

TENNESSEE HIGHER EDUCATION COMMISSION

Fall Quarterly Meeting, November 16, 2016

Welcoming Remarks

Chairman Evan Cope called the Fall Quarterly meeting to order at 10:20 am, welcomed everyone, and asked for attendance to be taken by roll call.

Name	Present	Absent
Chairman Cope	x	
Dr. Dishner*	x	
Secretary Hargett	x	
Ms. Kadire*	x	
Ms. Koban	x	
Mr. Lee	x	
Treasurer Lillard	x	
Ms. Roach	x	
Mayor Wharton	x	
Comptroller Wilson	x	
Mr. Keith Wilson	x	
Mr. Chisenhall (non-voting)	x	
Dr. Heyburn (non-voting)	x	

*participated electronically by telephone

Eleven voting members were present, constituting a quorum.

Adoption of Agenda

Mr. Keith Wilson made a motion to adopt the agenda, and Ms. Koban seconded. A voice vote was taken and the motion was approved.

Approval of Minutes

Chairman Cope called for a motion to approve the minutes of the Summer Quarterly Meeting held July 20, 2016. A motion was made and seconded. A roll call vote was taken.

Name	Aye	Nay
Chairman Cope	x	
Dr. Dishner	x	
Secretary Hargett	x	
Ms. Kadire	x	
Ms. Koban	x	
Mr. Lee	x	

Treasurer Lillard	X	
Ms. Roach	X	
Mayor Wharton	X	
Comptroller Wilson	X	
Mr. Keith Wilson	X	

The motion was approved with eleven ayes.

Chairman's Report

Chairman Cope updated the Commission regarding two members who will no longer be serving. Mr. David Kustoff was elected to the U.S. Congress and Ms. Pam Martin was appointed by Governor Haslam to the Tennessee State University Board of Trustees. Chairman Cope also welcomed new THEC student member Jeremy Chisenhall.

Executive Director's Report

Executive Director Krause thanked the Commission for their support over the past 90 days. He announced three plans of action that will be implemented with THEC and TSAC.

- 1) THEC/TSAC will create and maintain a policy environment focused on the Drive to 55
- 2) THEC/TSAC will innovate for student access
- 3) THEC/ TSAC will protect students and consumers

Mr. Krause thanked Interim Chancellor David Gregory of the Board of Regents, University of Tennessee President Joe DiPietro, and Dr. Katie High for their continued service. He indicated that THEC will continue to work closely with legislators and thanked his THEC/TSAC team.

System Reports

Tennessee Board of Regents (TBR)

Chairman Cope recognized Interim Chancellor David Gregory who provided his report on the TBR system. Chancellor Gregory discussed the commitment of the system, FOCUS Act transition, and reported that fall enrollment was flat across the system. He shared that Tennessee Promise is still producing more freshmen, but overall adult enrollment is down.

University of Tennessee (UT)

Chairman Cope recognized Dr. Katie High, who provided the UT system report. Dr. High shared that Bachelor’s degree production has increased across all campuses and the UT system is close to meeting THEC Master Plan goals. Dr. High stated that freshman applications and first year retention is up on all campuses and that tuition increases have remained consistent with the higher education price index for the past two years. Dr. High announced that Dr. Keith Carver will serve as the new Chancellor at UT Martin and that Mr. David Miller joins the UT system as Chief Financial Officer, and brings his extensive experience in higher education. Dr. Tonja Johnson will be the Executive Vice President and COO for the UT system. Dr. High said the UTK Chancellor position is still being considered and the hope is to have a candidate recommendation by the end of the calendar year. Additionally, there are several candidates for the chancellor position at the Institute of Agriculture. The position of executive assistant to the President currently is open. Other UT announcements included: UT Board of Trustees voted to rename the College of Engineering to the Tickle College of Engineering; UTC has signed an articulation agreement with Motlow State so that honor students at Motlow State can transfer seamlessly to the honors program at UTC; and, UT Martin ranked #17 on Washington Monthly’s “Best Bang for the Buck” list of southern colleges.

Dr. High gave accolades to David Gregory and thanked him for his long years of service.

Chairman Cope asked Chancellor Gregory about the search for his replacement. Chancellor Gregory indicated the search has begun and is going well.

Action Items

Postsecondary State Authorization of New Institutions and New Programs

Chairman Cope recognized Dr. Stephanie Bellard Chase of the Division of Postsecondary School Authorization (DPSA) who presented the recommendations of the Committee on Postsecondary Institutions for the authorization of new institutions. The committee recommended 34 institutions and the 71 new programs be given temporary authorization and approval respectively.

Chairman Cope opened the floor for discussion. A motion was made to adopt the Committee’s recommendations and was seconded. A roll call vote was taken.

Name	Aye	Nay
Chairman Cope	x	
Dr. Dishner*		
Secretary Hargett	x	
Ms. Kadire	x	
Ms. Koban	x	

Mr. Lee	X	
Treasurer Lillard	X	
Ms. Roach	X	
Mayor Wharton	X	
Comptroller Wilson	X	
Mr. Keith Wilson	X	

*Dr. Dishner temporarily exited the phone call.

The motion was approved with ten ayes.

Optional Expedited Authorization

Dr. Chase summarized the optional expedited authorization process to the Commission. The Higher Education Authorization Act of 2016 passed in the 2016 legislative session. Prior to this being legislation, new institutions were authorized under the Higher Education Authorization Act of 1974. Dr. Chase listed the criteria that postsecondary schools have to meet, and explained that her staff came up with a list of documentation that institutions must provide to be approved. The 53 institutions recommended for approval of Optional Expedited Authorization are listed in Agenda Item 1C.

Chairman Cope opened the floor for discussion. Ms. Roach made a motion to adopt the recommendations, and Mayor Wharton seconded. A roll call vote was taken.

Name	Aye	Nay
Chairman Cope	X	
Dr. Dishner*		
Secretary Hargett	X	
Ms. Kadire	X	
Ms. Koban	X	
Mr. Lee	X	
Treasurer Lillard	X	
Ms. Roach	X	
Mayor Wharton	X	
Comptroller Wilson	X	
Mr. Keith Wilson	X	

*Dr. Dishner temporarily exited the phone call.

The motion was approved with ten ayes.

Rule Revisions

Chairman Cope recognized Julie Woodruff of DPSA who introduced the rule revisions for postsecondary authorizations under the Higher Education Authorization Act of 2016. She explained that emergency rules had been submitted to Attorney General for approval and then filed with the Secretary of State. She further advised the Commission that the emergency rules will expire April 1, 2017, unless the permanent rules are approved. A public notice of rulemaking hearing was filed and set for October 6, 2016. DPSA convened the rule making hearing on that date and heard comments from six institutions. As a result of these comments, they found two rules needed to be changed and additional revisions that needed to be made. DPSA developed responses to the comments they received, which also require adoption. The action recommended to the Commission by Ms. Woodruff was to adopt the recommended Final Rule Revisions and the Responses to Comments for purposes of submitting the Rulemaking Hearing Rules Filing Form to the Attorney General for review and direct the Executive Director to make any non-substantive changes to the rules required by the Attorney General before submitting the form to the Tennessee Secretary of State.

Chairman Cope opened the floor for discussion. Mr. Keith Wilson made a motion to approve the rule revisions, and Treasurer Lillard seconded. A roll call vote was taken.

Name	Aye	Nay
Chairman Cope	x	
Dr. Dishner	x	
Secretary Hargett	x	
Ms. Kadire	x	
Ms. Koban	x	
Mr. Lee	x	
Treasurer Lillard	x	
Ms. Roach	x	
Mayor Wharton	x	
Comptroller Wilson	x	
Mr. Keith Wilson	x	

The motion was approved with eleven ayes.

New Academic Programs- Middle Tennessee State University, Religious Studies, BA/BS

Chairman Cope recognized Betty Johnson of Academic Affairs who presented a recommendation for a proposed baccalaureate program in Religious Studies at Middle Tennessee State University (MTSU). MTSU identified Religious Studies as an institutional priority with the hiring of two tenure-track faculty members in 2012-13.

The program’s instructional workload will be continued by the two full-time, tenure-track faculty, supported by new adjunct faculty and one additional faculty member to be hired in year three to broaden the focus of the program. TBR approved the religious study program at their September board meeting. THEC staff recommended approval.

Chairman Cope opened the floor for discussion. A motion was made to approve the new academic program, and Comptroller Wilson seconded. A roll call vote was taken.

Name	Aye	Nay
Chairman Cope	x	
Dr. Dishner	x	
Secretary Hargett	x	
Ms. Kadire	x	
Ms. Koban	x	
Mr. Lee	x	
Treasurer Lillard	x	
Ms. Roach	x	
Mayor Wharton	x	
Comptroller Wilson	x	
Mr. Keith Wilson	x	

The motion was approved with eleven ayes.

Drive to 55 Capacity Building Fund Recommendations

Mr. Krause gave an overview of the Drive to 55 Capacity Fund, which was a recommendation of the Higher Education Capital Task Force convened two years ago at the direction of Governor Haslam. Mr. Krause introduced Steven Gentile, of THEC Fiscal Affairs, who described the grant selection process in detail. Mr. Gentile discussed the results of the scoring of the proposals, answered questions pertaining to the scores, and provided abstracts of the proposals from the institutions. After discussing, the Commission decided to fund ten of the eleven highest scoring proposals, eliminating one proposal because funding it would exceed the total amount allocated for the program, for a \$24,272,730 total amount funded.

Chairman Cope opened the floor for discussion. A motion was made to approve the recommendations, and Mr. Keith Wilson seconded. A roll call vote was taken.

Name	Aye	Nay
Chairman Cope	x	
Dr. Dishner	x	
Secretary Hargett	x	
Ms. Kadire	x	
Ms. Koban	x	

Mr. Lee	X	
Treasurer Lillard	X	
Ms. Roach	X	
Mayor Wharton	X	
Comptroller Wilson	X	
Mr. Keith Wilson	X	

The motion was approved with eleven ayes.

Operating State Appropriation Recommendations

Chairman Cope recognized Dr. Russ Deaton, THEC Deputy Executive Director, who presented the overview of the 2017-2018 funding recommendations. Dr. Deaton introduced Crystal Collins, of THEC Fiscal Affairs, who presented information on total revenue per student and per award, annual percent change in state appropriations, and average university and community college tuition and fees.

Ms. Collins presented the 2017-18 State Appropriation recommendations based on the outcomes-based funding formula. Ms. Collins discussed the outcomes changes at community colleges and universities from 2014 to 2016 and highlighted cumulative changes in funding at community colleges due to the formula. Ms. Collins next presented data on the cumulative change in funding at universities due to the outcomes-based funding formula.

After discussion on operations, tuition, capital outlay, all state appropriations, strategic initiatives, small emergency grants to students, the Commission was presented with recommendations for operating and tuition increases.

Chairman Cope opened the floor for discussion. Treasurer Lillard made a motion to approve the recommendations, and Mr. Keith Wilson seconded. A roll call vote was taken.

Name	Aye	Nay
Chairman Cope	X	
Dr. Dishner	X	
Secretary Hargett	X	
Ms. Kadire	X	
Ms. Koban	X	
Mr. Lee	X	
Treasurer Lillard	X	
Ms. Roach	X	
Mayor Wharton*		
Comptroller Wilson	Abstained	

Mr. Keith Wilson	x	
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*Mayor Wharton had previously exited the meeting.

The motion was approved with nine ayes. Comptroller Wilson abstained.

Student Fee Recommendations

Dr. Deaton detailed the Commission on lottery scholarships, TSAA grants, state grant aid, the student average debt, and the 2013 cohort default rate. Ms. Collins presented the average annual increase over five years with university, community college and TCATS. Ms. Collins then presented the average annual tuition, fee rate for full time attendance, and summary of fees compared to peers, FY 2016-17. At this time, the staff recommendations are that the Commission considers the tuition range as guidance only, with flexibility to approve final binding tuition ranges later in the fiscal year once clarity around the state budget and overall impact on higher education funding is determined. THEC staff recommended a tuition (commonly referred to as maintenance fees at Tennessee public higher education institutions) guidance range of zero to four percent at universities, community colleges, and the TCATS.

Chairman Cope opened the floor for discussion. A motion was made to approve the recommendations, and Ms. Koban seconded. A roll call vote was taken.

Name	Aye	Nay
Chairman Cope	x	
Dr. Dishner	x	
Secretary Hargett	x	
Ms. Kadire	x	
Ms. Koban	x	
Mr. Lee	x	
Treasurer Lillard	x	
Ms. Roach	x	
Mayor Wharton*		
Comptroller Wilson	x	
Mr. Keith Wilson	x	

*Mayor Wharton had previously exited the meeting.

The motion was approved with ten ayes.

Capital Projects Recommendations

THEC staff recommended \$339.7 million for twelve projects in capital outlay. Of these projects, ten are in the TBR system and two are UT projects. The capital maintenance recommendation was \$163.9 million for 84 projects.

Chairman Cope opened the floor for discussion. Treasurer Lillard made a motion to adopt the recommendations, and Secretary Hargett seconded. A roll call vote was taken.

Name	Aye	Nay
Chairman Cope	x	
Dr. Dishner	x	
Secretary Hargett	x	
Ms. Kadire	x	
Ms. Koban	x	
Mr. Lee	x	
Treasurer Lillard	x	
Ms. Roach	x	
Mayor Wharton*		
Comptroller Wilson	Abstained	
Mr. Keith Wilson	x	

*Mayor Wharton had previously exited the meeting.

The motion was approved with nine ayes. Comptroller Wilson abstained.

Schedule of 2017 Commission Meetings

Mike Krause announced the dates of the 2017 Quarterly Commission Meetings.

Adjournment

There being no further business, Chairman Cope indicated that he would entertain a motion to adjourn. Treasurer Lillard made a motion to adjourn, and Ms. Koban seconded. The meeting was adjourned.

Evan Cope
Chair