

SPEAKING OUT AND DRIVING CHANGE FOR CHILDREN

children
at Risk

Doing More With Less? Looking Beyond Public Schools

*The Impact of the 2011 Texas Public Education Legislative
Budget Cuts on Non-Profit Organizations*

October 2012

**Sarah Goff, MPP
Amy Madore
Dr. Robert Sanborn, EdD**

EXECUTIVE SUMMARY

Non-profit organizations provide critical support services to Texas public school students. In the wake of the 82nd Texas Legislature's decision to cut \$5.4 billion from the state public education budget, many non-profits were challenged to meet the needs of students and schools due to a gap in available funding. School districts had access to fewer discretionary resources and made difficult decisions about how much funding they could dedicate to contracts with external service providers. At the same time, non-profits that receive funding directly from the state through the Texas Education Agency (TEA) were cut substantially.

This mixed methods study describes the effects of the 2011 public education budget cuts on non-profit organizations' budgetary and service delivery capacity. CHILDREN AT RISK invited approximately 150 non-profit organizations serving Texas public school students across the state to take part in the study. Among those invited, 51 organizations elected to participate. This non-random sample includes non-profit leaders representing a broad range of service providers, programmatic settings (e.g., in schools, outside of schools, or both), and geographic regions.

Survey respondents agreed almost unanimously that the budget cuts have decreased their ability to deliver services to public school students:

- More than half (55%) of the 51 respondents said the 2011 legislative budget cuts had a direct impact on their operating budgets. These organizations lost anywhere from \$10,000 to \$500,000 in state funding as a direct result of the budget cuts.
- 62% of non-profit organizations reported that the 2011 legislative budget cuts to public education affected their organizations' ability to deliver services.
- Almost 75% of respondents noted an increase in competition for funding among non-profits during the 2011-2012 school year.
- Multiple organizations found it more difficult to partner and coordinate efforts with public school districts.

Several non-profits reported that their programs experienced growth leading up to and following the 2011 budget cuts. These organizations attributed their expansion to the commitment of public school districts to continue funding them despite the budget cuts, acquisition of new federal or private grants, and/or adaptation of their service delivery models.

Non-profits responded to the budget cuts in a variety of ways, including:

- Increased collaboration with other non-profits
- Operational adjustments, namely reductions in staff positions or hours
- Reduction in programs or pulling out of certain campuses or entire public school districts
- Expanded fundraising efforts and experimenting with new potential funding sources

When asked how the budget cuts have affected the students they serve, if at all, respondents indicated that public school students are receiving fewer support services and resources from both public schools and non-profit organizations. Approximately 25% of those respondents pointed to a decline in resources and programs targeted to at-risk students.

In light of the effects that the 2011 legislative public education budget cuts had on non-profit organizations, it is critical that Texas policymakers consider the implications that future funding decisions have for the viability of public education and, ultimately, student outcomes.

ACKNOWLEDGEMENTS

This white paper was prepared with the extensive participation of Texas' non-profit education community. CHILDREN AT RISK thanks the 51 non-profit organization representatives who documented their organizations' experiences with the 2011 Texas public education budget cuts by completing an online survey. CHILDREN AT RISK is also grateful to the non-profit organization leaders who agreed to participate in follow-up interviews. We also thank the organization leaders who participated in community stakeholder meetings and/or focus groups to inform the development of the study's research priorities and survey tool. Their time and input were essential to the success of this research.

CHILDREN AT RISK would like to thank the consortium of funders who have supported this study. The coalition of funders represents a diverse array of the Texas philanthropic community who has prioritized public education as part of their giving portfolio and long term strategic plans. Their vision and generous financial support have been the driving force behind this work.

Genevieve and Ward Orsinger Foundation (San Antonio, Texas)

KDK-Harman Foundation (Austin, Texas)

Kathryn and Beau Ross Foundation (Austin, Texas)

San Antonio Area Foundation (San Antonio, Texas)

The Simmons Foundation (Houston, Texas)

The Trull Foundation (Palacios, Texas)

Wright Family Foundation (Austin, Texas)

TABLE OF CONTENTS

Executive Summary	2
Acknowledgements	3
Introduction	5
Budget Cut Impact Analysis: Discussion of Findings from the Non-Profit Survey	8
▪ <i>Impact of the State Funding Reductions on Non-Profit Organizations' Operating Budgets</i>	8
▪ <i>Impact of the Budget Cuts on Non-Profit Service Delivery</i>	9
▪ <i>Constraints on Partnerships between Non-Profit Organizations and School Districts</i>	9
▪ <i>Increased Funding Competition and Programmatic Collaboration among Non-Profits</i>	11
▪ <i>Navigating the Budget Cuts: How Non-Profit Organizations Have Responded to Funding Shortfalls</i>	11
▪ <i>Progress Amidst the Cuts: Stories of Growth and Learning</i>	13
▪ <i>Final Reflections: The Impact of the Budget Cuts on Texas Students</i>	15
Conclusion	16

INTRODUCTION

Non-profit organizations provide a wide range of services to public school students in Texas, from academic support and dropout prevention to mental health services and adult mentorship. Independent school districts (ISDs) throughout Texas have invested in partnerships with non-profit organizations (NPOs) to supplement, enhance, and complement their efforts to educate Texas students. Several NPOs receive grant funding directly from the state or through contracts with ISDs. Some of these organizations rely at least partially on both funding streams, while others do not seek or receive any funding from government sources. Non-profits work in school facilities, while others serve students off-campus in their own facilities or at local partner sites such as churches and community centers. Some of these organizations serve students in all three settings.

Given the role NPOs play in serving Texas public schools and students, it is critical to study and document how they were affected by the 2011 public education legislative budget cuts. Many NPOs that provide services to Texas public school students were impacted by the ripple effect of these budgetary reductions. The purpose of this white paper is to highlight ways in which NPOs have been impacted directly and/or indirectly as a result of the 82nd Legislature's \$5.4 billion cut to the Texas public education budget in 2011.¹

Methodology

CHILDREN AT RISK invited approximately 150 NPOs serving public school students across the state to participate in an online survey about the impact of the 2011 legislative cuts to Texas' public education budget. CHILDREN AT RISK established research priorities based on community stakeholder meetings held across the state and ultimately sought to capture how budget cuts did or did not affect non-profit financial resources and service delivery, and to document how organizations responded to the cuts. CHILDREN AT RISK developed the survey sample using two convenience sampling methods. Initially, researchers used GuideStar®'s online database of registered NPOs to identify organizations serving school-aged youth in Texas. After culling approximately 100 NPOs through GuideStar®, snowball sampling was used to expand the sample's size and diversity in terms of the types of service providers and geographic regions represented. Researchers asked non-profit organizations and funders across Texas to recommend NPOs working in education within their geographic focus areas.

CHILDREN AT RISK used SurveyMonkey® to develop and disseminate the online survey. A total of 51 organizations completed the survey, yielding a response rate of 33%. CHILDREN AT RISK targeted survey distribution at non-profit organization leaders. A majority of respondents (33) serve their organizations as executive directors. The remaining respondents identified themselves as directors (5), presidents and/or chief executive officers (8), development directors or officers (2), chief operating officers (1), accounting managers (1), or directors of a specific program within their organization (1). Participating organizations deliver a broad range of services to public school students in Texas. Table 1 captures the services they deliver, as reported by respondents, and the percentage of respondents that deliver each service. Survey respondents also represented a variety of geographic areas throughout Texas. Figure 1 indicates the city or town in which participating organizations are based.

¹ Unless otherwise referenced, all of the data presented in this white paper was obtained from the responses of the 51 non-profit organizations that completed the online survey and/or through follow-up interviews with a subset of survey respondents.

Study Limitations

Sampling Methodology

Researchers did not have the capacity required to produce an exhaustive listing of NPOs working with Texas public school students. With an exhaustive list, CHILDREN AT RISK would have had the option to create a truly random sample instead of a convenience sample or to survey the entire population of Texas NPOs working with public school students. Another limitation of the study is that survey dissemination took place during the summer months, when many education providers travel and prepare for the upcoming school year. Participation may have been higher had the survey been conducted during the school year.

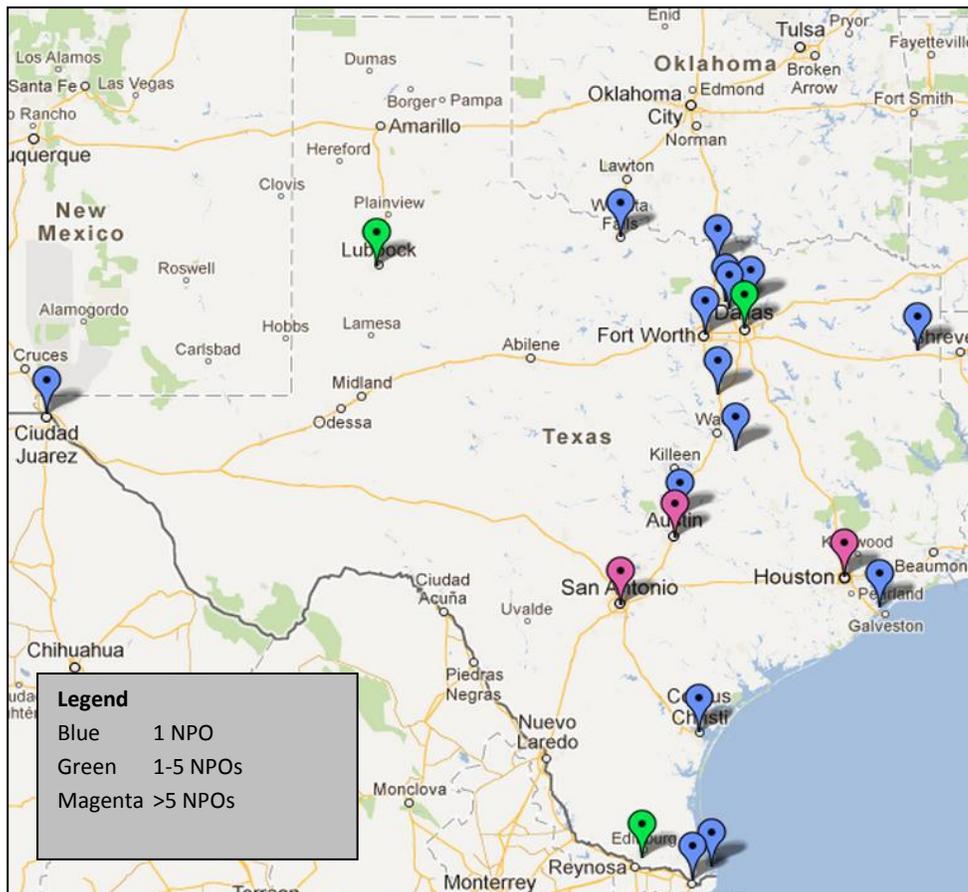
Statistical Significance

CHILDREN AT RISK analyzed data collected from the survey through descriptive and inferential statistics. The descriptive statistics provide a rich narrative from survey respondents concerning the impact of state funding losses on operating budgets, number of students served and full time staff (FTE). To enhance the rigor of the analysis CHILDREN AT RISK performed one and two tailed significance testing at a confidence level of 95% or 0.05 alpha. When comparing year to year changes for operating budgets, number of students served and FTE there *was no statistical significance* when comparing data for these three areas in any of the following year by year comparisons: 2010-2011 to 2011-2012, 2011-2012 to 2012-2013, and 2010-2011 to 2012-2013. While the analysis did not yield any statistical significance and therefore cannot make inferences about the larger population, which could be partially attributed to the limitations of the sampling methodology, a subset of survey respondents were impacted by the loss of funds operationally and programmatically.

Table 1: Select List of Services Provided by Survey Respondents (n=51)
NPOs had the option to select one or multiple service provision areas

Service Provided	% of NPOs Providing the Service
Arts/cultural programming	37.3%
College readiness/access	47.1%
Health education	43.1%
Literacy	45.1%
Mentoring	66.7%
Physical education/sports	35.3%
Tutoring (including remediation)	47.1%
Work/career awareness	45.1%
Youth development	64.7%

Figure 1: Geographic Distribution of Non-Profit Survey Respondents (n=51)



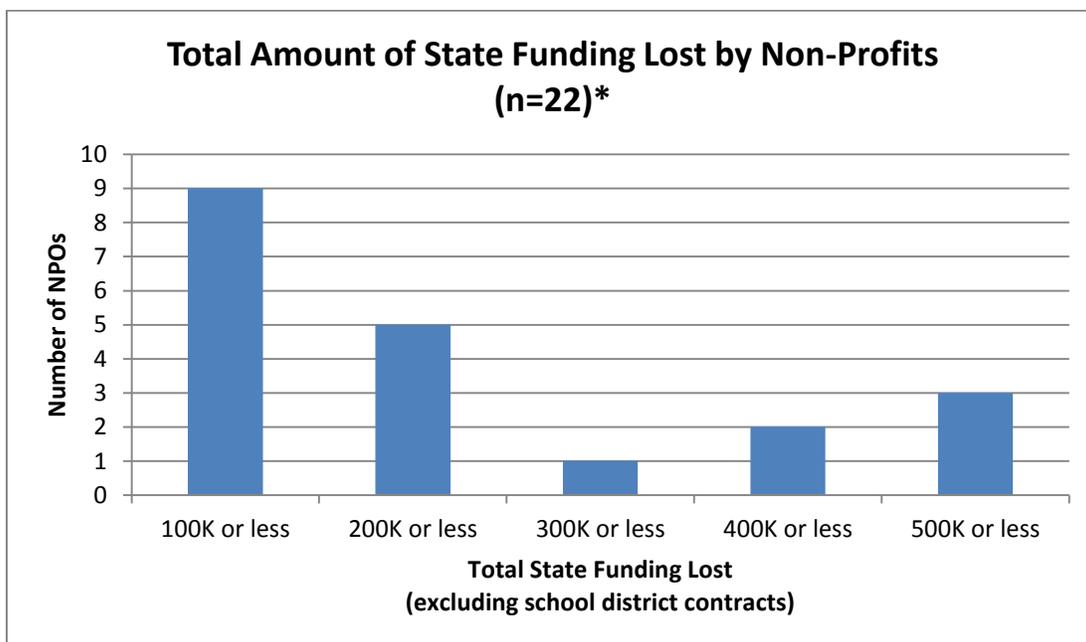
*Markers indicate where each non-profit organization is based. In several cases, organizations serve students in multiple locations locally, regionally, or statewide.

BUDGET CUT IMPACT ANALYSIS: DISCUSSION OF FINDINGS FROM THE NON-PROFIT SURVEY

Impact of the State Funding Reductions on Non-Profit Organizations' Operating Budgets

One of the goals of this study is to capture the extent to which the 2011 legislative budget cuts affected the funding streams of NPOs working in or alongside Texas public schools. **More than half (55%) of the 51 organizations surveyed responded that the cuts had a direct impact on their operating budgets.** These organizations reported losses of state funding between \$10,000 and \$500,000 as a direct result of the budgetary reductions, not including any ISD contract funds they might have lost (see Figure 2).

Figure 2: Number of Survey Respondents with Operating Budgets Directly Impacted by State Budget Cuts, by Range of Funds Lost (excluding school district contract losses)



Of the 28 NPOs whose operating budgets were directly impacted by the state budget cuts, slightly more than half also lost funding from ISD contracts to provide services to their students. Sixty percent of those organizations saw a reduction in ISD contracts for either the 2011-2012 school year or the 2012-2013 school year; the other 40% experienced a loss for both years. Multiple respondents attributed these changes to the financial constraints ISDs are experiencing as a result of the public education budget cuts. Some non-profits, such as Communities In Schools (CIS), are required to obtain matching grants from the ISDs in which they work. Several respondents representing CIS programs cited the budget cuts as a barrier to sustaining ISD partnerships because many districts cannot afford to continue contracting with external service providers.

For those NPOs whose operating budgets were affected by the loss of public education state funding, almost 75% have replaced some of the funding they lost, and approximately 19% have not replaced any of the funds they lost. Less than 8% of respondents have replaced a majority

of the funding they lost, and no respondent said that it has replaced all of the funding lost. Among those non-profits that have replaced at least some of their lost funding, the most commonly cited sources of alternative funding were foundations, individual donors, and city and/or county grants.

Impact of the Budget Cuts on Non-Profit Service Delivery

The 2011 public education legislative budget cuts impacted not only the bottom line of multiple survey respondents—they also affected their ability to deliver services. More than half (62%) of organizations reported that the budget cuts had affected their service delivery. **The three most common ways in which service delivery was affected include: reduction and/or elimination of programming, reduction in staffing numbers and/or hours, and reduction in the number of students served.** NPOs that said they are serving fewer students are reaching between 300 and 1,000 less students than they were prior to the budget cuts. For at least 8 respondents, funding losses have meant pulling out of entire schools or school districts. Others continue to work in the same districts but at the cost of reducing the size and/or hours worked by their staff, for example.

Roughly one-third of those who said the budget cuts had impacted their ability to deliver services experienced a loss in on-campus office and/or programmatic space to work in since the budget cuts took effect. Some organizations are unable to provide as many field trips, service learning projects, and enrichment opportunities as they were previously. Respondents explained that transportation costs have become a significant barrier to serving students since the 2011 legislative budget cuts. School districts have fewer funds to allocate to busing, so options for transporting students to off-campus destinations and to their homes during after-school hours are increasingly limited. A few organizations also noted that their efforts to serve students have been constrained because they have less funding to spend on supplies.

Constraints on Partnerships between Non-Profit Organizations and School Districts

Multiple organizations pointed to the impact the budget cuts have had on their relationships with school districts and campuses. Several respondents described a drop-off in communication and collaboration with school district personnel and campus staff and teachers. Some attributed this shift to the reductions in staff that many schools have had to make as a result of the budget cuts. A representative of Houston-based DiscoverU observed that “the cuts resulted in fewer school staff to collaborate and work with us to deliver services. The total impact of our services was weakened due to less integration with existing school services.”

Other non-profits pointed to the shrinking supply of discretionary funds that campuses and ISDs have, “funding cuts in the district where we work have inhibited the ability of principals to use their budgets more flexibly and invest in programs such as ours,” stated a representative from Citizen Schools Texas. Big Brothers Big Sisters of El Paso experienced similar challenges when they approached school districts about the possibility of contracting the organization’s services: “We were planning to approach school districts to share the evidence of our program’s effectiveness to generate interest in budgeting for our services. Districts’ budget losses made that appeal impractical and resulted in losses of current and potential future evidence-based services for at-risk youth.”

The decline in ISD contracts that several non-profits have experienced also influences funding decisions made on the part of philanthropic donors, a representative from Communities In Schools of North Texas explained:

In addition to the cuts we received from the state, we also received significant cuts from the school districts because they were forced to cut as well. In light of that, our cost share match decreased, and we found it more difficult to be competitive with corporate or private funders who want to see significant collaboration. This cut was not only detrimental to the budget, but it put us in a challenging position to recover because of the diminished financial partnerships.

Case 1: The Budget Cuts as a “Double-Edged Sword” – Communities In Schools Baytown

As the largest dropout prevention organization in the United States, Communities In Schools (CIS) works to “surround students with a community of support, empowering them to stay in school and achieve in life.”¹ CIS programs provide an array of social and academic services, including but not limited to youth development and mentoring, tutoring, college readiness and access assistance, behavioral health services, and afterschool programming. In many cases, the organization also helps meet students’ basic needs, such as nutrition. CIS programs work with students before, during, and after school hours, as well as on the weekends and in the summer. In addition to serving students, many CIS programs serve the administrative staff and/or teaching professionals of schools in which they work. These services include professional development, consultation on student needs and appropriate interventions, and, in some cases, the provision of supplies and instructional tools.

The Ripple Effect

There are 27 CIS programs, or affiliates, across Texas. One of the CIS affiliates is located in Baytown, Texas. CIS Baytown (CISB) serves public school students of all ages in the Baytown area. The program was in five school districts during the 2010-2011 school year. When the 2011 public education budget cuts took effect, CISB saw its operating budget reduced by \$217,000, or 10% of its 2010-2011 operating budget. CISB also lost \$19,000 in school district contracts between the 2010-2011 and 2011-2012 school years, and \$55,000 in district contracts between the 2011-2012 and 2012-2013 school years.

As a result of these budgetary reductions, CISB was no longer able to work in three of its five partner school districts. It also decreased the number of days staff worked and provided fewer benefits to staff by increasing employee insurance contributions. Consequently, CISB served between 300 and 500 fewer high-need, at-risk students during the 2011-2012 school year. In addition to serving fewer students, the program cut its transportation, enrichment, and supply budgets. Transportation funds cover field trips and the cost of busing students home from afterschool programs.

CISB is a mid-sized program compared to others across the state. Thanks to its size, it was not impacted as severely by the budget cuts as smaller, more rural CIS programs, whose resources tend to be scarcer. At the same time, it was better able to absorb the financial impact of the cuts than some larger CIS programs. Larger programs traditionally work with a greater number of ISDs and require a larger amount of matching funds than smaller CIS programs. CISB also benefits from its status as a department of the Goose Creek Consolidated ISD (GCCISD). The program is housed within the district’s administrative offices alongside other special district programs, such as the Truancy Recovery Office. As a result, CISB pays an extremely reduced rate for facility space and utilities compared to other CIS affiliates’ general operating costs. In this way, CISB is very different from other CIS affiliates in Texas.

Despite the in-kind benefits that this partnership offers, there are some drawbacks to being closely linked to the school, the program representative explained. “We are about to begin our 20th year, and for the first 15 years the community assumed we were a district program and not a CIS program.” At times, this association has made it challenging for CISB to articulate its operational needs to the community and prospective donors. School district contracts and state funding cover only part of the organization’s funding needs, so it seeks additional funds from foundations, corporations, and local grant opportunities. *(continued on next page)*

Replacing lost school district and state funding with private and corporate sources has not been easy, however. “A lot of foundations have become more conservative in terms of the amount they give and the number of agencies they support. For example, we are seeing a shift from multi-year commitments to year-to-year funding allocations, as well as a hesitancy to take on new grantees,” one CIS representative explains. The organization also observed that foundations appear to be lowering the maximum amount of funding that organizations may request. These trends have made it more difficult for CIS Baytown to offset the budget cuts.

Recovery and Restoration

Moving forward, CISB is beginning to have conversations with some of the school districts it was working in prior to the 2011 legislative budget cuts. These school districts are expressing an interest in finding a way to renew their partnerships with the program. CISB hopes to have the capacity to re-engage with these districts so that the program can serve more students, but it is proceeding with caution. In light of the last legislative session, the economic climate, and the uncertainty about what will happen next legislative session, CISB is taking a conservative approach to future growth.

A spokesperson for the CIS Network of Texas describes the budget cuts as a double-edged sword for CIS programs statewide. When the Texas House of Representatives initially proposed zeroing out CIS on the state budget, it sparked discussion among leaders and families in the community about the need for CIS in their public schools, he explains. It gave community members pause to consider what they stood to lose if CIS no longer served their students. Looking forward to the next legislative session, the CIS Network hopes that the Texas Legislature will elect to restore the funds it cut from the public education budget in 2011.

1) Communities In Schools. “Who We Are.” Web. 23 August 2012. <<http://www.communitiesinschools.org/about/>>.

Increased Funding Competition and Programmatic Collaboration among Non-Profits

In addition to affecting relationships between NPOs and their ISD partners, the 2011 budget cuts influenced the way non-profits interact with each other. Almost 90% of survey participants indicated that there are other non-profit and/or for-profit organizations working in the same public school districts they serve. Most respondents (41 NPOs) responded to a follow-up question asking if and how their relationships had changed with other providers. Almost three-quarters of them noted an increase in competition for funding among non-profits in the last year. Roughly one-quarter of participants observed this trend with respect to for-profit providers servicing the same student populations as their organizations. Only one organization experienced a decrease in competition for financial resources with other non-profits, and no respondents observed this trend with their for-profit counterparts. A few organizations felt that competition for facility space with other NPOs had grown within the last year.

Meanwhile, almost half of the organizations responding to this question reported an increase in collaboration with other non-profits during the 2011-2012 school year. Approximately one-quarter of respondents said they had collaborated more with for-profit organizations. Girls Inc. of San Antonio described a growing effort to pool grant funding to achieve programmatic objectives. “Organizations are going after the same pool of funding, and several of us are being funded only partially by grantors. So, organizations are working together and pooling resources to get the work done.” Girls Inc. attributed the increase it has seen in partial grants from foundations because of growing pressure to fill the funding gaps that the budget cuts and economic recession created.

Navigating the Budget Cuts: How Non-Profit Organizations Have Responded to Funding Shortfalls

Operational Adjustments: More than 60% of respondents have restructured their organizations to a degree in order to continue providing services with fewer financial resources

at hand. For half of those NPOs, this has meant eliminating staff positions and/or reducing staff hours. Other infrastructural adjustments organizations have made include reduction in staff benefits, task-shifting instructional responsibilities to senior administrative staff members, and purchasing fewer and less expensive programmatic supplies.

Case 2: Restructuring Operations & Service Delivery to Offset the Cuts – Girls Inc. of San Antonio

Inspiring girls to be “strong, smart, and bold,”¹ Girls Incorporated of San Antonio provides research-based programming to elementary, middle, and high school girls in four San Antonio-area independent school districts: San Antonio ISD, Judson ISD, Northside ISD, and Edgewood ISD. Girls Inc. of San Antonio offers both center-based programming and “outreach” or offsite programming in school facilities, churches, and community centers.

Although Girls Inc. does not receive funding directly from the state, it does rely in part on school district contracts to administer programming in public schools. Prior to the 2011 legislative budget cuts, Girls Inc. was in seven San Antonio area public schools. After the cuts took place, several of the school programs that had contracted Girls Inc. to provide services to their female students during afterschool and health class time were cut. Consequently, only three of the public schools Girls Inc. worked in during the 2010-2011 school year remained partners during the 2011-2012 school year. Those school districts that did renew their contracts were able to do so by shifting the cost of participation fees to the girls and their families. Each six-week program costs the school district \$30 per girl. Depending on the school, families now pay the full cost of the 6-week program or split the cost with the school. Asking families to contribute enables schools to offset the cost of paying Girls Inc. to serve their students, but it also creates a financial barrier to participation. Girls Inc. saw a slight decrease in enrollment for the 2011-2012 school year and believes that at least some of this shift stems from the economic disincentive user fees pose to low-income families: “The parents and guardians of the girls most in need of our programs are not able to cover the \$30/girl cost of the six-week program. Even if it is a great program that will change their daughters’ paths, that is \$30 they have to come up with on top of all their other bills.”

Internally, Girls Inc. has made adjustments to reduce its operational costs and serve more girls. For example, it now offers fewer field trips, purchases fewer expensive science supplies, and runs fewer programs that require more costly supplies. The organization also eliminated half of its facilitator positions for the 2011-2012 school year and transitioned the remaining full-time staff positions part-time roles so that it could continue serving girls without carrying the overhead of a full-time staff member. “This shift limits the number of hours we are able to dedicate to serving girls but provides enough boots on the ground to meet our programmatic demands,” Girls Inc. explains.

Although Girls Inc. is working in fewer school districts, the organization is expanding its center-based and summer programs with the support of a private family foundation and hopes to reach more girls during the 2012-2013 school year than it did last school year. It also has increased its fundraising efforts aimed specifically at securing scholarships for low-income girls. One of the challenges it faces moving forward is strengthening its evaluation of the ways its programs impact girls’ lives. The organization is working to engage families in this process by asking them to document how their daughters have grown as a result their interaction with the Girls Inc. staff and curricula. Doing so will help Girls Inc. of San Antonio “capture and convey several of those intangible outcomes that are not as easily conveyed through pre- and post-tests.”

1) Girls Incorporated of San Antonio. “About Us.” Web. 23 August 2012. <<http://www.girlsincsa.com/index.php/about-us/>>.

Scaling Down Programs: Several NPOs have reduced or eliminated programming. The result for many has been a decrease in the number of campuses and students served. After serving hundreds of middle school students in the Austin area for over 5 years, Citizen Schools had to withdraw entirely from Austin-area ISDs. One Boys & Girls Club site reduced the number of hours devoted to specific programs in order to prevent eliminating programs entirely. Several Communities In Schools (CIS) programs, including CIS Baytown, reported serving fewer students during the 2011-2012 school year as a result of having to leave or scale back efforts at certain schools.

Increased Fundraising Efforts and New Funding Strategies: One-third of respondents highlighted new and/or more aggressive efforts to raise support from other funders. Most of these organizations are pursuing new or continuous support from private and/or federal sources of funding, although at least two organizations are approaching ISDs to request additional funding assistance. Two non-profits reported that they are seeking in-kind support to offset the impact of the budget cuts. For example, CIS of the Bay Area reported that it is working with small businesses and corporations to recruit volunteer mentors and provide students with school supplies and clothing. Finally, some respondents are experimenting with different fundraising approaches in order to recover or, in the case of at least two NPOs, expand their services. For example, one NPO is exploring the possibility of corporate sponsorship for programming in specific ISDs.

Progress Amidst the Cuts: Stories of Growth and Learning

Responses from non-profit survey participants overwhelmingly emphasized that the budget cuts have placed a serious strain on their efforts to serve Texas children and youth. However, amid the setbacks and limitations created by the budget cuts, several of these organizations have identified ways to strengthen, and in some cases expand, their work. A spokesperson for the CIS Network of Texas framed the budget cuts as a learning opportunity for CIS affiliates statewide:

The last legislative session pushed all of the CIS affiliates to network more with their surrounding communities. It forced everyone to think outside the box about how to continue serving those communities and ensure long-term sustainability. For many affiliates, this has meant approaching management in a more businesslike manner. Hopefully, people won't forget these lessons and will implement best practices for sustainability moving forward.

Other organizations talked about the importance of effectively demonstrating and communicating their value to ISDs. "What we've learned is that you have to have a good product and a relational foothold in school districts," a representative of ACE: A Community for Education explained. ACE leverages AmeriCorps funding to provide "high dosage" tutoring interventions for pre-kindergarten and elementary school students in Manor and Austin ISDs. The program is in 22 elementary schools this school year, up from the 11 in 2011-2012 school year. ACE attributes its growth to the recognition on the part of Manor and Austin ISDs that its evidence-based tutoring program is a value-add to their schools. The key for ACE has been long-term budget forecasting and using outcomes data to demonstrate to superintendents and principals the return on investment they can expect.

A few other programs have experienced growth in the last year despite reductions in ISD resources for non-profit partnerships. For example, Girls Inc. is reaching more youth during the 2012-2013 school year thanks to new funding for its center-based and summer programming, as well as scholarships enabling low-income girls to participate. CIS of North Texas had to close two of its campus-based programs as well as its daytime case management programs, yet it is serving more students in the Denton, Lewisville, Little Elm, and Northwest ISDs this year than it did during the 2011-2012 school year. "Our numbers reflect growth," the program explains, "because we shifted our model in order to secure more federal dollars." As a result, CIS of North Texas has grown its staff, budget, and student case load in exchange for adapting the research-based "best practice" CIS model so that it complies with the stipulations of their new federal grants. One organization, City Year San Antonio, described the 2011 budget cuts as an impetus to fine-tune its value proposition. Case 3 tells the story of City Year's efforts to sustain and grow its work in Northeast ISD, San Antonio ISD, and KIPP San Antonio.

Case 3: The Importance of Collaboration & Demonstrating Value — City Year San Antonio

City Year is a national education-focused, nonprofit organization that partners with public schools to keep students in school and on track for high school graduation and college readiness. In 23 cities across the United States and two international affiliates, City Year's innovative public-private partnership brings together diverse teams of young AmeriCorps members who commit to a year of full-time national service in low-performing schools implementing the Whole School Whole Child (WSWC) transformative school reform model. The WSWC model advances school-wide reform practices and provides targeted and whole school academic and socio-emotional supports to students exhibiting one of the early warning indicators of a high school dropout – poor attendance, disruptive behavior, and course failure in math or English. City Year leverages the talent and energy of young people who are eager to serve, in order to provide high poverty schools with the additional human capital required to ensure all students can achieve their full potential in school and beyond.

The organization has three core funding sources: a competitive 3-year AmeriCorps grant from the federal government that requires City Year to procure matching funds, corporate/foundation sponsorships, and school district investment.

Moving from Strain to Gain

The impact of the 2011 legislative budget cuts on City Year is complex. In fact, City Year San Antonio has grown over the past few years. "In some ways the budget cuts have made serving students more difficult, but in other ways they have helped us sharpen our value proposition," a member of the leadership team explains. City Year expanded from seven to ten public schools going into the 2011-2012 school year, and will be serving twelve schools for the 2012-2013 school year with help from 115 AmeriCorps members (the largest in the site's history).

When asked if and how the budget cuts have affected the schools in which they serve, City Year described larger class sizes and the disappearance of professional learning communities, team-teaching, and block scheduling. As a result of the budget constraints, some schools have reduced or eliminated extended learning time because they cannot afford to staff after-school programs. In the absence of extended learning programming, schools are less likely to run late buses. By reducing or eliminating late bussing, the school and/or district is able to lower its expenditures. The resulting decrease in after-school transportation options presents a challenge to City Year's after-school program, when corps members provide homework assistance, tutoring, and character development activities to the students on their focus list. At several of its partner schools, City Year has "engaged parents to help solve the transportation problem and convince parents to pick their children up after school."

Students First, Collaboration Always

One of the ways in which City Year has responded to these constraints is by deepening its collaborations with other San Antonio-area nonprofits. "There is more collaboration in San Antonio now than I've ever seen before," a representative of the leadership team observed. "Apart from being a good practice, the budget cuts have forced us to do this. By collaborating more we can provide schools with an exceptional return on investment." City Year's board has met with the boards of Communities In Schools and Big Brothers Big Sisters to ensure the services they provide are complementary, not redundant. Leaders from each organization sit down with school administrators, teachers, and counselors every two weeks to make data-driven decisions that deliver the right interventions to the right students at the right time. "When we go into a school, our goal is to be the best partner to maximize our collective impact," City Year emphasizes. "We are not the be-all and end-all solution to the dropout crisis."

City Year provides dedicated human capital at a low cost to public schools with a disproportionate number of high-need, low-income students who are most at risk of dropping out of school. Its WSWC model has proven successful in San Antonio schools, enabling one district to recapture \$165,300 in ADA revenue for the first semester of the 2011-2012 school year (calculated based on \$40 per student and day of attendance). However, City Year explains, this approach assumes that there is enough money to take care of the other 90% of the school's students. "As money gets tighter, the school district and its principals have to make some tough decisions. School districts are looking at their entire student populations and evaluating the tradeoffs of losing, for example, two reading professionals (two FTEs, \$50,000 each) comparable to ten City Year corps members (ten FTEs, \$10,000 each)." The corps members are highly trained, but they are not reading or math specialists. (*continued on next page*)

Like many of the non-profit organizations (NPOs) that participated in the study, City Year San Antonio worries that there may be additional public education budget cuts during the 2013 Legislative Session. City Year acknowledges that school districts are making difficult decisions about where to invest their funds moving forward. "We are grateful that schools appreciate our value, but if things continue to go the way they are, schools may not be able to afford us anymore."

Final Reflections: The Impact of the Budget Cuts on Texas Students

The vast majority of non-profits noted that students are receiving less: fewer support services, fewer field trips and other enrichment experiences, fewer learning materials and supplies, fewer interactions with support staff on campus, and less intensive instruction in core competencies such as reading, writing, and math.

Approximately 25% of respondents expressed concern specifically about the decline in resources and programs for at-risk students. They worried that students with high needs will be hurt by not only the decrease in services provided by NPOs that have scaled back in response to the cuts, but also the downsizing that has taken place at their schools. NPOs have also observed

- Larger class sizes, resulting in a higher student-to-teacher ratio
- Fewer adult advocates
- School counselors moved from full-time to part-time positions
- Students have access to fewer social workers and school staff
- A general increase in need among students for exactly the kinds of services that are being cut in response to the budget cuts

Several respondents commented that the students they serve are missing out on instruction in specific subject areas. Four NPOs highlighted insufficient or no funding for STEM learning, while others pointed to reading and math, music and the arts, and PE as features of public school curricula that have become less accessible or less rigorous in the schools their students attend. "The girls have complained that art and PE have been cut at their schools," one NPO noted. "This means we're doing more weekend workshops focused on art and physical fitness. They've enjoyed the programming but want to do them daily." Another non-profit, the Fifth Ward Enrichment Program, Inc., reported that "the need, and demand, for more tutoring in core curriculum studies and preparation for mandatory testing of middle and high school students continues to rise. This agency is focusing on those students who are reading and writing below grade level and needing tutoring or tutorials that the school budget can no longer provide."

CONCLUSION

The experiences and observations of the 51 non-profit organization leaders who participated in this study indicate that public school districts were not the only direct service providers impacted by the 2011 public education legislative budget cuts. More than half of non-profits surveyed saw a reduction in their operating budgets following the cuts, and nearly two-thirds became more limited in their ability to support Texas public school students. Most of these non-profits are serving fewer schools and students than they were prior to the cuts. A small handful of organizations reported an increase in their services despite the budget cuts, attributing their growth to ongoing investment from their public school partners, new federal or private funding opportunities, and/or adaptation of their service delivery models.

Texas non-profit organizations provide a variety of academic and social support services to Texas public school students. Often, these are services that public school districts do not have the financial or programmatic capacity to provide on their own. If the Texas Legislature chooses not to restore or pursue further reductions to the public education budget, it risks not only further limiting schools' capacity to meet student needs but also restricting non-profit organizations' ability to complement or supplement their programming. "We are not a convenience," one non-profit explains. "We are critical to mission."

The goal of this research is to inform conversations about the future of state funding for public education and ancillary support services to students in Texas. CHILDREN AT RISK strongly urges the 83rd Legislature to consider the implications of the overall findings and the impact of lost funding on the critical and vibrant network of non-profits that support public education in this state.