

**State of Indiana
Commission for Higher Education**

Minutes of Meeting

Thursday, October 9, 2014

I. CALL TO ORDER

The Commission for Higher Education met in regular session starting at 1:00 p.m. at Purdue University West Lafayette, Stewart Center, Room 214, 128 Memorial Hall, West Lafayette, IN 47907, with Chair Dennis Bland presiding.

ROLL CALL OF MEMBERS AND DETERMINATION OF A QUORUM

Members Present: Gerry Bepko, Dennis Bland, Sarah Correll, Jon Costas, Jud Fisher, Lisa Hershman, Allan Hubbard, Chris Murphy, Dan Peterson, John Popp, and Caren Whitehouse.

Members Absent: Susana Duarte De Suarez.

CHAIR'S REPORT

Mr. Bland invited Mr. Mitchel Daniels, President of Purdue University, to give welcoming remarks. Mr. Daniels welcomed members of the Commission to the campus.

On behalf of the Commission, Mr. Bland thanked President Daniels and campus leadership for hosting a reception and dinner last night, and the meeting today. Mr. Bland also thanked all those people who make sure that all meetings go smoothly.

Mr. Bland announced with great excitement that Mr. Chris LaMothe will be re-joining the Commission and will be present at the Commission's November meeting. Mr. LaMothe served in an At-Large previously but will now be representing the 5th Congressional District. Mr. LaMothe is currently Executive Vice President of the Transportation and Industrial Sector for Element Materials Technology. Previously, Mr. LaMothe served as the President and CEO of the Indiana Chamber of Commerce, including serving as Chairman of the new *Economic Vision 2025*. Mr. Bland added that Mr. LaMothe has a passion for higher education, and the Commission members are delighted to see him join them again.

Mr. Bland said that the national publications and federal legislation have detailed the issue of sexual violence on college campuses. While all institutions strive to keep students, faculty, and staff safe on campus, it is clear that there is a heightened focus on addressing this issue. Mr. Bland announced that the Commission, in partnership with Representative Brooks, will host a meeting at Ivy Tech Central campus on October 20th concerning the issues of sexual violence on campus. The meeting will address these issues and provide an overview of 5354, an upcoming piece of legislation that addresses these concerns.

Mr. Bland told the Commission members that on September 22nd Commissioner Lubbers joined communities and schools across the state in celebrating the start of *College GO! Week* at Warren Central High School. The annual campaign kicks off in late September and continues through November, to have a full semester of efforts designed to help Hoosiers of all ages plan for education beyond high school. *College GO! Week* encourages students to complete practical college-readiness activities at each grade level, including creating a graduation plan, visiting college campuses and applying to college.

Mr. Bland also reminded the Commission members that they are all invited to join the Budget and Productivity Committee at its next meeting, where they will discuss the institutional budget requests. The meeting will take place on October 23rd from 3:00 to 4:30 p.m. at the Commission main office. Mr. Bland pointed out that the Academic Affairs and Quality Committee meeting will meet on the same day.

Finally, Mr. Bland recognized a member of the Commission staff, Ms. Yevgeniya Malyovanny, who will be retiring on October 31st. Mr. Bland noted that she has been the face of the Commission for 20 years and her positive attitude and friendly smile would be greatly missed. Mr. Bland added that, thanks to Purdue University, at the conclusion of the meeting there will be a cake to celebrate Ms. Malyovanny's retirement and to thank her for her years of service. Ms. Malyovanny thanked members of the Commission and everybody present for their friendship and help during these years.

COMMISSIONER'S REPORT

Ms. Teresa Lubbers, Commissioner, began her report by saying that, like Chairman Bland, she is delighted that Mr. LaMothe will be re-joining the Commission. There is no doubt that the Commission's work will be enriched by his participation. Commissioner Lubbers said that as much as she is happy about this fact, she is equally sad that Yevgeniya is leaving the Commission. Commissioner Lubbers said that she and the Commission members are excited for this new chapter in Yevgeniya's life, and added that Yevgeniya has always had a very positive attitude and grace in doing her work.

Commissioner Lubbers said that she has just found out that Mr. Jud Fisher will be receiving a prestigious award this weekend. He and his wife will be receiving an Outstanding Honorary Ball State Alum Award, and Ms. Lubbers congratulated Mr. Fisher on this achievement.

Commissioner Lubbers also mentioned that Mr. Sam Snideman will be leaving the Commission this month to join the Center for Education and Career Innovation as the Assistant Director of the Regional Work Councils. Ms. Lubbers thanked Sam for all his good work, and expressed hope that the Commission will continue working with him in his new role.

Commissioner Lubbers noted that Mr. Bland also was at the Warren Central High School for the kickoff of the *College GO! Week*. Commissioner Lubbers said that Mr. Bland spoke in a very personal way about his life's journey and experience to the students in the audience, and inspired a great number of them.

Commissioner Lubbers said she was very pleased to inform the Commission members that today Lumina will announce a \$900,000 grant to the Midwestern Higher Education Compact for the Multi-State Collaborative on Military Credit, a 13-state initiative to identify policies and practices to help military service members, veterans and their families attain postsecondary education. In making the announcement, Senior Associate Commissioner Ken Sauer was quoted, "This initiative began as a grassroots effort to recognize competencies acquired through military service and to put service members on an accelerated path toward a quality, postsecondary credential leading to a successful career." With Dr. Sauer's leadership, Indiana has spearheaded this work and will continue to lead this effort with other like-minded partners. It is also important to note the valuable and trailblazing work of the Military Family Research Institute, which is a Purdue University initiative and which informed much of the work of the collaborative.

Commissioner Lubbers also noted that both Purdue University and Indiana State University are two of only 24 colleges and universities throughout the nation which were awarded a "First in the World" Grant by the U.S. DOE. Selected from nearly 500 applications, Purdue will work with its partners in the University Innovation Alliance to use its \$2.3 million grant to support STEM undergraduates, particularly women and underrepresented groups by redesigning large lecture course to ensure greater students' engagement. Nearly 10,000 students will benefit from the grant. Indiana State received \$1.6 million to implement mindset interventions, especially for at-risk students, to increase retention and persistence to completion.

Finally, for those unable to attend the morning working session, Commissioner Lubbers highlighted that the Commission received a fall enrollment report from Dr. Stacy Townsley, Associate Commissioner for Research. The report outlined enrollment trends and impacts, and in particular, it showed a continuing four year overall decline in student enrollments (down 2.3 percent) from the previous fall following a period of rapid growth. This enrollment decline is not unique; nationwide the enrollment decline was the largest drop in decades. Resident undergraduate enrollment has declined more sharply than overall enrollment.

CONSIDERATION OF THE MINUTES OF THE SEPTEMBER, 2014 COMMISSION MEETING

R-14-07.1 RESOLVED: That the Commission for Higher Education hereby approves the Minutes of the September, 2014 regular meeting (Motion – Costas, second – Hubbard, unanimously approved)

II. BUSINESS ITEMS

A. 2015-2017 Indiana Postsecondary Institution Budget Presentations

Before inviting the President Daniels to give the budget presentation, Mr. Bland explained that though originally scheduled for today, the budget presentation by Vincennes University will be delayed until the Budget and Productivity Committee meeting on October 23rd.

1. Purdue University

President Daniels 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 a question from Ms. Correll regarding the usage of money in the line item for summer classes, President Daniels said that most of it would be used for student financial assistance. President Daniels also said that the financial aid should be modernized in a few ways, to help with summer classes. President Daniels explained that the university made several changes to summer programming to make it more attractive to the students.

Responding to Mr. Popp's question whether President Daniels meant that Indiana is number one manufacturing state, President Daniels explained that Indiana is most intensive manufacturing state in the country, and the sector of manufacturing jobs is the highest of all the sectors. President Daniels said that in his opinion Purdue has a chance to contribute a lot to creating new manufacturing companies and to having leaders for these companies.

Mr. Hubbard referred to an article in the *Journal* this morning about public universities bringing in more out-of-state students and fewer in-state students; and he asked President Daniels to comment on this. President Daniels said that 94 percent of all Hoosier students who applied to Purdue have been admitted to one of Purdue campuses. President Daniels added that Purdue is in great demand, both nationally and internationally, and the university is trying to find the right balance. At present, 55 percent of all students are Hoosiers.

President Daniels also added that the university is promoting international studies as part of its program, and 90 percent of Purdue incoming freshmen are paired with international students in some way. President Daniels also mentioned that the main reason Purdue's student body is not larger than it was intended is that it has become too hard to transfer to Purdue from another state college; and this transfer is even more difficult for an out-of-state students.

In response to Mr. Murphy's question regarding percentage of an increase related to the line item Purdue would expect from the state, President Daniels said that it is about \$14 million for the new items, or about four percent of what would be expected for standard general fund budget, and this would be a major part of the increase.

To Ms. Correll's question whether Purdue is proposing any changes to the typical line items this year, President Daniels responded in the negative.

In response to Dr. Bepko's question regarding the future in federal source of funding and aid in agriculture, President Daniels said this was the second best year ever for sponsored research at Purdue. He added that the research remains a very important part of the university's mission and its financial planning. President Daniels added that in his opinion it is a national concern that the

federal government is squeezing out all the discretionary items that are in part in service of FBI, but are included in basic research. President Daniels said that this is a fundamental federal responsibility, and there is not much hope that those budgets will grow significantly.

Ms. Whitehouse asked whether the students prefer to stay on campus. President Daniels responded that the university has set a goal to have more students living on campus, because the students who live on campus show better results, get higher grade point averages, and graduate on time. President Daniels said that at present, between two-thirds and two-fifths of their students reside on campus, and this strategy should lead to better student outcomes.

Commissioner Lubbers asked President Daniels about transfer up issue, whether the university has identified the reasons for decreasing transfers, and whether there are any proactive steps the university is taking to deal with transfer up. President Daniels responded that this is more a matter of credits recognized. If the transfer students are not given all the credits they should receive, they have to take those courses again, and they may choose to go to a more affordable place. President Daniels also confirmed that the faculty group at Purdue has identified several specific courses and they are planning to make changes. The idea is that if a student has already succeeded in some other university, this proves the student's commitment to education.

2. Ball State University

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

Mr. Fisher expressed concern about 21st Century scholars on campus. He was wondering whether Ball State is planning to help increase the graduation rate among these students, so that tax payers' money invested in these students will not be wasted. President Ferguson responded that their Vice President for Student Affairs is creating some very high tech mentoring opportunities for these students as they are developing. President Ferguson added that ultimately Ball State will have to do a better job of engaging these students in the life of the university to make that successful.

Mr. Hubbard had a question regarding the entrepreneurial university. He was wondering why the line items could not be incorporated into an overall budget as opposed to having them every year as a special request. Commissioner Lubbers responded that this is how legislature has chosen to fund certain items. Sometimes they would roll the line item into an operating budget, and sometimes they chose to keep it as a discreet line item for a particular mission outside an operating budget, because of the nature of the request. President Ferguson added that Ball State wants to be known for its entrepreneurial university, for its curriculum and business practices, and it has been developing these over the last ten years.

Responding to Mr. Murphy's question regarding the percentage of the increase of the total budget, Dr. Ferguson said that the line items make about eight percent increase. Commissioner Lubbers reminded the Commission members that when the Commission meets on October 23rd, this will be an opportunity to get behind all the line items, increases, and the details. To Mr. Hubbard's question whether both old and new line items could be prioritized before October 23rd, Mr. Matt Hawkins, Associate Commissioner and CFO, Commission for Higher Education, responded in the affirmative.

Mr. Peterson asked about the immersive learning, and how it is impacting the School of Education. President Ferguson responded that Ball State has invested in the immersive learning concept in a very creative way, and it brings students into a real life experience early on. President Ferguson said that, going forward, he sees an expanded concept that immersive learning will be a broader umbrella, while now it is a restricted concept. President Ferguson said that Ball State wants to give the students many opportunities to get a real life experience for career and pre-graduate school preparation. Many students, who experienced immersive learning, started their own companies after graduation. As to School of Education, this concept could be better applied

through to the work that is going on in the classroom; the student-teacher experience would be better served in this environment.

Mr. Hawkins offered more information for those who are not on a sub-committee. He said that the first entrepreneurial college was an ongoing line item at \$2.5 million; and in a previous budget it went up to \$6.5 million. The increase was rolled into the base; and this is an example of ongoing change and increase. Mr. Hawkins also said that a number of line items have been entered per the state's request. For example, the USI operates historic New Harmony, and that is at the state's request; Ivy Tech has a public safety line item; so there are line items that the colleges are doing for the state, and which will be hard to prioritize. Mr. Hawkins suggested asking the colleges to prioritize the new line items.

3. Ivy Tech Community College

President Tom Snyder presented Ivy Tech Community College budget. The link to the budget presentation is on the Commission's website <http://www.in.gov/che/2427.htm>

Ms. Correll said that many community colleges are looking at Illinois Community Colleges that are very competitive and career focused. In response to her question whether there any future for Ivy Tech to get involved with their nation-wide career building opportunities, President Snyder said that he is familiar with the system, but not with this aspect. He said that most of Ivy Tech's students work in career fields both nationally and internationally.

Responding to Mr. Fisher's question regarding partnering with other four-year institutions or other types of organizations in order to create a four-year culture of recreation on campus, President Snyder confirmed that they do this already. He said that their students have access to Purdue facilities and to some other colleges, which have been very welcoming. However, in some locations it is not convenient, though it is understood that being close to campus and getting there conveniently builds students' attainment. In the case of Ivy Tech, the main concern is to take the neediest students and put them in the fairly utilitarian environment.

In response to Mr. Popp's request to define the meaning of an attainment, President Snyder explained that the attainment is high quality credentials, two-year degree and above. The goal is in 2025 to be competitive with Korea today. In Korea, Japan and Canada 58-59 percent of population have two-year degree, or above; in the US it is 38 percent, and in Indiana – 34 percent.

Mr. Hubbard asked about the statistics on the performance program. President Snyder responded that Ivy Tech has done very well; they have used the money to keep the doors open and institute some of the higher concentrated programs, like co-requisite remediation. President Snyder explained that these are high risk degrees created because of that enrollment they had, but they have been very successful with that.

Mr. Hubbard asked whether there is one thing that would be most important to improve the performance with that population, to which President Snyder responded that this would be increasing the quality of face to face instruction given by the full time faculty.

Mr. Peterson asked President Snyder to share a few of general thoughts on Ivy Tech's line item requests and how critical they are. President Snyder said that there are just three main items: modernization of laboratory equipment; getting more advisors, and having more full time faculty. President Snyder explained that 47 percent of Ivy Tech students were minority; the college readiness bar was 15 percent for African-American students, and 23 percent for Hispanics.

Commissioner Lubbers asked President Snyder to talk about some prognosis for the enrollment trends and the impact that the numbers may have on some of Ivy Tech's other budgets and its plans. President Snyder responded that enrollment trends look a little like this: comparable for Indianapolis, comparable for jobs. In faster growing communities like Dallas and Houston, they

started reversing the trend, and this would be expected in Indiana. President Snyder said that one of the factors that have driven the trend is the return of easy to get jobs, even though these are not high paying jobs. President Snyder also explained that academic progress plays a substantial role in financial aid. If a student falls below 2.0 GPA for two semesters in a row, his financial aid is withdrawn. A significant number of students drop out of college every semester due to a financial aid withdrawal, and this is a big problem. President Snyder said that they expect that this will change in about 18 months, and Ivy Tech is trying to reach these students. President Snyder added that Ivy Tech has consolidated 14 regions to nine, and in the process they have eliminated five cabinet level groups.

4. University of Southern Indiana

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

In response to Ms. Hershman's question about the occupancy rate, President Bennett said that this year it was almost 93 percent.

B. Capital Projects for Full Discussion

1. Purdue University Honors College and Residences

Mr. Kevin Green, Assistant Director for Capital Planning, presented this project.

In response to Ms. Correll's question whether the residency in this building will be a requirement of the Honors College, Ms. Beth McCuskey, Associate Vice President for Housing and Food Services, Interim Vice Provost for Student Life said that this will not be a requirement at present, but Purdue will look at how the program will evolve and will make decisions in the future.

Responding to Ms. Hershman's question regarding Purdue's current building debt, Mr. Hawkins said that for West Lafayette it is \$196.7 million right now, and debt service ratio is 7.18 percent.

Mr. Popp asked how Purdue can guarantee the price of the building. Mr. Green explained that the general contractor they selected is a person who has actually performed the project. Purdue has worked directly with this contractor, and they know all of his sub-costs. The general contractor can help Purdue to suggest more efficient ways to do the design, and select more efficient materials to use, so when the contract is signed with that company, they are guaranteeing that that would be the maximum price for which they will deliver the project.

Mr. Murphy asked why the cost per bed was a little over \$88,000, while his company has just financed the graduate students housing, and the cost per bed was \$79,000. Mr. Green responded that the reasons depend on the type of the construction and the facility, as well as the intended length of the use of the building. Mr. Green explained that this new building will have to blend in with the existing architecture on campus. Mr. Green mentioned the last three projects completed on campus, and the cost per bed was \$142,000 for one, \$118,500 for another, and \$112,300 for the third; so \$88,000 per bed means that Purdue is making significant progress.

Mr. Popp asked whether the building is going to be a co-ed. Ms. McCuskey responded that they have the option to have groups of people of the same gender living in the close proximity from each other and sharing the restroom. To Mr. Popp's question whether it would be possible, if desired, to make the whole floor, or the whole unit, for the use of one gender, Ms. McCuskey responded that it would be difficult to change the whole unit because the university wants to have the right number of spaces to support both men and women. Ms. McCuskey added that they have a lot of flexibility to make any configurations. She pointed out that they also have pretty good security, and students need to have an ID to get an access to the sleeping areas of the buildings.

In response to Ms. Hershman's question about the demand and yearly occupancy rate, Ms. McCuskey said that they have been pushing 100 percent almost every year in the last several years. The occupancy projection is based on the market study that Purdue did three years ago, and there is a demand for 1600 new beds. Ms. McCuskey added that students in academic programs prefer to live on campus, and this is true for 70 percent of students in the Honors programs.

Responding to Mr. Costas' question about the difference between design and traditional build, Mr. Drew Furry, Project Manager, Physical Facilities said that Purdue will hold a contract both with a designer and a construction manager, and design build model will be on a contract. The process is a lot different legislatively, and one of the things that Purdue is strongly requesting from the State is that there is a law that Purdue can use. Design build could be called cumbersome, and it could have a lot more criteria development.

In response to a question from Ms. Correll regarding the cost for students living in the new building, Ms. McCuskey said it would be comparable to the building that has just been opened on the Third Street. Ms. Correll also asked whether Purdue is concerned about the shifting culture as the top students living in their own building are going to be even more segregated from the rest of the students, thus limiting their interaction. Ms. Rhonda Phillips, Dean of the Honors College responded that the Honors College model actually brings students together in ways that would enhance their learning experience. It is also a type of model that attracts Purdue students who seek this kind of opportunity. Ms. Phillips added that Purdue has programs that are open to any student on campus; and Honors College in particular administers two programs that are open to all students. Ms. Phillips pointed out that, at Purdue, there is no culture of elitism; it is very open and welcoming to all students; and the location of the building will draw the students in.

Mr. Murphy asked whether it is possible to pay the principle faster if the project has been budgeted at five percent, and the market is three percent. Mr. Green responded that Purdue uses the market, but usually with large issues, and the rates are much better. He added that Purdue uses it as short term financing, until the official package has been put together. Mr. Green confirmed that Purdue's goal is to get the building done at as low cost as possible.

Mr. Hawkins explained that when universities submit their projects to the Commission, regardless of the funding source, the 20 years terms are being used at the direction of the Indiana Finance Authority. When the state funds the projects, it gives an offer, depending on the market, because this funding will be going on for 20 years. But when institutions fund the projects themselves, they do their own adjustment.

Mr. Hawkins gave the staff recommendation.

R-14-07.2 **RESOLVED:** That the Commission for Higher Education recommends approval to the State Budget Agency and the State Budget Committee the following project: Honors College and Residences – Purdue University (Motion – Hubbard, second – Peterson, unanimously approved)

C. Capital Projects for Expedited Action

R-14-07.3 **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:

- Agronomy Center Automated Phenotyping and Seed Processing Laboratory – Purdue University West Lafayette
- Krannert Building Multiple Air Handling Units Replacement – Purdue University West Lafayette
- Forney Hall East Wing Renovation – Purdue University West Lafayette (Motion – Bepko, second – Hubbard, unanimously approved)

D. Academic Degree Programs for Expedited Action

R-14-07.4 **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 Data Science to be offered by Indiana University Bloomington
- Bachelor of Science in Medical Imaging to be offered by Indiana University-Purdue University Fort Wayne (Motion – Costas, second – Correll, 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. Capital Projects Awaiting Action
- D. Media Coverage

VI. NEW BUSINESS

There was none.

VII. OLD BUSINESS

There was none.

VIII. ADJOURNMENT

The meeting was adjourned at 3:50 P.M.

Dennis Bland, Chair

Susana Duarte De Suarez, Secretary