

THE TENNESSEE BOARD OF REGENTS:

DEFINING OUR FUTURE

by Ellen J. Weed



It is tempting to begin an article about the issues and challenges facing Tennessee public higher education with the cliché, “It was a dark and stormy night.” This is a time of controversy, uncertainty, and some gloom for Tennessee Board of Regents (TBR) colleges and universities. Current and trend figures document weakness and/or strain in both input measures such as state financial support and outcome measures such as educational attainment. For example:

- Tennessee’s higher education formula is currently funded at less than 85 percent.
- The Southern Regional Education Board (SREB) calculates a five-year *decline* in Tennessee’s state funding per student at \$1,303 (adjusted for inflation). This is by far the largest decline among the southeastern states, which averaged an *increase* of \$40 per student during the same time period.¹
- Student fees have increased by 42 percent during the past five years.
- This combination of decline in state funding and increase in student fees constitutes a shift in Tennessee’s traditional public policy position as a “low tuition” state. As recently as 1999-2000, only 15 states had lower average tuition than Tennessee.² Recent fee increases have altered that position.
- Funding changes during the past five years have also shifted much of the burden of paying for college from the state to individual students. Tennessee Higher Education Commission (THEC) policy establishes a tuition index, which provides that fees should be 40 percent of state appropriation for Tennessee residents enrolled in public universities and 35 percent at community colleges. In 2001-02, however, student fees constitute 57.1 percent of state appropriation for universities and 45.1 percent for community colleges.³
- *Measuring Up 2000*,⁴ the national report card for higher education, gives Tennessee no grade higher than a C and grades the state below average on three of five measures.
 - Tennessee earned a C for *Affordability* based on the percent of income needed to pay for college expenses. Recent fee increases cited above may result in a lower grade on the 2003 Report Card.
 - The state earned another C for *Completion*, based on the percentage of college freshmen returning for their sophomore year and the rates at which college students complete certificate and degree programs.
 - Tennessee earned a grade of C- on *Preparation* for college-level work, based primarily on low scores of secondary school students, especially in mathematics.
 - *Benefits* to the state’s economy from

higher education earned a D+. A low percentage of Tennessee adults perform well on national high-level literacy tests. *Measuring Up 2000* notes that the small proportion of Tennessee residents with bachelor’s degrees impairs the state economically. Figures for 2000 show 19.6 percent of adult Tennesseans with bachelor’s degrees, compared to 25.1 percent nationally and 23.3 percent nationally.

- The state’s *Participation* rate of D- is based on the proportion of the population enrolled in higher education. Tennessee’s participation rate is low at every age, especially among those aged 25 to 44.

Tennessee higher education is not unique in experiencing legislative pressure for accountability, although the fiscal situation for Tennessee public higher education is particularly critical. A recent survey of legislators in all 50 states found that, “almost without exception,” state legislatures expect higher education to:

- strengthen and diversify the economy;
- prepare and train a high-skill, high-wage workforce; and
- raise the level of educational attainment of the state’s population.

These economic development interests are driving current legislative policy and funding agendas for higher education nationally. This national report concludes that institutions of higher education must become more responsive to state economic development needs and to demands for access.⁵ Responding adequately to these public demands requires the allocation of additional resources, which is particularly difficult when public funding is in decline. That is the situation in which Tennessee public higher education currently finds itself.

Defining Our Future: the Process

The challenge for TBR institutions is to respond appropriately in a climate characterized by increased fiscal austerity and political accountability. The Tennessee legislature provided a framework for that response in the 2001-02 Appropriations Bill by directing that:

The University of Tennessee Board of Trustees and the Tennessee Board of Regents should study their operations to determine how they can operate more efficiently and with more limited resources. Such boards shall also examine the impact on their respective institutions of the reductions made in this budget and the reality that the level of funding of the higher education formula may decline. Such boards shall report

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their conclusions to the Finance, Ways and Means Committees of the Senate and House of Representatives as soon as practicable, but no later than January 1, 2002.

In response, TBR initiated a process of *Defining Our Future (DOF)*⁶ involving more than 1,500 people. The DOF final report, approved by TBR in October 2001 and submitted to the legislature in December, calls for bold, controversial policy directives in six areas. The report also makes several important assertions:

- DOF is *not* a blueprint for success in public higher education in Tennessee, but a response to the legislature's directive to operate more efficiently, with fewer resources. The state will have to invest more, not less, funding to improve educational quality and increase citizens' access to public higher education.
- DOF is *not* a strategy for reducing the amount of *state appropriation* to higher education, but a plan for reducing costs in some areas of operation in order to reallocate savings to other high priority areas.
- Several DOF actions will reduce *student costs* and therefore offset some increased costs incurred by recent student fee increases. Students' savings, unlike state appropriation savings, will mean an actual loss of revenue for TBR institutions.
- The DOF Report is *not* a description of *how* the TBR system and its institutions will carry out these directives, but focuses on *what* should be done. TBR staff and campuses will be responsible for deciding how these directives will be carried out.

The report includes actions that respond directly to issues of particular interest to Tennessee legislators in recent years, including transferability and articulation among institutions, developmental studies programs, off-campus teaching locations, and unnecessary duplication of academic programs.

Defining Our Future: the Substance

Specific policy directives and actions included in DOF are summarized as follows:

Academic Program Actions:

- Eliminate or consolidate academic programs with unwarranted high net costs or a low number of graduates. Some exceptions are likely for high-cost programs in high-demand occupational areas, especially the health sciences. In 2001, 42 percent of all TBR associate degrees and 45 percent of all baccalaureate and graduate degrees were low producing, defined as fewer than 10 graduates a year from undergraduate, five from

master's, and three from doctoral programs.

- Eliminate or consolidate unnecessarily duplicative programs.
- Move toward a ratio of community college/university enrollment approximating the national average. Currently, the percentage of all Tennessee public undergraduate students attending a community college is 44.5, compared to the national average of 52.8 percent. This relative shift in undergraduate enrollment would reduce costs for both the state and the individual student. The average state funding for community colleges is 74 percent of the university appropriation, while mandatory student fees at community colleges are 51 percent of university fees.
- Adopt a common academic calendar for all colleges and universities. Although the common academic calendar itself does not save money, it is needed to facilitate resource sharing among institutions and will make it much easier for students to enroll at more than one institution.

Actions Related to Earning a Degree:

- Reduce the number of credit hours required for graduation to 60 for associate and 120 for baccalaureate degrees. Exceptions will be made to accommodate accreditation, certification, and licensure requirements.

In 1999 the average associate degree graduate from a TBR institution earned 84 hours, and the average baccalaureate degree graduate earned 153. Although some students will continue to take more than the required hours, this action will reduce these averages. In the future, TBR may explore the impact of limiting the number of credit hours for which an individual student can receive state support, as some other states have done.

Remedial and Developmental

Education Actions:

- Align the standards for high school graduation with the standards for higher education admission and course placement. TBR, working through Tennessee's P-16 Council, will identify scores required for placement in college-level courses on the appropriate new K-12 Gateway and end-of-course exams, allowing students to have course placement information and remove any deficiencies prior to completing high school.
- Remove remedial-level programs from the universities.
- Reduce credit hours awarded for each of the remedial and developmental courses to a maximum of three.
- Implement flexible remedial and developmental programs that move students into college-level courses more quickly. Campuses will create innovative and diverse delivery

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systems to supplement traditional remedial and developmental courses.

- Reduce both the state funds and student fees for developmental courses at universities to community college levels.

Action on Off-Campus Locations:

- Eliminate or reduce the cost of off-campus teaching locations that are not cost-effective. Campuses assert that the per-student costs of off-campus locations are typically less than the comparable costs on the main campus, but good documentation is lacking. A new reporting system will document the cost-effectiveness of off-campus locations reliably and consistently.

Transfer Actions:

- Establish a common freshman and sophomore level general education core that is fully transferable among state institutions. Work on this core is already under way among TBR and UT institutions.
- Require universities to accept the A.A. and A.S. degree as fulfilling freshman and sophomore general education requirements for students who transfer.
- Refine transfer agreements between Tennessee Technology Centers and community colleges to enable seamless transfer among TBR institutions.

Actions on Resource Allocation:

- Identify and remove unnecessary policy barriers to cost-effective and efficient operations at institutions. TBR is currently reviewing all policies and guidelines. Some, such as General Personnel, Extra Compensation, and Developmental Studies, have already been revised. Graduation Requirement changes are in process.
- Share technology, facilities, faculty, and courses among TBR institutions. The Regents Online Degree Program (RODP) is the first systemwide program that shares courses and faculty members among all 19 TBR colleges and universities.
- Institute systemwide master purchasing and service contracts, including outsourcing some services.
- Consolidate services regionally for community colleges, including sharing staff and negotiating contracts for services among several colleges to maximize cost-effectiveness.
- Expand cost-saving contract methods for utilities and for energy savings for capital improvements.

Defining Our Future: the Balance

Implementation of DOF will require balancing several delicate, difficult, and opposing forces or values. These include balancing:

- campus autonomy against systemwide effi-

ciency;

- rapid implementation vs. careful deliberation;
- equity among institutions; and
- differing priorities of TBR and THEC.

Many actions in DOF, such as sharing courses among institutions, will reduce the autonomy campuses currently enjoy, representing a clash of values between faculty autonomy in determining the content of academic courses and the priorities of other stakeholders such as taxpayers and students. The DOF implementation process will, in most cases, require campuses to accomplish certain actions while giving them considerable flexibility on how to accomplish them. However, campuses will experience a loss of some traditional autonomy.

Higher education has a well-deserved reputation for implementing change slowly, one major reason that legislators and the business community consider higher education nonresponsive to public and business needs. Institutions must implement DOF actions quickly in order to capture funds available for reallocation. This need to act on a shorter timetable than institutions typically use will create tension.

Campus personnel indicate they are willing to make difficult decisions but are concerned that reductions be widespread and equitable, that “everyone must feel the pain.” Legislators have expressed this same concern. TBR and THEC staffs will work to balance the impact of DOF actions among institutions and ensure an even-handed implementation.

Finally, there is a need to balance priorities among governing boards. Both TBR and the UT Trustees developed reports in response to the legislation that generated DOF. In addition, THEC has developed its own policy initiative. These three agencies must now negotiate areas of agreement so higher education can move forward during this period of fiscal distress. Campuses will need the support of a unified higher education governance structure if this initiative is to be productive for the state of Tennessee. ■

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Notes

¹ <http://www.sreb.org/main/EdData/DataLibrary/highered/finance/FB66-67.xls>

² Ruppert, Sandra S., 2001, *Where We Go From Here: State Legislative Views on Higher Education in the New Millennium*, Results of the 2001 Higher Education Issues Survey, National Education Association of the United States, p. 56.

³ Tennessee Higher Education Policy F2.0 Tuition and Fees, section 2.0.10D.

⁴ <http://measuringup2000.highereducation.org/reporthome.htm>

⁵ Ruppert, *Ibid.*, p. i.

⁶ <http://www.tbr.state.tn.us/press-releases/definefuture.htm>

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