CALL TO ORDER / ROLL CALL:

1. Vice Chair Southard called the meeting to order at 2:00 pm. Quorum was present.

DISCUSSION / ACTION: (Item 2)

2. Approve Transitional Funding Not-to-Exceed $15 Million for CalWORKs Stage 3 Child Care for the 0-5 Population in Los Angeles County Served by that Program from November 1, 2010 to January 31, 2011, and, Provide Direction to Staff Regarding the Funding Mechanism; Authorize the Chief Executive Officer or Her Designee to Negotiate and Execute Contracts

NOTE: Due to a potential conflict of interest, Commissioners Dennis and Harding recused themselves from the discussion of this item.
NOTE: Yolanda Bosch announced that Commissioner Wilder is not in attendance at the meeting due to a potential conflict of interest related to this item.

Vice Chair Southard thanked the Commissioners for their attendance at the special meeting. In an effort to structure the discussion, Vice Chair Southard posed the following questions.

1. Can First 5 LA, as a Commission, approve transitional funding?
2. Should the First 5 LA Commission do this? If so, what direction will be delegated to staff to implement approval?

Legal Counsel Steele responded that the Commission can meet the request. In looking at the letter submitted by the legislative leaders as well as the staff analysis, it is apparent that this would not violate Proposition 10 regulations regarding supplanting State general funds because these funds have already been eliminated from the program by the Governor’s veto of the budget bill. This would not violate the Commission’s policy on supplanting where it states that Commission funding can not be used as the excuse for other governmental funds to be taken away. From the supplanting perspective, there is no question that this type of funding would be permitted and would not violate regulations.

In terms of the Commissioner’s decision to determine whether this expenditure would be consistent with the Commission’s strategic plan, staff will be presenting information for consideration. Legal Counsel Steele reminded Commissioners that it was their responsibility to make this decision and that every expenditure the Commission makes has to be consistent with the strategic plan. In sum, Legal Counsel Steele commented that he believed this was a permissible expenditure should the Commission find that it is consistent with the strategic plan.

Staff made a presentation on the nature of the current funding request for the CalWORKs Stage 3 Child Care for the 0-5 population. By way of background, on October 8, 2010, Governor Arnold Schwarzenegger signed the state budget for Fiscal Year 2010-11 and included nearly $1 billion in line-item vetoes of funding that had previously been approved by the state Legislature. Among the governor’s cuts was $256 million in funding for CalWORKs Stage 3 Child Care for parents who have successfully transitioned to employment or other welfare-to-work activities. This funding loss means that the program only has sufficient monies through October 31, 2010. The California Department of Education (CDE) has already instructed CalWORKs Stage 3 contractors to issue a “Notice of Action” to all families and children receiving child care aid that services will be terminated effective November 1, 2010. Statewide, 81,000 children stand to lose child care funding, including 17,234 children in Los Angeles County, 40 percent of whom are age 5 and under.

The relatively abrupt notice of the termination of Stage 3 funding provides parents very limited time to plan for alternative care and, as reported in the news media and by other sources, creates a crisis for many families. Thousands of parents across the state may be forced to make a choice to leave their jobs or find alternative care of lower quality. In addition, hundreds of Stage 3 Child Care workers have received layoff notices as a result
of the funding cut, with some terminations set to take effect as early as October 29, 2010.

On October 19, 2010, state Assembly Speaker John A. Pérez announced that the Assembly had identified $6 million in its operational budget that could be shifted to Stage 3 Child Care to partially cover operating costs for the remainder of this calendar year. The Speaker also publically requested that the 58 county commissions assist in providing transitional funding for families in their counties who will lose their child care assistance on November 1, 2010. The Speaker and Senate President Pro Tem Darrell Steinberg have stated that they plan to restore funding for the program in January 2011, by introducing a bill which would fully fund the program on a majority vote and allow retroactive funding for the transitional period from November 1, 2010 to the date the bill is signed. Moreover, in a recent letter to First 5 Commissioners, both the Speaker and Senate President declared their intention to deliver the bill to the new governor for signature “on the earliest day possible” and said that, once enacted, the law would provide retroactive funding “to reimburse any funds forwarded by your commission during the transitional period.”

Approval of this recommendation would provide up to $15 million in transitional funding for CalWORKs Stage 3 Child Care families for a three-month period, from November 1, 2010 through January 31, 2011. This transitional funding would cover the cost of child care in L.A. County for children ages 0-5 who currently are part of the CalWORKs Stage 3 Child Care program and who are scheduled to no longer receive funding under Proposition 98 effective November 1, 2010.

The Commissioners were provided with the following funding options for transitional funding:

- A traditional grant.
- A repayable grant that would be reimbursed to First 5 LA in 2011 when retroactive funding for CalWORKs Stage 3 is approved by the State Legislature and the new Governor.

Under either option, the Commission’s funding will provide families a transition period to find safe and secure child care arrangements and alleviate the harm they might otherwise suffer from the abrupt elimination of their child care assistance. Approval will also allow the Chief Executive Officer or designee to execute the necessary contracts to transfer the transitional funding and, in the case of a repayable grant, to make arrangements as required for reimbursement of funding after the three-month transitional period. First 5 LA will also require that APP agencies provide reports and other relevant documents as needed to ensure that the funding provided has been appropriately utilized for the 0-5 population.

The Commission opted to consider a repayable grant that would be reimbursed to First 5 LA in 2011 when retroactive funding for CalWORKs Stage 3 is approved by the State Legislature and the new Governor.

Commissioner Au asked if there were any repayment stipulations in the proposed legislation. The repayment is an agreement with the APP agencies and is dependent on actual amounts.
Commissioner Kaufman asked why a simple majority vote was needed to pass the legislation. The State Constitution says that general fund appropriations require a two-thirds vote with the exception of appropriation for public education. The CalWORKs Program is considered an education program. Childcare is looked as educational in California.

Commissioner Kaufman asked that the legislation include a clause that the legislation gives permission to the entities to repay the funds that are loaned. Appropriations for the current and usual expenses of the State take effect immediately.

Commissioner Martinez asked for clarification of the contract amount under the Children’s Home Society of California. The number of children served 0-5 was 694 with a contract amount that seemed too high.

Commissioner Martinez also asked if the financial condition of the APP agencies will be assessed prior to receiving First 5 LA funding. CAO Bosch commented that there were specific guidelines that each APP agency will need to follow in order to get the funding. Commissioner Martinez asked that these guidelines be placed in writing.

Commissioner Martinez commented that the Commission is concerned about the loss of jobs and the fact that this will create a structural collapse of organizations; therefore, affecting children who are not subsidized and creating a huge domino effect. The Commission is being asked to be a safety net. Commissioner Martinez would like for this situation to be considered as a collaborative effort keeping in mind that the Commission may not always have the funding for such types of requests.

Commissioner Williams asked if children over the age of five years were taken into consideration in the recommendation that is being considered. Director Baker commented that the recommendation only took into consideration the 0-5 population. Commissioner Williams asked that Commissioners consider providing funding for those siblings that were older than five years. There are unallocated funds that could be allocated but this would reduce First 5 LA funding for future projects.

Vice Chair Southard commented that the recommendation was consistent with the philosophy of First 5 LA and the strategic plan. Vice Chair Southard expressed his support for the recommendation.

Commissioner Kaufman commented that funding a population older that five years was a policy issue that the Commission needed to address separately.

Commissioner Stockwell asked if the loans to be made to APP agencies would be collateralized and if there would be interest charged. Legal Counsel Steele commented that given that it was short-term bridge funding, this would not apply to expedite the disbursement of funds. The repayment would be a lump sum amount.

Commissioner Williams commented that she was bothered by the inflexibility of Commission’s funding policy. She asked if staff could provide a month-by-month analysis of the three-month period to see the impact upon these children.
Commissioner Kaufman suggested that this issue be placed on the November Commission agenda for further discussion.

Commissioner Au expressed concern about providing funding outside the 0-5 population as stipulated in Proposition 10 legislation. Commissioner Au asked if the Commission could assist in leveraging lines of credit for APP agencies.

Commissioner Williams asked that staff research past meeting minutes to see what was the Commission’s position has been on providing funding to siblings of children 0-5.

Commissioner Kaufman commented that the Commission believed in the concept of family strengthening and have funded programs that are family based.

**Motion:**

A repayable grant that would be reimbursed to First 5 LA in 2011 when retroactive funding for CalWORKs Stage 3 is approved by the State Legislature and the new Governor.

M/S (Nancy Au / Alma Martinez) APPROVED AS RECOMMENDED

Public Comment:

Cristina Alvarado, Child Care Alliance  
Alexa Frankenberg, Child Care Providers United / SEIU  
Nick Ippolito, Office of Supervisor Don Knabe  
Karina Marquez, Parent

**ADJOURNMENT**

The meeting adjourned at 3:18 pm.