Public Higher Education in Tennessee: Progress, Promise and Challenges

Bristol, Kingsport and Johnson City Chambers of Commerce
Northeast State Community College
November 5, 2014

Chancellor John G. Morgan
About the Board of Regents

• 27 Tennessee Colleges of Applied Technology
• 13 Community Colleges
• 6 Universities
  – Austin Peay State University
  – East Tennessee State University
  – Middle Tennessee State University
  – Tennessee State University
  – Tennessee Tech University
  – University of Memphis
About the Board of Regents

- 46 institutions
- >100 teaching locations across the state
Tennessee’s Reform Movement

• Success in K-12 – Fastest improving in nation
• Complete College Tennessee Act
  – Focus on meeting economic development needs
  – Improve education pipeline
  – Community college system
  – Outcomes-based funding formula
Tennessee’s Reform Movement

• Governor’s goals are on-target
  – Focused on what’s most important: economic development through education
Tennessee Policy Environment

- Complete College Tennessee Act of 2010
- Governor’s “Drive to 55”
Governor Haslam’s “Drive to 55”

- # of Tennesseans with degrees, certificates
- Increase share of Workforce with post-secondary credential to 55% by 2025 (currently in the mid-30’s)
- Almost 500k additional credentials
“Drive to 55” Initiatives

• Tennessee LEAP
• Tennessee Reconnect
• Tennessee Promise
Tennessee Promise

• Tennessee Promise
  – More than 50k applications so far
  – How many will enroll?

• True Promise: Culture change
Challenges

• Access and Affordability
• Student Preparedness
• Resources
Access & Affordability

COST PER STUDENT - University

1986-87  -  $15,038  -  student share 27%

2013-14  -  $15,558  -  student share 68%

(Universities total revenue per FTE - inflation adjusted 2013-14 dollars)

• Higher ed has become more efficient.
• As state funding dropped, cost shifted to students through tuition/fees.
Total Revenue per FTE - UNIVERSITIES
Inflation Adjusted (2013 Dollars)
Access & Affordability

COST PER STUDENT – Community College

1986-87 - $9,658 - student share 19%

2013-14 - $8,812 - student share 58%

(Community colleges total revenue per FTE - inflation adjusted 2012-13 Dollars)
Total Revenue per FTE - COMMUNITY COLLEGES
Inflation Adjusted (2013 Dollars)
Student Characteristics

• To meet the goal of 55%, we must have success with students that have been least likely to succeed:
  – First-generation
  – Under-represented minorities
  – Low-income households
Student Characteristics

• **About 70%** of our freshmen aren’t prepared
• We know: separate remedial classes don’t work.
• What works? High touch strategies:
  – Guided pathways and architected choice
  – Intensive advising using people and technology
  – Co-requisite learning support
What Works Even Better?

• College ready high school graduates

• 2007 - U.S. Chamber of Commerce gave Tennessee an “F” in “Truth in Advertising” based on inability to equip graduates with skills and knowledge they need to compete in the modern workforce:
  - **TN claimed**: 90% of students proficient in math (TN standards)
  - **Reality**: Less than 35% were actually proficient

• First step to raise standards in 2009 through the Tennessee Diploma Project. Bar raised again with participation in **Common Core State Standards**.
Higher Standards

• Standards = knowledge and skills students are expected to learn in each grade and subject.

• Higher expectations in math and English/language arts in K-12, designed to provide students the real-world skills needed to succeed in postsecondary and the workforce.

• **2nd Grade Math** - CCSS.Math.Content.2.NBT.A.2:
  • *Count within 1000; skip-count by 5s, 10s, and 100s*

• **4th Grade Reading** - CCSS.ELA-Literacy.RL.4.2:
  • *Determine a theme of a story, drama, or poem from details in the text*
Higher Standards

- Teachers are performing – teaching to State standards
- Tennessee has been moving forward – cannot expect to meet State’s goals if we abandon Higher State Standards.
Higher Standards and Aligned Assessments

• Tennessee needs assessment aligned with Higher Standards – the sooner the better.

• Should clearly identify readiness for college.

• Provide tracking data to students and parents to inform them about the student’s college readiness.

• Data should be recognizable from state to state.
Resources: Capacity to Fulfill the Promise
Higher Ed Funding

- Outcomes not funded this year.
- No new dollars = existing funds reallocated among institutions. $$s taken away from some to be given to others.
- Some TBR schools with increased outcomes still LOST $$ because others had higher outcomes.
Higher Ed Funding

• Funding outcomes will lead to and reinforce investments that we know can make a difference.
• Without the right resources the promise won’t cannot be fulfilled.
Resources

• To fulfill the promise there must be adequate resources in our institutions:
  – Highly effective faculty
  – Adequate facilities
  – Student support
  – Aligned incentives (Outcomes-based formula)

• These investments aren’t in the 2014-15 budget

• And future investment may be difficult...
Median Household Income by State:
2010-2012 Three Year Average &
20 Year Change (1990-1992 to 2010-2012)

ADJ TOTAL: Rate increases have been removed for selected taxes.

Source: Calculated by the Center for Business and Economic Research, The University of Tennessee, Knoxville, using data from the Tennessee Department of Revenue and the U.S. Bureau of Economic Analysis.
State and Local Tax Burdens as a Percentage of State Income
Fiscal Year 2010

www.TaxFoundation.org

Sources: Tax Foundation calculations using data from multiple sources, primarily Census Bureau, Rockefeller Institute, Bureau of Economic Analysis, Council on State Taxation, and Travel Industry Association.

Notes: As a unique state-local entity, D.C. is not included in rankings, but the figure in parentheses shows where it would rank. The local portions of tax collection figures for fiscal year 2010 rely on projection of local government tax revenue.
State and Local Taxes as % of Personal Income

Source: Tax Foundation calculations based on data from the Bureau of Economic Analysis, the Census Bureau, the Council on State Taxation, the Travel Industry Association, Department of Energy, and others.
So, Just how low are we?

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>At SREB Average tax burden, additional State and Local Taxes would have been:</td>
<td>$3,005,288,667</td>
<td>16.5%</td>
</tr>
<tr>
<td>The State share of this additional revenue would have been:</td>
<td>$1,732,039,963</td>
<td>16.5%</td>
</tr>
<tr>
<td>At SREB Average per capita tax payments, additional State and Local Taxes would have been:</td>
<td>$4,086,471,766</td>
<td>22.4%</td>
</tr>
<tr>
<td>The State share of this additional revenue would have been:</td>
<td>$2,355,158,918</td>
<td>22.4%</td>
</tr>
<tr>
<td>At Border States Average tax burden, additional State and Local Taxes would have been:</td>
<td>$3,319,579,375</td>
<td>18.2%</td>
</tr>
<tr>
<td>The State share of this additional revenue would have been:</td>
<td>$1,913,175,330</td>
<td>18.2%</td>
</tr>
<tr>
<td>At Border States per capita tax payments, additional State and Local taxes would have been:</td>
<td>$3,523,677,578</td>
<td>19.3%</td>
</tr>
<tr>
<td>The State share of this additional revenue would have been:</td>
<td>$2,030,803,379</td>
<td>19.3%</td>
</tr>
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Resources

• Higher education needs to be a priority in funding too.
• Like BEP, higher ed funding outcomes should be a line item that does not get cut.
Conclusion

- As a State, we need to engage in a serious discussion about financing our educational aspirations
- Higher ed funding should be a state priority
- Even with the challenges we face, TBR and UT systems are committed to the Completion Agenda and the “Drive to 55”
- Tennessee remains at the forefront of educational transformation
You Can Help

• Speak to your colleagues and constituents about these issues. Clear misconceptions.

• Talk to your legislative leaders about the need to make higher education funding a priority in Tennessee.

• Help us fulfill the Tennessee Promise and meet the Drive to 55.