



AGENDA ITEM: 7
DATE OF MEETING: July 25, 2013
ACTION: _____
INFORMATION: _____X_____

**DEPARTMENT OF DEVELOPMENTAL SERVICES (DDS) FOR
EARLY START SERVICES FUNDING**

SUMMARY

First 5 California forwarded a standard agreement to the Department of Developmental Services (DDS) as a result of the Commission's action at the April 25, 2013, Commission meeting to give DDS up to \$15 million to supplement services for children ages 0 to 2 under the Early Start Program. DDS returned the standard agreement to First 5 California with a request for substantial changes. In addition to consulting with legal counsel from the Attorney General's Office, First 5 California staff met with the Commission's Fiscal Advisory Committee who agreed to keep the original agreement with DDS largely intact.

BACKGROUND

On October 11, 2012, DDS submitted a written request for \$40 million to fund regional center services for children ages 0 to 2 under the Early Start Program. This program provides eligible families with infants or toddlers ages 0 through 2 who have a significant developmental delay or an established risk for developmental delay or disability to participate in the Early Start Program. The Early Start Program is partially funded through a federal grant to provide appropriate early intervention services.

At the October 17, 2012, Commission meeting, Commissioners briefly discussed the potential impact of the transfer of this \$40 million to DDS, which was requested in the Governor's May 2012 Revised Budget for Fiscal Year 2012-13.

At the January 24, 2013 Commission meeting, Commissioners discussed the request from DDS in more detail. First 5 California staff presented documentation of the potential impacts to its strategic plan, Signature Programs, and fiscal viability if this transfer were approved. Staff also pointed to the lack of data or evaluation regarding any beneficial impact of past funding transfers from the Commission to DDS. Additionally, staff raised concerns about whether this transfer would violate Proposition 10's prohibition on supplantation, since the language in the May 2012 Revised Budget stated the transfer would result in "decreasing General Fund costs by \$40 million." Commissioners had the opportunity to ask questions of DDS staff.

Based on the January 2013 discussion, DDS was asked to provide no later than April 1, 2013, detailed program and fiscal data for the Early Start Program going back to at least FY 2008-09 before First 5 California began providing funding for DDS's services.

On April 10, 2013, DDS transmitted spreadsheets documenting expenditures by age, service, and regional center for each fiscal year since FY 2008-09. Unfortunately, First 5 California did not receive any of the detailed narratives or analyses requested. Staff also had requested that DDS provide information to demonstrate the proposed transfer would be used to supplement existing levels of service, to avoid the prohibition against supplanting General Fund moneys. DDS's data transmittal did not include sufficient evidence to demonstrate this funding would be used to increase levels of services and support its contention that the transfer of this money would not constitute prohibited supplanting.

At its April 25, 2013, meeting, the Commission again discussed the \$40 million request in further detail. Members expressed concern over the lack of specificity in the use of the funding and a concern about the issue of supplanting the General Fund. The Commission also discussed the alternative of fulfilling a portion of the request based on the time remaining until the May Revision of the Governor's budget. As a result, a majority of the Commissioners voted to provide DDS \$15 million. (Note: DDS staff informed the Commission that the Early Start Program costs approximately \$5 million per week. Since there were three weeks from the time of the Commission meeting to the May Revision, the Commission offered to contribute \$5 million per week for three weeks to cover program costs.)

To address the concerns expressed by Commissioners, First 5 California staff made the terms and conditions of the funding different than that of the prior three years. Essentially, the term was shortened to the remainder of the 2012-13 fiscal year. The funding also would be provided by reimbursement instead of a single appropriation at the beginning of the contract. In addition, work plans and a variety of information would be required, as well as an agreement on statewide policy and program improvement. The agreement was transmitted to DDS for signature on May 28, 2013.

On June 12, 2013, DDS sent electronic copies of Exhibits A and B to First 5 California with suggested changes.

The four most significant changes were:

1. Changing the contract start date from April 25, 2013, to July 1, 2012.
2. Eliminating the independent audit workplan language that would demonstrate how DDS will verify the appropriate use of contract funds (e.g., supplementation *not* supplantation).
3. Changing funding from reimbursement for actual allowable expenditures to advancing funds.

4. Eliminating the Exhibit B - Budget Detail and Payment Provisions language prohibiting use of funds for administrative expenditures of DDS or the Regional Centers. (DDS substituted last year's Exhibit B for the Exhibit B provided by First 5 California this year.)

DISCUSSION

First 5 California staff met with Fiscal Advisory Commissioners McKeever and Iseri on June 28, 2013, to discuss DDS's suggested changes in detail. The Commissioners and staff concurred the original agreement should remain largely intact with the exception of language on Page 5 requiring qualitative and quantitative analysis, and a reduction of the number of required improvement progress reports from four to two.

ATTACHMENTS

- A – Original Exhibits A and B Sent to DDS
- B – DDS Suggested Changes to Exhibits A and B

STATE OF CALIFORNIA
STANDARD AGREEMENT
STD 213 (Rev 06/03)

AGREEMENT NUMBER CFF 7313
REGISTRATION NUMBER

1. This Agreement is entered into between the State Agency and the Contractor named below:

STATE AGENCY'S NAME

First 5 California

CONTRACTOR'S NAME

Department of Developmental Services

2 The term of this

Agreement is: **April 25, 2013 through June 30, 2014**

3. The maximum amount

\$15,000,000.00

of this Agreement is: **Fifteen million dollars and no cents**

4. The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of the Agreement.

Exhibit A - Scope of Work	6 pages
Exhibit A, Attachment A	16 pages
Exhibit B - Budget Detail and Payment Provisions	4 pages
Exhibit C* - General Terms and Conditions	GIA 610
Exhibit D - Special Terms and Conditions	5 pages

Items shown with an Asterisk (*), are hereby incorporated by reference and made part of this Agreement as if attached hereto. *These documents can be viewed at www.ols.dgs.ca.gov/Standard+Language*

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR

CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc.)

Department of Developmental Services

BY (Authorized Signature)

DATE SIGNED(Do not type)

PRINTED NAME AND TITLE OF PERSON SIGNING

Pamela S. Robison, Chief, Customer Support Section

ADDRESS

1600 Ninth Street, Room 300, Sacramento, CA 95814

STATE OF CALIFORNIA

AGENCY NAME

First 5 California

BY (Authorized Signature)

DATE SIGNED(Do not type)

PRINTED NAME AND TITLE OF PERSON SIGNING

Camille Maben, Executive Director

ADDRESS

2389 Gateway Oaks Drive, Suite 260, Sacramento, California 95833

California Department of General Services Use Only

Exempt per:

EXHIBIT A
SCOPE OF WORK
(Interagency Agreement)

1. Introduction

In 1998, voters passed and enacted the California Children and Families Act, also known as Proposition 10, which charges First 5 California and 58 county commissions with promoting, supporting and improving the early development of children from the prenatal stage to five years of age. This is to be accomplished through the implementation of an integrated, comprehensive and collaborative system of information and services to enhance optimal early childhood development and to ensure that children are ready to enter school.

First 5 California has determined that early intervention services are an essential means by which to promote, support and improve the early development of children, and for the past 14 years, First 5 California and the 58 county commissions have provided leadership and funding in helping children with delays or disabilities obtain quality early intervention services as soon as possible.

The Department of Developmental Services (DDS), herein referred to as Contractor, administers a statewide service system under the California Early Intervention Services Act for children ages 0 to 3, known as the Early Start Program, which was established in 1993 to align with the federal Individuals with Disabilities Education Act (IDEA), 20 U.S.C., §§ 1400, et seq., Part C, to provide quality, comprehensive and coordinated early intervention services to infants and toddlers with developmental delays, established risk conditions or disabilities, and their families. The Early Start Program is partially funded through the federal Individuals with Disabilities Education Act (IDEA). Teams of service coordinators, healthcare providers, early intervention specialists, therapists, and parent resource specialists evaluate and assess infants and toddlers and provide appropriate early intervention services to children eligible for California's Early Start Program. The Contractor is the lead agency for administering Early Start in California, and delivers the services through subvention contracts with twenty-one Regional Centers throughout the State. Based on assessed need and the family's concerns and priorities, a variety of early intervention services are provided by the Regional Centers to enhance early childhood development and to support families in caring for their infants or toddlers during the critical time from birth to three years of age.

The Governor's FY 2012-13 May Revise included assumptions that First 5 California would provide \$40 million as a budget solution for Contractor to provide Early Start services, as follows:

- For the DDS budget: "This proposal reflects \$40 million to be provided by the First 5 California Children and Families Commission for

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programs serving children ages birth through five. This funding will support the DDS Early Start Program, decreasing General Fund costs by \$40 million.” [May Revision 2012-13, Health and Human Services, p.59.]

Proposition 10 provides that:

“All moneys raised pursuant to taxes imposed by [Revenue and Taxation Code] Section 30131.2 shall be appropriated and expended only for the purposes expressed in the California Children and Families Act, and *shall be used only to supplement existing levels of service and not to fund existing levels of service. No moneys in the California Children and Families Trust fund shall be used to supplant state or local General Fund money for any purpose.*” Revenue and Taxation Code, § 30131.4(a) [emphasis added].

On October 11, 2012, DDS submitted a written request for \$40 million to fund new Regional Center services for children ages 0 to 2 under the Early Start Program. In support of its request, DDS asserts that the funds would be used to supplement existing regional center services for children ages 0 through 2, and that the funds will not supplant any General Fund dollars.

On April 25, 2013, the First 5 California Commission approved a motion to transfer up to \$15 million from Fiscal Year 2012-13 to the Department of Developmental Services to fund new Early Start services through the Regional Centers for children ages 0 through 2.

The Parties agree that no state General Fund dollars are to be saved, reallocated or repurposed as a result of this Agreement.

2. Period of Performance

The term of this Agreement is April 25, 2013, through June 30, 2014.

- A. Funds transferred to the Contractor shall only be used to supplement the existing levels of service in the Early Start Program, and not to fund existing levels of service, for eligible children ages 0 to 2 as further defined in Section 3 of this Exhibit A, from April 25, 2013 through June 30, 2013.
- B. Contractor must perform in good faith all agreed-upon policy activities as described in Section 5 of this Exhibit A, by June 30, 2014.

EXHIBIT A
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C. Contractor must submit all required reports and audits related to the Early Start Program services and policy activities funded through this Agreement and as defined in Section 5 of this Exhibit A, by June 30, 2014.

3. Definition of New Early Start Services

The term new Early Start services as used in this Agreement must meet each of the following criteria:

- A. Early Start services, not previously provided by the Regional Centers, for children ages 0 through 2 during the period of April 25, 2013, through June 30, 2013; and
- B. Early Start services that are supplemental to the existing levels of service provided by the Contractor through the Regional Centers.

4. Effective Date of this Agreement

This Agreement shall take effect upon the written approval of the Department of General Services. The Contractor shall not request reimbursement for new Early Start services until after the Effective Date.

5. Contractor Deliverables and Responsibilities

As a condition of the funding provided under this Agreement, Contractor agrees to each of the following deliverables and responsibilities:

- A. Identify children ages 0 through 2 eligible for the Early Start Program who are receiving new Early Start services as defined above in Section 3, within the funding limits and period of performance authorized through this Agreement.
- B. Maintain records adequate to document the eligibility of all new Early Start services purchased for children under this Agreement, including but not limited to: birth date of each child; the date the child entered the system; the services identified in the child's Individual Family Service Plan or Individual Program Plan; the dates, types and costs of all services provided to the child by the Regional Center during this FY 2012-13, plus the dates, types and costs of services purchased for the child under this Agreement.

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- C. By June 30, 2013, deliver to First 5 California a letter certifying the Contractor's workplan for delivering an independent audit no later than April 1, 2014 of all expenditures under this Agreement that achieves the following objectives:
- Analyzing the processes in place for the tracking and payment of First 5 California funds received under this Agreement for new Early Start Services.
 - Verifying that the funds under this Agreement are only used to purchase new Early Start services as defined above in Section 3.
 - Verifying that records are maintained for all new Early Start services purchased with funds under this Agreement.
 - Verifying that no monies received under this Agreement are used to supplant state or local General Fund money for any purpose, pursuant to the statutory language of Revenue and Taxation Code Section 30131.2, and as that language has been interpreted by the trial court in *Children and Families Commission of Fresno County v. Edmond G. Brown, Jr.* Case No. 11CECG01077 (Fresno Sup. Ct., November 21, 2011). In making this verification, the auditor shall apply its methodology wholly independently, and not in reliance upon other past or contemporaneous analyses, conclusions, statements or beliefs of other public officials, reviewing agencies, or auditors.
- D. By January 1, 2014, deliver to First 5 California a copy of the agreed-upon scope of work executed with the independent auditor, to achieve the objectives outlined above in Section 5(C).
- E. By April 1, 2014, deliver to First 5 California an independent audit which achieves the objectives outlined above in Section 5(C).
- F. By April 1, 2014, deliver to First 5 California a report of program and expenditure information for FY 2012-13 including:
- Total Budget/Expenditures for Early Start, including all sources of revenue and all major categories of expenditures. Expenditures for each fiscal year should be detailed to describe:
 - Cost and number of all children ages 0 to 2 provided services, by Regional Center.
 - Cost and number of all children ages 0 to 2 provided services funded by First 5 California, by Regional Center.
 - Of the children provided services funded by First 5 California, the breakdown of types and costs of services, by Regional Center.

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- Of all children ages 0 to 2 provided services during FY 2012-13 a qualitative and quantitative analysis and summary of the impacts of the services provided by this Agreement, including but not limited to:
 - The outcomes for children who aged out of the Early Start program,
 - The number of children for whom there was active case management and coordination with a First 5 county commission, family resource center or other local intervention program,
 - Any measurable difference in outcomes between the children whose services were funded by First 5 California and those whose services were not.
- G. No later than June 30, 2013, convene and co-host with First 5 California an in-person meeting with representatives from the First 5 Association and the First 5 county commissions, the Association of Regional Center Agencies, and other essential stakeholders identified by Contractor and First 5 California, with the objective of: 1) agreeing upon one or more specific statewide policy and program improvements to achieve no later than June 30, 2014 to improve outcomes for children ages 0 to 5 at risk for development delays, including but not limited to the staff recommendations included in the First 5 California Agenda Item memorandum dated January 24, 2013 (attached here to as Attachment A); and 2) developing a workplan to accomplish the agreed-upon improvements.
- Contractor shall deliver a quarterly report to First 5 California no later than June 30, 2013, September 30, 2013, December 31, 2013, March 31, 2014 and June 30, 2014 describing all policy and program improvement activities, accomplishments and next steps for that quarter.
- The final deliverable no later than June 30, 2014 shall be either: 1) documentation of the achievement of agreed-upon policy and program improvements; or 2) a memorandum of understanding or interagency agreement between Contractor and First 5 California and any other essential stakeholder detailing the plan and responsibilities to achieve the specific improvements; or 3) both, as appropriate.
- H. Provide timely response to questions from First 5 California and/or its independent auditor on matters relating to this Agreement.
- I. Promptly report any problems and/or issues and recommended solutions as they occur or are identified.

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- J. Communicate via e-mail, phone, or in person, as necessary to ensure timely and adequate communication between Contractor and the First 5 California contract manager.
- K. Attend and participate, as requested by the First 5 California contract manager, in meetings and conference calls that relate to this Agreement.
6. First 5 California Responsibilities:
- A. Coordinate a timely transfer of payment to the Contractor consistent with the provisions defined in Exhibit B, Budget Detail and Payment Provisions.
- B. May, at First 5 California's expense, arrange an independent auditor review of the Contractor's independent audit to confirm compliance with this Agreement.
7. Contract Managers

The Contract Managers during the term of this Agreement will be:

First 5 California	Department of Developmental Services
Jaime Hastings	Don Braeger, Manager Children and Family Services Branch
Phone: (916) 263-1324	Phone: (916) 654-3681
Fax: (916) 263-1360	Fax: (916) 654-3225
E-mail: jhastings@ccfc.ca.gov	E-mail: don.braeger@dds.ca.gov

Direct all inquiries to:

First 5 California	Department of Developmental Services
Peggy Denton, Contract Analyst Contracts and Procurement Division	Patric Widmann, Assistant Chief Early Start State Services
2389 Gateway Oaks Drive, Suite 260	1600 Ninth Street, Room 300
Sacramento, CA 95833	Sacramento, CA 95814
Phone: (916) 263-8809	Phone: (916) 654-3722
Fax: (916) 263-1360	Fax: (916) 654-3225
E-mail: pdenton@ccfc.ca.gov	E-mail: pat.widmann@dds.ca.gov

EXHIBIT B
BUDGET DETAIL AND PAYMENT PROVISIONS
(Interagency Agreement)

1. General Budget Provisions

- A. For services and deliverables satisfactorily rendered and upon receipt and approval of complete and accurate invoices, the State agrees to compensate the Contractor for actual allowable expenditures incurred for delivering new Early Start services in accordance Exhibit A.
- B. None of the funds under this Agreement are to be used for administrative expenditures of the Contractor or the Regional Centers.
- C. The total amount of this Agreement shall not exceed \$15,000,000.

2. Invoicing and Payment

- A. No payment shall be made in advance of services or deliverables rendered.
- B. Each invoice is subject to First 5 California's approval.
- C. Invoices shall include the following:
 - "Bill To" name and address.
 - "Payable To" name and address.
 - Agreement Number.
 - Invoice number.
 - Date of Invoice.
 - Period for which the invoice covers.
 - Expenditure detail by Regional Center and services provided. The Contractor is not allowed to charge profit, fees or mark-ups on any subcontracted budget item.
 - Documentation substantiating including but not limited to Regional Center invoices.
 - Certification statement to read: *"I hereby certify as follows: I am the duly appointed, qualified and acting officer of the herein organization; that the within claim is in all respects true, correct, and in accordance with law; that the services and procedures mentioned herein were actually rendered and products delivered to First 5 California or its designee in accordance with the contract and law; that authorizations for purchases have been duly obtained wherever required and that the amounts claimed and articles delivered comply therewith; and that all of the expenditures herein set forth are in accordance with the contract budget and provisions as approved by First 5 California for said contract."*

- Printed name and original signature for the authorized person certifying to the accuracy and validity of the invoice.
- Summary page describing what is included in the invoice.

D. Invoices shall be submitted in duplicate in arrears to:

First 5 California
Attention: Accounting Office
2389 Gateway Oaks Drive, Suite 260
Sacramento, CA 95833-4270

3. Prompt Payment

- A. Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927.
- B. Payments shall be made to the Contractor for undisputed invoices, which is an invoice for which additional evidence is not required to determine its validity. The invoice will be disputed if all deliverables due for the billing period have not been received and approved, if the invoice is inaccurate, or if it does not comply with the terms of this Agreement.
- C. If an invoice will be disputed, First 5 California will make a good faith attempt to notify the Contractor within fifteen (15) working days of receipt of the invoice to provide the Contractor to correct the deficiency. First 5 California will notify Contractor of the reason for the dispute and the proposed disposition of the invoice. If the Contractor can correct the invoice deficiency within fifteen (15) working days of the receipt of the original invoice, then the dispute will not stop the payment process. However, if the invoice is unacceptable and cannot be corrected within fifteen (15) working days, First 5 California will issue a written dispute which will stop the clock for prompt payment, and processing will not be restarted until the corrected invoice is returned to First 5 California.
- D. The Contractor must submit with the final invoice for this Agreement a signed Contractor's Release Form provided by First 5 California.

4. Recover Outstanding Receivables

Pursuant to Government Code section 11255, state departments that provide services to another department may recover outstanding receivables by initiating a Transaction Request (TR) with the State Controller's Office (SCO) to transfer funds from the debtor department. This option shall be used on a limited basis and only when the following conditions are met:

- A. The invoice was not paid by the requested due date;

- B. Non-payment provisions are included in the interagency agreement between the departments;
- C. The invoice has not been disputed; and
- D. A 30-day notice has been provided to the debtor department that a transfer of funds will be initiated for non-payment.

The department receiving the services (or debtor department) shall provide the appropriation to charge if payment is not made timely. This appropriation data must include: fund number, organization code, fiscal year, reference, and category or program. If applicable, also include element, component, and task.

5. Supplantation

California Revenue and Taxation Code §30131.4 provides that no moneys in the California Children and Families Trust Fund shall be used to supplant state or local General Fund money for any purpose, and that these funds shall be used for new services or new children ages 0 through 2 and that no state General Fund dollars will be saved, reallocated or repurposed as a result of any action taken by First 5 California to provide funding for services currently being provided by the Contractor.

6. Record Establishment, Access, and Retention

- A. Contractor shall maintain records substantiating all services, expenditures and revenues incurred in the performance of work under this Agreement. These records shall be maintained during the term of the Agreement and for a minimum period of three (3) years after final payment has been issued under this Agreement. These records shall be made available only as allowed under the Health Insurance Portability and Accountability Act, California privacy laws, and Contractor's confidentiality statutes, and as provided by this Agreement.
- B. Recognizing the constraints on the disclosure of personal information imposed by the Privacy Rule of the Health Insurance Portability and Accountability Act, 45 CFR, Part 164, and the Information Practices Act, Civil Code §1798 et seq., as well as the constraints on the disclosure of rates contained in the Public Records Act, Government Code §6250 et seq., the records described above shall be provided only to designated independent audit entities that include the Contractor's auditor and upon request, First 5 California's independent auditor and/or the Bureau of State Audits. Neither the Contractor nor the designated independent audit entities shall further disclose the records or any part thereof unless required by law to do so.

7. Budget Contingency Clause

- A. This Agreement is valid and enforceable only if sufficient funds are available in the specified, appropriate accounts of First 5 California with which to carry out the purposes of this Agreement. In addition, this Agreement is subject to any additional restrictions, limitations, or conditions enacted by the Legislature, or any statute enacted by the Legislature, that may affect the provisions, terms or funding of this Agreement in any manner.
- B. Contractor understands and agrees that this Agreement is subject to the condition that sufficient funds are available in the appropriate accounts of First 5 California. If sufficient funds are not available in the appropriate accounts of First 5 California due to a decrease in projected tax revenue collected pursuant to Revenue and Taxation Code §30131.2, this Agreement shall be invalid and of no further force and effect. In this event, the State of California and/or First 5 California shall have no liability to pay any funds whatsoever to the Contractor or to furnish any other considerations under this Agreement and the Contractor shall not be obligated to perform any provisions of this Agreement.

8. Overpayment Provision

If it is determined that an overpayment has been made to the Contractor, First 5 California will seek recovery immediately upon discovery of overpayment by (a) written request to the Contractor for a refund of the overpayment amount within thirty (30) days after receipt of notice; or (b) offset subsequent Contractor payments by the amount of the overpayment if Contractor repayment is not received within thirty (30) days from the notice.

Attachment B

STATE OF CALIFORNIA
STANDARD AGREEMENT
STD 213 (Rev 06/03)

AGREEMENT NUMBER CFF 7313
REGISTRATION NUMBER

1. This Agreement is entered into between the State Agency and the Contractor named below:

STATE AGENCY'S NAME

First 5 California

CONTRACTOR'S NAME

Department of Developmental Services

2 The term of this

Agreement is: **July 1, 2012 through June 30, 2014**

3. The maximum amount **\$15,000,000.00**

of this Agreement is: **Fifteen million dollars and no cents**

4. The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of the Agreement.

Exhibit A - Scope of Work	6 pages
Exhibit B - Budget Detail and Payment Provisions	4 pages
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Exhibit D - Special Terms and Conditions	5 pages

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IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR		<i>California Department of General Services Use Only</i>
CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc.)		
Department of Developmental Services		
BY (Authorized Signature)	DATE SIGNED(Do not type)	
		
PRINTED NAME AND TITLE OF PERSON SIGNING		
Pamela S. Robison, Chief, Customer Support Section		
ADDRESS		
1600 Ninth Street, Room 300, Sacramento, CA 95814		
STATE OF CALIFORNIA		
AGENCY NAME		
First 5 California		
BY (Authorized Signature)	DATE SIGNED(Do not type)	
		
PRINTED NAME AND TITLE OF PERSON SIGNING		
Camille Maben, Executive Director		
ADDRESS		
2389 Gateway Oaks Drive, Suite 260, Sacramento, California 95833		

Exempt per:

EXHIBIT A
SCOPE OF WORK
(Interagency Agreement)

1. Introduction

In 1998, voters passed and enacted the California Children and Families Act, also known as Proposition 10, which charges First 5 California and 58 county commissions with promoting, supporting and improving the early development of children from the prenatal stage to five years of age. This is to be accomplished through the implementation of an integrated, comprehensive and collaborative system of information and services to enhance optimal early childhood development and to ensure that children are ready to enter school.

First 5 California has determined that early intervention services are an essential means by which to promote, support and improve the early development of children, and for the past 14 years, First 5 California and the 58 county commissions have provided leadership and funding in helping children with delays or disabilities obtain quality early intervention services as soon as possible.

The Department of Developmental Services (DDS), herein referred to as Contractor, administers a statewide service system under the California Early Intervention Services Act for children ages 0 ~~to 3~~through 2, known as the Early Start Program, which was established in 1993 to align with the federal Individuals with Disabilities Education Act (IDEA), 20 U.S.C., §§ 1400, et seq., Part C, to provide quality, comprehensive and coordinated early intervention services to infants and toddlers with developmental delays, established risk conditions or disabilities, and their families. The Early Start Program is partially funded through the federal Individuals with Disabilities Education Act (IDEA). Teams of service coordinators, healthcare providers, early intervention specialists, therapists, and parent resource specialists evaluate and assess infants and toddlers and provide appropriate early intervention services to children eligible for California's Early Start Program. The Contractor is the lead agency for administering Early Start in California, and delivers the services through subvention contracts with twenty-one Regional Centers throughout the State. Based on assessed need and the family's concerns and priorities, a variety of early intervention services are provided by the Regional Centers to enhance early childhood development and to support families in caring for their infants or toddlers during the critical time from birth ~~to three~~through two years of age.

~~The Governor's FY 2012-13 May Revise included assumptions that First 5 California would provide \$40 million as a budget solution for Contractor to provide Early Start services, as follows:~~

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On April 25, 2013, the First 5 California Commission approved a motion to transfer up to \$15 million from Fiscal Year 2012-13 to the Department of Developmental Services to fund new Early Start services through the Regional Centers for children ages 0 through 2.

The Parties agree that no state General Fund dollars are to be saved, reallocated or repurposed as a result of this Agreement.

2. Period of Performance

The term of this Agreement is July 1, 2012, ~~April 25, 2013~~, through June 30, 2014.

A. Funds transferred to the Contractor shall only be used for services provided to children entering the Early Start Program as defined in Exhibit A, Section 3, from July 1, 2012, through June 30, 2013.

~~A. Funds transferred to the Contractor shall only be used to supplement the existing levels of service in the Early Start Program, and not to fund existing levels of service, for eligible children ages 0 to through 2 as further defined in Section 3 of this Exhibit A, from April 25, 2013 through June 30, 2013.~~

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EXHIBIT A
SCOPE OF WORK
(Interagency Agreement)

~~B.~~ B. Contractor must perform in good faith all agreed-upon policy activities as described in Section 5 of this Exhibit A, by June 30, 2014.

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~~C.~~ C. Contractor must submit all required reports and audits related to the Early Start Program services and policy activities funded through this Agreement and as defined in Section 5 of this Exhibit A, by June 30, 2014.

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3. Definition of New Early Start Services

The term new Early Start services as used in this Agreement must meet each of the following criteria:

A. Early Start services ~~_,~~ not previously provided by the Regional Centers, ~~for children by~~ for each child ages 0 through 2 during the period of ~~July 1~~ April 25, 201~~3~~2, through June 30, 2013; and

B. Early Start services that are supplemental to the existing levels of service by child provided by the Contractor through the Regional Centers.

4. Effective Date of this Agreement

This Agreement shall take effect upon the written approval of the Department of General Services. The Contractor shall not request ~~reimbursement funds~~ for new Early Start services until after the Effective Date.

5. Contractor Deliverables and Responsibilities

As a condition of the funding provided under this Agreement, Contractor agrees to each of the following deliverables and responsibilities:

~~A. Identify children ages 0 through 2 eligible for the Early Start Program who are receiving new Early Start services as defined above in Section 3, within the funding limits and period of performance authorized through this Agreement.~~

~~B. Maintain records adequate to document the eligibility of all new Early Start services purchased for children under this Agreement, including but not limited to: birth date of each child; the date the child entered the system; the services identified in the child's Individual Family Service Plan or Individual Program Plan; the dates, types and costs of all services provided to the child by the Regional~~

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~~Center during this FY 2012-13, plus the dates, types and costs of services purchased for the child under this Agreement.~~

~~C. By June 30, 2013, deliver to First 5 California a letter certifying the Contractor's workplan for delivering an independent audit no later than April 1, 2014 of all expenditures under this Agreement that achieves the following objectives:~~

- ~~• Analyzing the processes in place for the tracking and payment of First 5 California funds received under this Agreement for new Early Start Services.~~
- ~~• Verifying that the funds under this Agreement are only used to purchase new Early Start services as defined above in Section 3.~~
- ~~• Verifying that records are maintained for all new Early Start services purchased with funds under this Agreement.~~
- ~~• Verifying that no monies received under this Agreement are used to supplant state or local General Fund money for any purpose, pursuant to the statutory language of Revenue and Taxation Code Section 30131.2, and as that language has been interpreted by the trial court in *Children and Families Commission of Fresno County v. Edmond G. Brown, Jr.* Case No. 11CECG01077 (Fresno Sup. Ct., November 21, 2011). In making this verification, the auditor shall apply its methodology wholly independently, and not in reliance upon other past or contemporaneous analyses, conclusions, statements or beliefs of other public officials, reviewing agencies, or auditors.~~

~~D. By January 1, 2014, deliver to First 5 California a copy of the agreed upon scope of work executed with the independent auditor, to achieve the objectives outlined above in Section 5(C).~~

~~E. By April 1, 2014, deliver to First 5 California an independent audit which achieves the objectives outlined above in Section 5(C).~~

~~A. Identify children eligible under the Early Start Program who are receiving services as defined in Exhibit A, Section 3, **and Section 4, Definition of New Children**, within the funding limits and time authorized through this Agreement.~~

~~Maintain records of eligible children including birth date, date entering the system, and services purchased for the child as identified in the child's Individual Family Service Plan or Individual Program Plan.~~

~~Recognizing the constraints on the disclosure of personal information imposed by the Privacy Rule of the Health Insurance Portability and Accountability Act, 45~~

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CFR, Part 164, and the Information Practices Act, Civil Code §1798 et seq., as well as the constraints on the disclosure of rates contained in the Public Records Act, Government Code §6250 et seq., the records described above shall be provided only to designated independent audit entities that include the Contractor's auditor and upon request, First 5 California's independent auditor and/or the Bureau of State Audits. Neither the Contractor nor the designated independent audit entities shall further disclose the records or any part thereof unless required by law to do so.

B. By June 30, 2013, or ~~within 9030~~ days of DGS approval of the agreement following the approval of this agreement, provide written assurance the services provided under this Agreement subject to audit are within the scope of the different contractors performing the Regional Center's annual independent audits.

~~By January 31, 2014, provide a report to First 5 California that includes the number of eligible new children ages 0 through 2 whose services are funded under this Agreement and the cost of those services.~~

C. By February 30, 2014, arrange an independent audit to confirm that expenditures meet the required criteria under this Agreement and provide First 5 California the name of the independent auditing firm performing the independent audit.

D. By May 30, 2014, or upon completion, whichever is sooner, provide the audit report confirming compliance with the eligibility and expenditures requirements specified under this Agreement. Any delays that would affect the completion date of the audit report shall be promptly reported to the First 5 California contract manager.

F.E. By April 1, 2014, deliver to First 5 California a report of program and expenditure information for FY 2012-13 including:

- Total Budget/Expenditures for Early Start, including all sources of revenue and all major categories of expenditures. Expenditures for each fiscal year should be detailed to describe:
 - Cost and number of all children ages 0 ~~te~~through 2 provided services, by Regional Center.
 - Cost and number of all children ages 0 ~~te~~through 2 provided services funded by First 5 California, by Regional Center.

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- Of the children provided services funded by First 5 California, the breakdown of types and costs of services, by Regional Center.
- The number of all children who aged out of the Early Start program during FY 2012-13 and the number of those that were, and were not subsequently determined eligible for regional center services under the Lanterman Act.
- The number of all children provided services funded by First 5 California during FY 2012-13 who aged out of the Early Start program during FY 2012-13 and the number of those that were, and were not subsequently determined eligible for regional center services under the Lanterman Act.
- ~~Of all children ages 0 to 2 provided services during FY 2012-13 a qualitative and quantitative analysis and summary of the impacts of the services provided by this Agreement, including but not limited to:
 - ~~The outcomes for children who aged out of the Early Start program;~~
 - ~~The number of children for whom there was active case management and coordination with a First 5 county commission, family resource center or other local intervention program;~~
 - ~~Any measurable difference in outcomes between the children whose services were funded by First 5 California and those whose services were not.~~~~

~~G-F.~~ No later than June 30, 2013 90 days following the approval of this agreement, convene and co-host with First 5 California an in-person meeting with representatives invited —from the First 5 Association and the First 5 county commissions, the Association of Regional Center Agencies, and other essential stakeholders identified by Contractor and First 5 California, with the objective of: 1) agreeing upon one or more specific statewide policy and program improvements to achieve no later than June 30, 2014 to improve outcomes for children ages 0 to 5 at risk for development delays, including but not limited to the staff recommendations included in the First 5 California Agenda Item memorandum dated January 24, 2013 (attached here to as Attachment A); and 2) developing a work plan to accomplish the agreed-upon improvements.

~~Contractor shall deliver a quarterly report to First 5 California no later than June 30, 2013, September 30, 2013, December 31, 2013, March 31, 2014 and June 30, 2014 describing all policy and program improvement activities, accomplishments and next steps for that quarter.~~

~~The final deliverable no later than June 30, 2014 shall be either: 1) documentation of the achievement of agreed-upon policy and program improvements; or 2) a memorandum of understanding or interagency agreement~~

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~~between Contractor and First 5 California and any other essential stakeholder detailing the plan and responsibilities to achieve the specific improvements; or 3) both, as appropriate.~~

H.G. Provide timely response to questions from First 5 California and/or its independent auditor on matters relating to this Agreement.

H.H. Promptly report any problems and/or issues and recommended solutions as they occur or are identified.

H.I. Communicate via e-mail, phone, or in person, as necessary to ensure timely and adequate communication between Contractor and the First 5 California contract manager.

H.J. Attend and participate, as requested by the First 5 California contract manager, in meetings and conference calls that relate to this Agreement.

6. First 5 California Responsibilities:

- A. Coordinate a timely transfer of payment to the Contractor consistent with the provisions defined in Exhibit B, Budget Detail and Payment Provisions.
- B. May, at First 5 California's expense, arrange an independent auditor review of the Contractor's independent audit to confirm compliance with this Agreement.

7. Contract Managers

The Contract Managers during the term of this Agreement will be:

First 5 California	Department of Developmental Services
Jaime Hastings	Don Braeger, Manager Children and Family Services Branch
Phone: (916) 263-1324	Phone: (916) 654-3681
Fax: (916) 263-1360	Fax: (916) 654-3225
E-mail: jhastings@ccfc.ca.gov	E-mail: don.braeger@dds.ca.gov

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Direct all inquiries to:

First 5 California	Department of Developmental Services
Peggy Denton, Contract Analyst Contracts and Procurement Division	Patric Widmann, Assistant Chief Early Start State Services
2389 Gateway Oaks Drive, Suite 260 Sacramento, CA 95833	1600 Ninth Street, Room 300 Sacramento, CA 95814
Phone: (916) 263-8809	Phone: (916) 654-3722
Fax: (916) 263-1360	Fax: (916) 654-3225
E-mail: pdenton@ccfc.ca.gov	E-mail: pat.widmann@dds.ca.gov

Exhibit B
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BUDGET DETAIL AND PAYMENT PROVISIONS

1. Payment

- A. As provided in Government Code §11257 through 11263, First 5 California agrees to advance funds to the contractor upon execution of the Agreement and receipt of an invoice totaling \$~~5015~~,000,000.
- B. First 5 California shall pay contractor for new services provided through the Regional Centers to children ages 0 through 2, as defined in Exhibit A, Scope of Work, Section 3.
- C. In no manner shall the total amount of this Agreement exceed \$~~5015~~,000,000.

2. Return of Funds

Should the ~~January 31, 2014~~April 1, 2014, report, described in Exhibit A, Section 6.EC, indicate an overpayment by First 5 California, First 5 California will invoice the contractor. The Contractor agrees to return any overpayment to First 5 California within 30 days of receipt of the invoice.

3. Recover Outstanding Receivables

Pursuant to Government Code section 11255, departments that provide services to another department may recover outstanding receivables by initiating a Transaction Request (TR) with the SCO to transfer funds from the debtor department. This option shall be used on a limited basis and only when the following conditions are met:

- (1) The invoice was not paid by the requested due date,
- (2) Non-payment provisions are included in the interagency agreement between the departments,
- (3) The invoice has not been disputed, and
- (4) A 30-day notice has been provided to the debtor department that a transfer of funds will be initiated for non-payment.

The department receiving the services (or debtor department) shall provide the appropriation to charge if payment is not made timely. This appropriation data must include: fund number, organization code, fiscal year, reference, and category or program. If applicable, also include element, component, and task.

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4. Supplantation

California Revenue and Taxation Code §30131.4 provides that no moneys in the California Children and Families Trust Fund shall be used to supplant state or local General Fund money for any purpose, and that these funds shall be used for new services or new children ages 0 through 2 and that no state General Fund dollars will be saved, reallocated or repurposed as a result of any action taken by First 5 California to provide funding for services currently being provided by the contractor.

5. Record Establishment, Access, and Retention

Contractor shall maintain substantial records of all expenditures and revenues incurred in the performance of work under this Agreement. These records shall be maintained during the term of the Agreement and for a minimum period of three (3) years after final payment has been issued under this Agreement. These records shall be made available only as allowed under the Health Insurance Portability and Accountability Act, California privacy laws, and contractor's confidentiality statutes.

6. Budget Contingency Clause

- A. This Agreement is valid and enforceable only if sufficient funds are available in the appropriate accounts of First 5 California Children with which to carry out the purposes of this Agreement. In addition, this Agreement is subject to any additional restrictions, limitations, or conditions enacted by the Legislature, or any statute enacted by the Legislature, that may affect the provisions, terms or funding of this Agreement in any manner.
- B. Contractor understands and agrees that this Agreement is subject to the condition that sufficient funds are available in the appropriate accounts of First 5 California. If sufficient funds are not available in the appropriate accounts of First 5 California due to a decrease in projected tax revenue collected pursuant to Revenue and Taxation Code §30131.2, this Agreement shall be invalid and of no further force and effect. In this event, the State of California and/or First 5 California shall have no liability to pay any funds whatsoever to the contractor or to furnish any other considerations under this Agreement and the contractor shall not be obligated to perform any provisions of this Agreement.