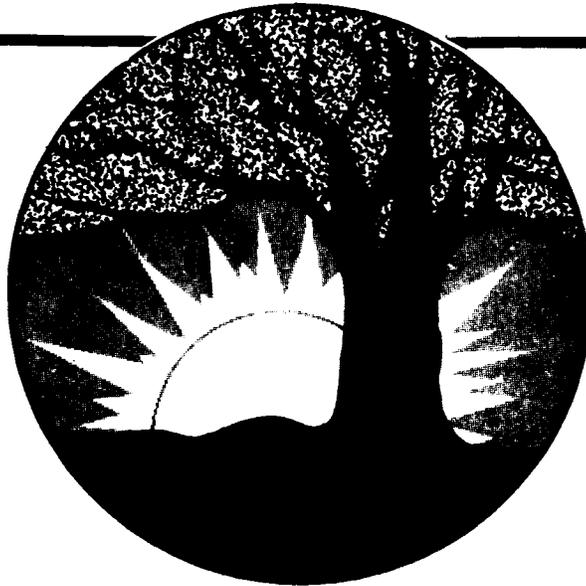


PERFORMANCE AUDIT

Tennessee Higher Education Commission
August 2007



John G. Morgan
Comptroller of the Treasury



State of Tennessee
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Department of Audit
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John G. Morgan
Comptroller

August 27, 2007

The Honorable Ron Ramsey
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 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 Tennessee Higher Education Commission should be continued, restructured, or terminated.

Sincerely,

John G. Morgan
Comptroller of the Treasury

JGM/dww
06-077

State of Tennessee

Audit Highlights

Comptroller of the Treasury

Division of State Audit

Performance Audit
Tennessee Higher Education Commission
August 2007

AUDIT OBJECTIVES

The objectives of the audit of the Tennessee Higher Education Commission (THEC) were to (1) determine the effectiveness of the Postsecondary Education complaint process; (2) determine the effectiveness of the new Student Information System for lottery scholarship recipients; (3) determine the effect of the end of the *Geier* Consent Decree on THEC's continuing responsibilities regarding *Geier*; (4) determine if the audit committee is in compliance with statutory and agency requirements; (5) determine the effectiveness of the steps taken to implement the GEAR UP program; (6) determine the effectiveness of the changes made to the Tennessee Institute of Professionals Program and if the program is accomplishing its mission; (7) determine compliance with Minority Teacher Education program requirements; (8) determine if conflict-of-interest procedures are adequate; (9) determine if benchmarks set forth in the 2005-2010 Master Plan are specific, measurable, and attainable; and (10) determine THEC's compliance with Title VI requirements of the Civil Rights Act of 1964.

FINDINGS

The Tennessee Institute of Pre-Professionals Is Still Not Significantly Increasing the Number of African-Americans Completing Professional School

The program, created as a result of the *Geier* lawsuit, is a summer program for African-American residents of Tennessee who want to pursue careers in law or medicine. The most recent data from 2004 shows that only 10 percent of program participants graduate from professional school (page 21).

There Are Weaknesses in the Postsecondary Education Complaint Process

The procedures for handling complaints against private proprietary schools need the following improvements: (1) expanding the procedures to include more details and decision-making guidelines regarding the investigation process, timeliness of the investigation process, documents to be included in files, and documentation of any meetings held between staff and complain-

ants or institutions; (2) ensuring that the date the complaint is received is the date placed on the complaint log; and (3) including information about rights to appeal decisions made by THEC in all correspondence with complainants and institutions (page 27).

The Tennessee Higher Education Commission Lacks Sufficient Documentation for the Student Information System

THEC developed the Student Information System to collect student data for the state's HOPE lottery scholarship reporting requirements. To ensure that the system can be maintained in the event of the loss of key staff, THEC needs additional documentation such as user manuals and policies and procedures regarding the system's use and management (page 30).

The Minority Teacher Education Program Files Lack Documentation as Required by Internal Policy and Program Requirements

The commission awards grants to higher education institutions to expand the recruitment and pool of minorities preparing to be K-12 teachers. Many grant files had contracts signed after the start date, had no documentation of an institution-prepared annual evaluation, and had no documentation of a site visit. Without annual evaluations and site visits, THEC has no detailed information on the program's effectiveness, compliance with program requirements, or how the money was spent (page 32).

OBSERVATIONS AND COMMENTS

The audit also discusses the following issues: (1) the beginning of the GEAR UP program; (2) complaints involving postsecondary institutions; (3) jurisdiction to investigate complaints; (4) THEC's Records Disposition Authorization and postsecondary education complaint files; (5) the end of the *Geier* consent decree; (6) improvement in conflict-of-interest statements; (7) Master Plan goals on their way to being accomplished; and (8) the audit committee (page 9).

ISSUES FOR LEGISLATIVE CONSIDERATION

The General Assembly may wish to consider the viability of the Tennessee Institute of Pre-Professionals program based on the ratio of professional school graduates to participants and also due to the assurances for admission provided to student participants who may not be competitive in professional school.

Performance Audit Tennessee Higher Education Commission

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Performance Audit Tennessee Higher Education Commission

INTRODUCTION

PURPOSE AND AUTHORITY FOR THE AUDIT

This performance audit of the Tennessee Higher Education Commission (THEC) was conducted pursuant to the Tennessee Governmental Entity Review Law, *Tennessee Code Annotated*, Title 4, Chapter 29. Under Section 4-29-228, the Tennessee Higher Education Commission was scheduled to terminate June 30, 2007. On June 12, 2007, the General Assembly passed Public Chapter 547, which extended this and other entities in the 2007 Sunset cycle that had not yet been heard, for one year or until a public hearing can be held. The Comptroller of the Treasury is authorized under Section 4-29-111 to conduct a limited program review audit of the agency and to report to the Joint Government Operations Committee of the General Assembly. The audit is intended to aid the committee in determining whether the Tennessee Higher Education Commission should be continued, restructured, or terminated.

OBJECTIVES OF THE AUDIT

The objectives of the audit were to

1. determine the effectiveness of the Postsecondary Education complaint process;
2. determine the effectiveness of the new Student Information System for lottery scholarship recipients;
3. determine the effect of the end of the *Geier* Consent Decree on THEC's continuing responsibilities regarding *Geier*;
4. determine if the audit committee is in compliance with statutory and agency requirements;
5. determine the effectiveness of the steps taken to implement the GEAR UP program;
6. determine the effectiveness of the changes made to the Tennessee Institute of Professionals Program and if the program is accomplishing its mission;
7. determine compliance with Minority Teacher Education program requirements;
8. determine if conflict-of-interest procedures are adequate;
9. determine if benchmarks set forth in the 2005-2010 Master Plan are specific, measurable, and attainable; and
10. determine THEC's compliance with Title VI requirements of the Civil Rights Act of 1964.

SCOPE AND METHODOLOGY OF THE AUDIT

The activities of the Tennessee Higher Education Commission were reviewed for the period March 2003 to August 2006. The audit was conducted in accordance with the standards applicable to performance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and included

1. a review of applicable legislation and policies and procedures;
2. an examination of the entity's records, reports, and information summaries; and
3. interviews with department staff and staff of other state agencies that interact with the agency.

The General Assembly has designated the Comptroller of Treasury both to serve as a commission member of the Tennessee Higher Education Commission and to audit the commission.

HISTORY AND STATUTORY 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

- developing a statewide master plan for public higher education in Tennessee which includes the state technology centers;
- developing policies or guidelines for fair and equitable distribution and use of public funds among the state's institutions of higher learning that are consistent with the statewide master plan;
- studying the need for particular programs and making recommendations for the purpose of reducing duplication and fostering cooperative programs among institutions;
- reviewing and approving or disapproving all proposals for new degrees or degree programs, departments, or divisions;
- conducting a program of public information concerning higher education in Tennessee;
- studying and making determinations concerning the establishment of new institutions of higher learning;
- submitting a biennial report to the Governor and the General Assembly commenting on major development, trends, budgets, and financial considerations that would be useful in planning for the development of the state's program of public higher education;

- reviewing and approving or disapproving all proposals by any existing higher education institution to establish a physical presence at any location other than its main campus, or to extend an existing location, which will be utilized for administrative purposes or to offer courses for which academic credit is offered; and
- within 30 days following the submission of the budget by the Governor to the General Assembly, preparing a report which analyzes the effect which off-site academic locations have on the distribution of formula funding to the main campuses.

The commission has 10 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 November 2006, the commission had a staff of 49, including the Executive Director, two Assistant Executive Directors, and six Associate Executive Directors. For fiscal year 2006, the commission budgeted for expenditures of \$7,661,300.

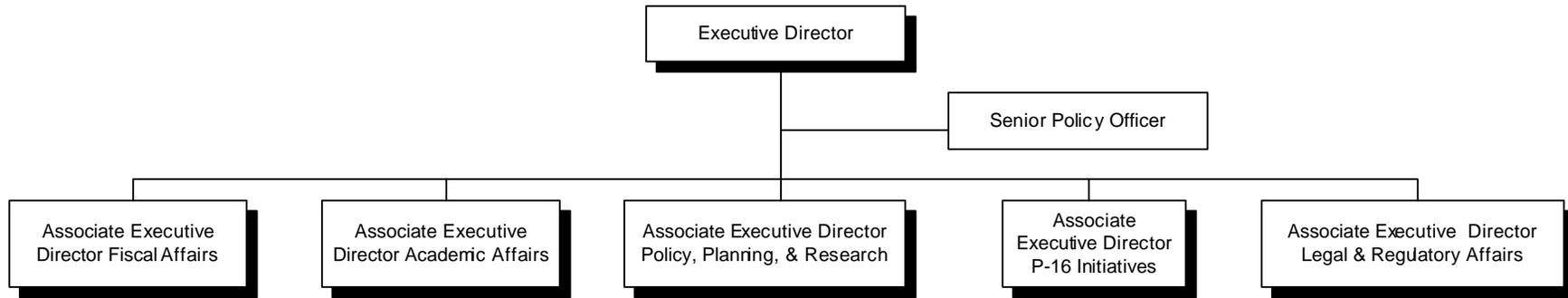
ORGANIZATION

THEC's responsibilities are broken into five divisions: Fiscal Affairs; Academic Affairs; Policy, Planning, and Research; P-16 Initiatives; and Legal and Regulatory Affairs. (See the organization chart on the following page.)

Fiscal Affairs

The Fiscal Affairs Division is charged with the coordination and execution of higher education policy in the state and the commission's business and finance activities. The division develops the funding formulae, which recommend fair and equitable funding among public higher education institutions of Tennessee. Fiscal Affairs prepares, for commission consideration, the annual appropriation recommendations. These recommendations outline operating, capital outlay, capital maintenance programs, and campus master plans and affect funding for the University of Tennessee and Tennessee Board of Regents Systems.

**Tennessee Higher Education Commission
May 2007**



Additionally, the Fiscal Affairs Division maintains a system of financial accounting and reporting for the state's public higher education institutions. Along with making tuition and fee recommendations to the two systems, Fiscal Affairs conducts reviews and analysis of financial issues, supervises the review and presentation of higher education operating budgets, and staffs the THEC Committee on Fiscal Affairs.

Fiscal Affairs also coordinates and prepares appropriation recommendations for the Tennessee Student Assistance Corporation, and operating funds for the Tennessee Foreign Language Institute and the commission. The division also manages allotments and prepares recommendations for the *Geier* Desegregation Settlement, Tuition Discount and Fee Waiver, Contract Education, and Harold Love Community Service Awards programs.

Academic Affairs

The Academic Affairs Division is responsible for reviewing new academic programs for consideration and approval at universities and community colleges. Academic Affairs also coordinates statewide articulation and federal and state grant programs. This division reviews and approves academic programs delivered at off-campus centers offered through the Tennessee Board of Regents and the University of Tennessee. As part of the responsibility, Academic Affairs maintains a database of academic degree programs (Academic Program Inventory) available in Tennessee and coordinates the Academic Common Market (ACM) program that allows students to attend out-of-state institutions at in-state rates for programs not available in Tennessee.

The Tennessee Institute of Pre-Professionals (TIP) is a part of the Academic Affairs Division. An outgrowth of the Stipulation of Settlement filed under *Geier v. Alexander*, TIP is a cooperative program that was designed to increase the number of African American Tennesseans who enroll in and graduate from state supported professional schools. Each TIP program is divided into two three-tiered summer enrichment programs: a legal section housed at the University of Memphis School of Law and a health sciences section (medicine, dentistry, veterinary medicine, and pharmacy) housed at the University of Tennessee Health Sciences Center in Memphis.

Academic Affairs also includes the Minority Teacher Education Program (MTE), established by the state legislature in 1989 to support projects designed to expand the recruitment pool of minorities preparing to be K-12 teachers. Developed jointly by higher education institutions and local school districts, these projects target groups including teachers' aides, substitute teachers, military personnel, and college graduates who are interested in entering the teaching profession. Project initiatives must include matching state-appropriated funds with local funds on a one-to-one basis and the establishment of an evaluation model. Annual renewal of the funding for each project is contingent upon the project achieving specified performance benchmarks. Requests for proposals are available in mid-December with approximately \$212,000 awarded.

Policy, Planning, and Research

The principal focus of the Policy, Planning, and Research Division is to improve the coordination of educational policy and planning for the State of Tennessee. The division assists state leaders by directing attention to key policy issues; collecting and analyzing institutional data; conducting research studies; developing long-range plans and policies related to higher education; and initiating discussions that assist decision makers in Tennessee. Finally, the division serves as a clearinghouse for public opinion and census data related to education in Tennessee.

Administration of the Student Information System is the responsibility of the Policy, Planning, and Research Division. The Tennessee Higher Education Commission (THEC) developed a Student Information System (SIS) that is used to collect student data from the state's public universities and colleges. The SIS was developed in 2003, primarily to be used for the state's HOPE lottery scholarship program's reporting requirements. Section 49-4-903, *Tennessee Code Annotated*, requires THEC to maintain data on students who receive a lottery scholarship and track their academic progress with respect to scholarship retention rates. THEC is responsible for maintaining and analyzing data in respect to lottery scholarships and reporting regularly to the legislature on this information. The state university systems, the Tennessee Board of Regents system (TBR) and the University of Tennessee system (UT), report information at the end of each academic term that includes data such as the number of enrolled students, the number of credit hours registered to each student, and other biographical information such as race and gender.

Legal and Regulatory Affairs

The Legal and Regulatory Affairs Division encompasses a variety of programs and tasks. The division coordinates the commission's interaction with the General Assembly in addition to conducting various regulatory functions, including Title VI compliance. Additional regulatory functions consist of veterans' education benefits and authorization of proprietary and non-traditional, not-for-profit educational institutions. The division is also charged with the administration of the tuition discount and fee waiver programs.

The Division of Postsecondary Authorization is the responsibility of Legal and Regulatory Affairs. The Postsecondary Authorization Act of 1974, Section 49-7-2001 et seq., *Tennessee Code Annotated*, and the Postsecondary Rules, Chapter 1540-1-2, outline areas of responsibility administered through the Division of Postsecondary School Authorization which can be grouped into two areas: School Authorization and Consumer Services.

The Division of Postsecondary School Authorization oversees and monitors private proprietary, for-profit, and not-for-profit schools offering training or education leading to a vocation, college credit, or issuance of an educational credential. In Tennessee, statute requires all nonpublic postsecondary institutions and programs to obtain approval of the Tennessee Higher Education Commission. Schools seeking authorization must demonstrate financial stability, fair consumer practices, and the ability to provide students with an educational benefit.

Authorization may be granted to both degree and non-degree granting institutions and encompasses a wide variety of schools: academic, trade, technical, career, professional, and out-of-state institutions with presence, advertisement, and/or recruitment practices in Tennessee.

With regard to consumer services, the Division of Postsecondary School Authorization provides a variety of services to students and consumers. Helpful services include

- maintaining a list of currently authorized schools;
- assisting consumers with questions about selecting a school, including distance education programs;
- providing student academic transcripts from defunct schools (when available); and
- reviewing student complaints that are not resolved at the institutional level.

P-16 INITIATIVES/GEAR UP TENNESSEE

In September 2005, the State of Tennessee was awarded a \$3.5 million federal discretionary grant by the U.S. Department of Education, known as Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP). GEAR UP provides resources to assist state efforts to increase the number of low-income students who are prepared to enter and succeed in postsecondary education. Partnering together in the development and implementation of GEAR UP Tennessee (GEAR UP TN) are the Tennessee Higher Education Commission, Tennessee Department of Education, Tennessee Board of Regents, and University of Tennessee System, along with many other consultants and local/regional partnerships. GEAR UP TN serves students in Campbell, Cocke, Grundy, Hardeman, Johnson, Lake, Meigs, Union, and Wayne Counties.

MASTER PLAN 2005-2010

The Tennessee Higher Education Commission is statutorily required to develop a statewide master plan for the future development of public higher education. In response to this requirement, THEC issued the *2005-2010 Master Plan for Tennessee Higher Education: Creating Partnerships for a Better Tennessee* in 2005. The Master Plan aims to fulfill the commission's statutory obligation by outlining a vision for Tennessee higher education built on civic, corporate, and community partnerships. The concept of partnerships is fundamental to the core objectives of the Master Plan and provides the foundation for state-wide policy initiatives such as providing greater access to postsecondary education and enhancing the competitiveness of Tennessee's workforce.

REVENUES AND EXPENDITURES

Statement of Revenues and Expenditures Revenues by Source For the Fiscal Year Ending June 30, 2006

<i>Source</i>	<i>Amount</i>	<i>% of Total</i>
State	\$1,800,500	41%
Federal	491,900	11%
Other	2,127,000	48%
Total Revenue	\$4,419,400	100%

Source: The Budget 2007-2008.

Statement of Revenues and Expenditures Expenditures by Account For the Fiscal Year Ending June 30, 2006

<i>Account</i>	<i>Amount</i>	<i>% of Total</i>
Payroll	\$3,199,800	72%
Operational	1,219,600	28%
Total Expenses	\$4,419,400	100%

Source: The Budget 2007-2008.

Budget and Anticipated Revenues For the Fiscal Year Ending June 30, 2007

<i>Source</i>	<i>Amount</i>	<i>% of Total</i>
State	\$2,223,000	28%
Federal	3,818,500	47%
Other	2,006,900	25%
Total Revenue	\$8,048,400	100%

Source: The Budget 2007-2008.

OBSERVATIONS AND COMMENTS

The topics discussed below did not warrant a finding but are included in this report because of their effect on the operations of the Tennessee Higher Education Commission and on the citizens of Tennessee.

GEAR UP PROGRAM BEGINS

GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs) is funded by a \$3.5 million federal discretionary grant administered through the United States Department of Education. The program was started by the U.S. Department of Education in 1998, and the first grant was awarded in 1999. The Tennessee Higher Education Commission (THEC) received a six-year grant award, beginning in fall 2005 through the 2010-2011 school year, that requires a dollar-for-dollar match by the state.

The GEAR UP program contracts began July 1, 2006. THEC is coordinating the activities of the GEAR UP program, which is currently operating in nine counties: Campbell, Cocke, Grundy, Hardeman, Johnson, Lake, Meigs, Union, and Wayne. THEC chose the counties using an Educational Needs Index which looked at five factor categories to determine the counties with the highest need for the program:

- Educational Factors—Indicators measure the percent of the population with a high school diploma, associate’s degree, and bachelor’s degree.
- Economic Factors—Indicators measure the percent of the population in poverty, unemployment rates, and the existing earnings capacity of residents.
- Growth Factors—Indicators measure projected population growth, rate of historical population growth, ratio of births to deaths, and population age 19 and younger as a percent of the total population.
- Market Factors—Indicators measure the population ages 20-44, relative size of a county’s minority population, and percent of jobs in the manufacturing sector.
- Population Factors—Indicators serve as corrective variables to control for the population size of each respective county.

The Tennessee GEAR UP program has the following goals:

- to increase the academic performance and preparation of students in order to prepare them for post-secondary education;

- to increase high school graduation rates and transition rates to postsecondary education; and
- to increase education expectations and aspirations for students and their families.

The program is a single cohort program, which means the program will work with the students who were in the seventh grade for the 2005-2006 school year and continue working with that group of students through their completion of high school. The grant does not provide funding for the start of a new cohort every year, only the cohort of the 2005-2006 seventh-grade students. However, the grant does have a provision for a priority cohort. The priority cohort consists of 11th and 12th graders, and the program helps them with college preparedness. Unlike the single cohort for seventh graders, the priority cohort will continue every year.

The GEAR UP program uses components of the American College Testing (ACT) program as part of preparing students for college. Students are given tests in both the eighth grade and the tenth grade that allow school administrators to gauge how the students are progressing academically and how much preparation the students will need before entering college. The tests are part of ACT's Educational Planning and Assessment System (EPAS), designed to help students transition from junior high to high school and from high school to college and/or the workplace.

The GEAR UP program also contains a scholarship component, known as the Bridge Incentive Award, offered to all graduating seniors in a GEAR UP participating county who attend any higher education institution in Tennessee that accepts lottery scholarships. A student does not have to meet any other academic and/or income requirements in order to be eligible for the one-time payment of \$750 that is divided into two payments for the student's first fall and spring semesters. For the 2006-2007 academic year, the GEAR UP program awarded approximately 600 scholarship awards at 48 different institutions.

The University of Tennessee system and the Tennessee Board of Regents system are both actively involved with the GEAR UP program by helping to align curricula that will help junior high and high school students be adequately prepared for academic courses at the college level. Both university systems are also working closely with the GEAR UP staff to develop a centralized website, www.collegefortn.com, where all students (not just GEAR UP) can find information about colleges and universities in Tennessee and apply to multiple schools from the website. THEC is planning on offering training for students on how to use the website as well as offering the students opportunities to visit area colleges.

Because the program is relatively new, THEC is still in the process of developing policies and procedures as well as fine-tuning program evaluations and a record-keeping system. However, THEC is required to submit an annual report to the U.S. Department of Education which details the program's activities for a particular year. An evaluation was submitted to the U.S. Department of Education for the period September 1, 2005, to April 17, 2006. Each participating county has submitted a work plan for its program, and THEC has held regional meetings that offer training and brainstorming sessions for program site coordinators. The participating counties have also been able to submit proposals for mini-grants that can be used to

fund special projects related to the GEAR UP program. The programs were required to fall into at least one of the following four categories: supplies and infrastructure, training and professional development, educational activities, and curriculum development. The program proposals were scored using a point system, and one or more mini-grants have been awarded to all school systems in varying amounts for a total of \$370,000.

THEC MAY NOT BE AWARE OF ALL COMPLAINTS INVOLVING PRIVATE PROPRIETARY POSTSECONDARY INSTITUTIONS

We reviewed Tennessee Higher Education Commission (THEC) rules, its website, and the four Better Business Bureaus serving Tennessee to determine how a student would know to file a complaint against a postsecondary institution (private proprietary school) with THEC. We determined students are only informed that they can file a complaint with THEC upon enrollment or when reviewing the university catalog. THEC's website regarding complaints is difficult to follow, and some students file their complaints with their local Better Business Bureau instead of THEC. With complaints filed in multiple places and THEC being the regulating body of postsecondary institutions, there is a risk that schools regulated by THEC could be operating even though they are not providing the standard of services required by THEC.

THEC Rules

THEC Rule 1540-1-2-.13(2)(i) requires all institutions authorized to operate by THEC to have a student sign a form upon enrollment that includes a statement about grievances not resolved at the institutional level being filed at THEC and providing THEC's address. THEC's Rule 1540-1-2-.11(1)(p) also requires that this information be included in the institution's catalog. THEC's rules do not require postings on campuses and the institution's website or other appropriate places telling students where to file complaints.

THEC's Website

We reviewed THEC's website for information regarding complaints. The information on THEC's website regarding complaints is limited and requires multiple steps to reach. There is no complaint document on the page, and there is limited information on the process to file a complaint with THEC.

Better Business Bureaus

We contacted the four Better Business Bureaus serving the state and requested complaint information. According to the Director of Quality Services from the Middle Tennessee BBB, a complainant would only be referred to THEC for a service-related complaint, and any financial complaints would be handled by the BBB. When a complainant is referred to THEC, it is up to the complainant to file the complaint with THEC. THEC does not have any kind of agreement with the BBBs about forwarding complaints.

The Mid-South BBB in Memphis reviewed the list of authorized institutions and indicated that its BBB alone has received 60 complaints against 18 institutions in the last 36 months. Middle Tennessee's BBB referred the auditors to the BBB website at www.bbb.org to search for complaint information. The Southeast Tennessee, Northwest Georgia, and East Tennessee Better Business Bureaus did not respond to our request for information.

The Better Business Bureau website (www.bbb.org) for the other three BBBs serving Tennessee showed 20 more complaints against 10 institutions authorized by THEC. This totals 80 complaints received by BBBs in the last 36 months while THEC has received only 53. See Appendix 3 for a table regarding these institutions.

If a student's only exposure to complaint procedures is when he or she begins attending an institution, a student may not be likely to remember the procedures. If students are not aware that they may file a complaint with THEC, they may contact the Better Business Bureau in their area. Since THEC does not work closely with the BBBs, this leaves THEC at risk of not properly protecting the students attending the postsecondary institutions authorized in Tennessee. One institution could have multiple complaints without THEC ever knowing.

In order to protect students attending authorized postsecondary education institutions, THEC should work with the four Better Business Bureaus in Tennessee to ensure it is aware of all service and financial complaints against these institutions authorized to provide educational services in Tennessee.

THEC DOES NOT ALWAYS EXERCISE ITS JURISDICTION TO INVESTIGATE COMPLAINTS

According to the Assistant Executive Director of Postsecondary School Authorization, students may file either a written or verbal complaint. The Assistant Executive Director for Postsecondary School Authorization stated that 10-15% of verbally reported complaints are referred to the school to resolve the complaints before THEC will open an investigation. These verbal complaints are not always documented. (See finding 2 regarding unwritten policies.) THEC receives an average of 21 complaints a year.

We reviewed 51 complaint files covering January 2004 through August 2006. We found two documented instances where the student was referred back to the institution to complete the institution's complaint process before THEC would initiate an investigation. If a student calls THEC to file a verbal complaint and is referred back to the school to go through the school's complaint process, the student is burdened with filing another complaint and waiting for the school to complete its investigative process before THEC will exercise its jurisdiction to investigate. In this instance, THEC risks missing valid complaints against institutions because the student may not wish to file yet another complaint.

Students Referred Back to Institution to Complete Complaint Process

In the two instances where there was a written complaint filed with THEC and students were referred back to the institution to try to resolve their complaint before THEC would initiate an investigation, THEC's letters to the students filing the complaints stated that the Division of Postsecondary Education's procedures require that the student try to settle the complaint at the institutional level prior to THEC's involvement. THEC did not have written investigation procedures until auditors requested them for this audit. (See finding 2.) THEC told the students that if the complaint could not be settled at the institutional level, they should then write a letter to THEC explaining the complaint. In one of the two instances, the complainant had previously submitted a letter to THEC detailing the complaint. THEC sent a letter to the institution informing it of the complaint and directing the institution to take action. From our review of the complaint file, THEC never received a response from the institution and several months later contacted the student to discuss the complaint. There is no investigation documentation in either file to show a complete investigation or an agreement reached between the institution and the student.

Nothing in state law, THEC rules, or THEC investigative procedures states that complaints must be filed and a settlement attempted at the institutional level prior to THEC's involvement. The Assistant Executive Director of Postsecondary Authorization stated that some schools are "offended" if they are not allowed the opportunity to investigate a complaint prior to THEC's involvement. She noted that if there was a serious enough verbal complaint, THEC staff would make an unannounced site visit to the institution. (See finding 2 regarding unwritten policies.)

Section 49-7-2005(a)(7), *Tennessee Code Annotated*, gives THEC the authority to investigate complaints against postsecondary education institutions authorized to operate in Tennessee and places no limits on these investigations. In some circumstances, students may wish to file their grievance with an authority higher than the school for fear of retaliation from the school. For example, in one complaint file we found five students with the same complaint that were involuntarily withdrawn from school for exercising their right to file a complaint with THEC. When THEC receives a complaint, they notify the school by mail and include copies of the original complaints. When the school received the copies of the complaints, the 5 students were sent letters notifying them of their dismissal from the school due to misconduct not allowed by the school's disciplinary policy. The school provided no proof to THEC of the students' alleged misconduct. THEC ordered the school to refund these students their tuition and send copies of checks to students to THEC. THEC also changed the school's authorization to "conditional" after these events. When the school did not comply with THEC's order, THEC permanently revoked the school's authorization.

THEC should develop a formal, written policy clearly setting forth when an investigation will be completed directly by THEC and when a complainant will be referred to the school. THEC should carefully consider whether it should investigate all complaints received and the extent to which it should review the outcome of all investigations performed by schools.

THEC's policies should also address documenting verbal complaints, timelines for complaint investigations, and retaliation by schools against students who exercise their right to complain.

RECORDS DISPOSITION AUTHORIZATION DOES NOT COVER POSTSECONDARY EDUCATION COMPLAINT FILES

When preparing to review Postsecondary Education complaint files, we were provided with a complaint log showing 53 cases dating back to March 2004. While reviewing the files THEC provided, we did not find two files on the complaint log. When asked about these two missing files, the Assistant Executive Director of Postsecondary School Authorization stated that state statutes and THEC's Records Disposition Authorization (RDA) do not cover complaint files; however, THEC makes it a practice to keep complaint files for at least two years. Since there are no requirements for THEC to keep complaint files for any period of time before destroying them, the file could be destroyed as soon as a complaint investigation is completed.

THEC's RDA covers the following types of documents:

- legal and regulatory files,
- Academic Affairs records,
- program and budget proposals,
- closed school student transcripts,
- Dwight D. Eisenhower Program files,
- Academic Common Market files,
- Post Secondary Authorization files,
- legal files,
- academic programs and off-campus Locations Inventory,
- licensure files,
- enrollment and graduation data, and
- Veterans Education files

For documentation purposes, and to track whether schools receive multiple complaints on the same topic in a multi-year period, THEC should keep these files for a minimum of two years or until an audit by this office covering the period in question has been completed. THEC should create and file a Records Disposition Authorization with the Department of General Services Records Management Division that covers the postsecondary education files.

GEIER CONSENT DECREE ENDS

In 1968, a lawsuit was filed by private plaintiffs against the State of Tennessee for violating state law by maintaining a segregated system of higher education. This dual system of higher education was segregated by law from 1870 to 1956. In 1968, the federal district court ruled that the state had a duty to discontinue this dual system of education in the two higher education systems in Tennessee: the University of Tennessee system (UT) and the Tennessee Board of Regents system (TBR).

In 1984, the court approved a Stipulation of Settlement between the state and the plaintiffs that outlined requirements for both the UT and the TBR systems regarding enrollment, employment, and other desegregation goals for all of their universities and colleges. In 1999, the parties involved in the case retained the help of a mediator in an effort to resolve any outstanding issues related to the case. The result of this effort was a consent decree, entered by the court on January 4, 2001. The decree stated that at the end of five years, if the state had met all of its obligations as outlined in the decree, the litigation regarding this case would come to an end.

In fiscal year 2001-2002, the Department of Finance and Administration developed the allotment code that would be used for the administration of the *Geier* funds. The Tennessee Higher Education Commission (THEC) was asked by the state's Department of Finance and Administration to serve as the administrator for the *Geier* funds. The 2001 consent decree stipulated how the funds were to be allocated between the UT and TBR systems; however, the system administrators must use their discretion when allocating funds to individual institutions within their system as there is no stipulation within the consent decree for how funds are to be distributed at the institution level. Both UT and TBR submit a report at year-end which details how the funds they received were spent during that year; reports are also submitted to the Department of Finance and Administration. According to the Associate Executive Director of Fiscal Affairs, there is regular contact between the THEC staff and the court-approved monitor for the *Geier* case to ensure that funds are being spent appropriately and that activities follow the intent of the consent decree.

On September 11, 2006, the parties of the *Geier* lawsuit entered a motion to the court for a final order of dismissal of the case since the five-year benchmark had been achieved and all parties agreed they have made a good-faith effort to comply with all the requirements of the 2001 consent decree. The *Geier* lawsuit was formally dismissed by the judge on September 21, 2006, and the final court documents have been signed by all parties involved and the judge.

Even with the *Geier* lawsuit ending, the Governor has expressed his intent to continue funds for post-*Geier* activities. While THEC is not certain of its role in any post-*Geier* activities, the administration is considering ways to maximize the use of any dollars that are made available.

CONFLICT-OF-INTEREST STATEMENT POLICIES IMPROVED

The 2000 performance audit noted that the Tennessee Higher Education Commission (THEC) was in violation of commission policy for not having completed conflict-of-interest forms. In March 2002, we followed up and found that the conflict-of-interest forms were on file, but none of them met the July 1, 2001, deadline specified in the policy. The annual conflict-of-interest statement must be filed by the commission members within 30 days after the commission's regular spring meeting, no later than July 1. Policy number LR5.0, Ethics Policy for Commission Members, in Section 5.0.10(4) of the *Tennessee Higher Education Commission Policy Manual* states,

Commission Members are expected to perform their duties faithfully and efficiently and never give rise to suspicion of improper conflict of interest. Additionally, Commission members should not use the position as Commission member for personal benefit or gain and shall promptly and honestly file all conflict of interest statements as required by state law and/ or Commission policy.

The policy states that it is inappropriate for a commission member to have a direct interest in any contract the commission has entered into for goods or services as a result of a bid process or any other business transaction with the commission.

The conflict-of-interest form asks all commissioners and employees about relationships with officials of, professional affiliations with, ownership interest in or board membership on, or ownership interests by anyone within the household or dependents in corporations, partnerships, sole proprietorships, associations, institutions of higher education, or other entities which do business with, are licensed by, or are otherwise involved with THEC. The conflict-of-interest form also asks if the commissioner or employee is currently a recipient of grants administered by THEC. The statements require that any changes in conflicts of interest to be disclosed immediately.

We reviewed the signed conflict-of-interest statements for commission members and senior staff for the years 2004, 2005, and 2006. All commission members and executive senior staff had completed the forms on time. The forms were signed and dated before the July 1 deadline. During our review, we noticed that some of the signatures were not legible and there was no space for individuals to print their name. The commission may wish to revise the form to include this space.

MOST MASTER PLAN GOALS ARE ON THEIR WAY TO BEING ACCOMPLISHED

Section 49-7-202, *Tennessee Code Annotated*, requires the Tennessee Higher Education Commission to develop a master plan to meet statewide higher education goals. As stated in the 2005-2010 Master Plan for Tennessee Higher Education, "the plan creates 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 Tennesseans."

According to the Master Plan, educational leaders are challenged to reexamine their traditional missions and create partnerships focusing on both state-wide and institutional policies. The Master Plan states that through the establishment of a public agenda built upon civic, corporate, and community partnerships, Tennessee higher education will be better able to serve the broad needs of the state and create a workforce that is able to compete in the today's Knowledge Economy, where education, technology, and learning are the keys to sustainable economic growth. Higher education provides the foundation for the economy. To reach the goals of the plan, Tennessee must develop partnerships for:

- access,
- student preparation,
- affordability, and
- educational excellence.

Such partnerships are designed to help prepare students for postsecondary education.

The February 2006 *Annual Master Plan Progress Report* is the first of five projected reports documenting progress toward meeting the goals set forth in *The 2005-2010 Master Plan for Tennessee Higher Education: Creating Partnerships for a Better Tennessee*. The purpose of the annual report is to evaluate the 19 *Master Plan* goals in guiding state efforts to improve access, student preparation, and affordability and to ensure excellence in Tennessee postsecondary education. The progress report contains a defined target for each of the goals as defined in the master plan. This first progress report gives THEC a starting point by defining baselines it can use to measure future progress. Annual evaluation determines the progress of the *Master Plan*, but the overall success will be measured by evidence in 2010 that these goals have been reached and the following core policy questions listed in the Master Plan have been answered.

1. Are more Tennesseans prepared for postsecondary education?
2. Are more students enrolling in postsecondary education?
3. Are more students progressing through the educational pipeline?
4. Does college remain affordable for the average Tennessean?
5. Are Tennessee's local communities and economies benefiting from the policies articulated in the public agenda?

The 2006 progress report contains a specific target for each of the goals listed in the master plan as well as an initial baseline that will serve as a starting point for measuring future progress. Some goals have been attained such as assessments 1 and 2 under objective 4.5 of the Challenge 2010 Progress Report. Objective 4.5 under Partnerships for Educational Excellence has as its goal to, "Improve educational quality, as evidenced through students' achievement, as a means to encourage life-long learning and prepare students for the workforce." The two assessments, their targets, baselines, and progress are listed below.

Assessment 1: Passage rates on professional licensure examinations in medicine, dentistry, engineering, nursing, law, pharmacy, and physical therapy

Target: By 2009-2010, the average cumulative pass rate on licensure examinations will remain above 85 percent.

Baseline: In 2003-2004, the average cumulative pass rate on licensure examinations was 85.2 percent.

2006 Progress: In 2004-2005, the average cumulative pass rate on licensure examinations was 89.5 percent.

Assessment 2: Community college job placement rate

Target: By 2009-2010, the average community college placement rate will remain above 90 percent.

Baseline: In 2004-2005, 92 percent of community college graduates were placed in jobs related to their degree.

2006 Progress: In 2005-2006, 92 percent of community college graduates were placed in jobs related to their degree.

Based on data presented in the 2006 Progress Report, this objective, as well as many of the other objectives in the plan, is on course to be met. However, unforeseen decreases in future years' student enrollment, test scores, and high school graduates attending college could affect this trend, and the goal would not be met. For more detailed information on the goals and measures used for the master plan, see THEC's website (<http://www.tennessee.gov/thec/>).

Performance Funding's Relationship to the Master Plan

With the 2005-10 planning cycle, THEC worked to unify all aspects of its accountability framework for public higher education in Tennessee. The *Master Plan* goals and associated assessment measures are tied to institutional performance measures. Institutional funding is linked to performance in areas such as student retention and persistence, expansion of college access opportunities, and protection and promotion of financial aid opportunities for Tennesseans. Among other measures integrated into the Master Plan Progress Report are

- research productivity by public universities,
- contributions of higher education to workforce development in preparing graduates for targeted employment fields, and
- P-16 (Pre-Kindergarten through 4-year degree) issues such as increasing student readiness for college and improving teacher preparation.

The Tennessee performance funding program is a performance-based incentive program that rewards all public community colleges and universities with additional funding, up to 5.45% of their state operating appropriations, for successful institutional performance on selected student outcomes and related academic and institutional assessments. The Tennessee Higher Education Commission (THEC) administers the performance funding program. Institutions are asked to administer alumni surveys where alumni are asked to rate the institution's performance on various academic measures as well as the availability of programs and other related services. According to THEC, this program is a rare incentive opportunity for institutions to earn additional resources for meritorious performance.

Each of the selected outcomes is based upon a point scale from 0 to 100, with 100 points being the maximum points an institution could achieve. Performance funding dollars are made available to the college's general fund to be used for institutional priorities at the discretion of the institution. Each institution's Performance Funding score is determined based on points awarded for its performance on a series of outcome measures. The score expressed as a percentage of 100 is multiplied by 5.45% to generate the pro-rated score. For example, an institution that scored a 90 would have a Performance Funding percentage of $5.45\% \times 0.9 = 4.91\%$. This is then multiplied by the total state appropriation request for the institution as calculated by the funding formula to produce the Performance Funding component of the recommendation.

The 2005-2010 Master Plan is linked to the Performance Funding formula in many ways. The 2005-2010 Performance Funding Cycle contains specific standards which carry over into the Master Plan philosophy. For example, the Student Learning Environment and Outcomes Standard of Performance Funding would relate to the Master Plan's Partnership for Student Preparation because both recognize the importance of testing and increasing graduation rates. Another factor linking the Master Plan and Performance Funding relates to Assessment Outcomes, which deal with improving educational quality. Measures in the Performance Funding Cycle are based on Student Performance and Satisfaction (60%) and Academic Program and Institutional Indicators (40%). The following is a list of the standards used in the Performance Funding program:

- Student Performance and Satisfaction
 - Performance on General Education Exams
 - Pass Rates on Licensure Exams
 - Performance on Subject Field Exams
 - Student and Alumni Satisfaction Surveys

- Academic Program and Institutional Indicators
 - Academic Program Quality (Undergraduate and Graduate Programs)
 - Number and Percentage of Accredited Programs
 - Employer Satisfaction
 - Retention Rates for Freshmen and Transfer Students

- Graduation Rates
- Number of Student Transfers
- State Strategic Planning Goals (Teacher Education, Distance Learning/Technology, Continuing Education, Collaborative Initiatives, and Faculty Development)
- Institutional Strategic Planning Goals (Research Funding, Public Service, and Student/Faculty Diversity)

ADDITIONAL WORK PERFORMED

Audit Committee

Section 4-35-101, *Tennessee Code Annotated*, known as the “State of Tennessee Audit Committee Act of 2005,” requires a state governing board, council, commission, or equivalent body that has the authority to hire and terminate its employees to create an audit committee. The audit committee has authority to conduct or authorize investigations into any matter within its scope of responsibility.

On April 20, 2006, the Tennessee Higher Education Commission met and adopted the Audit Committee Charter. On May 8, 2006, the Audit Committee Charter for the Tennessee Higher Education Committee was approved by the Comptroller of the Treasury. The charter states that the committee will meet at least annually or as circumstances require. There are three members of the audit committee, and at least two members constitute a quorum.

The audit committee defines its objectives as verifying facts while conducting an investigation, maintaining objectivity and confidentiality throughout the duration of the investigation, determining who is responsible for fraudulent activity, and recommending corrective actions to prevent fraud, waste, or abuse. The Audit Committee created a brochure for all employees detailing how to report possible fraud, waste, and abuse. Concerns may be reported to the audit committee, the Executive Director, or the Division of State Audit hotline.

One of the first activities of the audit committee was an ongoing review of commission policies and procedures. The committee brought forward three proposed policies for review, discussion, and action at the July 27, 2006, Summer Quarterly Meeting: The Employee Code of Conduct, the Policy on Outside Employment, and the Conflict of Interest Disclosure Policy for Commission Staff.

While the audit committee for the Tennessee Higher Education Commission is relatively new, it appears to be complying with current laws.

FINDINGS AND RECOMMENDATIONS

1. The TIP Program is still not significantly increasing the number of African-Americans completing professional school

Finding

We reviewed the Tennessee Institute of Pre-Professionals (TIP) program to determine the effectiveness of the changes made to the program after our 2000 and 2002 audits and to determine if the program is significantly increasing the number of African-Americans completing professional school. We found that despite the program undergoing restructuring for the third time in six years, THEC still does not provide proper oversight, the program continues to be a remedial program, and the number of African-Americans completing professional school has not increased significantly.

2000 Audit Finding

The 2000 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 was 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 v. Sundquist et al.*, a federal lawsuit, was to increase the number of African-American students who enroll in and graduate from professional programs.

In THEC's response to the 2000 performance audit, management concurred with the finding and recommendation and stated that efforts "being taken to improve the effectiveness of the program provide indication that this trend is reversing."

2002 Follow-up Audit Finding

Our follow-up work in 2002 showed that the program was still not significantly increasing the number of African-American professionals. The PFP continued to produce a low number of professional school students, and those who completed the program had a reduced chance of completing professional school itself. The program appeared 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.

We recommended that THEC continue efforts to improve the program because the program was not significantly increasing the number of African-American students who enroll in and graduate from professional programs. The recommendations included setting performance

measures for acceptable completion and graduation rates to help ensure that the program is meeting its goals and reviewing PFP progress reports for accuracy and sending them to the General Assembly. If the program did not improve, the report recommended that THEC should consider the viability of the program.

THEC officials concurred with our finding and recommendation and stated that a new program, Tennessee Institute for Pre-Professionals (TIP), was designed to attract more capable students at an earlier stage in their academic career. THEC officials stated that it would maintain hands-on oversight of the program, prepare the respective annual reports, and forward them to the General Assembly.

2006 Findings

As part of the current audit, we reviewed the TIP annual reports for the Health and Law programs for the years 2003-2005 and spoke to the Director of Academic Affairs and Interagency Grants regarding the program.

According to the Director of Academic Affairs and Interagency Grants, this is a program for students on the verge of getting into professional school (i.e., they are lacking either in grades or test scores), and this program helps them get over that obstacle and into professional school. TIP is administered as two separate programs, Health and Law. The TIP Health Program is housed at the UT Health Sciences Center in Memphis. The TIP Law program is housed at the Cecil C. Humphreys School of Law on the campus of the University of Memphis. The following is a brief description of each program track.

Track I –

Law – The purpose of this track is to assist undergraduate students who have completed their freshman or sophomore year of college in further developing skills necessary to be successful in law school. This program exposes students to law-related courses and workshops regarding the law school admission process, provides introductions to lawyers and judges to gain insights into their experiences, and provides the opportunity to intern in a law office.

Health – Track I in the Health program provides students with clinical experience in health care. Students participate in internships where they work eight hours a day, Monday through Friday, with a physician, pharmacist, dentist, or veterinarian.

Track II –

Law – The primary purpose of Track II is to further develop the skills necessary for success in law school. Track II students prepare for the law school admissions test (LSAT) and take courses that include Oral Communication, Logic, Introduction to Law, Critical Writing, and LSAT Prep.

Health – Track II is essentially a “test preparation” program. Students are given a thorough orientation to the standardized professional school exam. Curriculum

focuses on the application of the scientific body of knowledge in the pre-health curriculum.

Track III –

Law – The primary goal of Track III is to help these students attain admission to law school at either of the two state law schools, the University of Memphis or the University of Tennessee, Knoxville. Courses taught at this level include: Torts, Legal Methods, Contracts, Civil Procedure, Remedies, and Legal Studies.

Health – The Track III component attempts to stimulate the intensity and challenge of the actual curriculum the students will experience in their first year of medical school. Students take many of the same courses which would be offered during the academic year. The Track III component also includes a great deal of learning skills preparation. Formal workshops are given for goal setting, time management, problem solving, memorization, and stress management. Students are also permitted time to work individually in labs.

Health Program. From our review of the 2003 – 2005 Health annual reports, we found the data difficult to compare because the information is reported in a different format each year. We also found narrative data regarding tests in the 2003 report were merely repeated in the 2004 report, showing a lack of oversight by the UT Health Science Center and THEC. (Updated information was provided after the auditors mentioned this to THEC.)

The 2003 Health annual report stated that part of the curriculum of the health program for the Track II and III students is to take the Nelson Denny Reading Test, the Watson Glaser Critical Thinking Appraisal, and the Scholastic Abilities Test for Adults. The participants took the Nelson Denny test at the beginning of Track II (pre-test) before being exposed to new information and again at the end of the program (post-test). In 2003, the Track II students were also administered Pre and Post Mock Medical College Admissions Tests (MCAT). When the auditors were supplied with updated information for 2004, only Track II data were provided for the pre and post Nelson Denny tests even though it is noted that the students were also administered the Watson Glaser Critical Thinking Appraisal, the Scholastic Aptitude Test for Adults, and the Cross-Out and Visual Matching subtest of the Woodcock-Johnson Test of Cognitive Abilities. The 2005 Annual Report states that the Track II and III participants were administered the Nelson Denny Reading Test, pre and post; the Watson Glaser Critical Thinking Appraisal; and the Wide Range Achievement Test (WRAT).

The Nelson Denny test is a multi-part test that provides a general measure of the participants' reading comprehension, reading rate, and vocabulary knowledge prior to and following the program. The results of this test are compared to determine a student's improvement following participation in TIP. See tables below for the results of the Nelson Denny pre- and post-tests for TIP Track II in 2003 and 2004.

Percentage of Student Participants Scoring in Each Range for Pre- and Post-Tests

<u>Test</u>	<u>Track</u>	<u>Year</u>	<u>Pre- or Post-Test</u>	<u>Below 40th Percentile</u> <u>Below Average/poor</u>	<u>Between 40th and 59th percentiles</u> <u>Average/Good</u>	<u>Between 60th and 99th percentiles</u> <u>Above Average/Excellent</u>
Nelson Denny Reading Test	II	2003	Pre	67%		33%
Nelson Denny Reading Test	II	2003	Post	33%		67%
Nelson Denny Reading Rate Test	II	2003	Pre	50%		50%
Nelson Denny Reading Rate Test	II	2003	Post	33%		67%
Nelson Denny Reading Test	II	2004	Pre	64%	14%	21%
Nelson Denny Reading Test	II	2004	Post	47%	18%	35%
Nelson Denny Reading Comprehension Test	II	2004	Pre	64%	14%	21%
Nelson Denny Reading Comprehension Test	II	2004	Post	35%	18%	47%
Nelson Denny Reading Rate Test	II	2004	Pre	79%	7%	14%
Nelson Denny Reading Rate Test	II	2004	Post	35%	24%	41%

Source: 2003 and 2004 annual reports.

The data provided in the 2003 and 2004 reports indicate the percentage of participants scoring in each of three categories: above average/excellent, average/good, and below average/poor. The 2005 annual report was not specific about the percentage of students scoring in each category and focused on the number of students either improving, maintaining, or decreasing their scores, and thus was not comparable to that of the 2003 and 2004 reports.

While the data above showed some improvement from pre-test to post-test in the number of students scoring in the average/good and above average/excellent categories, the 2004 annual report indicates that these test scores may not be considered competitive for entrance into medical school. However, regardless of their final test scores, TIP students who successfully complete the program are assured admission to either the Quillen College of Medicine at East Tennessee State University in Johnson City or the College of Medicine at the University of Tennessee Health Sciences Center in Memphis. We reviewed the average test scores for Track III TIP participants against first-year medical students and found that the Track III TIP students are well below the first-year medical students in the areas of reading comprehension and vocabulary while their reading rate scores are significantly higher than that of first-year medical students.

Average Percentile Rankings of Track III Participants on the Pre and Post Nelson Denny Test to the Average First Year Medical School Class

	1st Year Medical	2003		2004		2005	
		Pre-Test	Post-Test	Pre-Test	Post-Test	Pre-Test	Post-Test
Reading Comprehension	71.66	60.6	56.3	53.2	48.5	35.6	49.4
Vocabulary	75.51	54.6	45.1	49.2	58.3	37.7	50.3
Reading Rate	53.62	31.75	75.9	41.5	61.5	43.2	68.1

Source: 2003, 2004, and 2005 annual reports.

The 2003 Health annual report stated that 4 of 13 students failed to successfully complete the program. The other nine were enrolled in medical school. The 2004 and 2005 annual reports did not provide data on the number of Track III students who successfully completed the program and went on to professional school.

Law Program. The Law annual reports do not include pre- and post-test data for comparison. In fact, some of the 2005 Law annual report tables do not include updated information since 2001. See appendix 2. THEC staff stated there was no director of the law program in 2001; however, there was a report filed. Information from the 2001 report has not been added to subsequent reports. We also found problems in calculations on tables in the Law annual reports. For example, in the gender table, we were not able to determine how the female ratio was calculated.

We also noted weaknesses, in the PFP (TIP) Overview table that shows the number of participants, professional school enrollees, professional school graduates, and the graduate ratio. The table shows the graduation ratio was 50%; however, this is 50% of TIP participants who enroll in professional school from TIP but does not consider the ratio based on the total TIP participants. The ratio of TIP participants who graduate from professional school is closer to 10% of total TIP participants (188 professional school graduates/1,842 PFP participants), not 50%. Also, the percentage of TIP participants who actually enrolled in professional school is only 21% (378 professional school enrolled/1,842 PFP participants). The information presented in this table was the same information included in the 2004 report. Once again, the data had not been updated for the 2005 report.

**PFP Overview
1987 – 2004**

	Health	Law	Total
PFP Participants	1,096	746	1,842
Professional School Enrolled	226	152	378
Professional School Graduates	157	31	188
Graduates Ratio	0.69	0.2	0.5
Currently in Professional School	49	37	86

Source: 2005 Law annual report (same data as in 2004 annual report so no update in 2005 data).

Conclusion. THEC has failed to maintain hands-on oversight of the program since our 2002 report. The individual schools administering the programs determine admission requirements to their professional schools, and thus they determine admission requirements for TIP. Also, THEC has not been completing the annual reports and forwarding them to the General Assembly as stated in the response to our 2002 audit findings. THEC does not require a standard annual reporting format, which allows the information submitted each year to be different, not easily comparable or helpful in determining the success of the program. According to THEC staff, the program is directed toward students who lack either grades or test scores that would earn their entry into professional school because students who could earn entry on their own would not benefit and therefore would not participate in this program.

The Tennessee Institute of Pre-Professionals was created as a result of the *Geier v. Alexander Stipulation Settlement*; however, the 2003 U. S. Supreme Court opinion in the *Grutter v. Bollinger* case states professional/graduate schools must focus on diversity, not increasing enrollment/admission of a specific race (i.e., African-Americans). In fact, the Supreme Court's decision states that all race-conscious programs must have a logical end point.

In fall 2006, in response to the *Grutter* case and the end of the *Geier* Consent decree, the University of Memphis began considering changes to the law program. As of January 2006, both the law and health programs were focusing more on underrepresented groups than one particular race. Underrepresented groups can include first-generation students, or students from a particular region or economic background, in addition to race; however, race can no longer be the sole factor in achieving diversity, nor can it be weighted more than any other factor.

Recommendation

THEC should implement procedures to ensure proper oversight of the Tennessee Institute of Pre-Professionals program. Some of these procedures may include but not be limited to a standard format for annual reports including, at a minimum, review of pre- and post-test data for Track II and III health participants to determine participant improvement, calculating graduation rates based on TIP participants (not graduate school enrollees), and ensuring data are provided in the same format each year so that the data can be compared to previous years.

THEC may wish to implement, and present in the annual reports, pre- and post-testing data for the law participants.

THEC and the General Assembly may wish to consider the viability of this program based on the ratio of professional school graduates to participants and also due to the assurances for admission provided to student participants who may not be competitive in professional school.

Management's Comment

We concur with the finding. Due to THEC's concerns with the TIP program performance and after discussions with the University of Tennessee (UT) and Tennessee Board of Regents (TBR) systems' staff, effective July 1, 2007, the UT and TBR systems will have full responsibility to programmatically allocate the funds within each individual allotment code of their respective systems and institutions for all post-*Geier* access and diversity initiatives. The funding in each allotment code will remain as indicated in the 2007 Appropriations Act unless a revision is requested through THEC and approved by the Commissioner of the Department of Finance and Administration in FY 2007-08. In future years, changes could be made by inclusion in the systems' appropriation requests or by budget revisions during the year. The transfer of this responsibility was communicated to the Chancellor of TBR and the President of UT in a THEC letter dated June 8, 2007, which is attached. (See Appendix 4 for the attachment.)

2. There are weaknesses in the postsecondary education complaint process

Finding

Our review of the postsecondary education complaint process revealed that complaint procedures were unwritten until our request, there are inconsistencies in file documentation, and the Tennessee Higher Education Commission (THEC) does not directly notify complainants and respondents of their appeal rights.

Section 49-7-2005(7), *Tennessee Code Annotated*, gives THEC the authority to investigate complaints against private proprietary institutions authorized by THEC and subpoena any necessary persons, records, books, or documents pertaining to the investigation. If an institution breaks any state laws or THEC rules, Section 49-7-2011(c) gives THEC the right to order the institution or its agent to cease and desist any practices which violate state law or THEC rules, award complainant(s) full or partial restitution for losses or damages, or to revoke an institution's authorization to operate or an agent's permit. Section 49-7-2012 provides an institution or complainant the right to judicial review if THEC's decision adversely affects them. Rule 1540-1-2.02 allows complaints to be appealed to the Executive Director.

Complaint Procedures Unwritten

As part of our audit, we requested and reviewed the Division of Post-Secondary Authorization's (DPSA) complaint procedures. In e-mails from the Assistant Executive Director of Postsecondary School Authorization, we discovered that the complaint procedures provided at our request had not been in a written format prior to our request and, in fact, were created for us. The complaint procedures provided were not very detailed and took up only about one-half of a double-spaced typed page. THEC has had responsibility for this program since the Commission on Post-Secondary Vocational Education Institutional Authorization merged with THEC in 1983. The Assistant Executive Director of Postsecondary School Authorization stated she has been

with the office since 2000, and in her time with the office, the procedures were not written. Without written procedures, complaint investigations risk being inconsistent for similar complaints, some necessary steps or documentation may not be completed, and a new investigator would not have a guide to completing an investigation.

Clear written procedures are an essential foundation for adequate administrative controls. Unless the procedures are comprehensive and adequately cover all facets of the operations in question, appropriate oversight of the operations by upper management is negatively impacted and the control environment is significantly weakened.

Inconsistencies in Dates on Complaint Log, Problems Tracking the Number of Complaints Filed With the Agency, and Inconsistent Documentation of Staff Complaint Reviews

Our review and comparison of information in the complaint files to the complaint log revealed that THEC's date stamps on complaints did not always match the date the complaint was filed on the complaint log. The differences in dates ranged from one day to almost nine months. We also noted that THEC's system of accounting for complaints does not clearly identify the number of complaints filed. The numbering system is based on the number of "files" maintained, but 3 of the 51 files we reviewed had multiple complaints in the file. One file had a total of five complaints from five different people. Keeping multiple complainants in one file makes it difficult to determine whether an investigation addresses the complaints filed by each individual and also makes it difficult to determine the total complaints THEC receives in one year. Having multiple complaints in one file could also make it difficult for an investigator to keep track of whether appropriate information has been received for each complaint being investigated in that file.

We found a form in 16 files that lists each DPSA staff member and provides a space for their opinion on the complaint. This form is not mentioned in the complaint procedures and seems to be used inconsistently since it is used in less than half of the files we reviewed. We asked if this document is equivalent to the DPSA staff meeting listed in the complaint investigation procedures. The Assistant Executive Director of Postsecondary School Authorization stated that this document is for internal use only to keep staff informed. Regardless of whether this document is for internal or external use, inconsistent use of such documents can reflect weaknesses in management's efforts to clearly communicate processes to be followed by staff.

Notification of Appeal Rights

We also reviewed all correspondence sent from THEC to the complainants and institutions to determine if they are notified of their appeal rights. None of the correspondence to the complainant or the institution in the 51 files included information about their appeal rights. When we discussed this with the Assistant Executive Director of Postsecondary School Authorization, she stated that students and institutions have access to THEC's rules and law via THEC's web page. Without providing complainants their appeal rights in correspondence regarding their complaint against an institution, THEC may be effectively denying those

complainants without access to THEC’s rules and laws via the Internet the right to appeal decisions by THEC.

Recommendation

THEC should expand its complaint procedures to include more details and decision-making guidelines regarding the investigation process, timeliness of the investigation process, documents to be included in files, specifications for use of internal documents, and documentation of any meetings held between staff and complainants or institutions.

THEC should ensure that the date the complaint is received is the date placed on the complaint log.

THEC should have only one complainant per file, and all documentation of that person’s complaint should be in that file.

In all correspondence with complainants and institutions, THEC should include information about rights to appeal decisions made by THEC.

Management’s Comment

We concur with the finding and all recommendations. We concur with the recommendation that “THEC should expand its complaint process to include more details and decision making guidelines regarding the investigation process; timelines for the investigation process; documents to be included in files; specifications for use of internal documents; and documentation of any meetings held between staff and complainants or institution.” We maintain, however, that the rules (Rule 1540-1-2-11 [1][p]) are written as they are to allow for necessary flexibility in handling each complaint, given the variety of constituents in the range of programs and institutions we authorize and the variety in the nature of the complaints. Therefore, timelines for the investigative process also necessarily vary according to the nature and complexity of the complaint. Our plan of action is to improve these procedures and strengthen documentation practices immediately. We concur with the recommendation that “THEC should ensure that the date the complaint is received is the date placed in the complaint log.” To ensure consistency in recording the date a complaint is received in the complaint log, we will immediately begin reflecting the date received as follows:

Complaints received via e-mail	date of e-mail
Complaints received via fax	date of fax
Complaints received by mail	date stamped received

We concur with the recommendation that “THEC should have only one complainant per file and all documentation pertaining to the complaint should be in the file.” Our plan to implement the recommendation is to institute immediately the process of making a separate file for each complainant with documentation of the complaint in each file. We concur with the recommendation that “THEC should include information about rights to appeal decisions made

by THEC in all their correspondence with complainants and institutions.” Our plan of action to follow the recommendation is to place the following statement on correspondence to students and/or institutions once we have made a decision regarding the complaint: “Please note the appeals process outlined in Rule 1540-1-2.02(2)(e) if you consider this (fine, decision, etc.) unwarranted.”

3. The Tennessee Higher Education Commission lacks sufficient documentation for the Student Information System

Finding

The Tennessee Higher Education Commission (THEC) developed a Student Information System (SIS) to collect student data from the state’s public and private universities and colleges. The SIS was developed in 2003, primarily to be used for the state’s HOPE lottery scholarship program’s reporting requirements. Section 49-4-903, *Tennessee Code Annotated*, requires THEC to maintain data on students who receive a lottery scholarship and track their academic progress with respect to scholarship retention rates. THEC is responsible for maintaining and analyzing data with respect to lottery scholarships and reporting this information regularly to the legislature. The Tennessee Board of Regents system (TBR), the University of Tennessee system (UT), the Tennessee Independent Colleges and Universities (TICUA), and private schools who are not members of TICUA report information at the end of each academic term that includes data such as the number of enrolled students, the number of credit hours each student has registered for and completed, and other biographical and demographic information such as race and gender. THEC receives a report from the Tennessee Student Assistance Corporation (TSAC) each semester detailing, by institution, the number of lottery scholarship awards TSAC has paid. This report is used to verify completeness of information received from the institutions and that all institutions with students receiving the lottery scholarship are submitting their data to THEC.

The Tennessee Higher Education Commission worked in conjunction with the Department of Finance and Administration’s Office for Information Resources (OIR) to develop the student information system. THEC and OIR developed the database administrators’ manual, which lists all of the tables, functions, procedures, and data elements found in the database. There are three database administrators at THEC who are familiar with how to operate the SIS: the Director of Student Information Systems, the Associate Director of Student Information Systems, and the Data Management Specialist. During our fieldwork at THEC, the Associate Director of Student Information Systems was deployed overseas leaving only two individuals at THEC with access to the system. In the event of a catastrophe or staff turnover, without adequate system documentation, THEC is at risk of not being able to support the Student Information System or produce the reports required by state law.

The SIS has a reporting function that can create reports such as enrollment by race, enrollment by age, enrollment by degree/area of study, and lottery scholarship retention. THEC

hopes to expand the system's reporting capabilities and offer graphical reports on its website that could then be used by the legislature and members of the general public who are interested in data related to higher education.

THEC recently developed a Web interface that the higher education institutions can use to upload their student data at the end of each academic term. The interface automatically performs various edit checks on the data, such as verifying that race and gender codes match the codes used by THEC before the data are accepted into the SIS database. The interface software generates error reports that the institutions can use to correct any errors found in the data. THEC Information Systems staff can also review the data submitted by the institutions before the data are loaded into the database. The edit checks that THEC has developed for the student information system are reasonable for determining if any errors exist in the data. THEC staff stated that they have not encountered any problems using the data in the system and that they do not know of any major weaknesses in the system.

However, THEC has not developed adequate documentation to manage and maintain the Student Information System, particularly in the event of the loss of key staff. Such necessary documentation would include user manuals and policies and procedures regarding the system's use and management. THEC management is responsible for establishing and documenting policies and procedures to ensure that activities related to the system are in accordance with management's intentions. The state's Office for Information Resources (OIR) developed policies that require state agencies and commissions to develop policies and procedures related to areas such as data management, disaster recovery plans, information systems planning, and data security. THEC should have documented policies and procedures for the Student Information System so that operation of the system can continue in the event that a trained THEC staff member is not available and to ensure that it is operating within the standards set by OIR.

Recommendation

The Tennessee Higher Education Commission should develop documentation including written policies and procedures for the student information system that detail how the system operates as well as what reports are generated on a regular basis and the information to be included in those reports. THEC should consider performing additional procedures on the imported data such as obtaining certifications of completeness by the submitting parties (the higher education institutions).

Management's Comment

We concur with the finding and recommendation that "THEC should develop documentation including written policies and procedures for the student information system that detail how the system operates as well as what reports are generated on a regular basis and the information to be included in those reports." While significant documentation exists regarding the database components, the operational protocols have matured and stabilized sufficiently so that it is feasible to fully document the processes by which the data are obtained and maintained. Additional documentation will include: (1) organizing and indexing the catalog of functions and

procedures so that the purpose of each routine is clear to the lay reader and to any new staff; (2) listing in chronological order all processes by which data are collected; (3) charting the flow of the data into the various Student Information System tables; and (4) developing policies relative to the acquisition of new data elements and the sharing of data with external researchers. Full documentation will be in place by December 31, 2007.

4. The Minority Teacher Education program files lack documentation as required by internal policy and program requirements

Finding

The Minority Teacher Education program files were reviewed for the institutions that received grant money for the program year (PY) beginning on July 1, 2002, through the program year beginning on July 1, 2005. There were 34 institutions that received grant money during this time period, and all 34 files were reviewed.

The following table summarizes the results of the file review:

	Contracts Signed After Contract Start Date	No Documentation of Annual Evaluation	No Documentation of Site Visit
PY 2002-2003 (7 grant recipients)	7	6	7
PY 2003-2004 (9 grant recipients)	9	6	9
PY 2004-2005 (9 grant recipients)	0	8	6
PY 2005-2006 (9 grant recipients)	1	3	5
Totals (34 files reviewed) (% of files reviewed)	17 (50%)	23 (68%)	27 (79%)

The contracts for the Minority Teacher Education program run on a fiscal year calendar, from July 1 through June 30 of the following year. Since the contracts begin on July 1, the appropriate signatures needed to fully execute the contract should be obtained prior to that date. During the file review, it was discovered that 50% (17 of 34) of the contracts contained a signature dated after the July 1 contract start date. In the 2003 performance audit of the Tennessee Higher Education Commission, it was noted that 79% (15 of 19) of these contracts reviewed for that audit contained signatures dated after July 1. While THEC has shown improvement, all contracts should be signed prior to the start date of the contract.

Institutions that have received grant money in the past are required to submit an annual evaluation that assesses all the required components of the program proposal and the program design's effectiveness for a particular year. At the end of the program year, institutions also

submit a financial report that details how the grant money was spent. If any grant funds remain at the end of the program year, the institution is responsible for returning the funds to the Tennessee Higher Education Commission. During the file review, it was discovered that one of the files contained a check from Milligan College in the amount of \$5,077.01 for unused grant money. The MTE program director was notified about the check being in the file.

The MTE program files were reviewed to determine if there was documentation of an annual evaluation present in the files of the institutions who received grant money. During the file review, it was discovered that 68% (23 of 34) of the files lacked documentation of an annual evaluation. The annual evaluations are crucial to THEC's ability to determine the effectiveness of an institution's program. Without the annual evaluation, THEC has no detailed information about how effectively a program operated, how grant money was spent, or any way to determine if there are opportunities available for improvement. The annual evaluations should provide THEC with a true assessment of the program's activities. The annual evaluations present in the files varied in both format and content. The development of a standard annual evaluation format for institutions to use when submitting their evaluation would appear to be essential for THEC officials to better ensure they are receiving the information they need to make informed decisions about how to distribute the grant money in the most effective and efficient manner.

In response to the 2000 performance audit, THEC instituted a performance indicator system for the MTE program that included mandatory site visits. The site visits are used to review information including budget, expenditures, and compliance with program requirements. However, THEC officials have not developed any formal policies or procedures for the performance indicator system. During the file review, it was discovered that 79% (27 of 34) of the files lacked documentation of a site visit. The limited documentation that was present regarding site visits consisted of letters from the MTE program director to the institution referencing a site visit on a particular date and the things accomplished during that visit. THEC should continue to perform the site visits on a regular basis and document the site visits in each institution's file. THEC should also develop policies, procedures, and standardized documents regarding the performance indicator system and the site visits that would detail the criteria that will be used for evaluating the institutions during a site visit and what they plan on accomplishing with the site visits as well as standardized forms to document the results and conclusions of the visits. The site visit documentation and conclusions should also be incorporated into the Request for Proposal that is sent annually to any institution interested in submitting a program proposal. The site visit allows THEC staff and officials to see firsthand how the grant money is being used and experience the program's operations in a way that a written evaluation cannot provide. It is important not only that THEC staff continue performing the site visits on a routine basis but also that they provide documentation of the site visits in each of the grant recipient's files.

The files were reviewed to determine if any institutions received grant money for consecutive years when there was no documentation of an annual evaluation or site visit from the previous year. Of the 11 total recipients reviewed, 10 had received grant money when there was no documentation of an annual evaluation and/or site visit for the previous year. If the institutions are not submitting an annual evaluation and THEC has not made a site visit to see the program's operations, they have no information to use for making decisions of how best to

distribute grant moneys for future years. Both the annual evaluations and the site visits should be an important part of the decision-making process when THEC is determining the most effective way to distribute a limited amount of grant money and ensure the programs receiving the money are using it for its intended purpose.

Recommendation

THEC should ensure grant contracts are signed prior to the start date of the contract.

THEC should develop a standardized annual evaluation format to ensure they are receiving the information necessary to make decisions regarding an institution's Minority Teacher Education program. THEC should ensure that the annual evaluations are received in a timely manner and maintain documentation of the evaluations in each institution's file. THEC should develop a process for ensuring that checks for unused grant money are deposited in a timely manner.

THEC should continue the performance indicator system which requires mandatory site visits and maintain documentation of the site visits in each institution's file. THEC should also develop written policies, procedures, and standard documentation for the performance indicator system that details the criteria that will be used during routine site visits. The policies and procedures for the site visits should also be incorporated into the Request for Proposal that is sent annually to any institution interested in submitting a program proposal.

Management's Comment

We concur with the finding and all recommendations. We concur with the recommendation that "THEC should ensure grant contracts are signed prior to the start date of the contract" and with the recommendation that "THEC should develop a standardized evaluation format to ensure that they are receiving the information necessary to make decisions regarding an institution's Minority Teacher Education program. THEC should ensure that the annual evaluations are received in a timely manner and maintain documentation of the evaluations in each institution's file. THEC should develop a process for ensuring that checks for unused grant money are deposited in a timely manner." The recipients of the Minority Teacher Education grants have been instructed to send all refunds directly to the Chief Financial Officer of THEC, and the grant contracts have been changed to reflect that requirement. THEC will immediately establish due dates for all evaluation and assessment. The date will be forty-five (45) days after the grant's conclusion and will be communicated to all grant recipients at the annual directors' meeting. We concur with the recommendation that "THEC should continue the performance indicator system which requires mandatory site visits and maintain documentation of the site visits in each institution's file. THEC should also develop written policies, procedures, and standard documentation for the performance indicator system that details the criteria that will be used during routine site visits. The policies and procedures for the site visits should also be incorporated into the Request for Proposal that is sent annually to any institution interested in submitting a program." THEC will also immediately establish a site visit

monitoring tool that will serve as a mechanism for determining future eligibility for funding. The monitoring tool will require that grant recipients report:

Recruitment Plan

- What is the target of student demographic and has this demographic been recruited?
- Are the participants from the student population previously defined in the proposal?
- Does the Project Director have a designated recruitment goal?

Retention Plan

- Has the Project Director explained the specific plan for retaining students to all participants and the types of services available?
- Has the Project Director communicated to the participants a detailed contingency plan to retain students?
- Are Minority Teacher Fellowship students currently enrolled in the institution's teacher education program engaging in mentorship opportunities?

Partnership With the Local Education Agency

- Has the partnering LEA been given the opportunity to communicate its needs for minority teachers to the Project Director?
- Is there a clearly defined and written plan of agreement between the Institution of Higher Education and the LEA to place students in the school system at some level and has the Project Director communicated the plan to the participants?

Plan for Successful Test Completion

- Has the Project Director given participants a plan for preparing for the Praxis?
- What contingency plan is in place for students who do not pass the tests after multiple attempts?

Internal Evaluation Plan

- All applicants are required to provide an evaluation design that indicates the process and tools by which project outcomes and effectiveness will be assessed in the final report.

RECOMMENDATIONS

LEGISLATIVE

This performance audit identified the following area in which the General Assembly may wish to consider statutory changes to improve the efficiency and effectiveness of Tennessee Higher Education Commission's (THEC) operations.

1. The General Assembly may wish to consider the viability of the Tennessee Institute of Pre-Professionals program based on the ratio of professional school graduates to participants and also due to the assurances for admission provided to student participants who may not be competitive in professional school.

ADMINISTRATIVE

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

1. THEC should implement procedures to ensure proper oversight of the Tennessee Institute of Pre-Professionals program. Some of these procedures may include but not be limited to a standard format for annual reports including, at a minimum, review of pre- and post-test data for Track II and III health participants to determine participant improvement, calculating graduation rates based on TIP participants (not graduate school enrollees), and ensuring data are provided in the same format each year so that the data can be compared to previous years. THEC may wish to implement, and present in the annual reports, pre- and post-testing data for the law participants.
2. THEC may wish to consider the viability of the Tennessee Institute of Pre-Professionals program based on the ratio of professional school graduates to participants and also due to the assurances for admission provided to student participants who may not be competitive in professional school.
3. THEC should do the following to improve its postsecondary education complaint procedures: (1) expand its complaint procedures to include more details and decision-making guidelines regarding the investigation process, timeliness of the investigation process, documents to be included in files, specifications for use of internal documents, and documentation of any meetings held between staff and complainants or institutions; (2) ensure that the date the complaint is received is the date placed on the complaint log; (3) have only one complainant per file, and all documentation of that person's complaint should be in that file; (4) include information about rights to

- appeal decisions made by THEC in all correspondence with complainants and institutions.
4. The Tennessee Higher Education Commission should develop documentation including written policies and procedures for the student information system that detail how the system operates as well as what reports are generated on a regular basis and the information to be included in those reports. THEC should consider performing additional procedures on the imported data such as obtaining certifications of completeness by the submitting parties (the higher education institutions).
 5. THEC should ensure grant contracts for the Minority Teacher Education program are signed prior to the start date of the contract.
 6. THEC should develop a standardized annual evaluation format to ensure it is receiving the information necessary to make decisions regarding an institution's Minority Teacher Education program. THEC should ensure that the annual evaluations are received in a timely manner and should maintain documentation of the evaluations in each institution's file. THEC should develop a process for ensuring that checks for unused grant money are deposited in a timely manner.
 7. THEC should continue the performance indicator system for the Minority Teacher Education program which requires mandatory site visits and should maintain documentation of the site visits in each institution's file. THEC should also develop written policies, procedures, and standard documentation for the performance indicator system that details the criteria that will be used during routine site visits. The policies and procedures for the site visits should also be incorporated into the Request for Proposal that is sent annually to any institution interested in submitting a program proposal.
 8. In order to protect students attending authorized postsecondary education institutions, THEC should work with the four Better Business Bureaus in Tennessee to ensure it is aware of all service and financial complaints against these institutions authorized to provide educational services in Tennessee.
 9. THEC should develop a formal, written policy clearly setting forth when an investigation will be completed directly by THEC and when a complainant will be referred to the school. THEC should carefully consider whether it should investigate all complaints received and the extent to which it should review the outcome of all investigations performed by schools. THEC's policies should also address documenting verbal complaints, timelines for complaint investigations, and retaliation by schools against students who exercise their right to complain.
 10. THEC should create and file a Records Disposition Authorization with the Department of General Services Records Management Division that covers the postsecondary education files.

Appendix 1 Title VI Information

Title VI of the Civil Rights Act of 1964 requires that “No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity receiving federal financial assistance.” 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 and their efforts to comply with Title VI requirements. The results of the information gathered are summarized below.

According to the State of Tennessee’s *The Budget-Fiscal Year 2006-2007*, the Tennessee Higher Education Commission received \$270,000 in federal funding during fiscal year 2005 and \$3,805,300 in fiscal year 2006. These federal funds are used for the Improving Teacher Quality Grant Program (ITQ), Gaining Early Awareness & Readiness for Undergraduate Programs (GEAR UP), the Workforce Investment Act (WIA), and Veteran’s Education. The large increase in federal funds received between fiscal year 2005 and 2006 is a result of the GEAR UP Grant which was awarded in September 2005. The Commission received \$3.5 million in fiscal year 2006 for GEAR UP.

The Tennessee Higher Education Commission submitted to the Office of the Comptroller of the Treasury its *Title VI Compliance Plans and Implementation Manuals for Fiscal Years 2004-2005 and 2005-2006* by the statutorily required dates. In addition to the Comptroller’s Office, the department also submits copies of its plans to the Tennessee Title VI Compliance Commission. According to the Title VI Plan, the Tennessee Higher Education Commission has the following Title VI objectives:

- Develop an external evaluation document that will assist in a more accurate assessment of the effectiveness of the various ITQ grant projects.
- Develop a Title VI policy approved by the Commission.
- Provide training opportunities for Commission staff on Title VI issues.

The Tennessee Higher Education Commission has the following Title VI long-range goals:

- Ensure that successful project grants are achieving optimal utilization of the grant funds provided by the Commission.
- Ensure that all Commission opportunities and programs that are subject to the provisions of Title VI are conducted in a manner that meets the program’s intent and requirements.

The Tennessee Higher Education Commission has a Title VI Coordinator who is responsible for

- writing the Title VI implementation plan;
- updating and providing overall direction and leadership to the Commission's Title VI compliance activities, including professional development; and
- investigating and responding to any Title VI complaints and consulting with the Executive Director of the Commission to review and approve complaint resolution and enforcement actions.

Title VI Training and Information Dissemination

According to the Title VI Plan, the Title VI Coordinator attends the meetings of the Tennessee Title VI Compliance Commission and Governor's Office of Diversity Business Opportunities training and seeks out other additional Title VI training opportunities.

The Title VI Plan also states that the Commission provides mandatory workshops for grant project directors. The Executive Director of the Tennessee Title VI Compliance Commission has been in attendance at many of these workshops to make presentations to the project directors regarding Title VI Compliance.

On October 12, 2006, the Executive Director of the Tennessee Title VI Compliance Commission provided training on Title VI to 35 of the Commission's staff.

Monitoring and Tracking of Title VI Compliance

According to the Title VI Plan, the Commission works with the U.S. Department of Education, U.S. Department of Labor, and the U.S. Department of Veterans Affairs to implement the various programs pursuant to the respective department's regulations and in developing policy guidelines for federal programs.

Improving Teacher Quality Grant Program

According to the Title VI Plan, the RFP for the Improving Teacher Quality (ITQ) grant includes mandatory Title VI requirements. Once a grant is awarded, compliance reviews are conducted and include the following:

- site visits to all grant programs during their first year conducted by program director;
- site visits to second-year grant programs, if (a) specifically requested by the Project Director or Principal Investigator or sponsoring agency and/or (b) a Title VI complaint was filed against the grant program during year one;
- site visit to all grant programs in their third year to the extent that they can be scheduled around visits to first-year programs;
- other site visits on an as-needed basis with specific interest in any ITQ project in an odd year funding;

- completion of a Compliance Investigation Checklist;
- a survey of Project Director(s), which among other things identifies the number of minorities the project served and the number of external consultants that were employed by the project;
- a review of whether the grantee implemented the project's plan for recruiting minority participants;
- technical assistance with any Title VI complaints or issues; and
- a mandatory final report submitted to the program director 45 days after the grant ends.

Veterans Education

The Title VI Plan states that compliance surveys of all federal regulations are conducted by the U.S. Department of Veterans Affairs. In the event the U.S. Department of Veterans Affairs finds an institution to be in non-compliance, the Tennessee Higher Education Commission completes a follow-up investigation of the matter. The Commission's Veterans Education office works closely with personnel in both the Nashville and Atlanta offices of the Department of Veterans Affairs to ensure compliance in all aspects of the work. Additionally, there are professional and educational meetings held twice a year where state officials receive technical assistance from the Department of Veterans Affairs. Commission staff regularly attend these meetings.

Workforce Investment Act

The Title VI Plan states that the Commission's Workforce Investment Division was charged with developing policies and guidelines in alignment with federal legislation. However, primary oversight of this program lies with the state's Department of Labor and Workforce Development. Commission staff work closely with their counterparts who coordinate training and assistance from the Department of Labor and Workforce Development.

GEAR UP TN

The Title VI Plan states that GEAR UP TN will track demographic information on students served with project funds in order to ensure compliance with Title VI of the Civil Rights Act. Staff members will record student participation in all GEAR UP activities, and records will be entered into a master database. Student activity records will be matched with their specific demographic record in order to determine ethnicity. Overall participation by ethnicity will be monitored to ensure appropriate services are delivered.

GEAR UP TN staff hires will also be tracked to ensure equal opportunity and compliance with Title VI. GEAR UP TN will receive a copy of district hiring practices, information on the district hiring pools, and ethnicity of the final hires. Staff and hiring data will be maintained in a separate database.

Title VI Complaints

According to the Title VI Coordinator, there were no Title VI complaints filed with the Commission during fiscal year 2006. If there were Title VI Complaints, the Title VI Coordinator would investigate and respond to such complaints. The Commission’s Title VI plan details the timeline for filing a complaint, documentation and essential elements of a complaint, and the complaint investigation process.

Breakdown of Commission Members and Staff by Ethnicity and Gender

The tables below detail the breakdown of Commission members and staff by ethnicity and gender (for Commission members and staff). As of November 2006, 27 percent of Commission members were female and 13 percent were minorities. As of November 2006, 57 percent of THEC’s staff were female, 45 percent were black, and 6 percent listed their race as “other.”

**Tennessee Higher Education Commission
Staff Gender and Ethnicity by Job Position
November 2006**

Job Position	Gender		Ethnicity		
	Male	Female	White	Black	Other
Accountant Technician	0	1	0	1	0
Accounting and Personnel Officer	0	1	0	1	0
Administrative Assistant 3	0	2	0	2	0
Administrative Assistant 4	0	1	0	1	0
Administrative Secretary	0	1	0	1	0
Assistant Director of Postsecondary Education Authorization	1	0	1	0	0
Assistant Executive Director, Fiscal Affairs	1	0	1	0	0
Assistant Executive Director of Veterans Education	1	0	1	0	0
Associate Director of Student Information System	1	0	1	0	0
Associate Executive Director, Academic Affairs	0	1	0	1	0
Associate Executive Director, Fiscal Affairs	1	0	1	0	0
Associate Executive Director, Legal and Regulatory Affairs	1	0	1	0	0
Associate Executive Director of P-16 Initiatives	0	1	1	0	0
Associate Executive Director of Policy, Planning and Research	1	0	1	0	0

Job Position	Gender		Ethnicity		
	Male	Female	White	Black	Other
Data Management Specialist	1	0	0	0	1
Director of Academic Programs and Interagency Grants	1	0	0	1	0
Director of Business and Finance	1	0	1	0	0
Director of Facilities Management	1	0	1	0	0
Director of Fiscal Analysis	1	0	1	0	0
Director of Policy, Planning and Research	1	1	1	1	0
Director of Postsecondary Education Authorization	1	1	0	2	0
Director of Student Information Systems	1	0	1	0	0
Director of Veteran Education	0	1	1	0	0
Director of Workforce Investment Act	1	0	0	1	0
Educational Specialist 3	2	1	2	1	0
Educational Specialist, Part-time	0	3	2	0	1
Executive Director	1	0	1	0	0
Executive Secretary 2	0	2	1	1	0
Information Resource Specialist 2	0	1	1	0	0
Information Resource Support Specialist 3	0	1	1	0	0
Investigations Officer	1	1	0	2	0
Publications Specialist	0	1	1	0	0
Regional Coordinator	0	2	1	1	0
Research and Planning Analyst	0	2	1	0	1
Senior Policy Officer	0	1	1	0	0
Technical Educational Specialist	1	2	1	2	0
Total	21	28	27	19	3

**Tennessee Higher Education Commission
Board Members Gender and Ethnicity
November 2006**

	Gender		Ethnicity	
	Male	Female	White	Black
Board Members	11	4	13	2

We also reviewed contracts that were active during Fiscal Year 2006 and a breakdown of the ethnicity of these contractors is shown below.

**Tennessee Higher Education Commission Contracts
Active During Fiscal Year 2006**

Contractor	Contract Dates	Program/Activity	Amount	Minority Contractor	Non-Minority Contractor
Peter Consacro	March 1, 2006 - June 30, 2006	Performance Funding workshop	\$2,000		X
Scott Bell	October 21, 2005 - January 31, 2006	Field Service Center district training	\$1,000		X
Rose Marie Burkhart	October 21, 2005 - January 31, 2006	Field Service Center district training	\$1,000		X
Jeremy Davis	October 21, 2005 - January 31, 2006	Field Service Center district training	\$1,000		X
Cheri Grant	October 21, 2005 - January 31, 2006	Field Service Center district training	\$1,000		X
Cindy Honeycutt	October 21, 2005 - January 31, 2006	Field Service Center district training	\$1,000		X
Julia Earle Howard	October 21, 2005 - January 31, 2006	Field Service Center district training	\$1,000	X	
Rebecca Jo Jackson	October 21, 2005 - January 31, 2006	Field Service Center district training	\$1,000		X
Kathryn N. Manier	October 21, 2005 - January 31, 2006	Field Service Center district training	\$1,000		X
Suzanne Mathis	October 21, 2005 - January 31, 2006	Field Service Center district training	\$1,000		X
Melinda Norton	October 21, 2005 - January 31, 2006	Field Service Center district training	\$1,000		X

Contractor	Contract Dates	Program/Activity	Amount	Minority Contractor	Non-Minority Contractor
Linda C. Oliver	October 21, 2005 - January 31, 2006	Field Service Center district training	\$1,000		X
Beau Stanley	October 21, 2005 - January 31, 2006	Field Service Center district training	\$1,000		X
Laurie Driver	October 21, 2005 - January 31, 2006	Assisted with Regional Technology Training Sessions	\$1,000		X
Jody Grissom	October 21, 2005 - January 31, 2006	Assisted with Regional Technology Training Sessions	\$1,000		X
Becky Guthrie	October 21, 2005 - January 31, 2006	Assisted with Regional Technology Training Sessions	\$1,000		X
Kim Mansfield Hoscheit	October 21, 2005 - January 31, 2006	Assisted with Regional Technology Training Sessions	\$1,000		X
Winnie Logan	October 21, 2005 - January 31, 2006	Assisted with Regional Technology Training Sessions	\$1,000		X
Kinita Love	October 21, 2005 - January 31, 2006	Assisted with Regional Technology Training Sessions	\$1,000	X	
April Mongold	October 21, 2005 - January 31, 2006	Assisted with Regional Technology Training Sessions	\$1,000		X
Buddy Morrison	October 21, 2005 - January 31, 2006	Assisted with Regional Technology Training Sessions	\$1,000		X
Sonja Sanes	October 21, 2005 - January 31, 2006	Assisted with Regional Technology Training Sessions	\$1,000	X	

Contractor	Contract Dates	Program/Activity	Amount	Minority Contractor	Non-Minority Contractor
Nancy M. Schliesman	October 21, 2005 - January 31, 2006	Assisted with Regional Technology Training Sessions	\$1,000		X
Jennifer Smith	October 21, 2005 - January 31, 2006	Assisted with Regional Technology Training Sessions	\$1,000		X

Appendix 2
Tennessee Institute of Pre-Professionals (TIP) Program Statistics

Table 1. PFP Overview			
	Health	Law	Total
PFP Participants	1096	746	1842
Professional School Enrolled	226	152	378
Professional School Graduates	157	31	188
Graduates Ratio	0.69	0.2	0.5
Professional School in Studying Currently	49	37	86
*Graduate Ratio=Professional School Graduates/Professional School Enrolled			
<i>Source: 2005 Law Annual Report (same data as in 2004 Annual Report so no update in 2005 data).</i>			

Table 2. Application for PFP																	
Year	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Application Received	71	283	300	NA	187	319	310	307	537	524	511	297	253	270	134	NA	NA
Number of Accepted	36	82	95	NA	116	170	136	142	289	272	228	193	146	110	64	NA	NA
Acceptance Ratio	0.51	0.29	0.32	NA	0.62	0.53	0.44	0.463	0.54	0.52	0.446	0.65	0.58	0.41	0.48	NA	NA
2002: Information available for law school only.																	
<i>Source: 2005 Law Annual Report (same data as in 2004 Annual Report so no update in 2005 data).</i>																	

Year	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Enrollment	19	73	110	144	96	93	107	106	153	152	144	168	151	120	64	65	77
Health	7	54	67	99	59	41	66	64	99	70	82	99	96	72	64	30	27
Law	12	19	43	45	37	52	41	42	54	82	62	69	55	48	0	35	50

Source: 2005 Law Annual Report (same data as in 2004 Annual Report so no update in 2005 data).

		1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Law	Male	20	11	16	24	19	17	6	7	NA	8	19
	Female	16	24	54	58	43	50	26	24	NA	16	28
	Female Ratio	0.444	0.686	0.771	0.707	0.694	0.746	0.813	0.774	NA	0.667	0.596
Health	Male	12	9	27	16	17	18	17	15	12	5	NA
	Female	30	19	64	54	65	81	79	57	49	25	NA
	Female Ratio	0.714	0.679	0.703	0.771	0.793	0.818	0.823	0.792	0.803	0.833	NA

Source: 2005 Law Annual Report (same data as in 2004 Annual Report so no update in 2005 data).

Year	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Level 1 - Level 2	6	15	12	2	3	4	5	9	3	3	6	6	6	3	1	6	4
Level 1 Total	7	38	35	55	41	27	43	52	21	13	12	16	10	6	7	6	6
Level 1 Progress Ratio	0.86	0.39	0.34	0.04	0.07	0.15	0.12	0.17	0.23	0.23	0.5	0.38	0.6	0.5	0.14	1	0.67
Level 2 - Professional	0	8	26	33	16	10	16	10	21	18	10	20	17	19	6	4	9
Level 2 Total	0	16	32	44	18	14	23	12	30	19	12	20	21	21	9	5	13
Level 2 Progression Ratio	NA	0.5	0.81	0.75	0.89	0.71	0.7	0.83	0.7	0.95	0.83	1	0.81	0.9	.67	0.8	0.69

Source: 2005 Law Annual Report (same data as in 2004 Annual Report so no update in 2005 data).

Year	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Level 1 - 2	8	4	17	11	15	8	6	19	21	19	16	22	10	5	NA	10	NA
Level 1 Total	12	13	29	29	23	31	31	27	21	24	21	22	10	9	NA	10	NA
Level 1 Progress Ratio	0.67	0.31	0.59	0.38	0.65	0.26	0.19	0.7	1	0.79	0.76	1	1	0.56	NA	1	NA
Level 2-Professional	0	3	9	12	12	3	5	4	14	12	13	17	18	13	NA	10	10
Level 2 Total	0	6	14	16	14	21	10	8	16	17	21	23	22	22	NA	14	20.5
Level 2 Progression Ratio	NA	0.5	0.64	0.75	0.86	0.14	0.5	0.5	0.88	0.71	0.62	0.74	0.82	0.59	NA	0.71	

Source: 2005 Law Annual Report (same data as in 2004 Annual Report so no update in 2005 data).

Table 7. Pass Rate for the PFP Students															
			1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Law	Level 1	Passed	NA	20	23	19	19	19	16	21	10	9	NA	10	NA
		Total	NA	31	25	27	21	26	21	22	10	10	NA	10	NA
		Pass Ratio	NA	0.65	0.92	0.7	0.9	0.73	0.76	0.95	1	0.9	NA	1	NA
	Level 2	Passed	6	16	7	4	11	15	13	19	18	13	NA	10	10
		Total	16	21	10	8	16	17	21	24	22	22	NA	14	20
		Matriculated	6	8	4	4	12	13	14	19	18	13	NA	11	10
		Pass Ratio	0.38	0.76	0.7	0.5	0.69	0.88	0.62	0.79	0.82	0.54	NA	0.71	0.5
		Matri. Rate	0.38	0.38	0.4	0.5	0.75	0.76	0.67	0.79	0.82	0.54	NA	0.79	0.5
Health	Level 1	Passed	59	28	12	11	21	12	10	14	10	NA	NA	6	4
		Total	59	28	19	16	21	13	12	16	10	6	7	6	6
		Pass Ratio	1	1	0.63	0.69	1	0.92	0.83	0.88	1	NA	NA	1	0.67
	Level 2	Passed	16	8	16	8	22	18	10	20	17	20	6	4	9
		Total	18	12	23	12	31	20	12	20	21	21	9	5	13
		Matriculated	16	8	18	8	21	18	10	20	17	20	6	4	9
		Pass Ratio	0.89	0.67	0.7	0.62	0.71	0.9	0.83	1	0.81	0.95	0.67	0.8	0.69
		Matri. Rate	0.89	0.67	0.78	0.62	0.68	0.9	0.83	1	0.81	0.95	0.67	0.8	0.69
2002: 2 students who deferred but who will attend law school in 2003 are included.															
2000: 1 student who deferred but who will attend law school in 2001 is included; 1 medical student elected to delay matriculation for one year.															
1998: 2 students who deferred law school for another year because of financial and personal reasons are included.															
1993: 2 students who deferred but who will attend law school in 1994 are included.															
Source: 2005 Law Annual Report (same data as in 2004 Annual Report so no update in 2005 data).															

Year Graduate	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Health	1	0	6	12	20	16	11	12	10	14	24	14	17
Law	0	0	0	2	1	1	1	1	3	7	6	N/A	9
Total	1	0	6	14	21	17	12	13	13	21	30	14	26

Source: 2005 Law Annual Report (same data as in 2004 Annual Report so no update in 2005 data).

Year Entered	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
# of Entering	2	6	9	6	5	5	9	13	12	14	12	12
Graduate	0	2	1	1	1	1	3	7	6	7	3	6
Grad Ratio	0	0.33	0.11	0.17	0.2	0.2	0.33	0.54	0.5	0.5	0.25	0.5

Source: 2005 Law Annual Report (same data as in 2004 Annual Report so no update in 2005 data).

Appendix 3
Reviews of Better Business Bureau Complaints Against Postsecondary Institutions
Approved by THEC

Institution	Number of Complaints Filed With Better Business Bureaus in the Last 36 Months			
	<u>Mid-South (Memphis)</u>	<u>Middle Tennessee</u>	<u>Greater East Tennessee</u>	<u>Southeast Tennessee & Northwest Georgia</u>
Barbizon Modeling of Memphis, Inc.	11			
ConCorde Career College	8			
Delta Technical College	3			
Draughons Junior College - Nashville		1		
H & R Block Eastern Enterprises, Inc. - Clarksville		2		
H & R Block Eastern Enterprises, Inc. - Knoxville			1	
High Tech Institute - Memphis	4			
Institute of Allied Health and Commerce	2			
ITT Technical Institute - Cordova	1			
John Casablancas Modeling and Career Center - Memphis	11			
John Casablancas Modeling and Career Center - Nashville		6		
Laine Professional Services		1		
Memphis Urban League	1			
Miller-Motte Technical College - Chattanooga				1
Nashville Auto-Diesel College		3		
National College of Business & Technology - Nashville		1		
New Horizons Computer Learning Center of Memphis	4			
Personal & Career Development Institute	1			
Remington College - Memphis Campus	2			
Roadmaster Driver's School of West Memphis, Inc.	1			
Southern Massage Institute	1			
Strayer University - Memphis - Shelby Oaks Campus	2			
Swift Driving Academy	1			
Tech Skills - Memphis	3			
Tech Skills - Nashville		3		
University of Phoenix - Memphis	3			
Vatterott College	1			
Volunteer Training Center, Inc. - Murfreesboro		1		
Total	60	18	1	1

Appendix 4
Memorandum on Post-*Geier* Access and Diversity Initiatives
Attachment to the Tennessee Higher Education Commission's Comment to Finding 1

RICHARD G. RHODA
Executive Director



PHIL BREDESEN
Governor

STATE OF TENNESSEE
HIGHER EDUCATION COMMISSION
PARKWAY TOWERS, SUITE 1900
NASHVILLE, TENNESSEE 37243-0830
(615) 741-3605
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MEMORANDUM

To: Charles Manning, Chancellor
Tennessee Board of Regents

John Petersen, President
University of Tennessee

From: Richard G. Rhoda, Executive Director
Tennessee Higher Education Commission

Date: June 8, 2007

Subject: Post-Geier Access and Diversity Initiatives

Effective July 1, 2007, the UT and TBR systems will have full responsibility to appropriately allocate the funds in their systems' and institutions' respective allotment codes for post-Geier access and diversity initiatives. In addition, each system will provide reports to THEC on these initiatives during the annual appropriation request cycle. The appropriation request instructions to be issued in August for the FY 2008-09 cycle will stipulate the reporting format for all post-Geier access and diversity initiatives.

Allotment codes for post-Geier access and diversity initiatives were established for the Tennessee Board of Regents (TBR) and the University of Tennessee (UT) systems by the Department of Finance and Administration (F&A) for utilization beginning in the the 2007-08 fiscal year. Funding for these initiatives provided in the 2007 General Appropriations Act will flow through these allotment codes to each system.

Also included in the overall post-Geier access and diversity initiatives is the \$8 million in funding formerly associated with the 1984 Geier Stipulation of Settlement. These funds are included in the Tennessee

Higher Education Commission (THEC) Funding Formula calculations and recommendations annually. Funds appropriated for these initiatives are allocated to the institutions' respective allotment codes by F&A.

Please prepare and transmit to THEC , no later than July 1, 2007, a summary plan of the access and diversity initiatives to be implemented indicating the allocation of all post-*Geier* funds in the allotment codes at both the system and institution levels for FY 2007-08. This narrative plan must indicate the institution where the funds will be allocated, the programmatic use, and the funding amount. The total of each system's plan must be identical to the estimated appropriations expected to be available to the system in FY 2007-08 as indicated in the attached schedule. In the event the estimated appropriations for these access and diversity initiatives changes in the 2007 General Appropriations Act approved by the legislature, the UT and TBR systems will revise their respective plans accordingly and resubmit them to THEC.

The UT and TBR systems must use the same categories for the activities included in their respective plans. The categories are: Student Scholarships and Fellowships; Student Recruitment and Retention; and, Faculty Recruitment and Retention. These categories will be used for both the new allotment codes for access and diversity initiatives and the \$8 million recommended through the THEC Funding Formula that is currently included in each institution's allotment code by F&A annually.

If you have any questions, please contact us.

cc: Bob Adams
Gary Rogers
Theotis Robinson
Katie High
Wendy Thompson

**Schedule A
Recommended Allocation of Post-Geier Funding
FY 2007-08**

Allotment Code	Post-Geier Programs	Recommendation		
		FY 2007-08		
		University of Tennessee		Tennessee Board of Regents
	New Access and Diversity Initiatives			
332.21	UT Access and Diversity Initiatives	3,410,000		
332.59	Regents Access and Diversity Initiatives			6,470,000
332.02	THEC- SREB Minority Doctoral Scholars		120,000	
	Sub Total	\$ 3,410,000	\$ 120,000	\$ 6,470,000
TOTAL UT & TBR Systems		\$ 10,000,000		

Current Access and Diversity Initiatives

Academic Units

332.70	Austin Peay		140,000
332.72	East Tennessee		274,000
332.75	Middle Tennessee		476,000
332.77	Tennessee State		1,728,000
332.78	Tennessee Tech		193,000
332.74	University of Memphis		979,100
	Sub Total		\$ 3,790,100

332.80	Chattanooga		96,000
332.81	Cleveland		32,000
332.82	Columbia		43,000
332.84	Dyersburg		36,000
332.86	Jackson		66,000
332.88	Motlow		54,000
332.54	Nashville State		39,800
332.56	Northeast		34,000
332.55	Pellissippi		28,000
332.90	Roane		28,000
332.53	Southwest		190,200
332.94	Volunteer		77,000
332.96	Walters		42,000
	Sub Total		\$ 766,000

332.40	UT Chattanooga	304,000	
332.42	UT Knoxville	1,019,600	
332.44	UT Martin	228,000	
	Sub Total	\$ 1,551,600	4,556,100

TOTAL Academic Formula \$ 6,107,700

Specialized Units

332.65	ETSU College of Medicine		200,000
332.28	UT Veterinary Medicine	162,000	
332.30	UT Memphis	1,104,300	
332.23	UT Space	73,000	
332.25	UT Ag Experiment	26,000	
332.26	UT Ag Extension	23,000	
332.17	UT CTAS	2,000	
332.16	UT MTAS	2,000	
332.15	UT IPS	5,000	
332.60	TBR		165,000
332.10	UT-wide Administration	90,000	
	Sub Total	\$ 1,487,300	\$ 365,000

TOTAL Specialized Units \$ 1,852,300

332.02 THEC- SREB Minority Doctoral Scholars 40,000

TOTAL Current Access and Diversity Initiatives \$ 8,000,000

University of Tennessee	6,448,900	
Tennessee Board of Regents		11,391,100
THEC		160,000
Finance and Administration - Debt Service		1,265,000

GRAND TOTAL \$ 19,265,000