

**FIRST 5 CALIFORNIA
CHILDREN AND FAMILIES COMMISSION**

January 27, 2010

**Holiday Inn Capitol Plaza
300 J Street
John Q Ballroom, 16th Floor
Sacramento, CA 95814**

MINUTES

Agenda Item 1 – Call to Order and Chair’s Welcome

Chair Joe Munso called the meeting to order.

Commissioners Present: Joe Munso, Chair
Patrick Duterte
Maria Minon, M.D.
Molly Munger
Sumi Sousa

Commissioners Absent: Carla Dartis

Ex Officio Members Absent: Glen Thomas
Kim Belshé

Chair Joe Munso welcomed commission members and announced the resignation of Commissioner Eleni Tsakopoulos-Kounalakis who recently assumed her new position as US Ambassador to Hungary.

PUBLIC COMMENT: None.

Agenda Item 2 – Executive Director’s Report

Kris Perry, Executive Director, quoted an old Chinese proverb “May you live in interesting times.” She noted that although these are undoubtedly times of uncertainty and financial hardship for many families, they are also times of opportunity. Ms. Perry provided the following comments:

- Every year, more than 550,000 children are born in California. There are more children ages 0 to 5 in California than any other state in our nation.
- California also has the largest number of children living in poverty with limited access to the resources they need to succeed in life.
- State budgets continue to get cut, tearing further holes in the safety net for the families First 5 serves, and the faltering national economy has left so many more people in need of assistance.
- Ms. Perry emphasized looking beyond the challenges we face today and to see ourselves as leaders toward a stronger tomorrow. She expressed that now is the time to look toward the future, to think creatively and call for renewed action for

California families based on the ideals and goals that have shaped the efforts that brought us to this point.

- Ms. Perry noted that California was a pioneer in the early childhood development arena when voters passed Proposition 10 designating First 5 California as the first state agency with a mandate to improve the health and well-being of children in their earliest years. Even now, many years later, California has resources beyond those of other states.
- She reminded Commissioners that First 5 began assessing its programs a couple years ago as its Strategic Plan was developed. First 5 sought new ways for integration and efficiency, and set higher goals that would guide us here in California and keep our eyes on Washington.
- At the October 2009 Commission meeting, the Commission approved the criteria for staff to develop Signature Programs reaching divergent audiences of young children, teachers and parents.
- Since then, First 5 California staff has worked hard to develop a programmatic approach that would best:
 - support health and early learning for young children
 - empower parents with the resources they need
 - enhance the skills of preschool teachers and early child care providers
- In the past, First 5 referred to its Strategic Plan as a roadmap for the future. Ms. Perry noted that these may be difficult times, but that is all the more reason for First 5 to be steadfast in its commitment to give California's youngest children the future they deserve.
- With the collective support, wisdom, and hard work of First 5 state and county commissions, our partners, community leaders and parents, First 5 has the resources needed to have a profound impact on our state's future, create real and lasting changes in the lives of California's youngest children, and help lead the nation as advocates on their behalf.

DISCUSSION: None.

PUBLIC COMMENT: None.

Agenda Item 3 – First 5 Association of California Report

Sherry Novick, Executive Director of the First 5 Association, provided an update on Association activities and ways in which county commissions continue to meet local needs related to the recession and budget cuts.

- Many county commissions have expanded pre-existing programs to pick up children and families who have lost access to services, particularly in the areas of prenatal care, home visiting, and children with special needs.
- County commissions are re-evaluating their long-term financial plans in light of increased funding commitments and declining revenues.
- Statewide allocations in the first 5 months of the year dropped more than 13% from the previous year, likely due to a combination of the new federal tobacco tax, the recession, and the natural variation in tax collection rates.
- First 5 county commissions and local partners testified before the Senate Budget and Fiscal Review Committee against the Governor's proposal, arguing that First 5

funded services reduce pressure on state programs and meet needs not otherwise met.

- County commissions continue to expand services that are proving to be effective, such as oral health. Approximately 18 county commissions met with the California Dental Association and the Dental Health Foundation to talk about oral health strategies and to discuss ways to work more closely with WIC programs and local pediatricians.
- County commissions continue to leverage federal funds by using their revenues as a match for Targeted Case Management, Medicaid Administrative claims, federal stimulus funds under the American Recovery and Reinvestment Act, and Early and Periodic Screening, Diagnostic, and Treatment Services.
- Because First 5 funds are a legitimate source to draw down federal funds, county commissions are able to bring a lot of money into county department infrastructures that does not get scored in the state budget but helps keep county departments whole and continue services. Ms. Novick indicated that fact sheets are in the process of being posted to the Association Web site that reflect the amount First 5 funds have leveraged.

DISCUSSION: Commissioner Sousa asked if every commission has its own definition of supplantation and how they are able to help local programs without supplanting. Ms. Novick explained that, as local government entities, county commissions rely on local counsel and therefore vary in the policies they have adopted. Most counties avoid supplantation by expanding existing First 5 funded programs to meet increasing need or redesigning services to comply with the provisions of Proposition 10.

PUBLIC COMMENT: None.

Agenda Item 4 – Committee Reports

4a – Program Committee

Sarah Neville-Morgan, Deputy Director of Program Management, reported that the Program Committee met to offer feed back and their thoughts on the Signature Programs agenda item.

DISCUSSION: None.

PUBLIC COMMENT: None.

4b – Media and Public Relations

Elisa Bupara, Director of Communications, reported that staff met with the Public Education and Outreach Committee to discuss the Parent component of the Signature Programs. Committee members also approved continuation of the on-line media campaign.

DISCUSSION: None.

PUBLIC COMMENT: None.

4c – Research and Evaluation

Stacie Sormano, Deputy Director of Research and Evaluation, reported that the Research and Evaluation Committee met to discuss the annual report agenda item and the possibility of supporting an Educational Development Index pilot project with UCLA. The Research and Evaluation Committee recommended First 5 continue discussions with UCLA and bring a proposal to the Commission in April.

DISCUSSION: None.

PUBLIC COMMENT: None.

Agenda Item 5 – Legislative Update

Marsha Jones, Deputy Director of Legislative and Governmental Affairs, provided a brief update on the regular legislative session that reconvened on January 4, 2010, and the work being conducted by the Legislature in special sessions called by the Governor:

- The Governor has called eight special sessions since the Legislature convened a little over a year ago, making the legislative process increasingly complex.
- The Senate Budget and Fiscal Review Committee members heard details on the Governor's proposed 2010-11 budget. Ms. Jones noted that the Governor's Budget, as it relates to Proposition 10, is essentially the same proposal as last year. Ms. Jones described the provisions in the current budget proposal and stated that First 5 California continues to work with all parties to be part of the budget solution while still providing critical services to California's youngest children and their families.
- First 5 California staff and representatives of large population county commissions met with the Department of Developmental Services to discuss a \$50 million request that the Governor vetoed from the 2009-10 budget for the Early Start program.
- The Governor signed legislation to make California eligible to apply for the federal Race to the Top educational funds, and the same process will be necessary to make California eligible to apply for federal Early Learning Challenge Grant funds when they become available.

DISCUSSION: None.

PUBLIC COMMENT: None.

Agenda Item 6 – Strategic Plan Annual Review

Kris Perry, Executive Director, presented the second annual review of First 5 California's Strategic Plan.

Ms. Perry reminded everyone of the overarching statements contained in the Strategic Plan. She reviewed First 5 California's vision and mission statements, and highlighted objectives reached under each strategic goal.

Vision:

All children in California enter school ready to achieve their greatest potential.

Mission:

By 2012, be recognized as California's unequivocal voice for children 0 to 5 to ensure greater equity in their readiness for school.

Five Strategic Goal Areas:

1. Focus on Policy Development
2. Invest in Program Development
3. Broaden Public Awareness
4. Enhance Research and Evaluation, and
5. Strengthen Organizational Operations and Systems

Ms. Perry summarized the status of First 5 California's Strategic Plan accomplishments as of December 31, 2009. She reported that 96 percent of the 2009 objectives have been completed. Ms. Perry provided the status of objectives that were due or completed since the mid-year review.

Completed Objectives**Objective 1.2.1- The First 5 California management team will develop and implement a public advocacy plan to address the needs of children 0 to 5 and sustaining related programs**

First 5 California has developed and implemented a public advocacy plan that brings together stakeholders from the California Department of Education, Preschool California, Children Now, as well as many other partners, to access federal dollars from the American Recovery and Reinvestment Act (ARRA) including \$1.1 billion for Early Head Start (EHS). California's share of the EHS funding is approximately \$100 million.

The immediate federal leveraging opportunities, including the Child Care and Development Block Grant program (CCDBG), Head Start (HS) and Early Head Start, Title I and other stabilization funds, continue to be a key focus.

Over the last year, First 5 California provided HS and EHS technical assistance to grantees interested in improving quality and accessing federal stimulus dollars.

Objective 2.1.2 – Convene a First 5 California legacy programs assessment workgroup to develop criteria for improving the programs implemented prior to January 1, 2008

The Commission authorized an accelerated process for Project Legacy to develop measureable program goals (MPGs) at the July 2009 Commission meeting. The Project Legacy Expert Panel met to develop and recommend MPGs. The Commission approved the outcomes of the Project Legacy process in October 2009. These outcomes have served as the basis for the development of First 5 California's Signature Programs.

Objective 3.1.2 – Develop and implement a comprehensive, grassroots public education campaign

First 5 California's Hard to Reach Study has been completed and has been widely distributed to partners and other entities. In addition to the Hard to Reach Study, Fraser Communications conducted research, via focus groups and telephone surveys, to determine the needs of families and assess their awareness of existing services and of

First 5 California. The results of these efforts will continue to guide First 5 California media outreach, serve as the foundation for future communications development, and inform program development.

Objective 4.1.1 – Secure an information technology vendor to build a comprehensive data system to integrate First 5 data

First 5 California released the Request for Proposal for the Practice, Research and Outcomes 0 to Five (PROOF) system in December 2008. PROOF will provide an automated and centralized information technology solution to gather and warehouse program data. First 5 completed the review and award process for the PROOF system in December 2009, and the Department of General Services issued an approval letter and intent to award to the successful bidder, M Corp. Contract negotiations are in process and it is anticipated that the contract will be in place by spring 2010.

Objectives 4.2.1 and 4.2.2 – Identify culturally appropriate best practices for impacting and assessing the needs of children 0 to 5

First 5 California anticipates approving the final version of a report prepared by its contractor, WestEd, entitled *Culturally Appropriate Best Practices for Assessing and Impacting the Needs of Children 0 to 5* by the end of January. This report presents standards for culturally appropriate practices in the fields of early care and education, and family functioning and health. It determines the challenges in assessing and impacting the needs of children 0 to 5 in these domains, and presents features of programs and services demonstrated as effective with culturally diverse populations. These strategies have informed and will continue to inform First 5 California program decisions and serve as a foundation of our discussions as First 5 moves forward with the development of its Signature Programs.

Objective 4.3.2 – Establish a process for gathering and disseminating information on best practices and research studies

First 5 California currently has in place a process for gathering and disseminating information on best practices and research studies, which will be refined as First 5 brings its new information technology system, PROOF, on line. First 5 uses its *Studies in the News* to gather and disseminate information on best practices and research findings, and First 5 shares its findings at symposia and conferences. In addition, First 5 California announces its evaluation findings through a list serve and through presentations at national conferences. When fully operational, the PROOF system will be the primary mechanism used to gather and disseminate information. It will serve as the central repository of journal articles, studies, best practices, evaluations, and literature for early childhood development.

Objectives In Progress

Objective 4.3.1 – Formally establish the Center for Results, including the Center’s priorities and research plan, management structure, external oversight committees, and operating practices

The development of the Center for Results, a system for prioritizing and managing research and evaluation projects and communicating results, is an evolutionary process. Thus far, First 5 California has established its management structure, external oversight committees, and operating practices. The measurable program goals approved by the

Commission in October provide the focus for our research agenda. First 5 anticipates convening the initial meeting of the Center for Results Steering Committee in spring 2010. This group will provide First 5 California with suggestions for a comprehensive research agenda.

Recurring Objectives

Objective 1.2.2 – Conduct post-program assessments; determine viability as a statewide program and advocate for statewide implementation

In July 2003, the Commission approved \$100 million for up to seven years to establish the Power of Preschool (PoP) program, a high-quality, free, voluntary, part-day preschool program for 3- and 4-year olds. First 5 California completed a meta-analysis of the PoP program in July 2009. The report concludes that the PoP program is a success as all nine PoP counties displayed strong school readiness levels and high-quality learning environments based on self-reported teacher observation scores that measure children's developmental progress. Additionally, teacher quality was high and there was an ongoing commitment to professional development in all PoP counties.

Objective 1.2.3 – First 5 California management team shall, at a minimum, convene biannual meetings with legislators and/or stakeholders to discuss issues related to children 0 to 5 and advance successful programs

Last spring, the Commission approved up to \$1 million to support the California Early Learning Quality Improvement System (CAEL QIS) Advisory Committee established by SB 1629 (Steinberg). The Committee is charged with developing the policy and implementation plan for a statewide quality rating and improvement system. First 5 California staff sit on the Committee and actively participate in the development process.

The CAEL QIS Advisory Committee held five meetings in 2009, which have been regularly attended by a broad range of stakeholders. The efforts of CAEL QIS focus on policy changes to improve outcomes for children and reduce California's school readiness gap by addressing the quality of early learning and care programs. The Advisory Committee must provide a plan to the Governor and the Legislature at the end of 2010.

Objective 1.3.1 – Develop partnerships and legislative recommendations to sustain successful programs, such as early childhood screenings, access to services, and oral health care

1. Governor Schwarzenegger issued an Executive Order on November 9 to establish the California State Advisory Council on Early Childhood Education and Care, or ELAC. First 5 California will join the Superintendent of Public Instruction and the Secretary of Education as a third Chairperson of the new Advisory Council. This is the first step in making California eligible to compete for a share of upcoming federal funds, including \$100 million in federal HS funds available through the Recovery Act.

The Governor's recent action fits with the design of the limited-term CAEL QIS committee that is charged with the development of policy and implementation recommendations for a statewide Early Learning Quality Improvement System.

The State's new Advisory Council (ELAC) has a broader scope than CAEL QIS and is a permanent body designed to help advance the State's collective efforts to develop a high-quality, comprehensive early learning system. The Executive Order augments the membership of the CAEL QIS Committee, adding a co-chair, and designating CAEL QIS as an official committee of the Council. The ELAC will help make it easier for California to access current and potentially upcoming federal funds from the Recovery Act, which could result in millions of federal dollars for early learning programs in California.

2. In August 2009, the State Commission voted to contribute up to \$81.4 million to the Healthy Families program to cover health care costs for California's youngest children. This temporary solution allowed more than 200,000 children up to age 5 to receive low-cost health care coverage through June 2010.
3. Over the last year, First 5 California agreed to participating and has attended quarterly meetings of the State Interagency Team led by the Department of Social Services.
4. First 5 California entered into a two-year contract with WestEd to provide statewide technical assistance to county commissions and their partners in delivering comprehensive services to children with special needs and their families.

Objective 1.4.2 – Participate as a partner in a statewide effort to increase quality, access and/or availability of early care and education, such as preschool, infant/toddler care, or school readiness programs

First 5 California continues to seek new opportunities to increase quality and access to early care and education. First 5 recently completed preliminary contract negotiations with the National Association of Child Care Resource and Referral Agencies for the translation of an Early Childhood Education (ECE) curriculum into Spanish. The ECE program for new in-home and center-based child care providers is fee-based, and Resource and Referral Agencies will pilot both the English and Spanish versions in the Los Angeles area and eventually expand the program nationwide.

Another First 5 achievement is sponsoring the upcoming Early Childhood Environment Rating Scales (ECERS) training. The ECERS scales are nationally recognized and used to assess and improve the quality of child care programs.

Objective 3.3.1 – Present First 5 California projects at two or more national events annually

First 5 California staff presented the following three topics at the National Association for the Education of Young Children annual conference held in November in Washington, DC:

- Research-based Policy Decisions: A Needs-driven Program Development Process
- Supporting Preschoolers' Science Learning with Lessons from PBS's Sid the Science Kid; and
- First 5 California's Special Needs Project: A Framework for Best Practices in Supporting Children with Special Needs and Their Families

In addition, staff presented information on First 5 California's EHS Technical Assistance efforts at the Peer Advocate Roundtable held in July 2009 in Chicago, Illinois. First 5 California, along with presenters from two other states, shared new efforts and lessons learned to include EHS in the state's comprehensive 0 to 5 system.

Objective 4.3.3 – Issue a report annually that includes trends, program outcomes and policy recommendations

First 5 California released the annual needs assessment report *California's Young Children and Their Families: Demographic and Economic Conditions* in June 2009. This report identifies areas of concern for California's 0 to 5 population including poverty, level of parent's education, teen parents, health, quality and availability of child care, and multiple risk factors.

DISCUSSION: Commissioners Sousa and Duterte said that it would be helpful to have, and requested copies of, Ms. Perry's talking points in order to grasp all of the great information that was provided. Chair Munso recommended a walk through of First 5 California's Strategic Plan at the next Commission meeting. He stated that it would be helpful to new commissioners and would help provide them direction on what is outlined in the Strategic Plan.

PUBLIC COMMENT: None.

Agenda Item 7 – Fiscal Year 2009-10 Financial Plan and 2008-09 Financial Audit

Terry Miller, Chief of Administrative Services, presented the Commission with a financial report that included First 5 California's Fiscal Year 2008-09 financial audit, Board of Equalization administration cost detail, and spending plan for FYs 2009-10 through 2012-13.

State Audit

First 5 California funds, which are audited annually by the Department of Finance (DOF), did not identify any reportable internal control or compliance weaknesses. The audit report is posted on First 5 California's Web site.

Board of Equalization Administrative Costs

At the October 2009 Commission meeting, Commissioners requested a representative from the Board of Equalization (BOE) speak to the Commission regarding the continuous increase in BOE's cost adjustments to the California Children and Families Trust Fund (Fund). BOE's scheduled Board meeting coincided with First 5 California's Commission meeting, which precluded BOE from presenting at the Commission meeting.

In an effort to address the Commission's questions, First 5 California staff met with representatives from BOE to discuss the history, current and projected adjustments to the Fund. Commissioners were provided with documents that contained additional detail regarding BOE costs charged to the Fund. The BOE will be available to present at the April 2010 Commission meeting if additional information or explanation is required.

Ms. Miller provided the following comments on what First 5 learned from their meeting with the BOE:

BOE assigns fees and costs to the General Fund, Breast Cancer Fund, Cigarette and Tobacco Product Surtax Fund, Proposition 99 and the California Children and Families Trust Fund (Proposition 10). The percentage of the costs charged to each fund is based on a percent of the total 0.87 cents state tax collected. Proposition 10's share of the cost may not exceed 57.5 percent of total costs. While the adjustments are referred to as BOE's administrative fees and costs, the adjustments actually represent a mixture of program implementation, and administration costs for operating the Cigarette Tax and Licensing programs.

In Fiscal Year 2008-09, the programs cost \$26.9 million to enforce and First 5 was charged \$11.7 million, which represents 43.5 percent of the overall cost. In the 2009-10 state budget, the programs are projected to cost \$30.8 million. First 5 is budgeted to pay \$13.9 million, or approximately 45 percent.

Surplus Money Investment Fund

In addition to tobacco tax revenue, First 5 California receives interest revenue from the Surplus Money Investment Fund (SMIF).

The rate of interest earned on investment changes regularly and is posted to First 5 California's accounts quarterly. The current interest rate of 0.594 represents the lowest rate since 1965. First 5 California's revenue projections include a 1.7% interest rate.

Revenues and Current Commitments

First 5 California can not predict the amount of revenue that will be received each month. Monthly revenues are tracked to identify any possible significant changes to the revenue.

The Revenue and Commitment plan includes a 15% revenue reserve on projected revenue to respond to unanticipated changes in revenue receipts. This level of reserve is what is recommended and advised by the Government Financial Officers Association for governmental accounts that experience this rate of fluctuation of tax revenue.

In February 2009, H.R. 2 was signed into law by the President. It funds the federal Children's Health Insurance Program with revenues from increases in federal excise tax rates on cigarettes and tobacco products. BOE projects the impact of the new federal tobacco tax will be a reduction in Proposition 10 revenue of approximately \$43.6 million in 2009-10 and \$42.4 million in 2010-11.

DOF's projections confirm that tobacco tax revenue is declining. First 5 California's revenue received during the first five months of Fiscal Year 2009-10 reflects a significant decrease in revenue from prior years. DOF projected a decline in Proposition 10 revenues of approximately 6.11% from 2008-09 to this year.

Backfill to Proposition 99 totaled \$21.8 million, which reflected a 2.8% increase from the prior fiscal year.

The Governor's 2010-11 proposed budget would have a severe and adverse impact on First 5's ability to meet current year and multi-year contract, program and employment obligations and commitments.

Year-end fund balances reported in the annual audit do not fully represent current and future year encumbrances, obligations, and commitments.

First 5 California invests over 86% of total expenditures annually in program development and implementation.

DISCUSSION: Commissioner Munso said he would like BOE to appear at the April meeting to discuss the relative cost and benefit of the programs. Ms. Miller recommended inviting BOE to appear before the Commission on an annual basis to explain any new budget year proposals that affect the cigarette tax programs.

Commissioner Duterte asked if the Commission leverages its funds and if so, noted that it would be helpful to show the impact. Ms. Miller said most program funds leverage matching funds from the counties. There is a significant amount of leveraged dollars that are achieved through the expenditure of First 5 funds. Commissioner Minon asked if funds are also leveraged from other sources. Ms. Perry said the Kit for New Parents leverages Medicaid funds and the contribution to KCET brings in foundation and corporate dollars. The contribution to the Healthy Families Program leveraged \$2 in federal funds for every \$1 contributed. Ms. Miller said she would meet with the Association to determine if a more complete picture of the amount leveraged can be developed.

PUBLIC COMMENT: John Sims, First 5 Stanislaus, recommended showing the accounts into future years to demonstrate that they decrease over time.

Agenda Item 8 – State Fiscal Update

8a – Governor’s Proposed Budget

Chair Munso introduced representatives of the Department of Finance who explained the Governor’s current budget proposal.

- Successive years of unprecedented fiscal crisis resulted in a deficit of \$60 billion last year.
- In spite of actions taken to close this gap, the state is ending this year with a deficit of \$7 billion, due largely to federal and state court decisions that prevented implementation of planned cuts, declining revenues, and caseload growth due to the economy.
- The Governor’s proposal is based on no new taxes and no extensions of previous temporary taxes. Instead, it closes the budget gap with:
 - \$8.5 billion in expenditure reductions
 - \$6.9 billion in new federal funds
 - \$3.9 billion in alternative funds
 - \$.5 billion in fund shifts
- Proposition 10 funds provide \$550 million of the alternative funds.
- \$350 million is slated for the Department of Social Services in the child welfare area, and \$200 million is slated for the Department of Developmental Services. Another \$105.6 million is assumed as a voluntary contribution.
- The trailer bill language was modeled on last year’s language and recognizes the entire \$308 million may not be available due to encumbrances.

- The Administration is not saying First 5 programs are not valuable, but believes the funding source is not being fully utilized.

DISCUSSION: Chair Munso asked if there was an additional proposal that would have the same impact on Proposition 63. DOF said there is a proposal in the Governor's Budget, which is modeled after last years Proposition 1E, that would also require voter approval.

PUBLIC COMMENT: Debby Armstrong, First 5 San Mateo, shared her testimony from the Senate Budget Committee, focusing on three unique characteristics of Proposition 10: high return on investments, integrated service delivery systems, and local decision-making. She pointed out that 28 counties fund health care for children who do not qualify for the Healthy Families Program (HFP) and asked the Commission to contribute one more time to keep the HFP whole as its fund balance is sufficient to do that and fund the new Signature Programs.

Chair Munso said it is assumed that the State Commission will be part of the budget solution with regards to the HFP and the Department of Developmental Services. DOF confirmed that statement.

Betty Robinson-Harris, an educator in child development, expressed her opposition to, and great concern with, the shifting of Proposition 10 funds, which will have a direct impact on her students, their families and the educators she supports. She asked how many times does the California public have to say no, we do not want the funding of Proposition 10 to be eliminated.

Ms. Novick said the Governor's budget includes a voluntary contribution from county commissions of \$55.6 million for HFP and \$50 million for the Department of Developmental Service's Early Start program, but the DOF presentation indicated that was to come from the State Commission. DOF responded that the budget document actually shows those funds coming from county accounts. Chair Munso stated that at this point in time the voluntary contribution is being reflected as a county solution, but is also being looked at as a holistic solution. Commissioner Sousa pointed out that the numbers would not work because that would decrease the \$308 million proposed to be swept from the State Commission fund balance.

Commissioner Duterte said an objective analysis is needed of what the loss would mean from the point of view of both the state and county commissions.

Toni Moore, First 5 Sacramento, asked about the technical and legal requirements associated with the ballot initiative. DOF responded that the Legislature has to vote to place it on the June ballot during the current special session and, if passed by the voters, money would begin to be shifted immediately as Proposition 10 revenues come into the state.

8b – Department of Developmental Services Fund Request

Chair Munso introduced a representative from the Department of Developmental Services (DDS) who presented the Governor's plan to obtain funds from First 5 for the Early Start program.

- DDS provides services to 21 Regional Centers through three basic programs:
 - Early Start – for children 0 to 2 at risk of developmental delays (approximately 41,200 annually)
 - Lanterman Act – for individuals 3 and older who have lifelong developmental disabilities (currently 243,000, with only 20% of Early Start children qualifying for this program)
 - Prevention Program – for children previously served by Early Start who no longer qualify because of stricter eligibility requirements implemented as a result of last year's budget.
- When the Governor signed the current year budget, he line-item vetoed \$50 million from DDS's Early Start program and instructed DDS to work with First 5 state and county commissions to identify funding for DDS services that are provided to children 0 to 5 years of age.
- The growth in demand for services is primarily in the 0 to 2 population and is largely for children diagnosed with autism and who require behavioral services.
- First 5 California invited the large county commissions to discuss how to meet this need.
- If the gap is not filled, Regional Centers are required to notify DDS and families that they can no longer provide services to approximately 22,700 individuals.

DISCUSSION: Commissioner Duterte asked if DDS was mandated to provide services and if families could sue if they do not receive those services. DDS said that the Lanterman program was an entitlement program and families have a right to a fair hearing, but the Regional Centers are limited to the appropriation they receive from the Legislature.

Chair Munso asked if this would come before the Commission in April. Ms. Jones said the large county commissions received data from DDS on the number of children affected in each of their counties and are taking that information back to discuss locally. Ms. Perry said the issue would be brought back to the Commission in April when there is a more complete recommendation. She hopes this will be a collaborative solution involving the county commissions and noted there is room in the State Commission reserve to consider a contribution.

PUBLIC COMMENT: Jennie Tasheff, First 5 Sonoma, reminded the Commission that 29 county commissions with Children's Health Initiatives continue to support programs to cover kids who are not eligible for other insurance programs. This represents another way that county commissions are contributing and collaborating with the State Commission.

Agenda Item 9 – Annual Report (Fiscal Year 2008-09)

Stacie Sormano, Deputy Director of Research and Evaluation, presented Commissioners with First 5 California's Fiscal Year 2008-09 Annual Report.

Ms. Sormano provided Commissioners with a brief outline of the Annual Report, which is organized into four chapters:

- First 5 California Overview – a brief history of First 5, its structure and audit findings
- First 5 California Services – a summary of activities related to mandated services: Administration, Public Education and Outreach, and Research and Evaluation
- First 5 California Programs – a synopsis of First 5 funded programs and outcomes
- First 5 California County Commission Program Focus Areas – an overview of the services provided by county commissions
- California State Controller’s Annual Report to First 5 California, which examines county adherence to policies related to contracting and procurement, administrative expenditure limits, conflict of interest, staff compensation, and long-range financial planning

Ms. Sormano reported that no action was required to remedy any discrepancies found in the Fiscal Year 2007-08 audit.

Ms. Sormano reminded the Commission of the work of James Heckman and Jack Schonkoff, which demonstrates the value of early investment in children, and the results of the WestEd study that found only 13 percent of disadvantaged children in California have access to quality early childhood education programs.

First 5 California’s Power of Preschool (PoP) and the Comprehensive Approaches to Raising Educational Standards (CARES) programs work together to improve the quality of subsidized programs by ensuring staff are well qualified and building off evidence-based practices to improve overall quality.

44 counties participate in First 5’s CARES program which encourages education and stability in the early care workforce through incentives and support designed to increase the education level of those in the field.

Nine counties participate in First 5’s PoP program which provides free, voluntary high-quality, part-day preschool to assist children in becoming effective learners. Of the nine counties that participated in the PoP program, eight used CARES to help support their early learning workforce and increase their education levels and the quality of the program. Together these two programs leveraged funds, incentivized behavior, improved quality and produced outcomes.

PoP builds off subsidized child care such as Head Start and requires participating counties to provide funding as well. The CARES program also requires funding from participating counties.

Both programs incentivize behavior – PoP reimburses counties based on teacher qualifications; higher education levels equate to higher reimbursements; CARES provides stipends for continuing education. These incentives helped improve the quality of the PoP program:

- 54 percent are master teachers with bachelor’s degrees or higher in early childhood education

- Preschool environments are high quality, and
- An environmental assessment showed an average of 5.4 out of a possible score of 7 (a score of 5 is considered high quality).

Most important is the impact these programs have on children as evidenced by the outcome data. Staff evaluated PoP participant improvement using pre- and post-program data which assesses children on four developmental domains: effective learners, personally and socially competent, physical and motor competence, and health and safety. On a percentage basis, improvements in children's learning effectiveness were most impressive, showing a 737 percent improvement.

County commissions autonomously create programs to address the specific needs of children 0 to 5. The majority of First 5 programs leverage existing systems to maximize impact. The only statutorily mandated parameter for those programs is that they must improve systems of care, family functioning, child development or child health.

Within any given county's mix of programs, they may have more than one provider, with each provider specializing in one or more service types. Ms. Sormano explained the difficulties in quantifying data on children served because county commission-funded programs build on existing programs whose data collection systems do not communicate with each other, resulting in duplicative counts where different providers serve the same child.

At the individual service level there is no duplication. To state that in total, it would be accurate to say that First 5 county commissions provided more than 250,000 individuals with resource and referral services. However, the potential for duplication increases as data is aggregated across service types and impact areas.

MOTION/ACTION: Commissioner Minon moved that the Commission approve the First 5 California Fiscal Year 2008-09 Annual Report and its submission to the Governor, the Legislature and count commissions, as required by statute. The motion was seconded by Commissioner Munger.

DISCUSSION: Chair Munso asked if commissioners were involved in the report. Ms. Sormano said the Evaluation Advisory Committee had been instrumental in improving the process on how to collect and clean the data.

Commissioner Duterte noted School Readiness was a prominent program and asked how it linked to development of the Signature Programs. Ms. Perry said that School Readiness is slated to expire over the next 2 years. She explained how Project Legacy showed that there was not high enough quality in the current form of the program, but that elements of School Readiness, the Special Needs Program, and other programs will be brought into the Signature Programs.

Commissioner Minon asked if the commission will identify and promote best practices from the county commissions. Ms. Sormano said a meta-analysis of PoP was done and distributed. The new PROOF system will create a mechanism for this in the future and a contractor will be hired to identify best practices.

PUBLIC COMMENT: Pat Wheatley, First 5 Santa Barbara, said that over half the county commissions gather data using unique identifiers and do not report duplicative counts. She urged the Commission to look at this issue further with county commissions in the future.

Ms. Novick said the Association believes policy-makers and the public understand that high need families frequently rely on multiple services, so the Association simply addresses the duplication problem by including a caveat on all its printed information that duplication may exist where children are served by multiple programs.

VOTE: The motion was approved by a unanimous vote of the members present.

Agenda Item 10 – Vice Chair and Committee Membership

10a – Election of Vice Chair of the California Children and Families Commission

Diane Levin, Chief Deputy Director, requested the Commission elect a Commissioner to serve as Vice Chair for one year.

MOTION/ACTION: Chair Munso moved that the Commission appoint Commissioner Munger to serve as Vice Chair of the First 5 California Children and Families Commission for 2010. The motion was seconded by Commissioner Duterte.

DISCUSSION: None.

PUBLIC COMMENT: None.

VOTE: The motion was approved by a unanimous vote of the members present.

10b – Advisory Committee Membership

Ms. Levin requested the Commission establish membership for each of the First 5 California Commission advisory committees.

MOTION/ACTION: Chair Munso moved that the Commission approve the following advisory committees and their members:

- Executive – Chair Munso and Vice Chair Munger
- Public Education and Outreach – Commissioners Dartis and Duterte
- Legislation – Commissioners Minon and Sousa
- Research and Evaluation – Commissioners Duterte and Minon
- Program – Commissioner Dartis and Vice Chair Munger

The motion was seconded by Commissioner Minon.

DISCUSSION: None.

PUBLIC COMMENT: None.

VOTE: The motion was approved by a unanimous vote of the members present.

Agenda Item 11 – Consent Calendar

The Commission considered approval of the consent agenda items:

- October 21, 2009, Commission Meeting Minutes
- Ratification of the following agreements: CCFC 6810 A6, 6976 A3, 7008 A3, 7024 A1, 7025 A2, 7073, 7086 A2, 7124 A1, 7134, 7142 A1, 7205, 7212, 7219, 7221, CFF 4646, 4646 A1, 4649
- 6-month no-cost, time extension for the Public Education and Outreach Contract

MOTION/ACTION: Commission Duterte moved that the Commission approve the consent calendar. The motion was seconded by Commissioner Sousa.

DISCUSSION: None.

PUBLIC COMMENT: None.

VOTE: The motion was approved by a unanimous vote of the members present.

Agenda Item 12 – First 5 California Signature Programs: Child, Teacher, Parent

Kris Perry, Executive Director, and Sarah Neville-Morgan, Deputy Director of Program Management, presented proposals developed by First 5 California staff in accordance with the Measurable Program Goals (MPGs) and early learning Program Concepts that resulted from Project Legacy.

Ms. Perry pointed out the cost to California of not investing in our youngest, most vulnerable children and the high costs to our state related to the achievement gap, high school drop outs, loss of income and many other social costs.

Since its inception in 1998, First 5 California has funded an array of early childhood programs. First 5 now has an opportunity to reflect on lessons learned and narrow its focus to the programs with the strongest results and greatest potential for improving the education and lives of California's children.

The three proposed Signature Programs are Child, Teacher and Parent, which draw on the strengths of the organization's past to build a bridge to the future.

Ms. Perry said that in essence, the originally funded programs serve as pilots informing the development of the more focused and improved Signature Programs while also allowing for continued integration and continuity of programs. They build upon existing programs that have proven their effectiveness such as Power of Preschool (PoP), Comprehensive Approaches to Raising Educational Standards (CARES), and the Kit for New Parents. They also integrate within them core elements of other programs that fit into First 5's MPGs, such as the focus on language and literacy and family engagement, which come directly from the School Readiness and MEES programs, and the elements of screening, assessment and full inclusion from the Special Needs Demonstration Project. The proposed Signature Programs build upon the existing system, evidence-based practices, and the opportunity to maximize local funds and leverage federal dollars and opportunities.

Through quality programs and strategic investments, First 5 California can:

- Prepare California's children for school success and address the achievement gap thereby saving California substantial costs;
- Position California to maximize its share of the new federal Early Learning Challenge Fund, up to \$200 million a year, thereby bringing much needed additional dollars into our state;
- Build on what has worked from First 5's previous investments and programs while refining and focusing its revenues on those that have proven to be effective and, at the same time, instituting accountability systems to clearly demonstrate the outcomes; and
- Continue to provide critical services to our vulnerable young children, their parents, and their teachers.

Ms. Neville-Morgan shared with Commissioners the economic impact of the achievement gap and the cost of not preparing our at-risk children for school and life success. The academic achievement gap is one of California's most troubling and costly challenges. Children from low-income, multi-stressed environments start school far behind their more advantaged peers.

Student achievement gaps have been found present in children entering school in both literacy and math. In 2007, 52 percent of California 2nd graders and 63 percent of 3rd graders did not achieve grade-level proficiency in English-Language Arts. 44 of 50 children who have trouble reading in 1st grade continue to struggle in 4th grade.

Researchers have identified poor academic achievement in elementary school as one of the strongest predictors of dropping out. The California Department of Education estimates the dropout rate at 21.5 percent. Every year, California sustains \$46.4 billion in total economic losses from each cohort of 120,000 20-year old dropouts. Any intervention that can narrow or close the achievement gap early on and reduce the drop out rate will have significant societal economic benefits.

The key to successfully addressing the needs of young children is to implement evidence-based quality practices. Decades of program evaluation show that the quality of early childhood investments will determine their rate of return. Responsible investments focus on effective programs that are staffed appropriately, implemented well and continuously improved. Without quality and accountability, we cannot ensure that more children enter kindergarten ready to succeed.

Ms. Neville-Morgan discussed ways First 5 can capitalize on the federal interest in this area and bring more money into the state and become part of the current state solution by maximizing the amount of federal funds we bring into our state. First 5 programs and investments need to fit federal funding guidelines and make California competitive. At the Federal level, First 5 has seen a shift to a focus on the young and on increased quality, standards and accountability. President Obama committed to increasing federal investments in early learning by \$10 billion a year. This commitment has resulted in proposed creation of the Early Learning Challenge Fund (ELCF), which ensures kids reach kindergarten ready to succeed. It is part of the Student Aid and Fiscal Responsibility Act

that includes \$1 billion annually in competitive grants for comprehensive, high quality early learning systems.

Grants will support state efforts to develop higher standards, increase accountability and assess school readiness, improve teacher quality, include comprehensive screenings, promote program coordination, and require parent engagement.

In order to qualify and compete for the new federal early learning funds, California must:

- Establish a state Early Learning Advisory Council (ELAC)
- Implement a Quality Rating Improvement System (QRIS)
- Improve the qualifications and education of early childhood educators
- Promote parents' understanding of QRIS
- Implement an accountability system that measures both quality and school readiness
- Dedicate significant increases in expenditures
- Demonstrate efforts to build public-private partnerships
- Increase the number of disadvantaged children participating in higher-quality early learning programs

Ms. Neville-Morgan presented the Child Signature Program (CSP), which consists of a 2-phase process. She requested Commission approval of phase 1, which consists of critical building blocks to support systems that serve as the foundation upon which the CSP will be built and support California in its competitiveness for federal funds. Due to pending federal requirements, full implementation of the proposed CSP in Phase II will not occur until Fiscal Year 2011-12.

Built on proven models such as First 5 California's Power of Preschool (PoP) and national models such as Early Head Start, Head Start and Educare, First 5 predicts that the CSP will serve economically disadvantaged children prenatal to age 5 in high-quality, early learning programs designed to promote children's readiness for school and include the components outlined in the federal Early Learning Challenge Grants.

First 5 California's proposed CSP will allow infant/toddler subsidized care to be viable and general child care programs that are in jeopardy due to the low reimbursement rates to remain open.

Phase 1 Objectives

- Continue to provide services to approximately 20,000 children through the PoP Programs. This includes an expansion to serve infants and toddlers, which the Needs Assessment showed had the least access to quality care. By participating in these high-quality early learning programs, First 5 will be assisting in closing the achievement gap and supporting school readiness.
- Provide working parents with safe, high-quality programs to place their children
- Prepare children for school success
- Position California to be competitive for federal funds

- Strategically invest California funds to strengthen its early learning system infrastructure
- Increase access to and quality of early learning programs

Phase 1 Investments

California State Advisory Council on Early Childhood and Care (ELAC) – Offers administrative funding support

- \$2 million over three years to support the work of the newly established ELAC, including applying for \$10.6 million of the American Recovery and Reinvestment Act funding and potentially other new federal early learning funds.

Kindergarten Readiness Assessment Tool – An assessment tool to determine if children are ready for kindergarten

- \$8 million one-time investment to develop and pilot a CA Kindergarten Readiness Observation Assessment in partnership with CDE, CDD, which will be used to determine a child's school readiness upon kindergarten entry.

Unique Child Identifier - Continually assess a child's progress and links to a larger K-12 system

- \$1 million to design and pilot an early learning accountability system that provides a unique student identifier when a child enters a publicly funded early learning program, and will serve as the data hub for the Quality Rating and Improvement System.

PoP Bridge – A one year continuation of the PoP Program for children ages 0 to 5.

- Up to \$19 million to extend the Pop Program in eight counties for one year, with reimbursement rates to incentivize services to infants and toddlers. Current funding authorization for this program ends June 30, 2010.

Over the five-year life of the PoP program, First 5 California will appropriate approximately \$46.4 million to the PoP counties. Over the past four years, the counties contributed over \$180.2 million with one more year of match funding to be reported at the end of FY 09/10. County contributions came from local First 5 commissions, Title I Education funding, and local city and/or county initiatives.

Ms. Neville-Morgan highlighted data collected from all PoP sites in FY 2008-09 that supports the effectiveness of the program and expressed that approval of the CSP is necessary to the overall quality improvement of early learning gaps as it provides funding to support activities that close existing quality gaps.

MOTION/ACTION: Commissioner Duterte moved that the Commission approve extension of the Power of Preschool program from July 1, 2010, through June 30, 2011, and corresponding bridge funding of up to \$19 million. The motion was seconded by Vice Chair Munger.

DISCUSSION: Chair Munso asked if the proposed federal funding freeze will affect the potential new early learning funds. Ms. Neville-Morgan said high level federal

administrators indicated early childhood education is a priority, but Senate action will not take place until health reform is resolved.

Commissioner Duterte asked if any of the eight PoP counties are small population counties and what the match requirement will be. Ms. Neville-Morgan said Yolo and Merced are included among the eight and that so far PoP counties funded 87% of the cost. She said staff will reexamine the matching requirements as they move forward with the program. Ms. Perry added that new federal funds will help as well.

Vice Chair Munger clarified that the one-year PoP extension is designed to allow time to develop a more refined early learning proposal. Ms. Perry said the design cannot move forward too fast as it needs to incorporate the quality rating recommendations and federal guidelines, neither of which have been developed yet.

Chair Munso asked why money is needed to develop a new Kindergarten Readiness Observation Assessment (KROA) tool since several already exist. Ms. Neville-Morgan said they want to build upon the Desired Results Developmental Profile-Revised tool that is used in state subsidized programs and they need funds to train teachers and pilot the tool.

PUBLIC COMMENT: Camille Maben, Director of Child Development at the California Department of Education, said they are working on a KROA tool to bridge from preschool to K-12, but need reliability studies and training for teachers.

Pat Wheatley, First 5 Santa Barbara, said that her county commission funded the development and validation of a KROA tool that has been used for six years and is implemented in several counties.

Adriana Simmons, a representative of the Migrant Education Even Start (MEES) program, thanked the Commission for the valuable help and assistance First 5 has provided to the MEES program. As a result of First 5's funding and support of the MEES program, school readiness and parent education services were provided to approximately 19,000 migrant families. Ms. Simmons said she understands the difficult decisions First 5 California faces with regard to future funding decisions. She asked that the Commission not forget the needs of California's migrant workers and their families who have very little access to support or services.

Four additional individuals provided testimony on how the MEES program has had a positive impact on their families' lives and thanked First 5 California for its support and spoke in favor of continued funding for that program.

Karen Pekarck, First 5 Calaveras, spoke on behalf of 21 small population counties and provided the following comments:

- For 16 small counties, First 5 California School Readiness funds represent 25 percent or more of annual funding dedicated to direct local services; the loss of School Readiness funding and replacement with less inclusive funding will be devastating to children in these counties.

- Several proposed Signature Programs: the First 5 California website, *Sid the Science Kid*, and CARES are much less effective in small counties where 35 percent of families do not own a computer, and 42 percent lack internet connectivity.
- CARES is difficult to implement because of lack of access to local 2- and 4-year colleges in most small counties. The PoP design excluded small counties that did not have the resources to meet match requirements or the required professional capacity.
- The State Commission's Principles on Equity are designed to ensure that children from diverse populations and under-served communities are included in the planning and implementation of Proposition 10.
- She express concern that there will be no opportunity for small counties to participate in the new proposed PoP program and recommended that the Commission:
 - Involve small population county representatives in discussions of CARES and POP design
 - Keep matching fund requirements low or not required for small counties
 - Adopt a sustained formula for future small county augmentations that ensures services for hard-to-reach, geographically isolated children and families

Representatives from the Low Income Investment Fund urged commissioners to consider the need for facilities, particularly for infant/toddler care.

The Bay Area Council, Los Angeles Universal Preschool (LAUP), Preschool California, and the County Superintendents' Association all voiced support for the proposal.

Chair Munso asked if the Commission was unable to fund the CSP, would Los Angeles County step in and assist with funding. A representative from LAUP said they would not be able to replace augmented funds.

Patty Siegel, Resource and Referral Network, urged commissioners to consider including family child care, where most infant/toddler spaces are, rather than building out a more costly center-based model. She recommended that First 5 include within the proposal a specific reference to forming a special committee to look at unmet needs.

Commissioner Sousa and Chair Munso expressed concerns on the proposal and felt they needed more information about the need to assist with the state budget. Chair Munso said that given the nature of the state's fiscal condition, he felt uneasy about making funding commitments at this time and suggested meeting in February, when more information is available and possible scenarios can be examined. Commissioner Munger said she is personally committed to helping with the Healthy Families program, but feels they have enough funding to do both.

Commissioner Duterte asked what the drop dead date would be for the local programs. Lani Schiff-Ross, First 5 San Joaquin, said March 15 is when school districts need to send out lay-off notices if funding is not continued. Julie Gallelo, First 5 Yolo, said local partners need to know one way or the other as soon as possible.

Laurel Kloomok, First 5 San Francisco, said her county commission funds preschool independently, but the bridge program would allow for a year to develop models to expand services to infants and toddlers.

Commissioner Sousa said the discussion of how much the Commission will contribute to the state budget solution is important and the Commission needs time for a full discussion.

Commissioner Duterte expressed concern about allowing programs to end and then attempting to recreate them, which sends a destructive message, given the critical nature of early investments.

Commissioner Minon recommended tabling the remaining requests and recommended voting only on the PoP Bridge funding request.

VOTE: The original motion did not pass. Further discussion resulted in a motion for a second vote as listed below.

AMENDED MOTION/ACTION: Vice Chair Munger moved that the Commission table the remaining Signature Program agenda items and approve extension of the Power of Preschool (PoP) program from July 1, 2010, through June 30, 2011, and corresponding bridge funding of up to \$19 million. The motion was seconded by Commissioner Duterte.

DISCUSSION: None.

PUBLIC COMMENT: None.

VOTE: Commissioners Duterte, Minon, Munger, and Munso supported the PoP Bridge proposal while Commissioner Sousa abstained. The motion passed by a majority vote of the Commission.

Agenda Item 13 – Adjournment

Commissioner Sousa moved for adjournment of the commission meeting. The motion was seconded by Commissioner Minon and was approved by a unanimous vote of the members present.

The next scheduled Commission Meeting is April 21, 2010, in Sacramento.