

MINUTES

JOINT ACADEMIC AFFAIRS AND ENROLLMENT MANAGEMENT COMMITTEE & FINANCE/AUDIT COMMITTEE

UNIVERSITY OF SOUTHERN INDIANA BOARD OF TRUSTEES

January 9, 2025

The Finance/Audit Committee and the Academic Affairs and Enrollment Management Committee of the University of Southern Indiana Board of Trustees met in a joint session on Thursday, January 9, 2025, in the Griffin Center on campus. Present were Trustees W. Harold Calloway; John M. Dunn; Christine H. Keck; C. Wayne Kinney '77; Jeffrey L. Knight; and Ronald D. Romain '73. Trustees Fouad L. Hamami '25; Timothy M. Hollander; and Christina M. Ryan were absent. Trustee John M. Dunn served as chair for this joint session. Also in attendance were Interim President Steven J. Bridges '89 M'95; Provost Shelly B. Blunt; Vice President for Marketing and Communication Kindra L. Strupp M'22; Vice President for Development Andrea R. Gentry '05; Interim Vice President for Student Affairs Pamela F. Hopson D'23; Vice President for Government Affairs and General Counsel Aaron C. Trump; Vice President and Director of Athletics Jon Mark Hall; Faculty Senate Chair Nicholas D. Rhew M'11 and Student Government Association President Tamia N. Smith '25.

Trustee Dunn called the meeting to order at 9:00 a.m.

1. REPORT ON INTERPROFESSIONAL EDUCATION IN HEALTHCARE

Trustee Dunn called on Provost Blunt for a report from the Kinney College of Nursing and Health Professions. Provost Blunt introduced Dean Julie McCullough to provide a report on the key benefits of incorporating interprofessional education in all healthcare disciplines. The college is integrating teamwork activities across disciplines to enhance student competencies in the curriculum. Dean McCullough introduced Dr. Charlotte Connerton, Chair of BSN in Nursing and RN-BSN Completion Program as well as a member of the Interprofessional Education Committee and Dr. Jessica Mason, Chair of the Occupational Therapy Program and current Co-Chair of the Interprofessional Education Committee. Interprofessional Education (IPE) is when we have two or more health professions working together to learn about, from, and with each other as a team.

Key benefits of IPE are improved patient care, reduced errors, enhanced job satisfaction and better learning. When healthcare professionals understand each other's roles and communicate effectively, they can provide more comprehensive and coordinated patient care. Teamwork and clear communication help reduce medical errors and improve patient safety while working in a supportive team environment. It also makes healthcare professionals feel more valued and satisfied with their jobs. Additionally, students gain a broader perspective on healthcare, learning from each other's expertise and experiences. There are also some obstacles to overcome to have a successful IPE program. Aligning the schedules and curricula of different healthcare programs can be difficult. Each profession has its own set of requirements and timelines, making it hard to coordinate joint learning activities. Effective IPE also requires adequate resources, including trained faculty, appropriate facilities, and financial support. Many institutions struggle with limited budgets and staffing. Educators need specific training to teach interprofessional groups effectively. Many faculty members are not prepared to facilitate IPE, which can hinder its success. Students and professionals may have preconceived notions about other disciplines, which can create barriers to effective teamwork and communication. Strong leadership and administrative backing are crucial for the successful implementation of IPE. Without it, programs may lack the necessary support and coordination. Lastly, developing appropriate assessment methods for interprofessional competencies and ensuring these are recognized by accreditation bodies can also be challenging.

At USI, students from the health professions and related disciplines are engaged in interactive learning with each other. Being able to work effectively as members of clinical teams during their education is a fundamental part of learning. Each student learns to value the unique perspective and knowledge the other professions bring to the care of the patient. Healthcare teams that practice collaboratively are the key to safe, high-quality, accessible, affordable, patient-centered care that is desired by everyone. Examples of this integration at the Kinney College might include:

- Tube insertion for feeding using an x-ray between Radiation Technology and Food & Nutrition students.
- Transferring a patient on a ventilator to a chair between Occupational Therapy and Respiratory Therapy.
- Diabetes management by calculating carbohydrates and proper insulin dosage between Nursing students and Food & Nutrition students.

USI is working hard to ensure students are well-prepared to fully participate in an evolving health environment with effective interprofessional knowledge and skills. The development of interprofessional education in the United States mirrors the movement that is developing internationally. Health professions engaged in interprofessional education at USI include nursing, occupational therapy, occupational therapy assistant, respiratory therapy, dental hygiene, dental assisting, diagnostic medical sonography, food and nutrition, radiologic technology, and health services.

2. REPORT ON CHANGES TO THE INDIANA HIGH SCHOOL DIPLOMA

Trustee Dunn called on Provost Blunt for a report. Dr. Blunt explained that the Indiana Department of Education has launched a new diploma for high school graduates effective with the class of 2029. The diploma focuses on competencies and flexible choices for preparing students to enter the workforce, continue their education, or serve in the military. Dr. Blunt introduced Interim Assistant Provost Dr. Jason Hardgrave to provide a summary of the changes and the potential impact on USI.

The process to design the new diploma has taken several years. The document produced will be a guide for secondary education going forward, with some Indiana schools opting to begin using it as early as fall 2025. The current CORE 40 diploma was created in 1994 and has not been revised since its implementation. Indiana's Secretary of Education Dr. Katie Jenner reviewed the needs and outcomes of graduating high school students and proposed a re-envisioned diploma that was released for public review and comment in March 2024. The proposal focused on increasing flexibility for students and broad preparation pathways for secondary education, employment, and military enlistment or civil service.

A comparison of the current CORE 40 diploma and Indiana's new diploma shows many of the specific required courses in the CORE 40 diploma have been replaced with a wide variety of courses that fulfill the same categories of English, Math, Science/Technology/Engineering, and Social Studies, providing that promise of flexibility for students. The new diploma consists of 42 credits but with the same number of required courses as the previous diploma. In the new diploma directed electives are replaced with personalized electives that are key to the specific graduation pathway. One other notable requirement of the new diploma is the college or career preparation course. While all high school students will complete the 42 credits to graduate, additional prospects are presented with Readiness Honor Seals offering direct engagement with career and employment opportunities. These three seals are similar to the academic and technical honors attached to the previous CORE 40 diploma but have been joined with a pathway for military and civil service. The requirements for each seal differ widely with opportunities to complete college credit courses, career and technology education courses, or participation in ROTC. Additionally, one step further is the Honors+ Seals which earn students a credential of value such as an associate degree, Technical Certificate, Advanced Industry Certificate, or acceptance to a service academy.

USI has been preparing for the possible impact of the new diploma. For example, students earning a general diploma may not realize they are still eligible to enroll in post-secondary education impacting enrollment. General diploma-earning students who do enroll in college may also require additional remediation and support to succeed. Students earning the Enrollment Seal may not meet all of USI's enrollment criteria, which may have an impact on developmental coursework. Students who earn the Enrollment Plus Seal will have different key post-secondary opportunities that may allow additional fields, credentials, and experiences. This credential may also reduce the number of aid-eligible hours but increase enrollment in graduate-level programs.

One final issue that connects the Indiana high school diploma to the Indiana College Core Certificate and credit courses, is the flexibility of who can teach high school and college courses. This impacts not only the preparation of USI's teacher candidates but also the standards and equivalency of our dual credit system. Education officials have indicated they'll seek flexibility on who can teach high school and college courses, as well as a new accountability system aligned to the diploma requirements. USI continues to work with the Department of Education, the Commission for Higher Education, the Higher Learning Commission, and our colleagues at institutions across the state to clarify these requirements as we maintain the quality of education and opportunity for all Indiana students.

3. REPORT ON STATE REVENUES AND APPROPRIATIONS OUTLOOK

Trustee Dunn called on Vice President for Government Affairs and Legal Counsel Aaron Trump to report on the State of Indiana's Medicaid, Economic, and Revenue Forecast, and the potential impact on the State's Fiscal Reserve. On December 17, the State Budget Agency presented information on the economic and revenue forecast through fiscal year 2027. These outlooks are publicly predictive of the likelihood of success in our pursuit of continued and expanded operating and capital funding in the next legislative session. These will be updated again in mid-April before the close of the budget session. This forecast comes from a collaborative effort of the executive and legislative branches as a consensus forecast, which means it is agreed upon by all members of the technical committee that are assigned to its development.

The US economy is transitioning from above-potential to below-potential growth. Over the four quarters of 2023, US GDP growth averaged 3.2% per quarter, with the second half of 2023 at 3.8%. For 2024, quarterly GDP growth is forecasted to slow to 2.3% per quarter. The baseline forecast reflects a soft landing as growth slows in order to ease inflation, but has not dropped to a recession, which is a positive. Ongoing effects of past Federal tightening to limit inflation, tightening bank lending standards on loans to businesses and consumers, and diminished government investment that was boosting growth in 2023 are likely to occur in the next administration. Much of this investment was in infrastructure and manufacturing facilities spurred by Federal spending, including semiconductor plants and electric vehicle plants, which are expected to be tightened or reduced. December 2024 forecast included an initial assessment of expected policies to be enacted by the incoming Trump administration and GOP-led Congress. However, much of this is based on discussions of policy initiatives, rather than enacted policy making it predictive in nature. Additionally, the supply-tightening effects of higher tariffs, reduced immigration, and a resulting increase in inflation will be partly offset by the stimulative effects of tax cuts and deregulation.

Key assumptions of the forecast include the Implementation of a 10% universal tariff and a 30% tariff on imports from China. Tariff hikes commence in the second quarter of 2025 and ramp up over four quarters. US trading partners are likely to respond with tariffs of their own on US exports. Corporate taxes governed by current law are likely to stay in place rather than revert to past policies, including the Inflation Reduction Act and the scheduled phaseout of revisions of the 2027 Tax Act. A sharply reduced inflow of immigrants with some degree of deportation will reduce net immigration by approximately 500,000 per year over the next four years. This will reduce the aggregate supply of labor availability and domestic consumption due to the lower population. There was unexpected growth of the labor force over the last three years, which had some positive effects on employment numbers and the drawdown of government services has not matched that leaving a net positive for the economy. The expected average Federal funds rate for 2026 is now 3.72% and the prior forecast that came out in December 2023 predicted it at 2.62%. Therefore, interest rates have not rolled back at the rate expected and long-term rates will be higher due to elevated inflation expectations. The "new" Department of Government Efficiency (DOGE) raises the possibility of cuts to federal spending. Expectations for spending cuts are currently modest, but that is due to a lack of clear vision for what those initiatives might encompass. In the short term, cuts would be a net negative for GDP growth, but reduced spending would reduce budget deficits, which could boost economic growth in the longer term. Current assumptions are that there may be a reduction in force of 500,000 for government employees.

A summary for Indiana's economy remains relatively favorable, keeping pace with the national average by most measures. Labor force gains have helped meet the demand for more workers and allowed for more continued employment growth. Research and development resources, along with its manufacturing experience, are generating and attracting new industry opportunities. However, possible higher tariffs would impact major goods-producing industries which include pharmaceuticals, automotive, machinery, and agriculture. Limits on immigration and potential deportations would impact certain industries in the state by lowering the number in the workforce. Risks to the state economy mirror issues at the national level with the downside of disruption to capital and energy markets due to global turmoil pulling down growth. However, the upside to this is higher consumer spending and productivity gains would boost growth. A longer-term issue will be in order to allow existing businesses to expand and to attract new business the labor force will need to continue to improve in size and skill level.

A review of the performance of Indiana revenue sources including sales tax, individual income tax, and corporate income tax all show below the December 2023 forecast targets leaving the total General Fund 3.1% below the forecast target. Some factors impacting the forecast include economic trends and how statistical analysis demonstrates the performance of the financial markets as a key indicator of future income tax collections. Currently, the S&P and other market indicators are at record highs and still show positive momentum, however, it is expected that market corrections will occur over the next couple of years.

Indiana legislative impacts from the 2024 session include fiscal implementations of individual income tax rate reductions and timing related to pass-through entity tax implementations. Utility sales tax exemption for restaurants equal to 50% of the sales tax imposed on electricity was implemented in 2024. A rate reduction began in the calendar year 2022 for individual income taxes and this slow rate reduction will continue through 2027. However, it is predicted that the collection of this tax will increase over the next three years resulting in a positive for this revenue component. Taxpayers often adjust to changes in the timing and flow of tax payments.

Indicators used to estimate revenue include sales and use taxes, individual income tax, and corporate income tax. The most significant change is to corporate income tax as the model now uses a two-year average of the S&P 500 index rather than the year-over-year change. The model also narrowed down the Indiana Gross State Product to trade, transportation, and utilities which better identifies what industry areas best predict driving revenue for the state's economy.

In summary, total revenues for the state are estimated to increase from \$21 billion to \$22.8 billion in fiscal year 2025. The fiscal year closes June 30, 2025, so we will not have confirmation of actual revenue totals until sometime after closing. The predicted growth rate is 4.3% and the annual surplus for FY 2025 is predicted to be \$577.4 million making the total combined surplus balance \$2.6 billion for the state. The net balance as a percent of expenditures is estimated to be 11.7% in 2025, down .2% from FY 2024 actuals of 11.9%. Medicaid expenses were under-predicted last year and the reason why the remaining balances are lower. The state spent approximately \$1 billion in unexpected Medicaid expenditures causing a rebalancing of the budget and reduction in reserves to accommodate the overspending. This may cause some tightening of the budget and conservative spending this coming biennium, affecting the overall funding outcome of our budget request.

USI is in a good position for the coming biennium and the narrative from the Indiana Commission for Higher Education (ICHE) regarding the budget session remains positive. The Commission is recommending total funding increases to the universities of 3% in FY 2026 and 5% in FY 2027. They are also recommending the top capital project request for each institution, but no line items are being recommended.

Mr. Trump concluded his report by discussing the changes in reporting for the Commission to the State Secretary for Education Dr. Katie Jenner, USI's engagement with various legislators, and the influence of our local delegation.

There being no further business, Trustee Dunn called the joint committee meeting adjourned at 10:14 a.m.