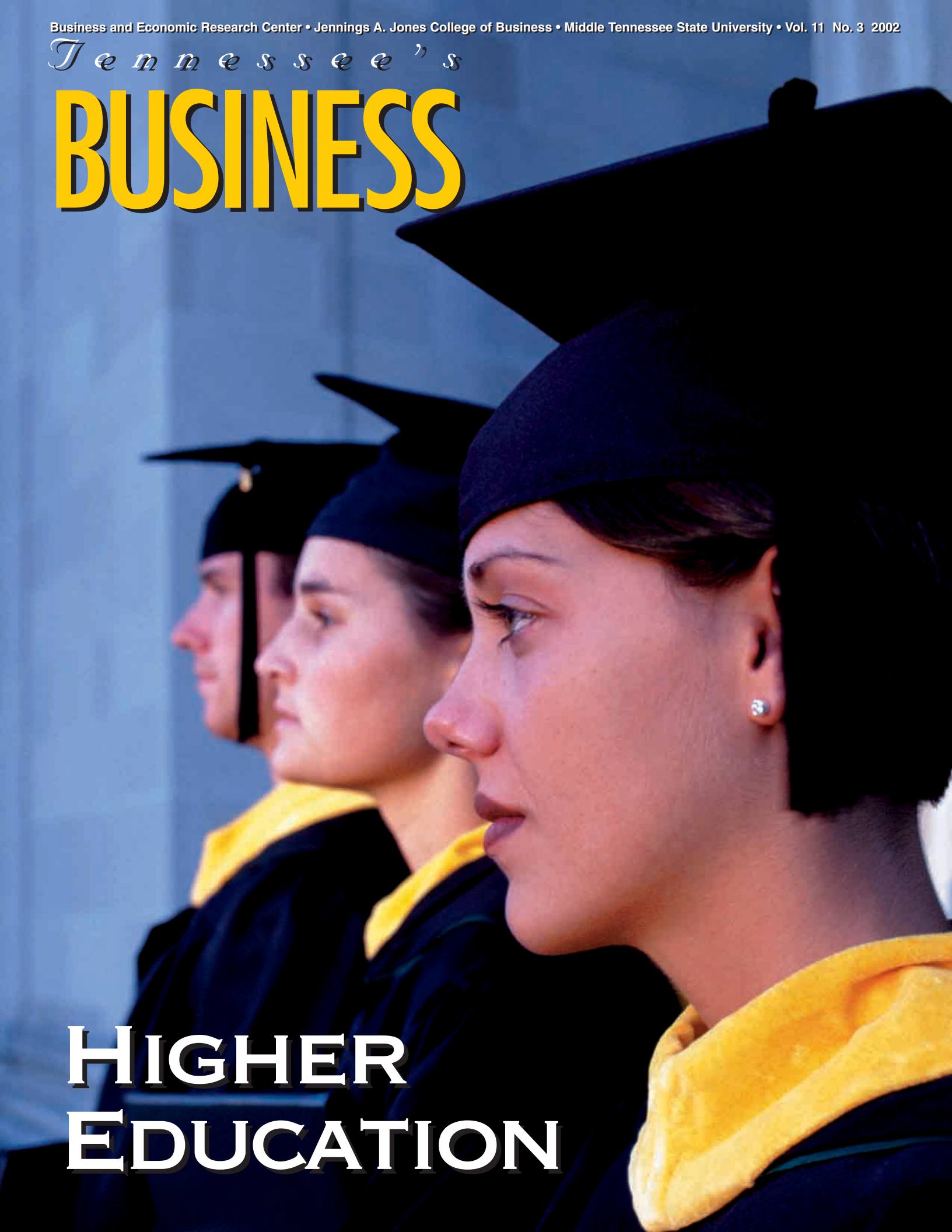


*Tennessee's*

# BUSINESS



# HIGHER EDUCATION

Published by the Business and  
Economic Research Center (BERC)  
Jennings A. Jones College of Business  
Middle Tennessee State University  
Box 102  
Murfreesboro, TN 37132  
(615) 898-2610  
kkulp@mtsu.edu

Sidney A. McPhee  
President, MTSU

E. James Burton  
Dean  
Jennings A. Jones College of Business

Albert E. DePrince, Jr.  
BERC Director

F. Kathleen Vinlove  
BERC Associate Director

Horace E. Johns  
Executive Editor

Sally Ham Govan  
Creative Director

## WEBSITE

View our latest issue online:  
<http://www.mtsu.edu/~berc>

*Tennessee's Business* provides an exchange of ideas in the fields of economics and business among businesspersons, academicians, and government officials. The opinions expressed in the articles are not necessarily those of the Business and Economic Research Center, the Jennings A. Jones College of Business, or Middle Tennessee State University, but are the responsibility of the individual authors. The material may be reproduced with permission and acknowledgement of the source. Middle Tennessee State University, a Tennessee Board of Regents institution, is an equal opportunity, non-racially identifiable, educational institution that does not discriminate against individuals with disabilities. Send address changes to *Tennessee's Business*, Business and Economic Research Center, P.O. Box 102, Middle Tennessee State University, Murfreesboro, TN 37132, (615) 898-2610, or [kkulp@mtsu.edu](mailto:kkulp@mtsu.edu).

Recipient of the 1991, 1996, and 2000  
AUBER Award of Excellence in Publications

# EDITOR'S NOTE

Arguably, Tennessee's higher education has taken a back seat to other pressing state concerns, ones that may produce greater short-term gains. Ignoring the consequences of short-term thinking can carry a high price tag in the long run, and not just monetarily. Higher education's influence on such things as crime reduction and violence, physical and mental health, the unemployment rate, and our attitudes toward diversity is necessary for long-term effects to come full circle. Is Tennessee focusing on the short or long term?

A ranking of five different educational dimensions by the National Center for Public Policy and Higher Education can offer some clues. Their report, *Measuring Up 2000*, was a state-by-state study evaluating the higher educational climate. How many Tennesseans are educated, and how well? The results were as follows.

- *Preparation*, with a national ranking of 35, indicated that a majority of Tennessee's high school seniors performed poorly on college entrance exams;
- *Participation*, ranking 47th, indicated that only a small proportion of high school seniors and working-age adults pursue schooling beyond high school;
- *Affordability*, ranking 28th, was our best offering, as it calculated the share of family income required to attend state institutions;
- *Completion*, with a 37 ranking, indicated that a low proportion complete a degree within five years; and
- *Benefits*, coming in at 45th, told us our state economy is hindered by the low proportion of Tennessee residents who have a bachelor's degree.

Our comparison to other states can serve as a glaring look at our priorities. Where is education on our agenda? How well are we preparing our citizens for the future—how many options do they have with a high school diploma? How will we attract industry here with a low-skilled work force making up the majority?

It is a myth that private donations can make up for the lack of state funding. There is a drastic difference in state funding per student among the southeastern states. Last year, \$10,326 was spent per student at the University of Georgia; \$9,703 at the University of North Carolina-Chapel Hill; and \$8,234 at the University of South Florida. Compare that to \$7,337 per student at the University of Tennessee in Knoxville, and only \$4,773 per student at MTSU, and it is clear we are losing ground. Ten years ago, the differences were minimal.

Only 17.7 percent of Tennesseans have college educations, compared to the national average of 25.2 percent. Maybe an increase in state support could change these figures. Looking again at the past 10 years, tuition and fees have increased 50 percent, but state operating appropriations increased only 3.4 percent. Compared to our sister states, our students must foot much more of the bill—two-thirds more, compared to the national average.

An increase in faculty salaries is crucial. We need to keep our qualified professors from leaving for other states that offer them more tangible rewards. Tennessee currently pays 6.2 percent below the regional average. Money to support each campus infrastructure needs to be made available as well. Many other states, such as Georgia, fund these needs more thoroughly because of state lottery dollars earmarked for education. Since 1993 Georgia's lottery has funded the Hope Scholarship, helping Georgia to rank first this year in student financial aid for the fourth year in a row.

Higher education is a long-term investment in greater economic stability and enhanced quality of life for the Metro area and all of Tennessee. We can empower our citizens with the hope that they will have adequate help along the way to a more promising path. Our policymakers ignore this fact at our future's peril.

—Horace E. Johns, Editor

# CONTENTS



## **Can Tennessee Measure Up?**

*Barbara Haskew*

3

## **Funding Higher Education in Tennessee**

*Reuben Kyle*

*and Sittiporn Intuwonges*

9

## **Master Planning for Challenging Times**

*Richard G. Rhoda*

15

## **Economic Impact of Higher Ed in Tennessee**

*Richard Brooks*

21

## **The Tennessee Board of Regents: Defining Our Future**

*Ellen J. Weed*

27

## **Why the Higher Education Budget Is Vulnerable in the Legislature**

*Andy, Lara, and Bob Womack*

31

## **The Dean's View**

*E. James Burton*

33