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2005 May 2 - Faculty Senate Agenda and Minutes

Faculty Senate, East Tennessee State University

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FACULTY SENATE AGENDA
Monday, May 2, 2005
2:45 PM Forum

NOTE TO SENATORS: Please share the Senate agenda, minutes, and any other enclosures with your colleagues prior to the scheduled meeting. Senate meetings are open to ALL faculty. Agendas, minutes, and attendance rosters are available on the Faculty Senate website at <http://www.etsu.edu/senate/>.

AGENDA FOR SENATE MEETING

Call to Order: President Stanley

Approval of Minutes: April 18, 2005

New Business: Drs. Joellen Edwards and F. G. Tudiver will address the Senate about the Mentoring and Training Program in Translational Research.

Old Business: The Senate will deliberate and vote on the change in By-laws proposed to permit a representative to the TBR Sub-Council to succeed himself or herself.

Dr. Bert Bach, Provost, will address the Senate on several matters of concern, such as classifications of temporary employees, longevity pay, kinds of tenure (departmental, institutional, program), and salaries for part-time faculty.

Announcements:

Adjournment

Please Note: Next meeting Monday August 29, 2005, Forum, 2:45 pm

Please send information and notices of non-attendance to Kathleen Grover (grover@etsu.edu or 96672), Secretary, Faculty Senate 2004-05.

MINUTES –May 2, 2005
Faculty Senate – East Tennessee State University

UPCOMING MEETING: September 12, 2005 2:45 pm Tennessee Room, Culp Center	FOLLOWING MEETING September 26, 2005 2:45 pm Room 243 Lamb Hall
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Present: Baryla, Bennard, Bitter, Blanton, Breese, Burgess, Champouillon, Chi, Coates, Collins, Daniels, Davenport, Davis, Fisher, Grover, Jungkeit, Kerley, Littleton, Mackara, Mozen, Patrick, Shafer, Shuttle, Silver, Stanley, Stone, Trogen, Wallace, Whitten

Excused: Kelley, Schaller-Ayers, Zoggyie

Absent: Cornett, Hayes, Li, Morrow, Mullersman, Nave, Singh, Thewke

Guests: Dr. F.G. Tudiver of the Appalachian Center for Translational Research and Provost Bert Bach

CALL TO ORDER: A quorum being present, President Stanley called the meeting to order at 2:49 pm.

APPROVAL OF MINUTES: The minutes of April 18, 2005, were approved.

NEW BUSINESS: Dr. Tudiver addressed the Senate about the Mentoring and Training Program in Translational Research. He explained that the Appalachian Center for Translational Research has been funded by a \$1.2 million grant for three years to study and remedy disparities in health care for minority groups, in this area particularly Hispanics. The program trains interested investigators from any academic fields to conduct the research and mentor others. Candidates can compete for \$3,000 grants and should contact RDC for further information. Senator Bennard pointed out that combinations involving health field work with other areas of expertise are rapidly increasing, citing medicine with anthropology as an example. Tudiver mentioned environmental health and physical therapy as other possibilities. Senator Stone asked if anyone is examining the rich Appalachian heritage of folk medicine, and Mackara asked if economic disparities are receiving attention. Tudiver replied that both areas merit further study. President Stanley thanked Tudiver for his informative presentation.

OLD BUSINESS: Provost Bach identified the subjects he intended to address as six matters of concern brought to his attention: 1.) the practice of tenuring faculty to programs; 2.) the terminology identifying part-time and adjunct faculty; 3.) differing methods of computing longevity; 4.) differing methods of computing adjunct pay and differences among departments in pay for adjunct faculty; 5.)

the status of fund-raising for the College of Pharmacy; and 6.) the carillon, about which faculty were not consulted. He added a seventh topic, the status of the B. Carroll Reece Museum.

Concerning the practice of tenuring faculty to programs, Bach pointed out that prior to 1984, TBR policy specified that faculty be tenured to their institutions. The policy was revised to tenure faculty to departments or programs to permit reduction of faculty in cases of financial exigency, in which departments and/or programs might need to be eliminated to save the institution. The policy states that if a department or program is phased out, an institution will make a good-faith effort to relocate its faculty members elsewhere; but if no positions remain for which the faculty are suited, they may be released. Individual contracts specify whether a faculty member is tenured to a program, a department, or the University.

Concerning adjunct vs. part-time faculty, Bach said the terms are synonymous according to TBR policy. Both involve temporary "appointments for a specified period appropriate to tasks" and less than full-time work loads. The full-time temporary classification can be more complicated. Faculty filling these positions may teach 12 hours but are not required to do research or service. These positions can be made full-time annual appointments with benefits. ETSU has from 10 to 20 lecturers who can receive annual contracts renewable for up to three years with two additional renewals if their departments need them. Senator Bitter asked if a lecturer is ever part-time; Bach replied no. Bitter cited a faculty member who taught twelve hours each semester, served as a senator and did other service. That person put in the equivalent of five years of full-time work but was not technically labeled full-time before becoming tenure-track and therefore did not have those years counted towards longevity.. Bach said that full-time service spent in rank here or at another institution may be applied to longevity, but part-time temporary work does not count toward tenure or longevity. He advised that Human Resources be consulted about questions involving longevity.

In relation to differences in pay for adjunct faculty, Bach said that many factors affect differences within pay scales for various ranks: the candidates' backgrounds, marketing differentials, available funds, departmental resources, among others. Senator Champouillon asked about rates for overload pay. Bach replied that overloads are uncommon at ETSU and bring up the political problem of the public's misperceptions about faculty work schedules. ETSU uses overloads only when there are no alternatives. This year, the one faculty member credited with an overload receives the additional pay the course actually brings in minus all overhead costs.

Bach reported that as of April 29, 2005, \$4.5 million has been raised for the College of Pharmacy.

Concerning the carillon, Bach explained that Foundation projects are determined and prioritized to an extent by the goals donors wish to accomplish with their gifts. The President's Council connects capital projects with funding available through the Foundation. In this case, donors wanted to fund a carillon, and the University accepted the gifts so designated. Champouillon expressed concern that the Department of Music was not consulted about the carillon.

Regarding the Reece Museum, Bach agreed with the Senate letter to him, President Stanton, and Dr. Wilsie Bishop on the matter that the museum is indeed an important entity on campus and it would be unfortunate if the museum were to become "overly parochial." He expressed concern that the museum is not ready for the process of re-accreditation it faces, saying that a consultant raised substantial questions. The mission statement CASS Director Dr. Roberta Herrin and Dr. Gordon Anderson, Dean of Arts and Sciences, have formulated includes a regional element. Concerned faculty may address their questions and comments to Drs. Anderson and Herrin. Bitter said that although the Senate is not able to determine the museum's entire mission, senators do want ETSU to have a venue for the fine arts that the Reece has been. Champouillon asked about the proposed fine arts center. Bach replied that it will be primarily an academic space with classrooms and studios for music and theater. It may also have display areas for visual arts. Senator Patrick pointed out that the center fits into the campus master plan for five or six years into the future. Burgess asked that the Senate letter unanimously supporting a fine arts venue be forwarded to the Academic Council. Senator Kerley asked Bach how to enforce a moratorium on RODP courses to check for and eliminate duplication of ETSU on-line courses. Bach agreed that RODP programs are aggressively competing with established courses. Senator Shuttle asked why ETSU is significantly behind other TBR schools in RODP income. Bach replied that ETSU has the largest number of on-line courses and does not create RODP courses to compete with itself, whereas it seems that other schools may lack such restraints.

President Stanley expressed appreciation for Bach's thorough responses to our questions.

In other old business, the Senate deliberated on the proposed change to the By-laws to permit a representative to the TBR Sub-Council to succeed himself or herself. The amendment passed with 22 assenting. Stanley opened the floor for nominations to the position. Senator Mackara nominated Patrick, who was elected by acclamation.

Bitter moved that the motion about longevity tabled earlier this semester be reconsidered; Burgess seconded. Senator Trogen said that in Business, lecturers were given longevity one year only to lose it the next, making the need for consistency obvious. Bitter said that our concerns must be forwarded to Bach, President Stanton, and Human Resources. Stanley said that some personnel and sometimes ill-defined policies in Human Resources make it necessary for faculty to self-advocate. Mackara suggested that we send the proposal to the Academic Council first. Bitter asked that we disseminate it to all the named parties simultaneously for their information. The motion passed.

Senator Silver asked if our action addressed Trogen's concern. Trogen restated his opinion that faculty should get longevity pay even if they never enter tenure-track positions. Bitter pointed out that such action requires a change in TBR policy; the present policy limits longevity pay to tenure-track and tenured faculty and support staff. Since the lecturer position seems not to be so defined elsewhere, we may have latitude in getting longevity pay for lecturers. We can

continue working on the problems of longevity in the future. Mackara agreed that the topic needs further clarification and action.

Shafer asked that Dr. Mark Holland's memo to Arts and Sciences senators about the FAS be given attention in the fall.

ANNOUNCEMENTS: None

ADJOURNMENT: President Stanley adjourned the meeting at 4:20 pm.

Please notify Kathleen Grover (grover@etsu.edu or 96672), Secretary 2005-2006, of any changes or corrections to the minutes. Web page is maintained by Doug Burgess (burgessw@etsu.edu or 96691).

Irwin, Ned L.

From: Grover, Kathleen H.

Sent: Friday, April 29, 2005 4:38 PM

To: Irwin, Ned L.; Baryl, Edward A.; Bennard, Bruce; Bitter, Jim; Blanton, Hugh; Breese, Ute; Burgess, Doug; Champouillon, David; Chi, David; Coates, Tom; Collins, Lattie; Cornett, Cher; Daniels, Lee; Davenport, Mary Jo; Davis, Jason; Fisher, William; Fred Mackara; Grover, Kathleen H.; Hayes, Patricia; Jungkeit, Patricia; Kelley, Jim; Kerley, Linda; Li, Chuanfu; Littleton, MaryAnn; Morrow, Brent; Mozen, Diana; Mullersman, Jerry; Nave, Jerry; Schaller-Ayers, Jennifer; Shafer, Melissa; Shuttle, Jerry; Silver, Ken; Singh, Krishna; Stanley, Bonny; Stephen Patrick; Stone, William; Thewke, Douglas; Trogen, Paul; Wallace, Steven; Whitten, Barry; Zoggyie, Haakayoo

Subject: FW: Faculty Sub-Council Report - April 22

From: Patrick, Stephen A.

Sent: Thursday, April 28, 2005 3:02 PM

To: Grover, Kathleen H.

Subject: Faculty Sub-Council Report - April 22

Kathleen,

Enclosed is my report of the recent April 22, 2005 meeting in Nashville and two additional attachments.

Stephen

5/2/2005



TENNESSEE BOARD OF REGENTS

Faculty Sub-Council Meeting

Friday, April 22, 2005

9:30 a.m. (Central)

Members of the sub-council will meet at 9:00 a.m. and be joined by TBR Staff at 9:30 a.m.

AGENDA

Call to Order – David Vinson, Chair

Opening Comments by Chancellor Charles Manning

(Comments will address questions raised regarding the President's Salary Bonus Program and the possible impact of TENN CARE on TBR Budget)

Opening Comments by Vice Chancellor Paula Myrick Short

Approval of Minutes (attachment)

Information Items

- E-Learning and Merlot – Melton
- RALI and COMPASS Updates – Berryman
- Update on Task Forces – Clark

Items Requested by Faculty Sub-Council Members

- Curriculum Standardization - Vinson
- List of Terminal Degrees – Short
- Follow-up on Overload Pay – Short
- Student Bill of Rights Legislation – Short
- Common Calendar Policy questions - Short
- Campus Security Plans – Doty
- Requirement for signing contract for extra compensation - Doty
- Salary equity studies clarified - Adams

Old/New Business

- Policy for TTC representation on the Faculty Sub-Council - Berryman

Adjourn

Lunch will be served at 11:30 a.m.

**TBR Faculty Sub-Council
Friday, April 22, 2005
Stephen Patrick, Representative**

The recent Sub-Council meeting turned out to be more lengthy than anticipated. The meeting began at the usual 9 am time but continued until about 2:30 pm. The following is a summary of the proceeding to the best of my notes and recollection.

CHANCELLOR MANNING REMARKS

Chancellor Manning made his opening remarks focusing on the questions raised concerning the President's Salary Bonus Program. Reaction to this proposal has met with mixed reviews from some campuses. For years TBR has focused attention on the development of faculty and staff raised, but not on incentives for university or community college presidents. The proposed plan will move presidents from 80% up to 90 % of the median based on peer averages for 4-year institutions. This plan is broken into 4 tiers and based on size for 2-year institutions. The raise will be spread over a 10 year period and at 1 % per year until they reach 90 %. The increase will be on a performance based system of incentives. The plan has not been reviewed by the TBR Compensation Committee. The peers are changing and will be different for each 4-year institution.

A transcript of the Special Called meeting of the TBR Compensation Committee of March 1, 2005 was distributed to sub-council representatives.

The Governor's Budget keeps totals at the recurring base levels. At this time it is not known if there will be sufficient funds for 1 % bonus. Recommendations will come from the June TBR meeting. Tuition increases will be certain again in order to meet rising costs. Tennessee Technology Centers will see at least a 15% increase in fees.

The Chancellor addressed concerns about the use of TAF funds to support that funding of the new BANNER software. This is supposed to only be used during the implementation phase, although there is concern about the funding for the increase in ongoing maintenance costs of the new system.

VICE-CHANCELLOR SHORT REMARKS

Vice Chancellor Short then made her opening remarks. Short asked all institutions to review the policy and procedures for awarding honorary degrees. The committees are supposed to be a faculty driven process with faculty making up a majority of the committee. **The policy is on the TBR website:**

http://www.tbr.state.tn.us/policies_guidelines/academic_policies/2_06_00_00.htm

Dr. Short is creating two task forces regarding overload pay and compensation ... one each for the faculty and administrative sub-councils. (I have been asked to serve on the faculty sub-council task force.)

Dr. Short is also creating a task force to study the cost of textbooks. This task force will be made up of select sub-council members and additional faculty representatives at large. She realizes that this is an academic freedom issue.

INFORMATIONAL ITEMS

Dr. Robbie Melton gave a lengthy overview and update to the RODP program. **TBR is tracking SB 0148 by Fowler / HB0605 by Curtiss. BILL SUMMARY:**

Education, Higher - Places a moratorium on the development of on-line higher education courses or programs until a plan is developed by the UT system and the board of regents that prevents individual campuses from developing on-line courses or programs that duplicate courses or programs offered by the respective system or other campuses within each such system. - Amends TCA Title 49.

RODP is hosting MERLOT on July 24-28 in Nashville. Over 40 proposals have been accepted from TBR faculty. Registration fees would be paid. Includes campus trainers and librarians.
<http://conference.merlot.org/conference/2005/program.html>

The integrity committee (chaired by Carole Shaw) continues to look at online cheating. Melton recommends that faculty include as part of their syllabi information on the penalty of online cheating and stating any campus policies you may have. **Melton informed us that there is a way to determine who authored a particular word document submitted to you via email. (go to file / select properties / view summary ... view statistics will tell you when the document was created)**

RODP homepage: <http://www.tn.regentsdegrees.org/>
RODP Virtual Library: <http://vl.rodop.org/>

There is a program proposal to begin an MPS degree in Professional Studies. This proposal has been initiated by the 4-year institutions.

There is a pilot program for a non-credit continuing education course entitled, Spanish for Law Enforcement. http://www.tn.regentsdegrees.org/roce/intensive_survival_spanish_for_l.htm

The CPS exam is also online now. http://www.rodop.org/roce/CPS_Syllabus.htm

The E-Learning Academy and RODP are conducting meeting and seminars with the mathematics teacher association, including both RODP and non-RODP faculty.

VISTA will be the next generation of Web CT.

Dr. Treva Berryman reported on the Regents Academic Leadership Institute (RALI) which will invite 30 participants to the upcoming session from June 13-16 at Montgomery Bell State Park.
RALI website: <http://rali.tbr.state.tn.us/>

Dr. Kay Clark reported on the various task forces he is coordinating. There are still major differences with course leveling and course numbers in the areas of communication, psychology, and criminal justice. The math curriculum task force still has challenges. .

There is to be a joint UT/TBR task force to study admission requirements for high school students.

SUB-COUNCIL REQUEST FOR INFORMATION

There was a request concerning the clarification of curriculum standardization. **TBR is trying to develop common standards for descriptions and courses, NOT standardization of individual courses**

List of Terminal Degrees. Short reported that the list on the TBR website was not meant to be exhaustive. This is problematic for several institutions whose presidents are interpreting the list to be the only approved degrees. The online list will be revised.

Overload Pay. Short is forming a task force to study this issue.

Student Bill of Rights Legislation. This is the bill that our faculty senate reviewed. It looks like this bill will die in committee due to opposition.

Common Calendar. Short reports that yes there are problems with the common calendar but it was determined that it would be in place for 3 years, after that time it will be reviewed and studied for revision, if necessary. There was concern that the calendar shortens the number of weeks while lengthening class sessions. This affects science labs and one day a week courses adversely.

Campus Security Issues. There is no TBR oversight on this matter. It is left up to individual campuses to work out a plan with local law enforcement agencies to assist with training and security issues.

Contract for extra compensation. One campus reports that in order to be compensated for overload, full time professors must sign an additional contract for adjunct and are then compensated at the adjunct rate for overload. TBR staff says this should not be happening.

Salary Equity Studies. TBR Board will rule on pay change plans at the June meeting. Increases in the pay plans will be approved at the September board meeting. The salary equity studies were under the OLD peers for 2003-04. New peers will be used in the next round of pay plans.

MISCELLANEOUS ITEMS

The representatives from Jackson State and Pellissippi both had letters of opposition to the Presidents Salary Bonus Program. The Sub-Council members felt that as a group we could not take action on this item since each campus is governed by different factors. Letters of opposition can be filed with TBR on an individual campus basis.

The Jackson State representative also presented a letter of opposition to the irregular interpretation of TBR Policy 5:01:05:00 regarding compensation for overload pay in the application of the word "shall". Apparently some presidents are interpreting "shall" as "may," rather than "must or will." The newly appointed task force on overload compensation will hopefully be addressing this issue.

HANDOUTS

FYI – Regents Online Degree Spring 2005 Revenues (minus instructional costs) list was distributed. Please note revenue generated for ETSU.

APSU - + 317,483

ETSU - +101,040

MTSU - +304,158

TSU - +295,731

TTU - +235,464

UofM - +793,496

TBR 2003-04 THEC Peer Average Faculty Salaries (based on 2003-04 peers)

Source: SREB Data Exchange

	TN AVERAGE SALARY	PEER AVERAGE SALARY	TN AS A % OF PEER AVERAGE
APSU	50,339	54,944	91.6
ETSU	51,301	54,228	94.6
MTSU	55,568	56,009	99.2
TSU	51,045	54,846	93.1
TTU	57,469	55,330	103.9
UofM	58,016	66,060	87.8

CALCULATION OF STATE SUBSIDY PER STUDENT, 2004-05

	2004-05 ESTIMATED STATE APPROPRIATION \$	2003-04 FTE ENROLLMENT	2003-04 PER STUDENT SUBSIDY \$	2004-05 PER STUDENT SUBSIDY \$	PERCENT CHANGE %
APSU	30,414,900	6,278	4,817	4,845	0.6
ETSU	52,275,700	9,707	5,288	5,385	1.8
ETSU MED	23,365,900	228	96,144	102,482	6.6
MTSU	82,050,700	18,735	4,338	4,380	0.9
TSU	37,541,400	7,716	4,661	4,865	4.4
TTU	44,444,000	7,509	5,663	5,919	4.5
UofM	104,173,100	15,720	6,387	6,627	3.8

THEC COMPARISON TO FY 2005-06 THEC RECOMMENDATIONS TO GOVERNOR'S BY 2005-06 BUDGET

	THEC FY 2005-06 FORMULA CALCULATION	TOTAL FY 2004-05 APPROPRIATION	GOVERNOR'S 2005-06 BUDGET \$	FY 2005-06 CHANGE \$	PERCENT FUNDED	PERCENT REDUCTION
APSU	44,549,700	30,308,300	30,308,300	0	68.0	0.0
ETSU	72,887,400	53,144,000	53,144,000	0	72.9	0.0
ETSU MED	43,805,000	23,734,500	23,734,500	0	54.2	0.0
ETSU FAM	5,286,800	4,564,200	4,564,200	0	86.3	0.0
MTSU	120,645,700	83,473,400	83,473,400	0	69.2	0.0
TSU	49,000,700	37,868,300	37,868,300	0	77.3	0.0
TTU	57,031,800	42,108,700	42,108,700	0	73.8	0.0
UofM	148,705,600	104,008,900	104,008,900	0	69.9	0.0

***Creating Partnerships for
A Better Tennessee:***



The 2005-10 Master Plan for Tennessee Higher Education

April 8, 2005

PREFACE

The Tennessee Higher Education Commission is statutorily charged to develop and articulate a master plan for higher education on a quinquennial basis. Specifically, the Commission is charged to:

“Develop a statewide master plan for future development of public higher education in Tennessee which shall include the state technology centers. The commission shall make recommendations to the governing boards of the various institutions and the governor, as well as the general assembly, through the senate and house education committees, on the implementation of the master plan. The master plan shall be published in accordance with the rules, regulations, policies and procedures of the state publications commission. In developing the master plan, the commission shall engage regional and statewide constituencies to ensure that the document supports the development of a public agenda for higher education. In doing so, the commission shall establish a master plan that requires a broad degree of regional cooperation between post-secondary institutions with secondary institutions, and business, civic, and community leaders” (TCA 9-49-7-202).

The 2005-2010 Master Plan for Tennessee Higher Education aims to fulfill this statutory obligation by outlining a vision for Tennessee higher education built upon civic, corporate, and community partnerships. The concept of partnerships is central to the core objectives of the Master Plan and provides the foundation for state-wide policy initiatives such as providing greater access to post-secondary education and enhancing the competitiveness of Tennessee’s workforce. While the primary emphasis of the Plan is centered on the two aforementioned areas, underlying these broad policy objectives is the appreciation for the intrinsic worth of education to individual and societal well-being.

The Master Plan incorporates national best practices from the higher education policy arena. Since the previous 2000-2005 Master Planning cycle, a host of education policy organizations have assessed the state of higher education and have offered policy alternatives to address its challenges. The National Center for Public Policy and Higher Education has issued three report cards to each state in their *Measuring Up* series. While Tennessee’s grades have improved, a C+ was the highest grade received for any of the six categories (preparation, participation, affordability, completion, benefits, and learning) assessed by *Measuring Up*. To improve in these categories, the Tennessee Higher Education Commission has partnered with the National Center for Higher Education Management Systems (NCHEMS) and has received funding from the Lumina Foundation that has underwritten many of the data and research elements contained within this document. Additionally, policy expertise from organizations such as SREB, NCHEMS, SHEEO, WICHE and others have provided guidance on policy and planning mechanisms to improve educational attainment and performance. Finally, funds provided via the Lumina sponsored *Changing Directions* project have aligned Tennessee with a widely acclaimed national policy initiative to consider a holistic funding policy that integrates state appropriations, state-financed financial aid, and student fees. The creation of such partnerships with nationally recognized policy organizations has broadened the vision of policymakers in Tennessee and enhanced the development of the Master Plan.

The Commission has many reporting and funding systems in place to assess the goals and initiatives outlined in this Master Plan. At the beginning of each legislative session, the Commission reports to the General Assembly an update on statewide goals and benchmarks in two annual publications: *The Condition of Higher Education in Tennessee* and *The Annual Joint Report on Pre-Kindergarten Through Higher Education in Tennessee*. These documents will be adapted to align with the Master Plan throughout the 2005-2010 planning cycle in order to provide annual updates on progress made toward achieving the objectives outlined in this Plan. Additionally, for the same quinquennial cycle, Tennessee's performance funding program will be updated to reflect the objectives of the Master Plan. This nationally acclaimed accountability initiative ensures that public funding for higher education is linked to institutional performance in those areas central to the goals of the Master Plan. Performance funding provides a clear and consistent accountability accent on institutional performance and brings to the forefront the reality that for the partnerships identified in the Plan to be successful, institutional and statewide performance is paramount.

CREATING PARTNERSHIPS FOR EDUCATIONAL EXCELLENCE: PLANNING PRIORITIES AND ASSUMPTIONS

The coming decade holds unprecedented opportunities for Tennessee higher education to forge new partnerships that will both broaden its scope and improve the fortunes of countless generations of Tennesseans. Through a focus on collaboration, it is the intent of the *2005-10 Master Plan for Tennessee Higher Education* to create a broad-based public agenda that balances state and campus priorities and expands the role of higher education in improving the quality of life for all Tennesseans. The Plan challenges educational leaders to re-examine their traditional missions and create partnerships focusing on both state-wide and institutional priorities.

As Tennessee transitions into an economic era in which its fortunes will be determined more by the human capital potential of our citizens than by the state's physical capital and natural resources, higher education must begin to play a larger role in critical policy areas such as public health, industrial training and recruitment, economic and community development, and adult literacy. Given the strong correlation between educational attainment and the accumulation of social and economic status, education is increasingly cited as a prime determinant of economic well-being. In order for all Tennesseans to realize the direct and indirect benefits of post-secondary opportunities, higher education must broaden its traditional institutional focus to include a focus on statewide needs and priorities.

The coming decades promise significant and profound challenges for Tennessee:

- Depressed educational attainment rates at both the secondary and post-secondary levels limit Tennessee's competitiveness in the Knowledge Economy.
- The demographic composition of the state is changing dramatically and higher education must position itself to serve the needs of an increasingly diverse populace.
- Over the course of the past decade, the number of non-traditional students enrolled in public post-secondary education declined precipitously. If the state is to remain competitive in the Knowledge Economy, it must increase the participation rates of such students.
- Rapidly changing technology presents opportunities for expanded instructional offerings and institutional outreach.
- The advent of the Tennessee Education Lottery Scholarship program has allowed more Tennesseans to realize the dream of college attendance. In Fall 2004, more than thirty thousand students received such scholarships. Experience in states with similar programs indicates that Tennessee must look to re-examine the scope of undergraduate education to maximize the auxiliary impacts of the scholarship program.
- Tennessee will experience sustained enrollment growth as a result of the baby-boom echo. According to the Southern Regional Education Board, the number of high school graduates will increase by more than 4,000 students through the end of this decade.
- Research by the Rockefeller Institute indicates that the funding environment for higher education across the remainder of the decade is limited at best. The absence of new state revenues indicates the need for new solutions to the issue of institutional revenue adequacy.

- As a result of this diminished funding environment, student generated revenues will increase in order to provide an adequate base portfolio of institutional revenues that protects educational quality. Given that the average household in Tennessee earns less than \$40,000 annually, there are upward limits on student generated revenues.
- Given rising college costs, higher education must ensure that it remains efficient in the utilization and focus of resources on areas central to the academic core.

Tennessee higher education has historically prided itself on the mission of providing universal access to all students. While expanding educational access remains the central area of emphasis for Tennessee higher education, the state must begin to strategically re-examine the role that all institutions, both public and private, play in sustaining the broader goals of a public agenda for higher education. Given the changing educational, economic, and demographic conditions in Tennessee, policymakers must re-examine the host of programs, services, and operations offered by our institutions to ensure that they are able to creatively meet the shifting demands of the educational marketplace.

The Need for Partnerships: Higher Education and the Knowledge Economy

In the Knowledge Economy, education, technology, and learning are the keys to sustainable economic growth. More specifically, higher education provides the foundation for this new economy; it provides not only skills for employees, but a medium for advanced research and development activities on campuses across the state. In the old economy, fixed assets, financing, and labor were principal sources of competitive advantage for our state's business and industry. But now, as markets fragment, technology accelerates, and competition comes from unexpected places, learning, creativity, and adaptation are becoming the principal sources of competitive advantage. Enabling constant innovation has become the goal of states committed to prospering in the Knowledge Economy and should also become one of the central goals of public policy for Tennessee higher education. In order to remain competitive, Tennessee must work to develop a complement of educational and economic/community development partnerships that incorporate human, intellectual, and financial capital. To fuel innovation, compete internationally, and continually improve the quality of life for all Tennesseans, elected officials must make enduring investments in the state's educational infrastructure, thereby planting the seeds of the Knowledge Economy. While other issues may capture the short-term attention of policymakers, focused resources allocated for higher education are truly the best investments the state can make in the long-term future of all Tennesseans.

A combination of political, economic, and demographic changes magnifies the importance of higher education for elected officials and decision-makers as they attempt to address many of the challenging issues noted above. Tennessee is in a national and global race to develop a knowledge-based economy that facilitates competition in the information marketplace. Given the critical role that higher education plays in human capital development, policymakers must remain responsive to the many factors that impact the state's human capital potential. Tennessee's ability to compete in this new economic era can rise no higher than the sum of the knowledge of our citizens and correspondingly, the level of educational achievement that we settle for establishes an absolute upper limit on our economic prosperity.

While the state of Tennessee has historically benefited from a favorable business climate, a diligent and inexpensive workforce, and strategic geography, significant weaknesses persist in our ability to meet the needs of the Knowledge Economy. Examples of these weaknesses include: a large percentage of the existing workforce is not oriented towards the Knowledge Economy; the state's adult populace is relatively undereducated; and, there are severe cracks in the P-16 educational pipeline. With only slightly more than 20 percent of the adult population holding a bachelor's degree, the state is limited in its ability to attract cutting-edge business and industry. The consequences of this human capital deficiency are evident in the state's poor performance on national benchmark reports such as the Progressive Policy Institute's *New Economy Index* and the National Center for Higher Education's *Measuring Up 2004*. Both studies note that unless significant and creative investments are made to increase the number of young and working adults who move into an affordable system of higher education, poorly performing states such as Tennessee will continue to lose ground in the global competition for business and industry.

For Tennessee to meet the challenges of the coming decades, elected officials must be encouraged to continue to make direct investments that enhance the state's human capital infrastructure. Correspondingly, policymakers must work to frame a public agenda for education that brings together diverse constituencies, promotes a broad vision for state efforts to nurture our human capital potential, and demonstrates the significant role that higher education plays in providing the foundation for knowledge expansion and economic competitiveness. Through the creation of a public agenda for higher education, the state would commit all available resources to raising educational attainment levels, promoting life-long learning, improving adult literacy rates, recruiting and retaining highly skilled knowledge workers, and enhancing the research and development capacities of our colleges and universities.

Tennessee must also begin to strategically examine the means through which public funds are expended to address the goals of the public agenda. For example, policymakers should make investments that enhance and promote access to higher education through expanded distance learning and off-campus/site based instructional mediums. Rather than continuing to rely upon traditional campus activities, Tennessee should empower the development of regional educational policies that promote the needs of local communities. Such policies should not only promote access, but foster institutional and local government cooperation and the enhancement of research and development projects that meet local needs.

The state must also strive to more efficiently utilize its diverse complement of institutions through mission differentiation, thereby maximizing educational opportunities and fostering educational excellence. Rather than relying upon outdated public policies that promote bracket creep and mission blur, steps must be taken to accentuate institutional strengths and maximize programmatic excellence. Additionally, institutions must continue to strive to maximize efficiencies and minimize costs in those areas that are not central to the academic core. Given the growing reliance on student generated revenues, higher education must continue to demonstrate that it is a good steward of the public trust.

Building upon the groundwork of existing initiatives such as the *Plan of Action, Defining Our Future*, and *Critical Choices*, the public agenda articulated above creates a new vision for higher education in Tennessee, one that seeks to position higher education as the engine of economic and cognitive growth and enhances the state's ability to compete in the Knowledge Economy.

MASTER PLANNING ASSUMPTIONS

Unlike prior versions of the statewide Master Plan, the current iteration is based upon a realistic set of core planning assumptions. Rather than lamenting the stagnation of state support for higher education, the Plan calls for the creation of innovative partnerships that expand the realm of higher education, especially at the local and regional level. Such partnerships are critical if higher education is to achieve the broad goals outlined in the Plan.

The Master Plan is built upon the following core planning assumptions:

Access and Equity

- There will be increased pressure for access from traditional-aged college students in the baby-boom echo that is amplified by the implementation of the Tennessee Education Lottery Scholarship program.
- There will be increased pressure for access from non-traditional students due to changing market demands, academic programming, technology-based delivery methods, and the shift in population to the state's urban areas.
- Shifting trends in state population, especially for low-income and minority groups will increase the need to ensure that all students are able to participate in higher education.
- Continued inequality in enrollment and graduation rates for low-income and minority students will present obstacles for these groups to have the opportunity to obtain the skills needed to participate in the Knowledge Economy.
- The increased reliance on student generated revenue may price certain demographic groups out of higher education.

Educational Quality and Excellence

- Given that state funding for higher education will remain static throughout the planning cycle, institutions must look to create partnerships that expand and diversify institutional revenues.
- When and if additional resources are made available by the state, they will not be distributed in an "across the board" fashion; resources will be distributed to those areas that align closely with the public agenda.
- There will be increases in fixed costs that will further erode all operating budgets, especially for the non-formula units that are limited in their ability to generate tuition and fee based revenues.
- There will be increased regional and national competition in the higher education market for the students, faculty, and resources.
- Reduced funding for capital programs and maintenance indicates the potential need to enact a broad-based bond initiative for higher education.
- Capacity challenges at select institutions indicate the need to accentuate the role of all post-secondary institutions, especially the community colleges, in ensuring state-wide capacity. Consequently, all baccalaureate degree granting institutions must be encouraged to find a "right size" that maximizes their role in the system-wide delivery of undergraduate education
- There is a need for mission differentiation in order to accentuate programmatic quality and institutional excellence in support of the broad goals of the public agenda.

A VISION FOR TENNESSEE HIGHER EDUCATION

Through the establishment of a public agenda built upon civic, corporate, and community partnerships, Tennessee higher education will be able to better serve the broad needs of the state and create a workforce that is able to compete in the Knowledge Economy. Such partnerships will ensure that all students are prepared for post-secondary education and have access to high quality educational programs that expand knowledge creation and civic responsibility.

This Plan is built upon a rich tradition of educational excellence in Tennessee. Through the tireless efforts of faculty and staff in the state's public and private institutions, the state has been able to weather the difficult financial period of the late 1990s and maintains a complement of academic programs that are nationally recognized for excellence. However, while our state is recognized for institutional and programmatic excellence, a host of policy reports indicate that much work remains to be done to create a statewide system of excellence that fosters the broad goals of a public agenda for higher education. It is from this framework that the Plan seeks to develop a new paradigm for Tennessee higher education that supports the vision articulated above.

To reach the goals of this vision, Tennessee must develop:

- **Partnerships for access** that focus on the human capital aspects of increasing educational attainment levels. If the state is to move forward in the Knowledge Economy, it must make greater strides to ensure that more Tennesseans participate in higher education.
- **Partnerships for student preparation** that create an invigorated P-16 system that works to ensure that all students are prepared for post-secondary education and eventual entry into the workforce.
- **Partnerships for affordability** through the construction of a funding and finance policy that ensures that all students are able to participate in higher education. Given the shift in funding from state support to student fees, greater attention and effort must be placed on the promotion and expansion of need-based aid programs. Furthermore, the state should establish system level affordability through the broad utilization of community colleges and technology centers as enhanced access options for Tennesseans, especially non-traditional students, while concurrently working to strengthen and promote student transfer and articulation.
- **Partnerships for educational excellence** that enable the state to become more competitive in the national market for sponsored research dollars. Tennessee is blessed with outstanding academic and research facilities and investing in and utilizing these facilities is crucial to excellence in research. Through the creation of targeted funding to enhance mission specific research initiatives, institutions will be able to attract world-renowned faculty, encourage economic and community development, and enhance teaching and research activities.

The broad areas of focus articulated in this Plan provide a vision for Tennessee higher education that enhances and expands the role of our colleges and universities in economic and community development, knowledge creation, job growth, and public health. The Plan serves as a blueprint for post-secondary education in Tennessee for 2005-10. However, it is not intended to address all issues of concern for post-secondary education. While the Plan does not address issues such as curricula, pedagogy, student learning, academic freedom, and tenure and promotion, it acknowledges that such issues are central to the role and mission of higher education. Additionally, the Plan does not mention capital needs or institutional programmatic aspirations.

The Plan is also silent on the issue of organizational and institutional governance structure. Regardless of leadership, governance, or financial trends, the issues articulated in this Plan are central to the future of the state of Tennessee. Without a greater focus on access, preparation, affordability, and educational excellence, the state will be limited in its ability to create and sustain a workforce needed to remain competitive in the Knowledge Economy. Given the critical challenges facing Tennessee in the coming decades, the Plan focuses solely on defining and articulating a set of statewide goals that support the creation and enhancement of the public agenda for higher education.

PARTNERSHIPS FOR ACCESS

More Tennesseans must reap the benefits of higher education if the state is to gain economic viability through an improved workforce and healthier citizenry. As Tennessee transitions into the Knowledge Economy, one important phenomenon should not be overlooked in the planning process: the need to significantly expand and enhance educational access opportunities for all Tennesseans. In addition to a burgeoning traditional college population, the number of non-traditional students will become an increasingly larger segment of higher education. This new reality poses both challenges and opportunities for Tennessee. As a result, state policies and individual institutions must recognize this changing dynamic.

Both the state and individuals stand to benefit from increased access to higher education. At the state level, a better educated citizenry yields increases in personal income and thus state tax revenues, decreases in unemployment rates, improved workforce flexibility and better economic activity in the state, fewer demands on expensive social services and governmental financial support, and enhanced participation in civic and community life. Likewise, individuals will benefit as increases in educational attainment yield increased salaries and benefits, better employment opportunities, and, consequently, enhanced health and life expectancy. With greater attention placed on these mutual benefits, Tennessee must recognize higher education as a sound investment and promote access to life-long learning for all Tennesseans.

A significant example of the broader benefits accrued by the state is the impact of training beyond high school on Tennessee's ability to compete in the Knowledge Economy. The correlation between education and gainful employment is undisputable. In the next 20 years, approximately 80 percent of all new jobs will require some level of postsecondary education. Furthermore, national statistics demonstrate that among the unemployed, 29 percent have not completed more than an eleventh-grade education. Responding to this demanding reality, a larger percent of adults are obtaining at least some form of college education. Nationwide, in 2003, 54 percent of adults had some college education compared to only 33 percent in 1982.

However, Tennessee's present performance and readiness to address this need is limited. According to the most recently available Census data, only 47 percent of adults in the state have some college experience, which is seven percent below the national average. Tennessee also trails national averages with respect to educational attainment levels for adults aged 25 and older, as the state average of 21.5 percent is a full five percent below the national average. These data serve to illustrate the importance of the need to work diligently to improve access opportunities for all Tennesseans, thereby providing a foundation for reaching the vision for higher education articulated in the Master Plan. Unless greater attention and resources are brought into the fold to provide a foundation for expanding access to post-secondary education, the economic future of Tennessee is at risk. In order to effectuate this end, the Master Plan outlines the following goals for promoting and expanding educational access:

PARTNERSHIPS FOR ACCESS: PLANNING GOALS

1. Ensure that access to post-secondary education is available across the diverse regions of Tennessee.
2. Increase the percent of African Americans and Hispanic students enrolled in higher education.
3. Increase percent of recent high school graduates participating in post-secondary education.
4. Increase number of non-traditional students participating in post-secondary education, especially in community colleges.
5. Increase number of students entering academic programs identified as critical workforce areas.

STATE POLICY INITIATIVES TO PROMOTE PARTNERSHIPS FOR ACCESS

The following public policy mechanisms will be enacted to implement this section of the Master Plan:

➤ **College for Tennesseans: *College Pays ... We Can Get You There***

- As a policy mechanism for enhancing access, student learning, and educational attainment, the state should initiate a broad-based public outreach campaign similar in form and structure to the Texas Education Go Get It! campaign. Through a combination of educational outreach and support, this program will increase awareness of the benefits of higher education and provides a vehicle for developing educational and business partnerships among a variety of stakeholders.
- To support this outcome, the state should launch a public relations campaign that imparts the benefits of higher education and education in general; fosters and promotes parental, employer, and community involvement; provides effective consumer information to students, parents, and prospective students; and articulates the needs of the P-16 education to the general public and legislature.
- As the coordinating body, the Commission should work cooperatively with elected officials, other state agencies, the governing boards, P-16 councils, and all post-secondary institutions to construct a common agenda for higher education that will be articulated through the *College Pays* initiative. To support this initiative, all parties must create partnerships that facilitate information exchanges that expand communication linkages to ensure that the importance of higher education at the micro and macro levels is clearly demonstrated to all relevant constituencies.

➤ **Increasing Workforce Competitiveness: Enhancing Adult Education**

- To ensure that more Tennesseans have the skills needed to compete in the Knowledge Economy, the state will incorporate adult literacy and GED outreach as central components of the *College Pays* initiative.

- The Commission will work cooperatively with the Department of Labor and other ongoing workforce development initiatives to increase the number of Tennesseans participating in and completing adult literacy and GED programs. The Commission will explore the creation of incentives that reward post-secondary institutions for expanding access opportunities to those students who complete such programs.
- The Commission will continue to support the creation and expansion of local P-16 Councils. Such organizations serve a critical role in aligning postsecondary education with regional education demands and workforce needs.
- The Commission will explore the use of incentives for institutions that expand access opportunities in areas deemed critical to local workforce needs. Such areas could include, but are not limited to, nursing, allied health, sciences, and computer technology.

PARTNERSHIPS FOR STUDENT PREPARATION

If the state is to realize its human capital potential, significant investments must be made to create and nurture an integrated system of education stretching from early childhood through a post-secondary education. This P-16 framework challenges policymakers to consider the implications of public policy for the entire education pipeline. Furthermore, it clarifies issues and offers a setting for consensus on contentious initiatives such as standardized testing, remedial and developmental instruction, improved teacher training and quality, and the sharing of student information across educational sectors. The P-16 framework provides an opportunity for Tennessee to acquire both a common voice and consistent plan to reach the broad vision for education outlined in this Master Plan.

While this may appear to be a simple process, data demonstrates that students are experiencing difficulty navigating the challenging, if not choppy, waters of P-16 education in Tennessee. A college education is more important than ever to individual, community, state, and national welfare. But before a student can enroll in college, he or she needs to first graduate from high school. Unfortunately, a limited proportion of students who begin the ninth grade graduate with regular high school diplomas four years later. As a result, the first hurdle on the path to a college degree is unfortunately insurmountable for many Tennesseans. In fact, only 57 percent of those students who started high school in 1998 graduated on time, ranking Tennessee 48th out of 50 states. Unless an immediate focus is turned to improving graduation rates, a generation of high school students will be forever limited in their earnings and employment prospects and will consequently experience a lower quality of life for themselves and their families.

For those students who do graduate in a timely manner from high school, the next obstacle in the educational pipeline they must overcome is the transition from high school to college. Presently, 56 percent of Tennessee high school graduates enroll in college the following fall. While this percentage is at the average of the southern states, it is below the national average of 59 percent. If the transition rate of high school graduates were to increase to the national average, an additional 1,320 first time freshman would enter higher education in Tennessee. To place this number in context, this increase is equivalent to the entire entering freshmen class at many of our regional comprehensive universities.

The final hurdle that students must surmount in transitioning through the educational pipeline is graduating from college. Of the three major barriers in the pipeline, it is this obstacle that rests solely in the domain of higher education. Each fall, approximately 30,000 freshmen walk through the doors of Tennessee public higher education. Every single student carries with him or her a vast complement of hopes, dreams, and aspirations. Increasingly, these students also carry a significant financial burden as a result of increasing costs in higher education. What obligation do educators have to these students? Is it their responsibility to graduate these students, or have they merely done enough by providing access to post-secondary education? What would Tennessee higher education look like if a greater focus was placed on graduating students?

Consider the following for the Fall 2004 freshman class: of the roughly 15,500 students who entered the university sector in 2004 who were native Tennesseans, how many of these students will graduate by the end of this planning cycle in 2010? Assuming that factors remain constant, only 49.2 percent, or 7,600 students, will receive their college degree. What would higher education look like if college graduation rates increased to the SREB average of 54.8 percent? An increase of

this magnitude would yield approximately 870 additional college graduates from the entering class of 2004. If higher education is serious about P-16 education and student success, it must make a more pronounced commitment to improving graduation rates across all educational sectors.

Why is it important to focus on increasing the number of college graduates? Why is this issue one that should be of concern to business and industry? Presently, 21.5 percent of Tennesseans aged 25 and older hold a college degree, compared to the national average of 26.5 percent. In order to reach the average educational attainment levels of our border-states, Tennessee would need to create 189,000 new college graduates. If the state is to be able to compete in the information age, it is essential that the number of college graduates increase dramatically. Imagine the possibilities if more than 189,000 college graduates were to move to Tennessee and were employed tomorrow. Not only would standards of living improve, but health care costs would be significantly reduced. Additionally, per capita income levels would increase, the state's tax base would be enhanced, charitable donations would rise, and the future of Tennessee families would be significantly improved. Furthermore, the state would immediately be better positioned to attract innovative, human capital industries rather than witnessing the continual decline of manufacturing sector jobs.

In order to realize these benefits, the Master Plan outlines the following goals for promoting student preparation:

PARTNERSHIPS FOR STUDENT PREPARATION: PLANNING GOALS

1. Establish an integrated and seamless system of education from preschool through the fourth year of college that emphasizes the continuity of student learning and focuses on alignment across educational sectors.
2. Link K-12 curricula with post-secondary offerings to ensure that all students are prepared for post-secondary education.
3. Increase the percent of recent high school graduates who transition successfully from high school to post-secondary education.
4. Reduce the number of recent high school graduates who need remedial or developmental education.
5. Increase both retention and persistence to graduation rates for all students across public and private post-secondary education to regional averages.

STATE POLICY INITIATIVES TO PROMOTE PARTNERSHIPS FOR STUDENT PREPARATION

The following public policy mechanisms will be enacted to implement this section of the Master Plan:

➤ **Implement and Fund Statewide Vision for P-16 Education**

- In order to ensure that the broad goals of the P-16 initiative are realized in Tennessee, the state must both implement and fund the initiative. Such funds should include seed money and grant opportunities to support regional collaboratives, provide for mentoring opportunities, and enhance educational outreach.

- The state of Tennessee should apply for and receive federal Gear Up funds during this planning cycle and utilize such funds to assist in supporting the P-16 initiative.
- In addition to the receipt of federal Gear Up funds, the Commission, both governing boards, post-secondary institutions, and K-12 education should work cooperatively with civic and corporate partners to solicit extramural funding for P-16 initiatives at the state and local levels.

➤ **Educational Transitions and the Student Pipeline**

- A primary task of the P-16 initiative must be to align curricula across all educational levels and reduce curricula overlap; align K-12 exit requirements and college entrance/placement requirements; align the college preparatory curriculum with admissions and placement practices; and link assessments for measuring high school student's achievement with college admissions decisions and college course placement.
- A constant effort should be made to increase the ratio of the 9th grade students graduating from high school and the likelihood of such students moving onto postsecondary education and ultimately graduating from college. To facilitate this objective, higher education must work cooperatively with secondary education to ensure that the foundation skills of high school students are maximized through rigorous course-taking. The Commission supports the adoption of the college preparatory curricula as the default curricula for all high school students.
- In the light of the Lottery Scholarship introduction, there will be an urgent need to balance its eligibility requirements with institutional admission criteria. The Commission will undertake a review of admissions criteria and incorporate relevant findings into the curricula review process.

➤ **Dual Enrollment, Early Immersion, and Collegiate Success**

- In order to enhance access to educational opportunities, the Commission encourages the expansion of dual enrollment programs, especially in the community college sector. Such courses entail the presentation of instructional opportunities for advanced students, as well as early intervention programs for students in need of remediation.
- To support those students in need of additional and/or advanced preparation prior to college enrollment, funds should be allocated for governor's schools, summer immersion, and intensive refresher programs that facilitate seamless transitions to post-secondary education for traditional and non-traditional students.
- The Commission will explore the use of incentive funding for programs that enhance student academic success in their transitional freshman year. Such programs could include, but are not limited to, the creation and/or expansion of first-year studies programs, learning communities, and academic support initiatives tailored to individual needs; ensuring intensive enrollment of freshmen in foundation courses; offering need-responsive schedules to students; and enhancing diverse opportunities for adult learners through flexible offerings, distance learning, and financial aid.

PARTNERSHIPS FOR AFFORDABILITY

The composition of higher education funding has changed markedly over the last decade. Tuition and fees have rapidly replaced state appropriations as Tennessee's economy has experienced tumultuous times and the public has tacitly approved a shift in the focus of higher education from a public to a private commodity. In Tennessee, budget data reveal that health care costs have more than doubled their share of the state's general fund budget over the past decade. During the same time period, appropriations to higher education have lost nearly one-third of their share of the state budget. As a result, state appropriations for higher education have declined precipitously, while tuition and fee revenue has nearly doubled after adjusting for inflation. In 2003-04, for the first time in the history of higher education in Tennessee, public universities collected more revenue from students than from the state.

These challenges to affordability have moved beyond lamentation to become the reality of the state's current fiscal landscape. The simple fact is that higher education has two primary revenue sources: student fees and state appropriations. Policymakers must remain cognizant of the mixture of these two sources at each level of the educational enterprise for each year that state appropriations remain static institutions must expand student generated revenues in order to protect and promote academic quality. This reality poses the need for a strategic re-evaluation of the basic policy assumptions that underlie the finance structure of Tennessee higher education. Working from the assumption that state appropriations will remain static across the planning cycle, the essential question becomes how can higher education become "right-sized" from a systems perspective so that access and affordability are maximized for all Tennesseans. The outcome of this initiative must create a landscape that accentuates the impact of state revenues across all institutions and promotes the goals of the public agenda.

Traditionally, higher education finance policy in Tennessee has ensured the equitable distribution of state appropriations among institutions, often with an associated across-the-board fee increase for all institutional sectors. While this methodology appears equitable, it ignores institutional mission differentiation and falsely assumes that state appropriations have an equal impact wherever they are appropriated. The funding paradigm required to support the goals of the public agenda must not only create incentives that protect the academic core, but must also ensure that policy mechanisms are enacted that protect affordability. Such mechanisms could eventually lead to a shift in state support so that affordability is protected at those institutions that offer access opportunities for students at the lowest cost, the community college and technology centers, while allowing the universities to expand student generated revenues and other funding sources as their primary funding mechanisms. While this concept may be controversial, it does ensure that all institutions are able to derive secure revenue streams and promotes the concept of institutional revenue adequacy from a holistic perspective. Furthermore, this new funding paradigm challenges all institutions to maximize efficiencies in order to minimize costs and protect affordability.

One of the negative consequences of Tennessee's current funding paradigm is that the purchasing power of the state's primary need-based aid program has been rapidly diminished. While legislative attention to student financial aid has sharpened funding for the Tennessee Student Assistance Award (TSAA), even with the doubling of TSAA funds over the past five years, Tennessee continues to trail peer states in terms of need-based financial aid resources available for students. Although the advent of the Tennessee Education Lottery Scholarship program has made higher

education more affordable for thousands of qualified, traditional-aged college students, these awards do not benefit some of the students most in need of financial aid, especially non-traditional students. In essence, even with the expansion of the TSAA awards and the creation of the lottery scholarship program, the coupling of static appropriations and increasing tuition has had an adverse effect on college affordability as many families are in effect being "priced out" of public higher education.

In order to ensure that higher education remains a realistic dream for all Tennesseans, the Master Plan outlines the following objectives for protecting affordability:

PARTNERSHIPS FOR AFFORDABILITY: PLANNING GOALS

1. Promote affordability via an increased focus on need-based financial aid, both at the state and institutional levels.
2. Ensure that all institutions are able to establish "total revenue adequacy" through a combination of state, student, federal and private revenue streams.
3. Ensure that community college tuition rates remain affordable.
4. Develop, support, and maintain a new funding formula for higher education aligned with the objectives of the Tennessee Higher Education Master Plan.

STATE POLICY INITIATIVES TO PROMOTE PARTNERSHIPS FOR AFFORDABILITY

The following public policy mechanisms will be enacted to implement this section the Master Plan:

➤ Prioritize Funding for the Tennessee Student Assistance Award (TSAA) Program

- The current need-based financial aid program administered by the Tennessee Student Assistance Corporation provides grants to low income Tennesseans to attend public and private institutions of higher education.
- The TSAA program received the highest budget priority in the Commission's annual 2005-06 budget recommendation. The TSAA need-based aid program will remain at the forefront of the Commission's budgetary priorities for subsequent funding cycles and should receive an infusion of new revenues that increase both the number and award amounts of TSAA grants. (In 2003-04, 13,400 eligible students did not receive awards due to funding limitations. An additional \$33,523,700 would have fully funded the TSAA program.)
- The purchasing power of the TSAA need-based award should be maintained, commensurate with tuition increases. In future years, it is vital to increase the purchasing power of all need-based grants in order to alleviate the tuition burden for low-income students pursuing higher education.
- National data and reports, particularly NASSGAP (National Association of State Student Grant and Aid Programs) will be used to evaluate the state's progress in and commitment to funding a healthy need-based aid program relative to other states.

➤ **Tennessee Education Lottery Scholarship program**

- The Tennessee Education Lottery Scholarship program was developed to address the following broad public policy objectives:
 - Provide financial assistance as a means of promoting access to higher education
 - Improve academic achievement in high school through scholarship incentive
 - Retain the state's 'best and brightest' students in Tennessee colleges and universities
 - Enhance and promote economic and community development through workforce training
- To meet these objectives, the purchasing power of the scholarships should be protected, especially the supplemental awards based on need and merit.

➤ **Align Policy Goals with the New Funding Formula**

- The Commission's revised funding formula will support the goals and objectives of the Master Plan. Additionally, it will calculate total institutional revenue adequacy and an appropriate cost sharing policy across all post-secondary institutions.
- Consistent with the Master Plan, student retention and persistence will be highlighted in the revised funding formula to articulate and support the importance of student completion to degree. Incentives should be created within the revised formula and the performance funding program that encourage student retention.
- The enrollment of non-traditional students pursuing advanced educational opportunities and/or job training should be promoted in the new funding formula.
- The revised funding formula should reflect and encourage institutional distinction and mission clarification.
- Given that community colleges should serve as an enhanced access option for many students, especially non-traditional students, state appropriations will fund a larger proportion of the total cost of attendance within the two-year sector than the universities.
- Tuition increases at the community college sector should be minimized across the planning cycle, with the ultimate goal of linking tuition to income levels. By minimizing increases, non-traditional students would have an amplified incentive to enroll in higher education.
- Utilize mechanisms that allow institutions to maximize revenue from out-of-state tuition while maintaining the appropriate proportion of out-of-state students, as determined by their respective governing boards.
- In addition to the increased fiscal emphasis on the TSAA program, institutions are encouraged to maximize institutional financial aid to students as a means of ensuring college affordability, especially for low-income students.

PARTNERSHIPS FOR EDUCATIONAL EXCELLENCE

Tennessee higher education is comprised of a wide demographic cross-section of students and a diversity of institutions in both the public and private sectors. A difficult task of state educational planners is to reconcile the seemingly conflicting ideal of increasing access and maintaining affordability while simultaneously facilitating student success and maximizing institutional quality. Formally mediating this tension between equity and excellence was at the core of prior policy initiatives of the Commission (*The Plan of Action*) and remains an essential component of this Master Plan. Moreover, the higher education community is fully cognizant that it must develop a set of goals and implementation plans that connect the academic interest of accumulating knowledge as an intellectual activity with the pragmatic need to translate this into tangible personal and community welfare benefits.

While creating access to an affordable education is one of the highest priorities for the state, these needs should not be addressed in a way that diminishes opportunities for highly qualified and highly performing students. In addition, adapting to the needs of the growing Knowledge Economy should not lead to an abandonment of the ideals and principles upon which institutions of higher education were founded. Higher education serves a broader role in the civic and cultural realm than simply preparing students for the workforce. In fact, the traditional liberal arts core remains as the heart of the academe, for all students must possess a broad appreciation of literature, the arts, and the humanities if they are to be active participants in our civic democracy. Admittedly, there is often a sizable disconnect between the problems that motivate the actions of educational administrators and the puzzles and paradigms that inspire academic scholarship and expression. In this Master Plan, the higher education community envisions a strategy that protects the liberal arts core of our institutions while simultaneously pursuing educational excellence in areas central to institutionally defined and mission specific priorities, thereby creating a systems approach that is beneficial to all stakeholders.

In an era of shrinking budgets and increasing demands and needs, single institutions will find it exceedingly problematic to provide outstanding training to meet the emerging (or even existing) employment demands of the new Knowledge Economy. Additionally, all institutions will face pronounced challenges and obstacles in providing high quality and vastly comprehensive specialized academic preparation. In order to simultaneously address the needs of market demand, institutional reputation, and academic freedom, the higher education community advocates a re-evaluation of institutional missions to reflect a course of “selective excellence.”

Selective excellence encourages institutions to change behavior from what can be characterized as passive emulation to proactive differentiation. Instead of mimicking the organization and development of larger or more visible institutions, institutions should carve out specialized academic niches or focus on programs geared to local needs and concerns. In essence, this approach recognizes that it is far more realistic to advance quality programs that have a comparative advantage than it is to build and maintain excellence comprehensively across the board within and between institutions.

Excellence in the state’s post-secondary institutions will ultimately benefit the quality of life for all Tennesseans. Excellent institutions will train tomorrow’s health care providers, develop technology that will facilitate competitiveness in the Knowledge Economy, educate the teachers of our children,

and attract a variety of cultural and entertainment venues that will bring communities and neighborhoods together.

In order to effectuate mission distinction and clarification, the Master Plan outlines the following goals for educational excellence:

PARTNERSHIPS FOR EDUCATIONAL EXCELLENCE: PLANNING GOALS

1. Reinvigorate the centers and chairs of excellence/emphasis so that they enhance institutional and state priorities.
2. Increase faculty salaries as a means to attract and retain world-renowned faculty and thereby expand the research enterprise in public post-secondary education and enhance teaching, learning, and research activities across the state.
3. Improve educational quality, as evidenced through students' achievements, as a means to encourage life-long learning and to prepare students for the workforce.
4. Increase extramural research and development funding to Tennessee universities and health related institutions across the remainder of the decade.
5. Encourage collaboration among public and private institutions, the business community and the state of Tennessee that foster and promote the expansion of research capacities, technology transfer, and intellectual capital.

STATE POLICY INITIATIVES TO PROMOTE PARTNERSHIPS FOR EXCELLENCE

The following public policy mechanisms that would be enacted to implement this section of the Master Plan:

➤ Investing in Educational Excellence

- Research is a vital component of the mission of higher education. Tennessee is blessed with outstanding academic and research facilities across the state, and investing in and utilizing these facilities is crucial to excellence in research.
- Consistent with the governor's 2005-06 budget recommendation for higher education, the Commission will explore the creation of targeted funds (seed money and matching program) that would support the research enterprise in public post-secondary education, thereby allowing Tennessee to attract and retain world-renowned faculty, encourage economic and community development, and enhance teaching and research activities across the state.
- Through the use of incentive funds, the Commission will encourage the establishment of formal partnerships between institutions and systems that enable the sharing of: (a) faculty (both in instruction and advising); (b) research resources (library materials and electronic resources/databases, scientific and computing labs); and, (c) students (research

and teaching assistants, service learning experiences, and internships). Such partnerships will enhance competitiveness, maximize resource utilization, and promote partnerships that expand the research enterprise across all institutions.

➤ **Educational Quality for Tennesseans: A Focus on Excellence**

- As a key policy mechanism for protecting educational quality, the higher education community recommends a targeted focus on mission differentiation. Mission differentiation will reduce both low producing and duplicative programs and provides opportunities for institutional reallocation and redirection of resources to mission critical or highly regarded academic units and faculty.
- In order to maintain, enhance, and establish outstanding departments and programs (and attract the highest achieving faculty and students), partnerships should be institutionalized in a manner that would foster a triangular relationship between public sector educational institutions, private sector corporations, and governmental programs. The focus of such partnerships should be on efforts that are likely to produce joint ventures, research parks, and/or spin-off companies.
- Invest state resources to provide additional funding opportunities explicitly designated for existing or new Centers and Chairs of Excellence/Emphasis, especially those that have an interdisciplinary focus. This initiative provides incentives for departments to share faculty and resources and benefits students who are able to draw on substantive knowledge from a variety of cognate disciplines into a specialized major. Thus, traditional departments would remain, but their respective emphases would reflect a wider institutional view rather than a narrow disciplinary one.

➤ **Expanding Partnerships and Resources through Private Fundraising**

- The Commission, the governing boards, presidents, chancellors and institutional leaders should seek to elevate the status of fundraising in higher education. Private philanthropy is growing exponentially across the nation and has become an important component of public higher education finance. Though not as significant as state appropriations and student generated revenues, private giving is an essential feature of higher education and should be encouraged.
- Tennessee higher education institutions, as a group, are heavily engaged in private fundraising. However, there is potential for fundraising to play an even greater role in support of specific aspects of higher education, most notably scholarships, academic programs, and targeted capital projects. The Commission recommends the implementation of a state matching program that would stimulate private giving to Tennessee public higher education.
- Many institutions, particularly some of the community colleges and technology centers, do not have mature development offices. The Commission recommends that seed money be provided to expand or enhance existing fundraising activities.

➤ **Protecting Educational Quality: A Focus on Faculty Salaries**

- The Commission charges all institutions to examine their current panoply of programs, services, and activities to ensure that maximum attention is given to addressing faculty salary inadequacies. Any savings realized through such initiatives will remain at the institution for re-direction to provide faculty salary improvements.
- While the Commission realizes the limitations of the current funding environment, it will continue to aggressively champion the needs of higher education and those who comprise its soul, our dedicated faculty and staff. If new state revenues for operating are secured, first priority should be given to protecting faculty and staff salaries.
- Institutions will be encouraged to explore opportunities presented by differential fees, both at the campus and departmental levels, in an effort generate revenues to enhance faculty salaries and benefits.

PARTNERSHIPS FOR A BETTER TENNESSEE

As Tennessee embarks on the 2005-10 planning cycle, policymakers must remain steadfast in their commitment to creating policies that facilitate the expansion of the human capital quotient of all Tennesseans. To take advantage of information age opportunities, Tennessee must work diligently to rectify the human capital challenges confronting the state in the coming decades. These include keeping more college graduates in-state, identifying sectors where potential workers are being lost or displaced, examining the workforce needs of the business sector, tailoring academic programs to industry requirements and state needs, increasing adult literacy and lifelong learning, developing strategies to attract more potential students and college graduates into the region, and offering enhanced distance and technology-based education opportunities to larger groups of nontraditional students.

Higher education must work diligently to bring together political, educational, and civic constituencies to develop and frame consensus around the public agenda. These issues of regional and statewide importance should eventually frame the policy focus for higher education. Higher education must play a larger role in state and regional policy initiatives if Tennessee is to move forward in the coming decades. For far too long, higher education has existed in a vacuum, concerned more with institutional goals than serving broader statewide and regional educational and economic needs. This situation must be reversed if the state is to remain competitive in the Knowledge Economy.

The support and maintenance of the goals outlined in this Master Plan will require a clear and consistent commitment from all constituencies. The review and potential reclassification of institutional missions for many higher education institutions will not be a simple task, and will not be without critics. While higher education has successfully nurtured goals such as universal student access and institutional improvement, it has not historically focused pronounced attention on promoting economic and community development. If Tennessee is to prosper in the Knowledge Economy, higher education must strive to make the goals of the public agenda part of its central mission.

Higher education must realize that the historic focus of individual institutional goals and capacity building no longer adequately serves the broad goals of a public agenda for Tennessee higher education. Rather than building capacity and pursuing institutional programmatic aspirations, we must ensure that system-wide capacity is properly utilized to serve broader statewide goals and objectives. In order to track progress toward these objectives, the Commission will focus on six key policy questions:

CORE POLICY QUESTIONS – THE PUBLIC AGENDA

1. Are more Tennesseans prepared for post-secondary education?
2. Are more students enrolling in post-secondary education?
3. Are more students progressing through the educational pipeline?
4. Does college remain affordable for the average Tennessean?
5. Are more Tennesseans prepared to participate in community, civic, and corporate communities?
6. Are Tennessee's local communities and economies benefiting from the policies articulated in the public agenda?

Through the creation of new funding and accountability systems for Tennessee higher education, the Commission will annually assess progress toward these broad policy questions. Through the use of budgeting as a policy tool, the Commission will utilize finance policy to structure change and improvement in accordance with the broad objectives of the public agenda. In addition to restructuring fiscal policy, the state must work diligently to link academic programming to the goals of the public agenda. Finally, institutional policies should be linked to the educational and economic needs of regional enterprise zones, thereby ensuring that academic programs also support the goals of the public agenda. Such change will require the vision and commitment of leadership at every level and will rely upon partnerships with civic, corporate, and political constituencies.

The *2005-10 Master Plan for Higher Education in Tennessee* establishes an ambitious agenda for creating a better Tennessee. By building upon existing institutional strengths, it outlines a series of partnerships that enhances Tennessee's competitiveness in the Knowledge Economy, promotes access and student success, broadens affordability, and ensures that our state-wide system of higher education is recognized nationally for educational excellence.