

MINUTES
TENNESSEE HIGHER EDUCATION COMMISSION
April 24, 2014, 1:00 p.m. CST

The meeting was called to order by Chairman Cato Johnson at 1:00 p.m.

Commission Members present:

Mr. Charles Bone	Mr. Adam Jarvis
Mr. Randy Boyd	Mr. Cato Johnson
Mr. Evan Cope	Ms. Pam Koban
Mr. Robert Fisher	Treasurer David Lillard
Secretary Tre Hargett	Dr. Gary Nixon
Ms. Sharon Hayes	Mr. Keith Wilson

Opening Remarks

Chairman Johnson welcomed all and thanked them for their attendance. He then recognized Dr. Rhoda to introduce special guests. Dr. Rhoda welcomed Randy Boyd to his first official meeting as a Commission member. He then introduced Dr. Kim Sokoya, Professor of Management at MTSU and the 2014 Maxine Smith Fellow. Dr. Rhoda also congratulated student member, Robert Fisher, on his recent receipt of the Truman Scholarship.

Adoption of Agenda

Mr. Johnson called for a motion to approve the agenda. Secretary Tre Hargett made a motion to approve the agenda as presented. Mr. Randy Boyd seconded the motion; the motion was duly adopted.

Approval of Minutes, January 30, 2014, Meeting

Mr. Johnson called for a motion to approve the minutes of the January 30, 2014, Commission meeting. Mr. Keith Wilson made a motion to approve the minutes as presented. Treasurer David Lillard seconded the motion; the motion was duly adopted.

Chairman's Report

Mr. Johnson commented on the productive work session earlier in the day and noted the excellent presentations and good discussion.

Executive Director's Report

Dr. Rhoda was recognized to provide his remarks. He began by commenting on the discussion in the worksession. Dr. Rhoda noted most of the agenda items centered on the Drive to 55 initiative and steps taken to increase college completion and educational attainment. He then recognized Dr. Tristan Denley, Chief Academic Officer of the TBR System, to discuss the Degree Compass tool. Dr. Denley briefly explained the Degree Compass tool, used to assist students when making choices for courses. He noted that the tool identifies a student's strengths and weaknesses in specific courses and if a student will do well in that particular course, as well as how

a course fits within the student's major. He also noted that high school data and ACT scores are used to determine recommended courses.

Dr. Rhoda then asked Russ Deaton to provide an overview of the 2014-15 state budget for higher education as well as the THEC agency budget. Dr. Deaton reviewed THEC's initial state funding request for higher education, the initial Governor's budget proposal, and the eventual budget as passed by the General Assembly. The final budget included flat state funding levels for higher education, though non-recurring funding for special initiatives — such as \$10 million for LEAP (Labor Education Alignment Program) and \$4.9 million for Drive to 55 efforts, including SAILS and the online innovation fund — survived. Dr. Deaton further noted that the outcomes-based funding formula still worked as designed, distributing available state funds on the basis of the outcomes. The 2014-15 budget will represent the fourth year of the new model, and the second year in which the hold harmless provision is completely removed.

Dr. Deaton discussed the THEC agency budget, noting that the 2013-14 state appropriations were \$2,479,200, which is scheduled for a reduction of 2.3 percent or \$58,000 for 2014-15. That reduction would be the fifth reduction in the last seven years. In addition, THEC and TSAC are scheduled for a combined state funding reversion of \$450,000. This represents 12 percent of the combined THEC/TSAC state appropriation which is among the largest required reversion across state government. Partly in response, THEC has become entrepreneurial over last 5-10 years, receiving several grants from the Federal government (GEAR UP, Race To The Top), Lumina, Ford, Complete College America and other entities. These have allowed THEC to serve students better and improve public policy, even with state funding reductions. However, external grant funding is very competitive and there is not always a match between TN's policy goals and the funding agencies' goals. The state funding reductions and the reliance on external grants represent a significant ongoing challenge for THEC as an agency.

Systems' Reports

Tennessee Board of Regents

Mr. John Morgan, Chancellor, Tennessee Board of Regents was recognized. Chancellor Morgan began by updating the Commission on presidential searches. He stated that the University of Memphis is very close to identifying a new president; the strong candidate pool has been reduced to four finalists. He also stated that the search at Austin Peay State University is nearing completion as well, also with four finalists.

Chancellor Morgan then discussed the recent college completion summit, held in Nashville for campus representatives to share success strategies, challenges, and collaborate on student success and other priority initiatives at the campus level.

University of Tennessee

Dr. Joe DiPietro, President, University of Tennessee System, was recognized. Dr. DiPietro began his report by commenting on the 2014-15 budget, noting priorities for funding. He then discussed the first year of a pilot program for innovation in online learning through MOOC's (Massive Open Online Courses), supported by the Governor and THEC. Dr. DiPietro commented on two new courses being launched on the edX platform.

Action Items

Approval of New Academic Degree Programs Austin Peay State University-BA/BFA Theatre/Dance

Ms. Betty Dandridge Johnson, Associate Executive Director for Academic Affairs, presented the recommendation for the new academic program. Ms. Dandridge Johnson stated the program will strengthen the liberal arts and creative arts mission of the university, and noted that Austin Peay State University has been designated as Tennessee's liberal arts institution and home to Tennessee's only Center of Excellence for the Creative Arts. Ms. Dandridge Johnson also stated the Theatre/Dance program will prepare students for the professional worlds of both disciplines in a liberal arts training environment. Mr. Johnson called for a motion to approve the proposed program. Secretary Hargett made a motion to approve. Mr. Adam Jarvis seconded the motion; the motion was duly adopted.

Austin Peay State University-MS Engineering Technology

Ms. Betty Dandridge Johnson presented the recommendation for the new academic program. Ms. Dandridge Johnson stated the program will provide the advanced knowledge and skills needed by those in technological careers serving in the military or working for companies located at industrial parks throughout the region to advance to leadership positions in the industry. She also stated the curriculum is built on a foundation of theoretical and applied concepts related to practical problems in the industry. Ms. Dandridge Johnson noted the program supports Austin Peay State University's mission and the program is in alignment with the goals outlined in the THEC 2010-15 Public Agenda for Higher Education. Mr. Johnson called for a motion to approve the proposed program. Mr. Keith Wilson made a motion to approve. Ms. Sharon Hayes seconded the motion; the motion was duly adopted.

East Tennessee State University-MS Digital Marketing

Ms. Betty Dandridge Johnson presented the recommendation for the new academic program. Ms. Dandridge Johnson stated this unique program will be offered solely online utilizing ETSU's technological resources. She also stated the purpose of this degree is to produce well-trained graduates who are prepared for the future evolution of the digital marketing environment. Ms. Dandridge Johnson noted the program will successfully blend marketing, communication, and technology coursework and will prepare students to identify marketing problems, conduct research, and analysis and generate solutions in the digital environment. She also stated the program directly complements the THEC 2010-15 Public Agenda for Higher and is the second Digital Marketing program in the nation. Mr. Johnson called for a motion to approve the proposed program. Mr. Jarvis made a motion to approve. Treasurer David Lillard seconded the motion; the motion was duly adopted.

Institutional Reauthorization Under the Postsecondary Authorization Act

Dr. Stephanie Bellard Chase, Associate Executive Director for Postsecondary School Authorization, presented the recommendations of staff and the Committee on Postsecondary Educational Institutions to reauthorize currently authorized institutions for the July 1, 2014 through June 30, 2015 year as follows: regular authorization to 308 institutions, temporary authorization to 56 institutions, and conditional authorization to 11 institutions. These numbers equal 179 authorized institutions with 375 locations. A listing of the institutions is included as Attachment A to the official copy of the minutes. Mr. Charles Bone made a motion to approve the

recommendations. Secretary Hargett seconded the motion; the motion was duly adopted.

Temporary Authorization of New Institutions and Approval of New Programs Under the Postsecondary Education Authorization Act

Dr. Bellard Chase then presented the recommendations of staff and the Committee on Postsecondary Educational Institutions to grant temporary authorization to 6 new institutions and 77 new programs. She noted that 11 institutions and 17 new programs were deferred for not meeting minimum standards. A listing of the institutions and programs recommended for approval is included as Attachment B to the official copy of the minutes. A motion was made by Secretary Hargett to adopt the recommendations, as presented. Mr. Jarvis seconded the motion; the motion was duly adopted.

Recommendations for Appointments to the Committee on Postsecondary Educational Institutions

Dr. Bellard Chase presented the staff recommendations that the following three committee members be reappointed to the Committee on Postsecondary Educational Institutions: Mr. Miles Burdine, Mr. Larry Griffin, and Mrs. Lethia Swett Mann. Secretary Hargett made a motion to adopt the recommendations as presented. Mr. Bone seconded the motion; the motion was duly adopted.

Postsecondary School Authorization - Rule Revisions

Ms. Julie Woodruff, Director of DPSA and Lead Attorney, was recognized to present this item. Ms. Woodruff began by reviewing the attachments corresponding to the recommended final rule revisions, namely, the redline of the final rule revisions, a summary of comments and responses thereto, the transcript of the March 27, 2014 rulemaking hearing, and all timely filed written comments. She then provided a history of the rulemaking proceeding, including an explanation of the extent to which comments were offered in writing and at the hearing. She also stated that all information was sent to the Committee on Postsecondary Educational Institutions, which thereafter voted unanimously to provide a favorable recommendation to the Commission.

Ms. Woodruff then explained that the recommended final rule revisions include changes to multiple rule sections in Chapter 1540-01-02 and a proposal to add Rule .26, Return of Regulatory Fees. She noted that the revisions serve to bring the rules more in line with the enabling legislation, provide better organization and clarity, and memorialize current practices.

Mr. Boyd made a motion, based on a review of the responses to comments and the recommendation of the Committee on Postsecondary Educational Institutions, that the Commission adopt the responses to the comments, included as Attachment C to the official copy of the minutes. Mr. Jarvis seconded the motion; the motion was duly adopted by the following roll call vote:

Name	Aye	No	Abstain
Mr. Bone	x		
Mr. Boyd	x		

Mr. Cope	x		
Secretary Hargett*			
Ms. Hayes	x		
Mr. Jarvis	x		
Mr. Johnson	x		
Ms. Koban	x		
Treasurer Lillard*			
Mr. Keith Wilson	x		

* departed before vote

Mr. Wilson made a motion, based on a review of the information obtained to date through the rulemaking process and the recommendation of the Committee on Postsecondary Educational Institutions, that the Commission adopt the final rule revisions, included as Attachment D to the official copy of the minutes. Mr. Bone seconded the motion; the motion was duly adopted by the following roll call vote:

Name	Aye	No	Abstain
Mr. Bone	x		
Mr. Boyd	x		
Mr. Cope	x		
Secretary Hargett *			
Ms. Hayes	x		
Mr. Jarvis	x		
Mr. Johnson	x		
Ms. Koban	x		
Treasurer Lillard *			
Mr. Keith Wilson	x		

* departed before vote

SAILS (Seamless Alignment and Integration of Learning Support) Program Selection

Mike Krause, Assistant Executive Director for Academic Affairs was recognized. Mr. Krause presented on the progress of the current SAILS early math remediation program, and presented the 2014 SAILS nominations for approval by the Commission. He discussed the fact that in 2013, funding from the Governor's Online Innovation Fund supported an expansion to serve 114 schools and 6,000 students. As of mid-April, this expansion led to over 3,500 students completing all remedial math requirements while still in high school, resulting in tuition savings of over \$5.3 million.

The 2014-15 budget includes \$2.6 million to expand SAILS, increasing to 12,000 students across Tennessee. In order to facilitate this expansion, a competitive Request for Proposals was issued to local school districts across the state on April 7, 2014. Districts were asked to submit a proposal that addressed their capability to successfully implement the SAILS program, and these proposals were reviewed by a committee of evaluators. A total 22 sites were selected for SAILS expansion and recommended to the Commission for approval. Mr. Boyd made a motion to approve

the 2014 SAILS program selection. Mr. Jarvis seconded the motion; the motion was duly adopted.

Information Items

Drive to 55 Status Report

Dr. Rhoda was recognized to provide this item. He began by recognizing Randy Boyd, Ann Buckle, and Mike Krause for their hard work on the D55 program and noted the discussion in the worksession. Dr. Rhoda then called on Mr. Krause to provide information on the development of a free online college preparation course for first-time students. Mr. Krause noted this course will cover all areas of interest to entering freshman using modules such as: financial aid, how to apply, how to choose a college, traversing the application process and registering for classes. He stated this assistance would help instill confidence in first time freshman and make their transition from high school to college an easier process.

Dr. Rhoda then noted that the expansion of dual enrollment opportunities for junior and senior high school students is in the discussion phase and the intent is to provide one paid-in-full dual enrollment course using lottery funds. Dr. Rhoda then commented on the status of the Governor's task force for targeted programs and services for Veterans and the LEAP (Labor and Education Alignment Program).

Amendment to the FY2014-15 Disclosed Capitol Projects List

Dr. Russ Deaton reviewed the amendment to the 2014-15 Disclosed Capital Projects List. Disclosed projects are funded through non-state sources like campus funds, gifts, or state bonds. Projects for 2014-15 were initially approved by the Commission at the November 2013 quarterly meeting. The amendment process — in accordance with Tennessee Higher Education Commission Policy Number F4.0, subsection 4.0.30A — allows UT and TBR to disclose additional capital projects identified since submitting the initial recommendation for the upcoming fiscal year. THEC must approve the amended list before submission to the Department of Finance & Administration for inclusion in the budget.

As noted on Attachment D to the official copy of the minutes, the two systems disclosed 67 additional projects — 59 projects from TBR and eight projects from UT. The original 2014-15 Disclosed Capital Projects List approved by the Commission in November contained 34 total projects with estimated total costs of \$264.3 million. The systems estimate the additional disclosed projects to cost \$658.4 million — \$284.9 million for TBR institutions and \$373.5 million for UT institutions. The systems anticipate bonding approximately 75 percent or \$492.7 million of the total costs of these projects through the Tennessee State School Bond Authority (TSSBA). Additionally, two projects from the original 2014-15 Disclosure List were removed.

Due to the timing of the THEC meeting and the Legislative session, Dr. Rhoda approved the amended list by interim action and transmitted it to F&A Commissioner Larry Martin on March 14, 2014, allowing F&A to include the additional projects in the budget. The item was presented as information to the Commission.

Overview of Statutory Reports

Ms. Emily House, Lottery Scholarship & Student Financial Aid Research Director, Planning, & Research (PPR), was recognized. Ms. House provided an overview of

THEC's yearly research and reporting activities. She then presented the 2014 Tennessee Education Lottery Scholarship (TELS) annual report. This statutorily required report includes information on recipient demographics, scholarship renewal rates, college retention for students who fail to renew their scholarship, and TELS recipient graduation rates.

Office of P-16 Initiatives Update

Mr. Troy Grant, Director, College Access Initiatives, was recognized to provide a status report on the GEAR UP program. Mr. Grant briefly reviewed two recent projects undertaken by GEAR UP TN, a college access program administered by the Office of P-16 Initiatives. Mr. Grant commented on recent market research report produced for GEAR UP TN by Walker + Associates, the program's marketing firm. He stated that the market research focused on what students and families in Tennessee see as the major barrier to college and also focused on how families receive information about college and their views about different types of colleges. Mr. Grant also commented on GEAR UP TN's recent administering of the ACT Engage assessment, which measures students' behaviors and psychosocial attributes as they relate to educational achievement.

Core to College: Year 1 Update

Ms. Melissa Stugart, Core to College Director, was recognized. Ms. Stugart reminded the Commission that core to college is a multi-state grant initiative designed to promote strong collaboration between higher education and the K-12 sectors in the implementation of the Common Core State Standards and aligned assessments. She stated that focus has been placed on successful execution of two projects: Core-Aligned Curricula Development and Regional Curriculum Councils, noting both were developed with specific, measurable outcomes and timelines that allow for a clear assessment regarding program progress and delivery.

Ms. Stugart then reviewed the annual progress for each project, specifically highlighting achievements and goals for the upcoming year. To date, core-aligned curricular materials for both Composition and Rhetoric and College Algebra have been developed and pre-piloted in a variety of classroom settings. Professional development and pilots have been planned for each course to occur this summer and fall. Ms. Stugart also reviewed some highlights of the eight regional Curriculum Councils that were formed in partnership with the Tennessee Department of Education Centers of Regional Excellence (CORE) Offices. She specifically discussed the work related to literacy instruction alignment being done by the Southwest Curriculum Council. She mentioned that additional information for each council can be found on their websites.

Legislative Update

Mr. Scott Sloan, General Counsel and Associate Executive Director for Legal and Regulatory Affairs, was recognized to provide the legislative report. Mr. Sloan provided an overview of bills passed during the legislative session that impacted higher education in Tennessee.

The report included: SB1834, regarding the state employee waiver program, which clarifies the definition of "one course per term"; HB2246, filed in response to the Comptroller's audit, which amended state code to allow geographic and programmatic factors to be considered in the development of transfer pathways; SB 2352, which

revises the exemption in the Post-Secondary Education Authorization Act for non-profit, independent institutions located outside Tennessee; and SB 2471 regarding the Tennessee Promise program, as well as other relevant legislation passed this year.

Ms. Emily Petro, Associate Counsel and Director of Legislative Affairs, detailed SB 1433, the Tennessee Veterans Education Transition Support (VETS) Act, which extends in-state tuition rates to veterans relocating to Tennessee within 24 months of discharge.

Conflict of Interest Disclosure Policy for Commission Members

Dr. Rhoda briefed the Commission on the conflict of interest policy. He stated the conflict of interest policy is requested from each member and asked they return the form to him or Ms. Carter within 30 days following the spring meeting, as required by policy.

Summer Commission Meeting

Dr. Rhoda advised the Commission that the next scheduled meeting would be July 24, 2014, in the THEC board room. He then commended Mr. Adam Jarvis for his outstanding work as a student member of THEC during his two-year term. Mr. Jarvis expressed appreciation to the Commission members and staff for their support. There being no further business, the meeting was adjourned at 3:00 p.m.

Approved:

Evan Cope
Vice Chair