Purpose of This Report

T.C.A. §49-7-202 (c) (7) requires the Tennessee Higher Education Commission to “submit a biennial report to the governor and the general assembly, commenting upon major developments, trends, new policies, budgets and financial considerations which in the judgment of the commission will be useful to the governor and to the general assembly in planning for the sound and adequate development of the state's program of public higher education.”

The purpose of this report, *Tennessee Higher Education Profiles and Trends*, is to provide state policymakers with a brief overview of Tennessee higher education within a regional and national context. This report presents data and analyses on seven policy issues important to the state: 1) State Economy and Higher Education, 2) Student Preparation, 3) Student Participation, 4) Student Retention and Completion, 5) Finance, 6) Tuition and Financial Aid, and 7) Student Satisfaction.

1. STATE ECONOMY AND HIGHER EDUCATION

- **Figure 1** shows the relationship between states’ educational attainment levels and personal income per capita. Educational attainment levels are characterized by the percentage of working-age adults with a bachelor’s degree or higher. This metric often corresponds to a state’s ability to attract business and industry. The other metric, personal income, has implications for citizens’ quality of life and a state’s ability to raise revenue. In 2008, Tennessee’s average per capita income was $34,976. This ranked 36th in the nation. Meanwhile, 24.5% of Tennesseans have at least a bachelor’s degree, which was ranked as the 42nd in the nation.

- Personal income and adult educational attainment are linked to a state’s economic competitiveness. The orange coded states scored in the top ten on the New Economy Index,¹ a compilation of 29 indicators of potential success in the knowledge based high-tech global economy. Tennessee ranked 38th in the New Economy Index in 2008.

¹ The indicators of the New Economy Index are grouped under five categories: Knowledge Jobs, Globalization, Economic Dynamism, The Digital Economy and Innovation Capacity. Source: The Information Technology and Innovation Foundation (ITIF)
Tennessee’s personal income per capita has increased steadily over the past 15 years, even after adjustment for inflation. However, as shown in Figure 2, Tennessee remains below the national average and has fallen behind the Southern Regional Education Board (SREB) average.

Figure 3 shows Tennessee’s success in attracting out-of-state workers that have various levels of educational attainment. In 2007, Tennessee imported approximately 10,000 working-age adults with an associate’s degree or higher. However, 72% of workers arrived in Tennessee without a college degree.

2. STUDENT PREPARATION

Tennessee’s Education Pipeline

Student success at the college level depends greatly on student preparation in high school. Studies show that a student’s high school academic performance correlates with the likelihood of graduation from college.2 As Figure 4 shows, Tennessee’s educational pipeline productivity trails the national average. Only 19 of 100 ninth-grade students graduate from college within a regular timeline.

* Adjusted by Consumer Price Index - for All Urban Consumers (CPI-U)
High School Graduation Rates

- Tennessee’s public high school graduation rate was 67% in 2006-07 (Figure 5). Although the current rate is still below the national average, Tennessee’s graduation rate has risen substantially – by 12 percentage points – since 2000, surpassing the SREB average.

Remedial Education

- High school diplomas are not always sufficient to guarantee college readiness. In Fall 2009, 49% of Tennessee public college freshmen were required to take at least one remedial or developmental course (Figure 6). Among community college freshmen, the figure was higher at 73%. The rate of incoming freshmen enrolled in remedial or developmental courses has spiked since 2007.

3. STUDENT PARTICIPATION

Traditional Students

- In recent years, the percent of Tennessee’s high school graduates who go to college has increased. In 2006, 64% of high school graduates attended college immediately after high school graduation, up from 47% in 1992 and outpacing the rate of increase regionally and nationally (Figure 7). Tennessee ranked 22nd in the nation on this measure in 2006.

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3 Remedial and developmental courses are below college entry-level courses and are designed to assist students in developing the basic skills (i.e. reading, writing, and math) necessary to succeed in college level courses.
One of the purposes of the Tennessee Education Lottery Scholarship (TELS) program is to retain talented students within the state. Data from the National Center for Education Statistics (NCES) indicate that Tennessee high school graduates have become more likely to enroll in state institutions over the last several years (Figure 8). The institutions that have lost the largest number of Tennessee high school graduates tend to be regional universities near the state border.

Adult Students

- Tennessee’s adult participation rate is far below the national average. In 2007, there were approximately 645,000 Tennessee adults who had a diploma but no college degree. Tennessee higher education enrolled 8.3% of adults aged 25-49 whose highest credential was a high school diploma (Figure 9). This trails the national average of 13.7%, a gap of 38,000 adult Tennesseans.

- Figure 10 displays the enrollment trend of adult students for the last 10 years. Adult enrollment has steadily declined at Tennessee’s public 4-year and public 2-year institutions, while private institutions have increasingly enrolled more adult students. While community colleges recently have begun to enroll more adults, private institutions represent a growing sector for adult enrollment. These institutions increased adult enrollment by 228% from 1997 to 2007. For-profit institutions have contributed to the growth of this sector.

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4 For-profit institutions’ enrollment data are available for Title IV (Federal Student Aid program) participating institutions only. Thus, their data do not reflect total proprietary enrollment in Tennessee.
Minority Students

- The race and ethnicity profile of Tennessee’s higher education students has changed slightly over the past 13 years. At public 4-year institutions, the enrollment share represented by African-American students increased from 15% to 19% from 1996 to 2009. African-American enrollment share also increased at community colleges, from 15% to 18% over the same years. The small share of Hispanic students has steadily increased at both types of institutions (Figure 11).

4. STUDENT RETENTION AND COMPLETION

Retention

- Many observers affirm that the first year of college is critical in setting the stage for student success. Generally, dropout rates are largest at the freshman level.\(^5\) Tennessee 4-year institutions’ retention rate has increased slightly from 80% in 1990 to 84% in 2009. However, community colleges’ retention rate dropped slightly from 64% in 1990 to 62% in 2009 (Figure 12).

Completion

- The 6-year graduation rate is widely used as a measure of student success and institutional productivity. Over the past thirteen years, this rate has increased at Tennessee’s 2-year and 4-year institutions (Figure 13).

\(^5\) Source: NCHEMS, Retention Rates - First-Time College Freshmen Returning Their Second Year
5. FINANCE

- Over time, inflation and enrollment growth have combined to outpace nominal year-over-year increases in state appropriations for higher education’s general operating expenses. This has led to an increased reliance on tuition revenues. In 1998-99, tuition revenues comprised 38% of total institutional revenue for general operating purposes. This share increased to 63% in 2010-11 (Figure 14).\(^6\)

- Figure 15 indexes the amount of state appropriations for general operating expenditures of public higher education against the gross personal income of the population. This measure illustrates how much Tennesseans spend, via taxes, on higher education per $1,000 of income. The index illustrates that higher education spending has not kept pace with the increasing state wealth indicated by personal income growth in Figure 2.

- Over the past ten years, faculty salaries have remained relatively constant when adjusted for inflation. However, Tennessee public 4-year faculty receive 10% less salary than their SREB counterparts, and public 2-year salaries trail the SREB average by 9% (Figure 16). These disparities have increased over the last decade.

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\(^6\) Non-state and non-tuition revenue sources are excluded from the total revenue because those funds are principally available for auxiliary enterprises, research, hospital operations, and other non-instructional programs and services.

\(^7\) Funding from net lottery proceeds is not included in state appropriations.
6. TUITION AND FINANCIAL AID

Tuition

- Figure 17 shows average tuition rates at Tennessee public institutions in constant dollars. These rates have increased continually over the last 10 years even after adjustment for inflation. In 2009-10, the average tuition at public 4-year institutions is $5,926 per academic year. This is 81% higher than 10 years ago, in constant dollars. Meanwhile, on average, community colleges charge students $2,968 per academic year, an 82% increase over 10 years ago. However, these are the “sticker prices” and do not take into account varying types of financial aid available to Tennessee students.

Financial Aid

- In response to increasing tuition, Tennessee recently strengthened its commitment to increasing student financial aid. In 2003, the Tennessee General Assembly initiated the Tennessee Education Lottery Scholarship (TELS), a state lottery funded program to aid students. As TELS reached maturity in 2007-08, Tennessee’s national ranking in grant amount per undergraduate student jumped to third (Figure 18). This represents remarkable progress given that Tennessee ranked 32nd only a decade ago.

Affordability

- Figure 19 shows the extent to which the tuition rise has placed financial pressures on household budgets. For public 2-year institutions, a student from the lowest income quintile will need to spend 37% of family income for tuition, a 14 percentage point increase since 2000. However, federal, state, and institutional grant aid sources made up the entire sticker price for the lowest income students attending Tennessee’s public 4 year institutions.
7. STUDENT SATISFACTION

The Community College Survey of Student Engagement (CCSSE) and the National Survey of Student Engagement (NSSE) assess educational practices and student behaviors that research shows are connected to desired outcomes of college. Figures 20 and 21 describe how Tennessee’s students assess the current quality of relationships with faculty as well as academic advisors. Tennessee students report less satisfaction than their national counterparts with both faculty and advisors. While the merits of strong relationships with faculty are well known, good advising may be an underestimated characteristic of a successful college experience. Overall, better than 80% of all students describe their educational experience to be good or excellent (Figure 22).

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