

MINUTES
TENNESSEE HIGHER EDUCATION COMMISSION
April 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. Charlie Mann
Mr. Charles Bone	Mr. Jack Murrah
Ms. Jessica Brumett	Mr. Ross Rowland
Mr. Tre Hargett	Mr. Robert White
Mr. Greg Isaacs	Ms. Katie Winchester
Mr. Cato Johnson (via teleconference)	

Adoption of Agenda

Mr. Jack Murrah thanked everyone for their attendance and welcomed guests to the meeting. He then called for a motion to adopt the meeting agenda. Mr. Cato Johnson made a motion to approve the agenda. Mr. Robert White seconded the motion; the motion was duly adopted.

Approval of Minutes, January 28, 2010, Meeting

Mr. Murrah called for a motion to approve the minutes of the January 28, 2010, Commission meeting. Mr. Tre Hargett made a motion to approve the minutes. Mr. White seconded the motion; the motion was duly adopted.

Chairman's Report

Mr. Murrah commented on the productive work session earlier in the day and commended the staff of the Division of Postsecondary School Authorization for their oversight of the institutions authorized to operate in Tennessee under the Postsecondary School Authorization Act. He thanked the members of the Complete College Act committee for their work in fulfilling the mandate of the legislature.

Executive Director's Report-THC/Tennessee Student Assistance Corporation

Dr. Rhoda was recognized to provide his report. He began his report by thanking Mr. Johnson for being able to participate by phone. Dr. Rhoda then briefly discussed Dr. Hal Ramer, the founding president of Volunteer State Community College, who passed away in February, and commended his long career and commitment to higher education.

Dr. Rhoda then updated the Commission on the status of Lambuth University; he noted that Lambuth has obtained SACS probationary status and is in

discussions with for-profit management groups regarding a change of ownership while maintaining the character and mission of the institution.

Dr. Rhoda briefed the Commission on the status of the Federal Family Education Loan Program (FFELP,) stating that it will cease to exist in June 2010 and institutions will move to a direct loan program. He discussed other provisions of the Health Care and Education Affordability Reconciliation Act of 2010, which was signed into law on March 30, 2010. These include changes to the Pell grant; \$50 million to assist institutions with the transition to direct lending; \$2.5 billion for Historically Black Colleges and Universities; \$2 billion for community colleges; and \$750 million for College Access Challenge Grants through 2014.

Systems' Reports

Tennessee Board of Regents

Dr. Charles Manning, Chancellor, Tennessee Board of Regents, was recognized to present his report. He began by commenting on the TBR Teacher Quality Initiative and noted the challenges for the initiative such as changing the perception of teaching responsibilities. He then briefly discussed the TBR finance committee meeting held on April 28, noting the financial stance of each institution and how they rank among peer institutions. Chancellor Manning also briefly discussed tuition increase percentages.

University of Tennessee

Mr. Murrah recognized Dr. Bonnie Yegidis, Vice President for Academic Affairs and Student Success, University of Tennessee, to present the report. Dr. Yegidis began by noting the Complete College Tennessee Act requirements are being met by the UT system. She then discussed transfer policy revisions and stated that UT is in compliance with the law and noted the progress on identifying articulation pathways. Dr. Yegidis briefly discussed the faculty workgroups to assist with the transfer process and will provide a report following the completion of those workgroups.

Action Items

East Tennessee State University Master Plan Update

Mr. Jim Vaden, Associate Executive Director for Fiscal Affairs, was recognized to provide the ETSU Master Plan update. He noted the plan update had been presented at the worksession earlier in the day. He stated the plan provides a comprehensive guide for the future growth and development of the ETSU campus with short, medium and long range visions. Mr. Vaden also stated that the ETSU Campus Master Plan had been thoroughly reviewed and THEC staff recommends it for approval. Mr. Murrah then called for a motion to approve the ETSU Master Plan. Mr. Charlie Mann made a motion to approve. Mr. White seconded the motion; the motion was duly adopted.

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.

Information Items

Implementation of the Complete College Tennessee Act

Dr. Rhoda discussed the Complete College Tennessee Act of 2010 (CCTA) and noted that a lot of work has been done; however, it is very early in the process. He stated that the key issues are close to being identified. He discussed the workgroups and noted that each institution is represented in the workgroups and are responding well.

2010-2015 Higher Education Master Plan

Mr. David Wright, Associate Executive Director of Policy, Planning, and Research, was recognized to present the status of the 2010-2015 State Master Plan for Higher Education. He commented on the collaboration from all sectors of higher education and the business community. Mr. Wright stated that the Master Plan must promote the CCTA overarching goal of increasing the number of Tennesseans with a college degree and project strategies as a means to this end. He also discussed the Master Plan Steering Committee and its work committees – Funding Formula, Performance Funding, Adult Participation, and Academic Affairs – noting that they have met routinely to frame a plan for the next five years and have focused on productivity. In closing, he stated that the objective is to present a Master Plan draft for the Commission’s consideration at the July 2010 meeting.

Revised Funding Formula

Mr. Vaden briefly discussed the revised funding formula. He stated there was excellent participation by the Committee, having had three meetings so far. He then recognized Dr. Russ Deaton, Director of Fiscal Policy and Facilities Analysis, to provide further information on the formula. Dr. Deaton reviewed the history of appropriations by sector, outcomes by institution and degree priority rankings for each institution, and an overview of the features of the new funding model.

Program Supply/Market Demand Analysis

Dr. Bill Fox, Director of UT Center for Business and Economic Research (CBER), briefed the Commission on the status of the program supply/market demand analysis commissioned by THEC. Dr. Fox stated that the UT CBER is undertaking a Program Supply/Market Demand analysis that will project emerging labor market fields to which institutions can respond in their degree and certificate program planning. He also stated that the availability of such information should assist institutions in redirecting funds from under-producing degree programs to those that more directly anticipate employment of graduates and identify areas where there are significant issues, as well as where institutions are doing well.

Other Initiatives

Dr. Linda Doran, Associate Executive Director for Academic Affairs, discussed the Academic Affairs related CCTA efforts. Dr. Doran stated that through the efforts of the academic committee and the joint TBR-UT articulation council, all imperatives within the Complete College Tennessee legislation are being addressed. She briefed the Commission on the key areas, such as the university track and its objectives. Dr. Doran stated that the universities will cease to offer developmental courses and the community colleges will be the provider for those courses. She noted that TBR has done major work over the past three years developing a reform of how remediation instruction is delivered. She then discussed another key area, which is to further the common course numbering in the community colleges, noting that much has been done in general education and stated that the community colleges will denote in their catalog which courses are not intended to transfer. In closing, she discussed the design the new performance funding 2010-15 standards. These standards will address quality assurance to complement the outcomes-based formula.

Mr. Wright then recognized Dr. Nate Johnson to provide an update on the higher education productivity agenda and emerging at the national level. Dr. Johnson stated he began his work on the MOA project to address the need in the United States to increase higher education attainment. He stated that Tennessee's sustained commitment to the funding formula and performance funding is unique in the country and the steps being taken toward a stronger system of articulation within the TBR institutions and between the University of Tennessee and TBR systems are promising.

GEAR UP TN Status Report

Ms. Katie Tone, Associate Executive Director for P-16 Initiatives, was recognized to present the status report on P-16 Initiatives and GEAR UP activities. Ms. Tone reported on highlights from the recently-submitted GEAR UP annual performance review, noting statistics from the CollegeforTN.com website, direct services to students, and the GEAR UP incentive award.

Status of the Race to the Top Grant

Dr. Doran discussed Tennessee's successful Race to the Top bid, and noted that higher education will have a significant role in achieving the overall goals of the federal school reform grant. She stated that not only will higher education be involved in shaping the education reforms being enacted but will also be directly responsible as programmatic and fiscal manager for numerous programs. Dr. Doran then discussed the following key roles of the project: Strengthen the ability of K-12 teachers to use student achievement data in improving student outcomes; improve the quality and number of teachers in K-12 education; provide accountability in teacher preparation focused on strengthening programs; increase Tennessee's competitiveness in STEM; and expand the College Access Network.

Dr. Doran then recognized Ms. Katrina Miller, Director of Academic Affairs, to provide more detail about the projects managed by THEC. Ms. Miller briefed the Commission on each of the following initiatives and its purpose: Integrating Common Core Standards into Pre-Service, Integrating TVAAS into Pre-Service, School Leaders Supply and Demand Study, UTeach Program Replication, Teacher Preparation Program Effectiveness Report Card, College Access Network, STEM Professional Development, and the Tennessee Consortium on Research, Evaluation, and Development.

Audit Committee Chair Report

Ms. Ann Collett, Internal Auditor, was recognized to provide the Audit Committee report. She briefed the Commission on the Audit Committee meeting held earlier in the day. Her report addressed the TSAC Federal Family Education Loan program, Status of External TSAC Audits, including the June 30, 2009 Division of State Audit Financial and Compliance Audit. The audit is not yet complete, but two draft findings have been received: (1) the Tennessee Student Assistance Corporation did not comply with certain special tests and provisions regarding the collection of delinquent accounts and the recovery of indirect costs; and (2) incorrect accounting entries for the Federal Family Education Loan Program resulted in an overstated balance for the Federal Fund and a corresponding understated balance for the Operating Fund, found by TSAC staff. Ms. Collett noted that staff has responded to those findings.

Ms. Collett noted that the audit plan for FY 2010-11 will be developed and sent to Dr. Rhoda and the Audit Committee for review and approval in June. Ms. Collett then discussed the Annual Risk Assessment required under the Financial Integrity Act and noted the assessment is due December 31, 2010. Work will begin in early August. The assessment will be submitted to the Audit Committee for review and comment.

Conflict of Interest Policy

Mr. Murrah recognized Mr. Will Burns, Associate Executive Director of Legal and Regulatory Affairs, to discuss the conflict of interest policy. Mr. Burns reviewed the conflict of interest policy and requested each member to fill out and return the form to him or Ms. Carter within 30 days following the spring

meeting, as required by policy. He noted that although a term may be nearing completion, we are still required to obtain a form from each member.

Legislative Report

Mr. Burns reported on the status of legislative items. He discussed the status of the omnibus rules bill which will make permanent all rules filed in 2009, including the rules THEC filed last year to increase the reauthorization fees charged to the proprietary institutions the Commission regulates. Mr. Burns then noted Lieutenant Governor Ron Ramsey appointed a task force to study the long term viability of the lottery scholarship program. He further noted that House Speaker Kent Williams was expected to appoint House members to participate in the study.

Summer Quarterly Meeting

Dr. Rhoda advised the Commission that the next meeting of the Commission will be on Thursday, July 29, 2010, in the THEC office.

There being no further business, the meeting was adjourned at 3:00.

Approved:

Jack Murrah, Chairman