University – Rhoads Hall Renovation

Diann McKee presented this item.

Dominick Chase provided the staff recommendation.

R-16-06.3 **RESOLVED:** That the Commission for Higher Education approves by consent the following capital project, in accordance with the background information provided in this agenda item. (Motion – Bepko, second – Fisher, unanimously approved)

C. Capital Projects for Expedited Action

1. Ball State University – Health Professions Building

R-16-06.4 **RESOLVED:** That the Commission for Higher Education approves by consent the following capital project, in accordance with the background information provided in this agenda item. (Motion – Fisher, second – Whitehouse, unanimously approved)

IV. INFORMATION ITEMS

- A. Academic Degree Programs Awaiting Action
- B. Academic Degree Program Actions Taken by Staff
- C. Capital Projects Awaiting Action
- D. Media Coverage

**V. OLD BUSINESS
NEW BUSINESS**

There was none.

VI. ADJOURNMENT

The meeting was adjourned at 3:45 P.M.

Dan Peterson, Chair

Chris LaMothe, Secretary