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DATE: March 19, 2009

SUBJECT: Higher Education Governance

ACTION RECOMMENDED: Discussion

BACKGROUND INFORMATION: Discussion will be held at the March 19 called Commission meeting concerning governance structure issues that are under review by the Governor and members of the General Assembly. Following are briefing notes for the discussion.

Governor Bredesen recently expressed his interest in a review of the higher education governance structure in Tennessee. The Governor noted the convergence of changing leadership of the University of Tennessee System and the Board of Regents, as well as the dire fiscal condition of the state, as a compelling opportunity to consider structural changes. He has not yet put forth a formal approach for the review.

There are two bills that have been filed that specifically address higher education governance. SB2025 by Senator Andy Berke (D-Chattanooga)/HB1943 by Representative Mark Maddox (D-Dresden) would create an 11-member task force to examine the structure and future of higher education in Tennessee. THEC would provide administrative assistance to the task force. Findings and recommendations would be submitted to the Governor and General Assembly by February 1, 2010.

SB2122 by Senator Jim Kyle (D-Memphis)/HB2143 by Craig Fitzhugh (D-Ripley) would eliminate THEC, the UT Board, and the Board of Regents on July 1, 2010. The three boards would present, individually or collectively in January 2010, a plan to restructure the governance of higher education.

Other caption bills have been introduced that could be amended to address the governance of higher education. I anticipate that this will be an issue of interest to members of both parties.

The current interest in the governance structure also coincides with Tennessee's participation in the national *Making Opportunity Affordable* initiative. The initiative has been presented in previous Commission meetings. Commission staff views MOA as a viable framework for determining issues where governance and organization might contribute to improved productivity. Following is a brief overview of relevant considerations.

Making Opportunity Affordable and Higher Education Governance Reform in Tennessee

According to a policy brief by the Education Commission of the States (ECS), a state that is considering reorganization of its higher education system should first do the following:

1. Focus on ends, not means.
2. Be explicit about the specific problems that are the catalysts for the reorganization proposals.
3. Ask if reorganization is the only or the most effective means for addressing the identified problems.
4. Weigh the costs of reorganization against the short- and long-term benefits.
5. Recognize that a good system balances state/societal needs and the needs of colleges and universities.
6. Distinguish between state coordination and institutional governance.
7. Examine the total policy structure and process, including the roles of the governor, executive branch agencies and the legislature, rather than only the formal postsecondary education structure.

   (Source: Aims McGuinness, February 2002, Guidelines for States Considering Reorganization. Denver, CO: Education Commission of the States.)

The ECS brief concludes as follows:

> "State coordination of postsecondary education is one of the most complex, difficult balancing acts in state government. There are no simple answers, no absolutes. While lessons can be drawn from other states, there is no perfect model. Conflicts are the reality… State leaders need to periodically evaluate the adequacy of their systems and undertake carefully considered changes when necessary."

- Before considering higher education reorganization, states should first make a thorough evaluation of how well their existing policies and structures align with the state's agenda and the public interest.

- The national *Making Opportunity Affordable* initiative, in which Tennessee is one of eleven participating states from 37 original applicants, provides a framework, a process, and resources for doing this kind of evaluation. The MOA framework is about productivity – that is, increasing the production of postsecondary certificates and degrees within available resources from students and the State.

- The "policy audit" component of MOA-TN is the vehicle by which Tennessee is gathering data and input on how well current policies are aligned with the goal of increased productivity. Our method:

- o Engaged the National Center for Higher Education Management Systems to construct a data-based case for improved degree productivity and to facilitate roundtable discussions at nine sites across the state, with campus leaders from 19 institutions participating;

  - o interviews with members of the Governor's staff;

  - o interviews with legislative leadership;

  - o interviews with TBR and UT system senior staff; and

  - o interviews with members of the business community (Education Committee of the Tennessee Business Roundtable).

- While MOA is not primarily about governance and structure, its productivity agenda naturally raises questions about Tennessee's current configuration of postsecondary providers and how they are arranged or governed. For example:

  - o Are adult students, at all educational levels, best served by the current configuration of service providers?

  - o How could distance learning be better integrated to increase degree production?

  - o Does the current structure encourage or inhibit collaboration to serve students in geographically isolated areas?

  - o How might governance changes impact the articulation of courses and programs across institutions and systems?

- The policy audit process, which we see as a point of departure for the 2010-2015 Master Plan for Tennessee Higher Education, will conclude with a consultants' report containing findings and recommendations. The following template will enable the consultants to "score" Tennessee on the extent to which policies are aligned with the goals of increasing student access, student success, and system efficiencies. This type of approach will help ensure that any policy reform, whether governance change is a component or not, is considered in the context of improved outcomes for students.

Template for MOA-TN Policy Audit Scorecard

Policy area	Access	Student Success/ Completion	Productivity/ Efficiency
1. P-16/College Readiness			
2. College Placement Exams			
3. Developmental Education Courses at System Level			
4. Geographic Access/Site Location			
5. Tuition Policy - Out-of-State Students			
6. Student Financial Aid - Alignment with Tuition			
7. Hope Scholarships - Technical Issues			
8. Funding Formula - Design			
9. Funding Formula - Implementation			
10. Performance Funding - Design			
11. Performance Funding - Implementation			
12. Tuition Policy			
13. Limits on Credits Required for a Degree			
14. Block Tuition			
15. Acceptance of Accelerated Credits			
16. Transfer Policies			
17. Adult Education			
18. Two-year institutions/Programs			
19. Administrative Regulations			