

CHILDREN AND FAMILIES COMMISSION
of
SANTA BARBARA COUNTY

“UP IN SMOKE”

The 2002-2003 Santa Barbara County Grand Jury recognizes the humanitarian efforts of the Children and Families Commission. The Commission is a powerful advocate for the youngest children in our society.

The State of California Children and Families Program (CCFC) was established by enactment of Proposition 10 in 1998, the Children and Families initiative. The program is designed to provide all children from prenatal to five years of age with a comprehensive and integrated system of early childhood development services. This program is administered at the state level by the California Children and Families Commission and at the county level through the formation and utilization of individual county commissions. The 'Vision' of the Children and Families Commission of Santa Barbara County is:

All children in every community of Santa Barbara County will thrive in safe, supportive, nurturing and loving environments; enter school as healthy, active learners; develop resilience; and become productive, well adjusted members of society.
(Children and Families Commission of Santa Barbara County, Strategic Plan 2002-2003.)

The State Commission is funded by revenue generated by increases in the state excise taxes on cigarettes and other tobacco products. The State Commission, as support for statewide programs, retains twenty percent of the total revenue while eighty percent flows to the individual county commissions. The dollar allocations to each county are based on the live births in the county proportionate to live births within the state for the preceding year. The county commissions have broad discretion on how to spend the allocated funds as long as the spending is consistent with the paramount requirement of Proposition 10, which is to supplement and not supplant existing programs and services for early childhood development programs.

The Commission expects that revenues derived from tobacco taxation will diminish significantly over time, due to lessened smoking and the purchase of tobacco products from other sources. With that in mind, a trust fund has been established which will ensure sustainability of programs over the longer term.

In order to establish a Santa Barbara County Commission, a strategic plan had to be formulated. The Strategic Plan was adopted by Santa Barbara County as Ordinance Number 4349, effective March 5, 1999. The Commission is controlled by a nine member Board, which is appointed by the County Board of Supervisors and is accountable to the Board. Ultimately, the Commission is responsible for all planning, decision making and fund allocation.

Initially, and on an ongoing basis, meetings have been convened in all communities within Santa Barbara County. Community leaders, community based agencies, parents and interested citizens have met to discuss the needs of families and children within their communities. The Commission is committed to the development of programs which meet the urgent needs presented by these groups, with particular attention to the underserved areas and populations.

The Commission begins the funding process by requiring a Request for Proposal (RFP) from participating community based organizations. An RFP presents an extensive summary of the proposed program, the cost to implement, anticipated results and the financial stability of the provider. The programs and services must supplement but not replace existing programs, must extend the population served and provide anticipated measures of confirmation and success. Approximately \$5.5 million of Proposition 10 funds are expended annually for direct service grants, for community planning grants and for Spruce Up for Kids Day mini-grants.

Direct Service Grants are most often designated for two-year programs and provide direct intervention and client support as defined by the community based organization. A Community Planning Grant is smaller and its recipients are determined annually. It provides funds for planning future potential direct services. These planning grants may or may not precede a direct service grant in future years. Spruce Up for Kids Day mini-grants are designated for child care providers, generally small and home based, for enhancement and addition to the home facilities.

The 2002-2003 Grand Jury reviewed the actions of the CCFC in order to measure its success against the goals it proclaims in its "*Vision Statement*."

The Jury chose to examine more fully the fiscal year, 2001-2002. It did so for the purpose of having the most recent complete year to examine, and with the expectation that many of the start up programs would be in a position to evaluate effectiveness and short term outcomes. Individuals at the management level of the Commission, at various county agencies which have legal and fiscal responsibility for oversight as well as numerous recipients of Proposition 10 fundings were interviewed. In addition, the Jury visited community organizations both funded and not funded, reviewed and evaluated files at the Commission's offices and reviewed three years of audited financial statements

prepared by the Santa Barbara County Office of the Auditor-Controller. The Jury also attended meetings of the Commission.

Based on these studies and examinations, the Jury presents the following conclusions:

- The Children and Families Commission is clearly dedicated to the charge and intent of Proposition 10.
- The Executive Director is articulate and energetic, an effective communicator who generates interest and enthusiasm throughout the County.
- The Director and Staff are diligent in their search for effective programs and for collaboration among a multitude of agencies.
- The implementation of programs has often been rushed, resulting in the possible overlap of services which provide no additional benefits to the targeted population.
- Insufficient review of actual spending was observed to ascertain if the expenses claimed on invoices were appropriate and in conformance with both the grant and the spirit of Proposition 10.
- In some instances, despite apparent violations of the spirit and goal of Proposition 10 guidelines, grant monies still remained available. (For example, some grantees used funds under a direct service grant to attend a training conference in Acapulco, Mexico.)

THE WIND PROGRAM

A requirement established by the Santa Barbara CCFC is that each community based organization providing services must use the WIND software program. WIND was developed by the University of California, Santa Barbara Graduate School of Education, in cooperation with PranInfoTek, a software designer. WIND was designed to track program data. The Jury learned of difficulties with WIND:

- In several instances, the program caused malfunction of computer systems.
- Users were unable to access the necessary information for control of their programs and were required to create individual backup systems for data retrieval.
- The frustration level of many program users is high, resulting in discomfort or refusal to use the system.

The Jury was unable to find any users who appeared comfortable with WIND and satisfied with the quality of the program. Conversely, the Commission has advised that WIND is effective, well received, continuously improving and a work in process. The Commission expresses the opinion that problems with the system are due to agency staff turnovers and not because of flaws in WIND. User

difficulties result in delays with the required submission of reports. In some instances volunteer operators, struggling with the system, have designed input methods of their own, which cause distortion in the reported results.

FILE REVIEW

The Jury is concerned with the seeming inconsistency of definitions and calculations of overhead expenses. Program contractors and subcontractors have widely differing methods of calculating these expenses. If funds remain available within the scope of the grant, funds can be expended with little or no evidence of appropriateness of use. In some cases, even with an approved overhead allocation of 15%, there might be a subcontractor with an additional 15% overhead, further reducing actual dollars available to serve the targeted population. The Jury is also concerned with the proliferation of consultants, outside services and other overhead expenses which appear to drain resources available to the community based organizations.

Finally, the Jury is concerned with the findings of the most recent County audit which has confirmed that there is a significant lack of financial controls in place, repeating the finding of previous audits. The Commission has declared it is establishing a "partnership" with the Auditor-Controller's Office to alleviate concerns and to correct problems.

In its enactment of Proposition 10, the State has mandated that there "be specific and measurable targets for the accomplishment of a goal." Therefore, each RFP must specify the number of recipients and specific expectations which will be manifested at the conclusion of the funding cycle. At this time, because the programs deal with the smallest children, it is impossible to examine long term results; i.e. whether a program will in fact create the ideal as established in the "Vision". Minimally, short term goals must be documented, specific and measurable.

Responsibility for agency site visits appears to be distributed throughout the Commission's staff and because of the number of grants, currently in excess of fifty, there is a significant burden on staff to manage the site visit process. At a minimum, a site visit should directly reference the original proposal and specifically evaluate each accomplishment in accordance with the stated expectations. Currently, site visits have averaged eleven visits in a four month period. Site visits should occur more frequently to enable the Commission to more effectively supervise both process and results.

LEVERAGING

The Commission, in collaboration with specific County agencies, has established a program to leverage funds. These leveraged funds come from the Federal Government under Title IV-E and are available as matched funds which flow

through the County to the Commission. Stringent guidelines and reporting requirements make use of leveraged funds challenging. Budget shortfalls at the Federal and State levels could diminish the availability of leveraged funds and it is imperative that in the future reliance not be placed on these funds. Broader attempts should be made to search for other stable matching funding sources.

REPORTING

The Commission has recently issued its Annual Report for 2001-2002. The Report states that 97.23% of expenditures goes to programs. This appears to be a substantial misstatement, inasmuch as a review of available information indicates that approximately 78% of revenue goes to programs. This leads to the conclusion that with a community based organization which maintains an overhead cost of 15% approximately 63% of available funding ultimately reaches the intended recipient.

FINDINGS AND RECOMMENDATIONS

Finding 1:

The humanitarian spirit has overridden the clear understanding of finance issues, such as establishing controls and the acceptance of accountability.

Recommendation 1

The Commission should designate a Chief Financial Officer to work in conjunction with the humanitarian responsibilities of the Executive Director.

Finding 2:

The Commission currently over utilizes outside sources and consultants in lieu of specifically designated staff who have accountability and responsibilities.

Recommendation 2: Specifically designate a member(s) of the Commission staff to assume responsibilities currently outsourced.

Finding 3:

The WIND software data reporting program is ineffective and difficult to use.

Recommendation 3:

Because WIND is ineffective and difficult to use, the Commission should designate one member of staff to be responsible for implementation, training and supervision of community based organizations using the WIND program.

Finding 4:

Because of end users' problems with WIND, funds have been expended for repeated training and problem solving at the data entry level.

Recommendation 4:

Contracts must be required to have a provision that data entry operators and direct supervisors are fully trained in the operation of the program.

Finding 5:

The perception of allocations to North County versus South County blurs the reality of how allocations are indeed distributed. The Commission acknowledges that the primary need for service is in the North County. However, in the reported allocation to "County Wide" programs, the Jury has not been provided with sufficient information to support the reported breakdown.

Recommendation 5:

The Jury is unable to confirm or deny countywide breakdown figures as reported by the Commission in its "Geographical Distribution of Funding" stated in its Annual Report 2001-2002.

Finding 6:

Commission overhead expenses exceed mandated levels.

Recommendation 6:

An accurate statement of the Commission's 15% overhead must include costs currently charged to programs.

Finding 7:

The location of the Commission's primary office in downtown Santa Barbara encourages the perception that allocations between North and South County are unequal.

Recommendation 7:

The establishment of the primary Commission in North County would alleviate the perception of allocation inequality, would be closer to the targeted population and be fiscally responsible.

AFFECTED AGENCIES

Children and Families Commission	Findings 1-7
Board of Supervisors	Findings 1-7
Auditor-Controller	Finding 1