

**State of Indiana
Commission for Higher Education**

Minutes of the Executive Committee Meeting

**July 2, 2009
Thursday**

I. CALL TO ORDER

The Commission for Higher Education met in executive session starting at 8:30 a.m., via conference call, with Chair Michael Smith presiding.

II. ROLL CALL OF MEMBERS AND DETERMINATION OF A QUORUM

Members Present: Gerald Bepko, Jon Costas, Carol D'Amico, Jud Fisher, Gary Lehman, Marilyn Moran-Townsend, Chris Murphy, Ken Sendelweck, Clayton Slaughter, Michael Smith, and Kathy Tobin

Mr. Smith welcomed those institutional presidents and representatives who were also present. He extended the Commission's appreciation of the institutional involvement and cooperation with the Commission's first attempt at setting non-binding tuition and mandatory fee targets.

Mr. Smith welcomed Senator Teresa Lubbers as the new Commissioner and invited her to speak.

Senator Lubbers said that she is honored to be serving at the Commission for Higher Education. She explained that the Commission was late in setting the tuition targets because the statute states that the Commission is to make its recommendations "after the enactment of a state budget", and that a budget was not passed during the regular session of the General Assembly. She said this meeting was scheduled at this time to allow the targets to be set as quickly as possible following the passage of a state budget and the adjournment of the special session of the General Assembly. Commissioner Lubbers noted the concern the General Assembly had over the state of the Indiana economy, particularly the high levels of unemployment and underemployment statewide, but particularly in hard-hit pockets of the state, both in terms of the state budget that required a special legislative session to pass and the non-binding tuition targets that the Commission is adopting today, and that the Commission shared that concern. But she noted the Commission also recognized the need for Indiana's public postsecondary institutions to carry out their missions and to work toward and within the recommendations in the Commission's *Reaching Higher* Strategic Plan for Higher Education. Therefore, she said the Commission recognizes the institutions' need for modest tuition increases.

III. DECISION ITEM

A. Adoption of Non-Binding Tuition and Mandatory Fee Targets for 2009-10 and 2010-11

Mr. Bernie Hannon, Associate Commissioner for Facilities and Financial Affairs, explained how the Commission attempted to comply with its new legislative mandate, while taking into consideration that each institution's board of trustees has the sole authority to set tuition and fees at their respective institution. He pointed out that the state statute charges the

Commission to recommend non-binding tuition and mandatory fee targets for each public institution. He said the Commission chose to make recommendations for Indiana University and Purdue University as a "system" rather than by each specific campus. He said the statute is vague on which fees the Commission is to make recommendations, but the Commission's fiduciary duty is to the taxpayers and students of Indiana and to the state's system of higher education. As such, the Commission chooses to recommend tuition and mandatory fee rate increases only for resident undergraduate tuition and fees. He said that the Commission intentionally makes no recommendation as to any other tuition and fee rates.

In considering the non-binding tuition and fee targets, the Commission followed the following five guiding principles:

1. Funding adequacy
2. Access and affordability
3. System efficiency
4. Market forces
5. Productivity

Mr. Hannon commented on the specifics of the 2009-11 state budget and the higher education appropriations. The appropriations vary markedly by campus, with Ivy Tech Community College of Indiana receiving an increase and most other campuses seeing declines ranging from 3% to 8%. However, all reduction in general fund appropriations are restored through funding from the federal American Recovery and Reinvestment Act of 2009 (ARRA), also known as the federal stimulus bill.

Mr. Hannon presented the following non-binding tuition and mandatory fee targets by institution and gave the staff recommendation:

FY 2010

| | |
|--------------------------------------|------------|
| Indiana University | 0% to 5% |
| Purdue University | 0% to 5% |
| Ball State University | 0% to 4% |
| Indiana State University | 0% to 3.5% |
| University of Southern Indiana | 0% to 5% |
| Vincennes University | 0% to 3.5% |
| Ivy Tech Community College | 0% to 4% |

FY2011

| | |
|--------------------------------------|------------|
| Indiana University | 0% to 5% |
| Purdue University | 0% to 5% |
| Ball State University | 0% to 4% |
| Indiana State University | 0% to 3.5% |
| University of Southern Indiana | 0% to 5% |
| Vincennes University | 0% to 3.5% |
| Ivy Tech Community College | 0% to 4% |

Mr. Costas thanked Mr. Hannon for his efforts in addressing this mandated process. He asked Mr. Hannon to comment on SSACI funding, and why Ivy Tech did not receive ARRA funds. He also noted the Commission's charge to oversee the state's system of higher education. He also noted that the Commission recommendations did not differentiate tuition targets between regional campuses in an attempt to give Indiana University and Purdue

University more flexibility to determine the appropriate level of tuition and fees at each Regional campus.

Mr. Hannon stated that SSACI received increases of 6.5% in 2010 and 2.9% in 2011, but the increases are not sufficient to cover the demand. Mr. Hannon further answered that ARRA Part A funds could be used only to restore cuts in operating appropriations. Since Ivy Tech received an actual increase in state appropriations, and not a cut, ITCCI was ineligible for ARRA Part A funding. The Commission did encourage the institutions to not include the federal funds in their long-term base budget plans because the ARRA funds are temporary in nature.

Mr. Lehman questioned the relevancy of including the 0% in the range. Commissioner Lubbers stated that staff realized that the 0% probably would not be implemented, but the Legislature requested that it be included in the Commission's recommendations. Mr. Lehman stated he was concerned that a 0% recommendation might hurt the credibility of the Commission's recommendations. Mr. Murphy asked if the Commission should consider removing the 0% option, but not take it off of the table. Ms. Moran-Townsend concurred with Mr. Murphy's suggestion. Mr. Lehman questioned why the recommendations were in percentages instead of specific dollar amounts. Mr. Smith responded that the percentage versus dollar amount issue was brought to his attention, but the statute does not guide the Commission to recommend in dollar amounts and that percentages make the most sense. Ms. Moran-Townsend asked as a matter of clarity that tuition increase be shown in both dollar and percentage amounts for clarity. Mr. Smith stated that dollar figures are presented in the agenda item. Mr. Hannon stated that a new spreadsheet illustrating the dollar amounts could be provided to Commission members.

R-07-06.1 RESOLVED: That the Commission for Higher Education hereby adopts the recommendations of non-binding tuition and mandatory fee increase targets for each of Indiana's public postsecondary institutions for 2009-10 and 2010-11 consistent with this agenda item. (Motion of Costas, second - Sendelweck, unanimously approved)

X. ADJOURNMENT

The meeting was adjourned at 8:55 a.m.

Michael Smith, Chair

Jud Fisher, Secretary