

Special Commission Meeting – Year 4/5 Planning Retreat MINUTES

March 15, 2018

Commissioners Present: Stan Mantooth (Chair), Barbara Marquez-O’Neill (Vice-Chair), Dr. Michael Gollub, Dr. Robert Levin, Kelly Long, Carola Oliva-Olson, Bruce Stenslie, Barry Zimmerman

Excused Absence: Dr. Cesar Morales

Staff Present: Petra Puls, John Anderson, Heather Davidson, Fahim Farag, Jennifer Johnson, Sam McCoy, Nani Oesterle, Alex Torres

Public Present: Patricia Cervantes, MaryLinn Daehlin, Nancy Kreiselmeyer, Cathy Puccetti, Noemi Valdez, Sheila Wenzel

I. Welcome and Introductions – Chair Mantooth

Chair Mantooth opened the meeting at 1:50, stating that the focus of this special meeting is to discuss strategic investments for Fiscal Year 2019-20 and beyond. Chair Mantooth noted that in prior months, the Commission has been considering future strategic investments in terms of who we serve, what services to maintain, and how services would be best delivered. Chair Mantooth added that no decisions have been made yet and that a decision is required in the coming months. Today’s goals will be to reach consensus on a financial plan, approve a set of core strategic investments, and discuss implementation scenarios.

Dr. Levin noted that the FDA is planning to alter the tobacco content in cigarettes and projects a decline of smokers from 11% to 1%. Commissioner Long asked if there were any updates on Cannabis tax revenues. Chair Mantooth noted that no new information is available that would impact today’s discussion. Petra added that the F5 Association is advocating for a portion of Cannabis tax revenue, but decisions likely would not be made in the next 12 months at the state level or with local municipalities.

II. Public Comments/Correspondence

There were no comments from the public.

III. Review, discussion and approval of Financial Plan FY 2016-26

Chair Mantooth introduced Jennifer Johnson to present the Financial Planning scenarios. Jennifer reported that the Administration and Finance Committee reviewed several scenarios. Jennifer stated that the objective of today’s discussion is to obtain input from the Commission prior to finalizing a recommendation on the financial plan at the next meeting. Jennifer referred to Scenario A and highlighted the updates made to the plan to reflect the FY 2016/17 audited actuals and the forecast of revenues and expenditures for FY 2017/18 and FY 2018/19. She reviewed the new assumptions used for projecting Proposition 10 tax distributions, which take into account the one year delay in backfill from Proposition 56. Interest earnings have been forecasted at 0.75%. She indicated that Scenario A proposes \$49.6 million in total funding dollars for FY 2016/17 through FY 2020/21, with \$2.9 million leveraged from external funding sources. The plan maintains the revolving Community Investment Loan Fund at \$1.3 million and utilizes resources from the Sustainability Fund to support programs at their current capacity until the fund is depleted in FY 2018/19. This scenario utilizes a spending level of \$6.5 million

annually for FY 2019/20 and FY 2020/21, which represents years four and five of the current strategic plan. Subsequent to the completion of the current strategic plan in June 2021, Scenario A proposes level spending for the next five year period at \$5.3 million. The plan maintains the minimum fund balance of six months in required operating dollars in addition to maintaining \$1 million (or 20%) of annual expenditures, beyond the minimum fund balance, as a reserve/safety net.

Jennifer continued her presentation of the scenarios by reviewing Scenario B, which allocates projected resources evenly over the next seven years at a spending level of \$5.65 million beginning in year 4 of the current strategic plan (FY 2019/20). This would eliminated the need for yet another reduction to occur in two more years (FY 2021/22). Jennifer noted that the Committee reviewed two other scenarios and eliminated them because they contemplated a \$6.8 million funding level for years 4 and 5 in exchange for even lower funding in the next five year plan period.

Chair Mantooth asked Jennifer to share the Committee's discussion on reserve levels. Jennifer stated that one of the scenarios considered by the Committee contemplated a \$2 million (or 40%) reserve/safety net. Based on industry standard for similar public entities, a \$1 million (or 20%) reserve was recommended by the Committee. Commissioner Long asked if the Commission has established a minimum reserve policy. Jennifer reported there is no mandated level from the State and stated that the Commission's policy currently requires that 6 months of the annual operating budget be retained as the fund balance.

Commissioner Long asked if we would have enough reserves to cover deficit spending in FY 2025/26. Jennifer responded that deficit would be covered by available resources in the fund balance reserved prior to FY 2025/26.

Commissioner Zimmerman commented that, regardless of which scenario is selected, the Commission must come up with a funding reduction of \$6 million. Commissioner Stenslie noted Scenario A would be a two-step process and Scenario B would be a one-step process. Commissioner Zimmerman noted that both scenarios assume flat funding, which will impact services given increasing costs.

Commissioner Levin asked staff's perspective on revenue projections that were used to develop the scenarios. Jennifer responded that the projections are conservative because of the uncertainty around the impact of new tobacco taxes and laws on Proposition 10 revenues. Jennifer explained the basis for the forecast and felt comfortable using these projections with the information we have at present.

Commissioner Long asked if there is an expiration date for Proposition 10 funding and Jennifer responded that there is not an end date. Proposition 10 tobacco tax is a voter initiative that can only be overturned by voters.

Commissioner Oliva-Olson asked if there were any expectations of changing state priorities with a new governor. Commissioner Stenslie noted shifting priorities will affect certain investment areas and we will continue to stay updated.

Chair Mantooth suggested that the Commission hear agenda items four and five before considering taking an action on financial scenario recommendations.

IV. Review, discussion and approval of Strategic Investments

Petra reviewed guiding principles identified in prior meetings to guide future investment decisions, including focusing on prevention and early intervention, funding services that no one else funds, investing at sufficient levels to achieve outcomes, focusing on those most likely to benefit, prioritizing 0-3, and developing a system that is adaptable to future changes in funding levels. Petra noted that prior discussions included shifting our focus from direct services to systems building and capacity building, such as advocacy, strengthening existing services and integration, shared data collection and evaluation, engaging parents at a deeper level and potentially utilizing their capacity to deliver services, and continuous quality improvement.

Petra directed the Commissioners to the Program Expenditures and Allocations handout, noting investments are organized by funded partner and include FY 16/17 expenditures and FY 17/18 allocations. Petra added that FY 17/18 allocations include prior year unspent funds, which are largely due to the conversion of F5VC preschool spaces to state funding. Petra reported that total program investments were \$9.08M for FY 16/17, and \$11.03M is allocated for FY 17/18.

Commissioner Zimmerman asked about whether First 5 investments are leveraging additional revenues – Petra noted that funded partners are required to provide 10-15% in additional funds and that most of the support is in-kind, such as facility space. Jennifer added that regional health educators and oral health education & fluoride varnish are two areas that achieve significant cash matching funds. Commissioner Stenslie requested information about which programs leverage funds and whether programs would continue to receive those matching funds if F5VC funding went away.

Petra referred the Commission to the FY 16/17 Expenditures and FY 19-21 Proposed Strategic Investments handout, which groups investments by strategic plan priorities. Petra noted that in priority 1, Children Grow up Healthy, we propose focusing primarily on building the system of existing services rather than funding direct services. Examples include supporting the local oral health system efforts, incorporating developmental screenings into well-child visits through Help Me Grow, as well as incorporating health education into existing programs like PACT and family support. Petra added that the only exception in this area is the F5CA funded Kit for New Parents, which is distributed to community partners with local First 5 funding.

Petra stated that for priority 2, Children Enter School Ready to Learn, we propose focusing on investments in Parent and Child Together (PACT) classes, maintaining our Community Investment Loan Fund, limited preschool scholarships, and systems building efforts.

Petra stated that for priority 3, Parents Have Knowledge and Resources, we propose focusing on investments in family support services, including Community R&R, parent education and service coordination through FRCs, maintaining our investment in 2-1-1, and support for parents with higher needs, such as Triple P and Health Educators.

Commissioner Oliva-Olson asked who would ensure quality preschool programming in Ventura County. Petra noted that we are transitioning our QRIS work to VCOE, with primary funding coming from F5CA. Commissioner Stenslie asked if we are confident that F5CA will continue investing in QRIS. Petra noted there is strong combined support from F5CA and the CA Department of Education. Chair Mantooth noted that there is recognition that preschool must be high quality in order to have an impact.

Commissioner Stenslie asked about current QRIS investments – Jennifer noted a current local investment of \$116k, with the balance coming from F5CA.

Commissioner Stenslie asked about the scale of preschool scholarships and what we will be funding – Petra noted we currently fund preschool through NfLs directly and although many programs have been transitioned to state funding, we continue to fund a small portion of spaces within existing State funded classrooms as not all families qualify for state funded preschool. Petra added that Moorpark/Simi Valley and Ojai NfLs provide scholarships that go directly to parents as preschool capacity exists in those communities. Commissioner Long asked how we would deal with varying costs of preschool programs - Petra noted we might consider a sliding fee scale based on family income and ability to pay. Commissioner Stenslie asked if space limitations exist and F5VC did not fund classrooms, would capacity exist to fund scholarships. Commissioner Oliva-Olson asked if community leaders have been consulted about which investments to maintain moving forward. Petra noted F5VC staff have met with funded program leadership and staff to gain their perspectives, but the specific investment scenarios have not been presented. Petra suggested we move forward to the next agenda item which may help provide more context for this discussion.

V. Review and discussion of Implementation Scenarios

Sam McCoy provided an overview of the four potential implementation scenarios that have been presented previously. Sam explained the difficulty comparing NfLs without contextual information and that all financial figures in this presentation are approximations. Sam presented an updated scenario that consolidates NfLs into 3 regions and incorporates feedback from funded partners. Sam detailed that region 1 would include Ojai, Ventura, and Santa Clara Valley; region 2 would include the Oxnard Plains; and region 3 would include Pleasant Valley, Moorpark/Simi Valley, Conejo Valley, and Oak Park. Sam presented approximate program expenditures for PACT and Family Support for the regions.

Sam then presented potential regional allocations based on the current NfL formula, which accounts for high needs and projected PACT and Family Support Investments for Fiscal Year 19/20 with the two financial plan scenarios presented. Sam noted that current investments represent NfL allocations only, and that an additional \$1M is invested in countywide strategies such as Triple P, 2-1-1, MICOP, and Public Health.

Petra then shared current FY 2016-19 and potential FY 2019-21 investments in systems vs. direct services with \$6.5M and \$5.6M respectively. Petra described systems investment, including Help Me Grow parent engagement, continuing challenge grants, and F5VC's role as a convener/facilitator. While some of these activities are already under way, expenditures are included in the Program Management, Results Based Accountability, or Admin budget line items. Petra added that in direct services we propose to maintain investments in our Kit for New Parents, PACT, Parent Education and Support, and Preschool. Investments in Oral Health and Developmental Screenings would be incorporated into systems change efforts and PACT programs.

Commissioner Long asked if Help Me Grow does developmental screenings – Petra noted that Help Me Grow builds the system that will enable more developmental screenings to occur in Ventura County.

Commissioner Levin asked how we justify the change in emphasis on preschool - Petra noted that about \$1M of the current \$4M preschool investment is from F5CA for QRIS work which will be transferred to VCOE as of July 1, 2018. Petra added that we are currently investing about \$3M in preschool spaces

and we would continue efforts to transition F5VC funded spaces to state funding. Petra added that this decision comes from the principle to invest in services no one else is funding, and to prioritize prevention and services for children 0-3. Commissioner Stenslie noted he is concerned about who the cost would shift to if spaces are not going away, and how much will shift to families. Commissioner Oliva-Olson asked if the state funded spaces are new. Petra noted that over the past few years we have converted approximately 400 spaces to state funding and will continue such efforts. However, some F5VC funded spaces may not be able to be sustained without additional resources.

Commissioner Oliva-Olson asked about challenge grants – Petra noted we have not launched a challenge grant yet and the intent is to help systems building efforts with community partners. One example might be partnering with districts to set up preschool classrooms and operate the classroom with public funding. Commissioners Oliva-Olson, Stenslie, and Long asked whether funds proposed for challenge grants would have greater impact if invested elsewhere.

Commissioner Oliva-Olson asked about parent engagement efforts – Petra noted we have historically trained parents to become community leaders and received grants for such work. Currently, F5VC staff costs to support parent leadership activities are captured under “Program Management”; the proposed matrix calls out parent leadership as an important systems change strategy.

Commissioner Levin asked if we stop funding preschool and parents are not able to pay, is there a system in place to ensure preschool access. Petra responded that publicly funded programs exist, however they have a set of eligibility requirements and not all families will qualify, in addition to waiting lists. Petra noted that there are not enough resources to sustain all of our current investments, and while the decision to reduce preschool funding is heartbreaking, this proposal aligns with the guiding principle of funding services no one else funds. Sam added that another guiding principle that aligns with this proposal is to focus on prenatal-3. Commissioner Levin noted that preschool for those that do not qualify for state programs may be a service that no one else provides and asked if it is possible to provide such targeted services.

Commissioner Zimmerman noted that this may come down to a value proposition of PACT vs. preschool and asked if there are other entities that can – or should – provide PACT or similar programming. Sam noted there is the potential to draw down EPSDT funding.

Chair Mantooth noted that we also need to consider the value of the systems change and capacity building investments and not just direct services – there may be an opportunity to maintain some preschool investments by reducing investments in areas such as challenge grants and parent engagement. Commissioner Gollub asked if we would be funding developmental screenings and oral health – Petra noted such investments would be shifted to systems building and not direct services. Sam added that we would incorporate our developmental screenings into PACT programming. Commissioner Gollub noted that he would prefer to invest in prevention rather than to troubleshoot problems later in childhood.

Commissioner Levin asked where funding for 2-1-1 is included – Petra noted that the 2-1-1 investment is included with Parent Education and Navigation. Commissioner Long asked if Oral Health education would be incorporated elsewhere – Petra noted that we are looking to shift from funding treatments to working with countywide partners to promote oral health education and prevention.

Commissioner Long asked about state funded transitional Kindergarten for 4-year-olds – Commissioner Oliva-Olson noted that transitional K has specific criteria and that many barriers exist to access.

Commissioners Stenslie and Mantooth requested more information about our investment in 2-1-1, such as percent of our investment as compared to total, and number of calls. Commissioners also asked for more information about the proposed scope associated with convener/facilitator and parent engagement.

Commissioner Stenslie asked about plans for public messaging to explain the shift in investments moving forward and how we are continuing to invest in VC children. Commissioner Oliva-Olson suggested that we asked funded partners and incorporate their feedback into decision making, sharing an example from a similar process from F5 Santa Barbara.

Chair Mantooth asked about funded partner engagement to date. Petra reported on efforts over the past months to keep funded partners informed and involved. She summarized an event with all funded partner staff in February facilitated by Dr. Arthur Gross-Schafer to identify core principles and outcomes. She reported that conversations focused on maintaining outcomes for children and families and having impactful quality services available in a place based model. Petra also noted that alternative funding streams, such as sliding scale fees and grant opportunities, were discussed. Commissioner Long advised we engage funded partners on determining proposed investments moving forward. Sam noted prior conversations have been focused on what model to develop and that this is the first opportunity to present financial information.

Commissioner Zimmerman requested a presentation on funding scenarios that highlights the impact of preschool, PACT, developmental screenings, etc. to prioritize future investments.

Chair Mantooth noted staff is being asked for a variety of detailed information and asked if answers can be distributed to the Commissioners prior to the next meeting in order to allow for proper reflection and feedback. Chair Mantooth also requested that additional questions from the Commission are sent to staff in advance of the next meeting to facilitate the next discussion.

Commissioner Marquez-O'Neill asked about outcomes from parent engagement efforts to date and if we have made progress in systems building efforts. Petra noted that unfortunately we have lost some traction with staff changes over the past several years, in addition to natural attrition and cyclical engagement from parents over that time. Petra added that Alex Torres, Program Manager is leading capacity rebuilding efforts, specifically focusing on father engagement.

Commissioners identified additional information that would be helpful in their decision making, including information on PACT programming and outcomes. Petra noted that most of the information requested is included in recent annual evaluation reports and accountability reports. Staff will bring back more information in an attempt to answer the Commission's questions.

VI. Consideration of Next Steps – Commissioners

Chair Mantooth commended staff for keeping the Commission well informed but a refresher is needed in context of today's conversation. Petra summarized that staff will work on presenting current investments in terms of numbers served and outcomes achieved. Petra added that staff will also try to anticipate the number of potential participants for each potential scenario. Chair Mantooth asked staff to also present a scenario that demonstrates the impact additional preschool investments would have on other direct service and systems change investments.

Chair Mantooth asked if any Commissioner would like to bring forward a recommendation or motion regarding agenda item three – no motion was presented.

Jennifer asked if additional information is requested from the Administration and Finance Committee. Commissioner Long and Commissioner Zimmerman noted there is a need to better understand the difference in impact, both short and long term, that come with the \$1M annual operating revenue difference to make an informed decision on the financial plan scenarios.

Chair Mantooth encouraged Commissioners to review today's handouts and reach out to staff if they still have any questions.

The meeting was adjourned at 3:46 p.m.