

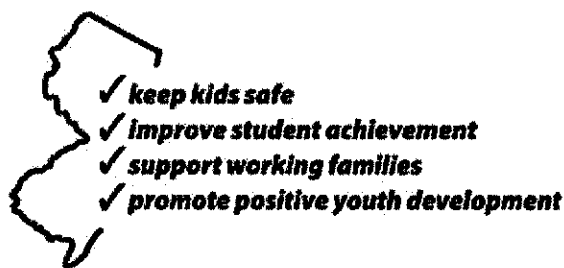


New Jersey After 3:
A Cost Effective School Reform Strategy

Public Testimony to the Assembly Budget Committee
Attn: Assemblyman Louis Greenwald, Chairman
March 16, 2011

Testimony given by:

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New Jersey After 3

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Since 2004, New Jersey After 3 has served urban, suburban and rural communities as a proven strategy that keeps children safe, improves student achievement, and supports family success. New Jersey After 3, an independent nonprofit organization, supports evidence-based programs that expand learning time by more than 40% each school day across 34 public schools, and serves approximately 5,000 school-age children and their families. New Jersey After 3 is a powerful asset for the State for two critical reasons: 1) It is evidence-based with proven results; 2) It successfully leverages outside funding to expand the impact of State dollars.

An independent three-year study demonstrated New Jersey After 3's impact as a cost-effective, public/private partnership that improves students' academic performance. Spending less than half of what high-quality afterschool programs cost nationally, the expansion of New Jersey After 3 programs is a wise public investment that has leveraged over \$32 million in matching cash contributions and in-kind support since 2004. This year alone, New Jersey After 3's network has **leveraged \$4.5 million** in direct contributions against the \$3 million it was appropriated in the FY2011 State Budget – **a 150% rate of return!**

New Jersey After 3's success has contributed to a growing body of national research that shows how high-quality afterschool programs positively impact student achievement¹ by expanding learning time in a cost-effective way. Such data is driving national efforts to expand learning time by large national foundations, and gaining the attention of the U.S. Department of Education as they shape education reform strategies. This momentum, coupled with New Jersey After 3's recent longitudinal evaluation results, present New Jersey After 3 with the unique opportunity to position itself as an effective lever in education reform strategies that expand learning time and drive student and family success, statewide.

Following last year's **mid-year reduction of \$5.2 million and a 70% year-over-year reduction**, New Jersey After 3 has had to make painful and difficult decisions that have resulted in the loss of programming for thousands of New Jersey children and their families, who are already struggling in the current economy. Over the last year, New Jersey After 3 has faced seemingly insurmountable challenges, yet it has found innovative ways to continue to deliver high quality programming for thousands.

The current budget proposal completely eliminates State investment in New Jersey After 3. If this reduction stands, it will not only continue hardship for thousands more New Jersey children and families, it will undercut New Jersey After 3's ability to leverage private, Federal, and other funding, and leave taxpayers with a much larger bill over the long term.

Last year's **bipartisan** agreement to restore \$3 million to New Jersey After 3 was based on an anticipated level of service of 4,000 students and dollar-for-dollar matching funds. **New Jersey After 3 exceeded these expectations** by providing service levels of some 5,000 students and leveraging \$1.50 for every State dollar.

The following document serves as a 'report card' to the Budget Committee and outlines the current budget crisis that New Jersey After 3 and its network face. This report specifies key characteristics that demonstrate why New Jersey After 3 is a cost-effective school reform strategy that can help meet the needs of students, schools and families in urban, suburban and rural communities across the state.

The Unintended Consequences of Eliminating State Support of New Jersey After 3

¹ Vandell, D., Reisner, E., & Piece, K. *Outcomes Linked to High-Quality Afterschool Programs: Longitudinal Findings from the Study of Promising Afterschool Programs*. Policy Studies Associates, Inc., October 2007.

The immediate impact of the elimination of the State's investment in New Jersey After 3 (\$3 million) will be the loss of affordable afterschool programs for approximately 5,000 children and their families, more than 500 afterschool educators' jobs, and critical resources for 18 nonprofit partners working in 34 public schools statewide.

Long term, the absence of afterschool programs as inexpensive academic and community supports, will have far-reaching effects on child and community safety, students' life trajectories, and parent work performance and will lead to significant costs to taxpayers. The following chart provides just one example of the potential unintended costs of this reduction.

If budget cuts to New Jersey after 3 result in X% of its 5,000 students ending up in the juvenile justice system:		
% of Current New Jersey After 3 Students	# of Students	Cost to Taxpayers*
1%	50	\$ 100,000,000
5%	250	\$ 500,000,000

*This chart represents statistics from the National Center for Juvenile Justice: for every child that ends up in the juvenile justice system and/or addicted to drugs, taxpayers pay approximately \$2million over the course of the child's lifetime. This estimate is based on the number and range of crimes committed by the average career criminal; the costs that such crimes impose on their victims; the expenses borne by the criminal justice system in connection with investigation, processing, and punishment; and productivity losses caused by incarceration.

The following statistics frame the possible unintended consequences of this reduction:

Juvenile Crime: According to The National Center for Juvenile Justice, for EACH youth steered clear of a life of drug abuse and/or crime, society saves between \$1.7 million and \$2.3 million².

Return on Investment for Taxpayers: Each dollar invested in an at-risk child brings a return of approximately \$9 to \$12. Afterschool programs lead to improved school performance, increased future wages, reduced crime costs, and reduced welfare costs³.

Improving Student Achievement: Quality afterschool programs give children the tools they need to succeed in college and the 21st century workforce. Research has demonstrated that afterschool programs, by offering a diversity of programming that allows for hands-on approaches to learning, help youth to develop important cognitive and social skills such as: Critical thinking and problem-solving, creative thinking, effective leadership, communication and teamwork, and technological savvy⁴.

Cost of High School Dropouts: Each year, due to more than 20 million adults (ages 20-67) who are high school drop outs, the United States loses more than \$50 billion in potential state and federal income tax revenues. According to the Alliance for Excellent Education, a 5% increase in graduation rates would save the State \$120,000,000 in crime related costs. National studies document that afterschool programs help improve graduation rates.⁵

College & Workforce Readiness: A variety of sources indicate that high school graduates are not adequately prepared for college or careers, prompting fears that next generation of workers will not be properly equipped with the skills and qualities necessary to thrive in the technology-dependent 21st Century workforce⁶ and costing colleges \$1.4 billion in remedial classes for incoming students.⁷

² Snyder, H.N. & Sickmund, M. *Juvenile Offenders and Victims: 1999 National Report* (Washington, DC: Office of Juvenile Justice and Delinquency Prevention, U.S. Department of Justice, 1999),p.82. Available at www.ncjrs.gov/html/ojjdp/nationalreport99/toc.html.

³ Rose Institute. *The Costs and Benefits of After School Programs: The Estimated Effects of the After School Education and Safety Program Act of 2002*, October 2002. Available at www.afterschoolalliance.org/press_archives/rose_institute_nr_final.doc.

⁴ Afterschool Alliance, Issue Brief #25. *Afterschool Programs: Helping Kids Compete in Tomorrow's Workforce*. July 2007. Available at www.afterschoolalliance.org/issue_25_tomorrow.cfm.

⁵ Paper prepared for symposium at Teachers College of Columbia University. *Labor market consequences of an inadequate education*, by C.E. Rouse, Princeton University and NBER. October 2005. Available at devweb.tc.columbia.edu/manager/symposium/Files/77_Rouse_paper.pdf; Alliance for Excellent Education. *Saving futures, saving dollars: The impact of education on crime reduction and earnings*. Issue Brief, August 2006.

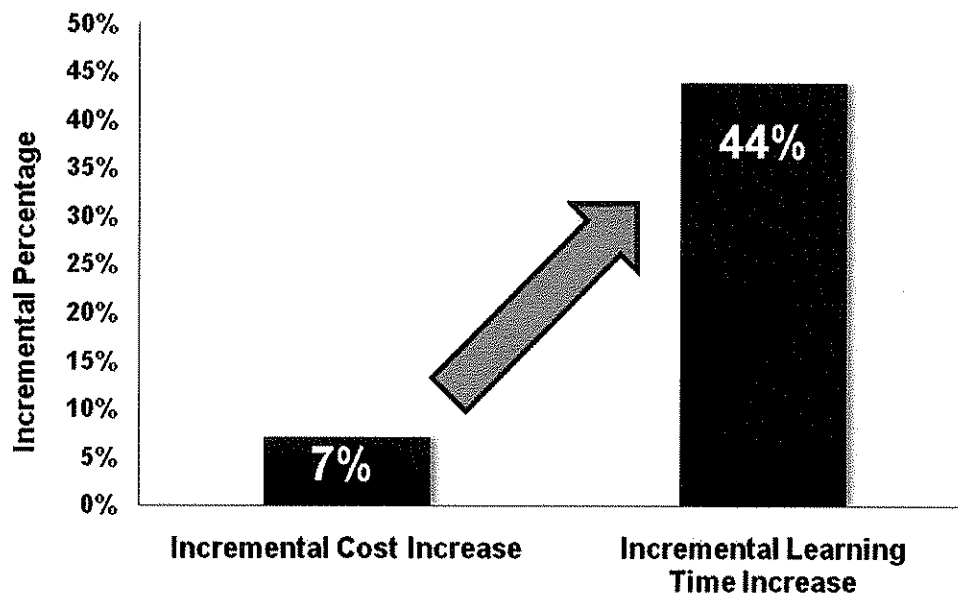
⁶ The Forum for Youth Investment. *Ready By 21 Advocates' Series Action Brief # 2 Ready for Work*. September 2006. Available at http://www.ctafterschoolnetwork.org/downloads/pdf_files/Ready_for_Work_for_web.pdf; U.S. Chamber of Commerce. *Careers for the 21st Century: The Importance of Education and Worker Training for Small Businesses*, by Beth B. Buehlmann. June 2004.

Loss of Private, Federal & Other Revenue: This reduction weakens New Jersey After 3's opportunities to serve as a viable conduit for emerging Federal funds, and diminishes its ability to attract investments from national foundations, individuals and corporations. This year alone, State investment leveraged \$4,500,000 in outside investment, which will largely disappear with State disinvestment.

Worker Productivity: A 2006 study found that parental concern over what their children are doing after school leads to job disruptions, errors, negative attitudes, and lower job satisfaction; researchers estimate that this stress costs U.S. businesses up to \$300 billion annually in lost job productivity. In a recent independent study of New Jersey After 3's Trenton programs, parents reported that programs helped them to keep their jobs (90%), work more hours (82%), and miss less work (62%).⁸

The cost to educate students in New Jersey continues to rise, while the amount of student learning time remains stagnant; conversely, New Jersey After 3's cost per child has steadily decreased since its founding. The Governor recently stated that the average public school student costs taxpayers over \$17,000 per year for 342 minutes of instructional time per school day. This year, New Jersey After 3 provided 150 minutes of additional instructional time at a total cost of \$1,200 per student (including matching funds), or 7% of public school day costs, while expanding student learning time by 44% (150 minutes) each school day. In fact, the cost **to the State** (without matching funds) is just \$600 per child, or 3.5% of public school day costs.

Cost/Benefit Analysis of New Jersey After 3*



**This graph compares New Jersey After 3 to average NJ public education costs. New Jersey After 3's 2.5 hours of programming each day (leaving half an hour for snack and transitions), or 44% of the average school day (i.e., 150mins /342mins), costs just 7% of public schools' cost per child, with New Jersey After 3's FY11 total average at \$1,200 and the state's public school average at \$17,000 per year (i.e., \$1,200 /\$17,000).*

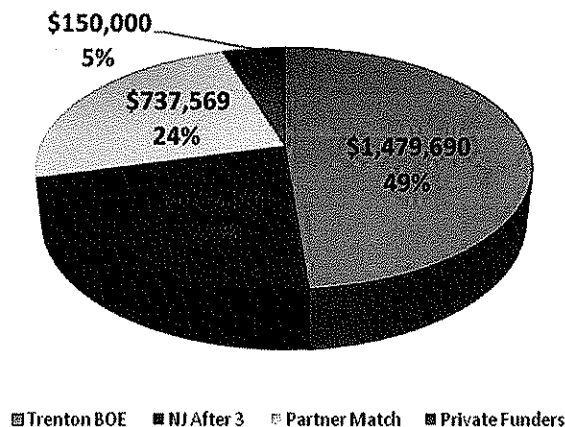
New Jersey After 3's recent Trenton Afterschool Partnership is an outstanding example of how New Jersey After 3 can 1) expand student access and participation in afterschool programs; 2) systemically improve the quality of programs; and 3) reduce costs and coordinate multiple funding streams. Prior to the partnership between New Jersey After 3, the school district and the City, there was an \$8 million hodge-podge of programs of uneven quality in 15 schools serving about 1,500 students. New Jersey After 3 was able to

⁷ Alliance for Excellent Education. *Paying Double: Inadequate High Schools and Community College Remediation*. Issue Brief, August 2006. Available at <http://www.all4ed.org/files/archive/publications/remediation.pdf>.

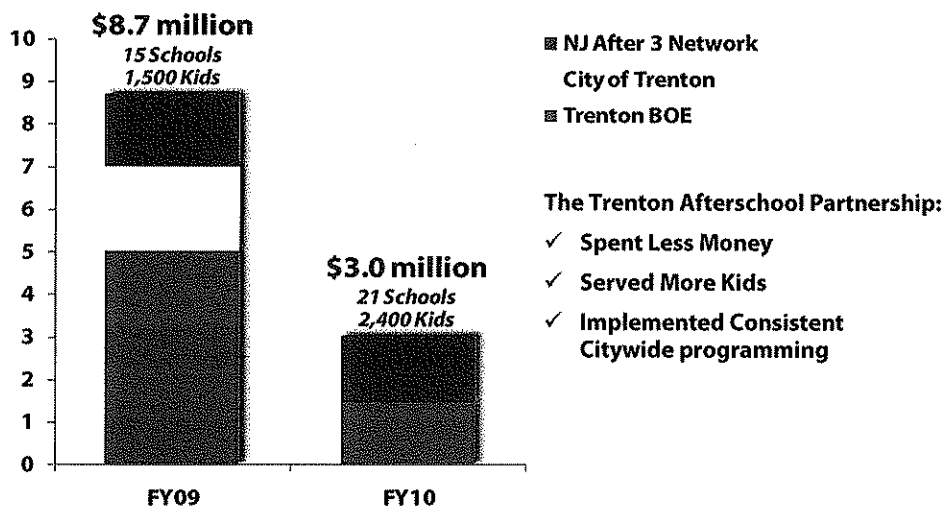
⁸ Catalyst. *After-school Worries: Tough on Parents, Bad for Business*. 2006. Available at <http://www.catalyst.org/file/75/pcast%20report.pdf>, accessed 3/4/11; Miller, T., Reisner, E., Sanzone, J., & Woods, Y. *Evaluation of New Jersey After 3 Trenton Afterschool Partnership Programs*. Policy Studies Associates, Inc., December 2010.

implement an evidence-based program model in all 21 schools for over 2,400 students for just over \$3 million ... less than half the cost of the prior uncoordinated system.

Trenton Afterschool Partnership: An Example of Funding Coordination



Afterschool Expenses in Trenton* Cost Savings of the Trenton Afterschool Partnership (TAP)



*NJ After 3 network' contributions include organizational operating dollars, partner match, and private funding.

Proven Results – Independent Studies

New Jersey After 3 expands learning time at a fraction of the cost of traditional public school education, yet an independent three-year longitudinal evaluation of New Jersey After 3 documented statistically significant gains in students' language arts skills and study skills, as well as benefits in homework completion, math and computer skills, and other indicators of academic success. New Jersey After 3's average daily attendance (ADA) is amongst the highest in the nation at 81%; attendance rates are one of the most critical measures of quality for afterschool programs, because 'dosage' is strongly correlated to positive youth outcomes.⁹

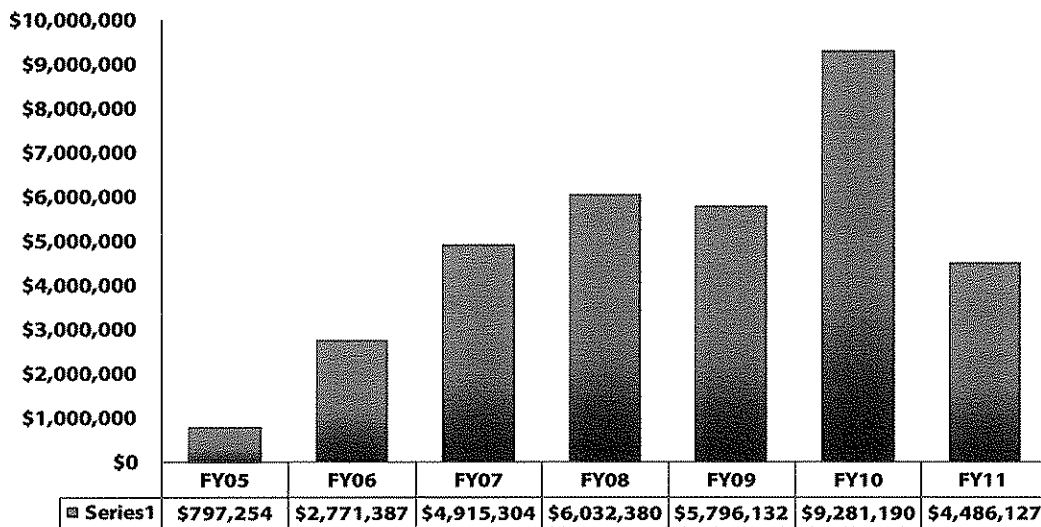
⁹ Eagle, K., Miller, T., Cooc, N., LaFleur, J., Reisner, E., *Evaluation of New Jersey After 3: Reaching and Engaging New Jersey's Youth through Afterschool Programs, 2005 – 2008*, Policy Studies Associates, Inc., April 2009. PSA surveyed student participants' public school classroom teachers on their perception of NJ After 3's impact on student learning/attitudes in school.; Harvard Family Research Project, *After School Programs in the 21st Century*, February 2008, Issues and Opportunities in Out-of-School Time Evaluation (Issue 10).

An independent evaluation of New Jersey After 3's Trenton Afterschool Partnership documented that 93% of parents felt that their children performed better in school because of their participation. Ninety-seven percent of students reported that the program helped them finish their homework on time.¹⁰ By partnering local nonprofits with public schools, New Jersey After 3 delivers consistent, evidence-based programming at a cost that is less than half the cost of high-quality afterschool programs nationally, according to a study by Public/Private Ventures and The Wallace Foundation. A recent large scale study of high quality afterschool programs, like New Jersey After 3, found that students gained between 12 and 20 percentage points on standardized tests.¹¹

Delivering a Return on Investment for New Jersey's Taxpayers by Securing Private Investors

This year, the State's investment of \$3 million has leveraged \$4.5 million in outside funding-- a 150% rate of return. Since 2004, New Jersey After 3 has delivered a direct rate of return on the State investment that exceeds 40%. To date, New Jersey After 3 has leveraged over \$32 million in direct cash and in-kind contributions from private investors (corporations, foundations, and individuals), Federal grants (AmeriCorps, Learn & Serve), and local support.

New Jersey After 3 Return on Investment by Year
Entire Network



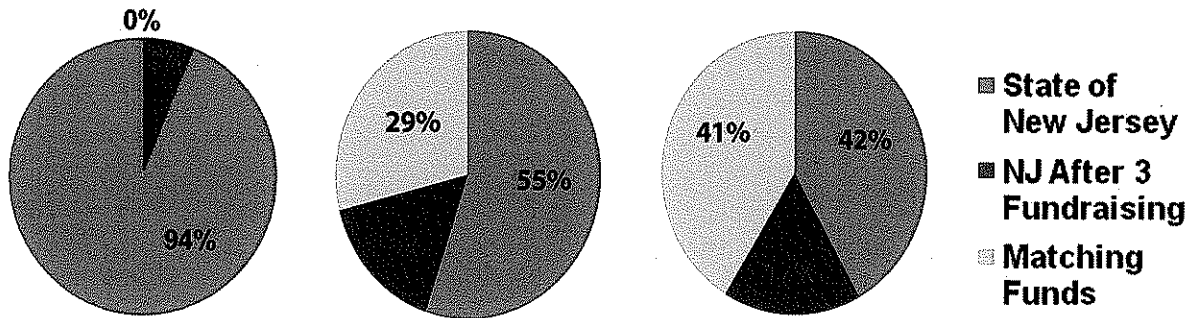
**Values include direct fundraising, matching dollars from partner nonprofit organizations, as well as in-kind contributions.*

Each year, New Jersey After 3 has worked to improve its Return on Investment to the State. The following chart demonstrates the agency's progress across years in service, with pie charts that illustrate increasing diversity in revenue sources from its first year (FY05) to present day (FY11):

New Jersey After 3's Return on State Investment						
FY05	FY06	FY07	FY08	FY09	FY10	FY11
5%	37%	33%	40%	40%	89%	150%

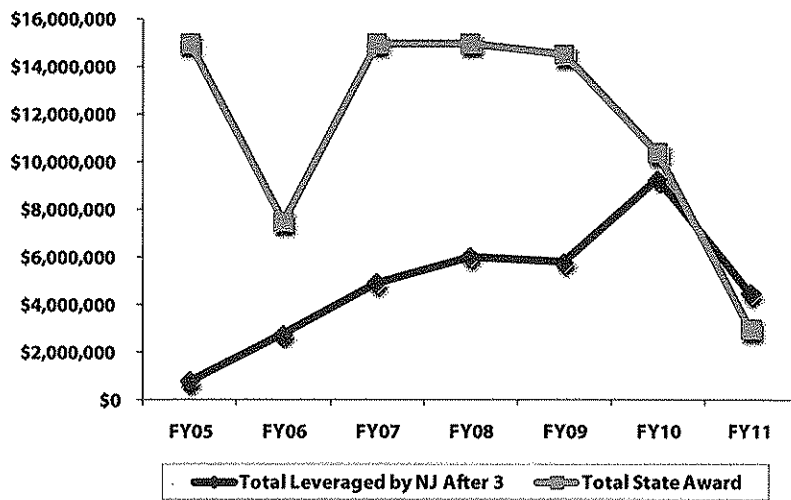
¹⁰ Miller, T., Reisner, E., Sanzone, J., Woods, Y., *Evaluation of New Jersey After 3 Trenton Afterschool Partnership Programs*, Policy Studies Associates, Inc., February 2011.

¹¹ Vandell, D., Reisner, E., & Piece, K., *Outcomes Linked to High-Quality Afterschool Programs: Longitudinal Findings from the Study of Promising Afterschool Programs*. Policy Studies Associates, Inc., October 2007.



While New Jersey After 3 has increasingly diversified its revenue streams and improved upon its private fundraising, this success is dependent on State investment. New Jersey After 3 leverages its State award to attract funding from outside sources, including private and public investors.

Impact of State Funds on Private Investment Entire Network

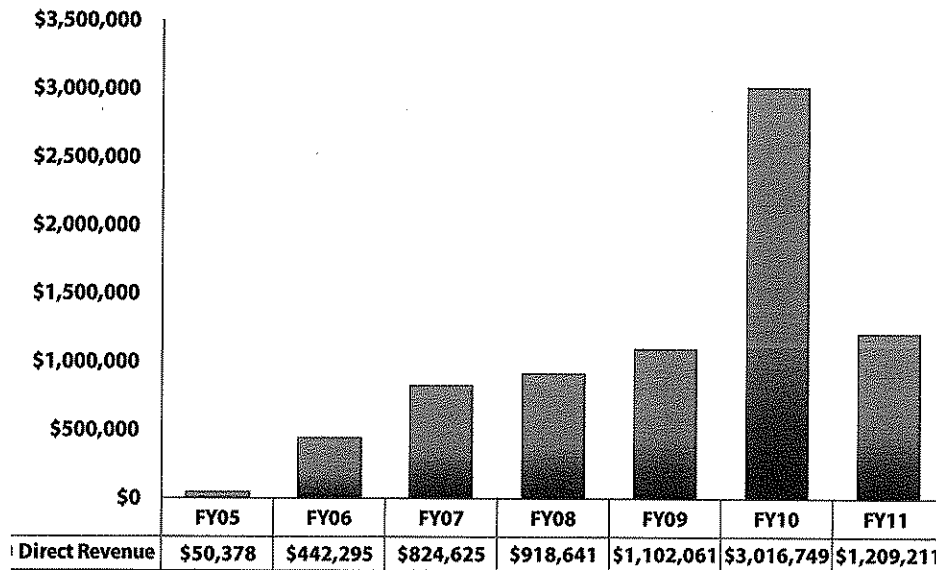


Growth in Fundraising Despite the Economic Downturn's Impact on Philanthropy

New Jersey After 3 has increased direct cash investments from outside (non-State) sources significantly in the last three years, despite the economic downturn and its impact on philanthropy across the Nation, and despite the uncertainty created by mid-year and year-over-year budget reductions.

By leveraging the State's sustained financial commitment and independent evaluation results that demonstrate gains in student achievement, New Jersey After 3 has increased the number of new corporate and foundation donors, sustained its larger donors, and increased the number of individuals who invest in its mission significantly.

New Jersey After 3 Direct Revenues (Non-State) Revenue in Millions of Dollars

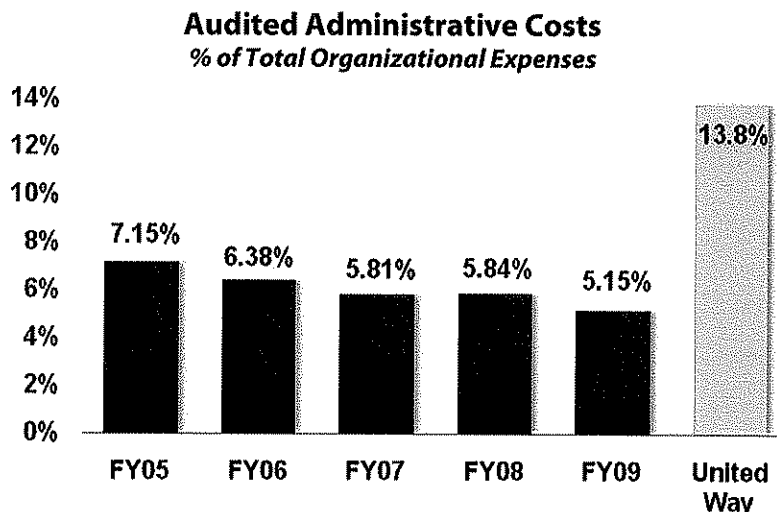


*Values include all direct contributions (not network matching funds). FY11 revenue amount reflects to-date fundraising as of 3/1/2011.

However, as the two charts above clearly demonstrate, New Jersey After 3's financial uncertainty resulting from the FY 10 mid-year cuts and year-over-year cuts has inhibited New Jersey After 3's fundraising efforts; donors have been hesitant to invest in New Jersey After 3 because of this uncertainty. This reluctance is analogous to that of an investor who would hesitate to devote funds to a company's stock if the largest shareholder suddenly withdrew all investments. New Jersey After 3's donors consistently report that matching State support attracts their donations; in fact, several contributions are contingent upon State funding.

Low Administrative Cost Rates

New Jersey After 3 has steadily decreased its administrative cost percentage, and has developed efficiencies as its network achieved economies of scale.



*All listed New Jersey After 3 administrative costs are taken from audited financial statements calculated by an independent auditing firm. United Way administrative cost taken from liveunited.org (reflects the 2008-2009 fiscal year).

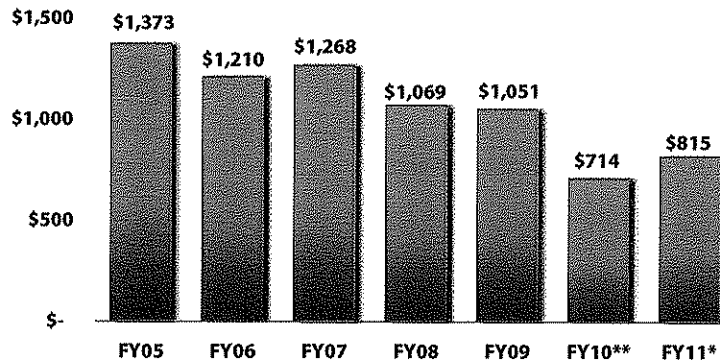
New Jersey After 3's last audited administrative cost percentage was 5.15% in FY09. By comparison, the United Way of America, a nationally renowned, large-scale nonprofit organization, has an administrative cost percentage that exceeds 13%.

Keeping Costs Low: The Financial Benefits of Public/Private Partnerships

New Jersey After 3 has steadily decreased its cost per child over time, demonstrating efficient economies of scale. By partnering local nonprofit agencies with urban, suburban and rural public schools, New Jersey After 3 delivers consistent, evidence-based programs at a cost that is less than half the cost of comparable high-quality programs nationally, according to an independent study by Public/Private Ventures and The Wallace Foundation.

New Jersey After 3's model sets a maximum annual cost-per-child at \$1,500, which includes grantee matching funds. Comparatively, State-run 21st Century Community Learning Centers programs through the NJ Department of Education allow for a maximum annual cost-per-child threshold of \$2,500 to \$10,000, according to their recent Notice of Grant Opportunity published in February 2010.

Direct Cost Per Child
Based on Total (Audited) Organizational Expenses Divided By Level of Service



***Mid-year state budget cuts led to early program closures throughout New Jersey After 3's network in FY10; therefore, cost per child calculations (in this year alone) do not reflect full-year programming expenses.*

**All years calculated using audited financials except FY10 and FY11 (which are based on current estimates). All of the calculations in this figure reflect direct cost per child and do not include grantee matching funds.*