To: Chancellor

Tennessee Board of Regents

From: Jeffery Parsell

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Re: 2016 Perspective on Tennessee’s Community Colleges

The Tennessee system of higher education is currently undergoing major changes in policies and initiatives. Community colleges have been impacted by new legislative acts, governance changes, access and affordability initiatives, and all around enrollment shifts. This perspective introduces the major policies, initiatives, and issues affecting Tennessee’s community colleges in 2016.

Community College Overview

There are 13 community colleges in Tennessee with their own distinct service area. Under the Tennessee Board of Regents (TBR) these colleges offer over 480 associate or certificate programs with significantly lower tuition costs than the state’s four-year institutions. All of the community colleges have an open admission policy. The community colleges also offer both traditional and online courses catering to a variety of student needs and schedules. These two-year institutions also operate dual enrollment courses at many of the state’s high schools and various middle college programs. In addition to academic endeavors, the state’s community colleges provide many workforce development programs in their community (Fact Book 2015-2016, 2016, p. 11).

Statewide Legislative Changes in Recent Years

The Complete College Tennessee Act. The Complete College Tennessee Act (CCTA) came into effect in 2010 with the primary driving force to increase postsecondary attainment and completion rates
throughout the state. Some topics addressed by the act include the funding formula, articulation and statewide course transfer systems, and remedial courses. This legislative act has triggered numerous statewide initiatives and policy changes (CCTA 2010, 2010).

The Complete College Tennessee Act established an outcomes-based funding formula for the state’s universities and community colleges. Enrollment based performance funding already had a 30 year history in Tennessee. Starting in 2010, the new focus on outcomes such as graduation rates, institutional quality, and other success measures was one of the first of its kind in the country. The act also established that over five percent of the college’s budget is associated with the funding formula. The name of the outcomes-based funding changed from Performance Funding to Quality Assurance Funding in 2015. Quality Assurance Funding is discussed is greater detail under the section Outcomes-Based Funding.

The CCTA addressed articulation and transfer issues among the state’s institutions of higher education. The Tennessee Transfer Pathways evolved out of the CCTAs call for a statewide transfer policy between the state’s community colleges and universities based on the 41 credit hour general education core. These pathways are designed to create an easy transfer experience for students who earn a two-year AA or AS degree to move on to a four-year institution. The pathways guarantee that all courses within the degree path are accepted by any state university or community college (TBR, n.d.). The act also called for a common system of course name and numbering for all general education courses at the state’s postsecondary institutions (CCTA 2010, 2010).

Starting in July 2012 the CCTA required that developmental courses be solely a community college endeavor and not that of the universities. This effectively switched the burden of remediation solely to the community colleges. Developmental Studies and associated initiatives will be discussed in more detail in the Student Preparedness and Success section.
The **FOCUS Act.** The Focus On College and University Success (FOCUS) Act came into law in 2015 and was developed to help Tennessee achieve the Drive to 55 goal. Under this act the Tennessee Board of Regents (TBR) will refocus its efforts to only the state’s 13 community colleges and 27 technical centers. The six universities currently under TBR’s umbrella will become under the governance of independent boards. The timeline put forth by TBR for this separation is June 2017. However, some shared services will continue under TBR. With fewer institutions TBR will be able to better serve the needs of the community colleges (Office of the Governor, 2015). The complete impact of the FOCUS act on TBR and, more specifically, Tennessee’s community colleges has yet to be seen.

**Tennessee Higher Education Commission**

The Tennessee Higher Education Commission (THEC) is Tennessee’s statewide governance agency for all of the public higher education institutions. THEC manages a variety of initiatives that drive the state’s agenda for higher education. THEC has been at the forefront to drive of the state’s postsecondary initiatives and policy changes that came out of the Complete College Tennessee Act and the Drive to 55 goal. Many of their improvement goals and statewide accountability efforts are clearly seen in the institutional measures laid out in the Quality Assurance Funding, the state’s outcomes-based funding formula discussed in greater detail later.

**THEC’s Master Plan.** THEC’s current Master Plan covers the decade starting in 2015 to 2025. Past master plans covered five year periods but the commission is promoting the current plan as the “Decade of Decision.” The plan outlines the state’s initiatives, policy changes, and long range goals. The plan ends with a detailed descriptions of observations and recommendations for the state’s institutions (Decade of Decision, 2015). Moving forward this perspective highlights many areas discussed in THEC’s Master Plan.

**Workforce Needs and Degree Production.** The Skills for Jobs Act requires that THEC reports projections of the states workforce needs and degree production. In collaboration with the Tennessee
Department of Labor and Workforce Development, and the Tennessee Department of Economic and Community Development, THEC’s annual report projects workforce deficits and surpluses. The report gives a fascinating comprehensive list of institutions both private and public offering programs in high demand areas (Worforce Needs and Degree Production, 2016). The report is a good initial review for any program researching the development of new programs.

**Statewide Initiatives**

**Drive to 55.** Governor Haslam’s Drive to 55 is a challenge to the state to increase the number of postsecondary credential holders to 55 percent of the state’s workforce by the year 2025. At the inaugural launch in 2013 the governor highlighted the need to raise 32 percent of postsecondary credential holders throughout the state to meet future employment needs. At the then current 2013 attainment rate, Tennessee would only increase to 39 percent and still remain at least 20 percent behind the national average (Governor Bill Haslam Launches Drive to 55 Initiative, 2013).

An educated populace creates a vibrant economy. It is no secret that typically the higher one’s education and degree, the higher salary that person receives. Higher salaries mean more state tax revenues. In turn the state has more money to foster the economy to promote a continued cycle of growth and development. If the state reaches the 55 percent attainment goal, it is estimated that the certificate and associate degree earners alone will generate over $155 million in addition tax revenues in the state. If these degree earners continue on to even higher levels of education, the state revenues only increase. (Center for Business & Economic Research (CBER) and Center for Economic Research in Tennessee (CERT), 2016, p. 9) This is strong data in support of the 55 percent degree attainment goal.

The governor’s challenge mirrors the Lumina Foundation’s Goal 2025 which seeks 60 percent of Americans have some sort of quality postsecondary credential by 2025 (Lumina Foundation, 2013, p. 2). Although there is a 5 percent difference in the state and national initiative, one must admit that the slogan “Drive to 55” is far more motivating than “Goal 2025”. In addition, if the momentum is
sufficiently developed to reach 55 percent attainment, it will be easy to meet the national Lumina Foundation goal of 60 percent. THEC proposes reviewing the 55 percent in five years with the 2020 state employment situation and projections (Decade of Decision, 2015, p. 34). Drive to 55 has triggered numerous statewide initiatives and policy changes to create the momentum needed for success.

**Tennessee Promise.** TN Promise—also known as TN Achieves in some areas—is the first statewide initiative to come out of the Drive to 55 challenge and offers free community college tuition to all new high school graduates via a last dollar scholarship. Eligible colleges are all of the state’s community colleges, TCAT centers, and other institutions, public or private, offering an associate’s degree. The initiative began in fall 2015 with a list of student requirements. The student must be a new high school graduate, complete the FAFSA application within the deadline, complete the admissions application for the college of choice within the deadline, attend two mandatory meetings, and complete 8 hours of community service before the start of the first fall semester. To maintain eligibility the student must maintain a 2.0 GPA and complete at least 12 credit hours, and complete eight hours of community service each semester. Yearly, the student must continue to complete the FAFSA application (Tennessee Promise, n.d.).

After one year of TN Promise community colleges have seen a 24.7 percent increase in first-time freshmen enrollments. 16,291 TN Promise students enrolled in Fall 2015 with 85 percent of them going to a community college, 13 percent to a TCAT center, and only 2 percent enrolling in a private institution (THEC, 2015). The college going rate of new high school graduates has also increased. In 2010 the college going rate was 55.7 percent. In 2015 with the first year of TN Promise, the college going rate increased to 62.5 percent statewide (THEC, 2016). More of Tennessee’s new graduates from high school are choosing to go to college. Most of these new first-time freshmen are enrolling in TBR institutions.

**Tennessee Reconnect.** TN Reconnect is a statewide initiative targeting students that have started an associate’s degree, left college, and are looking to return. Like TN Promise, this is a last dollar
scholarship that requires a FAFSA application to be completed. Advertisement for the program began in Spring 2016 for first time program enrollees to start classes in Fall 2016 (Tennessee Reconnect, n.d.). Fall 2016 numbers are not available; however, initial program participation appears to be low due to some of the restrictive requirements. There have been discussions to change these requirements for future iterations of the program.

**Complete Tennessee.** Complete Tennessee is a brand new statewide nonprofit group advocating on increased access and completion at Tennessee’s institutions of higher education. The group seeks to raise awareness of Tennessee’s higher education system among community leaders. Through research and leadership development, the organization plans to promote innovative programs locally and statewide and become a repository for the creation and development of best practices in communities throughout the state (Complete Tennessee, n.d.).

**Tennessee LEAP.** Beginning in 2013 the Labor Education Alignment Program (LEAP) is a grant program for institutions to develop programs for the specific needs of employers. Under the grant the community college or TCAT center works in partnership with local employers to close the gap between the job skills required and the education. LEAP also uses workforce data to identify possible future gaps in education. Also, LEAP ensures that the state’s community colleges and TCATs award degrees needed for the job skills in the state (LEAP, 2016).

**Reverse Transfer System.** Tennessee received a grant from the Lumina Foundation in 2013 to develop and implement a reverse transfer process. Reverse transfer credits apply when a student transfers from a community college to a four-year institution before completing a degree at the community college. When the student completes the necessary coursework at the four-year institution to complete the associate degree, the community college awards the associate degree to the student. Having the associate degree these students are better prepared for higher education and more competitive in the state’s workforce. All of Tennessee’s community colleges and public universities
participate in this program. (Decade of Decision, 2015, p. 28) Reverse transfer graduates are counted among the schools graduates, boosting funding formula amounts, and further aid the state in reaching the 55 percent degree attainment goal. Academy One, the agency contracted by the state to develop and implement the Reverse Transfer System, reports that statewide a total of 801 students received their two-year degrees in 2015 due to the Reverse Transfer System. Not every state institution participated in the program the first year, but plans have been made to expand it to all state public institutions and more private institutions. These number of award recipients through the Reverse Transfer System is only expected to increase (Academy One, n.d.).

**TN eCampus.** Although not a result of Drive to 55, the TN eCampus, formerly known as Regents Online Degree Program (RODP) and Regents Online Campus Collaborative (ROCC), is an important program to help reach the 55 percent degree attainment goal. TN eCampus is a collaborative effort among Tennessee’s schools to develop online degree. Participating institutions, which include all of the TBR schools, develop and manage courses in the program. These courses are open to any student admitted to any one of the participating schools. Although a course may not be taught by a particular institution, all TN eCampus courses are part of that schools course offerings (Demoulin, 2005).

**College Enrollments**

**State Public Institution Enrollments.** Tennessee’s enrollments at public institutions peaked in Fall 2010 and have seen a slow downturn each subsequent year. There was a very slight uptick in FTE enrollments in 2015, yet a continued slight drop in the overall headcount the same year (Fact Book 2015-2016, 2016, p. 29). The slight increase that FTEs saw in 2015 with a slight drop in headcount is quickly identified as a direct result of the fulltime requirement of TN Promise students. Although THEC will not produce the next fact book until the summer months of 2017, there are early indications that for 2016 the enrollment trend is continuing downward once again for both the headcount and the FTEs.
National Community College Enrollments. Nationally community college enrollments peaked in 2010 and have seen a steady decline since. Many are looking at the Great Recession and its aftermath to find reasons; however, the numbers are not adding up. Typically one would expect that as American goes back to work, fewer are seeking college training. Most business sectors have recovered; however, not to the prerecession levels. In addition, many people are working multiple jobs most likely not seeing the value of an education. Thirdly, with the negative media about student debt where all institutions have been combined as one, it has led many to the misbelieve that all higher education is expensive, when in reality the community college costs have remained relatively low (Smith, 2016).

Tennessee Community College Enrollments. In 2015 Tennessee’s community college accounted for 22% of the state’s headcount enrollment in postsecondary education with 87,890 enrollees (Fact Book 2015-2016, 2016, pp. 38, 30). In Fall 2015 there were a lot of predictions that TN Promise would drastically effect the enrollment landscape at Tennessee’s public colleges and universities and that it did. Almost every community college—Southwest Tennessee Community College being the exception—saw an increase in FTEs in 2015 where six of the state’s ten public universities saw a decrease. Most likely a direct effect form the enrollment shifts of first time freshmen to community colleges and TCAT centers due to TN Promise. However, the total Fall 2015 increase in FTEs among community colleges is only slightly above the Fall 2013 numbers, and below the counts of the three years prior to 2013 (Fact Book 2015-2016, 2016, p. 32). This disparity shows that despite the gains by TN Promise, there continues a trend of enrollment loss.

Focus Populations

Focus populations—adult learners, academically underprepared students, and low income students—are identified as areas with the potential of significant degree attainment growth. These populations have seen historically low degree completions.
**Adult Learner Enrollments.** Enrollments of adult learners, one of THEC’s identified focus populations, have seen significant drops at the state’s public institutions since 2010. The headcount of adult learners in the state have seen a negative 29.1 percent change since in 2015 from 2010 (Adult Student Fact Book 2015-2016, 2016, p. 29). The overall percent change for community colleges is a negative 10.7 percent (Adult Student Fact Book 2015-2016, 2016, p. 30). In Fall 2015 the percent of FTEs for adult learners at all of community colleges was 24.3 percent, down from the 2010 percent of 36.4 where in 2005 adult learners made up 37.3 percent of the FTEs (Fact Book 2015-2016, 2016, p. 33). It is clear that fewer adult learners are seeking a credential or additional job skills at Tennessee’s community colleges.

There are several possible reasons as to the decline of adult learners at Tennessee’s community colleges; however, none of these reasons make a specific case for the loss. First, as America recovers from the great recession and goes back to work, fewer nontraditional students are finding it necessary to seek additional credentials. These students do not see the value in higher education to advance their careers. Second, the adult learners that are remaining in college have either moved on to four-year institutions or are taking a reduced credit load while they are back to work. In Fall 2015 only 322 adult learners transferred from a Tennessee community college to a state university. This is extremely low considering the total state adult learner population at two-year schools was 24,773 (Fact Book 2015-2016, 2016, pp. 31,49). (Transfer information into private institutions or out-of-state is unavailable.) Third, fewer adult learners see the value in higher education or fearing the costs. A lot of negative media reports about higher education debt groups all institutions together as one. This misleading information has caused an unnecessary attitude that all higher education is too expensive and the resulting possible salary increase does not warrant the expense (Smith, 2016). Next many adult learners do not want to spend a lot of time studying remedial or general education courses at a community college. In Fall 2015, 48.8 percent of the first-time adult learners at community colleges were required to take one or more
remedial course (Fact Book 2015-2016, 2016, p. 50). Not a confidence building welcome to college after being in the workforce. Then, these students prefer to learn the job skills directly related to their career. To do so one would expect these students to enroll at one of the Tennessee College of Applied Technology (TCAT) centers. However, the TCAT numbers do not necessarily support this view. True that the TCAT centers have seen a slight increase in headcount from the 2013-2014 year of 22,948 (Fact Book 2014-2015, 2015, p. 10) to the 2014-2015 figure of 23,385 (Adult Student Fact Book 2015-2016, p. 36). During this period the adult learner headcount percent of the total headcount has decreased from 50.5 percent to 47.1 percent. The adult learners are not opting for the TCAT programs over the community college programs. At present there is no one clear determination why adult learners are opting out of higher education. However, this is an area of concern and needs further attention.

THEC’s 2015-2025 Master plan lays out initiatives to address the adult learner student population. These initiatives address developing support services that aid adult learners, filling gaps between needed workforce skills and college training, creating partnerships between community employers and the public institutions of higher education, and coordinating efforts in the community to promote the importance of an educated adult population. (Decade of Decision, 2015, pp. 30-31)

**Academically Underprepared Students.** Academically underprepared students is another focus populations identified by THEC. With that and the fact that the Complete College Tennessee Act determined that the burden of remediation is the sole responsibility of the community colleges, preparing this focus population is of particular importance for community colleges. In Fall 2015, 52.1 percent of first-time freshmen were enrolled in one or more developmental course. Of all students enrolled in Fall 2015, 17.2 percent were enrolled in one or more developmental course. In addition the average composite ACT score for the TBR community colleges is 18.8 (Fact Book 2015-2016, 2016, p. 40). This is lower than the overall state average ACT composite score is 19.8, which in turn is below the national average of 21.0 and the 20.4 average among the other members of the Southern Regional
Education Board (SREB). Despite this lower than average score, Tennessee exceeds the other SREB states and the nation is high school graduates as of 2014 (Profiles and Trends in Tennessee Higher Education: 2016 Annual Report, 2016, pp. 15,18). Because of the CCTA and the number of underprepared students entering the community college system, new initiatives to alleviate the burden of remediation and promote student success have taken shape.

**Co-requisite Learning Support.** All community college campuses were tasked with developing a co-requisite model for remediation starting in Fall 2015. All data coming out of these models are showing significant improvements in student success. The 2014 pilots for this program showed remedial completion rates in math rise to 61 percent from the previous 12 percent. In remedial English the change was not as drastic but was still significant rising from 31 percent to 64 percent remedial completion. (TBR, 2016). It is too soon to have a complete picture of the impact of these programs on retention or graduation rates; however, early indications show promising. One can already see that this remediation model aids in student progression towards a degree.

**Seamless Alignment and Integrated Learning Support.** Seamless Alignment and Integrated Learning Support (SAILS) is a statewide initiative to reduce the number of students needing math remediation since 2012. Learning support competencies are embedded in existing high school senior math courses. On completion the student is eligible to take college level courses at any of the thirteen community colleges in the state. As of 2015, 243 state high schools take part in the SAILS Math program and 29,058 students have benefited. A SAILS English program was developed in 2014 and is currently in 19 high schools across the state. (THEC, 2016) There are continued efforts implement SAILS in more high schools.

**Low Income Students.** Low income students are typically defined as students that are eligible to receive a Pell Grant, also known as federal student financial aid. Tennessee has led the nation for two years in a row in the number of students completing the Free Application for Federal Student Aid
(FAFSA). FAFSA completion is a requirement for the state’s affordability issues like TN Promise, TN Reconnect, and the various institution level last-dollar scholarships. Over 70 percent of the state’s 2015-2016 high schools seniors completed the FAFSA application. More and more low income students are learning that there are ways to pay for college. The data showing how many of these students actually enrolled in August 2016 is not yet available; however, it is obvious that the first major hurdle in college access for low-income students is FAFSA. One can only speculate that many of these students are finding a college degree within their reach. (Tamburin, 2016)

**Funding**

Funding is one of the biggest concerns in higher education. Tennessee public institutions have two primary sources of funding for the state’s community colleges; state appropriations, and tuition and fees. In 2014-15 a statewide average of 44 percent, or over $207 million, of the community colleges funding came from state appropriations. (The total average among all of the SREB states was 61 percent, much higher than that in Tennessee.) (Fact Book 2015-2016, 2016, pp. 68-70) Individual institutions can directly influence their funding through the state’s outcomes-based funding formula known as Quality Assurance Funding. For 2014-15, with five percent of the overall appropriations associated with Quality Assurance, over $10 million were connected to the outcomes-based formula statewide. The remaining 56% of community college funding in 2014-15 came from tuition and fees. Community colleges in Tennessee are able to keep all of their tuition dollars. By allowing this, colleges are rewarded when enrollments are increased. When viewing the continued drop in community college enrollments statewide, it is understandable why many colleges are concerned with their enrollments.

**Outcomes-Based Funding**

Quality Assurance Funding, Tennessee’s outcomes-based funding formula, lays out specific measures to incentivize the state’s public institutions to improve by tying over five percent of state appropriations to the formula. This funding formula is key in driving statewide initiatives and produces
financial incentives for institutions to improve. The measures may change for each five year cycle. For
the 2015-2020 cycle there are eight measures, each with a different weight in the final funding
calculations.

**General Education Assessment.** The General Education Assessment encourages quality
improvements by requiring graduating students to take one of two approved standardized tests of
general education; California Critical Thinking and Skills Test or the ETS Proficiency Profile. Each
institution must notify the board of the chosen test and must use the same test for the duration of the
funding cycle. This assessment is 15 percent of the total (QAF 2015-20, p. 1).

**Major Field Assessment.** The Major Field Assessment evaluates the performance of students on
final program or exit exams. All major field tests are approved by THEC and come from either a national
assessment source or developed by the institution. This assessment is 15 percent of the total (QAF 2015-
20, p. 3).

**Academic Programs: Accreditation and Evaluation.** The Accreditation and Evaluation of the
Academic programs ensures a continued formal review of the programs. For a favorable score
institutions must accredit all accreditable programs. Other programs need to undergo a Program
Review, a formal in-house review process, or an Academic Audit, a formal review by faculty from other
institutions. This measure is 15 percent of the total (QAF 2015-20, p. 6).

**Institutional Satisfaction Studies.** The Institutional Satisfaction Study is based on survey results
from SENSE (Survey of Entering Student Engagement) and CCSSE (Community College Survey of Student
Engagement). This study promotes improvements in quality based on student satisfaction at different
stages of the student’s academic career. This measure cares a weight of 10 percent (QAF 2015-20, p.
14).

**Adult Learner Success.** The Adult Learner Success focuses the institutions attention on services
for adult learners. Most likely development from the aforementioned statewide drop in adult learner
enrollments, this measure rewards efforts to boost adult learner enrollments, retention, and degree awards. Ten percent of the total funding is tied to this measure (QAF 2015-20, p. 18).

**Tennessee Job Market Graduate Placement.** The Job Market Graduate Placement motivates institutions to increase job placement of their graduates. It also helps to guarantee that the institution maintains academic programs needed in its community. This measure constitutes 10 percent of the funding formula. This measure uses the Tennessee Longitudinal Data System (TLDS) to determine job placement of the graduates. (QAF 2015-20, p. 20).

**Focus Populations.** Each community college chose five Focus Populations important to the institution’s mission from an approved list prior to the start of the funding cycle. The institutions are encouraged to increase the number of graduates within these groups. The institutions can directly impact their funding by carefully selecting their focus groups for this measure with a 25 percent weight or 5 percent for each focus population (QAF 2015-20, p. 21). These focus populations may or may not include the three focus populations that THEC has identified as having the most potential for growth.

**Tuition**

Tennessee’s community colleges have seen a slow steady increase in tuition. Historically the median annual tuition in Tennessee has been higher than the average median annual tuition of the other SREB schools. As of 2013, the annual average tuition at the Tennessee’s community colleges was $400 more than the same average of the other SREB states. Despite this disparity with other states Tennessee’s public two-year institutions still remain an affordable option. The average public university tuition is still almost double that of the community colleges. (Profiles and Trends in Tennessee Higher Education: 2016 Annual Report, 2016, p. 31).

**Faculty Salaries**

Faculty salaries are of concern. The average full-time annual faculty salary in Tennessee is just over $3000 less than the average for the SREB states in 2014-15. The salary levels in Tennessee
remained flat from 2013-14 to 2014-15 following a steep increase in 2012-13 (Fact Book 2015-2016, 2016, p. 63). For Tennessee higher education to remain competitive, the faculty salaries and increases should be reviewed.

Conclusion

The legislative acts, statewide goals and initiatives, restructuring of TBR, and other issues presented in this perspective is not an exhaustive list. These issues drive the current, sometimes fast paced, evolution of Tennessee’s community college system. Adapting to all of these changes is not always easy for the two-year institutions; however, with solid leadership the colleges are moving forward. It is difficult to imagine what these colleges will look like in 2025, after all of the changes have had time to take hold.
References


