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CLERK OF THE BOARD
ORANGE COUNTY
BOARD OF SUPERVISORS

**Executive Officers Report
October 1, 2008 Meeting**

DATE: September 22, 2008
TO: Children and Families Commission of Orange County
FROM: Michael M. Ruane, Executive Director 
SUBJECT: **Executive Officer Report**

The Executive Officers Report for October 1, 2008 will include the following items.

A. Informational Items (Report)

1. Financial Highlights (included in Attachment 1)
2. State Association and State Commission Meetings (Attachment 2)

B. State Budget and Legislative Update (Report and Action)

The October Commission meeting will include a status report and related recommended actions in response to recent state budget and legislative developments.

C. Transition of ABCD Constructing Connections Program from Orange County's United Way (Report and Action)

At the September Commission meeting, your Commission approved the transition of the ABCD Constructing Connections program, an initiative designed to increase the number of child care facilities in Orange County, from Orange County's United Way to the Commission. Since that time, staff has been working with the funder for this program (the Low Income Investment Fund – LIFF) and United Way on the necessary implementing actions. Staff will provide a progress report and recommendations if there are any additional actions required.

D. Grantee Budget and Cash Flow Issues (Report)

At your June 4, 2008 meeting, your Commission approved a provisional payment process for grantees in good standing and current in their outcome reporting. We will have a report and any additional necessary actions to address the impact of the economic downturn and state and local funding cuts on the cash flow situation for organizations that provide critical services.

Attachments:

1. Financial Highlights
2. Prop 10 Highlights

FINANCIAL HIGHLIGHTS

August 31, 2008

Investment Update

The Children and Families Commission of Orange County investment portfolio consisting of U.S. Treasury bills is **\$40,216,410.00** with laddered maturities extending through July 2010. The Commission's investment portfolio report is included in Attachment 1C. Unrealized gains and losses that are noted have not become actual. They become realized gains and losses when the security in which there is a gain or loss is actually sold. The U.S. Treasuries in the Commission's investment portfolio are held until maturity.

Revenue Update

The Children and Families Commission of Orange County received and recorded **\$455,407** in total revenues year to date. The detail of all revenues received is included in Attachment 1B.

- \$3,198,051 – Tobacco Tax Revenues for July 2008. As reported by the state, Prop 10 revenues for July 2008 were approximately \$318,051 (reported but not yet received) or 11% higher than the year to date estimated budget plan of \$2,880,000.
- \$397,612 – Interest Revenues received for July 2008 are approximately \$72,612 or 22% higher than the year to date estimated budget plan of \$325,000. The increase in rate of return earned by the Commission's funds on deposit at the County Treasurer has contributed to the higher than expected interest earnings.

Expenditure Update

The total actual operating expenditures and encumbrances year to date are **\$45,070,385**. Overall budgeted expenditures and encumbrances were approximately \$38,957. The variance is due to the reconciliation of provisional payments issued in June 2008 and the implementation of multi-year encumbrances within the general ledger.

The following is an overview of the actual operating expenditures and encumbrances for the year to date ended August 31, 2008:

- \$45,070,385 – Total Year To Date Actual Operating Expenditures and Encumbrances
 - \$42,544,482 for Children's Programs
 - \$27,192,373 – Healthy Children Programs
 - \$3,404,122 – Strong Families Programs
 - \$9,329,196 – Ready to Learn (School Readiness) Programs
 - \$2,618,790 – Quality Services including Capacity Grants, AmeriCorps/VISTA, POMS (Evaluation costs of \$1,654,225)
 - \$2,525,903 for Administrative Functions

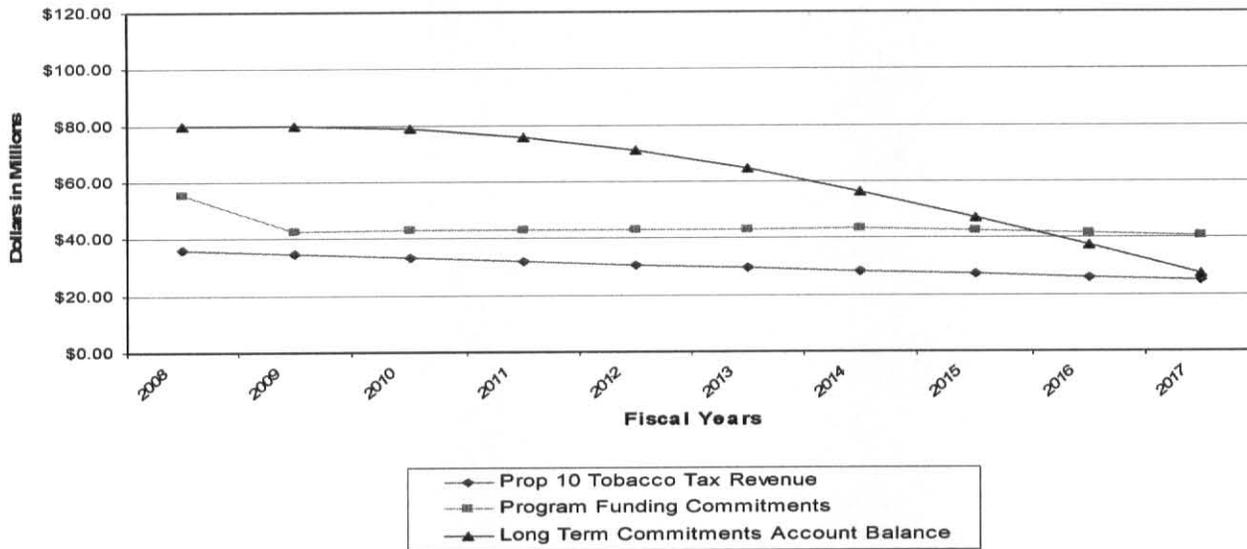
Administrative costs and functions are defined by State Commission guidelines (Fiscal Memorandum No. 05-01, dated April 14, 2006) pursuant to Chapter 284, Statutes of 2005 (AB 109). Actual Administrative expenditures and encumbrances of \$5,525,903 were 2.5% of the year to date ended August 31, 2008 Operating Budget of \$99,879,723.

Consistent with 10-Year Financial Plan

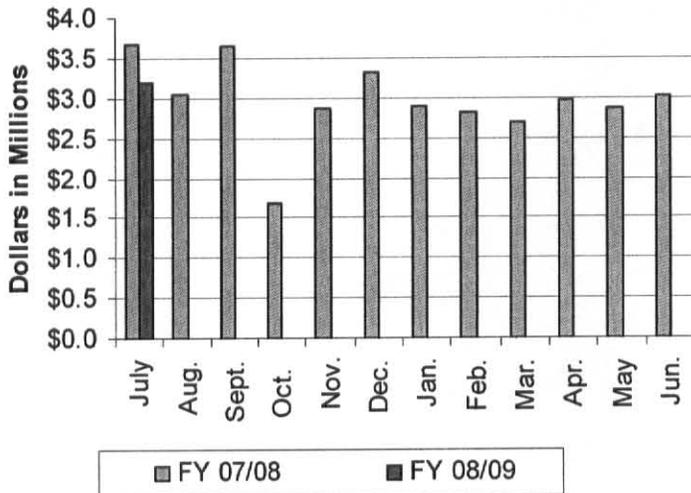
The Commission has dedicated funding for long-term support of programs consistent with the current Ten-Year Financial Plan.

Children and Families Commission of Orange County Snapshot Period Ended August 31, 2008

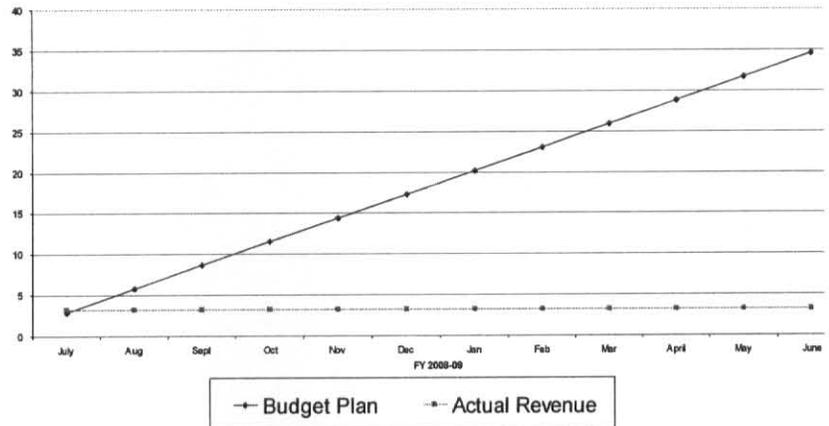
1) Ten-Year Financial Plan Projections



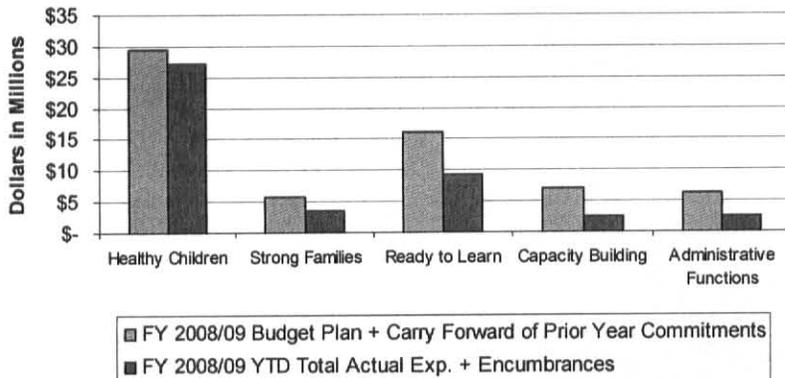
2) FYS 07/08 & 08/09 Tobacco Monthly Revenues *



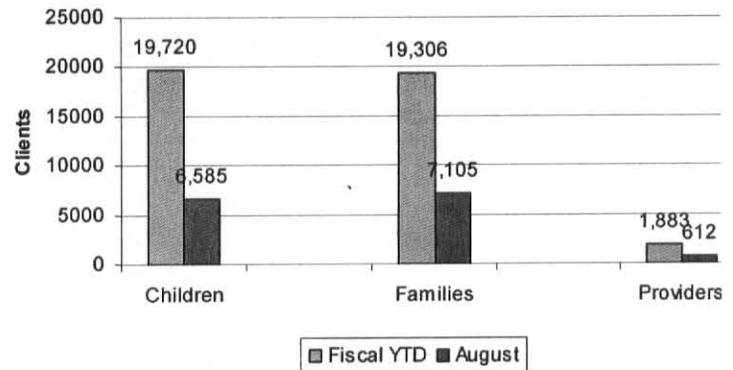
3) FY 2008-09 Cumulative Tobacco Tax Revenue Budget Plan Vs. Actuals To Date *



4) FY 2008-09 Budget Plan Vs. YTD Total Actuals



5) Clients served in August and Fiscal YTD



* SOURCE: County Funds Distribution Report (July 08) First 5 California

Children and Families Commission of Orange County
Comparison of FY 2008-09 Budget vs. Actuals - Unaudited
Period Ended 8/31/08

High Level Summary

	FY 2008-09 (budget + carry forward for prior year commitments)	FY 2008-09 YTD Total Actual Expend. & Encumb. Thru 8/31/08	Budget vs. Actuals	Actuals % of Final Budget Amount
FINANCING				
<u>General Purpose Revenues</u>				
Tobacco Tax Revenue	34,560,000	190,332	-34,369,668	1%
All Other General Purpose Revenues	4,370,000	356,769	-4,013,231	8%
General Purpose Revenues Subtotal	38,930,000	547,101	-38,382,899	1%
Special Purpose Revenues	4,918,955	-91,693	-5,010,648	-2%
TOTAL REVENUES	43,848,955	455,407	-43,393,548	1%
Multi-Year Commitments - Operating Budget	0	0		
Fund Balance Available	47,964,762	43,587,439		
PY Carry forward Encumbrances	8,066,006	14,087,217		
TOTAL FINANCING	99,879,723	58,130,063	-43,393,548	58%
REQUIREMENTS				
<u>PROGRAM SERVICES</u>				
Healthy Children	33,120,778	27,192,373	-5,928,404	82%
Strong Families	6,884,109	3,404,122	-3,479,987	49%
Ready to Learn	17,808,799	9,329,196	-8,479,603	52%
Capacity Building	8,298,116	2,618,790	-5,679,327	32%
TOTAL PROGRAM SERVICES	66,111,802	42,544,482	-23,567,320	64%
Administrative Functions	6,737,921	2,525,903	-4,212,018	37%
Contingency Funding	500,000	0	-500,000	0%
TOTAL OPERATING EXPENSES	73,349,723	45,070,385	-28,279,338	61%
Transfer to Long Term Commitments Account	10,000,000	0	-10,000,000	0%
Undesignated/Unreserved	16,530,000			
TOTAL REQUIREMENTS	99,879,723	45,070,385	-38,279,338	45%
FINANCES LESS EXPENSES	0	13,059,678	13,059,678	

Children and Families Commission of Orange County
Investment Portfolio Report
As of August 31, 2008

Attachment 1C

Issuer	Purchase Date	Maturity Date	Days to Maturity	Yield (%)	CUSIP	Cost	Market Value	Accrued Earnings		
								Unrealized Gain (Loss)	For Month	To Date
Treasury Bond (semi-annual coupons)										
U.S. Treasury Security	9/15/2006	10/15/2008	761	4.7986	912828BM1	4,835,937.50	5,007,810.00	17,295.87	19,917.52	213,917.48
U.S. Treasury Security	9/26/2006	1/15/2009	842	4.5856	912828BV1	4,855,468.75	5,025,000.00	48,344.71	19,010.09	142,382.19
U.S. Treasury Security	10/2/2006	4/15/2009	926	4.6332	912828CE8	4,821,484.40	5,031,250.00	74,818.60	19,210.51	194,287.84
U.S. Treasury Security	10/11/2006	7/15/2009	1008	4.7447	912828CN8	4,856,445.30	5,060,940.00	106,085.67	19,683.22	122,050.33
U.S. Treasury Security	10/16/2006	10/15/2009	1095	4.8011	912828CX6	4,803,125.00	5,067,190.00	140,725.96	19,866.66	187,427.15
U.S. Treasury Security	4/30/2008	1/31/2010	641	2.3023	912828HP8	4,984,779.15	4,993,750.00	6,026.41	9,666.52	12,183.57
U.S. Treasury Security	4/30/2008	4/30/2010	730	2.3462	912828HX1	4,978,515.65	4,992,190.00	10,024.95	9,911.67	39,646.67
U.S. Treasury Security	7/31/2008	7/31/2010	730	2.6410	912828JF8	5,010,546.90	5,038,280.00	28,195.43	11,135.00	11,494.19
Subtotal for: Treasury Bond						39,146,302.65	40,216,410.00	431,517.60	128,421.19	923,389.42
Grand Total						\$ 39,146,302.65	\$ 40,216,410.00	\$ 431,517.60	\$ 128,421.19	\$ 923,389.42

All of the above investments and any investment decisions made for the month August 31, 2008 were in full compliance with the Commission's investment policy as adopted on May 2, 2007.

The Commission had adequate cash flows for six months of operations.

Signed by: _____
 Director of Finance



Prop 10 Briefings

September 2008

FIRST 5 Association Meeting Highlights

34 county commissions participated in the September 17 Association meeting in Sacramento, representing all six regions.

State of the State Commission:

Kris Perry congratulated First 5 Solano for receiving the 2008 CSAC Challenge Award for helping the county avoid \$4 million in crisis intervention costs, thanked Harry Freedman (Riverside) for hosting her recent visit to Riverside, and reported that she had attended the Los Angeles Baby Futures Summit, sponsored by a coalition of public and private partners, including First 5 LA.

Kris provided an update of First 5 California activities since the last meeting. (See *Executive Director Report in State Commission Meeting Highlights below.*)

In reporting on Project Legacy (a component of the State Commission's strategic plan), Kris emphasized that all First 5 California funding will end at the conclusion of the current funding agreements. Criteria developed by the Legacy Workgroup will be used to design new state commission programs. Kris urged county commissions to plan for this and not to expect any extensions or bridge funding. New programs will most likely begin in 2010-11.

In response to questions about the process, Kris made the following points:

- First 5 California is not the sole funder of any current matching grant program; county commissions are free to use their local funds and reserves to continue programs or develop transition plans so that no services end abruptly.
- County commissions should not assume they can receive no-cost extensions if funding still exists at the end of the funding term; they should plan for state commission funding to end at the expiration of the existing agreements.
- The Kit for New Parents is not considered a program, but instead will be part of the commission's public education effort, and therefore will be funded through the mass media account and will not be affected by the Project Legacy process.
- The commission will have internal and external communication plans to ensure the process and their decisions are understood.
- The new programs will not be the same as the current matching grant programs. Project Legacy should be viewed as a closure and a new beginning.
- County commissions and other stakeholders can follow the process by checking on the First 5 California website, <http://www.cffc.ca.gov>.
- Kris asked for input on items that might be of use to county commissions when they begin funding programs on their own, such as access to systems or data from current matching grant agreements.

Impact of the 2008-09 State Budget

Scott Graves of the California Budget Project presented background on the state budget.

- K-12 education accounts for the largest share of state General Fund spending.
- Compared to 1980-81, the state's share of health and human services has declined from about 33% to 29% of the state budget. The Department of Corrections and Rehabilitation has grown from 3% to 10%. At the same time, higher education has declined from 15% to 11.6%.
- The annual cost of tax cuts enacted from 1993-94 through 2007-08 is \$12 billion.

The 2008-09 budget includes \$7 billion in cuts:

- No CalWorks COLA
- No state SSI/SSP COLA
- MediCal status determination twice a year and higher premiums in the Healthy Families program
- Prop 98 funding \$3 billion below the Governor's January proposal
- For the 7th year in a row, no increases for county administration, intensifying pressure on county government already reeling from the loss of property tax, the main source of non-state revenues. Years of decreasing revenue for county operations have resulted in millions of people without needed services. For example, 2 million people eligible for food stamps do not receive them due to lack of funding for outreach and administrative staff.

No significant new revenues were included in the budget.

- \$6.3 billion was realized primarily from future revenues.
- Borrowing from special funds accounts for \$900 million.
- Tax credits for operating losses will be suspended for a savings of \$2 billion,

but in exchange, the credits will be made easier to claim in future years, reducing revenues then.

- The "yacht tax" loophole was closed, saving approximately \$20 million.
- Bonds will be sold, backed by proceeds from the state lottery, bringing in \$5 billion in 2008-09, but putting pressure on the lottery to increase performance and requiring payments to bondholders for decades into the future.

Members discussed the language included in AB 1389, a budget trailer bill that authorizes the Controller to borrow from Prop 10 and Prop 63 revenues under certain conditions, as long as the transfer does not interfere with the object of either proposition. Sherry will report to members as soon as she learns more about why the language was included and what impact it might have.

How County Commissions Are Assisting

A number of commissions created programs to provide loans to service providers that experienced cash flow problems during the budget stand-off.

- Sheila Kruse (Tuolumne) said her commission provided a repayable grant to agencies that offer key services to children and families. Although the process did not require that the Commission have a current grant commitment with the agencies for them to be eligible, the two agencies that applied and were approved did already have other First 5 contracts. Funding is on a month-to-month basis and no interest is charged.
- Francine Rodd (Monterey) said her commission did not want to get into the loan business but was able to establish a relationship with the local Wells Fargo and First National Banks. First 5 Monterey purchased a certificate of deposit to guarantee the loans. Interest

earnings on the CD help to offset the interest rate charged to the borrowers. The CD earns 2% interest and the borrowers pay between 3.5% and 4% interest. The interest may be charged back to the state funding agency. The bank performs the due diligence necessary prior to extending the loan.

- Jennie Tasheff (Sonoma) said her commission provided no-interest loans to child care providers with state contracts.
- Sally Sheehan Brown (Napa) said her commission approved a no-interest repayable grant program.
- Harry Freedman (Riverside) said his commission provided assistance to current grantees through an advance on their grants.
- Mark Friedman (Alameda) said that his commission contracts with the Low Income Investment Fund to offer loans to child care programs. They serve as the lender of last resort after all other avenues have been exhausted.
- Evelyn Martinez (Los Angeles) said no one had approached First 5 LA about a loan, but she feels it is important to consider options now for next year in case the situation is as bad or worse.
- Steve Gordon (Fresno) said his commission decided not to institute a loan program after receiving advice from counsel that it could violate non-supplantation provisions of the Children and Families Act and that, because all of the commission's funds are encumbered, they have no access to funds to loan.
- Alyce Mastrianni (Orange) said her commission amended its contracts to allow funding advances to assist with provider agencies' cash flow. Kelly Pijl (Orange) said they also allow repayment in the form of future services at new or expanded facilities for agencies with multi-year contracts.

Members expressed interest in a presentation by LIIF and Wells Fargo at a

meeting or through a teleconference to explore lending options for the future.

Lessons Learned in the 2008-09 Budget Process and Plans for 2009

Sherry thanked members for their efforts in 2008 to educate legislators and other stakeholders about the importance of First 5. She noted that every commission helped and reminded members that their legislative efforts will need to continue in 2009, with the promise of another difficult budget year and a large percentage of new Legislators coming to Sacramento in January.

The importance of local legislative support for First 5 was underscored in a letter from Senate Republican leader Dave Cogdill to San Joaquin Supervisor Ken Vogel. The letter expressed appreciation for the work of First 5 San Joaquin, but asserted that "these funds have been greatly misused in other parts of the state." Sherry said this demonstrates why every commission must ensure its legislative delegation understands and supports it.

Association members met in regional groups to brainstorm ideas for the Association's effort in 2009:

- Hold regular conference calls to keep all EDs well informed and facilitate sharing of resources and ideas.
- Be careful what First 5-funded programs are called and how they are described to ensure their purpose is understood and words describing them cannot easily be taken out of context by detractors.
- Include in all public documents the research basis for funded programs.
- Call local and regional meetings with advocates and legislators ahead of the budget crisis to showcase accomplishments and provide updates.
- Provide greater guidance on protocols and how to approach state policymakers.

Prop 10 Briefings

September 2008

- Reach out to the chairs of the Legislative Women's Caucus and Black Caucus.
- Target new legislators early and educate them about how First 5 is helping with the budget crisis in their districts.
- Approach incoming legislators who know First 5 and might serve as bridge builders.
- Increase outreach to other entities, such as cities and school districts, that will also be experiencing funding pressure.
- Support and promote linkages with other associations and organizations, including chambers of commerce, business associations, and unions.
- Enlist juvenile justice judges to articulate the value of investing early in kids.
- Partner with Prop 63 stakeholders who face similar pressures.
- Define messaging themes and priorities to help standardize the message.
- Find common ways to show cost savings attributable to First 5 investments. Develop messages on the economic impact of First 5, including workforce development, savings, and funds leveraged by commissions.
- Develop more graphic ways to show the children served by First 5.
- Develop thoughtful ways to talk about undocumented children and families.
- Empower local champions with talking points, but beware that they can be misused).
- Include in messaging: even if First 5 dollars are not directly jeopardized, commissions are grappling with the effect on systems serving children and families.
- Engage a political media consultant who will be proactive when funds are challenged.
- Engage experts to help develop a media/legislative plan and teach skills to individual commissions to carry out the plan locally.
- Develop a website to debunk myths.
- Encourage each county to have a section on its site showing how First 5 is helping with the budget crisis.
- Share a video of Art Rolnick's conference presentation with stakeholders.
- Ensure that reporters receive a timely response when working on deadline.
- Perform crisis management planning ahead of time.
- Call on the media staff employed by county commissions to contribute to the statewide effort.

All commissions were asked to send the Association a PDF of their annual report while they are still able to access it prior to November 1.

Children's Oral Health Network

The Association and the California Dental Association Foundation have completed plans for the upcoming Oral Health Network Learning Exchange. The first stage will be to compile a comprehensive catalogue of county commission oral health efforts, and then to convene three meetings during 2009, focused on:

- Increasing access to oral health through insurance coverage and other strategies
- Community-based prevention strategies
- Workforce and capacity development

Sherry requested that every commission that wishes to participate identify a key contact person and commit to on-going participation so that the meetings can cover as much information as possible.

Association Program Updates

Moira Kenney demonstrated new components of the Association website. A Nutrition and Physical Activity mini-site has been added, with a format that can be used for other potential mini-sites on topics

such as early childhood mental health or developmental screening.

The Association will soon receive Healthy Habits for Life Kits from Sesame Workshop for distribution through county commissions to families and child care providers.

County commissions can register now for the Indigenous Communities Learning Exchange meeting Oct. 2-3 in Salinas. October 2 is a half-day cultural competency training focusing on Zapotec, Mixtec and Triqui populations. The morning session on October 3 is on research focusing on health outcomes for Oaxacan children. The afternoon session provides time for commissions to plan their work together.

The 2009 Staff Development Summit is scheduled for Asilomar, February 9-11. The planning is currently underway and registration information will be available later this fall.

Pat Wheatley (Santa Barbara) noted that the content of next year's Pre-Conference Institute is likely to be different from previous years since it will no longer be organized by the Association. The Staff Development Summit may become an increasingly useful opportunity for fiscal, administrative, and program staff to come together.

Association Business

Association President Jennie Tasheff will appoint a Nominating Committee to identify candidates for the 2009 Executive Committee. The committee is chaired by the immediate past president and includes 2 EC members and 2 members at large. Anne Molgaard (Mendocino) and Steve Thaxton (El Dorado) were appointed as at-large members. Mike Ruane (Orange) will serve as chair. Sean Casey (Contra Costa) urged wide outreach to identify potential

candidates and Sherry agreed that she and the committee will make sure to contact all EDs to ascertain their interest. Nominations will be issued by the committee at least 35 days prior to the January Association meeting where the vote will be taken.

Jennie reminded members that the bylaws require each committee to have a Vice-Chair. Christina Arrostuto (Solano) asked if a bylaws change is needed to increase dues. Sherry said the Executive Committee has authority under the current bylaws to modify the dues structure and is required to announce the dues amounts by March of each year.

Updates from the Regions

Greater Sacramento

John Sims (Stanislaus) reported the region's last meeting included a presentation from Powerhouse Science Center, a new science center somewhat like San Francisco's Exploratorium, which will be located on Jibboom Street in Sacramento. First 5 El Dorado is considering making software available to assist child care providers. The region also discussed the state commission's Legacy Project, funding gaps, and loans.

Southern

Pat Wheatley (Santa Barbara) announced the region has established the SCALAR Learning Exchange and contracted with a firm to compile learning and research documents from all commissions in the region. The first white paper will focus on oral health. The region hopes that the efforts of the project will benefit the state commission's Center for Results. The region is jointly participating in a regional literacy program, working with booksellers and libraries to encourage holiday gift buyers to consider giving books to children.

Northwest

Wendy Rowan (Humboldt) reported the region is very engaged in regional TA activities. First 5 commissions in Glenn,

Tehama, and Siskiyou all recently held trainings. The Northwest Region Evaluation conference with Vicky Marchand on the Pathways Mapping Initiative is scheduled October 23-24 in Eureka. An RFQ was also recently released for the Northwest Region's evaluation needs assessment and consultation.

Northeast

Jill Blake (Butte) reported the region is engaged in its regional TA plan and met at an Early Bird session with the consultant who was selected to work with all the commissions on their evaluation plans.

Bay Area

Laurel Kloomok (San Francisco) reported that many commissions in the region are working on the Early Childhood Mental Health project. The region is also exploring collaborative funding for *Childhood Matters* and *Nuestros Niños*, as well as contributing to printing and distribution of a publication on the importance of early childhood play. The region hosted a day-long workshop on the Triple P program that several commissions are considering implementing. Five of the region's commissions gave presentations on school readiness to the Latino Community Foundation.

Reports from Committee Chairs and Liaisons

Evaluation Committee

Chair Sheila Kruse (Tuolumne) said the state commission evaluation staff want to hear how the annual reporting process can be improved for next year. She asked members to be in touch with their regional representative on the Evaluation Committee if they have suggestions.

Program Support Committee

Chair Susan True (Santa Cruz) asked members to provide input to their regional representative on the Program Support Committee for the upcoming Staff

Development Summit. She said the committee is working with counties interested in Triple P to explore implementation that is as cost effective as possible and reported that she is in discussion with state staff about the best use of state technical assistance funding.

Media

Liaison Nina Machado (Amador) said the Association continues to host bimonthly media conference calls. She asked commissions that do not currently have staff participating to let her know if they want anyone added to her email list. Some commissions are interested in receiving referrals from the 1-800 Kit for New Parents number so they can hand deliver locally customized kits. A number of commissions are participating in Read for the Record on October 2. This year's featured book is Corduroy. Nina invited all commissions to send materials to the Association for posting on the website so counties can borrow from one another. She is exploring interest from the Dairy Council in partnering with county commissions and asked for input on the Hands on Health Van appearances in counties so that she can provide feedback to state commission staff.

Anne Molgaard noted the need for a revision to the "What to Do When Your Child Gets Sick" guide in the New Parents Kit because it still recommends use of over the counter medication that has been found to be potentially harmful. Because this is a state commission product, Francine Rodd suggested that the Association request an insert for the current books until new books are printed.

California Families Resource Association

Liaison Wendy Rowan reported that the CFRA board is looking for ways to be supportive in these difficult budget times. At the CFRA conference held in April, Laurel Kloomok was recognized for her leadership in the family support movement. Wendy suggested that county commissions

sponsor memberships in CFRA for their funded agencies.

State Commission Meeting Highlights

Acting Chair Dave Kears opened the meeting by calling on all First 5 commissions to maintain a collective focus on the needs of children and families who will suffer because of the state budget cuts. He also announced the resignation of Hector Ramirez as chair of the commission and publicly thanked him for his leadership, humor, and commitment.

Executive Director's Report

Kris Perry reported on administrative, program, and communications activities since the last meeting.

- Diane Levin has been appointed Chief Deputy Director of First 5 California. She currently sits on the commission for the ex-officio Secretary of Education. She has had a career as a teacher, administrator, policy expert, and education leader.
- David Long, the Governor's Education Secretary, resigned so will no longer serve as an ex-officio Commission member.
- Kris commended everyone for their efforts to educate legislators and stakeholders about the important role First 5 plays in California and noted the need to continue that work.
- Kris has continued to appear on KCRA-3's My 58 as part of First 5 California's monthly partnership with the station's morning show.
- "Sid the Science Kid" premiered nationwide on September 1 during the morning prime time hours on PBS KIDS.
- First 5 California is now on Facebook where users can connect with one another and First 5 California can share news, photos, and details of upcoming events.
- First 5 California launched a Communications Technical Assistance website to provide resources to assist County Commissions with local outreach efforts.
- Phase 5 of the Hands-on Health mobile van tour visited more than two dozen counties, reaching roughly 60,000 Californians. Phase 6 began in late July with a nutrition-themed tour.
- First 5 California is distributing flyers on nutrition in Chinese, Korean and Vietnamese to preschools and child care centers in Orange, Santa Clara, Los Angeles, and San Francisco counties.
- The commission submitted an article to African American newspapers highlighting resources that are available to grandparents and other caregivers who help raise young children.
- Segments have appeared on *Univision San Diego* and *Univision Los Angeles* on the importance of immunizations. A *Univision Fresno* piece highlighted First 5 Madera's Family Resource Center Initiative. Chef LaLa's recipe booklet is featured on *AOL Latino*.
- First 5 California conducted a mail survey of current and former CARES participants and found that new Round 4 participants are more satisfied with CARES, attribute more benefits and career advancements to CARES, and are more likely to continue participation in the program than respondents from Round 3. Overall, Latino participants express the greatest level of satisfaction and attribute the greatest program benefits and career advancement to CARES.
- First 5 California will soon release a progress report on the Power of Preschool (PoP) Demonstration Program, which will provide a snapshot of implementation and program profiles in the nine participating counties -- Los Angeles, Merced, San Diego, San

Francisco, San Joaquin, San Mateo, Santa Clara, Ventura, and Yolo – along with lessons learned and next steps.

- In July, First 5 California and several county commissions – including First 5 Fresno, San Mateo, Kern and San Diego – partnered with Mervyns for in-store events to assist underserved children meet back-to-school needs.
- In August, First 5 California hosted a reunion of delegates from the April trip to visit model early education programs in the Midwest. They discussed what they learned and next steps for the work in California, focusing on a three-pronged approach – practice, policy and research – to support investments in evidence-based services.
- Fraser Communications, Inc. was selected for the media advertising contract, and an Intent to Award was posted. An unsuccessful bidder has protested, triggering a hearing process under the Department of General Services.
- First 5 California's Special Needs Project is sponsoring a symposium October 28-29 which will provide participants a framework for organizational change and systems transition. It will feature Dr. Dean Fixsen, a national expert on program development and sustainability. All county commissions are invited to the event, as well as other state agencies that participate in the State Screening Collaborative.
- On December 4, First 5 California will sponsor a Pre-Conference session at Zero to Three's National Training Institute. It will focus on birth-to-five systems-building efforts.
- First 5 California will hold its 2009 Annual Statewide Conference at the Hyatt Regency Hotel in San Francisco April 14-16, 2009.
- The November Commission meeting has been cancelled; in its place several commissioners will visit Sonoma

County to see First 5-funded programs and meet with local commissioners.

Commissioner Dartis asked how the CARES program changed between Rounds 3 and 4 to increase participant satisfaction. Sarah Neville-Morgan, Deputy Director of Program Management, said the program moved from rewarding hours to rewarding units, increased the number of tracks to include support for informal caregivers (family, friends, and neighbors), and added a track to support professionals who can serve as mentors and teachers.

Commissioner Dartis asked what impact the protest over the advertising contract will have on the commission's on-going education and outreach efforts. Kris explained that current outreach work is included in the contract with The Rogers Group and will not be affected. It is only the social marketing campaign that will remain on hold until the contract is resolved.

Commissioner Tsakopoulos-Kounalakis thanked Kris for including fiscal information in her report and commented that fiscal information helps to show the effectiveness of using tax dollars as seed money, which attracts private sector funding and thus serves as an affirmation of the work of the commission.

First 5 Association Report

Sherry Novick reported on the discussion in the previous day's Association meeting on efforts in 2008 to protect Prop 10 revenues and plans for 2009.

- The Association focused primarily on reaching out to individual members of the Legislature, working with county allies through CSAC and its affiliated organizations, and coordinating support from stakeholders in the health, early education, and family support communities.

- Association members expect to continue their efforts to inform policymakers about the importance of First 5 investments, particularly because many newly elected members will join the Legislature in 2009.
- The Association is working to understand the significance of trailer bill language in AB 1389 that authorizes the Controller to borrow from Prop 10 and Prop 63 revenues under certain circumstances, providing the transfers do not interfere with carrying out the objectives of the Propositions.
- She reported on the upcoming Indigenous Communities Learning Exchange, the launch of the First 5 Oral Health Network, and the progress of the Early Childhood Mental Health project. The ECMH project is developing policy recommendations that will be reviewed by an advisory committee that includes Commissioner Kears and Kris Perry. Because aspects of the project are congruent with portions of the State Commission's Special Needs Project, the two efforts will be able to join in their focus on improving local practice and changing policy at the state level.

Commissioner Tsakopoulos-Kounalakis asked about the trailer bill language and its relationship to county commission fund balances. Sherry responded that the significance of the trailer bill language had not yet been assessed, but that the language applied to funds only in the state trust fund. County fund balances continue to require an explanation so that the Legislature and other stakeholders understand how commissions budget for multi-year initiatives – an area the Association is working on in preparation for 2009.

Legislative Update

Marsha Jones, Chief of Legislative and Governmental Affairs, reviewed the status of the budget process (which was still

unresolved at the time of the meeting) and pointed out that a number of bills were at-risk, including Commission supported bills, as long as the Governor and Legislature remained at odds over the budget.

- She lauded Kris Perry for her exemplary efforts to explain First 5 to legislative leadership during the course of the year.
- She noted that AB 88, one of the budget trailer bills included legislative intent language that First 5 funds be used for the Early Start program. Regarding trailer bill AB 1389, she said that First 5 California legal counsel is reviewing the language, while she continues to talk with legislative staff to determine its potential impact.

Commissioner Attore supported finding ways that First 5 can be of help to the state without harming the mission of Prop 10. He said it remains critical that state and Association staff work closely to share information as it is gleaned and reminded the commissioners to continue to share anything they learn from their Legislative contacts with Kris.

Commissioner Tsakopoulos-Kounalakis said that First 5 faces the same issue as policy makers in the capitol who are being forced to make cuts in the budget. She emphasized all First 5 commissions must ask whether they should re-think their financial commitments, given the deepening needs in their communities.

Commissioner Munger asked commission counsel Kim Gauthier to comment on the requirements of Prop 10 regarding non-supplantation. Kim reviewed the Attorney General's legal opinion that commissions cannot supplant state or local funds and must supplement existing levels of services. She noted that if a program is cut, a commission can later fund it, but they cannot plan to pick up a currently funded program.

Commissioner Munger said, given the restrictions, it is important to note the good record and leadership of Kris Perry, who identified ways to be of help during the budget crisis, including making \$20 million available to support health coverage for children.

Fiscal Year-End Summary

Terry Miller, Chief of Administrative Services, reported on revenue received and distributed in fiscal year 2007-08 and the projected fund condition for fiscal years 2008-09 and 2009-10.

- In 2007-08, First 5 California received \$109,726,760 and county commissions received \$438,907,040. This was approximately \$31 million, or 5 percent, less than the previous year.
- Based on projections by the Department of Finance, projected revenues will rise slightly in 2008-09, likely due to increased tobacco tax enforcement, but then continue to decline by approximately 3 percent per year through 2011-12.
- The state commission's fund balance is projected to decrease from \$374,304,760 in 2007-08 to \$269,062,496 in 2009-10, based on current funding commitments, most of which are in place through 2009-10. Terry noted that not all the funds may be drawn down, resulting in less of a decline in the fund balance.
- The level of expenditures is projected to rise from \$88,125,074 in 2007-08 to \$166,623,710 in 2008-09, based on current funding commitments.
- At the January commission meeting, staff will request adoption of fiscal policies, including the amount the commission may hold in its reserve.

Commissioner Munger asked how staff will manage an increase in expenditures that will nearly double this year. Terry said the increased expenditures will not necessarily

affect staffing levels because many of the current year expenditures, including "Sid the Science Kid" and the advertising contract, were staffed but did not require payment last year. Also, the projected expenditures reflect commitment obligations, or "up to" amounts; actuals are likely to be somewhat lower, with unexpended portions rolling over into the next year.

Commissioners Miñon and Attore requested a chart for the January meeting that shows the last 5 years of projected and actual expenditures.

Evaluation Framework Update

Stacie Sormano, Deputy Director of Research and Evaluation, reported on progress to date on implementation of the framework. In January, 2006, the commission allocated \$23.5 million to support the framework through June 2009. Rather than one evaluation contractor, the workload was divided into 6 areas:

- The Institute for Social Research provides technical assistance related to production of the Annual Report. They assisted in meeting the 2006-07 deadline and streamlined the process for the 2007-08 report. Auriga produced web-based annual reporting forms for 2007-08.
- The California State Library performs literature reviews and compiles "Issues in the News" related to children, 0 - 5. This provides a foundation for an on-going reference library for the Center for Results.
- Eclipse Solutions was contracted to develop the RFP for a new IT system. Eclipse received input from a wide range of potential users; the state commission expects the RFP to be released next month. Because of the length of time necessary to implement a

new system, another RFP will be issued to secure assistance in the interim.

- A contractor has been selected to begin developing a research agenda that supports First 5 California's policy direction. That contract is pending approval by the Department of General Services.
- A local evaluation contractor, responsible for identifying and disseminating First 5 program best practices and finding ways to leverage evaluation opportunities is scheduled to be in place in early 2009.
- Individual contractors will undertake specific research studies to support First 5 California policy in the future.

State staff will provide communication among contractors and disseminate information to stakeholders.

Project Legacy Process

Kris reminded commissioners that the strategic plan adopted by the commission last November calls for a legacy programs assessment workgroup to develop criteria to assess the ongoing viability of programs pre-dating the strategic plan. When the objective was originally developed, it reflected a retrospective review of programs; since then it became clear to staff and the Program Committee that the question is, "With declining revenues, how do we leverage what we have learned to go forward with effective, evidence-based programs that include continuous quality improvement?" She noted that the term "legacy" should refer to what the commission wants to leave behind as its legacy.

Stacie Sormano and Sarah Neville-Morgan provided an update:

The Center for Collaborative Policy was hired to assist staff to implement this objective. This effort is significant, and will

encompass seven other objectives in the strategic plan as well. It will take place in seven stages, from September 2008 until July 2011:

1. Commission approves the legacy workgroup process
2. Staff and contractors develop educational materials for the legacy workgroup, including a California-specific needs assessment, an analysis of trends, identification of best and promising practices, and lessons gleaned from existing First 5 programs.
3. Staff convenes the workgroup to identify criteria for future legacy programs, holds public meetings on the criteria, and presents the criteria to the commission for approval.
4. Staff, with workgroup input, applies the criteria to design new legacy programs and pilot projects that include appropriate evaluation, and integrates into the design research on culturally appropriate best practices.
5. Commission approves funding for the new legacy programs and pilot projects.
6. Staff releases funding for legacy programs.
7. Evaluation begins as programs are implemented, including launching a longitudinal study to evaluate the impact of the programs.

Approximately 40 workgroup members will be chosen, representing:

- First 5 California commissioners
- First 5 California staff
- First 5 county commissions
- Elected representatives at the state and local levels
- Related state agencies
- Development, program, and science
- Evaluation/systems
- Early childhood education
- Early childhood health
- K-12 education
- Advocates

- Philanthropy
- Business and economic interests
- Facilities and community development

Commissioner Dartis commended the staff for creating a fresh slate from which to plan and asked how existing research and evaluation will be used so resources are not spent unnecessarily.

Kris said workgroup members will contribute their expertise to ensure the process benefits from what is already known.

Commissioner Dartis asked how they will ensure a balance between a strategic focus and flexibility to respond to crises or opportunities. Kris said pilot projects will address this need and permit the commission to be nimble and responsive.

Commissioner Attore expressed concern that the process would result in another report that would sit on people's shelves. Kris said this is not about issuing a report; the criteria will be a tool for the commission's decision-making regarding future programs, policy, and communications.

Commissioner Tsakopoulos-Kounalakis expressed concern about the cost of the process that the commission was being asked to approve. Kris explained that the contractor assisting with the process cost \$150,000, and that much of the work is being absorbed by staff. Aspects of the process will be undertaken as part of the Center for Results, which was separately funded.

Commissioners Miñon and Kears noted that it is likely to become more expensive, and Kris agreed that if the scope of work needs to be enlarged, staff will come back to the commission. She noted, however, that expenditures of \$150,000 or less can be made under her authority without a commission action.

Commissioner Kears suggested that staff keep the commission informed of significant expenditures from funds previously allocated, while Commissioner Dartis said it was also important to remember that this work is part of the continuum of implementing the strategic plan, and staff needs to be able to move forward.

The commission approved the process and the categories from which workgroup members will be selected.

Jennie Tasheff (Sonoma) commented that the commission's process is what county commissions have to do as well, given declining revenues. County commissions understand how challenging it is to focus and deepen investments and are grateful to the state commission for stepping forward.

Statewide Conference

The commission approved up to \$700,000 for the annual statewide conference in 2010 and 2011. Staff described the advantages of multi-year funding in order to secure a location well in advance and said future conferences are expected to increase in scope, quality, and importance as First 5 California strives to be the unequivocal voice for the 0 - 5 population in California.

Upcoming First 5 Events

- 10/2 - Indigenous Communities
- 10/3 - Learning Exchange
Salinas
- 10/28 - First 5 California: From Research to
10/29 Implementation and Sustainability
San Diego
- 12/4 - ZERO TO THREE: National
12/7 Training Institute
Los Angeles

For more information please visit the First 5 calendar at <http://www.f5ac.org>