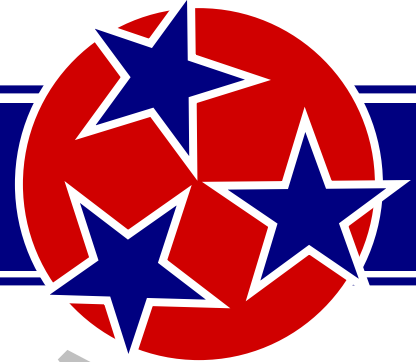


**TENNESSEE EDUCATION LOTTERY
SCHOLARSHIP PROGRAM
ANNUAL REPORT**

Outcomes Through Fall 2008

Prepared by the Tennessee Higher Education Commission

COMMISSION OVERVIEW

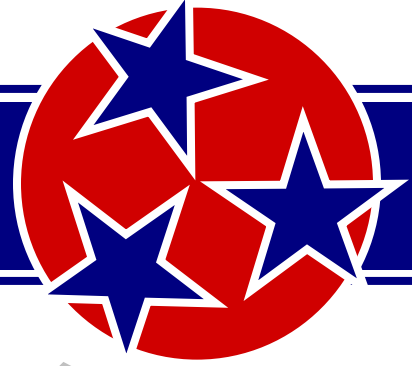


The Tennessee Higher Education Commission (THEC) was created in 1967 by the Tennessee General Assembly (TCA 49-7-202) for the purpose of coordinating and supporting the efforts of postsecondary institutions in the State of Tennessee.

The mission for Tennessee's twenty-first century system of higher education is to:

- Elevate the overall educational attainment of citizens in the State through increased accessibility to mission-focused institutions, which deliver educational services on campus, as well as through a planned network of off-campus instruction, and
- Prepare citizens responsibly for success in the new century by providing high quality teaching and research in an environment that serves the needs of its consumers.

COMMISSION MEMBERS



Katie Winchester, Chair, Dyersburg

Jack Murrah, Vice-Chair, Hixson

A C Wharton, Jr., Secretary, Memphis

Tre Hargett, Secretary of State

David H. Lillard, Jr., State Treasurer

Justin P. Wilson, Comptroller

Sue Atkinson, Nashville

Gregory P. Isaacs, Knoxville

Cato Johnson, Bartlett

Charles Mann, Columbia

Carolyn Morrison, Cookeville

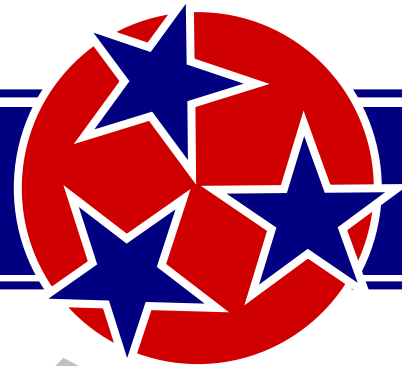
Robert White, Johnson City

Jessica Brumett, non-voting ex-officio, Tennessee Technological University

David C. Holt, non-voting ex-officio, UT, Health Science Center

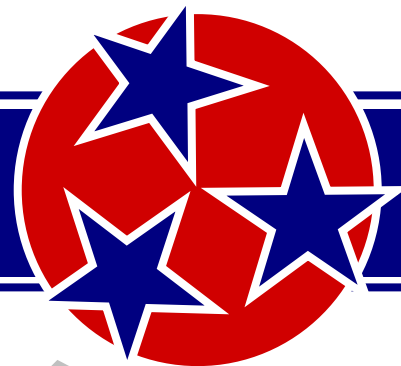
Gary Nixon, non-voting ex-officio, Executive Director, State Board Education

CONTENTS



List of Tables and Figures	i
Executive Summary	iii
Program Overview and Recipient Demographics	1
Scholarship Renewal.....	11
College Retention	20
Best and Brightest: An Examination of Student Enrollment Patterns Since the Lottery Scholarship.....	28
Summary Findings of Recent TELS Research	32
Appendices	34
Appendix A: Lottery Participation of Tennessee Residents Enrolled in Public Institutions as First-Time Freshmen: 2004-2008	35
Appendix B: High School Preparation Levels of Fall 2007 First-Time Freshman TELS Recipients, by Initial Postsecondary Sector	36
Appendix C: Fall 2008 Scholarship Renewal by High School Preparation Level of Fall 2007 TELS Freshmen, by Initial Postsecondary Sector	38
ACT Composite of Tennessee Residents 19 and Under Enrolled in Public Institutions as First-Time Freshmen 2004-08	40

LIST OF TABLES AND FIGURES



Tables

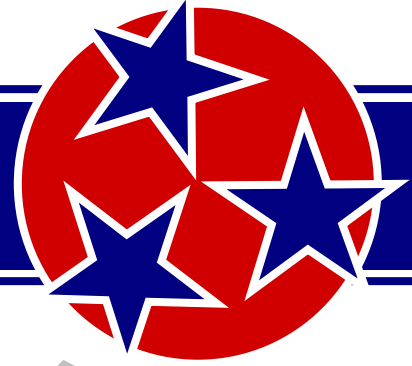
Table 1:	Tennessee Education Lottery Scholarship Eligibility and Renewal Criteria, 2008-09	2
Table 2:	Scholarship Recipients and Dollars Awarded, 2004-05 to 2007-08.....	3
Table 3:	Distribution of Scholarship Recipients and Dollars by System, 2007-08.....	3
Table 4:	Lottery Scholarship Receipt by Gender	5
Table 5:	Lottery Scholarship Receipt by Race/Ethnicity	5
Table 6:	Lottery Scholarship Receipt by Postsecondary Sector	6
Table 7:	Lottery Scholarship Receipt by Family Income	7
Table 8:	Academic Preparation: Qualification Standards Met by Fall 2007 and Fall 2008 First-Time Freshman TELS Recipients	9
Table 9:	Cumulative Scholarship Renewal Rates by Award Type (TELS First-time Freshmen Fall 2004, Fall 2005, Fall 2006 and Fall 2007).....	13
Table 10:	Scholarship Renewal Rates by Award Type and Initial Postsecondary Sector (TELS First-time Freshmen Fall 2004, Fall 2005, Fall 2006 and Fall 2007) 14	
Table 11:	Scholarship Renewal Rates by Award Type and Family Income: Fall 2007 TELS First-Time Freshmen Who Renewed Award Fall 2008.....	15
Table 12:	Cumulative Scholarship Renewal by Income: Fall 2005 TELS First-time Freshmen	16
Table 13:	Scholarship Renewal Rates of Fall 2006 and Fall 2007 TELS First-Time Freshmen by Qualifications Met.....	18
Table 14:	Fall 2004, Fall 2005, Fall 2006 and Fall 2007 TELS First-Time Freshmen: Continued Enrollment in Subsequent Fall Terms, by Original Award Type. 22	
Table 15:	Postsecondary Sector Enrollment Shifts: Fall 2004, Fall 2005, Fall 2006 and Fall 2007 TELS First-time Freshmen who Began at a Public Institution and Did Not Renew Scholarship but Remained Enrolled	23

Table 16: Postsecondary Sector Enrollment Shifts: Fall 2004, Fall 2005, Fall 2006 and Fall 2007 TELS First-time Freshmen who Began at a Public Institution, Renewed Scholarship, and Remained Enrolled	24
Table 17: Fall 2007 TELS First-time Freshmen Who Did Not Renew Scholarship but Remained Enrolled Fall 2009, by Family Income	24
Table 18: TELS Graduates (UT and TBR universities only)	25
Table 19: TELS Graduates by Award Type (UT and TBR universities only)	25
Table 20: Fall 2004 First-time Freshmen who Graduated within Four Years (UT and TBR universities only)	26
Table 21: Fall 2004 First-time Freshmen who Graduated within Four Years by Award Type (UT and TBR universities only)	26
Table 22: Compound Annual Growth Rates in Fall Term Enrollment of Tennessee Resident First-time Freshmen: Pre- and Post-Lottery Scholarship	29

Figures

Figure 1: Percentage of Fall 2008 Freshmen Attending Postsecondary on a Lottery Scholarship.....	4
Figure 2: College Retention of Fall 2004 TELS First-time Freshmen vs. All Students	23
Figure 3: Destination of Tennessee High School Recent Graduates, In-State vs. Out-of-State, Fall 2000 – Fall 2006	29
Figure 3: Top 20 Out-of-State Institutions Enrolling the Most Tennesseans in Fall 2002: Change in Tennessee Resident Freshmen, Fall 2002 – Fall 2006	30
Figure 4: Average ACT Composite Score of Tennessee Resident Freshmen by Carnegie Classification, Fall 2001 – Fall 2006.....	31

EXECUTIVE SUMMARY



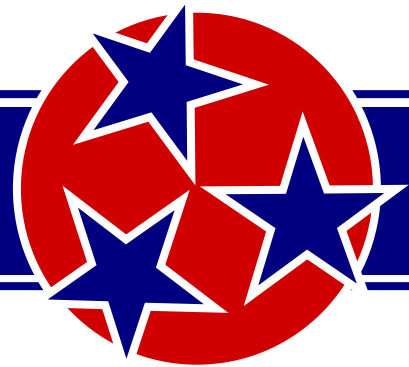
- **In the 2007-08 academic year, the TELS program reached maturity with five classes of students.**
 - More than 76,000 students received lottery funded scholarships with total award allocations in excess of \$225,000,000.
 - Almost 7,000 TELS students had graduated from public universities with a Bachelors degree by Spring 2008. An additional 247 students graduated with an Associate degree.
 - The Dual Enrollment Grant program, which was added in 2005, continues to grow rapidly with close to 11,000 high school students participating.
 - The number of students using the Wilder-Naifeh Technical Skills Grant program grew by 700 students from 9,725 to 10,429 from 2006-07 to 2007-08. The total funding for the program increased by more than \$3 million from \$8.1 million to \$11.8 million.
- **The demographic breakdown of TELS recipients by gender, race/ethnicity, and postsecondary sector has remained steady over time, with family income being the only exception.**
 - As the program continues, the percentage of students in higher income brackets grows. Though there may be growth in students in the highest income bracket, it is also likely that inflation is increasing family income as well.
- **The changes made in scholarship renewal criteria in Fall 2008, pursuant to Public Chapter 1142, contributed to substantial increases in lottery scholarship renewal.**
 - For the TELS program as a whole, prior to the 2008 changes, cumulative scholarship renewal in the third year had averaged 37 percent and in the fourth year had been 32 percent. Following the statutory changes, third year renewal increased by 10 percentage points to 47 percent and fourth year renewal increased by 8 percentage points to 40 percent.
- **Despite increases in the percentage of students renewing their scholarships, there was not a subsequent increase in the percentage of students staying in college.**
 - The overall college retention rate for TELS recipients, both who renewed and did not renew their award was 82 percent in their second year, 73 percent in their third year, and 65 percent in their fourth year.
 - Prior to the changes made in 2008 respective to renewal criteria, roughly half of students in their third year and in their fourth year who were retained in college also renewed their scholarship.
 - After the changes, while the percentage of students renewing their awards increased, the overall percentage of students retained in college did not.

- **Fall 2004 first-time freshmen who began with TELS at University of Tennessee and Tennessee Board of Regents institutions graduated within four years at higher rates than all students at those institutions.**
 - Of Fall 2004 first-time freshmen who started with TELS from UT and TBR institutions, 21 percent graduated within four years. The overall four year graduation rate for Fall 2004 first-time freshmen at Tennessee public institutions was 17 percent.

- **Of Fall 2004 first-time freshmen who began with TELS at University of Tennessee and Tennessee Board of Regents and who graduated within four years, more than eight in ten graduated with their lottery scholarship intact.**
 - Overall, 18 percent of Fall 2004 first-time freshmen TELS recipients graduated with their TELS award, which is 85 percent of all TELS graduates. Students who began at both TBR and UT institutions and graduated within four years were almost equally likely to graduate with their TELS award.

DRAFT

PROGRAM OVERVIEW AND RECIPIENT DEMOGRAPHICS



STATUTORY CHARGE

This report is prepared pursuant to T.C.A. §49-4-903(b), which directs the Tennessee Higher Education Commission (THEC) to:

“...provide assistance to the general assembly and to the Tennessee Student Assistance Corporation (TSAC) by researching and analyzing data concerning the scholarship and grant programs created under this part, including, but not limited to, student success and scholarship renewal.”

The report is divided into five major sections:

- *Program Overview and Recipient Demographics* describes the program’s objectives, eligibility requirements, and size and scope;
- *Scholarship Renewal* describes the rates at which freshman cohorts receiving various types of awards renewed those awards one year later, focusing particularly on differences in scholarship renewal across levels of family income and academic preparation;
- *College Retention* longitudinally tracks the Fall 2004 first-time freshman class through their fifth year of college and/or graduation with or without the scholarship; and first-to-second year behavior of all classes with an emphasis on the Fall 2007 first-time freshmen class;
- *Best and Brightest*, an examination of student matriculation patterns prior to and following the lottery scholarship program; and
- *Summary Findings from Recent Lottery Scholarship Research* on second year scholarship renewal and the Non-traditional Student Grant.

PROGRAM OVERVIEW

The Tennessee Education Lottery Scholarship (TELS) program was designed to meet the unique needs of the state of Tennessee by incorporating the hallmark elements of existing merit-based aid programs in other states. Developed through a process involving elected officials and members of the academic community, the TELS program aims to address the following broad public policy objectives:

- Improve academic achievement in high school through scholarship incentive;
- Provide financial assistance as a means of promoting access to higher education;
- Retain the state’s “best and brightest” students in Tennessee colleges and universities; and
- Enhance and promote economic and community development through workforce training.

The Tennessee Education Lottery began operations on January 20, 2004. Lottery proceeds fund scholarships for Tennessee students attending eligible public or private colleges and universities across the state. Initial qualification and renewal criteria for the program were set in 2003. The legislature adjusted the qualification criteria in 2005 and the renewal criteria in 2008. Additionally,

the legislature added a Non-traditional Student Grant in 2005 and several smaller provisions in 2006 and 2008.

Pursuant to Public Chapter 1142, which was signed into law in July 2008, the most significant policy changes to the program since inception were implemented in Fall 2008. One of the reforms was a provisional method for maintaining the award after 72 attempted credit hours. Additionally, the law approved an expansion of the Non-traditional Student Grant. If a student is age 25 or over, has an adjusted gross income of \$36,000 or less, and has never attended or has been away from college for two years, he or she can become eligible for a Non-traditional Student Grant by completing 12 hours of collegiate coursework with a minimum 2.75 cumulative GPA.

In addition to changes to the scholarship programs, the state has also made lottery-funded grants available to veterans of the Global War on Terror, students pursuing degrees in math and science education, and students who pursue medical education with the intention of serving a rural health shortage area. Also in 2008-09, the state used a combination of lottery reserves and other non-recurring revenues to provide \$10 million so that 5,000 additional students could receive Tennessee Student Assistance Awards (TSAA), which provide grants to financially needy undergraduate students who are residents of Tennessee.

Program Qualification and Renewal Criteria

The TELS program comprises five distinct scholarship awards, each with its own set of eligibility requirements (**Table 1**). The Wilder-Naifeh Technical Skills Grant was designed to address the final goal in the list above and is available to any state resident enrolled in a certificate or diploma program at a Tennessee Technology Center (TTC). All other lottery scholarships and awards require students to achieve a certain high school grade point average (GPA), standardized test score (ACT or SAT), or both.

While initial eligibility criteria differ by award, the renewal criteria are consistent across the three largest award types (HOPE, GAMS, ASPIRE): students must have a minimum cumulative 2.75 college GPA after attempting 24 and 48 credit hours. At each 24-hour checkpoint after that, students may renew the award by maintaining a 3.0 cumulative GPA or by achieving a cumulative 2.75 with a 3.0 GPA in the prior semester. The award is available for up to five years or baccalaureate degree attainment, whichever comes first.

**Table 1
Tennessee Education Lottery Scholarship Eligibility and Renewal Criteria, 2008-09**

	HOPE (base)	General Assembly Merit Scholarship	ASPIRE (HOPE with need supplement)	Access Award	Wilder-Naifeh Technical Skills Grant
Amount (4-yr.)	\$4,000	\$5,000	\$5,500	\$2,750	N/A
Amount (2-yr.)	\$2,000	\$3,000	\$3,500	\$1,750	\$2,000
Minimum High School GPA	3.00	3.75	3.00	2.75	N/A
Minimum ACT Composite	or 21	and 29	or 21	and 18-20	N/A
Family Adjusted Gross	N/A	N/A	\$36,000 or less	\$36,000 or less	N/A
College Retention GPA	Traditional Path - Cumulative 2.75 at 24 & 48 hours, cumulative 3.0 at 72, 96 hours			Cumulative 2.75 at 24 hours allows qualification for HOPE	Satisfactory academic progress
	Provisional Path - Cumulative 2.75-2.99 at 72, 96, 120 hours with 3.0 prior semester				

While the programs listed above account for the majority of students and funding in the lottery scholarship program, several other grants and scholarships initiated since 2004 now serve as components of the overall program. These include the Non-traditional Student Grant, Foster Child Grant, and Dual Enrollment Grant.

Program Size and Scope

The TELS program has grown steadily since its inception in 2004-05 and reached maturity in 2007-08. Monetarily, the program grew from expending \$93 million in its initial year to \$225 million in 2007-08. Enhanced by an additional year of freshmen students each year as well as the addition of a Dual Enrollment Grant for high school students, the number of students served grew from 40,000 in the program’s inaugural year to 76,000 in 2007-08 (**Table 2**).

**Table 2
Scholarship Recipients and Dollars Awarded, 2004-05 to 2007-08**

	2004-05		2005-06		2006-07		2007-08	
	Students	Dollars	Students	Dollars	Students	Dollars	Students	Dollars
HOPE					33,120	\$108,342,867	37,272	\$126,897,145
GAMS	included in Subtotal		included in Subtotal		3,939	\$18,221,157	4,579	\$22,047,176
ASPIRE					11,629	\$52,805,363	12,722	\$59,381,930
Subtotal (HOPE, GAMS, ASPIRE)	31,272	\$86,650,189	40,275	\$126,345,913	48,688	\$179,369,387	54,573	\$208,326,251
HOPE ACCESS Grant	108	\$152,560	265	\$490,294	315	\$639,716	345	\$720,261
Wilder-Naifeh Grant	8,815	\$6,613,273	10,023	\$7,860,163	9,725	\$8,079,913	10,429	\$11,810,022
HOPE Foster Care Grant	n/a	n/a	30	\$88,245	17	\$34,604	14	\$36,285
Dual Enrollment Grant	n/a	n/a	5,465	\$2,060,356	8,308	\$3,601,522	10,931	\$4,804,919
Math & Science Teachers	n/a	n/a	n/a	n/a	n/a	n/a	31	\$62,000
Total	40,195	\$93,416,022	56,058	\$136,844,971	67,053	\$191,725,142	76,292	\$225,697,738

Source: Tennessee Student Assistance Corporation year-end report

The program reached maturity with five classes of students in 2007-08. Accounting for changes associated with PC 1142 in 2008, it is estimated that expenditures will reach \$266 million to serve some 88,000 students in 2008-09. Projected expenditures for 2009-10 are \$274 million.

Examining the distribution of TELS recipients by postsecondary system in 2007-08 (**Table 3**), the percentage of students in each system remained steady from 2006-07. Colleges and universities in the Tennessee Board of Regents (TBR) system enrolled the largest share of scholarship recipients (45 percent of the total), with 31 percent attending a TBR university and 14 percent attending a community college. Students attending a University of Tennessee (UT) campus represented 24 percent of all scholarship recipients. More than 10,000 recipients, or 16 percent of all awardees, attended private non-profit institutions that are members of the Tennessee Independent Colleges and Universities Association (TICUA).

**Table 3
Distribution of Scholarship Recipients and Dollars by System, 2007-08**

	Students		Allocations	
	Number	Percent	Dollars	Percent
UT System	15,889	24%	\$64,672,665	29%
TBR 4-Year	20,318	31%	\$82,076,910	37%
TBR 2-Year	9,014	14%	\$18,408,792	8%
Independents	10,438	16%	\$43,526,972	20%
Technology Centers	10,429	16%	\$11,810,022	5%
Private/Business	90	0%	\$361,173	0%
Total	66,178	100%	220,856,534	100%

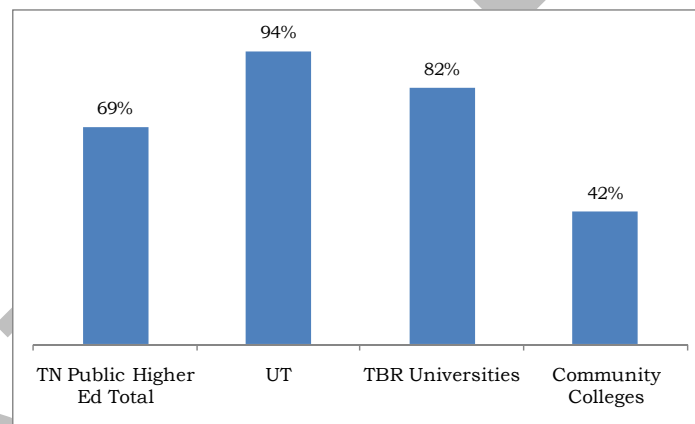
Source: Tennessee Student Assistance Corporation year-end report

Since award amounts differ depending on the sector attended, the dollar share exceeds the student share in certain sectors, including UT, TBR universities, and independent institutions. The reverse is true of community colleges and technology centers.

The percentage of students attending college with a lottery scholarship has remained steady over the past several years. Sixty-nine percent of Fall 2008 freshmen in Tennessee public institutions attended on a lottery scholarship, a .5 percent increase over the previous year (**Figure 1**). The percentage of students on scholarship was higher at universities than at community colleges, 94 percent of freshmen at UT and 82 percent at TBR Universities as compared to 42 percent at community colleges.

Though the overall proportion of all first-time freshmen that are TELS recipients has remained steady, the percentage of first-time freshmen on lottery scholarships has increased at both UT and TBR universities, from 90 percent to 94 percent and 78 percent to 82 percent respectively, while decreasing at community colleges from 45 percent to 42 percent. This appears to be an accelerating trend in recent years. These data are not available for independent institutions. **Appendix A** further disaggregates these figures by institution over time from 2004-2008.

Figure 1
Percentage of Fall 2008 Freshmen Attending Postsecondary on Lottery Scholarship



*Tennessee resident first-time freshmen who were 19 or younger; public institutions only. HOPE, GAMS, ASPIRE, and Access awards only.

Recipient Demographics

This section describes lottery scholarship receipt by student gender, race/ethnicity, family income, and postsecondary sector attended. The analysis is limited to the General Assembly Merit Scholarship (GAMS), HOPE, ASPIRE, and Access awards. Data on the Non-traditional Student Grant is included in the section called Summary Findings of Recent TELS Research.

The composition of recipients within the various lottery scholarship programs has remained fairly steady since the program's inception. Percentages of students by gender, race/ethnicity and postsecondary sector have remained relatively unchanged. Only the percentage of students in various family income brackets has changed slightly. Highlights are summarized below, accompanied by data tables.

Scholarship Recipients by Gender

- Female recipients comprise approximately 56 percent of first-time freshmen and 59 percent of all recipients (**Table 4**).

- o Female students have also comprised 59 percent of total headcount within Tennessee public postsecondary higher education over the life of the lottery scholarship program.
- o Females renew the scholarship at a higher rate than males, thus the increase in share of recipients over time.

**Table 4
Lottery Scholarship Receipt by Gender**

	2004	2005	2006	2007	2008
Female First-Time Freshmen	56%	57%	57%	57%	56%
Male First-Time Freshmen	44%	43%	43%	43%	44%
Female Overall Cohort	58%	59%	61%	59%	59%
Male Overall Cohort	42%	41%	39%	41%	41%

Scholarship Recipients by Race/Ethnicity

- Proportions of students by race/ethnicity have remained fairly steady since the inception of the lottery scholarship (**Table 5**).
 - o Caucasian students have consistently comprised about 84 percent of first-time freshmen and about 86 percent of all recipients.
 - o African American students represent 12 percent of first-time freshmen and 9 percent of all students.
 - o African American students constitute a smaller portion of scholarship recipients (9 percent) than they do within the state’s public undergraduate population as a whole (18.5 percent).
 - o A one percent increase per year in the number of African American first-time freshmen since 2005 might indicate an upward trend in scholarship receipt for African American students; however, the change is slight and inconclusive at this time.
 - o Native American, Asian, Hispanic and students of multiple races have accounted for between 4 and 6 percent of first-time freshmen and all recipients over the life of the program.
- There is variation in representation by race/ethnicity across award types.
 - o Of students receiving the GAMS award, 94 percent are Caucasian, 5 percent are Native American, Asian, Hispanic and multiple races and 1 are percent African American.
 - o Within the income based ASPIRE program, African American students comprise 19 percent of the population, about the same as their share of Tennessee public undergraduate student enrollment.

**Table 5
Lottery Scholarship Receipt by Race/Ethnicity**

	2004	2005	2006	2007	2008
African American First-Time Freshmen	11%	10%	11%	12%	12%
Caucasian First-Time Freshmen	84%	84%	83%	83%	84%
Other First-Time Freshmen*	5%	6%	6%	5%	4%
African American Overall	10%	9%	8%	9%	9%
Caucasian Overall	85%	86%	87%	86%	87%
Other Overall*	5%	5%	5%	5%	4%

* "Other" includes Native American, Asian, Hispanic, and students of multiple races.

Scholarship Recipients by Postsecondary Sector

- The share of students by postsecondary sector has varied slightly since the beginning of the lottery scholarship program.
- While the public four-year sector’s share of freshman TELS recipients remained steady from Fall 2004 to Fall 2008 (at 62 percent), this sector gained five percentage points in its share of total recipients, from 62 to 67 percent (**Table 6**). The inverse is true of recipients at public 2-year institutions.
- The independent sector’s share of scholarship recipients has remained steady.
- Possible explanations for the variation in overall percentages of students by system include transfer from two-year to four-year institutions or two-year students completing an associate’s degree after the initial two years of the program.

Table 6
Lottery Scholarship Receipt by Postsecondary Sector

	2004	2005	2006	2007	2008
Public 4-year First-Time Freshmen	63%	61%	63%	62%	62%
Public 2-year First-Time Freshmen	22%	24%	21%	23%	22%
Independent First-Time Freshmen	15%	15%	16%	15%	16%
Public 4-year Overall	62%	63%	67%	67%	67%
Public 2-year Overall	21%	20%	15%	17%	14%
Independent Overall	17%	17%	18%	17%	19%

Scholarship Recipients by Family Income

Scholarship applicants complete the Free Application for Federal Student Aid (FAFSA), enabling THEC to analyze lottery recipients by family income. A unique element of Tennessee’s merit program is that recipients from families with adjusted gross income (AGI) of \$36,000 or less qualify for a need-based supplemental award. Students from families that meet this income criterion accounted for 28 percent of all first-time freshmen TELS recipients in Fall 2008 (**Table 7a & 7b**). Such students represent 30 percent of all 2008 ACT tested seniors in Tennessee, and families in this income range are 33 percent of the state’s population as a whole.

- The share of freshman TELS recipients from families with annual income higher than \$96,000 increased by six percentage points between 2004 and 2008.
 - Though this may be an indication that more wealthy students are qualifying for the awards, it is also important to note that AGI is not adjusted for inflation, which may influence the increased share of students from upper income families.
- The proportion of all recipients with an AGI of \$96,000 or more has also consistently remained higher than the proportion of freshmen recipients with \$96,000 or more. The share of these students has risen steadily over time, possibly indicating higher scholarship renewal rates by this group. However, this increase is also likely due in part to a growth in students within the highest income brackets because inflation has increased Adjusted Gross Income over time.

Table 7a
Lottery Scholarship Receipt by Family Income
First-time Freshmen

Adjusted Gross Income (AGI)	2004	2005	2006	2007	2008
\$12,000 or less	6%	9%	9%	8%	9%
12,001-24,000	10%	9%	9%	9%	9%
24,001-36,000	11%	10%	11%	10%	10%
36,001-48,000	11%	10%	9%	9%	9%
48,001-60,000	11%	10%	10%	10%	9%
60,001-72,000	11%	10%	10%	10%	10%
72,001-84,000	10%	10%	10%	9%	9%
84,001-96,000	8%	8%	8%	8%	8%
above 96,000	22%	24%	25%	28%	28%

*Percentages may not add to 100 due to rounding.

Table 7b
Lottery Scholarship Receipt by Family Income
All Recipients

Adjusted Gross Income (AGI)	2004	2005	2006	2007	2008
\$12,000 or less	6%	7%	8%	7%	8%
12,001-24,000	9%	8%	7%	8%	8%
24,001-36,000	10%	10%	9%	9%	9%
36,001-48,000	11%	10%	9%	8%	8%
48,001-60,000	11%	11%	10%	9%	9%
60,001-72,000	11%	10%	10%	9%	9%
72,001-84,000	10%	10%	10%	9%	9%
84,001-96,000	8%	9%	9%	9%	8%
above 96,000	23%	25%	28%	31%	32%

*Percentages may not add to 100 due to rounding.

Scholarship Recipients by Academic Preparation

Table 8a and 8b indicate the various ways in which the Fall 2007 and Fall 2008 first-time freshman classes qualified for the HOPE and ASPIRE awards: meeting the high school GPA standard, meeting the ACT standard, or both.¹ This analysis only includes students who receive the HOPE and ASPIRE awards as they are the only students who can qualify using either high school GPA or ACT. Results are shown for each award type and are broken down by gender and race/ethnicity. **Appendix B** further disaggregates these results by postsecondary sector and institution.

Student Preparation in Overall TELS Program. Looking across all TELS award types, 54 percent of Fall 2008 first-time freshman recipients met the high school GPA *and* ACT criteria for initial eligibility, up from 49 percent for the Fall 2007 class. An additional 28 percent qualified solely based on high school GPA, up from 25 percent in 2007. Another 18 percent qualified on the basis of their ACT score only, down from 26 percent in 2007, but more similar to 2005 and 2006 students.

¹ Only students for whom both ACT and high school GPA were reported are included in this analysis. Of Fall 2007 first-time freshmen, 92 percent of students are included in the analysis. Of Fall 2008 first-time freshmen, 97 percent of students are included in the analysis.

- While Caucasian students were more likely to meet both criteria than were African American students (59 percent compared to 36 percent), African Americans were much more likely to qualify solely on the basis of high school GPA (46 percent to 22 percent). Caucasians and African Americans were equally likely to have qualified by meeting only the ACT standard.
- Among students who qualified by meeting only one standard as opposed to both, females were more likely to qualify on the basis of high school GPA standard, while males were more likely to qualify on the basis of an ACT composite score.
- Examining scholarship qualification methods by race and gender, Caucasian females were the group most likely to meet both standards; African American females were the group most likely to qualify on the basis of high school GPA only; and African American males were the group most likely to qualify based on the ACT standard only.
- These patterns of qualification for the HOPE and ASPIRE awards have remained consistent over time.

Student Preparation for HOPE. Within the basic HOPE award, the percentage of Fall 2008 first-time freshmen meeting both initial eligibility criteria was higher than the scholarship program overall – 57 percent as compared to 54 percent. Another 24 percent qualified based on high school GPA only, and 19 percent qualified only on the basis of their ACT score.

- The percentage of Caucasian recipients who met both criteria exceeded the percentage of African American recipients meeting both criteria by 23 points (59 percent compared to 36 percent), which is an increase over the previous year's gap of 18 points. Alternatively, 46 percent of African American recipients qualified by meeting the high school GPA requirement only, compared to 22 percent of Caucasians.

Student Preparation for ASPIRE. Within the need-based ASPIRE award, 47 percent of Fall 2008 first-time freshmen met both initial eligibility criteria, 10 percentage points lower than the HOPE award. Another 37 percent qualified based on high school GPA only, and 16 percent qualified only on the basis of their ACT score.

- The percentage of Caucasian recipients who met both criteria exceeded the percentage of African American recipients meeting both criteria by 26 points (53 percent compared to 27 percent). Alternatively, African American recipients were twice as likely as Caucasians to have qualified by meeting the high school GPA requirement only (60 percent to 30 percent). These patterns have been consistent over the past several years.

Table 8a
Academic Preparation:
Qualification Standards Met by Fall 2007 First-time Freshman TELS Recipients

Scholarship Preparation: GPA and ACT			
	HOPE	ASPIRE	Both
Total	52%	43%	49%
Female	53%	42%	50%
Male	50%	44%	48%
African American	36%	25%	30%
Caucasian	54%	49%	53%
African American Female	39%	26%	32%
African American Male	34%	24%	29%
Caucasian Female	55%	48%	53%
Caucasian Male	51%	48%	50%

Scholarship Preparation: GPA			
	HOPE	ASPIRE	Both
Total	22%	33%	25%
Female	25%	38%	29%
Male	17%	25%	19%
African American	38%	54%	47%
Caucasian	21%	27%	22%
African American Female	42%	58%	52%
African American Male	35%	46%	40%
Caucasian Female	24%	31%	26%
Caucasian Male	16%	20%	17%

Scholarship Preparation: ACT			
	HOPE	ASPIRE	Both
Total	27%	24%	26%
Female	21%	20%	21%
Male	33%	31%	33%
African American	26%	21%	23%
Caucasian	25%	24%	25%
African American Female	19%	16%	16%
African American Male	31%	30%	30%
Caucasian Female	21%	21%	21%
Caucasian Male	33%	32%	33%

Note: Only students for whom both ACT and high school GPA were reported are included in this analysis.

Table 8b
Academic Preparation:
Qualification Standards Met by Fall 2008 First-time Freshman TELS Recipients

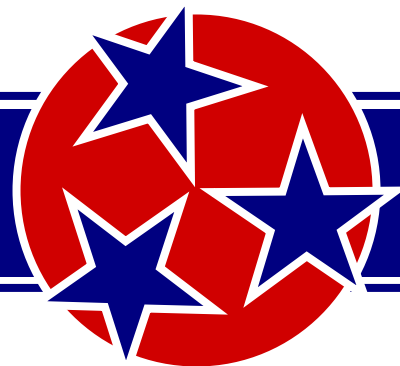
Scholarship Preparation: GPA and ACT			
	HOPE	ASPIRE	Both
Total	57%	47%	54%
Female	59%	47%	55%
Male	55%	48%	53%
African American	36%	27%	31%
Caucasian	59%	53%	58%
African American Female	38%	26%	31%
African American Male	32%	30%	31%
Caucasian Female	61%	54%	59%
Caucasian Male	57%	52%	56%

Scholarship Preparation: GPA			
	HOPE	ASPIRE	Both
Total	24%	37%	28%
Female	29%	43%	33%
Male	19%	26%	21%
African American	46%	60%	53%
Caucasian	22%	30%	24%
African American Female	52%	66%	59%
African American Male	36%	45%	40%
Caucasian Female	27%	36%	29%
Caucasian Male	18%	21%	18%

Scholarship Preparation: ACT			
	HOPE	ASPIRE	Both
Total	19%	16%	18%
Female	12%	10%	12%
Male	26%	26%	26%
African American	18%	13%	16%
Caucasian	18%	17%	18%
African American Female	10%	8%	9%
African American Male	31%	25%	28%
Caucasian Female	12%	10%	12%
Caucasian Male	26%	27%	26%

Note: Only students for whom both ACT and high school GPA were reported are included in this analysis.

SCHOLARSHIP RENEWAL



This section of the report presents lottery scholarship renewal rates. First is an examination of scholarship renewal rates for each award type, then the rates associated with different levels of family income and high school academic performance.

When reading the following narrative, it is important to keep in mind the following distinction: for scholarship recipients who entered the program in Fall 2004, the program's inaugural year, the ACT composite score requirement was 19. In Fall 2005, the ACT standard was raised to 21, which is the current requirement.

While initial eligibility criteria differ by award, the renewal criteria are consistent across the three basic award types (HOPE, GAMS, ASPIRE). Renewal criteria changed in Fall 2008 to provide more students the opportunity to renew their awards. Students must have a minimum cumulative 2.75 college GPA after accumulating 24 and 48 credit hours. At each 24-hour checkpoint after that, students may renew the award by maintaining a 3.0 cumulative GPA or by achieving a cumulative 2.75 with a 3.0 GPA in the prior semester. The award is available for up to five years or baccalaureate degree attainment, whichever comes first.

Scholarship Renewal

Renewal rates vary widely by award type and had remained relatively stable for the larger programs until Fall 2008, despite earlier changes in the ACT score required for qualification. With the shift in renewal criteria established in 2008, scholarship renewal in students' third and fourth year of college increased dramatically over previous trends.

First to Second Year Scholarship Renewal Rates

Table 9 shows freshman to sophomore renewal rates for four cohorts of scholarship recipients: students who entered as first-time freshmen in Fall 2004, Fall 2005, Fall 2006 and Fall 2007. Additionally, while first to second year renewal rates have consistently hovered around 50 percent, the percentage of Fall 2007 first-time freshmen renewing awards in Fall 2008 increased to 55 percent.

Overall Scholarship Renewal Rates

- Across all programs for first-time freshmen cohorts from Fall 2004 to Fall 2006, the first to second year scholarship renewal rate was roughly 50 percent. In Fall 2008, 55 percent of first-time freshmen from Fall 2007 renewed their scholarships.
- Scholarship renewal rates vary significantly by program, with the GAMS award having the highest renewal rates, followed by HOPE and then the need-based ASPIRE award.
- Scholarship renewal rates in the public 2-year sector for the HOPE and ASPIRE awards are similar; however, HOPE and ASPIRE scholarship renewal rates differ by more than 10 percentage points within 4-year institutions.

HOPE Scholarship Renewal Rates

- Within the basic HOPE award, Fall 2007 freshmen renewed awards the following fall at a rate of 57 percent, as compared to 54 percent of the prior cohort.
- By sector, the rates were 59 percent for independent institutions, 58 percent for public universities, and 46 percent for community colleges. This represents a growth of 4 percentage

points in the four year institutions and 7 percentage points in the community colleges over the prior cohort.

General Assembly Merit Scholarship Renewal Rates

The initial eligibility requirements for the GAMS award are the most rigorous of all TELS award types. Within the GAMS award:

- Fall 2007 freshmen renewed awards the following fall at a rate of 89 percent, consistent with the cohorts prior.
- By sector, the rates were 90 percent for public universities, 90 percent for independent institutions, and 50 percent for community colleges, also consistent with the cohorts prior. It should be noted that the number of first-time community college GAMS students was below 20.

ASPIRE Scholarship Renewal Rates

HOPE and ASPIRE carry the same initial eligibility requirements except that the family income of ASPIRE recipients must be below \$36,000 annually. As seen in **Table 8**, fewer ASPIRE students qualify by both ACT and high school GPA than do HOPE students. Within this need-based award:

- Fall 2007 freshmen renewed awards the following fall at a rate of 47 percent, as compared to 44 percent in the prior cohort.
- By sector, the rates were 49 percent for independent institutions, 47 percent for public universities, and 44 percent for community colleges. Community colleges were the only sector that experienced a growth in renewal rates among ASPIRE students.

Access Award Renewal Rates

The Access program provides a reduced award to needy students (\$36,000 and below) who had a high school GPA of 2.75 to 2.99 AND an ACT score of 18-20, thus not quite meeting the academic criteria in high school for the HOPE award with ASPIRE supplement. Though this is a one-time award, recipients who satisfy the requirements for postsecondary performance receive ASPIRE going forward. As the program is quite small, with just a few hundred students per cohort, renewal rates are sensitive to individual student activity. Within the Access program:

- Fall 2007 freshmen renewed awards the following fall at a rate of 21 percent, as compared to 15 percent in the prior cohort. Because the number of students per cohort on Access awards is around 100, percentage shifts are more pronounced.
- By sector, the rates were 20 percent for public universities and 17 percent for community colleges. The number of Access students at independent institutions was less than 15, thus making the Access renewal rates for independent institutions susceptible to fluctuation.

Table 9
Scholarship Renewal Rates by Award Type and Initial Postsecondary Sector Attended
(TELS First-time Freshmen Fall 2004, Fall 2005, Fall 2006, and Fall 2007)

Year 1 to Year 2 Lottery Renewal Rate: 2004 First-Time Freshmen					
N=20,645					
	HOPE	GAMS	ASPIRE	ACCESS	Total
Public 4-Yr	52%	89%	41%	30%*	51%
Public 2-Yr	41%	77%*	37%	20%*	40%
Independent	58%	91%	45%	0%*	58%
Total	51%	90%	41%	23%	50%
Year 1 to Year 2 Lottery Renewal Rate: 2005 First-Time Freshmen					
N=21,097					
	HOPE	GAMS	ASPIRE	ACCESS	Total
Public 4-Yr	54%	89%	47%	20%	54%
Public 2-Yr	39%	58%*	36%	12%	37%
Independent	64%	86%	56%	24%*	65%
Total	52%	88%	45%	17%	51%
Year 1 to Year 2 Lottery Renewal Rate: 2006 First-Time Freshmen					
N=22,917					
	HOPE	GAMS	ASPIRE	ACCESS	Total
Public 4-Yr	54%	91%	46%	13%	54%
Public 2-Yr	39%	42%*	38%	18%	38%
Independent	55%	84%	49%	8%*	56%
Total	51%	88%	44%	15%	50%
Year 1 to Year 2 Lottery Renewal Rate: 2007 First-Time Freshmen					
N=22,892					
	HOPE	GAMS	ASPIRE	ACCESS	Total
Public 4-Yr	58%	90%	47%	20%	57%
Public 2-Yr	46%	50%*	44%	17%	45%
Independent	59%	90%	49%	42%*	60%
Total	55%	89%	47%	21%	55%

*Indicates original cohort size for a given sector was less than 100.

Cumulative Scholarship Renewal Rates

By Fall 2008, the Fall 2004 first-time freshmen had progressed to their fifth year and all 2005 first-time freshmen to their fourth year. The rates at which Fall 2004 and Fall 2005 first-time freshmen renewed their TELS awards from year to year prior to Fall 2008 are very similar. Changes to renewal criteria in 2008 impacted renewal rates for students at all levels.

Impact of Change in Renewal Criteria in 2008

In order to renew their scholarship prior to Fall 2008, students had to maintain a 2.75 cumulative GPA after their first 24 credit hours and a 3.0 cumulative GPA in subsequent years. In 2008, Public Chapter 1142 altered the renewal criteria requiring that students now must maintain a 2.75 cumulative GPA after 24 and 48 credit hours and either a 3.0 cumulative GPA at subsequent 24 hour benchmarks OR a 2.75-2.99 cumulative GPA with a 3.0 semester GPA in the previous term. As a result, more students renewed their awards in 2008 than had in previous years.

- For the TELS program as a whole, prior to the 2008 changes, cumulative scholarship renewal in the third year had averaged 37 percent and in the fourth year had been 32 percent.

Following the statutory changes, third year renewal increased by 10 percentage points to 47 percent and fourth year renewal increased by 8 percentage points to 40 percent.

- For basic HOPE, following the 2008 changes, cumulative scholarship renewal in the third year also increased by 10 percentage points to 47 percent and third to fourth year renewal increased by 7 percentage points to 40 percent. Because the HOPE program is the largest of the award types, overall renewal rates tend to mirror the HOPE renewal rate.
- For GAMS, which carries the most stringent criteria for initial eligibility and has the highest renewal rates, only slight increases in renewal rates were seen in Fall 2008 with about 4 percentage over the previous two years average of 82 percent from second to third year and 1 percentage point increase from third to fourth year.
- For the need-contingent ASPIRE, following the 2008 changes, third year cumulative scholarship renewal also increased by 8 percentage points over the previous cohort and fourth year renewal increased by 9 percentage points over the previous cohort.
- For the Access award, following the 2008 changes, third year cumulative scholarship renewal doubled to 18 percent and fourth year renewal increased by 5 percentage points to 13 percent.

Table 10
Cumulative Scholarship Renewal Rates by Award Type
(TELS First-time Freshmen Fall 2004, Fall 2005, Fall 2006, and Fall 2007)

Fall 2004 First-time Freshmen					
	Year 1 N =	Year 2	Year 3	Year 4	Year 5*
HOPE	13,655	51%	36%	33%	17%
GAMS	1,071	90%	83%	77%	18%
ASPIRE	5,808	41%	26%	23%	15%
Access	111	23%	7%	8%	7%
Total	20,645	50%	36%	32%	16%
Fall 2005 First-time Freshmen					
	Year 1 N =	Year 2	Year 3	Year 4*	
HOPE	14,277	52%	38%	40%	
GAMS	1,243	88%	80%	79%	
ASPIRE	5,239	45%	31%	32%	
Access	338	17%	9%	13%	
Total	21,097	51%	38%	40%	
Fall 2006 First-time Freshmen					
	Year 1 N =	Year 2	Year 3*		
HOPE	15,300	51%	47%		
GAMS	1,239	88%	86%		
ASPIRE	6,013	44%	39%		
Access	365	15%	18%		
Total	22,917	50%	47%		
Fall 2007 First-time Freshmen					
	Year 1 N =	Year 2*			
HOPE	15,373	55%			
GAMS	1,313	89%			
ASPIRE	5,846	47%			
Access	360	21%			
Total	22,892	55%			

*Implementation Fall 2008 renewal criteria changes

Family Income and Scholarship Renewal

Data from the FAFSA make it possible to analyze the relationship between family income and postsecondary performance outcomes. As family income rises, so does the likelihood of maintaining eligibility for a TELS award. This relationship proceeds in a linear fashion across all award types. Variations within the GAMS and Access awards are likely due to the small number of students within each band of family income.

First to Second Year Scholarship Renewal Rates

- Scholarship renewal increases as family income increases.
 - Within HOPE and ASPIRE, which have the same initial academic eligibility criteria, there was a difference of 16 percentage points in award renewal rates between the highest and lowest income group.
 - HOPE students from families earning over \$96,000 renewed their awards at a 60 percent rate, compared to 44 percent for ASPIRE students from families earning \$12,000 and below (**Table 11**).

Table 11
Scholarship Renewal Rates by Award Type and Family Income;
Fall 2007 First-time Freshmen Who Renewed Award in Fall 2008

	HOPE N=14,956	GAMS N=1,292	ASPIRE N=5,740	Access N=352	Total N= 22,340
\$12,000 and below			44%	20%	42%
\$12,001 - \$24,000	Students receive		47%	25%	46%
\$24,001 - \$36,000	ASPIRE or Access		50%	17%	48%
\$36,001 - \$48,000	52%	88%	Programs require family income of \$36,000 or less		54%
\$48,001 - \$60,000	51%	90%			53%
\$60,001 - \$72,000	54%	93%			56%
\$72,001 - \$84,000	56%	87%			58%
\$84,001 - \$96,000	60%	90%			63%
Over \$96,000	60%	92%			64%
Total	56%	90%	47%	21%	55%

Cumulative Scholarship Renewal Rates by Income

- The gap in scholarship renewal by income persists over time (**Table 12**).
 - For Fall 2005 first-time freshmen, there is a difference of 15 percentage points between students from the lowest and highest income groups who renewed in their second year.
 - For third year renewal rates, the gap is 16 percentage points and the linear relationship remains. The gap grows to 18 percentage points as students move to their fourth year.
 - This analysis looks only at HOPE and ASPIRE students as their qualification criteria are equivalent, but their income levels vary, as may the student’s actual qualifications. GAMS students renew the scholarship in a similar fashion across levels of family income.

Table 12
Cumulative Scholarship Renewal by Income:
Fall 2005 TELS First-time Freshmen

HOPE & ASPIRE students only			
N = 17,654			
	Year 2	Year 3	Year 4
\$12,000 and below	44%	29%	30%
\$12,001 - \$24,000	46%	32%	34%
\$24,001 - \$36,000	50%	35%	36%
\$36,001 - \$48,000	51%	35%	37%
\$48,001 - \$60,000	52%	36%	38%
\$60,001 - \$72,000	54%	40%	42%
\$72,001 - \$84,000	57%	42%	44%
\$84,001 - \$96,000	58%	43%	45%
Over \$96,000	59%	45%	48%
Total	54%	39%	41%

High School Preparation and Scholarship Renewal

High school preparation and performance are important predictors of college academic success. Students who perform better academically in high school tend to perform better at the postsecondary level. Grade point averages and ACT scores are widely accepted measures of secondary achievement. The TELS program acknowledges the importance of each of these academic indicators by requiring that students meet either the high school grade point average or ACT requirement to gain eligibility for most program awards. Tennessee's requirement that students meet one standard rather than both makes its merit scholarship more accessible than programs in many other states.

Tables 13a and 13b show the percentage of Fall 2006 and Fall 2007 first-time freshmen who renewed their scholarship from their first to second year. The table allows comparison of the renewal rates associated with the manner in which students qualified for an award: meeting the high school GPA standard, meeting the ACT standard, or both. Results are shown for each award type and are broken down by gender and race/ethnicity. **Appendix C** further disaggregates these results by the postsecondary sector attended. This analysis only includes students who receive the HOPE and ASPIRE awards as they are the only students who can qualify using either high school GPA or ACT².

This analysis attempts to provide perspective on scholarship renewal by race/ethnicity and gender while controlling for high school preparation. The section on Summary Findings of Recent TELS Research includes highlights from a recent and more extensive examination of these three variables along with family income in order to comment on the effect of each variable on scholarship renewal and college retention. THEC will continue to examine these issues closely in the future.

Overall TELS Renewal Rates

- Looking across all TELS award types, scholarship renewal rates were highest for students who qualified on the basis of both academic criteria.

² In previous years, this analysis has included students for whom institutions may have only reported either a high school GPA or an ACT composite score, but not both. Going forward, THEC will only include students for whom institutions report both potential qualification methods. This allows a more robust analysis of the impact of high school GPA and ACT on the scholarship renewal.

- For Fall 2007 first-time freshmen in public institutions who met both academic criteria for initial eligibility, the Fall 2008 scholarship renewal rate for the TELS program overall was 63 percent: 65 percent for basic HOPE, and 58 percent for the need-based ASPIRE. These rates are higher than those for the previous cohort.
- Scholarship renewal rates were generally higher for females than for males. Looking at scholarship renewal by race and gender, Caucasian females had the highest renewal rates of any group.
- Scholarship renewal rates were generally higher for Caucasian students than for African American students.

HOPE Scholarship Renewal Rates

- Within the basic HOPE award, the scholarship renewal rate for Fall 2007 first-time freshmen was 65 percent for students who qualified by meeting both academic criteria, 49 percent for students who qualified solely on the basis of high school GPA, and 43 percent for students who qualified by ACT score alone.
- Fall 2007 freshmen HOPE students were more likely to renew their scholarship if they qualified by high school GPA alone than by ACT alone. However, Fall 2006 first-time freshmen HOPE students were more likely to have renewed if they qualified by ACT alone than by high school GPA alone.
- Renewal rates among Fall 2007 first-time freshmen HOPE students ranged from a high of 70 percent for Caucasian females who met both the high school GPA and ACT standards to a low of 31 percent for African American males who qualified on the basis of ACT score alone.

ASPIRE Scholarship Renewal Rates

- Within the need-based ASPIRE award, the scholarship renewal rate for Fall 2007 first-time freshmen was 58 percent for students who qualified by meeting both academic criteria, 42 percent for students who qualified solely on the basis of high school GPA, and 36 percent for students who qualified by ACT score alone.
- Fall 2007 freshmen ASPIRE students were more likely to renew their scholarship if they qualified by high school GPA alone than by ACT alone. However, Fall 2006 first-time freshmen ASPIRE students more likely to have renewed if they qualified by ACT alone than by high school GPA alone.
- Renewal rates among Fall 2007 first-time freshmen ASPIRE students ranged from 63 percent for Caucasian females who met both the high school GPA and ACT standards to 23 percent for African American males who qualified on the basis of ACT score alone.

Table 13a
Scholarship Renewal Rates of
Fall 2006 TELS First-time Freshmen by Qualifications Met

Scholarship Preparation: GPA and ACT			
	HOPE	ASPIRE	Total
Total	58%	52%	56%
Female	62%	52%	59%
Male	52%	52%	52%
African American	52%	45%	49%
Caucasian	58%	52%	57%
African American Female	57%	46%	52%
African American Male	43%	42%	43%
Caucasian Female	62%	53%	60%
Caucasian Male	73%	52%	53%

Scholarship Preparation: GPA			
	HOPE	ASPIRE	Total
Total	40%	36%	39%
Female	42%	37%	40%
Male	38%	33%	36%
African American	34%	28%	30%
Caucasian	41%	40%	41%
African American Female	36%	29%	31%
African American Male	30%	24%	27%
Caucasian Female	42%	41%	42%
Caucasian Male	38%	35%	38%

Scholarship Preparation: ACT			
	HOPE	ASPIRE	Total
Total	43%	39%	42%
Female	56%	47%	54%
Male	34%	31%	33%
African American	21%	9%	16%
Caucasian	24%	20%	23%
African American Female	30%	12%	21%
African American Male	15%	6%	11%
Caucasian Female	27%	22%	26%
Caucasian Male	22%	18%	21%

Note: Only students for whom both ACT and high school GPA were reported are included in this analysis.

Table 13b
Scholarship Renewal Rates of
Fall 2007 TELS First-time Freshmen by Qualifications Met

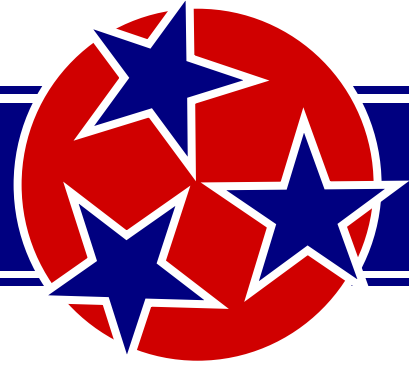
Scholarship Preparation: GPA and ACT			
	HOPE	ASPIRE	Total
Total	65%	58%	63%
Female	69%	62%	67%
Male	61%	52%	59%
African American	54%	51%	53%
Caucasian	66%	59%	64%
African American Female	58%	55%	57%
African American Male	48%	38%	45%
Caucasian Female	70%	63%	68%
Caucasian Male	61%	53%	60%

Scholarship Preparation: GPA			
	HOPE	ASPIRE	Total
Total	49%	42%	46%
Female	52%	42%	48%
Male	44%	42%	43%
African American	45%	36%	40%
Caucasian	50%	45%	48%
African American Female	50%	37%	41%
African American Male	37%	34%	36%
Caucasian Female	52%	45%	50%
Caucasian Male	45%	45%	45%

Scholarship Preparation: ACT			
	HOPE	ASPIRE	Total
Total	43%	36%	41%
Female	54%	42%	50%
Male	35%	29%	34%
African American	32%	29%	31%
Caucasian	48%	40%	46%
African American Female	41%	35%	43%
African American Male	31%	23%	28%
Caucasian Female	56%	43%	53%
Caucasian Male	35%	30%	34%

Note: Only students for whom both ACT and high school GPA were reported are included in this analysis.

COLLEGE RETENTION



Having presented the rates at which students renew lottery scholarship awards, this section describes the rates at which students are retained in college. The chapter is divided into two sections.

- Cumulative College Retention. Based on longitudinal tracking of a cohort of TELS freshmen who entered college in each year of the lottery scholarship:
 - The data show how many students from the original TELS freshman cohort were retained in college into their second, third, fourth and fifth year of college.
 - The data also describe how many from the original cohort continued in college with and without their TELS award.
 - This results in a comprehensive picture of the college retention rates and scholarship renewal rates for these students in their sophomore, junior, senior, and fifth years of college.
- Shifts in enrollment by postsecondary sector by persisters and forfeiters. For those students who stayed in school, a comparison is made between students who did so with and without the scholarship in order to examine enrollment shifts by postsecondary sector. For students who did not renew their scholarship, a comparison is made between students who stayed in college and those who left, examining differences in their family income and sector of initial enrollment.
- College graduation. As of the end of the 2007-08 academic year, the first full class of lottery scholarship recipients had progressed through their fourth year, including graduation for many. This analysis examines Fall 2004 first-time freshmen who began and ended their college careers at University of Tennessee and Tennessee Board of Regents institutions.
 - The data show how many students from the original TELS freshman cohort graduated with a bachelors degree within four years.
 - The data also describe how many from the original cohort graduated from college, either with or without their TELS award.

Cumulative College Retention

In Fall 2008, overall college retention remained the same regardless of changes to the award renewal criteria and subsequently higher scholarship renewal rates. At least in the initial year of the change in renewal criteria, increased scholarship renewal does not appear to have affected overall college retention.

Looking at each cohort in the most recent year they completed, the following observations can be made about cumulative college retention:

- Cumulative college retention rates do not vary more than a few percentage points from cohort to cohort. Students are staying in college at the same rate regardless of changes to scholarship renewal rates.
- Overall: The overall college retention rate for TELS recipients, those who renewed and did not renew their award, was 81 percent in their second year, 72 percent in their third year, and 66 percent in their fourth year.
- HOPE: The college retention rate for HOPE recipients was 83 percent in the second year, 74 percent in the third year, 68 percent in the fourth year, and 49 percent in the fifth year.
- GAMS: The average overall college retention rate for GAMS recipients was 96 percent in the second year, 97 percent in the third year, 90 percent in the fourth year, and 50 percent in the fifth year.
- ASPIRE: The average overall college retention rate for ASPIRE recipients was 76 percent in the second year, 64 percent in the third year, and 57 percent in the fourth year, and 40 percent in the fifth year.
- Access: The average overall college retention rate for Access recipients was 64 percent in the second year, 56 percent in the third year, 43 percent in the fourth year, and 46 percent in the fourth year.
 - The Access award has a small number of students which accounts for the greater fluctuation in college retention rates from year to year. Access also has the lowest academic requirements of any award type as well as an income requirement, which may contribute to the low rates of scholarship renewal.

Table 14
Fall 2004, Fall 2005, Fall 2006, and Fall 2007 TELS First-Time Freshmen:
Continued Enrollment in Subsequent Fall Terms, by Original Award Type
(Public Institutions Only)

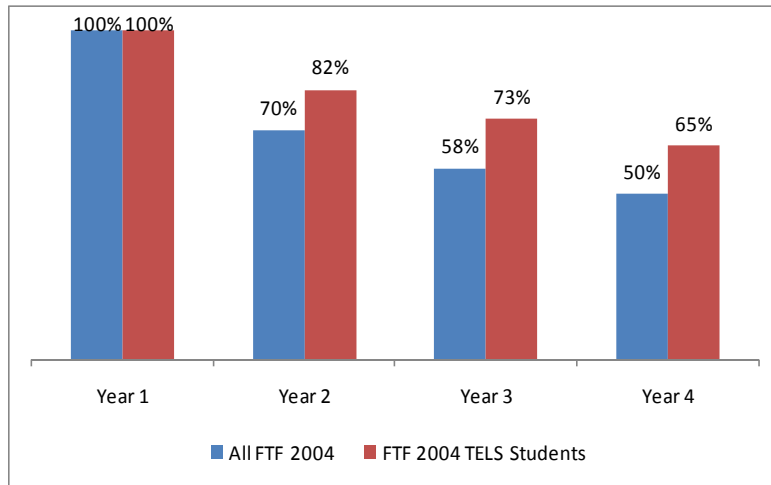
Fall 2004 First-Time Freshmen													
		Year 2			Year 3			Year 4			Year 5*		
		With TELS	Without TELS	Overall	With TELS	Without TELS	Overall	With TELS	Without TELS	Overall	With TELS	Without TELS	Overall
HOPE	11,695	49%	35%	84%	35%	41%	76%	32%	36%	68%	18%	31%	49%
GAMS	722	89%	7%	96%	83%	11%	94%	77%	14%	91%	22%	29%	50%
ASPIRE	5,017	40%	34%	74%	24%	39%	63%	22%	32%	54%	15%	25%	40%
Access	101	25%	39%	63%	8%	39%	47%	9%	30%	39%	8%	22%	30%
Total	17,535	48%	33%	82%	33%	39%	73%	31%	34%	65%	17%	29%	46%
Fall 2005 First-Time Freshmen													
		Year 2			Year 3			Year 4					
		With TELS	Without TELS	Overall	With TELS	Without TELS	Overall	With TELS	Without TELS	Overall			
HOPE	12,227	50%	34%	84%	37%	38%	75%	39%	29%	68%			
GAMS	784	89%	8%	96%	82%	12%	94%	80%	10%	90%			
ASPIRE	4,521	43%	33%	76%	30%	34%	65%	32%	25%	57%			
Access	317	17%	48%	65%	9%	43%	51%	14%	29%	43%			
Total	17,849	49%	33%	82%	37%	36%	73%	39%	27%	66%			
Fall 2006 First-Time Freshmen													
		Year 2			Year 3								
		With TELS	Without TELS	Overall	With TELS	Without TELS	Overall						
HOPE	13,104	50%	33%	83%	46%	28%	74%						
GAMS	850	90%	7%	97%	87%	9%	97%						
ASPIRE	5,058	43%	32%	75%	38%	26%	64%						
Access	352	15%	53%	68%	18%	37%	56%						
Total	19,364	49%	32%	81%	45%	27%	72%						
Fall 2007 First-Time Freshmen													
		Year 2											
		With TELS	Without TELS	Overall									
HOPE	13,252	55%	28%	83%									
GAMS	912	89%	6%	96%									
ASPIRE	4,955	46%	30%	76%									
Access	324	19%	45%	64%									
Total	19,443	54%	28%	81%									

Note: Due to data limitations on non-TELS students in independent institutions, these results are for Tennessee public institutions only.

*Does not include data on TELS graduates. Includes only data on Fall 2004 first-time freshmen who returned in Fall 2008 with or without TELS.

As compared to all students, TELS students are retained in college at a higher rate. The chart below compares Fall 2004 first-time freshmen TELS students at public institutions with all students at public institutions.

**Figure 2
College Retention of
Fall 2004 TELS First-time Freshmen vs. All Students**



Shifts In Enrollment By Postsecondary Sector By Persisters And Forfeitters

This analysis examines changes in the sector of enrollment for Fall 2004, Fall 2005, Fall 2006 and Fall 2007 first-time freshmen based upon whether they did or did not renew the scholarship in their second year (**Table 15**).

**Table 15
Postsecondary Sector Enrollment Shifts:
Fall 2004, Fall 2005, Fall 2006, and Fall 2007 TELS First-time Freshmen who
Began at a Public Institution and Did Not Renew Scholarship but Remained Enrolled**

	Fall 2004 Entering Freshmen		Fall 2005 Entering Freshmen		Fall 2006 Entering Freshmen		Fall 2007 Entering Freshmen	
	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2
TBR 4-year	43%	39%	43%	40%	42%	41%	42%	41%
TBR 2-year	26%	34%	28%	35%	30%	35%	27%	32%
UT	31%	26%	30%	24%	29%	24%	31%	27%

Note: Due to data limitations on non-TELS students in independent institutions, these results are for Tennessee public institutions only.

Among TELS recipients in Tennessee’s public higher education system who did not renew the scholarship but remained enrolled within the public sector:

- TBR 2-year institutions gained the largest proportion of students (5-8 percent) who did not renew scholarship eligibility after their first college year.
- UT campuses lost the largest enrollment share among students who did not renew an award (4-6 percent).
- TBR universities lost 1-4 percent of their students who did not renew an award.

- These results suggest that among students who lose their scholarship, there is some transfer from the four-year to the two-year sector, perhaps due to a combination of financial and academic reasons.

In contrast, the enrollment patterns for students who renewed their award are in the expected direction, as students begin to transfer out of community colleges into the public and independent four-year sectors (**Table 16**).

Table 16
Postsecondary Sector Enrollment Shifts:
Fall 2004, Fall 2005, Fall 2006, and Fall 2007 TELS First-time Freshmen who Began at a Public Institution, Renewed Scholarship, and Remained Enrolled

	Fall 2004 Entering Freshmen		Fall 2005 Entering Freshmen		Fall 2006 Entering Freshmen		Fall 2007 Entering Freshmen	
	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2
TBR 4-year	43%	44%	43%	44%	42%	42%	42%	42%
TBR 2-year	26%	21%	28%	21%	30%	24%	27%	23%
UT	31%	34%	30%	34%	29%	34%	31%	34%

Note: Due to data limitations on non-TELS students in independent institutions, these results are for Tennessee public institutions only.

Among TELS recipients who renewed the scholarship and remained enrolled within Tennessee’s public postsecondary system:

- UT institutions gained the largest proportion of students (3-5 percent) among those who maintained scholarship eligibility after their first college year.
- Community colleges lost the largest share of students among award renewers (5-7 percent), an unsurprising result since students routinely begin in the 2-year sector with the intention of moving on to a four-year institution.
- TBR universities’ share remained static.

Students who remained in school after losing their TELS award were more likely to come from higher income families. Nearly two-thirds of Fall 2007 TELS first-time freshmen from the highest family income group who did not renew their scholarship returned to school. Among such students from the lowest income families, the rate of students returning to college was 46 percent, a difference of 18 percentage points (**Table 17**).

Table 17
Fall 2007 TELS First-time Freshmen Who Did Not Renew Scholarship but Remained Enrolled Fall 2008, by Family Income

	HOPE N= 6,549	GAMS N= 126	ASPIRE N= 3,032	Access N= 278	Total N= 9,985
\$12,000 and below	Students receive ASPIRE		46%	45%	46%
\$12,001 - \$24,000			52%	58%	53%
\$24,001 - \$36,000			52%	57%	52%
\$36,001 - \$48,000	50%	67%	Programs require family income of \$36,000 or less		51%
\$48,001 - \$60,000	52%	73%			52%
\$60,001 - \$72,000	55%	56%			55%
\$72,001 - \$84,000	56%	40%			56%
\$84,001 - \$96,000	62%	50%			62%
over \$96,000	65%	51%			64%
Total	58%	49%	50%	53%	55%

College retention results within the GAMS population are affected by low numbers of recipients within each income band. However, because of the more stringent criteria for the award, students are also better prepared for college regardless of income.

College Graduation

First-time freshmen who began their college careers in Fall 2004 and Fall 2005 would have had four or five years to complete a bachelors degree by Spring 2008. This analysis examines

- Total degree production for students within the TELS program, and
- Cohort based bachelors degree graduation rates of Fall 2004 first-time freshmen.

The analysis only includes students who began and ended careers in the University of Tennessee and Tennessee Board of Regents university systems. Graduation rates for students who began and ended careers in the independent institutions affiliated with the Tennessee Independent Colleges and Universities Association (TICUA) are not available.

Total TELS Degree Production

Almost 7,000 TELS students who began and ended careers at the University of Tennessee and Tennessee Board of Regents university systems had graduated by Spring 2008. Of these graduates, 71 percent graduated with their scholarship intact (**Table 18**). Seventy-three percent of graduates who began at UT graduated with their TELS award as compared to 69 percent of graduates who began at TBR universities.

Table 18
TELS Graduates
(UT and TBR universities only)

	Number of Graduates	Number Graduating with TELS	Percent of Graduates with TELS
TBR 4-Year	3743	2577	69%
UT	3201	2352	73%
Total	6944	4929	71%

By award type, GAMS recipients were most likely to graduate with their award intact, 85 percent of graduates, followed by HOPE recipients with 70 percent of graduates, ASPIRE with 65 percent of graduates and Access with 33 percent of graduates (**Table 19**).

Table 19
TELS Graduates by Award Type
(UT and TBR universities only)

	Number of Graduates	Number Graduating with TELS	Percent of Graduates with TELS
HOPE	4850	3374	70%
GAMS	944	805	85%
ASPIRE	1147	749	65%
Access	3	1	33%
Total	6944	4929	71%

Fall 2004 Cohort Graduation Rates

Overall, Fall 2004 first-time freshmen TELS students who began at UT and TBR universities are 4 percentage points more likely than all Tennessee undergraduates to graduate within four years, 21 percent of TELS students as compared to 17 percent of all students. The vast majority, 85 percent, of those who graduated within four years did so with their scholarship intact (**Table 20**).

Table 20
Fall 2004 First-time Freshmen who Graduated within Four Years
(UT and TBR universities only)

	Number of Fall 2004 FTF	Number of Graduates within 4 Years	Percent Graduating within 4 Years	Number Graduating with TELS within 4 Years	Percent Graduating with TELS within 4 Years	Percent of Graduates with TELS
TBR 4-Year	7572	1346	18%	1132	15%	84%
UT	5384	1347	25%	1148	21%	85%
Total	12956	2693	21%	2280	18%	85%

Among Fall 2004 first-time freshmen TELS recipients who enrolled within Tennessee’s public university system:

- Students who began at UT institutions graduated at a higher rate than those who began at TBR institutions. One in four students who began at UT on TELS graduated within four years.
- Students who began with a lottery scholarship graduated at a higher rate than university students overall. Of Fall 2004 first-time freshmen who started with TELS from UT and TBR institutions, 21 percent graduated within four years. The overall four year graduation rate for Fall 2004 first-time freshmen at Tennessee public institutions was 17 percent.
- Students who began at UT institutions graduated with their TELS awards at a higher rate than those who began at TBR institutions. One in five students who began at UT on TELS graduated with their TELS award within four years.
- Overall, 18 percent of students graduated with their TELS award, which is 85 percent of all graduates. Students who began at both TBR and UT institutions and graduated within four years were almost equally likely to graduate with their TELS award.

GAMS recipients were most likely to graduate within four years and to graduate with their award intact, followed by HOPE recipients, ASPIRE recipients and Access recipients respectively (**Table 21**).

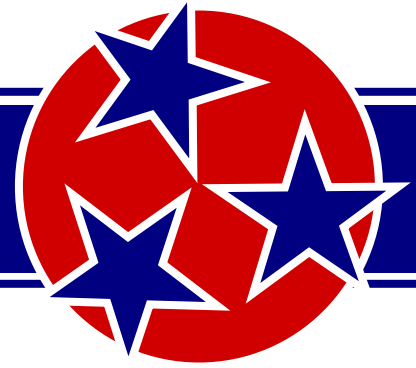
Table 21
Fall 2004 First-time Freshmen who Graduated within Four Years
by Award Type
(UT and TBR universities only)

	Number of Fall 2004 FTF	Number of Graduates within 4 Years	Percent Graduating within 4 Years	Number Graduating with TELS within 4 Years	Percent Graduating with TELS within 4 Years	Percent of Graduates with TELS
HOPE	8797	1842	21%	1541	18%	84%
GAMS	709	385	54%	365	51%	95%
ASPIRE	3400	463	14%	373	11%	81%
Access	50	3	6%	1	2%	33%
Total	12956	2693	21%	2280	18%	85%

- GAMS students graduated within four years at the highest rate and were more likely to graduate with their scholarship than all other lottery types. Of students who began at UT and TBR universities 37 percent of those who began with GAMS graduated within four years and 35 percent of GAMS students who started at UT and TBR institutions graduated within four years with their award. Overall, 94 percent of GAMS graduates who started at UT and TBR institutions graduated within four years with their award.
- HOPE students were 7 percentage points more likely to graduate within four years and 7 percentage points more likely to graduate with their award within four years than ASPIRE students. HOPE graduates were slightly more likely to graduate with their award within four years than ASPIRE graduates, 84 percent as compared to 81 percent of graduates.
- Access students were the least likely to graduate within four years and the least likely to graduate with their award within four years. Only 5 percent of Access students graduated by Spring 2008 and only 3 percent of Access students graduated with their award by Spring 2008. Overall, only 33 percent of Access graduates graduated with their award by Spring 2008.

DRAFT

BEST AND BRIGHTEST: AN EXAMINATION OF STUDENT ENROLLMENT PATTERNS SINCE CREATION OF THE LOTTERY SCHOLARSHIP



One of the goals of the Tennessee Education Lottery Scholarship program is to retain the state's "best and brightest" students in Tennessee colleges and universities. Progress toward this goal has been made since the program's inception, with the benefits being largely localized to the University of Tennessee and the state's private non-profit institutions.

- Since inception of the scholarship, the annual rate of growth in enrollment among Tennessee resident freshmen has accelerated at independent institutions and UT campuses while decelerating at TBR universities, community colleges, and out-of-state institutions.
- Among recent Tennessee high school graduates who enroll in college, the percentage choosing Tennessee institutions has increased from 81.6 percent just prior the lottery scholarship to 84.5 percent currently. Out-of-state universities (High Research Activity) and Master's Level institutions have lost the greatest share of this population.³
- The ACT profile of the entering freshman class has improved at UT Knoxville and appears to be rebounding at the University of Memphis. The average ACT scores of state resident freshmen have not increased at other types of public institutions.

Table 22 incorporates data from the federal Integrated Postsecondary Education Data System (IPEDS) to account for both the in-state and out-of-state enrollment of recent high school graduates from Tennessee – those who graduated from Fall 2005 through Spring 2006. These data will be updated next year for students who graduated from Fall 2007 through Spring 2008. Enrollment growth among Tennessee high school recent graduates has outpaced that of the undergraduate population as a whole (which has increased by about two percent annually), though the pace of this growth differs markedly by sector.

- The UT system saw a 22 percent increase in Tennessee high school recent graduates in Fall 2004 and, from that new base, has continued to sustain annual growth at rates nearly double those of the pre-lottery years.
- Prior to the lottery scholarship, Tennessee's private non-profit institutions were experiencing no growth among the state's recent high school graduates. Since the scholarship's implementation, private college enrollment growth among this population has averaged 13.9 percent annually.
- Since the scholarship, the growth rate among recent high school graduates has decelerated at TBR universities, community colleges, and out-of-state institutions.

³ These institutional categories refer to the Carnegie Classification of 2005 and are based on research activity and the number and level of degrees awarded. See www.carnegiefoundation.org/classifications

Table 22
Compound Annual Growth Rates in Fall Term Enrollment of
Tennessee Resident First-Time Freshmen:
Pre- and Post-Lottery Scholarship

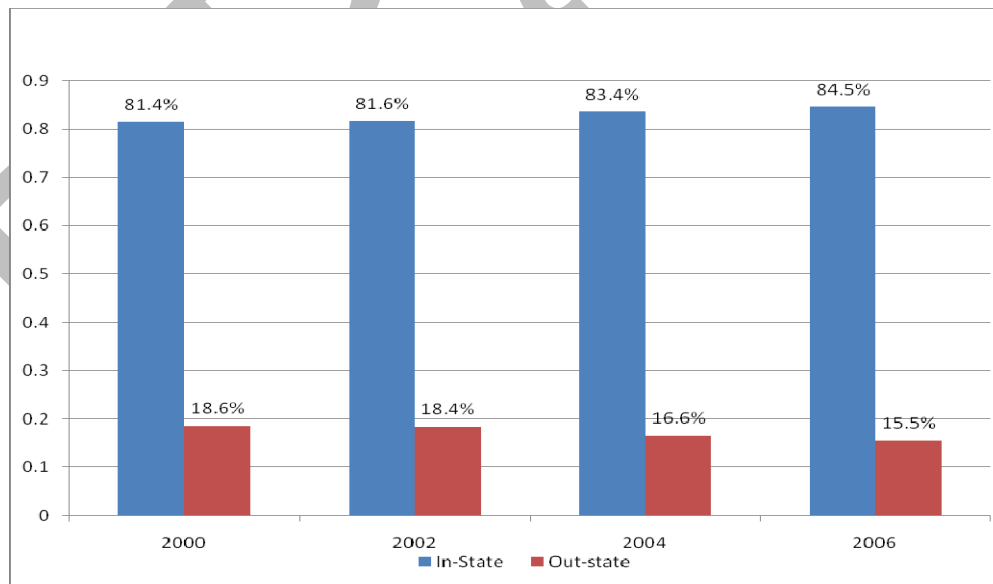
	Compound average annual rates of enrollment growth 1997* - 2003	Enrollment growth (%) from 2003 - 2004	Compound average annual rates of enrollment growth 2004 - 2006
UT System	2.2%	21.9%	4.0%
TBR 4-year	6.2%	8.3%	2.7%
TBR 2-year	12.2%	3.8%	3.7%
Private non-profit	-0.2%	5.3%	13.9%
Out-of-state	2.2%	-0.5%	1.0%

*For private and out-of-state institutions, the growth rate is based on 1998-2003 due to unavailability of 1997 data.

Sources: IPEDS, THEC

Figure 3 indicates that the post-lottery years have seen a continuation and acceleration of a trend toward selection of in-state institutions. In Fall 2006, 84.5 percent of Tennessee recent high school graduates enrolled in state institutions, up from 81.6 percent in Fall 2002. Though not shown in the figure, the kinds of out-of-state institutions that have lost the greatest market share among Tennessee high school graduates have been Master’s level institutions and universities classified as having High Research Activity.

Figure 3
Destination of Tennessee High School Recent Graduates, In-State vs. Out-of-State,
Fall 2000 – Fall 2006

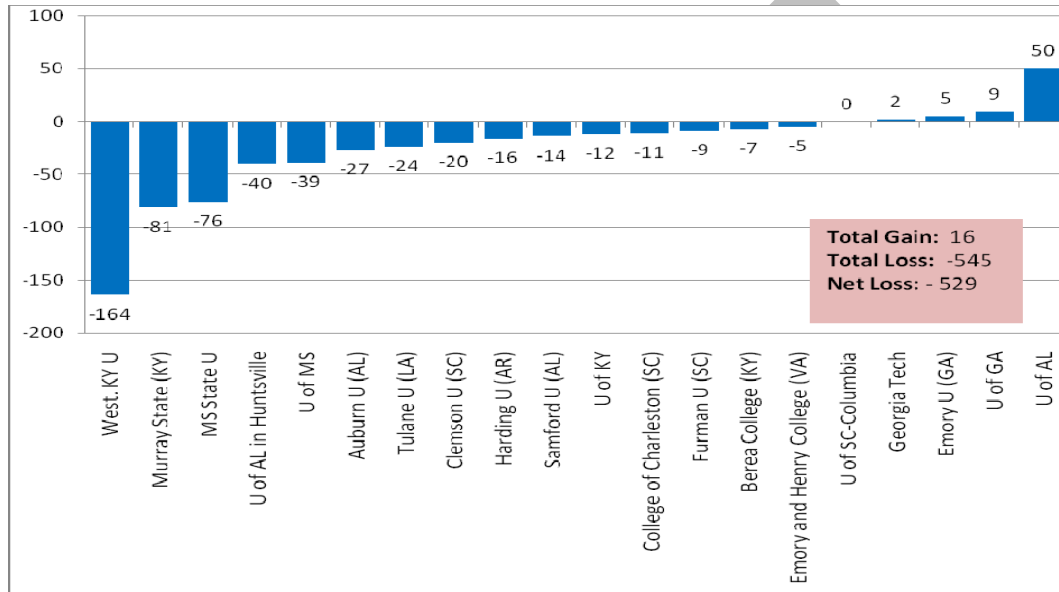


*First-time enrolling freshmen who graduated from high school during the past 12 months.

Source: IPEDS Residence and Migration Survey

Figure 4 shows the downward trend in enrollment by Tennessee recent high school graduates in the 20 out-of-state institutions that enrolled the largest number of Tennessee high school graduates in Fall 2002. On net, these institutions lost a total of 529 recent high school graduates from Tennessee between Fall 2002 and Fall 2006. Of the four out-of-state institutions experiencing the largest decreases in Tennessee students, three are moderately to non-selective public universities near the Tennessee border.

Figure 4
Top 20 Out-of-State Institutions Enrolling the Most Tennesseans in Fall 2002:
Change in Tennessee Resident Freshmen, Fall 2002 - Fall 2006

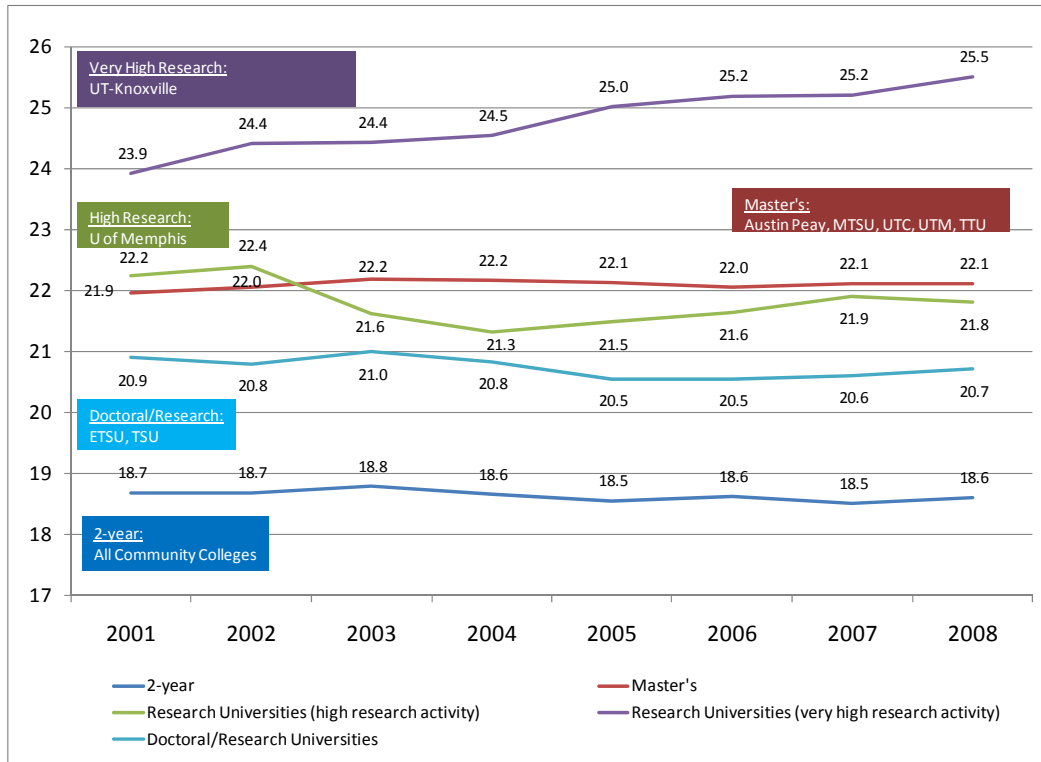


Notes: First-time enrolling freshmen who graduated from high school during past 12 months

Source: IPEDS Residence and Migration Survey

Figure 5 illustrates that the enrollment increases by Tennessee high school graduates have translated into an improved freshman class academic profile at one public institution -- the University of Tennessee Knoxville, where the average entering freshman ACT rose from 23.9 in Fall 2001 to 25.2 in Fall 2006. Average ACT scores at the University of Memphis decreased in 2003 and 2004 but have increased steadily each year since the lottery scholarship. At other types of public institutions, the average ACT scores of freshman state residents have remained virtually unchanged or decreased. **Appendix D** includes a breakdown of ACT scores over time by institution.

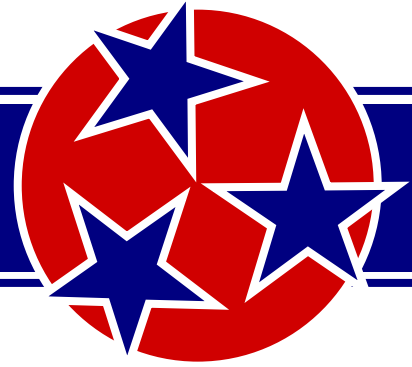
Figure 5
Average ACT Composite Score of Tennessee Resident Freshmen
by Carnegie Classification (2005),
Fall 2001 - Fall 2008



Source: THEC

To date, the impact of the lottery scholarship on enrollment growth has not been dramatic, though enrollment shifts between sectors are discernible – in broad terms, away from community colleges and certain out-of-state institutions toward the University of Tennessee and private non-profit institutions. Furthermore, the brain drain reversal has been rather dramatic at certain out-of-state institutions near Tennessee’s borders. In closing, the lottery scholarship’s potential benefits in terms of boosting successful participation in postsecondary education are likely to be enhanced by recent policy developments at the secondary level: the State Board of Education’s adoption of more rigorous curricular requirements for high school graduation; and the rapid acceleration of dual enrollment participation, aided by the lottery scholarship’s Dual Enrollment Grant.

SUMMARY FINDINGS OF RECENT LOTTERY SCHOLARSHIP RESEARCH



Over the past year, the Tennessee Higher Education Commission has conducted several research studies related to various aspects of the TELS programs. This section provides summary findings from the following studies:

- a multivariate regression analysis of second year scholarship renewal, and
- the Non-traditional Student Grant.

Links to each of these studies and other data are available on the THEC research website at <http://thereports.state.tn.us>.

Second Year Scholarship Renewal

Data analyzed for the statutory lottery report over the last several years have shown consistent patterns in scholarship renewal. Until Fall 2008, each year 50 percent of first year students did not renew their award in their second year. In 2008, 45 percent did not. Students who receive the GAMS award are consistently much more likely to renew their awards than are HOPE or ASPIRE students. Despite having the same qualifications other than income, HOPE students are much more likely to renew their awards than ASPIRE students. Women are more likely to renew than men, and Caucasian students more likely than African American students. Students who have higher academic achievement in high school are also more likely to renew.

Understanding these patterns and their ramifications for policy is key to improving scholarship renewal rates from first to second year. If these patterns are consistent, which of these factors are most likely to determine a student's chance of renewing the award from first to second year? How likely is a certain type of student to renew their award? What are the policy implications of these patterns?

To answer these questions, THEC conducted a binary logistic regression using scholarship renewal as the dependent variable and demographic, preparation and college experience factors as independent variables. The study used a sample of 33,240 first-time freshmen from Fall 2004 and Fall 2005. The model created was able to correctly predict scholarship renewal in 67.3 percent of cases. The model was more predictive of scholarship renewal than non-renewal.

Brief findings include:

- High school GPA alone predicts scholarship renewal in 62.7 percent of cases.
- Minority students are less likely to renew than non-minority.
- First generation students are less likely to renew than non-first generation.
- Female students are more likely to renew than male.
- Students at Bachelors level institutions are most likely to renew.
- The characteristics of the student most likely to renew are:
 - White, Female, non-First Generation student at a Bachelors level institution is predicted to renew 70 percent of the time.
- The characteristics of the student least likely to renew are:

- Minority, Male, First-Generation, at a Research Extensive institution is predicted to renew 38 percent of the time.

Non-traditional Student Grant

The report examines the first two years of the Nontraditional Student Grant program within the Tennessee Education Lottery Scholarship. The Nontraditional Student Grant serves students age 25 and older who earn their scholarship through college coursework. The program was established in 2005 and major changes were made in Fall 2008 pursuant to Public Chapter 1142. The report examines data for students enrolled in the program in 2006 and 2007, prior to the implementation of Public Chapter 1142 in Fall 2008. It provides a baseline for future data collection and reporting on the Nontraditional Student Grant.

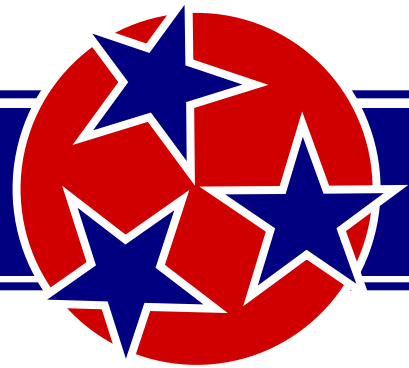
Findings show that the Nontraditional Student Grant program serves a population of students who predominantly would not have qualified for the traditional TELS awards based upon their high school performance, but who perform well in college. Grant recipients are primarily within about 15 years of having left high school; i.e., they are 34 years of age or younger. Once enrolled, the students perform well in their first few semesters of course work. They renew their awards and remain in college at rates slightly below those within the traditional TELS programs.

Program size to date has been limited by previous statutory requirements, but the expansion of the program through Public Chapter 1142 should serve to greatly increase the number of eligible students. This expansion will result in a greater percentage of recipients who previously attempted college and stopped out. If these new grant recipients also qualified for TELS out of high school, or if a larger percentage of them received a regular high school diploma, they will likely be retained in college and renew the awards at higher rates than students in the original nontraditional program.

Early results of the nontraditional student grant program indicated that the current students perform similarly to traditional TELS students. Future reports on the Nontraditional Student Grant will examine the impact of the implementation of Public Chapter 1142 on program size, demographics, student preparedness, scholarship renewal and college retention.

Summary of Key Findings

- Nontraditional grant students primarily attend community colleges.
- Seven in ten nontraditional grant students are female.
- Minority students represented 10 percent of nontraditional grant students in 2006 and 13 percent in 2007 as compared to 9 percent in the TELS program overall.
- The majority of nontraditional grant students are below age 35.
- Forty-two percent of nontraditional grant students in 2006 and 34 percent of students in 2007 had not earned traditional high school diplomas.
- Of those nontraditional grant students that did graduate from high school, the majority earned less than a 3.0 high school GPA.
- Nontraditional grant students primarily attend full-time and require very little remedial or developmental coursework.
- Nontraditional grant students tend to qualify for the grant with college grades well above the required 2.75 cumulative GPA at 24 credit hours.
- Nontraditional grant students renew their awards and remain in college at rates slightly below those of traditional TELS students.



Appendix A: Lottery Participation of Tennessee Residents Enrolled in Public Institutions as First-Time Freshmen: 2004-2008 35

Appendix B: High School Preparation Levels of Fall 2007 First-Time Freshman TELS Recipients, by Initial Postsecondary Sector 36

Appendix C: Fall 2008 Scholarship Renewal by High School Preparation Level of Fall 2007 TELS Freshmen, by Initial Postsecondary Sector 38

Appendix D: ACT Composite of Tennessee Residents 19 and Under Enrolled in Public Institutions as First-Time Freshmen 2004-08 40

DRAFT

Appendix A

**Lottery Participation of Tennessee Residents 19 and Under
Enrolled in Public Institutions as First-Time Freshmen 2004-08**

Institution	2004			2005			2006			2007			2008		
	# of FTF TN Res	# of FTF with Lottery	% of FTF with Lottery	# of FTF TN Res	# of FTF with Lottery	% of FTF with Lottery	# of FTF TN Res	# of FTF with Lottery	% of FTF with Lottery	# of FTF TN Res	# of FTF with Lottery	% of FTF with Lottery	# of FTF TN Res	# of FTF with Lottery	% of FTF with Lottery
Austin Peay	953	829	87%	1,002	830	83%	981	811	83%	984	799	81%	1,085	875	81%
East Tennessee	1,171	979	84%	1,271	1,076	85%	1,317	1,110	84%	1,471	1,253	85%	1,508	1,283	85%
Middle Tennessee	2,752	2,483	90%	2,791	2,504	90%	2,966	2,644	89%	3,232	2,709	84%	3,102	2,716	88%
Tennessee State	645	405	63%	673	277	41%	717	324	45%	743	333	45%	676	255	38%
Tennessee Tech	1,150	1,047	91%	1,089	945	87%	1,139	1,021	90%	1,486	1,019	69%	1,520	1,365	90%
University of Memphis	1,721	1,404	82%	1,707	1,369	80%	1,737	1,400	81%	1,711	1,361	80%	1,717	1,372	80%
TBR Total	8,392	7,147	85%	8,533	7,001	82%	8,857	7,310	83%	9,627	7,474	78%	9,608	7,866	82%
UT Chattanooga	1,372	1,133	83%	1,351	1,001	74%	1,664	1,235	74%	1,792	1,408	79%	1,920	1,661	87%
UT Knoxville	3,447	3,263	95%	3,491	3,276	94%	3,553	3,366	95%	3,629	3,489	96%	3,620	3,538	98%
UT Martin	976	858	88%	1,067	897	84%	1,039	845	81%	1,110	976	88%	1,159	1,077	93%
UT Total	5,795	5,254	91%	5,909	5,174	88%	6,256	5,446	87%	6,531	5,873	90%	6,699	6,276	94%
Chattanooga	809	321	40%	808	328	41%	787	291	37%	820	258	31%	833	289	35%
Cleveland	389	238	61%	386	225	58%	408	233	57%	405	221	55%	411	190	46%
Columbia	686	372	54%	609	322	53%	723	402	56%	750	382	51%	697	331	47%
Dyersburg	358	159	44%	370	145	39%	337	139	41%	396	168	42%	416	159	38%
Jackson	574	284	49%	520	230	44%	597	272	46%	682	295	43%	635	289	46%
Motlow	651	345	53%	640	352	55%	710	362	51%	757	400	53%	810	369	46%
Nashville	427	125	29%	443	131	30%	456	141	31%	506	111	22%	562	123	22%
Northeast	587	308	52%	631	338	54%	643	335	52%	604	286	47%	731	355	49%
Pellissippi	881	488	55%	1,009	571	57%	996	566	57%	1,121	635	57%	1,140	485	43%
Roane	775	486	63%	713	448	63%	789	535	68%	780	522	67%	794	482	61%
Southwest	1,145	229	20%	1,160	193	17%	1,240	203	16%	1,185	163	14%	1,355	190	14%
Volunteer	824	424	51%	901	442	49%	963	499	52%	907	422	47%	1,055	503	48%
Walters	768	491	64%	831	521	63%	882	586	66%	880	565	64%	965	623	65%
Community College Total	8,874	4,270	48%	9,021	4,246	47%	9,531	4,564	48%	9,793	4,428	45%	10,404	4,388	42%
Grand Total	23,061	16,671	72%	23,463	16,421	70%	24,644	17,320	70%	25,951	17,775	68%	26,711	18,530	69%

Appendix B
High School Preparation of Fall 2007 TELS First-time Freshmen:
Public 4-year Institutions

Met ACT and High School GPA Standards			
	HOPE	ASPIRE	Total
Total	62%	52%	60%
Female	65%	52%	62%
Male	59%	52%	57%
African American	41%	28%	34%
Caucasian	65%	63%	64%
African American Female	43%	30%	35%
African American Male	38%*	26%*	32%
Caucasian Female	68%	65%	68%
Caucasian Male	61%	60%	61%

Met High School GPA Standard Only			
	HOPE	ASPIRE	Total
Total	19%	32%	22%
Female	22%	37%	26%
Male	15%	24%	17%
African American	41%	57%	49%
Caucasian	16%	20%	17%
African American Female	44%	60%	53%
African American Male	37%	49%	42%
Caucasian Female	19%	23%	20%
Caucasian Male	13%	16%	13%

Met ACT Standard Only			
	HOPE	ASPIRE	Total
Total	19%	17%	18%
Female	13%	12%	12%
Male	26%	24%	26%
African American	18%	15%	16%
Caucasian	19%	18%	19%
African American Female	13%*	11%	12%
African American Male	25%	25%*	25%
Caucasian Female	12%	13%	12%
Caucasian Male	26%	24%	26%

Note: Only students for whom both ACT and high school GPA were reported are included in this analysis.

*Number of awardees for this cell was below ten.

Appendix B
High School Preparation of Fall 2007 TELS First-time Freshmen:
Public 2-year Institutions

Met ACT and High School GPA Standards			
	HOPE	ASPIRE	Total
Total	39%	36%	38%
Female	40%	35%	39%
Male	37%	36%	36%
African American	21%	14%	17%
Caucasian	40%	38%	39%
African American Female	25%	12%	17%
African American Male	15%	21%	18%
Caucasian Female	41%	38%	40%
Caucasian Male	38%	38%	38%

Met High School GPA Standard Only			
	HOPE	ASPIRE	Total
Total	41%	49%	43%
Female	47%	53%	49%
Male	34%	39%	35%
African American	60%	69%	65%
Caucasian	40%	47%	42%
African American Female	67%	74%	71%
African American Male	50%	56%	53%
Caucasian Female	45%	51%	47%
Caucasian Male	33%	38%	35%

Met ACT Standard Only			
	HOPE	ASPIRE	Total
Total	20%	16%	19%
Female	13%	11%	13%
Male	29%	25%	28%
African American	19%	17%	18%
Caucasian	20%	16%	19%
African American Female	8%*	14%	12%
African American Male	35%	24%*	30%
Caucasian Female	13%	11%	13%
Caucasian Male	29%	24%	28%

Note: Only students for whom both ACT and high school GPA were reported are included in this analysis.

*Number of awardees for this cell was below ten.

Appendix C
Fall 2008 Scholarship Renewal by High School Preparation
for Fall 2007 TELS First-time Freshmen:
Public 4-year Institutions

Met ACT and High School GPA Standards			
	HOPE	ASPIRE	Total
Total	68%	60%	66%
Female	72%	64%	70%
Male	63%	54%	61%
African American	55%	51%	53%
Caucasian	69%	62%	67%
African American Female	58%	55%	57%
African American Male	48%	41%	45%
Caucasian Female	73%	66%	71%
Caucasian Male	64%	56%	63%

Met High School GPA Standard Only			
	HOPE	ASPIRE	Total
Total	51%	40%	47%
Female	55%	40%	49%
Male	46%	40%	44%
African American	44%	34%	38%
Caucasian	53%	46%	52%
African American Female	50%	35%	40%
African American Male	35%	33%	34%
Caucasian Female	56%	47%	54%
Caucasian Male	49%	46%	48%

Met ACT Standard Only			
	HOPE	ASPIRE	Total
Total	34%	27%	33%
Female	44%	33%	41%
Male	29%	22%	28%
African American	34%	23%	28%
Caucasian	35%	27%	33%
African American Female	43%	25%	34%
African American Male	26%	21%	24%
Caucasian Female	45%	35%	43%
Caucasian Male	29%	21%	28%

Note: Only students for whom both ACT and high school GPA were reported are included in this analysis.

*Number of awardees for this cell was below ten.

Appendix C
Fall 2008 Scholarship Renewal by High School Preparation
for Fall 2007 TELS First-time Freshmen:
Public 2-year Institutions

Met ACT and High School GPA Standards			
	HOPE	ASPIRE	Total
Total	54%	52%	53%
Female	58%	55%	57%
Male	50%	45%	48%
African American	52%	37%	45%
Caucasian	54%	52%	54%
African American Female	53%	50%	52%
African American Male	50%*	14%	31%
Caucasian Female	58%	55%	57%
Caucasian Male	49%	46%	49%

Met High School GPA Standard Only			
	HOPE	ASPIRE	Total
Total	47%	45%	46%
Female	49%	44%	47%
Male	43%	47%	44%
African American	55%	43%	48%
Caucasian	47%	44%	46%
African American Female	58%	44%	49%
African American Male	50%	42%	46%
Caucasian Female	49%	44%	47%
Caucasian Male	43%	46%	44%

Met ACT Standard Only			
	HOPE	ASPIRE	Total
Total	27%	26%	26%
Female	31%	28%	30%
Male	24%	25%	24%
African American	32%	32%	32%
Caucasian	26%	26%	26%
African American Female	40%*	36%	37%
African American Male	29%	25%	27%
Caucasian Female	30%	28%	29%
Caucasian Male	23%	25%	23%

Note: Only students for whom both ACT and high school GPA were reported are included in this analysis.

*Number of awardees for this cell was below ten.

Appendix D

ACT Composite of Tennessee Residents 19 and Under Enrolled in Public Institutions as First-Time Freshmen 2004-08						
Institution	2004 Average ACT Composite	2005 Average ACT Composite	2006 Average ACT Composite	2007 Average ACT Composite	2008 Average ACT Composite	% Change 2004-08
Austin Peay	21.4	21.5	21.7	21.7	21.4	0%
East Tennessee	22.2	22.0	21.8	22.1	22.1	-1%
Middle Tennessee	22.4	22.4	22.2	22.2	22.0	-2%
Tennessee State	18.4	17.8	18.3	17.8	17.7	-4%
Tennessee Tech	22.9	23.0	22.8	22.6	22.8	0%
University of Memphis	21.3	21.5	21.6	21.9	21.8	2%
TBR Total	21.8	21.7	21.7	21.8	21.7	0%
UT Chattanooga	21.7	21.7	21.6	21.8	22.2	2%
UT Knoxville	24.5	25.0	25.2	25.2	25.5	4%
UT Martin	22.1	21.8	21.7	21.9	22.0	0%
UT Total	23.4	23.7	23.7	23.7	24.0	2%
Chattanooga	18.8	18.2	18.2	18.2	18.1	-4%
Cleveland	19.1	18.9	19.3	19.3	18.9	-1%
Columbia	19.2	19.0	19.0	19.2	19.2	0%
Dyersburg	18.4	18.5	18.5	18.8	18.5	0%
Jackson	18.7	18.5	18.6	18.3	18.6	-1%
Motlow	18.7	18.8	18.7	18.8	18.8	1%
Nashville	17.4	17.5	17.3	17.4	17.5	1%
Northeast	18.6	18.5	18.6	18.4	19.0	2%
Pellissippi	19.8	19.6	20.0	20.0	19.7	-1%
Roane	19.2	19.5	19.4	19.5	19.4	1%
Southwest	16.8	16.7	16.7	16.7	16.6	-1%
Volunteer	18.7	18.6	18.7	18.7	18.8	1%
Walters	19.5	19.2	19.3	19.3	19.7	1%
Community College Total	18.6	18.5	18.6	18.5	18.6	0%
Grand Total	20.9	21.0	21.0	20.9	21.1	1%