Creating Partnerships for a Better Tennessee

Tennessee Higher Education Commission
Commission Members
Jim Powell, Sr.
Chair, Limestone
A C Wharton, Jr.
Vice-Chair, Memphis
Brad Windley
Vice-Chair, Tullahoma
Debby Patterson Koch
Secretary, Nashville
Riley C. Darnell
Secretary of State
Gen. Wendell Gilbert
Clarksville
Wm. Ransom Jones
Murfreesboro
John Morgan
Comptroller
Jack Murrah
Hixson
Dale Sims
State Treasurer
Katie Winchester
Dyersburg
Eleanor E. Yoakum
Knoxville
Dawn Blackwell
Student Member
East Tennessee State University
Gary Nixon
Executive Director
State Board of Education

Message from the Executive Director:

The Tennessee Higher Education Commission is statutorily charged to develop a statewide master plan for the future development of public higher education. In response to this, the Master Plan, Creating Partnerships for a Better Tennessee, was developed for 2005-2010. The Master Plan is a collaborative effort with the Tennessee Board of Regents, the University of Tennessee and guidance from a Master Plan Taskforce, representing a broad constituency.

Approved by the Commission in July 2005, the Master Plan is a public policy document which promotes linkages with civic, corporate, and community partnerships. Additionally, the Master Plan identifies four key areas of improvement: Access, Student Preparation, Affordability, and Educational Excellence.

Therefore, the 2005-2010 Master Plan, sets in motion focused efforts across all public higher education to meet the educational aspirations of the citizens of Tennessee. As we move into a Knowledge Economy, the Master Plan will enable higher education to serve the public good and meet the needs of the State. We are confident that the 2005-2010 Master Plan, as a living document, will guide us in meeting the many challenges we face. The scope of the 2005-2010 Master Plan is evidence of the on-going commitment of Governor Phil Bredesen, the General Assembly, and the Higher Education Commission to improving public higher education, and we are grateful for that support.

[Signature]
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preface</td>
<td>1</td>
</tr>
<tr>
<td>Creating Partnerships for Educational Excellence:</td>
<td></td>
</tr>
<tr>
<td>Planning Priorities and Assumptions</td>
<td>3</td>
</tr>
<tr>
<td>Master Planning Assumptions</td>
<td>7</td>
</tr>
<tr>
<td>Partnerships for Access</td>
<td>11</td>
</tr>
<tr>
<td>Partnerships for Student Preparation</td>
<td>15</td>
</tr>
<tr>
<td>Partnerships for Affordability</td>
<td>19</td>
</tr>
<tr>
<td>Partnerships for Educational Excellence</td>
<td>23</td>
</tr>
<tr>
<td>Partnerships for a Better Tennessee</td>
<td>27</td>
</tr>
<tr>
<td>Master Plan Task Force</td>
<td>29</td>
</tr>
</tbody>
</table>
The Tennessee Higher Education Commission is statutorily charged to develop and articulate a master plan for higher education on a quinquennial basis. Specifically, the Commission is charged to:

“Develop a statewide master plan for future development of public higher education in Tennessee which shall include the state technology centers. The commission shall make recommendations to the governing boards of the various institutions and the governor, as well as the general assembly, through the senate and house education committees, on the implementation of the master plan. The master plan shall be published in accordance with the rules, regulations, policies and procedures of the state publications commission. In developing the master plan, the commission shall engage regional and statewide constituencies to ensure that the document supports the development of a public agenda for higher education. In doing so, the commission shall establish a master plan that requires a broad degree of regional cooperation between post-secondary institutions with secondary institutions, and business, civic, and community leaders” (TCA 9-49-7-202).

The 2005-2010 Master Plan for Tennessee Higher Education aims to fulfill this statutory obligation by outlining a vision for Tennessee higher education built upon civic, corporate, and community partnerships. The concept of partnerships is fundamental to the core objectives of the Master Plan and provides the foundation for state-wide policy initiatives such as providing greater access to post-secondary education and enhancing the competitiveness of Tennessee’s workforce. While the primary emphasis of the Plan is centered on the two aforementioned areas, underlying these broad policy objectives is the appreciation for the intrinsic worth of education to individual and societal well-being.

The Master Plan incorporates national best practices from the higher education policy arena. Since the previous 2000-2005 Master Planning cycle, a host of education policy organizations have assessed the state of higher education and have offered policy alternatives to address its challenges. The National Center for Public Policy and Higher Education has issued three report cards to each state in their Measuring Up series. While Tennessee’s performance has improved, a C+ was the highest grade received for any of the six categories (preparation, participation, affordability, completion, benefits, and learning) assessed by Measuring Up. To improve in these categories, the Tennessee Higher Education Commission has partnered with the National Center for Higher Education Management Systems (NCHEMS) and received funding from the Lumina Foundation that has underwritten many of the data and research elements contained within this document. Additionally, policy expertise from organizations such as the Southern Regional Education Board (SREB), State Higher Education Executive Officers (SHEEO), Western Interstate Compact for Higher Education (WICHE), and others has provided guidance on policy and planning mechanisms to improve educational attainment and performance. Finally, funds provided via the Lumina sponsored Changing Directions project have aligned Tennessee with a widely acclaimed national policy initiative to consider a holistic funding policy that integrates state appropriations, need- and merit-based financial aid, and student fees. The creation of such partnerships with nationally recognized policy organizations has broadened the vision of policymakers in Tennessee and enhanced the development of the Master Plan.
CREATING PARTNERSHIPS FOR EDUCATIONAL EXCELLENCE:
PLANNING PRIORITIES AND ASSUMPTIONS

The coming decade holds unprecedented opportunities for Tennessee higher education to forge new partnerships that will both broaden its scope and improve the fortunes of countless generations of Tennesseans. Through a focus on collaboration, it is the intent of the 2005-2010 Master Plan for Tennessee Higher Education to create a broad-based public agenda that balances state and campus priorities and expands the role of higher education in improving the quality of life for all Tennesseans. The Plan challenges educational leaders to re-examine their traditional missions and create partnerships focusing on both state-wide and institutional priorities.

As Tennessee transitions into an economic era in which its fortunes will be determined more by the human capital potential of our citizens than by the state’s physical capital and natural resources, higher education must begin to play a larger role in critical policy areas such as public health, industrial training and recruitment, economic and community development, and adult literacy. Given the strong correlation between educational attainment and the accumulation of social and economic status, education is increasingly cited as a prime determinant of economic well-being. In order for all Tennesseans to realize the direct and indirect benefits of post-secondary opportunities, higher education must broaden its traditional institutional focus to include a focus on statewide needs and priorities.

The coming decades promise significant and profound challenges for Tennessee:

♦ Depressed educational attainment rates at both the secondary and post-secondary levels limit Tennessee’s competitiveness in the Knowledge Economy.
♦ The demographic composition of the state is changing dramatically and higher education must position itself to serve the needs of an increasingly diverse populace.
♦ Tennessee will experience sustained enrollment growth as a result of the baby-boom echo. According to SREB, the number of high school graduates will increase by more than 4,000 students through the end of this decade.
♦ Over the course of the past decade, the number of non-traditional students enrolled in public post-secondary education declined precipitously. If the state is to remain competitive in the Knowledge Economy, it must increase the participation rates of such students.
♦ Rapidly changing technology presents opportunities for expanded instructional offerings and institutional outreach.
♦ The advent of the Tennessee Education Lottery Scholarship program has allowed more Tennesseans to realize the dream of college attendance. For the 2004-2005 academic year, more than 36,000 students received such scholarships. Experience in states with similar programs indicates that Tennessee must look to re-examine the scope of undergraduate education to maximize the auxiliary impacts of the scholarship program.
♦ Research by the Rockefeller Institute indicates that the funding environment for higher education across the remainder of the decade is limited at best. The absence of new state revenues indicates the need for new solutions to the issue of institutional revenue adequacy.
As a result of this diminished funding environment, student-generated revenues will be forced to increase in order to provide an adequate base portfolio of institutional revenues that protects educational quality. Given that the average household in Tennessee earns less than $40,000 annually, there are upward limits on student-generated revenues.

Given rising post-secondary costs, higher education must ensure that it remains efficient in the utilization and focus of resources on areas central to the academic core.

Tennessee higher education has historically pride itself on the mission of providing universal access to all students. While expanding educational access remains the central area of emphasis for Tennessee higher education, the state must begin to re-examine strategically the role that all institutions, public and private, play in sustaining the broader goals of a public agenda for higher education. Given the changing educational, economic, and demographic conditions in Tennessee, policymakers must re-examine programs, services, and operations offered by our institutions to ensure that they are able to meet creatively the shifting demands of the educational marketplace.

The Need for Partnerships: Higher Education and the Knowledge Economy

In the Knowledge Economy, education, technology, and learning are the keys to sustainable economic growth. More specifically, higher education provides the foundation for this new economy. It supplies not only skills for employees, but a medium for advanced research and development activities on campuses across the state. In the old economy, fixed assets, financing, and labor were principal sources of competitive advantage for our state’s business and industry. But now, as markets fragment, technology accelerates, and competition comes from unexpected places, learning, creativity, and adaptation are becoming the principal sources of competitive advantage. Enabling constant innovation has become the goal of states committed to prospering in the Knowledge Economy and should also become one of the central public policy goals for Tennessee higher education. In order to remain competitive, Tennessee must work to develop a complement of educational and economic/community development partnerships that incorporate human, intellectual, and financial capital. To fuel innovation, compete internationally, and continually improve the quality of life for all Tennesseans, elected officials must make enduring investments in the state’s educational infrastructure, thereby planting the seeds of the Knowledge Economy. While other issues may capture the short-term attention of policymakers, focused resources allocated for education are truly the best investments the state can make in the long-term future of all Tennesseans.

A combination of political, economic, and demographic changes magnifies the importance of higher education for elected officials and decision-makers as they attempt to address many of the challenging issues noted above. Tennessee is in a national and global race to develop a knowledge-based economy that facilitates competition in the information marketplace. Given the critical role that higher education plays in human capital development, policymakers must remain responsive to the many factors that impact the state’s human capital potential. Tennessee’s ability to compete in this new economic era can rise no higher than the sum of the knowledge of our citizens and, correspondingly, the level of educational achievement that we settle for establishes an absolute upper limit on our economic prosperity.

While the state of Tennessee has historically benefited from a favorable business climate, a diligent and inexpensive workforce, and strategic geography, significant weaknesses persist in our ability to meet the needs of the Knowledge Economy. Examples of these weaknesses include: a large percentage of the existing workforce is not oriented towards the Knowledge Economy; the state’s adult populace is relatively undereducated; and, there are severe cracks in the P-16 educational pipeline. With only slightly more than 20 percent of the adult population holding a bachelor’s degree, the state is limited in its ability to attract cutting-edge business and industry. The consequences of this human capital deficiency are evident in the state’s poor performance on national benchmark reports such as the Progressive Policy Institute’s New Economy Index and the National Center for Higher Education’s Measuring Up 2004. Both studies note that unless significant and creative investments are made to increase the number of young and working adults who move into an affordable system of higher education, poorly performing states such as Tennessee will continue to lose ground in the global competition for business and industry.

For Tennessee to meet the challenges of the coming decades, elected officials must be encouraged to continue to make investments that enhance the state’s human capital infrastructure. Correspondingly, policymakers must work to frame a public agenda for education that brings together diverse constituencies, promotes a broad vision for state efforts to nurture our human capital potential, and demonstrates the significant role that post-secondary education plays in providing the foundation for knowledge expansion and economic competitiveness. Through the creation of a public agenda for higher education, the state would commit all available resources to:

• raising educational attainment levels,
• promoting life-long learning and improving adult literacy rates,
• recruiting and retaining highly skilled knowledge workers, and
• enhancing the research and development capacities of our colleges and universities.

Tennessee must also begin to examine strategically the means through which public funds are expended to address the goals of this public agenda. For example, policymakers should make investments that enhance and promote access to higher education through expanded distance learning and off-campus/site based instructional mediums. Rather than continuing to rely upon traditional campus activities, Tennessee should empower the development of regional educational policies that promote the needs of local communities. Such policies should not only promote access, but foster institutional and local government cooperation and the enhancement of research and development projects that meet local needs.

The state must also strive to utilize more efficiently its diverse complement of institutions through mission differentiation, thereby maximizing educational opportunities and fostering educational excellence. Rather than relying upon outdated public policies that promote bracket creep and mission blur, steps must be taken to accentuate institutional strengths and maximize programmatic excellence. Additionally, institutions must continue to strive to maximize efficiencies and minimize costs in those areas that are not central to the academic core. Given the growing reliance on student generated revenues, higher education must continue to demonstrate that it is a good steward of the public trust.

Building upon the groundwork of existing initiatives such as the Plan of Action, Defining Our Future, and Critical Choices, the public agenda articulated above creates a new vision for higher education in Tennessee that seeks to position post-secondary education as the engine of economic and cognitive growth and enhances the state’s ability to compete in the Knowledge Economy.
MASTER PLANNING ASSUMPTIONS

Unlike prior versions of the statewide Master Plan, the current iteration is based upon a realistic set of core planning assumptions. Rather than lamenting the stagnation of state support for higher education, the Plan calls for the creation of innovative partnerships that expand the realm of higher education, especially at the local and regional level. Such partnerships are critical if higher education is to achieve the broad goals outlined in the Plan.

The Master Plan is built upon the following core planning assumptions:

Access and Equity
- There will be increased pressure for access from traditional-aged college students in the baby-boom echo that is amplified by the implementation of the Tennessee Education Lottery Scholarship program.
- There will be increased pressure for access from non-traditional students due to changing market demands, academic programming, technology-based delivery methods, and the shift in population to the state’s urban areas.
- Shifting trends in state populations, especially for low-income and minority groups, will increase the need to ensure that all students are able to participate in higher education.
- Continued inequality in enrollment and graduation rates for low-income and minority students presents obstacles for these groups and limits their opportunity to obtain the skills needed to participate in the Knowledge Economy.
- The increased reliance on student-generated revenue may price certain demographic groups out of higher education.

Educational Quality and Excellence
- Given that state funding for higher education may remain static throughout the planning cycle, institutions must look to create partnerships that expand and diversify institutional revenues.
- When and if additional resources are made available by the state, they may not be distributed in an “across the board” fashion; resources should be distributed to those areas that align closely with the public agenda.
- Increases in fixed costs will further erode operating budgets, especially for the non-formula units that are limited in their ability to generate tuition and fee based revenues.
- There will be increased regional and national competition in the higher education market for students, faculty, and resources.
- Reduced funding for capital programs and maintenance indicates the potential need to enact a broad-based bond initiative for higher education.
- Capacity challenges at select institutions indicate the need to accentuate the role of all post-secondary institutions, especially the community colleges, in ensuring state-wide capacity. Consequently, all baccalaureate degree granting institutions must be encouraged to find a “right size” that maximizes their role in the system-wide delivery of undergraduate education.
- There is a need for mission differentiation in order to accentuate programmatic quality and institutional excellence in support of the broad goals of the public agenda.
A VISION FOR TENNESSEE HIGHER EDUCATION

Through the establishment of a public agenda built upon civic, corporate, and community partnerships, Tennessee higher education will be able to better serve the broad needs of the state and create a workforce that is able to compete in the Knowledge Economy. Such partnerships will ensure that all students are prepared for post-secondary education and have access to high quality educational programs that expand knowledge creation and civic responsibility.

This Plan is built upon a rich tradition of educational excellence in Tennessee. Through the tireless efforts of faculty and staff in the state’s public and private institutions, the state has been able to weather the difficult financial period of the late 1990s and maintains a complement of academic programs that are nationally recognized for excellence. However, while our state is recognized for institutional and programmatic excellence, a host of policy reports indicate that much work remains to be done to create a state-wide system of excellence that fosters the broad goals of a public agenda for higher education. It is from this framework that the Plan seeks to develop a new paradigm for Tennessee higher education that supports the vision articulated above.

To reach the goals of this vision, Tennessee must develop:

♦ **Partnerships for access** that focus on the human capital aspects of increasing educational attainment levels. If the state is to move forward in the Knowledge Economy, it must make greater strides to ensure that more Tennesseans participate in higher education.

♦ **Partnerships for student preparation** that create an invigorated P-16 system which works to ensure that all students are prepared for post-secondary education and eventual entry into the workforce.

♦ **Partnerships for affordability** through the construction of funding and finance policy which ensures that all students are able to participate in higher education. Given the funding shift from state support to student fees, greater attention and effort must be placed on the promotion and expansion of need-based aid programs. Furthermore, the state should establish system-level affordability through the broad utilization of community colleges and technology centers as enhanced access options for Tennesseans, especially non-traditional students, while concurrently working to strengthen and promote student transfer and articulation.

♦ **Partnerships for educational excellence** that enable the state to become more competitive in the national market for sponsored research dollars. Tennessee is blessed with outstanding academic and research facilities and investing in and utilizing these facilities is crucial to excellence in research. Through the creation of targeted funding to enhance mission specific research initiatives, institutions will be able to attract world-renowned faculty, encourage economic and community development, and enhance teaching and research activities.

The broad areas of focus articulated in this Plan provide a vision for Tennessee higher education that enhances and expands the role of our colleges and universities in economic and community development, knowledge creation, job growth, and public health. The Plan serves as a blueprint for post-secondary education in Tennessee for 2005-2010. However, it is not intended to encompass all issues of concern for post-secondary education. While the Plan does not address issues such as curricula, pedagogy, student learning, academic freedom, and tenure and promotion, it acknowledges that such issues are central to the role and mission of higher education. Additionally, the Plan does not mention capital needs or institutional programmatic aspirations.

The Plan is also silent on the issue of organizational and institutional governance structure. Regardless of leadership, governance, or financial trends, the issues articulated in this Plan are central to the future of the state of Tennessee. Without a greater focus on access, preparation, affordability, and educational excellence, the state will be limited in its ability to create and sustain a workforce needed to remain competitive in the Knowledge Economy. Given the critical challenges facing Tennessee in the coming decades, the Plan focuses solely on defining and articulating a set of statewide goals that support the creation and enhancement of the public agenda for higher education.
PARTNERSHIPS FOR ACCESS

More Tennesseans must reap the benefits of higher education if the state is to enhance its economic viability through an improved workforce and healthier citizenry. As Tennessee transitions into the Knowledge Economy, one important phenomenon should not be overlooked in the planning process: the need to expand significantly and enhance educational access opportunities for all Tennesseans. In addition to a burgeoning traditional college-aged population, the number of non-traditional students will become an increasingly larger segment of higher education. This new reality poses both challenges and opportunities for Tennessee. As a result, state policies and individual institutions must recognize this changing dynamic.

Both the state and individual citizens stand to benefit from increased access to higher education. At the state level, a better educated citizenry yields: increases in personal income and thus state tax revenues; decreases in unemployment rates; improved workforce flexibility and better economic activity across the state; fewer demands on expensive social services and governmental financial support; and enhanced participation in civic and community life. Likewise, individuals will benefit as increases in educational attainment yield increased salaries and benefits, better employment opportunities, and, consequently, enhanced health and life expectancy. With greater attention placed on these mutual benefits, Tennessee must recognize higher education as a sound investment and promote access to life-long learning for all Tennesseans.

A significant example of the broader benefits accrued by the state is the impact of training beyond high school on Tennessee’s ability to compete in the Knowledge Economy. The correlation between education and gainful employment is undisputable. In the next 20 years, approximately 80 percent of all new jobs will require some level of post-secondary education. Furthermore, national statistics demonstrate that among the unemployed, 29 percent have not completed more than an eleventh-grade education. Responding to this demanding reality, a larger percent of adults are obtaining at least some form of college education. Nationwide, in 2003, 54 percent of adults had some college education compared to only 33 percent in 1982.

However, Tennessee’s present performance and readiness to address this reality is limited. According to the most recently available Census data, only 47 percent of adults in the state have some college experience, which is seven percent below the national average. Tennessee also trails national averages with respect to educational attainment levels for adults aged 25 and older, as the state average of 21.5 percent is a full five percent below the national average. These data serve to illustrate the importance of the need to improve access opportunities for all Tennesseans, thereby providing a foundation for reaching the vision for higher education articulated in the Master Plan. Unless greater attention and resources are brought into the fold to provide a foundation for expanding access to post-secondary education, the economic future of Tennessee is at risk. In order to effectuate this end, the Master Plan outlines the following goals for promoting and expanding educational access:
Increasing Workforce Competitiveness: Enhancing Adult Education

- To ensure that more Tennesseans have the skills needed to compete in the Knowledge Economy, the state will incorporate adult literacy and GED outreach as central components of the *College Pays* initiative.

- The Commission will work cooperatively with the Department of Labor and Workforce Development to increase the number of Tennesseans participating in and completing adult literacy and GED programs. The Commission will explore the creation of incentives that reward post-secondary institutions for expanding access opportunities to those students who complete such programs.

- The Commission will continue to support the creation and expansion of local P-16 Councils. Such organizations serve a critical role in aligning post-secondary education with regional education demands and workforce needs.

- The Commission will explore the use of incentives for institutions that expand access opportunities in areas deemed critical to local workforce needs. Such areas could include, but are not limited to, nursing, allied health, sciences, and computer technology.

State Policy Initiatives to Promote Partnerships for Access

The following public policy mechanisms will be enacted to implement this section of the Master Plan:

- **College for Tennesseans: College Pays … We Can Get You There**
  
  - As a policy mechanism for enhancing access, student learning, and educational attainment, the state should initiate a broad-based public outreach campaign similar in form and structure to the Texas *Education Go Get It!* campaign. Through a combination of educational outreach and support, this program will increase awareness of the benefits of higher education and provide a vehicle for developing educational and business partnerships among a variety of stakeholders.

  - To support this outcome, the state should launch a public relations campaign that: imparts the benefits of higher education and education in general; fosters and promotes parental, employer, and community involvement; provides effective consumer information to students, parents, and prospective students; and articulates the needs of P-16 education to the general public and legislature.

  - As the coordinating body, the Commission should work cooperatively with elected officials, other state agencies, the governing boards, P-16 councils, and all post-secondary institutions to construct a common agenda for higher education that will be articulated through the *College Pays* initiative. To support this initiative, all parties must create partnerships that facilitate information exchanges and expand communication linkages to ensure that the importance of higher education at the micro and macro levels is clearly demonstrated to all relevant constituencies.
PARTNERSHIPS FOR STUDENT PREPARATION

If the state is to realize its human capital potential, significant investments must be made to create and nurture an integrated system of education stretching from early childhood through post-secondary education. This P-16 framework challenges policymakers to consider the implications of public policy for the entire education pipeline. Furthermore, it clarifies issues and offers a setting for consensus on contentious initiatives such as standardized testing, remedial and developmental instruction, improved teacher training and quality, and the sharing of student information across educational sectors. The P-16 framework provides an opportunity for Tennessee to acquire both a common voice and consistent plan to reach the broad vision for education outlined in this Master Plan.

While this may appear to be a simple process, data demonstrates that students are experiencing difficulty navigating the challenging, if not choppy, waters of P-16 education in Tennessee. While a college education is more important than ever to individual, community, state, and national welfare, before students can enroll in college, they need to first graduate from high school. Unfortunately, a limited proportion of students who begin the ninth grade graduate with regular high school diplomas four years later. As a result, the first hurdle on the path to a college degree is unfortunately insurmountable for many Tennesseans. In fact, only 57 percent of those students who started high school in 1998 graduated on time, ranking Tennessee 48th out of 50 states. Unless an immediate focus is turned to improving graduation rates, a generation of high school students will be forever limited in their earnings and employment prospects and will consequently experience a lower quality of life for themselves and their families.

For those students who do graduate in a timely manner from high school, the next obstacle in the educational pipeline they must overcome is the transition from high school to college. Presently, 56 percent of Tennessee high school graduates enroll in college the following fall. While this percentage is at the average of the southern states, it is below the national average of 59 percent. If the transition rate of high school graduates were to increase to the national average, an additional 1,320 first time freshman would enter higher education in Tennessee. To place this number in context, this increase is equivalent to the entire entering freshmen class at many of our regional comprehensive universities.

The final hurdle that students must surmount in transitioning through the educational pipeline is graduating from college. Of the three major barriers in the pipeline, it is this obstacle that rests solely in the domain of higher education. Each fall, approximately 30,000 freshmen walk through the doors of Tennessee public higher education. Every single student carries with him or her a vast complement of hopes, dreams, and aspirations. Increasingly, these students also carry a significant financial burden as a result of increasing costs in higher education. What obligation do educators have to these students? Is it their responsibility to graduate these students, or have they merely done enough by providing access to post-secondary education? What would Tennessee higher education look like if a greater focus was placed on graduating students?

Consider the following for the fall 2004 freshman class: Of the roughly 15,500 students who entered the university sector in 2004 who were native Tennesseans, how many of these students will graduate by the end of this planning cycle in 2010? Assuming that factors remain constant, only 49.2 percent, or 7,600 students, will receive their college degree. What would Tennessee higher education look like if college graduation rates increased to the SREB average
of 54.8 percent? An increase of this magnitude would yield approximately 870 additional college graduates from the entering class of 2004. If higher education is serious about P-16 education and student success, it must make a more pronounced commitment to improving graduation rates across all educational sectors.

Why is it important to focus on increasing the number of college graduates? Why should this issue be of concern to business and industry? Presently, 21.5 percent of Tennesseans aged 25 and older hold a college degree, compared to the national average of 26.5 percent. In order to reach the average educational attainment levels of our border-states, Tennessee would need to create 189,000 new college graduates. If the state is to be able to compete in the information age, it is essential that the number of college graduates increase dramatically. Imagine the possibilities if more than 189,000 college graduates were to move to Tennessee and were employed tomorrow. Not only would standards of living improve, but health care costs would be significantly reduced. Additionally, per capita income levels would increase; the state’s tax base would be enhanced, charitable donations would rise, and the future of Tennessee families would be meaningfully improved. Furthermore, the state would immediately be better positioned to attract innovative, human capital industries rather than witnessing the continual decline of manufacturing sector jobs.

In order to realize these benefits, the Master Plan outlines the following goals for promoting student preparation:

<table>
<thead>
<tr>
<th>PARTNERSHIPS FOR STUDENT PREPARATION: PLANNING GOALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Establish an integrated and seamless system of education from preschool through the fourth year of college that emphasizes the continuity of student learning and focuses on alignment across educational sectors.</td>
</tr>
<tr>
<td>2. Link K-12 curricula with post-secondary offerings to ensure that all students are prepared for post-secondary education.</td>
</tr>
<tr>
<td>3. Increase the percent of recent high school graduates who transition successfully from high school to post-secondary education.</td>
</tr>
<tr>
<td>4. Reduce the number of recent high school graduates who need remedial or developmental education.</td>
</tr>
<tr>
<td>5. Increase both retention and persistence to graduation rates for all students across public and private post-secondary education to regional averages.</td>
</tr>
</tbody>
</table>

State Policy Initiatives to Promote Partnerships for Student Preparation

The following public policy mechanisms will be enacted to implement this section of the Master Plan:

♦ Implement and Fund a Statewide Vision for P-16 Education
  • In order to ensure that the broad goals of the P-16 initiative are realized in Tennessee, the state must implement and fund the initiative. Such funds should include seed money and grant opportunities to support regional collaboratives, provide for mentoring opportunities, and enhance educational outreach.

♦ Educational Transitions and the Student Pipeline
  • A primary task of the P-16 initiative must be to align curricula across all education levels and reduce curricula overlap. This process entails aligning K-12 exit requirements and college entrance/placement requirements; aligning the college preparatory curriculum with admissions and placement practices; and linking assessments for measuring high school students’ achievement with college admissions decisions and college course placement.

  • A constant effort should be made to increase the ratio of the ninth grade students graduating from high school and the likelihood of such students moving onto post-secondary education and ultimately graduating from college. This effort will support the adoption of the college preparatory curricula as the default curricula for all high school students.

  • In the light of the Lottery Scholarship introduction, there will be an urgent need to balance its benefits against its challenges. The Commission will undertake a review of admissions criteria and incorporate relevant findings into the curricula review process.

♦ Dual Enrollment, Early Immersion, and Collegiate Success
  • In order to enhance access to educational opportunities, the Commission encourages the expansion of dual enrollment programs, especially in the community college sector. Such courses entail the presentation of instructional opportunities for advanced high school students, as well as early intervention programs for students in need of remediation.

  • To support those students in need of additional and/or advanced preparation prior to college enrollment, funds should be allocated for governor’s schools, summer immersion, and intensive refresher programs that facilitate seamless transitions to post-secondary education for traditional and non-traditional students.

  • The Commission will explore the use of incentive funding for programs that enhance student academic success in their transitional freshman year. Such programs could include, but are not limited to, the creation and/or expansion of first-year studies programs, learning communities, and academic support initiatives tailored to individual needs; ensuring intensive enrollment of freshmen in foundation courses; offering need-responsive schedules to students; and enhancing diverse opportunities for adult learners through flexible offerings, distance learning, and financial aid.

• The state of Tennessee should apply for and receive federal GEAR UP funds during this planning cycle and utilize such funds to assist in supporting the P-16 initiative.

• In addition to the receipt of federal GEAR UP funds, the Commission, both governing boards, post-secondary institutions, and K-12 education should work cooperatively with civic and corporate partners to solicit extramural funding for P-16 initiatives at the state and local levels.

♦ Educational Transitions and the Student Pipeline

  • A primary task of the P-16 initiative must be to align curricula across all education levels and reduce curricula overlap. This process entails aligning K-12 exit requirements and college entrance/placement requirements; aligning the college preparatory curriculum with admissions and placement practices; and linking assessments for measuring high school students’ achievement with college admissions decisions and college course placement.

  • A constant effort should be made to increase the ratio of the ninth grade students graduating from high school and the likelihood of such students moving onto post-secondary education and ultimately graduating from college. To facilitate this objective, higher education must work cooperatively with secondary education to ensure that the foundation skills of high school students are maximized through rigorous course-taking. The Commission supports the adoption of the college preparatory curricula as the default curricula for all high school students.

  • In the light of the Lottery Scholarship introduction, there will be an urgent need to balance its eligibility requirements with institutional admission criteria. The Commission will undertake a review of admissions criteria and incorporate relevant findings into the curricula review process.

♦ Dual Enrollment, Early Immersion, and Collegiate Success

  • In order to enhance access to educational opportunities, the Commission encourages the expansion of dual enrollment programs, especially in the community college sector. Such courses entail the presentation of instructional opportunities for advanced high school students, as well as early intervention programs for students in need of remediation.

  • To support those students in need of additional and/or advanced preparation prior to college enrollment, funds should be allocated for governor’s schools, summer immersion, and intensive refresher programs that facilitate seamless transitions to post-secondary education for traditional and non-traditional students.

  • The Commission will explore the use of incentive funding for programs that enhance student academic success in their transitional freshman year. Such programs could include, but are not limited to, the creation and/or expansion of first-year studies programs, learning communities, and academic support initiatives tailored to individual needs; ensuring intensive enrollment of freshmen in foundation courses; offering need-responsive schedules to students; and enhancing diverse opportunities for adult learners through flexible offerings, distance learning, and financial aid.

• The state of Tennessee should apply for and receive federal GEAR UP funds during this planning cycle and utilize such funds to assist in supporting the P-16 initiative.

• In addition to the receipt of federal GEAR UP funds, the Commission, both governing boards, post-secondary institutions, and K-12 education should work cooperatively with civic and corporate partners to solicit extramural funding for P-16 initiatives at the state and local levels.

♦ Educational Transitions and the Student Pipeline

  • A primary task of the P-16 initiative must be to align curricula across all education levels and reduce curricula overlap. This process entails aligning K-12 exit requirements and college entrance/placement requirements; aligning the college preparatory curriculum with admissions and placement practices; and linking assessments for measuring high school students’ achievement with college admissions decisions and college course placement.

  • A constant effort should be made to increase the ratio of the ninth grade students graduating from high school and the likelihood of such students moving onto post-secondary education and ultimately graduating from college. To facilitate this objective, higher education must work cooperatively with secondary education to ensure that the foundation skills of high school students are maximized through rigorous course-taking. The Commission supports the adoption of the college preparatory curricula as the default curricula for all high school students.

  • In the light of the Lottery Scholarship introduction, there will be an urgent need to balance its eligibility requirements with institutional admission criteria. The Commission will undertake a review of admissions criteria and incorporate relevant findings into the curricula review process.

♦ Dual Enrollment, Early Immersion, and Collegiate Success

  • In order to enhance access to educational opportunities, the Commission encourages the expansion of dual enrollment programs, especially in the community college sector. Such courses entail the presentation of instructional opportunities for advanced high school students, as well as early intervention programs for students in need of remediation.

  • To support those students in need of additional and/or advanced preparation prior to college enrollment, funds should be allocated for governor’s schools, summer immersion, and intensive refresher programs that facilitate seamless transitions to post-secondary education for traditional and non-traditional students.

  • The Commission will explore the use of incentive funding for programs that enhance student academic success in their transitional freshman year. Such programs could include, but are not limited to, the creation and/or expansion of first-year studies programs, learning communities, and academic support initiatives tailored to individual needs; ensuring intensive enrollment of freshmen in foundation courses; offering need-responsive schedules to students; and enhancing diverse opportunities for adult learners through flexible offerings, distance learning, and financial aid.

• The state of Tennessee should apply for and receive federal GEAR UP funds during this planning cycle and utilize such funds to assist in supporting the P-16 initiative.

• In addition to the receipt of federal GEAR UP funds, the Commission, both governing boards, post-secondary institutions, and K-12 education should work cooperatively with civic and corporate partners to solicit extramural funding for P-16 initiatives at the state and local levels.

♦ Educational Transitions and the Student Pipeline

  • A primary task of the P-16 initiative must be to align curricula across all education levels and reduce curricula overlap. This process entails aligning K-12 exit requirements and college entrance/placement requirements; aligning the college preparatory curriculum with admissions and placement practices; and linking assessments for measuring high school students’ achievement with college admissions decisions and college course placement.

  • A constant effort should be made to increase the ratio of the ninth grade students graduating from high school and the likelihood of such students moving onto post-secondary education and ultimately graduating from college. To facilitate this objective, higher education must work cooperatively with secondary education to ensure that the foundation skills of high school students are maximized through rigorous course-taking. The Commission supports the adoption of the college preparatory curricula as the default curricula for all high school students.

  • In the light of the Lottery Scholarship introduction, there will be an urgent need to balance its eligibility requirements with institutional admission criteria. The Commission will undertake a review of admissions criteria and incorporate relevant findings into the curricula review process.

♦ Dual Enrollment, Early Immersion, and Collegiate Success

  • In order to enhance access to educational opportunities, the Commission encourages the expansion of dual enrollment programs, especially in the community college sector. Such courses entail the presentation of instructional opportunities for advanced high school students, as well as early intervention programs for students in need of remediation.

  • To support those students in need of additional and/or advanced preparation prior to college enrollment, funds should be allocated for governor’s schools, summer immersion, and intensive refresher programs that facilitate seamless transitions to post-secondary education for traditional and non-traditional students.

  • The Commission will explore the use of incentive funding for programs that enhance student academic success in their transitional freshman year. Such programs could include, but are not limited to, the creation and/or expansion of first-year studies programs, learning communities, and academic support initiatives tailored to individual needs; ensuring intensive enrollment of freshmen in foundation courses; offering need-responsive schedules to students; and enhancing diverse opportunities for adult learners through flexible offerings, distance learning, and financial aid.
The composition of higher education funding has changed markedly over the last decade. Tuition and fees have rapidly replaced state appropriations as Tennessee’s economy has experienced tumultuous times and the public has tacitly approved a shift in the focus of higher education from a public to a private commodity. In Tennessee, budget data reveal that health care costs have more than doubled their share of the state’s general fund budget over the past decade. During the same time period, appropriations to higher education have lost nearly one-third of their share of the state budget. As a result, state appropriations for higher education have declined precipitously, while tuition and fee revenue has nearly doubled after adjusting for inflation. In 2003-2004, for the first time in the history of higher education in Tennessee, public universities collected more revenue from students than from the state.

These challenges to affordability have moved beyond lamentation to become the reality of the state’s current fiscal landscape. The simple fact is that higher education has two primary revenue sources: student fees and state appropriations. Policymakers must remain cognizant of the mixture of these two revenue streams at each level of the educational enterprise; each year that state appropriations remain static, institutions must expand student generated revenues in order to protect and promote academic quality. This reality poses the need for a strategic re-evaluation of the basic policy assumptions that underlie the finance structure of Tennessee higher education. Working from the assumption that state appropriations may remain static across the planning cycle, the essential question becomes how can higher education become “right-sized” from a systems perspective so that access and affordability are maximized for all Tennesseans. The outcome of this initiative must create a landscape that accentuates the impact of state revenues across all institutions and promotes the goals of the public agenda.

Traditionally, higher education finance policy in Tennessee has ensured the equitable distribution of state appropriations among institutions, often with an associated across-the-board fee increase for all institutional sectors. While this methodology appears equitable, it ignores institutional mission differentiation and falsely assumes that state appropriations have an equal impact wherever they are appropriated. The funding paradigm required to support the goals of the public agenda must not only create incentives that protect the academic core, but must also ensure that policy mechanisms are enacted that protect affordability. Such mechanisms could eventually lead to a shift in state support so that affordability is protected at those institutions that offer access opportunities for students at the lowest cost - the community college and technology centers - while allowing the universities to expand student generated revenues and other funding sources as their primary funding mechanisms. While this concept may be controversial, it does ensure that all institutions are able to derive secure revenue streams and promotes the concept of institutional revenue adequacy from a holistic perspective. Furthermore, this new funding paradigm challenges all institutions to maximize efficiencies in order to minimize costs and protect affordability.

One of the negative consequences of Tennessee’s current funding paradigm is that the purchasing power of the state’s primary need-based aid program has been rapidly diminished. While legislative attention to student financial aid has sharpened funding for the Tennessee Student Assistance Award (TSAA), even with the doubling of TSAA funds over the past five years, Tennessee continues to trail peer states in terms of need-based financial aid resources available for students. Although the advent of the Tennessee Education Lottery Scholarship program has made higher education more affordable for thousands of qualified, traditional-aged college students, these awards do not benefit some of the
students most in need of financial aid, especially non-traditional students. In essence, even with the expansion of the TSAA awards and the creation of the lottery scholarship program, the coupling of static appropriations and increasing tuition has had an adverse effect on college affordability as many families are in effect being "priced out" of public higher education.

In order to ensure that higher education remains a realistic dream for all Tennesseans, the Master Plan outlines the following objectives for protecting affordability:

### State Policy Initiatives to Promote Partnerships for Affordability

The following public policy mechanisms will be enacted to implement this section of the Master Plan:

- **Prioritize Funding for the Tennessee Student Assistance Award (TSAA) Program**
  
  - The current need-based financial aid program administered by the Tennessee Student Assistance Corporation provides grants to low income Tennesseans to attend public and private institutions of higher education.
  
  - The TSAA program received the highest budget priority in the Commission’s annual 2005-2006 budget recommendation. The TSAA need-based aid program will remain at the forefront of the Commission’s budgetary priorities for subsequent funding cycles and should receive an infusion of new revenues that increase both the number and award amounts of TSAA grants. (In 2003-2004, 13,400 eligible students did not receive awards due to funding limitations. An additional $33,523,700 would have fully funded the TSAA program.)
  
  - The purchasing power of the TSAA need-based award should be maintained, commensurate with tuition increases. In future years, it is vital to increase the purchasing power of all need-based grants in order to alleviate the tuition burden for low-income students pursuing higher education.
  
  - National data and reports, particularly the National Association of State Student Grant and Aid Programs (NASSGAP) will be used to evaluate the state’s progress in and commitment to funding need-based aid relative to other states.

- **Tennessee Education Lottery Scholarship program**
  
  - The Tennessee Education Lottery Scholarship program was developed to address the following broad public policy objectives:
  - Provide financial assistance as a means of promoting access to higher education
  - Improve academic achievement in high school through scholarship incentive
  - Retain the state’s “best and brightest” students in Tennessee colleges and universities
  - Enhance and promote economic and community development through workforce training
  
  - To meet these objectives, the purchasing power of the scholarships should be protected, especially the supplemental award based on financial need.

- **Align Policy Goals with the New Funding Formula**
  
  - The Commission’s revised funding formula supports the goals and objectives of the Master Plan. Additionally, it calculates total institutional revenue adequacy and an appropriate cost sharing policy across all post-secondary institutions.
  
  - Consistent with the Master Plan, student retention and persistence are highlighted in the revised funding formula to encourage institutional performance funding programs that encourage student retention.
  
  - The enrollment of non-traditional students pursuing advanced educational opportunities and/or job training are promoted in the new funding formula.
  
  - The revised funding formula reflects and encourages institutional distinction and mission clarification.
  
  - Given that community colleges should serve as an enhanced access option for many students, especially non-traditional students, state appropriations will fund a larger proportion of the total cost of attendance within the two-year sector than the universities.
  
  - Tuition increases at the community college sector should be minimized across the planning cycle. By minimizing tuition increases for this institutional sector, non-traditional students would have an amplified incentive to enroll in post-secondary education.
  
  - The new formula uses mechanisms that allow institutions to maximize revenue from out-of-state tuition while maintaining the appropriate proportion of out-of-state students, as determined by their respective governing boards.
  
  - In addition to the increased fiscal emphasis on the TSAA program, institutions are encouraged to maximize institutional financial aid to students as a means of ensuring college affordability, especially for low-income students.

### PARTNERSHIPS FOR AFFORDABILITY: PLANNING GOALS

1. Promote affordability via an increased focus on need-based financial aid, both at the state and institutional levels.
2. Ensure that community college tuition rates remain affordable.
3. Ensure that all institutions are able to establish “total revenue adequacy” through a combination of state, student, federal and private revenue streams.
4. Develop, support, and maintain a new funding formula for higher education aligned with the objectives of the 2005-2010 Tennessee Higher Education Master Plan.
Tennessee higher education is comprised of a wide demographic cross-section of students and a diversity of institutions in both the public and private sectors. These institutions have approved differences in mission, and these mission distinctions govern the types and levels of degrees offered, focus research and service aspirations, direct internal resource allocation, and anchor strategies for ensuring student access. System strategic plans and the institutional plans derived from them build on these mission distinctions, especially in planning for increased educational excellence in the quality of programs and services and in the caliber and support of faculty. A difficult task for educational planners is to reconcile the seemingly conflicting missions of increasing access and maintaining affordability while simultaneously facilitating student success and maximizing institutional quality. Formally mediating this tension between equity and excellence was at the core of prior policy initiatives of the Commission (The Plan of Action) and remains an essential component of this Master Plan.

While creating access to an affordable education is one of the highest priorities for the state, these needs should not be addressed in a way that diminishes opportunities for highly qualified and performing students, i.e. the proverbial best and brightest. In addition, adapting to the needs of the growing Knowledge Economy should not lead to an abandonment of the ideals and principles upon which institutions of higher education were founded. Higher education serves a broader role in the civic and cultural realm than simply preparing students for the workforce. In fact, the traditional liberal arts core remains as the heart of academe, for all students must possess a broad appreciation of literature, the arts, and the humanities if they are to be active participants in our civic democracy. Admittedly, there is often a sizable disconnect between the problems that motivate the actions of educational administrators and the puzzles and paradigms that inspire academic scholarship and expression. In this Master Plan, the Commission envisions a strategy that protects the liberal arts core of our institutions while simultaneously pursuing educational excellence in areas central to institutionally-defined and mission-specific priorities, thereby creating a systems approach that is beneficial to all stakeholders.

In an era of shrinking budgets and increasing demands and needs, single institutions will find it exceedingly difficult to provide outstanding training to meet the emerging (or even existing) employment demands of the new Knowledge Economy. Additionally, all institutions will face pronounced challenges and obstacles in providing high quality and vastly comprehensive specialized academic preparation. In order to address simultaneously the needs of market demand, institutional reputation, and academic freedom, the Master Plan advocates a re-evaluation of institutional missions to reflect a course of “selective excellence.”

Selective excellence encourages institutions to change behavior from what can be characterized as passive emulation to proactive differentiation. Instead of mimicking the organization and development of larger or more visible institutions, institutions should carve out specialized academic niches or focus on programs geared to local needs and concerns. In essence, this approach recognizes that it is far more realistic to advance quality programs that have a comparative advantage than it is to build and maintain excellence comprehensively across the board within and between institutions.
The enhancement of education excellence in the state’s post-secondary institutions will ultimately benefit the quality of life for all Tennesseans, for our institutions will train tomorrow’s health care providers, develop technology that will facilitate competitiveness in the Knowledge Economy, educate the teachers of our children, and attract a variety of cultural and entertainment venues that will bring communities and neighborhoods together.

In order to effectuate mission distinction and clarification, the Master Plan outlines the following goals for educational excellence:

### PARTNERSHIPS FOR EDUCATIONAL EXCELLENCE: PLANNING GOALS

1. Increase faculty salaries as a means to attract and retain world-renowned faculty and thereby expand the research enterprise in public post-secondary education and enhance teaching, learning, and research activities across the state.
2. Increase extramural research and development funding to Tennessee universities and health related institutions across the remainder of the decade.
3. Encourage collaboration among public and private institutions, the business community, and the state of Tennessee that foster and promote the expansion of research capacities, technology transfer, and intellectual capital.
4. Reinvigorate the centers and chairs of excellence/emphasis so that they enhance institutional and state priorities.
5. Improve educational quality, as evidenced through students’ achievements, as a means to encourage life-long learning and to prepare students for the workforce.

### State Policy Initiatives to Promote Partnerships for Educational Excellence

The following public policy mechanisms that would be enacted to implement this section of the Master Plan:

#### Educational Quality for Tennesseans: A Focus on Excellence

- As a key policy mechanism for protecting educational quality, the Commission recommends a targeted focus on mission differentiation. Mission differentiation will reduce both low-producing and duplicative programs and provide opportunities for institutional reallocation and redirection of resources to mission critical or highly regarded academic units and faculty.
- In order to maintain, enhance, and establish outstanding departments and programs (and attract the highest achieving faculty and students), partnerships should be institutionalized in a manner that would foster a triangular relationship between public sector educational institutions, private sector corporations, and governmental programs. The focus of such partnerships should be on efforts that are likely to produce joint ventures, research parks, and/or spin-off companies.
- The state of Tennessee should invest resources to provide additional funding opportunities explicitly designated for existing or new Centers and Chairs of Excellence/Emphasis, especially those that have an interdisciplinary focus. This initiative provides incentives for departments to share faculty and resources and benefits students who are able to draw on substantive knowledge from a variety of cognate disciplines into a specialized major. Thus, traditional departments would remain, but their respective emphases would reflect a wider institutional view rather than a narrow disciplinary one.

#### Investing in Educational Excellence: Research Partnerships

- Research is a vital component of the mission of higher education. Tennessee is blessed with outstanding academic and research facilities across the state, and investing in and utilizing these facilities is crucial to excellence in research.
- Consistent with the Governor’s 2005-2006 budget recommendation for higher education, the Commission will explore the creation of targeted funds (seed money and matching program) that would support the research enterprise in public post-secondary education, thereby allowing Tennessee to attract and retain world-renowned faculty, encourage economic and community development, and enhance teaching and research activities across the state.
- Through the use of incentive funds, the Commission will encourage the establishment of formal partnerships between institutions and systems that enable the sharing of: (a) faculty (both in instruction and advising); (b) research resources (library materials and electronic resources/databases, scientific and computing labs); and, (c) students (research and teaching assistants, service learning experiences, and internships). Such partnerships will enhance competitiveness, maximize resource utilization, and promote new partnerships that expand the research enterprise across all institutions.

#### Protecting Educational Quality: A Focus on Faculty Salaries

- The Commission charges all institutions to examine their current panoply of programs, services, and activities to ensure that maximum attention is given to addressing faculty salary inadequacies. Any savings realized through such initiatives will remain at the institution for re-direction to provide faculty salary improvements.
- While the Commission realizes the limitations of the current funding environment, it will continue to champion aggressively the needs of higher education and those who comprise its soul, our dedicated faculty and staff. If new state revenues for operating are secured, first priority should be given to protecting faculty and staff salaries.
- Institutions will be encouraged to explore opportunities presented by differential fees, both at the campus and departmental levels, in an effort to generate revenues to enhance faculty salaries and benefits.
As Tennessee embarks on the 2005-2010 planning cycle, policymakers must remain steadfast in their commitment to creating policies that facilitate the expansion of the human capital quotient of all Tennesseans. To take advantage of emerging opportunities in the Knowledge Economy, Tennessee must work diligently to overcome the human capital challenges confronting the state in the coming decades. These include: keeping more college graduates in-state; identifying sectors where potential workers are being lost or displaced; examining the workforce needs of the business sector; tailoring academic programs to industry requirements and state needs; increasing adult literacy and lifelong learning; developing strategies to attract more potential students and college graduates into Tennessee; and offering enhanced distance and technology-based education opportunities to larger groups of nontraditional students.

Higher education must work diligently to bring together political, educational, and civic constituencies to develop and frame consensus around the public agenda. These issues of regional and statewide importance should eventually frame the policy focus for higher education. Higher education must play a larger role in state and regional policy initiatives if Tennessee is to move forward in the coming decades. For far too long, higher education has existed in a vacuum, concerned more with institutional goals than serving broader statewide and regional educational and economic needs. This situation must be reversed if the state is to remain competitive in the Knowledge Economy.

The support and maintenance of the goals outlined in this Master Plan will require a clear and consistent commitment from all constituencies. The review and potential reclassification of institutional missions for many higher education institutions will not be a simple task, and will not be without critics. While higher education has successfully nurtured goals such as universal student access and institutional improvement, it has not historically focused pronounced attention on promoting economic and community development. If Tennessee is to prosper in the Knowledge Economy, higher education must strive to make the goals of the public agenda part of its central mission.

Higher education must realize that the historic focus of individual institutional goals and capacity building no longer adequately serves the broad goals of a public agenda for Tennessee higher education. Rather than building capacity and pursuing institutional programmatic aspirations, we must ensure that system-wide capacity is properly utilized to serve broader statewide goals and objectives. In order to track progress toward these objectives, the Commission will focus on five key policy questions:

**CORE POLICY QUESTIONS—THE PUBLIC AGENDA**

1. Are more Tennesseans prepared for post-secondary education?
2. Are more students enrolling in post-secondary education?
3. Are more students progressing through the educational pipeline?
4. Does college remain affordable for the average Tennessean?
5. Are Tennessee’s local communities and economies benefiting from the policies articulated in the public agenda?

---

**Expanding Partnerships and Resources through Private Fundraising**

- The Commission, governing boards, presidents, chancellors and institutional leaders should seek to elevate the status of fundraising in higher education. Private philanthropy is growing across the nation and has become an important component of public higher education finance. Though not as significant as state appropriations and student generated revenues, private giving is an essential feature of higher education and should be encouraged.

- Tennessee higher education institutions, as a group, are heavily engaged in private fundraising. However, there is potential for fundraising to play an even greater role in support of specific aspects of higher education, most notably scholarships, academic programs, and targeted capital projects. The Commission recommends the implementation of a state matching program that would stimulate private giving to Tennessee public higher education.

- Many institutions, particularly some of the community colleges and technology centers, do not have mature development offices. The Commission recommends that seed money be provided to expand or enhance existing fundraising activities.

---

**PARTNERSHIPS FOR A BETTER TENNESSEE**

As Tennessee embarks on the 2005-2010 planning cycle, policymakers must remain steadfast in their commitment to creating policies that facilitate the expansion of the human capital quotient of all Tennesseans. To take advantage of emerging opportunities in the Knowledge Economy, Tennessee must work diligently to overcome the human capital challenges confronting the state in the coming decades. These include: keeping more college graduates in-state; identifying sectors where potential workers are being lost or displaced; examining the workforce needs of the business sector; tailoring academic programs to industry requirements and state needs; increasing adult literacy and lifelong learning; developing strategies to attract more potential students and college graduates into Tennessee; and offering enhanced distance and technology-based education opportunities to larger groups of nontraditional students.

Higher education must work diligently to bring together political, educational, and civic constituencies to develop and frame consensus around the public agenda. These issues of regional and statewide importance should eventually frame the policy focus for higher education. Higher education must play a larger role in state and regional policy initiatives if Tennessee is to move forward in the coming decades. For far too long, higher education has existed in a vacuum, concerned more with institutional goals than serving broader statewide and regional educational and economic needs. This situation must be reversed if the state is to remain competitive in the Knowledge Economy.

The support and maintenance of the goals outlined in this Master Plan will require a clear and consistent commitment from all constituencies. The review and potential reclassification of institutional missions for many higher education institutions will not be a simple task, and will not be without critics. While higher education has successfully nurtured goals such as universal student access and institutional improvement, it has not historically focused pronounced attention on promoting economic and community development. If Tennessee is to prosper in the Knowledge Economy, higher education must strive to make the goals of the public agenda part of its central mission.

Higher education must realize that the historic focus of individual institutional goals and capacity building no longer adequately serves the broad goals of a public agenda for Tennessee higher education. Rather than building capacity and pursuing institutional programmatic aspirations, we must ensure that system-wide capacity is properly utilized to serve broader statewide goals and objectives. In order to track progress toward these objectives, the Commission will focus on five key policy questions:

**CORE POLICY QUESTIONS—THE PUBLIC AGENDA**

1. Are more Tennesseans prepared for post-secondary education?
2. Are more students enrolling in post-secondary education?
3. Are more students progressing through the educational pipeline?
4. Does college remain affordable for the average Tennessean?
5. Are Tennessee’s local communities and economies benefiting from the policies articulated in the public agenda?
Through the creation of new funding and accountability systems for Tennessee higher education, the Commission will annually assess progress toward these broad policy questions. Through the use of budgeting as a policy tool, the Commission will utilize finance policy to structure change and improvement in accordance with the broad objectives of the public agenda. In addition to restructuring fiscal policy, the state must work diligently to link academic programming to the goals of the public agenda. Finally, institutional policies should be linked to the educational and economic needs of regional enterprise zones, thereby ensuring that academic programs also support the goals of the public agenda. Such change will require the vision and commitment of leadership at every level and will rely upon partnerships with civic, corporate, and political constituencies.

The 2005-10 Master Plan for Higher Education in Tennessee establishes an ambitious, yet attainable, agenda for creating a better Tennessee. By building upon existing institutional strengths, it outlines a series of partnerships that enhances Tennessee’s competitiveness in the Knowledge Economy, promotes access and student success, broadens affordability, and ensures that our state-wide system of higher education is recognized nationally for educational excellence.

The Commission is appreciative of the extensive time and work given to this effort, during 2004-05, by the following members of the Statewide Master Plan Task Force:

- Drew Kim
  - Policy Advisor
  - Office of the Governor
- Matt Kisber
  - Commissioner
  - Department of Economic and Community Development
- Debby Patterson Koch
  - Secretary
  - Tennessee Higher Education Commission
- Robert Levy
  - Senior Vice President for Academic Affairs
  - University of Tennessee
- Charles Manning
  - Chancellor
  - Tennessee Board of Regents
- Senator Randy McNally
  - Vice Chair
  - Senate Finance, Ways and Means Committee
- John Morgan
  - Comptroller
- Gary Nixon
  - Executive Director
  - State Board of Education
- John D. Petersen
  - President
  - University of Tennessee
- Jim Powell, Sr.
  - Chair
  - Tennessee Higher Education Commission
- Claude Pressnell
  - President
  - Tennessee Independent Colleges and Universities
- J. Stanley Rogers
  - Vice Chair
  - Tennessee Board of Regents
- Lana Seviers
  - Commissioner
  - Department of Education
- Paula Myrick Short
  - Vice Chancellor for Academic Affairs
  - Tennessee Board of Regents
- Don C. Stansberry, Jr.
  - Vice Chair
  - University of Tennessee
- Representative Leslie Winnimming
  - Chair
  - House Education Committee
- George Yowell
  - President
  - Tennessee Tomorrow
- THEC Staff
  - Richard Rhoda, Executive Director
  - Linda Bradley
  - Will Burns
  - Linda Doran
  - Betty Dundridge Johnson
  - Brian Noland
  - James Vaden

The Tennessee Higher Education Commission is charged with the responsibility of creating a master plan for public higher education in the state (TCA 49-7-202). The statewide master plan will serve as a guide for the future of higher education for the years 2005-2010.

The Commission is appreciative of the extensive time and work given to this effort, during 2004-05, by the following members of the Statewide Master Plan Task Force: