



AGENDA ITEM: 6
DATE OF MEETING: April 24, 2014
ACTION: X
INFORMATION:

SMALL POPULATION COUNTY FUNDING AUGMENTATION

SUMMARY OF REQUEST

First 5 California staff requests Commission approval of a new funding methodology and accountability framework for the allocation of augmentation funds to small population counties beginning in Fiscal Year (FY) 2014-15 and ending FY 2016-17.

BACKGROUND

At the January 2014 Commission Meeting, an information item was presented detailing the history of the Small Population County Funding Augmentation (SPCFA), the need for a new funding methodology, and a proposed funding methodology prepared by the Small Population County Workgroup (Workgroup).

PROPOSED FUNDING METHODOLOGY AND IMPLEMENTATION

The proposal includes a fixed, graduated baseline formula determined by the number of births in each county in 2011. First 5 California will be responsible for funding the difference between the annual tax revenue allocated to each county and the pre-determined baseline amount. The minimum baseline is \$275,000 for counties qualifying with 1 to 50 births, and increases by \$25,000 for each 50 births, as represented in Table 1 on the next page.

The proposed formula qualifies a county for the SPCFA if the county's number of births is 1,000 or less, resulting in an increase to the total number of small counties receiving the SPCFA by four, to 20 counties. SPCFA counties will be locked in to the initial baseline level for the entire period of the proposed augmentation, regardless of the number of live births in subsequent years.

Seventy-five percent of the estimated annual SPCFA to be funded by First 5 California will be disbursed to the small counties included in this proposal no later than July 31 of each year. The remaining augmentation will be disbursed once June's tobacco tax revenue has been transferred and an accurate determination of each county's annual tax revenue can be made, which should be no later than August 31 of the following year. The remaining 25 percent of the SPCFA will not be disbursed until the county has

complied with terms outlined in the Local Area Agreement (LAA) and all reporting requirements have been satisfied.

Below is a timeline displaying the timeframes counties should expect to receive disbursements over the three-year term of the SPCFA:

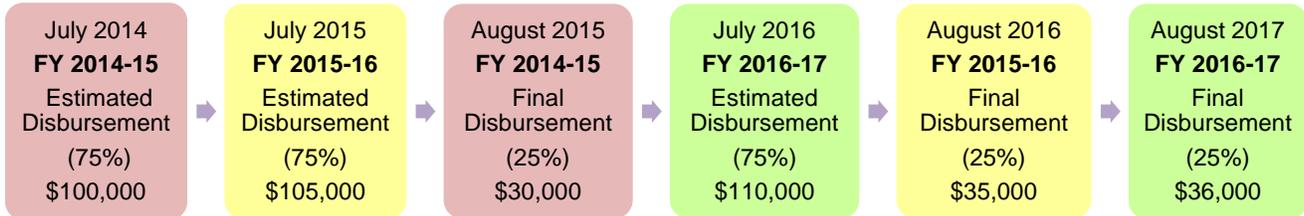


TABLE 1
Small Population County Funding Augmentation Proposed Baseline Formula

Number of Births	County	2011 Births	Proposed Baseline
1-50	Alpine	6	\$275,000
	Sierra	23	
51-99	Modoc	87	\$300,000
100-150	Trinity	123	\$325,000
	Mariposa	132	
151-200	Mono	156	\$350,000
	Plumas	165	
201-250	Inyo	213	\$375,000
251-300	Amador	269	\$400,000
	Lassen	300	
301-350	Colusa	302	\$425,000
	Calaveras	326	
	Del Norte	337	

Number of Births	County	2011 Births	Proposed Baseline
351-400	Glenn	391	\$450,000
401-450	Tuolumne	430	\$475,000
451-500	Siskiyou	472	\$500,000
701-750	Lake	715	\$625,000
	Tehama	728	
751-800	Nevada	761	\$650,000
	San Benito	772	

Note: The formula includes intervals from 501-700 births, at the same rate of increase, but were not included for ease of reading.

SPCFA ACCOUNTABILITY FRAMEWORK

The goal of the SPCFA is to support the success of small counties in their work and to ensure Proposition 10 is truly a statewide effort that impacts the lives of young children throughout California. All participating counties shall enter into a LAA that clearly outlines the use of the SPCFA dollars, the specific programs to be funded wholly or partially by SPCFA, and the outcomes expected as a result of such investments. The goal of the LAA will be to provide specific and measureable evidence of the local commission's efforts to meet the requirements of Health and Safety Code 130100-130155. The final reporting requirements will be determined through consultation with the Workgroup.

Specifically, the LAA will be developed to mirror the following description of local strategic plans as outlined in Health and Safety Code 130140 (a) (1) (C) (ii): The county strategic plan shall, at a minimum, include the following: a description of the goals and objectives proposed to be attained; a description of the programs, services, and projects proposed to be provided, sponsored, or facilitated; and a description of how measurable outcomes of such programs, services, and projects will be determined by the county commission using appropriate reliable indicators. In order to be deemed adequate or complete, county strategic plans will need to describe how programs, services, and projects relating to early childhood development within the county will be integrated into a consumer-oriented and easily accessible system.

To support the LAA, participating counties will be expected to provide:

1. Detailed descriptions and benchmarks for the programs funded wholly or partially by SPCFA (such as scopes of work, project descriptions, etc.)
2. A current strategic plan
3. An annual evaluation report which includes progress towards meeting the specific outcomes of each funded program

The initial year of implementation will be used as a baseline to identify specific needs of the participating counties and develop continuous improvement plans, if necessary, pursuant to the LAA. Progress reports will be reviewed by First 5 California at the end of each year to determine training and technical assistance (T&TA) needs for the coming year.

SPCFA funds may be used to support administrative, program, and evaluation services. All counties are required to fund a minimum of one program with these funds, either fully or partially. In addition, the use of SPCFA funds must meet the guidelines under Core Areas A and B (Successful Local Systems and Measuring Outcomes and Progress) and Focused Investment Area C (Promoting Early Learning and Healthy Development Outcomes for Children).

First 5 California is committed to supporting the accountability framework in any way possible to ensure successful implementation.

Core Areas – A and B

Counties must address in their LAA all of the criteria under Core Areas A and B.

A. Successful Local Systems

All criteria under Core A are required.

1. Local Administration

Counties can utilize up to 25 percent of the SPCFA dollars to support personnel and operating costs necessary to accomplish the work set forth

in the LAA. Counties are required to demonstrate compliance with regulatory audit requirements through annual independent audits. Counties will use the First 5 Financial Management Guide to determine appropriate definition and allocation of costs.

2. Fiscal Systems Stability

Counties will be expected to implement fiscal systems that ensure full compliance with First 5 reporting requirements articulated in the Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act. Counties will be expected to work to address any deficiencies by the State Controller's Office and/or any findings by independent auditors.

First 5 California will work with the First 5 Association (Association) throughout the augmentation period to provide training and technical assistance geared toward strengthening of internal systems.

3. Continuous Quality Improvement (CQI)/Training and Technical Assistance (T&TA)

First 5 California will work with the Association and the Workgroup to explore ways to provide new opportunities for technical assistance in each of the following three areas: fiscal, evaluation, and program. T&TA will be targeted for small county commissions, using webinars, the small county summit, and other venues. Counties will be required to participate in some T&TA efforts, when applicable, both as T&TA providers whenever possible, and as participants when needs have been identified.

4. Local Service Systems Integration

Counties will demonstrate work with community partners and available state and/or federal programs to integrate service systems, develop new partnerships, and other activities to build a stronger system of services and support for children prenatal through age five.

B. Measuring Outcomes and Progress

All criteria under Core B are required.

1. Evaluation

Counties will provide annual evaluation reports for all programs funded by First 5 California, which may be a single evaluation report for all county commission activities. First 5 California and the Association will work together on the development of SPCFA program evaluation requirements, including a kit of effective evaluation tools and outcome reporting measures for funded programs, and will assist counties in adopting such tools to support data-driven decision making.

2. Strategic Plan

Counties will be expected to provide evidence of a recently adopted strategic plan that meets the requirement of the Health and Safety Code 130140 (a) (1) (C) (ii). T&TA will be developed to support strategic planning efforts and operationalizing in counties, where needed.

Focused Investment Area – C

Counties must address in their LAA a minimum of one of the criteria in Focused Investment Area C.

Counties receiving the SPCFA will be required to use evidence-based, promising practices, or high-quality local models to ensure the highest likelihood of measurable improvement in key child and family indicators. Local models must meet benchmarks for program quality and an effective evaluation design. Result areas for key indicators include: family functioning, child development, child health, and systems of care. Key indicators will be jointly developed by the Workgroup and First 5 California, and align to the extent possible with other major federal and state programs and evaluations (e.g., California Home Visiting Program, *Help Me Grow* [HMG], and Race to the Top-Early Learning Challenge [RTT-ELC]).

First 5 California will work with the Association and the Workgroup to identify a list of program models that have proven successful and implementable in rural and small population settings. As much as possible, the strategies and programs funded will align with current state and federal initiatives. Potential models include *HMG*, Parents as Teachers, Raising a Reader, Nurturing Parenting, Center on the Social and Emotional Foundations for Early Learning (CSEFEL), Early Head Start, Healthy Families America, and Nurse-Family Partnership. For programs in the health area, the use of trained practitioners or paraprofessionals will suffice as evidence of quality design.

C. Promoting Early Learning and Healthy Development Outcomes for Children

1. Developmental and Health Needs

Counties can focus on implementing programs or strategies to identify and address the behavioral, developmental, and health needs of children prenatal through age five, to improve school readiness, and to target more intensive strategies and supports to children with high needs¹ (e.g., *HMG*, Health Care, Oral Health, Children’s Health Initiative, and CSEFEL).

¹ The term “children with high needs” comes from the federal RTT-ELC application and is defined as: “Children from birth through kindergarten entry who are from low-income families or otherwise in need of special assistance and support, including children who have disabilities or developmental delays; who are English learners; who reside on “Indian lands” as that terms defined by section 8013(6) of the ESEA; who are migrant, homeless, or in foster care; and other children as identified by the State. California includes infants and toddlers and “children receiving protective services through the local county welfare department as well as children identified by a legal, medical, social service agency or emergency shelter as abused, neglected or exploited or at risk of abuse, neglect or exploitation.”

2. Engaging and Supporting Families

Counties can focus on engaging and supporting families through a variety of school readiness, parent engagement, and home visiting strategies (e.g., Strengthening Families, Parenting Education, Family Resource Centers, Home Visiting, and School Readiness Playgroups).

3. High-Quality Early Learning/Early Educator Support and Effectiveness

Counties can help drive local quality improvement efforts for early learning and development programs by supporting the implementation of the RTT-ELC Quality Continuum Framework within the core areas of Child Development and School Readiness, Teachers and Teaching, and Program and Environment.

Counties that choose to provide access and support for local early educators to meet the benchmarks outlined in the RTT-ELC Quality Continuum Framework will have the opportunity to participate in some of the training opportunities offered through other First 5 California programs including those through the Early Education Effectiveness Exchange (E4) and online trainings such as *Introduction to the Classroom Assessment Scoring System™ (CLASS™)*, *Looking at CLASSrooms™*, and *My Teaching Partner™ (MTP™)*.

FISCAL IMPACT

Despite the fact that First 5 California and county commissions are anticipating ongoing declining revenues, First 5 California believes adopting the proposed baseline formula is crucial for small counties to not only fulfill Proposition 10 legislative and programmatic requirements, but also provide quality services for the children residing in the affected counties.

Based on current revenue projections and three-year averages of historical data, the formula proposed by the Workgroup will result in an investment of \$12,753,961 by First 5 California over the term of the proposed SPCFA, approximately \$4,667,433 more than the projected amount using the current methodology.

ATTACHMENTS

- A. Map of Proposed 20 Small Population Counties Eligible for the SPCFA

