

MAKING OPPORTUNITY AFFORDABLE - TENNESSEE

Planning Grant Proposal September 5, 2008

Background

On December 31, 2007, Richard Rhoda, Executive Director of the Tennessee Higher Education Commission (THEC), submitted a letter to Jobs for the Future making the case for Tennessee's participation in the Opportunity Grant Program (OGP) of the national Making Opportunity Affordable (MOA) initiative. The letter contained a first attempt to quantify a goal for increased postsecondary degree production in Tennessee and proposed several change strategies in light of the following challenges:

- deficits relative to other states in the educational attainment level of Tennessee's working-age adult population;
- significant and enduring gaps in successful participation in postsecondary education;
- affordability concerns; and
- a constrained fiscal outlook for state government.

The potential solutions outlined in that letter are still on the table, and we look forward to using the policy audit and strategy teams described later as vehicles for vetting those ideas.

The letter of interest outlined the composition of a leadership team for MOA-TN that would: provide representation for the two public higher education systems in the state; provide insight and access to legislative leadership through the participation of constitutional officers who are elected by the General Assembly; ensure leadership and ongoing engagement from the Governor's office, which we see as vital to the success of broad-based policy reform; and place THEC in a coordinating role for the project's agenda and activities at a fortuitous time when the state Master Plan for higher education is being developed for the next five years. The MOA-TN leadership team consists of the following members:

- Russ Deaton, Director of Fiscal Policy and Facilities Analysis, THEC;
- Katie High, Chief of Staff, University of Tennessee;
- John Morgan, State Comptroller;
- Richard Rhoda, Executive Director, THEC;
- Paula Short, Vice Chancellor for Academic Affairs, Tennessee Board of Regents;
- Dale Sims, State Treasurer;
- Patrick Smith, Governor's Office of State Planning and Policy; and
- David Wright (MOA State Coordinator), Associate Executive Director for Policy, Planning, and Research, THEC.

As one of eleven OGP states, Tennessee was invited to send seven members of its leadership team to the MOA Academy in Chapel Hill, North Carolina, on June 1-2, 2008. This proposal summarizes the team's Academy discussions about the challenges we face, reflects the team's further activity and thinking since that time, and outlines proposed planning efforts for the 2008-09 year.

Self-Assessment: Current Policies and the Policy Environment

Tennessee's participation in the MOA Academy was the impetus for a self-assessment exercise regarding the extent to which current state policies promote progression and completion. This section summarizes our reflections on the current policy environment and identifies some levers for policy change.

Policy Strengths

- Fiscal policies
 - Fiscal policy alignment (appropriations, tuition, and financial aid) has received the most attention at the state level. Beginning with *Changing Direction* and the last Master Plan, the tuition recommendation is developed in concert with the operating budget request.
 - The enrollment-driven aspect of the public higher education funding formula promotes access, and the premium the formula places on upper division students promotes efficiency and completion.
 - The retention incentive also acknowledges the value of student transfer; the receiving institution gets “credit” for transfer students at the level at which they enter.
 - The funding formula includes a formal tuition policy: for universities, the formula assumes that costs are split 60/40 between the state and the student; community colleges have a 67/33 ratio. This does not represent actual cost sharing rates, but is intended as a target.
 - The community college funding formula includes a premium (roughly 10 percent) for enrollment of adult students.
 - Tuition and fees are charged for each credit hour up to 12; students may take additional hours (from 13-18) at no additional cost.
 - The Performance Funding program is well-regarded nationally and has come to be valued by Tennessee's institutions. Performance Funding includes standards for retention, persistence to graduation, and articulation and transfer. Should the percentage of the operating budget that the Performance Funding process generates for institutions increase (from the current 5.45 percent)? Should measures related to productivity be added or given additional weight?
 - State financial aid policy has focused largely on the lottery scholarship. This has also benefited the need-based Tennessee Student Assistance Award (TSAA).
- Academic policies
 - Higher education Master Plan goals stress benefit to the State of greater numbers of citizens at higher levels of educational attainment. As a framework for policy, the Master Plan promotes a better educated citizenry for a Knowledge Economy and thus promotes a dynamic academic program inventory.
 - System academic policy for university admission will be revised to recognize the newly approved state high school graduation requirements which reflect greater rigor toward better student readiness for college. The policy change will be in increasing university admission requirements for the number of math units (from 3 to 4) and a prescribed science sequence. Admission policy changes directly affect student access, with anticipated

enhanced persistence to graduation of better prepared students. Higher retention rates mean greater efficiencies to the student, institution, and state.

- Legislation in 2000 directed the establishment of a community college “university track” program of 60 credit hours, and legislation passed in 2008 will facilitate universal articulation of lower division transfer paths to baccalaureate majors.
- Policies pertaining to academic program approval and monitoring stress fiscal accountability and efficiencies to avoid duplication and ensure responsiveness to employment demands. At the two-year colleges, program development must especially be tied closely to workforce development.

Continuing Challenges

- Current goals in the Master Plan are not clear for institutions. Exactly what is it we want them to do?
- The workforce in rural Tennessee, which is much of the state, may not need more people with bachelor’s degrees – employers want people with technical associate degrees. People with bachelor’s degrees tend to leave for the urban centers. The productivity agenda’s implications for rural communities and institutions will need to be thought through.
- Policies governing off-campus instruction and on-line delivery continue to require refinement, not as a regulatory measure but to promote collaboration among institutions and resource sharing.
- Campus collaborations in the form of purchasing agreements and facility-sharing do occur, but they are largely local and ad hoc, not statewide or systematic.
- Even with improvements to the funding formula in 2005, the funding formula is still largely enrollment-driven (by total FTE and how it is distributed across student level), and those FTE are based on 14th day enrollment, providing institutional incentive to maximize enrollments at the beginning of the term but not the end. Further, we are not confident that the formula’s embedded features that value student progression are widely-known at the campus level, and it is possible that the formula’s ties to completion are not direct enough.
- Given that tuition-setting authority currently resides entirely at the board level, there is no institutional incentive for competitive or differential tuition pricing.
- State scholarship policy is inconsistent in that it encourages full-time continuous enrollment but does not pay for summer school and allows degree earners five years to complete.
- The state’s “first come, first served” policy regarding distribution of funds for the Tennessee Student Assistance Award, the state’s need-based grant, is inefficient at matching the aid to where it is most needed.

Lever for Change

- The Governor, General Assembly, and public must be broadly engaged with higher education and must take ownership of the higher education productivity agenda. In the past, more time and attention has been given to K-12; for example, the BEP 2.0 K-12 funding formula, the Tennessee Diploma Project (TDP), and the College- and the Career-Ready Policy Institute. Fortunately, these have laid a foundation for MOA in the sense that higher education is “next” to receive

attention, and the TDP in particular has charted a path for achieving buy-in around broad-based policy reform.

- All of the state’s higher education organizations and stakeholders must shape and be accountable for the Master Plan, which must be grounded in the productivity agenda. Institutions are more likely to embrace the productivity agenda if they perceive it as the state’s agenda as opposed to something emanating *ex cathedra* from THEC.
- Goals and Measures
 - Create a stronger Master Plan with statewide goals that guide institutions.
 - University of Tennessee and Board of Regents goals should be aligned with, though not limited to, those of the state Master Plan.
 - Recognize institutional differences and address specific institution needs.
 - Need tighter-than-usual ties between the productivity agenda, the Master Plan and system strategic plans, and state funding and accountability mechanisms.
- The higher education funding formula and Performance Funding are our primary instruments for change in terms of fiscal policy.
- The funding “deal” needs to be clear to institutions, whether that is performance relative to peers, institutional improvement, or increased degree production.
- There is more potential for institutional creativity in the area of tuition policy than has been exercised in the past.
- Private institutions, proprietary schools, and the business community are stakeholders in this agenda and should be involved in the conversation.
- Participation by constitutional officers and the Governor’s Office should serve to keep MOA-TN from arriving at a set of solutions developed by higher education in isolation from concerns of state policy leaders. Such participation will be useful in terms of providing a reality check and increasing the understanding and support of political leaders.
- Participation from all postsecondary sectors on strategy teams over the course of the planning year will help guard against overloading any single sector in terms of solutions proposed.

The Goal

We envision that MOA-TN fundamentally is about increasing the level of educational attainment in Tennessee. Our letter of interest proposed the following degree production goal: by 2015, the end of the state’s next five-year master planning cycle for higher education, Tennessee seeks to meet the Southern states’ average in the percentage of working-age adults holding an associate’s degree or higher. Beyond that, the longer-term goal is to attain the national average.

Currently, only 29.9 percent of Tennessee’s working-age adults hold an associate’s degree or higher, compared to 34.3 percent for the South and 37.2 percent for the nation. To meet the Southern states’ average, which would improve Tennessee’s national ranking by ten places, we would need an additional 140,000 citizens with an associate’s degree or higher, more than double the current annual degree production of the state’s public and private institutions.

The goal as stated is concrete, ties into the state's desire and need to be competitive within the region, and has a certain rhetorical resonance. However, we do not yet know how realistic it is, or just how we will get there.

A Tool for Achieving Goal Consensus

Because of the need for an empirical basis for projecting future graduates under different policy scenarios, we spent several weeks over the summer developing a simulation tool for that purpose. The model is based on progression rates of several types of student cohorts as they flow through the P-16 educational pipeline. The model, which is being developed in Microsoft Excel, presents the user with an interface depicting current rates of high school graduation, college participation by recent high school graduates, adult student participation, remedial and developmental course placement, and freshman-to-sophomore retention. These rates are tied to current levels of enrollments in and graduates from Tennessee institutions. The user is able to enter increases in pipeline performance, and the model generates estimates of additional enrollments and completions that would occur between 2008 and 2015.

We recently demonstrated a model prototype to Dennis Jones of the National Center for Higher Education Management Systems (NCHEMS) and received some valuable feedback about needed refinements. The model still needs to allow for the manipulation of transfer rates and college graduation rates. We estimate that it will take about two weeks of further development work to add this important functionality.

The model gives us the ability to develop a goal for increased degree production that has some basis in reality and is not purely aspirational. It also allows users to experiment with different ways in which additional degree production might be achieved. For instance, how many additional degrees are associated with a one percent increase in high school graduation rates? What would be the cumulative effect of increasing high school graduation rates while increasing college retention rates and decreasing the rate of placement in remedial and developmental courses? As such, the model becomes a powerful tool for building consensus and confidence around the degree production goal; for demonstrating pathways to achieving that goal; and for allocating responsibility among postsecondary sectors for various components of goal achievement.

We see the simulation tool as the raw material around which to bring several groups together. Once the simulation tool is finalized, we intend to demonstrate it and subject it to further vetting among the project leadership team, the Governor's office, legislative leadership, system boards, and the State P-16 Council.

The Planning Year

Defining Success

What would a successful planning year look like for MOA-TN? What conditions or achievements would constitute success a year from now? Our efforts over the course of the 2008-09 MOA-TN planning year will be successful if the following conditions exist by September of 2009:

- Statewide awareness of the productivity agenda as articulated by MOA, adoption of MOA concepts and language in the higher education vernacular, and widely held agreement that change is needed;

- Broad buy-in around a degree production goal that is quantifiable and time-specific; understanding of antecedent conditions necessary for goal achievement; and allocation of responsibility among postsecondary sectors for various components of goal achievement;
- Completion of a policy audit that: serves as a diagnostic tool for policies and resources that appear to be misaligned in terms of the stated goal; promotes clear and broad understanding of existing barriers to increased degree production by our public postsecondary institutions; identifies priorities for change; and builds awareness of issues and enthusiasm for change at the system and campus levels;
- Support for the three dimensions of the MOA productivity agenda from the Governor, legislative leadership, and the public system boards and their institutions;
- Agreement on the reforms that can take place with no new money and those things that would require seed money or incentive funds; and
- Adoption of a limited set of stable measures enabling us to track progress in higher education productivity, as defined by this agenda, over time.

Doing so will prepare us for the implementation phases of the MOA-TN initiative and the 2010-2015 higher education Master Plan, identifying a manageable number of policy reforms that are promising in terms of political traction and likely success.

Planning Year Activities

Having defined success for the planning year, we now propose several activities designed to bring about those outcomes.

Policy audit. Foundational to the planning year will be a policy audit designed to identify priorities for changing policy and practice that will have a significant impact on degree production within expected resources. Because we intend to engage NCHEMS for this work, we invited Dennis Jones to Nashville on August 21 for preliminary discussions of costs and strategy.

The NCHEMS approach will be not only to review state laws, system policies, and institutional practices, but to take a grass roots approach by engaging a variety of stakeholders in discussions designed to highlight areas where policies or resources are out of alignment with the basic goals of MOA-TN. By so doing, the policy audit becomes not only a diagnostic tool and written report, but a mechanism for:

- achieving widespread awareness and input;
- coalition-building; and
- getting an advance reading on policy changes that are most likely to gain traction with policymakers and campus leaders.

Strategy groups. Whereas the policy audit sessions will necessarily involve a broad cross-section of campus constituencies or higher education policy leaders, a limited number of strategy groups will focus on priorities for change within a defined policy area. These will consist of issue experts who, because of their subject area knowledge, can almost immediately set about the task of identifying workable change strategies related to the topic at hand. The MOA-TN leadership team will assist in identifying appropriate members for the strategy groups. At this point, we propose to develop strategy groups around the following policy clusters:

- *Funding Mechanisms Group* – to continue the work begun in the last Master Plan cycle to recast state finance systems to reward institutions for graduating students, not just enrolling them.
- *Academic and Student Affairs Policies Group* – to critically examine institutional academic policies and student service practices that pose unnecessary barriers to student persistence and completion. The kinds of policies reviewed by this group will relate to admissions, placement, drop/add/refund, academic probation, withdrawal, and financial aid, among other things.
- *Adult Students Group* – to develop a comprehensive approach to increasing successful postsecondary participation by non-traditional students, including program offerings, delivery mode, pricing, student services, assessment and recognition of prior credit and skills, and development of a “front end” for adult students into the www.CollegeforTN.org web portal. Through invited technical assistance, the group will engage states that have made in-roads in this area already (for instance, Oklahoma, Louisiana, and Kentucky) as well as policy organizations experienced in policy development relative to this population (for instance, NCHEMS, CAEL, and SREB).
- *Efficiency Group* – to explore ways to achieve cost-savings through deregulation, resource sharing, and efficiencies in administrative operations.
- *Master Plan Group* – to ensure that elements of the productivity agenda are reflected in the state Master Plan and that thematic ties are made between the work of the various strategy groups. Chairs from the strategy groups will also be asked to inform the work of the Master Plan Group.

Research studies. Beyond the policy audit, other research is planned that will aid our understanding of affordability issues, from both a student and state perspective:

- *Affordability study.* We intend to commission an affordability study focusing on the net price (sticker price less federal, state, and institutional aid) paid by Tennesseans at various levels of family income and expected family contribution. This will help identify (1) populations that are the least well served by the state’s various student aid programs and (2) barriers to degree completion associated with affordability.
- *Delta Project white paper.* David Wright and Russ Deaton of THEC have been commissioned to write a white paper for the Delta Project on Postsecondary Costs. The paper, tentatively titled, “The Costs and Benefits of Making Opportunity Affordable,” will explore increases in the average cost-to-degree from various student behaviors associated with transition points in the postsecondary pipeline, such as remedial or developmental coursework, transfer, change of academic major, and extended time to degree. The paper, funded by the Delta Project, will seek to arrive at cost savings estimates from improving policies that promote more efficient progression and completion.

Sustainability Strategies

Several well-established mechanisms for policy priority development will serve to build and sustain demand for the change agenda:

- *Master Plan.* The MOA planning year coincides with the timeline for development of the 2010-2015 Master Plan for Tennessee higher education which, if history is a guide, will be adopted at the January 2010 THEC meeting. The productivity agenda of MOA-TN will be featured prominently in the upcoming Master Plan.

- *Master Plan Update.* THEC is required by statute to update the Governor and General Assembly annually on progress toward achieving Master Plan goals.
- *Performance Funding.* In concert with development of the Master Plan, a Performance Funding Task Force develops related performance measures and standards on a five-year cycle coinciding with that of the Master Plan. To the extent that the productivity agenda is embedded in the Master Plan, it will be the focus of institutional improvement efforts over the next five-year Performance Funding cycle.

Communication and Coalition Building

In addition to the aforementioned mechanisms that are more or less built into the system, we will build in other strategies to ensure buy-in, promote project awareness, and sustain momentum throughout the year.

Gubernatorial leadership. It is vital for Governor Bredesen to own this agenda and signal the higher education community, the General Assembly, and the general public, that this is the right time for Tennessee to embrace the higher education productivity agenda. Early in the planning year, members of the project leadership team will meet with the Governor. We will seek to enlist the Governor in “throwing down the gauntlet” on the productivity agenda in general and the goal for increased degrees in particular. Ideally, MOA-TN will be mentioned in his State of the State address and at other key times and venues. We will provide assistance to the Governor’s staff as needed in crafting the message and communication strategy.

Communication with system boards and related groups. We will seek to have MOA-TN placed as an information item on the regularly-scheduled agendas of the Tennessee Board of Regents, University of Tennessee Board, Tennessee Independent Colleges and Universities Association (TICUA), and THEC. Project leadership will also be available for meetings of presidents’ councils and other functional groups, as warranted.

Listening stops. To complement the policy audit work we propose a limited series of listening stops in communities across Tennessee, working through legislators to schedule them, “sponsor” them, and generate community interest. In contrast to the policy audits, these listening stops will focus on communities rather than postsecondary institutions, serving as an opportunity to engage the public and the legislators in whose districts these communities reside. At their core, these community forums will focus on the basic question, “As perceived by Tennesseans, what are the barriers to postsecondary enrollment and completion?”

Media coverage. This will include invited press coverage at the listening stops and a series of op-eds in major state newspapers by project leadership, legislators, institutional presidents, and THEC members from those localities on the need for transformational change in light of fiscal realities and the need for heightened educational attainment.

MOA-TN summit. Following the 2009 legislative session, the project will host a summit event intended to enhance media and public understanding of what MOA-TN is all about and to tie together lessons learned to that point from the policy audit, commissioned research, strategy groups, and listening stops. The meeting will involve representatives of the MOA initiative at the national level, state political leaders, system heads, and campus presidents. We will seek guidance from the MOA initiative at the national level with regard to logistics, messaging, supporting materials, and press management.

Leveraging of other communications and relationships. Throughout the year we will seek to leverage routine relationships and other meetings as opportunities to build understanding of MOA-TN and the productivity agenda. The following are examples:

- Staff from THEC and ACT will present a series of seminars to high school guidance counselors across the state Sept 16-26, 2008, to highlight the link between academic preparation in high school and collegiate success. Counselors will receive customized reports detailing the college freshman year academic performance of recent graduates from their high school.
- GEAR UP public awareness campaign. This is a statewide public awareness campaign to complement the ongoing outreach activities through GEAR UP in nine of the state's counties having the highest need for increased educational attainment.
- THEC staff will continue visits to selected campuses, begun in late Summer of 2008, that provide a forum for the exchange of information and ideas between campus leaders and members of the THEC staff.

MOA-TN website. We plan to engage a local web development firm, Websults (www.websults.com), to develop and maintain a website that will house the simulation tool, reinforce central messages, and serve as a clearinghouse for MOA-TN activities. This will aid in the branding of MOA-TN and serve as a communication strategy for building project awareness and sustaining momentum throughout the year. We envision the website as a place to collect and disseminate resources like national MOA publications, the aforementioned op-ed pieces, themes from NCHEMS interviews, ideas from strategy groups, the policy audit itself, related research such as the affordability study and Delta Project white paper, and associated metrics.

Metrics

According to the NCHEMS *Guide for Evaluating Institutional Performance Relative to Financial Resources* (updated January 2007), Tennessee under-performs in the awarding of undergraduate credentials per 100 undergraduate full-time equivalent students, even when compared to states with commensurate levels of educational funding per student.

While the NCHEMS analysis is intriguing, it raises as many questions as it answers, and MOA-TN provides an opportunity to gain further insight into these underlying questions. As a first step, we will apply the NCHEMS methodology to Tennessee institution data to produce displays of degree production per 100 enrolled FTE by degree level, discipline, and institution. These will serve as points of entry into some of the campus-based conversations convened by NCHEMS. We would like to understand what drives these differences and learn what can or should be done about them at the system or institution level.

While we believe a protracted discussion of specific metrics is premature until we know the kind of progress for which we want to hold ourselves accountable, suffice it to say at this point that:

- we believe measurement is important;
- we possess a robust data system that is well-suited for the purpose;
- metric development will be rooted in our policy discussions;
- we will learn from the discussions of the policy audit and strategy groups;
- we will seek the advice of NCHEMS, the Delta Project, and others;
- we intend to keep the number of measures manageable and stable over time; and
- we will keep the construction of measures simple to the extent possible.

Timeline and Budget

Two pages are appended that detail a timeline and budget for the proposed activities. Appendix A provides a time frame for the activities discussed on the preceding pages. The timeline is rather front-loaded with things that must get off the ground and will surely be amended as the work progresses. Appendix B presents an investment plan that shows how MOA's financial resources and the state's human and financial resources will be deployed to meet the expectations outlined above. In addition to the use of resources shown on that schedule, it is estimated that in-kind contributions from THEC staff dedicating a portion of their time to MOA-TN will exceed \$50,000 (David Wright 25 percent of time; Russ Deaton 15 percent, and Christine Luce 15 percent).

APPENDIX A

MOA-TN 2008-09 Planning Year Timeline

The following timeline of events links the activities proposed above to quarterly milestones throughout the planning year, October 2008 through September 2009

1st quarter: October – December 2008

- Initial consultation with MOA state advisor
- Set up regularly scheduled meetings with MOA-TN leadership team
- Consult with Governor's Tennessee Diploma Project staff for lessons learned from broad-based K-12 policy reform
- Complete development on simulation tool; demonstrate the model and vet the goal before project leadership team, Governor's office, legislative leadership, system boards and staff, and State P-16 Council
- MOA-TN leadership team meet with Governor regarding commitment to MOA
- Policy audit: devise strategy, begin meetings
- Delta College Costs Project white paper
- Establish strategy groups in pre-defined areas; groups begin meeting
- Establish MOA-TN website

2nd quarter: January – March 2009

- Continue to meet with MOA state advisor
- Continue regularly scheduled meetings with MOA-TN leadership team
- Provide MOA-TN updates at quarterly meetings of UT, TBR, and THEC boards
- Governor highlights MOA-TN in State of State address
- Strategy groups conclude their meetings and make recommendations to MOA-TN leadership team
- Policy audit: Vet preliminary findings; issue policy audit report; disseminate findings via website, higher education board meetings, op-eds, and media event
- Affordability study
- Metrics emerge

3rd quarter: April – June 2009

- Continue to meet with MOA state advisor
- Continue regularly scheduled meetings with MOA-TN leadership team
- Provide MOA-TN updates at quarterly meetings of UT, TBR, and THEC boards
- Gather data for MOA-TN metrics
- Begin to identify policy priorities for Master Plan and MOA implementation phase
- MOA-TN summit event

4th quarter: July – September 2009

- Continue to meet with MOA state advisor
- Continue regularly scheduled meetings with MOA-TN leadership team
- Provide MOA-TN updates at quarterly meetings of UT, TBR, and THEC boards
- Post metrics to MOA-TN website
- Finalize policy priorities and expenditure deployment for Master Plan and MOA implementation phase

APPENDIX B

**MOA-TN
2008-09 Planning Year Budget**

Policy audit and institutional visits (NCHEMS)	\$50,000
Website development (Websults)	\$25,000
MOA team members' travel to regional and national conferences to gain exposure to thought leaders, key concepts, and best practices; and to present MOA-TN efforts	\$15,000
In-state travel, convening	\$10,000
Cover travel expense and honoraria for invited technical assistance	\$10,000
Affordability study	\$20,000
Publications	\$3,000
Unobligated funds to take advantage of opportunities as they emerge	\$5,000
THEC indirect costs	\$12,000
Total	\$150,000