

DATE: November 10, 2011

SUBJECT: Capital Outlay and Maintenance Priorities Assessment

ACTION RECOMMENDED: Information

With the passage of the Complete College Tennessee Act (CCTA) in 2010, state government fundamentally changed higher education public policy by shifting the focus towards educational attainment and productivity. Specifically, Tennessee transformed the funding model for universities and community colleges, gave definition to institutional mission, reformed student transfer and altered the structure and nature of the community colleges. At the center of this paradigm shift is the need for more Tennesseans to be better educated and trained.

As the CCTA reforms prompted higher education to reexamine how it operates, and as the General Assembly contemplates changes to the lottery scholarship program, it is prudent to bring the same principles of reform to finance policy related to higher education's infrastructure. In September, Governor Bill Haslam and THEC jointly requested that the University of Tennessee and the Tennessee Board of Regents make a fresh assessment of their respective system capital project priorities. The request was made with an acknowledgment of higher education's significant infrastructure needs and with tremendous respect for the in-depth analysis and professional judgment both systems employ to develop current capital project priorities.

The assessments performed by UT and TBR will incorporate the foundations of the CCTA, centering on educational attainment and workforce development, while also considering institutional mission, similar to the outcomes-based funding formula. In addition, the systems were requested to consider the inclusion of matching fund requirements, with the specifics to be crafted to fit the different types of institutions within each system.

THEC, UT and TBR have been engaged in weekly conversations about the capital priorities assessment which is to be completed in early December. At that point, THEC will develop and recommend capital outlay and maintenance projects that will then be transmitted to the administration to accompany the recommendations for student tuition and state appropriations for operating funds.

A fresh assessment of capital priorities, combined with subsequent investment from state government spread over several years, will allow higher education to meet the current and future education and training demands of Tennesseans. Such an investment would position Tennessee's higher education system to make progress towards the long term educational attainment goals that are the core of the CCTA by addressing deferred maintenance needs along with new facilities that enhance institutional mission.