

MINUTES
TENNESSEE HIGHER EDUCATION COMMISSION
Called Meeting
March 19, 2009, 10:00 a.m. CDT

The meeting was called to order by Katie Winchester, Chair, at 10:00 a.m.

Commission Members present:

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| Ms. Jessica Brumett | Mr. Jack Murrah |
| Mr. Tré Hargett | Dr. Gary Nixon |
| Mr. Cato Johnson | Mr. Robert White |
| Mr. David Lillard | Ms. Katie Winchester |
| Ms. Carolyn Morrison | |

Ms. Winchester thanked Commission members and guests for their attendance. She announced that the meeting is a called meeting and the agenda is limited to the items listed. Ms. Winchester noted the quorum present and then called on Dr. Richard Rhoda for opening remarks.

Dr. Rhoda welcomed all to the meeting and recognized Dr. Jan Simek, the interim president of the University of Tennessee System; Mr. Bob Thomas, vice chair of the Tennessee Board of Regents; and Mr. Jim Murphy, vice chair of the University of Tennessee Board of Trustees. He then gave a brief overview of the meeting's purpose and noted that no action will be taken on any item at this time.

Rulemaking Hearing

Dr. Rhoda recognized Ms. Julie Woodruff, Director of Regulatory Affairs, to introduce the hearing and proper procedures. Ms. Woodruff identified Rule 1540-1-2-.25(3) and (4) as the subject of the hearing and summarized the primary differences between the current and proposed rules. Ms. Woodruff further explained that the fee increase is necessitated by the facts that the revenue generated from current fees is insufficient to cover the costs of regulation and that the Commission has explicit statutory authority to collect revenues sufficient to cover costs. Thereafter, Ms. Woodruff noted that eleven individuals had expressed their intent to comment and recommended to the Chair that each person be given five (5) minutes to speak. The Chair adopted the recommendation and recognized Dr. Rhoda who called the first speaker to the podium. Eight (8) speakers representing sixteen (16) instructional locations and two (2) speakers representing two (2) organizations presented comments. After hearing all comments, the Chair noted that

the Commission and the Committee would take all comments under advisement. The Chair further noted that it is anticipated that the Committee will consider the proposed rule on April 2, 2009 and that the Commission will consider the Committee's recommendations at the Commission's April 23, 2009 meeting. No further recognition being sought, the Chair adjourned the rulemaking hearing. A copy of the verbatim transcription of the hearing is on file and available upon request.

Status of UTeach Program

Ms. Katrina Miller, Director of Academic Affairs, was recognized to provide an update on the UTeach Program. Ms. Miller stated that the THEC and the Tennessee Department of Education, through the Improving Teacher Quality grant program and the Math and Science Partnership grant program, have released a joint Request for Proposals (RFP) to award two grants for up to \$1.825 million each over a five-year period to establish UTeach replication sites in the awarded institutions. Ms. Miller noted that the UTeach program has proven effective in dramatically increasing the number of highly qualified math and science teachers in high-need schools at the University of Texas, Austin and has received national recognition since its inception in 1997.

Status of 2009-10 Budget Reductions

Mr. Jim Vaden, Associate Executive Director of Fiscal Affairs, was recognized. Mr. Vaden briefly reviewed the 2009-10 budget reductions totaling \$181.7 million or 14.6 percent. He stated that THEC distributed the cuts in tiers with larger reductions at institutions with greater tuition bases, and smaller reductions at community colleges, Tennessee Technology Centers and non-tuition generating entities. Mr. Vaden also noted that each institution submitted, through its respective governing board, reduction plans and the impact of the reduction on the institution. The campuses have been engaged in extensive planning to absorb state budget reductions of this magnitude and have developed strategies to reduce base budgets by the levels expected to be included in the Governor's budget.

Status of Economic Stimulus Package for Higher Education

Mr. Vaden briefly discussed the economic stimulus package for higher education. He noted that on February 17, the American Recovery and Reinvestment Act (ARRA) was signed into law which includes various provisions that impact higher education institutions and students. He stated that a major provision of the ARRA is a state fiscal stabilization fund (SFSF) of \$53.6 billion and that Tennessee is expected to receive approximately \$950 million from that fund, of which \$775 million will provide funds for K-12 and higher education, with higher education receiving slightly less than \$500 million.

Status of Governance Review

Dr. Rhoda briefly discussed Governor Bredesen's interest in a review of the higher education governance structure in Tennessee. He stated that the Governor noted the convergence of changing leadership of the University of Tennessee System and the Board of Regents, as well as the dire fiscal condition of the state, as a compelling opportunity to consider structural changes.

Dr. Rhoda noted that two bills that have been filed that specifically address higher education governance: SB 2025 by Senator Andy Berke (D-Chattanooga)/HB 1943 by Representative Mark Maddox (D-Dresden) would create an 11-member task force to examine the structure and future of higher education in Tennessee, and SB 2122 by Senator Jim Kyle (D-Memphis)/HB 2143 by Craig Fitzhugh (D-Ripley) would eliminate THEC, the UT Board, and the Board of Regents on July 1, 2010.