FIRST THINGS FIRST

Ready for School. Set for Life.

In preparation for the Program Committee discussion on May 15th, and to inform the recommendations that the committee forwards to the Board, First Things First convened two significant groups of leaders and stakeholders to gather their feedback on FTF program considerations. The Chairs and Vice-Chairs of FTF Regional Partnership Councils met on May 1, and a focus group of early childhood system partner organizations met on May 12. The comments from both meetings are summarized below, and the Policy and Program Committee member survey results are also attached.

Summary of Discussion from the Regional Council Chair and Vice Chair Leadership Forum May 1, 2014

The First Things First Regional Council Chairs and Vice-Chairs convened on May 1, 2014. The fiscal policy recommendations and the discussion topics for the Program Committee were reviewed with the Regional council leadership and the following questions were presented for table based discussion at the forum:

1) Starting with the fiscal policy recommendations, are there any questions about the recommendations: What they mean/their intent, anything to clarify?
2) Your Regional Council was presented this information at its last meeting, what questions/comments came up and was there feedback on the recommendations?
3) What are your concerns and challenges related to the fiscal policy recommendations?
4) Should the Board provide up-front guidance on how Regional Councils construct funding plans to align funded programming to available revenues?
    a) Should number of strategies be limited?
    b) Are there specific School Readiness Indicators that should be prioritized across FTF?
    c) Should X% of funding have to be committed to the Board's signature QF strategy?
    d) Should only X% of funding be committed to strategies for which other state agencies have primary or statutory responsibility?
5) Should FTF research whether the QF model can be adjusted in ways that lower the cost but still preserve the overall design and policy intent? Example: reducing the number of scholarships made available to providers receiving them by some amount (if that amount were 1/3, a potential savings of $15.7 mil could be yielded).
6) Are there other FTF program costs that FTF should research to see if they can be lowered while still preserving the design and policy intent?

Clarification was provided on how the $126.6 program budget amount was determined; whether discretionary funding would be distributed differently; what the FY16 budget will look like in comparison to FY15; how will allocations be determined after FY16 and carry-forward handled; and, whether there will be a need for a future reset to address future accumulation of carry-forward.

The following is a summary of the comments, concerns and challenges identified by participants.

Comments Related to Financial Recommendations

- Fiscal policy recommendations make sense. It is good that all the regions are going through this at the same time. Overall a reasonable approach to sustain programs.
- Recommendations make sense. It is good that all the regions are going through this at the same time. Overall a reasonable approach to sustain programs.
- Would like to see a gradual reduction in dollars versus a reset in FY16. While the carry forward amount is decreasing, the decline is slow and could justify a slower/gradual reduction in allocations.
- Need to think about what is best for children, not just the bottom line. How is the current work advancing the system, and aligning with needs, and how are priorities being addressed? Discuss prioritized needs before discussing funding. Programs need to be examined for effectiveness of creating system change. We need to move the dial for kids, and think of the big picture, by talking to folks locally and making sure they know what's happening.
- Regional councils were asked to do long-term planning – thus funding has been carried forward to sustain programming through the next three-year funding cycle. The perception is that this planning, and thus regional council efforts, is irrelevant.
- Small regions may not be able to sustain at minimum one program strategy. Will the Board consider any exceptions for small or tribal regions?
- Concern that strategies/programs will not have adequate time to "scale down" with the current timeline.
- How can we continue to address other priority areas such as professional development and family support? How will we support the full vision of FTF, i.e. health, when funds continue to decrease?
- The reduction in the tobacco fund, and thus monies to fund programs, should be communicated and explained. The general public does not understand how FTF funds the work that goes on in communities. Too much carry-forward can be attractive to those outside of FTF, who may want to sweep funds to other state causes.
- Concern with public perception of the elimination of funding/programs in the community. There should be communication to all grant partners regarding the fiscal policy and impact. What kind of impact will this have on those relationships? Public relations will need careful attention.
- Would a 5 year planning cycle be more beneficial and provide more stability to grants? Consider making changes to the FTF calendar and when RFGA's are released, and approved by the Board as June decision for awards can be difficult for some grant partners with a July 1st start date.
- The evaluation strategy and funding level needs to be reviewed.

- Will Regional Councils be required or encouraged to supplement their funds with grants or other funding, and what mechanisms are in place to assist with this? Can we look at other taxes to support FTF, such as alcohol, or beer/wine? Can match, other funds or partnerships be added as part of our process, or included in the RFGA, even though it may preclude some entities from applying?

Comments Regarding Board Providing Guidance

- Regional Councils do not want rigid guidance from the Board, as the regions know their communities and should be able to plan accordingly. There is a difference between guidance and mandates. Regional Councils do not want mandates, but want the flexibility to meet regional needs. There should be autonomy at the regional level to address their specific needs and assets.
- Statewide data and information would help regions in their decision making process. Guidance should be the materials, statistics, and resources needed to make the decisions at a local level, not a mandated course of action from the Board.
- There is much difficulty for tribal regions to match up with the state mandates, and would prefer the freedom to design what works best in their communities.
- Decision making power should remain at the local council level. There would be concerns if the Board direction was to limit the decision making power of the local councils.

Comments Specific to Quality First

- QF is significant portion of the regional budgets. The high cost of Quality First prohibits funding in other areas. It takes up a significant portion of a region's allocation.
- The amount of funds being used for scholarships is a concern, when this is the role of state General Fund.
- Pulling out and reducing the number of programs in Quality First does not make sense but the cost is a concern.
- Supportive of QF, but there is a lack of communication on quality assurance, and its impact; is it effective? More communication on grant performance, implementation and challenges is needed for regional councils.
- Need to look at the length of time centers are in Quality First; need to bring new centers in; look at funding current enrolled programs at lower levels and move out of full participation to rating only.
- Quality First needs to be approached as a business partnership, and not as FTF being just the "funder".

Summary of Discussion from Early Childhood System Partner Focus Group on May 12, 2014

First Things First convened a group of representatives of early childhood system partner organizations on May 12, 2014. There were 18 participants in the meeting from 13 agencies and organizations, including community-based, advocacy, philanthropic, and higher education. Several of the participants represented organizations that receive FTF grant awards.

The group was briefed on the recommendations from the FTF Finance Committee to adjust the FTF program budget to $126.6 million annually, a figure which is based on current revenues and will allow FTF to maintain program spending at a consistent level for an estimated 9 – 15 years. The group then engaged in a discussion to consider the implications of these recommendations on FTF's programmatic direction and implementation. Specifically:

1. Should the FTF Board provide guidance to Regional Councils on how to align funded programming to available revenues (for example: identifying Board preferred priorities or requiring alignment to School Readiness Indicators)?
2. Because Quality First is the largest FTF financial investment, should FTF adjust the Quality First model, including Scholarships, to help reduce spending to align with available revenues?
3. What considerations should FTF have when communicating the Board's fiscal and programmatic direction to partners, grantees and the public?

Feedback from Group Conversation

Board Guidance for Regional Council Planning

- There were comments from the group that the FTF Board should provide parameters for Regional Council planning by identifying the most effective strategies and programs that contribute to school readiness, including those addressing health and development.
- The group expressed concern that FTF will not be able to show wide-scale impacts unless there is a focused investment on a narrower number of effective, priority programs that are brought to scale.
- There was strong support for the Board identifying a core group of priority strategies or programs that guide Regional Council planning. One comment suggested identifying a group of programs that Regional Councils are required to fund, and those that are optional to fund.
- Generally, the comments also emphasized the need for data showing which programs are most effective and don't duplicate services, and concern that without this data, Regional Councils may default to funding programs that provide more service for lower cost only because they have reduced funds.

"The investment of dollars is so diffuse. It is hard to describe the role of FTF and where we are moving the needle."

"The Board should provide guidance related to programs that lift school readiness."

"The health care system is rapidly changing and it is good to also prioritize moving the needle in health."

Quality First

- There was general agreement and recognition that reductions in both the number and dollar investment in Quality First Scholarships would adversely impact children's access to quality early learning settings.

"Reductions in scholarships may have a huge domino effect because fewer kids will be able to attend programs, and without the scholarship revenue base, more providers will close their program, resulting in even more kids without access to a program."

- Additionally, there was a general sentiment that a contraction in the total number of providers participating in quality improvement efforts could threaten progress on FTF's overall systems' building work.
- There was also discussion around the idea that scholarships are not the whole story, and that the 10 School Readiness Indicators provide a holistic picture of other important factors to consider in achieving school readiness.
- Comments also emphasized opportunities to be more targeted with scholarships, ensuring that scholarships are available in high-need areas first, then according to star level. The same comment was echoed related to Quality First enrollment, citing a need to prioritize enrolling providers in high-need areas.
- The group widely agreed that the Quality First model should be reviewed to identify cost efficiencies and how to enroll more providers to bring the initiative to scale while maintaining the high standards. They emphasized there needed to be adequate time for this process.

"We are not seeing enough low-income kids attending high quality programs."

"A review of FTF strategies needs to happen across the board, not just for Quality First."

Fiscal Policy Direction

- Generally, the feedback supported the fiscal direction recommended by the FTF Finance Committee, but there were a few comments about potentially reducing the length of time proposed for sustainability, suggesting that 5- 10 years (rather than 9-15 years) may be an adequate time horizon.
- Several participants suggested that reducing the sustainability timeline could result in less severe spending reductions over the next several years.

"A 5-10 year sustainability plan is more reasonable and still gives time to go after more resources in public-private partnerships."

- There was additional discussion suggesting that 5 years as a "worst case scenario" was simply too short a time horizon for any meaningful sustainability plan.

"We all support a reliable, sustainable, and data-driven decision"

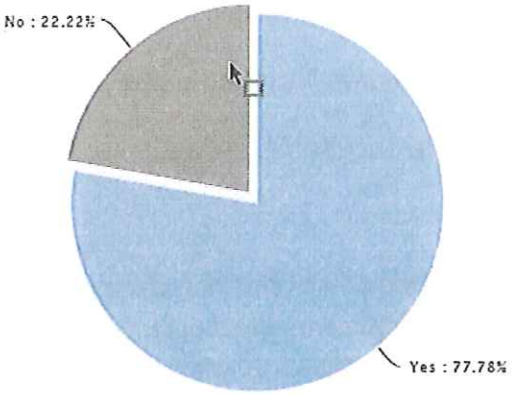
Communication to Stakeholders

- There was a general consensus that the best and clearest way to communicate with stakeholders on these issues is by explaining the overall tightening of financial resources – the steady reduction in tobacco revenue along with the spending down of "one-time" fund balance dollars.
- Additionally, the FTF Board's long-term approach with predictable and sustainable budgeting was thought to be another point to highlight in communicating with stakeholders.
- Generally, participants expressed their appreciation for being invited to engage in this dialogue and encouraged follow up communication where appropriate.

Survey Results from Policy and Program Committee Members in May 2014

The survey was made available to all Policy and Program Committee members from May 1 to 12, 2014, and 16 members participated. The results for each question are graphed below, and any comments provided are listed. (We apologize for formatting errors that appear due to the transfer of online data into this document.)

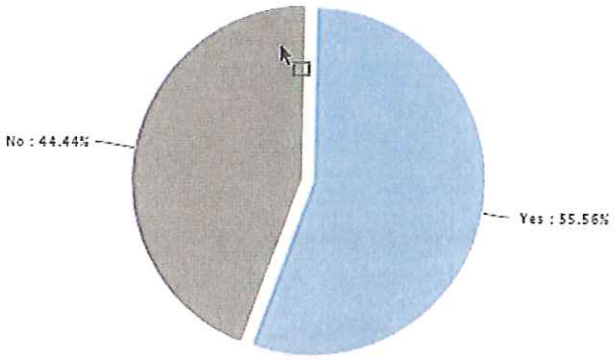
Q1-A: Should the Board provide parameters for how a Regional funding plan should be constructed?



- The Board should provide general guidelines.
- We need to organize the Council's ideas into a systems building effort. Letting all the flowers bloom is nice if you're doing a watercolor painting.
- I believe that parameters are likely warranted. It seems possible that regions may fund initiatives that lack sufficient evidence to be effective, or dilute their funding allocations among too many strategies to be effective at a state or regional level. However, I also believe that these parameters should be limited, and the regions should have some flexibility to address local needs and priorities.

- Parameter is defined as a limit that affects how something can be done.
- If the board sets the parameters then the need for regional input is limited. The idea is for regions to set their priorities.
- I think the Board needs to provide some parameters and ensure that funding is aligned to the goals and the strategies are evidence based

Q1-B: Should guidance come from the Board on how Regional Councils plan to align funded programming to available revenues – for example, Board preferred strategy(ies) or School Readiness Indicator priorities?

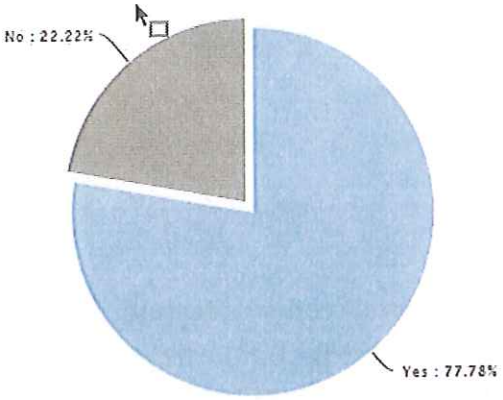


- Just that program funding should align with some pre-established parameters.
- I believe in building a system with certain common features, rules, etc.
- Again, I think that in order to effectively move the needle, some guidance from the Board on priorities or some directive on aligning funding to established school readiness indicators is necessary. I believe that the way that regional councils can maintain some flexibility to meet local needs is by giving them some discretion in identifying strategies to support to address those goals or indicators. For example, one region may want to address school readiness through early literacy efforts, while another region may address it through efforts through some other strategy.
- I believe Regions have different needs and it is the regional councils that understand what these needs are and the BEST way to address them. Should the board make suggestions, educate & inform the regional councils on the various ways they may want to address a certain issue...Absolutely. Guidance is fine...Requiring mandated funding for strategies that the Board believes are important, with little regard for how the needs of the region are getting addressed, is concerning. I understand the need to prove to the state that our children are indeed advancing...but, a strategy that advances children in one region may force another region to use funds that are desperately needed for a different strategy. In the

Board's efforts "to prove we are advancing children's education" to the state, we are losing the focus on the needs of the children in our region. What id one's region major problem is healthcare delivery and not Pre-K, what happens to their children's health, when they must fund Quality First with those funds. Perhaps the strategy should be that each region needs to prove to their own legislators that we are advancing children in our regions. The conversation regarding having us all on the same page is too soon. Let's put First Things First. After all, If we lose this regional perspective, you do not need Regional Councils any longer.

- I believe it is fine for the board to share their priorities as long as the expectation isn't to have council fund their priorities if there isn't agreement. Guidance is often construed as direction. Again, if the board is going to dictate funding priorities and how regions spend money, eliminate the regional councils.
- No, I think this should be the responsibility of the council to make the case for the alignment.

Q1-C: Should all regional councils be allowed to prioritize independent of each other, and/or Board priorities?

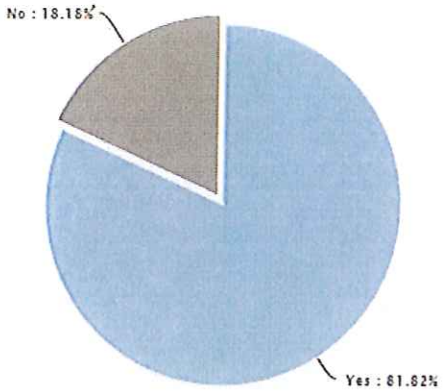


- Based on the unique needs of their region
- Again, need to prioritize for the region, but within established parameters.
- There should be specific things that each Council must address. Then x%(small amount) of a Council's budget may be used to address specific needs that may be prevalent and/or unique to a Region.
- I do believe that prioritization by local councils is important. Regions in this state are VASTLY different. A region that includes Scottsdale, for example, may find that quality early care and

education is of paramount importance, while a region in a rural or low-income region may found childcare scholarships of utmost importance.

- The whole idea behind regional council was to allow each region to review their needs and assets and set priorities around those. Over time the State funded activities have taken a lion share of regional funding. If that continues than the need for local input is eliminated.
- Yes, but I think the board may need to reduce the priories.

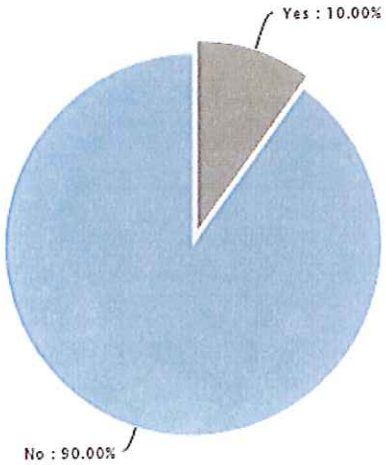
Q2-A: Should FTF research whether the QF model can be adjusted in ways that lower the cost but still preserve the overall design and policy intent?



- There are ways other than reducing scholarships to reduce the cost of Quality First. Please talk to Regional Councils, FTF Partners, ACCA and others. Reducing scholarships before DES child care is better funded will destroy the system that FTF has built so carefully over time.
- QF is great for children, teachers, and AZ. However, it eats up a lot of a Council's dollars. Those Councils with low funding levels are limited in what they can fund after QF costs are subtracted from the budget.
- I am very concerned that we are building a "Cadillac model" for child care in a state where access to affordable child care is a major concern. Arizona is a low-income state. While we should never abandon the idea of making sure that all parents have access to quality child care, we also need to understand that affordability should not be overlooked.
- Sure, for the regions that request this. I am very concerned about the overall design for it impacts regions in different ways.
- The challenge with reducing scholarships is it harms families; not necessarily child care centers. Until the DES child care subsidy comes back into play it will be difficult for working families of lower incomes to provide their children with quality care without support. Instead of offering full scholarships to everyone, FTF could provide partial scholarships for families that or in the mid-low income and could afford to pay something each week for care; just not the full amount.
- I think that QF should look at the amount of supports given rather than the number of scholarships. I think the coaching model needs to be looked at and focus on building capacity.

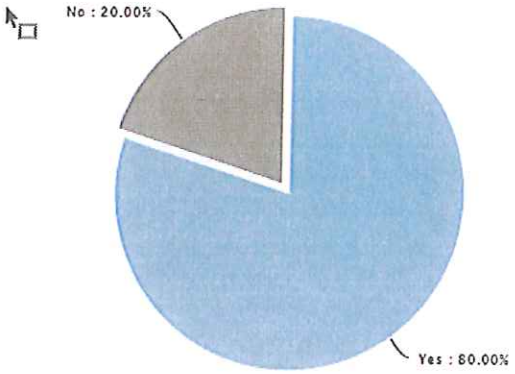
- Yes, lower cost is a concern ...but NO funds should be spent on researching lower cost before funds are spent on researching the efficacy of the entire program. I believe, it is the overall design & policy that have negative issues. Cost, of course, is always an issue, but it is not the only issue with Quality First. I do not think the Quality First program is the answer to the state's "signature strategy.

Q2-B: Should X% of Regional funding have to be committed to the Board's signature Quality First strategy?



- By now Councils have data as to dollars allotted to QF/scholarships and what is actually used by the Region's centers/teachers. Unless there is a sliding scale according to each Council's overall budget allotment, a preset percentage across the board will not work well and result in some unhappy Councils.
- It is not clear to me that this should be a priority for every region. While I fully recognize that Quality First is a top priority for FTF and admire all of the work that has been done to implement this model in this state, I am concerned that Quality First does not necessarily reflect the priorities of families in some regions. For example, in some regions, friend and family care is the norm. I wonder if we aren't imposing a model of center-based care on families and regions that have other priorities.
- This is a yes and no answer. Today there really isn't enough evidence to demonstrate the strategy is having the impact FTF desires. Quality first has strong components to it and if every center could improve their overall quality of care our children will benefit. I am just not confident that FTF has the financial ability to sustain the programs long term.
- In some areas there may not be adequate number of programs to make this feasible.
- As a citizen and a FTF representative in my community, I have had numerous emails & one on one conversations with our local educators about "Quality First". I believe that the Councils should decide their region's pre-k strategy and what amount of regional programming is appropriate and affordable. There is a better way...

Q3: Are there other FTF program costs that FTF should research to see if they can be lowered while still preserving the design and policy intent?



- Determine if another group is already funding the effort in an area.
- Child Care Health Consultation effectiveness in outlying and tribal areas, effectiveness of delivery.
- I would focus on QF and think about a step down model or a "Rating Emeritus" status. Talk to your partners they will have good ideas.
- Long-term, ongoing incentives to 4-5 star centers
- Medical Home projects duplicate funding that health plans receive from AHCCCS to coordinate complex cases. A better approach would be to work with AHCCCS to address issues that prevent providers from providing this service
- I believe it may be possible to cut back on some of the administrative expenses. I think that more consolidation of regions may make some sense. I also think it may be possible to streamline some of the processes. For example, while statute requires regional needs assessments to be done on a regular basis, it may be possible to do full reports every four or five years, with limited updates (to satisfy the law) in the interim. My impression is that FTF is a bit process heavy, and that there are opportunities to streamline in various areas, such as program compliance, the development of regional funding plans, strategic planning, etc.
- Always, FTF board should continue to review how funding is being spent and how it fits into the overall goals of FTF.
- TEACH AZ Look at connecting programs to reduce the number of grantees and cut administrative costs? Look at the community PD offered. Determine the level of quality and maybe focus that.
- Not that I know of...but I am speaking for one region only.