

Agenda Item: III.B.

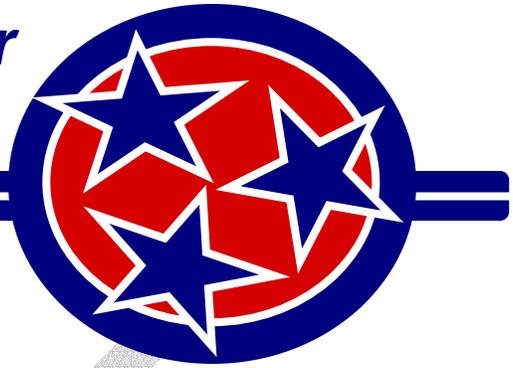
DATE: November 18, 2004

SUBJECT: Master Plan Update

ACTION RECOMMENDED: Information

BACKGROUND INFORMATION: Staff will brief the Commission regarding on-going actions taken to implement the 2005-2010 Master Plan. The following document is a draft of the 2005-2010 Master Plan Executive Summary. The full 2005-2010 Master Plan for Tennessee Higher Education will be presented at the Spring 2005 commission meeting.

***Creating Partnerships for
Educational Excellence:***



**The 2005-10 Master Plan for
Tennessee Higher Education**

DRAFT

October 8, 2004

CREATING PARTNERSHIPS FOR EDUCATIONAL EXCELLENCE: THE 2005-10 MASTER PLAN FOR TENNESSEE HIGHER EDUCATION

The coming decade holds unprecedented opportunities for Tennessee higher education to forge new partnerships that will both broaden the scope of enterprise and improve the fortunes of countless generations of Tennesseans. Through a focus on collaboration, it is the intent of the *2005-10 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 citizens. 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 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 transmission of social and economic status, education is increasingly cited as a prime determinant of economic well-being. In order for the state to be competitive in the Knowledge Economy, higher education must begin to play a more prominent role in improving the human capital condition of Tennessee.

The coming decades promise significant and profound challenges for Tennessee:

- The advent of the Tennessee Education Lottery Scholarship program has allowed more Tennesseans to realize the dream of college attendance. In Fall 2004, over forty thousand students received such scholarships. Experience in states with similar programs indicates that Tennessee must look to re-examine its structural delivery of undergraduate education to maximize the auxiliary impacts of the scholarship program.
- Tennessee will experience sustained enrollment growth throughout the remainder of the decade as a result of the baby-boom echo. According to SREB, the number of high school graduates will increase by more than 4000 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 by 17 percent. If the state is to be competitive in the Knowledge Economy, it must increase the participation rates of such students.
- The demographic composition of the state is changing dramatically and higher education must position itself to serve the needs of an increasingly diverse populace.
- Rapidly changing technology presents opportunities for expanded instructional offerings and institutional outreach.

- Research by the Rockefeller Institute indicates that the funding environment for 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.

Tennessee higher education has historically prided 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 strategically re-examine the role that all institutions, both 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 the host of programs, services, and operations offered by our institutions to ensure that they are able to creatively meet the shifting demands of the educational marketplace.

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MASTER PLANNING ASSUMPTIONS

Unlike prior versions of the THEC Master Plan, the current iteration is based upon a realistic set of core planning assumptions. Rather than lament the continual decrease in 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

- Increased pressure for access from traditional aged college students as a result of the implementation of the lottery scholarships, as well as increased pressure for access linked to the baby-boom echo.
- Increased pressure for access for non-traditional students due to changing market demands, academic programming, technology-based delivery methods, and the shift in population to the state's urban enterprise zones.
- Shifting trends in state population, 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 must be remedied to ensure that all Tennesseans have the opportunity to obtain the higher education skills needed to participate in the Knowledge Economy.
- The increased reliance on student generated revenue demands the continued emphasis on need-based aid programs to ensure that all students can participate in higher education.

Educational Quality and Excellence

- Given that state funding for higher education has been permanently reduced, institutions must look to create partnerships that expand the fiscal core of the institution. When and if additional resources are made available by the state, they will not be re-distributed in an "across the board" fashion; resources will be distributed to those areas that align closely with the public agenda.
- There will be increases in fixed costs that will further erode all operating budgets, especially for the non-formula units.
- There will be increased regional and national competition in the higher education market for the students, faculty, and resources.
- Shifting 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 indicates the need to place greater emphasis on the critical role of community colleges in ensuring system-wide capacity utilization
- Need for mission differentiation and re-constitution in order to maximize programmatic quality and institutional excellence in support of the broad goals of the public agenda
- Greater public concern for accountability as a result of rising instruction costs and tuition rates

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 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 success** that create an invigorated P-16 system that 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 a funding and finance policy that ensures that all students are able to participate in higher education. Given the increased shift in funding 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 the community colleges as the primary access point for Tennesseans, 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 would be able to attract world-renowned faculty, encourage economic and community development and enhance teaching and research activities.

- **Partnerships for a better Tennessee** that enhance and expand the role of higher education in economic and community development, knowledge creation, job growth, public health, and adult literacy. To effectuate this objective, the state must work to link academic programming to the goals of the public agenda. Additionally, institutional policies should be linked to the educational and economic needs of regional enterprise zones, thereby ensuring that programs support growth areas such as logistics and transportation, allied health, nursing, etc.

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OVERVIEW – FUTURE DIRECTIONS

As Tennessee begins to examine its place in the Knowledge Economy, policymakers must remain diligent in their commitment to creating policies that facilitate the expansion of the human capital quotient of all citizens. To avail of the information age opportunities, Tennessee must work diligently to rectify the human capital challenges confronting it in the coming decades. These include keeping more college graduates in-state, identifying sectors where potential workers are being lost and/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 the region, and offering enhanced distance and technology-based education opportunities to larger groups of nontraditional students.



Higher education must also 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 the broader needs of their traditional service regions. This situation must be reversed if the state is to remain competitive in the Knowledge Economy.

The support and maintenance of the goals to be outlined in this Master Plan are inherent to the public agenda and will require a clear and consistent commitment from all constituencies. The mission reclassification for many institutions of higher education 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 been active in 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 institutional goals and capacity building no longer serve the broad goals of a public agenda for Tennessee higher education. Rather than building capacity, we must ensure that system-wide capacity is properly utilized to serve the broad goals of the public agenda. In order to track progress toward these objectives, THEC will focus on five key policy questions:



CORE POLICY QUESTIONS

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. Are more Tennesseans prepared to participate in community, civic, and corporate communities?
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, THEC will annually assess progress toward these broad policy questions. Through the use of budgeting as a policy tool, THEC will work to utilize finance policy to structure change and improvement. 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 agenda for educational excellence. By building upon existing institutional strengths, it outlines a partnership that ensures Tennessee's competitiveness in the Knowledge Economy, promotes access and student success, broadens affordability, and ensures that our system of higher education is recognized nationally for educational excellence.