

# EVALUATION OF ACC-SIP INITIATIVES

## Baseline Assessment

**June 2017**



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## INTRODUCTION

Austin Community College (ACC) received a \$1.7 million Strengthening Institutions Program (SIP) grant from the U.S. Department of Education (DOE) in 2015 to develop programs to help students understand smart money management and college financing. The target population for ACC's initiatives for the SIP grant is all first-time in college (FTIC), credential seeking students. Through this grant, ACC has established the Student Money Management Office (ACC-SMMO) whose mission is to give a stronger foundation to students' academic and career goals and successes by helping them take charge of their financial futures. Additional planned activities include text message alerts about financial aid requirements and deadlines, enhancements to the Degree Map online tool to provide personalized real-time financial aid information, outreach and awareness campaigns for students, and professional development for faculty and staff. ACC hopes to demonstrate that the activities of ACC-SMMO will be linked to improvements in measures of student success such as: fall to fall persistence rates, graduation rates, time to completion, and cohort loan default rates.

### Evaluation of the ACC SIP grant

The Ray Marshall Center (RMC), an organized research unit in the LBJ School of Public Affairs at The University of Texas, is conducting both formative and summative evaluations of all of ACC's initiatives for the SIP grant. The summative evaluation will consist of finding statistically similar individuals using propensity score matching who attended ACC within the past five years and comparing the outcomes between those who received treatments and those who did not.

### Baseline assessment

As a first step in the evaluation, the evaluation team conducted a baseline assessment by examining students who entered ACC in the five years prior to the grant being implemented.<sup>1</sup> The goal of this baseline assessment is to provide information on the student outcomes that the SIP grant aims to change, by establishing pre-operation exposure conditions of key outcome indicators, retentions rates, graduation rates, time to completion, and cohort loan default rates.

The baseline also provides an information base against which to monitor and assess the grant's progress during implementation, and after the grant has ended. The baseline provides a critical

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<sup>1</sup> i.e. the 2011-2012, 2012-2013, 2013-2014, 2014-2015 and 2015-2016 academic years.

reference point for assessing changes and impact. Over the grant implementation period, RMC will measure progress along these key outcome indicators and track any changes compared to the baseline. The goal is to provide actionable information about the success of the intervention while each successive cohort of recipients is in the process of receiving services, allowing for relatively rapid reflection and program modification as needed by ACC staff.

## Data sources

Data on enrollment and academic outcomes (including credential attainment) for all FTIC credential seeking students who attended ACC in the five years prior to the grant being implemented was made available to the evaluation team by the institutional research staff at ACC. In addition, the institutional research staff at ACC worked with Financial Aid representatives at ACC to obtain federal loan default data for the evaluation team. Federal loan default data was extracted for students in the study population (i.e. FTIC credential seeking students who entered ACC in the five years prior to the grant being implemented) who began loan repayment in FY 2012 and FY 2013. Due to a three year lag in data availability, loan repayment and default data is not currently available for FY 2014, FY 2015 and FY 2016.

This three year lag in loan default data availability is of significant concern to the evaluation team. The final evaluation report is due in August 2020, at which time loan default data will only be available through FY 2016 (October 1, 2015 – September 30, 2016). Considering the grant activities did not begin until Fall 2016, data to examine cohort default rates for the ACC SIP participants will be unavailable.

## BASELINE FINDINGS

A review of the literature on student loan default rates found that the majority of research suggested that completing a postsecondary program is the strongest single predictor of not defaulting regardless of institution type.<sup>2</sup> A recent report specific to ACC, *Detecting Early Signs of Default Risk at Austin Community College*, reported findings consistent with previous research.<sup>3</sup> In this report, Steiner and Barone reported on factors, identified for student loan borrowers at ACC, with a strong relationship to student loan default: first semester GPA, amount of Pell grants, student enrollment in developmental education, gender, and amount borrowed.

The baseline findings reported here present a number of factors relevant to student loan default rates: retention rates, graduation rates, time to degree, and current published federal student loan default rates by selected student demographics.

### Retention rates

The evaluation team studied retention by examining first-to-second year retention rates (see Figure 1), using the definition provided by the National Center for Education Statistics<sup>4</sup>. First-to-second year retention rates were calculated as the percentage of FTIC credential seeking students who return to the institution to continue their studies the following fall. The first-to-second year retention rates for FTIC credential seeking students at ACC have steadily increased from Fall 2011 to Fall 2014. Only 47% of students who entered ACC in Fall 2011 returned to ACC the following fall, compared to 51% of students who entered ACC in Fall 2014 – a four percentage point increase. This uptick in the overall retention rate is largely due to an increase in the retention rate for part-time students – only 42% of part-time students who entered ACC in Fall 2011 returned to ACC the following fall, compared to 47% of students who entered ACC in Fall 2014 - a five percentage point increase. In comparison, the retention rate for full-time students has stayed steady since Fall 2011 at 55% to 56%.

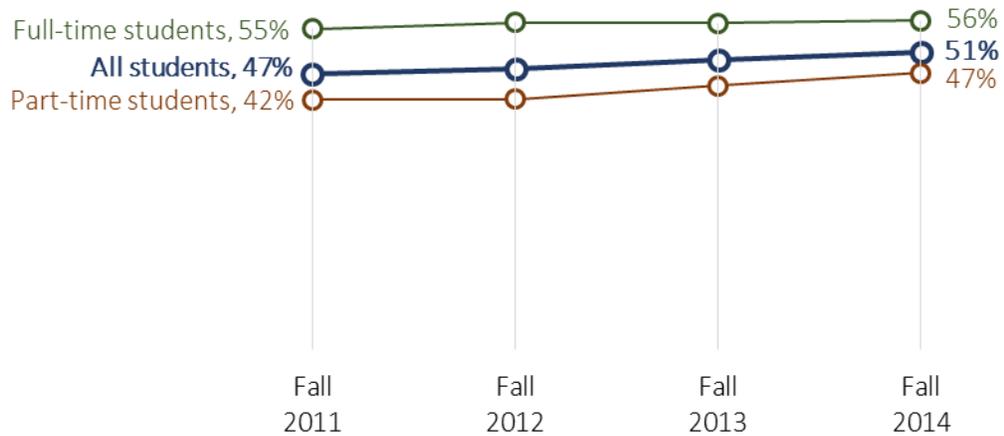
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<sup>2</sup> Gross, Jacob PK, et al. "What Matters in Student Loan Default: A Review of the Research Literature." *Journal of Student Financial Aid* 39.1 (2009): 19-29.

<sup>3</sup> Steiner, Matt, and Sandra Barone. "Detecting Early Signs of Default Risk at Austin Community College." (2014).

<sup>4</sup> See <https://surveys.nces.ed.gov/ipeds/VisGlossaryPopup.aspx?idlink=772>

Figure 1. Fall-to-fall persistence rates



Note that, as of Fall 2014, ACC's full-time retention rate (56%) is slightly lower than the state average for public 2-year institutions in Texas (58%) and the national average for public 2-year institutions in the United States (61%)<sup>5</sup>.

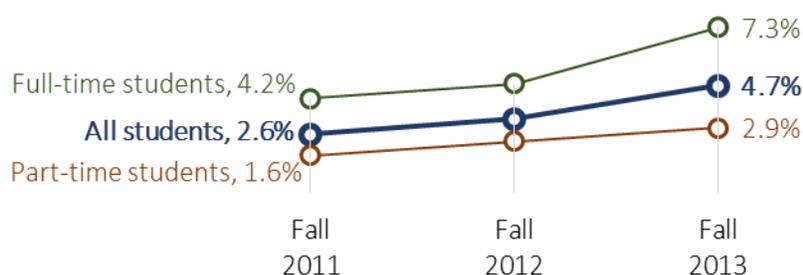
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<sup>5</sup> U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS). <https://surveys.nces.ed.gov/ipeds/VisGlossaryPopup.aspx?idlink=772>

## Graduation rates

The evaluation team examined graduation rates, calculated as the percentage of FTIC credential seeking students who complete a degree or other award such as a certificate. Figure 2 examines the 3-year graduation rates across the cohorts.<sup>6</sup> At ACC, the graduation rate for FTIC credential seeking students has increased steadily from Fall 2011 to Fall 2013. Only 3% of students who entered ACC in Fall 2011 graduated in three years, compared to 5% of students who entered ACC in Fall 2013 – a two percentage point increase. Over this same time period the 3-year graduation rates for full-time FTIC credential seeking students increased by three percentage points, from 4% for the Fall 2011 cohort to 7% for the Fall 2013 cohort. The 3-year graduation rates for part-time FTIC credential seeking students also increased, albeit by a smaller amount (one percentage point), from 2% for the Fall 2011 cohort to 3% for the Fall 2013 cohort.

Figure 2. Three Year Graduation rates



Note, as of Fall 2013, ACC's 3-year graduation rate (7%) is much lower than the 3-year graduation rates for all public 2-year institutions in Texas (14%) and the 3-year graduation rates for all public 2-year institutions in the United States (24%).<sup>7</sup>

### *Graduation rates by demographic characteristics*

Figure 3 examines 3-year graduation rates broken down by race. Although 3-year graduation rates have increased over time across all groups, the increase appears to be highest for White FTIC

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<sup>6</sup> The 3-year graduation rates are not currently available for students who entered ACC in Fall 2014 because of insufficient follow-up time – the evaluation team expects to calculate these rates when additional years of data are made available.

<sup>7</sup> U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS).

credential seeking students. Only 3% of White students who entered ACC in Fall 2011 graduated in three years, compared to 6% of White students who entered ACC in Fall 2013 – a three percentage point increase. In contrast, the 3-year graduation rates for Hispanic and Black FTIC credential seeking students increased only by two percentage points: from 2% for the Fall 2011 cohort to 4% for the Fall 2013 cohort

Figure 3. Three Year Graduation rates by race

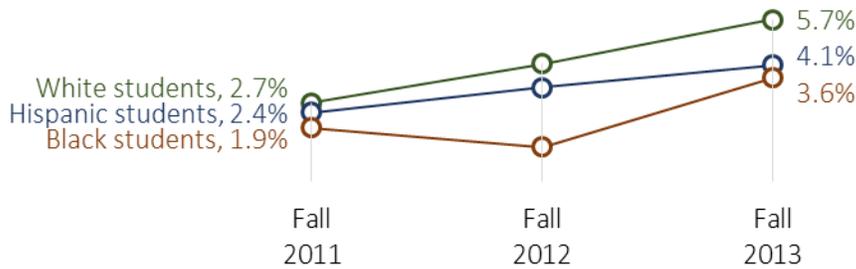


Figure 4 examines 3-year graduation rates broken down by gender. Graduation rates for male and female FTIC credential seeking students at ACC are very similar and have increased slightly from nearly 3% for the Fall 2011 cohort to 5% for the Fall 2013 cohort.

Figure 4. Three Year Graduation rates by gender

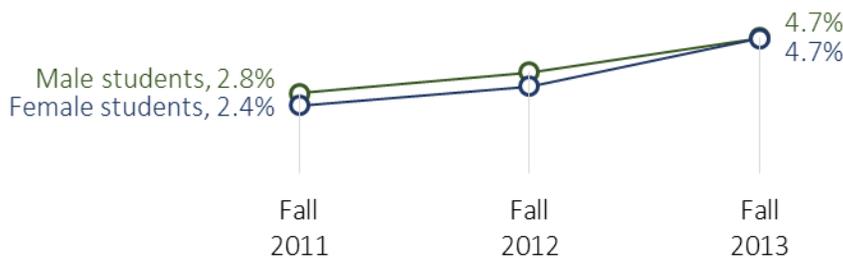


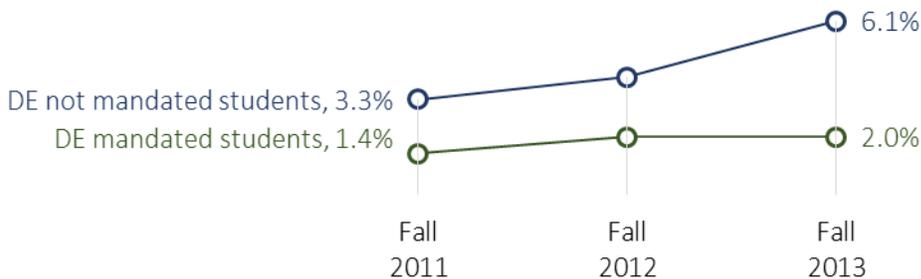
Figure 5 examines 3-year graduation rates broken down by Pell eligibility status. Graduation rates for Pell-eligible and non-Pell eligible FTIC credential seeking students at ACC were very similar for the Fall 2011 cohort. Although graduation rates for both groups have ticked up over time, the gap between the two groups appears to have grown slightly. Only 4% of Pell-eligible FTIC credential seeking students who entered ACC in Fall 2013 graduated in three years, compared to 5% of non-Pell eligible students.

Figure 5. Three year Graduation rates by Pell eligibility status



Figure 6 examines 3-year graduation rates broken down by the need for remedial education or developmental education (DE). Only 1% of DE-mandated FTIC credential seeking students who entered ACC in Fall 2011 graduated in three years, compared to 3% of non-DE-mandated students - a two percentage point gap. This gap appears to have widened over time with the 3-year graduation rate for non-DE-mandated students increasing very slightly to 2% for the Fall 2013 cohort while the 3-year graduation rate for non-DE-mandated students increased to 6% - a four percentage point gap.

Figure 6. Three Year Graduation rates by Development education status



## Time to graduation

Figure 7 examines graduation rates broken out by time to degree. Two-year graduation rates are low and increased very slightly from 1% for the Fall 2011 cohort to 2% for the Fall 2014 cohort – a one percentage point increase. As noted earlier, the 3-year graduation rate has steadily increased from 3% for the Fall 2011 cohort to 5% for the Fall 2013 cohort – a two percentage point increase. The 4-year graduation rate has also increased from 5% for the Fall 2011 cohort to 7% for the Fall 2012 cohort – a two percentage point increase. The 5-year graduation rate has decreased from 3% for the Fall 2011 cohort to 0% for the Fall 2014 cohort – a three percentage point decrease.

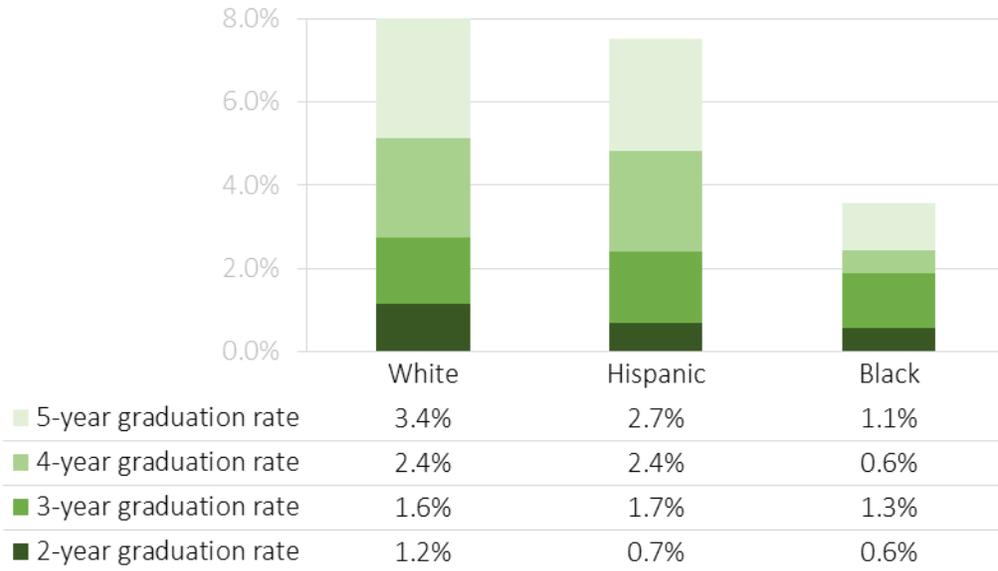
Figure 7. Graduation rates by time to completion



### *Time to graduation by demographic characteristics*

A closer examination of graduation rates broken down by race and by time to completion for the Fall 2011 Cohort (see Figure 8) suggests that the 2-year and 3-year graduation rates for Black students are similar to those for White and Hispanic students, but the gap in graduation rates between the groups increases with time to completion. The 4-year graduation rate for Black students is only 2% compared to 5% for White and Hispanic students – a three percentage point gap. The 5-year graduation rate for Black students is only 4% compared to 9% for White students and 8% for Hispanic students – a five percentage point gap.

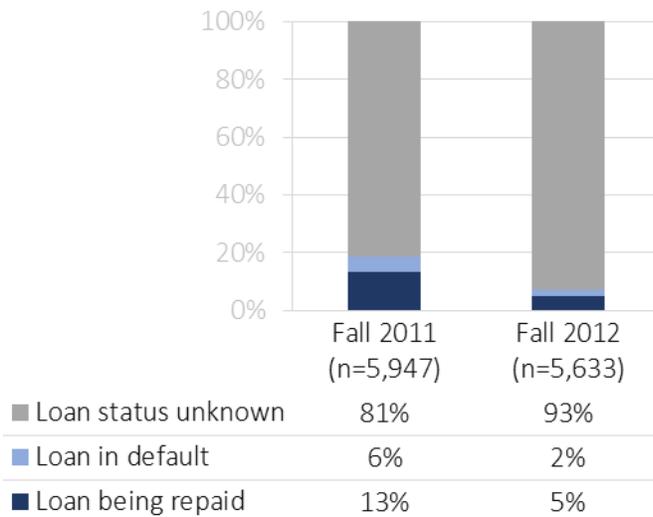
Figure 8. Graduation rates by time to completion and race (Fall 2011 cohort only)



## Federal loan default rates

The evaluation team examined federal loan repayment and defaults for the study population (i.e. FTIC credential seeking students who entered ACC in the five years prior to the grant being implemented). It is important to note that the federal loan payment and default data available to the evaluation team does not allow for identification of students holding a federal loan<sup>8</sup>; the data only identifies students in the study population who began loan repayment and whether and when they defaulted on the loan. Figure 9 illustrates the loan status information available for the Fall 2011 and Fall 2012 cohort.<sup>9</sup> The data allows the evaluation team to identify the loan status (loan being repaid vs loan in default) for about a fifth of the Fall 2011 cohort, and less than a tenth of the Fall 2012 cohort. As additional fiscal years of loan data become available in the future, the evaluation expects to see this proportion increase as more students begin loan repayment.

Figure 9. Loan status



Focusing only on the students in the study population for whom loan information is known, the evaluation team examined loan default rates, calculated as the percentage of FTIC credential seeking

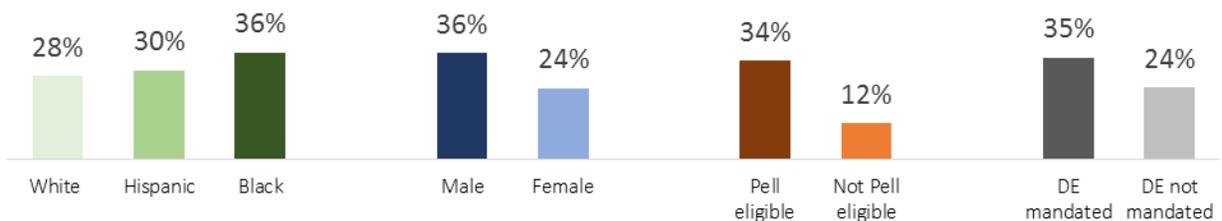
<sup>8</sup> However, this information is available at the institutional level. According to the National Center for Education Statistics, in the 2014-2015 academic year, a fifth of all students at ACC had federal student loans (22%), while a third of all FTIC full-time credential-seeking students had federal loans (34%).

<sup>9</sup> Loan repayment can only be examine for the Fall 2011 and Fall 2012 cohort since loan data is only available for FY 2012 and FY 2013. As additional fiscal years of loan data become available in the future, the evaluation team expects to be able to examine loan repayment and defaults for additional cohorts of students.

students who have entered repayment (denominator) and have defaulted (numerator). A third of FTIC credential seeking students who began loan repayment have defaulted on their loan.

Figure 10 examines these loan default rates broken down by demographic characteristics. Male students have higher loan default rate than female students. Black students have a higher default rate than Hispanic and white students; the default rate is lowest for White students. Students who need developmental education also have higher loan default rates than those who do not. Pell-grant eligible students have a higher loan default rate than students who are not Pell eligible.

Figure 10. Loan default rates by demographic characteristics (Fall 2011 cohort only)



### *Loan repayment and default by completion status*

The evaluation team also examined loan repayment and default by completion status. Among the FTIC credential seeking students who entered ACC in Fall 2011, the vast majority of students who had begun loan repayment had not graduated; none of the students who had begun loan repayment and defaulted had graduated.<sup>10</sup>

Table 1. Loan repayment and default by completion status (2011 Fall cohort only)

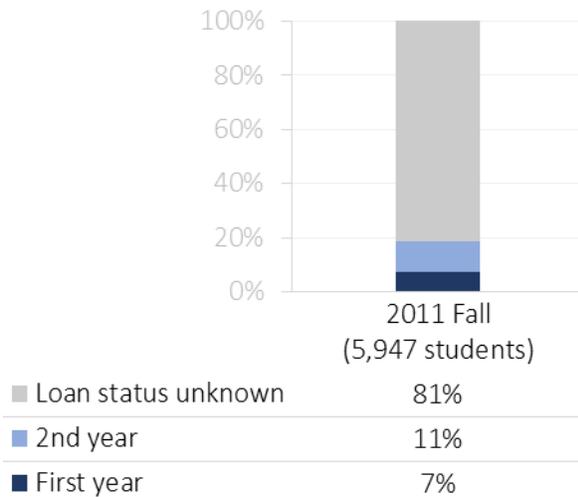
	Loan being repaid (n=782)	Loan in default (n=335)
Not graduated	98.2%	100%
Graduated	1.8%	0%

<sup>10</sup> Loan repayment and default by completion status is not examined for FTIC credential seeking students who entered ACC in Fall 2012 because of insufficient follow-up time; these rates are expected to be reported when the evaluation team receives additional years of loan default data.

### *Time to loan repayment*

The evaluation team also examined the relationship between enrollment start dates and loan repayment dates. Among the FTIC credential seeking students who entered ACC in Fall 2011, 7% began repaying their loan in the first year of college enrollment, while 12% began repaying their loan in their second year of college enrollment.<sup>11</sup>

Figure 11. Time to loan repayment (2011 Fall cohort only)



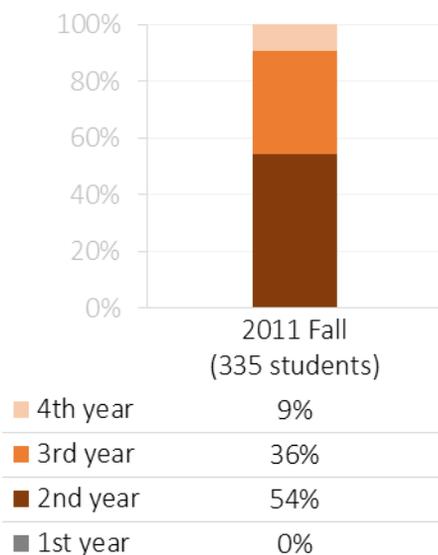
### *Time to loan default*

Finally, the evaluation team examined the time between college enrollment and loan default. Half of the FTIC credential seeking students who entered ACC in Fall 2011 and defaulted on their loans did so in the first year after enrolling at ACC; about a third defaulted in their second year, while about a tenth defaulted in the third year after enrollment. Time to loan default is not examined for FTIC credential seeking students who entered ACC in Fall 2012 because of insufficient follow-up time; these rates are expected to be reported when the evaluation team receives additional years of loan default data.

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<sup>11</sup> See previous footnote.

Figure 12. Time to loan default (2011 Fall cohort only)



### Loan default rate definition

Note that the loan default rates calculated for the evaluation differ from the Cohort Default Rates (CDRs) used by the Department of Education. The Department of Education defines a school’s cohort default rate<sup>12</sup> as “the percentage of a school’s federal student loan borrowers who enter repayment within the cohort fiscal year<sup>13</sup> and default within the cohort default period<sup>14</sup>”. Thus, DOE reports defaults for all ACC students who began repayment in a specified fiscal year, regardless of when they entered ACC. Whereas, the evaluation team calculates default rate only for FTIC credential seeking students who entered ACC during the study period. Table 2 notes the cohort default rates (CDRs) for Austin Community College, as reported by the U.S. Department of Education. Cohort default rates at ACC appear to have been slowly decreasing from FY 2011 to FY 2013. This mirrors a decline nationwide: the loan default rate for public institutions fell from 12.9 percent in FY 2011 to 11.7 percent in FY 2012 to 11.3 percent in FY 2013.

<sup>12</sup> (2016). *Cohort Default Rate Guide Quick Reference Fall 2016*. U.S. Department of Education Federal Student Aid Operations Performance Division. Washington, DC.

<sup>13</sup> A cohort fiscal year is the same as a federal fiscal year, which begins on October 1st of a year and ends on September 30th of the following year.

<sup>14</sup> The cohort default period is the three-year period that begins on October 1st of the fiscal year when the borrower enters repayment and ends on September 30th of the following two fiscal years.

Table 2. Cohort default rates at ACC<sup>15</sup>

Cohort Fiscal Year	Cohort default rates
FY 2011	20.8%
FY 2012	19.9%
FY 2013	18.1%

## NEXT STEPS

### Outcomes tracking

With this baseline report, the evaluation team has established the pre-program conditions of key outcome indicators (including retention rates, graduation rates, time to completion, and cohort loan default rates). This baseline assessment has also provided an information base against which the grant's progress can now be monitored and assessed during implementation, and after the grant has ended.

The evaluation team will receive student enrollment and completion data on an annual basis from ACC's institutional research staff. This will allow the evaluation team to examine key outcomes – including retention rates, graduation rates, time to completion and loan default rates - for program participants i.e. FTIC credential seeking students entering ACC from Fall 2016 onwards. These participant outcomes can then be compared to the baseline. The goal is to provide actionable information about the success of the intervention while each successive cohort of recipients is in the process of receiving services, allowing for relatively rapid reflection and program modification as needed by ACC staff.

### Impact analysis

Once sufficient data has been received for program participants, the evaluation team will begin to conduct the impact analyses. The impact analysis is designed to address the question: what impact did the SIP program have on key student outcomes? The main goal of the impact analysis is attribution – isolating the effect of the SIP program from other factors and potential selection bias. The main challenge of any impact analysis is to determine what would have happened to program participants if the program had not existed (i.e. the counterfactual). While a program's impact can truly be assessed

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<sup>15</sup> U.S. Department of Education, Office of Federal Student Aid.  
<https://www2.ed.gov/offices/OSFAP/defaultmanagement/cdr.html>

only by comparing the actual and counterfactual outcomes, the counterfactual is not observed. Without information on the counterfactual, the next best alternative is to compare outcomes of program participants with those of a comparison group of non-participants. Successful impact analyses hinge on finding a good comparison group.<sup>16</sup>

The Ray Marshall Center is using a quasi-experimental evaluation methodology to estimate the impacts of the SIP program on key outcomes. Outcomes for the treatment group that received the intervention during the program implementation period (FTIC credential seeking students student entering ACC from Fall 2016 onwards) will be compared to the outcomes for a historical comparison group that did not receive the intervention from a time period prior to the program implementation period (i.e. FTIC credential seeking students who entered ACC in the five years prior to the grant being implemented). Differences in outcomes between the two groups can be understood as the effect of the treatment. The evaluation team will also use propensity score matching (PSM) to identify statistically similar matches from the comparison group for the SIP program participants.

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<sup>16</sup> Khandker, S. R., Koolwal, G. B., & Samad, H. A. (2009). *Handbook on impact evaluation: quantitative methods and practices*. World Bank Publications.