

## THE LEXINGTON FIRST FUND AT A GLANCE

### **The Need:**

Approximately 83 percent of Urban County Government's General Fund dollars comes from the occupational tax and licenses, i.e. the payroll tax. Therefore, Lexington is heavily dependent on high-paying jobs to ensure that government services are provided at an adequate and appropriate level. The General Fund supports various functions, such as paying for our police officers and firefighters, as well as maintaining our parks. In other words, these dollars have a direct impact on Lexington's overall quality of life.

### **Vision:**

Simply put, *education is economic development*. The Mayor envisions a community that is committed to being known globally as a city on the cutting edge, investing in its youth in a unique way for the benefit of the entire community. The Mayor envisions a community that addresses this concept holistically, P-16, and into the workforce. Lexington must make investments in its children now to reap the economic benefits in the long run. Our workforce must be well-trained and well-educated if our high-tech economy is going to prosper. Science, Technology, Engineering and Math (STEM) disciplines are key to successful competition in a global economy. Leaders are talking about STEM at every level of government. The Fayette County Public Schools, our institutions of higher education, and Commerce Lexington are already contributing to this effort. The Mayor's commitment to this pipeline of a well-trained workforce is the creation of a tuition scholarship for students who major in a STEM discipline.

### **Terms of Scholarship at a Glance (Pilot Year):**

1. Every Fayette County high school graduate (public or private) would be eligible for up to a four-year tuition scholarship at an institution of higher learning located in roughly an hour's drive of Lexington.
2. Recipients must pursue an associate or bachelor's degree in science, technology, engineering, or math, as defined by the Kentucky Council on Postsecondary Education, or a bachelor's degree in education in order to teach one of these subjects.
3. Recipient must be a full-time student and maintain good academic standing, as defined by the postsecondary institution where the recipient is in attendance.
4. Scholarships would be in an amount equal to the lesser of the actual cost of tuition or the average tuition for in-state students at Kentucky's four-year public institutions, or for such lesser amount as the Urban County Council may determine.
5. Scholarships will be paid directly to the postsecondary educational institution and not to the recipient.
6. Scholarship amounts will be based on the period of time the recipient has attended educational institutions in Fayette County prior to graduation from high school. A recipient who attended school in Fayette County from Kindergarten through 12<sup>th</sup> grade

would receive 100 percent funding, four years of high school in Fayette County would receive 40 percent funding and fewer than four years would receive a pro-rata award based on 10 percent per high school year completed in Fayette County.

7. The Fund will be supported by a combination of public and private contributions. All recipients shall seek available financial aid and any financial aid for which the recipient is eligible will reduce the recipient's scholarship amount. The projected family contribution will also be taken into account and reduced from the scholarship amount.

#### **Benefits to Lexington:**

1. Encourages Lexington students to pursue degrees in the STEM fields, thereby providing a highly skilled workforce for Lexington's economy.
2. Promotes attendance at local institutions of higher education, keeping investment dollars in the region.
3. Provides enormous incentives for high-tech, health care, and other businesses to locate in Lexington. These industries provide high-paying jobs. As a result, revenues for the city increase, meaning investments can be made in the quality of life for all Lexingtonians.

#### **Lessons Learned from other Communities:**

Lexington would be the first city to offer tuition scholarships to all high school graduates who choose to major in a STEM discipline. Other communities, such as Kalamazoo, Michigan, have implemented privately funded scholarships for all high school graduates, but the requirement to major in a certain area have not been part of the program. While the Kalamazoo Promise is in its infancy, simply having the scholarship has generated national media attention and led to an increase in certain economic indicators. For example, in the first 14 months of the scholarship, enrollment in local high schools increased by 10 percent, 300 small businesses relocated to Kalamazoo, the value of homes increased 7 percent, 45 new teaching positions were created and families moved from 32 different states.<sup>1</sup>

#### **Evaluation:**

The Lexington First Fund process, administration and eligibility requirements will be evaluated at the end of the first year to determine if modifications are needed to make the program more successful. The City is interested in partnering with researchers from the University of Kentucky to formally evaluate the success of the program as it relates to economic development for Lexington. The scholarship will be administered by a third-party firm with experience in such programs.

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<sup>1</sup> Community Foundations of America, July 2007, The College Promise Model; [www.givingnet.net](http://www.givingnet.net)