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MEMORANDUM

To: Rep. Craig Fitzhugh, Chairman
House Finance, Ways, and Means Committee

From: David Wright, Associate Executive Director
Policy, Planning, and Research

Date: March 24, 2008

Subject: TSAA Retention and Graduation Rates

I am writing in response to questions raised during the House Finance Committee's higher education budget hearing about the retention and graduation rates of Tennessee Student Assistance Award (TSAA) recipients relative to all students. Utilizing TSAA recipient data provided by TSAC, we followed a cohort of 2001 first-time freshman TSAA recipients by postsecondary sector (public universities vs. community colleges) and student age (traditional vs. adult students) to track various college outcomes over a six-year period. In summary:

- In public universities, the freshman-to-sophomore year retention rate was 74 percent for traditional-aged TSAA recipients, compared to 82 percent for traditional students overall. The graduation rate for traditional-aged TSAA recipients was 39 percent, compared to 53 percent for traditional students overall. Retention and graduation rates for adult TSAA recipients were similar to those for adults overall.
- At community colleges, TSAA recipients performed more similarly to their peers, and TSAA adults outperformed adult students overall on three of the four postsecondary outcomes we examined.
- As with all students, graduation rates for TSAA recipients varied substantially depending on the student's high school academic performance. TSAA recipients with the highest combination of ACT score and high school GPA earned degrees at more than double the rate of students with the lowest ACT and GPA combination.
- A study comparing funded and unfunded TSAA-eligible applicants found a significant positive relationship between receipt of TSAA and retention into the second year of college. Within community colleges, the freshman-to-sophomore retention rate for students who received TSAA was 20-25 percentage points higher than for students who were eligible but did not receive TSAA.

These findings are explained in greater detail on the following pages. Please let me know if you have questions or need anything further.

cc: Sen. Randy McNally
Sen. Jamie Woodson
Rep. Harry Brooks
Rep. Nathan Vaughn
Rep. Les Wunningham
Dr. Robert Ruble, TSAC
Members, Tennessee Higher Education Commission

APPENDIX
An Analysis of TSAA Retention and Graduation Rates

Utilizing TSAA recipient data provided by the Tennessee Student Assistance Corporation (TSAC), Tennessee Higher Education Commission (THEC) staff followed a cohort of 2001 first-time freshman TSAA recipients by postsecondary sector (public universities vs. community colleges) and student age (traditional vs. adult¹ students) to track various college outcomes over a six-year period.

In public universities, traditional-aged TSAA recipients retained and graduated at rates below those for all students, while the rates for adult TSAA recipients were similar to those for adults overall (**Figure 1**).

- TSAA first-time freshmen at public universities were retained from their first to second year at a rate of 74 percent, compared to 81 percent for first-time freshmen overall.
- The six year graduation rate for TSAA students was 37 percent, compared to 52 percent for all students.

Figure 1. Retention and Graduation Rates for Public University 2001 First-Time Freshmen

Public Universities	N =	Retention			Graduation
		Year 2	Year 3	Year 4	6-Year Rate
Overall Cohort	13,342	81%	73%	67%	52%
Traditional	13,065	82%	74%	68%	53%
Adult	277	52%	38%	29%	14%
TSAA Cohort	1,949	74%	62%	55%	37%
Traditional	1,854	74%	63%	56%	39%
Adult	95	57%	37%	24%	11%

As indicated by Figure 1, retention and graduation rates varied by the student’s age at matriculation.

- Retention and graduation rates for traditional-aged students were higher than those for adults among all students and among TSAA recipients.
- The graduation rate for traditional students in the TSAA university cohort was 39 percent compared to 53 percent overall.
- The graduation rate for TSAA adults was 11 percent, compared to 14 percent in the overall cohort.
- The freshman-to-sophomore year retention rates of TSAA adults exceeded those of adult students overall.

At community colleges, TSAA recipients performed more similarly to their peers, and TSAA adults outperformed adult students overall on three of the four postsecondary performance measures in **Figure 2**.

¹ For purposes of this analysis, adult = age 25 and older.

- The retention rate from the first to second year of community college was 58 percent for TSAA recipients compared to 60 percent overall.
- The three-year graduation rate for the TSAA cohort was 11 percent, slightly below the overall rate of 15 percent.
- Retention and graduation rates differed less between traditional and adult students at community colleges than at universities, whether they were TSAA recipients or not.

Figure 2. Retention and Graduation Rates for Community College 2001 First-Time Freshmen

Community Colleges	N =	Retention		Graduation	
		Year 2	Year 3	3-Year Rate	6-Year Rate
Overall Cohort	10,130	60%	44%	15%	32%
Traditional	8,892	61%	46%	15%	33%
Adult	1,238	52%	32%	14%	25%
TSAA Cohort	1,532	58%	39%	11%	22%
Traditional	1,167	59%	39%	12%	23%
Adult	365	56%	37%	15%	19%

As with all students, graduation rates for TSAA recipients varied substantially depending on the student's academic performance in high school. TSAA recipients with the highest combination of ACT score and high school GPA earned degrees at more than double the rate of students with the lowest ACT and GPA combination (**Figure 3**).

Figure 3. Graduation Rates for 2001 TSAA Cohort by ACT Composite and High School GPA

ACT Composite	High School GPA				Total
	2.65 & below	2.66 - 3.16	3.17 - 3.60	3.61 & above	
16 & below	32%	34%	57%	35%	37%
17 – 19	48%	49%	47%	65%	51%
20 – 22	32%	55%	68%	70%	59%
23 & above	26%	54%	69%	84%	73%
Total	37%	48%	62%	74%	56%

Note: 50% of TSAA students reported GPA and ACT data. Based on associates and bachelors degrees for combined community college and university cohorts.

The tables above compared the retention and graduation rates of TSAA students to those of all students. Multivariate analysis goes a step farther, because it allows one to assess the unique impact of TSAA on retention while controlling statistically for other contributing factors. Last year, two members of the THEC staff conducted just such an analysis for an academic conference.

Two groups of students were identified; both groups were eligible for the TSAA program in that they met the application deadline and had an Expected Family Contribution (EFC) of \$2,100 or lower. The only distinction was that one group applied for the program while funds were still available and therefore received awards, while the other group applied after funds were exhausted (though still before the published deadline). Within the community college sector, the freshman-

to-sophomore retention rate for students who received TSAA was 20-25 percentage points higher than for students who were eligible but did not receive TSAA. Differences in retention rates were also found for TSAA applicants enrolling in public universities, though not as large as those found for community college students. Though numerous factors influence student retention, these findings suggest that receipt of the TSAA award has a significant positive impact on student retention.