



DATE: December 13, 2016

CATEGORY: New Business

DEPT.: Community Services

TITLE: **Adopt a Resolution Updating the Recreation Financial Assistance Program**

RECOMMENDATION

Adopt a Resolution Changing the Recreation Financial Assistance Program from the Current Subsidy of 75 Percent with a Cap of \$400 Per Child to a Two-Tier Program Offering a 90 Percent Subsidy with a Cap of \$500 Per Child or 75 Percent Subsidy with a Cap of \$400 Per Child Based on Family Income Levels and to Enable the City to Adjust the Financial Assistance Program Through the Annual Budget Process and Update the City Master Fee Schedule, to be read in title only, further reading waived (Attachment 1 to the Council report).

BACKGROUND

In September 2015, the Recreation Division transitioned to a new registration system, ActiveNet. Financial Assistance Program (FAP) participants and their families could then create online accounts, register for classes and camps online, and track their account balances. In ActiveNet, FAP accounts are now automatically tracked and updated on an individual basis. The previous FAP model offered financial assistance per family, not individually.

On November 12, 2014, staff presented information to the Parks and Recreation Commission (PRC) regarding changes to the FAP to make it cohesive with the new registration system's individual account tracking. Staff recommended updating the FAP from a family subsidy of \$800 to an individual subsidy of 75 percent with a cap of \$400. The 75 percent subsidy was intended to incentivize participation and lower the number of FAP participants who sign up for a program but do not actually attend. The PRC forwarded the recommendation to City Council without modification and asked staff to work with the Community Services Agency (CSA) to evaluate the effectiveness of program changes and report back to the PRC after one year of implementation.

On March 24, 2015, Council adopted Resolution No. 17948 changing the Recreation FAP per the PRC recommendation, and the change was implemented starting on September 1, 2015, in coordination with the CSA.

On November 9, 2016, staff returned to the PRC to present information regarding the first year of implementation of the new FAP. Based on program feedback and data, staff recommended additional changes to the FAP, including creating a two-tier system to allow those with lower income levels to receive a greater subsidy level. The PRC approved the proposed changes and also recommended to adjust the FAP as needed through the annual budget process and update of the Master Fee Schedule (MFS). The staff report from the meeting is provided as Attachment 2.

ANALYSIS

Changes to the FAP were implemented on September 1, 2015 and included:

- Transition to the new ActiveNet Registration system.
- Family access to view the FAP account and to register for programs online.
- Subsidy of \$400 per child each year, changed from \$800 per family.
- Participant payment increased from 0 percent to 25 percent of program cost.

During the first year of implementation, 448 youth participants used some or all of their financial assistance to register for a total of 1,371 recreation activities. On average, FAP participants registered for three classes or camps and utilized a subsidy of approximately \$250 per child. Of the 448 youth participants, 20 percent used the entire \$400 subsidy. In total, over \$111,550 was provided through the FAP last year compared to the previous year's total of \$291,000.

As the previous FAP was family-based, it is difficult to compare year over year with the new program, which is tracked on an individual basis. However, CSA has stated the total number of families enrolling in the emergency assistance program, which is used to determine FAP participation, has experienced a decrease over the last year. Staff believes this decrease contributed to a smaller amount of financial assistance being used compared to last year.

Because of the changes in the program, families spent more time selecting classes and camps before registering due to the need to pay a percentage out of pocket. CSA and Recreation Division staff provided guidance in determining the out-of-pocket costs for

families at the beginning of the registration process. Once a family understood their out-of-pocket costs, they proceeded with registering. Families registering online are able to see their financial assistance balance for each child. ActiveNet also calculates the out-of-pocket costs for the family during the registration process.

One of the goals of the new FAP was to decrease the number of registered FAP participants who did not attend the programs they had registered for. By requiring FAP participants to pay a percentage of the program costs, the number of participants failing to attend decreased to about 4 percent. This is a significant decrease from prior years which ranged from 10 percent to 15 percent.

CSA had told staff that approximately five families approached CSA stating the 25 percent out-of-pocket costs was a financial hardship for their family. Staff wanted to understand if there were more families in the same situation who had not come forward and sent a survey to FAP recipients, receiving 42 responses. Thirteen (13) stated they did not use all of their financial assistance because of the out-of-pocket costs.

To address this, staff, with support from CSA, proposes moving to a two-tier FAP for the 2017-18 allocation year starting September 1, 2017. The proposed change would decrease the out-of-pocket costs for a majority of the FAP families. The system would move from the current 75 percent subsidy of up to \$400 per child to one of the following:

- Those families with annual incomes that qualify as “extremely low- and very low-income” according to the Santa Clara County Housing and Urban Development (HUD) guidelines would qualify for a 90 percent subsidy up to \$500 per child. Staff recommends lowering the out-of-pocket costs and increasing the subsidy cap so participants have the opportunity to participate in the same number of classes as those applying the 75 percent subsidy to a class with a \$400 cap.
- Those families with annual incomes that qualify as “low-income” according to HUD guidelines would continue to qualify for the 75 percent subsidy up to \$400 per child.

The proposed timing of this change is based on the timing of the allocation period. Families have already applied for the 2016-17 allocation period and would need to reapply through CSA if changes were approved and implemented immediately. In addition, staff would need to adjust each account individually based on the financial assistance utilized to date for the current allocation period.

Staff presented the proposed changes to the PRC on November 9, 2016. Three residents, whose children are part of the FAP, spoke in favor of the proposed changes noting their financial hardships and how the lower out-of-pocket costs will help with providing extracurricular activities for their children.

The PRC recommended that staff submit future adjustments to the FAP benefits through the annual budget process based on program pricing and FAP success and update the MFS. If there is a significant price increase related to classes and camps, staff could adjust the FAP limit through the annual budget process to ensure adequate financial assistance to cover price increases. Staff will continue to evaluate the effectiveness of the program and would recommend adjusting the FAP based on feedback and program success.

Overall, the objectives for the FAP were achieved, which included aligning with the new registration system, lowering the number of participants who do not attend their registered programs, and increasing the total value of subsidy to each child by moving to an individual subsidy versus a family subsidy. Based on feedback received from program participants and CSA, these recommended changes would further increase participation in this program.

FISCAL IMPACT

The FAP provided over \$111,550 in financial assistance to participants the first year of implementation. The City received approximately \$37,000 in revenue through the 25 percent out-of-pocket costs. With the recommended changes for the 2017-18 program period, the amount of subsidy is anticipated to increase and the total revenue could decrease, depending on the number of registrations completed through the program.

ALTERNATIVES

1. Do not change the FAP.
2. Make other changes to the FAP as determined by Council.

PUBLIC NOTICING

In addition to agenda posting, staff sent a notification to the CSA and FAP recipients from 2015-16 to present.

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Attachments: 1. Resolution
2. [Parks and Recreation Commission Memo – November 9, 2016](#)