Children & Families
Commission of Orange County

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Agenda Item No. 4
November 4, 2009 Meeting

DATE: October 25, 2009

TO: Children and Families Commission of Orange County

FROM: Michael M. Ruane, Executive Director

SUBJECT: Long Term Financial Plan Update

SUMMARY:
Commission staff has prepared the attached presentation to respond to Commissioners' questions and directions from the October meeting. The presentation includes:

- Review of the October direction on the Long-Term Financial Plan
- Update on financial assumptions, including Proposition 10 tax allocation methodology
- Alternative scenarios for funding allocation by program area
- Review of the key principles and recommendations from the 2008 Bridgespan Group Strategic Assessment.

Mike Perigo, the Engagement Partner, who led the Strategic Assessment will be at the November Commission to provide an overview of the findings and recommendations and respond to Commissioners' questions.

Background
Key updates based on direction received at the October meeting are included in the attached presentation.

- Long-Term Financial Plan Update – The updated Long-Term Financial Plan (LTFP) reflects the 2008/09 year end financials and revised revenue forecasts based on the latest projections from the State Department of Finance. As discussed at the October meeting, the current working plan assumes a step-down reduction of program funding over the next five years, until a stable level of funding of $28 million is reached in FY 2014/15. The LTFP does not specifically allocate Commission funding but provides a general framework to guide annual budget decisions.

- Financial Assumptions – Orange County's Proposition 10 funding is allocated based on statewide tobacco tax collections and Orange County's share of statewide births. In response to Commissioner questions, Attachment 2 provides further details on the methodology for determining Orange County's share of statewide births.

- Funding Allocations Alternatives – While the LTFP does not allocate program funding to specific goal areas or programs, staff has tested various scenarios as a framework for developing the FY 2010/11 and future year budgets. These alternatives are provided as ways of framing the policy options for future investments.

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- 2008 Bridgespan Group Strategic Assessment – In March 2008, the Bridgespan Group presented its final recommendations on its Strategic Assessment to the Commission. Excerpts from their analysis and final report are included as Attachments to this staff report.

Commission staff will review the attached presentation at the November Commission meeting and address Commissioners' questions.

STRATEGIC PLAN & FISCAL SUMMARY:
The development of the Long-Term Financial Plan is consistent with the Commission's strategic plan and is in an integral component of the Commission's financial management.

RECOMMENDED ACTION:
Receive report and provide direction to staff on updated Long-Term Financial Plan.

ATTACHMENTS:
1. Long-Term Financial Plan Update Presentation
2. Birth Record Data
3. Excerpts from the Bridgespan Group 2008 Strategic Assessment
   A. Summary of Recommendations
   B. Compendium of Assessment Findings

Contact: Christina Altmayer

Long Term Financial Plan Update

Commission Meeting

November 4, 2009

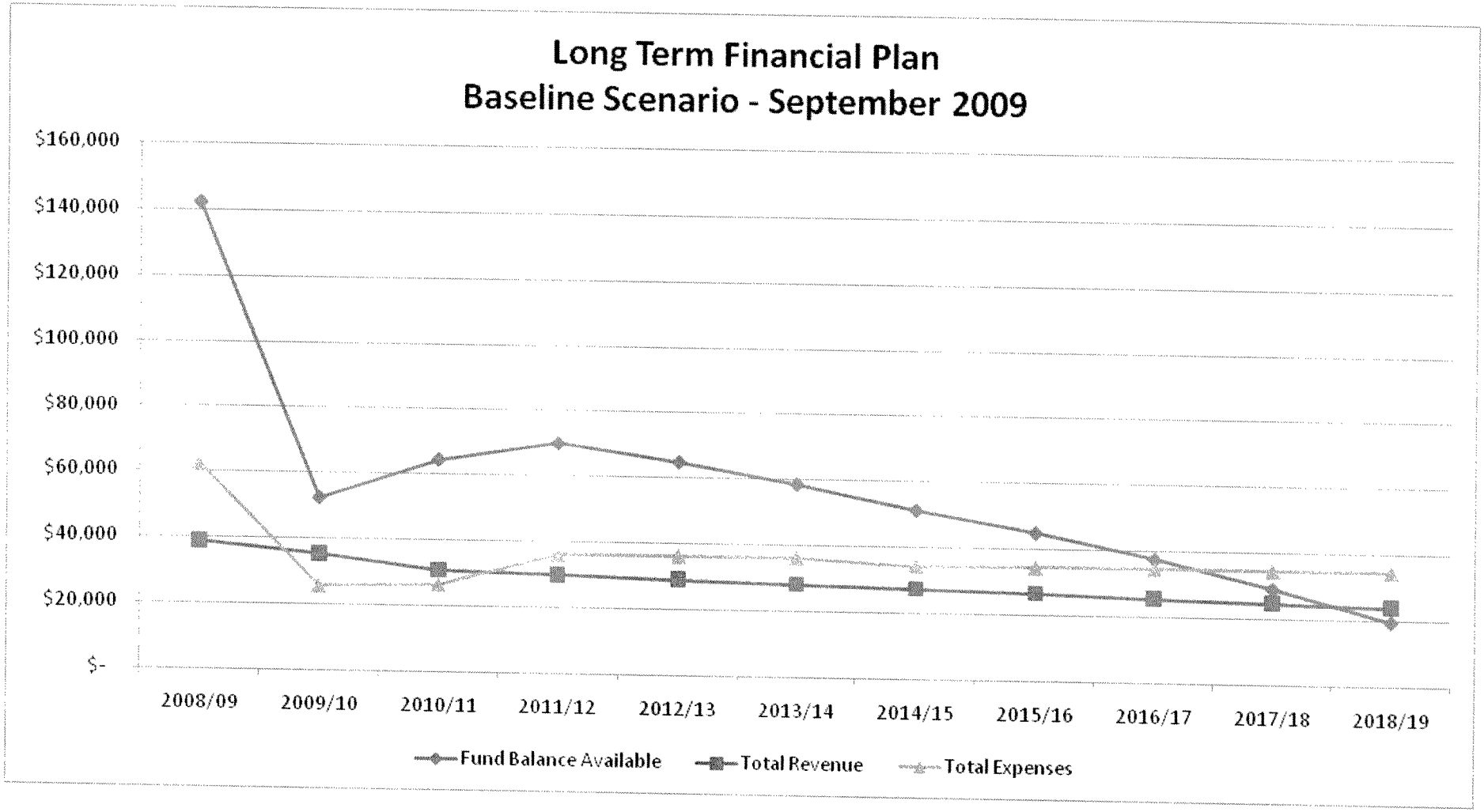
Agenda Item No. 4

Attachment 1

Commission Direction at October Meeting

- Continue to work on Planning Scenario
  - Tiered reduction of program investments over the next 3 to 5 years transitioning to $38 million in FY 10/11 to $28 million in FY 20014/15
  - Target Ending fund balance projected at $20 million
- Implement initial $6.7 million in savings against the $8 million targeted for 09/10 and continue to aggressively identify additional savings
- Discuss and present alternative funding allocation strategies
  - Review and confirm revenue assumptions
  - Review recommendations from 2008 Bridgespan Strategic Assessment
  - Evaluate against current economic trends

Long-Term Forecast – Planning Scenario



Note: FY09/10 and 10/11 encumbrances are reflected in Fund Balance; not in total expenses.

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Revenue Assumptions

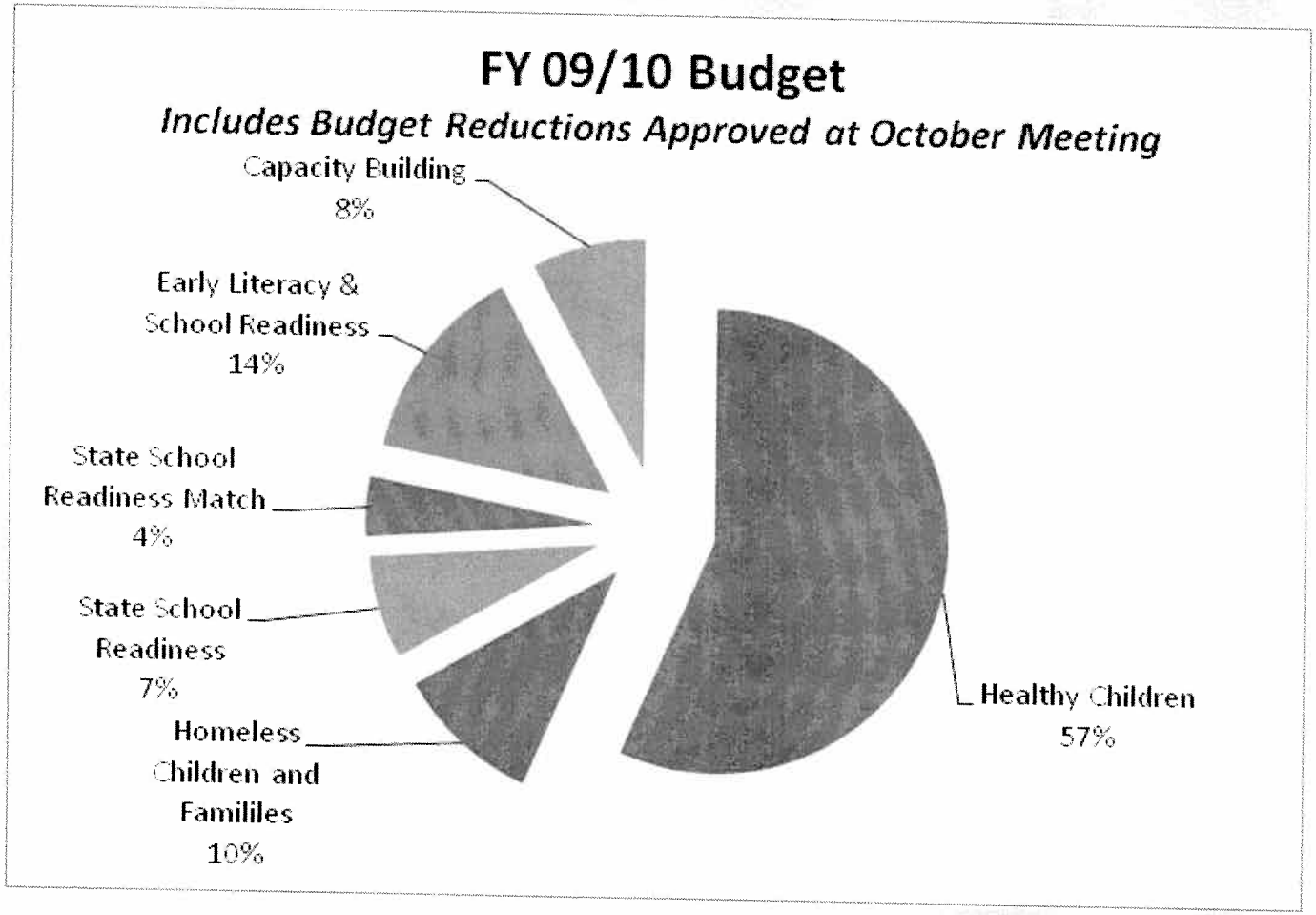
- Prop 10 Funding Allocations are based on two factors
  - Estimated collection of tobacco tax allocations statewide
    - As reported in October, staff has tested various revenue scenarios based on forecasts from State Department of Finance and historical experience
    - Annual revenue decline estimated between 3 and 4 percent
  - OC share of statewide births is determined based on reports via Statewide Automated Vital Statistics System (AVSS)
    - AVSS data is collected and reported by the State Department of Public, Center for Health Statistics
    - Used by the Center for Demographic Research, Department of Finance for allocation based on the most current available full-year of birth data

Summary of Birth Data System

Additional information provided in attachment to staff report

- Birth data is collected at hospital by birth clerks and birth certificates are entered at the hospital in AVSS
- Hospital data is transferred to the county AVSS database and paper birth certificates are mailed to county for local file number (OC Health Care Agency)
- Electronic "re-allocation" occurs daily among jurisdictions using AVSS (i.e., Babies born out-of-county are "re-allocated" to mother's county of residence)
- County AVSS data is transferred to state AVSS system and paper birth certificates are mailed to state for state file number (CA Department of Public Health – Center for Health Statistics)
- Birth Certificates from non-AVSS jurisdictions and out-of-hospital births are key entered into state AVSS and also re-allocated to local systems (Out-of-state births are entered into AVSS at the state level)
- Birth Statistical Master File is released to local jurisdictions and National Center for Health Statistics 18-20 months after the start of the calendar year (e.g., 2008 birth data released in September 2009)

Funding Allocation Alternatives



Based on current working budget for 09/10 at $59.8. Healthy Children includes one time capital expenses of $7.5 million.

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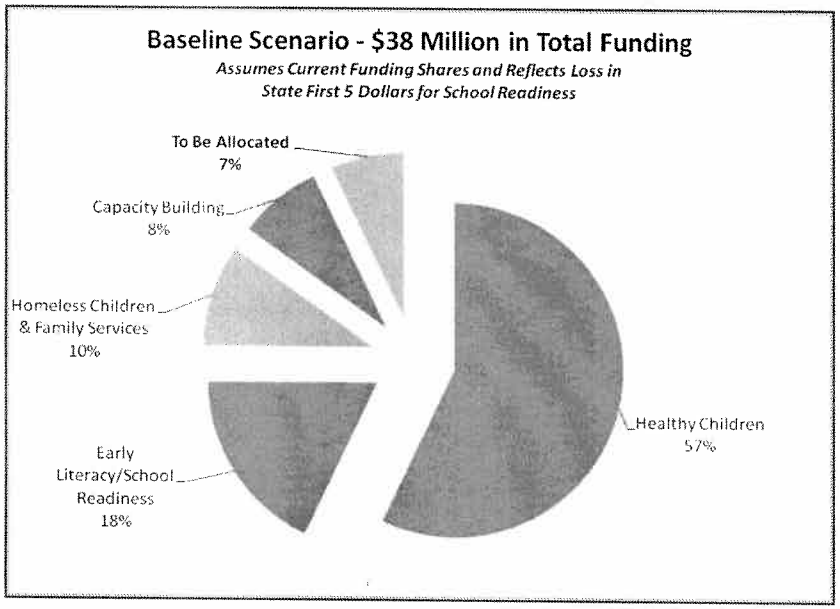
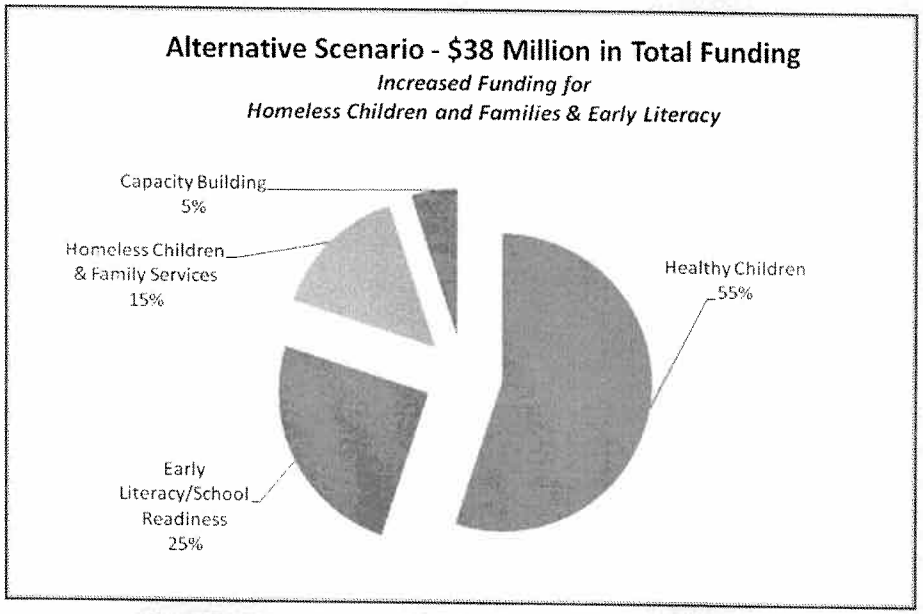
Alternative Scenarios for FY 10/11

Assumes $38 million in program funding



- Maintains FY09/10 funding share allocations
- Results in net decrease in Early Literacy and School Readiness due to loss of State First 5 funding
- Approximately $2.6 million to be allocated



- Maintains proportionate share in Early Literacy and School Readiness
- Increases funding for Homeless Children and Family Services through reductions in Health and Capacity Building

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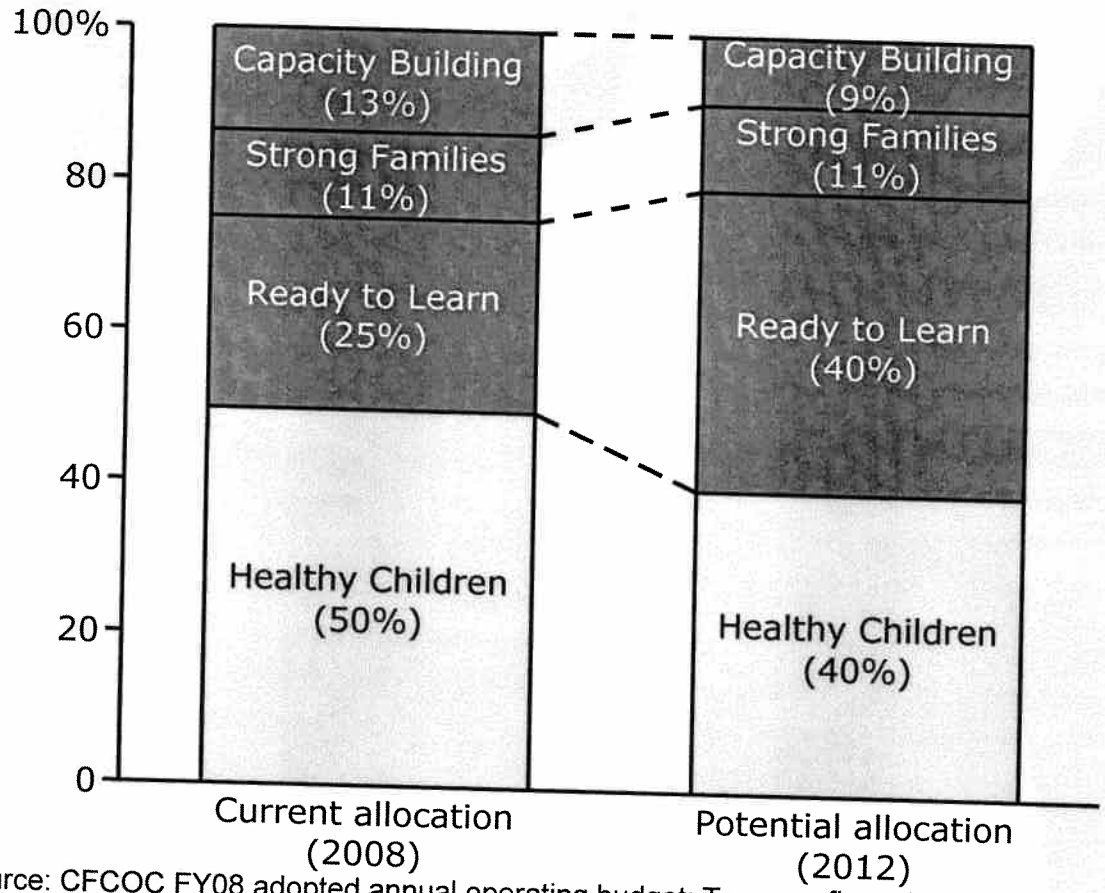
ILLUSTRATIVE

Bridgespan Recommendation: To direct more resources to early learning CFCOC could fund Ready to Learn and Health Children goal areas equally

By 2012 CFCOC could rebalance some funds from Healthy Children and Capacity Building to the Ready to Learn goal area*



*Source: CFCOC FY08 adopted annual operating budget; Ten year financial plan May 07; Bridgespan analysis, March 5, 2008 Report

Key assumptions

- Revenue and cost-sharing opportunities exist in Healthy Children goal area
- Capacity Building goal area aligned to support investment in select key communities
- Strong Families is primarily a focus on homeless children and families

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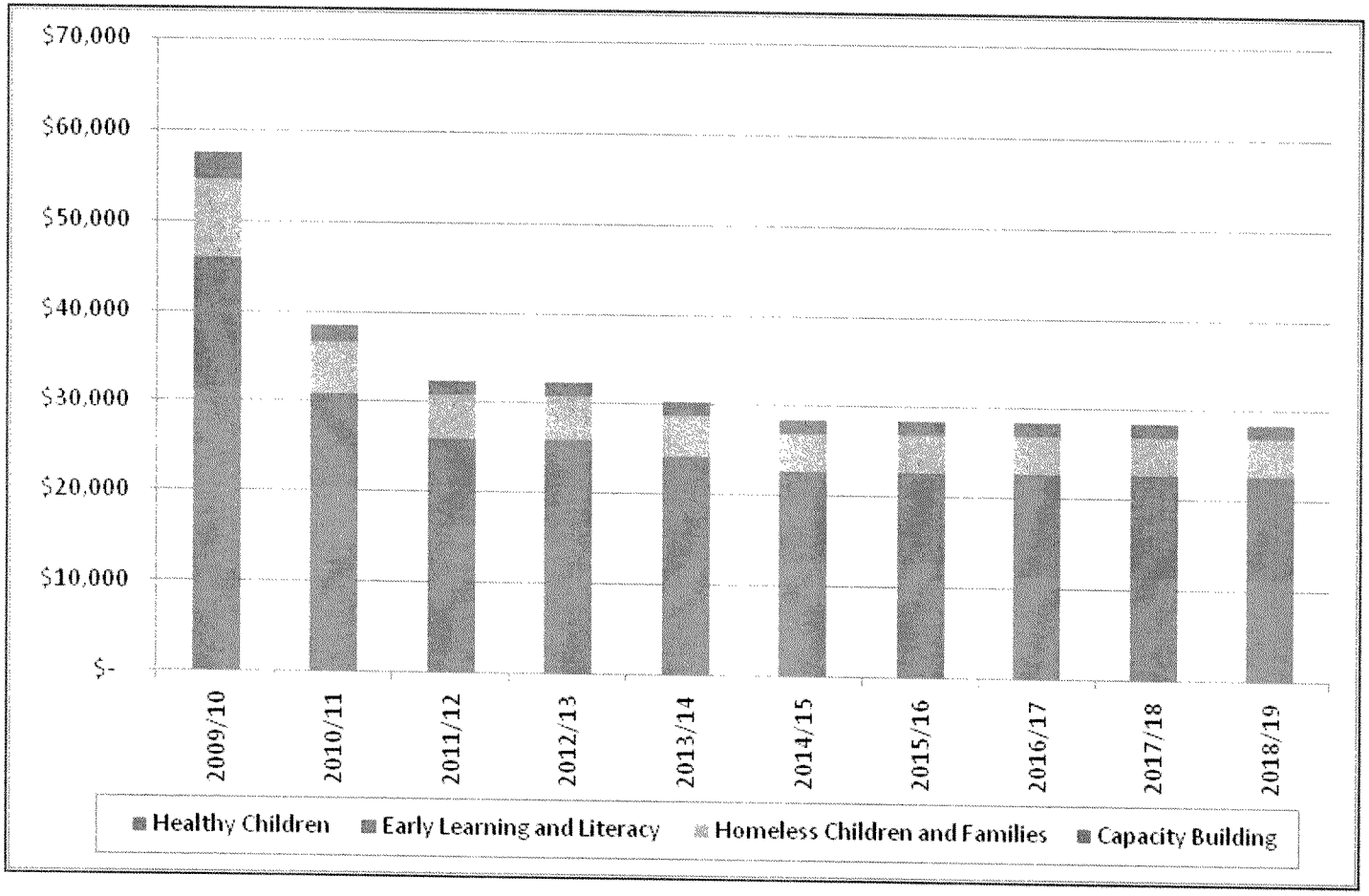
Potential Transition to Expanded Early Learning Investments



Total annual funding would decline consistent with LTFP. Early Learning share would increase at intervals to reach comparable funding with health by FY 2017.

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Bridgespan Recommendations Objectives & Principles

1. Prioritize serving children most at risk of poor outcomes
2. Direct more resources to support children's early learning needs
3. Enhance evaluation system to focus on select children's outcomes data
4. Shift a greater percentage of funding to catalytic (versus sustaining) activities

Progress on Bridgespan Recommendations

- Targeted Community Investments
  - In partnership with several major funders, including The California Endowment, Commission has been supporting focused investments in poorest parts of Santa Ana through the Santa Ana Building Healthy Community project
    - Commission is providing technical assistance and support for the community-wide planning effort
    - Commission is coordinating efforts to increase investments by multiple foundations and collaboratively prioritize Santa
  - Early Literacy pilot expansions are focused on Santa Ana

Progress on Bridgespan Recommendations

- Early Learning Expansion (Approximately $1 million/year)
  - Commission is currently funding two pilots in Santa Ana to expand early literacy and math
    - Two pilot early literacy programs in partnership with Think Together
      - Raising a Reader
      - Family Literacy
    - MIND Institute developing a demonstration project to pilot early math literacy program with pre-school aged children
  - National summit being convened in February 2010 to highlight linkages among early childhood investments and closing the gap in the national shortage of engineering and science disciplines

Progress on Bridgespan Recommendations

- Evaluation System
  - Commission approved the selection of Mosaic as the vendor at its October meeting
  - New system will have enhanced "dashboard" and geo-coding reporting to facilitate better analysis of data and decision-making
  - Measures reflected in Strategic Plan have been updated to reflect a core set of key indicators that will be tracked by each of the Commission's goals to monitor specific trends.

Progress on Bridgespan Recommendations

- Catalytic Investments
  - Commission staff continues to work with 13 school districts impacted by the loss in State First 5 funds:
    - Of the current 5,002 of 3 to 5 year olds served through comprehensive programs, a sustainable strategy have been identified for all but 1,044. Commission has historically leveraged $35 million annually.
    - Commission continues to fund enhanced services (e.g., health, literacy) for children now in programs primarily funded by other sustainable sources
  - Provides technical assistance and matching funds to leverage American Recovery and Reinvestment Act (federal stimulus) and other funding. Successes to date:
    - $3.4 million for Early Head Start expansion in low income communities; $1.7 million specifically in Santa Ana
    - $1 million in Capacity Building Support for agencies serving children and families in Orange County
    - $1.7 million in Santa Ana of Federal Empowerment Zone funds to dedicate a center for future preschool services

2009 Conditions of Children

Key Updates

- Economic (2007/08 Data from 2009 Community Indicators Reports)
  - Free or Reduced School Meals
    - Anaheim and Santa Ana school districts have the highest rates , 81 and 80 percent respectively. Santa Ana had an increase from 75% in 2006/07
  - Caseload Growth
    - Medi-cal enrollment grew 3% per year, Healthy Families rose 8%
    - Population Receiving Food Stamps increased by 7.5% from 2006/07 to 2007/08
  - Unemployment Rate
    - 2007 – US 4.5%, Calif. 5.3%, OC 3.9%
    - 2009 (current) 9.5%, Calif. 12.0%, OC 9.4%
- Health Indicators
  - Childhood Obesity
    - Between 2002 and 2007, increase in the percent of overweight children in Orange County for all three age groups (0 – 4, 5 – 11, 12- 19).
    - In 2006 and 2007, the percentages returned to the 2002 level for the 5 – 11 and 12 – 19 year old age groups, while the percentage for the 0 – 4 year old age group dropped below the 2002 levels (15.4% to 13.5%)

2009 Conditions of Children
Key Updates

- Health Indicators (Continued)
  - Birth Outcomes
    - Between 1998 and 2007, the number of Orange County resident births that were low birth weight rose 13.4% and the percent of low birth weight births went up a full percentage point from 5.5% to 6.5%.
    - The infant mortality rate decreased to 4.2 per 1,000 live births in 2007 and met the Healthy People goal of 4.5 (it was 5.1 in 2006).
  - Immunizations
    - There was an increase in the percent of children adequately immunized by age 2 in OC from 66.0% in 1999 to 76.9% in 2008. However, there was a decrease of 2.5% from 2007 to 2008
- Early Learning /Education
  - English Language Learners students were 30.3% of the County student population in 1999/00 compared to 27.9% in 2008/09.
  - Districts continue to make gains in API, now over half (51%) made the API target; Anaheim, Santa Ana continue to be lowest performing schools

Bridgespan Group Strategic Assessment
Key Principles and Recommendations

- Michael Perigo, Bridgespan Group
  - Review of Strategic Assessment – Guiding Principles
  - Recommendations
  - Discussion

Birth Record Data
Attachment 2

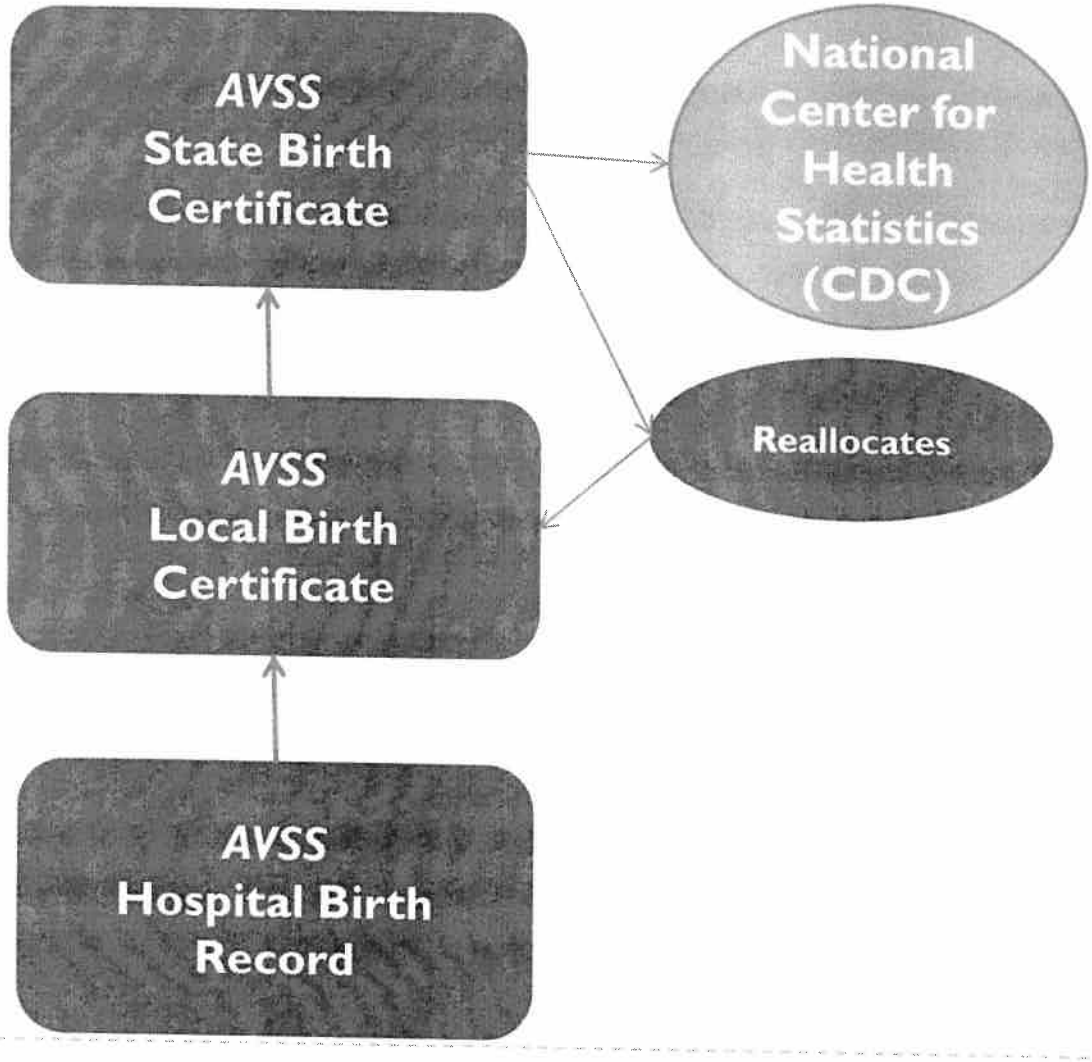
Automated Vital Statistics System (AVSS)

- AVSS was developed at the University of California, Santa Barbara, to automate birth certificates and other public health records.
- California hospitals, local registration districts and the California Department of Public Health use this internet-based system to produce birth certificates and register the paper documents.
- AVSS enables hospitals and public health agencies to establish and maintain electronic databases containing all birth certificates that have been registered in California over the last decade.
- AVSS has significantly improved the timeliness and accuracy of the information collected on the birth certificate by automating production at the hospital of birth.

AVSS Features

- Birth data is collected at hospital by birth clerks and birth certificates are entered at the hospital in AVSS
- Hospital data is transferred to the county AVSS database and paper birth certificates are mailed to county for local file number (OC Health Care Agency)
- Electronic "re-allocation" occurs daily among jurisdictions using AVSS (i.e., Babies born out-of-county are "re-allocated" to mother's county of residence)
- County AVSS data is transferred to state AVSS system and paper birth certificates are mailed to state for state file number (CA Department of Public Health – Center for Health Statistics)
- Birth Certificates from non-AVSS jurisdictions and out-of-hospital births are key entered into state AVSS and also re-allocated to local systems
- Out-of-state births are entered into AVSS at the state level
- Birth Statistical Master File is released to local jurisdictions and National Center for Health Statistics 18-20 months after the start of the calendar year (e.g., 2008 birth data released in September 2009)

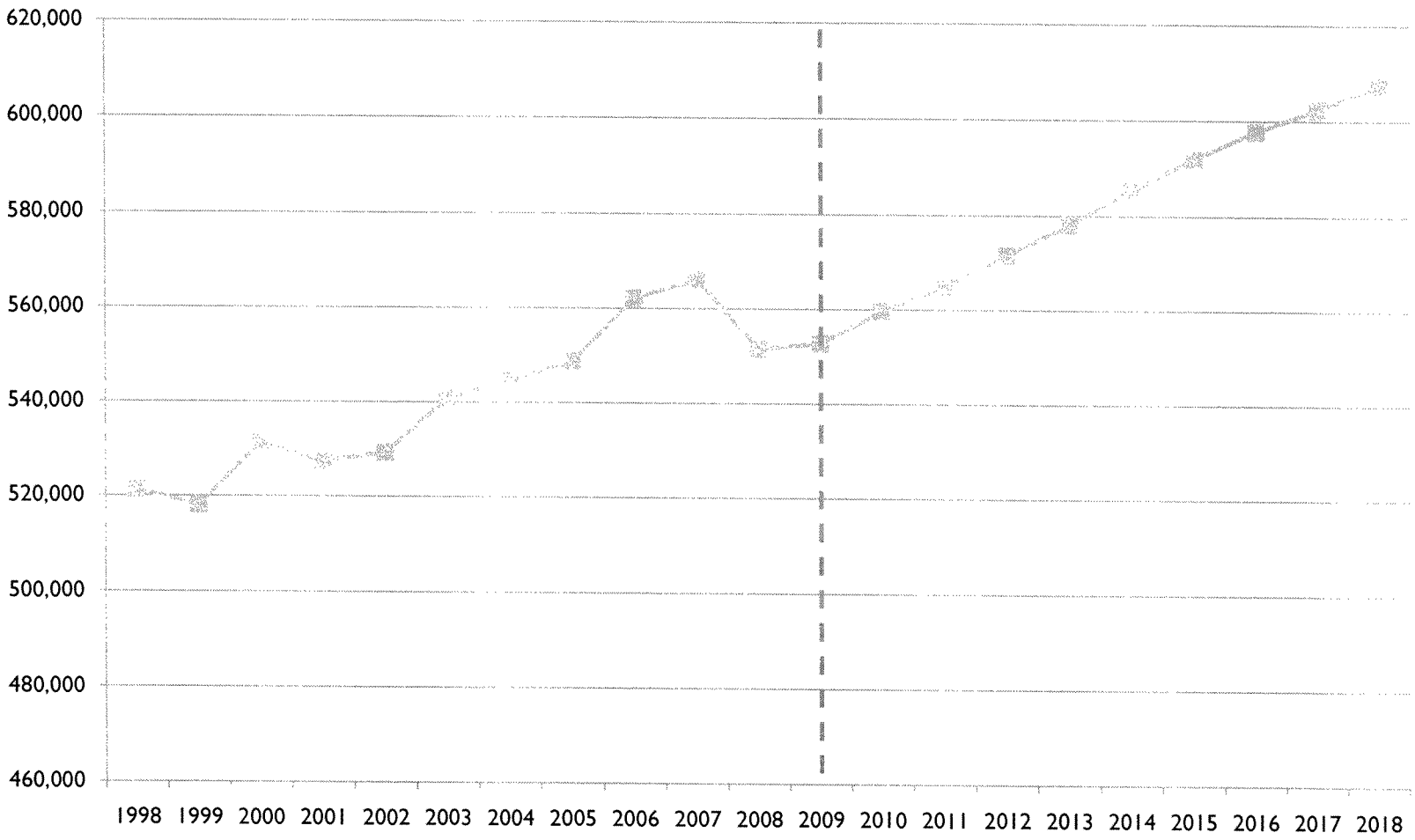
Birth Record Data Flow



Data Quality and Accuracy

- Hospital
  - Mothers are asked to review, verify and sign data on birth certificate
  - AVSS system contains automatic "checks" to ensure data entered is within acceptable data range and verifies completeness
  - Birth certificate process is used by 90% of mothers to obtain Social Security Number for baby
- Health Department
  - Electronic birth records are compared to and verified by scanned paper birth records
  - Birth data adheres to standardized format outlined by California Birth Certificate Electronic Submission Requirement
- State
  - Electronic birth records are compared to and verified by scanned paper birth records
  - By law, families are required to register the birth of a child within 10 days of the birth. Any birth registered on or after the child's first birthday must be processed by the Office of Vital Records (OVR) as a Delayed Registration of Birth with a fee
  - State analyzes birth data trends, verifies anomalies with local registration districts, and responds to inquiries from National Center for Health Statistics

Actual and Projected Births in California



Note: Births are projected for 2009 – 2018 (Source - actual births: California Department of Public Health; projected births: Department of Finance, September 2009.)

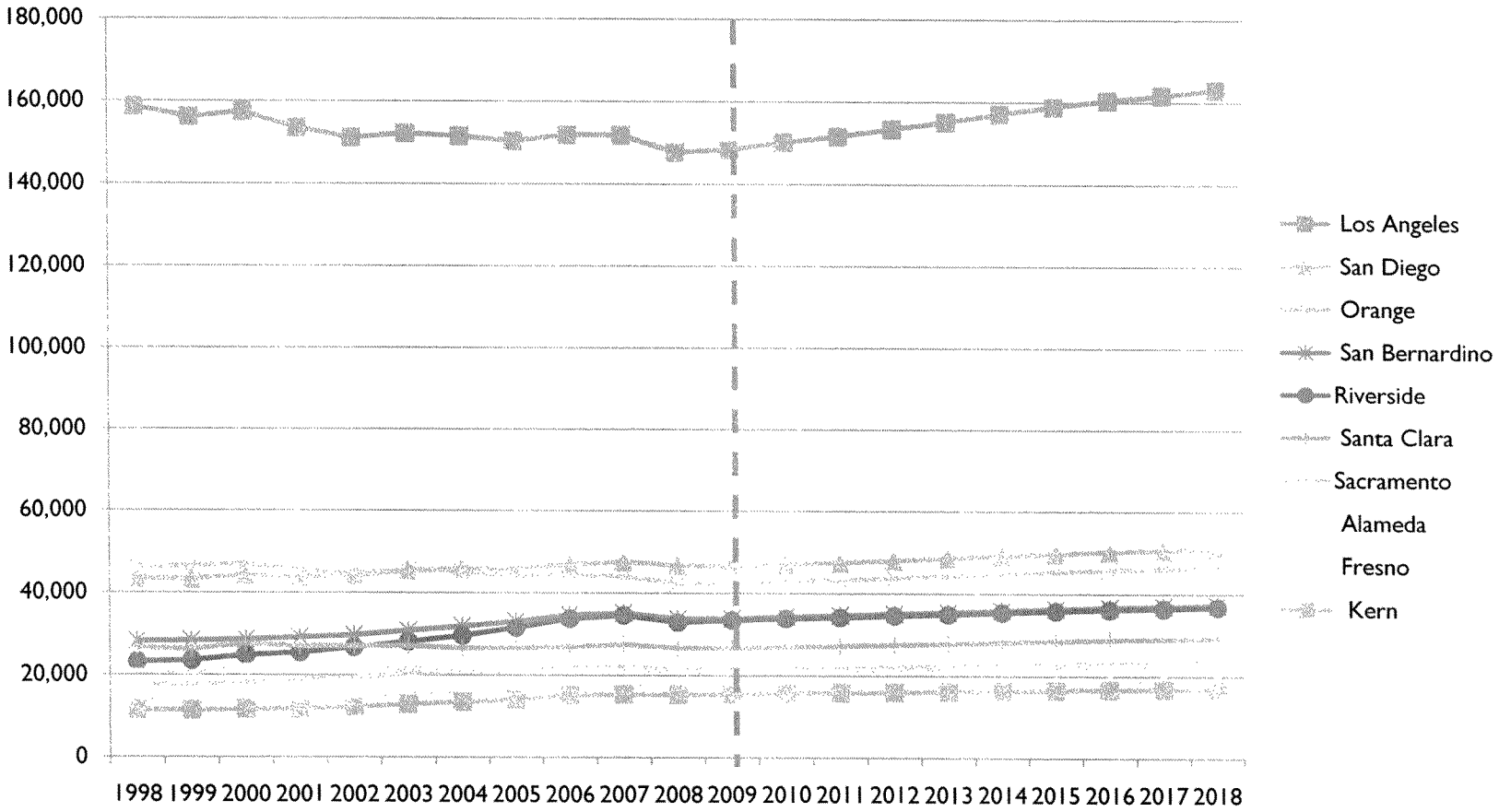
Projected Changes in Births by County

- From 2009-2018, increases are projected in both the number and percentage of births for 57 of the state's 58 counties (Alpine will hold steady over the decade).

- The highest increase in number of births is over 15,000 for Los Angeles County (to total about 163,000 annual births). The second- and third-ranked numeric gainers will be San Diego County, adding over 4,200 (to total 50,983 by 2018), and Orange County, gaining over 4,000 births (to total 46,511 by 2018).

- 11 counties (about 20 percent) will grow by 12-14 percent in annual births by 2018, with Sierra heading the list at 14.1 percent (to total 25 in 2018).

Actual and Projected Births in Top 10 Highest Birth Counties



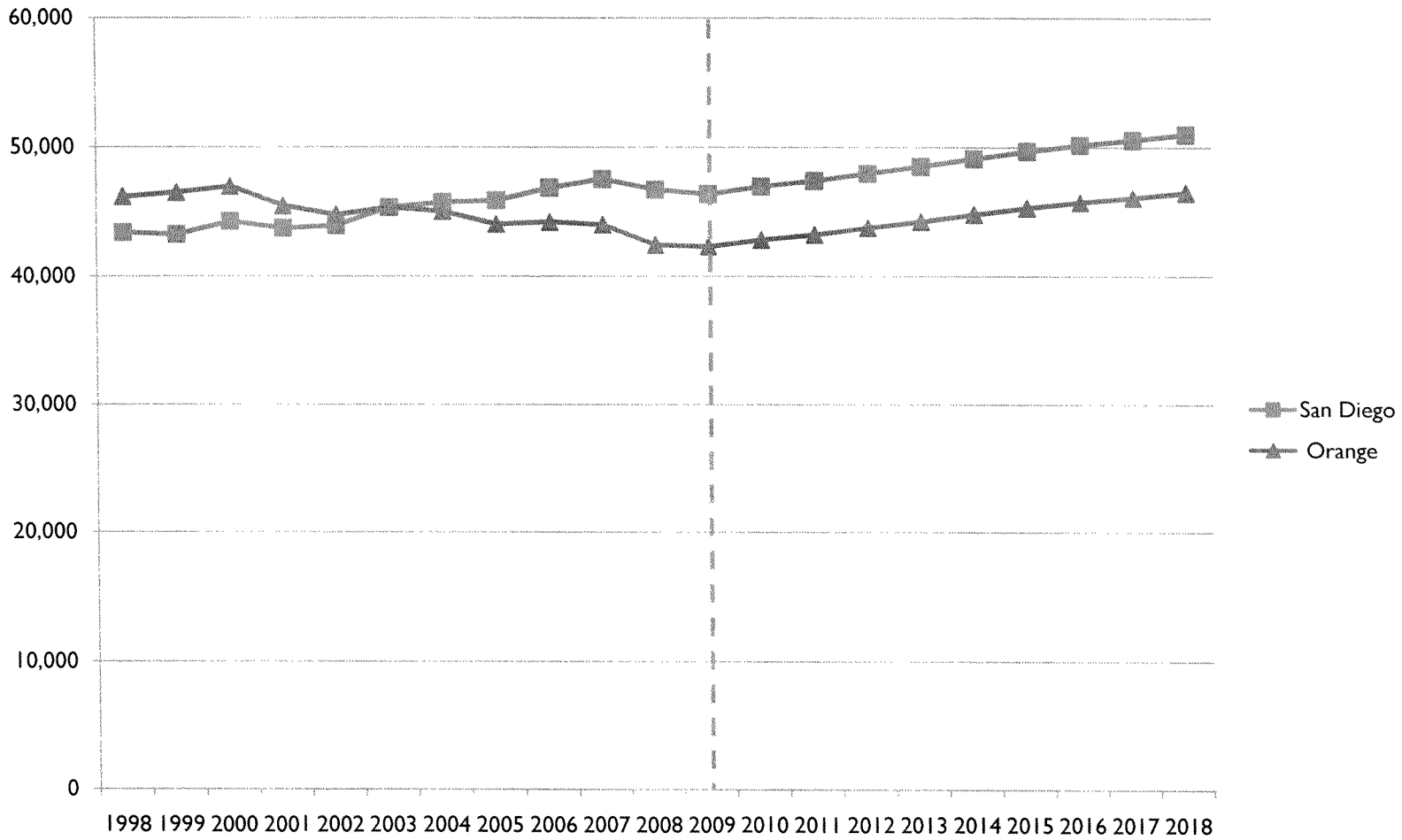
Note: Births are projected for 2009 – 2018 (Source - actual births: California Department of Public Health; projected births: Department of Finance, September 2009.)

Actual and Projected Births in Top 10 Highest Birth Counties

County	Actual Births 2008	Projected Births 2018	No. Births added 2009-2018	% Births added 2009-2018
Los Angeles	147,684	162,990	15,306	10.36%
San Diego	46,742	50,983	4,241	9.07%
Orange	42,456	46,511	4,055	9.55%
San Bernardino	33,788	37,263	3,475	10.28%
Riverside	32,866	36,695	3,829	11.65%
Santa Clara	26,730	29,231	2,501	9.36%
Sacramento	21,389	23,452	2,063	9.65%
Alameda	20,972	22,773	1,801	8.59%
Fresno	16,760	18,500	1,740	10.38%
Kern	15,315	16,934	1,619	10.57%

Note: Births are projected for 2009 – 2018 (Source - actual births: California Department of Public Health; projected births: Department of Finance, September 2009.)

Actual and Projected Births in Orange & San Diego Counties



Note: Births are projected for 2009 – 2018 (Source - actual births: California Department of Public Health; projected births: Department of Finance, September 2009.)

Comparison of AVSS and OSHPD Birth Data

- Office of Statewide Health Planning & Development (OSHPD) birth data includes fewer records than AVSS birth data
- OSHPD reports newborn discharges from hospitals
- Births in locations not reporting to OSHPD
  - Births in Military Hospitals
  - Births in Free-Standing Birthing centers
  - Births at home

2006 AVSS and OSHPD Birth Data and Presence of Military Bases – Top 10 Highest Birth Counties

County	AVSS	OSHPD	% Difference	Military Hospitals Active in AVSS	Military Bases
Los Angeles	158,631	157,580	0.66%	0	1
San Diego	49,389	43,977	10.96%	2	6
Orange	47,952	47,686	0.55%	0	2
Santa Clara	31,111	31,054	0.18%	0	3
Riverside	29,173	29,154	0.07%	0	2
San Bernardino	28,933	26,456	8.56%	2	1
Sacramento	24,835	24,706	0.52%	0	0
Alameda	21,555	21,405	0.70%	0	0
Fresno	18,396	17,547	4.62%	0	0
Kern	14,509	14,441	0.47%	0	2
California	563,522	551,641	2.11%	6	26

Attachment 3A

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Commission of Orange County

The Bridgespan Group

Children and Families Commission of Orange County

Summary of Recommendations

Excerpts from March 5, 2008

This information is confidential and was prepared by The Bridgespan Group solely for the use of our client; it is not to be relied on by any 3rd party without The Bridgespan Group's prior written consent.

Summary of our assessment

- **Health outcomes** for children birth to five in Orange County **are generally quite strong**, with some gaps
- **Education outcomes are poor for significant numbers** of children. By 2nd grade, nearly half of all students are not performing adequately on state tests
- The **Commission has achieved great success to date** in improving outcomes for children, particularly in health. It is viewed by stakeholders as a leader among First 5 organizations due to its strong Executive Director and staff, and its ability to foster innovation and partnerships
- However, **there is pressure to become increasingly strategic with each dollar** given projected declines in funding and the state budget crisis. All stakeholders emphasize the importance of focusing to maximize impact and sustainability
- **CFCOC has the opportunity to increase its impact** by focusing on children most at risk of poor health and education outcomes, investing in more catalytic activities, and evaluating and communicating children's outcomes versus program outputs
- The strength of CFCOC's brand and regard among its peers indicates that, if CFCOC wished to, **it could do even more to lead First 5s** regionally and at the state level
- **To realize these opportunities, the Commission will need to make changes** across the organization, within its programs, strengthen its staff and key processes, and refine its resource allocation across goal areas

Source: Bridgespan assessment. See final recommendation document for additional detail.

Recommendations summary

Objectives and principles

1. Prioritize serving the most at risk of poor outcomes
2. Direct more resources to support children's early learning needs
3. Enhance evaluation system to focus on select children's outcomes data
4. Shift a greater percentage of funding to catalytic (versus sustaining) activities

Portfolio goal area invest-ments – Healthy Children

1. Define primary beneficiary as those with no access to critical services
2. Align programs to prioritize children with no access; support programs for all children only under three specific conditions
3. Invest more in catalytic activities via charging fee for services and developing cost sharing plans with grantees and other funding partners

Portfolio goal area invest-ments – Ready to Learn

1. Define primary beneficiary as those at most risk for poor education outcomes
2. Expand home-based pre-literacy programs significantly
3. Align State and Local School Readiness funds to support children with greatest needs
4. Promote and reward quality by measuring outcomes for children in CFCOC-supported programs, and providing funding only to those that meet quality thresholds
5. Promote common "ready to learn" assessment at Kindergarten

Staff

1. Strengthen the leadership team by identifying a Chief Program Officer and Performance Management and Evaluation Director

Assessments and recommendations focus on three areas

Objectives and principles

- Changes CFCOC should consider across the organization as a whole (we shared a preliminary version of these recommendations on 2/6)

Portfolio goal area investments

- Changes the Commission should consider to its Healthy Children and Ready to Learn goal areas. These changes would align CFCOC's portfolio with the objectives and principles
  - We focus on these areas as they represent 75% of CFCOC's program expenditures
  - As a next step, CFCOC should investigate Strong Families and Capacity Building goal areas

Staff

- Changes CFCOC should consider to key staff positions to most effectively implement the objectives and principles and portfolio recommendations

Objectives and principles recommendations

Recommendation 1: Target program investments to prioritize serving those most at risk of poor outcomes

- Provide more services for children at risk of poor outcomes rather than all children, particularly in Ready to Learn goal area
- Provide services to all children only where serving all is required to achieve outcomes or where program is critical to building community support (this applies to several programs in Healthy Children, for example)
- Concentrate funds increasingly (though not exclusively) in the most needy communities

Recommendation 2: Direct more resources to support children's early learning needs

- Expand programs in the Ready to Learn goal area
- Increase funding for Ready to Learn drawing from long term sustainability fund or unspent cash in the short term, and from current programs based on staff recommendations in the long term

Recommendation 3: Enhance evaluation system to focus on select children's outcomes data

- Orient systems to track children's outcomes across programs
- Streamline data collection, balancing decision-making needs and data consistency needs
- Use data dashboards at the Commission, portfolio and program level to monitor effectiveness and inform decision-making

Recommendation 4: Shift a greater percentage of funding to catalytic (versus sustaining) activities

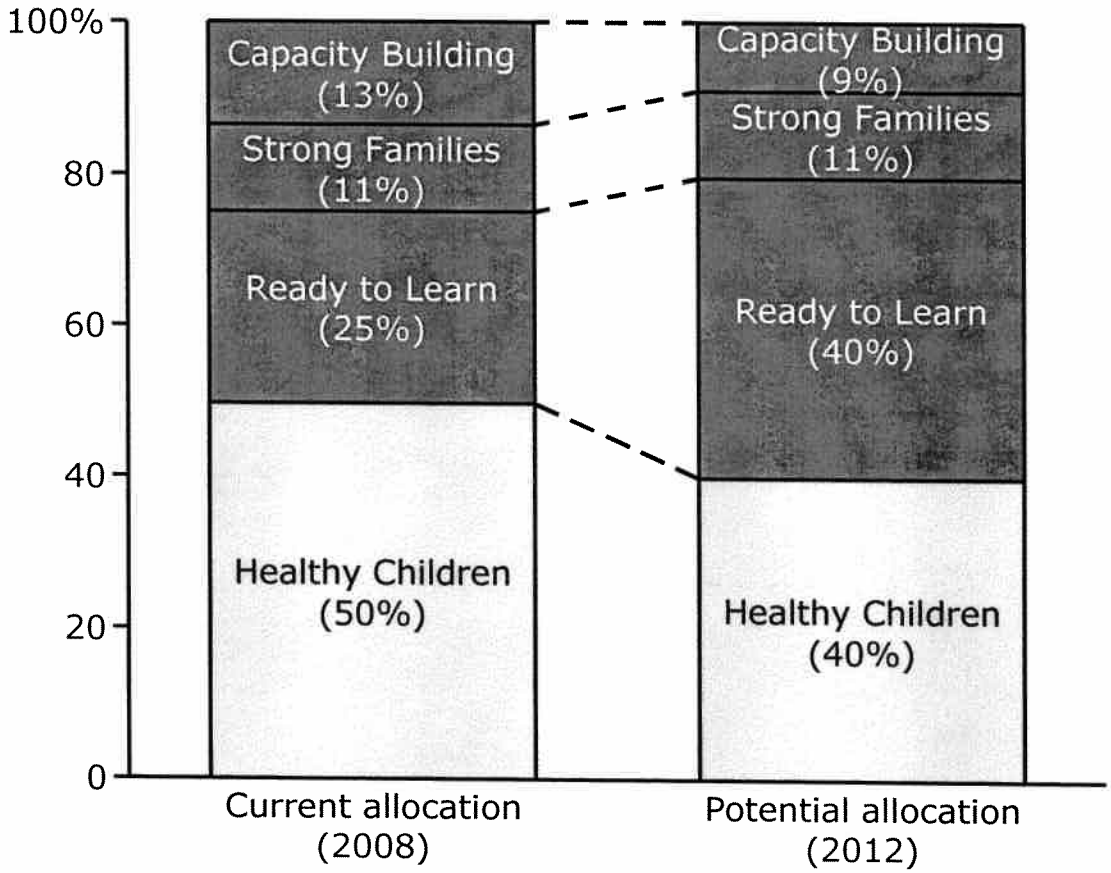
- Aggressively seek to share funding via funding partners or fees for service where appropriate
- Increase best practice sharing across similar grantees to increase impact

ILLUSTRATIVE

To direct more resources to early learning CFCOC could fund Ready to Learn and Health Children goal areas equally

By 2012 CFCOC could rebalance some funds from Healthy Children and Capacity Building to the Ready to Learn goal area*

Potential shift in portfolio



Key assumptions

- Revenue and cost-sharing opportunities exist in Healthy Children goal area
- Capacity Building goal area aligned to support investment in select key communities

* CFCOC staff will finalize financial analysis and make final proposal to Commissioners
Source: CFCOC FY08 adopted annual operating budget; Ten year financial plan May 07; Bridgespan analysis

Healthy Children: Assessment summary and what we've heard from the Commission

Our assessment indicates

- **Health outcomes in Orange County are generally quite strong**. For example, the percent of low birth weight babies and infant mortality rates in Orange County are lower than both California and US averages. Over 95% of Orange County parents report that their children are in good or excellent health
- **There are some health gaps**. For example, almost 20% of Orange County children from birth to four were overweight in 2005, and these rates are increasing rapidly
- The **funding environment for healthcare services is challenging** and is likely to worsen given California's budget crisis
- **Healthy Children targets children that are "under-served"** by the current healthcare system with the goal to ensure families have access to a medical care system that is of high quality and with sufficient capacity to meet their children's health needs
- **Healthy Children programs strive to fill gaps in the medical care system**, by providing screenings, referrals and direct services where these services do not exist or where the Commission believes they do not exist in sufficient quantity

We've heard from you that

- The Commission believes **health is foundational**. A child must be healthy in order to thrive and learn
- The Commission believes that **prevention is critical**. Healthy Children services often focus on early identification of risks such as screening for developmental delays
- Because many services are relatively easy to measure (e.g., number of children immunized), and are delivered by healthcare professionals, the Commission is **fairly confident that funding in this area is not wasted**
- However, the **Commission recognizes its resources are limited and wishes to be sure it is maximizing the impact of every dollar** spent in Healthy Children

Source: Bridgespan assessment. See final recommendation document for additional detail

Healthy Children recommendations (1 of 2)

While Healthy Children programs are strong, there is room to increase impact by prioritizing services to those most at risk of poor outcomes and by funding more catalytic activities.

Recommendation 1: Define the primary beneficiary as those with no access to critical services

- Today, **Healthy Children serves both those who have no access to health care and those who have limited access** (an example of limited access is families who face long wait times or who would otherwise seek services in other counties)
- CFCOC should **define the primary Healthy Children beneficiary as children with no access to critical services.** No access means that without CFCOC's intervention it is probable that these children would not receive critical health care services and would be at high risk of negative health outcomes
  - This group would include low income children and children with special needs or a chronic medical condition without the ability to access adequate care
  - CFCOC should serve individuals with limited access only where doing so is critical to ensuring health outcomes
  - If services are made available to families that have the means to pay for them, CFCOC should ensure these families pay for service

Recommendation 2: Align programs to prioritize children with no access; support programs for all children only under three specific conditions

- The **Commission should support services for all children only under three conditions**:
  - The intervention is critical to strong health outcomes and the children served would not otherwise receive the intervention (an example is areas where there are major gaps in critical healthcare services such as developmental screenings)
  - The Commission believes providing the service to all is critical to maintain community support (e.g., School Readiness Nurses)
  - Data is required from all children to effectively evaluate outcomes
- **Where these two conditions are not met, we recommend CFCOC should align services to prioritize the most vulnerable**
  - For example, Bridges for Newborns provides socio-economic screenings to all children at birth, regardless of income. CFCOC should focus these screenings on the most vulnerable, those families that earn less than 200% of the Federal Poverty Line. These low income families make up nearly 100% of those that are identified as high risk. The Commission should continue providing new parent kits for all assuming these kits provide critical information that every family needs, and families would not have access to the information otherwise

Source: Bridgespan assessment. See final recommendation document for additional detail.

Healthy Children recommendations (2 of 2)

While Healthy Children programs are strong, there is room to increase impact by prioritizing services to those most at risk of poor outcomes and by funding more catalytic activities.

Recommendation 3: Invest more in catalytic activities via charging fees for services and developing cost sharing partnerships with grantees and other funding partners

- Healthy Children has some promising examples of catalytic activities that the Commission can build from (e.g., PHS Developmental Services partnerships)
- However, the assessment suggests that the Commission pays ongoing salaries and operating expenses for some grantees without a clear exit plan or a compelling demonstration that the grantee has been able to increase its impact over time
- Given limited resources, the Commission should seek opportunities to share costs
  - The Commission should price the direct services it supports, charging those who can pay and giving scholarships to those who can't afford it. This will ensure that for those programs made available to all, those families with the means to pay for care share the cost burden with the Commission
  - Develop program sustainability plans to increase cost sharing. Build funding partners into the program planning and implementation process. For example, there may be opportunities to share costs with school district and hospital partners
- Where feasible, the Commission should seek opportunities to move "upstream" to build provider capacity rather than fund ongoing services indefinitely

Source: Bridgespan assessment. See final recommendation document for additional detail.

Ready to Learn: Assessment summary and what we've heard from the Commission

Our assessment indicates

- **Education outcomes are poor for significant numbers of Orange County children**. By second grade, 47% of students are not advanced or proficient on state English Language Arts tests. This achievement gap would affect over 100K Orange County children (47% of the 265K children birth to five)
- **Most of the children that are behind are low income and / or Latino students, and these students cluster** in a limited number of schools and communities. They are less likely than their more advantaged peers to be in formal care settings such as preschool or childcare centers
- Research shows that **children who start school behind struggle to catch up to their peers**. One critical element of school readiness is pre-literacy. Pre-literacy abilities can predict later school and life outcomes
- Data show that **quality early learning interventions can make a marked difference in a child's long term outcomes.** Quality interventions that work share common characteristics like program durations of one or more years, culturally relevant approaches and age-appropriate curricula, deep parent engagement, highly skilled service providers, and small numbers of children per provider
- **Early learning interventions that are low quality do not improve children's outcomes**
- There are **emerging promising early literacy programs specific to Hispanic children,** such as the Commission's HABLA program
- Because there is no uniformly accepted way to measure "readiness to learn" in California nor a standard test administered at Kindergarten, **the Commission does not know how well it is achieving its goal of all children beginning school "ready to learn."** There are emerging promising assessment tools
- While CFCOC has established a strong set of programs, **Ready to Learn services are not fully focused on the most needy and appear to be spread thinly** across a wide variety of issues

We've heard from you that

- The **Commission is supportive of serving early learning needs**
- The Commission could never reach every needy child, therefore the **Commission wishes to invest in programs that will have maximum impact, and leverage other funding sources** wherever possible

Source: Bridgespan assessment. See final recommendation document for additional detail.

Ready to Learn recommendations (1 of 2)

CFCOC can maximize the impact of Ready to Learn by prioritizing those most in need, expanding home-based pre-literacy programs, aligning State and Local School Readiness dollars to the most needy schools, rewarding quality, and promoting a common assessment at Kindergarten.

Recommendation 1: Define the primary beneficiary as those most at risk of poor education outcomes

- Today, Ready to Learn programs serve both very needy children (e.g., HABLA and Special Needs programs), and all children (e.g., Local School Readiness and Kid Builders)
- We recommend that the Commission **define the primary beneficiary for Ready to Learn programs as those most at risk of poor education outcomes**. In Orange County, this would include low income children, many Latino children, and special needs children, among others

Recommendation 2: Expand home-based pre-literacy services significantly

- Research shows that pre-literacy skills are critical to later success and that parents are instrumental to their children's reading ability. Home-based interventions are needed since the most needy children are not in formal care settings (only 42% of all children birth to five in Orange County are in formal care settings)
- The Commission's HABLA program currently serves ~50 families from a single site. CFCOC should **expand home-based pre-literacy services to ~500 – 1000 of the most at-risk families** in a limited number of communities. At this scale the program will have sufficient numbers to demonstrate relevance
- The Commission should **rigorously evaluate program outcomes**, using pre and post intervention assessments, and track children's outcomes in Kindergarten and beyond to demonstrate long term effects
- In order to make this investment catalytic, the Commission should **aggressively seek funding partners**, **carefully select pilot sites** to be most meaningful and representative to key stakeholders, and package and **communicate outcomes and best practices**
- The Commission should consider co-locating pre-literacy programs with other CFCOC services in order to demonstrate the power of comprehensive support for children's needs

Source: Bridgespan assessment. See final recommendation document for additional detail

Ready to Learn recommendations (2 of 2)

CFCOC can maximize the impact of Ready to Learn by prioritizing those most in need, expanding home-based pre-literacy programs, aligning State and Local School Readiness dollars to the most needy children, rewarding quality, and promoting a common assessment at Kindergarten.

Recommendation 3: Align State and Local School Readiness funds to support children with greatest needs

- State and Local School Readiness funds could be more strategically allocated to the most needy. Local School Readiness dollars are distributed among all districts in Orange County. State School Readiness dollars are directed to the 13 lowest performing districts in Orange County, but within these districts there is no requirement to direct dollars to the most needy children
- We recommend the Commission **direct School Readiness funds commensurate with student need by setting an explicit allocation method** that takes into account which districts have the greatest numbers of children failing to achieve adequate outcomes and greatest numbers of disadvantaged students
- Furthermore we recommend that the Commission **set explicit guidelines for the beneficiaries in its School Readiness pre-K programs**, and require that programs report back demographics of those served

Recommendation 4: Promote and reward quality by measuring outcomes for children in CFCOC-funded programs, and providing funding only to those that meet quality thresholds

- High quality early learning interventions, particularly pre-K, have strong evidence of improving outcomes for children. The Commission can have a catalytic effect on improving provider performance in Orange County by rewarding programs that achieve strong outcomes
- We recommend the Commission work with the formal care providers it funds to **set minimum outcomes expectations and ensure providers measure outcomes using emerging assessment tools**. Provide capacity building assistance where warranted, but ultimately provide direct financial support only to those providers who meet minimum quality thresholds

Recommendation 5: Promote a common "ready to learn" assessment at Kindergarten

- A common assessment at Kindergarten will enable the Commission to monitor how well it is achieving the "ready to learn" component of its mission overall, and help determine which Commission-funded programs are most effective

Attachment 3B

Children and Families Commission of Orange County

Compendium of Assessment Findings

Excerpts from March 2008 Report

This information is confidential and was prepared by The Bridgespan Group solely for the use of our client; it is not to be relied on by any 3rd party without The Bridgespan Group's prior written consent.

Compendium of assessment findings

- **Purpose:** This document provides the background data that informed The Bridgespan Group's point of view and recommendations

- **Contents:** The document is arranged into three sections
  - **Community Needs.** Demographic, health and education outcomes for Orange County children
  - **Situation.** Overview of the Commission's current portfolio and key findings from Commissioner and staff interviews and surveys. Compilation of research on where children are currently receiving care and best practice programs
  - **Opportunities.** Data supporting recommendations for increased targeting of programs, increased catalytic investment and improving evaluation systems

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Note: Only selected slides included

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  - Health outcomes for children birth to five in Orange County are generally strong p. 10-16
  - Education outcomes are poor for significant numbers of children p. 17-21
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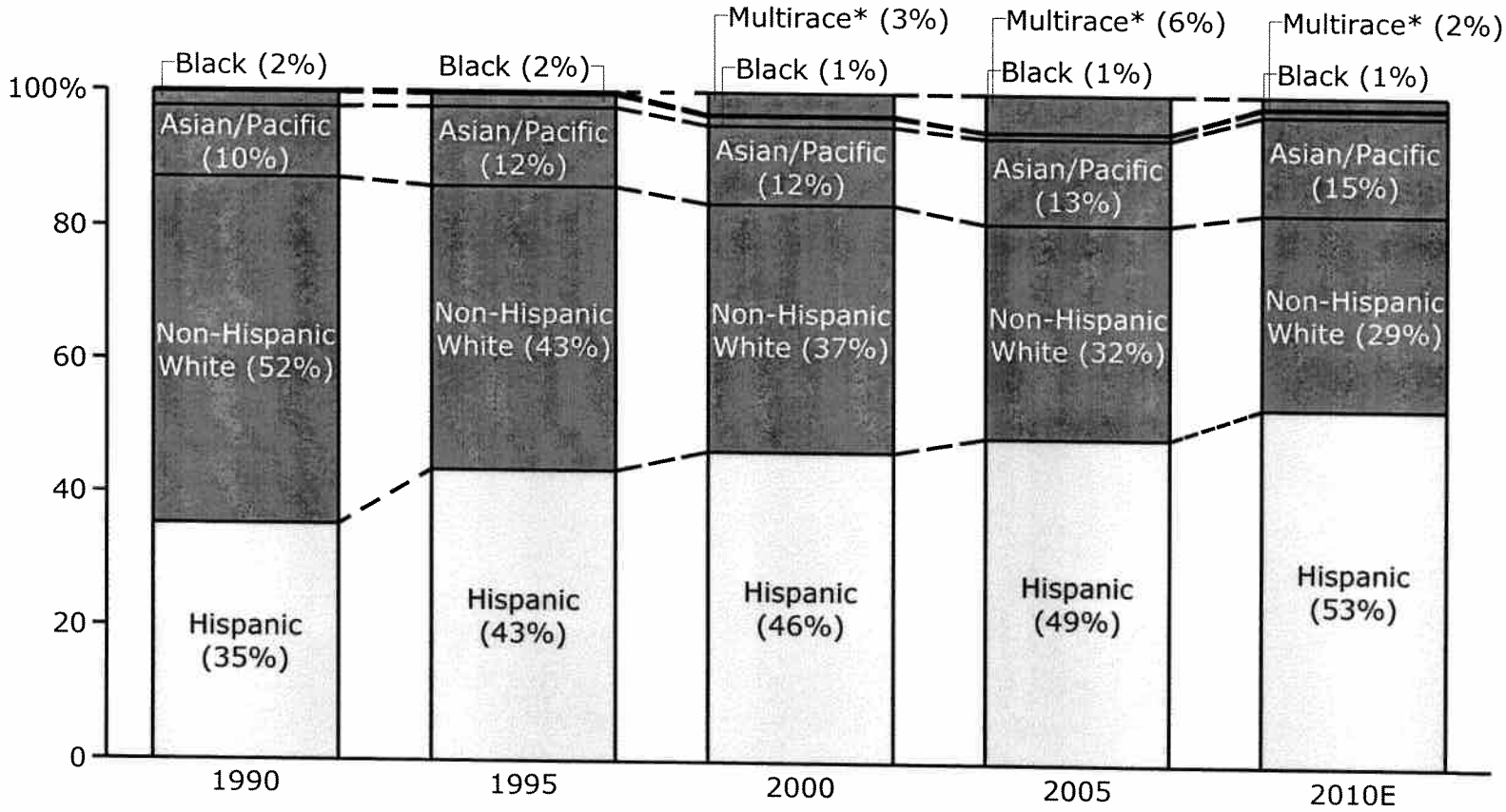
Demographics summary

- Orange County is undergoing a demographic shift
  - Hispanic and Asian children make up an increasing proportion of 0-5
  - Of children in low income households, 70% are Latino
  - Of children where no English is spoken at home, 75% are Latino
- There are increasing numbers of homeless children and families

Orange County demographics will continue to shift: Proportion of Hispanic birth–five year olds projected to reach over 50% by 2010

Orange County children (0-5) by ethnicity

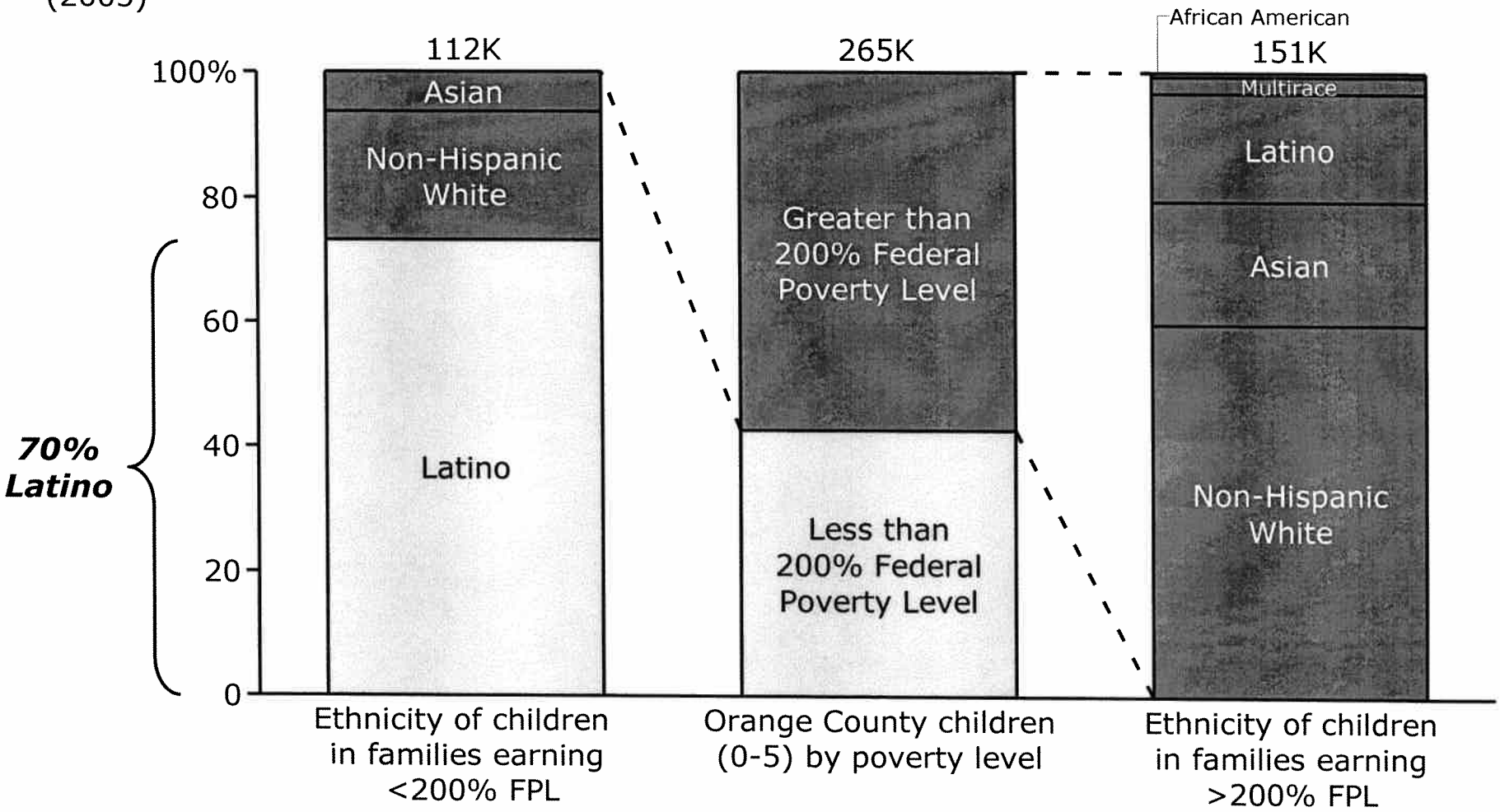


	1990	1995	2000	2005	2010E
Total 0-5 population	228K	284K	262K	265K	275K

*Multirace category was not included in Census race categorizations prior to 2000
Source:US Census Bureau

70% of children in low income* families are Latino

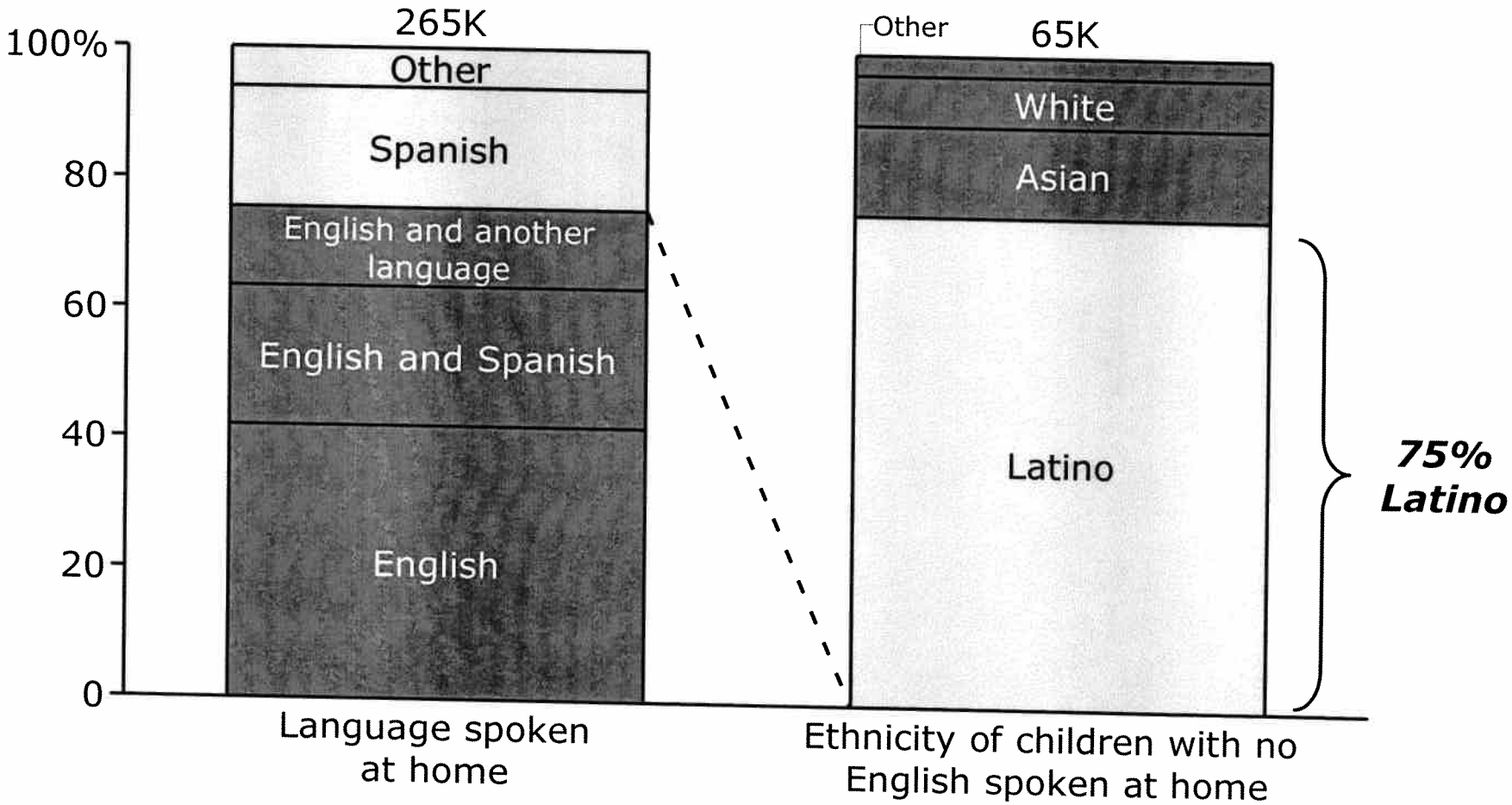
Orange County children (0-5) by federal poverty level, (2005)



*Low family income defined as <200% federal poverty level
Note: Federal poverty levels are determined annually by federal government agencies
Source: California Health Interview Survey 2005

75% of children with no English spoken at home are Latino

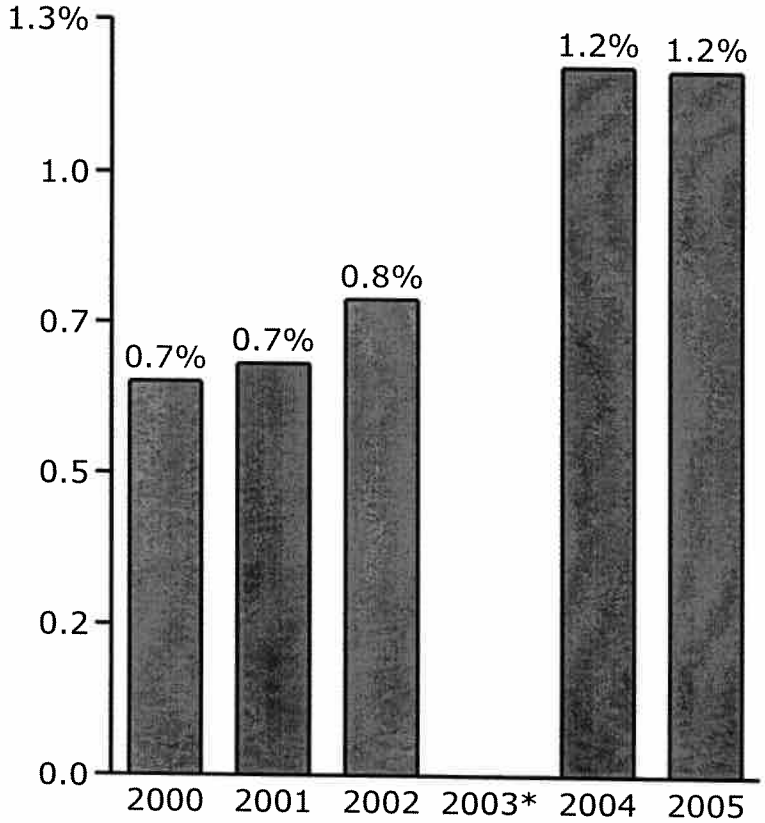
Orange County children (0-5), 2005



Source: California Health Interview Survey 2005

OC homeless population increasing; 70% of homeless are children and families

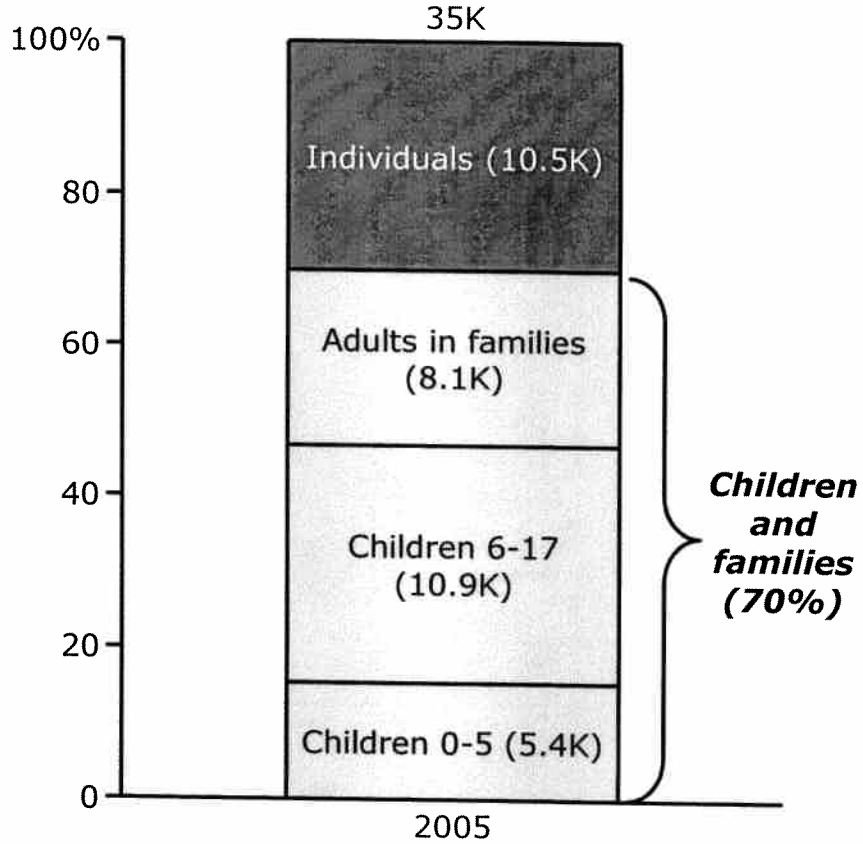
Percentage of OC population who are homeless



Homeless population in OC

2000	2001	2002	2003*	2004	2005
19K	20K	23K		35K	35K

OC homeless population (2005)



*Data not available for 2003
Note: OC homeless estimates include persons served and turned away by local shelters and service providers in addition to chronically homeless individuals
Source: Orange County 2006 Community Indicators, U.S. Census, County of Orange Housing and Community Development Department

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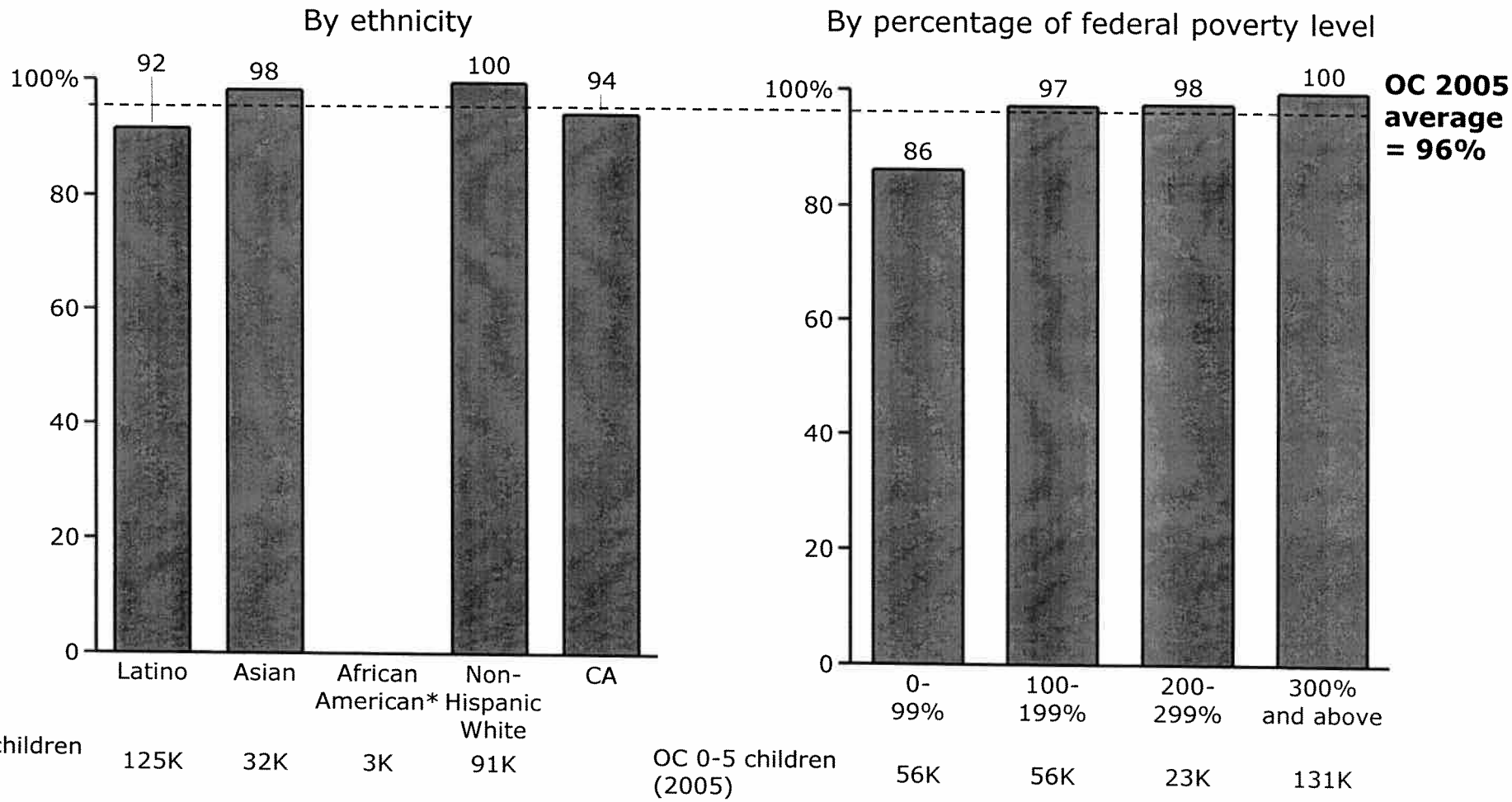
Health outcomes are strong, with some gaps

- For the most part children are born healthy and considered to be in good health through age five
  - High proportion of children birth to five reported in good or excellent health
  - Percent of children immunized by age two increased from 70% to 78% from
  - Infant mortality rate under 4.5% and lower than CA and US average
  - Percentage of babies born at low birth weight below CA and US averages
- However, there are some gaps
  - Black children experience relatively worse health outcomes
  - Obesity rates among all 0-4 year olds in Orange County are increasing rapidly and outpace CA and US

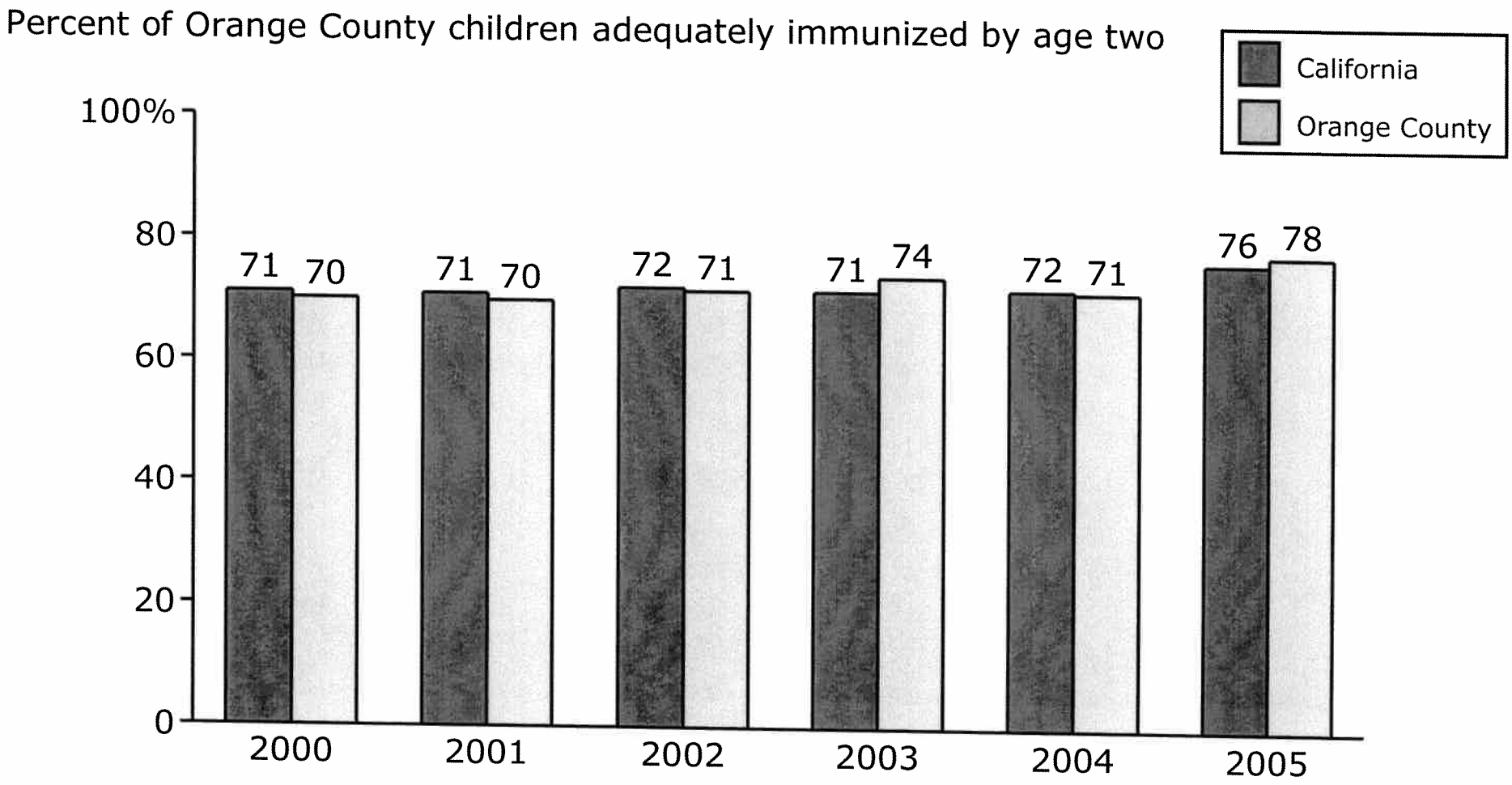
96% of OC children 0-5 reported to be in good or excellent health

Percentage of OC children 0-5 who are reported to be in good or excellent health (2005)



*Data on African American population ages 0–5 not included due to statistically unreliable data; data on multi-race population also not included
Note: Federal poverty levels are determined annually by federal government agencies; Respondents were asked with respect to their child: "In general, would you say your health is excellent, very good, good, fair or poor?"
Source: 2005 California Health Interview Survey; First Five Annual Report 2005/2006

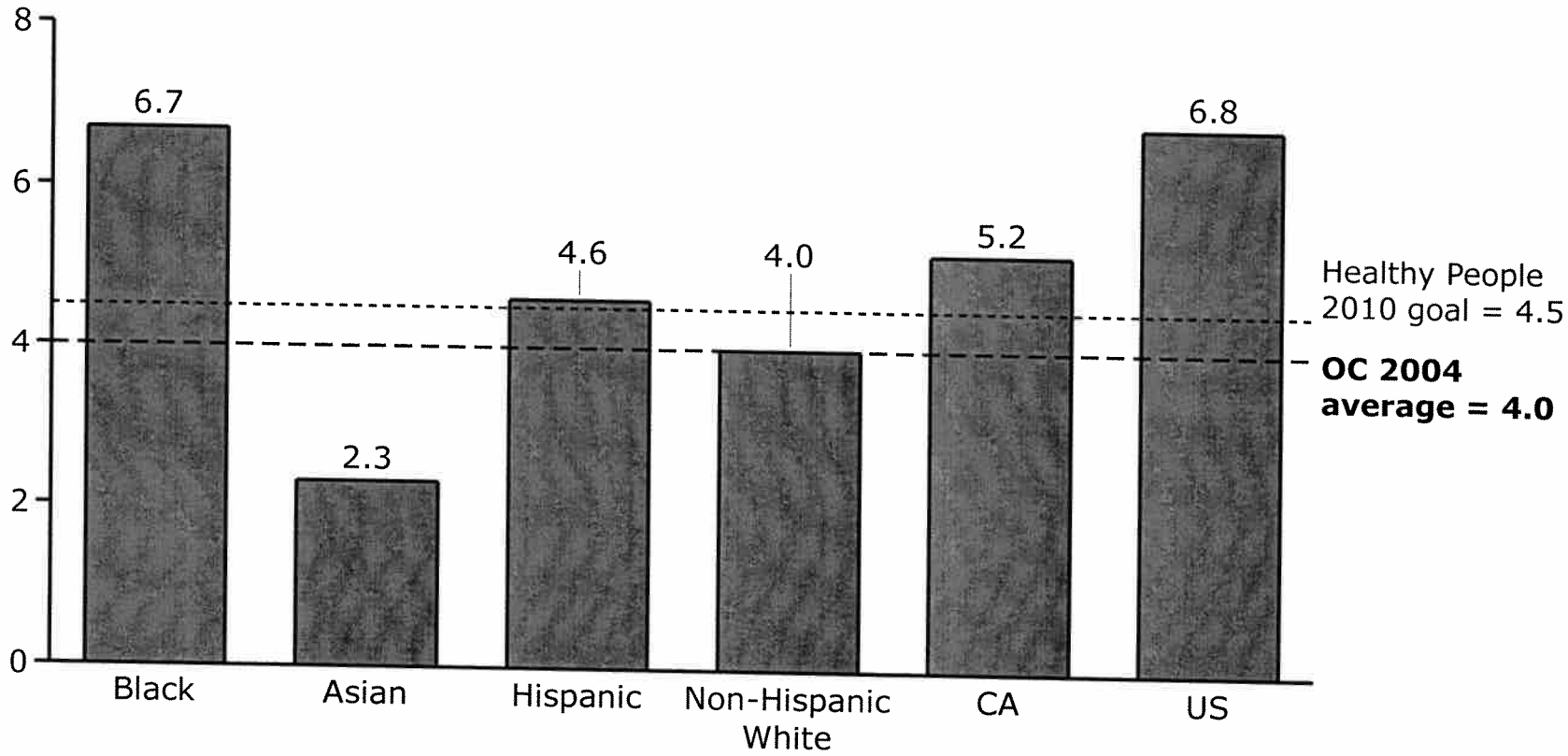
Percent of children receiving adequate immunization has increased



Source: Report on the Conditions of Children in Orange County 2007

Average OC infant mortality meets Healthy People 2010 goal and lower than CA and US

Infant deaths in OC per 1,000
live births by race and ethnicity (2004)

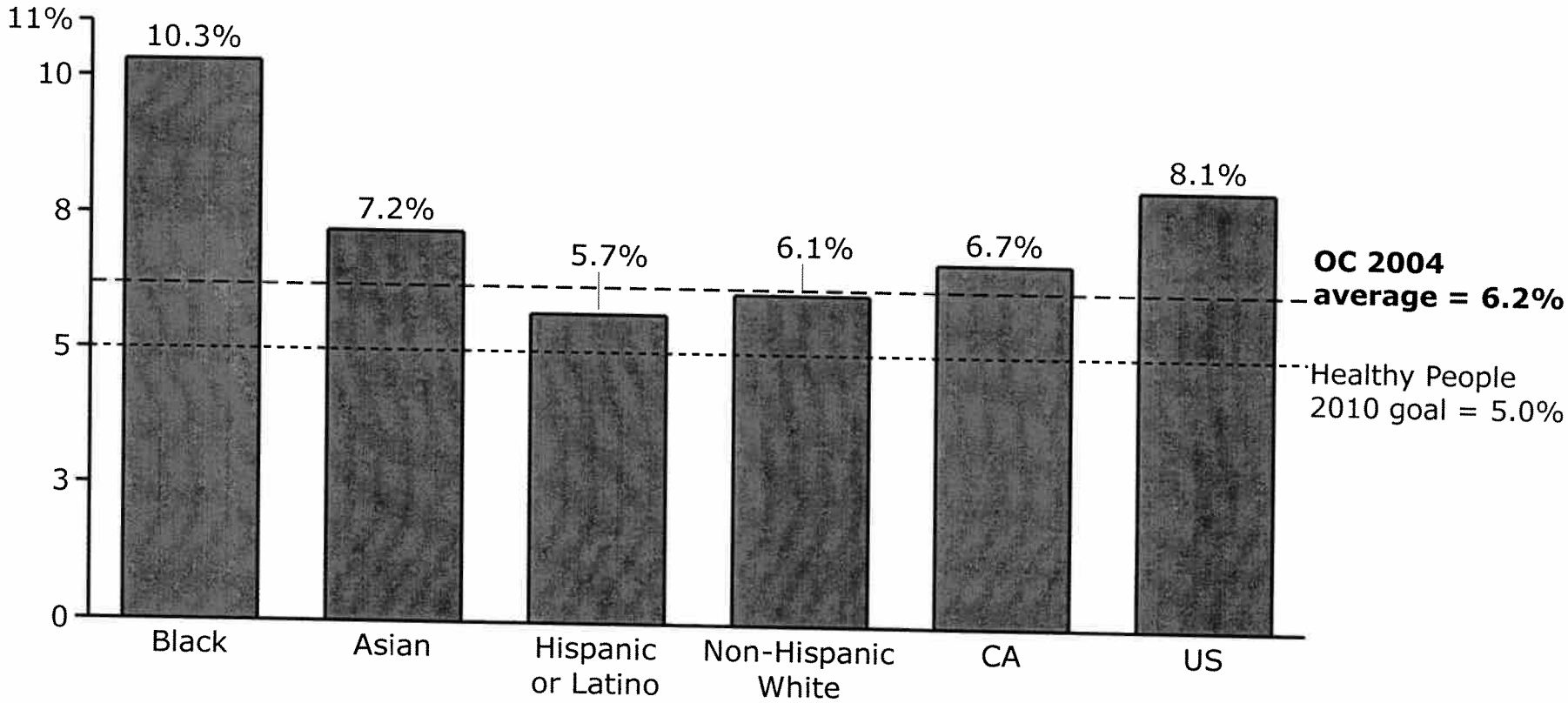


	Black	Asian	Hispanic	Non-Hispanic White	CA	US
OC infants (2004)	0.4K	6.9K	22.4K	14.2K		

Note: Infant mortality is defined as deaths of infants under one year of age;
Healthy People 2010 is a national set of health objectives developed by the federal government
Source: CDC Wonder Healthy People 2010 Database; Report on the Conditions of Children in Orange County 2007;
First Five Annual Report 2004/2005

Percentage of low birth weight babies below CA and US averages

Percentage of OC low birth weight infants
by race and ethnicity (2004)

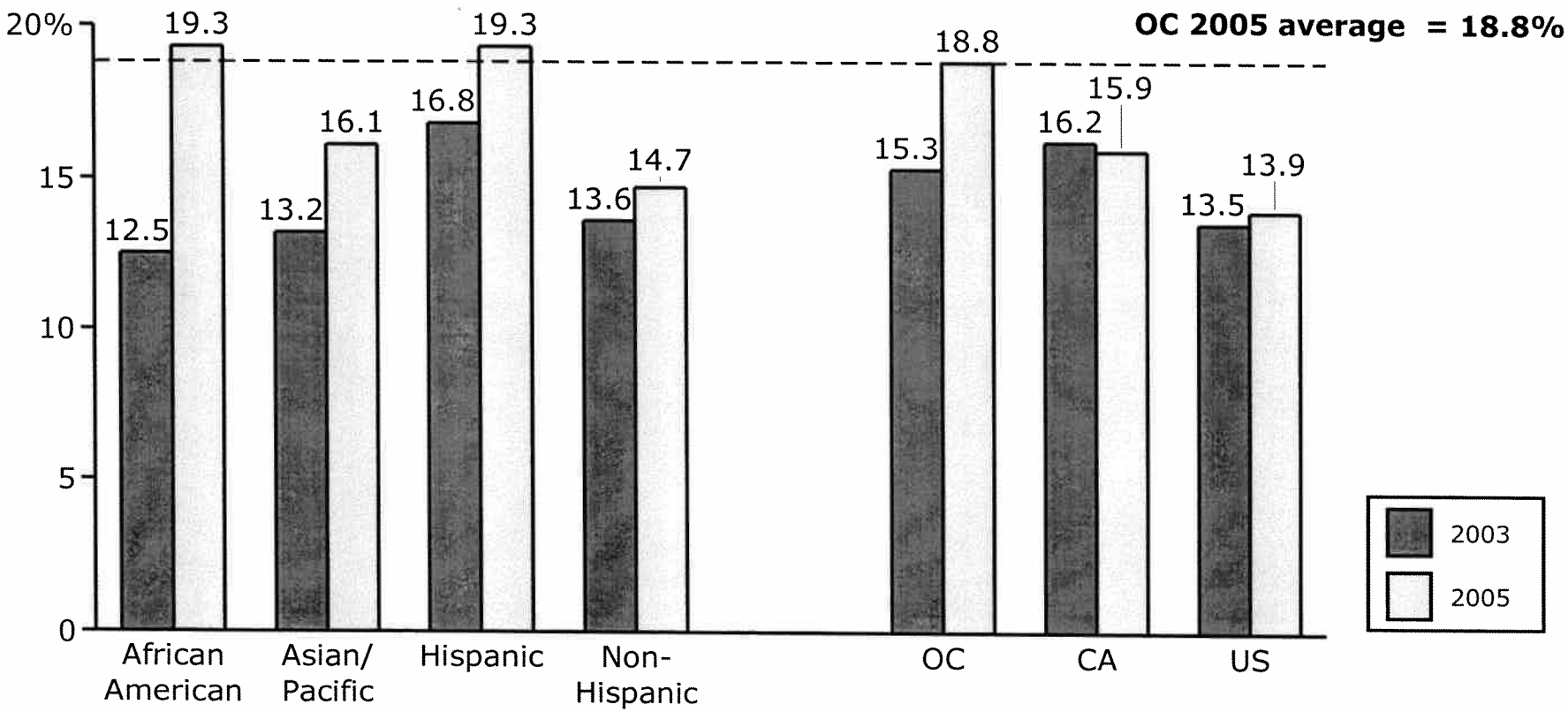


	Black	Asian	Hispanic or Latino	Non-Hispanic White
OC infants (2004)	0.4K	6.9K	22.4K	14.2K

Note: Low birth weight is defined as less than 2,500 grams at birth; Healthy People 2010 is a national set of health objectives developed by the federal government
Source: CDC Wonder Healthy People 2010 Database; Report on the Conditions of Children in Orange County, 2007; First Five Annual Report 2004/2005

Percent of OC children ages 0-4 who are overweight has increased in all ethnicities

Percentage of OC children (0-4) who are overweight by race/ethnicity



	African American	Asian/ Pacific Islander	Hispanic	Non-Hispanic White	OC	CA	US
Annual growth rate (03-05)	24%	10%	7%	4%	11%	-1%	1%
OC 0-4 population (05)	1K	29K	96K	87K			

Note: Overweight is defined as percent of records with weight greater than the 95th percentile on the pediatric growth chart;
Source: Report on the Conditions of Children in Orange County 2005/2007;
California Health Interview Survey 2005

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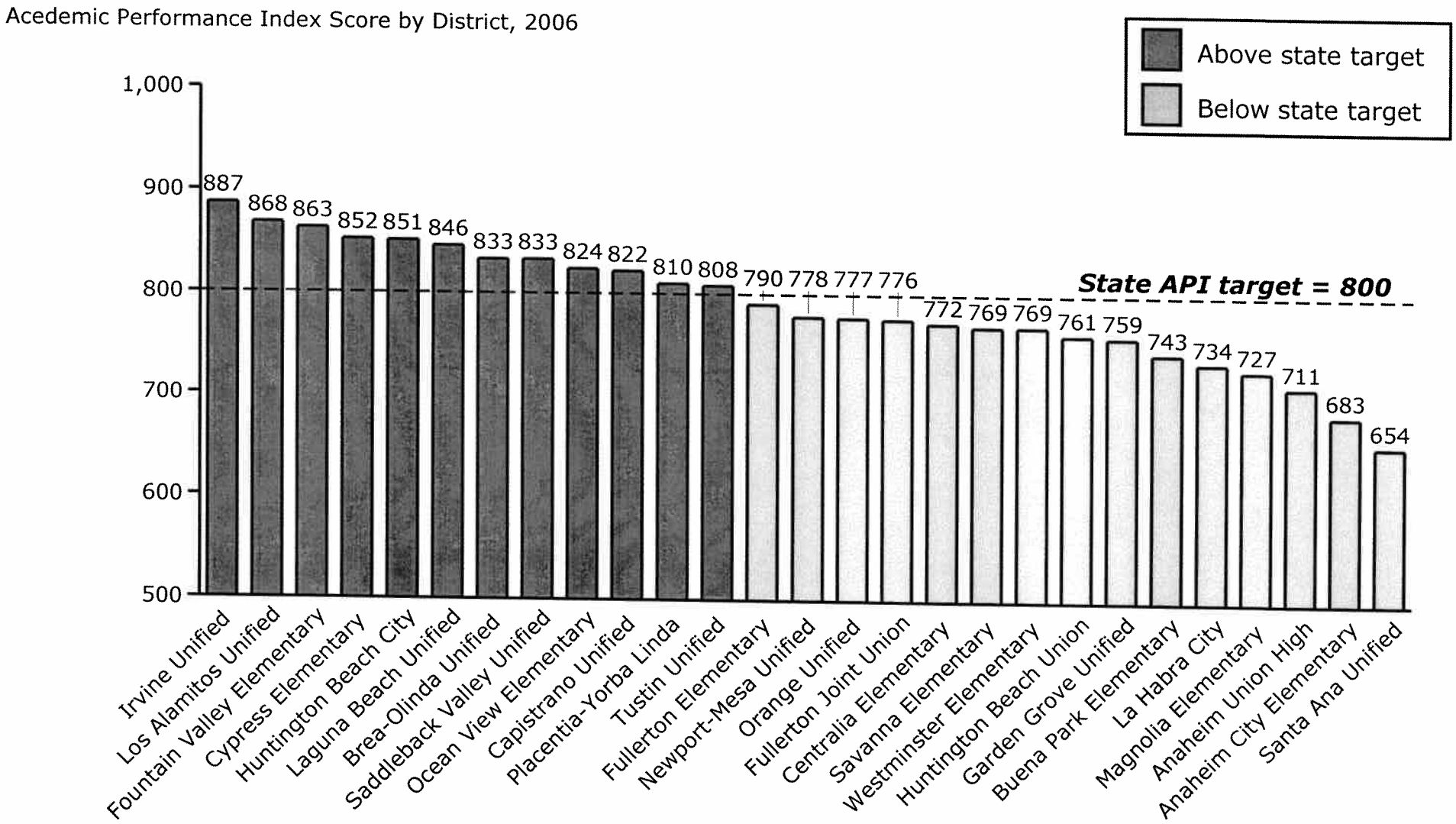
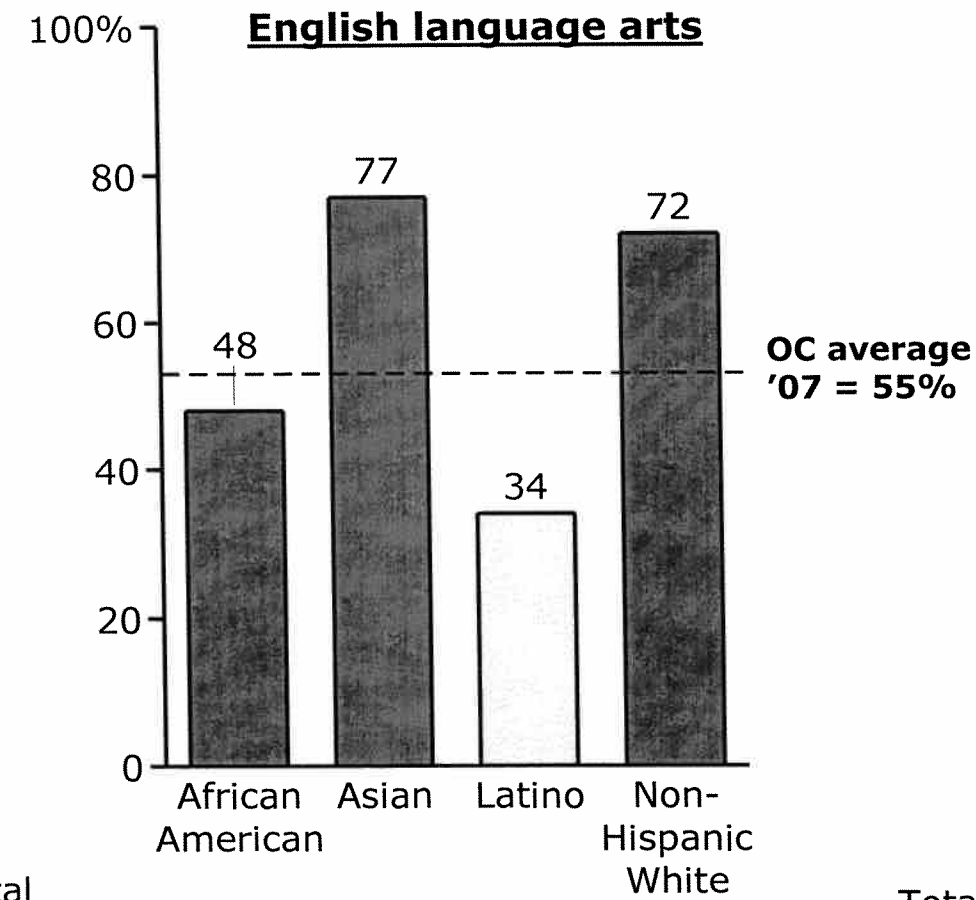
Large range of API scores among OC school districts; more than half below state target



Source: Report on the Conditions of Children in Orange County 2007

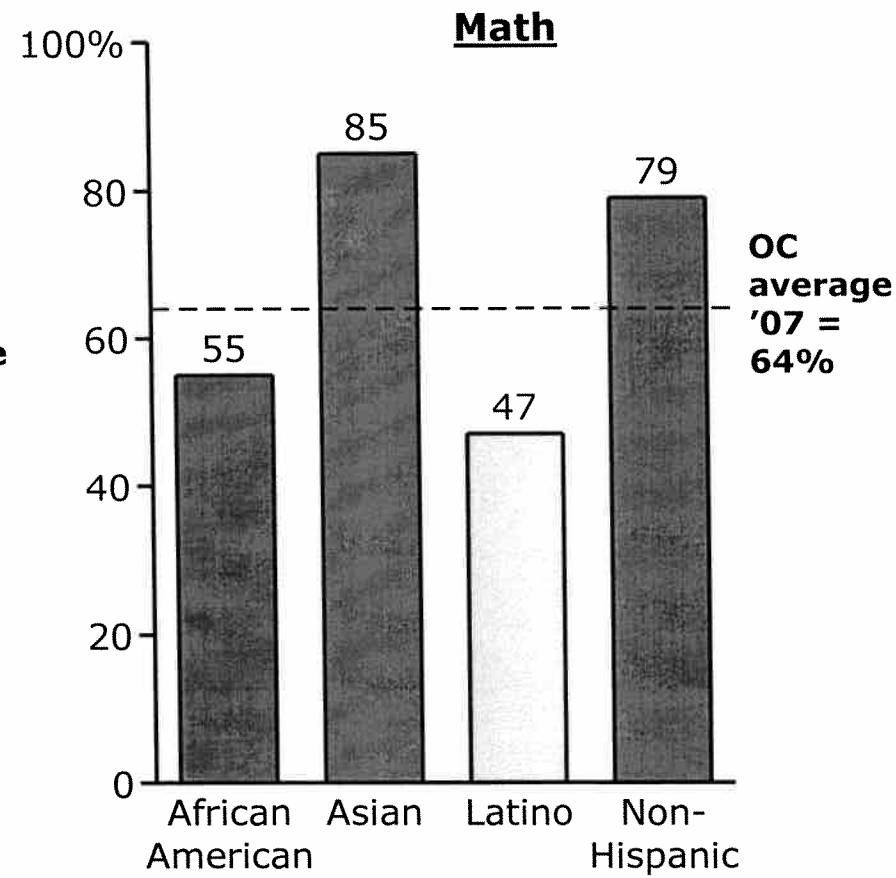
Achievement gaps between ethnic groups are large

Percent of 2nd grade students reaching advanced or proficient in CST (2007)



Total students tested	0.7K	4.8K	17.4K	11.5K

Percent of 2nd grade students reaching advanced or proficient in CST (2007)



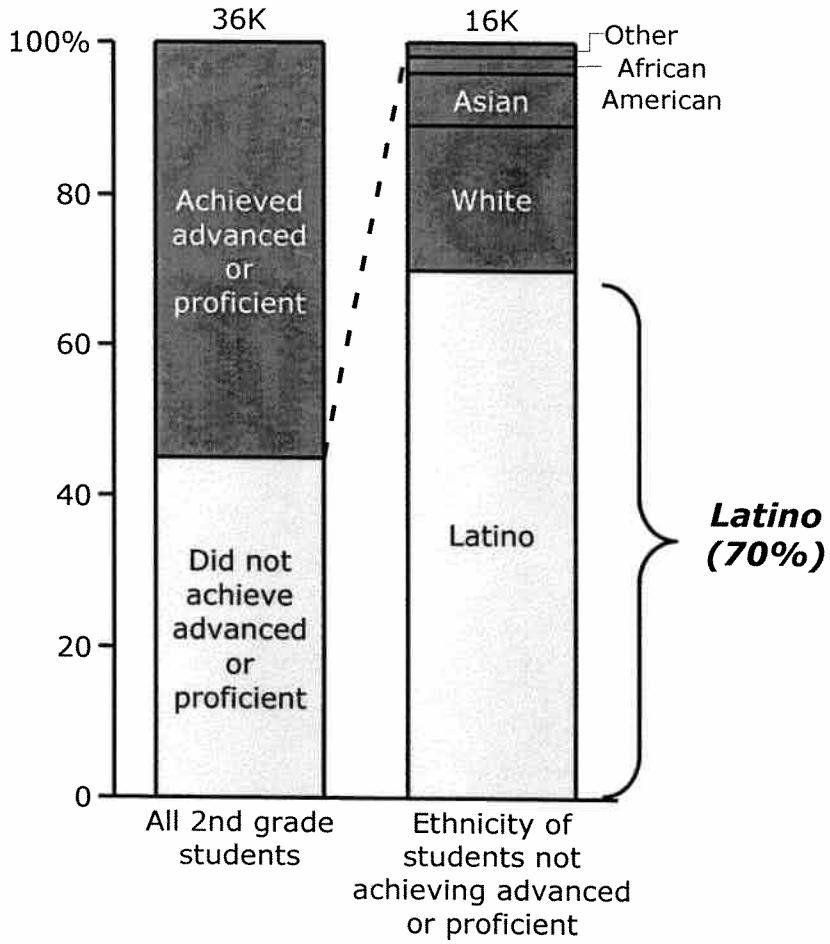
Total students tested	0.7K	4.8K	17.4K	11.5K

Source: California Standardized Testing and Reporting (STAR) Program, 2007

For example, ~70% of students below advanced or proficient are Latino

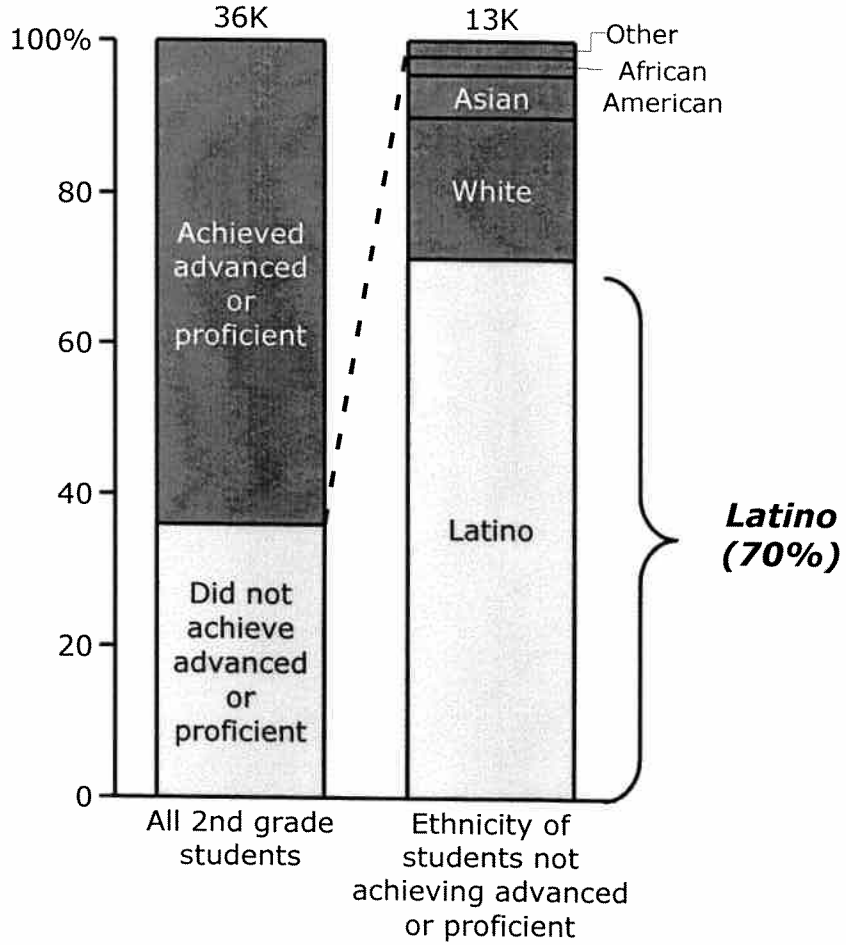
English language arts

2nd grade Orange County students (2007)



Math

2nd grade Orange County students (2007)



Source: California Standardized Testing and Reporting (STAR) Program 2007

Large numbers of OC children are affected by low test scores in English and Math

- Across Orange County 47% (ELA) and 36% (Math) of students did not achieve advanced or proficient in 2nd grade California Standardized Tests
- The 0-5 population of Orange County is 265K

Therefore ~ 125K children are likely to be affected by these results

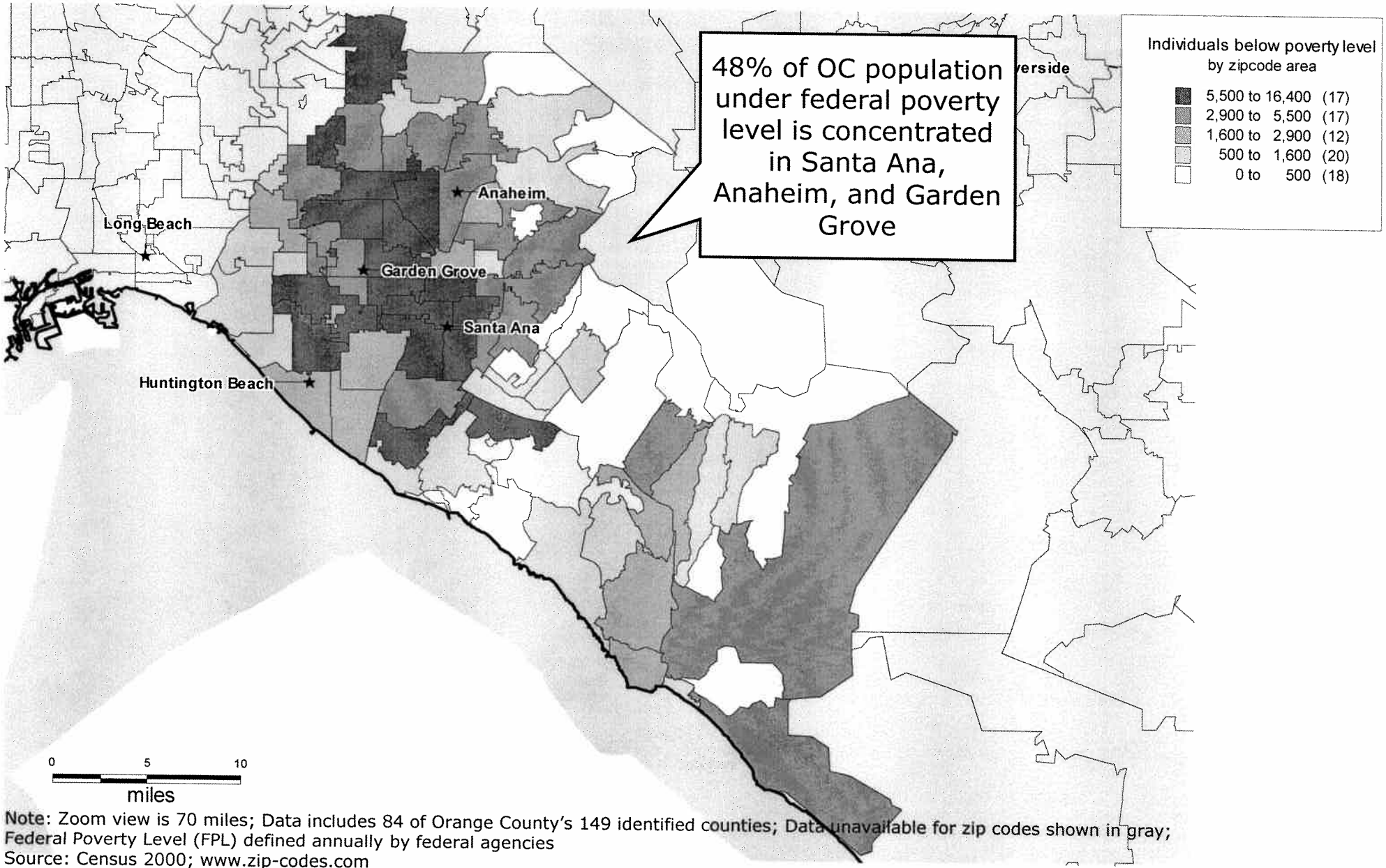
- Of those children, not reaching advanced or proficient, 70% are Hispanic

Therefore ~ 90K Hispanic children are likely to be affected by these results

Opportunity to increase geographic focus

- Almost half of Orange County's low income population is concentrated in just three communities
  - Anaheim, Santa Ana, Garden Grove account for 31% of total OC population, but 48% of low income population
  - More than 50% of socioeconomically disadvantaged kindergarteners are in just three school districts

Almost half of Orange County's low income population is concentrated in just three communities



Note: Zoom view is 70 miles; Data includes 84 of Orange County's 149 identified counties; Data unavailable for zip codes shown in gray; Federal Poverty Level (FPL) defined annually by federal agencies
Source: Census 2000; www.zip-codes.com

Anaheim, Santa Ana, Garden Grove account for 31% of total OC population, but 48% of low income population

	Anaheim, Garden Grove and Santa Ana FPL pop as percentage of total OC FPL pop	Anaheim, Garden Grove and Santa Ana pop as percentage of total OC pop
Santa Ana	23%	13%
Anaheim	17%	12%
Garden Grove	8%	6%
Total	**48%**	**31%**

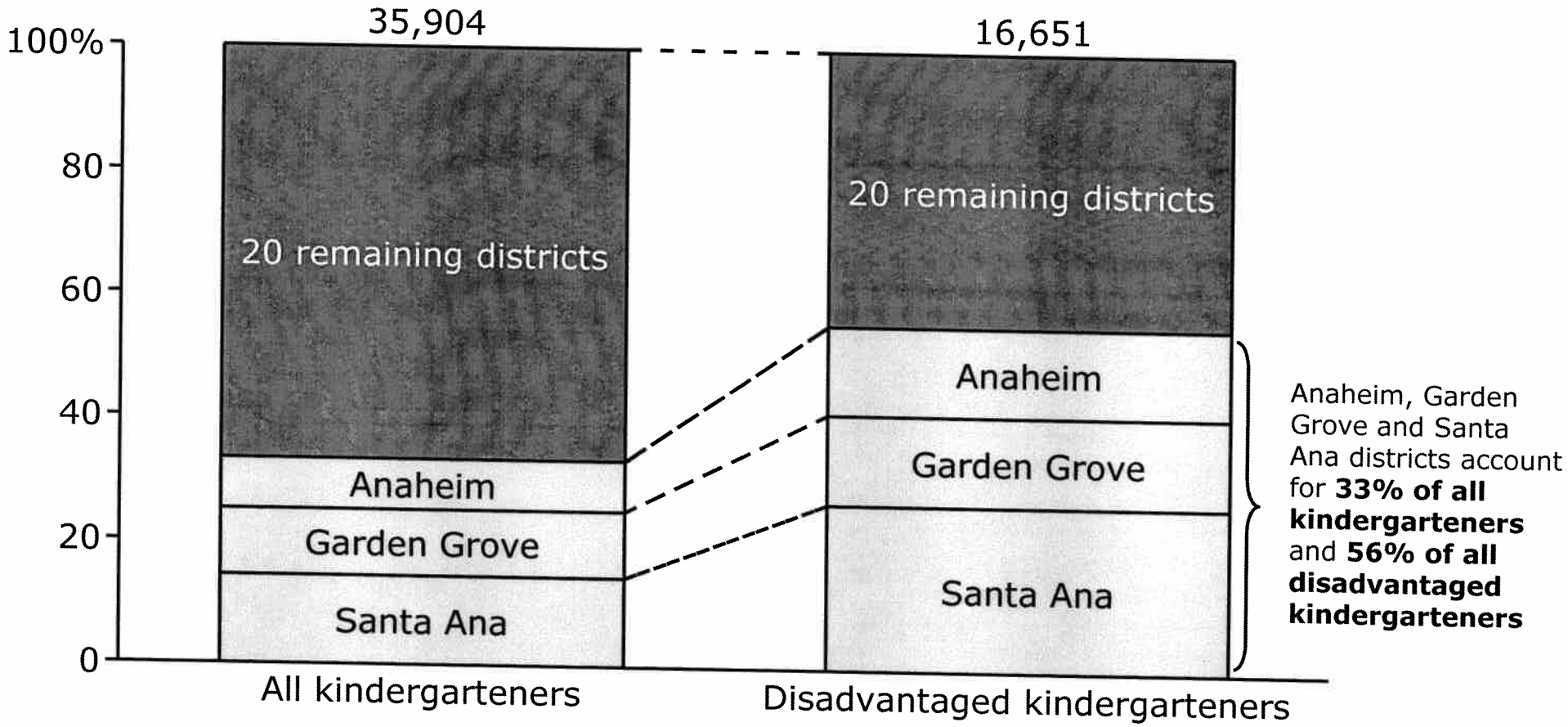
8 of the 10 zip codes in OC with greatest numbers of individuals below Federal Poverty Line are in these same three areas

Zip Code	City	Total zip pop	Individuals below FPL
92703	Santa Ana	70,003	16,329
92704	Santa Ana	91,176	15,304
92701	Santa Ana	58,151	15,044
92805	Anaheim	68,796	13,277
92804	Anaheim	81,317	12,180
92683	Westminster	88,225	11,532
92801	Anaheim	60,541	9,406
92627	Costa Mesa	62,066	9,369
92707	Santa Ana	62,627	9,261
92843	Garden Grove	43,486	8,305

Source: Census 2000, www.zip-codes.com

More than 50% of socioeconomically disadvantaged* kindergarteners are in just three school districts

Kindergarteners in Orange County School Districts (2006)



*CA Board of Education defines student as socioeconomically disadvantaged if neither of the student's parents has received a high school diploma OR the student is eligible for the free or reduced price lunch program
Source: Local School Readiness 2006 Evaluation Report