



CASE STUDY OF PROMISES IN
KALAMAZOO AND OTHER COMMUNITIES

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Case studies of Promises in Other Communities

A key inspiration for a Pittsburgh Promise came from the Promise programs launched in the past two years in Kalamazoo, Michigan and El Dorado, Arkansas. These two programs are innovative “full ride” scholarship programs available to any qualifying graduate of public schools in these communities. Beyond these two Promises, there are many other programs that help at-risk students to prepare for college. Case studies of these programs (built through interviews with program directors, literature searches, and public databases) provide perspectives on two key questions:

- ¶ Is the Promise concept successful in other communities, and could it work in Pittsburgh?
- ¶ What are the lessons learned that should be incorporated into the design and implementation of a Pittsburgh Promise?

THE KALAMAZOO PROMISE

With the backing of an anonymous private donor, the Kalamazoo Promise was introduced in 2005. The goal was revitalization of the city and region through a scholarship for graduates of Kalamazoo public schools. Over the last 25 years, Kalamazoo has lost thousands of manufacturing jobs in the automotive and pharmaceutical industries, leading to an 8% unemployment rate. School enrollment has also declined; since 1960, the enrollment in the Kalamazoo Public Schools has dropped 41% to 10,580 students in 2005.

The “Promise” made to graduates is that, if they earn admission to a Michigan state-funded institution of higher education, the Promise will provide the full cost of tuition and mandatory fees for up to four years. To qualify, graduates are required to have been a Kalamazoo public school student for a minimum of four years, enroll in a public university or community college in Michigan, make regular progress towards a degree, and maintain a 2.0 grade point average at the post-secondary institution. The funding for the Kalamazoo Promise is managed through a private

trust set up by the anonymous donor; the endowment required to fully fund this program given the Kalamazoo Promise scholarship design is likely between \$200 and 250 million¹.

The Kalamazoo Promise has been in operation for a little over two years, and is the first large-scale program built around a “full ride” scholarship. While there is not a long-term track record, results to date are very positive. Enrollment at KPS has increased by over 1,000 students. Test scores have improved, and 83% of the graduates eligible for the Promise so far are attending college (which is now higher than the national average). Real estate values in Kalamazoo have risen 8-10% in the past two years, greatly outpacing both the broader metro region (at ~3%) and the rest of the state (at -2%). Over 400 families from 88 Michigan communities and 32 states have moved to Kalamazoo. In addition, Kalamazoo has received national attention that has put it on the radar of business people looking to relocate or start new businesses. [^{2,3}]

The El Dorado Promise

The Kalamazoo Promise has inspired several similar Promises. The El Dorado Promise (funded by Murphy Oil Inc., a large employer in El Dorado), was announced in January 2007, with the first scholarships awarded to the Class of 2007. The design of the program is quite similar to the Kalamazoo program. Early results are promising: El Dorado real estate prices are up 8% year over year, compared to a state-wide average of 3%. And enrollment in September 2007 increased 5% over the previous year. ⁴

Programs targeting at-risk students with additional help

While the Kalamazoo and El Dorado Promises have focused primarily on scholarships, there are also many programs around the country that focus on providing at-risk students with additional support in college admission (often in combination with smaller-scale scholarship programs). For example:

¹ Despite significantly lower HS enrollment numbers than PPS, Kalamazoo is a first-dollar program not taking advantage of Federal and State aid. Their endowment, therefore, is of comparable scale to the proposed Pittsburgh Promise

² Enrollment data from Kalamazoo Public Schools

³ Test scores and college matriculation data from Kalamazoo Public Schools and Kalamazoo Gazette

⁴ Arkansas Realtors' Association; El Dorado Public Schools

- ¶ The Denver Promise pairs a smaller scholarship with “future centers.” Though still in pilot phase, and only operational at a small number of schools last year, these kiosks in Denver high schools are staffed by Denver Promise employees. They provide students with information on how to select a college, as well as applications for admission and financial aid, and assistance in filling out applications.
- ¶ The “Core Philly” program targets all students in Philadelphia public high schools, and acts a clearinghouse between the schools and a variety of community-based organizations that provide mentoring and other services for at-risk students. Additionally, Core Philly provides an email-based service to automatically remind students of approaching deadlines for college admissions and financial aid.
- ¶ The California-based “Questbridge” program focuses on talented students from low-income families around the country. After identifying students through PSAT results as well as teacher/counselor recommendations, Questbridge provides intensive one-on-one counseling, test prep, and other services to help these students apply to top-tier selective colleges and universities.
- ¶ Here in Pittsburgh, the NEED program targets at-risk African American students in Southwest Pennsylvania, and in practice helps many other students as well. In addition to its scholarship program, NEED has placed several supplemental guidance counselors into the community, who are available to work with program beneficiaries in applying to college as well as applying for public and private financial aid.

COMPARISON OF PITTSBURGH TO KALAMAZOO

While the Promise concept of broadly available “full ride” scholarships is still new and has only been tried in a few places, the Promise Concept is working in Kalamazoo, and Pittsburgh compares favorably to Kalamazoo on many key factors which can potentially influence the chance of success. Key points of comparison are:

- ¶ **Availability of jobs: advantage Pittsburgh.** A key source of the migration into Kalamazoo appears to be people who are employed outside the region, but have location-flexible jobs (such as regional sales jobs and home-based businesses). Pittsburgh not only has the potential to attract

these families, but also benefits from a much larger regional job market. Because of this, families interested in moving to Pittsburgh are more likely to be able to find jobs than families moving to Kalamazoo.

¶ **Quality of schools: advantage Pittsburgh.** In Pittsburgh, like Kalamazoo

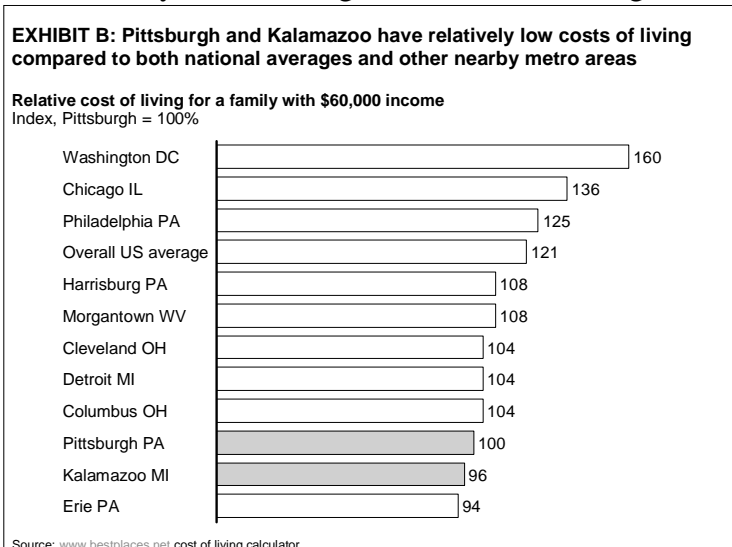
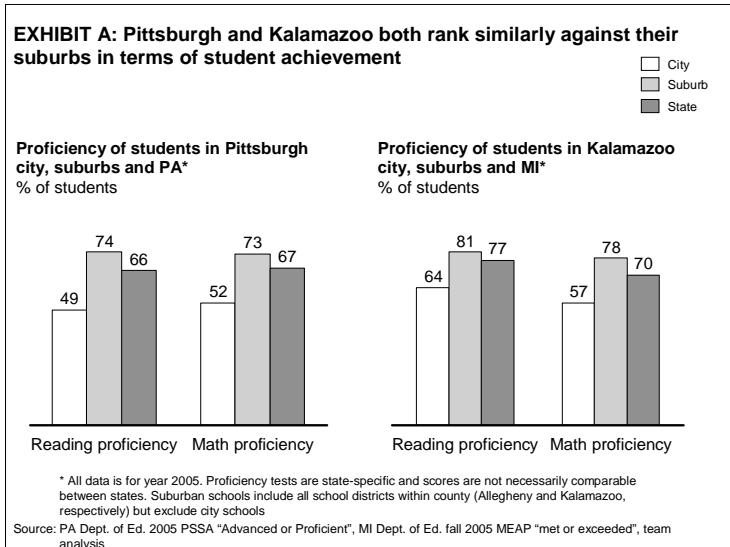
(and most other major cities), city public schools have lower student achievement levels in the aggregate as compared to the suburbs (Exhibit A). Demographics are a key factor affecting this.

Most urban school

districts (including Pittsburgh and Kalamazoo) have very diverse student populations, while suburban districts tend to have student populations more skewed towards middle-income families. Pittsburgh has the benefit of being a larger district than Kalamazoo, and many individual schools in Pittsburgh are already perceived as being quite good (including both neighborhood and magnet programs). Additionally, Pittsburgh is well into a comprehensive school reform effort—which Kalamazoo was not at the time it launched the Kalamazoo Promise.

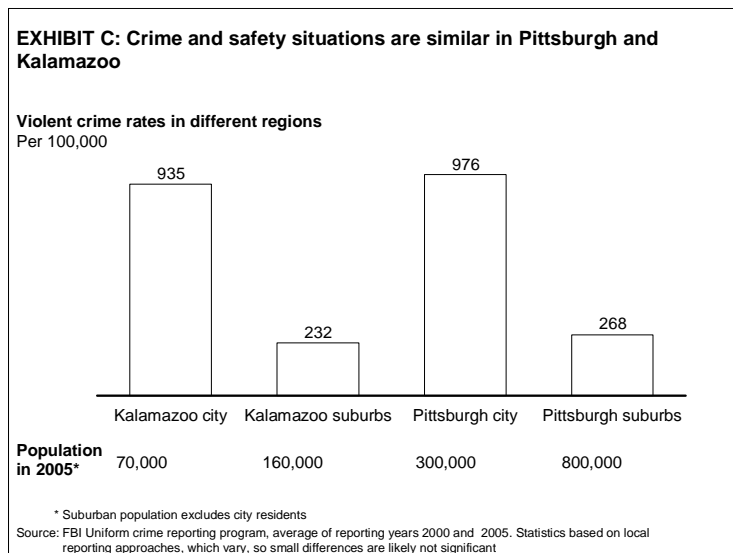
¶ **Affordability: tie.** With relatively low housing costs, both Pittsburgh and

Kalamazoo are much more affordable than many other metropolitan areas (Exhibit B). In both cities, housing prices tend to be lower in the suburbs than the city, especially in



outlying areas with longer commutes. Unlike in Kalamazoo, Pittsburgh city residents pay higher wage taxes than residents of surrounding communities (3% vs. 1.0-1.5% in the rest of Allegheny County). This extra cost would likely be outweighed by the financial benefit of a Pittsburgh Promise, especially for a family with more than one child. Additionally, interviews with parents suggest that middle income families consider small cost differences as only one of many factors in choosing where to live; school quality and educational trajectory are typically more important.

- ¶ **Safety: tie.** Like Kalamazoo (and for that matter most large cities), the City of Pittsburgh experiences higher crime than its suburbs (Exhibit C). However, crime rates are fairly similar between Pittsburgh and Kalamazoo.



CRITICAL LESSONS LEARNED FROM OTHER PROMISE AND SCHOLARSHIP PROGRAMS

In looking at other Promises and programs, we identified five design principles which should be incorporated into a Pittsburgh Promise:

- ¶ *Game-changing economics* grab the attention of students and families; both Kalamazoo and El Dorado are effective because they provide enough funds to cover tuition at state schools, with no means testing.
- ¶ *Broadly accessible eligibility requirements* create confidence that the Promise will benefit most students. The Kalamazoo and El Dorado programs are available not only to the very best students, but also to

students of average performance – giving everyone reason to dream big and work hard.

- ¶ *Last dollar design* can stretch Promise dollars by ensuring students first use Federal and state dollars.
- ¶ *Transparent, adequate and stable funding mechanisms* give families the confidence they need to make a move, and students the confidence to see college as an achievable goal.
- ¶ *Support for at-risk students* is a critical complement to scholarships.

COULD THE PROMISE CONCEPT WORK IN PITTSBURGH?

The City of Pittsburgh faces real and substantial challenges. Pittsburgh and the surrounding region have been declining in economic importance relative to other regions for decades. Middle income families are increasingly leaving the city. PPS enrollment is declining. The Promise has the potential to halt or reverse these trends. Doing so can enable the city and region, which have incredible strengths, to continue to thrive.

Given that the required investment is large, the community should fairly ask whether the Promise concept is likely to work in Pittsburgh. The Promise concept is still relatively new, so it is not possible to answer this question definitively. However, the facts so far suggest that the odds are favorable for a Pittsburgh Promise. The Kalamazoo and other Promises are having significant early impact, and Pittsburgh has many attributes as a community that suggest a Pittsburgh Promise can be equally or more successful. Having said this, success is not assured. It will require a committed effort over a period of years on the part of students and their families, the Pittsburgh Public School District, and the overall community.

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McKinsey & Company is a privately held management consulting firm that provides advice to leading organizations throughout the world. McKinsey provided (on a pro bono basis) the fact base and analytics for this report based on research of the design and impact of other Promise programs throughout the country.