



**Arizona Early Childhood Development and Health Board
Policy and Program Committee
Meeting Minutes
May 15, 2014**

Pursuant to A.R.S. §8-1194(A) and A.R.S. §38-431.02, notice is hereby given to the members of the First Things First - Arizona Early Childhood Development and Health Board, Program Committee and to the general public that the Program Committee will hold a **Regular Meeting open to the public on Thursday, May 15, 2014 beginning at 10:00 a.m. The meeting will be held at the First Things First Board Room, 4000 North Central Avenue #800, Phoenix, Arizona 85012.** Some members of the Program Committee may elect to attend telephonically.

Call to Order, Welcome and Introductions

The Regular Meeting of the First Things First – Arizona Early Childhood Development and Health Board Program Committee was held on May 15, 2014 at the First Things First Board Room, 4000 North Central Avenue, Suite 800, Phoenix, Arizona 85012.

Chair Decker called the meeting to order at 10:05 a.m.

Roll Call:

Cynthia Chavarria performed a roll call.

Members Present:	Bill Berk, Dr. Randal Christensen, Amy Corriveau, Mary Ellen Cunningham, Janice Decker, Naomi Karp, Vivian Juan Saunders (P), Laurie Smith, Alan Taylor, Kim Van Pelt, Brad Willis, Colleen Day Mach (P)
Members Absent:	Toni Harvier, Kenton Laffoon, Dr. Eva Marie Shivers
Advisory Committee Co-Chairs:	Pat VanMaanen
Invited Guests:	Nancy Mongeau (P), Cindy Hallman

Review and Possible Approval of Meeting Minutes

Chair Decker called for a motion to accept the meeting minutes of April 3, 2014. Member Cunningham had one correction. The second paragraph of the Program Considerations Related to Fiscal Policy on page two needs to be changed as follows:

“Member Cunningham stated this is the same work that the Arizona Health Care Cost Containment System (AHCCCS) plans are required to provide.”

Member Christensen moved to accept the minutes with the correction and Member Smith seconded. All in favor and motion passed.

Program Considerations Related to Fiscal Policy

Chair Decker stated that at the last Policy and Program Committee on April 3, the Committee reviewed the financial recommendations made by the FTF Finance Committee, but did not have enough time to have a discussion about FTF program direction and considerations, which is the purpose of today’s meeting. At the FTF Board meeting on April 8, 2014, the Board approved a motion that asked the Policy and Program Committee to examine program considerations and provide recommendations at the Board’s June meeting. However, if the committee needs more time to make recommendations, they can be made at a future Board meeting in August, or possibly at a telephonic Board meeting in July.

A summary of written feedback from Regional Partnership Councils Chairs and Vice-Chairs, FTF partner and stakeholder organizations, and results from the survey of Policy and Program Committee members was presented by Karen Woodhouse, Chief Program Officer, and discussed by members. The summary showed that Regional Council leaders expressed strong support that the FTF Board should not direct them on the priorities they should fund. The Council members believe it is their role to determine what their communities need most. The feedback also reflected a perception that the FTF Board has mandated the Quality First (QF) program for all regions, but this is not the case. Feedback from some partners and stakeholders reflected a belief that parameters should be set on funding and that the FTF Board should provide more guidance and set more of a mandate or directive on how to spend funds. One suggestion from stakeholders is that FTF should develop a core group of strategies that all Regional Councils would fund because with funding being split between so many strategies, it is hard to see what change FTF is really impacting. Some stakeholders recommended FTF be more targeted with their funding and that there are other more fundamental needs not being funded because of what is allocated to QF scholarships. Results from the Policy and Program Committee survey reflected 16 completed responses with 78% responding yes and 22% replying no on whether the FTF Board should provide guidance on how Regional Council funding is allocated; however, in another question on whether Regional Councils should make their own funding decisions was overwhelmingly supported.

Karen Woodhouse then reviewed the contents of the QF brief, stating that QF and QF Scholarships are being discussed not because QF is more important than any other strategy or program funded by FTF, but because it makes up a larger portion of the FTF program budget and is consistently identified by Regional Council members as a program they wish to discuss related to potential fiscal policy decisions. The brief provides information on QF provider participation, the number of QF scholarships awarded, the components of the QF program model and funding history. The brief also highlights policy decisions approved by the Board over the past five years that initiated “emergency scholarships” in 2009 for \$20 million in response to the Great Recession and legislative defunding of child care subsidy; the decision enacted in FY13 to connect scholarships to the QF model of supports; and, beginning in FY16, using scholarships to incentivize and maintain higher quality programs. For FY15, total funding for QF is \$85 million, with scholarships accounting for \$61 million.

Discussion was initiated by reviewing five possible approaches for Board guidance on QF and related data. The approaches include no change to the current model; reducing funding for scholarships by one-third; reducing funding for scholarships by one-third and reducing the reimbursement rate per scholarship by five percent; eliminating the requirement that scholarships be funded for QF providers; and, providing no guidance at all.

Member Christensen recognized the complex discussion and noted that the Board is asking that paramount decisions to be made and identified that the financial decisions range from retaining the current funding strategy to fund at present dollars for a short time; or, cut funding by 80% across the board and fund strategies for a longer period of time; or, fund at a sloped funding strategy, which might be the better strategy overall. He stated that most importantly is the review of FTF funded strategies, considering whether or not what FTF funds is having an impactful benefit to communities statewide. He urged FTF to consider where funds are going and whether efforts can be sustained. Regardless of whether the decision is made by the Board and Committees or the Regional Councils, there are important programs that have been started that need to continue.

Member Van Pelt shared an overall concern about the magnitude of funding going to QF and the connection of funding to scholarships. She believes quality is important but is more concerned with families having accessibility to other services. She asked what the thinking was on the conversation is focused on scholarships instead of thinking where FTF spends funding. Karen Woodhouse replied that the conversation has focused on QF and scholarships because of the amount of funding invested. Member Van Pelt offered that in some regions, there is not a big need for scholarships and Regional Councils need ability to redirect funds. Ms. Hallman noted that in the context of regional funding, when a large amount is going to QF, Regional Council members think of whether this is the way they want to continue funding, as they want to focus on the overall mandate of FTF for all children. Member Karp shared that her Regional Council funded scholarships initially because they were needed, but now the responsibility needs to shift back to the Arizona Department of Economic Security. Member Smith was concerned that Councils would have to fund QF even if they didn’t believe it was needed in their area. Some communities have different needs and she has faith Regional Councils can determine how many scholarships are needed in their region and hopes involvement with public private partnerships can grow. Ms. Hallman asked if the child care centers participating in QF have been surveyed on whether they participate because they receive the scholarships or because they want to improve quality. The Quality First Staff present replied that a recent provider survey asked providers to rank the importance of financial incentives in QF participation.

Member Berk believes funding is a high driver for QF participation. With his collaborative work with other Pima County providers, they’ve discussed that as the requirements for 3-5 star levels go into effect, they may have to drop out of QF if they don’t make it to a 3 star level. Member Berk believes he’s still in business because of the scholarships his center receives and that if scholarships are reduced, quality will go down. Member Van Pelt recognizes that part of the concern is the overall investment to QF in general, but there is still higher concern for the issue of scholarships. Member Berk shared that providers in Pima County have also wondered if they should continue to receive the full package of scholarships through QF forever or drop out when they’ve reached a four to five star rating.

Michelle Katona shared that the Regional Councils see decisions on scholarships as a governance issue. Those who don’t fund scholarships are making decisions on access issues. Josh Allen commented that the coaching and incentives model budget reflects a number of concerns of overall cost of needs in communities. Member Christensen understands the governance issue and at this point he can side with the Regional Councils having a say on what they fund in their communities as this was the point in creating the Councils to begin with.

Members believe that having more data is going to be really important to determine how to continue funding through the years and would like to see the build-up of the system during the next three years and to see what agency and organization partners are doing and how can they drive decisions. For example, the Arizona Health Cost Care Containment System (AHCCCS) is working on policies related to the Affordable Care Act that may mean FTF won’t have to fund some currently funded strategies in the future.

Member Berk reflected on his time as a Regional Council member and agreed with the Regional Council perspective in decision making, but can now see the importance of guidance from the FTF Board because if Regional Councils are only funding certain strategies in their region, then we're not moving things as a statewide system. Member Berk questioned if the Program Committee have the ability to delay the financial changes being suggested. Chief Executive Officer Sam Leyvas responded that just as the Program Committee is expert in its field, the FTF Finance Committee spent much time on their recommendations and looked at complex details and research in coming up with their financial recommendations. Technically, the FTF Board could decide against the Finance Committee's recommendations, but the Board Committees were developed to provide their area expertise to further the work of FTF.

Member Smith shared her view as a member of a Regional Council in a rural community, stating that Arizona is so diverse in needs and this is where the beauty lies in being able to really support the different strategies. Ms. Hallman agrees and noted that Councils participated in the vetting of the School Readiness Indicators and benchmarks and the Regional Councils support them and believes we have a good system in place. Member Van Pelt indicated that as a previous FTF staff member, she respects the Regional Councils, but is still concerned about the state of funding for child care, and believes that if funding decisions are made only by Regional Councils, there won't be an overall approach to the system. Member Karp voiced that when the counties carried the petition to pass the FTF initiative, it was to about building a whole early childhood system. She stated that if there are 28 systems through the Regional Councils, then there is still need for one central body to build a cohesive system.

Member Cunningham asked what happens if scholarships are de-coupled from QF. Does it mean children who are enrolled in higher quality centers can arguably afford to pay for quality? Karen Woodhouse replied that during discussion with the partner focus group on May 12, several participants brought up the point that if QF scholarships are cut, it would impact a provider's ability to provide services because it might change the number of lower income children who can enroll. It would likely change the number of funded available scholarships, but Regional Councils could still choose how many scholarships they want to fund. Member Berk shared that his community in Pima County would like to see more low income kids getting scholarships for 3 to 5 star programs. Karen Woodhouse explained that scholarships are for families at 200% or below of the federal poverty level. Valley of the Sun United Way performs an audit of eligibility information for accountability purposes to ensure that only low income families are receiving these scholarships.

Chair Decker recognized this is a very difficult conversation about change, but the Policy and Program Committee has a big role to play in making program recommendations based on the financial recommendations from the Finance Committee. She thanked the Committee for their comments and reflected on the general comments she heard: the Program Committee feels the Regional Councils should retain their autonomy in making funding decisions with some guidance from the FTF Board and with this autonomy the Regional Councils can choose to fund additional scholarships and that scholarships should be de-coupled from Quality First. Michelle Katona stated she doesn't know if Regional Councils will continue to fund additional scholarship slots over a baseline required number if they no longer receive carry forward funds. Ms. Hallman believes it's good to plan to decrease funds for scholarships now but bring the number down slowly as FTF revenue is decreased. Member Christensen agrees that it's best to start slowly because there are a finite number of funds available and Regional Councils will have to make decisions on which strategies to fund with less money. If a Regional Council continues to fund scholarships, they will have to defund something else.

Chair Decker asked if Committee members felt that as a group can a solid decision be made at this point to present to the FTF Board. She stated that the Committee also has the opportunity to schedule more time together to discuss further and if so, what kind of information would members like to see. Member Taylor would like to look at more data and the process for implementation of the QF program. Member Karp would also like to see the scholarship impact data aligned to the five potential approaches in a format that is easier to read than the data charts. Karen Woodhouse will also look into providing data from the QF provider survey.

FY 2015 Meeting Dates:

Chair Decker recommended the Committee meet again before July. Members will be polled for their availability to meet in June and a save the date meeting notice will be sent out. Karen Woodhouse will send out the additional data requested for the Committee's review prior to the June meeting.

Chair Decker would also like to plan for possible meeting dates for the next fiscal year and Fall, Winter and Spring dates will be offered.

Adjournment:

Chair Decker called for further discussion items or member updates and there being none, adjourned the meeting at 12:07 p.m.