



FIRST THINGS FIRST

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AGENDA ITEM: Meeting Minutes

BACKGROUND: Meeting minutes of the February 21, 2014 Regular Meeting are included for review and possible approval.

RECOMMENDATION: The Regional Director recommends review and approval of the February 21, Regular Meeting minutes.



Arizona Early Childhood Development & Health Board
Gila Regional Partnership Council
Regular Meeting Minutes of February 21, 2014

Call to Order, Welcome and Roll Call

The Gila Regional Partnership Council Regular Meeting was held on Friday, February 21, 2014 at the Tonto Apache Tribal Chambers, Highway 87, Mile Marker 251, Payson, Arizona 85541.

Regional Council Chair Yale called the meeting to order at approximately 10:05 a.m.

Regional Council Members in attendance:

Audrey Opitz, Sherry Dorathy, Dr. Diane Bricker, Ann Tolman, Tashina Smith, Debby Bunney, Sharri Moody, and Sue Yale

Regional Council Members not in attendance:

Carol Welsh, Fernando Shipley and Kayla Van Cleve

Meeting Minutes

Chair Yale presented the minutes of the January 17, 2014 – Regular Meeting.

A motion was made by Member Opitz to approve the meeting minutes as presented, seconded by Member Bunney. Motion carried 8-0.

Call to the Public

Chair Yale announced the Call to the Public, there was no response.

Declarations of Conflict of Interest

Chair Yale requested Regional Council Members review the meeting agenda and declare any possible conflicts of interest at this time. Member Dorathy declared a conflict of interest with agenda item 7 due to her employment with the Miami Unified School District. As a result, she recused herself from any vote and discussion regarding this agenda item.

Read On Arizona

Chair Yale introduced Terri Clark from Read On Arizona to provide the Regional Council an overview of the program and the work they are engaged in across the state. Discussion took place on how to include the cities and towns in Gila County as Read On communities.

A motion was made by Vice Chair Tolman that the Regional Council proposes to allow the Regional Director to work with communities in the Gila Region to submit applications for the cities/towns to become Read On communities with First Things First identified as a collaborative partner, seconded by Member Smith. Motion carried 8-0.

Strategic Initiatives Update

Chair Yale introduced Patsy Kraeger, Senior Director of Strategic Initiatives to present an update. Ms. Kraeger presented an update regarding the Public Private Partnerships plan at First Things First.

Fiscal Year 2014 and 2015 Funding Plan

Member Dorathy restated her conflict of interest for this agenda item and recused herself from any discussion and vote.

Ms. Chandler informed the Regional Council that she reached out to the local preschools as locations for a full day preschool/child care class to be funded by the Expansion/Start Up strategy due to the delay with the Inspiration Workgroup project. Miami Unified School District has expressed interest in expanding a full day, full year (12 months) program for 3 and 4 year olds for approximately 20-26 children.

A motion was made by Vice Chair Tolman that the Gila Regional Partnership Council use \$40,000 of the Expansion/Start Up strategy funds to negotiate a government to government agreement with Miami Unified School District to expand the existing pre-kindergarten program with the addition of at least one additional classroom to include full day, twelve month program for 3 and 4 year olds. This additional extra classroom would accommodate approximately, 20 – 25 children, seconded by Member Bunney. Motion carried 7-0-1.

Community Awareness

Ms. Chandler gave a brief update on the SFY14 proposed Community Awareness budget and discussed the possibility of the Regional Council funding calendars and newsletters. The Regional Council directed Ms. Chandler to provide more ideas and information for discussion at the next Regular Meeting.

Regional Partnership Council Member Updates

Member Moody attended the Ribbon Cutting Open House Ceremony for Canyonlands Healthcare on February 20, 2014 from 11:30 a.m. – 1:30 p.m. Member Opitz expressed her desire to provide more information to the Head Start Board she sits on about the work of First Things First.

Regional Director's Report

Ms. Chandler reviewed the report and provided updates to the Regional Council.

Next Regional Partnership Council Meeting

The next Regional Council Meeting will be held on Friday, March 21, 2014 at the Cobre Valley Medical Center Medical Annex-B 5880 S. Hospital Drive Globe, Arizona 85501 from 10:00 a.m. – 1:00 p.m.

Adjournment

Chair Yale adjourned the meeting at 12:24 p.m.

Gila Regional Partnership Council

Gila Regional Partnership Council

Sue Yale, Chair

Dated this 18th day of April 2014

Hazel Chandler, Regional Director

Dated this 18th day of April 2014



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- AGENDA ITEM: Regional School Readiness Benchmarks
- BACKGROUND: The First Things First State Board established School Readiness Indicators in FY2012. In FY2013 work began to establish statewide and regional benchmarks to measure the progress towards meeting the School Readiness Indicators. This attachment summarizes the Regional Council Benchmarking Recommendations, information from the Regional Benchmarking Public Forum held March 18 and the online survey.
- RECOMMENDATION: The Regional Director is recommending that the Regional Council make a motion to confirm the Regional Benchmarks which have been established and forward recommendations to the State Board for final approval.



Gila Regional Partnership Council

Overview

In January of 2012, the Arizona Early Childhood Development and Health Board approved the Gila Regional Partnership Council's selection of the following five School Readiness Indicators (SRIs) as their top priorities:

Indicator #1 - School Readiness - #/% of children demonstrating school readiness at kindergarten entry in the developmental domains of social-emotional, language and literacy, cognitive, and motor and physical

Indicator #2 - Quality Early Education - #/% of children enrolled in an early care and education program with a Quality First rating of 3-5 stars

Indicator #7 - Healthy Weight - #/% of children ages 2-4 at a healthy weight (Body Mass Index-BMI)

Indicator #8 - Well-Child Visits - #/% of children receiving at least six well child visits within the first 15 months of life

Indicator #10 – Confident Families - % of families who report they are competent and confident about their ability to support their child's safety, health and well being

In Phase 1 School Readiness Indicator benchmarking 2013-2014, the Gila Regional Partnership Council set benchmarks for the following three SRIs:

Indicator #2 - Quality Early Education

- #/% of children enrolled in an early care and education program with a Quality First rating of 3-5 stars

Indicator #7 - Healthy Weight

- #/% of children ages 2-4 at a healthy weight (Body Mass Index-BMI)

Indicator #10 - Confident Families

- % of families who report they are competent and confident about their ability to support their child's safety, health and well being

To discuss, set, and finalize benchmarks for their three chosen Indicators of Quality Early Education, Healthy Weight and Confident Families, the Regional Partnership Council met in May 2013, June 2013, November 2013 and January 2014, and conducted a public input forum in March 2014. First, the Regional Partnership Council discussed and set benchmarks for the three SRIs. Input was then gathered through an in-person public forum, as well as an online survey. After compilation of public comments, the Regional Partnership Council again met to finalize the recommended benchmarks.

Quality Early Education Indicator Regional Council Benchmarking Discussion and Decision



Initial Discussion 11/15/13

The Regional Partnership Council met on 11/15/13 to consider the Quality Early Education Indicator.

The data sources and baseline data were reviewed with the Regional Council. Two baseline calculations were provided to the Regional Council for the Quality Early Education Indicator:

Quality Early Education Baseline A is the number of children enrolled in an early care and education program with a Quality First rating of 3-5 stars divided by the number of children enrolled in an early care and education program with a Quality First rating of 1-5 stars; this baseline is essentially the percent of children in Quality First who are enrolled in 3-5 star care.

Quality Early Education Baseline B is the number of children enrolled in an early care and education program with a Quality First rating of 3-5 stars divided by the number of children enrolled in regulated early care and education; this baseline is essentially the percent of children in regulated care who are enrolled in 3-5 star Quality First care.

Discussion and Decision - Quality Early Education 11/15/13

Earlier in their Council meeting, the Gila Regional Partnership Council had discussed Quality First extensively, related to the Gila Regional funding plan. In their funding plan discussion, they voted to fund six rating only slots in Quality First. With this addition, all but one Department of Health regulated early care and education provider in the region could be accommodated in Quality First. The Regional Council also continued their strategy to incentivize the opening of a new provider that would enroll in an open Quality First slot in the Globe/Miami area.

The Regional Partnership Council discussed the expected progress of providers in Quality First (expected progress is to move from 1 to 2 stars in 2 years and 2 to 3 stars in 2 - 4 years) and upcoming model changes in Quality First such as phasing out of scholarships at the 1 and 2 star levels.

There was extensive discussion on the Quality Early Education Baseline B denominator: 1693. There was concern over the use of the Market Rate Survey for this denominator. There were additional concerns about estimating the total number of children served in Gila by dividing the number of children in regulated care in Gila and Pinal Counties in half. The Regional Council noted that Pinal County has many more children and regulated care slots than Gila County, therefore, there was concern that the denominator substantially overestimated the number of children served in Gila County. For their funding planning, Regional Director Hazel Chandler, working with local providers, utilized an estimated number of slots available in childcare at around 600. Based on this discussion, the Council utilized a figure of 563 (one-third of the 1693 figure).

The Regional Partnership Council agreed that all providers who remain in Quality First should attain at least a 3 star rating by 2020 and with their current planning, nearly all early care and education providers in the region will be included in Quality First. They discussed the anticipated phase-in timeline for their current planning to expand Quality First in the Gila region.

In addition to their discussions on expanding the total pool of Quality First providers in the region, the Regional Council also discussed factors that might decrease the total pool of providers in Quality First. These factors included continued potential turnover of early care providers and economic changes such as mine closures that have the potential to greatly impact communities and overall demand for early care and education.



Considering all of these issues, the Gila Regional Council agreed they wanted to send a strong message about the importance of quality early care and education in their community. For Quality Early Education Baseline A, they agreed that based on their expansion of Quality First and the intensive nature of Quality First supports, 90% is an attainable goal by 2020. This benchmark is slightly more than an 80% increase from their 8% baseline.

For Quality Early Education Baseline B, based on the denominator of 563, they agreed on 49% as an aspirational and attainable goal by 2020; utilizing the denominator of 1693, this would be a goal of 16.3%.

Supporting materials can be found in the Gila appendix.

Proposed Benchmark for Quality Early Education Indicator

Quality Early Education Indicator Benchmark A: 90% of children enrolled in an early care and education program with a Quality First rating of 3-5 stars by 2020.

Quality Early Education Indicator Benchmark B: 16.3% of children enrolled in an early care and education program with a Quality First rating of 3-5 stars by 2020.

248 children enrolled in early care and education program with a Quality First rating of 3-5 stars by 2020.

Overview of School Readiness Indicators and Healthy Weight

Initial Discussion 5/17/13

On May 17, 2013, the Gila Regional Partnership Council met for an overview of benchmarking. The intent of the SRIs and benchmark data sources as well as an initial review of the baseline data for the Healthy Weight Indicator were provided.

Healthy Weight Indicator Regional Council Benchmarking Discussion and Decision

Initial Discussion 6/21/13

The data source, limitations of utilizing WIC data to measure progress for all children, trends in obesity, overweight, and underweight for the region was reviewed with the Regional Council.

Supporting materials can be found in the Gila appendix.

Discussion and Decision – Healthy Weight 6/21/13

The Regional Council discussed the limitations of First Things First efforts to impact children's healthy weight. They discussed the many complex factors related to healthy weight including cost of food, challenges with breastfeeding (including workplace policies), and generational poverty.

There was extensive discussion of the potential problems of utilizing the data from the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) program as an estimate for all Gila region children. It was discussed that currently there are no data or analysis available to assess whether children served by WIC are likely to be more or less obese/overweight than all Gila children. It was agreed that WIC is not a representative sample and the Regional Council discussed whether they could be sure that WIC is a good estimate and measurement for Gila region. They



considered that the WIC population is likely more overweight than the Gila county general population, however, they agreed that all families have eating and activity habits that can and need to be supported in order to improve.

The Regional Council reviewed current and planned community programming related to healthy eating and activity. They discussed many new and expanding FTF and community partner initiatives that will likely impact healthy weight directly and through collaboration with resources such as: Head Start, AHCCCS/Medicaid, community awareness strategy, WIC, Healthy Steps, Health Start, expanded access to quality early childhood education, Teen Outreach Pregnancy Services, and community health centers and hospitals.

Based on these ongoing community efforts to support healthy eating and activity, as well as the challenges associated with impacting this Indicator, the Regional Council discussed a Healthy Weight Indicator Benchmark of 75% of children 2-4 at a healthy weight. This is a 5% increase from the Gila baseline of 70% of children at a healthy weight by 2020.

Supporting materials can be found in the Gila appendix.

Proposed Benchmark for Healthy Weight Indicator

75% of 2-4 year olds in Gila Council area at a healthy weight by 2020.

Confident Families Indicator Regional Council Benchmarking Discussion and Decision

Initial Discussion 1/17/14

The data source, survey methodology and calculation of the overall Confident Families Indicator from nine key measures, and the baseline data for the region was reviewed with the Regional Council.

The Confident Families Indicator is measured by the Family and Community Survey. This survey is conducted every three years by a sub-contractor of First Things First and the survey was designed to provide information for Regional Partnership Councils on parent knowledge, skills, and behaviors related to their young children.

The Family and Community Survey is conducted, for non-tribal Regions, over the phone. Over 3700 parents with children 0-5 participated in the 2012 Family and Community Survey. In the Gila region, 90 parents completed the survey. Parents were reached randomly via land-line as well as cell phone. Interviews began with demographic questions and based on information provided by parents on family income, ethnicity, and geography, the sample of parents was carefully balanced to ensure that the respondents reflected the diversity of Arizona and Gila region in particular.

The survey contains over sixty questions, some of which were drawn from the national survey, *What Grown-Ups Understand About Child Development*¹. Survey items explore multiple facets of parenting. There are questions on overall knowledge of the importance of early childhood, questions which gauge parent knowledge of specific ages and stages, parent behaviors with their children, as well as parent practices related to utilization of services for their families.

For the Confident Families Indicator composite score, a sub-set of nine items were selected. The nine items include parent knowledge, parent self-report of competency and confidence in the parenting of their young children, and parent behaviors, all of which are of key importance to support a young child's safety, health and well-being. Five of the items selected are knowledge-based questions that directly assess a parent's level of knowledge of key developmental areas.

¹ CIVITAS Initiative, ZERO TO THREE, and BRIO Corporation, Researched by DYG, Inc. 2000. *What Grown-ups Understand About Child Development: A National Benchmark Survey*.



Two of the items selected specifically ask parents to rate their level of competency and confidence in their ability to support their child's learning, cognitive development, safety, health and overall well-being. Lastly, two items inquire about parent behaviors around the key early literacy activities of reading, telling stories and singing songs with their children. Six or more responses (out of nine) meeting the cut point comprised the composite score criteria. The scoring was determined based on the national survey key and on early childhood development research and best practice.

Discussion and Decision – Confident Families 1/17/14

The Regional Council discussed the fact that the Family and Community survey is self-report. They agreed that questions 6 and 7, which ask parents to report their competence and confidence directly, were likely to be positively skewed due to reporting bias. However, they agreed that utilizing a bank of nine survey questions to calculate overall competence and confidence was a good approach to tracking knowledge and skills over time.

The Regional Council discussed the estimated number of parents who would need to be supported to attain competence and confidence by 2020 to attain a benchmark of 48%: 199. The Council agreed that all parents and caregivers need access to supports related to parenting and child development, including grandparents.

They discussed that the Confident Families Indicator is of critical importance in the Gila region and that already-existing efforts, partnerships, and infrastructure make an aspirational benchmark attainable. There was consensus about the ability to build on community efforts such as: the Boys and Girl's Club, community awareness strategy, Healthy Steps, expanded access to quality early childhood education, Teen Outreach Pregnancy Services, libraries and community health centers and hospitals. They agreed that large-scale changes will reflect the work of all early childhood partners, not just First Things First.

The Gila baseline is 38% of Families Competent and Confident about Their Ability to Support Their Child's Safety, Health and Well-Being. The Council discussed a benchmark goal of 48% Families Competent and Confident about Their Ability to Support Their Child's Safety, Health and Well-Being. They agreed that based on the partnerships and promising efforts currently under way in the region, the 48% goal and 10 percentage point improvement by 2020 is an attainable goal for the Gila regional area by 2020.

Supporting materials can be found in the Gila appendix.

Proposed Benchmark for Confident Families Indicator

48% of Families Competent and Confident about Their Ability to Support Their Child's Safety, Health and Well-Being by 2020.

Public Input on Initial Benchmark Targets for Indicators

Public comment was solicited in two ways: in-person community forums and an online survey.

Public Input Forum

On 3/17/14, an SRI benchmark public forum was held in Globe to gather community input on initial benchmark targets set by the Gila Regional Council. The agenda was as follows:

1. Welcome and Introductions



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School Readiness Indicators

2. Overview of Process to Recommend Regional Benchmarks
3. How and Why Benchmarks Are Used
4. Review and Discuss Proposed Regional Benchmarks for Priority School Readiness Indicators
5. Process and Timeline for Finalizing Recommended Regional Level Benchmarks
6. Questions

There were five attendees: two members of the public (Marilyn Simmons and Charlene Becker), one members of the Gila Regional Partnership Council (Ann Tolman), the Gila regional director, Hazel Chandler, and the facilitator, Amy Kemp.

After introductions, the forum began with an overview of the purpose of SRIs and the statewide and regional processes of setting benchmarks, including the 9 priority roles of First Things First and their relation to the 10 SRIs. There was discussion on the SRI process and additional clarification that SRIs are tools to monitor changes in statewide and regional populations of children and not evaluation tools. Attendees were informed that SRIs are used to measure progress in the early childhood system overall and help identify priorities.

There was a brief review of the status of all Indicators, identification of the five Indicators prioritized by the Gila Regional Council as well as the three benchmarks that the Council had set. Utilizing the baseline and benchmark data for Gila Regional Council, the group reviewed the considerations, discussions and decisions of the Gila Council on the following prioritized Indicators:

Indicator #2 - Quality Early Education

- #/% of children enrolled in an early care and education program with a Quality First rating of 3-5 stars

Indicator #7 - Healthy Weight

- #/% of children ages 2-4 at a healthy weight (Body Mass Index-BMI)

Indicator #10 - Confident Families

- % of families who report they are competent and confident about their ability to support their child's safety, health and well being

There was group discussion about the timeline of Indicator #1, School Readiness, and its critical nature as the ultimate outcome of the other nine indicators. The group discussed the importance of including kindergarten teacher input on skills needed in kindergarten in a definition of kindergarten readiness. It was noted that K-3 teachers are often challenged to meet grade-level expectations because children arrive in kindergarten already behind in critical skills and parents are often reticent to discuss these limitations and challenges with teachers. It was noted that kindergarten teachers are keenly aware of the high expectations for children in kindergarten.

The group also discussed their enthusiasm for working to improve children's healthy weight as a community. It was noted that public schools and other service providers are often challenged to directly address this topic, as parents are often reticent for their children to be weighed or receive recommendations about food choices.



Attendees also expressed an eagerness to work together to provide parents the support needed to be confident families. All agreed that the work of First Things First – or any partner alone – will not achieve our goals for children; rather, all ten of the School Readiness Indicators are a tool for strategic collaborative planning.

After review of the Gila Regional Council’s discussion and decisions, no changes were suggested.

Online Survey:

An online survey for the Gila region was launched on March 17th and was open for 14 days. Utilizing email contact lists for Gila region, the survey was sent to community and Regional Council members. The survey provided Gila region wide benchmark targets for the Quality Early Education, Healthy Weight and Confident Families Indicators. Respondents were asked two questions related to each benchmark:

How much do you agree that the proposed benchmark for this priority School Readiness Indicator in your community/region is ambitious enough to positively impact outcomes for children in Arizona?

How much do you agree that the proposed benchmark for this priority School Readiness Indicator is realistic and achievable?

There was also the option to provide additional comments for each benchmark.

For the Gila region online survey:

- 6 respondents viewed the survey
- 1 respondent started the survey
- 1 respondent completed the survey

For Quality Early Education Benchmark B: 16% of children enrolled in an early care and education program with a Quality First rating of 3-5 stars by 2020.

- 100% of respondents (1 of 1) agreed that the benchmark is ambitious enough.
- 100% of respondents (1 of 1) disagreed that the benchmark is realistic and achievable.

There was one additional comment for this benchmark. It noted that the benchmark goal for Quality First may be too high given the financial constraints of grandparents and other family members.

For Healthy Weight Benchmark: 75% of 2-4 year olds at a healthy weight by 2020.

- 100% of respondents (1 of 1) agreed that the benchmark is ambitious enough.
- 100% of respondents (1 of 1) agreed that the benchmark is realistic and achievable.

There were no additional comments for this benchmark.

For Confident Families Benchmark: 48% of Families Competent and Confident about Their Ability to Support Their Child’s Safety, Health and Well-Being by 2020.



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School Readiness Indicators

- 100% of respondents (1 of 1) agreed that the benchmark is ambitious enough.
- 100% of respondents (1 of 1) agreed that the benchmark is realistic and achievable.

There was one additional comment for this benchmark. The comment reinforced the attainability of the benchmark goal. It was also noted that parent self-report is likely to over-estimate parent confidence.



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AGENDA ITEM: SFY2015 Renewals

BACKGROUND: Grants and agreements are issued for a period of one year with the option to renew annually for two additional fiscal years. Three grant agreements are eligible for renewal for State Fiscal Year 2015.

RECOMMENDATION: After review of the renewal application, data and narrative reports the Regional Director recommends approval of all three renewals.



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AGENDA ITEM: SFY2016 – 2018 Strategic Direction

BACKGROUND: The State Board sets Regional Allocations based on tobacco tax revenues. The State Board and their workgroups have been holding discussions on the funding levels for SFY2016 – 2018 over the past few months. Over the past few years tobacco tax revenues have decreased significantly. These decreases have triggered numerous discussions of long term sustainability for First Things First. This provides an update of the state board activities toward setting funding levels for SFY2016-2018.

RECOMMENDATION: This is provided for information only. No action needed.



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Sustaining Arizona's Commitment to Young Kids

Finance Committee Recommendation to the Board - Summary

Tobacco taxes are a declining source of revenue; in fact, funding for First Things First has decreased from almost \$171 million in fiscal year 2008 to \$132 million in FY2013, a 23% drop in five years. By statute, the Board is ultimately responsible for ensuring that FTF funds are used as Arizona voters intended. Therefore, one of the Board's primary responsibilities is to set a fiscal policy that allows FTF to: sustain program funding for the longest term possible; maximize current and future revenues; and, promote thoughtful and proactive planning for future funding reductions so as to minimize the impact to children and families statewide.

In setting a fiscal policy direction, the Board has focused specifically on trends in tobacco tax collections – which led to revenue projection models researched by Arizona State University – and analysis of expenditures. The initiative that created FTF was written so that an organizational fund balance would accrue for a period of time before expenditures began. This was an intentional, strategic move on the part of the initiative's authors to ensure that funds would be available to sustain FTF's efforts over a longer period of time.

What were not anticipated were sizeable regional carry-forward balances. The Board noted the reasons for and monitored the regional carry-forward balances in fiscal years 2010 and 2011. In 2012, when the total regional carry-forward balance exceeded \$90 million – the Board looked more closely at the regional carry-forward balance and set fiscal policy that focused on spending down that balance.

While fiscal year 2013 was the first year in which the regional fund balance did not grow, the reduction was minimal. As regions complete the last year in the current funding cycle (FY13-15) and begin planning for the next three years (FY16-18), it was a logical next step for the Board – through its Finance Committee and with support from FTF staff – to undertake a deeper review of revenue, organizational fund balance and regional carry forward and to establish the fiscal policy direction that regional councils can use as a basis for discussion of the next three-year strategic direction and budgeting.

Recommendation of the Finance Committee

To expand the discussion and ensure a diverse set of views on the matter, the Chair of the Finance Committee, member Nadine Mathis Basha, invited special guests to both meetings to participate in the conversations. The additional participants represented both Board and regional council members.

Over the course of two meetings the Finance Committee reviewed how allocations are set; discussed the variables involved in the allocation process; examined how future allocations would support current spending budgets; looked at how regional fund balance is related to and impacts spending; reviewed how the organizational fund balance can be used to support a targeted spending level; and, developed recommendations for the Board on future program spending budgets and how the regional fund balance should be used.

Two formal recommendations have been made to the Board. These will be discussed at the April 2014 Board meeting and voted on at the June 2014 Board meeting. They include:

- 1) Beginning in FY16, the start of the new three-year Funding Plan Cycle, allocate \$126.6 million in revenues to support Program spending (statewide and regional combined), and keep this amount constant for successive years.
- 2) In FY16, the total means of financing available to support regional allotments should equal the targeted \$126.6 million level, and so regional allocations should be adjusted such that each region's projected fund balance (regional carry forward) is part of the allocation level rather than being in addition to.

These recommendations are based on reasonable (neither overly optimistic nor pessimistic) revenue projections and will allow FTF to maintain its program spending at a consistent level for an estimated 9-15 years.

The alternatives reviewed included the following:

1. Allow regional councils to spend down their carry forward, hitting fiscal cliffs at varying points between fiscal years 2015 to 2018. Under this proposal, regional councils would need to initiate a round of cuts because – even with their carry forward balance spread out over the next several years – their total revenue would be less than their projected FY15 allotments. Then, regional councils would need to initiate another round of cuts when their carry forward is fully exhausted and only the base-level allocation (based on the \$126.6 million recommended amount) is available.
2. Using large-scale draw-downs of organizational fund balance to maintain spending levels that have been set using regional carry-forward balances. The organizational fund balance would be exhausted within three years and, therefore, resulting in radical reductions in services at that point.

The Finance Committee acknowledged that moving to the recommended allocation methodology will raise questions from regional councils as it will mean an almost 30% reduction in total regional funds available for spending in FY16 (impact to individual regions will vary around this average amount). While this will be a challenge for regional councils to absorb initially, the following points were discussed by the Committee and include:

1. All regions are looking at significant funding reductions in the near future (as a result of spending down carry-forward), and in most cases, would need to make those cuts in FY16 or shortly thereafter.
2. Updating the fiscal policy at the beginning of a three-year planning cycle gives regional councils time to thoughtfully and proactively plan spending that reflects available revenues at the onset of a strategic planning process.
3. The funding available for each region will be very stable over time (with population and/or regional boundary changes being the only real drivers for change).
4. The recommendation sets a targeted spending level and, in FY16, uses regional carry forward in combination with new Board-allocated revenues to achieve that targeted spending level. Therefore, regions will be spending their regional carry-forward balances. In futures years, the targeted spending level will be fully achieved with new Board-allocated revenues.
5. Regions may still experience carry-forward balances, but these will be significantly lower and much more easily managed.

In addition, the Finance Committee discussed whether guidance should come from the Board on how regional councils plan to align programming to available revenues – for example, Board strategy or indicator priorities.

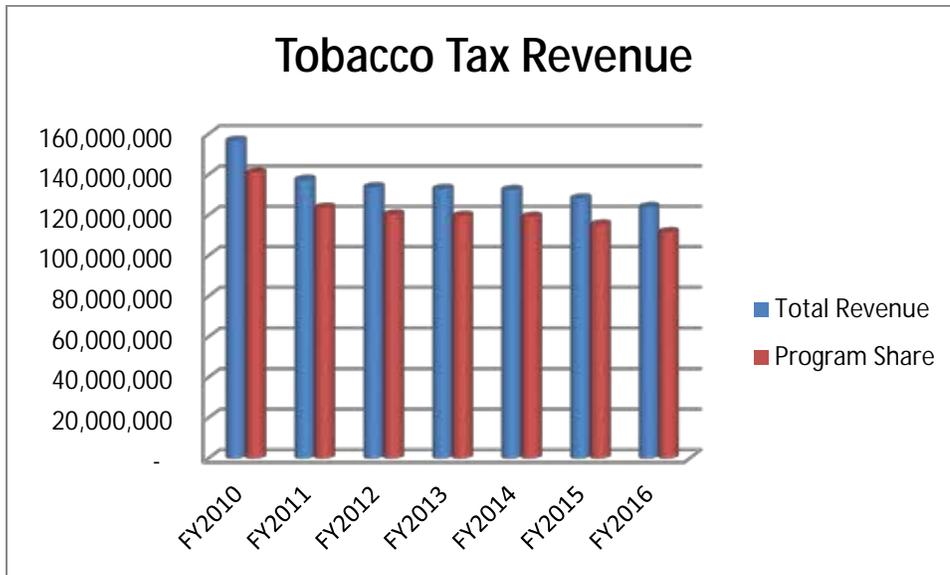
In the first of two meetings, the Board's Policy and Program Committee reviewed this issue at its April 3 meeting. Outlined below are questions the Committee was asked to consider and provide feedback on by the next meeting on May 15. In addition, feedback will be solicited from the regional Chairs and Vice Chairs at their May 1 meeting. All of the feedback obtained will be summarized and presented to the Board for consideration at its June 2014 meeting, so that complete guidance can be provided to the regional councils as they begin their three-year planning cycle.

Items the Program Committee members have been asked to provide feedback on include:

- 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?
- Currently, regional funding plans are developed by regional councils and are submitted for Board approval. If and when the Board has concerns with a funding plan presented for approval, they address these concerns on an individual basis and final approval is held until both Board and regional council concerns are resolved. As such,
 - Should this practice continue?
 - Should all regional councils be allowed to prioritize independent of each other, and/or Board priorities?

- Should the Board provide parameters for how a funding plan should be constructed? For example:
 - Should the number of strategies be limited?
 - Are there School Readiness Indicators which should be prioritized?
 - Should X% of funding have to be committed to the Board's signature Quality First strategy?
 - Should only Y% of funding be committed to strategies for which other state agencies have primary or statutory responsibility?
- The Quality First program and Quality First Scholarships collectively comprise the largest funding investment of FTF. 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?
 - One such example would be 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 million could be yielded.
 - Another example is considering a decision made by regional councils to fund additional scholarships, which is a significant investment of resources beyond that "required" under the Quality First model. As regional councils make choices to fund additional scholarships, it increases the total investment and in many cases, these additional scholarships are under-utilized.
- 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?

Summary of Tobacco Tax Revenue



Summary of Statewide Expenditures

| Statewide Expenditures | | | | | | |
|--|----------------------------|------------------------------|-----------------------|-------------|------------|-----------------------|
| | Total Statewide Allocation | Statewide Program Allocation | Total Funds Available | Expended | Unexpended | Carry Forward Balance |
| FY2010 | 121,152,758 | 107,652,758 | | 57,321,343 | 50,331,415 | 50,331,415 |
| FY2011 | 141,635,095 | 127,471,585 | 177,803,000 | 88,829,628 | 88,973,372 | 88,973,372 |
| FY2012 | 135,870,000 | 122,283,000 | 211,256,372 | 117,196,188 | 94,060,184 | 94,060,184 |
| FY2013 | 136,410,000 | 122,769,000 | 216,829,184 | 122,894,558 | 93,934,626 | 93,934,626 |
| FY2014 | 131,299,900 | 118,169,910 | 212,104,536 | 140,790,084 | 71,314,452 | 71,314,452 |
| FY2015 | 130,388,100 | 117,349,290 | 188,663,742 | 145,607,547 | 43,056,195 | 43,056,195 |
| FY2016 | 126,600,000 | | - | | | |
| Note: FY 2014 and FY2015 are estimated | | | | | | |

Finance committee recommendation

- Reset funding levels to a long term sustainable level.
- Fund Balance (carry forward) will remain in the regions, but state allocations will be reduced by the fund balance so the overall allocation may be lower.
- The overall recommendation for FY2016 will probably be a total of between \$126,600,000 and \$130,000,000, but the previous overall regional carry forward fund balance will be subtracted. The one year expenditure from the board would probably be in the neighborhood of \$87,000,000 for the one reset year with the previous carry forward fund balance making up the difference in the region.
- This direction will allow stability of the regional plans for FY16-18 as well as even out spending over the future years.
- A recommendation of \$126,600,000 with the lower FY2016 reset year would allow long term stability for another 9-15 years before the fund balance is exhausted and significant cuts would be required in spending.

Summary of Gila Regional Partnership Council Allocations and Expenditures

| Gila Summary | | | | | |
|--|-------------------|----------------------|------------------------------|----------------------------------|--------------------------------|
| | Allocation | Carry Forward | Total Available Funds | Total Expended or Awarded | Carry Forward - Balance |
| FY2010 | 645,420 | | 645,420 | | 502,553 |
| FY2011 | 617,575 | 502,553 | 1,120,128 | 625,517 | 494,611 |
| FY2012 | 614,212 | 494,611 | 1,108,823 | 555,565 | 553,258 |
| FY2013 | 611,099 | 553,258 | 1,164,357 | 554,986 | 609,371 |
| FY2014 | 650,944 | 609,371 | 1,260,315 | 913,448 | 346,867 |
| FY2015 | 714,818 | 346,867 | 1,061,685 | 979,259 | 82,426 |
| FY2016 | 696,576 | | 696,576 | | |
| Note: FY2016 is a rough estimate of the allocation | | | | | |
| Note 2: Carry forward for FY2015 assumes perfect spending in FY2014 - Funding Plan estimate was higher | | | | | |
| Note 3: FY2014 and FY2015 all awarded while other years are expended. | | | | | |

Impact on the Region

The Regional Council has had many conversations regarding the drop in overall funds available for programing going into the FY2016-2018 funding plan. In previous planning, we kept some carry forward to assist with cushioning this drop in funding levels when the carry forward was no longer available. While we had a lot of carry forward in past years, it seems to be decreasing and appears that spending levels will be pretty near the allocated money after FY2014. In the FY2015 Funding Plan process an assumption was made that the region would have \$437,000 in carry forward for FY2014. That was based on actual carry forward from FY2013, plus adding an additional 10% anticipated carry forward from FY2014. Using FY2015 allocated funds of \$979,259 it was estimated that would have left a carry forward balance of \$172,560 at the end of FY2015. A more current evaluation indicates that the carry forward balance would be less than \$100,000.

If this anticipated carry forward was spread over the three years of FY2016-2018 that would add only approximately \$30,000 - \$35,000 per year. The state reset would require significant decreases to the funds available for FY2016-2018 (most already expected) it would stabilize program funding in the region for future years.

As we move through the Strategic Planning process and funding plan preparation we need to take a very close look at the Needs and Assets of the region, conduct regional strategic planning, community forums, etc. We will be taking a close look at how effective the programs that we have in place are, as well as reevaluate the effectiveness of the strategies in meeting the identified needs. We will need to look at this in relation to our greater strategic plan looking at potential partners to assist with building the Early Childhood system for the Gila region.

We will be getting more guidance from the State Board priority directions. Currently First Things First Program Division is analyzing the cost of Quality First and Scholarship rates. Additional recommendations will be discussed at the June 2014 State Board meeting and it is expected the State Board will provide guidance and final decisions about the policy direction at that time.



FIRST THINGS FIRST

Ready for School. Set for Life.

AGENDA ITEM: Regional Director's Report

BACKGROUND: The Regional Director will report any updates since the last Regular Meeting.

RECOMMENDATION: This document is being presented for information purposes only.

April 2014 Director's Report

Gila Regional Partnership Council

- CE Regional Area Forums with State Board Members is scheduled for April 21, 2014 11-1 Graham County General Services Building-BOARD ROOM, 21 Thatcher Blvd. Safford, AZ. All Council members are encouraged to attend. Several State Board members will attend and have an update and discussion with the Regional Council members.
- Globe Miami is officially a Read On Community. The letter was submitted on March 3 in celebration of Dr. Seuss Birthday and the State Advisory Board made it official on March 14. The letter included 55 collaborative partners. The letter for the Payson area will be submitted on April 12, with over 40 collaborative partners. This will include the Northern Gila area including Payson, Star Valley, Pine and Strawberry. Tonto Basin is working on submission of a letter for their area. The Hayden/Winkelman area has decided to include the full Copper Corridor (Add Kearny, Superior, Ray, Etc.) so submission of the letter will be submitted early May.
- Updates on the events:
STEM Fest – March 29, 2014 – Globe/Miami was a great success. A record crowd attended. Over 200 children's books were given away and over 200 children planted seeds. This was a great opportunity to talk with children and families about the importance of helping very young children develop a love for STEM subjects.
Kindergarten Roundup – April 10, 2014
Cobre Valley Health Fair – April 12, 2014
STEM Fest – May 3, 2014 Payson
- We received Week of the Young Child declarations from Hayden Town Council, Winkelman Town Council and Gila County Board of Supervisors for the week April 6-12, 2014. The theme for the 2014 Week of the Young Child™ is Early Years Are Learning Years®. A series of articles has been published in the Silver Belt reflecting the 2014 Week of the Young Child themes.
- Save the Date for 2014 Summit August 18 and 19th. This again is going to be an incredible event that we hope every Regional Council member can attend.
- May 1, 2014 is the Statewide Chairs and Vice Chairs meeting in Phoenix. Our chair and vice chair will not be able to attend. Since this is a very important conversation it is essential that we have Regional Representative at the meeting. Any volunteers?
- Community Outreach and Awareness: At the February 21 meeting the Regional Council requested that the Community Awareness agenda item be tabled and placed on a further meeting agenda for discussion. I am continuing to work on this item, meeting with Council Members to get idea and feedback. I am looking at putting this on the May agenda.

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Next Regular Meeting

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Friday, May 16, 2014
10:00 a.m. – 1:00 p.m.

Tonto Apache Tribal
Chambers

