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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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