How the Detroit Promise works

- The Promise Zone legislation requires a private organization to fund two years of scholarships prior to any tax support through a Promise Zone. Anticipating the creation of the Detroit Promise Zone in 2013, the Chamber designed the Detroit Scholarship Fund in a way that met the legal requirements of a privately funded scholarship pursuant to the legislation, paving the way for eventual tax capture through the Detroit Promise.

- Currently, the scholarship is privately funded by the Michigan Education Excellence Foundation (MEEF). The Detroit Regional Chamber has administered the program since 2013, and has sent more than 1,500 Detroit high school graduates to community college full time.

- The MEEF and the Detroit Regional Chamber will continue to fund the scholarships for the next three years, until the Detroit Promise Zone tax capture is permitted in 2018. The Detroit Scholarship Fund will transition to the “Detroit Promise” name in the near future.

- To be eligible for the scholarship, there is no academic requirement, but students must be Detroit residents and have spent their last two years attending a high school in Detroit – public, charter or private. Students can attend any of the following community colleges:
  - Wayne County Community College District
  - Oakland Community College
  - Macomb Community College
  - Henry Ford College
  - Schoolcraft College

- Once in college, students must meet the Pell/institutional requirements of Satisfactory Academic Progress (SAP) to maintain the scholarship.

- The Detroit Promise is a “last-dollar” scholarship, meaning it requires that the students apply for all financial aid via FASFA and Pell grants. The scholarship then covers any tuition and mandatory fees that financial aid does not, excluding student loans.

- The Detroit Regional Chamber has several full-time staff dedicated to administrating the scholarship. Staff visit high schools to explain the scholarship, assist the students with financial aid requirements and register them for the scholarship. Staff also work with students once they’re in community college to help with their transition and answer questions.
**Detroit Promise Timeline**

- **Early 2009** – Gov. Granholm designates 10 promise zones.
- **March 2009** – Detroit City Council submits documents to State to establish Detroit as a Promise Zone.
- **May 2009** - State approves Detroit as Detroit Promise Zone.
- **May 2013** - Detroit Regional Chamber and Michigan Education Excellence Foundation designate the Detroit Scholarship Fund to award community college scholarships.
- **July 2015** - City Council approves mayoral appointments of Detroit Promise Zone Authority (DPZA) Board of Directors.
- **March 14, 2016** - DPZA Board of Directors submit Development Plan to Treasury.
- **March 21, 2016** - Treasury approves DPZA Development Plan.

**Funding**

**Paying for the Promise – A three-part formula:**

2. Tax Increment Revenue (may be available as early as the program’s third year).
3. Private fund-raising.

**Tax Increment – How it Works:**

- The State levies the State Education Tax (SET) statewide on property at a 6-mill rate.
- After two years of operating through private funding, Promise Zones can capture *half of the growth* in the SET within their boundaries.
- Each Promise Zone calculates tax capture from a base year that is the year before it begins awarding its scholarships.
- Because the first year of operations for the Detroit Promise Zone is 2016, the base year for tax capture purposes is 2015.
- As property values increase from 2015, the SET revenue increases, and the amount distributed to the Detroit Promise Zone from the State will be equal to *50% of the growth* in the SET revenue.
- State of Michigan, Department of Treasury, Office of Revenue and Tax Analysis provides estimates of SET revenue projections for the 10 promise zones.

**How to apply**

- Students can apply at [www.DetroitScholarshipFund.com](http://www.DetroitScholarshipFund.com)
- Applicants must register for the DSF and submit the Free Application for Federal Student Aid by June 30.