

Davenport Promise

Promise Task Force
Final Report
November 2008

Time & The World Do Not Stand Still.

Change is the law of life.

And those who look only to the past or present,

are certain to miss the future.

John F. Kennedy

The Davenport Promise

- Scholarship for college tuition or vocational training for every qualifying Davenport student who graduates from high school.
- 400 hours of community service from each Davenport student who wants to participate in the Davenport Promise program.
- Returning military veteran's homestead grant, to assist with a down payment on a Davenport home.
- City property tax cap for low income senior or disabled homeowners.
- Additional police officers and firefighters, to keep a growing community safe.

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Background

The Davenport Promise Task Force was created by resolution of the Davenport City Council on February 27, 2008 to review and refine the Davenport Promise concept. Upon appointment by Mayor Gluba, the fifteen member Task Force began a series of twelve meetings on April 26, 2008. Meetings have been held throughout the community, and all meetings have been open to the public.

Since April, the Task Force has explored the significant community issues which gave rise to the Davenport Promise concept. The Task Force has reviewed the challenges and opportunities the Davenport Promise presents. The Task Force commissioned an independent economic analysis of the Davenport Promise concept to further analyze, challenge and test the concept. This analysis was completed by the W.E. Upjohn Institute for Employment Research on September 19, 2008. The Upjohn report and all other pertinent materials reviewed by the Task Force reside on the City's website for public access and review.

As the challenges of revitalization and sustainable community prosperity in a globally competitive market are pressing and clear, the program guidelines and potential methods of funding the program consumed the bulk of the Task Force's deliberation. All

reasonable options were explored and debated by Task Force members. The recommendations to follow are consensus recommendations, weighing the viewpoints of Task Force members arrived at through the course of months of review.

The Davenport Promise Task Force members are:

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Summary

Nothing matters more to parents than their children. The best business advantage any company has is exceptional employees. What defines a community's prosperity in a global economy is the skill of its workforce.

Three realities. Every child matters. Every employee counts. The world is a tough place.

The Davenport Promise confronts these realities head on. By addressing the long term quality of the region's largest labor force with the power of community action, it says to every business on the planet, we are ready for your investment in our city. By guaranteeing every child exceptional preparation for adult achievement, it says to every parent, **Davenport is the place where the American Dream is truly possible.** By challenging every teen to step up and be a contributing member of society, it says to every resident of Davenport, thank you for your faith in me, I will not let you or this community down.

The Davenport Promise Task Force has reviewed the work of the 2007 Promise Exploratory Committee. It has reviewed and refined the Davenport Promise concept over the course of months, traveling to see the effects of a first generation Promise program and exploring best practices for emerging Promise efforts nationally. It has commissioned an independent economic analysis of the concept.



At the end of this analysis, the Task Force concludes the potential benefits of the Davenport Promise are such that it should be put before the voters of Davenport.

The Davenport Promise program has the ability to sustain growth and prosperity for the city and region. The Promise presents a fundamental choice over the next decade between adding 9,300 new residents and 1,500 students to Davenport or losing 3,900 residents and 600 students. The Davenport Promise would provide a remarkable advantage to every child in Davenport, **without an increase in local taxes**, by reallocating 25% of the existing Davenport local option sales tax to workforce development. The economic analysis projects positive combined fiscal impacts to the city and school district in every scenario. With a growing tax base, basic services can be improved without increasing property taxes.

The choice for Davenport is clear. A reallocation of 25% of the local option sales tax to support workforce development is a better use of this existing public revenue source to grow the community, sustain the economy and provide better value for each property tax dollar, than the existing allocation formula established in 1988.

Davenport was America's original gateway to the West. A historic community, we have a proud heritage of innovation. We were an incubator of jazz, home of the first railroad bridge across the Mississippi River, site of the first chiropractic adjustment and a host of other innovations. Legend has it we even invented sliced bread (and we have a patent to prove it). With the Davenport Promise, we open a new gateway in the nation — the gateway to the future.

The Davenport Promise could surpass our prior accomplishments, leading the nation in community prosperity through workforce improvement.

The Davenport Promise program features an education benefit for advanced vocational training or college as a workforce development strategy, but it is much more than that. It is unique to Davenport. True to our Midwestern work ethic, it requires community service while in high school to qualify for a Promise scholarship. Students pay back their community and form strong ties to it, before they receive their first dollar of Promise funds. The Davenport Promise honors the choice of military service with a returning veterans benefit. The Davenport Promise includes funding for police and fire personnel, to keep a growing community safe. To assure the most vulnerable have greater financial security, the **Davenport Promise includes a City property tax cap for low income senior or handicapped homeowners.**



The Davenport Promise is an investment in our future and provides the framework for all aspects of our community — the School District, the City, local businesses, our faith community and every neighborhood — to work together. **The Davenport Promise is a community transformation, making Davenport one of the best places in the nation for children, families, neighborhoods and businesses to thrive.**

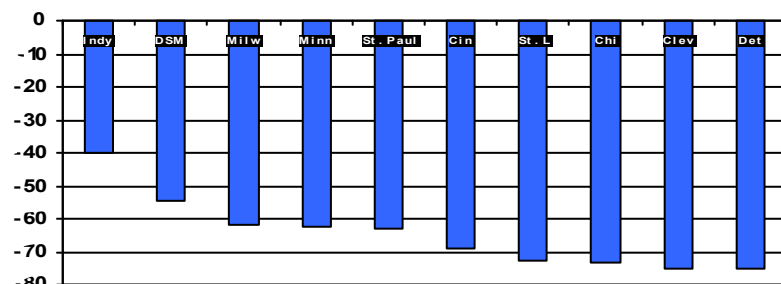
With more than 18,000 cities, towns and villages in the United States, the Davenport Promise would be the first city based, community funded program of its kind to directly address workforce development with post secondary education support for every graduate. This key concept, to harness the power of the marketplace to build a highly skilled regional workforce through the straightforward but transformative step of assuring that every child is provided the means to succeed, lies at the heart of the Davenport Promise.

The magnitude of change imagined through the Davenport Promise can only occur with community action, and the Task Force recommends that this community action commence in earnest.

The following pages describe the Davenport Promise in detail, beginning with ten essential findings of the Task Force.

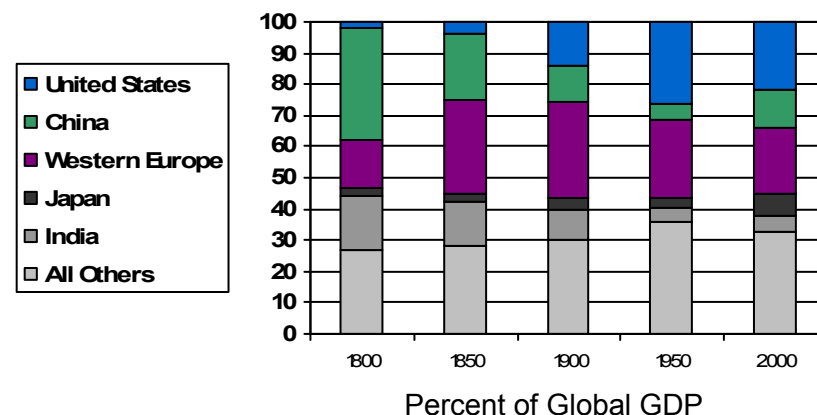
Finding #1 Davenport & the Quad Cities Face Significant Challenges

Economic competition from around the globe and across the sunbelt has significantly challenged the Quad Cities. The standard of living has decreased for many and the regional population has stagnated for decades as manufacturing jobs have moved south or offshore. American manufacturing output as a percentage of global manufacturing has been declining since 1961 and the total number of American manufacturing jobs has been declining since 1979. This trend shows no sign of reversing.



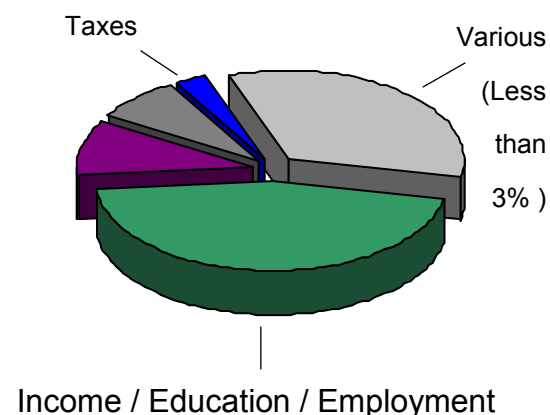
Percent Manufacturing Jobs Lost 1977—2002

As cities east of the Great Plains and north of the Mason-Dixon line lose manufacturing jobs by the millions, they've lost population by the tens of millions. Some of our nation's once greatest cities now stand half vacant, shadows of their former selves. Cities like Davenport face global challenges, and must chart a new course to succeed.



Percent of Global GDP

Community members clearly understand this, replying in a regional survey in 2007 that **the single greatest concern of their family was income, employment and education.** This combination of concerns was mentioned by four times as many respondents (45%) as the second most referenced concern (crime, at 10%) and more than sixteen times as many respondents as the fourth most referenced concern (taxes, at 3%).



Finding #2 The Region Faces Critical Workforce Development Issues

In a globally competitive economy, having a skilled and well-educated workforce has been shown to be the number one growth factor in determining a metropolitan area's output, income and productivity growth.

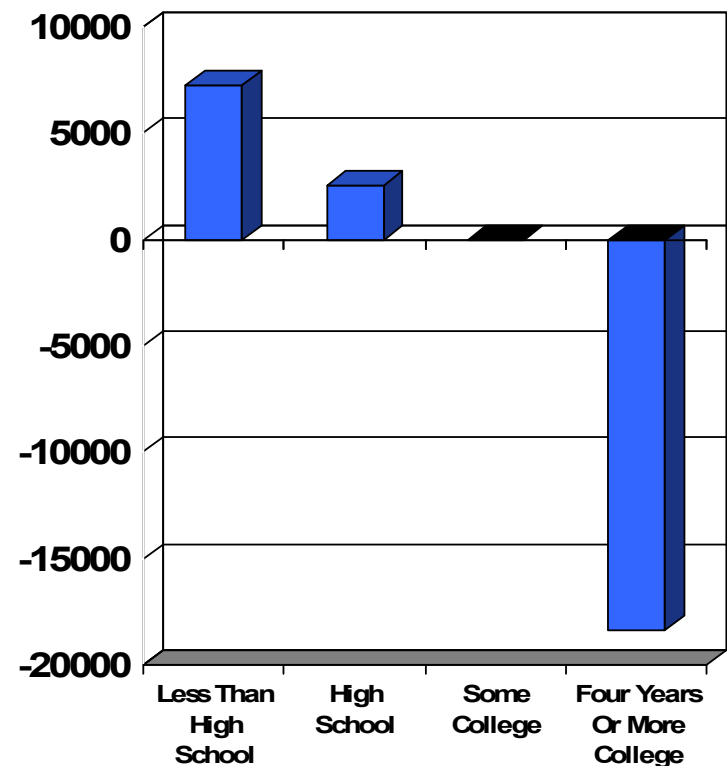
Simply put, the workforce matters most, with investment and jobs following workforce quality. While respecting a proud manufacturing heritage, the region's next generation workforce must add skills to succeed. Over 8,000 employees in the Iowa Quad Cities are eligible to retire in 2008. More than a quarter of vacancies in the Iowa Quad Cities region require at least a bachelors degree. Fundamental demographic changes are in play, with the State of Iowa projecting as many as 150,000 jobs will go wanting in the state in five years for lack of qualified workers. At the national level, more than 10,000 baby boomers will reach retirement age every day, for the next 15 years.



Businesses that can't find an adequate workforce move, and those that may be looking to site a new factory or office, pass workforce poor regions by.

As employees retire out of the workforce in record numbers and with Iowa already ranking #2 in the nation in percent of its population age 85 and over, Davenport and Iowa are losing college grads at a distressing pace.

Iowa In / Out Migration 1995–2005



Finding #3 The Workplace of Tomorrow Requires More Than High School

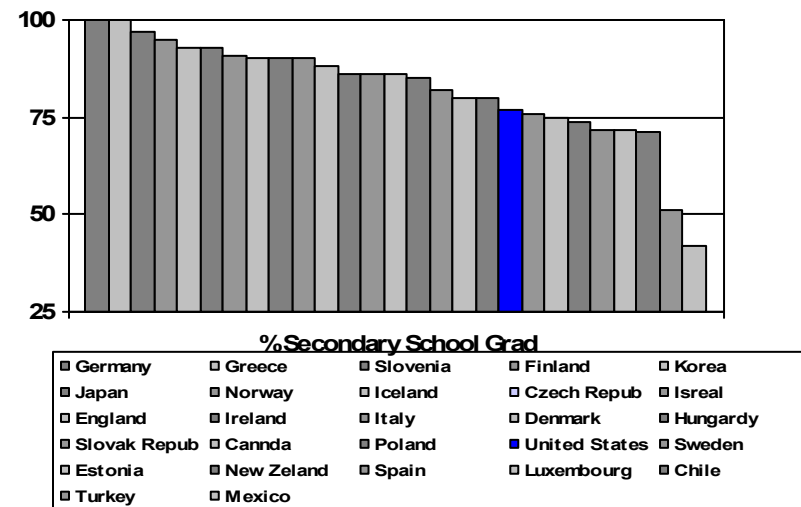
High school education first became universal and free in 1874, in Kalamazoo, Michigan. The concept spread across the nation and laid the foundation for a century of American global predominance. A Great Depression, two world wars, a cold war and polio were all beaten back with the most productive and highest skilled workforce the globe has ever known. From a bike shop in Dayton, to a beach at Kitty Hawk, to a flag on the moon, the surly bounds of earth slipped. From “Watson, come here...”, to the Internet, to a garage in California, a world connected. From a blacksmith named Deere in Illinois and Nobel laureate named Borlaug in Iowa, a world fed. From Rosie the Riveter to the sacred sands of Normandy and Okinawa, a world saved. It has been a remarkable ascent of a nation, powered by leading the world in education.

But an education system designed for the farms and factories of the late 1800’s is no longer adequate.

Two thirds of current jobs and every one of Iowa’s top ten growing jobs requires post secondary education. More than fifty percent of new, advanced manufacturing jobs requires some college. The days of high wage, moderate or low skill work are gone. They will not return.

America’s standing in educational preparedness is lagging as other nations rapidly advance. In 2004, the United States ranked 19th of 27 industrialized nations in percent of adults graduating from secondary school. In 1970, we ranked #1.

Middle schoolers today have witnessed a fall in ranking from the United States having the 2nd best educational preparedness in comparison to other industrialized nations when they were born to 15th place as they enter high school.



Finding #4 Davenport Must Succeed, Or the Quad Cities Will Falter

The fundamental economic unit in the global economy is not individual cities, or even nations. The fundamental economic units in the global economy are regions. The Quad Cities competes with well in excess of a thousand regional economies across the globe, from Des Moines, Madison and Peoria, to Indianapolis, Atlanta and Phoenix, to Chicago, Berlin, Jakarta, and Beijing.



Successful regional economies are assisted by efficient land use patterns and government services, effective transportation, capital and communication links to the global economy and again, most importantly, well-educated and highly adaptive workforces.

Davenport is the largest city and represents the largest labor pool in the Quad Cities. Its success matters for the entire Quad Cities.

Fifty of Our Global Regional Competitors

Ranking	City	Dimension				
		Business Activity	Human Capital	Information Exchange	Cultural Experience	Political Engagement
1	New York	1	1	4	3	2
2	London	4	2	3	1	5
3	Paris	3	11	1	2	4
4	Tokyo	2	6	7	7	6
5	Hong Kong	5	5	6	26	40
6	Los Angeles	15	4	11	5	17
7	Singapore	6	7	15	37	16
8	Chicago	12	3	24	20	20
9	Seoul	7	35	5	10	19
10	Toronto	26	10	18	4	24
11	Washington	35	17	10	14	1
12	Beijing	9	22	28	19	7
13	Brussels	19	34	2	32	3
14	Madrid	14	18	9	24	33
15	San Francisco	27	12	22	23	29
16	Sydney	17	8	27	36	43
17	Berlin	28	29	12	8	14
18	Vienna	13	31	29	11	9
19	Moscow	23	15	33	6	39
20	Shanghai	8	25	42	35	18
21	Frankfurt	11	43	19	13	34
22	Bangkok	18	14	23	41	13
23	Amsterdam	10	38	25	12	56
24	Stockholm	25	33	13	16	27
25	Mexico City	34	23	32	9	11
26	Zurich	30	20	8	31	54
27	Dubai	21	19	14	44	44
28	Istanbul	32	13	34	43	8
29	Boston	37	9	35	33	50
30	Rome	31	30	30	15	22
31	Sao Paulo	16	36	31	27	23
32	Miami	33	21	26	39	21
33	Buenos Aires	40	16	43	25	12
34	Taipei	20	49	21	40	15
35	Munich	29	27	49	18	36
36	Copenhagen	36	41	16	42	28
37	Atlanta	38	24	39	21	32
38	Cairo	48	28	17	45	10
39	Milan	24	42	41	28	37
40	Kuala Lumpur	22	46	40	49	38
41	New Delhi	47	50	20	46	35
42	Tel Aviv	51	45	38	17	31
43	Bogota	46	26	51	34	25
44	Dublin	41	39	48	30	48
45	Osaka	54	32	45	29	51
46	Manila	43	48	47	38	26
47	Rio de Janeiro	44	47	50	22	46
48	Jakarta	42	40	36	51	41
49	Mumbai	39	37	53	52	52
50	Johannesburg	45	55	37	48	45

Finding #5 Davenport Schools Are Able, But Many Davenport Children Need Help

The quality of public education in Iowa consistently ranks in the top three states in the nation. Davenport public schools have long contributed to this standard of excellence. However, decades of urban disinvestment have left too many children, families and neighborhoods struggling to succeed.

One in four of Davenport's 25,000 children live in poverty.

More than half of children in the Davenport School District qualify for free or reduced rate lunches.

One in four Davenport School District students do not graduate high school.

With these challenges, it should not surprise anyone that two key indicators of future success are lagging in Davenport. Davenport's high school graduation rate is 73%, compared with graduation rates in the mid 90% range for suburban districts. Less than one third of Davenport students intend to attend a four year college, compared with more than half in suburban districts.

This loss of future potential is untenable. It is untenable for the first grader who already knows they don't have a real chance at life. It is untenable for the teenager choosing between the fast buck and the long haul necessary to be a contributing member of society. It is untenable for the widow trying to sell the home she raised her family in years ago, with no new family to buy the house. It is untenable for hundreds of Quad City businesses who need the best workers to compete. It is untenable for every taxpayer in the region, picking up the tab for sprawling infrastructure and criminal justice costs borne of potential gone astray.

The community cannot continue to accept such a loss of future potential. More students must graduate, and be well prepared for successful futures.



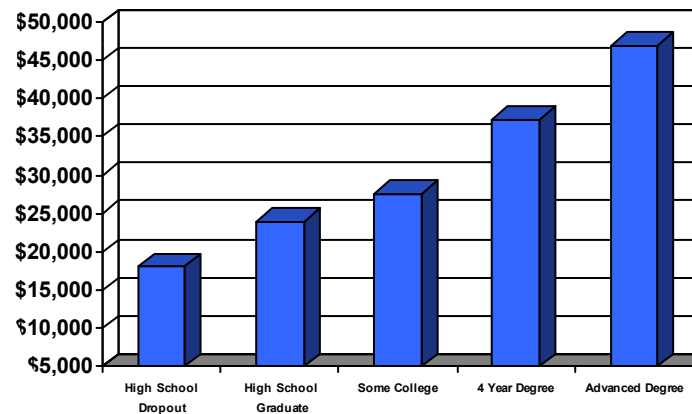
Finding #6 Education Is The Key To Success

There is a strong correlation between education and success, at all levels. In Iowa, high school dropouts earn an average salary of \$18,043 while those with bachelor's degrees earn an average of \$37,300. Those with advanced degrees earn an average of \$47,012. At the family level, 45% of children born to poor parents remain poor as adults while 54% of children born to wealthy parents remain wealthy as adults.

Advanced vocational training is vitally important to the regional economy. With 16% of the Quad City workforce employed in manufacturing, 6% in construction, 5% in transportation, communications and utilities and 4% in agriculture, and with workforce demographics leading to a wave of retirements, there is a growing need for young workers in the trades which keep our economy moving forward.

The single largest success factor for children born to poor parents is attainment of a college degree.

Ninety-six percent of children born to poor parents exceed their parent's income after achieving a college degree.



■ Annual Earnings

Every advanced trade requires education beyond high school. Sixty percent of those employed in manufacturing in the Quad Cities and more than 50% employed in construction have some education beyond high school, with more than 20% holding an undergraduate degree, or higher.



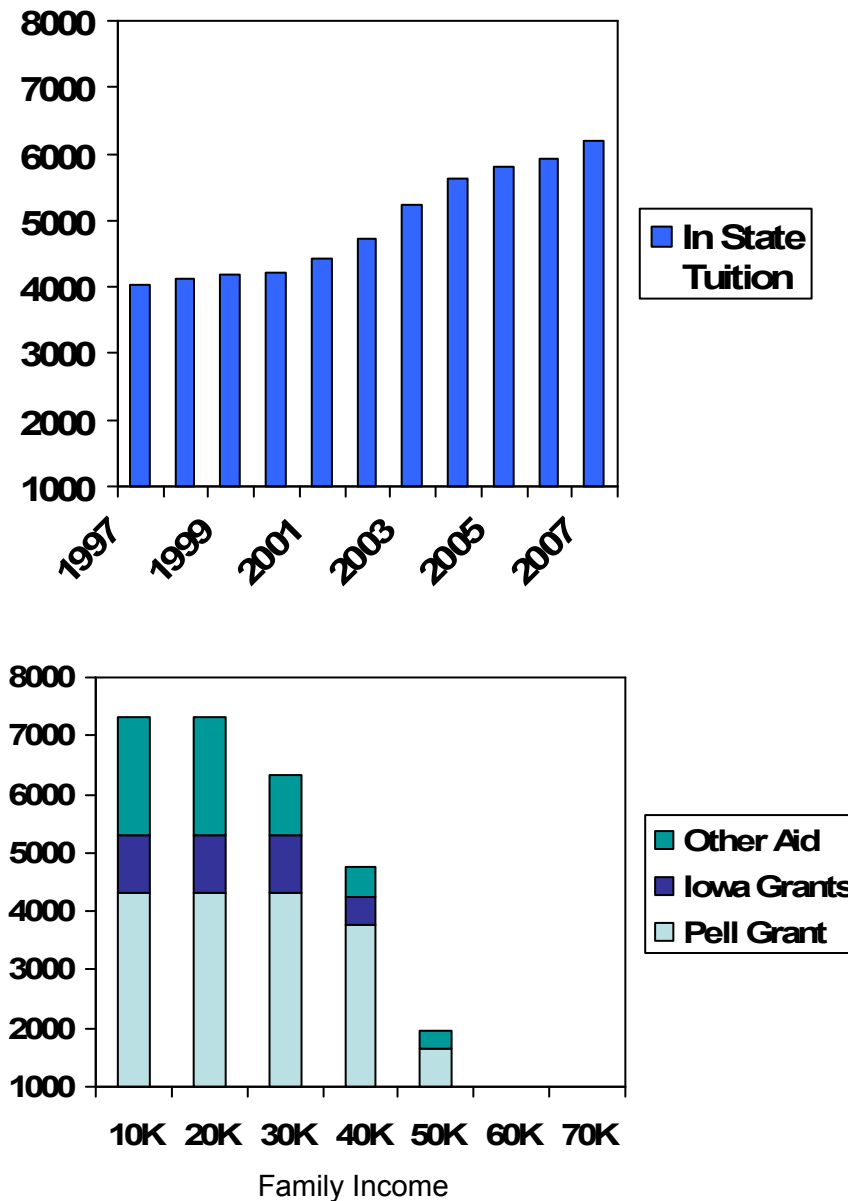
Finding #7 Post High School Education Is Increasingly Unaffordable

While post high school training, be it advanced vocational training or college, is the key to individual and regional success, college is fast becoming unaffordable, especially to middle income families.

Financial aid is rapidly phased out for children of middle class families.

Following national trends, the region is in danger of being burdened by a permanent underclass, as the middle class inexorably shrinks, crushed by the weight of readily available low and high skill workers across the globe.

Meanwhile, area students able to make it to college increasingly find it necessary to leave for major metro areas after college simply to pay off their growing student debt burden. Iowa college students rank 2nd in the nation in percentage of students with student debt and 6th in the nation in debt load per student. Iowa's most significant export isn't agriculture, it is exceptionally bright, well-educated students.



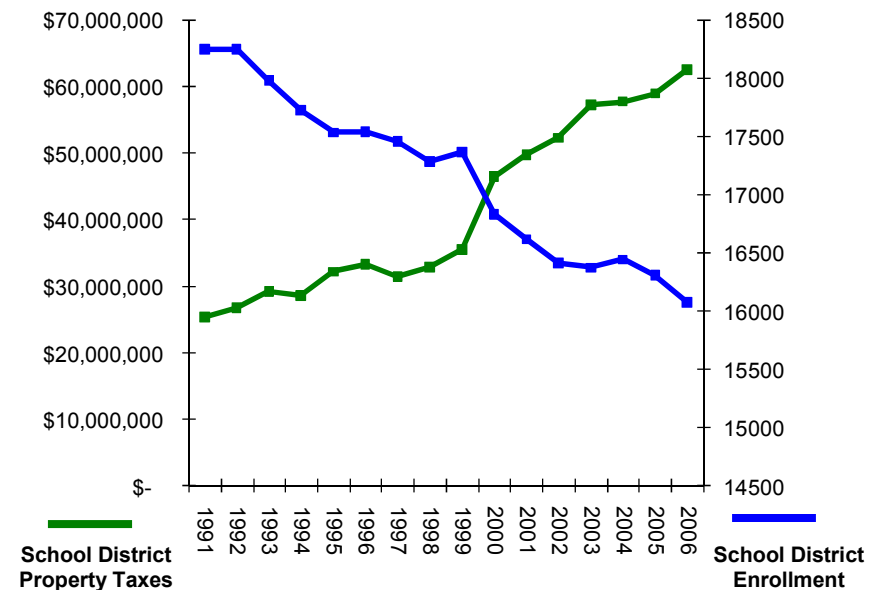
Finding #8 As the School District Goes, So Go Your Property Values & Taxes

The Davenport School District, like school districts across the nation, is the single largest determinant of local property taxes. School districts are labor intensive operations with the community shaping mission of preparing students to lead productive lives as adults. The Davenport School District comprises 45% of a typical property owner's property tax bill in Davenport. The City of Davenport, by comparison, comprises 40%.

Like many urban school districts in historic manufacturing communities, the Davenport School District has experienced persistent enrollment decline for years. Economic dislocation and demographic shifts underlie much of the decline, which is further deepened by open enrollment preferences. As student enrollment declines and poverty and other societal factors create greater challenges at school, costs per pupil and per capita increase. Increasing per pupil costs are compounded by declining state aid. The State of Iowa currently provides local school districts \$5,333 per student, each year, to support local education. **The decline in student enrollment from 1991 to 2006 cost the Davenport School District \$12.2 million in state aid this year (2008).**

Without intervention, the increasing cost / declining enrollment spiral can doom a community. Excess capacity in the school's physical plant adds costs or closes neighborhood schools. Programs are cut or taxes are increased. Attraction and retention of teachers

suffers. Businesses move, jobs are lost, property values decline and, years later, entire neighborhoods can stand vacant. Dozens of historic American cities, large and small - Philadelphia, Cleveland, Pittsburg, St. Louis, Detroit, Dayton, Flint, Buffalo and more - have fallen victim to this downward spiral. The "tipping point" – the moment when it is too late to act to change the direction of the community – is rarely understood in advance in such situations.



Davenport is a resilient community, but the persistent decline in student enrollment must be addressed.

Finding #9 Davenport Has Challenges, But Can Succeed

Davenport has similar challenges to other historic Midwest cities: an economy in transition from manufacturing, infrastructure with the wear and tear of inexorable freeze / thaw cycles, and an aging population. Even with these challenges, it remains distinctively resilient among its Midwest peers. After two decades of decline, its **population stabilized from 2000 – 2007, and even grew slightly (0.8%)**. Only one mid-sized city in the central states without the inherent advantages of being a suburb, university community, state capital or health care center grew faster. Whether this city (Cedar Rapids) will be able to sustain this advantage in the aftermath of the historic flood of 2008 is yet to be determined.



With extraordinary effort, Davenport's population has, for the moment, stabilized. Substantial riverfront, downtown and neighborhood revitalization projects and programs are underway. The city has leading edge operations, with more City personnel meeting national accreditation standards than any other city in Iowa. Crime is trending significantly downward. A robust capital improvement program is in place and intergovernmental relations are positive. From a national perspective, the city has strong attributes, including

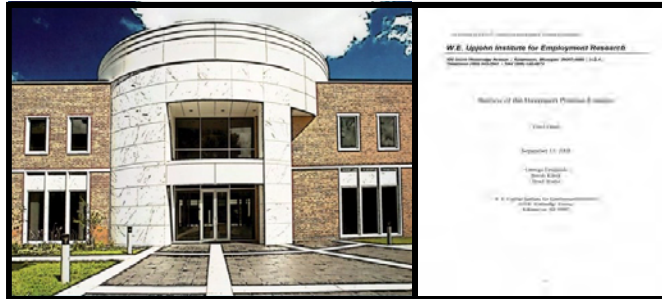
an AA bond rating, proximity to 37.4 million people — 13% of the nation's population — and the largest market west of Chicago and east of Omaha. It features good transportation including interstate, rail, air and water and excellent natural resources including more than adequate water and energy. Davenport has comparatively low taxes and consistently ranks in the top tier of affordable housing.

The city has capacity to accommodate nearly 1,500 greenfield and infill households with its existing infrastructure, and the capacity to develop more than twenty square miles within its Interstate beltway with the completion of a sewer project. The city has been recognized for its sustainability efforts on an international level and was recognized as the **Most Livable Small City in the nation by the U.S. Conference of Mayors in 2007**.

The essential idea of the Davenport Promise is to confront the hard truths of a globally competitive economy and utilize our advantages to address our challenges. The challenges are great, but the power of community action and ability to attract investment, jobs and people to a city uniquely focused on the future is greater still.

Finding #10 Independent Analysis Supports the Potential of the DP Promise

The W.E. Upjohn Institute for Employment Research was commissioned to conduct an independent economic analysis of the Davenport Promise concept. The final report, dated September 19, 2008, concludes **Davenport could gain 9,356 residents and the Davenport School District could add 1,539 students by 2019 with a Promise program.** Without a Promise program, the study projects a loss of 3,933 Davenport citizens and a loss of 600 more Davenport School District students. The study projects a Promise program would bring \$99.89 million in new public resources to the community in the first ten years, including \$69.10 million of state aid to the schools, **without a local tax rate increase.**



The Upjohn analysis projects that the combined local tax rates of the City and School District would not need to increase if citizens reallocated a portion of the City local option sales tax to fund the Promise program. While its “mid range” scenario projects an \$8.8 million total budget challenge for the City’s capital improvement program that averages \$278 million over seven years, the new economic activity spurred by a Promise program is such that in all cases the City and School District have combined positive fiscal impacts. To put the \$8.8 million capital budget challenge in context, it is less than

one percent of the combined City and School District budgets over the same seven year time frame. A Quad City Times editorial characterized closing this \$8.8 million projected budget challenge a “very attainable goal”. At the staff level, City and School District officials are already exploring ways to address this budget challenge without negatively impacting needed capital improvements.

The Upjohn report addresses the costs and benefits of the Davenport Promise concept in rigorous and independent fiscal detail. Beyond the hard numbers, the report states **“it has been shown, time and time again, that the quality of schools, education-achievement and skills of its residents are key factors to a city’s success”**. With more than 18,000 cities, towns and villages in the United States, the Davenport Promise would be unique in the nation; the first city based, community funded program of its kind to directly address workforce development through post high school education support for every child. This key concept, to harness the power of the marketplace to build a highly skilled regional workforce through the transformation of assuring that **every child is provided the means to succeed**, lies at the heart of the Davenport Promise.

Kalamazoo & Davenport

Kalamazoo, Michigan and Davenport share a number of similarities. Both are historic, diverse mid-sized Midwestern cities. They are roughly equidistant from Chicago, Kalamazoo to the east, Davenport to the west. Both are the largest cities in their region, with suburbs and small towns in their metropolitan orbit. Both have long legacies of manufacturing and are situated in states losing population at rates expected to reduce their congressional representation following the 2010 Census. Both lost population through the last quarter century, Davenport shrinking from 103,264 in 1980 to 95,333 in 1990, and Kalamazoo declining from 85,555 in 1970 to 72,637 in 2007.

Both have grand, historic neighborhoods, sentinel to a proud past. Both have pockets of distressed neighborhoods, with shrinking home ownership, poorly tended lawns and criminal activity which, fairly or not, is portrayed to characterize the entire city. Both have no shortage of conventional development without any discernible difference to suburbs. Both have property tax rates higher than nearby suburbs, who avoid paying the full range of metropolitan costs, as is common in urban / suburban regions.



There are also significant differences. Kalamazoo is not blessed with a location on the banks of the Mississippi River. It is not situated on a state line. It does not share its regional identity with other municipalities. Consequently, it has a single regional downtown core, with more cohesion and mass than Davenport. Importantly, this cohesion facilitates a business community centered in one place, unconflicted about supporting the region's largest city as they compete with other regions, near and far.

Two other significant differences bear mention. **The overlapping boundaries of the city and principal school district are fundamentally different.** The City of Kalamazoo is wholly contained within the Kalamazoo School District boundaries while the City of Davenport is split into three school districts. As will be noted later, this difference has an impact on the design of the Davenport Promise program. Finally (and thankfully) the economy of



Iowa is in far better shape than the economy of Michigan, which leads the nation in lost manufacturing jobs per capita and declining property values.

Kalamazoo Gazette Editorial

The most notable difference, for the purposes of this report, is that on November 10, 2005, Kalamazoo officials announced the “Kalamazoo Promise”. Funded by an anonymous, private donor and rolled out to the public less than three months after the donor decided to fund the concept, the Kalamazoo Promise changed Kalamazoo in ways many are still trying to understand.

The Kalamazoo Promise provides collegiate scholarships to any public university in Michigan to graduates of the Kalamazoo School District, on a sliding scale of benefit depending on the years a child has been a student of the district. The Kalamazoo Promise, in one fell swoop, reversed decades of student enrollment decline. **In the first three years of the program, Kalamazoo School District enrollment has increased by more than 1,300.** Families, largely middle class (the School District reports no downward trend in socio-economic status since the Promise) have come from 32 states to be part of the Promise.

The post-Promise Kalamazoo economy is, perhaps, the only bright spot remaining in Michigan. **More than 3,500 new jobs in the region have been announced since the Promise began** and housing values have held their own in a region and state that are otherwise in calamitous decline.

“Two years ago, the way Kalamazoo perceived itself changed abruptly. Before Nov. 10, 2005, Kalamazoo was a city that was slowly losing population, had difficulty retaining business and was watching jobs slip away and housing stock decline...”

But on that date it was announced that graduates of Kalamazoo Public Schools would be eligible to have their college tuition covered...and, suddenly, the possibilities seemed endless...

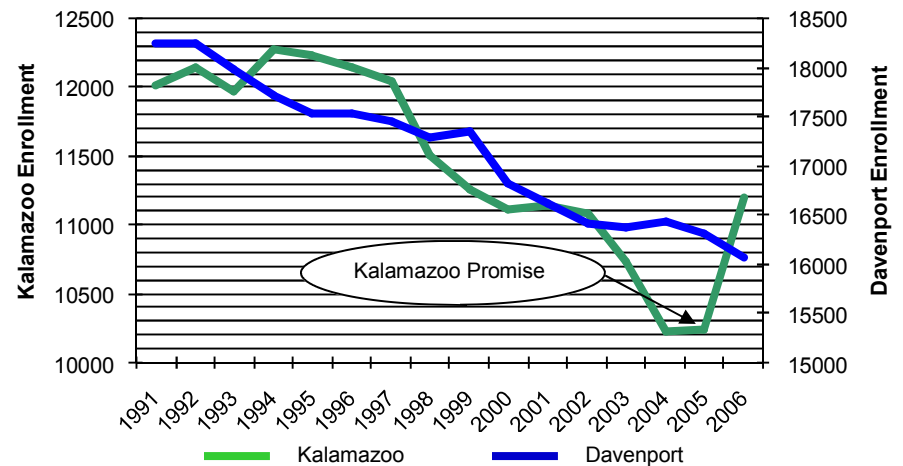
It has produced some astounding statistics in a very short time...

Enrollment has increased by 11 percent in the last two years, after years of decline. The number of African—American students graduating has increased by 43 percent. Enrollment in advanced placement classes has increased 27 percent...

Yet, there is still plenty to work on...discipline is an issue...and the achievement gap between black and white students continues to be a frustrating reality.

The nation’s educators have spent the last two years watching Kalamazoo Public Schools to see how this magnificent Kalamazoo Promise changes the community. It will be years before we know the answer. In the meantime, it will be quite a journey.

It already has been.”



Promise Best Practices

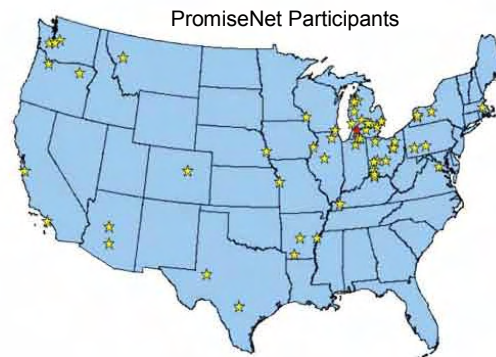
A single private donor's commitment to public education in Kalamazoo has rippled across the nation, with dozens of communities striving to match, in some manner, the concept. To date, success stories are few. El Dorado, Arkansas, a city of 20,000, began a Promise program similar in many ways to Kalamazoo, funded with a \$50 million pledge from Murphy Oil, which is headquartered in their community. Led by another major pledge from a philanthropic oil executive, Denver, Colorado has a Promise program expanding from three schools to a city wide program. Pittsburgh, Pennsylvania began a Promise program in 2006 backed by a \$100 million pledge from the University of Pittsburgh Medical Center.

For every one of these first generation Promise programs, there are dozens of Promise concepts in development in a wide array of communities. Manufacturing communities are well represented in the hunt. Racine, Wisconsin, is exploring a Promise program and is not so secretly hoping its long standing corporate benefactor Johnson Wax will come to the rescue. Having lost Maytag, Newton, Iowa was working toward a publicly funded Promise program. It had the ability to fund its program approved by the voters, only to be turned down by its City Council. Mayor Plusquellic of Akron, Ohio has proposed to fund an Akron

Promise by selling city sewers to a private company and using the proceeds to fund the program.

The first national conference on existing and emerging Promise programs was held in Kalamazoo in June this year. **More than two hundred participants representing nearly eighty programs in conceptual development attended.** Seven

Promise Task Force members, joined by five staff members of the City and Davenport School District, attended the conference. The emerging best practices for successful Promise programs, beyond a private donor with tens of millions of dollars to spare or a company willing to risk bankruptcy acquiring a leaking sewer system in a declining community, appear to be as follows:



Simple – Successful Promise programs are simple. Each new rule adds complexity, potential contention and cost to administer.

Both Kalamazoo and El Dorado have a single full time person responsible for program administration.

Inclusive – Successful Promise programs are inclusive, without income or achievement restrictions. All students are eligible to participate (typically within a specified geography) and accrue program benefits in accordance with program guidelines.

Portable – All existing Promise programs have some measure of portability; the ability to use the benefit at more than one school. Some have restrictions owing to the preferences of the private donor. For example, the Kalamazoo Promise requires participants to attend only public schools, and only in Michigan.

“First Dollar” – Kalamazoo and El Dorado are “first dollar” programs; where recipients receive the benefit without financial means restrictions. Such restrictions are often cited as significant obstacles to middle class collegiate attendance.

Community Support – All existing programs stressed community support, including early childhood education, improved guidance counseling and enhanced business involvement in curriculum development as critical to reaching the full potential of the program. Programs funded solely by private benefactors have had some

difficulty in this regard, as there is no “buy in” necessary from the community to initiate the program.

Marketing – In part due to its anonymous, private donor funding that had more of an academic achievement orientation than economic development focus, there was no coordinated and sustained program of marketing the Kalamazoo Promise in its first years. Any Promise program focused on economic growth through enhanced workforce development would benefit from a coordinated, sustained national marketing program. **The Task Force recommends a national marketing campaign**, coordinated through private and public / private economic development entities including DavenportOne, Iowa Department of Economic Development and the Quad City Development Group be aligned with any Promise effort that may be initiated.

Program Design

The Promise Task Force has devoted substantial time and effort to reviewing, researching and refining the Davenport Promise concept. In doing so, it finds the program originally crafted by the Promise Exploratory Committee in 2007 to be largely consistent with three principles guiding the Task Force's review; namely that **any Davenport Promise program must; 1) meet specific community needs, 2) be consistent with community values and, 3) be structured such that it may be sustainably funded within the community.** All three aspects are necessary for success. The program guidelines recommended by the Task Force meets each requirement.

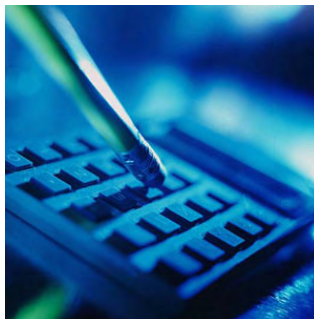
The full range of Davenport Promise program features meets the full range of authentic, pressing community needs. Davenport is becoming older and poorer. It is becoming less well educated, and less well off, than growing communities. It is losing its debt burdened college graduates to major metro areas just as assuredly as it is losing its tax burdened elderly homeowners. Portions of town are increasingly becoming majority rental neighborhoods, as rooted investment and population flows elsewhere. Military veterans; highly skilled, highly mobile and the very model of contributing citizens, choose other places to retire, rather than coming back home. Public safety personnel are only maintained by cutting back on other

city services given the state's throttling of decision making and tax base building at the local level. Juvenile delinquency, by a small group who believe they have no real chance at a "normal" life, is a growing concern.

The Davenport Promise addresses each of these pressing community needs, and it does so in a manner consistent with long held community values. Davenport has a well deserved reputation for being inclusive, progressive, and innovative. Davenport's very founding demonstrates our pluck. We did not wait for State action, we were chartered by Congress before the State of Iowa even existed. Our earliest days were as the nation's original gateway to the West, open and inclusive for all who desired a better life, and were willing to work hard to achieve it. **Our historic, high standards for community achievement, and high expectations for personal involvement in community improvement, still guides our best work.** Our leadership in early entrepreneurship, our continuing leadership on civil rights, and our emerging leadership on environmental sustainability demonstrates a proud progressive tradition. The Davenport Promise is consistent with this tradition, and promises to usher in a new era of growth, prosperity and community involvement. When we were the gateway to the West, Conestoga wagons were often lined up as far as the eye could

see. A Promise program could position Davenport as the gateway to the future. The difference is, the Conestoga wagons have been replaced by SUVs and hybrids. The other difference is, they won't be passing through, they'll be staying.

The final test, of sustainable funding, has been a focal point for review for well over a year. Truly sustainable funding is necessary to garner the full benefits of any Promise program with economic development at its core, for businesses and families will not relocate based on presumption, or hope. They will relocate for a guarantee of a more secure future.



To date, guaranteed funding for Promise programs have typically been in the form of pledges from major benefactors. While Davenport and the Quad Cities have generous benefactors, there is no realistic possibility of funding the Davenport Promise through private donations. The level of funding necessary for the Davenport Promise would exceed the total scholarships currently offered across the Quad Cities and be roughly equivalent to the sum of all current private and corporate donations in Davenport. Simply stated, every

person and business in Davenport or the Quad Cities cannot be expected to double their donations, and provide every new dollar to Davenport. After more than a year of pursuing private funding for the Davenport Promise, the task of **assembling completely private funding for the Davenport Promise has been deemed impossible** by professional fundraisers in the community.

No locally based program with the scope of the Davenport Promise concept has yet been funded through one of two other means to guarantee funding: a public bond issue or a local tax. A bond issue has been considered, and rejected, for funding the Davenport Promise program for three principal reasons. It would unduly affect the City's statutory debt limit, something that is generally to be avoided. It would not directly involve a vote of the citizens, something else to be avoided given the scope of the concept. Finally, a bond issue would increase property taxes, which is rarely a good starting point for a new program.

After reviewing all options for sustainable funding of the Davenport Promise, the Task Force concludes the best option is a reallocation of a portion of the City local option sales tax (LOST). The City LOST is a legal, sufficient and sustain-

Program Design cont.

able funding source, that may be allocated as citizens determine locally by referendum. The School District local option sales tax is restricted by state statute to capital projects of the School District and, thus, may not be utilized to underwrite scholarships. **No funding source exists in state law that would permit the School District to fund post-high school education.**

If such a funding source were created and the Davenport School District became the funding source, urban disinvestment and suburban sprawl would be exacerbated, since the District's boundaries extend beyond the City's boundaries. This circumstance occurs in the Kalamazoo Promise example, where the greatest tax base building impact has occurred within the Kalamazoo School District boundaries, but outside city limits. **As the core idea of the Davenport Promise is economic development for the region's largest city and workforce improvement for the region's largest labor pool**, the Task Force concurs with the Promise Exploratory Committee's recommendation that a reallocation of the City LOST is the most viable funding option, and should be put to the voters for a decision.

The City LOST is legal, sufficient, sustainable and can only be utilized with a vote of the Davenport citizens. A key finding of the Task Force, after independent analysis by the Upjohn Institute, is that a reallocation of the LOST to fund Promise scholarships (technically, forgivable loans) would initially require 15% of the LOST, growing to 25% with time. Even after adding 10% for public safety personnel, the majority of LOST revenue would remain for property tax reduction and capital improvements. Further, the Upjohn analysis concludes that in every modeled scenario, new state aid and tax base developed by the Promise program would more than offset the redirection of LOST resources, thereby requiring no combined City and School District property tax increase for the program.

The goal of addressing community needs within existing resources guided the program design. The recommendations of the Task Force achieve this goal by better utilizing an existing tax, rather than creating a new tax, or raising property taxes.

Program Guidelines

Participant Eligibility

(starting with Class of 2009, if approved at referendum)

- A. **Residency – Program participants must reside in Davenport, and**
- 1) Attend a Davenport school, public or private, or
 - 2) Attend a Bettendorf or North Scott school (as required in some areas of Davenport), or
 - 3) Be home schooled, or
 - 4) Obtain a G.E.D. within [to be determined] years, or
 - 5) Maintain good standing as determined by the post-secondary institution to which they are admitted

In the first year of the program, all high school students who reside in Davenport regardless of where they are enrolled will also be eligible through graduation.

Scholarship Amounts

A. **College or university** – Scholarships for first and second years tied to the full-time tuition rate at Scott Community College; scholarships for third and fourth years tied to the full time tuition rate at the University of Iowa. Rates will be annually reviewed and adjusted.

B. **Vocational training** (not housed in a college or university) – up to amount of Scott Community College tuition.

C. **Veterans homestead grant** - \$7,500, payable in the form of a forgivable loan for a mortgage on a Davenport home to be occupied for not less than five years, upon proof of not less than honorable discharge.

Scholarship / Forgivable Loan Availability

A. Students who reside in Davenport on the date of the referendum who meet all other eligibility criteria will be eligible to receive 100% of the scholarship.

B. Students who establish residency after the date of the referendum will be eligible as follows:

Residency	Benefit	Residency	Benefit
K–12	100%	1/2/3 – 12	95%
4 – 12	90%	5 – 12	85%
6– 12	80%	7 – 12	75%
9 – 12	65%	10 / 11 – 12	0%

C. Students have up to ten years from the date of their high school graduation to draw scholarship or homestead grant funds.

Community Service Requirement

100 community hours per year of high school, or a total of 400 hours of community service.

If life circumstances render the community service requirement difficult, a waiver may be sought.

A Community Promise

Unlike any other, first generation Promise program, the Davenport Promise is a community promise. Workforce development through post secondary education support is a feature of the Davenport Promise, but the full Davenport Promise program includes five unique features:

1) School Choice — The Davenport Promise allows students to attend the school of their choice, within their home school district*. Private, public, or home-schooled, the Davenport Promise is for any Davenport high school grad, commencing with the Class of 2009 (pending referendum approval). After high school, school choice continues. Grads can choose any accredited college in the nation.

2) Community Service Requirement — The Davenport Promise requires community service before the first dollar of benefit is provided to high school grads. Students would be required to complete 400 hours of community service while in high school to qualify for the benefit** (averaging less than two hours per week). A wide variety of service work would be permissible, assisting seniors, tutoring younger children, community clean up, neighborhood volunteering, etc. An oversight panel would monitor community service opportunities and allow waivers for children whose life circumstances are such that meeting the service requirement is impossible.

3) Senior / Disabled Homeowner Tax Cap — The Davenport Promise includes a City property tax cap for low income senior and disabled homeowners. The tax cap would be established by the City Council to limit City property tax increases to not more than a fixed amount (to be determined by the Council, likely a CPI or SSN index) so low income senior and disabled homeowners have the security that City property taxes will not rise higher than inflation (or social security increases, as the Council may determine).

4) Veterans Homestead Benefit - The Davenport Promise honors the choice of military service after high school with a returning military veteran homestead grant. Up to \$7,500 may be provided to a returning military veteran to buy a Davenport home.

5) Public Safety Funding - To help keep a growing community safe without further burdening property tax payers, a Davenport Promise referendum would include an allocation of 10% of the local option sales tax to fund public safety personnel.

* Students currently in high school could continue in a school that is not within their home district

** Students currently in high school would only have to meet a pro-rata community service hour requirement based on the referendum date

Funding

Any use of public resources for a new program must be carefully considered. In October of 2007, at the request of City Council members and to assist the Promise Exploratory Committee, a staff memo outlined conceptual pros and cons of utilizing the LOST for the Davenport Promise. The principal concern at the time was that a reallocation would remove a substantial, diversified and growing revenue source from the City budget and capital improvement program. Thus, the 2006-2007 City Council tabled review of the Promise program and the 2008–2009 City Council established the Task Force to further review and refine the Promise concept.

Independent analysis commissioned by the Task Force indicates the principal conceptual concern that the City’s capital improvement program would be significantly impacted by a LOST reallocation will not occur. **The projected amount of scholarships** (technically, forgivable loans) **is in the range of 15% to 25% of LOST revenue**, and will not approach the up to 90% “worst case” scenario in the conceptual analysis. Further, the Upjohn analysis concludes that in every modeled scenario, new state aid and taxbase developed by the Promise program would more than offset the redirection of LOST revenue, requiring no combined City and School District property tax increase for the program while building substantial investment and population growth.

There is no “either/or” choice between streets and sewers or the Davenport Promise. A well governed, growing and prosperous community can fund necessary capital improvements, invest in its children, properly fund public safety expenses and protect elderly and disabled homeowners from rising property taxes.

The positive aspects of utilizing the LOST, as outlined in the 2007 conceptual analysis, include:

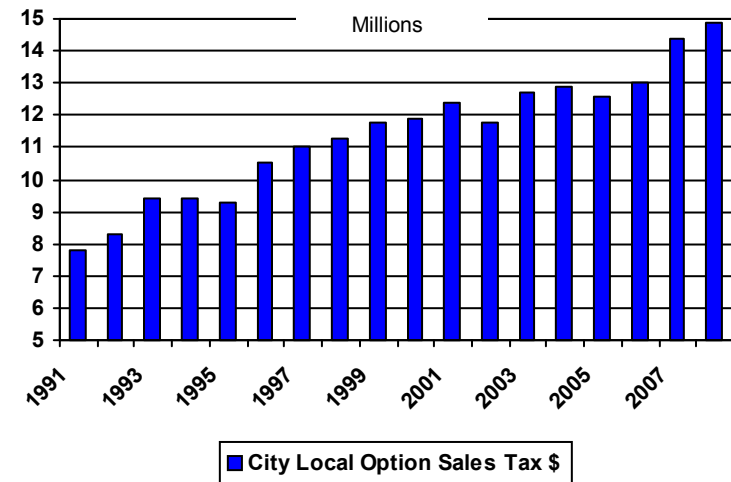
- *The LOST is an existing tax, not a new tax. New (and increased) taxes are generally to be avoided, and any new public funding source for a Promise program would likely require state action that would likely take years to achieve, if ever successful. Moreover, if a new funding source were available at the state level, Davenport and the Quad Cities would lose any competitive advantage.*
- *The LOST is a viable funding source. It may be utilized for any legal purpose, including, with a reallocation approved at referendum, funding additional public safety personnel and an economic development initiative such as the Davenport Promise.*
- *Davenport’s LOST is sufficient as a major program funding source. The amount of LOST received in Davenport is projected to be sufficient as a major funding source. Private donations and foundation grants are expected to provide supplemental funding and fund administrative expenses.*

Funding cont.

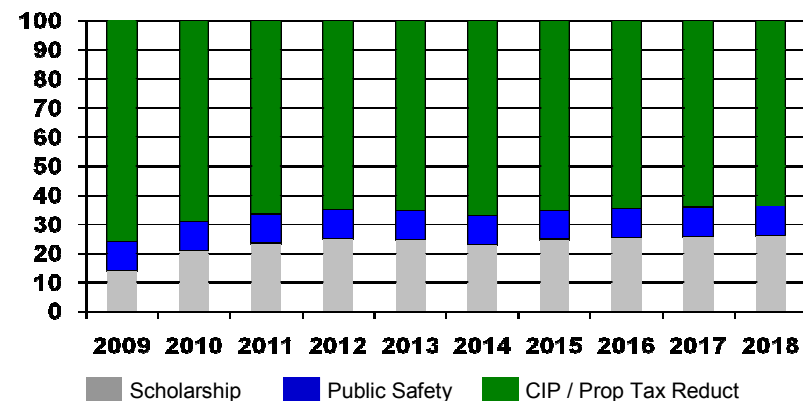
- *The LOST has a history of being diversified and sustainable. Growth in the community (and through increased discretionary spending) is directly tied to increased sales tax revenues. In such a manner, growth in the community spurred by the Davenport Promise would result in additional funding.*
- **Use of the City LOST would allow the program to be limited to Davenport residents only.** Were funding received from the school district LOST, children throughout the school district (including Blue Grass, Buffalo, Walcott etc.) would be eligible. Such district wide eligibility would likely engender further sprawl in the region and neither be advantageous for Davenport nor the region.
- *Use of the LOST for the Davenport Promise requires a direct vote of Davenport citizens. On a program with such potentially transformative impact, a direct vote of citizens would be appropriate and definitive.*
- **Reallocation of LOST to the Promise program would serve to focus Davenport policies on revitalization and growth.** The LOST would no longer serve as stop gap funding for capital improvements. The City would be required to fund capital improvements and services through consistent, long term strategies aimed at neighborhood revitalization and community growth. A Promise program could substantially accelerate neighborhood revitalization and provide a shorter term return on investment for the sewer diversion tunnel.
- *Finally, (as referenced previously) should a referendum be approved, the direct vote of the citizens would be definitive.*

Local Option Sales Tax—A Growing Revenue Source

28% - 33% Paid By Non Residents (est.)



With Promise, Majority Of Sales Tax Remains For Property Tax Reduction & Capital Projects



The October 2007 conceptual analysis concluded that the pros of utilizing the City LOST outweighed the cons. The Task Force concurs, with two conditions.

1) The first condition is the City and School District must work together on the Promise program.

While positive fiscal impacts for the City, where new tax base exceeds Promise costs, are projected as early as five years and not later than ten years in the Upjohn analysis, **the School District has positive fiscal impacts as early as the first full budget year of the program.** While the Promise program is designed to help the entire community, from a budgetary perspective the Davenport School District stands to gain the most.

Thus the Task Force recommends the Davenport School District and City meet to review shared goals and identify savings, other sources of funding or property tax rate reductions to offset \$1 million of shared City and Schools District expenses annually for 10 years such that the potential short term City capital budget challenge projected in the Upjohn analysis may be addressed without a combined City / School District property tax rate increase.

2) The second condition is the City work with the business community to implement a national marketing campaign for the program and work with the non-profit and foundation communities to develop support for, and administer, the program.

The Task Force recommends the City secure a commitment, in the form of a pledge (or pledges), from the business, non-profit and foundation sectors of the community to fund administration of the Promise program and a national marketing campaign, if the Promise program is approved at a referendum.

The Task Force also recommends the program be administered by a non-governmental, community foundation.

Letter From Davenport Community Schools District

NOTE — Student eligibility for the Davenport Promise is based on Davenport residency. The strong majority of Davenport children live within the Davenport School District boundaries. Children in the North Scott or Bettendorf school districts **who live in Davenport** are eligible for the Davenport Promise, as are children **who live in Davenport** attending private schools or are home schooled. Children who live within the Bettendorf, North Scott or Davenport School Districts who live outside the City of Davenport are not eligible for the Davenport Promise.

Davenport Community Schools understands the integral relationship between schools, community and the local workforce. This interdependence starts with employers and families who choose a community based on the quality of its schools and the economic opportunity available to their workers and families. At the same time, schools provide a critical foundation for any community in educating the next generation of workers, citizens and community leaders. The district understands the importance of their role and embraces a pre-kindergarten through graduation approach to preparing all students for post-secondary endeavors. While Iowa legislation requires students have at least a 4-year high school plan by the end of eighth grade, Davenport Community Schools takes a more comprehensive approach in preparing our students by providing academic and career guidance. This approach includes the development of a 5-year Academic Career Plan (ACP) in 8th grade that is reviewed and approved by parents.

Through expansive course offerings, extra-curricular activities, and hands-on career enhancement opportunities, students acquire knowledge and skills that will be valuable to them in their future. The six identified Iowa Department of Education **Career Pathways** include an array of careers under the broad headings of: Agrisciences & Natural Resources; Arts & Communication; Business, Information & Marketing; Engineering, Industrial & Technological Sciences; Family & Human Services; and Health Services. The approach is developmentally appropriate and focuses on career exploration for different age groups as follows:

Pre-K – 5th Grade AWARENESS – Introduction to community and various career fields through classroom speakers, field trips, high school demonstrations, Junior Achievement programming and more. The foundation for teamwork, responsibility, quality work, self management, and other knowledge and skills that contribute toward future employability skills is established at this level.

6th– 8th Grade EXPLORATION – Career exploration lessons are infused into the Language Arts curriculum and taught by guidance counselors. Using Choices Explorer and Planner, the designated Career Exploration software for the State of Iowa, all 8th graders complete an interest inventory and identify a career pathway of interest. They then create a 5-year Academic Career Plan (ACP) that identifies high school course work aligned with their pathway interests. The ACP also includes education options available to students once they first graduate.

Superintendent Julio Almanza

9th-10th Grade INVESTIGATION -- Students implement their ACP by taking core content courses to establish a critical foundation of knowledge and skills needed throughout all career pathways and for flexibility in their future. Students also take as many career-focused electives as possible while participating in real-world activities such as job shadowing. Students use Choices Planner to investigate career opportunities and create an electronic career portfolio. Students and parents evaluate their Academic Career Plan with their guidance counselor annually and make revisions as needed.

11th-12 Grade IMPLEMENTATION AND INTEGRATION – Students have the opportunity to participate in advanced coursework, college credit courses, and academic career-focused electives in their specified career pathway. Students participate in hands-on lab situations, school-based enterprises and have opportunities for job shadows, internships and work-based learning experiences.

In addition, **every student receives support from their guidance counselor** who assists them and their families in making good decisions in course selection, extracurricular activities and work experiences that are deliberate and relevant to their career interests. Guidance counselors facilitate discussions about postsecondary intent, college selection and navigating college and scholarship applications. Students who struggle with core content receive additional support through layers of academic intervention. A new position in the district, three Family Support Liaisons work directly with families throughout the district in assisting students in need of intensive interventions and assuring successful credit accrual and graduation.

The District also offers a variety of Advanced Placement (AP) courses. Students who meet predetermined criteria on the AP exam may receive college credit. Another option for students who meet specific eligibility requirements is concurrent (dual) credit courses through local community colleges. These courses enable students to earn high school and college credit for the same course, many of which are transferable to 4-year institutions. Concurrent enrollment courses continue to expand adding options this year in Environmental Science and Psychology and more courses next year. Curriculum Specialists are actively working with teachers, postsecondary institutions and industry leaders to create new opportunities for expansion in the future in career, technical and core content areas. For all concurrent enrollment courses students must meet predetermined criteria on COMPASS or ACT testing. These assessment tools are currently being explored for use annually to provide students, parents and educators with data to assure that all students are on track throughout their high school years for successful post secondary experiences.

Davenport Community Schools is committed to preparing students for success in the post-secondary endeavor of their choice. For some, this will be a 4-year college. For others, it may be a community college, apprenticeship, certification, military training or entry into the workforce. Our comprehensive approach to learning provides an array of opportunities for our diverse student body. The District is committed to enhancing and expanding curricula and career enhancement opportunities. At the same time, it delivers rigorous and relevant curricula to develop students' strengths and provide a broad base of knowledge and skills that will enable students to be successful in tomorrow's global society.

Upjohn Study

At its May 20 meeting, the Task Force determined an independent fiscal analysis of the Promise concept was necessary to address concerns about the potential use of public resources to fund the program. The analysis was to **model a range of potential outcomes with a Promise program, and establish a baseline scenario** with no changes to the local option sales tax (LOST) allocation. A request for proposals was advertised and submitted to more than fifty potential respondents, including universities, “think tanks” and prominent economists across the nation. Three proposals were received in response to the request, with the proposal from the W.E. Upjohn Institute for Employment Research selected as the proposal best suited to answer the Task Force’s questions.

The W.E. Upjohn Institute for Employment Research is a nationally recognized research institution, founded in 1945. Today, the Upjohn Institute employs sixty and carries out the broad mission of making research and scholarship relevant to solutions of employment related issues. Headquartered in Kalamazoo, **the Institute has conducted ample research on the Kalamazoo Promise.** The research team assigned to the project includes George Erickcek, Sarah Klerk



and Brad Watts. Mr. Erickcek was the lead researcher for the Task Force study, while Sarah Klerk and Brad Watts assisted with the project. Sarah Klerk holds a Masters in Public Policy from the University of Chicago and has completed extensive research on the impact of the Kalamazoo Promise. Brad Watts is an economics PhD candidate at Western Michigan University and has particular expertise in regional economics. George Erickcek holds a Masters in Economics from the University of Pittsburgh and has been employed by the Institute since 1987. He has written extensively on

economic development and employment issues and is a nationally recognized expert, serving as **co-editor of Economic Development Quarterly**, a national journal which explores economic development issues, since 2001.

At the September 8 Task Force meeting, Mr. Erickcek reviewed the study in progress with Task Force members. He reviewed the methodology of the report, presented preliminary findings and asked for feedback from Task Force members. The Task Force thanked Mr. Erickcek for his work on the study and reiterated that an essential component of the analysis was to compare and contrast a potential Promise program with a baseline scenario that maintained the present utilization of

the local option sales tax solely for property tax relief and capital improvements. The final report, dated September 19, includes this baseline scenario, along with a range of low, medium and high impact Promise scenarios. The Task Force reviewed the final report at their September 23 and October 7 meetings, including questions and answers fielded by Mr. Erickcek.

The two most critical findings of the report are:

1) Davenport can fund a Promise program without an increase in combined City and School District property taxes.

2) By 2018, Davenport stands to gain over 9,000 new residents with a Promise program or lose nearly 4,000 residents without a Promise program.

The Upjohn report is consistent with the conceptual staff analysis from 2007, at a much finer level of detail, but with the same underlying conservative approach. The October 2007 analysis concluded that if the Davenport Promise was one fourth as successful as the Kalamazoo Promise, the combined City and Davenport School District property tax rates could be less than the current rate in seven years. The Upjohn analysis projects combined tax rate reductions as early as five years into the program if the Davenport Promise is one third as successful as the Kalamazoo Promise.

The Upjohn report addresses the essential question of whether Davenport can better position itself for the future and distinguish itself among 18,000 other cities, towns and villages in the nation with 100% of the local option sales tax devoted to property tax relief and routine capital improvements or whether reallocation of 15% to 25% of the local option tax to a nationally unique education and workforce development program would be more cost effective and better position Davenport for the future. The Upjohn report provides an independent, research based conclusion; **the status quo is the path of slow decline, while the Davenport Promise is the path to lower taxes, less crime, revitalized neighborhoods, a stronger local economy and better jobs.**

The full 29 page report is available on the City's website :
(www.cityofdavenportiowa.com)

Two pertinent summary tables include:

Table 1: Impact Summary of the Davenport Promise

	Scenarios		
	Low	Medium	High
Total Enrollment Growth	1,472	1,539	1,600
Population Growth	9,136	9,356	9,604

Table 13: Middle Impact Scenario

Benefits-Cost Analysis										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Benefits	3,608,948	5,141,344	5,988,888	6,978,070	8,808,907	10,715,377	12,521,192	13,962,309	15,450,367	16,717,092
City of Davenport										
Property Taxes	435,978	617,967	809,094	1,011,006	1,225,473	1,454,402	1,699,853	1,964,062	2,249,460	2,558,695
Sales Taxes	111,651	116,577	121,695	126,984	132,478	138,174	144,080	150,202	156,546	163,121
Davenport Schools										
Property Taxes	478,793	678,653	888,549	1,110,290	1,345,818	1,597,228	1,866,783	2,156,938	2,470,363	2,809,966
State Revenue per Student	2,582,526	3,728,148	4,169,560	4,729,791	6,105,137	7,525,573	8,810,476	9,691,107	10,573,999	11,185,309
Costs	4,505,940	6,735,621	7,704,789	8,676,144	10,231,462	11,605,433	13,470,507	14,714,963	16,002,135	17,023,541
City of Davenport										
Scholarship Payments	1,923,414	3,007,473	3,535,229	3,946,354	4,126,325	4,079,860	4,660,032	5,023,856	5,428,136	5,838,232
Davenport Schools										
Operating costs	2,582,526	3,728,148	4,169,560	4,729,791	6,105,137	7,525,573	8,810,476	9,691,107	10,573,999	11,185,309
Benefit-Cost	-896,992	-1,594,277	-1,715,901	-1,698,074	-1,422,555	-890,056	-949,316	-752,654	-551,767	-306,450
Benefit-Cost to School	478,793	678,653	888,549	1,110,290	1,345,818	1,597,228	1,866,783	2,156,938	2,470,363	2,809,966
City's Capital improvement Budget										
Shortfall	1,502,199	1,985,912	1,889,068	1,649,140	1,149,266	391,669	226,749	-191,345	-608,894	-1,063,865
Percent of Annual Capital Budget	3.8%	5.0%	4.7%	4.1%	2.9%	1.0%	0.6%			

Alternative Perspectives

The Task Force is comprised of 15 members with diverse perspectives and opinions. The findings and recommendations of this report represent the consensus of the Task Force. At a minimum, the findings and recommendations are supported by at least a majority of the Task Force. The majority of the findings and **every recommendation represents at least a strong majority (2/3 or more) of Task Force members.** Through the course of the Task Force's review and deliberation, there were a few issues that one or more members expressed principled disagreement to the majority opinion. For the record, these opinions should be noted.

Program Scope – Three members of the Task Force are opposed to the program if it involves any level of government support or coordination. These members believe workforce development is best left to the individual and take exception to the use of public revenue for the program. One member of the Task Force supports the workforce development aspect of the program but has concerns regarding sustainability of economic progress and rate of return on public investment. This member proposed a recommendation, supported by the Task Force, for a ten year review to create a clear exit strategy for the program and stresses the need for strong integration with economic development marketing, which the strong majority of the Task Force also supports.

Benefit Portability – A few members of the Task Force expressed varying levels of concern regarding the portability of scholarships (technically, forgivable loans) to students attending academic institutions outside of Iowa as this matter was discussed over the course of several meetings. The advantages of including out of state academic institutions in the program are twofold. First, the ability of parents and graduates to choose the school of their own preference is fundamental to the value parents place on the Promise program. Restrictions on academic choice would restrict the value parents assign to the Promise in their decisions of staying in or moving to Davenport.

Second, the Task Force was careful to consider the least expensive route to a college degree currently available in Davenport. The least expensive route to an accredited, on campus college degree in Davenport (without factoring in financial aid packages of individual universities) is residing at home and attending Scott Community College and Western Illinois University's Quad Cities campus. WIU offers reciprocal, in-state tuition to Iowa residents. As the Davenport Promise covers the equivalent tuition of two years at Scott Community College and two years at an Iowa Regents university, the majority of the Task Force wanted to be certain the Promise could cover the major expenses for attaining a college degree for students

who could not afford the added expense of room and board. With no shortage of Fighting Bees and Hawkeyes on the Task Force, the strong majority of the Task Force is certain the quality of Iowa based colleges will attract a good percentage of Davenport Promise grads.

Funding - It is fair to say every member of **the Task Force would prefer a corporate or private donation fund the Davenport Promise. A strong majority of Task Force members has been convinced, through the course of review and analysis, this will not occur. The local option sales tax reallocation, meanwhile, has been demonstrated through the Upjohn study to be a viable and more cost effective approach to economic development than the allocation approved in 1988.** Thus, while three members take exception to the use of sales tax for the program (one would prefer gaming revenue instead, but gaming revenue is insufficient and far more variable than sales tax) the strong majority of the Task Force supports presenting the local option sales tax reallocation alternative to the public, with the conditions noted.

The concept of creating a new, additional local option sales tax with a change in state law has also been considered. A bill creating the

opportunity for an additional 1% sales tax for the Davenport Promise following a local referendum passed in the Iowa Senate last session but never came to a vote in the Iowa House. The bill passed the Senate largely on the intense lobbying of Senator Joe Seng. Even with bi-partisan support of the Davenport delegation in the Iowa House, the measure never came to a vote, principally due to concerns that a Davenport Promise would lead to population loss in other Iowa cities. While this concern is far removed from the national and international business development focus of the Davenport Promise, the concern was directly and plainly stated, and preceded the historic floods of 2008, with thousands now displaced and in temporary housing.

A dedicated and new funding stream could increase the level of benefit and increase the number of parents and businesses who are attracted to Davenport due to the Promise. It would also increase taxation within the community, which is generally to be avoided. While the Task Force is not opposed to any option that may make the Davenport Promise more likely, or beneficial, it does note that no new tax is required for the program to move forward. It also notes that waiting for assistance from a divided and rural dominated state legislature has rarely been a successful strategy for Iowa cities.

Public Forums

The Task Force sponsored a series of three public forums, to present findings and recommendations, and answer questions from citizens. More than 200 citizens attended the series of meetings.

The first forum was held on Wednesday, November 5 at 6 p.m. at the Adler Heart Institute of Genesis Hospital. Task Force member Ken Croken welcomed the audience, Assistant to the City Administrator Briley delivered a presentation and Task Force member Frank Klipsch facilitated a discussion following the presentation. Approximately fifty citizens were in attendance. Citizens asked a wide range of questions, with many focused not on the Promise but, rather, on other topics. An account, that did not include any positive citizen comments expressed at the forum, was published in the November 6 Quad City Times. The second forum was held on Thursday, November 6 at 6 p.m. at the downtown library. Task Force member Ken Croken welcomed the audience, Assistant to the City Administrator Briley delivered a presentation and Task Force member Frank Klipsch facilitated a discussion following the presentation. Approximately seventy five citizens attended the meeting.



The third forum was held on Saturday, November 8 at 10 a.m. at Central High School. Task Force Chair Dr. Ed Rogalski welcomed the audience, Assistant to the City Administrator Briley delivered a presentation and Task Force member Frank Klipsch facilitated a discussion following the presentation. Davenport Community Schools Superintendent Almanza was in attendance and also

answered questions. Approximately seventy five citizens were in attendance. Accounts of the meeting were published in the November 9 Quad City Times and Rock Island Argus.

At all three meetings, attendees were provided a frequently asked questions sheet with program guidelines on the reverse. Citizens were informed of the timetable for City Council consideration and were directed to the City's website for further information, including the Upjohn report, Task Force Report and all meeting minutes and materials reviewed by the Task Force.

The presentation from the second forum was aired on the City's cable channel and is available on-line on the City's website.

Recommendations

The Task Force recommends the following actions be achieved by the Davenport City Council at their earliest opportunity:

- 1) Secure a commitment in the form of a joint resolution from the Davenport School District to meet on a not less than annual basis to review shared goals and identify savings, other sources of funding or property tax rate reductions to offset \$1 million of shared City and School District expenses annually for 10 years such that the potential short term City capital budget challenge projected in the Upjohn analysis may be addressed without a combined City / School District property tax rate increase.
- 2) Secure a commitment, in the form of a pledge (or pledges), from the business, non-profit and foundation sectors of the community to fund administration of the Promise program and a national marketing campaign, if the Promise program is approved at a referendum.
- 3) Create a mechanism for public review, via referendum, of the Promise on not less than ten year intervals.
- 4) Determine the optimal community foundation to administer the program, if successful at referendum.
- 5) Encourage the education community to support and engage students on career planning and necessary academic achievement to realize success.

With the noted commitments secured, place a referendum question on the partial reallocation of the Local Option Sales Tax for the Promise program on the ballot on the earliest available election date.



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For more information regarding the Davenport Promise and City of Davenport — www.cityofdavenportiowa.com