



2101 East Coast Highway
Third Floor
Corona del Mar, CA 92625
www.samueli.org

P • 949.760.4400
F • 949.759.5707

May 24, 2011

Orange County Children and Families Commission
17320 Red Hill Ave # 200
Irvine, CA 92614-5667

RE: OC STEM Initiative Funding Proposal

Dear Chairman and Members of the Commission:

Thank you for your consideration of the recommendation to support the development of Orange County's STEM Education Initiative project. Since our sponsorship of the *STEM Summit 2010: Early Childhood Through Higher Education*, local foundation, education and community leaders have coalesced to develop a first-ever strategic approach to addressing the education continuum challenges faced by our students.

For the past six plus months, the Samueli Foundation and Broadcom Foundation have worked together towards creating an infrastructure and website to provide a platform for strategic thinking and program implementation. We have committed significant resources in the form of hiring a full time staff person to run the initiative, as well as a part time staff person to run a sub-component known as National Lab Network. Broadcom has developed a state of the art website that will serve as the convening technology to support the work developed.

For this initiative to be successful, it needs seed funding, along with our commitments, to attract the requisite resources needed to ensure adequate capacity. The Commission's participation, as recommended, will provide that critical initial capacity.

Unfortunately, I cannot be present to share these thoughts with you. I hope you will look favorably on the recommendation and partner with us, and others, to positively impact the educational opportunities for our community's children.

Thank you.

Gerald Solomon,
Executive Director



Supplemental Transmittal
Item No. 4
June 1, 2011 Meeting

DATE: May 27, 2011
TO: Children and Families Commission of Orange County
FROM: Michael M. Ruane, Executive Director 
SUBJECT: Agenda Item No. 4 – Revision to Recommended Action A – Annual Cap on Administrative Budget

Since the filing of the staff report, we have had the opportunity to again review our administrative budget and cost allocation plan, and have recommended revisions to the current staff report and recommendation for this item.

ANNUAL CAP ON ADMINISTRATIVE EXPENSES

The FY 11/12 approved Budget and proposed business plan is prepared consistent with the Commission's policy of a 10% cap on administrative expenses. The definition of administrative expenses is presented in the proposed business plan and is consistent with the First 5 Financial Management Guide, developed by GFOA. Due to the litigation related to AB 99, staff expects to incur additional costs in one time legal expenses above and beyond our regular operating administrative expenses. Based upon our discussion with Commission Counsel and the litigation timeline, we do not believe that these costs will exceed approximately \$105,000 or .3% of the Operating Budget, and may be much less. Staff requests approval of these one-time additional legal expenses in order to ensure continued support for this critical litigation effort. As a result, for financial reporting purposes, the Commission administrative expenses cap will be 10.3% of the operating budget for FY 2011/12.

The staff report also addresses the Treasurer investment fees for the funds that are being set-aside for the required state payment pursuant to AB 99. These fees will be included within our 10% Operating Budget cap and we will work with the County Treasurer to determine if there is a structure that can reduce investment fees for funds that are set-aside for payment pending litigation.

REVISED RECOMMENDED ACTION:

Please revise Recommendation A to read as follows:

A. Approve proposed Business Plan for FY 2011/12, including the Administrative Budget. Confirm Commission policy to establish a 10% annual cap on administrative expenses. For the purposes of financial reporting, establish a annual cap of 10.3% for FY 2011/12 to account for expenses related to litigation regarding AB 99.

cc: Clerk of the Commission
Commission Counsel



**Agenda Item No. 4
June 1, 2011 Meeting**

DATE: May 24, 2011

TO: Children and Families Commission of Orange County

FROM: Michael M. Ruane, Executive Director 

SUBJECT: Approval of FY 2011/12 Business Plan and Related Implementing Actions

SUMMARY:

The Children and Families Act of 1988 (Proposition 10) requires each county commission review its strategic plan at least annually. The Commission's Strategic Plan was reviewed in public hearing at the May 2011 meeting along with the Long Term Financial Plan update and FY 2011/12 Baseline and AB 99 Compliant Budgets. Staff was directed to return in this June meeting with an updated FY 2011/12 Business Plan. This agenda item requests approval of the FY 2011/12 Business Plan and related implementing actions including:

- Renewal of consulting service agreements within the AB 99 Compliant reduced budget
- Authorization of funding contributions for cost sharing program to promote the efficient use of resources among Southern California Commissions
- Review annual reporting and evaluation requirements for Proposition 10 revenues
- Direction on Strategic Communications Work Plan for FY 2011/12
- Revise the Contract Management Policy to ensure programmatic accountability and risk management within reduced administrative resources
- Revise the Fund Balance Policy to ensure compliance with Government Accounting Standards Board (GASB) Statement 54.

FY 2011/12 Business Plan

Consistent with the Strategic Plan, the Commission annually approves an operating plan. The FY 2011/12 budget assumes an almost 24% cut in administrative and management costs from the FY 2010/11 budget. This has required a significant change to the current operating model.

The Commission's Business Plan for FY 2011/12 (Attachment 1) is intended to ensure that the Commission's operating plans for the next fiscal year are consistent with the priorities and objectives established by the Commission, including the goals described in the Commission's Strategic Plan. The Business Plan includes a summary of the accomplishments for FY 2010/11 and a summary of the Work Plan for FY 2011/12. The approval of the FY 2011/12 Business Plan does not authorize or obligate the Commission to any specific funding action or contract with any organization or entity. Rather, it lays out the key strategies and activities that will be implemented during the fiscal year to further the Commission's goals and effect the reductions authorized by the AB 99 Compliant Budget.

The Business Plan reflects all planned work to be undertaken in FY 2011/12. It includes all Prop 10 mandated work, including activities stipulated in the Proposition 10 legislation and subsequent statutory requirements. It also includes operational and programmatic priorities directed by your Commission including:

- Sustainability and Fund Leveraging –Commission staff actively works with grantees to develop plans beyond Commission funding. This has included such work as training and support for federal reimbursement programs and providing grant support.
- Collaborative Planning on Community Priorities – Since its inception, the Commission has supported community planning initiatives and collaboratives. The Commission is currently providing staff support and planning assistance for the Ending Homelessness 2020 Board, and the Promise Neighborhood planning effort in Santa Ana.

Annual Cap on Administrative Expenses

Health & Safety Code Section 130140 requires the Commission to adopt a limit on the percentage of the Commission's operating budget that may be spent on administrative functions. Administrative costs and functions are defined by the State First 5 Commission guidelines pursuant to Chapter 284, Statutes of 2005 (AB 109). Adoption of the FY 2011/12 Budget includes adoption of a 10% limitation of the operating budget on administrative function expenditures. In addition, it is recommended that the Commission establish a limitation related to the required State payment pursuant to AB 99.

This \$51.4 million must be set-aside for a required payment but is not included in FY 11/12 Operating Budget. It is recommended that any administrative expenses related to the litigation to protect these funds or investment management fees charged by the County Treasurer be tracked and be capped at .5% of the operating budget, this amount would be in addition to the current limitation on the operating budget. These expenses will be offset by interest earnings on the funds set-aside, and these interest earnings were not included in assumptions for the FY 11/12 Operating Budget.

Renewal of Consulting Service Agreements

As indicated in the Business Plan, the Commission's organizational structure limits the number of permanent staff positions and has been reliant upon the support of project managers and consultants with expertise in health, early education, and operational program areas. The agreements are annually reviewed and recommended for renewal based on the Commission's approved priorities. This year, a reduced level of support has been proposed for project management consultants. These recommendations were included with Agenda Item 3: Annual Program Funding Agreements. Recommendations for a reduced level of administrative professional / consulting service agreements are included in Attachment 3 to this staff report. Level funding for Audit and Compliance has been recommended to reflect proposed changes in the Commission's Contract Management Policy and significant reduction of Program Management resources.

Annual Reporting and Evaluation Requirements for Proposition 10 Revenues

Proposition 10 and subsequent legislation establish annual fiscal, evaluation and audit requirements that must be satisfied in order for a county commission to continue to receive its allocation of tax revenues. These requirements are described in detail in the enclosed Business

Plan. The proposed Business Plan for FY 2011/12 includes the necessary resource allocation and staffing to comply with the minimum reporting and evaluation requirements as well as the outcomes reporting requirements established by your Commission for recipients of local funds. The Business Plan continues to rely on a combination of internal staff, county support services and contractors to accomplish this work plan in the most efficient and effective manner.

During FY 2011/12, existing needs assessments and community benchmarking projects (e.g. Conditions of Children Report, health needs assessments) will be reviewed with a goal of streamlining and consolidating data collection efforts and making better use of online programs and tools that have recently become more cost-effective. A progress report and recommendations will be presented by January 2012.

Cost Sharing Programs with other County Commissions

Since all county commissions are implementing budget reductions required by AB 99, there is considerable interest in continuing to find opportunities to share costs and expertise on projects of mutual benefit. There are ongoing training and technical assistance activities carried out in a cost-effective manner by our state association. In addition, there are joint work efforts addressing community education and communications such as the Early Literacy Events promoted by the Southern California Commissions each November.

The most intensive work effort to date has been a regional evaluation and outcomes reporting effort, called the *Southern California Alliance for Learning and Results (SCALAR)*, sponsored by all the county commissions in Southern California. This multi-faceted effort known by the acronym SCALAR is an important initiative to document and communicate the collective impact of Commissions in the region. This effort allows data collection and outcomes reporting for major initiatives to be undertaken at a reduced cost. The Work Plan for the upcoming Fiscal Year will require an annual funding contribution of \$25,000 which is available in the current approved budget. Approval of this funding contribution and ongoing participation in the regional evaluation work effort is recommended. The Commission Director of Program Development and Evaluation will continue to be part of the management team for the regional effort.

Proposed Catalytic Investment Work Plan

The FY 2011/12 budget includes \$1.75 million for catalytic investments. Catalytic investments are one-time funding investments which achieve one or more of the following outcomes: 1) Reduce or eliminate ongoing funding allocations from the Commission (e.g. Huntington Valley Boys & Girls Club); 2) innovative, high-impact projects that yield multi-year service strategies (e.g. Pretend City); or 3) provide the necessary infrastructure or start-up funding to allow for sustainability through external funding sources (e.g. Kinship Center). Past catalytic investments have been successful and created a lasting impact upon the community. (Note: Catalytic investment opportunities for homeless prevention programs are included in the Family Support budget category).

The following funding allocations are included in the proposed FY 2011/12 Budget submitted as Attachment 4:

- \$1.3 million to be invested in community clinic and specialty programs. A proposed review process for these funds will be presented at the October 2011 meeting.

- \$250,000 for the OC STEM (Science, Technology, Engineering, Math) Funders Collaborative in partnership with the Samueli Foundation. The Collaborative will bring together organizations and foundations interested in the expansion of STEM education in Orange County.
- \$200,000 one-time funding for the MIND Research Institute for the FY 2011/12 component of the early math project to develop a service delivery model.

Strategic Communications Work Plan for FY 2011/12

The budget reductions required under AB 99 will not only impact grant programs but also the funding allocations for strategic communications. The proposed Business Plan for FY 2011/12 is based upon the following assumptions:

1. A limited level of community education and prevention activities is important and may be the most cost-effective way of accomplishing Commission goals (e.g. immunizations, child health and safety programs). In addition, social media and community partnerships will be utilized to the maximum extent possible. The recent *10 People Making a Difference in the Lives of Young Children* campaign is a good example of a low-cost, high impact community education program. Renewal of project management services performed by consultants is consistent with the proposed Business Plan. The on-call consultants for strategic communications are included in the consultant renewal recommendations for FY 2011/12 presented in Attachment 3.
2. Continued state legislative advocacy services and related communication services are important given the ongoing state budget challenges and potential impact on county commission funding and operations. This need must be balanced with the budget reductions and available funding. Currently, the Commission contracts with O'Haren Government Relations and Curt Pringle and Associates for these services. It is recommended that current activities be streamlined and consolidated under a single professional services contract in order to implement the overall budget reduction target.
3. Any strategic communications activities related to the emerging field of Science Technology Engineering, and Math (STEM) education that has been developed with the Samueli Foundation and other funding partners will be undertaken under the auspices of a OC STEM funders collaborative which is slated to be launched in FY 2011/12. During Fiscal Year 2010/11, these activities were largely handled through the Commission's current agreement with the White House Writers Group. The launch of funding collaborative is recommended as a one-time catalytic funding opportunity which would help support the first 3 years of the initiative. The Commission would be a partner in this effort similar to other joint funding collaborative that have been established with local and statewide foundations.

The assumptions outlined above will maintain critical strategic communication services that support Commission contractors and ensure that public is aware of the impact of Proposition 10 funding in Orange County. Staff will return at the July Commission Meeting with a Work Plan, specific recommendations, and a proposed budget and agreement for continued strategic communication and legislative advocacy services.

Update to Contract Management Policy (No 6.8)

Attachment 5 is an update to the Commission's Contract Management Policy. Due to the staffing and consultant reductions required by AB99, recommended changes are proposed in the areas of Program Lead Oversight and Risk Assessment. These revisions are a result of the limited use of consultants as program leads. Previous Commission policy required on site visits by the Program Lead and the Commission Risk Assessment Consultant at least annually. The proposed change would allow a more flexible and targeted approach that will provide support and oversight to those contractors that need it. Contractors will still receive ongoing oversight of their program performance data, compliance with scope of work, and support with organizational success and business practices on an annual basis.

Update to Fund Balance Policy (No 4.2)

Attachment 6 is an update to the Commission's Fund Balance Policy. Due to the required implementation of Government Accounting Standards Board (GASB) Statement 54, recommended changes are proposed to define new fund balance reporting categories, approval authority levels and minimum fund balance requirements effective for the Fiscal Year 2010-2011. These reporting revisions are in conformance with both generally accepted accounting principles and the First 5 Financial Management Guide. The proposed changes provide local commissions with the ability to describe purposes and amounts of future resource uses, and recognize various levels of obligations for financial statement readers who need to understand and use fund balance information.

In addition, the policy has been updated to reflect the Commission's direction at the May meeting in regards to establishment of a reserve. The policy reflects Commission direction to maintain a minimum reserve fund between 25% of the annual budget to mitigate the impact of significant, unanticipated revenue declines on contracted services. The reserve fund will be reviewed annually as part of the budget process and confirmed with year-end financial report.

STRATEGIC PLAN & FISCAL SUMMARY:

The Business Plan and recommended actions presented in this staff report have been reviewed in relation to the Commission's Strategic Plan and are consistent with applicable goals. The \$25,000 funding contribution to the Southern California Alliance for Learning and Results (SCALAR) is included in the FY 2010/11 budget in the Performance Outcome Measurement System budget category.

PRIOR COMMISSION ACTIONS:

1. April 2010 – Approved FY 2010/11 Business Plan
2. April 2010 – Annual renewal of consulting service agreements
3. December 2010 – Approve Performance Outcome Measurement System Work Plan
4. August 2007 – Authorized funding contributions for the Southern California Alliance for Learning and Results (SCALAR)
5. July 2010 – Periodic Review of Administrative Policies and Procedures
6. July 2005 – Updated Executive Director's contracting authority

RECOMMENDED ACTIONS:

1. Approve FY 2011/12 Business Plan including the Administrative Budget and Work Plan. Confirm the 10% limitation on administrative expenditures for the operating budget and approve an additional cap of .5% for administrative expenses related to the fund set-aside for the required State payment pursuant to AB 99.
2. Adopt Resolution (Attachment 2) authorizing the Executive Director to prepare and negotiate amendments to Agreements with the designated organizations to provide Administrative Professional / Consulting Services for the terms and in the amounts and on the conditions as specified in Attachment 3.
3. Authorize \$25,000 funding contribution to First 5 Association of California for participation in the Southern California Alliance for Learning and Results (SCALAR) and authorize payment upon approval of a Work Plan by the Commission Executive Director.
4. Approve Catalytic Investment Program Work Plan for FY 2011/12 (Attachment 4)
5. Provide policy direction on Strategic Communication Work Plan for FY 2011/12.
6. Approve revised Commission Policy and Procedure Number 6.8: Contract Management Policy (Attachment 5).
7. Approve revised Commission Policy and Procedure Number 4.2: Fund Balance Policy (Attachment 6).

ATTACHMENTS:

1. FY 2011/12 Business Plan
2. Resolution for Administrative Professional / Consultant Services
3. FY 2011/12 Administrative Professional / Consultant Services
4. Catalytic Investment Program Work Plan FY 2011/12
5. Commission Policy and Procedure 6.8: Contract Management Policy
6. Commission Policy and Procedure 4.2: Fund Balance Policy

Contact: Alyce Mastrianni

Business Plan for FY 2011/12



Children & Families
Commission of Orange County

*Children & Families Commission of Orange County
June 1, 2011*

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I. VISION

Orange County's young children need safe, supportive and nurturing environments to be healthy and ready to succeed in life. The Children and Families Commission of Orange County supports an ever-growing number of programs and organizations so that:

All children are healthy and ready to learn when they enter school.

II. MISSION STATEMENT

Provide leadership, funding and support for programs that achieve the vision that all children are healthy and ready to succeed when they enter school.

III. GOAL AREAS

The following section describes the Commission's goals for Orange County children. The following four strategic goal areas further refine and delineate the Commission's desired results over the coming years.

Healthy Children

Ensure the overall physical, social, emotional, and intellectual health of children during the prenatal period through age five.

Strong Families

Support and strengthen families in ways that promote good parenting for the optimal development of young children.

Early Learning

Provide early care and education opportunities for young children to maximize their potential to succeed in school.

Capacity Building

Promote an effective delivery system for child and family services.

IV. OVERVIEW

California voters passed Proposition 10, the California Children and Families First Act (the Act) in 1998. The Act provided for a 50 cent per pack excise tax on cigarettes. The monies collected are restricted to funding parent education, health and early care programs that promote early childhood development from the prenatal stage through age five.

The Act enabled the Board of Supervisors for each county to establish a Commission for its county. On December 15, 1998, the Orange County Board of Supervisors adopted County Ordinance No. 98-18, establishing the Children and Families Commission of Orange County.

In February 2000, the Children and Families Commission of Orange County adopted its first Strategic Plan to become eligible for Proposition 10 tobacco tax revenue allocations. Annual review of the Strategic Plan is required by the Act to maintain the Commission's eligibility to receive Proposition 10 tobacco tax revenue. In July 2005, the Commission adopted an update to the Strategic Plan, which reflected the Commission's new initiatives for children's programs, successful partnerships with other agencies in the community to provide children's services, results of the Commission's efforts to leverage existing community resources to provide additional children's services, and other updated program information.

Since its inception, the Commission and staff have worked diligently to develop and refine the organizational and operational infrastructure to achieve its mission and goals. As the Commission celebrates ten years of operation, the Commission can point to a wide range of programs and services implemented that have improved the health and school readiness of children prenatal through age five.

The Work Program included in this Business Plan identifies the key accomplishments of FY 2010/11 and planned objectives for each of the goals areas funded by the Commission for FY 2011/12. In February 2011, the State Legislature enacted budget bill AB 99 which prescribed a redirection of \$1 billion in Proposition 10 revenue statewide; a \$51.4 impact to the Children and Families Commission of Orange County. In response, the Commission was forced to reduce its budget by approximately \$20 million from the FY 2009/10 Budget, which will significantly impact the services funded for young children and their families. A major focus for FY 2011/12 will be implementing the reduced services and mitigating the impact on children served to the degree possible. The Business Plan also defines how the Commission will implement a 24% reduction in its administrative budget, while continuing to comply with all legislative, statutory and policy oversight, evaluation and compliance activities.

This Business Plan contains three main components for FY 2011/12:

- ◆ Summary of the Proposed Work Plan
- ◆ Resource Plan
- ◆ Adopted Annual Operating and Administrative Budgets

The Business Plan is primarily directed to the Commissioners to ensure that operating plans are consistent with the Commission's priorities and objectives. It is intended to provide insight to other stakeholders, such as funded agencies and collaborative partners, on how the Commission will operate and carry out its mission and goals in the 2011/12 Fiscal Year.

V. SUMMARY OF PROPOSED 2011/12 WORK PLAN

The Proposed Work Plan addresses the major actions for staff to pursue during the coming fiscal year. The framework for presenting the annual Work Plan is primarily based on the four goals contained in Commission's Strategic Plan. In addition, the budget category of Fiscal Management and Oversight was included to present accomplishments and goals that are of an administrative monitoring and compliance nature. This approach will continue to provide a

connection between the Commission's Strategic Plan goals, accomplishments, and the proposed Work Plan.

The Work Plan for achieving these objectives is presented in Section VIII: Accomplishments and Work Plan by Goal Area. Highlights of the accomplishments and major activities associated with each goal are also included for the prior fiscal year.

Unique Role of Orange County Commission

The Business Plan reflects all planned work that will be lead or directed by staff. In addition to the duties and responsibilities as a local county commission, the following additional roles and responsibilities have been established. It includes both operational and programmatic priorities directed by your Commission including:

Statewide Administrator for VISTA Program

The Commission has served as the fiscal and administrative lead since October of 2006 for the four county Commissions that participate in the VISTA program. In this role, the Commission provides technical assistance and administrative support to the participating commissions. This includes reimbursed living stipends, end of service cash awards, providing technical assistance and support to the participating county's including but not limited to member recruitment, members and supervisors training, and member evaluations, and reporting.

Participation in National Networks Related to Innovative Programs

Achievement of the goals and objectives set forth in the Strategic Plan is benefitted by participation in national, statewide and regional networks to share learning and promote strategies that are outcomes-based and results oriented. These networks have also been valuable in promoting the development of community, philanthropic and government partnerships. One example has been the Commission's selection to participate in the national "Children's Outcome Project" learning community that promotes multi-sector, place-based initiatives on behalf of children. Sponsored by Nemours, The California Endowment, and an anonymous donor, the select state and local teams, along with national program experts, share their work to improve the health and well-being of children and inform federal policy to better support this work.

Innovative Sustainability Strategies

The Commission has consistently prioritized investments that increase long-term sustainability. These have been in the following categories:

- Increasing catalytic investments to ensure that services will continue to be provided without continued Commission funding, such as a one-time capital project with multi-year service payback requirements.
- Federal and state leveraging opportunities such as targeted case management, Medi-Cal Administrative Activities, AmeriCorps and AmeriCorps VISTA.
- Grantee fund development, including specialized work with organizations that are uniquely positioned to increase their revenue and reduce reliance on Commission funding.

As an example, since inception, the Commission and funded programs have increased local budgets by over \$20 million through the leverage of Commission dollars with federal programs such as: MAA, TCM, EPSDT, Titles 1 – 4, CNN, Even Start, and Head Start.

Develop Capacity and Sustainability of Commission Grantees

The Commission is invested in ensuring that the organizations that receive Commission grants are fiscally and administratively sound. Fund Development, business planning, and sustainability efforts are supported through technical assistance offered to grantees.

Public/Private Partnerships to Support Community Education and Initiative Development

The Commission funds the Early Literacy Program (ELP) that supports the implementation of early literacy activities throughout the County including Reach Out and Read, Raising a Reader, and Read for the Record. The ELP received grants to support the program from the United Way and the Weingart Foundation. The ELP has also received community grants from Target stores, and proceeds from fundraisers with Barnes & Noble Bookstores and Starbucks. The Commission also collaborates with the Samueli Foundation to promote STEM (Science, Technology, Engineering and Math) education. The STEM Lab website was created following the successful 2010 STEM Summit and articles are posted monthly on the importance of STEM education for children from preschool through high education.

Funding Collaboratives

The Commission also participates and helped launch several local and regional efforts with other grant makers to develop joint matching fund opportunities and sharing of best practices. These efforts include OC Funders Collaborative, Health Funders Partnership, and the emerging STEM Education Funders Initiative.

Impact of Budget Reductions Required by AB 99

AB 99 was enacted by the State legislature and will divert \$51.4 million in Proposition 10 funds from Orange County. The adopted FY 2011/12 Budget implements a 36% reduction from FY 2010/11 in order to address the impact of the required payment to the state.

In addition to the immediate budget reductions required by AB 99, the long-term impacts will require the following actions during FY 2011/12:

1. Ongoing fiscal management practices to ensure that actual expenses and revenues are consistent with the projections and that the cap on administrative functions is not exceeded.
2. An update of the Long Term Financial Plan includes planned 3-year Operating Budgets based on the new financial condition of the Commission.
3. A reassessment of catalytic and ongoing funding priorities for subsequent Fiscal Years that match funding capacity and Commission goals. This may include a revision of the adopted Strategic Plan, if required.

The proposed Resource Plan presented in the following section reflects the changes needed to implement post AB 99 fiscal management as well as address long-term funding priorities and catalytic investment opportunities.

VI. RESOURCE PLAN

Following is the organizational structure and resources necessary to execute the Commission's Business Plan for FY 2011/12. The resources include Commission staff as well as consultants and other technical resources.

Commission Committee Structure

The Commission has established three formal committees that carry out special duties and functions described below:

- ◆ **Community Advisory Committee** is comprised of experts and community leaders to advise the Commission regarding emerging research and issues pertinent to the health and development of young children, best practices and catalytic investments and provide high quality, strategic advice on priority programs and issues. (Committee to begin operation in FY 2011/12)
- ◆ **Pediatric Health Services Committee** oversees Commission investments in pediatric health services. In addition, this Committee identifies priority pediatric health needs in Orange County and develops recommended programs to improve children's health.
- ◆ **Investment Oversight Committee** ensures oversight and public transparency regarding the investment structure and activities related to the investment of available Commission funds. The Committee has four member categories: Commission Executive Director, Orange County Treasurer, public agency Treasurer or Investment Officer, and two at-large public members. The Executive Director and the Orange County Treasurer serve as ex-officio members of the Committee.

Organizational Approach

Three operating principles have guided the Commission's organizational structure and budget planning since its inception:

- ◆ Maintain a Core Internal Staff of limited size, made up of experienced and dedicated personnel. This structure is intended to be flexible and responsive to issues and challenges as they arise and change overtime.
- ◆ Leverage Consultants to provide specialized technical expertise to the Commission and assist with implementation of certain programs. Consultants often provide short-term or one-time needed expertise on a particular matter before the Commission.
- ◆ Utilize County Support and Fiscal Services as needed. The Commission has a standing Agreement with the County of Orange whereby the County provides critical, required services such as treasury/investment management, general accounting, purchasing, risk management, information technology, and other support services. The Commission also has the ability to use other County staff resources, as needed, on a fee-for-service basis to supplement workload peaks and balance the availability of the core internal staff.

Given the Commission's leadership role in the community in championing strategies and redeployment of existing resources to meet current and emerging needs of young children, both core staff and specialized consultants must have the expertise and skills to lead and launch expanded initiatives. Recent endeavors include the Children's Partnership Work Groups, Homeless 2020, Special Needs and Blue Ribbon Commission Autism Committee Work Groups, Early Literacy Program.

Organization and Staffing

The Commission uses consultants to provide a range of required support services including Legal Counsel, Financial & Strategic Planning, Strategic Communications, and Program Consultants. This allows the Commission to maintain a relatively small core staff, flexibility, and a strong team approach to balancing workload. The Commission's organization chart included in this document presents the proposed organization for Commission staff. The proposed staffing plan for FY 2011/12 includes:

- ◆ Fifteen regular and two limited-term staff positions. This is a reduction of one regular position, and one limited-term position and will be effective the second quarter of FY 2011/12. Another position reduction will be implemented by the end of the Fiscal Year.
- ◆ Professional Services consultants to provide financial planning, strategic communications, administrative, and legal counsel services.

Program Consultants serve as technical experts supporting program development and oversight. Extra help and limited term positions will be used to support core staff and address peaks in workload requirements, as needed. These positions are not included on the organization chart.

Legislative & Statutory Requirements

The Business Plan was developed to ensure responsiveness to requirements of Proposition 10 – The Children and Families Act of 1998 and related statutory policies enacted by the State Legislature, and is consistent with First 5 California Guidelines for County Commissions.

Proposition 10 – The Children and Families Act of 1998 (H & S Code 130140)	First 5 California Guidelines for County Commissions	Statutory Policies Enacted by State Legislature
<ul style="list-style-type: none"> • Adopt an adequate and complete county strategic plan for the support and improvement of early childhood development within county, as well as for implementation of programs. Minimum requirements contained in H&S Code, section 130140(a)(1)(C)(ii). • At least annually, review county strategic plan and revise the plan as necessary/appropriate. • Conduct at least one public hearing before the plan is adopted, and before any revisions to the plan are adopted. • Submit adopted plans and any subsequent revisions to the State Commission. 	<p>The State will adopt guidelines for an integrated and comprehensive statewide program, define the results to be achieved by the adopted guidelines, and collect and analyze data to measure progress toward attaining such results. According to state level guidelines that have been established, four strategic results should be pursued:</p> <ol style="list-style-type: none"> 1. Improved Child Health: Healthy Children 2. Improved Child Development: Children Learning and Ready for School 3. Improved Family Functioning: Strong Families 4. Improved Systems: Integrated, Consumer-Oriented, Accessible Services <p>These four strategic results served as the initial basis for strategic plans developed at both the state and county levels.</p>	<ul style="list-style-type: none"> • AB 109 (Chapter 284, Statutes of 2005) - requires county commissions to adopt policies on employee salaries and benefits, conflict of interest, procurement and contracting, and define the percent of the commission’s operating budget that may be spent on administrative functions. • AB 2932 (Chapter 111, Statutes of 2006) specifies the conflict of interest and contracting/procurement statutes with which commission policies must comply. • SB 35 (Chapter 243, Statutes of 2005) requires every commission to be audited to determine whether it has adopted the required policies and is applying them appropriately, is adhering to the county ordinance that established it, is operating consistently with its strategic plan, and has a long-range financial plan. This “expanded audit” must also indicate the commission's financial condition, the amount it expends on evaluation, and the documented results of that evaluation.

VII. FY 2011/12 ADOPTED ANNUAL OPERATING AND ADMINISTRATIVE BUDGET

On May 4, 2011, the Commission conducted a public hearing to consider the Commission’s annual operating and administrative budget for FY 2011/12. The budget was prepared in accordance with the most recent update of the Multi-Year Financial Plan and reflects the Commission’s implementation of immediate budget reductions required by the passage of AB 99, which takes \$1 billion from statewide Proposition 10 funding to plug the State's budget shortfall. Orange County's share of the AB 99 taking is \$51.4 million, or 173% of total annual revenue.

The Commission considered a baseline budget for FY 2011/12 of \$43.5 million, but approved a budget that is compliant with AB 99 at \$35.2 million for FY 2011/12. The following table depicts the baseline and AB 99 compliant budget for FY 2011/12 as compared to the adopted FY 2010/11 Commission budget.

Program Expenses	FY 2010/11 Budget	FY 2011/12 Baseline Budget	FY 2011/12 AB 99 Budget
Healthy Children	\$32,046,179	\$22,937,970	\$17,795,000
Strong Families	\$ 5,654,899	\$ 5,463,899	\$ 4,150,000
Early Learning	\$10,796,575	\$ 8,500,000	\$ 6,076,025
Capacity Building	\$ 2,386,193	\$ 2,386,193	\$ 2,000,000
One-Time Catalytic Set-Aside			\$ 1,750,000
Administrative Functions	\$ 4,598,200	\$ 4,400,000	\$3,500,000
TOTAL BUDGET	\$55,482,046	\$ 43,688,062	\$35,271,025

The Administrative Budget for FY 2011/12 includes a \$1 million reduction in administrative expenses, which represents a 24% decrease from FY 2010/11. Impacts to the administrative budget, which includes the reduced staffing to carry out mandated functions and other unique roles of the Commission, are included in the Work Plan with “Financial Management and Oversight”. The Administrative Budget was reduced to the 10% limitation on administrative function expenditures, as required by the Health & Safety Code Section 130140 and by Commission approved policy.

The following table depicts the administrative funding decreases by budget category.

Category	Description	FY 2010/11 Budget	FY 2011/12 Budget
Professional and Technical Services	Legal , Fiscal Services, Auditing, Investment, Procurement & County Support Services	\$1,140,836	\$820,000
Commission Staffing	Salary and Employee Benefit Costs for Commission Positions	\$2,495,502	\$2,024,000
Strategic Communications	Community Education, Media, Website & Legislative Advocacy	\$520,000	\$246,000
Office Budget, Training and Operating Costs	Lease Costs, Equipment & Supplies, Transportation, & Meetings	\$531,000	\$410,000
TOTALS		\$4,598,200	\$3,500,000

NOTES:

- The established Administrative Budget limit for FY 2011/12 is \$3,500,000 (not to exceed 10% of Budget) and represents the budget for both the FY 2011/12 Baseline and AB 99 Budgets.
- Treasurer investment fees are not included and will be deducted from interest earning revenue in FY 2011/12.

Allocation of Costs Structure

The Commission's financial management practices are fully compliant with all applicable Generally Accepted Accounting Principles for government and have been updated to be consistent with the recently released Governmental Accounting Standards Board (GASB) 34 reporting requirements. GASB issues accounting standards that ensure governmental accounting and reporting is conducted effectively and in the public interest. Additionally, the Commission relies on the First 5 Financial Management Guide, developed as a compendium of best practices in financial management for all county commissions by the Government Finance Officers Association (GFOA), to guide its financial operations, reporting and related practices.

The Financial Management Guide identifies three types of cost as defined in the following table: administrative, program and evaluation costs. While the overwhelming majority of the Commission costs are program costs, the Commission does incur some administrative and evaluation costs. Administrative costs are limited to 10% of the annual budget, per Commission policy. Evaluation costs relate to the mandated requirement that Commission collect and report outcome data to review progress against its Strategic Plan. Evaluation costs include data collection and system costs, and the costs of evaluators and staff to review and analyze client and service data provided by grantees.

Allocation of Costs

ADMINISTRATIVE COST	PROGRAM COST	EVALUATION COST
Costs incurred in support of the general management and administration of a First 5 commission, for a common or joint purpose that benefits more than one cost objective (other than evaluation activities), and/or those costs not readily assignable to a specifically benefited cost objective.	Costs incurred by local First 5 commissions readily assignable to a program, grantee, contractor, or service provider (other than evaluation activities) and/or in the execution of direct service provision.	Costs incurred by local First 5 commissions in the evaluation of funded programs based upon their accountability framework and data collection and evaluation for required reporting to state and local stakeholders.
General accounting/financial reporting	Direct services	Evaluation
Local annual reporting activities	Program outreach and education	Evaluation technical assistance
Financial planning	Program planning	Evaluation database
Commission/association meetings and travel	Program grants and contracts	Travel and training related to evaluation
Payroll/benefits	Program/provider technical assistance and support (formerly Quality Assurance)	
Human resources services	Program database management	
Other Costs: Legal services/consulting Contract compliance Audit Strategic planning Procurement Rent Maintenance		

First 5 Association of California, Financial Management Guide, 3rd Edition 2010

ACCOMPLISHMENTS AND WORK PLAN BY GOAL AREA

Commission Structure



COMMISSION GOAL AREAS			
Early Learning	Strong Families	Healthy Children	Capacity Building
<ul style="list-style-type: none"> • Early Learning Specialists • School District Programs • Countywide Services & Demonstration Programs 	<ul style="list-style-type: none"> • Family Support – Developmental Screening / Early Intervention • Homeless Prevention 	<ul style="list-style-type: none"> • Bridges Maternal Child Health Network • Children’s Dental • Community Clinics • Fitness and Nutrition • Health Access and Outreach • Pediatric Health Services • School Nursing 	<ul style="list-style-type: none"> • AmeriCorps/ VISTA • Performance Outcome Measurement System • Matching Grant Program for Safety Net Organizations • Fund Development • Fiscal Leveraging
Financial Management & Oversight			
Office Administration	Finance & Accounting	Contracts Administration	Strategic Communications

HEALTHY CHILDREN

GOAL: *Ensure the overall physical, social, emotional, and intellectual health of children during the prenatal period through age five.*

Program	Program Description
Bridges Maternal Child Health Network	The Bridges Network provides an intensive focus on maternal and child health outcomes including prenatal care, breastfeeding, and use of a regular place for healthcare and appropriate immunizations. Network providers include high birth hospitals, home visitation providers, and public health nursing.
Children’s Dental	Collaborative programs directed at prevention of decay in primary teeth in children through age 0-5, Healthy Smiles for Kids of Orange County conduct screenings, provide sealants and fluoride treatments, offers parent and caregiver education, and restorative treatment to families with young children in Orange County.
Community Clinics	Increases the percentage of healthy children in Orange County by ensuring the availability and use of a “health home” for physical, dental, and mental health services, through primary care encounters to children ages prenatal through five. Increases health coverage and facilitates access to quality pediatric care and primary care with doctors and nurses trained to provide prenatal screenings, checkups, and immunizations.
Fitness/ Nutrition	Provides implementation assistance to participating Boys & Girls Clubs for the implementation of the Project LEAN Start program and participates in countywide obesity planning groups
Health Access and Education	Countywide information and referral resource that provides specific information targeted to the 0-5 population on basic services and health access programs.
Pediatric Health Services	The Pediatric Health Services increase access to pediatric primary and specialty care services through collaborative programs including: Asthma, Pediatric Primary Care Expansion, and Early Developmental Programs; which provides the infrastructure for a developmental services pathway for young children including an easily accessible point of entry for comprehensive evaluation and diagnosis for neurodevelopmental concerns.
School Nursing	School Nurses are an integral element to promote healthy and productive learning. School nurses provide services including general health and development screenings and ensure proper immunizations prior to a child’s first day of school. They also can provide health education to increase awareness about healthy child development, child health issues, and access to health care and other community resources.

FY 2010/11 Accomplishments

- ☑ Enhanced client care and staff efficiencies through improved technologies including automated, universal prescreening for patient risk, real-time data collection on tablet computers, and electronic referral module throughout the Bridges/Maternal Child Health Network.
- ☑ Improved outreach and expanded services Bridges/Maternal Child Health Network available to pregnant women through service provider coordination and new efforts, including empirically supported prenatal distribution of Kit for New Parents and expanded prenatal education.
- ☑ Implemented evidence-based curricula in Bridges Home Visitation programs, including KIPS in the Home Visitation Infant program and Triple P in the Home Visitation Toddler program.
- ☑ Increased efficiencies in the Bridges/Maternal Child Health Network while maintaining service levels through regionalization of Health Promotion Program.
- ☑ Increased parent knowledge of healthy child development and developmental screening through the efforts of Pretend City's "Good to Go from Head to Toe" program in collaboration with other Commission-funded programs including Help Me Grow, to provide families with developmental screenings and linkage to services.
- ☑ Commission grantees worked in partnership with County and other related agencies to ensure that adult parents and caregivers with infants were informed of the importance of receiving the Whooping Cough vaccine.
- ☑ Supported the further implementation recommendations of the Developmental and Behavioral Pathways Planning Group through year two of project with the Orange County Medical Association to enhance pediatric practices to address developmental concerns in children consistent with the AAP policy statement for surveillance, screening with standardized tests with local physicians and pediatricians. Project was implemented in conjunction with the American Academy of Pediatrics and Help Me Grow Orange County.
- ☑ Successfully completed the Community Clinic program redesign focusing on increase access and services to 0 to 5 children that do not have health insurance, increasing the use of AAP approved developmental screenings at age appropriate intervals, and shifts Commission support to clinics that provide the most services to the families in the greatest of need.
- ☑ Implemented review of pediatric health programs for the Pediatric Health Service Committee's consideration in confirming future investment strategies.
- ☑ Expand access to pediatric subspecialty care through the selection of three Pediatric Specialists to receive loan repayment assistance in exchange for 3 years medical service to underserved communities in Orange County.
- ☑ In collaboration with Public Health Nurses, School Nurses were instrumental in developing a case management system for children 0-5 with behavioral and mental health concerns.
- ☑ Expanded School Nurse services to include homeless outreach and shelter support with HomeAid through countywide collection of essential items for homeless infants and toddlers.

- ☑ Increased involvement of community-wide resources in School Nurse screenings including Orange County Dental Society and local physicians and clinics.
- ☑ Provided leadership for the Orange County Autism Regional Task Force, Early Identification and Intervention Workgroup. Two effective strategies identified and recommended to the California Blue Ribbon Commission were to: endorse having child-servicing data systems (immunization registry, newborn hearing screening, lead screening, and birth data) in the state using one central registry or warehouse to promote better quality services and efficiencies within the systems and to promote 2-1-1's and Help Me Grow and the role that they play in supporting families with Autism Spectrum Disorders.
- ☑ Developed Federal Application for Project LAUNCH, a project to promote wellness of young children through implementation of a community planning process across child-serving systems.
- ☑ Along with community partners, developed an application for Full Service Community Schools in Santa Ana. The project goal is to enhance academic achievement of children through quality health and enhanced education services.
- ☑ Participate in national "Children's Outcome Project" learning community that promotes multi-sector, place-based initiatives on behalf of children. Sponsored by Nemours, The California Endowment, and an anonymous donor, the select state and local team along with national program and advocacy experts, share their work to improve the health and well-being of children and inform federal policy to better support this work.

FY 2011/12 Goals

- ☐ Continue to implement Bridges Maternal Child Health Network redesign and monitor to ensure continued achievement of strong outcomes including healthy birth, breastfeeding, and immunizations.
- ☐ Manage, monitor and provide technical assistance for client information management system across Bridges/Maternal Child Health Network providers to promote electronic referrals, paperless data systems, and electronic TCM billing.
- ☐ Implement outreach plan to engage new, at risk child populations in Bridges Maternal Child Health Network programs through expanded partner relationships including obstetricians, pediatricians, out of network hospitals, and community-based service organizations.
- ☐ Increase collaboration within, and between, School Readiness Nurse Regional Groups to enhance services unique to the populations that they serve within their communities.
- ☐ Effectively incorporate the Building Blocks of Communication (Speech / Language) Program into the School Readiness Nurse practice as a teaching and referral source to increase access to speech and language services and education within the county.
- ☐ Enhance the partnership between the Connect the Tots (Mental Health Services Act) program and the School Readiness Nurses now that services are offered countywide.
- ☐ Continue to implement MAA / TCM fiscal leveraging strategies and reinvest into Commission funded programs to lessen impact of reductions to health access programs.
- ☐ Increase the percentage of referral linkages with local resources and medical providers to facilitate improved health outcomes for 0-5 children.
- ☐ Implement Pediatric Health Service program funds reductions and work plan priorities including: redesign CUIDAR to meet broader service needs and develop revenue model for services, evaluate options for Early Development Assessment Center sustainability and

alternative funding support, and explore innovative partnerships for sustainability and revenue strategies with For OC Kids.

- Support the Pediatric Health Service Committee's review of physician loan repayment program.
- Along with Help Me Grow - Orange County and the Statewide Screening collaborative, participation in the development of California's Help Me Grow replication site.
- Through Prop 63 funding, Project SUCCEED (if funded) will increase the early identification and referral for early mental health services.
- Support community clinics and their pursuit of Federal Qualified Health Center designations. Identify and implement a sustainable administrative structure for Children's Health Initiative of Orange County.
- Complete the transition of the Dr. Riba's Health Club to permanent location and sustainable (non-Commission) funding.

Impacts of AB 99 Reductions

- 23% reduction in funding for the Bridges Maternal Child Health Network. Reductions have resulted in elimination of funding for the Center Based Home Visitation, significant limitation of services / home visits for families with access to health care as a primary need, reduced public health nursing support, reduced central program management and a reduced ability to draw down federal TCM and MAA reimbursements.
- 10% reduction in funding for dental services.
- 12% reduction in funding for Community Clinics.
- 17% reduction in school nursing resulting in five FTE less school nurses and a redistribution of school nurses at the school districts.
- 42% reduction in Pediatric Health Services programs. Reductions have resulted in the elimination of the Metabolic Program funding and for High Risk Newborn Obstetrics direct program funding.

STRONG FAMILIES

GOAL: Support and strengthen families in ways that promote good parenting for the optimal development of young children.

Program	Description
Homeless Prevention	Supports transitional shelter, motel outreach, and Emergency shelter programs that focus services on families with children 0-5. Services include shelter, food, job and basic life skills, and case management services. Funding in this category also includes an allocation for capital projects in support of shelter expansion.
Family Support	Provides community based developmental screenings and early intervention services.

FY 2010/11 Accomplishments

- Assisted in the launched the Ending Homelessness 2020 Board and related implementation groups.
- Expanded services to pregnant women and families with children ages 0-5 that are in emergency shelters with the goal of moving them to transitional shelter programs with long-term supportive services.
- Provided funding for the expansion of two transitional shelter projects Fullerton Interfaith Emergency Services and Laura’s House.
- Over 90% of foster children, ages birth to 5 years, received a developmental screening and linkage to services within the first 3 months of entry into the child welfare system.
- Led process to develop a multi-agency collaborative of funded and leveraged partners aiming to provide a coordinated system to promote protective factors needed for young children’s healthy development, for submission for consideration of Mental Health Services Act funding.
- Served as a member of the Statewide Screening Collaborative with a purpose to improve coordination among state agencies and programs involved in early developmental screening and referral. Key projects included collaboration with CHDP to revise the Health Assessment Guidelines to promote developmental screening with validated tools and development of a web resource to support developmental screening in California.
- With the Statewide Screening Collaborative and Alameda and Fresno Commissions, developed an application for a California Help Me Grow replication site, the project was selected.
- Served as a member of the Orange County Superior Court / Juvenile Court Blue Ribbon Commission. The purpose of the Commission is to raise awareness of child welfare and foster care issues in Orange County, and strengthen linkage with Commission funded services. A priority addressed included a review of agencies and departments involved in ensuring children’s health.

FY 2011/12 Goals

- Coordinate with County to embed Mental Health Services Act funded strategies, where feasible, with Commission investments for children 0-5 and their families.
- Support the implementation of the County 10 Year Plan to End Homelessness.

- ☑ Work with homeless providers and other stakeholders to identify and begin implementation of the developmental of a year round emergency shelter facility for families.
- ☑ Serve as a member of the Statewide Screening Collaborative to address priorities including: promote developmental screening through electronic medical records and meaningful use developments and Pediatrician Maintenance of Certification. Review billing and funding mechanisms in support of developmental screening.
- ☑ Serve as a member of the Orange County Superior Court / Juvenile Court Blue Ribbon Commission. Priorities include partnering with the community in addressing problems of at-risk families.
- ☑ Facilitate convening to review progress made since the Commission and Pediatric Health Services Committee endorsed the Pathways Leadership Committee's Final Report related to developmental screening and linking children to services.

Impacts of AB 99 Reductions

- Fifty percent reduction in funding available for shelter expansion projects.
- Thirty-four percent reduction in early intervention services which will result in less children receiving services and reduced ability to draw leveraged federal and state money.

EARLY LEARNING

GOAL: *Provide early care and education opportunities for young children to maximize their potential to succeed in school.*

Program	Description
Early Learning Specialists	One-half to two full-time school district employees will provide core operating support to implement school readiness programs and services, seek additional funding opportunities, and participate in the Early Developmental Index (EDI) program.
School District Programs	Additional funding for eligible school districts allocated on the percentage of children's second grade reading scores for programs including but not limited to health services, Learning Links, speech and language programs, and early math and literacy programs.
Countywide Services & Demonstration Programs	Early education services designed for replication, and/or to reach all children for countywide impact. Programs include early math and literacy, early intervention, health and safety support, EDI, and the county Child Care Coordinator

FY 2010/11 Accomplishments

- ☑ Expanded the Early Literacy Program to include strategies for early math literacy.
- ☑ The Early Literacy Program recruited 22 volunteers to read to children at clinics. To date, the program received 33,798 books donated through various community groups such as Target stores, Team Kids, various chapters of Friends of the Library, local Girl Scout Troops and Rotary clubs.
- ☑ The Early Literacy Program received a \$35,000 three-year grant from Orange County United Way to support and expand the Raising a Reader program. With this year's funding, the program will add 10 more classrooms in the Garden Grove Unified School District.
- ☑ To date, provided training to 407 Early Care & Education providers from School Readiness Coordinators.
- ☑ To date, served 500 children with special needs in Early Childhood Education programs.
- ☑ Expanded the Learning Link model to seven additional programs and school districts throughout the county utilizing existing and other community resources.
- ☑ Continued to coordinate with the Orange County Social Service Agency's Children and Families Division to assist foster children in finding appropriate child care placements and in receiving additional support services such as health, mental health, and individualized planning for each child.
- ☑ Continued family literacy and school readiness activities through fifteen program grants.
- ☑ Established a task force of agencies serving children with Down syndrome in Orange County.
- ☑ Developed an application for First 5 California CARES Plus matching funds to increase the quality of early childhood programs through enhanced, systematic professional development opportunities.

FY 2011/12 Goals

- Partner with school districts and fund Early Learning Specialists to provide early care and education programs and opportunities to:
 - Strengthen linkages with community organizations and networks
 - Distribute resource information and school readiness materials
 - Outreach to the community regarding best practices and school readiness expectations
 - Collaborate with the K-12 educational system
 - Seek additional funding opportunities to support the program
 - Participate in the Early Developmental Index (EDI) program
- Provide enhanced early learning opportunities at eligible school districts to meet children's developmental needs and maximize their potential and success in school by:
 - Addressing gaps and increase access to school-based health services
 - Providing staffing and operational support for Learning Link programs
 - Implementing math and language literacy programs
 - Implementing early intervention services to address speech and language delays
- Complete the MIND Research Institute early math project and implement a fee for service model.
- Consolidate the administrative function of the early learning programs for the comprehensive implementation of early literacy programs that may include, but not be limited to Reach Out and Read, Raising-A-Reader, Center-Based HABLA.
- Continue to support the LEAPS (Learning Early Intervention and Parent Support) with the Newport-Mesa Unified School District to provide early identification and intervention for children with disabilities or developmental delays.
- Collaborate with Providence Speech & Hearing to provide training and support to speech and language pathologists, early care and education professionals and parents to serve children with speech and language delays.
- Collaborate with Children's Home Society to maintain child development and health opportunities for preschool children, and support new and enhanced programs that meet quality standards.
- Partner with the Orange County Child Care Coordinator to increase access to early care and education programs for children in foster care and annually update data on licensed childcare facilities in Orange County.
- Review First 5 California CARES Plus matching funds award to assess feasibility of implementing with reduced local resources; if authorized, implement program to increase the quality of early childhood programs through enhanced, systematic professional development opportunities.

Impacts of AB 99 Reductions

- The baseline budget for FY 11/12 was \$8.5 million. AB 99 created a 29% reduction for a new budget of \$6 million.
- The cost for the Orange County Department of Education (OCDE) Medical Officer will be included in the current allocation.

- The home-based HABLA early literacy program was eliminated.
- The storage and distribution for the Kid Builder program was eliminated, but resources remain available on the Commission website.
- The MIND Research Institute early math program was reinstated as a one-time catalytic investment.
- The early learning programs were reduced by 9% and administrative costs will be consolidated.
- Children's Home Society and the Orange County Child Care Coordinator were each reduced by 50%.
- Program management support was reduced by 32%.

CAPACITY BUILDING

GOAL: *Ensure an effective delivery system for child and family services through quality staff, efficient operations, and continual performance measurement.*

Program	Description
AmeriCorps/ VISTA/ State First 5 Service Corps	The Commission participates in a statewide program that enlists and places AmeriCorps and VISTA volunteers with agencies that serve young children and their families. These volunteers meet a wide range of needs for programs such as dental clinics, Early Literacy Program, district/school readiness programs, and 211. Orangewood Children’s Foundation/CONNECT coordinates the recruitment and interview process for AmeriCorps & VISTA members, provide orientation and training services, and assist in making arrangements to place staff with host agencies in order to enhance the services being provided.
Performance Outcome Measurement System	Measures progress toward achievement of the Commission’s goals and objectives and provides relevant information for policy decisions.
Matching Grants	Matched at least 2:1 by other local funders grants to improve capacity of key Commission grantees
Fund Development	Supports Commission grantees in strategic fund development and grant writing, reporting, and planning.
Fiscal Leveraging	Supports strategies to access government funds using Commission dollars to expand health access services including Medical Administrative Activities (MAA), Targeted Case Management (TCM) and EPSDT.

FY 2010/11 Accomplishments

- Managed the daily administration of the AmeriCorp and VISTA First 5 Service Corps Initiative with over 90% of the members completing their service terms.
- Participated in leadership position on the First 5 Association Evaluation Committee with a focus on developing statewide data to tell the First 5 story statewide.
- With the eight Southern California Regional First 5 Commissions participated in the Southern California Alliance for Learning and Results (SCALAR). The group worked to finalize a central repository of regional evaluation findings and partnered with Healthy Cities and Lucille Packard / KidsData to highlight the effects of the economic downturn on young children.
- Expanded implementation of an Early Developmental Index (EDI) project in Orange County, a population based measure of children’s strengths and vulnerabilities. Five school districts participated this fiscal year. Participated in National meetings with implementation

sites funded by the Kellogg Foundation and the United Way of America. Developed a Business Plan for Implementation of EDI.

- ☑ Completed evaluation projects and reports including developing outcome framework for implementation of the Triple P curriculum, Final Report for State School Readiness Program, implemented survey for the Healthy Habits for Life curriculum, Report on Project LEAN Start, and Report on the El Sol Academy Health Program.
- ☑ Implemented redesigned Commission evaluation system through a revised work plan format.
- ☑ Promoted best practice strategies around speech and language services and “place based” strategies.
- ☑ Developed two county indicator reports: *The 16th Annual Report on the Conditions of Children in Orange County* and the *2011 Orange County Community Indicators*.
- ☑ Continued to support the implementation of the National Children’s Study including participating on the Community Advisory Board.
- ☑ Developed a joint funding application for ARRA: Health Science Research Infrastructure to promote the development of data that has utility for communities. This application was awarded \$1 million for the period of three years.
- ☑ Partnered with THINK Together in the development of a federal grant application for Santa Ana Promise Neighborhoods. The proposed program would provide a continuum of services to promote school success including health initiatives, early childhood programs, and social services.
- ☑ Released \$2.9 million dollars of revenue from MAA and TCM claiming to participating grantees.
- ☑ Continued to implement EPSDT utilization for Commission programs for mental health, PCIT, in-home services for medically fragile infants and developmental screening services. This project has assured that Western Youth Services early mental health services can be continued in the future without Commission funding.
- ☑ In partnership with Orangewood, completed the second round of federal ARRA capacity building funding allocations.
- ☑ Fund Development program raised \$884,000 in additional support for Commission grantees.
- ☑ Complete second stage of a three-year funder collaborative capacity building project targeting safety net non-profits. Commission investment has been matched 3 to 1.
- ☑ Serve as a member of the Orange County Children’s Partnership, a 22 member advisory body appointed by the Board of Supervisors that serves as a unified voice of county departments and agencies to champion health, education, safety and economic stability by advancing more responsive services that meet the needs of children and families in Orange County. This year, a unifying strategy identified has been the importance of school completion. Efforts have included reviewing local data and identifying effective strategies for consideration.

FY 2011/12 Goals

- ☐ Focus on the development and implementation of sustainability strategies and catalytic investments.
- ☐ Coordinate the continued expansion of the Early Development Index at additional school districts in the FY 2011/12 school year.

- Continue to participate in statewide and regional projects to leverage resource investments and shared learning.
- Review existing needs assessments and community benchmarking projects with a goal of streamlining and consolidating data collection efforts and make better use of online programs and tools that have recently become more cost effective.
- Implement activities related to community funds awarded through the ARRA Health Science Research Infrastructure Building grant.
- Release \$1.76 million dollars of revenue from MAA and TCM claiming to participating grantees.
- Continue to support the access of approximately \$1.7 million dollars of EPSDT and the development of other funding sources (i.e. fees, insurance, private pay) for utilization in Commission programs for early mental health, PCIT, and developmental screening services.
- Partner with THINK Together on continued planning for a Santa Ana Promise Neighborhoods including development of an application for the next round of planning or implementation funds.

Impacts of AB 99 Reductions

- Reduction in the number of AmeriCorp and VISTA members in service.
- Reduction in the funding available to participate in Matching Grant programs with our collaborating funders.
- Minimum level of support required to meet mandated requirements to measure outcomes of programs using reliable indicators, support an electronic database or develop community collaborative projects such as indicator reports.

FINANCIAL MANAGEMENT & OVERSIGHT

FOCUS AREA: Infrastructure

- Strategic Communications
- Long-Term Financial Planning
- Annual Operating Budget
- Investment Management
- Grantee Invoice Payments
- Financial and Compliance Audits
- Grants Development
- Compliance and Risk Management Program
- Staffing and Administrative Support

FY 2010/11 Accomplishments

- Promoted programs and services to young children and families through strategic communications activities including:
 - Completed the *10 People Making a Difference in the Lives of Young Children* campaign highlighting programs and services to children.
 - Completed 10 articles promoting the importance of early STEM (Science, Technology, Engineering, and Math) education that were posted to the STEM Lab website and emailed to the distribution list of STEM partners.
 - Completed the annual Essentials for Young Lives donation drive in partnership with HomeAid Orange County and collected over 230,000 baby items valued at over \$200,000.
 - Initiated a monthly e-newsletter and distributed to the Commission database of stakeholders, partners and legislative leaders.
 - Coordinated with the Orange County Legislative Delegation on legislative issues and threats related to the Commission
- Managed grantee compliance and supported Commission funded programs.
- Conducted site visits and assessments to review grantee administrative procedures, human resource policies and programs practices, and identified areas of potential concern or grantee risk.
- Reviewed all Contract Boilerplates for updated compliance language.
- Prepared Comprehensive Annual Financial Report and submitted for GFOA award program.
- Participated in conferences with Public Agency Risk Managers Association.
- Participated in fiscal conferences and training with CSMFO, GFOA, CMTA and First 5 State Association.
- Implemented new software for Database Management Service Provider project.
- Staffed Investment Oversight Committee, which developed updated investment policy statement for Commission adoption.
- Develop and implemented electronic invoicing interface with new Database Management Service Provider (GEMS).

FY 2011/12 Goals

- Develop FY 2011/12 Strategic Communications Work Plan to submit for Commission review in July 2011. Priorities to include: social media and community partnerships as a cost-effective way to address community prevention, continued state legislative advocacy to highlight impacts on funding and operations, partnership with Samueli Foundation / OC STEM Funders on strategic communications related to the emerging field of STEM Technology. Implement revised grantee oversight and contract monitoring program.
- Implement and achieve the 24% reduction in administrative expenses in the FY 2011/12 budget.
- Implement revised grantee oversight and contract monitoring program.
- Continue to safeguard Commission's financial resources.
- Develop monthly internal management reports and enhance monthly financial reporting to the Commission.
- Develop internal risk assessment tool to monitor potential risk environment.
- Continue using consultants, at a reduced level, where their expertise can be strategically utilized without expanding permanent staff.
- Partner with the County to augment staff and services to leverage Commission resources.
- Develop media relations on topics including Kid Builders, health care and early literacy
- Continue to sponsor and participate in annual programs and conferences that promote Commission goals.
- Implement CAPS+ Human Resources/Payroll System Update.
- Update multi-year financial plan.
- Continue risk assessment/management through Compliance Team.

Impacts of AB 99 Reductions

- 10% limit on administrative expenses, a 24% decrease from FY 2010/11.
- Less capacity to access professional and technical services (legal, fiscal, auditing, investment, procurement & County support services) to supplement core staffing in carrying out mandated and prudent functions.
- Reduced staff to carry out mandated functions and other unique roles of Commission.
- Less capacity to access professional and technical services for Strategic Communications including maintaining timely communications with the community.
- Reduced support for core staff to carry out required work.
- Revised procedures such as Contract Management Policy 6.8 to allow more flexibility and targeted approach to provide support and oversight to contractors with reduced level of program leads.

CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY

RESOLUTION NO. ___-11-C&FC

June 1, 2011

A RESOLUTION OF THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY DIRECTING THE EXECUTIVE DIRECTOR OR DESIGNEE TO PREPARE AND NEGOTIATE AMENDMENTS TO AGREEMENTS WITH DESIGNATED ORGANIZATIONS TO PROVIDE ADMINISTRATIVE PROFESSIONAL/CONSULTING SERVICES; AND, AUTHORIZING APPROVAL AND EXECUTION OF SUCH AMENDMENTS TO AGREEMENTS ON BEHALF OF THE COMMISSION

WHEREAS, in order to facilitate the creation and implementation of an integrated, comprehensive, and collaborative system of information and services to enhance optimal early childhood development, the legislature adopted legislation set forth in the California Children and Families Act of 1998, Health and Safety Code Section 130100, *et seq.* (as amended, the “Act”) implementing the Children and Families First Initiative passed by the California electorate in November, 1998 and establishing the California Children and Families Commission and County Children and Families Commissions, including this Children and Families Commission of Orange County (“Commission”); and

WHEREAS, Commission adopted its Strategic Plan to define how funds authorized under the Act and allocated to the Commission should best be used to meet the critical needs of Orange County’s children prenatal to five years of age as codified in the Act; and

WHEREAS, On May 7, 2008, September 3, 2008, May 6, 2009 and September 2, 2009 Commission authorized the Executive Director or designee to negotiate and enter into Agreements and/or Amendments to Agreements with the Organizations as described in Attachment 3 to the June 1, 2011 staff report for this Agenda Item to provide Administrative Professional/Consulting Services; and.

WHEREAS, the Commission desires to enter into Amendments to Agreements with each of the Organizations, hereinafter referred to as the “Consultant” in each of the Amendments to Agreements authorized herein, to provide Administrative Professional/Consulting Services for the terms and in the amounts and on the conditions as described in Attachment 3 to the June 1, 2011 staff report for this Agenda Item; and

WHEREAS, the Consultants desire to enter into the Amendments to Agreements in furtherance of the purposes of the Act and the Strategic Plan on the terms and conditions set forth in the applicable Amendments to Agreements; and

WHEREAS, Commission has reviewed the staff report relating to the Scope of Services to be provided and hereby finds and determines that the proposed Amendments to Agreements is in furtherance of and consistent with the Commission’s Strategic Plan; and

NOW, THEREFORE BE IT RESOLVED BY THE COMMISSIONERS OF THE CHILDREN AND FAMILIES COMMISSION OF ORANGE COUNTY AS FOLLOWS:

Section 1 Commission finds and determines the foregoing Recitals are true and correct and are a substantive part of this Resolution.

Section 2 Commission hereby authorizes the Executive Director or designee to prepare and negotiate the terms, conditions and final form of Amendments to Agreements with the Consultants, to provide Administrative Professional/Consulting Services for the terms and in the amounts and on the conditions as specified in Attachment 3 to the June 1, 2011 staff report for this Agenda Item and scope of services referenced therein; and

Section 3 The approval by the Executive Director or designee of the final Amendments to Agreements shall be conclusively evidenced by the execution of such Amendments to Agreements by the Commission Chair and delivery thereof to the Commission Clerk.

Section 4 Commission hereby approves the Amendments to Agreements with the Consultants, for the terms and in the amounts and on the conditions as specified in Attachment 3 to the June 1, 2011 staff report for this Agenda Item.

Section 5 The Commission Chair and the Clerk of the Commission are hereby authorized to execute and attest, respectively, the Amendments to Agreements on behalf of the Commission.

Section 6 Copies of the final Amendments to Agreements when executed by the Commission Chair and attested by the Clerk of the Commission shall be appended hereto as a part of Exhibit A to this Resolution. Exhibit A is hereby fully incorporated as a part of this Resolution by this reference and made a part hereof. The final executed Amendments to Agreements shall be placed on file in the office of the Clerk of the Commission.

Section 7 In addition to the authorization of Section 2 above, the Executive Director, or designee, is hereby authorized, on behalf of the Commission, (i) to sign all documents necessary and appropriate to carry out and implement the Amendment(s) to Agreement(s), (ii) to cause the issuance of warrants, (iii) to administer the Commission's obligations, responsibilities, and duties to be performed under such agreement(s), and (iv) during the term thereof to provide waivers, administrative interpretations, and minor modifications of the provisions of such agreement(s) in the furtherance thereof.

Section 8 The Clerk of the Commission shall certify to the adoption of this Resolution.

EXHIBIT A TO RESOLUTION OF COMMISSION

(Attach copy of final executed Amendments to Agreements)

Consultant	Contract Number	Proposed Hourly Rate	Proposed Maximum Amendment	Strategic Goal Area	Program
FISCAL / OVERSIGHT					
Sherry Johnstone (Johnstone Consulting, Inc.)	C-253	\$75	\$134,000	Administration	Audit and Compliance Level funding due to on-call auditing services being eliminated in the budget.
James Martling (Sperry Capital, Inc.)	C-260	*	\$25,000	Administration	Financial Advisory Services Maintain level funding pending board policy direction on Commission investment policy.
ON-CALL STRATEGIC COMMUNICATIONS					
Kathleen Freed (Cornerstone Communications)	C-273	Deliverable	\$50,000	Administration	Strategic Communications Reduction from FY 2010/11 authorized amount of \$60,000.
GRAND TOTAL					

* \$5,625 quarterly flat fee, billed in arrears, and expenses

CATALYTIC INVESTMENT PROGRAM FY 2011/12

Program	Proposed Funding Allocation	Program Investments to Date	Targeted Outcomes	Schedule for Commission Review
MIND Research Institute Early Math	\$200,000	<p>Develop classroom-based tools and curriculum for pre-K math skill development</p> <p>Pilot completed and in final stage of development</p>	Improve early math literacy	Approved at May 2011 Commission meeting
Launch of Orange County Funding Collaborative for STEM Education	One-time investment of \$250,000 for a minimum 3-year work program	<p>STEM Conference hosted in Irvine highlighted the need to focus on STEM</p> <p>Promote awareness among educators about the importance of early math to school success</p>	Increase funding in OC dedicated to early math expansion	Schedule for July 2011 Commission meeting
Catalytic Investments for Clinic and Specialty Services	Up to \$1,300,000 Set-Aside	Commission has provided funding to support a range of community clinic service expansion and quality improvements as well as specialty care	<p>Develop sustainable funding for pediatric and OB services such as Federally Qualified Health Clinics or other specialty programs.</p> <p>Intent is to develop one time investment that can develop future revenue sources or reduced future funding demands.</p>	Schedule for October 2011 Commission Meeting
TOTAL	Not to Exceed \$1,750,000			



POLICIES AND PROCEDURES

NO: 6.8

TITLE: CONTRACT MANAGEMENT POLICY

Revised Date: July 7, 2010
Effective: July 1, 2011

Background

N/A

Purpose:

The purpose of this policy is to set forth the guidelines for safeguarding resources, supporting and monitoring program performance and managing risk to the Commission and its contractors through Contract Management.

Policy Statement:

It is the policy of the Commission to ensure its organizational goals are achieved through a variety of Contract Management processes that provide programmatic oversight and support contractor organizational success. The list below contains the various activities that are conducted through-out the term of an agreement to monitor and support the contractors' efforts:

Program Lead Oversight

The Commission assigns a Program Lead who will review project progress toward meeting work plan and scope of work objectives.

Contract Administrator Monitoring

The Commission assigns a Contract Administrator who monitors overall compliance with the terms and conditions of the contract and processes invoices for payment based on project progress.

Risk Assessment

The Commission staff or consultant perform risk assessments. The risk assessment will include a document review and/or discussions with the organization's management.

End-of- Contract Audit

The Commission requires that grantees submit a fiscal audit performed by a Certified Public Accountant (CPA) for each contract within sixty days of the termination date of the contract.

The list below contains additional specific activities that contractors maybe required to participate in based on their scope of work and particular area of service:

Fee Based Contract Review

The Commission will conduct or engage a contractor to review the back-up documentation for those grantees that implement programs that receive reimbursement on a fee for service agreement.

Fiscal Leveraging Audit

The Commission will utilize the County and Commission staff to review conditions of participation and compliance requirements for fiscal leveraging opportunities such as Medi-Cal Administrative Activities (MAA), Targeted Case Management (TCM), and Early Periodic Screening, Diagnosis and Treatment (EPSDT).

Best Practices Review

Contractors that provide similar services or complimentary services may meet to review each other's current work programs and outcomes as well as best practices.

The activities listed above are managed by the Compliance Team, which consists of management members. Participants include members assigned by the Commission's Executive Director. Participants include Commission management team and consultants that perform a portion of the oversight activities listed above. The Team meets regularly to review the work plan for each of these activities, the tools used, the results, and determines next steps as appropriate.

Attachment

- Risk Assessment Tool

RISK ASSESSMENT SITE VISIT TOOL

DISCUSSION AND/OR REVIEW

- 1) Regulations in the industry (e.g. requirements for licensing, program administration and operations, funding restrictions, etc)
- 2) Details of the funded program
- 3) Procedures to ensure compliance with funding mandates
 - a) Not to supplant
 - b) To serve the 0-5 population
 - c) To serve Orange County residents
- 4) Data systems (including GEMS)
- 5) Financial
 - a) Details of prior audit & 990 reports
- 6) Funding: leveraging and budgeting
- 7) Scope of work and milestone reporting supporting documentation
- 8) Parent/Guardian authorizations for data collection
- 9) Invoice and Staffing Table compliance
 - a) verification of employment status, licenses
 - b) meets contracts minimum qualifications

DOCUMENTATION: TO BE PROVIDED ONE WEEK PRIOR TO THE VISIT:

- Last audited financial statement and 990
- List of Commission funded program staff, employees and volunteers
- List of the Board of Directors/Trustees



POLICIES AND PROCEDURES

NO: 4.2

TITLE: **FUND BALANCE POLICY**

Revised Date: June 1, 2011

Effective: July 1, 2011

Background

The Commission's primary revenue source is Prop 10 Tobacco Tax revenue. Prop 10 revenue has been a declining revenue source since inception in 1998, and as a result, a long-term approach to prudently manage funds was adopted by the Commission in 2000 through the annual review of its Long Term Financial Plan. The Commission's financial reporting and management practices are fully compliant with all governmental accounting requirements.

Purpose

The purpose of this policy is to establish criteria for reserving sufficient fund balance and ensuring financial stability of Commission funded services.

Policy Statement

Financial Stability

It is the policy of the Commission to retain fund balance at levels necessary to meet legal requirements and fund future obligations.

It is the policy of the Commission to maintain a minimum fund balance of 25% of its annual operating budget. The fund balance will be used to mitigate the impact on contracted services due to unanticipated circumstances and events, provide adequate resources for cash flow, and to mitigate short-term effects of revenue shortages. The amount of the minimum fund balance is subject to approval by the Board of Commissioners as part of the annual budget adoption.

It is the policy of the Commission to establish a Contingency Funding Account within the annual budget to provide for unanticipated expenditures of a non-recurring nature (e.g. judgments/litigation).

It is the policy of the Commission to establish a Long Term Commitments Account to assure financial stability, adequate cash flow, and to meet future operational needs.

Fund Balance Components

It is the policy of the Commission to establish fund balance component definitions and authority levels in compliance with Government Accounting Standards Board (GASB) Statement 54. GASB 54 identifies the components as Nonspendable, Restricted, Committed, Assigned and Unassigned Fund Balance (see attachment for detailed definitions and uses).

Attachment
CHILDREN AND FAMILIES COMMISSION ORANGE COUNTY
GASB 54 - FUND BALANCE DEFINITIONS

I. AUTHORIZATION LEVELS:

This policy sets forth the following in compliance with GASB 54:

1. The authorization level for Committing or Assigning Fund Balance is the Children and Families Commission of Orange County (the Commission).
 - a. Formal action of the Commission will be defined as an action taken at a publicly noticed Commission meeting as defined in the current Commission Bylaws.

II. DEFINITIONS AND REPORTING:

1. Fund Balance - All financial assets less liabilities normally expected to be liquidated with current financial resources. The following are categories of fund balance:
 - a. Nonspendable (inherently nonspendable)
 - i. Portion of net resources that cannot be spent because they are not in an expendable form (e.g. Prepaid Expense or Inventory).
 - ii. Portion of net resources that cannot be spent because they must be maintained intact. (E.g. revolving fund or the principal of an endowment.)
 - b. Restricted (externally enforceable limitations on use)
 - i. Amounts or limitations constrained to specific purposes by their providers (such as creditors, grantors, contributors, or laws and regulations of other governments - e.g. Funds advanced by First 5 CA under specific agreements for services such as matching funds for specific initiatives).
 - ii. Amounts or limitations imposed by law through constitutional provisions or enabling legislation. (e.g. funds legally restricted by County, state, or federal legislature, or a government's charter or constitution; or amounts collected from non-spendable items such as long term portion of loan outstanding if those amounts are subject to legal constraint).
 - c. Committed (self-imposed limitations in place prior to end of the fiscal period)
 - i. Limitation imposed at the highest level of decision making that require the same formal action at the same level to remove or modify.
 - ii. Resources in this category include: Resources committed for a specific purpose and/or future initiatives.

- iii. Funding that has been designated for legally enforceable contracts but not yet spent (includes multi-year contracts)
 - iv. Resources that have been committed by a Commission for specific agreements that have not yet been executed.
 - v. Resources committed as local match for a State Commission initiative, programs or projects within the approved long range financial plan, funding recommendations, or the strategic plan.
 - vi. Minimum fund balance reserves.
- d. Assigned (limitation resulting from intended use)
- i. Amounts or limitations that are constrained by the Commission’s intent to be used for a specific purpose.
 - 1) The commission may also designate a body/committee or an official to assign specific purposes.
 - ii. The purpose of the assignment must be narrower than the fund itself.
 - iii. Resources that fit into the “assigned” category may include:
 - 1) Appropriation of a portion of existing fund balance sufficient to eliminate a projected deficit in the subsequent year’s budget.
 - 2) Resources assigned to a specific program, project or organization for which the Commission has approved a plan or budget.
 - 3) Resources approved by the Commission for a long range financial plan (formal approval is not required to modify the amount).
- f. Unassigned (residual net resources)
- i. Resources in the fund balance that cannot be reported in any other classification.

<i>Comparison: Assigned versus committed</i>		
	Committed	Assigned
<i>A decision to use funds for a specific purpose requires action of governing body</i>	<i>Yes</i>	<i>No</i>
<i>Formal action of governing body is necessary to impose, remove or modify this constraint and formal action has taken place before end of reporting period</i>	<i>Yes</i>	<i>No</i>

TITLE: **FUND BALANCE POLICY**

Revised Date: June 1, 2011

Effective: July 1, 2011

Deleted: July 2, 2008

Deleted: March 5, 2008

Background

The Commission's primary revenue source is Prop 10 Tobacco Tax revenue. Prop 10 revenue has been a declining revenue source since inception in 1998, and as a result, a long-term approach to prudently manage funds was adopted by the Commission in 2000 through the annual review of its Long Term Financial Plan. The Commission's financial reporting and management practices are fully compliant with all governmental accounting requirements.

Deleted: Annual Tobacco Tax revenues have declined by approximately 24% from FY 1999-2000, the first year of operations, to FY 2006-2007

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Purpose

The purpose of this policy is to establish criteria for reserving sufficient fund balance and ensuring financial stability of Commission funded services.

Policy Statement

Financial Stability

It is the policy of the Commission to retain fund balance at levels necessary to meet legal requirements and fund future obligations.

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Deleted: It is the policy of the Commission to establish a Reserve for Encumbrances at the beginning of each fiscal year to reserve fund balance in the amount equal to the Commission's unpaid obligations for the fiscal year and any future fiscal years of executed multi-year contracts.¶

¶ It is the policy of the Commission to establish a Reserve for Contractual Obligations at the end of each fiscal year to reserve fund balance in the amount equal to the total of agreements for services that the Commission has authorized and directed staff to enter into agreements with a specified agencies, but for which contracts have not yet been executed.¶

¶ It is the policy of the Commission to establish a Reserve for Capital Grants at the end of each fiscal year to reserve fund balance in the amount equal to the total of agreements for capital programs that the Commission has authorized and directed staff to enter into agreements with a specified agencies, but for which contracts have not yet been executed.¶

¶ It is the policy of the Commission to establish a Reserve for First 5 California Initiatives at the end of each fiscal year to reserve fund balance in the amount equal to the total future amount that the Commission must reserve in order to meet its matching fund requirements for State Commission initiatives.

It is the policy of the Commission to maintain a minimum fund balance of 25% of its annual operating budget. The fund balance will be used to mitigate the impact on contracted services due to unanticipated circumstances and events, provide adequate resources for cash flow, and to mitigate short-term effects of revenue shortages. The amount of the minimum fund balance is subject to approval by the Board of Commissioners as part of the annual budget adoption.

It is the policy of the Commission to establish a Contingency Funding Account within the annual budget to provide for unanticipated expenditures of a non-recurring nature (e.g. judgments/litigation).

It is the policy of the Commission to establish a Long Term Commitments Account to assure financial stability, adequate cash flow, and to meet future operational needs.

Fund Balance Components

It is the policy of the Commission to establish fund balance component definitions and authority levels in compliance with Government Accounting Standards Board (GASB) Statement 54. GASB 54 identifies the components as Nonspendable, Restricted, Committed, Assigned and Unassigned Fund Balance (see attachment for detailed definitions and uses).

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Deleted: million as a reserve

Deleted: revenue

Deleted: against potential shock

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CHILDREN AND FAMILIES COMMISSION ORANGE COUNTY
GASB 54 - FUND BALANCE DEFINITIONS

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	<u>Committed</u>	<u>Assigned</u>
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<u>Formal action of governing body is necessary to impose, remove or modify this constraint and formal action has taken place before end of reporting period</u>	<u>Yes</u>	<u>No</u>