



MVM STRATEGY GROUP

MARTIN VAN OSTEN MOSSBURG

Government Relations Consulting & Advocacy

Senator Office Building
1121 L Street, Suite 607
Sacramento, CA 95814
(C) 916-444-3108
(F) 916-444-3028
www.mvmstrategy.com

July 20, 2015

The Honorable Jimmy Gomez, Chair
Assembly Appropriations Committee
State Capitol
Sacramento, CA 95814

Dear Mr. Chair,

On behalf of the California After School Coalition and LA's BEST, we urge the Assembly Appropriations Committee to **support SB 645 (Hancock)**, which would authorize an after school program to suspend operations for up to 5 school days in order to achieve a degree of financial relief.

SB 645 will provide the opportunity for modest financial relief to programs that are grantees under the After School Education and Safety Act. As a cost-savings measure, it will allow an individual program to take up to five furlough days during the school year in addition to the existing 3 staff development days. We do not anticipate any fiscal impact to the state.

The bill also will allow the department to waive the minimum 85% attendance threshold if the adoption of the furlough days forces the program's attendance below 85%.

The minimum wage increases enacted two years ago have crystallized for ASES programs the very thin financial ice on which their programs stand. The minimum wage increase was never intended to lead to employee cuts and service reductions. The school districts and community-based organizations (CBOs) that provide ASES programs are struggling to comply with the \$1 wage increase effective July 1, 2014 and are deeply anxious about their capacity to comply with the second \$1 wage increase effective January 1, 2016 without sacrificing the quality of after school programs.

The Legislature recognized this impending crisis in developing the 2015-2016 state budget, adding \$25 million to the ASES budget in order to provide financial relief. Unfortunately, that augmentation was not sustained in the final budget as enacted.

As a result, SB 645 provides the opportunity for temporary program relief in the form of furlough days as an alternative to the augmentation.

The bill makes two additional changes requested by the Department of Education: 1) If the program exceeds capacity, it allows the school's priorities for grade participation to be set at the local level to reflect the school's student needs, and 2) It conforms middle school attendance goals with elementary school attendance goals by eliminating the minimum number of days and hours for middle school students.

Background. For nearly 25 years, after school programs have been a major part of the safety net for low-income families, especially when there is no stay-at-home parent during the day. After school allows parents to keep their jobs, knowing that their children are safely off the streets receiving meaningful academic and enrichment services. By enacting Proposition 49 in 2002, creating the ASES program, voters statewide agreed with the initiative's declaration that "after school programs have become a necessity, not a luxury."

ASES now has a statewide capacity of 400,000 slots annually but actually serves a larger number of unduplicated low-income students. There are 4000 state-funded after school programs. These elementary and middle school programs serve the highest need schools. This year, 82% of ASES students are eligible for the free and reduced price lunch program; next year, the department projects that percentage will rise to 90%.

Programs are required to operate until 6:00 pm every day, for not less than 15 hours per week (though typically 20 hours per week). At an ADA rate of \$7.50, ASES provides a yearly program maximum of \$112,500 to serve an average of 83 elementary students daily and \$150,000 to serve 111 middle school students. ASES programs must already provide a 33% in-kind/cash match.

Programs are required to maintain a supervision ratio of 20 students to 1 qualified staff member and must employ a Site Coordinator who is approved by the school principal.

ASES programs generally allocate more than 80% of the total grant funding to direct service personnel costs. The programs' school districts withhold up to 15% of the total grant for administrative purposes and certain districts demand that programs pay additional costs as well, leaving virtually no funds available to pay for anything but the requisite complement of staff.

ASES programs have operated on a shoestring since the beginning, under a rigid funding structure that limits their ability to be nimble in the face of imposed financial requirements. The daily rates were increased once statutorily, in 2006, from \$5 per day to \$7.50 (with no increase in the total appropriation). There has been no increase to the rate or the total appropriation since.

The ASES budget has remained static, while the California CPI has increased more than 17%. According to research by the Wallace Foundation, the ADA rate paid for ASES is one-third the cost of providing a quality after school program. The effect of the two minimum wage increases, as well as other costs like the new statutory requirement for 3 paid sick days per year, is the irresistible force squeezing after school programs against the immovable object of the rigid Prop 49 funding.

ASES programs spend most of their grant funding on personnel costs, constraining their ability to satisfy new expense demands. Programs cannot ask low-income parents to pay a fee because they cannot afford it. They cannot cut the number of children served and redirect the funds to pay for increased costs because their revenue depends on the number of children served. In order to maintain the 20:1 ratio, the program would have to eliminate 20 students to be able to save the cost of one staff member. However, since the revenue reduction would total more than the cost savings from one employee, the program would end up in worse financial shape.

Hundreds of career-track jobs held by entry-level employees in low-income neighborhoods are in jeopardy. Many programs are at risk of becoming financially unviable and simply closing. Sadly, the retrenchment of after school programming would occur at the same time that unmet needs remain high: 27% of low-income elementary and middle schools do not provide state or federally funded after school programs; over 400,000 English learners attend a school that does not offer after school.

The loss of ASES programs will translate into higher costs to the state because of the loss of quality services that enhance the lives of hundreds of thousands low-income children and their families.

- Children who participate in an elementary after school program for 3 or more years are 20% less likely to drop out of school. (UCLA study)
- Regular participation in an after school program is linked to significant gains in standardized test scores as well as reductions in grade repetition. (UC Irvine study)
- English language learners who participate in after school programs are three times more likely to be reclassified as fluent in English. (Central Valley Afterschool Foundation study)
- After school participants are 30% less likely to engage in criminal activities. (UCLA)
- Every dollar invested in after school programs saves taxpayers \$3 over all and \$2.50 in crime-related costs alone. (Rose Institute, UCLA)


Hon. Jimmy Gomez
SB 645
July 20, 2015
Page Four

CDE requested the other changes to clear up two issues in current law. First, when programs exceed capacity, schools have sought to target the most needy grades. However, CDE has determined that current law does not allow that flexibility; this amendment will provide the authority to be flexible in terms of grades served.

Second, middle schools have a higher hurdle than elementary schools in terms of meeting attendance requirements; meeting that hurdle is especially challenging since middle school students have greater autonomy when deciding whether to attend or not. This has created a problem for some middle schools in meeting attendance outcomes. The bill recognizes that middle school dynamic and conforms attendance requirements with the rest of the ASES program.

We thank you for your favorable consideration.

Sincerely,



Rand Martin

cc: Members, Assembly Appropriations Committee
The Honorable Loni Hancock
Robert Becker, Assembly Republican Consultant