



## COMMUNITY ACTION NETWORK PLAN

### To Fulfill the City of Ann Arbor's Living Wage Ordinance by July 1, 2015

**Background.** On July 10, 2012, Community Action Network (CAN) applied for a waiver to the Ann Arbor Living Wage ordinance (described in Chapter 23, Section 1:815). On September 14, after several inquiries on the status of its request, CAN was instructed to make a small change to its request letter; to add a statement that it would use its waiver period to devise and implement a plan to become living wage ordinance-compliant. This letter was submitted on September 17. On September 25, CAN received another communication, that the city attorney's office required "a written plan to fully comply with this Chapter within a reasonable period of time, not to exceed three years". This document was written to comply with this requirement.

**For the record.** For the record, CAN is not opposed to the *concept* of a living wage. However, Ann Arbor's living wage, while written with the loftiest intent, is seriously flawed. In fact, in the case of CAN, the living wage's effect is exactly opposite of its intended purpose. The living wage ordinance stipulates that *every* employee working on a city-funded project must be paid the living wage. CAN's employs about 12-15 very-part-time employees for its after school programs. All college students, these staff members work about 8-10 hours a week, earning spending money while full time students. *These students are not earning their "living"*. The cost of paying these program assistants living wage decreases what CAN can afford to pay its *full-time* community center directors- positions with a great deal of responsibility. Furthermore, as a matter of principle, it's hypocritical for the city of Ann Arbor to tout itself as a "living wage" city, when it exempts itself from this ordinance.

CAN's July 20 letter requested a waiver based on financial hardship. The letter states: *"The financial burden the living wage places on our organization decreases our ability to serve our clientele and damages our financial viability. Last year, like the year before, we closed our books with a small deficit. While so far these deficits have been manageable, our agency must cut expenses in every possible way."*

**The Cost of Living Wage.** In the past ten years, the city of Ann Arbor has increased the living wage 9 times. These increases have been significant every year. The latest increase, from \$13.19 to \$13.57 per hour would cost CAN \$2000- \$2,500 more in wage expenses in FY 2012-

2013. Assuming similar increases every year, CAN's expenses, just due to the living wage increase, could easily rise \$6,000 - \$7,500 in 2015.

**Plan for Compliance.** Community Action Network is already a very efficient nonprofit. It operates in buildings provided at no cost, by the Ann Arbor Housing Commission and the Ann Arbor Parks and Recreation Department. In addition to the required cost of doing business for all nonprofits (insurance, bookkeeping, accounting, audits) that cannot be cut, CAN's largest expenses are salaries and wages, and the purchase of food for meals cooked at the community centers. It is in these last two categories that CAN will make drastic cuts to comply and keep up with the living wage requirements and increases.

**Compliance with the Ann Arbor Living Wage ordinance by Community Action Network can be accomplished by the following measures:**

- 1. Cutting Programs and Services, including**
  - a. Decreasing program hours during the school year**
  - b. Eliminating summer camps**
  - c. Decreasing or eliminating children and youth meal programs**
- 2. Limiting Program Participation**
  - a. Elementary school students only**
  - b. Middle & High school students only**
  - c. Alternating days between elementary and secondary school students**
- 3. City Increase in CAN's funding to keep pace with the living wage increases**
- 4. Living Wage Exemptions for Human Service nonprofits.**

**Component Details.**

- 1. Cutting Programs and Services**
  - a. Decreasing program hours during the school year.** Wage and salary expense reduction can only be accomplished by reducing CAN's work force. During the school year, CAN could decrease or eliminate the program assistant positions. This would significantly impact the quality of CAN's after school programs, particularly the tutoring and academic enrichment activities that contribute to CAN's 96% high school graduation rate.
  - b. Eliminating summer camps.** Similar to a) CAN could manage to stay within its budget by eliminating all its summer camps. However the impact on working parents would be catastrophic, and this measure would halt CAN's work to combat the well-documented *summer loss of learning* experienced by students from low income families (and thought to be a major contributor to the achievement gap).
  - c. Decreasing or eliminating children and youth meal programs.** CAN's annual expenses for the purchase of food are almost \$40,000. Most of this food is used to prepare meals served during CAN's after school programs and in the summer. CAN serves at least 12,000 meals a year.
    - i.** Currently on weekdays, children and youth receive breakfast and lunch in school. CAN provides dinner 4 nights a week in two of its centers, and 5 nights a week at the third. Combined with food distributions and easily

accessed food pantries, these meal programs are responsible for the fact that 100 % of heads of households report on annual surveys that no member of their family has skipped a meal due to lack of enough food. CAN can significantly reduce its expenses by eliminating its dinner program during the academic year- however, the trade off will most certainly result in unfed children.

- ii. According to the USDA, more than 21 million children participate in our country's schools' free and reduced lunch programs during the academic year. In summer 2011, only 2.3 million received meals through summer food programs. (<http://www.fns.usda.gov/cga/pressreleases/2012/FNS-3.htm>) CAN currently serves two meals a day during its 6-week summer camps. While cutting those meals will likely not be enough to compensate for the anticipated living wage increases, it will at least make a dent. Again, the impact on the children served by CAN will be significant- but they'll be joining the ~ 18 million US children without a summer meal program.

## **2. Limiting Program Participation**

- a. **Elementary school students only.** To reduce the number of program assistants needed to operate CAN's after school programs, CAN could focus its academic support and enrichment work on one age-group only. An argument can be made that if such a choice should be made, elementary aged students only should become CAN's focus. Many children do not have the parental support they need to read and explain their homework assignments or to complete their daily reading work to become fluent readers. Middle and high school students would have to navigate their school work on their own.
- b. **Middle & High school students only.** Conversely, an equally strong argument can be made that older students deserve the support CAN offers. Document analysis of last year's Bryant teen program participants showed that 37% had an IEP (an individual educational plan – indicating measurable emotional or learning impairments). To keep up with their mainstream Ann Arbor classmates, these students need support that usually cannot be had at home. While elementary school students usually have one teacher, this age group must navigate changing teachers for different subjects, making getting help much more complicated. This option leaves elementary students to “figure it out” on their own or get help from their school teachers.
- c. Alternating days offering homework support between elementary and secondary school students. This option provides neither age group the support it really needs, but at least leaves both with some support. While students in classes with daily homework assignments would experience alternating days of support, at least they would get their homework completed half of the time.

All three options will likely effect CAN's 96% high school graduation outcome.

## **3. City Increase in CAN's funding to keep pace with the living wage increases**

Clearly this option is not within the purview of Community Action Network's power, but it would be a reasonable solution to the city's continuous increases in the living wage. If the data support increasing the living wage, then larger grants to Human Service providers is a logical extension. As the Office of Community and Economic Development's figures show, increases in the living wage have not been accompanied with similar trends in the city's spending on Human Services.

4. **Living Wage Exemptions for Human Service nonprofits.** Already proposed by council members Lumm and Smith, this would be the simplest solution. CAN's clients would not endure painful cuts to their services, and the positive outcomes they enjoy (96% graduation rate, no skipped meals, etc.) would not be compromised.

**Plan Component Selection.** Community Action Network's mission statement is: *CAN partners with children, youth and families from under-resourced Washtenaw County neighborhoods to create better futures for themselves and to improve the communities in which they live.* CAN takes these partnerships very seriously and coordinates monthly meetings with community members at each site to facilitate ongoing communication and input into program planning and foci. Gathering resident input in important program decisions is part of this partnership. Should the living wage ordinance remain in effect, CAN will consult with its communities and other stakeholders to determine which of the above options will be implemented.

**Plan Implementation Timeline.** If a living wage ordinance waiver is granted to Community Action Network, - CAN will commence the discussions with its communities and other stakeholders in Winter 2013. It is likely that the selection of program cuts will be painful; at least 6 months should be budgeted for this process. Since many of CAN's current contracts include some of the program elements proposed for reduction or elimination, discussions will also need to involve current and future funders. A three year waiver will allow CAN to align its contracts and work plans with what it can reasonably offer given the relatively shrinking resources.