

MINUTES
TENNESSEE HIGHER EDUCATION COMMISSION
July 29, 2010, 1:00 p.m. CDT

The meeting was called to order by Chairman Jack Murrah at 1:00 p.m.

Commission Members present:

Ms. Sue Atkinson	Mr. Jack Murrah
Mr. Charles Bone	Mr. Ross Rowland
Mr. Tre Hargett	Mr. Zack Walden
Mr. Greg Isaacs	Mayor A C Wharton
Mr. Cato Johnson (via teleconference)	Mr. Robert White
Mr. David Lillard	Mr. Justin Wilson
Mr. Charlie Mann	Ms. Katie Winchester

Adoption of Agenda

Mr. Jack Murrah thanked everyone for their attendance. Mr. Murrah then called for a motion to adopt the meeting agenda with one change: the Audit Committee Report was retitled Proposed Revision of the Audit Committee Charter. Mr. Cato Johnson made a motion to approve the agenda. Mr. Greg Isaacs seconded the motion; the motion was duly adopted by the following roll call vote:

	Aye	No	Abstain
Ms. Sue Atkinson	x		
Mr. Charles Bone	x		
Mr. Tre Hargett	x		
Mr. Greg Isaacs	x		
Mr. Cato Johnson (via teleconference)	x		
Mr. David Lillard	x		
Mr. Charlie Mann	x		
Mr. Jack Murrah	x		
Mr. Ross Rowland	x		
Mayor A C Wharton	x		
Mr. Robert White	x		
Mr. Justin Wilson	x		
Ms. Katie Winchester	x		

Approval of Minutes, April 29, 2010, Meeting

Mr. Murrah welcomed Mr. Bob Thomas, TBR chair, Mr. Jim Murphy, UT Board of Trustees vice chair, and Senator Delores Gresham to the meeting. He then called for a motion to approve the minutes of the April 29, 2010 meeting. Mr. Charles Bone made a motion to approve the minutes. Mr. Robert White

seconded the motion; the motion was duly adopted by the following roll call vote:

	Aye	No	Abstain
Ms. Sue Atkinson	x		
Mr. Charles Bone	x		
Mr. Tre Hargett	x		
Mr. Greg Isaacs	x		
Mr. Cato Johnson (via teleconference)	x		
Mr. David Lillard	x		
Mr. Charlie Mann	x		
Mr. Jack Murrah	x		
Mr. Ross Rowland	x		
Mayor A C Wharton	x		
Mr. Robert White	x		
Mr. Justin Wilson	x		
Ms. Katie Winchester	x		

Chairman’s Report

Mr. Murrah commented on the work session earlier in the day. He then informed the Commission he would be relocating to Alabama for family reasons and would be resigning from the Commission in the near future. He expressed his gratitude for the opportunity to serve the State of Tennessee and its citizens through his service on the Commission.

Executive Director’s Report-Tennessee Higher Education Commission/Tennessee Student Assistance Corporation

Dr. Richard Rhoda, Executive Director, was recognized to provide his report. He began his report by thanking Mr. Murrah for his service on the Commission. Dr. Rhoda then recognized Mr. Cato Johnson and Mr. David Wright, Associate Executive Director for Policy, Planning, and Research, who were participating by phone. He commented on the work session earlier in the day and briefly discussed the legislation on higher education reform. He also provided an update on the Making Opportunity Affordable grant. Dr. Rhoda then briefed the Commission on the status of Lambuth University, stating that Lambuth continues to be sustained by an unidentified investor.

Dr. Rhoda also briefed the Commission on the direct lending program, now managed by institutions, and stated that the role of TSAC is still being redefined for the purpose of providing assistance to institutions.

Dr. Rhoda introduced the newest Commission member, Mr. Zack Walden, representing the Tennessee Board of Regents from ETSU. He stated that Ross Rowland is now the voting student member. Dr. Rhoda then introduced new staff members: Mr. Michael Krause in the Academic Affairs division, replacing Katrina Miller who took the position of Director in the Race to the Top division.

Dr. Rhoda also announced Mr. Jim Vaden's retirement and stated that Mr. Vaden will remain on a part time basis according to retirement provisions.

Systems' Reports

Tennessee Board of Regents

Dr. Charles Manning, Chancellor, Tennessee Board of Regents, was recognized to present his report. Chancellor Manning commented on work toward implementation of the Complete College Tennessee Act. He cited provisions of the act that deal with a reorganization of the community colleges as a more unified system within the TBR system. He commented on particular aspects of community college programming and operations that would be more uniform in the future.

University of Tennessee

Dr. Jan Simek, Interim President, University of Tennessee, was recognized to present his report. Dr. Simek discussed the Complete College Tennessee Act and noted that UT has held faculty group meetings with respect to articulation and transfer, and dual enrollment. He also discussed research enhancement, specifically a joint Ph.D. program between UT Knoxville and Oak Ridge National Laboratory with its two main components being the establishment of a center for interdisciplinary research and education, which has been established and is functioning, and to define a new Ph.D. program in energy science and engineering that will be a multidisciplinary program. He noted that this program has been defined and is currently in the approval process. Dr. Simek then briefly discussed the new funding formula for higher education. In closing, he briefed the Commission on the efforts of the UT campuses to attain the level of their peers and to bring UTK within the top 25 research institutions in the nation.

Action Items

Complete College Tennessee Act of 2010: 2010-15 Master Plan for Higher Education, Proposed Outcomes-Based Higher Education Funding Formula, and the 2010-15 Performance Funding Program: Quality Assurance

Dr. Rhoda was recognized to provide the report on the Complete College Tennessee Act of 2010 (CCTA). He stated the act directs the Tennessee Higher Education Commission, in consultation with the Tennessee Board of Regents and the University of Tennessee, to develop a state master plan for higher education. Dr. Rhoda stated that as public policy, this plan guides the development, funding, and evaluation of public universities, community colleges, and technology centers.

Dr. Rhoda then discussed the 2010-15 Master Plan for Higher Education. He stated that statute requires the Tennessee Higher Education Commission (THEC) to develop a master plan for the future development of public universities, community colleges, and technology centers. He noted that

historically, the plan has been revised every five years, coincident with revision of the public higher education Funding Formula, Performance Funding standards, and system-level strategic plans. Dr. Rhoda also stated that the 2010-2015 master plan is cast as a Public Agenda that focuses on educational attainment, sets out state-level goals for increased degree production, and concentrates on implementing the provisions of the Complete College Tennessee Act of 2010 (CCTA).

Dr. Russ Deaton, Director of Fiscal Policy and Facilities Analysis, was recognized to provide the report on the Outcomes-based funding formula. He stated that previously THEC utilized an enrollment-based model, where as much as 60 percent of the calculation was dependent on student enrollment. Dr. Deaton stated that the outcomes-based model incorporates data on broad institutional activities including but not limited to student progression, undergraduate and graduate degree production, student transfer, and research at universities. He noted that the new model rewards institutions for the production of these outcomes that furthers the productivity goals of the state Master Plan. In closing, Dr. Deaton stated that unlike Performance Funding, the outcomes based formula does not have annual targets or benchmarks. THEC will utilize the new model for the 2011-12 budget cycle and will begin phasing out the hold harmless provision over the next three years, which will result in each institution being funded at the same percentage of the outcomes-based formula recommendation.

Ms. Betty Dandridge Johnson, Assistant Executive Director of Academic Affairs, was recognized to provide the report on the 2010-15 Performance Funding Program. She stated that all public universities and community colleges have been able to “earn” additional funding recommendations (up to 5.45 percent of the institution’s state funding) on the basis of quality improvement as measured by a common set of indicators. Ms. Dandridge Johnson noted that the incentive has encouraged institutions to build comprehensive evaluation systems where they can reliably measure student learning. She noted that over the years, Tennessee institutions have developed a culture of continuous improvement and comfort with assessment that serves them in good stead with their institutional accreditor. Ms. Dandridge Johnson then discussed the 2010-15 Performance Funding standards, which reflect the professional judgment of the Advisory Committee with representation from institutions and University of Tennessee and Tennessee Board of Regents system staff.

After discussion, Mr. Tre Hargett made the motion to recommend that the Commission take action to agree in concept and endorse as presented the 2010-15 Master Plan for higher education, the outcomes-based funding formula, and the 2010-15 Performance Funding program, subject to legislative review and recommendation. He also recommended that the Executive Director report to the Commission the results of all legislative reviews and be authorized to recommend adjustments as may be necessary as a result of the various legislative reviews, as well as in consultation with the administration and that these recommendations be brought before the Commission at its next meeting.

Ms. Winchester seconded the motion; the motion carried with the following roll call vote:

	Aye	No	Abstain
Mr. Charles Bone	x		
Mr. Tre Hargett	x		
Mr. Greg Isaacs	x		
Mr. Cato Johnson (via teleconference)	x		
Mr. David Lillard	x		
Mr. Charlie Mann	x		
Mr. Jack Murrah	x		
Mr. Ross Rowland	x		
Mr. Robert White	x		
Mr. Justin Wilson	x		
Ms. Katie Winchester	x		

In reference to the Public Agenda, Dr. Rhoda asked Dr. Matthew Murray, associate director of the University of Tennessee Center for Business and Economic Research, to brief the Commission on the status of a study concerning workforce supply and demand in Tennessee. The study findings will be used to guide the development of new academic programs. Dr. Murray discussed the design, methodology, and preliminary findings of the study.

Institutional Reauthorization, Temporary Authorization of New Institutions, and Approval of New Programs Under the Postsecondary Authorization Act

Dr. Stephanie Bellard Chase, Assistant Executive Director for Postsecondary School Authorization, presented the recommendations of staff and the Postsecondary Education Authorization Advisory Committee to grant reauthorization of institutions, temporary authorization to proposed new institutions, and approval of new programs. A listing of the institutions and programs is included as Attachment A to the official copy of the minutes. A motion was made by Mr. Johnson to adopt the recommendations as presented. The motion was seconded by Mr. White. There being no further discussion, Mr. Murrah called for a vote on the motion that was duly adopted by the following roll call vote:

	Aye	No	Abstain
Mr. Charles Bone	x		
Mr. Greg Isaacs	x		
Mr. Cato Johnson (via teleconference)	x		
Mr. Charlie Mann	x		
Mr. Jack Murrah	x		
Mr. Ross Rowland	x		
Mr. Robert White	x		
Ms. Katie Winchester	x		

Dr. Chase then discussed the reappointment of Committee members. She stated that on June 30, 2010, 4 appointments to the committee expired. Dr. Chase also stated that currently, 7 positions on the committee are vacant and Commission staff are recommending 4 committee members be reappointed. Mr. White made a motion to approve staff recommendations for reappointment of Ms. Denise Bentley, Ms. Vicki Burch, Mr. Gaylon Hall, and Mr. Stephen South, to the Committee. Mr. Isaacs seconded the motion; the motion was duly adopted by the following roll call vote:

	Aye	No	Abstain
Mr. Charles Bone	x		
Mr. Greg Isaacs	x		
Mr. Cato Johnson (via teleconference)	x		
Mr. Charlie Mann	x		
Mr. Jack Murrah	x		
Mr. Ross Rowland	x		
Mr. Robert White	x		
Ms. Katie Winchester	x		

Consideration of FY 2010-11 Operating Budgets

Mr. Jim Vaden, Associate Executive Director, Fiscal Affairs, was recognized to present the FY 2010-11 Operating Budgets. Mr. Vaden stated that the FY 2010-11 proposed operating budgets for higher education are balanced and campuses have again directed the majority of their resources to the teaching functions. He noted that expenditures for auxiliary enterprises have not exceeded revenues plus unallocated auxiliary fund balances. He advised that all higher education budget entities have submitted the required financial data to the Commission and are in compliance with all the budget guidelines and legislative directives. Mr. Vaden noted that tuition and fees revenue accounted for 45.7 percent of overall revenue, while state appropriations accounted for 44.1 percent. Mr. Vaden stated that the teaching functions – instruction, research, public service, and academic support – accounted for 62.7 percent of overall expenditures and that institutions incorporated into their 2010-11 budgets non-recurring state appropriations in lieu of funds from the federal American Recovery & Reinvestment Act (ARRA). He also noted that one-time state funds, like ARRA funds, are being used to assist institutions in adjusting expenditures to the reduced state appropriation base.

Ms. Winchester made a motion to approve the FY 2010-11 operating budgets. Mr. Bone seconded the motion; the motion was duly adopted by the following roll call vote:

	Aye	No	Abstain
Mr. Charles Bone	x		
Mr. Greg Isaacs	x		
Mr. Cato Johnson (via teleconference)	x		
Mr. Charlie Mann	x		

Mr. Jack Murrah	x		
Mr. Ross Rowland	x		
Mr. Robert White	x		
Ms. Katie Winchester	x		

Revision of the Audit Committee Charter

Ms. Katie Winchester was recognized to present the proposed revision of the audit committee charter. Ms. Winchester stated that the proposed revision deletes the requirement to have three members from each organization, THEC and TSAC, on the committee and instead states that the committee shall consist of five members; a quorum will require three or more members to be present; and adds that the committee and its chair shall be “selected by the Executive Director of THEC/TSAC and confirmed by the” Commission/Board of Directors; and “Commission/Board of Directors” is added to the charter approval requirements. After discussion, Mr. Murrah called for a motion. Mr. Bone made a motion to approve the revision of the audit committee charter as presented. Mr. Isaacs seconded the motion; the motion was duly adopted by the following roll call vote:

	Aye	No	Abstain
Mr. Charles Bone	x		
Mr. Greg Isaacs	x		
Mr. Cato Johnson (via teleconference)	x		
Mr. Charlie Mann	x		
Mr. Jack Murrah	x		
Mr. Ross Rowland	x		
Mr. Robert White	x		
Ms. Katie Winchester	x		

Election of 2010-11 Officers

Mr. Murrah called on Mr. Cato Johnson to provide a report on the election of the 2010-11 officers. Mr. Johnson briefly reviewed the make-up of the Commission officers. He then reviewed the current officers, which are: Mr. Jack Murrah – Chairman, Mr. Charlie Mann, Vice Chair, Ms. Katie Winchester, Vice Chair, and Mayor A C Wharton – Secretary. Mr. Johnson then recommended the following 2010-11 Commission officers: Mr. Robert White, Chairman, Ms. Katie Winchester, Vice Chairman, Mr. Charlie Mann, Vice Chairman, and Mayor AC Wharton, Secretary. Mr. Murrah called for a motion to approve the recommendations. Mr. Isaacs made a motion to accept by acclamation. Mr. Bone seconded the motion; the motion was duly adopted by the following roll call vote:

	Aye	No	Abstain
Mr. Charles Bone	x		

Mr. Greg Isaacs	x		
Mr. Cato Johnson (via teleconference)	x		
Mr. Charlie Mann			x
Mr. Jack Murrah	x		
Mr. Ross Rowland	x		
Mr. Robert White			x
Ms. Katie Winchester	x		

Information Items

Status of Race to the Top

Ms. Katrina Miller, THEC Higher Education Program Administrator, was recognized to provide a report on the Status of Race to the Top. She stated that Race to the Top is a \$4.35 billion incentive program designed to make dramatic reforms and improvements in education and student performance. Ms. Miller noted that Tennessee was one of 41 states to submit applications for the program in January of 2010 and after a rigorous competition, Tennessee emerged as one of two states awarded Race to the Top funding and will receive \$501 million over the next four years.

Ms. Miller noted that Tennessee’s Race to the Top proposal concentrated on five areas of improvement: Great Teachers and Leaders, Standards and Assessments, Data Systems to Support Instruction, Turning Around Low-Performing Schools, and STEM (Science, Technology, Engineering, and Math) Education. She noted that the Tennessee Department of Education, State Board of Education, Tennessee Higher Education Commission, and Governor’s Office of State Policy and Planning will lead the efforts in implementing the reforms proposed in Race to the Top.

GEAR UP and College Access Challenge Grant Status Report

Ms. Katie Brock, Associate Executive Director for P-16 Initiatives, was recognized to present the status report on GEAR UP and College Access Challenge Grant (CACG). She briefly discussed highlights from GEAR UP TN summer activities. Ms. Brock then discussed the College Access Challenge Grant and noted that the grant focuses on initiatives such as providing professional development opportunities for school counselors and postsecondary financial aid administrators and admissions officers. She stated that the overall goal of Tennessee’s CACG is to create a network among organizations working in college access with a unified message while also increasing the number of underserved students enrolling and succeeding in postsecondary education. Ms. Brock then shared an overview of the 2010-2014 CACG application with the Commission.

Fall Quarterly Meeting

Dr. Rhoda advised the Commission that the next meeting of the Commission will be on Thursday, November 18, 2010, in the THEC office.

There being no further business, the meeting was adjourned at 2:45.

Approved:

Robert White, Chairman