

**State of Indiana  
Commission for Higher Education**

**Minutes of Meeting**

**Thursday, September 11, 2014**

**I. CALL TO ORDER**

The Commission for Higher Education met in regular session starting at 1:00 p.m. at Indiana University Bloomington, Indiana Memorial Union, 900 East 7<sup>th</sup> Street, Bloomington, IN 47405, with Chair Dennis Bland presiding.

**ROLL CALL OF MEMBERS AND DETERMINATION OF A QUORUM**

*Members Present:* Gerry Bepko, Dennis Bland, Sarah Correll, Susana Duarte De Suarez, Jud Fisher, Allan Hubbard, Chris Murphy, Dan Peterson, John Popp, and Caren Whitehouse.

*Members Absent:* Jon Costas, Lisa Hershman.

**CHAIR'S REPORT**

Mr. Bland asked the audience to have a moment of silence in remembrance of the September 11, 2001.

Mr. Bland invited Dr. Michael McRobbie, President of Indiana University to give welcoming remarks. Dr. McRobbie welcomed members of the Commission to the campus. He thanked members of the Commission, State Budget Agency, Governor Pence, state legislation, and others who were involved in helping the universities craft their budgets. Dr. McRobbie said that during the last seven years of his presidency he has had numerous opportunities to witness the deep commitment to the higher education and to the future of the state that is shared by all Indiana public officials.

Dr. McRobbie said that the Commission works together with Indiana universities to make them more efficient, affordable, and accessible, and preserve and enhance the quality, while being good stewards of the state resources. Dr. McRobbie pointed out that the importance of Indiana higher education institutions for the long term vitality of the economics of the State is immense.

On behalf of the Commission, Mr. Bland thanked President and campus leadership for the guided tour of the IU Bloomington campus yesterday; for hosting a reception and dinner last night, and for hosting the meeting today.

Mr. Bland announced that the Indiana Student Completion Council will have its first meeting today after the Commission meeting activities conclude. Mr. Bland thanked the students for taking time out of their day to serve on the Council, and said that the Commission is looking forward to working with them as they strive to move the needle of college completion and enhance student success in Indiana.

Mr. Bland drew the Commission members' attention to a handout given to them. He said that Commissioner Lubbers and Stan Jones, President of Complete College America, recently published an OP ED in Indiana's *15 to Finish* Campaign. Bland said this clearly articulates the importance of the campaign and addresses the concerns the Commission has faced as the staff has taken this message to the campuses.

Mr. Bland highlighted some of the work the Student Success and Completion Committee was doing to address the issues of quality of life on campus. At their meeting on IU Bloomington's campus yesterday, the committee was joined by Leslie Fasone, Assistant Dean for Women's and Gender Affairs, and Rachel Martinez, Student and Co-Chair, Culture of Care Steering Committee, to hear a presentation on Indiana University's Culture of Care Initiative. Mr. Bland said that the Commission will address the issues of

quality of life on campus in the coming months. Mr. Bland also mentioned that at the meeting yesterday Ms. Martinez said that they are trying to change the culture. To his question about the kind of culture, she responded that she meant “the culture of assault on the campus.” Mr. Bland mentioned that this subject is getting a lot of attention nationwide. On behalf of the Commission, Mr. Bland commended the work of IU and other universities on this important issue.

Mr. Bland invited Commissioner Lubbers to give her report.

### **COMMISSIONER’S REPORT**

Ms. Teresa Lubbers, Commissioner, began her report by saying that after summer months it was great to see so many students on campus. Commissioner Lubbers noted that in October Stacy Townsley, Associate Commissioner for Information and Research, will be providing a full report on the fall enrollment; but since this meeting was being held on Bloomington campus, Commissioner Lubbers had some numbers to share with the Commission members.

IU Bloomington has a record size freshman class, with 7,708 first time students, whose GPA is up slightly from last year (3.73 from 3.72). The class represents a higher number of racial or ethnic minorities, with 1,000 first time students. Commissioner Lubbers pointed out that this is especially important to the Commission considering its work with the 21<sup>st</sup> Century Scholars Program. Almost ten percent of IU’s first time students are 21<sup>st</sup> Century Scholars; and across the IU System there are 2500 21<sup>st</sup> Century Scholars. The incoming class at IUPUI is the largest and most academically prepared in campus history with 3,927 freshmen enrolled, up 6.5 percent from last year.

Commissioner Lubbers mentioned a brochure about *Advanced Internship in Manufacturing (AIM) Program*. She explained that on August 28<sup>th</sup> she had the opportunity to participate in a news conference at Subaru of Indiana Automotive in Lafayette. Commissioner Lubbers said that it was one of the best examples of the linkage between education, workforce development, and employers. Subaru is partnering with both Vincennes and Purdue in launching a new internship leadership program aimed at bridging the gap between post-secondary education and the need for highly skilled employees.

Students are selected from local high schools and begin classroom work at Vincennes where they learn cutting edge advanced manufacturing technologies. Beginning with the second semester, students work (at \$17.00 per hour) at Subaru three days a week and attend classes at Purdue University’s College of Technology two days a week. Upon completion, they will have an Associate Degree and will qualify for a full time position; and after six months employment can continue education at the School of Technology and earn a Purdue Bachelor’s Degree in Engineering Technology, paid for by Subaru. Commissioner Lubbers said that this is exactly the type of partnership between education and industry that promises to reinvent Indiana’s economy and ensure career pathways for more Hoosiers.

Commissioner Lubbers mentioned some of the activities that the Commission is sponsoring. One is College Go Week, which is always scheduled the last week in September, so it will be on September 22-26 with activities taking place in high schools throughout the state. Also, added Commissioner Lubbers, the Commission is in the process of recruiting additional Indiana counties to form College Success Coalitions. Currently there are 59 county coalitions that are operational, and it is the Commission’s goal to reach all 92 counties this year. These efforts are critically important to reach the 60 percent goal.

In conclusion, Commissioner Lubbers highlighted the latest *Education at a Glance* report that is annually issued by the Organization for Economic Cooperation and Development (OECD). Our country’s challenge is made clear in this report, which shows fewer young Americans getting more education than their parents compared to the other countries with the postsecondary attainment rate increasing faster in other countries.

Commissioner Lubbers said that the work the Commission is doing, especially among the first generation students is increasingly important. In the US only one out of 20 students, whose parents did not graduate from high school, will have a college degree. For the rest of the OECD countries this number was one out of four. Commissioner Lubbers said that more analysis of this report will be done in the upcoming months.

## CONSIDERATION OF THE MINUTES OF THE SEPTEMBER, 2014 COMMISSION MEETING

**R-14-06.1 RESOLVED:** That the Commission for Higher Education hereby approves the Minutes of the September, 2014 regular meeting (Motion – Whitehouse, second – Correll, unanimously approved)

### II. DISCUSSION ITEM: The Public Square

#### A. Indiana Bicentennial

Mr. Bland introduced Mr. Perry T. Hammock, CFRE, Executive Director of the Indiana Bicentennial Commission, and invited him to discuss the ways Indiana colleges and universities are honoring the Bicentennial and what they could do to make this memorable.

Mr. Hammock said that he has been with Bicentennial just for a few months, having spent almost his entire career with higher education. He was grateful for the chance to speak with the members of the Commission and college presidents.

Mr. Hammock said that the Bicentennial Commission was created in 2011. A group of 16 individuals serve on the Commission, and they represent the best in public, private and non-profit organizations in the state. Mr. Hammock gave a brief overview of the Indiana 2016 Bicentennial Commission, its activities and projects.

Mr. Hammock also spoke about some things that colleges and universities are already doing to get involved. He mentioned that his purpose for being here is to encourage the Commission to be supportive of the university Presidents as they find ways to make the bicentennial big on their campuses for the instate students and teach out-of-state students about Indiana.

On behalf of the Commission, Mr. Bland thanked Mr. Hammock for his presentation.

### III. BUSINESS ITEMS

#### A. 2015-2017 Indiana Postsecondary Institution Budget Presentation

##### 1. Indiana University

Before President McRobbie began his presentation, Commissioner Lubbers thanked Matt Hawkins, Nick Buchanan, Dominick Chase and Colby Shank for their efforts to streamline and standardize the Commission's processes for collecting the data from the institutions and for providing much greater clarity. On behalf of the Commission, Commissioner Lubbers thanked the Finance Division and Matt Hawkins for his leadership.

President McRobbie noted that Indiana University will have its 200<sup>th</sup> celebration in 2020, so the University decided that the year of the celebration will be the academic year 2019-2020. President McRobbie presented Indiana University budget. The link to the budget presentation is on the Commission's website. <http://www.in.gov/che/2427.htm>

In response to Ms. Correll's question regarding the issues and changes in Indiana that IU plans on making sustainable on such a small investment, President McRobbie confirmed that this is a relatively small amount, but they believe that this investment, appropriately utilized throughout the various places in the state, leverages some of the real strengths that IU has in informatics, information technology and in sciences.

Mr. Hubbard referred to a recent article in *Chicago Tribune* about Purdue University, in which it was pointed out that Purdue's non-teaching staff has grown over 70 percent over the last 18 years.

Mr. Hubbard asked about the growth of teaching and non-teaching staff during the last thirty years, relative to the number of students. President McRobbie responded that number of non-teaching research staff has grown due to the significant increase in funding that the university received for these purposes.

As to non-research staff, Ms. MaryFrances McCourt, Vice President and CFO, responded that at IU there has not been an increase in the administrative staff in the past decade. Ms. McCourt said that IU wants to make sure the focus is on the academic. In response to Mr. Hubbard's request to share the details, Ms. McCourt assured him that she would be glad to do this.

Responding to Ms. Duarte De Suarez' question regarding the Clinical Translational Science Institute, its partners and sharing of the costs, President McRobbie said that there are four main academic partners: IUPUI School of Medicine, Chemistry and Biology on this campus (Bloomington), Purdue, and Notre Dame University, with IU School of Medicine being a dominant partner, because it is medical science-based. The funding has come in portions and was pre-agreed by all these institutions, and four partners are also contributing resources. The grant is \$25 million for five years; the partners are committed in access of \$25 million to support this particular program.

In response to Dr. Bepko's question whether there is any private funding that would support the biomedical research, President McRobbie said that Lilly Endowment funded Physicians/Scientists Initiative with \$60 million. President McRobbie added that this initiative is attracting new faculty to the institution, and some of them become contributors to this project.

Responding to Mr. Murphy's question whether the funding request that comes from IU encompasses everything that IU does, President McRobbie confirmed that it includes the whole university system, including the regional campuses. President McRobbie added that he would be glad to send Mr. Murphy base numbers for three increases in their metrics.

Then Mr. Murphy had a question regarding the whole cost of attendance, whether this was an IU number, or a number reported by the US DOE. President McRobbie responded that this number was used as an independent validation. Mr. Murphy quoted the budget request where it said that the cost of one year at IU Bloomington is \$23,116, and that was reported by the US Department of Education. Mr. Murphy asked whether this was an average cost per year, to which President McRobbie responded in the affirmative. Mr. Murphy then asked whether the average net price for a student at IU Bloomington is \$11,361, and President McRobbie confirmed that it is, and that it takes into account the financial assistance that student might be eligible for.

Ms. Lubbers explained that the way the net cost of attendance comes in is dictated by US DOE, and it takes into account the cost of living, whether a student is a residential or a non-residential. The cost of attendance beyond tuition is determined primarily on housing.

Mr. Murphy said that these numbers are confusing, and for the purpose of the Commission it is important to understand what is included in these numbers and how the net price gets determined. Ms. McCourt explained that the total cost of attendance is based on the cost of living, and they both include housing. This is one of the single largest contributors to the student debt issue.

Mr. Hubbard concurred with Mr. Murphy's opinion that these numbers need more explanation. President McRobbie agreed, and said that the details will be sent to the Commission members.

In response to Mr. Popp's request to talk about the R&R formula, President McRobbie explained that the formula was created by the legislation some time ago. IU is requesting 50 percent of this formula that is applied to the capital stock of investment, as opposed to 25 percent, which IU asked last time. President McRobbie also explained the difference between their request two years ago and the current one. He said that their total defers maintenance of all university projects, and

with R&R funding at this level the university will be able to eliminate the smallest of these projects before the bicentennial of the university, while the bigger projects will take longer time.

## 2. Indiana State University

President Daniel Bradley presented Indiana State University budget. The link to the budget presentation is on the Commission's website <http://www.in.gov/che/2427.htm>

In response to a question from Mr. Hubbard about the reason for the decline in ISU's enrollment during the recession, President Bradley said that it was a period from 2004-2009, and continued into the recession for a couple of years. President Bradley explained that he could not give an exact reason since he arrived in the fall of 2008. After this, things became to change in the fall of 2009; then enrollment had a dramatic increase in 2010, and it continued up through this fall.

Responding to another question from Mr. Hubbard regarding the rise and decline of the FTE, President Bradley said that the state of Indiana has never funded a campus on a strict FTE formula basis. He confirmed that their appropriation was not reduced when their enrollment went down, and there have been occasional increases to the base funding through institution's student enrollment growth. President Bradley noted that in some states the appropriation would not be determined until January enrollment for the current fiscal year was available. In Indiana, however, the legislature made its decision regarding the appropriation, and it was not based on FTE.

Mr. Murphy made a comment that approximately ten years ago, Indiana State was the highest per capita funded in the state because enrollments have gone up so much, and for a long period of time that determined the funding. Mr. Murphy added that then it dropped into the phase going forward, so those who dropped in the funding got the benefit in the base of the money they got in the prior biennial.

Commissioner Lubbers said that it is similar to what is happening with K-12. She added that President Bradley is correct that primarily Indiana was an enrollment state based on the number that appeared in September, and then inflation index would be considered, as well as equity adjustments. Commissioner Lubbers noted that these last two years ISU was third in the appropriation per FTE. Commissioner Lubbers said that President Bradley had a very challenging task, which he has managed to handle, while still tackling really tough students, and the Commission is very aware of that.

Commissioner Lubbers said that the great news is that ISU is growing that population, so it is a challenge in terms of what period of time ISU will use for this. Commissioner Lubbers said that some institutions would like to use the performance funding formula based on their performance ten years ago; some would like to go back one year. Commissioner Lubbers commended ISU for taking on InsideTrack and doing it for the 21<sup>st</sup> Century Scholars. She expressed hope that \$2.4 million that Commission was able to draw down to pay for that will be helpful. She added that ISU still has an ongoing commitment to the students with whom they started.

President Bradley pointed out that the university has to match the Commission's money, though not for the first year. Commissioner Lubbers said that next year the only reason the institutions would have chosen to do so is to assist with the \$2.4 million that the Commission received, and that USA Funds pays for the first year with their commitment that the second year it pays for itself. That is the commitment from InsideTrack; it is a statement of faith on part of the school that chose to do that. Commissioner Lubbers said that a huge commitment that the university would like to see the state make to the building is really at focal point of ISU's presentation today, in terms of what it means to the school going forward.

President Bradley confirmed that it is very important to the university. He said that they need their R&R funding for other buildings; they have made major commitments from institutional funds from R&R, but R&R is a major task. President Bradley explained that the university has

over two million square feet, and in order to make their buildings last over forty, fifty and more years between major renovations, the university needs to continue using R&R money for these buildings. President Bradley requested going forward, if possible, to break the performance funding formula into a couple of pieces, to check the progress in a semi-quantitative, instead of a wholly quantitative manner.

## **B. Capital Project for Full Discussion**

### **1. Indiana State University Renovation of Blumberg Hall**

Ms. Diann McKee, Vice President for Business Affairs, Finance, and University Treasurer presented this project.

In response to Mr. Popp's question whether this is a co-ed structure, Ms. Diann McKee responded in the affirmative. She explained that when the Sagamore Towers was constructed in the 1960s, it was constructed in such a way that two towers would house male students, and the two others would house female students. In the 70s the change was going on at all campuses around the country, so they all became co-ed; however, each has one floor for men, another for women, and so on. Mr. Popp expressed concern regarding the safety of students in co-ed housings. Ms. McKee said that students have to have access cards to get to their floors.

Mr. Popp said that he noticed that annual debt payment is about \$1.6 million, which is about \$4,300 per student. Mr. Popp asked whether this becomes a cost of at least the major portion across the residential housing to the students. Ms. McKee explained that the room and board raise are determined upon the system, and they have approximately 11 facilities within ISU's housing system. The number that Mr. Popp referred to is based on 20-year debt at 5.57 percent; however, the anticipated annual debt service would be significantly lower this year.

Mr. Matt Hawkins, Associate Commissioner and CFO, Commission for Higher Education, gave the staff recommendation.

**R-14-06.2**      **RESOLVED:** That the Commission for Higher Education recommends approval to the State Budget Agency and the State Budget Committee the following project: *Renovation of Blumberg Hall – Indiana State University* (Motion – Peterson, second – Fisher, unanimously approved)

### **2. Indiana University Bloomington – Assembly Hall Renovation**

Dr. Thomas Morrison, Vice President, Capital Planning and Facilities, IU, presented this project.

In response to Ms. Duarte De Suarez's question regarding an impact on students' tuition and fees, Dr. Morrison assured her that there will be no impact at all.

Mr. Hawkins gave the staff recommendation.

**R-14-06.3**      **RESOLVED:** That the Commission for Higher Education recommends approval to the State Budget Agency and the State Budget Committee the following project: *Assembly Hall Renovation – Indiana University* (Motion – Murphy, second – Bepko, unanimously approved)

### **3. Indiana University Purdue University Indianapolis – IU Natatorium Renovation**

Dr. Morrison presented this project.

Mr. Hawkins gave the staff recommendation.

**R-14-06.4**      **RESOLVED:** That the Commission for Higher Education recommends approval to the State Budget Agency and the State Budget Committee the following project: *IU Natatorium Renovation – Indiana University Purdue University Indianapolis* (Motion – Duarte De Suarez, second – Hubbard, unanimously approved)

#### 4. **Indiana University Purdue University Indianapolis – Campus Housing Expansion**

Dr. Morrison presented this project.

Mr. Hawkins gave the staff recommendation.

Mr. Murphy asked whether Mr. Hawkins did any research regarding the effect of the residential housing on education. Mr. Hawkins confirmed that he did, but did not have the results with him. He promised to send this information to the Commission members.

In response to Mr. Popp’s question whether there is a state law requiring the usage of the prevailing wages for these constructions, Dr. Morrison confirmed that there is a long-standing state law that says that the university has to use the prevailing wages, called the “common wage” on all of their construction projects. Those wages are determined by hearings in local communities, and this is where IU has to hold public hearings.

**R-14-06.5**      **RESOLVED:** That the Commission for Higher Education recommends approval to the State Budget Agency and the State Budget Committee the following project: *Campus Housing Expansion – Indiana University Purdue University Indianapolis* (Motion – Correll, second – Hubbard, unanimously approved)

#### C. **Capital Projects for Expedited Action**

**R-14-06.6**      **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:

- North Woodlawn Avenue Roadway Renovation and Improvements – IU Bloomington
- Purdue University West Lafayette – Horticulture Building Power and Lighting Sub-Distribution Switchboard
- Purdue University West Lafayette – Biochemistry Building Annex Third Floor Space Renovation
- Purdue University West Lafayette – Physics Building Switchgear Replacement (Motion – Murphy, second – Whitehouse, unanimously approved)

#### D. **Academic Degree Programs for Expedited Action**

**R-14-06.7**      **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:

- Master of Science in Electrical and Computer engineering to be offered by Purdue University Calumet
- Master of Science in Mechanical Engineering to be offered by Purdue University Calumet

- Master of Science in Engineering Technology to be offered by Purdue University West Lafayette (Motion – Murphy, second – Duarte De Suarez, unanimously approved)

**IV. INFORMATION ITEMS**

- A. Proposals for New Degree Programs, Schools, or Colleges Awaiting Commission Action
- B. Requests for Degree Program Related Changes on Which Staff Have Taken Routine Staff Action
- C. Media Coverage

**VI. NEW BUSINESS**

There was none.

**VII. OLD BUSINESS**

There was none.

**VIII. ADJOURNMENT**

The meeting was adjourned at 3:40 P.M.

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Dennis Bland, Chair

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Susana Duarte De Suarez, Secretary