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Getting Started: How much is this thing going to cost?

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Getting Started:  *How much is this thing going to cost?*

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What are the most important cost factors

• The generosity and terms of the scholarship
• Geographic coverage
• School factors that affect student behavior and choice.
  – Enrollment trends (including the possible impact of the scholarship program)
  – Accompanying support programs
• Tuition inflation
The generosity of the scholarship

• Size of scholarship:
  – Is it a fixed amount that can be used at any institution—private or public?
  – Tuition-based scholarship at public and/or private colleges.
  – First, Middle or Last Dollar?
The generosity of the scholarship

- First dollar – The scholarship is provided to all students regardless of need or effort in obtaining financial aid.
- Middle dollar – Students’ families required to complete the FAFSA and request need-based federal assistance.
- Last dollar – Gap scholarships *(Very expensive to administer and will have minimum impact).*
The Terms of the scholarship

• Universal
• Merit based – *Limits transformative effect*
• Need based – *Possible stigma effect*
• Residency requirement
• School performance: High school and/or college
  *(Be aware the monitoring of performance activities can be a significant added expense – e.g. Attendance or tracking volunteer hours)*
• Public school students only or all students in the district.
Things to Consider

• What is the goal of the scholarship program?
  – If it is economic development: *it generosity has to be large, its terms flexible, and it must be well marketed and supported.*
  – If it is meant primarily to create a college going culture: *it’s terms should be clear and easy for both students and their guardians.*
  – If it is meant to provide extra support for student already college bound: *Performance standards and other conditions can be applied.*
So, again, what about estimating the program’s cost?
Steps in preparing a cost estimate

• Generate an enrollment forecast for all grade levels.
  – Use local population forecast if available
  – Natural growth of the school district
    • Historical trends and available population forecasts
  – Survival rates – the number of students advancing between grades
  – Growth generated by the Scholarship program itself. *Only for the more generous programs.*
Steps in preparing a cost estimate

• Estimate residency duration of the student body if a residency requirement is being used.
  – According to national trends 3.4 percent of families move every year.

• The current graduation rate and historical trends in college attendance:
  – How many will be going to eligible colleges?
  – Community colleges vs. four-year universities
  – Percent transferring from 2 yr to 4 yr schools

• College completion rates – Painfully low
School factors that effect student behavior and choice.

• Improvement in student performance
  – College readiness
  – College completion rates (dismal for most colleges, especially community colleges)
First take away—*The data are not there.*

- There is a heavy reliance on expert/informed assumptions.
  - Example: *What percent of the graduates have been in the school system since first grade.*
  - Sensitive analysis—*Which assumption has the biggest effect.*

- There is a great reliance on forecasting.
  - School enrollment for the next ten years
  - Student and their family’s response to the scholarship program
  - Accompanying support programs and community alignment
Second take away— Outcome and costs will depend on the quality of support programs

• A significant change in college attendance.
  – A shift from community college to 4-year institutions

• A major improvement in college retention rate

• Major finding from Kalamazoo Promise
  – A substantial increase in the number of families staying in the district longer
In short, success can be costly and should be included in your cost estimates

- In making your cost estimates, the key question should be
  - *Will the scholarship and supporting activities change student performance?*
  - *If they do, congratulations and your costs will only increase*
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