

# **UTC Merger Agreement: The UT System's Unfulfilled Contract With Southeast Tennessee**



**UTC Faculty Senate Merger Agreement Committee  
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**The University of Tennessee at Chattanooga  
2007**

**“Basically, the future of this institution depends on you...If you continue to give it the kind of attention and support you have given it, we can make it a great school. If you wash your hands of it and say this is now a public school and is the State’s responsibility...then it doesn’t make any difference how much the legislature gives us, it will not be a great school...It will be a branch of the University.”**

*First UTC Chancellor William Masterson, August 15, 1968.*

***Imagine...***

***Southeast Tennessee having a major institution of higher education with—***

*Superior undergraduate education with high admission standards and student retention, which is a measure of university quality*

*Competitive faculty salaries that keep up with the cost of living and attract the best regional and national faculty*

*More doctoral graduate programs in cutting edge disciplines to serve the region and create a major institution*

*A focus that meets the needs of the region while at the same time brings the University into national, even global prominence*

***The creators of The University of Tennessee at Chattanooga did...***

# ***UTC Faculty Senate Merger Agreement Committee***

## **Committee Charge**

To review the 1969 “Merger Agreement and Plan for Transition”; to examine the position of UTC within the UT system especially with regard to merger provisions of equal admission standards and faculty salaries, major institution status, and doctoral programs; and to make a recommendation regarding the usefulness of the Agreement for improving the status of UTC.

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*The Committee made every effort to accurately collect and analyze archival material, conduct interviews, review university data, and obtain other material pertaining to UTC’s status or the Merger Agreement. We apologize for errors, if any, and take full responsibility to correct them. Photos are courtesy of the University of Chattanooga, Mayor of Chattanooga, Chattanooga Chamber of Commerce, Daily Beacon, J. & J. Contractors. & Tennessean.*

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## Executive Summary

The trustees of the University of Chattanooga envisioned a major institution of higher education when it merged with the University of Tennessee system in 1969 to become The University of Tennessee at Chattanooga. The 1969 “Merger Agreement and Plan of Transition” was a binding legal contract that called for equivalent resources at Chattanooga and Knoxville; equivalent admission standards and faculty salaries; and for the development of doctoral programs at UTC when “practicable” to create a “major doctoral institution” for southeast Tennessee. A major doctoral institution is a first level Carnegie Foundation DRU university with both teaching and research, but not an exclusive emphasis on research.

UT purchased the \$9M campus for only \$1M, and the UC endowment became the funds of the UC Foundation to use for the benefit of UTC. There was to be a federated higher education system with parity among campuses, not a main campus with secondary institutions or branches. The UT system developed the campus and added faculty and buildings, but, it failed to honor many of the provisions of the Merger Agreement. It contracted to create a major institution, but it created only a secondary master’s campus more like a branch with the lowest state appropriations in the system. It changed the cooperative federated system based on the North Carolina higher education system to a “consolidated” system with centralized control that has favored UTK.

The quality of UTC’s THEC peer institutions was steadily reduced, and UTC now ranks low even within its current reduced group. It promised to keep the nearly equal admission standards UTC and UTK had at the time, but UTC now has the lowest standards, retention and graduation rates in the system. UTC and UTK salaries differed by only \$1-2,000 at the time, and it agreed to raise UTC salaries equal to UTK’s within 3 years but did not, and now UTC salaries are among the lowest of its peers, and more than \$20,000 below UTK’s, resulting in a greater reliance on contingent faculty and an accumulated loss of over \$100M. It promised doctoral programs beginning in 1980, but allowed none until UTC was able to develop 3 of its own with private funding. At the same time, it had UTC take the state’s leadership role in increase in African-American enrollment, which is now over 30% of its freshmen, placing the system at risk for *de facto* segregation.

It justified these actions with arrogance, bullying tactics, and circular reasoning, using the conditions it had created as the “reason” UTC could not become a major institution, in direct violation of the Merger Agreement. In the meantime, UTK’s major institutional status, admission standards, faculty salaries and graduate programs were steadily increased, at UTC’s expense. Almost every UTC chancellor, UC Foundation board, and faculty president objected, but the UT system would not honor the Agreement.

Thus, the UT system prevented southeast Tennessee from having a major institution and made UTC a neglected stepchild within the UT system. In response, UTC needs to declare the system in violation of the Merger Agreement and to form a community coalition of faculty, UC Foundation, legislators and community leaders to explore options, from negotiation and media pressure to litigation, to secure a major institution of higher education for Chattanooga as promised in the merger. It is southeast Tennessee’s birthright.

# 1 INTRODUCTION



The University of Tennessee at Chattanooga (UTC) is the leading institution of public higher education in southeast Tennessee. It is one of several campuses of The University of Tennessee system (UT), along with UT-Knoxville, UT-Martin, and UT Health Sciences Center. With an enrollment of nearly 9,000 students, it is a metropolitan university with 43 undergraduate and 22 graduate programs, including 3 doctoral programs. UTC is currently ranked 34<sup>th</sup> among southern Master's degree granting institutions by *U. S. News and World Reports*.

UTC has a number of important research and instructional programs, showing that “research is a increasing priority for the campus” ([utc.edu](http://utc.edu)). A showcase research doctoral program is the internationally recognized SimCenter for computational fluid dynamics and other simulations. The SimCenter possesses a PC cluster ranked one of the best in the nation, and first in the Southeast. In 2006, a UTC Engineering vehicle finished in the top 20 in the Society of Automotive Engineers Mini-Baja Competition. UTC's instructional side is led by a business program ranked in the national top 100 by *BusinessWeek* magazine, a pre-med program with an 80% success rate in national medical school admissions, a chemistry program nationally ranked for its high percentage of graduating females, and a women in business program ranked second in the nation.

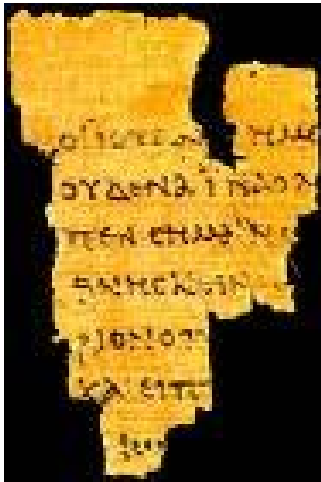
UTC professors do important research on street theatre in Brazil, politics in the Middle East, poetry in Central America, juvenile justice in Nigeria, healthcare in China, human rights in Japan, and orangutan conservation in Indonesia. Faculty at UTC have helped designed the Paralympic Games in Beijing, China, and the major international conservation biology meeting will be held at UTC next year. UTC students study at Oxford University in England, and Slovenia and Italy.

UTC should be proud of these accomplishments. But, despite its significant achievements, UTC has become a “stepchild” within The University of Tennessee System which has not kept its original agreement to make UTC a major institution with salaries, admission standards, and doctoral programs similar to UT Knoxville. As a result, the UTC Faculty senate charged the UTC Merger Agreement Committee to looking the original Merger Agreement that created UTC and how it compares with UTC's current status.

***We have three questions that have guided our investigation-----***

# *What is the UTC Merger Agreement, and has it been honored?*

**“Is it written on papyrus? I cringe at reading the Agreement. We need to ignore it and go with what works and makes sense.”** *President John Petersen, The University of Tennessee, January 9, 2007*



**Ancient irrelevant papyrus?**



**Or valid contract?**

*The 1969 Merger Agreement that created UTC and joined it with the UT system called for UTC to be a major doctoral institution with admission standards and faculty salaries equivalent with UTK. Has the UT system honored either the letter or the spirit of that Agreement?*

# *Does the UT system benefit UTC?*

**“UTK orange teams generate money for UTC & UTM.”** *President John Petersen, The University of Tennessee, on the benefits of the UT System and new orange branding, January 9, 2007.*



Amnicola Highway, Chattanooga

**A beneficial association?**

**Or a “demon with horns”?**

*UTC needs to examine closely its position within the UT system, and frankly assess its benefits and liabilities.*

*What are the current UTC institutional realities under the UT system, in terms of admission standards, student recruitment, quality of faculty, teaching load, faculty salaries, research and grants, graduate programs, and resources?*

## *What can we do about it?*

**“...the leadership of the UT administration and the board of trustees needs to act like they really do care about growing this university and being a part of growing this community.”** *Mayor Claude Ramsey, Hamilton County, November, 1999.*



**Southeast Tennessee's University**

*How can the southeast Tennessee region obtain the major institution of higher education that it deserves, and was promised decades ago?*

*How can UTC, regional legislators, and the community work together to improve UTC's stepchild status so it can become the leader in higher education that it was meant to be?*

## 2 THE MERGER AGREEMENT



University of Chattanooga

**“...for equivalent programs equivalent resources will be made available on the Chattanooga campus as on the Knoxville campus” *Merger Agreement, p. 5***

### The University of Chattanooga

The University of Tennessee at Chattanooga began as a private liberal arts school in 1886, and was later consolidated in 1889 with East Tennessee Wesleyan University in Athens, Tennessee, as “Grant University.” It was renamed in 1907 as the University of Chattanooga (UC) and had aspirations of becoming a selective liberal arts school with a national profile. But, by mid-20<sup>th</sup> century its enrollment growth was stalled and its private funding was in question.

By 1966, the Chattanooga Chamber of Commerce began lobbying for a state university in the Chattanooga area that would give more comprehensive educational opportunities since few could afford the UC tuition. In conjunction with the Chamber, the University of Chattanooga encouraged the development of a four-year state school in Chattanooga (Exhibit 1). Governor Buford Ellington and a strong University of Tennessee lobby determined that it would be a major campus of The University of Tennessee to balance the Board of Regents that had just been formed (Longwith, 2000). The institution would serve regional students and admissions overflow from UT Knoxville’s campus.

The University of Tennessee, a land grant university in Knoxville founded in 1794, had already created branch campuses in northeast, central, west, and northwest Tennessee, so southeast Tennessee was a logical next step. UT received a \$5M bond issue from the Tennessee General Assembly to secure land (Exhibit 2), but a ready-made campus secured through a Merger Agreement would allow an immediate start-up.

The Tennessee Higher Education Commission (THEC) which oversees education in Tennessee adopted a resolution on February 26, 1968, to proceed (Longwith, 2000). On March 20, 1968, the University of Chattanooga Board of Trustees Executive Committee considered a report by the Southern Regional Educational Board (SREB) recommending the possible merger (Longwith, 2000). On April 24 and 25, 1968, the Chattanooga Board of Trustees discussed the issue at length and approved a resolution to pursue the merger.

A plan was developed that would consider the protection of the faculty and staff (Exhibit 3), and extensive meetings were held to work out a proposed merger (Exhibit 4). Scott Probasco, Jr., who was a member of the Tennessee Higher Education Commission, the UT Board of Trustees, and UC Board of Trustees, was chosen to propose the merger to Governor Ellington.

## **Federated University System**

The University of Tennessee proposed to create a branch out of UC because it had conducted its other campuses in Knoxville, Martin, Nashville, Tullahoma, and Memphis, "...as branches rather than as part of a system" (Exhibit 22). Branches are small dependent campuses focused on undergraduate teaching with few graduate programs.

But the UC trustees were violently opposed to a main campus and branch model, and proposed an alternative model: a federated system with parity among higher education institutions in which there is a central administration with several major, relatively independent campuses, but coordinated missions, shared library system, and a planned distribution of doctoral programs. Federated systems existed at the University of Missouri, University of Wisconsin, University of California, and State University of New York. For example, the University of Buffalo merged into the State University of New York system but was able to grow to 27,000 students, and 78 doctoral programs.

A special model for the merger was the University of North Carolina federated system (Exhibit 8). UT Special Assistant to the President Joseph Johnson shared a planning document, *Development of the Philosophy and Purposes of the University of North Carolina*, describing the federated model with distributed doctoral programs (Exhibit 8). Dr. John Folger, Executive Director of THEC, praised the federated concept and its benefit for UTC:

"The public and private support that comes together in this merger provides a unique opportunity...this institution is destined to become a leader among major universities of the South" (Exhibit 6).

On April 24, 1968, the UC Alumni Council supported the merger if UTC would be "an autonomous unit...and would not be a mere branch of the University at Knoxville" (Exhibit 6). The city of Chattanooga and Hamilton County were also brought into the merger by providing funds and land for expansion of the University. On April 26, 1968, The *Chattanooga Times* announced the merger promising that the change would be "the greatest single progressive step in our modern history" (Exhibit 2). On May 31, 1968, UC Foundation Board member, Raymond Witt, developed extensive legal research to determine the authority of the trustees to transfer the University, given the prior role of the Methodist Church (Exhibits 5, 7 & 19).

## **Distrust & UT System's Assurance**

Some UC alumni and trustees were distrustful of the state politics behind the merger and UT's larger size and power. Alumni and trustees feared that whatever promises were made or contracts

signed, UTC would be standing in Knoxville's shadow and would just become a branch (Longwith, 2000). In protest, they canceled nearly half a million dollars in pledges to UC's Bold Venture capital campaign. The Chamber of Commerce began to have secret meetings among key power players in Chattanooga and Knoxville regarding the merger. In an April 19, 1968 letter to President Masterson, State Senator Thomas A. Harris complained that there had been no public forum to discuss views on the merger, and wrote:

“What we thought we were obtaining was an additional educational facility; not a takeover of U.C. by U.T. Had the latter proposal been presented, I can assure you that it would have been rejected.” (Thomas A. Harris letter to William Masterson, April 19, 1968, UTC Lupton Library Archives).

However, University of Tennessee President Andy Holt reassured that domination was not the intent and continued to shape the agreement as a federated system (Exhibit 6), replying:

“We did not take over UC. To the contrary we responded favorably to a proposal by the Tennessee Higher Education Commission and the UC Board of Trustees” (Andy Holt letter to Thomas A. Harris, June 5, 1968, UTC Lupton Library Archives).

With this assurance, UC President Masterson reported:

“UC will not be a mere branch of the Knoxville campus strongly influenced the decision...Our University may well become one of the great schools in the nation” (Exhibit 6).

## **Final Approval**

On March 4, 1969, the *Merger Agreement and Plan of Transition* was approved by the University of Chattanooga Board of Trustees, with the Executive Committee voting 5 to 1, and trustees voting 25 to 5 (Exhibit 11, 22). The Agreement was signed by UC Foundation Chair William Brock and UT President Andy Holt, with UC Foundation trustees Raymond Witt and The University of Tennessee Secretary and General Counsel John Baugh attesting as witnesses.

The University of Chattanooga trustees became the UC Foundation with a revised charter and bylaws and the mandate to protect the Agreement, and the endowment and future of the University (Exhibits 3, 12, 15, 40; George Connor interview with William Masterson, September 5, 1981, UTC Lupton Library Archives). On June 3 an Amendment was filed with the Secretary of State and on June 18, 1969 a friendly suit was brought to modify the role of the Methodist Church, change the University of Chattanooga charter, and rename the body as the University of Chattanooga Foundation, Inc. (Exhibits 13 & 16).

On June 19, 1969, The University of Tennessee Board of Trustees approved the Merger Agreement, as well as a “major reorganization of The University of Tennessee” into the

federated system (Exhibits 14 & 22). On July 1, 1969, the University of Chattanooga officially became The University of Tennessee at Chattanooga, and Masterson became its first Chancellor.

The UC property was valued at \$9,807,434 and the University had very low debt, but UT would pay only \$1 million for Chattanooga's 36-acre campus which was valued at \$9M (Exhibit 22). The \$5,688,571 endowment already raised by UC became the funds of the UC Foundation (Exhibit 22). In addition, there was a 1969-1970 state appropriation for UTC of \$3,052,000.

On June 19, 1969, The University of Tennessee Board of Trustees reconfirmed the provisions of the Merger Agreement (Exhibit 14), and the merger was announced in the University of Chattanooga newsletter (Exhibit 18). Masterson said,

“We went on basic trust principles,” Masterson said, but stressed, “...this is a legal obligation” (George Connor interview with William Masterson, September 5, 1981, UTC Lupton Library Archives).

That same year, a small African-American college, Chattanooga City College, which would have been also negatively impacted by a state campus in Chattanooga, was also merged into The University of Tennessee at Chattanooga with its own Merger Agreement (Exhibit 17).

### **Agreement Provision: Major Institution**

The merger plan called for UTC to be a major doctoral institution which today would be at the level of a Carnegie DRU institution. The Carnegie Foundation classifies three types of major institutions: RU/VH - research universities with very high research activities; RU/H – research universities with high research activity; and DRU – universities with a balance of teaching and research that award at least 20 doctoral degrees per year (carnegiefoundation.org).

The guidelines also stated that the campuses of UTC and UTK would have equal resources:

“...on the same basis as other units of the university, so that for equivalent programs equal resources would be made available on the Chattanooga campus as on the Knoxville campus and other campuses of UT. Salary scales, conditions of work, academic freedom, and opportunities for innovation in teaching and research would be equivalent, except for differences that are required in different program areas.” (Exhibits 6 & 11).

### **Agreement Provision: Admission Standards**

At the time of the merger, UC's high school grade requirement of 2.6 was higher than UTK's requirement of a 2.25 grade point average (Exhibit 4). UC required a minimum ACT score of 16, while UTK's minimum was 17 which were nearly equivalent. The Merger Agreement provided that, “admissions and retention standards at UTC would not be lower than those of any other UT

campus” (Exhibits 11 & 21), and Joseph Johnson, Executive Assistant to the UT President Andy Holt, confirmed, “The same requirements prevail all over” (Exhibit 4). Masterson explained:

“Our present standards are almost identical to those of UT and will continue as high as any in the state system” (Exhibit 6) ...the caliber of the competition in the classroom, is...important as well as the quality of the teacher. It takes both...to lower your admission standards to build up your student body certainly should be avoided” (George Connor interview with William Masterson, September 5, 1981, UTC Lupton Library Archives).

## **Agreement Provision: Faculty Salaries**

UC Foundation Russell E. White negotiated with UT Vice President Jack Williams and they agreed for UTC and UTK to have equal salaries:

“Mr. Williams stated that the salary levels as previously agreed would be comparable at U.T.C and the Knoxville campus. . . to the level of the campuses conducting doctoral level programs. . . It is anticipated that the second biennium would see the rate increased to full parity between U.T.C. and U.T.-Knoxville” (Exhibit 9).

UT Vice President for Academic Affairs Herman Spivey supported the equal salaries:

“Most trustees and faculty at UC seemed amenable provided it received reasonable autonomy and guarantee of no loss in faculty salaries” (Exhibit 20).

UC Trustee and attorney Raymond Witt agreed to:

“directing the salary schedules toward those specifically existent on the Knoxville Campus...it being intended that UTC become a doctoral-granting institution as soon as practicable. The parties agree that the UT salary schedule must be such as to attract the caliber of faculty necessary to support a doctoral program” (Exhibit 10).

The UC Foundation confirmed that the goal was:

“in order to make these salaries consistent with those offered similar UT personnel of the Knoxville campus for comparable work levels in similar fields” (Exhibit 21).

Although THEC did not sign the agreement *per se*, it agreed to its terms and played a role in its development. THEC recognized three salary levels in Tennessee higher education: 1) community colleges; 2) regional colleges; and 3) state university, i.e., the UT system. Dr. John Folger of the Tennessee Higher Education Commission assured UTC parity with UTK:

“he [Folger on behalf of THEC] proposes to move the University of Chattanooga as well as Memphis State salary levels to the salary levels of the University of Tennessee in three years, by increasing them by one-third of the difference between the salary level of the University of Tennessee and independent colleges, each, in the next three years.” (Exhibit 21; Longwith, 2000).

## Agreement Provision: Graduate Programs

The Merger Agreement called for UTC to have doctoral programs, and other graduate programs coordinated between UTC and UTK, but not to reside exclusively at UTK (Exhibits 21 & 22). In a federated system like North Carolina, the doctoral coordination is mutual and not controlled by just one institution. An analogy might be that UTK represented North Carolina at Chapel Hill but UTC represented North Carolina State University or North Carolina at Charlotte.

### Merger Agreement Key Passages

“UT’s agreeing...to assume the responsibility for maintaining and operating...UTC...as a major campus...and part of UT exercising its care and management therefore to preserve its present high standards, to provide for its sound growth and secure enhancement of it as a first class institution...” p. 4

“...for equivalent programs equivalent resources will be made available on the Chattanooga campus as on the Knoxville campus...” p. 5

“...further adjustments in salary will be made for UTC employees in order to make these salaries consistent with those offered similar UT personnel of the Knoxville campus for comparable levels of work in similar fields, it being intended that UTC become a doctoral-granting institution as soon as practicable...“The parties agree that the UTC salary schedule must be such as to attract the caliber of faculty necessary to support a doctoral program.” p. 8

“The admissions and retention standards at UTC will not be lower than those of any other UT campus. Student activities will be financed and operated as on other campuses of UT.” p. 9

“...UTC shall serve adequately the needs of southeastern Tennessee with higher education of quality and excellence.” p. 11

“...income and corpus from said [UC] Foundation will be disbursed solely for the benefit of the University of Tennessee at Chattanooga...” p. 17

“...so that for equivalent programs per student equal resources will be available at UTC or at Knoxville and other campuses or UT.” p. 20

“...UT agrees to maintain and perpetuate the institutions and traditions of the University of Chattanooga.” p. 23

“...the success of the transfer herein contemplated depends upon the good faith and integrity of the respective Boards and their executive officers...”  
p. 26

# 3 FAILURE TO HONOR AGREEMENT

## Chancellor William Masterson (1969-1973)

**“We can promise that...its [UTC’s] potential growth is fully realized.”**  
*Andy Holt, President, The University of Tennessee, September 24, 1969.*

### Merger Benefits

UC President William Masterson served as UTC’s first Chancellor from 1969 to 1973. There were a number of immediate benefits that stemmed from the merger (Longwith, 2000). The institution was expanded and redesigned as a public state university; state funding was provided; 55 new faculty positions were added to the existing approximately 100 full-time faculty; three new buildings were completed by the early 1970s; and the UC Foundation began to supplement state funding for special projects (Longwith, 2000).

### Memphis Merger Problems

But, there were warning signs also. The first year, Chancellor Masterson learned of problems experienced by Memphis State which also had entered into a merger with The University of Tennessee after discussions that had begun in 1951 (Longwith, 2000). At a UT Board of Trustees meeting, a Memphis State official angrily delivered a “fiery protest,” that their merger agreement was being violated by The University of Tennessee. He stated that UT:

“...had in fact ‘moved in,’ so to speak, on this institution, and, in fact, taken it over, its assets and its debts, in violation, this man said, of the terms.” [Longwith, 2000; George Connor Interview With William Masterson, September 5, 1981, Austin, Texas, UTC Lupton Library Archives].

As a result, Memphis State (now the University of Memphis) pulled out of the agreement with UT in a highly-publicized split, angry at UT’s bullying tactics. The media played a key role in galvanizing Memphis to resist the takeover.

UC administrators hoped that the UTC endowment would be the preventive wedge in any political struggle with the much larger UT system but were concerned that UT would not allow UTC to become a major institution:

“What I’d hate to see, and it may be inevitable over the years, but at least I’d like to delay it, is the image of this school as another minor campus of the state system.” [George Connor interview with William Masterson, September 5, 1981, Austin, Texas, UTC Lupton Library Archives].

## Major Institution

In his September 24, 1969 Convocation address, UT President Andy Holt referred to UTC as a “primary campus” and “major campus” and assured UTC,

“We can promise that...its potential growth is fully realized” (Andy Holt Convocation Address, September 24, 1969, UTC Lupton Library Archives).

Governor Buford Ellington agreed,

“UTC will receive the same level in quality of state support as other campuses of The University of Tennessee plus the extras in academic excellence which will come from the added income derived from a substantial endowment fund” (Andy Holt Convocation Address, September 24, 1969, UTC Lupton Library Archives).

Holt reported that UTC enrollment would reach 10,000 in 10 years (*Convocation*, p. 4), and listed several areas of UTC distinctiveness: 1) strong liberal arts tradition; 2) industrial setting; 3) downtown university; 4) compensatory education for African-American students; 5) UC Foundation endowment; and 6) strong local support. However, Chancellor Masterson believed that there was a negative attitude toward UTC that colored UT’s decisions for decades to come (George Connor Interview With William Masterson, September 5, 1981, Austin, Texas).

## Admission Standards

Initially, the Merger Agreement provision for equal admission standards was met. In the first year of the merger, the UTC student enrollment was 3,200 (Longwith, 2000, p. 159). UTC’s minimum admission ACT score of 16 was close to UTK’s minimum score of 17, with UTC’s grade point requirement was actually higher, 2.6 compared with UTK’s 2.25 (Exhibits 4 & 6). In addition the UC tuition went from \$1,000 to \$365, a drop of 64%, making higher education much more accessible for Chattanooga area students.

## Faculty Salaries

In 1969, UTC full professor salaries averaged about \$15,000 and were only \$1-2,000 lower than UTK’s \$16,000 average (Tennessee Higher Education Commission, 2007). The UT system promised to meet the equal salary provision, by stating they would equalize UTC and UTK’s salaries within three years.

## Doctoral Programs

UTC began with three master’s programs: Master of Education in Elementary, Secondary, Administration and Supervision or Educational Psychology (1948); Master of Business Administration (1961); and a Cooperative Engineering Masters with UTK (1963). Masterson added a Master of Education in Community Counseling (1973).

It was agreed that, “All graduate programs would be limited to master’s level until 1980,” after which UTC was to begin doctoral programs (Exhibit 22). Doctoral programs required additional

infra-structure and national faculty before their programs could be approved. In fact, Chancellor Masterson reported “pressure to have graduate schools in so many areas” (George Connor Interview With William Masterson, September 5, 1981, Austin, Texas, UTC Lupton Library Archives). Thus, it appears that initially the UT system was going to comply with graduate, including doctoral, programs in a timely manner.

### **Administrative Issues**

Friction developed from the shift in UC’s personal relationship-based rewards pattern, informal accounting methods, and liberal arts orientation, to the UT system’s formal evaluations, bureaucratic structure, business models, and new professional programs. Masterson fought against the UT system’s making UTC a secondary campus, as it had tried with Memphis State. UT President Boling asked for Masterson’s resignation—the first Merger Agreement casualty (Longwith, 2000).

## **Chancellor James Drinnon (1973-1981)**

**“I was with the system while the merger was being worked out.”** *James Drinnon, Chancellor, The University of Tennessee at Chattanooga, December 19, 1980.*

Chancellor James Drinnon followed Masterson and was a 34-year-old Knoxville attorney and UT Vice President who had played a role in planning the Merger Agreement and overseeing the transition. Drinnon was sent to Chattanooga to continue to shape UTC as a secondary campus.

### **Major Institution**

Drinnon continued to expand UTC, doubling the size of the campus and adding many more faculty. He dedicated a new library, constructed five more buildings, built an arena, and instituted numerous professional programs. (Longwith, 2000). The UT system insisted that UTC change its colors to UTK orange, in the second issue with the Merger Agreement. The faculty and students loudly protested, and the UT system backed down.

### **Admission Standards**

Enrollment grew to 7,500 by 1980, primarily through nearly open admissions that lowered UTC’s admission standards in the third violation of the Agreement (Longwith, 2000). Functional open admissions increased enrollment by 4,500 students by 1981, but allowed the admission of poorly prepared students which dramatically changed the campus culture (Longwith, 2000, p. 167).

UTC was to have accommodated UTK “overflow,” but not to have lowered its admission standards. UC Foundation board member and co-writer of the Merger Agreement, Raymond Witt, reminded the UT system that the Merger Agreement was a legal obligation and warned:

“...there’re *indicia* of institutions that are lowering their standards in order to keep their dormitories filled and so forth and so on. And the Foundation should be aware of that and should disagree with it. If ever it should happen, it should state so, at least with regard to the programs the Foundation is supporting, because that, in effect, would mean that the Foundation is violating its contractual obligation and its legal obligation, because that’s the role it accepted” (George Connor interview With Raymond Witt, August 3, 1981, Chattanooga, Tennessee, UTC Lupton Library Archives).

## Faculty Salaries

At the time of the merger, UTC’s average faculty salary was estimated to be \$14,000 and UTK’s was \$15,000 (THEC, 2007). Table 3.1 shows that, in 1975, the first year exact salaries are known, UTC’s average faculty salary was \$15,384, with an average full professor salary of \$19,860, less than \$2,000 apart (THEC, 2007). Keeping their part of the Agreement, UTC faculty began to change their tenure and retention standards to create a quality major institution faculty (George Connor Interview With James Drinnon, December 19, 1980, Chattanooga, Tennessee, UTC Lupton Library Archives).

**Table 3.1 Average UTC and UTK Faculty Salaries – 1975-1986 (Tennessee Commission on Higher Education).**

Rank	UT – Chattanooga	UT - Knoxville
Instructor	\$10,926	\$ 9,625
Assistant Professor	\$13,240	\$14,208
Associate Professor	\$16,059	\$16,898
Full Professor	\$19,860	\$21,922
<b>OVERALL</b>	<b>\$15,384</b>	<b>\$17,003</b>

However, the UT system failed to equalize the salaries as promised in the fourth violation of the Merger Agreement, in as many years. In addition, the UT system continued to promise future parity if UTC continued to improve the quality of its faculty (Longwith, 2000). However, by 1980, the UT system attempted to pay UTC faculty less for summer teaching than UTK in the fifth violation of the Merger Agreement. When the UTC Faculty Senate (then called “Council”) and Faculty President Louis McIntosh threatened litigation the UT system finally provided the appropriate summer salaries.

## Graduate Programs

The UT system did not develop the doctoral programs which were to begin sometime after 1980 in the sixth violation of the Merger Agreement (Exhibit 4). However, Drinnon was able to add six graduate programs: Masters of Science: Psychology (1975); Master of Education in Special Education (1976); Master of Criminal Justice (1978); Master of Science in Engineering (1978); Master of Music – reactivated (1979); and Master of Science in Computer Science (1980).

## **Administrative Issues**

Drinnon made a number of unpopular programmatic changes, instituted a business model of faculty evaluation, and eliminated a dozen UTC administrators who counter-claimed that they were resigning in protest (George Connor interview with James Drinnon, December 19, 1980, Knoxville, Tennessee, UTC Lupton Library Archives). Drinnon began to identify more with UTC, and this and personal problems may have played a role when he was asked to resign in 1981.

## **Chancellor Frederick Obear (1981 – 1997)**

**...[we needed] a genuine commitment—on the campus, at the system level, and in Nashville—to work toward the long-term development of the campus as envisioned when the merger took place”** *Frederick Obear, March 22, 1984.*

Drinnon was replaced by Frederick Obear an outside candidate selected to repair community relations, (Frederick Obear, personal communication, April 2007, Chattanooga, TN). Obear began to mend relations with the UC Foundation which had become estranged under Drinnon, and he increased the UC Foundation endowment per student to one of the top 20 in the nation.

He also created the University radio station, and nine Chairs of Excellence, a remarkable show of community support and renewed interest in the institution. In 1996, *U. S. News and World Report* rated UTC as a “best buy”—an incredible bargain in undergraduate education.

## **Major Institution**

By the mid-1980s, UTC’s growth was further stalled as state funds decreased at the same time that the UT system was increasing UTK’s standards, salaries, and doctoral programs, along with the University of Memphis’. This left the increasingly regional and secondary UTC in a precarious position. The Tennessee Board of Regents system had been formed to counter balance the power of The University of Tennessee within the state, but UTC had no protector within the UT system.

Middle Tennessee State University (MTSU), two hours northwest of Chattanooga, was a secondary institution at that time that was undergoing exponential growth. This was due to population and economic development in middle Tennessee, but also due to a charge of segregation against the University of Tennessee that became the Geier Court Decree.

***Geier Court Decree.*** The Geier Court Decree was initiated in 1968 because of *de jure* segregation from the UT system’s expansion of its white Nashville campus, while the predominantly black Tennessee State University in Nashville remained under-funded (*Tennessee Today*, December 17, 2006). The Decree plaintiff Rita Sanders Geier explained:

"The whole motivation for this was the fact that if UT-Nashville had come in with a major expansion in the Nashville community, Tennessee State was not going to become a world-class university" (Exhibit 46).

UTC faced the same problem: how to be a world-class university in the shadow of UTK. The Geier Court Decree closed the UT-Nashville campus, as well as ultimately provided \$77M in state funds to increase African-American students and faculty in all state higher education institutions. However, once the UT Nashville campus was closed, unfortunately, many Nashville white students fled to nearby MTSU rather than Tennessee State. As a result, MTSU will likely soon exceed UTK in enrollment. At the lower end, UTC was also competing locally with Chattanooga State Technical Community College which had increased its enrollment to nearly 8,000 students.

One of UTC's former peer institutions, the University of North Carolina at Charlotte, also dramatically surpassed UTC in salaries, graduate programs, and enrollment. Like MTSU, it now also rivals UTK. Ironically, Charlotte had been one of the early models for UTC in the federated system design.

***Secondary Institution Status.*** UT Vice President Joe Johnson continued to insist, "All UT campuses are primary" but the reality indicted otherwise (Exhibit 32). In the 15 or so years since the merger, UTC was becoming a "branch" or secondary regional campus, despite a sign on campus labeling it "A Primary Campus of The University of Tennessee." Then, the UT system openly redefined UTC as a secondary institution, giving it a new "metropolitan access" mission in a seventh violation of the Merger Agreement (Longwith, 2000; Frederick Obear, personal communication, April 30, 2007, Chattanooga, TN).

Obear developed a new slogan that UTC was "a private education at a public price," and UTC worked hard to maintain the illusion of a liberal arts teaching institution while it was increasingly shaped as a regional nearly open admissions state institution.

***Merger Violation Protests.*** UTC vigorously protested these merger violations. Obear raised the issue of the Merger Agreement with the UT system and Board of Trustees on a regular basis during his chancellorship (Frederick Obear, personal communication, April 30 2007, Chattanooga, TN).

In 1984, Obear wrote to UT Vice President John Prados that there was growing faculty discontent with the UT system's failure to honor the Merger Agreement (Exhibits 24). He and the UTC faculty were frustrated with the continuing increase of resources, faculty salaries, doctoral programs, and admission standards at UTK and Regents universities, while UTC remained exclusively a master's institution (Exhibit 23).

Obear invoked the federated system concept to suggest that these be at least coordinated among the system institutions and that the Merger Agreement be followed:

"What is important in the minds of key faculty and staff here is that those basic commitments in the agreement which speak to the quality of our programs and

personnel and to the overall stature of this institution be honored...[we need] a genuine commitment—on the campus, at the system level, and in Nashville—to work toward the long-term development of the campus as envisioned when the merger took place” (Exhibit 24).

Prados’s reply (Exhibit 25) left no illusion about UTC’s status as a secondary institution. Prados blamed the situation on THEC, failing to acknowledge the strong ties between THEC and UTK. He stated that the circumstances were now so different from 15 years earlier that it was “unrealistic” to honor the Merger Agreement.

He also pleaded that lack of economic resources justified UTC’s lesser position in the system. Finally, Prados used the Agreement clause, “as soon as practicable” which was intended to be a mandate for the growth of doctoral programs, and interpreted it instead as “if practicable.”

The Faculty Senate and President Eric Schonblom also protested to UT President Boling (Exhibits 23 & 27). In a 1984 letter, Schonblom objected to several points Boling made at a meeting (Exhibit 29):

- Fifteen-year-old intentions are irrelevant today
- Salaries at UTC are exclusively a UTC responsibility
- UTC faculty ought not to compare their salaries to those at UTK, at TTU, or to Southern Regional Education Board (SREB) averages; the proper comparison is with other small, urban universities
- There will not be a doctoral program at UTC, ever
- The Merger Agreement will have no effect upon consideration of the current UTK proposal to raise admissions standards

Schonblom argued that Merger Agreement contractual obligations were “absolute” and should take precedent over the excuse of “campus autonomy.” He stated that promises of “upgrades” at UTC were not the same as parity with UTK:

“...UTC was to remain an institution of high academic quality, differing in kind, but not in standards, from the Knoxville campus. The stipulation that standards are to be no lower at UTC than at any other UT campus is an absolute one, as are the other provisions in that section of the agreement...UTC is to be a ‘major’ campus. The ‘intent’ is to have doctoral programs (‘when practical,’ not ‘if practical’), the immediate need is to hire ‘doctoral-level faculty,’ and there is to be ‘equal compensation for equal programs.’” (Exhibit 29).

***UT System Response.*** Boling’s reply was hostile. He framed UTC’s attempt to simply get the Merger Agreement to be honored as “elitist,” stating if UTC:

“...didn’t attempt an elitist and ill-advised ambition to become the ‘Harvard of the South,’” the UT system would consider “some upgrades” to UTC’s mission. . . “most of its [Merger Agreement’s] provisions have already been implemented...it

would be highly irresponsible [to follow] the letter of the agreement on every point” (Exhibit 30).

Boling was being a responsible administrator in monitoring the proposed missions of the campus units in the federation. But, he used a psychological and rhetorical device of creating a “victim,” and then blaming the victim. Boling then re-labeling the victim’s protest using derogatory terms. He provided no justification for arguing that simply following the Agreement would be “highly irresponsible.”

Obear was discouraged and concluded that UTC’s autonomy in the system was threatened if he pursued the Merger Agreement any further. Under extreme pressure from Knoxville, he began to speculate that at least the “spirit” of the Merger Agreement had been met:

“...I personally feel that the spirit of that agreement has been met over the past fifteen years except where circumstances affecting the State higher education scene have intervened (e.g. THEC posture on graduate programs). Moreover, the issue of campus autonomy is, in my judgment, extremely critical to the operation and continued development of UTC, and I would not favor trading any on that relationship between the campus and the system-wide administration” (Exhibit 28).

### **Admission Standards**

The UTC Faculty Senate voted to ask the UT Board of Trustees to lower UTK’s admission standards the same way UTC’s standards had been lowered. They reasoned that if the Board would not allow UTC’s standards to be raised to UTK levels, they might at least require UTK to lower theirs.

However, the University of Tennessee trustees continued to approve increases in UTK admission standards in the seventh violation of the Merger Agreement (Exhibits 23 & 27). Obear acknowledged:

“We have obviously operated with different [admission] criteria than UTK and perhaps UTM for several years, and I assume we may wish to continue to do so” (Exhibit 25).

Obear fulfilled the new metropolitan mission by providing access and nearly open admissions, which increased enrollment by 1,000 students to reach 8,500 by 1996, but also altered the campus culture (Longwith, 2000, p. 178). While UTC nominally had a minimum ACT score of 16, the practice of increasing conditional and provisional students actually admitted many who were below the minimum. As a result, the gulf between UTC and UTK admissions, and the character of their campuses, widened even further.

In 1982, the admission standards were changed to just 2.0 high school GPA, with no minimum ACT score (the conditional admission minimum was 18) (UTC Admissions Office, 2007). But by 1986, UTC managed once again to try to close the gap with UTK, and the minimum GPA

score for regular admission was increase to 2.75 or an ACT score of 20 (conditional was 2.0 GPA and 12 ACT).

High school social science or foreign language units were added in 1987, and by 1989 the core high school courses were established. By 1989, regular admission was changed to 2.75 GPA plus 16 ACT or 2.0 GPA and 21 ACT (conditional was increased to 2.0 GPA and 16 ACT).

## **Faculty Salaries**

***Salaries Lower Than Peer Institutions.*** By the mid-1980s, faculty salaries were significantly below UTK's, below UTC's peer institutions, and below regional and national standards, in the eighth violation of the Agreement. The Senate even discussed litigation. UT Vice President John Prados blamed UTC's lower faculty salaries on THEC, saying it had now placed UTC in a different institutional category than UTK:

“The decision to place UTC in a different [salary] category than UTK...was made by THEC, which was not a party to the merger agreement...At the time the merger agreement was written, public higher education in Tennessee was expanding dramatically....Shortly after the merger, the climate changed...[to] one of contraction....” (Exhibit 26).

UT Vice President Prados did not acknowledge that it was the UT system's treatment of UTC that had caused THEC's reclassification of UTC's peer institutions in the first place, nor did he show support and advocacy for UTC to be placed in a higher THEC category. The secondary status was to be permanent.

Prados and Boling did say that Obear could take his existing budget and raise salaries slightly out of those limited funds, but this would have required larger classes and other changes. Obear was committed to keeping the image, some said illusion, of the “private education at a public price” (Frederick Obear, personal communication, April 2007, Chattanooga, TN).

In the next few years UTC was forced to hire more regional, non-tenure track, and part-time contingent faculty, which further moved it away from major institution status or the professionalism required to address UTK's dominance.

***Salary Protests.*** The UTC Faculty President Eric Schonblom continued to argue for salary equality and the Faculty Senate declared that the UT system “did not sign the agreement in good faith”:

“We value the Merger agreement because it promised us equality. When our recognition and our compensation are less than at UTK, then it is clear that either we are less qualified or we are unfairly compensated. It is as simple as that, and we do not accept the premise that we are inferior” (Exhibit 29).

By 1988, the average UTC faculty salary was \$40,000 (Exhibit 31; THEC, 2007). This was \$3,000 below MTSU, \$6,000 below the University of Memphis, and \$8,000 below UTK, whose average faculty salary was \$48,000.

Further, UTC's faculty salaries were below regional standards, and far below national standards. Pay for part-time adjunct professors was also very low—even lower than in community colleges. A May 22, 1988 *Chattanooga Times-Free Press* article, "UTC Pay Scales Trail 3 of 5 Comparable Schools In State," documented this relative salary decline (Exhibit 31).

UC Foundation trustee Raymond Witt reminded Obear of the Agreement provisions, and called for the "legal obligation" of the Foundation to "see that the Agreement is followed," through litigation, if necessary (Exhibit 33). Once again, UTC sent a copy of the Merger Agreement to the UT system.

***UT System Response.*** UT President Boling used the excuse that low UTC salaries were due to "a few high paid disciplines" at UTK which distorted the UTK averages (Exhibit 30). UTK faculty were expected to recover some of their salary through outside grant and contract sources. Therefore, UTC salaries were to be permanently lower.

The UT system continued its circular reasoning—blaming UTC for the salary conditions the system had created, in the seventh Merger Agreement violation. The system was like a bully changing the rules of a game in order to win at any cost, and then blaming other players for not being capable enough to win the game.

UT Vice President Joe Johnson admitted that it was a joint responsibility to monitor compliance with the Merger Agreement, but he instead instructed Obear to divert faculty attention, and "stress needs to be placed on direction, role, and mission rather than on average faculty salaries and related topics. (Exhibit 34).

The extent of the stone-walling of UTC's major institution design and failure to bring UTC salaries up to par is apparent in a June 27, 1988 memo from UT system Vice President Joe Johnson to the new UT President-elect Lamar Alexander (Exhibit 32). Titled "Role and Mission of UTC," Johnson coached Alexander on counter points to UTC's appeals and outlined the system's efforts to spin the Agreement's provisions out of existence. Johnson belittled UTC's claim to become "...a major campus and first-class institution based on the merger," by saying that "all institutions are major" (Exhibit 32).

Regarding the Agreement's provision that "UTC is to be treated like other UT campuses in terms of resources," Johnson countered that the THEC formula had already defined UTC and UTM, along with Regents schools, as "different" from UTK and Memphis State (now the University of Memphis).

Regarding the Agreement's provision that "faculty salaries at UTC are to be consistent with those of UTK," Johnson stated that major institutions like UTK "have salaries different from a largely undergraduate campus with limited research." So by restricting UTC to a largely undergraduate campus, it likewise restricted its salaries.

## Doctoral Programs

**Faculty Protests.** Obear was able to add six masters programs: Master of Arts in English (1983); Master of Public Administration (1986); Master of Science in Engineering Management (1989); Master of Science in Nursing (1991); Master of Accountancy (1992); and Master of Science in Environmental Science (1996). UTC developed a joint Environmental Engineering doctoral program with UTK, but UTK would not accept working with UTC.

The UT system continued to prevent other doctoral programs. The Faculty Senate continued to question why THEC and UT were blocking doctoral programs and reminded the UT system that it was a federated system, not main campus and branch (Exhibit 23 & 27). Faculty President Schonblom pointed out that the Merger Agreement called for doctoral programs to be coordinated within the system:

“...a real commitment to make UTC a ‘major’ campus after 1969 would have seen the shifting of certain doctoral programs from Knoxville to Chattanooga...”  
(Exhibit 29).

**UT System’s Arrogant Response.** Johnson gave the same argument for why UTC could not have doctoral programs as he had for salaries—THEC peer groupings and its decision to limit UTC doctoral programs, although Regents universities were adding substantial numbers of doctoral programs at the same time (Exhibit 32). Johnson questioned whether “first class university” meant a comprehensive or regional university, although a full reading of the document made it clear that an institution with multiple doctoral programs was in the Agreement.

Further, UT Vice President Prados had already declared that there would be no doctoral programs at UTC:

It would be wholly irresponsible to talk about development of doctoral programs at UTC now or in the foreseeable future. I do not view this as a violation of the agreement. “As soon as practicable” appeared reasonably imminent at the time the agreement was drafted; it now appears to lie far in the future.” (Exhibit 26).

Annoyed at UTC’s protests, UT President Boling ended the discussion with a parting shot—that UTC should appreciate its UC Foundation funding (which was its own endowment in the first place) instead of “wasting time” on “non-existent wrongs of the past” (Exhibit 30). He added a personal handwritten note that the UC Foundation seemed to be pleased and that he was surprised by the UTC faculty “attitude.” Clearly, by this time UT administrators felt contempt for UTC and its faculty.

THEC’s response was that it had not been party to the original Merger Agreement and was not required to follow it, even though it had clearly approved the terms of the Agreement. Fatigued with the struggle, Obear subsequently tendered his resignation four separate times. It was finally accepted in 1997—the ninth Merger Agreement casualty.

## Chancellor Bill Stacy (1997 – 2004)

**“We didn’t know at that time that UT and the board were going to hog everything for Knoxville.”** *UC Foundation Trustee Paul Nolan, Chattanooga Times-Free Press, November, 1999*

Bill Stacy replaced Obear in 1997, and came from one of the state organizations UT was modeled after—the 25-campus California state university system. He had developed the San Marcos campus from the ground up, and was very familiar with the style and operations of a federated system with coordinated inter-dependence and multiple major institutions.

However, Stacy was not aware of the failed federation in Tennessee, political oversight of THEC, or degree of the comparative lack of support for higher education in Tennessee. The “junior partner” status of UTC was particularly troublesome for him (Bill Stacy, personal communication, May 30, 2007, Chattanooga, Tennessee).

### Major Institution

***Who Do These Folks Think They Are!*** According to Stacy, the UT system’s attitude toward UTC was, “Who do these folks think they are!” (Bill Stacy, personal communication, May 30, 2007, Chattanooga, Tennessee). Stacy tried repeatedly to show the UT system that UTC faculty had first class accomplishments, but the UT system ignored Stacy and persisted in their perception of UTC as a second or third class institution, while continuing to officially label it “primary.” UTC had not received funding to build a new campus building for over 20 years, except for an arena and some student housing, and Stacy also focused on changing that as well.

In November 1999, the *Chattanooga Times-Free Press* published an article, “In 30 Years, UTC Growth Hopes Not Fulfilled” (Exhibit 35) describing the “open frustration” among UTC supporters with “a string of promises” from the UT system that were unfulfilled, stating, “...UTC will never prosper as a ‘stepchild’ to the Knoxville campus.”

County Mayor Claude Ramsey added,

“...the leadership of the UT administration and the board of trustees needs to act like they really do care about growing this university and being a part of growing this community” (Exhibit 35). A UTC Dean agreed and stated, “If we’re going to grow the middle class here and have some good-paying jobs, having a component institution at your local university is extremely important.”

UC Foundation trustee Joe Decosimo pointed out:

“...the president of the UT system is more the president of UT Knoxville...” (Exhibit 35).

Some sought to return to the old name, “University of Chattanooga” or withdraw from the UT system and create a city-connected identity like the University of Memphis (Exhibit 37). UC

Foundation board member and former Chattanooga mayor, Robert Kirk Walker said the key issue was creating a better university for the region regardless of what it was called.

Some UC Foundation members, like Scott Probasco, felt that UTC was doing as well as it could within the UT system and should remain an undergraduate teaching institution. Probasco, however, also sat on the boards of UTK and THEC and may have had conflicting loyalties, and other authorities warned not to engage in a Merger Agreement battle (Exhibit 36).

***Down-Graded Peer Institutions.*** One of the most serious blows against UTC was when THEC revised UTC's peer institutions downward (Exhibit 38). UTC's 1990 peer institutions was a reasonable group and had included the University of North Carolina at Charlotte. But the new list was disturbingly of lesser quality.

Provost John Friedl angrily questioned THEC's method and judgment. In a 2004 letter to UT system Vice President Robert Levy, Friedl pointed out shocking oversights and omissions on the part of THEC in calculating UTC's new peer institutions (Exhibit 38):

- THEC had used outdated 2000 UTC data in completing their 2004 calculations
- THEC had failed to count 16% of the UTC faculty as well as 22 doctoral students
- THEC had failed to count half of UTC's undergraduate and graduate programs
- THEC had failed to count ALL of UTC's three doctoral programs
- Only one peer institution had accredited programs in four professional areas
- No peers were doctoral institutions
- All peers had lower *U. S. News & World Reports* rankings & peer scores than UTK
- All peers ranked below UTC's rate of 84% faculty with terminal degrees

Provost Friedl concluded that the effect of THEC's actions was "simply to punish UTC for its success" (Exhibit 38). Worse, it resulted in THEC being able to claim that UTC was funded, in terms of state appropriation per full time equivalent student, not at 81.8%, but at 111.2%, without adding a single dollar to the appropriation. He pointed out:

"We strongly believe that the proposed new THEC peer institution list reflects a disregard for quality, and is based solely on an effort to create the appearance that UTC is sufficiently funded at current levels of state appropriations and student tuition and fees. This should not be the goal of THEC or of any other organization that seeks to further the interest of quality higher education in Tennessee" (Exhibit 38).

At the same time as THEC lowered the quality of UTC's peer institutions, it raised the quality of UTK's, which now included the University of North Carolina – Chapel Hill and the University of Texas – Austin (THEC, 2007). This suggested a strategy by which UTC was re-evaluated downward in order to move UTK upwards, at UTC's expense.

THEC maintained that the funding formula was not based on per student spending but on aspirational faculty salaries of the peer institutions (Director Richard Rhoda, Tennessee Higher Education Commission, May 2007, Nashville, TN). However, Friedl pointed out that if this were

the case earlier peer groups would have sufficed since 75% of the former peers had salaries higher than UTC's (Exhibit 38). Friedl also questioned why higher overall quality peers were not included, i.e., institutions whose profile could be models for UTC's future development.

***Strategies For Change.*** UTC continued to try to make changes. Hamilton County Commissioner Ben Miller and UTC Business College Dean Richard Casavant suggested renaming the University the "University of Chattanooga" and moving UTC to the Tennessee State Board of Regents system (Exhibit 35).

UTC advocate David Magee and others angrily talked about the "stepchild" status of UTC because Regents schools like MTSU had acquired 36 new buildings in the same period that UTC had acquired only one (Exhibit 39).

Stacy focused on the three issues of faculty salaries, campus finance involving the UC Foundation, and doctoral programs and proposed a theme for the University centered on the environment and Tennessee water sources (Exhibit 37; Bill Stacy, personal communication, May 30, 2007, Chattanooga, Tennessee).

### **Admission Standards**

UTC's mid-50% ACT score range for entering freshmen was four or five points below UTK's—the ninth violation of the Merger Agreement. Stacy was able to raise the admission standard to an ACT score of 17, but there were still enrollment issues and many conditional admissions. UTC showed leadership in the state in honoring the Geier Court Decree by recruiting more African-American students especially from Memphis and Nashville.

### **Faculty Salaries**

UTC salaries plummeted to 48% lower than UTK's, the tenth violation of the Merger Agreement. In 1998, the average full professor salary at UTC, based on CUPA data, was \$47,454, while at UTK it was \$59,286, a difference of \$11,832 (Exhibit 35; THEC, 2007).

A decade earlier there had been an \$8,000 differential between UTC and UTK. Stacy found some funds to increase average UTC faculty salaries by small percentages based on discipline (Bill Stacy, personal communication, May 30, 2007, Chattanooga, Tennessee), but UTC salaries remained below regional norms, and below its own peer institutions.

Stacy reasoned with UT system that the teaching load was higher at UTC than UTK, and that this represented a redistribution of duties not inferior status (Bill Stacy, personal communication, May 30, 2007, Chattanooga, Tennessee). He also pointed out that the productivity of UTC faculty was in some cases higher than UTK's, despite the higher teaching load; with a reduced teaching load, productivity would be even higher.

Relatively low salaries meant that some faculty were not being replaced, and it became difficult to recruit new faculty, especially national faculty. The number of contingent faculty grew rapidly as UTC moved further away from major institutional status.

By 2003, frustrated with low salaries and other problems, more than 80 faculty formed a Faculty Federation and acquired union representation by the United Campus Workers (UCW) with the long-term goal of collective bargaining. The UCW included both university faculty and staff and numbered over 500 members in the UT system ([ucw-cwa.org](http://ucw-cwa.org)).

## **Doctoral Programs**

Stacy added three master's or equivalent programs: Master of Science in Athletic Training (1998); Education Specialist in Advanced Educational Practice (1998); and Master of Physical Therapy (1998). This brought the total masters programs at UTC to 22 programs.

Doctoral programs were still not forthcoming from the UT system or THEC. In contrast, MTSU had acquired seven doctorates, and East Tennessee State University had been given three doctoral programs (Exhibit 35). UTC was falling behind Tennessee Board of Regents schools.

Former Chattanooga Mayor and UC Foundation board member Robert Kirk Walker considered litigation and recalled “a commitment that within a reasonable period of time they [UTC] would have a doctoral program” (Exhibit 35).

A private solution appeared when Stacy received a \$25M donation through the UC Foundation which helped underwrite three doctoral programs: a research doctorate in computational engineering; a professional doctorate in physical therapy; and an applied doctorate in education. Thus, UTC obtained doctoral programs only through private funding, not the UT system funding process. The UT system's failure to provide these was the eleventh merger violation.

## **Administrative Issues**

Stacy was able to raise admission standards, attract minority students, increase faculty salaries slightly, build new buildings, and create three doctoral programs with a huge donation; but the UT system's failure to honor the Merger Agreement remained. He unexpectedly resigned in 2004.

## **Chancellor Roger Brown (2004 - present)**

**“There are widespread and long-standing concerns over UTC's status in the state higher education hierarchy.”** *Roger Brown, Chancellor, The University of Tennessee at Chattanooga, March 16, 2007.*

Chancellor Roger Brown replaced Stacy in 2004. Brown began by enhancing the dignity of the UTC campus culture and creating a sense of tradition through his investiture ceremony. Brown recognized UTC was facing a severe financial, enrollment, and identity challenge. He added a new Director of Athletics, Vice President for Student Development, and Provost. He also succeeded in obtaining a much needed new Library with Senator Ward Crutchfield's help, as well as acquired a major 200 acre land donation to the University.

## Major Institution

**Funding.** UTC state funding after 2000 was affected by the UT system's focus on resources for UTK. By 2004, UTC funding went from the requested \$52M to \$38M (UT System Fact Book, 2006). Not only future growth but also routine infra-structure was affected. Science and technology programs suffered from inadequate space and out-dated laboratory equipment; classrooms had heating/cooling issues, lacked digital computer displays or repaired blinds to show films; and some buildings had serious mold problems. Faculty lacked student assistants, equipment, colloquia, ability to make copies; materials and supplies, or other common activities found at other universities. Many department budgets had not been increased in over 20 years, not even for cost of living inflation adjustments.

Brown commissioned a Strategic Plan, based on a metropolitan access university, to rethink UTC's mission to be implemented by 2008. The Plan would be critical since the 2007 UT System budget focused on funding the new Knoxville \$48M Cherokee Campus, and for a \$78M UTK biotechnology project that would require at least 10 years of continued support. UT acknowledged that resources would continue to go to UTK, but claimed that "benefits" to the other campuses would trickle down (UT Faculty Council, January 8, 2007).

**"Consolidated" System.** In 2007, the UT system announced a new mission and officially redefined itself away from being a federated system to a controlling top-down "consolidated system" in the twelfth merger violation (Exhibit 44). A federation is a voluntary association for mutual benefit—a union of institutions. A consolidated system is one where smaller units are brought under the control of a central controlling authority or main campus. Signs of this control are apparent.

The Merger Agreement called for UTC to retain its blue and gold school colors. However, the UT system initiated a branding campaign utilizing the widely recognized UTK "orange" for *all* campuses. UTC supporter David Magee commented that the orange branding campaign with "UTC" in only tiny letters was good—but good for UTK, alone (Exhibit 39). He cited "the complete loss of identity" for UTC and the "problematic money and clout" that it would take to improve UTC's status.

In addition, both the UT System Fact Book and website define UT to mean only "UTK," and UTC faculty are labeled "non-UT." UTC faculty are required to have Regents/UT library cards when utilizing the UTK library, making them functionally "non-UTK" faculty, not "UT system" faculty. Further, the UT Knoxville Library webpage lists UTC faculty as "Non-UT Borrowers (Affiliate, Subscriber, Courtesy and TBR Cards" (utk.edu). UTK athletics is called "UT Athletics," and it reports directly to the UT system, not to the UTK campus, enmeshing the two units. The system is located on the UTK campus which further blurs the distinction between UT and UTK.

The UT system announced a new mission statement for with no opportunity for prior input from the campuses and warnings of "consequences" if the system's dictate was not followed (Exhibit 44). It stated that autonomy within the UT system did not mean independence and that all units in the University had to work for the goals of the orange consolidated system.

***UTK as the Teaching Flagship.*** UTK's primacy was also made clear when it was announced that UTK was to be both the premier research and teaching institution, which made the UT system an explicit main campus and branches (UT Faculty Council, January 8, 2007). UTK was going to increase its enrollment by at least 12,000 students which would likely draw significant enrollment away from UTC. Supporters of UTC's teaching status, who are not eager to become major researchers now find that the premier teaching role is also to go to UTK, leaving UTC to a branch role.

### **Admission Standards**

In 2005, the regular admission requirement was increased to 2.75 and 17 ACT (from 16 ACT previously) and conditional admission was based on 2.0 GPA and 17 ACT (UTC Admissions Office). Up to 400 students were admitted conditionally, however, which affected the classroom.

THEC's 2005-2010 *Five Year Master Plan* noted that Tennessee has high rates of poor health and low rates of citizens with college degrees which made attracting new companies to the state difficult. Thus, THEC called for all Tennessee higher education to increase the number of first-generation college students to more highly education the population (*THEC Master Plan 2005-2010*). Student access was deemed a mandate for all campuses, especially community colleges where a 19-19-19 Plan would give free admission for many students Now, UTC's enrollment was threatened both by UTK's plans to add 12,000 students and by free admission at community colleges.

By 2006, UTC enrollment had increased only 4% to 8,900 in the last 10 years. Chancellor Brown improved UTC admissions with a more coordinated relationship with Chattanooga State Technical and Community College. Brown worked to improve relations and refine the process by which community college students would smoothly transition to UTC. The Geier Court Decree resulted in continual recruitment of African-American students and by 2006 the freshmen enrollment reached 25% African-American, 148% higher than Tennessee's African-American general population (Exhibit 43). This was the highest increase in not only the system, but also the state (THEC, 2007).

In 2007, the UTC Standards Committee recommended to the Senate and Chancellor raising the UTC minimum ACT score to 18, as well as using a holistic approach to admissions like UTK. UT Martin had already raised its standard twice and now was at 19, two points higher than UTC, yet still had also increased its enrollment by 10% each year (utm.edu). Conditional students have been limited to 100, a 75% decrease, and the minimum UTC GPA that must be maintained has been increased from 1.0 to 2.0.

If holistic admissions were adopted for all students, it would begin to make UTC's admission requirements equivalent with UTK's if the minimum were the same. Thus, recruitment is extremely important because the pool attracted to the institution forms the group from which selections are made. Retention is likewise important since universities are evaluated by retention and graduate rates, not just admissions. Brown also reinstated a very popular ROTC program on campus and prepared an important tuition waiver policy for nearby out-of-state junior and senior students to increase enrollment.

## Faculty Salaries

For over a decade, faculty have received less than cost of living raises (Exhibit 41). So-called small “merit” raises were actually misnamed because they did not constitute even a cost of living raise. Projected faculty raises for 2007 showed some relief with 3% increases (and an additional 2% for merit, equity, compression, etc), but still remained below the accumulated cost of living levels. However, decades of failing to follow the Merger Agreement salary provision have resulted in an accumulated functional loss of thousands of dollars per faculty member, and perhaps as much as \$100M since the merger. As a result, the Faculty Senate commissioned this Report (Exhibit 42) and collected comparative salary information for expert evaluation (Exhibit 45).

## Graduate Programs

While UTC continued to add a few masters programs and certificates, there were no new plans for adding doctoral programs since the Lupton funds were been expended. Further, the new “access” mission and strategic planning process was still in progress in 2007, so it is premature to anticipate UTC’s new direction. A lack of graduate assistantships resulting in talented students being unable to attend UTC and faculty having little access to research assistants, remains a persistent problem. Thus, the UT system continues to make doctoral development at UTC, and progress toward major institution status difficult.

## Conclusion

The contractual agreement that created UTC was a binding legal contract that called for UTC to be a major institution in a federated system and not a branch or secondary campus, with equal admission standards and faculty salaries and doctoral programs after 1980. However, as least 12 Merger Agreement violations were justified with circular reasoning, and it was never fully honored by the UT system in letter or in spirit.

This has resulted in an over \$100M salary loss for faculty, and possible *de facto* segregation on the part of the UT system. Other issues such as reduction in higher education state funding and the role of THEC played a role, but no factor reduces the impact of the UT system’s failure to honor the Agreement. Thus, UTC historian John Longwith (2000:175) concluded:

“THEC’s policies and the stance of System officials had, in effect, imposed ceilings on compensation and curricular development not envisioned in the UC-UT Merger Agreement of 1969.”

[Sources: John Longwith. (2000). *Light Upon a Hill: The University at Chattanooga, 1996-1996*. Chattanooga: The University of Tennessee at Chattanooga; James Montgomery, et al. (1984). *To Foster Knowledge, A History of The University of Tennessee, 1791-1970*. Knoxville: The University of Tennessee Press.]

## Timeline of Comments on the Merger Agreement – 1968 - 2007

### UTC & Supporters 1960s

“What we thought we were obtaining was an additional educational facility; not a takeover of U.C. by U.T.” Senator Thomas A. Harris, 1968

“Mr. Williams stated that the salary levels as previously agreed would be comparable at U.T.C and the Knoxville campus. . . to the level of the campuses conducting doctoral level programs. . . It is anticipated that the second biennium would see the rate increased to full parity between U.T.C. and U.T.-Knoxville” UC Foundation Trustee Russell White, 1968

“Salary scales, conditions of work, academic freedom, and opportunities for innovation in teaching and research would be equivalent, except for differences that are required in different program areas.” *UC Today*, 1969

### UT System & State 1960s

“The public and private support that comes together in this merger provides a unique opportunity...this institution is destined to become a leader among major universities of the South” John Folger, THEC, 1968

“We did not take over UC. To the contrary we responded favorably to a proposal by the Tennessee Higher Education Commission and the UC Board of Trustees” UT President Andy Holt, 1968

“The parties agree that the UT salary schedule must be such as to attract the caliber of faculty necessary to support a doctoral program” UT Official Herman Spivey, 1968

“We can promise that...its [UTC’s] potential growth is fully realized.” UT President Andy Holt, 1969

“UTC will receive the same level in quality of state support as other campuses of The University of Tennessee plus the extras in academic excellence which will come from the added income derived from a substantial endowment fund” Governor Buford Ellington, 1959

### UTC & Supporters 1970s

### UT System & State 1970s

“We propose to move the University of Chattanooga as well as Memphis State salary levels to the salary levels of The University of Tennessee in three years, by increasing them by one-third of the difference between the salary level of The University of Tennessee and independent colleges, each, in the next three years.” John Folger, THEC, 1976.

### UTC & Supporters 1980s

### UT System & State 1980s

“We went on basic trust principles,” Masterson said, but stressed, “...this is a legal obligation” Chancellor William Masterson, 1981

“...didn’t attempt an elitist and ill-advised ambition to become the ‘Harvard of the South,’” the UT system would consider “some upgrades” to UTC’s mission. . . “most of its [Merger Agreement’s] provisions have already been implemented...it would be highly irresponsible [to follow] the letter of the agreement on every point” UT President Edward Boling, 1984

“to lower your admission standards to build up your student body certainly should be avoided” UTC Chancellor William Masterson, 1981

“all institutions are major...”, UT Vice President Joe Johnson, 1988, on coaching Lamar Alexander on how to counter UTC’s complaint about not being a major institution.

“...[we needed] a genuine commitment—on the campus, at the system level, and in Nashville—to work toward the long-term development of the campus as envisioned when the merger took place.” UTC Chancellor Frederick Obear, 1984

“It would be wholly irresponsible to talk about development of doctoral programs at UTC now or in the foreseeable future. I do not view this as a violation of the agreement. “As soon as practicable” appeared reasonably imminent at the time the agreement was drafted; it now appears to lie far in the future.” UT Vice President John Prados, 1984

“...UTC was to remain an institution of high academic quality, differing in kind, but not in standards, from the Knoxville campus. The stipulation that standards are to be no lower at UTC than at any other UT campus is an absolute one, as are the other provisions in that section of the agreement...UTC is to be a ‘major’ campus. The ‘intent’ is to have doctoral programs (‘when practical,’ not ‘if practical’), the immediate need is to hire ‘doctoral-level faculty,’ and there is to be ‘equal compensation for equal programs.’” UTC Faculty President Eric Schonblom, 1984

“Salaries at UTC are exclusively a UTC responsibility...UTC faculty ought not to compare their salaries to those at UTK, TTU, or SREB averages...the proper comparison is with other small urban universities...” UT President Edward Boling, 1984

“Are the faculty at UTC inferior or are they unfairly compensated? We shall always compare ourselves with any school where we are qualified to teach because all too often we lose our best faculty to such comparisons.” UTC Faculty

“...[doctoral programs] now appear to lie much further in the future. I do not see this as a violation of the agreement.” UT President Edward Boling, 1984

“...the Merger Agreement will have no effect upon

President Eric Schonblom, 1984

“We value the Merger agreement because it promised us equality. When our recognition and our compensation are less than at UTK, then it is clear that either we are less qualified or we are unfairly compensated. It is as simple as that, and we do not accept the premise that we are inferior”  
UTC Faculty President Eric Schonblom, 1984

consideration of the UTK proposal to raise admission standards...” UT President Edward Boling, 1984

“...fifteen year old intentions are irrelevant today...If we didn't attempt an elitist and ill-advised ambition to become the Harvard of the South, you would review sympathetically proposed changes to those objectives...” UT President Edward Boling, 1984

“I hope that the UTC faculty will work actively with the campus administration in helping to plan for the wise use of these new resources (UC Foundation) rather than wasting time in debating perceived, and in my opinion, non-existent wrongs of the past.” UT President Edward Boling, 1984

### **UTC & Supporters 1990s**

“...the leadership of the UT administration and the board of trustees needs to act like they really do care about growing this university and being a part of growing this community.”  
Mayor Claude Ramsey, Hamilton County, 1999

“We didn't know at that time that UT and the board were going to hog everything for Knoxville.” UC Foundation Trustee Paul Nolan, 1999

“...the leadership of the UT administration and the board of trustees needs to act like they really do care about growing this university and being a part of growing this community” (Exhibit 35). A UTC Dean agreed and stated, “If we're going to grow the middle class here and have some good-paying jobs, having a component institution at your local university is extremely important.” Mayor Claude Ramsey, Hamilton County, 1999

“...the president of the UT system is more the president of UT Knoxville...” UC Foundation Trustee Joe Decosimo, 1999

### **UT System & State 1990s**

### **UTC & Supporters 2000**

“We strongly believe that the proposed new THEC peer institution list reflects a disregard for quality, and is based solely on an effort to create the appearance that UTC is sufficiently funded at current levels of state appropriations and student tuition and fees. This should not be the goal of THEC or of any other organization that seeks to further the interest of quality higher education in Tennessee” UTC Provost John Friedl, 2004

“There are widespread and long-standing concerns over UTC's status in the state higher education hierarchy.” UTC Chancellor Roger Brown, 2007.

### **UT System & State 2000**

“Is it written on papyrus? I cringe at reading the Agreement. We need to ignore it and go with what works and makes sense.” UT President John Petersen, 2007

“UTK orange teams generate money for UTC & UTM.” UT President John Petersen, 2007

“While I have stressed campus autonomy throughout my tenure as president, it should be clearly understood that autonomy does not mean independence. The University operates as a strong union of campuses and institutes, and the autonomy of each rests in the latitude leadership has to deploy resources in enabling success of our mission...This direction recognizes that the state is our campus and that a consolidated, collaborative effort is the most productive and effective way to fulfill our statewide obligations to deliver quality programs and services. Campuses and institutes are expected to identify and implement programs that fulfill that mission via our strategic plan.” UT President John Petersen, 2007.

