

MINUTES
TENNESSEE HIGHER EDUCATION COMMISSION
April 23, 2009, 1:00 p.m. CDT

The meeting was called to order by Chairman Katie Winchester at 1:00 p.m.

Commission Members present:

Mr. Tre Hargett
Mr. David Holt
Mr. Cato Johnson
Mr. Charlie Mann

Mr. Jack Murrah
Mayor AC Wharton
Mr. Robert White
Ms. Katie Winchester

Ms. Winchester thanked everyone for their attendance and for their patience and flexibility in regard to the budget hearing and difficult schedule of the day. She noted that the agenda will be adjusted to provide sufficient time to address the action items first then review informational items.

Approval of Minutes, January 23, 2009, and March 19, 2009 Meetings

Ms. Winchester called for a motion to approve the minutes of the January 23 and March 19, 2009, Commission meetings as presented. Mayor AC Wharton made a motion to approve the minutes as presented. Mr. Cato Johnson seconded the motion; the motion was duly adopted. Mr. Tre Hargett abstained from the vote since he was not in attendance for those meetings.

Chairman's Report

Ms. Winchester noted the productive work session earlier in the day, which included a review of the Making Opportunity Affordable program. Ms. Winchester also noted the presentation had to be recessed for the legislative budget hearing, and called on Mr. David Wright, Associate Executive Director, Policy, Planning, and Research, to brief the Commission and guests on the program, before resuming the presentation. Mr. Wright informed the Commission that Tennessee is among the eleven states selected to participate in the 2009 "learning year" of Making Opportunity Affordable (MOA), which is a national Lumina-funded initiative designed to increase the certificate and degree productivity of state higher education systems. He then introduced Dr. Aims McGuinness, senior associate of NCHEMS, to conclude his presentation of the program. Dr. McGuinness discussed the findings and recommendations from the policy audit, which included data analysis and compilation, document review, and extensive interviews with campus personnel, the Tennessee Business Roundtable, Governor's staff, and legislative leadership. He stated that the policy audit is a diagnostic activity that will inform the work of strategy groups convened around the funding formula, Performance Funding, and adult student participation.

Ms. Winchester then called for a motion to formally endorse the policy audit as the direction-setting document outlining planning assumptions and policy priorities for the 2010-15 master plan. Mr. Johnson made a motion to approve staff recommendations with an amendment to develop market research to keep in sync with the intended audience and make appropriate measurements for that audience. Mr. White seconded the motion; the motion was duly adopted.

Executive Director's Report

Ms. Winchester called on Dr. Richard G. Rhoda for his report. Dr. Rhoda began by welcoming former Representative John Hood. He congratulated Mr. Jack Murrah for the Governor's Award for Leadership in the Arts. He then thanked the Commission members for their engagement in the past year's work of making the governance structure more responsive and efficient.

Ms. Winchester then asked for the report on TSAC. Dr. Rhoda stated that consolidation of administrative/business staff of TSAC and THEC is complete. He noted that a combined six to nine positions has achieved an annual cost savings of approximately \$300,000. He also stated that the programs administered by TSAC remained strong; he commended the entire TSAC staff.

Systems' Reports

Tennessee Board of Regents

Dr. Paula Short, Vice Chancellor for Academic Affairs, Tennessee Board of Regents, was recognized to present the report. Dr. Short discussed the development of campus budget plans and use of stimulus funds. She then discussed the redesign of the teacher preparation programs and noted that TBR's initiative has been selected by National Council for Accreditation of Teacher Education (NCATE) as one of six transformation initiatives in the country and they will be recognized in Washington at a press conference.

University of Tennessee

Ms. Winchester announced that Dr. Simek was unable to attend the THEC meeting, however, the report he made at the budget hearing would be accepted as the UT report.

Academic Affairs

Institutional Reauthorization, Temporary Authorization of New Institutions, and Approval of New Programs Under the Postsecondary Authorization Act

Dr. Stephanie Bellard-Chase, Associate Executive Director for Postsecondary School Authorization, presented the recommendations of staff and the Postsecondary Education Authorization Advisory Committee to approve the institutional reauthorizations for schools currently operating in good standing with the state. Mr. Tre Hargett made a motion to approve. Mr. Johnson seconded the motion; the motion was duly adopted. Dr. Chase then presented the recommendations to grant temporary authorization to proposed new

institutions and new programs. A motion was made by Mayor Wharton to adopt the recommendations as presented. The motion was seconded by Mr. Johnson. There being no further discussion, Ms. Winchester called for a vote on the motion that was duly adopted. A listing of the institutions and programs are included as Attachment A to the official copy of the minutes.

Consideration of Rule Revisions

Ms. Winchester recognized Ms. Julie Woodruff, Director of Regulatory Affairs, to present the rule revisions. Ms. Woodruff gave a brief overview of the rule making proceedings and the hearing held at the March 19 called THEC meeting. She discussed the legislation granting authority to THEC to set fees annually in order to collect revenues sufficient to cover the costs of regulation of the propriety institutions. Ms. Woodruff also noted that over the years, the Division of Postsecondary School Authorization (DPSA) accumulated a surplus from the fees collected, however, has had to withdraw money from the surplus account in order to cover the budget expenditures in each of the two previous fiscal years and will require funding from the surplus to cover the budget for the current fiscal year. She stated that after this fiscal year, the surplus account will not have enough money in it to cover the deficit that will result under the current fee structure and the surplus will be depleted during FY09-10. Ms. Winchester then called for a motion on the rules. Mr. Cato Johnson made a motion to accept staff recommendations. Mr. Jack Murrah seconded the motion. The motion was duly adopted by the following roll call vote:

Name	Aye	No	Abstain
Mr. Tre Hargett	x		
Mr. David Holt	x		
Mr. Cato Johnson	x		
Mr. Charlie Mann	x		
Mr. Jack Murrah	x		
Mayor AC Wharton	x		
Mr. Robert White	x		
Ms. Katie Winchester	x		

Fiscal Affairs

Amendment to the FY 2009-10 Disclosed Capital Projects List

Ms. Winchester noted that Mr. Jim Vaden, Associate Executive Director for Fiscal Affairs, provided a report at the work session earlier in the day. Mr.

Vaden's report noted that the Tennessee Board of Regents has submitted 38 additional projects to be included on the FY 2009-10 Disclosed Capital Projects List, and the University of Tennessee did not submit any additional projects. He also noted that TBR has requested that four projects described in the original FY 2009-10 Disclosed Capital Projects listing be removed from the list.

Ms. Winchester then called for a motion. Mr. Johnson made a motion that the Commission approve staff recommendations of the indicated changes to the Disclosed Projects Listing and that staff transmit the Commission's action to the Department of Finance and Administration for review and consideration for inclusion in the FY 2009-10 Appropriations Bill. Mr. White seconded the motion; the motion was duly adopted.

American Recovery and Reinvestment Act

Mr. Vaden briefed the Commission on the American Recovery and Reinvestment Act at the worksession. Discussion included the \$4.4 billion that Tennessee will receive from ARRA, of which \$775.1 million is for K-12 and higher education; the specific provisions the state must meet in order to qualify for the federal funds; and the non-recurring funds are intended to mitigate tuition increases for the next two fiscal years and must be used by September 30, 2011.

2009-10 Tuition and Fee Recommendations

Mr. Vaden discussed the tuition and fee recommendations. He stated that discussion had been held earlier at the worksession and was recommending approval of staff recommendations of up to seven percent increase in tuition for universities, community colleges, and technology centers, with the exception of UTK, which staff recommends an increase of seven to nine percent. Ms. Winchester then called for a motion on staff recommendations. Mr. Murrah made a motion to approve staff recommendations of up to seven percent for universities, community colleges, and technology centers, and up to nine percent for UTK. Mr. White seconded the motion; the motion was duly adopted.

P-16 Initiatives/GEAR UP Status Report

Ms. Katie Tone, Associate Executive Director for P-16 Initiatives, was introduced to provide a report on the P-16 initiatives. Ms. Tone introduced Mr. Scott Boelscher, who briefed the Commission on the annual performance report. Mr. Boelscher noted the report had been submitted on April 14. He stated that over nine thousand students had been served within the GEAR UP counties and over 65,000 students served statewide. He then discussed professional development for teachers, an increase in parent participation, and an increase in ACT scores.

Mr. Boelscher discussed the Bridge Incentive award and the increase in those who retained the award and noted that 87 percent of cohort students are expected to move on to higher education after high school. He then briefed the Commission on the mini grants to be awarded to the nine counties. He also discussed the School Leaders Institute and the Second Youth Summit for the students in the nine GEAR UP counties.

Legislative Report

Ms. Winchester recognized Mr. Will Burns, Associate Executive Director of Legal and Regulatory Affairs, to make a report on the status of legislative items. Mr. Burns briefed the Commission on bills related to governance, the sunset review, and TSAC.

Administrative Items

Summer Quarterly Meeting

Dr. Rhoda advised the Commission that the next meeting of the Commission will be on Thursday, July 23, 2009.

Conflict of Interest Disclosure Policy for Commission Members

Mr. Burns reviewed the conflict of interest disclosure policy for Commission members and asked that they review, sign, and return at their earliest convenience.

There being no further business, the meeting was adjourned at 3:20.

Approved:

Katie Winchester
Chairman

A C Wharton
Secretary