

# **Feasibility Study on Early Commitment Programs in Tennessee**

**Tennessee Higher Education Commission  
December 2007**

## Executive Summary

Economically disadvantaged students in Tennessee are not enrolling in higher education at nearly the rate of their peers. In 2004-05, 48 percent of all Tennessee high school graduates were estimated to continue on to college enrollment. In that same year, 21 percent of all economically disadvantaged college-aged students in Tennessee were estimated to be enrolled in higher education.

Early commitment scholarship programs that have early intervention and scholarship components are one policy innovation that has been used effectively to address these gaps in enrollment. Students in early commitment programs pledge in middle or early high school to complete a set of academic and enrichment requirements geared toward college access. In exchange, students receive a promise of financial aid if all requirements are met.

This study finds that that an early commitment program is both feasible and desirable to address gaps in educational attainment among economically disadvantaged Tennesseans. Early commitment programs have had success in improving high school and college performance of economically disadvantaged students in Indiana and Oklahoma and locally in Tennessee. Research shows that such programs positively impact student aspirations and help students overcome financial and academic barriers to college. Participation leads to increased completion of college-prep curriculum, improved high school graduation rates, and an increase in college enrollment and graduation rates.

Elements can vary, but a statewide program should include several elements common among successful programs:

- Limited eligibility for low-income students
- Required high school GPA and college prep courses
- Participation in academic enhancement activities (tutoring, mentoring, study skills)
- Participation in college access activities (ACT prep, college visits, financial aid counseling)
- Promise of college scholarship if all requirements are completed

As described in this study, design considerations for a statewide early commitment program should include:

- Implementation
  - Early intervention
    - What is the best staff to student ratio?
    - Where should staff be located? How should they be paid?
  - Scholarship requirements
    - What should be the required high school GPA?
    - What should be the requirements to keep the award in college?
- Coordinating body
  - What agency(ies) or organization(s) should administer the program at the state level? Higher education, K-12 education, foundation or other non-profit agency?
- Funding method
  - Early intervention
    - Who should be the local fiscal agent? What type of grant(s) should fund the program (block, direct, private)?

- Scholarships
  - What should the scholarship amount be?
  - How would this award relate to existing scholarships and grants?
- Funding sources
  - What federal, state, local or private funds can be used or combined?

Ultimately, the cost for a statewide early commitment program in Tennessee will be determined by the answers to these questions. Based on varying models, a fully subscribed program in Tennessee would cost between \$10.5 and \$37 million per year in early intervention and \$8 and \$23 million per year in scholarships. Possible funding sources include federal funds such as GEAR UP, state general or lottery funds, and private funds.

Establishment of an early commitment program would greatly benefit Tennessee students and address existing gaps in educational attainment, financial aid, and college access among economically disadvantaged students.

Cost Estimates

**Early intervention cost estimate comparison**

Type of program	Students served (grades 9-12)	Staff to student ratio	Total cost (including \$4M for programming and services)
Statewide Option 1	140,000	1:250	\$37 million
Statewide Option 2	140,000	1:500	\$20 million
Pilot (3 large and 5 small districts)	41,000	1:500	\$10.4 million

**Scholarship cost comparison**

Program Type	Eligible students (first-time freshmen)	First-year cost	Eligible students (fully subscribed)	Fully subscribed yearly cost
Statewide	3,400	\$7 million	7,800	\$16 million
Pilot (3 large and 5 small districts)	1,200	\$2.5 million	2,800	\$6 million

**Total Yearly Cost Estimate**

Program Type	Early intervention	Scholarship (fully subscribed)	Total cost
Statewide Option 1 (1:250 ratio)	\$37 million	\$16 million	\$53 million
Statewide Option 2 (1:500 ratio)	\$20 million	\$16 million	\$36 million
Pilot (3 large and 5 small districts)	\$10.5 million	\$6 million	\$16.5 million

## **Introduction**

Economically disadvantaged students in Tennessee are not enrolling in higher education at nearly the rate of their peers. In 2004-05, 48 percent of all Tennessee high school graduates were estimated to continue on to college enrollment. In that same year, 21 percent of all economically disadvantaged college-aged students in Tennessee were estimated to be enrolled in higher education<sup>1</sup>.

For Tennessee to compete in an increasingly national and international market, a better educated workforce across all socioeconomic levels is essential. Early commitment scholarship programs are one policy lever that states, locales, and higher education institutions are using to address socioeconomic gaps in enrollment through a promise of financial aid contingent upon academic preparation and college awareness activities.

Research indicates that early commitment programs have a positive academic influence on students who participate in them<sup>2</sup>. Statewide initiatives in both Indiana and Oklahoma report outcomes which include increases in:

- completion of the state's designated college preparatory curriculum;
- high school graduation rates;
- college going rates;
- college persistence rates; and
- college graduation rates.

In the 2007 legislative session, the gap in educational attainment by income and underrepresentation of economically disadvantaged students in the Tennessee Education Lottery Scholarship program captured the attention of numerous Tennessee policymakers. From January to

May of 2007: two pieces of legislation proposed early commitment programs; the Senate's lottery omnibus bill called for a feasibility study; and the Tennessee Higher Education Commission's Lottery Scholarship Committee recommended adoption of a statewide early commitment program modeled on successful initiatives nationally and in Tennessee.

This paper is the result of research, interviews and analysis as well as a series of meetings over several months with representatives from the Tennessee Higher Education Commission (THEC), Tennessee Board of Regents (TBR), University of Tennessee (UT), Tennessee Student Assistance Corporation (TSAC), Tennessee Independent Colleges and Universities Association (TICUA), the Comptroller's Office, and the Tennessee Department of Education (TDOE). The aim is to address the feasibility of establishing a statewide early commitment scholarship program in Tennessee.

Section I provides background on early commitment programs. Section II presents an overview of successful programs and their common elements. Section III addresses program design considerations.

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<sup>1</sup> Tom Mortenson, Postsecondary Education Opportunity, <http://www.postsecondary.org/>

<sup>2</sup> Cheryl Blanco, *Early Commitment Financial Aid Programs: Promises, Practices, and Policies*, Western Interstate Commission for Higher Education, 2005

## **I. Background**

### ***The National Landscape***

In a 2005 report on early commitment scholarship programs, the Western Interstate Commission on Higher Education (WICHE) defined early commitment programs as having three common elements: 1) a guarantee of financial aid, 2) participation exclusively of economically disadvantaged students, and 3) identification of students to participate in the program while in elementary, middle or early high school<sup>3</sup>. Generally the programs have an early intervention component during which students participate in college access activities while in high school in order to qualify for a college scholarship.

Early commitment programs combine the best features of both merit and need-based financial aid programs. Like traditional merit-aid, early commitment programs set academic goals for students to achieve in high school and reward that achievement with funding for college. Like traditional need-based aid, early commitment programs provide resources solely for economically disadvantaged students.

Early commitment programs, however, go beyond traditional merit or need-based aid. Programs use early intervention activities – including mentoring, test preparation, college visits, parent involvement, and financial aid and admissions counseling – to address the unique barriers to higher education for economically disadvantaged students, who are also often first generation college students. An early commitment of aid can provide a strong incentive for students to complete a college-prep curriculum and for families to encourage and support their children’s aspirations.

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<sup>3</sup> Cheryl Blanco, *Early Commitment Financial Aid Programs: Promises, Practices, and Policies*, Western Interstate Commission for Higher Education, 2005

### ***Early Commitment in Tennessee***

In Tennessee, a variety of college access programs exist, however, only two known programs meet the definition of early commitment. The statewide GEAR UP<sup>4</sup> grant (GEAR UP TN) currently offers an early commitment scholarship to all eligible students in nine counties, and other local GEAR UP partnerships in Tennessee have similar programs. The Ayers Foundation Scholarship Program in Decatur and Henderson counties provides college access services through additional school counselors along with a promise of tuition for all graduating seniors.

Several other college access programs in Tennessee are missing either early intervention or a scholarship component. Scholarship programs like the University of Tennessee, Knoxville’s Promise Scholarship, Dyersburg State Community College’s Promise Scholarship and other programs in development at Tennessee public institutions guarantee a portion of tuition for students with certain qualifications from specific localities but do not offer early intervention activities. College access programs like the College Access Center in Chattanooga, TRIO, and College Bound in Memphis offer early intervention activities with no promise of financial aid.

The Tennessee General Assembly has recently focused significant attention on innovative financial aid. The Tennessee Education Lottery Scholarship (TELS) is one of the most broad-based merit scholarship programs in the country and one of a very few that also offers a need-based aid component. Yet, as the January 2007 Tennessee Education Lottery Scholarship Program Annual Report indicates, economically disadvantaged and

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<sup>4</sup> GEAR UP is a federal grant program that provides resources to state and local agencies for college access programs. Statewide GEAR UP grants are required to establish an early commitment scholarship program.

minority students receive and retain the scholarships in disproportionately low numbers<sup>5</sup>.

Data from two prominent early commitment programs, the Indiana's 21<sup>st</sup> Century Scholars program and Oklahoma's Promise, and the WICHE report appear to indicate that economically disadvantaged students perform better in college when they participate in early intervention activities with the promise of college financial aid. Programs ensure that as early as middle school, students are: 1) expressly informed about how to go to college, 2) commit to a college preparatory path, high school graduation and college entrance, and 3) receive a promise of financial aid.

#### *Current Early Commitment Actions in the General Assembly*

In the 2007 legislative session, two bills were introduced with versions of early commitment scholarship programs. Representative Tommie Brown (D-Chattanooga) introduced HB 1008 to create the STAR Scholarship program and middle school and high school enrichment programs. Senator Joe Haynes (D-Nashville) introduced a similar program,

the 21<sup>st</sup> Century Scholars program through SB 1364.

Both pieces of legislation required students to participate in certain early intervention college access activities and have specific academic outcomes in high school. In exchange for their commitment, students would become eligible for a scholarship providing full tuition at a Tennessee postsecondary institution. The primary distinctions between the two pieces of legislation were in identification of students, scale, and logistics of the early intervention portion of the program. A side by side comparison of the legislation is in Appendix A. Neither bill was enacted by the legislature.

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<sup>5</sup> Students from families with an income of less than \$36,000 represent 24% of all TELS recipients in fall 2006 as compared to 38% of all ACT test takers. The first year scholarship retention rate for the basic HOPE award is consistently around 50%, however, the first-year retention rate for the need-based Aspire award is 40% for fall 2005. Students from higher income families who lost their TELS award in 2005-06 remained in school at a rate 28% greater than those from lower income families. At the same time, the need-based Tennessee Student Assistance Award remains unable to provide funding to all eligible students, increasing the likelihood that economically disadvantaged students will not be able to afford college. The data present a clear distinction between economically disadvantaged students and their peers. Given available data, it is difficult to ascertain why economically disadvantaged students qualify for TELS scholarships in lower numbers and why they retain at a lower rate.

## **II. Overview of Successful Local, State, and Private Initiatives**

Early commitment scholarship programs are essentially comprised of two parts, an early intervention and a scholarship commitment component. Programs have been established by federal, state, local and private entities. Exemplary programs include GEAR UP, Indiana's 21<sup>st</sup> Century Scholars, Oklahoma's Promise, the College Crusade of Rhode Island, the Jack Kent Cooke Foundation's College Advising Corps, and the Ayers Foundation Scholars Program in Decatur and Henderson counties. These programs represent a variety of approaches from which best practices can be identified.

### **Successes**

Successes of such early commitment programs include serving a large number of high school students, an increase in high school students prepared with college-ready curriculum, improved high school graduation rates, and notable increases in college applications and enrollment. Specific examples of successes include:

#### *GEAR UP*

Nationwide, GEAR UP programs are designed to increase the number of low-income students who are prepared to enter and succeed in college. State GEAR UP grants contain early intervention and scholarship components. GEAR UP programs are credited for successes such as:

- A 12 percent decrease in discipline referrals in Florida;
- A 20 percent increase in 8<sup>th</sup> and 9<sup>th</sup> grade students taking algebra in Texas;
- Higher school attendance rates in Massachusetts;
- Significant improvements in performance on assessment tests in New York;

### **Early Commitment in Tennessee**

**GEAR UP Tennessee (GEAR UP TN)** is a \$3.5 million federal grant received by THEC in September 2005. The grant serves approximately 6,000 students in 8<sup>th</sup>, 11<sup>th</sup> and 12<sup>th</sup> grades in nine rural county school districts in East, Middle and West Tennessee.

Over the next four years, GEAR UP TN will offer early intervention services to the 8<sup>th</sup> grade students through their high school graduation while also offering college access services to 11<sup>th</sup> and 12<sup>th</sup> grade students yearly.

**The GEAR UP TN Scholars Promise** is an early commitment scholarship program with requirements including a core of courses, a specified GPA and participation in early intervention activities.

- A 74 percent improvement in SAT participation and a significant score increase in California; and
- 73 percent of the GEAR UP graduates in Washington are going to college and 91 percent of the participants are taking algebra in 9<sup>th</sup> grade<sup>6</sup>.

#### *Indiana*

Indiana's 21<sup>st</sup> Century Scholars program encourages 7<sup>th</sup> and 8<sup>th</sup> grade students to commit to and fulfill a pledge of good citizenship. The pledge requires students to maintain a GPA of at least a 2.0 on a 4.0 scale, not use drugs or alcohol, not commit a crime, apply for admission to an eligible Indiana university and apply for financial aid during their senior year of high school.

The 21<sup>st</sup> Century Scholars program is credited with successes such as:

- 21 percent more Scholars students graduate high school than their peers,

<sup>6</sup> U.S. Department of Education, <http://www.ed.gov/programs/gearup/performance.html>

- 3 percent more Scholars students graduate from high school than all students,
- 9 percent more Scholars enter college with the Core 40 curriculum than all other students,
- Scholars are more likely to go to college than all other students, and
- Scholars are more likely to graduate college than their low-income peers<sup>7</sup>.

#### *Oklahoma*

Oklahoma's Promise is a college preparation program open to Oklahoma student residents, in 8<sup>th</sup>, 9<sup>th</sup>, and 10<sup>th</sup> grade, whose legal guardians earn less than \$50,000 per year. The Promise has the same pledge elements as Indiana's program. Since 1996, the first Oklahoma Promise graduating class, the total number of students that have qualified for the Oklahoma's Promise-OHLAP scholarship (the scholarship award component of the early commitment Promise program) has grown to over 25,500 students. Over 12,000 Oklahoma's Promise-OHLAP college students received the scholarship in 2005-2006, up 32 percent over the prior year<sup>8</sup>.

#### *Jack Kent Cooke Foundation*

The Jack Kent Cooke Foundation's College Advising Corps is modeled after the University of Virginia's College Guides Program which places recent graduates in under-performing communities to assist high school students through interventions such as college application assistance, financial aid information sessions and college visits. The College Guides Program services approximately 15,000 high school students in Virginia. The Jack Kent Cooke Foundation expands this model by awarding \$1 million grants to universities

<sup>7</sup> Indiana Commission for Higher Education, Snapshot of the twenty-first century scholars program

<sup>8</sup> Oklahoma Regents for Higher Education, Oklahoma's Promise: Oklahoma Higher Learning Access Program 2005-06 year-end report

#### **Early Commitment in Tennessee**

**The Ayers Scholars Program** focuses on college access for students in Decatur and Henderson counties, two rural and low-income Tennessee communities.

The program aids in the progression of students from high school to college through services such as academic counseling, financial aid information and assistance, college application assistance, application deadline reminders, and last-dollar incentive awards.

College going rates in Decatur County have substantially increased since the establishment of the Ayers Scholars Program.

across the nation for the establishment of local College Advising Corps programs.

#### *Rhode Island*

The College Crusade of Rhode Island focuses services on academic, social and personal development for approximately 600 students per year in five Rhode Island cities with the greatest low-income and immigrant populations. The interventions are focused on development in elementary school, middle school, 9<sup>th</sup> and 10<sup>th</sup> grades, and 11<sup>th</sup> and 12<sup>th</sup> grades. Nationwide, 52 percent of low-income students go right to college after high school. In Rhode Island, the rate of students at all income levels is 56 percent. The rate for Crusaders in 2006 was 70 percent<sup>9</sup>.

<sup>9</sup> College Crusade of Rhode Island, <http://www.thecollegecrusade.org/main/en/news-releases/rhode-island-childrens-crusade-reports-outstanding-res.html>

## **Common Elements**

Though implementation of early commitment programs varies, all programs contain the following elements. A program lacking any of these elements would not meet the definition of early commitment.

### *Income eligibility requirements*

Early commitment programs focus efforts on low-income, under-served communities. In all of the early commitment programs researched, eligible students demonstrated a financial need through one of the following:

- Free and Reduced Lunch (FRL) eligibility,
- Title I status of the student's school, or
- Estimated family contribution (EFC) derived from FAFSA applications.

### *GPA and course requirements*

All programs strive to place students on a college-ready track in order to guarantee that students meet college admissions requirements. Students take core courses and complete a rigorous curriculum equivalent to the Tennessee Scholars and the Tennessee Diploma Project requirements.

- Indiana's 21<sup>st</sup> Century Scholars requires students to achieve a high school diploma with a GPA of at least a 2.0 on a 4.0 scale.
- Oklahoma's Promise requires that students take 17 units of required high school courses and maintain a GPA of 2.5 or better in the 17 units and an overall high school GPA of 2.5.

### *Academic enhancement activities*

GEAR UP TN and Oklahoma's Promise require students to participate in academic activities throughout the course of the intervention programs. Academic enhancement activities may include:

- Academic tutoring
- Mentoring

## **Early Commitment in Tennessee**

### **The Lottery Education Afterschool Programs (LEAP) Test Preparation Pilot Project.**

This program is designed to provide ACT/SAT preparation, academic tutoring and study skills for at-risk students. Each site may serve no more than 60 seventh-through ninth-grade students for an average of 15 hours a week. The project will begin with six sites — one urban and one rural in each of Tennessee's three grand divisions. Each site will receive \$50,000 a year for three years.

- Academic counseling
- Educational and cultural experiences

### *College access activities*

GEAR UP, Oklahoma's Promise, the Ayers Scholars Program, the College Advising Corps and the College Crusade of Rhode Island programs thoroughly incorporate college access initiatives in their early intervention strategies. College access initiatives include:

- ACT/SAT preparatory classes
- College application assistance and guidance
- Financial aid workshops
- College and workplace visits
- College and career fairs

### *Scholarship commitment*

The payoff for a student enrolled in an early commitment program is the promise of financial aid for college. In programs such as GEAR UP TN, Indiana's 21<sup>st</sup> Century Scholars and Oklahoma's Promise, students pledge to complete a series of requirements in exchange for financial aid. Awards are most often made to institutions through a student assistance corporation, pre-paid tuition plan, or foundation. Scholarship retention

is generally determined on good academic standing.

Student commitments include:

- Taking college prep curriculum courses,
- Maintaining a GPA between 2.0 and 2.5,
- Participating in academic enhancement activities,
- Participating in college access activities, and
- Refraining from poor external influences (i.e. drugs and alcohol).

### **III. Program Design**

A range of design options appear in early commitment programs. The following is a description of various design options to consider for program implementation, program coordination, funding method, cost, and funding sources.

#### **Program implementation**

Early commitment programs require intensive coordination between K-12 and higher education entities. A discussion of issues to address in early intervention, scholarship and outreach elements follows.

#### ***Early intervention***

Consistently, the most important element of any early commitment program is the connection established between program staff and students and families.

It is essential to provide proper resources for staffing, however how resources are allocated varies. The three key factors in staffing are staff to student ratio, location of staff and salary mechanism, and credentials.

#### ***Staff to student ratio***

Early commitment program staff cite the presence of a single person or multiple people solely associated with college access as key to student engagement.

- The Ayers Foundation staff to student ratio is roughly 1:200.
- GEAR UP staff in Tennessee recommend staff to student ratios of 1:250.
- The American School Counselor Association recommends a high school counselor to student ratio of 1:100.
- Jack Kent Cooke and Indiana's 21<sup>st</sup> Century Scholars lower ratios by hiring Americorps members, college students and recent college graduates.

The lower the ratio, the more likely a staff member is to reach first generation students and students at risk of dropping out rather than just the most motivated students.

#### ***Location of staff***

The location of early intervention personnel and salary mechanism also varies based on program size, scope and coordinating agency.

- GEAR UP TN places one coordinator in each school district.
- Indiana houses staff in 16 service centers at institutions of higher education and pays them through the student assistance corporation.
- The Ayers Foundation employs and pays its school counselors externally to the school district.
- GEAR UP partnership grants house and pay their employees through whichever entity is the grantee, either higher education or K-12.

In all instances, early commitment program staff spend the vast majority of their time in the schools they service.

#### ***Credentials***

A final consideration with staffing is the required credentials of personnel eligible for employment. Limiting eligibility to personnel with a master of education counseling degree may too severely restrict the applicant pool and may not adequately address the qualifications of an effective college/career counselor. Staff positions may need to be defined more broadly.

#### ***Scholarship***

The eligibility requirements are very similar for the majority of early commitment scholarship programs. Programs require a high school GPA of between 2.0 and 2.5 in a core set of courses similar to the Tennessee Scholars or Tennessee Diploma Project curriculum. They require a certain level of involvement in the early intervention activities. Programs also prohibit drug and alcohol use and involvement in criminal or delinquent acts.

Some programs require additional measures such as community service.

### **Outreach**

A coordinated effort on outreach for an early commitment program is essential to both widespread participation and support. In the current college access environment in Tennessee, four primary points of contact with students exist.

- The Tennessee Diploma Project offers an opportunity to make a connection for students and parents between a revised high school curriculum, a commitment of students toward rigor in high school, and excellent preparation for college.
- GEAR UP TN's work with the Lumina Foundation's KnowHow2Go campaign, a broad-based college access public awareness effort, and CollegeforTN.org provide an existing platform for college access that specifically targets low-income, underserved students.
- The Outreach division of the Tennessee Student Assistance Corporation is a trusted source of information on scholarships and grants with established contacts in both K-12 and higher education.
- School counselors, teachers, and administrators are the closest link to high school students and parents and are crucial to the success of any early commitment program.

Integrating these resources through outreach campaign around early commitment and college access would deepen the significance of each effort and allow students and their families to see the whole picture from high school through college. One barrier to a coordinated campaign is that integrating funding is difficult in the state context. Working with private resources might provide a more nimble partnership.

Alternatively, funds from the lottery program may be able to pay for an additional outreach campaign designed to attract students to college and the lottery resources. The TSAC Outreach office is currently funded in part through lottery funds, and more resources devoted to outreach would likely improve program participation.

### **Program coordination**

Depending on scope and scale, early commitment programs are most frequently coordinated out of higher education coordinating boards, student assistance corporations, institutions of higher education, local education agencies, non-profits, or foundations. Though possible, to date no major early commitment program is coordinated out of a state department of education.

Statewide programs are often coordinated through state higher education entities.

- The Indiana 21<sup>st</sup> Century Scholars program is run through the State Student Assistance Corporation of Indiana.
  - Implemented in conjunction with statewide GEAR UP grant
- Oklahoma's Promise is operated out of the Oklahoma State Regents for Education
  - Implemented in conjunction with statewide GEAR UP grant
- Statewide GEAR UP grants are housed in either a higher education coordinating board or student assistance corporation.

Some early commitment programs are coordinated by non-profit organizations.

- Rhode Island's College Crusade is an independent non-profit organization
  - Serves as the statewide GEAR UP coordinator,
  - Works with the department of education and the higher education community.

- The Ayers Foundation is an independent non-profit organization
  - Coordinates with local school districts and local higher education institutions

The type of agency that coordinates an early commitment program does not generally seem to affect its ability to produce results for students. Rather, it appears that the elements of coordination are determined by the intent of the program, its size, and scope.

### **Funding Method**

The funding method determines the purpose and implementation strategy for an early commitment program. Funding methods are distinct between the early intervention and scholarship components.

### **Early intervention**

Three primary considerations for the early commitment funding method are fiscal agent, type of grant, and matching funds.

Available fiscal agents include local education agencies, institutions of higher education, non-profits, and foundations. A program could prescribe a fiscal agent or allow for local choice. GEAR UP TN uses school districts as fiscal agents, Indiana uses higher education institutions.

Three main types of grants are commonly used for early intervention: block grants, direct grants, and private grants.

- **Block grants** give the legislature or a state agency significant program control and would only be appropriate if the program served students statewide.
- **Direct grants** could be funded in two ways.
  - First, the legislature or coordinating agency could choose a set of fiscal agents and determine award amounts. This would be a limited approach, but is common among GEAR UP statewide grants.

- Second, the legislature could charge a state agency with running a grant competition. A grant competition might allow partnerships among local education agencies, institutions of higher education, non-profits, and foundations to apply for funds. Partnerships might determine their own fiscal agent as well as program design. This option would allow maximum flexibility to build on existing local initiatives.

- **Private grants** can be encouraged by utilizing state seed funding, maximizing required matching funds, establishing tax incentives or other subsidies.

Any public grant funding should require local matching funds. GEAR UP programs require a 1:1 local match. Local matching funds are essential to involvement, commitment, and sustainability.

### **Scholarship**

Most early commitment scholarships are “last dollar” awards, meaning that all other grant aid – federal, state, and institutional – should be awarded prior to the award. There are three major considerations in the scholarship funding method: amount, relationship to existing funding, and funding source.

#### *Amount*

Currently, tuition, fees, and books average \$5,950 at a public four-year institution in Tennessee. Tuition, fees, books, room and board averages \$11,500. Total cost of attendance averages \$15,400. Average federal Pell grant awards are \$2,494<sup>10</sup> and the average TSAA award is \$1,070<sup>11</sup>.

<sup>10</sup> College Board “Trends in Student Aid 2007” report, <http://www.collegeboard.com/press/releases/189547.html>.

<sup>11</sup> The average award amount for a TSAA award is \$2000, however only 53% of eligible students received the award in 2005-06 because of lack of funds. Therefore, average current amount is estimated to be 53% of \$2000, or \$1,070.

**Average costs at public 4-year institution in Tennessee 06-07**

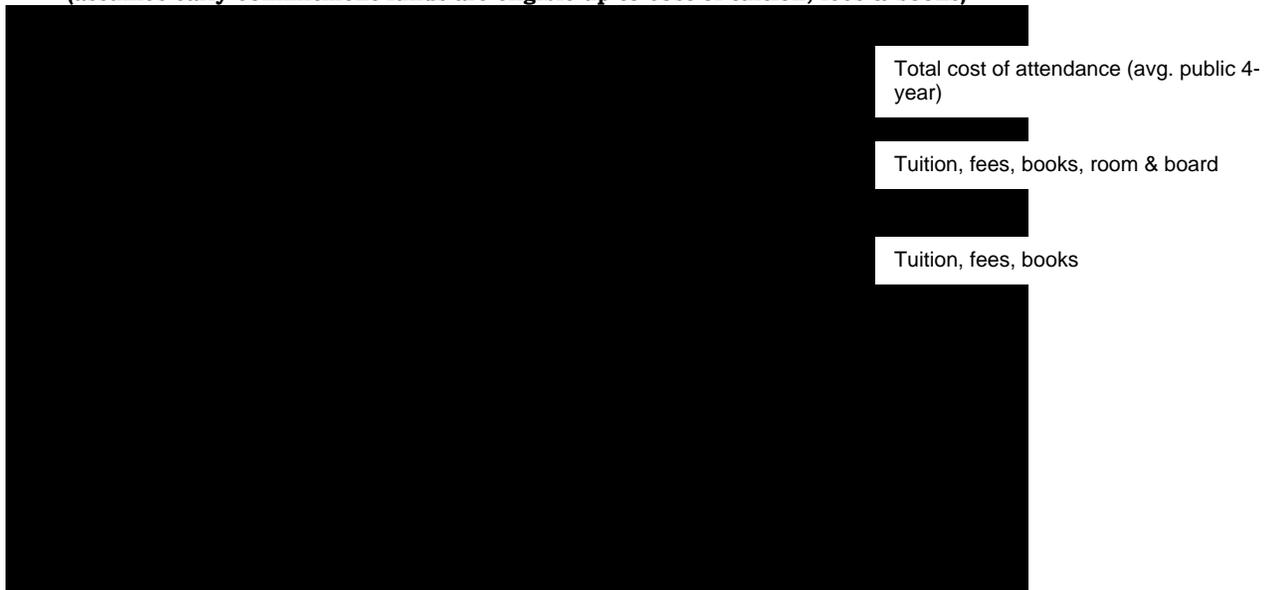
	<b>Tuition, fees, and books</b>	<b>Tuition, fees, books, room and board</b>	<b>Total cost of attendance</b>
<b>Average cost at public 4-year institution</b>	\$5,950	\$11,500	\$15,400
<b>Difference bet. cost and Pell &amp; TSAA<sup>13</sup></b>	\$1,526	\$7,936	\$11,600
<b>Pell &amp; TSAA percent of cost</b>	60%	30%	23%

Pell and TSAA together would account for 60 percent of tuition, fees and books, 30 percent of tuition, room and board, and 23 percent of total cost of attendance. An early commitment scholarship should seek to eliminate as much funding burden as possible within cost restraints.

*Relationship to existing funding*

Eligible early commitment students should receive federal Pell awards first, TSAA second, TELS (HOPE and Aspire) third and early commitment last. If students lost the TELS award and their full early commitment award was not being utilized, the funds would act as a substitute for lost TELS funds and could contribute to retention of economically disadvantaged students in a targeted manner (see chart below). For efficiency and ease of understanding, funds should likely be awarded to students enrolled at TELS eligible institutions only.

**Relationship between Early Commitment and other financial aid**  
(assumes early commitment funds are eligible up to cost of tuition, fees & books)



### *Funding source*

The scholarship component could be funded in five ways:

- 1) fully lottery funds;
- 2) partially lottery and partially general funds;
- 3) fully general funds;
- 4) partially lottery and/or general and partially private funds; or
- 5) fully private.

The decision of how to fully fund an early commitment scholarship should be determined by examining the total program cost when fully implemented, the relationship to recurring excess lottery funds, and program sustainability. A program should only consider using excess yearly lottery funds and should not use funds already in the lottery reserve account as they are one-time funds.

### **Cost Estimates**

The total cost for an early commitment program includes three components: early intervention, scholarship, and outreach. A variety of financial drivers will determine the ultimate cost. Based upon a set of design assumptions, the following is a set of program costs.

#### ***Early intervention***

Cost for an early intervention program includes staffing, programs and supplies, and travel.

#### ***Staffing***

Staffing costs would include salary and benefits for a counselor or coordinator position. The US Department of Labor estimates median salary for an educational counselor to be approximately \$45,000. Assuming benefits at 30 percent, the total cost per full time employee would be approximately \$60,000.

#### ***Programs and supplies***

Based upon a scaled down version of the GEAR UP TN program, the estimate for programs and supplies would be approximately \$40,000 per year per

program. This would finance educational supplies, guest speakers, parent outreach, professional development, and any other associated cost.

#### ***Travel***

Travel costs are estimated to be approximately \$10,000 per year. This includes both travel for the staff member in the district and to professional development events and programmatic travel such as college and workplace visits.

#### ***Total early intervention cost***

The total estimated cost of one early intervention program would be approximately \$110,000. This is the minimum cost assuming one staff member serving one set of students or schools. Depending on the size of the district, the number of students, and number of schools, the cost estimate will vary.

A statewide early intervention component would enroll approximately 140,000 students assuming service for all public high school students that qualify for free and reduced lunch<sup>12</sup>. Applying the 1:250 ratio for staffing, the cost would be approximately \$33 million per year. Applying a lower ratio of 1:500, assuming that economies of scale might apply in some areas, the cost for staffing a statewide program would be approximately \$16 million per year. An additional \$4 million in programming and services cost would allow funding for 100 programs.

A pilot program with 1:500 ratios could be run in three of the four largest school

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<sup>12</sup> Using Average Daily Membership for 2005-06, total 9-12 grade students are roughly 268,000. The statewide Free and Reduced Lunch estimate for 2005-06 is roughly 53%. The estimated number of FRL high school students would be roughly 140,000. Recognizing that FRL numbers are usually lower for high school students generally because of enrollment issues, this estimate assumes that applying the statewide average is a more accurate picture of FRL high school students than actual counts.

districts in the state and five smaller districts for \$10 million plus an additional \$500,000 for programming and services cost.

The total cost of a statewide early intervention program would range from \$14 million for a pilot program that would serve approximately 41,000 students at a ratio of 1:500 to \$37 million for a statewide program serving 140,000 students at a ratio of 1:250.

**Early intervention cost estimate comparison**

Type of program	Students served (grades 9-12)	Staff to student ratio	Total cost (including \$4M for programming and services)
Statewide Option 1	140,000	1:250	\$37 million
Statewide Option 2	140,000	1:500	\$20 million
Pilot (3 large and 5 small districts)	41,000	1:500	\$10.4 million

**Scholarship**

Two elements drive the cost of the scholarship component: cost per student and number of eligible students.

*Cost per student*

For the purposes of estimating scholarship cost for an early commitment program, several assumptions will be made:

- An early commitment scholarship would be a last dollar scholarship up to full tuition and including the cost of books
- All early commitment students would also qualify for both full federal Pell Grant funds and state TSAA funds
- Current average tuition, fees and books at a Tennessee public four-year institution is \$5,950<sup>13</sup>
- Average current Pell award is \$2,494<sup>14</sup>

<sup>13</sup> Estimates provided to THEC by UT and TBR.

- Average TSAA award is \$1,070<sup>15</sup>

Given these assumptions, the probable cost per student for an early commitment scholarship at a four-year institution would be approximately \$2,400 per year. For the purposes of this paper, cost at a two-year institution will be estimated at approximately 50 percent of that amount or \$1,200.

*Number of eligible students*

To determine the number of students that would qualify for an early commitment scholarship, we will assume that the number of students who would be eligible for an early commitment scholarship is equivalent to the total number of public high school seniors eligible for free and reduced lunch, or 29,150<sup>16</sup>. The current statewide college going rate for recent high school graduates is approximately 53 percent. Therefore, the total number of eligible college going freshmen in the first year of the program will be approximately 15,400.

In 2005-06, 22 percent of all students who took the ACT in Tennessee reported a GPA between a 2.0 and 2.75. Assuming that an early commitment scholarship was available to all early commitment students with a GPA between a 2.0 and 2.75, thus below HOPE standards, approximately 3,400 students would qualify for the award.

*Total scholarship cost*

The total first year cost for a statewide scholarship serving 3,400 students would be approximately \$7 million and fully

<sup>14</sup> According to College Board “Trends in Student Aid 2007” report, <http://www.collegeboard.com/press/releases/189547.html>.

<sup>15</sup> The average award amount for a TSAA award is \$2000, however only 53% of eligible students received the award in 2005-06 because of lack of funds. Therefore, average current amount is estimated to be 53% of \$2000, or \$1,070.

<sup>16</sup> Applying 53% FRL students 55,000 total high school seniors in 2005-06.

subscribed (4 years of enrolled students) the program would cost \$16 million per year<sup>17</sup>.

For a pilot program that served 41,000 9-12 grade students, using the above assumptions, roughly 1,200<sup>18</sup> students would qualify in the first year. The total first year cost for a pilot scholarship would be approximately \$2.5 million and fully subscribed the program would cost \$6 million per year<sup>19</sup>.

The total yearly cost for a statewide early commitment scholarship program serving 1,200 to 3,400 students per year would be between \$8-23 million per year.

total cost of a statewide program would be \$60 million and would serve an estimated 140,000 students in grades 9-12 and 3,400 first year college students.

**Total Yearly Cost Estimate**

<b>Program Type</b>	<b>Early intervention</b>	<b>Scholarship (fully subscribed)</b>	<b>Total cost</b>
Statewide Option 1 (1:250 ratio)	\$37 million	\$16 million	\$53 million
Statewide Option 2 (1:500 ratio)	\$20 million	\$16 million	\$36 million
Pilot	\$10.5 million	\$6 million	\$16.5 million

**Scholarship cost comparison**

<b>Program Type</b>	<b>Eligible students (first-time freshmen)</b>	<b>First-year cost</b>	<b>Eligible students (fully subscribed)</b>	<b>Fully subscribed yearly cost</b>
Statewide	3,400	\$7 million	7,800	\$16 million
Pilot (3 large and 5 small districts)	1,200	\$2.5 million	2,800	\$6 million

**Total Cost Estimate**

A fully subscribed early commitment program would cost between \$10.5-37 million per year in early intervention and \$8-23 million per year in scholarships. The total cost of a pilot program would be \$18.5 million and would serve an estimated 41,000 students in grades 9-12 and 1,200 first year college students. The

**Cost Drivers**

As is clear from the cost estimates, there are several key cost drivers. Three factors comprise the most significant cost drivers: number of eligible students, staff to student ratios, and scholarship eligibility.

*Number of eligible students*

The primary cost driver will be the number of students that are eligible to participate in the program from its inception. The determinants of this cost are the definition of student financial eligibility and the total number of students or schools served. Student financial eligibility can be determined either by using Free and Reduced Lunch eligibility, family income in relation to the poverty level, or student membership in a Title I school. Determining the total number of students or schools served is a policy decision that might be based on schools or districts with low college going rates, high rates of poverty, geographic area or other concerns.

*Staff to student ratio*

The staff to student ratio is also a large driver of cost for the program. Given that the model programs, the Ayers Foundation, GEAR UP and others, rely heavily on student interaction with

<sup>17</sup> Assumes student enrollment by sector and retention rates equal to students with HOPE plus ASPIRE need-based supplement.

<sup>18</sup> Assumes ¼ of 41,000 pilot students are 12 grade students, applies 53% graduation rate, and 22% of students between GPA of 2.0 and 2.75

<sup>19</sup> Assumes student enrollment by sector and retention rates equal to students with HOPE plus ASPIRE need-based supplement.

counselors or coordinators of the program, applying a lower staff to student ratio will likely increase the success of the program.

#### *Scholarship eligibility*

Finally, the eligibility requirements for the scholarship would determine a significant portion of the cost in college. The variables most likely to affect the number of eligible students are GPA and course taking requirements. Students with a GPA between a 2.0 and 2.75 account for 24 percent of all ACT tested students in Tennessee. Students with a GPA between a 2.5 and 2.75 account for 12 percent of all ACT tested students in Tennessee. Applying the number of students within those ranges that are taking a college prep curriculum would likely reduce the number of eligible students.

#### **Funding Sources**

The type of funding mechanism chosen for an early commitment program would likely determine the funding source. Several sources are available.

#### ***Current federal funding***

GEAR UP is the primary source of federal funding for early commitment programs. The current GEAR UP TN grant receives \$3.5 million per year. Of this \$3.5 million, funds could be available for outreach, professional development, and administration if the program fit the grant's goals. All major fund expenditures and changes to the grant must be approved by the US Department of Education.

A state may only have one statewide GEAR UP grant at a time. The current grant ends in 2011. At that time, the state could reapply with different program goals. Statewide grants average \$3.5 million.

#### ***Future federal funding***

If the GEAR UP program continues to be funded by Congress, future grant

competitions could occur. Though Tennessee could not receive another statewide grant until at least 2011, partnership grants could be applied for by both state and local entities. A GEAR UP partnership grant pairs at least one local education agency with at least one higher education institution. The grants range from \$100,000 to several million. New funding cycles usually occur in the fall.

The College Cost Reduction and Access Act of 2007 created a new program called College Access Challenge Grants. The program as authorized would incorporate the early commitment activities described here and is designed as a block grant. Total funding for the program is \$66 million, and it is likely that grant amounts would average about \$1.3 million per state. The program is not yet included in appropriations for the coming year, however coupled with increased funding for the GEAR UP program, it signals a desire by Congress to fund college access.

#### ***State funding***

Two sources of state funds are possible for an early commitment program, general funds and lottery funds. It is not possible at this time to estimate the total amount of available excess lottery funds for the coming year. The estimate should be available in late December. Given the potential cost of the program in its entirety and other pressures on the lottery funds, it is unlikely that, even if determined to be constitutional, lottery funds would be available for both early intervention and scholarships<sup>20</sup>. It is equally unclear

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<sup>20</sup> It remains unclear under current law what portion of an early commitment program could be paid for using Tennessee Education Lottery Scholarship funds. Both SB1364 and HB1008 proposed using lottery funds for both early intervention and the scholarship portion of the program. Representative Brown requested an Attorney General's opinion on the constitutionality of her bill and received a response that answered only part of the question for the purposes of this paper. It was determined that

whether available lottery funds would be able to account for the yearly scholarship cost for a fully implemented statewide program.

***Private funding***

Many early commitment programs, including the Ayers Program and the recently ended GEAR UP program in Nashville, utilize private funds to fund their scholarships and portions of their early intervention programs. Private funds would be an excellent supplement to public funds with the recognition that public funds are often more stable in terms of commitment over time.

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scholarship participation limited to students “who were enrolled in Title I schools and who were part of a STAR pilot program [also] appears to pass constitutional muster”<sup>20</sup>. The opinion would be likely to apply to any design of the scholarship portion of an early commitment program discussed in this paper. However, the opinion appeared to remain silent on the question of utilizing lottery funds for early intervention activities.

**APPENDIX A**

**Early Commitment Legislation introduced 2007 Legislative Session**  
*(italics indicate differing elements)*

<b>Program element</b>	<b>HB 1008 (Brown)</b>	<b>SB 1364 (Haynes)</b>
Early intervention eligibility	<i>Students in Title I schools</i>	<i>Students on free and reduced lunch</i>
Early intervention activities	Tutoring and mentoring Afterschool, Saturday and summer programs <i>Career fairs</i> <i>College counseling and college visits</i> <i>Financial aid counseling</i>	Academic tutoring and skills Mentoring Enrichment activities
Program coordination	Afterschool programs (LEAP) administered by TDOE Scholarships administered by TSAC	Afterschool programs (LEAP) administered by TDOE Scholarships administered by TSAC
Scholarship eligibility	<i>Credits earned for academic achievement</i> <i>75% of credits come from academic achievement</i> GPA of 2.0 required, <i>credits for higher GPA</i> TCAP, ACT and SAT performance earns credits Credits for participation in enrichment activities Prohibition of drug and alcohol use and involvement in criminal or delinquent acts	GPA of 2.0 required Participation in enrichment activities Prohibition of drug and alcohol use and involvement in criminal or delinquent acts <i>Community service (100 hours per year 11<sup>th</sup> and 12<sup>th</sup> grade)</i>
Scholarship elements	Full tuition or average at private On last dollar basis (awarded after all other federal, state and institutional aid)	Full tuition or average at private On last dollar basis (awarded after all other federal, state and institutional aid) <i>Includes proprietary institutions</i> <i>Includes summer semester</i>
Scholarship retention	Good academic standing	Good academic standing
Scale	<i>6 pilot programs established by partnerships of LEA and higher ed institution</i>	<i>Statewide through LEAP program</i>