

**Tennessee Higher Education Commission  
Follow-up Report**

**February 2003**

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**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY**

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John G. Morgan  
Comptroller

February 28, 2003

The Honorable John S. Wilder  
Speaker of the Senate  
The Honorable Jimmy Naifeh  
Speaker of the House of Representatives  
The Honorable Thelma M. Harper, Chair  
Senate Committee on Government Operations  
The Honorable Mike Kernell, Chair  
House Committee on Government Operations  
and  
Members of the General Assembly  
State Capitol  
Nashville, Tennessee 37243

Ladies and Gentlemen:

Transmitted herewith is the follow-up performance audit of the Tennessee Higher Education Commission. This audit was conducted pursuant to the requirements of Section 4-29-111, *Tennessee Code Annotated*, the Tennessee Governmental Entity Review Law.

This report is intended to aid the Joint Government Operations Committee in its review to determine whether the commission should be continued, restructured, or terminated.

Sincerely,

John G. Morgan  
Comptroller of the Treasury

JGM/dww  
02-070

State of Tennessee

# Audit Highlights

Comptroller of the Treasury

Division of State Audit

Performance Audit  
**Tennessee Higher Education Commission**  
Follow-up Report

February 2003

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## AUDIT OBJECTIVES

The objectives of the follow-up audit were to determine the commission's progress in correcting the problems identified in the March 2000 performance audit of the commission, to determine the commission's procedures for ensuring compliance with Title VI of the Civil Rights Act of 1964, and to make recommendations that might result in more efficient and effective operation of the commission.

## CONCLUSIONS

### **Benchmarks for Higher Education**

The 2000 performance audit reported that many of the benchmarks of Challenge 2000 would not be met and recommended that the next set of benchmarks be specific and quantifiable. The commission developed the Challenge 2000 goals, which reflected the goals established by the Southern Regional Education Board, as required by the General Assembly. After the Challenge 2000 goals expired in 2000, the commission approved new goals and benchmarks. Our review of these new benchmarks showed that most of the objectives are more specific and measurable (page 3).

### **Pre-Law and Pre-Health Science Fellowship Program**

The previous audit reported that the Tennessee Pre-Law and Pre-Health Science Fellowship Program (PFP) was not significantly increasing the number of African-American professionals. The PFP is a summer enrichment program for African-American residents of Tennessee who wish to pursue a career in law, dentistry, medicine, pharmacology, or veterinary medicine. Its purpose is to increase the number of African-American students who enroll in and graduate from professional programs. Our follow-up work indicates that the program continues to produce a low number of professional school students, and those who complete the program have a reduced chance of completing professional school itself (page 4).

**Minority Teacher Education Grant Program**

The prior audit reported that the commission could not document results of the Minority Teacher Education Program. Through the program, the commission awards grants to higher education institutions to support projects to increase the number of African-American teachers in Tennessee, particularly in grades K-12. Since the audit, the commission has produced a report of results of the program which includes information on the rate at which program participants become teachers in Tennessee, the rate program completers teach in Tennessee, and the rate they teach in shortage subject areas in the state. The commission has not, however, made all the site visits to each institution as part of its performance indicator system (page 10).

**Conflict-of-Interest Procedures**

The last audit found that commission members and executive staff had not completed conflict-

of-interest forms. Commission policies require that they disclose any activity, investment, or interest that might reflect unfavorably upon the commission. During the follow-up audit, we found that all members and executive staff had completed the forms (page 12).

**Title VI Evaluation Process for the Eisenhower Grant Program**

The commission did not perform site visits or gather statistical data for the grant as required by its Title VI Implementation Plan. (State law requires those state agencies subject to the requirements of Title VI of the Civil Rights Act of 1964 to develop a Title VI implementation plan.) The Eisenhower Professional Development Program is a federal grant program in which states receive funds to conduct programs designed to enhance K-12 teachers' instructional abilities (page 13).

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"Audit Highlights" is a summary of the audit report. To obtain the complete audit report, which contains all findings, recommendations, and management comments, please contact

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**Performance Audit  
Tennessee Higher Education Commission  
Follow-up Report**

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**Performance Audit  
Tennessee Higher Education Commission  
Follow-up Report**

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**INTRODUCTION**

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**PURPOSE AND AUTHORITY FOR THE AUDIT**

This follow-up performance audit of the Tennessee Higher Education Commission was conducted pursuant to the Tennessee Governmental Entity Review Law, *Tennessee Code Annotated*, Title 4, Chapter 29. Under Section 4-29-224, the commission is scheduled to terminate June 30, 2003. The Comptroller of the Treasury is authorized under Section 4-29-111 to conduct a limited program review audit of the commission and to report to the Joint Government Operations Committee of the General Assembly. The performance audit is intended to aid the committee in determining whether the commission should be continued, restructured, or terminated.

**OBJECTIVES OF THE AUDIT**

The objectives of the audit were

1. to determine the commission's progress in correcting the problems identified in the March 2000 performance audit of the commission,
2. to determine the commission's procedures for ensuring compliance with Title VI of the Civil Rights Act of 1964, and
3. to recommend possible alternatives for legislative or administrative action that may result in more efficient and effective operation of the commission.

**SCOPE AND METHODOLOGY OF THE AUDIT**

The audit reviewed the activities of the Tennessee Higher Education Commission from May 1999 to May 2002, with a concentration on the period February through April 2002. The scope was focused on areas noted in findings in the March 2000 performance audit. The audit was conducted in accordance with government auditing standards generally accepted in the United States of America and included

1. a review of applicable legislation and commission policies and procedures;
2. attendance at relevant legislative and commission meetings;

3. interviews with commission staff and contact with personnel from the University of Memphis, the University of Tennessee at Memphis, and East Tennessee State University; and
4. examination of the commission's records, files, and reports.

## **ORGANIZATION AND RESPONSIBILITIES**

The Tennessee Higher Education Commission (THEC) was created in 1967 for the purpose of achieving coordination and unity in higher education. Statutory duties of THEC are described in Section 49-7-202, *Tennessee Code Annotated*, and include

- develop a master plan for the future development of public higher education in Tennessee, and make recommendations regarding implementation of the plan;
- develop policies and formulae or guidelines for the fair and equitable distribution and use of public funds among the state's institutions of higher learning, including provisions for capital outlay and institutional operating expenditures;
- study the need for particular programs of the various institutions and make recommendations for the purpose of reducing duplication and fostering cooperative programs among institutions;
- review and approve or disapprove all proposals for new degree programs, departments, or divisions;
- study and make determinations concerning the establishment of new institutions of higher learning; and
- submit a biennial report to the Governor and the General Assembly commenting on major developments, trends, budgets, and financial considerations that would be useful to the Governor and the General Assembly in planning for the development of public higher education.

The commission has ten voting members appointed by the Governor: one lay member from each of the nine congressional districts and two student members, one of whom is nonvoting during the first year of appointment but who rotates into the voting position for the second year of appointment. The voting student position rotates between a student of UT and a student of a Tennessee Board of Regents school.

In addition, the following are ex officio members of the commission:

- the Comptroller of the Treasury,
- the Secretary of State,

- the State Treasurer, and
- the Executive Director of the State Board of Education (nonvoting).

Section 49-7-205, *Tennessee Code Annotated*, authorizes the commission to hire an executive director and to employ staff as appropriate. As of March 2002, the commission had a staff of 31, including the Executive Director, a Deputy Director, and three Associate Executive Directors. For fiscal year 2002, the commission had expenditures of \$2,513,300 and distributed an additional \$28,776,900 in pass-through funding to educational institutions.

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## CONCLUSIONS

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The March 2000 performance audit of the Tennessee Higher Education Commission addressed five problem areas: the Challenge 2000 goals, the Pre-Law and Pre-Health Fellowship Program, the Minority Teacher Education Program Grant, Conflict-of-Interest procedures, and compliance with two state statutes. Listed below are four of the findings and their status in 2002. (The fifth area on statutory compliance has been addressed to the extent possible by the commission and requires legislative action for further change.) We also reviewed the commission's procedures for ensuring compliance with Title VI of the Civil Rights Act of 1964. The Title VI work is described in the last conclusion and in the Appendix.

### **Benchmarks for Higher Education (Challenge 2000 goals)**

#### 2000 Audit Finding

The audit reported that 17 of the 22 benchmarks of Challenge 2000 would not be met. THEC developed the Challenge 2000 goals, which mirrored the goals established by the Southern Regional Education Board, as required by the General Assembly. The audit recommended that the next set of benchmarks be concise, specific, and quantifiable, containing clear criteria for successful attainment. The audit also suggested that the commission consider a system of incentives and disincentives to accompany the benchmarking program, or consider further integrating the Challenge program with performance funding.

#### 2002 Follow-up

The commission responded in its six-month follow-up letter (October 2, 2000) that it took the finding into consideration while developing its "Statewide Master Plan for Tennessee Higher Education 2000-2005," required by Section 49-7-202, *Tennessee Code Annotated*. The commission stated that the goals set out in that plan are more quantifiable and the attainment or failure to attain is more within the control of the higher education community.

Challenge 2000 expired in the year 2000, and THEC issued the final report January 17, 2001, but did not report the status of each benchmark. Based on our follow-up review, 18 of the 22 benchmarks (82%) were not met or were not quantifiable.

On April 18, 2002, the commission approved new goals and benchmarks contained in a document entitled, *The Condition of Higher Education in Tennessee*, the most recent publication of the commission regarding the direction of higher education. This document has 6 goals and 36 objectives. Our review of these new benchmarks showed that 35 of the 36 objectives are measurable and specific. Of those 35, 28 are attainable, and 7 of the 28 have already been achieved. The remaining 7 do not appear measurable or, if measurable, the targets are not reasonable. One objective is not measurable and not specific. Because most of the objectives are more specific and measurable, determining progress towards objectives should be easier.

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## **Pre-Law and Pre-Health Science Fellowship Program**

### 2000 Audit Finding

The audit reported that the Tennessee Pre-Law and Pre-Health Science Fellowship Program (PFP) was not significantly increasing the number of African-American professionals. The PFP is a summer enrichment program for African-American residents of Tennessee who wish to pursue a career in law, dentistry, medicine, pharmacology, or veterinary medicine. The purpose of PFP, developed in response to the stipulation of settlement of *Geier vs. Sundquist, et al.*, a federal lawsuit, is to increase the number of African-American students who enroll in and graduate from professional programs. Participants in the Associates component may take up to eight credit hours of free college coursework during the summers following their freshman and sophomore years in college. Participants in the Scholars component take an eight-week academic review program after their junior year and a prematriculation study program after graduation. All programs are at no cost to the students. Participants in the Scholars component also receive an \$800 stipend. The University of Tennessee at Knoxville manages the Associates component, the University of Memphis administers the Pre-Law Scholars I and II segments, East Tennessee State University administers Level I of the Pre-Health Science segment, and the University of Memphis administers Level II of the Pre-Health Science segment. As coordinator of the desegregation monitoring committee, the Tennessee Higher Education Commission (THEC) has ultimate responsibility for the program.

A 1993 independent study of the PFP (referred to then as “TPP”) by an assistant professor of Capital University Law and Graduate Center in Columbus, Ohio, and by the Special Projects Education Coordinator for the Office of Admissions at Baylor College of Medicine in Houston disclosed serious deficiencies and also recommended improvements. The study concluded,

The overall impact of TPP has been poor to minimal with regard to enrollment in professional school. Although some schools have experienced increases, overall the program has not been successful. With regard to retention and graduation

rates, 17 of the 375 total TPP participants have graduated from professional school for a graduation rate of 4.5% to date. Assuming that all of the 63 enrolled students graduate, the success rate of the 375 TPP participants would approximate 22%. Relative to the total number of TPP participants the retention rate (58%) and graduation rate (16%) have been unsuccessful.

The authors proposed four revisions: (1) change the name of the program; (2) separate the pre-health and pre-law components and develop three levels of each; (3) hold the first level of the pre-law portion on the campus of the University of Tennessee, Knoxville, and the first level of the pre-health portion on the campus of ETSU; and (4) provide desegregation funding and appoint a coordinator on each campus. THEC took steps to implement these recommendations. The deans of the schools involved in the 1993 study suggested raising enrollment standards and expanding outreach efforts to younger, academically oriented minority students.

In its response to the 2000 performance audit, management concurred with the finding and stated that efforts “being taken to improve the effectiveness of the program provide indication that this trend is reversing.” Management also noted that three of the four recommendations made by the 1993 study had been implemented, and they were working on implementing the fourth.

### 2002 Follow-up

Our follow-up work indicates that the program is still not significantly increasing the number of African-American professionals. The PFP Program continues to produce a low number of professional school students, and those who complete the program have a reduced chance of completing professional school itself. The program appears to be turning into a remedial program for students needing to catch up, instead of a program to assist students already qualified for professional school.

During the follow-up review of the program, we found the following:

- Enrollment in PFP has declined over the past four years (1998-2001). (See table below.)
- The number of Associate-level students is usually much greater than the number of Scholars I and Scholars II participants, indicating that students participate in the Associates level but do not return for Scholars I and Scholars II.

<b>PFP Enrollment by Level, 1995-2001</b>							
	<i>1995</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>	<i>2000</i>	<i>2001</i>
Associates	65	79	78	87	88	62	48
Scholars I	42	37	33	38	20	15	18
Scholars II	<u>46</u>	<u>36</u>	<u>33</u>	<u>43</u>	<u>43</u>	<u>43</u>	<u>28</u>
Total Enrollment	<u>153</u>	<u>152</u>	<u>144</u>	<u>168</u>	<u>151</u>	<u>120</u>	<u>94</u>

Source: 2000 and 2001 annual reports of the PFP Program

- Since the program began in 1986, only 156 of the PFP participants have graduated from professional school—an average of 13 per year. (See table below.) The PFP professional school graduation rate (1990-2001) is 48%, up from 37% (1990-1998). However, graduation rates for all students from the UT Memphis College of Medicine from 1984 to 2001 are at least 93%. (Since 1988, there have been 142 transfers from pre-law to law school and 230 transfers from pre-health to health professional school. This is an average transfer rate for the program to professional school of 27 per year, or 24% of the number who enter the program.)

<b>PFP Graduates 1990-2001</b>													
	'90	'91	'92	'93	'94	'95	'96	'97	'98	'99	'00	'01	Total
Medicine	1	0	4	5	9	12	9	8	2	10	16	7	83
Dentistry	0	0	0	2	3	1							6
Pharmacy	0	0	2	4	8	3	2	4	2	4	8	7	44
Veterinary Med.	0	0	0	1	0								1
Law	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>3</u>	<u>7</u>	<u>6</u>	<u>0</u>	<u>22</u>
Total	<u>1</u>	<u>0</u>	<u>6</u>	<u>14</u>	<u>21</u>	<u>17</u>	<u>12</u>	<u>13</u>	<u>7</u>	<u>21</u>	<u>30</u>	<u>14</u>	<u>156</u>

Source: 2000 and 2001 annual reports of the PFP Program

- According to the results reported in the 2000 and 2001 PFP annual reports, PFP Scholars II health science students were ranked significantly lower than incoming medical students on the Reading Comprehension and Vocabulary tests. Also, scores for individual students often decreased from the pre-PFP test to the post-PFP test.
- From the 2000 PFP report, one student out of ten in the PFP program did not attempt the Health Professions School Admissions Test, and for two others it is “unknown” whether or not they attempted the test. Of the remaining seven students, information on the criterion score is only available for six students. Three of the six whose information is presented did not meet the criterion score for entrance into medical school. In the 2001 report, five of the seven students in the program attempted the test while it is “unknown” whether the other two did. Three of the five students did not meet the criterion score for entrance into professional school.

- From the 2000 PFP report, four students took the MCAT (Medical College Admissions Test) and two took the DAT (Dentistry Admissions Test). One student who took the DAT had a lower score in Reading Comprehension after Scholars I. Two students who took the MCAT had no change in their Biological Sciences scores. The 2001 PFP report showed seven students took the MCAT and one took the DAT. One student who took the MCAT did not change the score in Physical Sciences, and three students did not change their scores in Biological Sciences. Information contained in a footnote to the chart on the DAT test lists four parts to the test, but the 2001 chart shows six scores.
- We also reviewed Scholars II test statistics for the health program in the 2000 and 2001 PFP reports. In general, PFP participants' scores increased after participation in the program; however, in some instances this increase was not enough to keep them competitive with other medical school students in the entering class at UT Health Science Center. In 2000, even a 17 percentage point increase (from 50% to 67%) in Nonverbal Reasoning left the students with a deficiency compared to entering first-year medical school students (70%).
- The PFP annual report for 2000 and the one for 2001 both had multiple typographical, grammatical, and mathematical errors. Some errors were identical for both years, indicating lack of oversight by management at the program level in the preparation of the reports. Mathematical errors were present in numerous tables of the reports, making the reliability of the information questionable. Tables that were supposed to be based on the same data did not show the same results. For example, tables of progression data (showing the number of students that progressed from the PFP program to professional school) based on enrollment data were inconsistent.

Problems Discussed in the March 2002 THEC Memo: A March 18, 2002, memo prepared by Tennessee Higher Education Commission (THEC) staff and distributed to Pre-Law and Pre-Health Science Fellowship Program (PFP) directors and advisors discussed problems and possible solutions for the program. According to the memo, there is no systematic coordination across campuses to recruit or mentor students into the health or law professions.

The memo states the following: "Test preparation activities and summer curricula have not yielded remarkable results" and "The quality of students entering the program is a major concern." THEC staff state that in recent years the program has gotten away from focusing on top students and has become somewhat of a remedial program. The memo further states that the PFP program "cannot sufficiently address the deficiencies that some students have and should not be substituted for a more sustained, rigorous intervention."

Suggestions for improvement, according to the memo, include the following:

1. Discontinue the Associate Level administered by UT Knoxville;
2. Discontinue Scholars I, Health Sciences, at ETSU;
3. Increase stipends paid to students;

4. Provide test preparation and curriculum content that will ensure maximum success in professional school;
5. Use African-American faculty and institution faculty wherever possible;
6. Improve marketing and recruitment;
7. Discuss ways to make the TPDF pipeline successful;
8. House entire Health Science track at UT Memphis Health Science Center with considerable program redesign;
9. House Law program at the University of Memphis with considerable program redesign;
10. Increase budget to \$710,000 (actual appropriation for the last five years has been \$616,600); and
11. Develop reporting procedures to measure the effectiveness of the program, including performance indicators and measurable goals.

THEC received feedback from the PFP staff at the universities but did not significantly change the planned improvements listed in the memo. THEC staff also met with the *Geier* court monitor in May 2002 to discuss their plans to change the program and received his verbal approval to proceed. The memo does not define specific steps to take to implement the suggestions for improvement listed. Programmatic changes are to be implemented in the summer of 2003, according to the memo. THEC should work with the PFP directors to ensure changes are implemented and performance indicators are determined by that time.

Problems with the *General Information Booklet*: The *General Information Booklet* provides information on PFP, professional school representatives, admissions and eligibility requirements, professional schools admission information, PFP course listings, and PFP policies and guidelines. According to THEC staff, one PFP director created the *General Information Booklet* without communicating with the other directors of the program about its content.

The PFP *General Information Booklet* states that in order for a Scholars II health participant to have assurance of admission to a professional school, the student has to satisfy the following requirements:

- satisfactory completion of both eight-week PFP Scholar summer institutes;
- a letter of acceptance to one of the state's schools of medicine, dentistry, pharmacology, or veterinary medicine before participation in Scholars II;
- completion of Scholars I and II within two years;
- no less than a "C" in each PFP course; and

- completion and satisfaction of all admission requirements established by the professional school.

In order for a student to enter Scholars II and be assured admission to a professional school, the student must have already been accepted to the school prior to beginning Scholars II. Therefore, PFP claims to provide “assurance” to students who are already accepted to professional school and have met admission requirements.

The booklet incorrectly states that Associates are only allowed to take six credit hours during the summer semester. According to information provided by THEC staff for the March 2000 and 2002 performance audits, the Associates level of PFP allows freshmen and sophomores to take up to eight hours of summer credit at no cost to the student.

In addition, some students took more than 8 hours of classes. THEC staff said they only pay for up to eight hours, and the University of Tennessee at Knoxville is responsible for ensuring that PFP only pays for eight hours of credit. However, THEC staff do not check every piece of documentation with the program but assume information submitted for course reimbursement is correct. In addition, students were taking classes such as golf, bowling, art appreciation, music appreciation, PE, and other courses that do not appear to be specifically designed for professional school. According to THEC staff, there is no guideline for classes a student can take through the Associates level of PFP, and there is no penalty for not returning to the Scholars program. According to the memo, THEC plans to discontinue the Associates level of PFP following the summer of 2002.

Public Chapter 433 (passed June 29, 2001) directs THEC to continue to develop and enhance the Tennessee Pre-Law and Pre-Health Science Fellowship Program. THEC is to continue to report to the General Assembly on the progress of the program, including the number of participants, the professional schools that they attend, and the graduation rates of such students. The University of Tennessee Health Science Center produces a report with this information, but THEC does not send the report to the General Assembly.

### **Recommendation**

THEC should continue efforts to improve the Tennessee Pre-Law and Pre-Health Science Fellowship Program because the program is not significantly increasing the number of African-American students who enroll in and graduate from professional programs. It should set performance measures for acceptable completion and graduation rates to help ensure that the program is meeting its goals. It should review PFP progress reports for accuracy and send them to the General Assembly. If the program does not improve, THEC should reconsider the viability of the program.

## **Management's Comment**

We concur. THEC began the process to restructure this program immediately after the release of the 2000 performance audit. As indicated in this follow-up report, a plan was developed, and the appropriate approvals for implementation were obtained. The program as outlined in the May 18, 2002, memorandum referenced in this report has been implemented.

The new program, Tennessee Institute for Pre-Professionals (TIP), is designed to attract more capable students at an earlier stage in their academic career. It is the anticipated goal that the program will result in an increased number of participants who will continue through the program to develop progressive, yet reasonable, and measurable goals that will be used to determine the effectiveness of the program.

To ensure the most effective operation of the program and the accuracy of the status reports, THEC will maintain hands-on oversight of the program and will prepare the respective annual reports. In the past, these responsibilities have been delegated to the respective program directors. Copies of the report will be forwarded to the General Assembly.

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### **Minority Teacher Education Grant Program**

#### 2000 Audit Finding

The audit reported that the commission could not document results of the Minority Teacher Education Program. The Minority Teacher Education Grant Program was created in 1988 because of a report of the Tennessee Task Force on the Supply of Minority Teachers. Through the Minority Teacher Education Program (MTE), the commission awards grants to higher education institutions to support projects to increase the number of African-American teachers in Tennessee, particularly in grades K-12. It involves approximately \$250,000 per year in state appropriations, which must then be matched dollar for dollar by institutional, private, or local funds and/or in-kind services. State funding must be used for direct student support such as tuition, fees, and books. The institution provides matching funds to support mentoring, tutoring, and computer labs. The 2000 audit found that the number of teachers or potential teachers recruited through these programs was unknown because there was no documentation of program results. The audit recommended that staff obtain program reports from grant recipients to determine program success.

#### 2002 Follow-up

Since the March 2000 audit, the commission has produced a report of results of the program for the years 1989-2000. (The report was provided as part of the commission's October 2000 six-month follow-up response to the 2000 audit report.) The report provided information on four areas related to the effectiveness of the program: 1) the rate MTE participants become teachers in Tennessee, 2) the rate MTE completers teach in Tennessee, 3)

the rate MTE teachers teach in shortage areas in the state, and 4) the status of students who complete the program but never teach in Tennessee. However, the commission did not make all required site visits and contracts were signed after the contract period had begun.

According to the THEC's 2000 report on the MTE program, there were at least 418 participants in the program. Of these, 279 (67%) completed the program and were licensed, and 178 of those (64%) taught in Tennessee at some point after graduation. Of those, 117 were teaching during 1999-2000. A report by the Southern Regional Educational Board (SREB) concluded that subject areas of concern for Tennessee include ESL, foreign languages, mathematics, science, and special education. According to the THEC report, of the 117 MTE graduates teaching during the 1999-2000 academic year, 42 (36%) were teaching in those areas. Per THEC, 2 teachers taught foreign language, 16 taught math, 11 taught science, and 13 taught special education. The SREB also cited a need for middle school teachers, especially in the areas of math and science. Of the 117 MTE graduates teaching in 1999-2000, only 24 (21%) taught middle school.

The report also notes that 13 of 102 completers that never taught in the state are recent graduates. THEC does not have any information regarding the remaining 89 completers because these students have never been licensed in Tennessee. The THEC report lists three possible reasons the participants did not teach in the state: (1) the student has not passed the Praxis examinations (teacher licensing exams), (2) the student became licensed in another state, (3) the student decided not to seek licensure in any state. In its conclusion, the report notes that the recruitment efforts since 1989 have yielded 418 participants and 279 graduates; however, "innovative methods must be utilized by higher education institutions to become more effective in retaining participants and assisting them in finding teaching jobs in Tennessee."

In the response to the finding in the 2000 audit, THEC management said that they would institute a performance indicator system to assess the performance of any institution receiving funds. The system consists of a mandatory site visit from the commission to collect data related the program's objectives. Items reviewed on the site visit include the budget, expenditures, and compliance with program requirements. As part our follow-up review, we reviewed files of MTE grants awarded during the years 2000 through 2002. Some of the site visits were not conducted and many contracts were signed after the contract period had begun. This information is summarized in the table below. The amounts of the grants ranged from \$20,000 to \$50,000 per year and the number of participants covered by a grant ranged from 4 to 15. Dividing the amount of the grant by the number of participants gives a grant amount per participant. This amount ranged from a high of \$6,750 awarded by ETSU for 1999-2000 to a low of \$2,500 awarded by ETSU the next year. This calculation does not take into account matching funds provided by each grant recipient. The matching funds would effectively double the "cost" of each participant.

## **Minority Teacher Education Program Grants**

<b>Year</b>	<b>Number of Grants</b>	<b>Amount</b>	<b>Contract Signed</b>	<b>Mandatory Site Visits</b>
1999-2000	5	\$183,650	5 of 5 (100%) signed after July 1	1 of 5 (20%) not conducted
2000-2001	7	\$255,000	3 of 7 (43%) signed after July 1	4 of 7 (57%) not conducted
2001-2002	7	\$229,500	7 of 7 (100%) signed after July 1	Grant year in progress

### **Recommendation**

THEC appears to be collecting some of the needed information with which to evaluate the Minority Teacher Education program; however, it also needs to ensure that contracts are signed prior to the effective year and that site visits are made to all recipients to aid in assessing the effectiveness of each grant.

### **Management's Comment**

We concur. The commission recognizes the need to follow this recommendation; however, fiscal restraints and the timing of the passage of the appropriations bill has impacted the ability to implement them. Specifically, awards for Minority Teacher Education grants are made in April for the following fiscal year based on the anticipated level of appropriation. Contracts are not issued, however, until action on the appropriations bill is finalized. THEC has had a procedure in place since May 2000 to prepare drafts of the contracts so that they can be issued once the appropriations bill is passed and signed. As a result of the uncertain fiscal situation and the subsequent delay in finalization of the appropriations bill in each of the last three years, it has not been possible to have the contracts signed by July 1. The commission will, however, implement this recommendation to the extent possible.

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### **Conflict-of-Interest Procedures**

#### 2000 Audit Finding

In violation of commission policy, commission members and executive staff had not completed conflict-of-interest forms. Commission policies require that members and executive staff disclose any activity, investment, or interest that might reflect unfavorably upon the commission.

#### 2002 Follow-up

When we received commission's six-month follow-up report (October 2000) we reviewed the disclosure statements on file with the commission. At that time, disclosure

statements had been signed and filed for the Executive Director, four senior staff, and all commission members except the recently appointed director of the state board of education. Staff stated that the disclosure form would soon be in the file. The commission appeared to have implemented the disclosure policy.

In March 2002, we reviewed the conflict-of-interest statements on file. All commission members and executive staff had completed the forms, but none of them by July 1, 2001, the date specified in the policy. In addition, two commission members and one executive staff person completed the forms unusually late; one staff person signed the form on September 18, 2001, and two commission members signed their forms on January 31, 2002. All three persons were in their positions on July 1, 2001, but didn't complete their forms until months later. According to commission staff, there was no unusual reason for these three forms to be filled out that late. Staff send the forms out on July 1, the beginning of the new year, for commission members and executive staff to complete and return. This process may take days, weeks, or months, as evidenced by dates on completed forms.

### **Recommendation**

The commission should urge members and executive staff to complete their conflict-of-interest forms prior to July 1, in accordance with policy. Alternatively, the commission may wish to change the deadline to a certain number of days after a new appointment or after the beginning of each new year.

### **Management's Comment**

We concur. THEC has begun the process of revising the policy to provide for a date by which the form must be completed that is aligned with a regular meeting of the commission. Making it part of a meeting will not only make it more convenient for members to complete the form but will enhance the visibility of the issue. The new policy will also specifically address securing completed forms from members appointed after the submission deadline.

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**NOTE:** Subsequent to the completion of the 2000 Sunset Audit of THEC, we started reviewing state agencies' procedures for ensuring compliance with Title VI of the Civil Rights Act of 1964 as a regular part of our audits. Therefore, as part of this follow-up work, we also performed Title VI audit procedures.

### **Title VI Evaluation Process for the Eisenhower Grant Program**

In the Eisenhower grant program, THEC does not perform mandatory site visits and does not gather statistical data on the target population, which are required by its Title VI Implementation Plan. The Dwight D. Eisenhower Professional Development Program is a

federal grant program of the U.S. Department of Education in which states receive funds to conduct programs designed to enhance K-12 teachers' instructional abilities. The total budget for the program for fiscal year 2001-2002 is \$1,346,200. Of that amount, \$1,286,900 was awarded in grants, with the remainder used to cover administrative costs. There were a total of 24 projects funded. The goal of the program is to serve a percentage of minority K-12 teachers in each project that is at least reflective of the targeted population. A new evaluation process was implemented during the 1999-2000 grant cycle. The evaluation procedures for conducting compliance reviews include one mandatory site visit for all institutions funded and a survey of the project director.

We reviewed information in the files for the 24 projects funded during fiscal year 2000-2001. Of the projects reviewed, 19 of 24 projects (79%) did not receive the mandatory site visit. Files do not contain the minority percentage of the targeted population, and only 7 of 24 contain the number (but not the percent) of minority participants in the project. Thus, THEC does not determine compliance with its own goal. THEC's *Title VI Report*, June 2001, states that "the Commission and the State Department of Education provide each successful project director with the names and addresses of all minority K-12 teachers in the state. The project directors utilize this information to specifically recruit these teachers to be part of their program." However, per a note in one of the project files, this practice of compiling this information was discontinued in December 2000 "because of several inaccuracies and so many people found it difficult to identify minorities in their area."

### **Recommendation**

The Tennessee Higher Education Commission should perform site visits and should document statistical information as described in its Title VI Implementation Plan.

### **Management's Comment**

We concur. THEC is working with the Title VI Compliance Office and outside consultants in order to definitively determine the data that must be collected to ensure that both THEC and grant recipients are in full compliance with the provisions of Title VI.

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## RECOMMENDATIONS

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### ADMINISTRATIVE

The Tennessee Higher Education Commission should address the following areas to improve the efficiency and effectiveness of its operations.

1. THEC should continue efforts to improve the Tennessee Pre-Law and Pre-Health Science Fellowship Program because the program is not significantly increasing the number of African-American students who enroll in and graduate from professional programs. It should set performance measures for acceptable completion and graduation rates to help ensure that the program is meeting its goals. It should review PFP progress reports for accuracy and send them to the General Assembly. If the program does not improve, THEC should reconsider the viability of the program.
2. The commission appears to be collecting some of the needed information with which to evaluate the Minority Teacher Education program; however, it also needs to ensure that contracts are signed prior to the effective year and that site visits are made to all recipients to aid in assessing the effectiveness of each grant.
3. The commission should urge members and executive staff to complete their conflict-of-interest forms prior to July 1, in accordance with policy. Alternatively, the commission may wish to change the deadline to a certain number of days after a new appointment or after the beginning of each new year.
4. The commission should perform site visits and should document statistical information as described in its Title VI Implementation Plan.

## APPENDIX TITLE VI INFORMATION

All programs or activities receiving federal financial assistance are prohibited by Title VI of the Civil Rights Act of 1964 from discriminating against participants or clients on the basis of race, color, or national origin. In response to a request from members of the Government Operations Committee, we compiled information concerning federal financial assistance received by the Tennessee Higher Education Commission (THEC), and the commission's efforts to comply with Title VI requirements. The commission submitted its June 2001 *Title VI Compliance Report* to the Division of State Audit on July 2, 2001.

THEC administers two federal programs in Tennessee: the Dwight D. Eisenhower Professional Development Grant Program and the Veterans Education Division. (See page 13 for further discussion of Eisenhower grant.) The Eisenhower grant is for \$976,623. The results of the Eisenhower Grant Program are reported to the Tennessee Department of Education, which then reports to the federal Department of Education. The Veterans Education Division is funded by the U.S. Department of Veterans Affairs to approve and monitor all educational institutions receiving federal funds for education of veterans. The budget for the veteran's division is \$232,300. It reports to the U.S. Department of Veterans Affairs.

As part of awarding the Eisenhower grants, THEC meets with the project directors and explains their responsibilities under Title VI. In the Veterans Affairs Division, THEC provides an information packet from the federal government. An authorized official of the school signs a "Statement of Assurance of Compliance with Equal Opportunity Laws." Recipients of Eisenhower Grants are required to provide annual statistics on ethnicity of program participants. THEC passes this information on to the Department of Education, which sends it to the federal Department of Education. Staff of the Veterans Education Division inspect each facility annually to see that statements regarding Title VI compliance are in catalogs and other publications.

There have never been any Title VI-related complaints within THEC. The commission's Title VI report describes the procedures for handling Title VI complaints. The commission accepts complaints in written or verbal form. The commission's Title VI coordinators (two staff members have been designated as coordinators) investigate the complaints and work with the program administrator of the program involved in the complaint.

THEC has one contract. The contract is with Dr. Grady Bogue of the University of Tennessee for consulting related to performance measure policies. The amount of the contract is \$36,495, and Dr. Bogue is Caucasian.

**Staff of the Tennessee Higher Education Commission by Title, Gender, and Ethnicity  
June 2001**

<i>Title</i>	<i>Gender</i>		<i>Ethnicity</i>	
	<i>Male</i>	<i>Female</i>	<i>White</i>	<i>Black</i>
Accounting Officer	0	1	1	0
Accounting Technician	0	1	0	1
Administrative Assistant	0	2	0	2
Administrative Secretary	1	0	0	1
Assistant Director	1	0	1	0
Associate Executive Director	2	1	2	1
Deputy Executive Director	0	1	1	0
Director	6	1	4	3
Educational Specialist	2	2	3	1
Executive Assistant	0	1	1	0
Executive Director	1	0	1	0
Executive Secretary	0	2	2	0
Fiscal Officer	1	0	1	0
Investigations Officer	1	0	1	0
Manager	0	1	0	1
Student Intern	1	1	2	0
Technical Education Specialist	0	1	1	0
Totals	16	15	21	10

**Commission Members of the Tennessee Higher Education Commission  
by Gender and Ethnicity  
June 2001**

	<i>Gender</i>		<i>Ethnicity</i>	
	<i>Male</i>	<i>Female</i>	<i>White</i>	<i>Black</i>
Commission members	11	4	13	2