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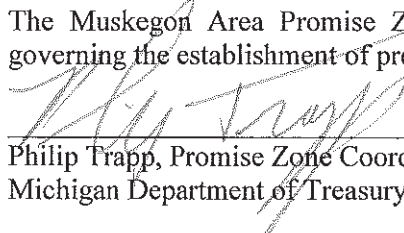
PROMISE ZONE DEVELOPMENT PLAN APPROVAL

The Michigan Department of Treasury, under its authority in PA 550 of 2008, designated the Muskegon Area Intermediate School District as one of the first ten eligible communities to file an application of intent to establish a promise zone. That designation gave the Muskegon Area Intermediate School District authority to proceed in establishing a Promise Zone and to appoint an authority board.

The Muskegon Area Intermediate School District has now established the Muskegon Area Promise Zone Authority. The Muskegon Area Promise Zone Authority has submitted the required zone development plan necessary to activate a zone and to secure the capture of one-half the growth of the State Education Tax. Under PA 549 of 2008, as amended, the Department of Treasury has the responsibility to review a promise zone development plan to ensure it meets the standards required by law. In reviewing materials submitted by the Muskegon Area Promise Zone Authority, the Department of Treasury finds:

- As one of the first ten eligible entities to submit a resolution declaring the intent to establish a zone, the Muskegon Area Intermediate School District had the proper approval from the Department to proceed with establishing the Muskegon Area Promise Zone and appointing the Muskegon Area Promise Zone Authority.
- The Muskegon Area Promise Zone Authority has submitted a promise zone development plan with a promise of student financial support. The zone will provide funds for tuition, books and mandatory fees up to the cost of obtaining an associate's degree or its equivalent at the prevailing Muskegon Community College tuition rate at the partnering institutions of Muskegon Community College or Baker College of Muskegon.
- The plan includes an actuarial model of the costs associated with this level of support and a credible plan for securing the resources necessary to meet the costs as outlined in the actuarial model.
- If the assistance does begin as planned with the graduating class of 2015, the base year from which future growth will be calculated will be 2014.
- The Department of Treasury is responsible for verifying that the Muskegon Area Promise Zone has met and continues to meet the financial support promised in this plan before authorizing the release of captured State Education Tax money. In order to fulfil that responsibility, the Department will periodically request information from the Muskegon Area Promise Zone to verify the financial support provided to eligible students.

The Muskegon Area Promise Zone Authority plan has therefore met the requirements of the law governing the establishment of promise zone authorities and is approved.


Philip Trapp, Promise Zone Coordinator
Michigan Department of Treasury

Date: Sept. 29, 2015



MUSKEGON AREA
PROMISE

Muskegon Area Promise Scholarship

Michigan Department of Treasury - Development Plan

July 27, 2015

Partnering institutions and collaborations:



PURPOSE

The Muskegon Area Promise makes a unique commitment to the young people of our community - if they work hard they will be able to earn at least a two-year college degree tuition free. The Muskegon Area Promise Scholarship (**Promise**) is an award promised to resident graduates of high schools within the Muskegon Area Intermediate School District boundaries. It provides the financial assistance necessary to obtain a two-year degree or its equivalent at an eligible partnering institution when used in conjunction with federal, state and institutional grants. This **Promise** scholarship will promote post-secondary education and prepare students for future success in college and career choices.

MUSKEGON AREA PROMISE SCHOLARSHIP AWARDS

Eligible students will receive funding for tuition, books and mandatory fees up to the cost of obtaining an associate's degree or its equivalent at the prevailing Muskegon Community College tuition rate. **Promise** scholarships will fund educational opportunity at the partnering institutions of Muskegon Community College or Baker College of Muskegon.

Scholarship awards will be defined using a *two-phased* approach. During the first phase, the **Promise** scholarship will be awarded to eligible students graduating from high schools located in three (3) of the twelve (12) local districts in the 2014-15 and 2015-16 school years. Districts included in this phase include; Muskegon Public, Muskegon Heights Public School Academy System and Holton Schools. During the second phase and beginning in 2016-17, the **Promise** scholarship will be awarded to eligible students graduating from high schools within ALL twelve (12) local districts that comprise the Muskegon Area Intermediate School District.

ELIGIBILITY

To qualify for the **Promise** scholarship, students must meet all of the following criteria:

- Reside within the boundaries of the Muskegon Area Intermediate School District (MAISD).
 - During 2014-15 and 2015-16 eligible students must reside within a high school located within the boundaries of the Muskegon Public Schools, Muskegon Heights PSA System and Holton Public Schools.
 - Beginning in 2016-17 eligibility of students expands to include graduates of all high schools located within the boundaries of the MAISD.
- Graduate with a cumulative 3.5 GPA from a qualifying high school located within the boundaries of the MAISD.
- Apply for federal student aid using the Free Application for Federal Student Aid (FAFSA) each year.
- Enroll at an eligible partnering institution.

TERMS OF THE MUSKEGON AREA PROMISE SCHOLARSHIP

The **Promise** scholarship will be for an amount up to the cost of tuition and fees for 32 credits per year at Muskegon Community College. Subject to that maximum, a student's scholarship amount will be the balance remaining for tuition, books and fees at either Muskegon Community College or Baker College of Muskegon after the student has applied for and accepted all federal, state and institutional grants for a given year. Monies will be paid directly to either partnering institution.

Students must comply with the partnering institution's standards for *satisfactory academic progress*. Students must also comply with the Muskegon Promise Scholarship Student Success Guidelines such as participation in; placement test preparation sessions, student orientation, educational plans or audits, check-in meetings with PZ staff or college staff, exam study sessions, and early warning intervention strategies.

Students will have a maximum of four years from high school graduation to use **Promise** scholarship monies to earn a maximum of 62 credits, the equivalent to an associate's degree from Muskegon Community College.

Students must apply annually and supply a copy of their college transcript with the application. They must also supply notice of any financial aid awards for the next year of college attendance. The amount of the **Promise** scholarship may be adjusted each year based on any revised financial aid information provided.

ELIGIBLE INSTITUTIONS

The **Promise** scholarship may be used at either Muskegon Community College or Baker College of Muskegon.

EXTENT OF BENEFITS

For eligible students, the amount of the **Promise** scholarship will be awarded on the basis of length of consecutive attendance at public or non-public schools within the boundaries of the MAISD, as follows:

In the first phase of scholarship implementation (2014-15 and 2015-16), scholarship awards will be 100% funded for all eligible students.

Beginning in Phase two (2016-17 and subsequent years), scholarship awards will be prorated as follows:

- Grade attended and enrolled, 9-12: 100% funded
- Grade attended and enrolled, 10-12: 75% funded
- Grade attended and enrolled, 11-12: 50% funded
- Grade attended and enrolled, 12 only: 25% funded

APPEALS

Students may appeal to the Muskegon Area Promise Zone Authority Board (MAPZA) to defer use of the **Promise** scholarship, or to seek review of the denial of eligibility. Appeals must be made in writing to the MAPZA Board in a manner and form prescribed by the Board. At a minimum, the appeal shall contain the student's name, address, date of birth, and phone number; the basis for the appeal; and any other supporting documents. When all required materials are received, the MAPZA Chairman will place the appeal on the next meeting's agenda and send copies of the appeal and all supporting documents to each Board member. The Board shall issue a written decision within 60 days of the date of the meeting at which the appeal was first considered. An appeal will be granted if the student seeking the appeal demonstrates good cause to the satisfaction of three-fourths of the Board members serving.

CONTINUATION THROUGHOUT COLLEGE

Students receiving the **Promise** scholarship must apply for its continuation each year by demonstrating their continued eligibility and providing a copy of their official academic transcripts. Students must comply with the partnering institution's standards for *satisfactory academic progress*. Students must also comply with the Muskegon Promise Scholarship Student Success Guidelines as indicated. The amount of the **Promise** scholarship may be adjusted each year based on any revised financial aid information provided.

ADMINISTRATION

Muskegon Area Intermediate School District and the Muskegon Area Promise Zone Authority staff, in partnership with Muskegon Community College and Baker College of Muskegon, will provide ongoing monitoring, oversight, and assistance to the MAPZA Board as it plans and implements the **Promise** scholarships.

FINANCIAL SUPPORT FOR MUSKEGON AREA PROMISE SCHOLARSHIP AWARDS

The **Promise** scholarship will be funded through a combination of broad-based community support, major gifts from private donors, corporate and foundation investments and through federal or state financial aid available to Muskegon students. The Muskegon Area Promise Zone Authority Board is charged with developing and implementing a plan to fund its **Promise** scholarship. Using the established *two-phased* approach, the minimum projected amount needed for the first two years of operation is \$107,909.00. The first five years of operation is \$1,100,351.00. The Muskegon Area Promise Zone Authority is confident its fund raising plans will succeed in securing sufficient funds to pay these and subsequent costs as they are required.

MUSKEGON AREA PROMISE SCHOLARSHIP FUNDRAISING PLAN

The Muskegon Area Promise Zone Authority Board will engage in a fundraising approach with help from an investment steering committee as detailed below:

1. Community Campaign – Based upon traditional campaigns, this approach will target large and small donors, will utilize visible signs of campaign progress, and will depend upon personal contacts and participation by prominent members of the community. The campaign includes any Muskegon County resident with vested interest, area district alum, small local businesses, and local community efforts. An active **Go Fund Me** account has been created under the non-profit affiliate of the Community Foundation for Muskegon County. Having internet appeal, donations can be made via <http://www.gofundme.com/promisescholarship> or directly through the Community Foundation website.

2. Major Gift Donors – The Major Gift Campaign is a directed campaign that centers on prominent individuals with the capability of making contributions of \$1,000 or greater and uses a highly-personalized approach to raise significant funds within a short period of time and to tell the organization's story to the community's most influential people and quickly raise awareness.

3. Corporations/Foundations: Local corporations and foundations will be approached centering on a social and economic investment in our students. Targets will be several key corporations that impact Muskegon area residents for employment opportunity.

MUSKEGON AREA PROMISE SCHOLARSHIP EVALUATION

Muskegon Area Promise Zone Authority is currently focused on developing an evaluation plan to measure the extent to which its scholarship and program services are impacting college matriculation and success among graduates from the Promise Zone (e.g., total number of eligible students per year, the number of students applying, the total annual awards, and number of students matriculating, disqualified, and graduating). This involves: (1) establishing and implementing a strategic plan accompanied by benchmarks against which annual progress can be measured; (2) developing the capacity to keep and track relevant student data; (3) conducting an analysis of college attendance and persistence behaviors among MAISD graduates; and (4) establishing data-sharing partnerships with partnering post-secondary institutions; including a comprehensive report after four years, and every two years thereafter.

BEGINNING OF MUSKEGON AREA PROMISE SCHOLARSHIP AWARDS

The first scholarship awards will be given to the graduating class of 2015 for eligible students. Students who are eligible to receive the **Promise** scholarship in the 2015-16 academic year will be given the opportunity to apply for their award in the fall of 2015 and will be able to use the funds it provides to pay for tuition, books and fees in that semester and in the subsequent winter semester. Future cohort application deadlines are under development.

FINANCIAL ANALYSIS FOR MUSKEGON AREA PROMISE SCHOLARSHIP AWARDS

Muskegon Area Promise Zone Authority estimates that the total **Promise** scholarship awards will cost approximately \$42,003.00 the first year and \$65,906.00 the second year using the established *two-phased* approach. The strength of the *two-phased* approach is one that provides the MAPZA with confidence in planning for scholarship sustainability for all eligible students county-wide. The analysis to support these estimates is presented in the attached actuarial chart.

Total required funding for scholarships for the first TWO years = \$ 107,909.00

Total required funding for scholarships for the first FIVE years = \$ 1,100,351.00

Note: MAPZA expects to provide an annual scholarship based on prevailing tuition rates and mandatory fees at Muskegon Community College. The analysis assumes that at least 37% of Muskegon County students plan to attend either MCC or Baker College of Muskegon upon graduation from high school, 22% will graduate with a GPA of 3.5 or higher, 36% would qualify for Federal Pell grants and that 48% are eligible for free and reduced lunch benefits.

If as projected, future SET growth results in revenues that exceed the cost of the **Promise** scholarship described in this plan, the MAPZA Board will consider modification to the scholarship as it strives for quality implementation. While those decisions are years away, likely options include allowing students to use the **Promise** scholarship at additional higher education institutions and/or lowering the high school GPA eligibility requirement. In the case of the latter option, we believe that various measures the MAPZA will put in place to support student success in post-secondary education will make it possible to lower the GPA eligibility requirement while still achieving our college success and degree completion goals.

BOARD APPROVAL OF THE PLAN

The Muskegon Area Promise Zone Authority voted on **August 18, 2015** to accept this Promise Zone Development Plan in its entirety. Six (6) yes votes for approval were noted, zero (0) no votes. Three (3) members did not participate in the vote due to absence. Currently the MAPZA has TWO open and unfilled board positions. Both positions are set to be filled by September 1, 2015.

The following voting board members were in attendance: (6 of 9)

Mr. Steve Parker, Longview Management Consulting; Mr. John Severson, MAISD;
Mr. Lee Coggin, Baker College (arrived 8:57 a.m.); Mr. Gary Nelund, State Farm Insurance;
Ms. Cindy Larsen, Muskegon Lakeshore Chamber of Commerce; and
Mr. Dale Nesbary, Muskegon Community College

The following voting board members were absent: (3 of 9)

Mrs. Chris McGuigan, Community Foundation for Muskegon County;
Ms. Holly Hughes, Community Member (participated via conference call only);
Mr. Robert Jacobs, Community Shores Bank

Final Board approval for submission to the Department of Treasury on **August 18, 2015** by Steven Parker, Board Chairman granted and noted.

Final submission of such approved Promise Zone Development Plan by Muskegon Area Promise Zone Authority Board at the **August 18, 2015** Board Meeting shall occur.

Attachments 1-4:

- 1) Muskegon Area PZA Actuarial Model for funding**
- 2) Muskegon Area PZA By-Laws**
- 3) Muskegon Area PZA Conflict of Interest Policy**
- 4) Muskegon Area PZA Meeting minutes for adopting the MAPZA Development Plan**
(August 18, 2015)

Approved 9/29/15

TWO YEAR MODEL WITH BASE YEAR OF 2014

Enter Zone specific assumptions in shaded cells

% Attending Partner two year college	37%	
Est Annual Cost of Comm College Tuition	\$ 4,050	Muskegon Community College
Est Annual Increase in CC Tuition Cost	4.0%	
Minimum GPA Requirement	3.5	
%of Graduates that meet GPA Requirement	22%	
Average PELL grant	3,644	
% Federal Free Lunch eligible (FFLE)	48.2%	
% Attending College with Pell	36.2%	

Academic Year	# Students Attending Partnering 2 year Colleges	Annual Tuition Per Student	Total Annual Tuition	Total Annual Pell Grants	Admin Costs	Annual Net Tuition
2015-16	15	\$ 4,050.00	\$ 60,750	\$ 28,747	\$ 10,000	\$ 42,003
2016-17	26	\$ 4,212.00	\$ 109,512	\$ 51,819	\$ 8,213	\$ 65,906
2017-18	184	\$ 4,380.48	\$ 806,008	\$ 231,408	\$ 60,451	\$ 635,051
2018-19	273	\$ 4,555.70	\$ 1,243,706	\$ 346,171	\$ 93,278	\$ 990,813
2019-20	291	\$ 4,737.93	\$ 1,378,738	\$ 381,792	\$ 103,405	\$ 1,100,351
2020-21	310	\$ 4,927.45	\$ 1,527,510	\$ 422,291	\$ 114,563	\$ 1,219,782
2021-22	329	\$ 5,124.55	\$ 1,685,977	\$ 464,028	\$ 126,448	\$ 1,348,397
2022-23	348	\$ 5,329.53	\$ 1,854,676	\$ 508,763	\$ 139,101	\$ 1,485,014
2023-24	386	\$ 5,542.71	\$ 2,139,486	\$ 554,021	\$ 152,563	\$ 1,738,028
2024-25	386	\$ 5,764.42	\$ 2,225,066	\$ 604,786	\$ 166,880	\$ 1,787,160
						\$ 10,412,506

					Annual Tuition less	
<u>Year</u>	<u>Growth in SET Above 2014 Baseline</u>	<u>Half of SET (3 mill equivalent)</u>	<u>SET Capture Transferred to Promise Zone</u>	<u>Annual Tuition less Pell Grants</u>	<u>Annual Net Tuition net of SET Capture</u>	<u>Pell Grants and SET Capture per Student</u>
2015	\$ 241,990	\$ 120,995	\$ -	\$ 42,003	\$ 42,003	\$ 2,800
2016	\$ 755,249	\$ 377,625	\$ -	\$ 65,906	\$ 65,906	\$ 2,535
2017	\$ 1,503,875	\$ 751,938	\$ 498,620	\$ 635,051	\$ 136,431	\$ 741
2018	\$ 2,274,960	\$ 1,137,480	\$ 751,938	\$ 990,813	\$ 238,875	\$ 875
2019	\$ 3,069,177	\$ 1,534,589	\$ 1,137,480	\$ 1,100,351	\$ (37,129)	\$ (128)
2020	\$ 3,887,221	\$ 1,943,611	\$ 1,534,589	\$ 1,219,782	\$ (314,807)	\$ (1,016)
2021	\$ 4,870,237	\$ 2,435,119	\$ 1,943,611	\$ 1,348,397	\$ (595,214)	\$ (1,809)
2022	\$ 5,887,658	\$ 2,943,829	\$ 2,435,119	\$ 1,485,014	\$ (950,105)	\$ (2,730)
2023	\$ 6,940,689	\$ 3,470,345	\$ 2,943,829	\$ 1,738,028	\$ (1,205,801)	\$ (3,124)
2024	\$ 8,030,576	\$ 4,015,288	\$ 3,470,345	\$ 1,787,160	\$ (1,683,185)	\$ (4,361)
				<u>\$ 10,412,506</u>	<u>\$ (4,303,025)</u>	

Grads that are Pursuing the Promise*

Increase Per Year: 3.0%

2015	15	Start with 3 schools (Muskegon PS, Muskegon Hgts PSA and Holton PS)
2016	26	
2017	184	All county schools within the MAISD implemented
2018	273	
2019	291	
2020	310	
2021	329	
2022	348	
2023	367	
2024	386	

* Numbers rounded up