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HIGHER EDUCATION
POLICY INSTITUTE

2016 COLLEGE AFFORDABILITY DIAGNOSIS

TENNESSEE



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TENNESSEE

COLLEGE
AFFORDABILITY
RANKING

34

At first glance, Tennessee would seem to merit a higher College Affordability ranking. For example, its public colleges and universities, which enroll the majority of undergraduates, are relatively affordable. But high—and rising—poverty rates combined with the state's low provision of need-based aid jeopardize college affordability for many Tennesseans.

Tennessee enrolls nearly three quarters of its undergraduates in state public colleges and universities. The highest proportion of enrollment—29 percent—is in the public research institutions. On average, 28 percent of family income would be required to cover the cost of attending these institutions full time. Students would have to work, on average, 38 hours a week to cover these costs.

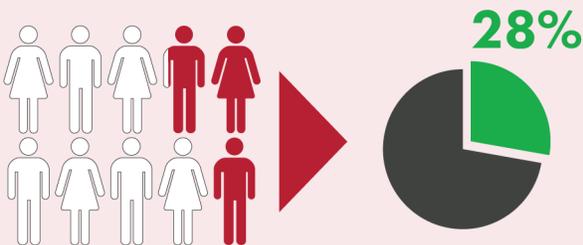
The state's low-cost option—the public two-year colleges—enrolls 28 percent of total undergraduates. For families earning \$30,000 or less per year, 37 percent of family income would be required to cover the cost of attending these colleges full time, compared to just 6 percent of annual income for families earning \$110,000 or more per year.

Tennessee's new Promise Program, which provides free community college tuition, is not

yet accounted for in national databases. If Tennessee is to realize the goals of Governor Haslam's Drive to 55 campaign—to get 55 percent of Tennesseans a college degree or certificate by 2025—affordable college options must continue to be an important part of the policy agenda.

- ▶ The percent of family income that would be required to attend all institutions in the state full time has increased since 2008, with the exception of a 1 percent decrease for public two-year colleges.
- ▶ The state invests \$211 per student in need-based financial aid to attend the state's public institutions, compared with the national average of \$474.
- ▶ In Tennessee, 27 percent of families earn \$30,000 or less a year.
- ▶ Technical colleges enroll 7 percent of undergraduates in the state. For families earning \$30,000 or less per year, 42 percent of family income would be required to attend the state's public technical colleges full time.
- ▶ College attainment by race and ethnicity varies considerably. As of 2014, 36 percent of Whites had an associate's degree or higher, compared to only 26 percent of Blacks.

More Tennessee students attend **public research institutions** than any other kind of institution, with **29 percent enrolled**. Families would spend, on average, **28 percent of annual income** to pay for full-time attendance.



Percentage of students attending public research institutions

Percentage of family income required to pay for full-time attendance

On average, **34 percent** of working-age Tennessee state residents (age 25-64) have an associate's degree or higher. By 2020, **58 percent of jobs will require an associate's degree or higher**.

58%

Jobs requiring associate's degree or higher by 2020

34%

Workforce with associate's degree or higher, as of 2014

WHAT PERCENT OF FAMILY INCOME would be needed to attend college full time?

	Percent of Income 2008	Percent of Income 2013	Ranking*
Public Two-Year (28 percent of enrollment) **	18	17	19
Public Four-Year Nondoctoral (14 percent of enrollment)	20	23	13
Public Research (29 percent of enrollment)	21	28	19
Private Four-Year Nondoctoral (20 percent of enrollment)	35	41	14
Private Research (3 percent of enrollment)	17	21	2
Technical Colleges (7 percent of enrollment)	18	19	

* This measure ranked states 1-50. The lower the ranking on this measure, the better a state performed on overall college affordability.

** Enrollment may not add up to 100% due to rounding.

NOTE: The "net price" reported in the following tables for each sector of higher education includes tuition, mandatory fees, room/board and books *minus* all financial aid (federal, state and institutional).

For information on how these measures were calculated or which institutions were included, please see the technical report, available at www2.gse.upenn.edu/irhe/affordability-diagnosis.

STATE INCOME PROFILE

Income

\$0—30,000

Average Income in Group

\$17,118

Families in Group

27%

Income

\$30,000 —48,000

Average Income in Group

\$39,056

Families in Group

18%

Income

\$48,000—75,000

Average Income in Group

\$60,839

Families in Group

22%

Income

\$75,000—110,000

Average Income in Group

\$90,603

Families in Group

16%

Income

\$110,000 and above

Average Income in Group

\$189,174

Families in Group

16%

PERCENT OF FAMILY INCOME needed to attend full time:

PUBLIC TWO-YEAR INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	6,301	37
\$30,000—48,000	6,832	17
\$48,000—75,000	8,773	14
\$75,000—110,000	10,356	11
\$110,000 and above	11,040	6

Students would have to work 21 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public two-year institution full time.

PUBLIC FOUR-YEAR NONDOCTORAL INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	7,640	45
\$30,000—48,000	9,647	25
\$48,000—75,000	13,559	22
\$75,000—110,000	14,820	16
\$110,000 and above	14,953	8

Students would have to work 32 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public four-year nondoctoral institution full time.

PUBLIC RESEARCH INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	9,327	54
\$30,000—48,000	11,308	29
\$48,000—75,000	16,107	26
\$75,000—110,000	17,714	20
\$110,000 and above	17,958	9

Students would have to work 38 hours a week, on average, at federal minimum wage to pay for college expenses to attend a public research institution full time.

Source: Income data: U.S. Census Bureau; Net price data: U.S. Department of Education.

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Families in Group

16%

PERCENT OF FAMILY INCOME needed to attend full time:

PRIVATE FOUR-YEAR NONDOCTORAL INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	16,303	95
\$30,000—48,000	17,003	44
\$48,000—75,000	19,380	32
\$75,000—110,000	21,348	24
\$110,000 and above	23,255	12

Students would have to work 48 hours a week, on average, at federal minimum wage to pay for college expenses to attend a private four-year nondoctoral institution full time.

PRIVATE RESEARCH INSTITUTION

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	6,905	40
\$30,000—48,000	6,052	15
\$48,000—75,000	8,620	14
\$75,000—110,000	16,018	18
\$110,000 and above	33,006	17

Students would have to work 37 hours a week, on average, at federal minimum wage to pay for college expenses to attend a private research institution full time.

TECHNICAL COLLEGE

	Net Price	% of Income Needed to Pay Net Price
\$0—30,000	7,155	42
\$30,000—48,000	7,509	19
\$48,000—75,000	9,303	15
\$75,000—110,000	11,833	13
\$110,000 and above	9,880	5

Source: Income data: U.S. Census Bureau; Net price data: U.S. Department of Education.

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WHAT INVESTMENT DOES THE STATE MAKE to financial aid programs to make college more affordable?

TOTAL STATE FINANCIAL AID DOLLARS PER STUDENT AT PUBLIC TWO- AND FOUR-YEAR INSTITUTIONS

	2004	2007	2013	National Average, 2013
Need-Based Aid	157	149	211	474
Other Aid	2	77	1479	210

TOTAL STATE FINANCIAL AID DOLLARS PER STUDENT AT PRIVATE INSTITUTIONS

	2004	2007	2013	National Average, 2013
Need-Based Aid	386	217	240	644
Other Aid	6	14	1201	221

Data Source: National Association of State Student Grant and Aid Programs and the U.S. Department of Education.

HOW MUCH IS ANNUAL UNDERGRADUATE BORROWING for students who earn and do not earn degrees?

- ▶ Students who enroll in public research institutions typically borrow \$4,410 annually.
- ▶ Students who enroll at private research institutions typically borrow \$814 annually.
- ▶ Students who enroll at public four-year nondoctoral institutions typically borrow \$3,972 annually.
- ▶ Students who enroll at private four-year nondoctoral institutions typically borrow \$4,846 annually.
- ▶ Students who enroll at technical colleges typically borrow \$1,416 annually.
- ▶ Students who enroll at public two-year institutions borrow \$1,497 annually.

Data Source: U.S. Department of Education.

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WHAT CONSIDERATIONS SHOULD STATES take into account in establishing policies on college affordability?

Workforce Needs

- ▶ By 2020, 58 percent of jobs in Tennessee will require a postsecondary credential.
- ▶ Tennessee is 49th in terms of states with the highest percentage of jobs that will require a postsecondary credential in the future.

Educational Attainment

- ▶ As of 2014, 36 percent of young adults in Tennessee (ages 25-34) had an associate's degree or higher compared to 42 percent nationally.
- ▶ As of 2014, 33 percent of working age adults in Tennessee (ages 35-64) had an associate's degree or higher, compared to 40 percent nationally.

Educational Attainment by Race/Ethnicity

- ▶ As of 2014, on average, 34 percent of working age Tennessee state residents (age 25-64) have an associate's degree or higher. However, attainment varies by race: 36 percent of Whites have an associate's degree or higher but the other two most populous racial groups (Blacks and Hispanics) have attainment of only 26 percent and 18 percent respectively.

Educational Pipeline in Tennessee

- ▶ In 2020, Tennessee's public high school graduates are projected to be 21 percent Black and 7 percent Hispanic.
- ▶ The total number of high school graduates at public institutions in Tennessee is projected to grow by only 1 percent between 2020 and 2028.
- ▶ However, the percent of graduates that are Black in Tennessee is projected to remain constant and the percent of graduates that are White is projected to decline by 3 percent while the percent of graduates that are Hispanic is projected to grow by 5 percent over the same time period.
- ▶ While the decline in White graduates is similar to projections for the nation (4 percent decline in White graduates between 2020 and 2028), the growth in Hispanics in Tennessee is above national patterns (Hispanics are only projected to increase by 2 percent of national high school graduates by 2028). The flat growth in Black graduates is slightly below national trends (Blacks are projected to increase by 1 percent by 2028).

For information on how these measures were calculated or which institutions were included, please see the technical report, available at www2.gse.upenn.edu/irhe/affordability-diagnosis.

Children in Poverty

- ▶ The percent of children living in poverty in Tennessee increased between 2005 and 2013, from 21 percent to 25 percent.
- ▶ In 2013 Tennessee was ranked 36th in terms of percent of children living in poverty. Rank order is from lowest to highest percentages of poverty.

Student Share of Total State and Tuition Revenues for Public Higher Education

- ▶ In Tennessee, total student share of state and net tuition revenues per full time student was 24 percent in 1989, 36 percent in 2000, and 47 percent in 2014, adjusted for inflation. This pattern shows that net tuition revenues were increasing as a share of higher education funding from 1989 to 2000 and after the 2007-08 recession net tuition revenues continued to increase.



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POLICY QUESTIONS FOR STATE LEADERS

- ▶ In what types of higher education institutions (sectors) has the state lost ground in college affordability?
- ▶ What are the economic circumstances of families in the state (by income quintiles, by different regions of the state, etc.)? What are the implications for college affordability?
- ▶ What is the projected demand for an educated workforce in the state? How far is your state from addressing this demand? To what extent is college affordability one of the barriers in educating more state residents?
- ▶ What are the gaps in college attainment between Whites and minority groups in your state? How can state policies on college affordability help to narrow these gaps?
- ▶ How is tuition policy related, if at all, to the income of the students and families that the state must educate?
- ▶ If tuition policy is delegated to public institutions, how does the state provide oversight to ensure that tuition and other educational costs are affordable for students and families?
- ▶ In what ways can state policies related to tuition be more tightly coupled with state policies on institutional appropriations and financial aid to address college affordability?
- ▶ To what extent do tuition policies encourage access to higher education and completion of certificates and degrees? How do financial aid policies address the needs of both young and working-age students?
- ▶ In what ways has the state provided incentives for institutions to improve efficiency and productivity in order to reduce the overall costs to students?
- ▶ Research shows that students who work more than 20 hours a week are less likely to make progress toward or complete their certificate or degree programs. How is the state alleviating the need for students to work more than 20 hours a week so that they can focus more on earning their certificates and degrees?
- ▶ How much are students borrowing relative to the percent of family income needed to pay for postsecondary education?
- ▶ Are all state policies that influence college affordability inadvertently stratifying higher education by income or race?

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