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Sustainable Financing for ASES Programs – Exploring Alternative Revenue Sources

Background: Research on high-quality expanded learning programs has shown that on average, the cost of operation exceeds the current California daily rate of $7.50 per student by two to three times. Given this, over the last 2 years there have been statewide advocacy attempts to increase the After School Education and Safety (ASES) daily rate to $8.50 to offset the rising staffing and operations costs. After two years of ultimately unsuccessful attempts to increase the state investment in the ASES rate, Partnership for Children & Youth (PCY) sought to explore alternative funding sources to provide the additional funding ASES programs need. That said, even if a $1 or $2 rate increase was secured, it would not cover the existing budget gaps and future needs to operate programming. Therefore, it is important that the field identify strategies for securing ongoing and diverse funding sources.

Project Goals:

- Identify trends/best practices in ASES programs receiving LCFF and/or charging family fees
- Identify processes/administrative needs and key stakeholders involved in leveraging LCFF and/or charging family fees
- Determine the challenges and benefits to obtaining LCFF and/or charging family fees
- Identify the supports/tools/resources available or that would be required for the ASES field to leverage LCFF or family fees as a sustainable revenue source, and which entities/agencies would be the most effective and appropriate to take next steps needed to support the field at-large.

Overview: Family Fees and LCFF Key Findings

Key Findings	Family Fees	LCFF
Scope[1]	• 15 ASES programs – 8 CBO operated, 7 LEA operated (COEs, charter) • Geographic diversity – rural, suburban, and urban, with representation in LA County, San Diego, Bay Area, Northern CA, Central Valley, and coast • Range from 3-47 sites, average 15 sites • Average FRPM range: 50% to 86%	• 17 ASES programs – 13 partnered or operated by CBOs (4 use CBOs for enrichment only), 4 LEA operated only • Geographic diversity – rural, suburban, and urban, with representation in LA County, Bay Area, Northern CA, Central Valley and the coast • Range from 5-58 sites, average 21 sites • Average FRPM range: 43% to 89%
Funding	• 46% charge registration fee only, 40% charge monthly fee only (2 charge both registration and monthly, 2 have late fee charges) • Range: Monthly = $10 to $200; Registration $40-$100 • Revenue estimates: average 10% to 25% of total program budget, range from $2,000 to $20,000 per site	• Received funding in 2015-16 and/or 2016-17 (3 received funds in 2014-15), all assumed ongoing funding • Range: $45,000-$3.2 million • 80% received funding from district directly and 20% received discretionary funds from principals

[1] The interview participants for the two categories were different groups, though there were 5 programs/LEAs that were interviewed for both family fees and LCFF.

Use of Funding	• All (except charter) go directly to after school operating costs primarily for staff and supplies; for over 50% of respondents, revenues stay at the site level	• Over 50% used funding to add the number of students served (or reduce waitlist) in addition to other needs • 64% went to staff costs (5 out of 16 to existing staff) • 41% went to expanded services (more enrichment or academics)
Sustainability Option?	• 87% said Yes, BUT…… o Must already have high quality program in place; o Provides additional revenue but not the solution to budget crisis; o Must be reasonable to parents/may burden some families o Longer term strategy -takes up to 2 years to make a profit. • 13% (n=2) believed not worth pursuing	• Approximately 69% said No/Not Sure/Maybe due to fact LCFF increases are winding down, not reliable with changes in district leadership and/or state policy, competing LCFF priorities shifting often, not appropriate for minimum wage issues. • Approximately 31% said Yes, and expressed confidence in LCFF as a funding source due to historic support for programs and strong partnership, alignment with LCFF goals but acknowledged likely not the case in all districts.
Key Takeaways	• Foundational – 1) Need to have high quality programming, 2) Relationships with school day leaders and parents matter • More applicable to support existing costs • More stable and providers have more control of fee revenue as opposed to LCFF • Limitations on revenue generated to be balanced with family resources • May be more of a longer-term strategy – takes upfront investment • Parent buy-in is more essential than district	• Foundational – 1) Need to have high quality programming, 2) Relationships with school day leaders and parents matter • More applicable for expanding services • Less reliable, as LCFF spending can shift year to year depending on district priorities and changes to state budget allocations • High-need districts can contribute greater levels of revenue than parents • May be more of a short-term strategy • District buy-in is more essential than parent buy-in

Project Next Steps:

- Present to and hold convenings with field leaders across the state to gain input and insight on: 1) is there a preference to prioritize resources and focus on LCFF, family fees, or neither; 2) what tools/resources/next steps are of most interest to providers; 3) what is/should be the role(s) for CDE, regional leads, intermediaries, and program providers in the identified next steps.
  - Input will be collected from around the state, including webinars and existing field events over the next several months.
- Create a public report of key findings and action-oriented recommendations based on input from the field. Work with field leaders, coalitions, and systems of support to implementation.

Summary of Family Fee Findings

ASES Fee Breakdown

Lead Agency	FRPM	Type of Fees/Amount	Verification	Fees Introduced
CBO	70%	Registration ($30-50) & Monthly ($20-100)	No - honor system	2007/08
LEA	64%	Registration ($40) & Monthly ($117)	Income verification	Prior to ASES
CBO	Over 80%	Monthly ($49)	Application	2007/08
LEA	Over 55%	Monthly ($40 - 45)	No	Prior to ASES
LEA	65% - 97%	Registration ($100)	Income verification	2011/12
LEA (Charter)	approx 65%	Registration/Monthly (site discretion)	Income verification	> 5 years
CBO	approx 80%	Registration ($60)	Application	2012-13
COE	50.5% (County)	Monthly ($10)	No	2011-12
CBO	73.20%	Application Processing Fee ($100)	Application	2016/17
CBO	86.60%	Application Processing Fee ($75)	Application	2016/17
COE	71.8% (County)	6 sites - Registration ($35); 19 sites - Monthly ($35 - 55)	Application	Prior to ASES
LEA/CBO	67.20%	Monthly ($200 + late pickup fees)	Income verification	2016/17 (donations since 2007)
LEA	78.50%	Registration ($40 + late pick up fees)	No - honor system	Prior to 2011
CBO	56%	Monthly ($125 - 200)	Income verification	2014/15 (always had donations)
CBO	approx 70%	Quarterly tuition ($85)	Income verification	2013/14

Key			
FRPM	Free and Reduced Price Meals	LEA	Local Education Agency (School District or Charter Agency)
CBO	Community-Based Organization	COE	County Office of Education

Benefits:
When asked what the greatest benefit of administering family fees is, the most common responses were 1) buy-in from parents (50%), and 2) the ability to maintain quality staff (33%). Some providers were very frank that additional revenue from parent fees was the only way they could keep the program running, while others said it was their only source of flexible money to cover things like administration.

Challenges:
The most common challenges of administering fees included: the paperwork and collection process, the financial strain for parents, and getting parents on board. Parent buy-in was a crucial issue that came up both in terms of messaging, opposition, and collection process. All programs have a sliding scale for

parents and there was a broad range in the percentage of parents that paid fees from 20% at the low end, to the majority in the 40-70% range (11), and two programs were up to 90%. Less than 1/3 said they had some or a moderate opposition to charging fees. Prior to this research, we had heard that getting buy-in and/or approval from districts may likely be the biggest barrier to administering fees, but that was not the case in this sample of districts. Only 3 providers said their districts were not initially supportive, but that their stance had change over the last few years.

Administration of Fees:
All the providers have parent orientations and outreach strategies to ensure buy-in and transparency. The process of verification varied across a spectrum from the honor system, to signed agreements, to requiring pay stubs. Multiple providers flagged the importance of considering the role of program staff with families and not wanting the collection of money to interfere with trust and relationship development. Nearly half (46%) collected fees at the site level and a quarter have an administrator and director expressly collect fees. For programs that had invested in the infrastructure, technology offers a significant opportunity to reduce costs and increase collection effectiveness. All programs either already had or invested in accounting back office support at some level. When asked what the greatest costs of administering fees were, there was a wide range of answers (another illustration of the diversity of the sample), including: bookkeeper or part-time accountant (noted that may be easier for LEA or large CBO), site lead time needed to train and/or collect (this matters significantly if site lead is FT/PT), program director time required to create system and ensure accuracy, and upfront software costs and training.

Advice for Others:
Not surprisingly, the most common piece of advice was focused on parental buy-in, though interviewees identified a few different strategies to achieve parental buy-in. This included transparency and honesty; multiple programs showed parents the breakdown of the costs, budget, and gaps, and/or capitalized on the current ASES rate campaign and lack of state investment. For some, transparency included providing very early notice to parents before implementing fees, as well as a clear timeline and phase-in of costs so parents could adjust. Others focused on clearly demonstrating program benefits and comparability, including doing regional scans of the costs of childcare, outlining the array of program services via mandated parent orientations and handbooks. Nearly all providers did not employ fees in middle schools and only elementary schools and suggested that most parents are used to paying for younger kids' childcare, so it may be easier to get buy-in. Lastly, given that collections can be a barrier, many advised making the process as simple as possible, being aware that there are lots of upfront costs and time, and being open to change and learning as it may take time to get the process down. Some providers tested out fees at a few sites before going to scale, given the heavy upfront lift.

Suggested Tools/Resources/Next Steps:
- Parent engagement templates/materials/best practices – presentations, handbooks, orientations.
- Key messaging – breakdown of budget gap, why it's shifting, and options to deal with it; talking points for different audiences.
- CDE needs updated guidance and outreach that fees are a viable option to support engagement with LEAs, staff, and families.
- Trainings -- sustainability workshops (as opposed to compliance by CDE), fiscal trainings for site coordinators, peer-to-peer learning (guidance on collection process, best practices, templates).
- Landscape analyses of regional and comparable childcare costs – multiple providers/LEAs began with market analysis of comparable services to engage stakeholders and set costs.

Summary of LCFF Findings

Strategies and Actions Taken:
We were surprised to discover that no programs directly advocated for funding during the LCAP Stakeholder Engagement process. The majority of programs made a direct request for funding to a member(s) of district leadership. While programs did not directly approach their board of education (Board), a couple of districts used the opportunity at their annual presentation to the Board (separate from LCAP process) to highlight their successes and needs, which then turned into a conversation about LCFF funding. Rather than making a request, three programs were contacted by district leadership about LCFF funding since parents had been vocal about the need for more after school opportunities during the LCAP Stakeholder Engagement process.

Stakeholders:
Of the 17 programs that received LCFF funding, no programs directly contacted the families in their after school program to ask that they participate in the LCAP Stakeholder Engagement process to support funding for after school. Without prompting from the after school program, families in several districts requested more after school opportunities during the process. Most programs agreed that it is essential to have the support of the superintendent and/or assistant superintendent overseeing the after school program. The board of education has a unique and powerful role in the decision-making process for allocating LCFF funding. However, no programs made a direct request to the Board without being asked by the Board or before getting the approval of the superintendent.

Messaging:
In making their request for funding, many programs shared information on the growing gap between what they receive from the state ASES grant and the cost of running their program, including the increases in minimum wage. A majority of programs shared information on the success of their program in addition to their financial needs. Many programs attempted to show how after school supports district LCAP goals, especially academic achievement. A few programs listed needs that arose in order to meet CDE’s new Quality Standards.

Keys to Success:
When asked why programs were ultimately successful in receiving LCFF funding, most programs agreed it came down to the district making after school a priority. Receiving LCFF funding was not fully dependent on the program making a request specifically for LCFF funding. The majority of programs credit their success in receiving LCFF funding on their long-standing relationship with district leadership and the proven success of the program. It was also helpful to have families vocalize their need for additional after school opportunities to the district. Multiple providers credited the fact that they do more than just after school and are embedded in schools in many ways (more like a community school approach) -- their strong integration with the school day made it possible. In some cases, program leaders sit on the Board and have deep roots with both school and local officials and leaders, and are not seen as a vendor but partner in students’ success and well-being.

Advice for Others:
Programs strongly advised having an ongoing conversation with district leadership to build a relationship, rather than just asking for money in the LCAP process. Many programs recommend conducting evaluations to measure their impact, and the importance of communicating their success. When requesting LCFF funding, some programs recommended articulating how the program will continue to grow and achieve, rather than maintaining the status quo. In terms of messaging, several

programs advise making the comparison to child care in terms of the low cost and the added benefits that after school provides.

Suggested Tools/Resources/Support Needed:

- Comprehensive analysis and case studies of LCFF investment into ASES programs – which districts, how much, and for what. This analysis could facilitate peer learning and pressure between districts.
- Identify best practices, trainings, and support for providers to develop effective relationships with district leadership.
- Messaging on how to clearly link ASES to LCAP goals, including sample Board presentations.
- CDE/Regional Leads/Advocates need to advocate directly to school boards and education leaders/associations that they need to invest in ASES/funding crisis.
- Increase general advocacy trainings and resources for ASES programs.
- Operate statewide campaign similar to Summer Matters – high profile leaders, identify K-12 champions statewide tours, peer-to-peer influence.