Securing Tennessee’s Future

CONTRACT EDUCATION:
Increasing Tennessee’s Return on Investment

TICUA
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Tennessee Independent Colleges and Universities Association
November 2008
Contract education is an invaluable resource for the State. Yet, it is currently underfunded and thus not as beneficial as it could be. Since 1948, the state of Tennessee has collaborated with private colleges and universities to augment the State's workforce through contract education. Contract education provides access to academic programs at private colleges that are limited or non-existent at public colleges. The cost to the State for providing these educational opportunities is lower than if the State duplicated or expanded programs on public campuses.

Through contract education, the State is able to meet the growing needs of a developing 21st century workforce. Current programs in medical and health professions prepare employees to enter the workforce in many high-need occupational fields. This benefits Tennesseans by assuring that educated individuals are available to serve in needed professional capacities throughout the State.

Tennessee's private colleges are proud to be a part of a public policy initiative that so readily benefits the State. We encourage lawmakers to examine expanding the contract education program. Contract Education is a prudent option to continue producing employees for high-need occupations and geographic areas of the State.

This paper is a publication of the Tennessee Independent Colleges and Universities Association (TICUA). We hope the information and recommendations in this report are useful to State policymakers as they move forward with decisions on the future of contract education.

We welcome your thoughts and comments on this publication.

Dr. Claude O. Pressnell, Jr.
President - TICUA

Dr. Nancy Moody
Chair - TICUA
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Their expertise on this program and historical insight provided invaluable information that data alone could not provide.

EXECUTIVE SUMMARY

A secure economic future for Tennessee requires an increase in the number of college and post-secondary educated citizens. However, current economic conditions have forced the State to make budget cuts. These reductions have hit higher education particularly hard. A cost-effective method for Tennessee to address this challenge is through expansion of current contract education programs by broadening the types of majors provided or increasing the number of private colleges involved.

Through contracts with private higher education institutions, Tennessee is able to better supply business and industry with trained employees. However, contract education is currently under-utilized. There are many opportunities to expand the programs. Contracting with private colleges and universities is a resourceful way to maximize limited higher education appropriations. Specifically, the Tennessee Independent Colleges and Universities Association (TICUA) recommends the following actions by State policymakers:

- Increase contract education appropriations to support all Tennessee residents currently enrolled in contract education programs: medicine, nursing, dentistry, optometry, and sign language.
- Expand the contract education program to include more undergraduate majors. This will allow private colleges and universities to meet the need created by shrinking and discontinued programs at four-year public universities.
- Implement tuition equalization grants.
- Couple the contract education program with the Tennessee Department of Labor and Workforce Development occupational outlook, thereby ensuring an adequate supply of trained professionals to meet the growing need.

Expansion of contract education is a vital part of ensuring a quality workforce for the future of Tennessee.
BACKGROUND

The future of Tennessee requires an increase in the number of college and post-secondary educated citizens at the same time that the State is facing economic challenges. The Tennessee Higher Education Commission and the Tennessee State Board of Education report yearly to the State Legislature the status of education in the State. Their 2008 joint legislative report outlines several key priorities and goals for the State. Among them are increasing the educational attainment of Tennessee’s citizens and increasing access and participation in all levels of education. The authors of the report indicate that these goals are important because:

- As Tennessee enters the 21st century, the state continues to struggle with raising the educational attainment levels of its citizenry. Given the critical role that education plays in the information age, it is essential that the state sustain a highly skilled workforce. Unless the standard is raised for all Tennesseans, the state will never be able to fully realize its economic and social potential. (2008 THEC and SBE Joint report)

Similarly, the State’s higher education master plan created by THEC declares:

- More Tennesseans must reap the benefits of higher education if the state is to enhance its economic viability through an improved workforce and healthier citizenry. (Master Plan 2005-2010, p. 11).

Higher education benefits both the individual and society. The individual develops skills and generally increases his or her marketability, likely earning a higher wage than an individual without a college degree. The College Board’s report notes several advantages of higher education. In particular, the College Board reports that compared to individuals with lower levels of education, those with a college education:

- Are more likely to have higher earning levels,
- Are more likely to report better health,
- Have a higher level of civic engagement, including more likely to participate in community service and to vote,
- Pay almost 80% more in total federal, state, and local taxes, and
- Are less likely to be unemployed, rely on public assistance, or live in a poverty-level household.

Thus, it is important to Tennessee that the members of the higher education community, as a whole, remain strong and work together to increase the number of citizens with a college degree. Public policy researcher David D. Dill (2005) argues:

we need to carefully distinguish the public interest in higher education from the interests of public universities...the public interest is best served by policies which assure that all publicly subsidized institutions of higher education – whether they are public, private not-for-profit, or private for-profit – provide human capital to our society in as efficient and equitable manner as possible. (p. 9)

Increasing the number of citizens with a college degree will strengthen the State’s economic base by retaining, improving, and attracting businesses and their employees. Volkswagen Group of America (VGA) recently announced that it would build an automotive plant in Chattanooga. Stefan Jacoby, President and CEO of VGA, in a press release cited the educational sector of Tennessee as a contributing factor to this decision: “This area has a deep base of well-trained labor, with excellent engineering and manufacturing programs at the universities and technical colleges” (Volkswagen Press Release, 2008).

Tennessee’s private colleges and universities stand ready to assist the State with educating a productive workforce.

Although higher education plays a strong role in a state’s economic vitality, legislatures often use higher education as a balancing item in state budgets. That is, when economic times are good, higher education gets more money, as a balancing item in state budgets. That is, when economic times are good, higher education gets more money, economic times are bad, higher education is often the first place that legislators look to make cuts. Higher education competes with other social programs like preschool, K-12 education, health care, criminal justice, and transportation. Senator Lamar Alexander summed this up in a recent address to Congress:

States have to balance their budgets, and in state after state, the money has been coming from higher education. That was true in Tennessee during the 1980s, when I was the Governor, and it is even more true today. (Congressional Record, July 31, 2008)

As a sector, Tennessee higher education competes, often on the losing side, for money with public pre-K-12 education, health care, and other social services. Governor Phil Bredesen stresses the importance of Pre-K initiatives and health care. With many competing needs, the State cannot fund all of the desired programs at the requested levels.

In May 2008, the State cut public university budgets by $56 million, forcing reduction of services, programs and staff to campuses. In October 2008, Tennessee further cut higher education budgets by $43.7 million (Mansfield, 2008). The State’s public campuses are compelled to fund these cuts through loss of programs, services, or faculty positions at a time when enrollments are on the rise.

Private colleges and universities are an important part of the solution. Tennessee Independent Colleges and Universities Association (TICUA) member institutions enrolled 24% of students and award 34% of degrees including 43% of all graduate and professional degrees. In 2007-08 TICUA member institutions awarded over 15,000 degrees including 3,000 in health care, 3,000 in business, and 1,800 in education. TICUA institutions serve an underrepresented population in higher education in general, enrolling a greater proportion of minority students than State four-year institutions. In addition, the median family income of students at Tennessee’s independent colleges and universities is $7,400 less than at State institutions. Private colleges and universities increase access to higher education for the citizens of the State.

Another aspect of private colleges that points to their ability to increase higher education attainment in the State is their capacity to respond quickly to market needs. In 2002, THEC recommended examining the possibility of limiting the number of first-time freshmen enrolled at the “university sector” (THEC, 2002). The assumption of this enrollment management was that more students would enroll in the State’s community colleges, if space were limited at four-year institutions. The State’s private colleges and universities provide an alternative. Private institutions assist the State by educating enough citizens to meet labor market demands. In addition to the existing capacity on private institution campuses, these institutions are able to expand their capacity with assistance from private donors. Tennessee private education continues to grow and by the year 2011, the private sector will increase its current capacity to enroll an additional 6,700 students. Private colleges and universities also respond quickly to modify their course offerings to meet the changing demands of businesses and other employers. Tennessee’s private colleges and universities stand ready to assist the State with educating a productive workforce.

In addition, Education Pays 2007 indicates additional associated advantages:

- Children of parents with higher levels of education are better prepared for school.
- Workers with lower education levels earn more if others in the same metropolitan area are more educated.

The Justice Policy Institute reports that communities with higher college enrollment rates have lower violent crime rates. Higher education researchers looking at the issue contend:

...higher education benefits not just the individual but society as a whole; the return on the societal investment is not just an educated citizenry but a more vital and productive national work force. (Zeimsky and Wagner, 1997, p. 61)

The State’s master plan concurs, stating that “both the State and individual citizens stand to benefit from increased access to higher education...Tennessee must recognize higher education as a sound investment and promote access to life-long learning for all Tennesseans” (Master Plan 2005-2010, p. 11).

As Tennessee enters the 21st century, the state continues to struggle with raising the educational attainment levels of its citizenry. Given the critical role that education plays in the information age, it is essential that the state sustain a highly skilled workforce. Unless the standard is raised for all Tennesseans, the state will never be able to fully realize its economic and social potential. (2008 THEC and SBE Joint report)
Since 1948, the state of Tennessee has collaborated with its private colleges and universities to provide additional education to meet the educational needs of its citizens. The concept of contract education is broad and covers a wide array of educational programs. It frequently refers to businesses contracting with colleges or universities to provide specific training for their employees. However, in the confines of this paper, contract education pertains to the process by which the State allocates funds to private colleges or universities to provide educational opportunity for its citizens and address the needs of the labor market. Contract education is a common practice across the nation. Researchers concluded: “In national surveys that about half the states had at least some form of direct appropriations or contract arrangements with private colleges and universities” (Zumeta 2004, p. 99). Contract education assists states by supplying employees prepared to enter today’s complex workforce. Higher education researchers looked at various state’s contract education programs and concluded:

Some of these supported capital projects or research programs, but several provided per-student payments to private schools for enrollment of certain kinds of students (often medical or other health professions students) or, in a few cases, to any state resident undergraduate. Where private colleges and universities were available and willing, such payments could be calibrated so as to enroll sufficient numbers to preclude the need for costly public sector programs. (Zumeta, 2004, p. 99)

State contracts with private colleges and universities are an efficient and cost-effective means to expand the workforce through higher education access.

Table 1: 2008-09 State Subsidies per Student

<table>
<thead>
<tr>
<th>Institution</th>
<th>Discipline</th>
<th>Student Slots</th>
<th>Cost per slot</th>
<th>Total Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meharry Medical College</td>
<td>Medicine</td>
<td>25</td>
<td>$24,750</td>
<td>$618,750</td>
</tr>
<tr>
<td>Meharry Medical College</td>
<td>Dentistry</td>
<td>8</td>
<td>$24,392</td>
<td>$195,136</td>
</tr>
<tr>
<td>Southern College of Optometry</td>
<td>Optometry</td>
<td>38</td>
<td>$13,100</td>
<td>$497,800</td>
</tr>
</tbody>
</table>

A. SREB Regional Contract Program: Through its membership in the Southern Regional Education Board’s (SREB) Regional Contract Program, Tennessee joins with 15 other states to offer programs to their residents not offered at their state universities allowing Tennessee to develop the needed professionals in these areas for their workforce. Tennessee is a unique member of this coalition, in that private universities in the State provide the academic programs in which Tennessee participates. Other states have their needs met by public and private institutions. Through SREB’s program, Tennessee offers its residents instruction in medicine, dentistry, and optometry. (See Table 1 above)

SREB serves as a mediator between the states that desire contracts and the institutions fulfilling the contracted needs, but does not receive any direct fees for this service. A state requests from SREB a certain number of slots for their residents at a private institution. SREB then works with the institution to determine available spaces for residents of the requesting state. SREB sets a distinct rate for each discipline. Generally, the price per slot negotiated by SREB is similar to the cost of tuition at a state institution. The institution is able to use the money for program development costs including tuition reduction or scholarships.

This arrangement benefits the institutions because they are able to attract the best students from other states and the state receives the best value for the contracts. These contracts allow the state to expand its workforce without the costliness associated with creating new programs and facilities on state campuses.

B. SREB Academic Common Market: The Academic Common Market program allows residents in a state where institutions do not offer programs in a particular major to take that program at another state’s institution at that state’s in-state tuition rate. Again, the state saves money while preparing needed professionals for the labor market. This program offers both traditional campus-based programs as well as on-line programs. The states do not exchange money in this program. States are able to determine which majors or programs they wish to make available to non-state residents through this program. The Academic Common Market offers more than 250 majors to Tennessee residents. T.C.A. 49-7-301 establishes Tennessee’s participation in this program.

C. Doctoral Scholars Program: A third program offered by SREB is the Doctoral Scholars program. In an effort to increase the number of minority individuals who become faculty members, SREB set out to increase the number of minority students pursuing doctoral degrees. This program offers minority students scholarships for doctoral study at any public or private institution. Currently, Tennessee funds 12 slots in this program at $4,970 per slot. The overall number of participants in Tennessee are studying in the hard sciences. This program differs from the Regional Contract Program and the Academic Common Market in that the money involved is direct student aid. In addition to the scholarship, participating students receive mentoring and networking. The state benefits by creating a more diversified workforce.
D. Direct Grants: Tennessee directly contracts with five institutions in the State outside of the SREB arrangements. These direct grant programs allow the State to target educational needs and promote the physical capacity at their campuses through construction of buildings and recruitment of faculty. The cost of expanding programs at public universities will cost less than the cost of expanding programs at private institutions without benefit from the direct grant programs. Increased support for students would lower the cost for the student to attend the program. Graduates of these programs would have less personal debt and therefore might be more willing to accept a lowerpaying position in a region of the State with greater occupational needs. Broadening the program expands the pool of students entering the programs and eventually the workforce. This increases the geographic, racial, and ethnic diversity of the student body and educated labor force. A diverse group of graduates entering the workforce will seek to work in various locations throughout the State. This will provide trained professionals who meet occupational demand in high-need areas.

As an example, the Tennessee Department of Labor and Workforce Development (TDLWD) estimates the State will need to expand its programs to meet the occupational demand in the years leading up to 2014. The TDLWD predicts that each of these areas will see a growth in need in the years leading up to 2014. Many of these sectors will grow more quickly than the average of all occupations in Tennessee.

Using existing capacity at independent institutions can help to increase the number of Tennesseans with degrees, developing the workforce at a cost that is less. The TDLWD predicts that each of these areas will see a growth in need in the years leading up to 2014. Many of these sectors will grow more quickly than the average of all occupations in Tennessee. Encouraging students to study these programs at private colleges and universities will cost less than the cost of expanding programs at public institutions through construction of buildings and recruitment of faculty. The expansion of contract education programs to fund all Tennessee residents currently enrolled would require an additional $9.3 million (Table 3).

As the State struggles with the current budget crisis, a fiscally prudent option is to allocate funds to contract education. The State has indicated that it wants to increase educational attainment but a light budget has forced state campuses to consider cutting programs, services, and faculty positions while enrollment is growing. TICUA member institutions can aid the State by contributing trained professionals in occupational areas of need. Using existing capacity at independent institutions can help to increase the number of Tennessee residents attending each of the contract education programs.

### Table 1: Tennessee Direct Grant Contracts 2006-09

<table>
<thead>
<tr>
<th>Institution</th>
<th>Discipline</th>
<th>Student Slots</th>
<th>Cost per slot</th>
<th>Total Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>John A. Gunpon College</td>
<td>Mortuary Science</td>
<td>20</td>
<td>$1,800</td>
<td>$36,000</td>
</tr>
<tr>
<td>Maryville College</td>
<td>Sign Language</td>
<td>2</td>
<td>$5,007</td>
<td>$10,014</td>
</tr>
<tr>
<td>Meharry Medical College</td>
<td>Family Practice</td>
<td>10</td>
<td>$21,500</td>
<td>$215,000</td>
</tr>
<tr>
<td>Meharry Medical College</td>
<td>Preventative Medicine</td>
<td>5</td>
<td>$21,800</td>
<td>$109,000</td>
</tr>
<tr>
<td>Meharry Medical College</td>
<td>Conditional Grants</td>
<td>23</td>
<td>$6,200</td>
<td>$142,600</td>
</tr>
<tr>
<td>Vanderbilt University</td>
<td>Nursing</td>
<td>2</td>
<td>$10,000</td>
<td>$20,000</td>
</tr>
</tbody>
</table>

### Table 2: Additional Cost Above Current Program - Southern College of Optometry

<table>
<thead>
<tr>
<th>School/program</th>
<th>No. of Contract Ed. Slots</th>
<th>TN students not funded</th>
<th>Cost per slot</th>
<th>Total cost</th>
<th>Additional costs above current program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meharry/Preventative Medicine</td>
<td>5</td>
<td>0</td>
<td>$21,800</td>
<td>0</td>
<td>--</td>
</tr>
<tr>
<td>Maryville/Sign Language</td>
<td>2</td>
<td>9</td>
<td>$5,507</td>
<td>$94,963</td>
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</tr>
<tr>
<td>Meharry/Family Practice</td>
<td>10</td>
<td>7</td>
<td>$21,500</td>
<td>$215,000</td>
<td></td>
</tr>
<tr>
<td>Gpton/Mortuary Science</td>
<td>20</td>
<td>64</td>
<td>$1,800</td>
<td>$35,544</td>
<td></td>
</tr>
<tr>
<td>SC/Optometry</td>
<td>38</td>
<td>17</td>
<td>$13,100</td>
<td>$502,700</td>
<td></td>
</tr>
<tr>
<td>Meharry/Dentistry</td>
<td>5</td>
<td>72</td>
<td>$24,392</td>
<td>$1,218,224</td>
<td></td>
</tr>
<tr>
<td>VL/Nursing</td>
<td>12</td>
<td>447</td>
<td>$10,000</td>
<td>$4,700,000</td>
<td></td>
</tr>
<tr>
<td>Meharry/Medicine</td>
<td>25</td>
<td>104</td>
<td>$24,750</td>
<td>$2,574,000</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>110</td>
<td>720</td>
<td>$9,338,187</td>
<td></td>
</tr>
</tbody>
</table>

### Table 3: Additional Cost Above Current Program - Southern College of Optometry

<table>
<thead>
<tr>
<th>Number of Slots</th>
<th>Cost per contracted slot</th>
<th>Total cost</th>
<th>Additional Costs above Current Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>38 currently offered</td>
<td>$13,100</td>
<td>$497,800</td>
<td>--</td>
</tr>
<tr>
<td>55 # of TN residents enrolled</td>
<td>$13,100</td>
<td>$720,500</td>
<td>$222,700</td>
</tr>
<tr>
<td>72 # of TN residents SO could handle</td>
<td>$13,100</td>
<td>$934,200</td>
<td>$445,400</td>
</tr>
</tbody>
</table>

### Table 4: TDLWD Occupational Outlook for Contract Education Disciplines 2004-14

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Total Annual Average Openings</th>
<th>Average Annual % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funeral Directors</td>
<td>35</td>
<td>0.2</td>
</tr>
<tr>
<td>Optometrist</td>
<td>25</td>
<td>1.3</td>
</tr>
<tr>
<td>Doctors (Physicians and Surgeons)</td>
<td>65</td>
<td>1.5</td>
</tr>
<tr>
<td>Doctors (Family and General Practitioners)</td>
<td>85</td>
<td>1.7</td>
</tr>
<tr>
<td>Doctors (Internists, general)</td>
<td>55</td>
<td>2.0</td>
</tr>
<tr>
<td>Interpreters and Translators*</td>
<td>15</td>
<td>2.2</td>
</tr>
<tr>
<td>Dentists</td>
<td>49</td>
<td>2.3</td>
</tr>
<tr>
<td>Registered Nurses</td>
<td>2,410</td>
<td>2.3</td>
</tr>
<tr>
<td>Doctors (Health Diagnosing and Treating Practitioners)</td>
<td>1,380</td>
<td>2.7</td>
</tr>
</tbody>
</table>

### Table 5: Additional Cost of Expanding Current Contract Education Programs

<table>
<thead>
<tr>
<th>School/program</th>
<th>No. of Contract Ed. Slots</th>
<th>Cost per slot</th>
<th>Total cost</th>
<th>Additional costs above current program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meharry/Medicine</td>
<td>25</td>
<td>$24,750</td>
<td>$2,574,000</td>
<td></td>
</tr>
<tr>
<td>Maryville/Sign Language</td>
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<td>$2,574,000</td>
<td></td>
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<td>Meharry/Family Practice</td>
<td>38</td>
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<tr>
<td>Meharry/Medicine</td>
<td>25</td>
<td>$24,750</td>
<td>$2,574,000</td>
<td></td>
</tr>
</tbody>
</table>

### Table 6: Occupational Outlook for Possible Contract Education Expansion Disciplines 2004-14

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Annual Average Openings</th>
<th>Average Annual % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secondary School Teacher</td>
<td>310</td>
<td>1.7</td>
</tr>
<tr>
<td>Pharmacists</td>
<td>210</td>
<td>1.8</td>
</tr>
<tr>
<td>Elementary School Teacher</td>
<td>620</td>
<td>1.9</td>
</tr>
<tr>
<td>Lawyers</td>
<td>145</td>
<td>2.1</td>
</tr>
<tr>
<td>Special Education Teacher</td>
<td>130</td>
<td>2.9</td>
</tr>
<tr>
<td>Preschool Teacher</td>
<td>365</td>
<td>3.2</td>
</tr>
<tr>
<td>Tennessee average for all Occupcations</td>
<td>1,5</td>
<td>1.5</td>
</tr>
</tbody>
</table>
**Beyond Contract Education**

Taking the philosophy of contract education a step further, the State could provide aid for students attending undergraduate programs at private institutions. This would further increase the number of individuals entering the job market with a college degree. The per student subsidy paid by the State would still be lower than the State's cost to educate these same students at UT and TBR institutions.

In short, the state may come out ahead if it can induce a substantial number of students over the next ten years to attend private colleges for an additional $2,000 or $3,000 per year added to their state scholarships if the alternative is bearing the full cost of expansion of public facilities and faculties to teach them.” (Zumeta, 2004, p.98).

Other Southern states, including Florida, Georgia, and Texas, offer state residents grants to reduce the cost of attending a private college in the state. These tuition equalization grants reduce the cost for students at private colleges and provide state residents broader choices, including private colleges, from which to select the program and school that best meets their educational, personal, and financial needs. Students graduating from a Tennessee college, public or private, are likely to stay in the State for employment afterwards.

As a pilot program, the State could target these grants to students in high-need fields such as nursing or teaching. This would encourage students to consider these fields. Obtaining a debt-free education may allow a student to take a position in a lower paying field without worrying about paying for education loans. This flexibility will allow students to make a career choice based upon their skills and interests rather than their ability to pay back a large student loan. This flexibility will ensure that adequate numbers of young, committed professionals enter fields for which the occupational outlook in Tennessee shows there is a need.

In an effort to increase support of its citizenry in social services in a cost-efficient way, states have incorporated private businesses and institutions in their planning and funding processes. This has an additional affect of increasing consumer choice.

State central decision-makers are moving away consistently in many fields toward more support of consumers and less support of providers...To the extent that central decision-makers successfully bring these perspectives to higher education, the results will be a greater emphasis on tax expenditure, a greater emphasis on scholarships, less emphasis on institutional support, and broader participation by private institutions in public support of education of state residents...systems in which governments merely buy “slots” that eligible participants use, thereby providing these participants with choice among providers, so long as space is available. (Hovey, p. 195, 2001)

Including private businesses and institutions in the planning will aid in developing a trained workforce to meet the concerns of business and industry.

Further, tuition equalization grants could include a service requirement whereby recipients would agree to remain in Tennessee to work in their chosen field. These programs would likely offer a larger grant than a strict tuition equalization grant. This service will provide much needed real world experience to recent college graduates making them better employees.

**Recommendations**

The purpose of this paper is to highlight the history of contract education in the State of Tennessee and make recommendations to State policy leaders on how to augment the program for the benefit of the State, its workforce, and its residents. Thousands of students have benefited from contract education agreements over the years becoming vital employees and vibrant citizens, but there are many opportunities to expand the programs.

Legislators have the unique opportunity to change the future lives of students and the economic conditions of the State by supporting increased funding for contract education. The following recommendations provide options on financing expansion of the contract education programs to increase educational choice, access, and attainment for Tennessee’s citizens and provide much needed professionals in occupations for which the State expects a shortage.

Specifically, the Tennessee Independent Colleges and Universities Association recommends the following actions by State policymakers:

- **Increase contract education appropriations to support all Tennessee residents currently enrolled in specific contract education programs – medicine, nursing, dentistry, etc.** Although contract education supports many of the students enrolled in these programs, there are Tennessee students enrolled without State funding. It is estimated that it would take an additional $9.3 million to fully fund all Tennessee residents currently in the programs subsidized by contract education money. These students will go on to fulfill the occupational needs of the state workforce.

- **Expand the contract education program to include more undergraduate majors – this will allow private colleges and universities to meet the need created by shrinking and discontinued programs at four-year public universities.** Expanding contract education to more undergraduate majors (particularly math and science education and nursing) would increase the options available to students in terms of both their choice of school as well as their ability to accept positions in lower paying fields. The State has a great need for a supply of trained professionals; expansion of contract education will assist in meeting that demand.

- **Implement tuition equalization grants.** This would be a boon to students, institutions, and to the State. These grants will expand educational capacity at a relatively low cost to the State and increase an individual student’s options among academic institutions. Increasing the number of graduates will expand the educated workforce of the State, making it more attractive for business and industry.

- **Couple the contract education program with the Tennessee Department of Labor and Workforce Development occupational outlook.** This will ensure that the funding for contract education emphasizes the professional areas of most need in the State.
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