

**The La Crosse Promise – Economic Impact Study**  
**W.E. Upjohn Institute for Employment Research**  
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**Executive Summary**

The La Crosse Promise is a collaborative effort by the school district, county, and city of La Crosse to develop a universal, place-based scholarship program modeled along the lines of the Kalamazoo Promise. The overarching purpose of such a program would be to halt or reverse troubling indicators on the horizon for the region, including a decline in the population of the urban core, growing concentrations of low-income students and aging infrastructure in the region's largest school district, and regional sprawl that is consuming farmland and natural assets while creating new challenges of congestion and service delivery.

***CRITICAL CHALLENGES***

The three partners involved in the planning process face distinct yet overlapping challenges that can be met at least in part through the development of such a program:

- The school district is motivated by the promise of improving access to higher education for all its students, reversing declining enrollment and the growing concentration of low-income children in the district, and securing continued community support for operating expenses and infrastructure needs.
- The county is motivated by the promise of containing urban sprawl, reversing the decline of the urban core, compensating for tax base disparities across the county, facilitating better land use planning, encouraging regional collaboration, and preserving the area's farmland and environmental quality.
- The city is motivated by the promise of attracting and retaining a diverse mix of families in the urban core, providing greater educational opportunity for low-income youth, further developing the local workforce, strengthening local institutions of higher education, increasing real estate values, and attracting new businesses to the community. By fostering and promoting a culture in which education is valued, civic leaders expect to help create a labor market that can attract quality businesses offering high demand/ high income jobs.

While each partner brings to the table its own motivations, their representatives have exhibited a strong commitment to working collaboratively to address the issues facing the community through an integrated approach that embodies compromise and emphasizes shared benefits.

***ELEMENTS OF THE LA CROSSE PROMISE***

**1. A universal, place-based scholarship program along the lines of the Kalamazoo Promise.** Every student in the School District of La Crosse will receive some level of scholarship funding, with residents of the city receiving the full amount of the scholarship and residents of other municipalities receiving a percentage based on disparities in the tax burden across municipalities.

**2. The allocation of new resources to facilitate college preparedness and planning, and to assist students in applying for financial aid.** Modeled on a program developed by the Denver Scholarship Foundation, Future Centers would be established in the district's high schools as centralized sites for the delivery of academic and college access services.

**3. The pursuit of an integrated community development effort** to increase the range of housing options available in the urban core, improve socioeconomic integration of neighborhoods, strengthen business recruitment and retention, continue to develop the downtown district, and enhance the quality of life for residents of the urban core and the region

### ***COMMUNITY ASSETS***

La Crosse is embarking on this project from a position of relative strength that makes it possible to intervene before negative trends already under way become more difficult to reverse. Among the community's chief assets are:

- A diverse and relatively stable regional economy;
- An urban center that includes cultural amenities, institutions of higher education, and leading health care facilities;
- A public school district that offers a broad range of instructional options, low class sizes, and competitive test scores; and
- A unique commitment to collaboration and to devising strategies that address the needs of all partners.

### ***COST ESTIMATE***

- If structured as a first-dollar scholarship (with payments made before any other sources of financial aid are accessed), the first-year cost of the La Crosse Promise scholarship program is estimated at \$1.7 million, with annual costs rising to \$5. million by year ten. A last-dollar scholarship program is estimated to cost \$653,000 in its first year and \$1.8 million annually by year ten.
- Future Centers staffing and operations would add at least \$130,000/year to annual costs.
- Administrative costs will depend on the structure of the scholarship program. It is reasonable to assume that one or two staff members would be needed to administer a first-dollar or flat-rate program, with additional capacity needed to administer a last-dollar program and pursue fund development activities.

### ***ENROLLMENT, ECONOMIC, AND FISCAL IMPACTS***

- Based on the model used, the announcement of the scholarship will attract 845 new residents, 241 new households and 362 new students into the School District of La Crosse. This translates into a net enrollment gain (accounting for students who leave the district) of 273 students. Enrollment increases will taper off markedly in years two through ten, although ongoing marketing efforts could minimize this decline. By 2018, the scholarship is forecasted to increase total enrollment by 842.

- By 2012, there will be an estimated 320 more elementary students in the district due to the Promise, pushing the capacity of the district's elementary buildings to their limits.
- In the year following the program's announcement, approximately 150 new jobs will be created due to changes in spending habits as households' college savings are freed up.
- The fiscal impact of the Promise on the City of La Crosse will be modest. The Promise could cause the city's number of households to increase by between 0.7 and 0.9 percent, generating between \$147,000 and \$189,000 in new property tax revenue for the city in 2010. The increase of 241 new households in the School District of La Crosse will increase property tax revenue by \$295,000 in 2010.
- The area's ability to retain a skilled and educated workforce will be increased, with La Crosse becoming an increasingly attractive location for educated workers to raise their families. Many of those students using the scholarship will choose to attend a local college or university, which raises the likelihood that these individuals will remain in the community and become part of the workforce. These developments could return the city to a positive population growth rate.

**Any assessment of the potential positive economic impact of the La Crosse Promise must be tempered by the current credit crisis in global financial markets and the substantial loss of household wealth associated with it.**

### ***THE COST OF INACTION***

The impact of the La Crosse Promise cannot be assessed simply by looking at its initial economic results. As a long-term investment in the community's future, many of the expected economic gains will unfold over a longer time period. It is also essential to explore the cost of inaction – that is, the extent to which current negative trends might deepen in the absence of such a program. Without the introduction of the La Crosse Promise or a comparable initiative, population in the City of La Crosse as well as enrollment in the school district will continue to decline during the next ten years. Population decline tends to be accompanied by increased crime rates that, in turn, increase the propensity of households with children to leave the city. This self-reinforcing pattern of urban decline also leads to waning property values and weakens the regional economy.

Building and retaining a skilled and well-educated workforce has been shown to be the single most important factor in determining a metropolitan area's economic output, income and productivity growth. There are powerful arguments on behalf of taking action now to position La Crosse as a home to educated workers and the businesses that value them, and to strengthen La Crosse's identity as an education-rich community. These arguments, however, are based less on the immediate and tangible economic gains generated by the introduction of a scholarship program than on the longer-term alignment of the community around the linked goals of educational excellence, access to higher education, and economic competitiveness. Especially in light of the current economic crisis, expectation of gains from the program must be squarely focused on the medium and long term.