

# Michigan Research Briefs:

*A Series on Key Policy Issues*  
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## *Economic Revitalization through College Scholarships: The Kalamazoo Promise*



**The Center for Local, State, and Urban Policy (CLOSUP)**, housed at the University of Michigan's Gerald R. Ford School of Public Policy, conducts and supports applied policy research designed to inform state, local, and urban policy issues. Through integrated research, teaching, and outreach involving academic researchers, students, policymakers and practitioners, CLOSUP seeks to foster understanding of today's state and local policy problems, and to find effective solutions to those problems.

## GLOSSARY

### State Education Tax (SET)

Established as Act 331 of 1993, the state education tax is a property tax levied by local units of government in Michigan. The collected funds are transferred to the state School Aid Fund.

### Promise Zone

This may be city, township, county, school district, or intermediate school district setup in accordance with the Michigan Promise Zone Authority Act, in which individuals meeting certain requirements will be eligible for financial assistance to attend college.

### ACT

The ACT, established in 1959 as the American College Testing Program, is a national college admission and placement examination produced by ACT, Inc.

### School Aid Fund

This is a fund that receives various state revenues. Monies in this fund can only be used for K-12 education.

# Economic Revitalization through College Scholarships: The Kalamazoo Promise

## INTRODUCTION

In recent years, Michigan has struggled to revitalize its economy in the face of a declining manufacturing sector and increasing competition from other states and abroad. State policy makers have identified higher education as one of the key levers with which to improve Michigan's economy.<sup>1</sup> In Michigan, only 27 percent of 25-to-34-year-olds have a bachelor's degree or higher, while the national average is 29 percent.<sup>2</sup>

It is against this backdrop that the Kalamazoo Promise (hereafter referred to as the Promise) was announced on November 10, 2005. The Promise is a unique college scholarship program that is based on the location of the high school graduate, rather than need or merit, the typical way that financial support is distributed to college students. Under this plan, all high school graduates from Kalamazoo Public Schools (KPS) are eligible for scholarships covering up to 100 percent of tuition and fees at Michigan public colleges and universities.

While the funders of the Promise have remained silent about their intentions, it is widely believed that a significant goal is to revitalize the Kalamazoo economy by improving the educational outcomes of its residents, attracting additional talent to the locale, and make the region more attractive to business. The Promise has garnered widespread publicity, and is being replicated in other parts of Michigan, as well as in other cities such as Denver, CO, El Dorado, AR, Peoria, IL, and Pittsburgh, PA.<sup>3</sup>

This brief provides some background on the Promise, describes its early impacts in a variety of areas, and reviews the recent state legislation allowing for the creation of 10 "promise zones."

## BACKGROUND

On November 10, 2005, Kalamazoo Public Schools (KPS) announced a scholarship program, funded by anonymous donors, that would cover full tuition and fees at any public university or community college in Michigan for KPS graduates. Beginning with the graduating class of 2006, KPS students may receive up to four years of funding to be used within 10 years of graduation from high school. The Promise is open to any student living in the district who graduates from KPS and has been continuously enrolled in



**Table 1.**  
Kalamazoo Promise  
Benefit by Length of KPS Attendance

<i>Grades Enrolled in KPS</i>	<i>Benefit Percentage</i>
K–12	100
1–12	95
2–12	95
3–12	95
4–12	90
5–12	85
6–12	80
7–12	75
8–12	70
9–12	65
10–12	0
11–12	0
12	0

Source: The Kalamazoo Promise. The Kalamazoo Public School District. Retrieved on December 20, 2008 from <https://www.kalamazoopromise.com/?mode.page.view=76>

a KPS school since at least the 9<sup>th</sup> grade. Students obtaining GEDs are not eligible for the program. No other restrictions for initial eligibility exist. The amount of funding is prorated based on a student's length of attendance in the KPS system, with those who have attended from kindergarten through 12<sup>th</sup> grade receiving funding for 100 percent of tuition and fees (see Table 1 for the prorated tuition schedule).

The program is unique in that it has very few requirements to which students must adhere. Students must apply for the scholarship in their senior year. The one-page application is available in high school guidance offices and online. Students remain eligible for the scholarship by maintaining a 2.0 grade point average at their postsecondary institution and by completing a minimum of 12 credit hours per semester. Students whose grade point

average falls below 2.0 can be reinstated when/if their grade point average increases to meet the 2.0 grade point average threshold.<sup>4</sup>

Given the minimal eligibility requirements, in 2005–2006 (the first year of the program) 79 percent of KPS graduates were eligible to receive the scholarship. By 2007–2008, the percent of students eligible for the scholarship increased to 86 percent. The percent of KPS graduates utilizing the scholarship during the fall semester immediately following graduation has consistently increased, over the three years of the program, from 59 percent in 2005–2006 to 68 percent for the class of 2008 (see Table 2).

According to proponents, the goals of the Promise are threefold: to increase KPS enrollments, to increase the percent of KPS students who attend and graduate from college, and to encourage families that place a high value on college or perceive a high need of financial assistance for college to relocate in Kalamazoo. Should these goals be met, proponents argue that educational attainment of Kalamazoo residents will rise, making the city attractive to businesses in need of highly educated employees, which will in turn generate economic prosperity.

However, the Promise comes with a price: the cost of scholarships equaled approximately \$2 million in the 2006–2007 school year; and, as of October 2008, the total expenditures on the Kalamazoo Promise were about \$7.5 million.<sup>5</sup> Given that current in-state tuition ranges from under \$2,000 a year for a full-time student at a community college to around \$12,000 a year at the University of Michigan, the direct financial benefit to families could be as much as \$48,000 per child. The cost to the donors was estimated to rise to \$12 million a year once there were four eligible classes in college; but, because the majority of students utilizing the scholarship funds are attending lower cost 4-year colleges and community colleges, a revised estimate of the annual cost once four cohorts are in college is between \$6 and \$7 million.<sup>6</sup> Although the donors have indicated they plan to fund the Promise in perpetuity, estimates place the endowment necessary to fully fund the Promise between \$200 million and \$250 million. Perhaps because the scholarships are funded on a rolling basis, some have expressed concern over the long-term sustainability of the Promise.<sup>7</sup> However,

**Table 2.**  
Kalamazoo Promise Summary Data, February 2009

	2005–2006		2006–2007		2007–2008	
	Students	Percent of Graduates	Students	Percent of Graduates	Students	Percent of Graduates
Graduates	517	—	579	—	548	—
Eligible for Promise	409	79%	501	87%	474	86%
Number Utilizing the Promise the 1st Semester After Graduation	303	59%	359	62%	370	68%

Source: 2009, February. Kalamazoo Promise Summary Data. W.E. Upjohn Institute. Retrieved on March 13, 2009 from <http://www.upjohninst.org/promise/summdata.pdf>

the donors have committed to funding the Promise in perpetuity, and there are legal safeguards in place such that at any moment every student enrolled in KPS from kindergarten through 9th grade is guaranteed funding.<sup>8</sup>

## IMPACT OF THE KALAMAZOO PROMISE

Although only in its fourth year, there is evidence suggesting that the Promise has had some positive effects on KPS students, the residents of Kalamazoo, and the city itself. Since its inception, KPS enrollment is increasing, more KPS students are taking the ACT, a greater proportion of KPS students are applying to public 4-year universities in Michigan, and businesses are relocating to Kalamazoo. However, there is also evidence that at least some of the benefits accruing to KPS and the city of Kalamazoo have come at the expense of neighboring school districts and communities. For example, school districts and communities close to Kalamazoo have lost students and residents since the implementation of the Promise. Hence, it is unclear if the Promise will provide a *net* benefit to the state of Michigan, or simply redistribute individuals and businesses from other areas to Kalamazoo.

### KPS Enrollment

Since the start of the Promise, enrollment in KPS has risen. Table 3 shows the annual enrollment of KPS

compared to enrollments in other school districts within Kalamazoo County (minus KPS). Between the 2002–2003 and 2005–2006 school years, enrollment in KPS decreased by slightly less than 8 percent. Since the announcement of the Promise in 2005, enrollment in KPS has increased by almost 12 percent. This stands in contrast to the local trend in Kalamazoo County. Not including KPS students, enrollment in Kalamazoo County schools increased slightly between 2002–2003 and 2005–2006. However, between 2005–2006 and 2007–2008, enrollment in those same Kalamazoo County schools decreased by more than 4 percent. Further, K–12 enrollment in the state of Michigan decreased by about 4 percent between 2002–2003 and 2007–2008.

Enrollment growth in KPS since the implementation of the Promise also diverges from enrollment trends in other Michigan school districts that are similar to KPS in terms of population density, size, racial composition, and socioeconomic makeup. Figure 1 displays the enrollment trends for five comparison school districts.<sup>9</sup> With the exception of Grand Rapids in the 2003–2004 school year, each school district other than KPS lost students every year between 2002–2003 and 2007–2008. Taken as a whole, enrollment in these comparison districts decreased by almost 9 percent between the 2002–2003 and the 2005–2006 school years, while the corresponding rate of enrollment decline was about 8 percent in KPS. However, between the 2005–2006



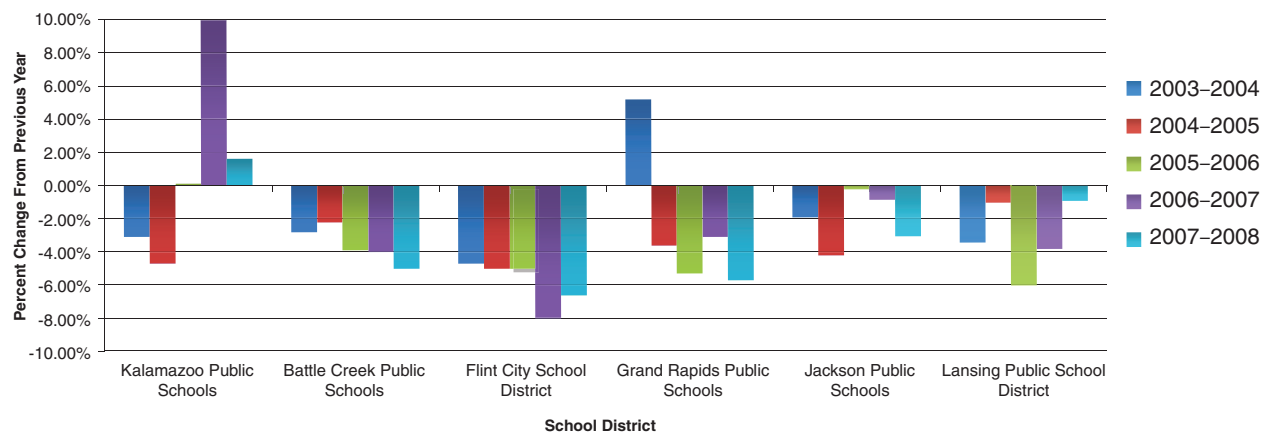
**Table 3.**  
K–12 Enrollment by Year and Jurisdiction

School Year	KPS		Kalamazoo County (minus KPS)		Michigan	
	Enrollment	% Change from Previous Year	Enrollment	% Change from Previous Year	Enrollment	% Change from Previous Year
2002–2003	11,084		24,074		1,713,165	
2003–2004	10,741	-3.10%	24,335	1.10%	1,715,048	0.10%
2004–2005	10,232	-4.70%	24,274	-0.30%	1,709,583	-0.30%
2005–2006	10,238	0.10%	24,520	1.00%	1,697,600	-0.70%
2006–2007	11,259	10.00%	23,707	-3.30%	1,675,234	-1.30%
2007–2008	11,434	1.60%	23,501	-0.90%	1,645,742	-1.80%

Source: Center for Educational Performance and Information. Public Student Counts (Headcount Data). Retrieved December 20, 2008, from State of Michigan website: [http://michigan.gov/cepi/0,1607,7-113-21423\\_30451\\_30460---,00.html](http://michigan.gov/cepi/0,1607,7-113-21423_30451_30460---,00.html)

**Figure 1.**

K–12 Enrollment in Kalamazoo Public Schools Comparison Districts



Source: Center for Educational Performance and Information. Public Student Counts (Headcount Data). Retrieved December 20, 2008, from State of Michigan website: [http://michigan.gov/cepi/0,1607,7-113-21423\\_30451\\_30460---,00.html](http://michigan.gov/cepi/0,1607,7-113-21423_30451_30460---,00.html).

and 2007–2008 school years, KPS enrollment grew by almost 12 percent, while the total enrollment of the comparison districts declined by almost another 9 percent.

Importantly, enrollment in KPS increased between the fall of 2005 and the fall of 2007 for all racial/ethnic groups (see Table 4). Blacks and

whites comprise the majority of the KPS enrollment, with Black enrollment at about 48 percent and white enrollment at about 40 percent of the total. Both Black and white enrollments grew by about 10 percent between fall 2005 and fall 2007, which is lower than the total KPS growth during the same time period of about 12 percent. The KPS three racial/





**Table 4.**  
KPS Enrollment Change Fall 2005 to Fall 2007  
by Race/Ethnicity

<i>Race/Ethnicity</i>	<i>Percent Change</i>
Black	10.03%
White	10.50%
Hispanic	23.84%
Asian	20.20%
American Indian	18.03%

Source: Center for Educational Performance and Information. Public Student Counts (Headcount Data). Retrieved March 13, 2009, from State of Michigan website: [http://michigan.gov/cepi/0,1607,7-113-21423\\_30451\\_30460---,00.html](http://michigan.gov/cepi/0,1607,7-113-21423_30451_30460---,00.html).

ethnic minorities (Asians, Hispanics, and American Indians) all grew around 20 percent between fall 2005 and fall 2007.

While preliminary evidence suggests that the Promise is successful at attracting new students, there is also evidence that at least some of the increase in KPS enrollments may have come at the cost of nearby districts. A Senate Fiscal Agency report found that approximately 80 percent or more of the increase in KPS enrollments since the establishment of the Promise is attributable to declines in other Kalamazoo County school districts.<sup>10</sup> If the Promise merely redistributes students within Kalamazoo County, the net benefit of the Promise may be negative for districts other than KPS in Kalamazoo County.<sup>11</sup> Calculations by the Promise administrator conclude that only about 50 percent of the new KPS attendees in 2006 came from within Kalamazoo County.<sup>12</sup> Different calculation methodologies may explain why these two estimates are different.

## Graduation Rate

Official statistics from the Michigan Department of Education suggest that the high school graduation rate has not changed much in KPS since the implementation of the Promise. However, because the state changed its method for calculating graduation

and dropout rates in 2007 in order to comply with the No Child Left Behind Act (NCLB) of 2001, it is hard to interpret these statistics. Indeed, it is likely that the old method overstated the graduation rate, which would tend to mask any true improvements resulting from the Promise. Moreover, the program is still quite new so it may be premature to evaluate high school graduation impacts.<sup>13</sup>

## College Enrollment

Because it is so new, the actual effects of the Promise on college enrollment are unknown. However, prior research has found that simple financial aid programs with minimal application and enrollment requirements, such as the Georgia HOPE Scholarship, substantially raise the likelihood that students will enroll in college (i.e., a decrease of \$1,000 in the cost of college increases enrollment by 3 to 5 percentage points). Given that the Promise is a simple financial aid program, the research suggests that it might substantially increase college attendance among KPS graduates.<sup>14, 15</sup>

## College Choice

In addition to increasing postsecondary enrollment, proponents hope that the Promise will entice more students to remain in-state for college. Moreover, some have suggested that the Promise might permit students to attend higher-quality schools than they would have absent the tuition benefit (e.g., the scholarship may allow students to attend a 4-year rather than a 2-year college). Some early research explored these issues by using ACT score reports as a proxy for college applications. Comparing ACT score reports for students in KPS before and after the introduction of the Promise with score reports from students in comparable Michigan school districts over the same time period, the researchers concluded that the Promise (a) increased the likelihood of students applying to college, (b) increased the likelihood of students applying to Michigan colleges and universities, (c) permitted students to choose higher-quality postsecondary institutions, and (d) increased the likelihood of low-income students applying to a 4-year college and decreased the likelihood of these students applying to a 2-year college.<sup>16</sup>



### Economic Well-Being of Kalamazoo

While the donors of the Kalamazoo Promise have remained silent about their intentions for the program, many supporters have claimed that the Promise is a catalyst for economic revitalization. The Kalamazoo area was once a thriving economy, with a significant dependence on both the Upjohn Company and various manufacturing industries. But, like many Michigan communities, the area has suffered from corporate consolidations and plant closings in the last 15 years.

It is clearly too soon to ascertain the impacts on economic development in Kalamazoo, but observers have cited several positive developments. The Kalamazoo Promise could potentially attract businesses to the region because of the benefit the scholarship could provide to employees' children. Research suggests the potential for long-term economic benefits as well. Students who pursue post-secondary education at their state's public institutions are more likely to remain in their home state after graduation.<sup>17</sup> Should this prove to be true in Kalamazoo, the Promise may affect the education level of the population, making Kalamazoo an attractive place for knowledge-based businesses that are in need of a highly educated workforce.

Perhaps as a result of increased enrollment, KPS increased their teacher pool by almost 15 percent between 2005–2006 and 2007–2008, creating greater employment opportunities in the district. In addition, the Kalamazoo Promise may have already induced at least one business to locate in Kalamazoo. Kaiser Aluminum Corporation considered cities in three different states, ultimately settling on Kalamazoo. Martin Carter, a vice president at Kaiser, cited the Promise as one of the reasons Kalamazoo was chosen for Kaiser's new office and research center.<sup>18</sup>

Attracting businesses and residents could have a significant positive impact on the KPS revenues. As businesses and individuals relocate to Kalamazoo, the taxable value of property within the KPS district will likely increase, thereby raising additional tax revenue. A Senate Fiscal Agency report found that a 1.0 percent change in the number of students in KPS and surrounding districts was associated with between a 0.5 percent and 1.0 percent change in the taxable value within the district.<sup>19</sup> Previous research

lends support to this effect. In a paper analyzing a financial aid scholarship program in Georgia, the Georgia HOPE Scholarship, Thomas Dee, an economist, found that Georgia land values rose relative to those in neighboring states after the program was implemented.<sup>20</sup>

Accurate data on the total population residing within KPS boundaries just before the implementation of the Promise are not available. Still, the American Community Survey (ACS) of the U.S. Census Bureau provides estimates of the total population within KPS for 2005, 2006, and 2007. According to the ACS data, KPS's population grew by almost 7 percent between 2005 and 2007. However, the ACS estimates must be interpreted with caution because the data are not actual population counts, but, instead, are derived from surveys and therefore include a margin of error. The margins of error on the KPS population estimates are large enough to erase any perceived growth between 2005 and 2007. Therefore, it is possible the Promise may not have generated the desired population increase for KPS. It is too soon to conclusively determine the Promise's effect on the population of KPS and its tax base.

### PROGRAMS INSPIRED BY THE KALAMAZOO PROMISE

#### Michigan Promise Zone Authority Act

As a result of the perceived initial success of the Kalamazoo Promise, the Michigan Legislature proposed the Michigan Promise Zone Authority Act, which was signed into law on January 13, 2009. The Promise Zone Act provides for the creation of up to 10 "Promise Zones" across the state. Within each promise zone, individuals would be eligible for financial assistance to attend college, and eligible entities could receive financing for the assistance from the State Education Tax (SET).<sup>21</sup> Entities eligible to create Promise Zones include cities, townships, counties, school districts, or intermediate school districts that have a family poverty rate greater than the Michigan average family poverty rate.

The eligible entity must create a Promise Zone Authority. The Authority would then prepare a Promise Zone development plan, including a com-





plete description of financial assistance for individuals graduating from public or nonpublic high schools within the zone.<sup>22</sup> The first two years' worth of financing must be raised in the local community and can come from donations, existing revenue sources, and/or money obtained from other sources approved by the governing body or otherwise authorized by law.

Once the initial funding has been raised within the community, the state of Michigan will capture one-half of any *increase* in SET revenue in the Promise Zone and deposit the increase in the Treasury.<sup>23</sup> Beginning in the third year of program implementation, and continuing for each year thereafter, the state of Michigan will pay the Promise Zone Authority the increased SET captured since the establishment and implementation of the zone.<sup>24</sup> Therefore, localities will have more control over locally generated SET revenue, while the statewide School Aid Fund (i.e., the total K-12 budget in Michigan) could lose a substantial amount of revenue.

The full economic impact of the Promise Zones' legislation on statewide education revenue is unknown. However, it is plausible that the School Aid Fund could lose an estimated \$46.2 million, or one-third of 1 percent of the \$12.8 billion K-12 budget (2006–2007 dollars), as revenue is transferred back to Promise Zones.<sup>25</sup> As Michigan residents move into Promise Zones, the SET revenue generated in those zones will increase, but only one-half of the increased SET revenue will go the School Aid Fund while the other half would be returned (beginning in the zone's third year) to the Promise Zone Authority to supplement its privately generated revenue. Furthermore, to the extent that the Promise Zones attract students currently served in private schools or in their homes, the legislation could exert increased financial pressure on the School Aid Fund.<sup>26</sup> Yet, because the Act exempts the Promise Zone authority from being held responsible for failing to make payment upon the promised financial commitment, families may be apprehensive to transfer their children to Promise Zone schools. This exemption may make it difficult for Promise Zones to attract students from the local public school district, dampening the Promise Zone's potential for a significant financial impact.

Although the initial findings from the Kalamazoo Promise suggest the Promise had a positive effect on KPS enrollments and on the taxable value of property with KPS, the larger scale of the Act may lead to different effects. There may be an inverse relationship between the number of Promise Zones and their effectiveness at increasing student enrollment within the Promise Zones and generating economic development in the Promise Zones. The magnitude of revenue and expenditure changes depends on many unknown variables—such as, the number of the Promise Zones, the location of the Promise Zones and their proximity to one another, the perceived quality of the schools in the Promise Zones, the specific financial commitments in the Promise Zones, the ability of the Promise Zones to raise private funding, and the perceived credibility of the Promise Zone commitments.<sup>27</sup>

### The Detroit College Promise

In 2009, a public charity, The Detroit College Promise, began a pilot program to offer scholarship support to seniors graduating from either Frank Cody High School or Frederick Douglass High School in the Detroit Public School District. To be eligible in the pilot phase, a student must be a resident of Detroit, been enrolled continuously at either high school since the 9th grade (or since December 1, 2008 for Frank Cody High School students), and must graduate from either of the high schools. The scholarship provides students that have applied for federal, state or college grants via the FAFSA financial aid form with up to \$500 for tuition and mandatory fees to any public university or community college in the state of Michigan.<sup>28</sup> Scholarships are provided for up to four years. Funds for the program are solicited from the community. Major donors include PathologyOutlines.com, Inc. and Communities in Schools.<sup>29</sup> If the pilot program is successful, the program may be enlarged to encompass all eligible DPS students.

### CONCLUSION

Additional research into the effects of the Kalamazoo Promise is needed, and is ongoing at both the W.E. Upjohn Institute for Employment Research



and Western Michigan University's Evaluation Center. The Promise appears to have spurred enrollment growth and business development in the Kalamazoo Public School district. While inconclusive, there is also evidence suggesting that the Promise appears to have positive effects on the graduation rate and the college choice among students. However, initial findings also indicate there could be a trade-off between benefits to the Kalamazoo Public School district and benefits to neighboring school districts and to the state as a whole. Meanwhile, the Promise has raised the profile of Kalamazoo on a national basis, with numerous communities using the Promise as a model for innovation in economic development and educational attainment.

### Notes

1. In 2004, Governor Jennifer Granholm appointed the 41-member Cherry Commission to develop a plan for Michigan to double the percentage of residents with a college degree or other valuable credential.
2. U.S. Census Bureau. (2009). *2005-2007 American Community Survey 3-Year Estimates*. Retrieved February 11, 2009 from [http://factfinder.census.gov/servlet/DTTable?\\_bm=y&-context=dt&-ds\\_name=ACS\\_2007\\_3YR\\_G00\\_&-CONTEXT=dt&-mt\\_name=ACS\\_2007\\_3YR\\_G2000\\_B15001&-mt\\_name=ACS\\_2007\\_3YR\\_G2000\\_C15001&-tree\\_id=3307&-geo\\_id=01000US&-geo\\_id=04000US26&-search\\_results=04000US26&-format=&-\\_lang=en&-SubjectID=15261702](http://factfinder.census.gov/servlet/DTTable?_bm=y&-context=dt&-ds_name=ACS_2007_3YR_G00_&-CONTEXT=dt&-mt_name=ACS_2007_3YR_G2000_B15001&-mt_name=ACS_2007_3YR_G2000_C15001&-tree_id=3307&-geo_id=01000US&-geo_id=04000US26&-search_results=04000US26&-format=&-_lang=en&-SubjectID=15261702).
3. W.E. Upjohn Institute. (n.d.) *Communities with Programs Modeled on the Kalamazoo Promise*. Retrieved February 11, 2009 from <http://www.upjohninst.org/promise/communities.html>.
4. The Kalamazoo Promise. (2009). *The Kalamazoo Public School District*. Retrieved December 20, 2008 from <https://www.kalamazoopromise.com/?mode.page.view=76>.
5. Donors Let Gift Speak for Itself (2006, December 3). *Kalamazoo Gazette*. Special Section; W.E. Upjohn Institute. (2008). *College or University Attendance for Promise Users*. Retrieved December 20, 2008 from <http://www.upjohninst.org/promise/cuselect.pdf>; Miller-Adams, M. (2008). *The Kalamazoo Promise: Building Assets for Community Change*. W.E. Upjohn Institute. Retrieved March 13, 2009 from <http://www.upjohninst.org/promise/promise.pdf>.
6. Miller-Adams, M. (2006). A Simple Gift? The Impact of the Kalamazoo Promise on Economic Revitalization. *Upjohn Institute: Employment Research*, 13(3), 1-2, 5-6; Miller-Adams, M., personal communication, February 24, 2009.
7. Schneider, K. (2006, November 13). Growing a City, From the Roots Up. *The New York Times*.
8. Miller-Adams, M., personal communication, February 24, 2009.
9. Miron, G., & Cullen, A. (2008). *Evaluation of the Kalamazoo Promise: Working Paper #4*. Kalamazoo, MI: Western Michigan University, The Evaluation Center. Miron and Cullen (2008) identified these five districts as comparable to KPS.
10. Senate Fiscal Agency. (2008). *Floor Summary, Michigan Promise Zone Act H.B. 5375 (H-3)*. Lansing, MI: Author; Michigan Department of Education. (n.d). *State School Aid Fund by Source of Revenue 1992-93 to 2006-2007* Retrieved January 12, 2009 from: [http://www.michigan.gov/documents/SAFREV04\\_117962\\_7.pdf](http://www.michigan.gov/documents/SAFREV04_117962_7.pdf)
11. It should be noted that there is some debate about where new KPS attendees are coming from. In future, better estimates of where new KPS attendees are coming from is necessary to fully understand the impact of the Promise on Kalamazoo County.
12. Miller-Adams, M., personal communication, February 24, 2009.
13. Another difficulty with interpreting changes in the graduation rates is that the Promise has increased enrollment in the district. This makes it difficult to determine from aggregate figures whether the changes in graduation rates were driven by the newly arrived students.
14. Leslie, L. L., & Brinkman, P. T. (1987). Student Price Response in Higher Education: The Student Demand Studies. *The Journal of Higher Education*, 58(2), 181-204; Kane, T. (1995). Rising Public College Tuition and College Entry: How Well Do Public Subsidies Promote Access to College?" Working Paper No. 5164. Cambridge, MA: National Bureau of Economic Research; Dynarski, S. M. (2003). Does Aid Matter? Measuring the Effect of Student Aid on College Attendance and Completion. *The American Economic Review*, 93(1), 279-288.
15. In a literature review of 25 "student demand" studies, Leslie and Brinkman (1987) found that a \$1,000 decrease in the net price of college tuition is associated with a 3- to-5 percentage point increase in college attendance. Kane (1995) measured the effect of financial aid on college enrollment by comparing college entry rates of low-tuition states to those of high-tuition states, with results suggesting



that a \$1,000 increase in tuition of public 2-year colleges is associated with at 3.5 percent decrease in enrollment. In another study, with a more sophisticated methodology, Dynarski (2003) found, consistent with the previous research, that an increase of \$1,000 in grant aid increased the probability of attending college by about 3.6 percentage points.

16. Andrews, R. J., DesJardins, S., & Ranchhod, V. (2008, November). The Effects of the Kalamazoo Promise on College Choice. Working paper.

17. Groen, J. A., & White, M. J. (2004). In-State Versus Out-of-State Students: The Divergence of Interest Between Public Universities and State Governments. *Journal of Public Economics*, 88(9-10), 1793–1814.

18. Bennett, J. (2008, July 28). Class Act – Kalamazoo’s Lesson: Educate and They Will Come. *The Wall Street Journal*. Other companies are planning to expand into Kalamazoo as well, including MPI Research, Fabri-Kal Corp., and W. Soule & Co, although it is difficult to definitively determine if the Promise influenced these business decisions.

19. Senate Fiscal Agency, 2008; Michigan Department of Education, n.d.

20. Dee, T. (1998). Tiebout Goes to College: Evidence from the HOPE Scholarship Program. *Georgia Institute of Technology Working Paper*. Atlanta, GA.

21. The State Education Tax (SET) is a 6-mill tax assessed on property owners that is deposited into the School Aid Fund for distribution to Michigan public K-12 schools. The SET was approved in 1993 with Proposal A, and currently makes up about 15 percent of the total School Aid Fund.

22. The Promise Zone development plan must provide funding sufficient to at least provide an eligible student the tuition necessary to obtain an associate’s degree or its equivalent at a community or junior college in Michigan and, at most, would provide funding sufficient to obtain a bachelor’s degree or its equivalent at a public postsecondary institution in Michigan. The financial assistance may also be utilized toward tuition at private colleges in Michigan, yet the amount must not exceed the average

2008 tuition at all public 4-year universities in Michigan. The Promise Zone development plan must provide the requirements for student eligibility of financial assistance such as minimum years of attendance at a Promise Zone school or the minimum years of residence within in a Promise Zone. It must also provide details on the requirements for maintaining eligibility for financial assistance such as a minimum college grade point average or a minimum course load. Lastly, the Promise Zone development plan must explain how funds will be raised to support the plan.

23. The increase is determined by change in SET revenue collected in the promise zone from the year immediately preceding the first year the financial assistance is awarded (the base year) or the amount of revenue received from the collection of the SET in the Promise Zone in any one of the first three years, whichever is less.

24. Michigan Senate. (2008, December 19). *House Substitute for Senate Bill No. 861*. Retrieved December 30, 2008 from <http://www.legislature.mi.gov/documents/2007-2008/billconcurrent/Senate/pdf/2007-SCB-0861.pdf>.

25. Senate Fiscal Agency, 2008; Michigan Department of Education, n.d.

26. If the Promise Zones attract private school students already residing within the zone, Promise Zone schools could be financially burdened as their enrollments and costs rise without concurrent rises in revenue because the former private school families are already paying property taxes (i.e. the SET).

27. Senate Fiscal Agency, 2008.

28. The Detroit College Promise. (2008, December 9). *Frequently Asked Questions*. Retrieved December 30, 2008 from <http://www.detroitcollegepromise.com/dcpfaq.html>.

29. The Detroit College Promise. (2008, December 24). *Donors*. Retrieved December 30, 2008 from <http://www.detroitcollegepromise.com/donors.html>.

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