COMMISSIONERS PRESENT:
Commissioners:
Nancy Au
Yvonne Burke (Chair)
Jonathan Fielding (Vice Chair)
Corina Villaraigosa
Ex-Officio Commissioners:
Jacquelyn McCroskey
Connie Russell
Deanne Tilton
Harriette Williams

COMMISSIONERS ABSENT:
Commissioners:
Jane Boeckmann (Excused)
Neal Kaufman (Excused)
Marv Southard (Excused)
Evangelina Stockwell (Excused)
Carolyn Wilder (Excused)

STAFF PRESENT:
Evelyn V. Martinez, Executive Director
Carol Baker, Director of Public Affairs
Anthony Bellanca, Finance Director
Yolanda Bosch, Director of Grants Management & Legal Compliance
Armando Jimenez, Director of Research & Evaluation
Teresa Nuno, Director of Planning & Development
Maria Romero, Executive Assistant

LEGAL COUNSEL:
Craig Steele, Attorney-at-Law

CALL TO ORDER / ROLL CALL:
1. Chair Burke called the meeting to order at 1:37 pm.

Meeting quorum was not present.

CONSENT CALENDAR: (Items 2 – 3)
2. Approval of Commission Meeting Minutes – Thursday, April 10, 2008

Due to lack of quorum, this item was continued to the next regularly scheduled Commission meeting on June 12, 2008.

3. Approval of Monthly Financials – February, 2008

Due to lack of quorum, this item was continued to the next regularly scheduled Commission meeting on June 12, 2008.
COMMISSION: (Items 4 – 10)

4. Announcements by the Commission Chair

   RECEIVED

5. Executive Director’s Report

   RECEIVED AND FILED

   In addition to the written report, the following announcements were made:

   • Legislative Issues & State Budget: Executive Director Martinez thanked Commissioner Villaraigosa for her participation in a number of legislative visits. Her involvement has been extremely helpful, especially with Speaker-Elect Karen Bass and Assemblymember Gil Cedillo, vice-chair of the Latino Caucus.

   The governor’s May Revise Budget, which comes out on May 14th, could possibly make some type of proposal for diverting funding from First 5’s. If that happens, local County Commissions as well as First 5 California will have to be ready to negotiate some sort of compromise with the Governor and legislative leadership. Executive Directors for the largest County Commissions, the First 5 Association and First 5 California (State Commission) have had some preliminary discussions assessing potential options for striking a deal with the state.

   Executive Director Martinez commented that potential options discussed so far in “brainstorming meetings” include:

   a. Pooling together funds from the largest commissions to offer as stopgap funding to the state, with the contingency that the funds be used consistent with our zero-to-5 mission.

   b. Diverting county matching funds from First 5 California for a similar usage.

   c. Supporting general fund costs for caseload growth in Medi-Cal, Healthy Families or other programs serving 0 to 5.

   d. Coordinating programs to offset impacts for Medi-Cal rate cuts to providers by providing operating support to providers for enhanced developmental screenings.


   Director Bosch reported that at the April 10th Commission meeting, Christina Altmayer of Altmayer Consulting presented her analysis of LAUP’s Counter proposal. Based on her analysis, Ms. Altmayer recommended that the Commission consider the following:

   1. A per child cost and associated First 5 LA subsidy be developed as the basis for future agreements with LAUP; and,
2. The Commission move to a performance-based contract with LAUP that will incentivize and prioritize continued enrollment of four-year olds in quality preschools. The Performance Based contract should rely on a cost per enrolled child method for payment and include performance incentives and rewards.

As a result of the April 10th presentation, the Commission requested that Altmayer Consulting continue to assist both the Commission and LAUP by conducting further analyses that would include the following:

1. A determination of cost per space and per child for operating and construction costs based on actual expenses incurred in fiscal years 2007 and 2008
2. Development of a methodology for ongoing cost analysis to support future contract years; and
3. A framework for developing a performance-based contract with LAUP

Director Bosch stated that the analysis being presented was the result of at least three face-to-face meetings and several phone conversations with LAUP staff, and reliance on all documents provided to Altmayer Consulting by LAUP.

Ms. Altmayer commented that the status of work completed included the following key components.

1. Developed a business process flow to illustrate LAUP business processes to expand preschool access and increase quality.

2. Identified each major step in the LAUP business process and the actual number of preschool spaces and/or enrollment at each step in the process using, as appropriate:
   a. Actual spaces as of March 31, 2008
   b. Average number of spaces/enrollment for the 3rd Quarter of Fiscal Year 2007/08

3. Identified LAUP program management and technical support activities at each stage in the business process.

4. Developed cost summary working with LAUP staff using 3rd Quarter fiscal year 2007/08 as a baseline. Using business process model as framework identified:
   a. Direct provider payments
   b. Program management and technical support costs.

Furthermore, Ms. Altmayer identified five major stages to increase capacity of LAUP spaces. The stages range from application development to full operations.

1. Joint Application Stage: Applications are submitted to LAUP for service expansion. LAUP provides community outreach and recruitment to support applications and encourage expansion focused on Areas of Greatest Need (AGN). LAUP direct project costs include community outreach, application assistance and application review.

2. Due Diligence Review Stage – Once an application is received, the application is reviewed extensively to determine feasibility and assess funding needs. Feasibility analysis considers legal and licensing review and sustainability. Funding analysis
evaluates agency need in terms of both capital and operating support. Once feasibility and funding analysis is complete, most applications will transition to construction/facilities support stage.

3. Construction/Facilities – Most applications have historically included a construction or facility enhancement component to either enhance an existing facility or to develop a new site. As of March 31, 2008, 2,160 spaces are still in this construction stage with a target that all spaces would be ready for operation by June 2009.

LAUP provides project oversight, management and technical assistance. This may include support for site location, site planning, and any support in seeking the appropriate site development approvals. A small percentage of projects may go directly from the Due Diligence Review Stage to the Starting Points Stage.

4. Starting Points – The Starting Points Stage is the transition stage from completion of the construction program into full operations. During the starting points stage, providers are paid a flat fee for each classroom group:

- Centers monthly payment per classroom group = $5,500 per month
- FCCS (Family Child Care Centers) monthly payment = $1,450 per month
- Classroom group refers to the number of four-year old classrooms multiplied by the number of sessions used in each classroom. For example, if a center has two dedicated four-year classrooms each operating a morning and afternoon session, the center would receive the monthly payment ($5,500) for each session (x4).

Starting Points:

- Generally lasts 90 to 180 days and includes all activities associated with readying the site to accept children, outreach and enrollment
- Includes site assessment is conducted to Star Quality Rating and ECERS evaluation. The assessment includes an evaluation of teacher/child interactions and therefore cannot be completed until initial operations begin.
- Payments for the starting point stage may be applied to future months operating payments if a final review of starting point expenses determines that actual expenses incurred were less than total starting point payments received.

5. Full Operations – Once a provider has successfully completed starting points and received their Star Level Rating, the provider is transitioned to full operations. Operations funding is provided for a 3 ½ hour day. Funding cannot supplant or extend other funding. The full operations contract is based on four cost factors:

- Monthly Star Rating – Based on the assessment completed in Starting Points Stage, a monthly Star Quality Payment is used. The higher the rating, the higher the monthly payment that is assigned. For example, a 3 Star Rating receives $440 per month whereas a 5 Star Rating receives $550 per month.
- Number of children enrolled in the program - Prior quarter average enrollment is used as the basis for the subsequent quarter enrollment projections.
- Subsidy Proxy Rate – Provider payments are reduced by the number of children receiving some form of state or federal subsidy. The current subsidy proxy rate is $277.78 per child.
• Parent Investment Fee – LAUP has determined a projected parent contribution based on the average income of the households in the zip code. A sliding scale has been developed by LAUP which determines the expected parent contribution per site based on average income for area using zip codes.

Ms. Altmayer also provided an Operations Payment Formula for a Monthly Star Quality Payment Rate.

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\text{Less Monthly Standard Parent Investment Fee} \times \text{Number of Students Not Receiving Subsidies} + \text{Monthly Star Quality Payment Rate} \\
\text{Less Monthly Subsidy Proxy Rate} \times \text{Number of Students Receiving Subsidies} = \text{Total Monthly Classroom Payment}
\]

Under this formula, LAUP staff provides project management, coordination and oversight at each stage in the development cycle. Once the site is in full operations, LAUP staff continues to provide ongoing fiscal and operating coaching, including quality improvement support, enrollment support, fiscal and budget planning.

Ms. Altmayer reported that the cost analysis included an analysis of costs as reported and projected by LAUP staff. The cost analysis was not an audit of costs but did represent an agreement as to the methodology for cost determination. The cost analysis summarizes direct and project management costs based on LAUP Business Process.

Based on the cost analysis prepared by Ms. Altmayer, the following recommendations were made for next steps.

1. The Elements of Performance-Based Contracting should include: (1) clearly defined desired results; (2) measurement and reporting processes; (3) incentives for achieving targeted results; (4) ongoing system and contractor performance evaluation.

2. In addition, the Primary Business Objective for Performance Based Agreement needs to be defined. In doing this, the following questions should be taken into consideration:
   a. What are priority business objectives considering access and quality?
   b. Are there subsets (geographic or condition) that are the highest priority target populations?
   c. What is the relative importance of the priorities and strategies included in the Master Plan?
   d. What is the relative priority of various service quality enhancements and or potential cost-cutting strategies?

3. The identification of Secondary Business Objectives that will be achieved through incentive and/or penalty provisions should include provisions for
   a. Quality Improvements – e.g. provisions for full-inclusion schools; increases in quality ratings?
   b. Successful enrollment in targeted geographic areas?
   c. Achieving or exceeding matching fund targets?
Commissioner Fielding commended Ms. Altmayer for her presentation and acknowledged the cooperation of LAUP in providing her with requested documents. He asked for a comparison of the cost per space for LAUP versus other providers so that the Commission can get a benchmark of costs.

Commissioner Au wanted to understand why there was increase in construction costs for 2009 with fewer spaces. She wanted to know if there was an operational cost that would cause the construction costs to increase. Ms. Altmayer commented that the increased capital costs were a result of the completion of construction projects and the transition of spaces into fully operational status.

Commissioner Fielding stated that LAUP has always indicated that they want this venture to be a partnership between First 5 LA and the community. He was interested in knowing how much support LAUP is giving local communities to help raise part of the cost to defray part of the community centers' cost. From the LAUP budget that was presented, this is not clear. Ms. Altmayer responded that this was not part of the cost analysis; but, an understanding needs to be reached of the cost structure and First 5 LA financial responsibility and how other funds can be leveraged.

Commissioner Au requested a breakdown of the special projects. In addition, Commissioner Fielding would like a breakdown of costs such as transitional costs, continuing costs and one-time costs. He felt that it is critical for First 5 LA to understand these types of costs.

Chair Burke commented that the Commission needs to look at areas where cuts can be logically made. She emphasized that cuts should be made in areas where commitments have been, especially to providers.

Commissioner Fielding concurred with Chair Burke’s sentiment but also commented that the Commission did not make an unconditional promise for full cost funding of providers.

Chair Burke commended Ms. Altmayer for her excellent presentation.

7. Los Angeles Universal Preschool (LAUP)

Due to lack of quorum, this item was continued to the next regularly scheduled Commission meeting on June 12, 2008.

8. Reaffirmation of Board Motion to Incorporate Requirements for New and Sunsetting Funding Decisions

Director Nuno reported that as a follow up to the approval, the Board asked for this motion to be further clarified by a broad set of principles offered by Commissioner Kaufman that would summarize the overarching approach for establishing the new requirements. They are as follows:

1. The degree to which evidence-based approaches are planned to be used and/or were used;
2. The degree to which outcome measures are planned to be used and/or were met;
3. Financial assessment that includes expected and actual full costs per client or unit of service, or other metric, as appropriate, related to the actual short-term outcomes and long-term outcomes;
4. The effect of the opportunity being analyzed on other existing, potential and planned First 5 LA investments and activities, and
5. The grantees’ opinions regarding First 5 LA processes, approaches and priorities relevant to the activity.

9. First 5 LA Evaluation Partnership with the DCFS Prevention Initiative Demonstration Project

Director Jimenez reported that the DCFS Prevention Initiative Demonstration Project (PIDP) is a 12-month child abuse and neglect prevention demonstration project intended to create a comprehensive, strength-based, prevention system extending beyond County government – and beyond the jurisdiction of any one County department – by enhancing existing community-based networking systems.

DCFS designed the PIDP using a $5 million fund balance from FY 2005-06 via a Request for Information (RFI) process initiated in May 2007. The Board of Supervisors approved the project in February 2008. A total of $4.75 million has been awarded to 8 contracted lead agencies, one for each of the 8 SPAs, for the 12 month period (beginning March 1, 2008).

The goal of the PIDP is to test a broad spectrum of services, resources and activities across diverse communities within Los Angeles County and evaluate their impact on child abuse and maltreatment. The evaluation results of these strategies will be used to: (1) determine their replicability/sustainability; (2) consider enhancements to the County’s current service contracts that assist children and families (such as DCFS’ Promoting Safe and Stable Families contracts); and (3) leverage additional funds to support and sustain the most effective aspects of the project.

There are at least three Evaluation Areas currently being planned for: 1) County Level Agencies, 2) PIDP Network/CBO Level Agencies 3) Parent and Community Level. First 5 LA is committed to being an active evaluation partner in this effort.

10. Public Comment

Belinda Almeida, ALMA Preschool
Yvonne Bailey, Cal Poly Pomona Early Education Recruitment Program (CPPEER)
Hanna Blecher, PECE
Julie Benavides, East LA College
Helia Castelum, Student
Chris Castillo, East LA College
Ashley Douduci, Pierce College
Jackie Espinoza, Parent
Monique Fordham, Wonderland Angeles
Paul Freese, Public Counsel
Brytiny Howard, Los Angeles City College
Colleen Kanownik, Pierce College PECE
Gary Mangiofico, CEO, Los Angeles Universal Preschool
Jaime Menendez, Family Child Care Provider
Claudia Guzman Mendoza, Guzman Family Day Care
Arlene Molina, al Poly Pomona Early Education Recruitment Program (CPPEER)
Laurie Nalepa, Los Angeles Valley College
SUMMARY ACTION MINUTES

Ariela Nissim, LA City College
Maria E. Nunez
Omolade Oluyemi, al Poly Pomona Early Education Recruitment Program (CPPEER)
Perla Rivas, Parent
Cyndee Riding, Kid’s Korner Preschool
Jennifer Riley, Student
Patricia Schmolze LA City College
Michelle Ventimiglia, Pierce College

ADJOURNMENT

The meeting adjourned at 4:32 pm.

The next regularly scheduled Commission meeting will be on:

June 12, 2008 at 1:30 p.m.
Multi-Purpose Room
750 N. Alameda Street
Los Angeles, CA  90012

Meeting minutes were recorded by Maria Romero.