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THE ENDOWMENT PROPOSITION FOR EXPANDED LEARNING OPPORTUNITIES

Several key informants were interviewed about the possibility of creating a statewide endowment to support Expanded Learning Opportunities (ELOs). Most informants suggested that public/private endowments are generally preferred over funding through just one sector, additional education advance work is required, and that significant staffing must be devoted to its development. Interviewees suggested additional avenues for financial support, including those at the organizational, community, statewide, and national levels.

FUNDING ENVIRONMENT FOR ELOS

Expanded Learning Opportunities (ELOs) are programs for school-age children and youth (Preschool through Grade 12) that take place during out-of-school hours. Out-of-school hours programs include those that operate before and after school, during school breaks, and over the summer. ELO programs are not available to all Nebraska children who would like to participate: approximately 30,000 children currently participate in ELOS, and over 90,000 children want to but to not have programs available to them (Afterschool Alliance, 2014).

There are many types of ELOs, including those that are operated by public schools, faith-based organizations, municipalities, and non-profit and for-profit organizations. Programs may provide regular programming to cover working parent needs, others may operate only during certain times (e.g., once-a-week programs during the school year, school break-only programs, summer-only programs).

Across the country, many ELO programs are struggling financially: Nearly 40% of programs report they are in worse financial shape today than they were at the beginning of the 2007-09 recession (Afterschool Alliance, 2012). Funding to support ELO programs comes from a wide variety of sources. Most ELOs rely on a combination of public and private support. Public support includes that from federal, state, and local funds. Private support includes that from organizations and non-profits, philanthropies, and parents. Programs that serve more affluent families are often able to rely solely on parent fees; programs that serve low-income children cannot rely on parent fees alone, since parents may be unable to cover the full cost of care (Halpern, Deich, & Cohen, 2000).

One approach to creating a more stable funding environment may be through establishing an ELO endowment. Endowments are funding structures widely used by non-profit organizations, universities, hospitals, churches, and other organizations. In a typical endowment, monies are deposited into an investment fund. The fund's earnings are directed, by a board of advisors, to activities that fulfill the fund's stated mission. In Nebraska, an endowment fund that combined public and private monies was created for early childhood programs.¹

PUBLIC AND PRIVATE FUND MIX IS APPEALING TO DECISION MAKERS

Interviewees advised that an endowment established with a combination of public and private funds would be generally preferred over one with contributions from only one of the sectors. A public/private mix appropriately reflects that ELOs are the responsibility of both the public and private sectors. Respondents further noted that an endowment of solely public funds would unlikely be successful, just as an endowment of solely private funds would be so. Both sectors may be more willing to participate in the framework of public/private partnership.

GREATER AWARENESS IS NEEDED

Those interviewed noted that greater awareness about the importance of ELOs is needed. In general, it was felt that there is not a widespread understanding of the need for high quality ELOs and the impact that they have on students' future achievements. It was noted that in the case of Nebraska's early childhood endowment, there was already overwhelming evidence about its importance and that it was still difficult to secure funding. One individual remarked that an ELO endowment would be a possibility when there is similar overwhelming national and statewide dialogue supporting the role of ELOs and that essentially no one could question its impact.

Interviewees noted that public and private dollars already support many ELO programs. This indicates that there is recognition of some of the positive benefits of quality ELO programs, particularly for closing the achievement gap of underprivileged children. In general, it was felt that this awareness is not broad based enough. At this stage of awareness, it was believed that, at a minimum, a focused multi-year effort would be required. Interviewees noted that the early childhood endowment effort involved a multi-pronged approach that may serve as a useful roadmap:

1. National speakers. The initiative brought national speakers to Nebraska for high profile events to present information about the importance of early childhood education.
2. Focus on policymakers. The initiative deployed significant staffing and lobbying resources to educate policymakers from the legislative and executive branches. In the Unicameral, it was crucial to have had the support of key members of the body (i.e., Speaker, Chair of the Education Committee). It is interesting to note that some senators championed the issue, not because of early childhood education as an end, but because of expected impacts in the criminal justice system and economic development. Term limits for senators may make it more difficult to identify champions for this issue and to effectively educate the body.
3. Focus on private funders. The initiative devoted significant staff resources to repeated one-to-one meetings with potential private funders of the early childhood endowment. It was noted that having a high profile philanthropist champion was extremely important. Even with those factors, it was still a challenge to raise the required funds.

¹ The Nebraska Early Childhood Education Endowment Fund, known as Sixpence, was established in state statute in 2006. The state committed \$40 million from the Educational Lands and Trust Fund, and the private sector contributed \$20 million (raised over a five-year period).

4. Focus on other stakeholders. The initiative worked with statewide education associations and presented at many meetings to ensure they understood the purpose of the endowment.

ENDOWMENTS ARE NOT NECESSARILY PREFERRED BY FUNDERS

Endowments are appealing because they create fairly stable funding sources. Interviewees noted, however, that endowments may be difficult to fund. They offered several cautions:

- Endowments require a large commitment of capital to generate funding of any significance. Many funders are hesitant to gift large dollar amounts for which they will no longer direct investing or spending decisions.
- A number of private funders simply do not fund endowments.
- Many Nebraska funders continue to be relational in funding decisions, rather than focusing on long-term community impacts.
- An ELO endowment would lack a tangible product with a defined end date. For some funders, the size of the contribution is less important than other matters. For example, some funders may be unwilling to contribute to an endowment, but would fund an equivalent amount to a building project. Interviewees believed that some funders prefer tangible projects that have a clear end date. This is more difficult for human services-type programming.
- The Omaha community is home to most of the largest foundations in Nebraska. However, many Omaha funders are reluctant have statewide programs only be funded from Omaha. Funding beyond Omaha would be needed for many Omaha funders to be willing to invest. In the case of the early childhood endowment, however, it was extremely challenging to identify private funding beyond Omaha. The state appropriation required the private funding be raised within 5 years and the initiative needed the entire time to secure the funding.
- When a private foundation makes a significant endowment contribution, it may be unwilling to entertain additional requests for related funding for a period of time. ELO supporters must balance the possibility of ongoing requests against a large, one-time contribution to an endowment that will generate relatively small funds. The experience of the early childhood endowment was that public funders did not have this same level of reluctance for continued funding in future years.
- An ELO endowment should include a portion of funding for technical assistance and evaluation. However, it can be difficult to secure funding for these uses. Most funders prefer income be directed to services. However, a high-profile, large endowment would face the expectation of producing results. And, technical assistance and evaluation resources will be necessary to do so.

FUNDING BEYOND ENDOWMENTS

Interviewees offered a number of ideas for on-going funding for ELOs that may be used in addition to or instead of an endowment. It was further noted that funding from multiple sources of funding may be more desirable and more stable than from a single source. Suggestions included actions that may be taken at the ELO provider, local, statewide, and national levels.

ELO Provider

There are a number of funding opportunities that ELO providers could leverage. One suggestion is that ELOs need to work closely with their local schools. For many, the ELO connection to student educational achievement is crucial to community support. Some Nebraska schools direct some of their funding to ELOs. For example, some schools that receive **Title I** and **III** grants direct funding to ELO programming.

Other funding that may be accessed by ELO programs includes:

- **21st Century Community Learning Centers** grant program is the only program exclusively directed toward ELOs. In Nebraska, the federal dollars are administered as a competitive grant by the Nebraska Department of Education.
- **Child Care and Development Fund** (Child Care and Development Block Grant) provides low-income families with access to child care and improving the quality of child care, including ELOs for children under 13. Federal dollars in Nebraska are administered by the Nebraska Department of Health and Human Services.
- **Community Development Block Grants** are meant to address critical and unmet community needs. Funding is typically directed to public facilities and improvements, such as public infrastructures. However, funds are used to support housing, neighborhood revitalization, economic development, or provision of improved community facilities and services, including child care. Large cities receive funds directly from the federal government (Lincoln and Omaha, in Nebraska); small communities compete for funding administered by states (Department of Economic Development, in Nebraska).
- **Safe and Drug-Free Schools and Communities** funding supports a variety of drug-abuse and violence-prevention activities focused primarily on school-age youths, and may include ELOs. In Nebraska, funds are administered by the Nebraska Department of Education.
- **Social Services Block Grants** may be used on a range of social services such as child care, substance abuse prevention, information and referral services, counseling, and others. Funds are administered by states which have wide discretion over design and implementation of funding decisions. In Nebraska, the program is administered by the Nebraska Department of Health and Human Services.
- **Temporary Assistance to Needy Families** (called *Employment First* in Nebraska) funds a wide range of benefits and services for low-income families with children, which may include after-school programs.
- **Title IV-E Foster Care** funding supports foster care maintenance, which may include child care, for eligible children. In Nebraska, the federal dollars are administered by the Nebraska Department of Health and Human Services.
- **USDA Child and Adult Care Food Program** funds may be used to provide reimbursement for food for children participating in ELO activities.

Local Actions

Interviewees noted that ELO support-building at the local level is crucial. Local actions will most likely be successful if, again, they are viewed as a critical component of the education system. Local public support for ELOs may come from a variety of sources. Again, **local education agencies** are an important collaborator and may be a source of support through direction of local/state tax dollars or federal flow through funding to support ELOs.

Some ELOs have been successful developing **private donor support** through community based organizations and associations, including philanthropies and foundations. Some have created opportunities for individual citizens and businesses to support their programs either through contributions to operating funds or through contributions to local endowments. Of course, many programs rely, at least partially, on parental support.

Public support for ELOs may be developed through innovative approaches that have been successful elsewhere in the US:

Revenue Set-Asides. In Oakland (CA), Measure K requires the city to set aside 2.5 percent of unrestricted general revenues in a fund for programs directly serving children and youth.

Tax Levies. In Seattle, voters approved the Families and Education Levy to support out-of-school time programs, as well as early childhood development, school-based student and family services, and comprehensive student health services. In Minnesota, school districts are able to levy local property taxes to ensure that schools running after-school programs have adequate resources to serve children with disabilities.

Tax Districts. Six counties in Florida have created special taxing districts. Some of these districts direct a specific percentage of funding to ELOs.

Statewide Actions

States administer large federal funding programs that may support some ELO activities. For many of these programs, states have a wide degree of discretion in setting program requirements. Statewide efforts to advocate for changes in state policies may make some of these programs more viable funding sources for ELOs:

Child Care and Development Fund/ Temporary Assistance to Needy Families - In Nebraska, ELOs report that state requirements make it difficult to access this as a funding source.²

Community Development Block Grants – In Nebraska, these funds have not been regularly directed to support ELOs.

Community Services Block Grants - In Nebraska, funds are distributed among the nine community action agencies.

Interviewees suggested that direct state appropriations may be a productive avenue of support. In general, state appropriations are typically time-limited. Some recent examples of state support of ELOs provide an overview of the range of breadth of these appropriations.

On-going Funding - A ballot initiative approved by California voters (2002) included a funding trigger that now requires the state to spend \$550 million on after school programs operated by local schools in partnership with communities.

One-time Appropriations – A number of states have made one-time appropriations for funding ELOs. Some of the appropriations are from a sole funding source and others blend funding from a variety of sources, including federal funds. Recent appropriations by states close to Nebraska include: Colorado (\$300,000), Iowa (\$3.5 million), Minnesota (\$5.3 million), Missouri (\$1 million) (Afterschool Alliance, 2008).

National Actions

Nebraska ELO supporters could organize their efforts for advocacy at the national level. One interviewee suggested that Nebraskans should be playing a larger role in continued advocacy of Congressional support for the **21st Century Community Learning Centers** grant program. For example, Nebraska receives a fairly minimal amount of support: Nebraska's allocation for 2013

² The US Department of Health and Human Services has issued a Notice of Proposed Rulemaking that is intended to “strengthen health and safety requirements for child care providers, reflect current State and local practices to improve the quality of child care, infuse new accountability for Federal tax dollars, and leverage the latest knowledge and research in the field of early care and education to better serve low-income children and families” (<https://www.federalregister.gov/articles/2013/05/20/2013-11673/child-care-and-development-fund-ccdf-program>).

was approximately \$5.5 million, half of what would be needed for full funding (\$12 million) (Afterschool Alliance, 2014). Nebraskans should let the delegation know how important these funds are.

CONCLUSION

The interviewees believed that ELOs are an important component to ensuring that Nebraska's children have a bright future. They suggested that although a statewide endowment may be one avenue to pursue to achieve additional funding, there may be others that could also be productive.

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