APPROVED: 06-14-12

FIRST 5 LA

SUMMARY ACTION MINUTES
Commission Meeting
May 21, 2012

COMMISSIONERS PRESENT:

Commissioners:
Nancy Au
Jane Boeckmann
Philip Browning
Jonathan Fielding (Vice Chair)
Marv Southard
Antronette Yancey
Zev Yaroslavsky (Chair)

Ex-Officio Commissioners:
Duane Dennis
Deanne Tilton

COMMISSIONERS ABSENT:

Commissioners:
Neal Kaufman [Excused]

Ex-Officio Commissioners:
Patricia Curry [Excused]
Arturo Delgado [Excused]

STAFF PRESENT:
Craig Steele, Interim Chief Executive Officer
Yolanda Bosch, Chief Administrative Officer
Antonio Gallardo, Chief Program Officer
Elizabeth Iida, Director of Program Development
Raoul Ortega, Interim Finance Director
Maria Romero, Executive Assistant

LEGAL COUNSEL:
Nancy Takade, Principal Deputy County Counsel

CALL TO ORDER / ROLL CALL:

1. Chair Yaroslavsky called the meeting to order at 9:41 am. Quorum was present.

CONSENT CALENDAR: (Items 2 – 4)

2. Approval of Commission Meeting Minutes – Thursday, April 12, 2012

M/S (Jonathan Fielding / Marv Southard)
WITH NO FURTHER DISCUSSION OR OBJECTION,
THE ITEM WAS UNANIMOUSLY APPROVED

3. Approval of the Monthly Financial Statements for the Month Ending March 31, 2012

Interim Director Ortega presented the regular financial statements for the month ending March 31, 2012 for the Commission's review. Staff has historically provided monthly financial reports for the Commission's approval. In an effort to ensure transparency of the financial status of the Commission, more detailed financial information was provided for the month ending March 31, 2012 on pages 25 through 97 of the meeting packet. Interim Director Ortega noted that on page 25 of the balance sheet, staff has made the appropriate entry to reflect the success of the lawsuit against AB 99 and have reduced the liability.

Vice Chair Fielding commented he was glad to see the increased level of transparency and detail.

M/S (Jonathan Fielding / Philip Browning)
WITH NO FURTHER DISCUSSION OR OBJECTION,
THE ITEM WAS UNANIMOUSLY APPROVED

4. Approve New Contracts and Proposed Amendments for Existing Contracts and Grant Agreements Approved in the FY 2011-12 Programmatic and Operating Budgets for the Period of May 1, 2012 to May 31, 2012 and Authorize Staff to Complete Final Contract Execution Upon Approval from the Board. Authorize Staff to Begin the Contract and Grant Renewal Process for Those That Have an Effective Date on or After July 1, 2012 and Complete Final Contract Execution Upon Board Approval of the FY 2012-13 Budget.

CAO Bosch reported that every month, for the past seven months, staff has been bringing to the Commission items on the consent calendar. Staff is requesting the approval of six new contracts and eight amendments for the period of May 1, 2012 to May 31, 2012.

M/S (Jonathan Fielding / Marv Southard)
WITH NO FURTHER DISCUSSION OR OBJECTION,
THE ITEM WAS UNANIMOUSLY APPROVED

<u>COMMISSION</u>: (Items 5 – 16)

5. Announcements by the Commission Chair

Chair Yaroslavsky announced that Commissioner Antronette Yancey received the Pioneering Innovation Award from the Centers for Disease Control and Prevention. She received the award for Instant Recess, a program that helps prevent obesity and promote health through 10-minute, easy-to-do exercise breaks. Instant Recess was created by Commissioner Yancey nearly 13 years ago.

6. Interim Chief Executive Officer's Report

Interim CEO Steele announced that the feed to the monitors on the meeting table was not working. Presentations would only be projected onto the big screens.

In addition to the written report, the following items were highlighted:

- **Executive Director Search:** The search firm has distributed over 6,000 nomination and solicitation packages around the country. Extensive advertising has been done in national newspapers as well as the local newspapers. As of last week, between 50 and 60 applications for the position had been received. The application filing period will remain open through the end of May. A closed session meeting of the Commission has been scheduled for the first meeting in

June to meet with the search firm and narrow down the applicants to a list of finalists. The closed session will take place at 12 pm, prior to the Commission meeting of June 14, 2012.

- **State Budget Update:** Staff has been very proactive in reacting to some of the proposals in the Governor's budget, especially two proposals for reductions and administrative changes that would have a very negative impact on childcare in Los Angeles County. A letter was sent to the legislature detailing what the effect of those changes would be on childcare and keeping First 5 LA on the record as being an organization that is promoting and protecting all of those subjects in the legislative process. A copy of the letter is included in the meeting packet.

Commissioner Tilton commented that the report included in the meeting packet was the best CEO report she had seen in a long time. She said it was succinct, understandable and comprehensive.

Vice Chair Fielding asked if other First 5 County Commissions or the First 5 Association were taking the same approach to the proposed State budget reductions or if there was disagreement among the County Commissions.

Interim CEO Steele said that he was not aware of any disagreement among the County Commissions. He also stated the First 5 Association had sent a similar letter to the legislature.

7. Discussion Regarding the Proposed FY 2012-13 Program & Operating Budget, Work Plan and Related Appendices

Interim CEO Steele reported that the intent of today's meeting was to serve as an introduction to the proposed budget. No action was being sought. No approval was being sought. The item will be agendized for approval on June 14, 2012 if the Commission so desired. Interim CEO Steele commented that Commissioners would be introduced to the concepts of the budget and the changes in the budget process that have been implemented this year, as well as the plans for future budgets. Staff has been working very hard on a work plan, which is the first time the Commission has undertaken this exercise. Staff has been moving through that work plan by working with grantees and contractors to price out individual tasks to come to realistic budget numbers which will be presented in the programmatic and operational sides.

Interim CEO Steele reported that the preliminary budget was presented to members of the Budget & Finance Committee on April 20, 2012. Staff walked through the process and assumptions with the Committee members. The intent for today was to provide an overview of the operating budget, the program budget, and provide the philosophy of the work plan. At the end of the presentation, staff would like an opportunity to discuss the management recommendations to improve the budget process going forward for subsequent years and also address any questions and comments Commissioners may have.

The work plan is a result of a specific recommendation of the Harvey M. Rose audit and is intended to be a management tool. The work plan is a very task specific document with 58 projects. Staff will not be asking the Commission to approve the work plan, itself, because it is a management tool and this is not at a level of detail that the Commission traditionally engages in. Interim CEO Steele asked for Commissioners to look at the objectives of the work plan so that they could understand what was planned in the coming fiscal year. The tasks, themselves, are there for management to monitor progress throughout the year. Each listed task has a timeline and dollar amount associated with it. The work plan is intended to be an internal guide for what work is going to be done; and, staff will responsible for monitoring and reporting quarterly to the Commission on the progress.

Commissioners were encouraged to ask questions at the conclusion of the presentation, as well as during the next couple of weeks leading up to the Commission meeting of June 14, 2012. The goal is to come to a final approval of the budget at the Commission meeting of June 14, 2012.

Commissioner Au asked if the new budget structure could serve as the basis for moving forward with performance-based contracting. She asked if this was the ultimate goal. Interim CEO Steele replied in the affirmative.

Interim CEO Steele introduced Christina Altmayer, the consultant hired to work on the budget.

Ms. Altmayer reported the proposed budget for FY 2012-13 was $197.7 million. There were two major elements of the budget—(1) a program budget which comprised 92 percent of the overall budget and funded grantees, programs and agencies that provide services on behalf of the Commission; and, (2) an operating budget which comprised approximately eight percent of the overall budget and included administration, staff costs, and operations costs associated with executing the program budget.

The budget is one percent less, in total, than the budget for FY 2011-2012. A major focus of the budget was to improve accuracy. About 62 percent of the FY 2011-12 will be spent. It is the goal to improve the accuracy of budget forecasting and the ability to execute the approved budget. Staff, in partnership with grantees, has focused on planning when the work will need to be done in order to execute the budget as planned.

Changes in the FY 2012-13 budget process included the following major concepts.

- The FY 2012-13 budget process was redesigned to support accurate, realistic expenditure forecasts. This was done through work plans being developed as a management tool to improve the planning the accuracy of the Commission's budgeting.
- Further work will be necessary to support effective planning with partners and grantees to develop more accurate budgets, forecasts and program management.
- Segregated approval for contract authority. As a public agency following the public bidding and procurement roles, it takes time to go through this process. Approving an amount for contracting authority allows staff to plan and proceed with the contracting activity even though significant financial activity would not be taking place until the next fiscal year.

- Development of baseline budget and supplemental budget requests to highlight new funding and policy actions for the Commission. In the baseline budget, the program/project was included in the FY 2011-12 budget and activities represent a continuation of the current scope or the next planned step in the budget. Supplemental budget requests represent a notable expansion or change of scope previously approved in the FY 2011-12 budget or allocation or is contingent upon approval of additional staffing.

Ms. Altmayer reported that over 80 percent of the budget for FY 2012-13 is execution of expenditures against prior Commission allocations. The Commission is moving forward with the implementation of programs previously authorized and directed.

There were several assumptions that were taken into consideration during the budget process. Funding was exclusively generated from the Proposition 10 tobacco tax allocations. In FY 2011-12, a three percent decline in revenue had been projected. Actual revenue was two and a half percent lower than FY 2010-11. This was a result of lower administration charges by the Board of Equalization. This is a one-time benefit and is not related to less people smoking.

The projected revenue for FY 2012-13 is just under $95 million. The Commission relies on the State Department of Finance for these projections. The Commission is forecasting a decline of four percent in revenue from FY 2011-12. This may be a conservative forecast given that this year's revenue was better than slightly projected. Staff may come back in October, after final numbers are released for FY 2011-12, with an adjustment, as needed.

Another revenue assumption of the budget process was that the Commission was not assuming any funding from First 5 California for the Child Signature Program. A budget amendment will be requested, pending Commission action, and approval from First 5 California.

A quick snapshot was provided of the total FY 2012-13 program budget to Commissioners. Over 50 percent of the budget was allocated for prior strategic plan initiatives. The largest grantee under this category is LAUP. The areas of research and evaluation and public education costs have been imbedded in the specific initiatives that they are supporting, so the research and evaluation costs, in total, is much higher than the one percent reflected (approximately $2.2 million), which are projects being led by the Department of Research & Evaluation.

Ms. Altmayer noted that the budgets for Family, Friends & Neighbors, Family Literacy, and School Readiness Initiative were based on recommendations from the Kindergarten Readiness Ad Hoc Committee. Any changes to these budgets based on the action taken by the Commission will be made in advance of the Commission meeting on June 14, 2012 to reflect the decisions made.

The operating budget is comprised of those costs associated with staff, the building, and administrative costs. Salary and benefits comprised approximately 80 percent of the operating budget and account for a little less than half of the proposed increase. There is a staffing increase of nine positions that is being proposed over the amended budget for the current year.

Ms. Altmayer reported that per Commission policy, it has to approve a ceiling on administrative expenses on an annual basis. Historically, the ceiling has been five percent. The administrative costs are projected to be four and a half percent of the total budget. Staff is recommending as one of the management improvement recommendations, and in response to the Harvey M. Rose audit findings, a policy change to be more consistent with the practices of other County Commissions. The policy change will be presented in June along with the proposed budget.

A series of management recommendations will be made to improve budgetary control and to respond to the recommendations made in the Harvey M. Rose audit report.

The following are the proposed management recommendations.

- A quarterly review of work plans will be done, highlighting whether work is on schedule.
- The budget process will be accelerated to start earlier in the year and transition into a rolling two-year budget process with budget adoption taking place in April.
- The Cost Determination and Reporting Policy will be updated. There are some conflicting provisions within the policy that are unintentional and it needs to be clear how the ceiling on administrative costs will be calculated and what will be the controlling amount.
- The long-term financial plan will be developed over the next fiscal year with the Budget & Finance Committee. The goal is to have the long-term financial plan done in advance of the budget deliberations.

Interim CEO Steele reported that the management recommendations to be brought forward to the Commission meeting of June 14, 2012 are important to the long-term stability of the organization as well as the relationships with grantees and contractors because the actions that will be proposed are those actions that will make it easier for the Commission to make the contracting process easier.

Furthermore, Interim CEO Steele stated that for years, Commissioner Kaufman has talked about being less bureaucratic. While the new recommendations may not be less bureaucratic, the bureaucracy will be easier to deal with by those folks that contract with the Commission. Getting into a two-year budget cycle and adopting a budget earlier in the year, will make it much easier for the Commission to spend money faster because the partners will be able to include the Commission's actions into their own budgets. The transitions between contracts will be as seamless as possible.

In addition to the budget and management recommendations, an updated Statement of Fund Balance will be presented. The Finance Department staff has done an extensive analysis of the fund balance issue and has produced numbers that are based entirely on approved Commission actions rather than assumptions. The Commission will also be adopting the resolutions necessary to formalize all the allocations of the Commission in compliance with the GASB 54 Policy adopted a few months back. Preliminary recommendations will also be brought for approval of the multi-year financial plan and the administrative cap on expenses. At the Commission meeting of June 28, 2012, all of the contracts with an effective date of July 1, 2012 will be brought forward for approval, once the FY 2012-13 budget is adopted. A plan for addressing the excess fund balance will also be brought forward for the Commission's consideration to get the fund balance to a level that is acceptable administratively but also politically palatable.

Interim CEO Steele also stated that staff was available for individual budget briefings over the next couple of weeks.

Chair Yaroslavsky stated that the response to the Harvey M. Rose audit, generally, has been really outstanding. The Harvey M. Rose audit report has been taken seriously, and it provided a roadmap on how to get the organization on solid fiscal footing, as well as a footing of transparency. The seriousness with which the staff has taken the audit and the seriousness of the strategies being proposed to implement the audit report have been reassuring to him. For a long time, the budget was a big mystery and staff has begun to demystify it. Chair Yaroslavsky said he had a high degree of confidence the Commission was moving in the right direction and complemented Interim CEO Steele and the staff.

Commissioner Au asked if there was a draft of the changes for the administrative policy. She asked how that structure would be established.

Ms. Altmayer responded that the policy as it states says that administrative expenses will be limited to five percent and that five percent will be reviewed periodically by the Operations Committee. The challenge with this is that it refers to five percent of a number that changes. In the Harvey M. Rose audit, it was criticized that when five percent was calculated off actual expenditures, the resulting number was actually higher than five percent. The way most County Commissions apply the five percent rule is that they calculate five percent of the approved budget. This amount becomes the ceiling and reporting would be done regularly against that number. For the Commission, that number would be $9 million. Since it is hard to keep fixed costs compared to a number that has variability as it is based on actual expenditures, the clean-up will be to make it explicit and consistent.

Vice Chair Fielding commented that if one looks at the revenue of $94 million and looks at the administrative expense, the administrative expense is roughly 10 percent of what is forecasted. Looking forward, being in line with projected revenues, half of the cap on administration would be half as much. Vice Chair Fielding further commented that this was something the Commission would need to consider in the future.

Commissioner Au asked if there is a notion of moving all grantees toward performance-based contracting since the Commission has started this contracting structure with LAUP.

Interim CEO Steele commented that while a percentage (or number of contracts) was unknown at this time, where it is appropriate and where the performance can be made measureable, a move toward performance-based contracting has been made. It becomes a judgment call whether contracted services become tangible. As a result of the Commission's action of adopting the accountability framework, the Commission has determined that success needs to be defined at the beginning of every project and that such success determination will be built into the contract. Going forward, as new projects are being presented to the Commission, and when success is determined, that performance standard will then be incorporated into the contract. This is a long-term process for the Commission as the success measurement is determined and incorporated into the contract.

Commissioner Au commented that as the Commission considers to move toward a two-year budget process, she sees moving toward performance-based contracts as facilitating, from her perspective, the ability to make really good decisions and being able to feel a level of confidence in being able to track progress on programs.

Interim CEO Steele stated that wherever a service can be quantified, it has been quantified in the work plan and the next step is to incorporate it into the contracting process with measurable outcomes.

Commissioner Southard commented that this reminded him of the Commission's initial conversations about outcomes for kids and performance of programs. If the Commission is looking for life outcomes, a year or a two-year period is not going to be enough time to measure a difference. Part of what happened was that the Commission perhaps did not attend to the performance expectations within contracts that would add to those outcomes in the long run. Going back to those initial conversations, the Commission needs to think of outcomes as one thing and performance expectations in the contract being yet another because the Commission is not going to see the kinds of outcomes it is looking for in one or two years. However, this did not mean that the Commission ought not to have performance expectations in its contracts.

Vice Chair Fielding commented that it was important that the Commission have clear analysis of logic models that say these are the intermediate measures that help us think the Commission is on track at getting to the outcomes. It is not just how many kids are served but what were the other interim measures likely to lead to better outcomes when looking at safety, health, and school readiness.

Commissioner Yancey agreed with Vice Chair Fielding's comments and said there may be other measures once the Commission is clear on what it wants as outcomes. There may be existing data that the Commission can use to track performance measures. It does not all have to be data that the Commission is collecting; but, without the logic model, it is hard to say what those other data elements might be.

Commissioner Browning stated that it would be helpful if staff could identify the cost per individual served in each model. It would also be helpful to know if there was a model that was being tested or piloted in order to know if there are other places around the country where a similar model is working or if it has not worked.

Commissioner Au thanked Ms. Altmayer for her work in the budget. She thought it was well organized and structured, easing the understanding of the material presented.

**WITH NO FURTHER DISCUSSION OR OBJECTION,
THE ITEM WAS CONTINUED TO THE JUNE COMMISSION MEETING
FOR CONTINUED CONSIDERATION AND ACTION**

Public Comment:

Sadio Woods, Community Health Councils

8. Approval of Findings to Enter Into a Strategic Partnership Contract with the Los Angeles County Department of Children & Family Services (DCFS)a in an Amount Not-to-Exceed $225,000 for 18 Months to Prepare for Utilizing Potential Title IV-E Waiver Funds to Sustain Partnerships for Families Strategies and Approaches

NOTE: Due to a conflict of interest, Commissioner Browning excused himself from the discussion and subsequent vote on this item.

Interim CEO Steele reported that this item was the first time an approval was sought under the new structure for establishing strategic partnerships based on the policy adopted by the Commission in April. Staff is requesting approval of the findings that are required for First 5 LA to enter into a strategic partnership contract with the Los Angeles County Department of Children & Family Services (DCFS). The strategic partnership contract is one of the things that the Harvey M. Rose audit referred to as sole-source contracting. The auditors wanted to see a process by which sole-sore or no-bid contract was approved. This is the first action of the exercise to determine the findings that are necessary to approve it as a strategic partnership.

The Board of Commissioners approved in September 2011, the Partnership for Families Ad Hoc Committee's recommendations to support leverage by DCFS of future Title IV-E Waiver dollars to transition the Partnership for Families Initiative's prevention strategies and activities into the operation of DCFS.

Since the Commission has already approved the provider contracts through FY 2012-13, staff is proposing a strategic partnership, a so-called sole-source contract, to support the administrative costs of DCFS and the transitioning over of those programs. The allocation is a not-to-exceed amount of $225,000 for 18 months and solely to support costs of transition. Per Commission policy, and because this request exceeds $25,000, the Commission is required to approve the written findings that justify the strategic partnership.

**M/S (Jonathan Fielding / Marv Southard)
WITH NO FURTHER DISCUSSION OR OBJECTION,
THE ITEM WAS UNANIMOUSLY APPROVED**

After the vote, Commissioner Tilton commented that she had been assured by the Health & Human Services Assistant Secretary, George Sheldon, that the waiver would be approved in Washington, DC. She said that she did not have an amount or date but was confident that this was a really good plan to bridge these important services.

Commissioner Tilton commented that the ad hoc committee had been prepared to allocate a higher level of funding but the administrative staff at DCFS had been very conservative on how this transition could take place. She suggested increasing the amount as the work not only involved intra-structural administrative work but also outreach and working with other agencies, making sure the program would continue to be extremely effective as it currently was.

Interim CEO Steele commented that DCFS had not asked for an increase in allocation but if the request was to be made, staff could certainly bring the issue back to the Commission for consideration.

Commissioner Au commented that when she was initially appointed to the Commission, the Partnership for Families Initiative was struggling to get going but there was already, at that time, a vision that if this model was going to succeed, the long-term goal was for DCFS to incorporate this program into their operations. To see this in fruition, it was very exciting because this was the model for a lot of the initiatives and projects. The Commission was venturing out and testing the many Theories of Change; and as the Commission experienced its successes, the long-term goal was for the service system in place to incorporate those learnings and continue to do the good work, given the declining revenue.

9. Healthy Births Ad Hoc Committee Recommendations

Director Iida reported that staff was seeking approval of the Healthy Births Ad Hoc Committee recommendations to extend the Healthy Births Initiative.

As noted on page 145 of the meeting packet, the ad hoc committee proposes two recommendations for approval. The first recommendation was to extend the initiative for one year or until the Best Start Communities, Welcome Baby!, and select home visitation programs are established through contractual agreements with First 5 LA. The one year extension period allows the preservation of the infrastructure (i.e., trained workforce and established partnerships and collaboratives) for each component of First 5 LA's Best Start family strengthening program which are Welcome Baby!, the intensive home visitation, and universal assessment of newborns (a County-wide program that will develop and provide elements of Welcome Baby! to families outside of the Best Start Communities.) Once launched, the universal assessment of newborns program allows for cost and time efficient scale up. Tying the extension timeline to the establishment of the Best Start Welcome Baby! and/or select home visitation program contracts includes options to end the Healthy Births contract before the end of the next fiscal year if the Best Babies Collaborative grantees secure these contracts early in the fiscal year.

As background information, the Healthy Births Ad Hoc Committee was established at the Program & Planning Committee meeting on September 15, 2011. The charge of the ad hoc committee was to develop a viable sustainability plan that preserved the infrastructure and considered its relationship to the achievement of the Commission's priority measure of reducing the incidence of low birth weight.

The Commission has made a total investment of $28 million in Healthy Births. The components of the program are referenced on page 157 of the meeting packet. The enrollment criteria for Healthy Births, as well as the client count from 2006 through 2011 were shared with the Commission. Additionally, a rudimentary calculation on the cost of the Healthy Births program in relation to other evidence-based programs was presented.

In order to establish an understanding of how the infrastructure for Healthy Births would affect the implementation of the family strengthening component in the Best Start Communities, staff reviewed the national supporting evidence-based home visiting cross site evaluation conducted by Mathematica Policy Research and Chapin Hall. In response to federal funding, the evaluation looked at what type of infrastructure in communities would best be suited to support a quick ramp up of federal home visitation programs. This was very applicable to the Commission's own intent of ramping up home visitation programs.

Staff reported that the Commission also spent a good amount of time looking at the evaluation findings related to Healthy Birth from Clarus Research qualitative findings (2011), BBC Performance Measures (2011), and BBC client outcome data from 2006 through 2011. The methods for gathering evaluation information included focus groups and interviews of six out of seven Best Babies Collaboratives which included 22 clients, 25 case managers, and 10 administrators. Key findings included BBC clients reporting increased social support and connection, increased health promoting behaviors, improved psychosocial functioning, and increased knowledge about pregnancy and parenting. In addition, BBC performance measures showed that 91 percent of clients received postpartum check-ups; 66 percent of clients with chronic conditions received care at six months; 89 percent of clients received education in three or more health topics; and, 93 percent of clients completed social support referrals.

Commissioner Yancey asked if there were any economic analysis to look at the savings of Medi-Cal for the lower levels of pre-term births. Staff responded that type of analysis had not been completed at this time. Commissioner Yancey further asked if there were plans for such type of analysis. Staff responded in the negative.

Vice Chair Fielding mentioned that what was missing from the data, but was important, was confidence intervals because in some of the cases, the numbers were fairly small. Based on this, the question needed asked as to whether the numbers were statistically significant in difference from one group to the next, and from one year to the next within the evaluation period.

Vice Chair Fielding also mentioned that once progress was made in the outcome of interest, then the follow-up question should be asked regarding sustainability of the outcome. Vice Chair Fielding said the biggest issue was the selection of comparison groups. It was confusing as not all the same data was compared across outcomes; in some cases due to the lack of availability of data. He urged staff to continue moving forward with their data collection.

Commissioner Au said that it was a difficult conversation for the ad hoc committee, especially when the Commissioners limited themselves to just looking at the data. There was an underlying notion because there was no measureable data to rest the minds; but, rather, it was a lot more intuitive to capture the gestalt of what was happening. This tells the Commission that it needs to be cautionary to the earlier comments about making decisions just purely on one set of criteria. The part impacting the ad hoc committee was its intent of having the system of care created through the BBCS and the infrastructure to remain in place. She cautioned the Commission about making decisions just on the data presented as there were other variables that could not be captured in the report.

Commissioner Browning thanked staff for including information on the cost comparison by child. He asked staff if next year's unit cost would be the same or similar. Staff responded that at the present point, the expectation would be that it would be similar due to the contract amount remaining the same and the client count to remain relatively stable.

Vice Chair Fielding commented that the discussion really highlighted that there were other variables that were key in effecting the outcomes that should be considered at the outset other than age and race. Information was needed on what percentage have partners, what percentage have been depressed, what percentage have other chronic conditions, particularly diabetes and gestational diabetes. He asked that this information be looked at before coming back in a year and understanding what the impact is for these programs when adjustments are made to things that the Commission cannot adjust for. It is not always easy because the raw data on the comparative group may not be able. Vice Chair Fielding further stated that to the extent possible, this was critical. He asked for this additional analysis before the Commission considered any future funding after this year.

M/S (Philip Browning / Marv Southard)
WITH NO FURTHER DISCUSSION OR OBJECTION,
THE ITEM WAS UNANIMOUSLY APPROVED

Public Comment:

Jan French, LA Best Babies Network
Claudia Molina, South Los Angeles Best Babies Collaborative

(Per the Commission's Activity Break Policy,
the Commission took a 10-minute break for Instant Recess).

10. Kindergarten Readiness Ad Hoc Committee Recommendations

Director Iida reported that staff was seeking approval of the Kindergarten Readiness Ad Hoc Committee recommendations to extend initiatives for Family Literacy, School Readiness, and Family, Friends & Neighbors, whose current contracts are scheduled to end on June 30, 2012.

Director Iida referenced page 187 of the meeting packet where the four recommendations being made by the ad hoc committee were listed. The ad hoc committee's recommendations, both in terms of the extension periods and the investment amounts, follow the direction given by the Commission Chair at the Commission meeting of February 9, 2012, where the ad hoc committee and staff were asked to consider First 5 LA's ongoing investments in these initiatives within the context of developing and approving First 5 LA's FY 2012-13 program budgets so that Commissioners would be able to assess these initiatives with First 5 LA's other early care and education investments.

The first recommendation is to extend all Family Literacy grantees for one year or until Best Start Community plans are contracted for literacy related programs, whichever is longer, for an annual amount not to exceed $2,170,000. The extension timeline, as discussed on page 188 of the meeting packet, is to coincide with the timeline for contracting Best Start Community plans that have components of Family Literacy programs and also included options for extending contracts beyond one year if the Best Start Community plans were not contracted by June 30, 2013.

The second recommendation is to extend those SRI grantees that are currently receiving and/or leveraging First 5 LA funds to implement one of the approved Best Start home visitation programs. The extension timeline is to further specify, based on the type of home visitation model Best Start Communities select, and include options for extending contracts beyond one year, if the Best Start Communities contract with hospitals to provide Welcome Baby! (a prerequisite program of the home visitation program) and cannot be established during this next fiscal year. The annual amount for this recommendation is not to exceed $5,176,427.

The third recommendation is to extend all five of the Family, Friends & Neighbors grantees for two years for a total amount not to exceed $2 million.

The last recommendation is to authorize staff to negotiate and execute grants and contracts with all relevant grantees and contractors at this year's fiscal approved amount. The Commission's approval of this recommendation will preclude grants and contracts from returning to the Board for consent calendar approval to accommodate the shorten timeline in current grants and contracts that end June 30, 2012.

Staff presented the various factors that the ad hoc committee took into consideration in developing their extension recommendation for each initiative.

Regarding the Family Literacy Initiative recommendation, it was significantly informed by the strong evaluation findings and also by the potential support from existing infrastructure the Family Literacy grantees could provide as Best Start Communities begin implementation.

Key evaluation findings included positive outcomes among participating parents and children at program exit. A follow-up study found higher academic outcomes among participants relative to a comparison sample. However, while program participants performed strong in comparison to other students, Family Literacy participants were still not performing at the proficient level on the CST English Language Arts tests. A significant programmatic finding was that implementing the four-component model in an integrated fashion proved a very effective aspect of the initiative. In regard to the infrastructure, Best Start Community partnerships will be submitting community plans for review in June and July. These plans are expected to be contracted during the FY 2012-13. It is anticipated that some components of Family Literacy, such as parent education, have the potential to be included in the Best Start Community plans. While Family Literacy grantees may not be the selected providers of these services, as that will be determined by the community partnership, the ad hoc committee sought the benefit to maintaining this infrastructure in the case that those services, grantees or qualified staff, were selected by the partnership as part of Best Start Community implementation. These considerations informed the ad hoc committee to extend all Family Literacy grantees for one year or until Best Start Community plans are contracted, whichever is longer. It is fully expected that Best Start Community plans will be contracted by June 30, 2013. However, the ad hoc committee wanted the extensions to be flexible in the unlikely case that a family strengthening component of the community plans are not contracted by June 30, 2012. This extension applies County-wide and not just to those grantees in the Best Start Communities. Based on experience in Best Start Communities to date, infrastructure such as staffing may be utilized from nearby communities if the community, itself, does not have access to the infrastructure within it.

Vice Chair Fielding asked why contracted. He asked if the issue was whether Family Literacy was part of the community plan. If it is part of the plan, this suggested that the community would want to continue it. If it was not part of the community plan, Vice Chair Fielding suggested that it should not continue.

Staff responded that the family strengthening component of the Best Start Community plans were expected to be selected by January 2013. This was providing some flexibility for that selection process as well as the contracting process.

Vice Chair Fielding suggested having the extension tied to the selection process and not to the contracting process so that an end date could be known to give grantees as much notice as possible.

Regarding the School Readiness Initiative, the recommendation was very specific to the infrastructure supporting home visitation programs in the Best Start Communities. Communities are expected to select which of the approved home visitation models they will implement by January 2013. The timeline for contracting the selected intensive home visitation programs was tied to the timeline for Welcome Baby! roll-out. Therefore, the ad hoc committee provided two recommendations. One recommendation for those grantees implementing the same home visitation program selected through the community plans by the Best Start Communities. The second recommendation was for those grantees implementing a model different than the one selected by the Best Start Communities they are in or were near to.

Selection will be known prior to June 30, 2013 and for some communities, the home visitation program will also be contracted at a later date; therefore, it may be the case that some SRI grantees who are implementing the same model selected by the community, may be extended beyond June 30, 2013. The maximum estimated budget for FY 2012-13 is $5.1 million.

Regarding the Family, Friends & Neighbors (FFN) Initiative, the evaluation identified characteristics and needs of the license-exempt population served by the FFN grantees. The majority of the grantees have been interested in becoming licensed, approximately 85 percent. Another finding was that many of the providers, approximately 26 percent, lacked sufficient toys or materials needed for the caring of children. One of the most significant findings for the ad hoc committee was the fact that a substantial number of children in Los Angeles County were being cared for by the license exempt population as reported in the Childcare & Development Needs Assessment of 2011 which states that approximately 180,000 children, ages zero to five, are cared for in license exempt settings.

In regard to infrastructure, while it is not expected that the Best Start Communities would fund specifically FFN programs, communities may propose to support license exempt provider training and therefore, there was relevance in terms of the infrastructure of the FFN programs. Overall, the ad hoc committee felt that the license exempt population was one that warranted additional support and research; and, therefore, the ad hoc committee recommendation reflect a desire to continue FFN funding while First 5 LA conducts a needs assessment of the population and makes recommendations to the Commission on any future investments that would serve this population.

The ad hoc committee's recommendation is to extend all FFN grantees for two years to conduct a needs assessment of the license exempt population and to report to the Commission on recommendations for future funding. The total two-year budget would be $2 million for the five FFN grantees. In addition, planning activities have been incorporated into the FY 2012-13 programmatic budget and would be added to the strategic plan workforce development strategy for conducting the needs assessment for future funding consideration.

Vice Chair Fielding commented that it was his intent for a better characterization to take place of the license exempt provider community as it was not only a question of need but also a question of what they were doing.

Commissioner Dennis supported the comment made by Vice Chair Fielding. There is no oversight or regulation of State funding that is being provided to the license exempt providers. The needs assessment could possibly provide the opportunity to examine license exempt care in Los Angeles County, especially the care where State dollars are used to subsidize the care of young children. Some of this information could be unveiled for more directional planning as the Commission moves forward.

Commissioner Yancey commented that the Second District staff did some number crunching on this set of recommendations. For the Family Literacy Program, the average cost per participant was about $2,400 and for the Family, Friends & Neighbors Program, the cost was almost $5,000 per participant. She commented that she thought the Commission was working toward trying to identify the evidence-based or effective kernels of these programs that could be continued on under the auspices of the Best Start Communities. She wondered if the way in which the Commission was approaching this was going to get at what those elements were. Commissioner Yancey further asked how the Commission would know that it would not be in the same position a year from now.

Chair Yaroslavsky commented that the Commission did not know.

Commissioner Dennis said the ad hoc committee separated all three initiatives because although they are under the auspices of kindergarten readiness, they really were not. For instance, in FFN, the Commission was really looking at a new initiative around children and license exempt care which was far different from what was described as it relates to SRI or Family Literacy. Both are a connection to the Best Start Communities and an attempt at trying to preserve infrastructure. Part of the problem was that kindergarten readiness was a charge from the Program & Planning Committee and that drastically changed at the Commission meeting of February when the focus then turned to infrastructure sustainability. The FFN is a two year extension because it will take time for the needs assessment to be done of the providers who are caring for 180,000 children in Los Angeles County. If program development is going to take place, then more time is needed.

Commissioner Yancey commented that she supported Vice Chair Fielding's comment about making sure that the Commission was working as best as it could to link programs to what was going to be contracted to avoid having programs expect ongoing funding when a determination has already been made that they are too expensive for a prevention model.

Commissioner Au commented that an area of concern for her was at what point would the Commission take responsibility for supporting many of the providers in terms of a long-term planning process. Similar to the child safety area where the Commission looked at Partnership for Families and turned toward a broader systems approach, the Commission may need to convene another kind of effort, maybe led by First 5 LA, to bring together all of the childcare conversations to one table to see what really needs to be done to address the license exempt providers, as well as the center-based providers and those that are funded through Head Start so there would be more of a collaborative conversation around what could be done in Los Angeles County, given the unpredictable funding. This would lay the groundwork for everyone coming to the table and having a conversation about complementing each other and supporting children and the childcare community while addressing the complex issues surrounding this area. Commissioner Au said that LACOE, the Los Angeles County Office of Childcare, and other providers should be at the table to have the broader and more comprehensive conversation.

M/S (Jonathan Fielding / Antronette Yancey)
WITH NO FURTHER DISCUSSION OR OBJECTION,
THE ITEM WAS UNANIMOUSLY APPROVED

Public Comment:

Jennifer Burns, Long Beach Family Literacy
Paul Cummins, New Visions Foundation
Norma Diaz, Shenandoah Family Literacy
Hector LaFarga, Mothers Club Family Learning Center
Roberta Lanterman
Sabel Morales, Human Services Association
Frederick Navarro, Lennox School District
Michael Olenick, Child Care Resource Center

In response to the public comment made by Superintendent of the Lennox School District, Chair Yaroslavsky asked staff to speak to Lennox School District representatives regarding the status of their funding at the conclusion of the Commission meeting.

11. Approve the Los Angeles Universal Preschool Budget and Contract Amendments

Director Iida reported that staff was recommending the approval of three items: (1) amendments to LAUP's FY 2012-13 Performance Based Contract, which consists of revisions to LAUP's Performance Matrix and the Performance Incentive Fund Agreement; (2) LAUP's FY 2012-13 Budget; and, (3) proposed parameters for negotiating First 5 California's Child Signature Program funds. Both the LAUP Performance Matrix and the Performance Incentive Fund Agreement are part of LAUP's performance-based contract.

Changes to the Performance Matrix were discussed on page 202 of the meeting packet and a summary of the performance targets and measures, and process milestones for each outcome were presented in Attachment A on pages 205-210 of the meeting packet. Proposed changes in outcomes or process milestones for next fiscal year are limited to Outcomes 1, 2, 3, 6 and 7.

The Performance Inventive Fund, which is part of LAUP's contract with First 5 LA (Section 5.11 of the contract) allows LAUP to be advanced any budgeted unexpended funds from the prior fiscal year, provided LAUP achieves certain performance measures. Changes to the Performance Matrix require changing the Performance Incentive Fund Agreement. The nature and extent of the changes to the Performance Incentive Fund agreement were noted in Attachment B on page 211 of the meeting packet.

The second approval item was LAUP's FY 2011-2012 Budget in the amount of $57,656,261. Some major components of the approximate $57 million were discussed on the bottom of page 202 and in Attachment C on page 212 of the meeting packet. The budget does not include the Child Signature Program (previously known as Power of Preschool) funding and is $2.3 million less than LAUP's current budget.

The final approval request was for the proposed parameters for negotiating First 5 California's Child Signature Program funding. The Child Signature Program is First 5 California's enhanced Power of Preschool (PoP) program, which is available to County Commissions who previously received PoP funding. Beginning FY 2012, First 5 LA is eligible for $9.8 million annually in Child Signature Program funding for three years (FY 2012-2015). The amount of $9.8 million is $2.8 million higher than PoP funding of $7 million in past years to meet additional programmatic requirements and quality enhancements mandated by the new Child Signature Program model, which mirrors components of high quality standards from the EduCare national program model.

First 5 LA staff, in collaboration with LAUP staff, submitted a proposal to the State Commission (First 5 California) in April for Child Signature Program funds. Upon the State Commission's review of First 5 LA's application, it has requested that First 5 LA increase the number of Quality Enhancement (QE) classrooms by six-fold and resubmit the proposal. This increase has programmatic and financial implications on LAUP's sustainability funds, and thus, is the basis for the staff recommendation to negotiate with First 5 California.

In January 2012, the Commission approved the reallocation of the Early Learning Endowment to LAUP, now referred to as the sustainability fund. Based upon that approval, First 5 LA's master agreement with LAUP will be revised to reflect the reallocation and required annual approval of the drawn-down dollars from the sustainability fund.

The performance matrix consists of seven outcomes areas and associated targets, measures and milestones. Each year, the Commission approves revisions to the matrix as part of contracting and from year to year, fewer revisions to the matrix are necessary. For FY 2012-13, the following revisions were being proposed.

- Report on STAR rating changes because the STAR rating system is undergoing changes to align with State-wide quality rating and improvement system. This is expected to have some impact on the distribution of ratings across LAUP sites.
- Report loss of spaces through attrition.
- Change child progress of the Rapid Letter Naming target because trends in the data around this income have shown that children in LAUP programs are entering the fall knowing more letters than in previous years; and, therefore, progress from fall to spring is much more difficult to achieve due to a ceiling effect associated with this measure. The proposed change to this target accounts for this and provides flexibility for the knowledge of letters children have upon entering LAUP programs.
- Revenue targets have been revised to reflect an annual requirement of $750,000 in fundraising exclusive of any carryover or First 5 California Child Signature Program funding.
- Report on sustainability progress to secure a long-term funding source for LAUP programs.

LAUP proposed FY 2012-13 budget is $57,656,216 and as required by the contract, no more than five percent will be spent on administrative costs. The programmatic budget is based on administrative costs, programmatic support, and direct program services. The budget does not include Child Signature Program funding.

First 5 LA has a history of receiving funds from First 5 California Power of Preschool program which was then passed onto LAUP to subsidize First 5 LA funding for their services. This year, First 5 California introduced the Child Signature Program, which is a significantly changed model of the Power of Preschool Program. Components of the EduCare model have been incorporated and the available funding from First 5 California has been increased to approximately $9.8 million. In the sustainability plan presented in January 2012, First 5 LA and LAUP assumed an annual receipt of $7 million from First 5 California and there is now a $2.8 million in funding beyond that expectation.

Together with LAUP, First 5 LA applied for the Child Signature Program funds in April 2012. First 5 California required, through the application and as part of this new model, that Counties identify two types of classrooms—(1) classrooms that will maintain the Power of Preschool model with some additional requirements; and, (2) classrooms that are referred to as quality enhancement or QE classrooms. The QE classrooms consist of a new model of services. First 5 LA's application planned for 10 sites to pilot the new quality enhancement model. After reviewing the proposal, First 5 California requested that Los Angeles County increase its number of quality enhancement sites from 10 to 60 sites. Staff has concerns, both programmatically and fiscally, regarding the increase in number. Programmatically, the Commission has invested $580 million in the LAUP model which has been evaluated through the UPCOS study. The study has shown strong results, both in terms of child progress and family engagement. Furthermore, First 5 LA is working on a data match for children to see if there is long-term impact by the services provided by LAUP.

Staff also has concerns with changing the model at this point as it is known that the current model appears to be working. Financially, there are also sustainability concerns as the Commission is well aware of ongoing discussions regarding the sustainability of LAUP beyond 2016 with its current model. The proposed quality enhancement model by First 5 California is a more expensive model and, at this point, only has three years of proposed funding. Implementing a substantially greater number of these quality enhancement sites or piloting a greater number of the quality enhancement sites, as requested by First 5 California, would increase costs of the model requiring a greater draw-down from the sustainability fund; and, would require changing the current restrictions in the contract on the use of sustainability funds for maintenance of services. As approved in January 2012, use of the sustainability fund is limited in use and is not intended to be used for enhancing or expanding LAUP services at this time.

There are financial impacts of the options on the table for the Child Signature Program proposal. As submitted, 10 quality enhancement sites would be funded through the additional $2.8 million, the variance of what was anticipated in the LAUP sustainability fund and what was made available by First 5 California for FY 2012-13. An increase to 60 sites would require a greater draw-down from the sustainability fund for a total of $6 million over three years. Should First 5 LA not reach an agreement with First 5 California and receive no Child Signature Program funding, this would result in an increase in demand from the sustainability fund in the amount of $7 million annually.

Based upon the financial, sustainability and programmatic concerns, staff is proposing the following parameters for the Commission to direct staff in its negotiations with First 5 California.

- Maintain the $2.8 million funding cap to fund the quality enhancement and additional requirements of the Child Signature Program.
- No reduction in services by LAUP.
- Maintain the restrictions on the sustainability fund to not support program expansion or enhancement.

Vice Chair Fielding asked for staff to summarize in plain English what were the requirements that the State had requested that made it much more expensive and the basis for the State's requirements.

Staff responded that the most costly aspect of the quality enhancement model was additional required staffing such as family support specialists and a coordinator. Additional staffing added up to approximately $160,000 per site.

Vice Chair Fielding then asked if there was an evidenced-based model to support that such addition was cost-effective. Dr. Ayala (LAUP CEO) responded in the negative. The quality enhancement model was a model that First 5 California was trying to emulate from EduCare. First 5 California was trying to look at having a staff person for every 10 families to be able to work with these families literally on a daily basis. Some of those services could be contracted out by LAUP.

Dr. Ayala also mentioned that LAUP was still looking at how much LAUP could really do but definitely knew that 60 sites was not possible. LAUP did share with First 5 California that of the $580 million originally committed to LAUP, over $300 million had been expended in a model that was working and for which data collection was taking place on how the model was working, why the model was working, and on improvement. This new model automatically reduced the number of children being served when LAUP was trying to serve more children because other programs are cutting back. This was not something that LAUP believes is in the best interests of the children and families being served nor is it in the best interests of the commitment the Commission has placed on LAUP.

Dr. Ayala said there would be other additional costs that have not been previously incurred by LAUP. When the original First 5 California grant was received for the Power of Preschool program, there were certain waivers that were given to First 5 LA such as not administering the DRDP and the parent investment fee. LAUP has come up to par in terms of the quality. The issue is that now it is not a choice; and not just would the State funded programs need to comply but every classroom would now need to administer certain things which LAUP would comply with. But, to go beyond that and to put in for the quality improvement, there was no way that 60 sites could be done with the dollars that LAUP has. LAUP may be able to do more than 10 sites but those are the ramifications that LAUP is asking for Commission approval to keep contained so that negotiations can proceed. Dr. Ayala stated that she did not believe that First 5 California would want to lose a grantee such as LAUP since it represents 50 percent of the children served in California. In her view, this could possibly provide a little room for negotiation.

Vice Chair Fielding commented that he found it a little disappointing and hopes the State will be flexible because this was not the environment in which to be exigent about large additional expenditures even though they may be well intended but are not evidence-based.

M/S (Jonathan Fielding / Marv Southard)
WITH NO FURTHER DISCUSSION OR OBJECTION,
THE ITEM WAS UNANIMOUSLY APPROVED

12. Receive and File the Federal Advocate Update Report

WITH NO DISCUSSION OR OBJECTION,
THE ITEM WAS UNANIMOUSLY RECEIVED AND FILED

13. Public Comment for Items Not on the Agenda

None.

ADJOURNMENT:

With the conclusion of the agenda, Chair Yaroslavsky asked for a motion to adjourn the meeting.

M/S (Jonathan Fielding / Nancy Au)
WITH NO FURTHER DISCUSSION OR OBJECTION,
THE MEETING WAS ADJOURNED

The Commission adjourned at 12:18 pm.

NEXT MEETING:

The next regularly scheduled Commission meeting will take place on June 14, 2012 at 1:30 pm.

First 5 LA
Multi-Purpose Room
750 N. Alameda Street
Los Angeles, CA 90012

Meeting minutes were recorded by Maria Romero, Secretary to the Board of Commissioners.