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## Cost Estimations of Potential Scholarship Programs for the Rockford Promise

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**ABSTRACT**

This brief report presents a 10-year cost forecast for three possible Rockford Promise Scholarship programs: (1) A program that provides full, two-year, tuition scholarships for all Rockford Public School graduates who select to attend the Rock Valley College; (2) The scholarship is available for eligible students who enroll full-time at a partnering college or university in the fall following their high school graduation; and (3) The provision of an annual \$4,000 scholarship for all Rockford Public School high school graduates for up to 4 years of college. The report concludes with comments on how the Rockford Promise may best achieve its mission of enhancing the region's economic vitality.

**Cost Estimations of  
Potential Scholarship Programs  
for the Rockford Promise**

Produced for  
Rockford Public School District #205  
501 7<sup>th</sup> Street  
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The Rockford Promise (Rockford, Illinois) is a location-based scholarship program with the mission to provide full-tuition scholarships to the graduates of the Rockford Public Schools and to assist in their academic success. Its vision is to “enhance economic vitality in the Rockford region by providing greater access to post-secondary education for all Rockford Public School graduates.”

This brief report presents a 10-year cost forecast for the following three possible Rockford Promise Scholarship programs:

- A program that provides full, two-year, tuition scholarships for all Rockford Public School graduates who select to attend the Rock Valley College. Participating students are provided mentors and internship opportunities. In addition, two or more selected high school graduates are offered a four-year scholarship (\$4,000 per year) to attend Rockford University.
- The scholarship is available for eligible students who enroll full-time at a partnering college or university in the fall following their high school graduation. Students attending Rock Valley College have up to three years to complete up to 64 credit hours (the minimum hours required for the completion of an Associate in Applied Science Degree).
- The provision of an annual \$4,000 scholarship for all Rockford Public School high school graduates for up to 4 years of college. The scholarship could be used at any accredited college or university or certificate program in the nation. The only restriction on the scholarship is that students must have attended Rockford Public Schools since the ninth grade.

The final scholarship option is a hybrid of the two. Eligible students would be required to attend Rock Valley College for the first two years of study and could then transfer to any Rockford Promise partnering school including Rockford University or any Illinois state-supported college or university. Again, the scholarship would be for a maximum of \$4,000 per year. The scholarship would be available to all high school graduates who attended all four years of high school at Rockford Public Schools, regardless of income or academic performance. The advantage of an unrestricted scholarship is that it will lower administrative costs and avoid any stigma in its use. The disadvantage is that it will allow upper-income households to use the scholarship even though they have sufficient resources.

These cost estimates do not factor in potential administrative costs nor the cost of student support services such as counseling or mentoring services. Tuition increases are also not factored into the cost estimates.

In addition to providing 10-year cost estimates for the three scenarios listed above, the report describes the methodology used and key assumptions incorporated. Finally, the report concludes with comments on how Rockford Promise may best achieve its mission of enhancing the region’s economic vitality.

## Enrollment Forecast

All scenarios are based on the following enrollment forecast for the Rockford Public Schools. It is our opinion that the availability of the college scholarships will not have a significant impact on future enrollment in the Rockford Public School District. This is because

1. The annual scholarships are limited to \$4,000 per year. This will cover the cost of tuition at Rock Valley College but will fall short of the cost of attending the state's four-year public universities and private colleges. Tuition alone at Northern Illinois University is \$14,350 and tuition at the University of Illinois at Urbana-Champaign is over \$15,000.
2. Family and employment considerations will likely override the possible influence the scholarship could have on household residential location decisions.
3. Public awareness of the availability of the scholarship program, especially outside of the community of Rockford, may be limited.

At the same time, it is possible that the availability of the scholarship may increase the likelihood that households with children could stay in the school district longer. This has been the case in other communities with local scholarship programs. In short, they act more like glue than a magnet.

A five-year trend "survivor-cohort" model was used that factored in both the historical change of students "in grade" and "between grades" in the district from 2014 to 2018. As can be seen in Table 1, total enrollment is forecast to decline during the forecast period by little less than 1 percent per year from 28,145 students in 2018 to 25,730 students in 2028.

On a side point, a substantial shift in enrollment distribution occurred in 2014 when the number of ninth graders began to be determined by credit hours earned and not by a simple head count. This accounting "bump" in the data is continued during the forecast period. For example, in 2018 the number of students increased by 800 from 8<sup>th</sup> grade to 9<sup>th</sup> grade, only to decrease by more than 800 students in the 11<sup>th</sup> grade

**Table 1: Enrollment Forecast**

| Grade | Annual Enrollment at Rockford Public Schools |        |        |        |        |        |        |        |        |        |        |
|-------|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|       | 2018   | 2019   | 2020   | 2021   | 2022   | 2023   | 2024   | 2025   | 2026   | 2027   | 2028   |
| PK    | 2,105  | 2,052  | 2,001  | 1,951  | 1,902  | 1,855  | 1,808  | 1,763  | 1,719  | 1,676  | 1,634  |
| G1    | 2,096  | 1,926  | 2,043  | 1,992  | 1,942  | 1,893  | 1,846  | 1,800  | 1,755  | 1,711  | 1,668  |
| G2    | 2,019  | 2,061  | 1,893  | 2,008  | 1,958  | 1,909  | 1,862  | 1,815  | 1,770  | 1,725  | 1,682  |
| G3    | 2,136  | 2,019  | 2,061  | 1,894  | 2,009  | 1,959  | 1,910  | 1,862  | 1,815  | 1,770  | 1,726  |
| G4    | 2,231  | 2,165  | 2,047  | 2,089  | 1,919  | 2,036  | 1,985  | 1,935  | 1,887  | 1,840  | 1,794  |
| G5    | 2,117  | 2,217  | 2,151  | 2,034  | 2,076  | 1,907  | 2,023  | 1,973  | 1,923  | 1,875  | 1,828  |
| G6    | 1,998  | 2,118  | 2,218  | 2,153  | 2,035  | 2,077  | 1,908  | 2,024  | 1,974  | 1,924  | 1,876  |
| G7    | 1,956  | 1,971  | 2,090  | 2,189  | 2,124  | 2,008  | 2,049  | 1,883  | 1,997  | 1,947  | 1,899  |
| G8    | 1,909  | 1,937  | 1,952  | 2,070  | 2,168  | 2,103  | 1,988  | 2,030  | 1,865  | 1,978  | 1,929  |
| G9    | 2,740  | 2,008  | 2,037  | 2,053  | 2,177  | 2,280  | 2,212  | 2,091  | 2,134  | 1,961  | 2,080  |
| G10   | 1,885  | 2,724  | 1,996  | 2,026  | 2,041  | 2,164  | 2,267  | 2,199  | 2,079  | 2,122  | 1,950  |
| G11   | 1,599  | 1,818  | 2,627  | 1,925  | 1,954  | 1,969  | 2,087  | 2,186  | 2,121  | 2,005  | 2,046  |
| G12   | 1,427  | 1,587  | 1,804  | 2,608  | 1,911  | 1,939  | 1,954  | 2,072  | 2,170  | 2,105  | 1,990  |
| Total | 28,145                                       | 28,648 | 28,915 | 28,933 | 28,110 | 27,946 | 27,701 | 27,389 | 26,921 | 26,310 | 25,731 |

Again, this forecast could be on the low side, if the scholarship program persuades families to remain in the district.

Key assumptions used in the models:

1. The scholarship will be available to all Rockford Public School high school graduates who started attending the Rockford Public School no later than ninth grade. The scholarship is not based on income need nor requires any merit performance standards except graduation.
2. The current dropout rate at Rockford Public Schools (percent of 8<sup>th</sup> graders graduating adjusted for moves and other factors) stands at 30 percent. We assume that it will, unfortunately, stay at this level throughout the forecast period. Many serious and difficult-to-address factors impact a district's dropout rate, that go well beyond the harsh financial barriers facing many students wanting to attend college.
3. Currently, 52.5 percent of the district's high school graduates attend college in the fall of their high school graduating year. An additional 5.9 percent go to college a year later and 2.2 percent enter college two years after graduating. The two expanded scholarship programs (Scenarios 2 and 3) are expected to generate a slight 1 percent increase in the number of graduates attending Rock Valley College but will not have a significant impact on the number of graduates attending other colleges or universities. Currently, 36 percent of Rockford Public School graduates attend Rock Valley College (RVC). In 2028, we assume that 42 percent of graduates will attend RVC under these two scenarios. In addition, in the third scenario, we increase the continuation rate from community college

to four-year school from 33 percent to 50 percent because of the offer to provide continued support for the third and fourth years of education.

4. Unfortunately, many students that start college withdraw before completion. On average, 67 percent of first-year, full-time students at Rock Valley College return for their second year, which is above average for most community colleges (it is only 50 percent for part-timers). However, only 30 percent complete their degree or certification in 3 years. In the model, we assume that all scholarship recipients are full-time students and start college the fall after graduation. This clearly “front loads” the cost to the scholarship fund, because students have up to three years to use the scholarship.

In addition, we make the assumption that all scholarship-eligible students attending Rock Valley College enrolled in a two-year program of study. This could inflate the cost of the scholarship if a significant number of eligible students enroll in a one-year certificate program, or if there is a substantial number of high school students with dual enrollment credits earned in high school.

For students attending a four-year university we are assuming that 65 percent will return after their first year, 55 percent will complete their third year, and 40 percent will complete four years of college. It should be noted that completion of four years of college is not the same as graduating. Only 25 percent of Northern Illinois University students complete their BA or BS degrees in four years; only 50 percent complete in 6 years.

## Findings

Tables 2,3, and 4 present our estimates of the 10-year cost of *the* three separate Rockford Promise Scholarship programs under consideration. Possible administrative costs associated with the expanded program are not included. However, all three share the benefit of being simple to administer. The absence of both high school performance criteria for the students, such as maintaining a minimum grade point average or completing community service benchmarks, and household income constraints will substantially reduce the program’s administrative costs. It will likely prove to be impossible to administer the expanded scholarship programs (Scenarios 2 and 3) without a paid administrative staff.

The first scenario is a continuation of the Scholarship Programs current effort: a \$4,000 annual scholarship to graduates choosing to attend Rock Valley College and two (or more depending on fundraising) four-year \$4,000 annual scholarships for selected high school graduates to attend Rockford University. Currently, the number of scholarships offered is dependent on fundraising. For example, in 2016 five scholarships were offered; in 2017, 10 scholarships were offered; and in 2018, 22 scholarships were offered. By 2022, the annual cost of this scholarship would reach over \$3.4 million but then remain stable due to falling enrollment in the school district.

**Table 2: First Scenario**

**First Scenario: \$4,000 Annual Scholarship for All  
Rockford Public School Attending Rocky Valley  
College and Two Annual \$4,000 Scholarships to  
Rockford University**

| Class | Students | Total     | Cost/student |
|-------|----------|-----------|--------------|
| 2019  | 453      | 1,813,912 | 4,000        |
| 2020  | 785      | 3,140,569 | 4,000        |
| 2021  | 828      | 3,312,386 | 4,000        |
| 2022  | 852      | 3,407,439 | 4,000        |
| 2023  | 850      | 3,401,070 | 4,000        |
| 2024  | 857      | 3,428,120 | 4,000        |
| 2025  | 874      | 3,497,896 | 4,000        |
| 2026  | 863      | 3,453,062 | 4,000        |
| 2027  | 829      | 3,315,269 | 4,000        |
| 2028  | 814      | 3,256,489 | 4,000        |

The annual cost of the most expansive scholarship program under consideration, Scenario 2, is shown in Table 3. In this scenario, all high school graduates are eligible for an annual scholarship of \$4,000 for up to four years of college. Not surprisingly, the cost of this scholarship program climbs over \$6 million by 2022 when the first class of scholarship students reaches their senior year. The forecasted cost of the scholarship reaches \$6.7 million in 2025 and then levels off, again because of declines in enrollment in the school district.

**Table 3: Second Scenario**

**Second Scenario - \$4,000 Annual Scholarship  
for All Rockford Public School Graduates  
Attending College**

| Class | Students | Total     | cost/student |
|-------|----------|-----------|--------------|
| 2019  | 705      | 2,821,960 | 4,000        |
| 2020  | 1212     | 4,846,252 | 4,000        |
| 2021  | 1393     | 5,570,786 | 4,000        |
| 2022  | 1593     | 6,371,043 | 4,000        |
| 2023  | 1651     | 6,605,146 | 4,000        |
| 2024  | 1670     | 6,679,926 | 4,000        |
| 2025  | 1684     | 6,734,290 | 4,000        |
| 2026  | 1661     | 6,643,938 | 4,000        |
| 2027  | 1618     | 6,473,475 | 4,000        |
| 2028  | 1582     | 6,327,464 | 4,000        |

Finally, the cost estimate of the “middle way” scholarship program, which would provide funding for a four-year degree but only if the student attended Rock Valley College for the first two years, is shown in Table 4. The annual cost of the scholarship would reach above \$4 million in 2023 and then level off.

**Table 4: Scenario Three**

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**All Rockford Public School Graduates Attending Rocky Valley College which Follows Them if They Continue on to a Partnering Four-year College or University**

| Class | Students | Total       | cost/student |
|-------|----------|-------------|--------------|
| 2019  | 451      | \$1,805,912 | 4,000        |
| 2020  | 782      | \$3,127,369 | 4,000        |
| 2021  | 824      | \$3,294,931 | 4,000        |
| 2022  | 953      | \$3,812,232 | 4,000        |
| 2023  | 1,026    | \$4,102,045 | 4,000        |
| 2024  | 1,037    | \$4,149,066 | 4,000        |
| 2025  | 1,054    | \$4,217,318 | 4,000        |
| 2026  | 1,045    | \$4,178,565 | 4,000        |
| 2027  | 1,014    | \$4,056,038 | 4,000        |
| 2028  | 997      | \$3,987,206 | 4,000        |

### Concluding Comments

A question remains whether these three proposed scholarship programs effectively address the organization’s commitment to enhancing the economic vitality of the Rockford region. A region’s economic growth and vitality depend on the success of its employers, especially those that attract new income into the area through the sale of their products and services. Moreover, most employment growth occurs in existing employers and, therefore, their competitiveness and ability to generate quality products and services is key to the region’s economic health. In addition, successful employers attract other employers who “want to drink the water.” Finally, successful employers can nurture entrepreneurship, as their previous employees set up related companies in the area.

For most all employers, the quality of their current and future workforce is key to their survival. Therefore, the vitality of the area’s economy is highly dependent upon the quality of its workforce. A scholarship program can address this need in two ways: by enhancing the area’s attractiveness and, thereby, its ability to attract quality workers or by enabling existing young adults in getting the training and skills needed by area employers.

Of course, it is always uplifting to help students reach their goals and to give them assistance in attending college. However, it is also likely that many students who complete their four-year college education will go elsewhere to continue their careers. Of course, some will come back to their home town; however, most will pursue their future elsewhere. In short, the scholarship can play a significant role in assisting students in reaching their dreams, but it may not effectively address its goal of enhancing the region's economic vitality.

The second path holds the most promise in improving economic vitality, especially with the presence of Rock Valley College. Many of the technical skills programs available at Rock Valley College are designed to support the area's major employers. The programs' graduates are more likely to stay in the Rockford area and contribute to the area's economic competitiveness. The elimination of the financial barriers impeding high school graduates from starting these programs could be the boost many high school graduates need to become economically successful.

Moreover, if Rockford Promise is focused on enhancing the region's economic vitality, it should also consider focusing its efforts on high school graduates who are currently not planning to continue their post-secondary training. Approximately 40 percent of the graduates of Rockford Public Schools immediately enter the workforce after graduation, and many will face a future of low-wage, unfulfilling jobs. A program that effectively 1) shows high school students the importance of obtaining high-demand skills and abilities for their future success, and 2) works with existing training institutions to provide access to the training for these skills and abilities could substantially enhance the economic vitality of the area.