

MIAMI-DADE SCHOOL READINESS COALITION

Board Meeting
January 29, 2004
8 a.m.

United Way of Miami-Dade – Ansin Building
3250 SW Third Avenue
Miami, Florida 33129

Miami-Dade School Readiness Coalition board members present:

Vickie Burley	Marisel Elias-Miranda	Sara Herald	Leonie Hermantin
Chuck Hood	Patricia G. Johnson	Shirley Johnson	Yvonne T. Johnson
Betsy Kaplan	Robert H. Kelly	Silvia La Villa	David Lawrence Jr.
Dannie Mc Millon	Dabney Park	Jane Robinson	Lourdes C. Rovira
Jackye L. Russell	Gerald K. Schwartz	Natacha Seijas	Dean Taylor
Lucia Vicencio	Barbara Weinstein	Ann-Karen Weller	

Miami-Dade School Readiness Coalition staff in attendance:

Ana Alfonso	Ivonne Anton	Ivette Aponte-Torres	Juanita Armbrister
Karen Basha-Egozi	Paula S. Bender	Carmen Carreras	Christina Clowdus
Viviana Delgado-Espino	Yesenia Diaz	Guimel Martinez	Yvette Medina
Elena Morell	Mercy Nyman	Mina Prado	Bethany Sands
Jeannette Torres	Ileana Vallejo		

Others in attendance:

Carole Abbott	Ileana Acosta	Amaury Amarante	Crystal Archable
Marida Ayala	Howard Bakalar	Ardene A. Bachoo	Steven Berwick
Maria E. Binelo	Lisa Blair	Jeannifer M. Bonnet	Maritza C. Bosch
Norma Brieler	Phillip Campbell	Linda Carmona-Sanchez	Ted Castellanos
Shermin Davis	Ann de las Pozas	Janice Delaney	Tanya Fereiro
Manuel Fermin	Lisa Fowler	Ingunn N. Gestvang	Susan Gold
Juilt Gomes	Alfred Gonzalez	Barbara Goodson	Armando R. Guerra
Deborah Harbour	Daisy Hensley	Stine Hoel	Anna Jackson
Theophilus Jackson	Jacques P. Jean	Barbara Jordan	Betty Key
Karen Kluger	Carolyn Layzer	Jean Layzer	Michelle Leon
Karen Liederman	Maggie Loret de Mola	Matty Loret de Mola	Eileen Maloney-Simon
Donald Manning	Guillermo Martinez	Mayra Martinez	Colleen Mauer
Barbara Mason-Gardiner	Hermilda McCown	Ramiro S. Moreno	Rose Mary Moreno
Dolores Naranjo	Lizette Peña	Reinier Potts	Lourdes Rodriguez
Wendy Salomon	Nancy Schleifer	Ana Sejeck	Rick Signori
Gloria Simms	Marisol Tejada	Leanette B. Tollefsen	Evelio Torres
Rita Turk	Timothy Weeks	Robyn Yglesias	H. Young

Patricia G. Johnson welcomed everyone and asked for self-introductions.

Patricia also introduced to the board Karen Basha Egozi, who joins the coalition as Vice President of Administration. Karen will oversee all operations and personnel management. Copies of her resume and press release have been placed in the board binders.

Linda Carmona-Sanchez, Director of A+ Learning Centers expressed gratitude and appreciation to the coalition, its staff and the board members for the help her center received in accomplishing accreditation on November 2nd. She also introduced three students from the University of Vestfold, Norway. These students are studying early childhood education and are visiting to learn what we are doing in Miami-Dade.

APPROVAL OF NOVEMBER 13, 2003 MINUTES

The following were corrections and amendments made to the November 13, 2004 minutes:

- Sara Herald had requested from the staff that we make every effort to have financials within 30 days.
- Marisel Elias-Miranda had expressed a concern about the reimbursement rate being proposed for UPK and the effects it will have on the public schools. The rate will not cover a certified teacher.

Patricia G. Johnson requested a motion for approval of the Nov. 13, 2003 minutes as amended.

Motion: Gerald K. Schwartz
Second: Chuck Hood
Motion was unanimously approved.

INDEPENDENT AUDITOR'S REPORT

Steven Berwick of Kaufman, Rossin & Co. presented the following documents:

- Annual Financial Statements, June 2003 and 2002 and Reports On Compliance - June 30, 2003
- Finance and Audit Committee Letter – June 30, 2003

Mr. Berwick informed the board that both reports have been discussed with the Finance, Audit & Personnel committee and have been approved. Mr. Berwick commented that it was a very fine and successful audit with no incidents to report.

Upon completion of their presentation the representatives from Kaufman, Rossin & Co. left the meeting.

Bud Park requested a motion for approval of the Independent Auditor's Report.

Motion: Chuck Hood
Second: Gerald K. Schwartz
Motion was unanimously approved.

APPROVAL OF NOV. 2003 FINANCIALS

Karen Egozi informed the board of Ivonne Ramirez's resignation as CFO of the coalition, and introduced Phillip Cambell of Pinchasik, Strongin, Muskat, Stein & Company who has been filling in until we find a replacement for Ms. Ramirez. Mr. Campbell presented to the board the Nov. Financial Statement. The current assets are \$33,480,773; current liabilities are \$30,760,362, which leaves a working capital of about \$2.7 million. For this organization that's basically what is left from the \$4 million cash on hand. On the Consolidated Statement of Activities for five months ending November 30, 2003, the only significant major unfavorable variance from the budgeted amounts occurs again in the contracted services. This shows an unfavorable variance of about \$3.1 million through November. The deficit will be discussed today under Item V on the agenda.

Sara Herald reiterated that the board members have a fiduciary responsibility with this public money. She is requesting financial statements through February at the March board meeting. If we are not in a position to receive those statements, then we need some sort of interim statements. We might need to adjust our board meeting schedule accordingly to make it possible. If we are going to meet every other month, then the financial review has to be current. We are now going to discuss the deficit reduction plan dealing with numbers that someone will be giving us that do not tie in with the financials that we have in front of us today. She recognizes that it is no one's fault at the table, but she believes as a board member that the board needs to have more timely financial statements by next meeting.

Paula Bender explained to the board that by the March 11th board meeting, the coalition would have just received the January invoices by February 20. Paula asked Phil Campbell if by March 11 we would have had time to do a closing in time to report to the board, have a finance committee meeting and report to the board by March 11. It's important that you know that it is based on the invoices of service from January.

Sara suggested that the staff get with the providers and look at the schedule. Sara commented that if we finish servicing on the end of the month and give me another 25 days to invoice them you are 60 days behind in understanding what receivables you have. Either we have to give the providers a 15-day period within which to bill us so that we can close our month out. She expressed that we have unrealistic time deadlines. We give the providers too much time to invoice us so the coalition cannot turn around the financials in time to get them to the finance committee and then get them to the board. We found out in November that we had a problem in September. No matter what we were 60 days behind in trying to come up with a solution. Today in February we are discussing a problem that existed in September. We have a need for a process review to see how we can have timely information so that we can react faster to create a solution so that we don't get into this fire drill mode.

Paula reiterated what the plan is:

- Review the schedule
- We will see if we can get invoices done quicker so that financials can be prepared in a timely manner that the board is going to have the most up to date that we can possibly give them.

Chuck Hood went on to explain that the central agencies get invoices within two weeks of the end of the month. The central agencies then have to process the invoices, which take another two weeks. The coalition then takes three days per agency to do the desk audit. In reality short of moving that time frame which is really not possible, the most recent closing statement we will see is the month prior. For example in March we will see January. Another suggestion would be to move the board meetings to the end of the month.

Chuck also reminded everyone that the coalition conducts a monthly Spending Plan meeting to know where we are on a monthly basis as it relates to an enrollment. This report can also be provided as part of the financials to the board.

PRESENTATION FROM THE MIAMI-DADE COUNTY MANAGER'S OFFICE

Barbara Jordan, Assistant County Manager, started by going back in history and reminding the board of how disappointed the board was with their performance, and felt that because they were the county they took things for granted. The board also had expressed in the past that they felt the county's service delivery was mediocre at best. At the time the county agreed and took the message very seriously. The county put out an ITN that said; eventually we want to have a process that will cause the county or any central agency to compete. We want to get the best of the best for the children of Miami-Dade County. As a result of that message, Miami-Dade County submitted a proposal that was very competitive, but the board saw fit, rightfully so, to award two agencies increasing the advantage of the area to be covered by another central agency which decreased the county's portion. That strong message that you sent to us gave us a wake up call. A wake up call that just because we were the county, we can't take you or the community for granted, and had to do whatever possible to change things to better serve the children of Miami-Dade County. The county set out to do just that with a mandate to do the best for our community and for our children, and to meet every objective, and every outcome that the coalition laid out. Following the history Ms. Jordan handed out a list of accomplishments that CDS has met since that wake up call. Not only has the county exceeded many of the outcomes, but also we are still attempting to improve because the children deserve the best.

Ms. Jordan informed the board that she attended the Jan. 15 Finance, Audit and Personnel committee meeting. She recalls from the meeting that a discussion regarding a \$4.7 million deficit (at that time) and the type of recommendations or solutions that should be considered to address this issue. Ms. Jordan expressed that all the recommendations except two were discussed and read into the record and that concerns her. However, the recommendations that were adopted included a recommendation that would cut down fees paid to the providers and increasing the parent fees. Another consideration was also forced on the redetermination, which is done commonly by CDS every six months, and she believes it will give us additional savings to do that.

Ms. Jordan met with the Miami-Dade County Manager, George Burgess to discuss what had been discussed at the Jan. 15 meeting. The county manager's concern is that whatever action the board adopts, that they would consider adopting the option that would have the least impact and effect on children and families in Miami-Dade County. It may be a combination of all or the two that Ms. Jordan is about to discuss. These two options should be given serious thought and consideration. If we increase cost to families, many of which may have two or three children in the system, even at .20 cents per child can be

significant for a family who does not know where its next meal will be coming from. If we decreased the amount of money to providers, we are impacting children because we are affecting that provider's ability to pay salaries, quality control, to do things that give children the best of the best.

OPTIONS FROM CDS

- **OPTION I:** Transfer 50% of Family Central service area to CDS. This decreases the amount of administrative cost that goes to the central agencies. If half is given to the county, it will save us \$1.8 million that can be deducted from today's deficit of \$5.8 million.
- **OPTION II:** Transfer the entire Family Central service area to CDS starting in February. We can save \$3.7 million. If we transfer in March we can save \$3.1 million.

Ms. Jordan confirmed with the county manager that this will be the county's position and therefore, she is putting it on the table.

- Sara Herald asked: According to the county's proposal \$3.6 million would be saved because the county would not charge that amount in administrative fees?

Barbara Jordan responded: If you have a single administration it would save the cost of the second administration. No additional administrative fees charged by the county. That portion would be saved under the other contract.

- Gerald Schwartz expressed that the board did not seek to take all of the county's involvement even though Family Central was rated higher in the ITN process. The county protested our decision at that time which was later amicably resolved. Jerry then asked: If we do not accept the county's proposal are we back in court?

Barbara Jordan responded: The other proposal was only 5 points higher and that's why they only recovered 5% of the county. Prior to the protest there was an opportunity where the parties could of gotten together and tried to work things out and it was up to the coalition to try and factor that. The county could not get that to happen. We felt we could work it out without filing a protest. It was not possible to make that meeting happen. It was nobody's fault we just had a trust factor. In order to force people to listen we filed a protest with the full intention of not going to litigation. Eventually we had the meeting and came to an agreement. You will not have litigation now because it is truly your decision. Even though the county did not have the deficit, over 60% of our providers and parents will be affected by this. We carry the bulk of the solution without carrying any of the responsibility for the problem and that's what the county would like for you to consider.

- Gerald Schwartz asked: Do you have an explanation as to why the other provider had such a low attrition?

Barbara Jordan responded: That is something you will have to ask Family Central. What I do know that when you are placing a certain level of attrition and it does not occur, your deficit is going to continue to grow. Therefore, what you are facing here today may not be just the \$5.8 million. On a weekly basis our staff manages the process. They meet and look at the numbers, see what's going on and make the adjustments accordingly. I cannot speak for Family Central.

- Gerald Schwartz asked: If we go with the Option II, we will still be at a deficit and would still have to raise fees or decrease market rate, do you think that there would be some ability of the county to off set that so that we would not have to raise fees or decrease market rate?

Barbara Jordan responded: I cannot say whether that can happen. But, it is certainly something that the board may want to appeal to the county commission and the mayor. Because, even if the board were to accept Option II it does not erase the entire deficit.

Ms. Jordan informed the board that CDS staff has already worked on a plan to handle the additional workload without the additional administrative cost. For example for the rest of this year there is no need for eligibility workers because we are not recruiting 4 year olds right now. Therefore, those workers can be used to help cover this load and we would not need to increase staff.

- Sarah Herald expressed that her understanding of how we got into this situation is because coalition staff believed we were under enrolled and encouraged the central agencies to over enroll. Is this correct?

ANSWER: Paula Bender replied, "That is correct."

- Sara Herald then said that she had a problem punishing anybody on either side of the equation when they did what the staff asked them to do. She has a concern as a board member if staff did not correct projections based on the market rate that was approved in the March board meeting, encouraged providers to over enroll and because they did not do financials timely were not able to see where they were headed. She has a problem with the solution being in effect a punishment. She has no problem in holding people accountable for being within the contract, but she does have a problem when our staff encouraged to exceed the contract amount and then when we get into a hole, punish either one.

Ms. Jordan then expressed that as a program operator we get unfunded mandates all the time. It is up to the manager to manage those unfunded mandates within the realm of your budget. If you don't watch it carefully you run into a problem. One of the unfunded mandates that the board gave was to increase market rate, therefore both agencies increased the rate. But, we have to make sure based on that increase that we are still within the realm of our budget. We need to watch our numbers, watch our enrollment and shift where we need to shift and that we do it not just monthly, but on a daily basis. CDS does just that. If your unfunded mandate to provider had been the issue, it would have been an issue for CDS as well, but it has not been. Therefore, that is not the issue that caused the problem.

Chuck Hood addressed the issue that at the monthly spending plan meetings where we do look at the numbers we sat with both central agencies repeatedly pressing to get our numbers. In fact, last year, both agencies were under enrolled and we had a significant surplus. The coalition was pressing a weekly call to the central agencies, particularly the county because of the large area they serve. If the county's numbers were not raised to a point, we could not spend our dollars effectively in this community. The coalition has constantly made sure that we spend every single dollar that we get in this community. The numbers were looked at monthly with both agencies sitting at the table. It has always worked where whoever had the deficit we would move the dollars. It was always a partnership; it was not either side at any point always having the right answer. It was the coalition who pushed those numbers to get them where they are. We have significantly raised the number of kids today with the same budget that we had four years ago. At least 10,000 kids more than we were serving when we started with the same dollars. We have raised the market rate significantly for the first time in about 1-½ years with the same dollars. What we face, which is the plan that I presented, which I looked at and spoke to our financial people, was that through attrition our business has historically taken care of itself. What has happened now is, there is not attrition in the northern part of our county (2.4%) versus in the southern part of the county (13.1%). If we had attrition in the northern part of the county, we would not be in this situation. It is purely about attrition.

Paula gave the board an overview of the situation. Last March the board moved to increase the market rate by approximately 9% because we were looking at a huge surplus. If we had not gotten to zero, the money would be returned to the state. The other was aggressive enrollment and between the two things hopefully we would come to zero, which we did. As both agencies went into the year overenrolled, it was clearly thought that historical attrition (which was discussed at the October finance committee meeting) would bring us to zero by June 30. In November we learned that the numbers were not looking as good as we wanted them to, but again we have a document from Family Central in which they wrote that they felt their attrition was going to bring them to zero. I cannot explain why we are not seeing it now. We might be seeing it in one category, but seeing a higher enrollment in another category. There is no way to come up with an absolute answer for that today. All that we know is one agency has a historical attrition rate and they look like they are going to be okay and the other agency is not experiencing the same. That coupled with the over enrollment and the increase market rate has put us in the situation we are in today. In November we thought we were okay Family Central told us they thought that they would be at zero by June and in December the numbers were showing an increase in the deficit, and at that point went to work on the situation. On January 6 the Central Agencies were to come to the table with options that would bring us to zero. The direction of the Florida Partnership for School Readiness is to do everything that you have to do to not disenroll children. Staff and central agencies met and worked to try to come up with the best solutions. At the January 8th Finance, Audit and Personnel committee meeting we agreed that we needed to spend another week doing some fact-finding. We did not come up with much, other than where both agencies went into the year and where both agencies were as of November. On January 15 we reconvened the Finance, Audit and Personnel committee and informed them that we were looking at the formulas and trying to get consistency in formulas so that we can be sure that both agencies are doing the same thing. At the January 15 meeting options 1-10 were handed out and read to the committee for discussion. The recommendation from the Finance, Audit and Personnel are the following:

1. Re-adjust the market Rate
2. Re-adjust parent fees

On January 26 we conducted a spending plan meeting where we were told that Family Central's deficit had increased to \$5.8 million. One of the issues is that they have drawn down their entire match. CDS is at \$625,000. Now we have to look at the option of do we proceed on what we based our original projection of \$5.0 million or do we raise it to \$5.8 million?

Paula Bender passed out a document that showed what we thought and what we were told this week. We are doing re-determination. Re-determination was done on a twelve months basis and the central agencies were sampling 50% of their people. We have moved re-determination to every three months. When we re-determine we are going to see a higher rate of attrition because we are going to really find out who is eligible and who is not eligible. This document is a variation of the Finance, Audit and Personnel committee's recommendation due to the information the coalition received this week.

What we presented, as a 5.0 million dollar deficit at the Finance, Audit and Personnel committee and what we told them would bring us to zero was a market rate reduction of .32 cents and a daily parent fee increase of .73 cents. There has been another issue the central agencies brought to my attention that is being investigated. That issue is that they don't know if they can notify all parents in time and make this effective for February 1st. What I had asked for in December is that whatever solution we come to can be implemented immediately after the January 29 meeting. The central agencies have shared their concern about parent fees and also realized that foster care and At Risk do not collect parent fees and they needed to factor that out. That is why you see on the \$5.0 million deficit number that the market rate would be reduced by .45 cents effective in February and the parent fee increase to \$1.35 in March. This would be done to bring us to zero for June 30. If we act on the new projected deficit of \$5.8 million, it will be market rate reduction to .50 in February and \$1.55 that would become effective in March. Whether or not we can readjust these amounts in July would depend on many factors. The total effect is 80 children per center, 22 days per month with a provider fee decreased and parent fee increased. You have the same for options nine and ten in the binders that was presented by the county. These are our options on the table.

Karen Egozi informed the board that since the January 15 Finance, Audit and Personnel committee meeting the coalition has provided the central agencies with more stringent directives on the freeze of enrollment and spoken with South Florida Workforce so they can work with us and if they were able to provide us with information that was passed on to the central agencies which we believe will help with attrition and the central agencies have been very diligent in responding to their reports. Those are the two things in place right now as well as the re-determination process. We have received re-determinations plans, which we believe are all aggressive moves that are not included in our forecast. There is no way that we can effectively predict what it is going to mean for at least two months at the very least, but they will have some sort of effect.

- Robert Kelly asked if the coalition believed that attrition alone would of taken care of the \$5.8 million dollar deficit by the June 30 deadline?

ANSWER: Just attrition will not bring us to zero. That is what we thought November 10 and we are not there.

- Marisel Elias-Miranda expressed to the board that she is opposed to a parent fee increase. She understands our need to correct the deficit, but parents should not have to pay for this deficit.
- Gerald Schwartz asked Family Central if they knew why their attrition rate was low in comparison to the county's attrition rate?

ANSWER: Barbara Weinstein answered that if she knew the answer she could probably get elected governor. Family Central is still trying to compile data in order to come up with answers. We don't see the movement of children, time and economy were not good and the parents were not as flexible in moving or changing jobs. We contacted the One Stops in Miami and they have seen a dramatic increase in children in the priority categories in our zip codes being placed.

- Gerald Schwartz asked Family Central if they will accept the decision of the board or will they take us to litigation?

ANSWER: Barbara Weinstein responded that she is not in a position to answer that question. I as an individual, I would tell you that I would do what is best for the children, but I have a board of directors that I have to answer to and cannot make that decision without getting their feedback.

- Gerald Schwartz asked Family Central if their board could absorb a substantial portion of this deficit?

ANSWER: Barbara Weinstein answered that they cannot.

Barbara Jordan brought up that at the January 15 Finance, Audit and Personnel committee meeting; the attrition problem was statewide. Based on that comment I called The Florida Partnership for School Readiness and spoke to Gladys Wilson and she informed me that this was not a statewide problem. There are six to ten agencies that were having problems. The call was made to clear my mind that if this was a statewide problem then partnership should take some responsibility for it, and it is not.

Dave Lawrence expressed that if it is six to ten agencies, note that is six to ten of 57. And then it clearly would depend on whether they are the largest urban areas and so forth. Also, in regards to the parent fees increase being a hardship, I don't know of any solution, which is not a hardship. We don't have an easy solution for this, but under the state of Florida we are not allowed to have a deficit. The lack of answers to the questions Gerald Schwartz brought up bother me considerably. I am not suggesting any lack of integrity from any human being, but it is baffling to me that to this moment we cannot understand why attrition in one portion of the county is significantly different than another. We simply must get to the bottom of this. I cannot live with this incomplete answer. I do not want to wake up in March and find out now it is a \$ 6.7 million deficit. I think the county had significant performance problems in CDS and I think it has gone an enormous distance in its performance. There is no doubt that the ITN committee recommended strongly that at the minimum Family Central get a significantly higher portion of the business because the county was not performing well. I think the county heard that message clearly and has worked hard and successfully to be responsive to that. Having said all that, my own sense of what is suitable and fair is that the ultimate decision of share of field in this county ought to be a decision made during contract time and not now. At the end of the contract performance issues have to be at the heart of this. We are incidentally the only county in Florida served by two agencies. I believe that the subject of shifting from one agency to another ought to be an issue resolved for the next year. I believe the staff has done a superb job collecting every piece of information they could get, but to continue to push, urge and shove further. I believe the recommendation from the staff and Finance, Audit and Personnel committee seems to be the one that does the least damage and I still regard it as quite hurtful.

- Jane Robinson expressed that we need to further address the options from the county. She believes we have not given the options from the county consideration. I believe the recommendation from the Finance, Audit and Personnel committee is a little too premature.
- Vickie Burley asked if we followed the proposal that is outlined to get us to zero in June would this change for families again at the end June? When I calculated the numbers it come out to almost \$150 through June for a family with one child, and if it continues for a year for one child it would cost about \$520.

ANSWER: Paula stated that this was a question that we have had many times at the table. Could we make the market rate decrease and the parent fee increase a fluid number instituted from now until the end of this fiscal year to get us to zero? I presented to the committee that we have a short-term problem and a long-term problem. I cannot say to you that automatically July 1 everything reverts back to the way it is today. But, what I can tell you is that would be our desire and our goal.

- Vickie Burley asked if when a child is disenrolled, the reason why they left, is it being captured somewhere to know why they left?

ANSWER: Karen Egozi responded that we do have that information on a monthly basis. The providers sending that information to the central agencies. We recently instituted a weekly report from central agencies on who is being enrolled and disenrolled and trying to keep a really close handle in managing this budget deficit. We are going to have weekly data now and be able to calculate trends.

- Yvonne Johnson asked the central agencies or the provider as to how realistic they believe the parent fee increase would be? Can your parents afford them? Would this be a way of achieving attrition; is this really what we are saying? From what I recall cost was never going to be a reason why children would have to be disenrolled. Is this actually a realistic way of decreasing the deficit if we are not going to kick any child out of the program if they do not pay the parent fees?

ANSWER: Rick Signori answered the question by saying that this is the first time they have ever had to go through this before and it is difficult for us to tell you there's not going to be an effect. So your assumptions are probably correct. For example a family with three children would probably look back to a family support structure if they have one and take their children out of care to avoid paying the parent fee.

- Dean Taylor presented to the board two possibilities that have not been discussed:
 1. Asking out county commission if this could be assisted through them?
 2. Asking The Children's Trust for financial help to serve additional children?

ANSWER: Dave Lawrence responded that The Children's Trust set up a plan with measurable outcomes systemic change. But, the fact is this is not about systemic change or measurable outcomes to children. This is about a significant deficit that we face. I'm only one member, but I would be doubtful if this fits in within the mandate. Modesto Abety also confirmed that it does not fall within the mandate.

- Gerald Schwartz asked Commissioner Seijas that if we take the route that is requested by the county, would she support us and lead the way ask the commission to help us with the deficit so we do not have to raise parent fees or decrease market rate?

ANSWER: The commissioner answered that if the board makes that decision she will not only take on the responsibility, but also follow that lead very strongly, and will advocate finding a way to bring take care of the remaining amount which would be about \$3 million. She also wanted reflected in the minutes that she had stated in the Jan. 8 Finance, Audit and Personnel committee meeting that going to the Children's Trust is not a good idea.

- Gerald Schwartz asked if we accept the county's proposal, assuming we get the deficit paid up by the county commission, what would be the impact on children and the children's program?

ANSWER: Commissioner Seijas replied that there would be no impact

- Betsy Kaplan expressed that sometimes you have to give up one thing to pay for another thing. This is something we need to pay together. I would love to spare them, but we must serve the children and have a balanced budget.
- Marisel Elias-Miranda wanted the board to consider combining some of the options. 10, 6 and 7. She wanted to make sure we look at every possible option before we make a decision that affects families and providers.
- Leonie Hermantin expressed her concern that the increase of parent fees is just too much, especially not with sufficient notice to the parents. The solutions should have less of an impact on the families. This would be a way of disenrolling children.
- Dannie McMillon expressed her concern for the families. Especially the ones who cannot afford such a large amount. You will have older children/siblings staying home to take care of the smaller children. She also asked if there is going to be an opportunity to put the motion from the county on the floor?
- Lucia Vicencio expressed that on increasing parent fees, she believes there is no assurance that we will be getting the money. Even if the parents do not pay we keep the child in the program. Will this solve our problem?

ANSWER: Rick Signori answered that the coalition would pay less out to the provider because the parent fee is subtracted through the total cost. If a provider does not collect the parent fees, then the provider will be double hit.

Commissioner Seijas would like to speak against the motion because there is something else to be put on the table. This is not a punitive attitude towards anyone.

Barbara Weinstein addressed the board by saying that Family Central did nothing but follow the recommendations of the coalition staff. There is no violation of our contract. We won the contract fair and square in the procurement process. We came to the coalition and asked for assistance and help to guide us through this period. Paula and the coalition staff have been incredible in ensuring that this system was fair and equitable. I do not believe there has been mismanagement. We are committed to work very hard that the recommendations of the board are well met. I am concerned about our ability to work within a system where we are looking at perhaps asking us to terminate our contract with the county without the proper remedies even discussed.

Gerald Schwartz read a list of comments that Harve Mogul left for him to read to the board:

1. The issue of attrition and deficit is significant and he would like to see a committee appointed to analyze this to see how it happened to prevent it in the future. This could be the Finance, Audit and Personnel committee or a new one.
 2. Family Central be put on watch and their contract not be renewed.
 3. Impose new fee reimbursement schedule; utilize the surplus in county to compensate for Family Central's loss.
 4. Award full contract to the county for the rest of the term and Family Central can then apply at the end of that cycle.
- Yvonne Johnson asked what would be the implications of terminating a contract without due cause? Is this something that we can legally do? If not then why do we keep discussing it?
 - Yvonne Johnson asked what are the implications of the choices before us? If all of these increases impact providers, are they going to be able to continue to function the way they are functioning now?

Chuck Hood once again expressed to the board all the positive work the coalition has accomplished. We have people from out of Florida coming to see what we are doing and how. We have been a leader in the state because of the fact that there is competition. To eliminate competition does not keep us in the position that we have developed over the three years that this coalition has been in place.

Paula went on to say that the coalition would continue to investigate no matter what the decision of the board. We need to know why we are here so that we don't come here again.

- Marisel Elias-Miranda asked if we had a financial statement with a management letter from both agencies? If so, has that been presented to the Finance, Audit and Personnel committee?

ANSWER: Karen Egozi replied that we do have them as of June 30 of last year. We don't have anything that takes us through where we are today, but as of last year we do.

- Marisel Elias-Miranda asked if the board could get a copy of the financial statements and management letter from the central agencies?

ANSWER: Karen Egozi replied that we would get her a copy.

Linda Carmona-Sanchez, Director of A+ Learning Center addressed the board and expressed that the providers already take a hit. In our contract it says that the providers can charge the difference between our regular rate and the rate that we get paid by our subsidizing agency. I don't know of any provider in this community that actually does that because we will not sacrifice the service to our children for a couple of dollars more a week. At this time we are also looking at all of the added requirements that the coalition is asking of us, which most of us have met. We have pushed forward with accreditation which you have asked us to do, we are gearing up for UPK and getting all the training that the coalition has asked us to do when the salary of our staff run between \$6 and \$8 an hour with no benefits. And to say that the providers and the parents are going to eat this hit is simply not fair. I am sympathetic at the fact that we did not foresee this happening, and I am not pointing the finger at any agency. We are willing to do everything you ask of us because we are committed to quality early childhood education, and we want to be your partner, but you can't be slapping us in the face all the time because it's also a matter of trust. You told us you were going to increase our rates once we got accredited, and we got accredited. You told us that UPK is coming down the pipe and we need to get ready, we are getting ready and then we heard \$16 a day for hours of education and your teacher eventually has to have a bachelor's degree. How are we going to pay for that and how do we compete with the school system with that. Please think about all this when you make your decision.

Marisel Elias-Miranda addressed the board members and asked them to really thoroughly look at and revisit and that we do not punish parents and providers if there is another solution that we can take. I know we have a major deficit, but we need to take a close look at the options before us that do not impact our provider and children. We are talking about UPK and quality, and if we are going to hit again on the providers I do not think it is right.

Ramiro Moreno, Director of REM Learning Center, addressed the board with his concerns about what happens in a couple of months if you have another deficit, will parents and providers have to take the hit again. He supports Linda Carmona-Sanchez's statement.

Nilsa Velasquez, President and CEO of Kidco Child Care, addressed the board by stating that the providers were not the cause of the problem. She asked what will happen with the rates?

ANSWER: Paula Bender answered that as soon as we can reverse it, we would ask the board to reverse it. But, I do not see this happening before June 30.

- Dave Lawrence asked if there was any value in setting another meeting in two weeks realizing that the challenge will be higher then and the impact greater? But if there are enough members who felt there are other solutions that have not been considered. What I fear is that we come back in two weeks with the same picture before us, same tough choices.

Sara Herald stated that she had two issues to discuss:

1. She does not see \$3.8 million dollars in Family Central's contract on the administrative side that would be cut by transferring the contract. Therefore, I do not fully understand the county's proposal of where the money would come from. If we assume that the people that are enrolled and we are not going to disenroll unless they are not eligible. If they are not eligible, they are not eligible for Family Central or the county, so transferring the contract is not going to affect eligibility. And if we are not making a policy decision to disenroll then it does not matter who the provider is, we have the same number of kids.
2. If we decide not to change the market rate and not to increase the parent fees. The only place is the administrative money and it simply is not in the contract that way. Therefore, I am trying to see how we would get the money by doing that solution. I was a provider and I know that when we increased market rate it was with recognition that the providers in this community are doing a lot with very little and we wanted to raise the quality and start it through the financial capacity of our providers and release the burden on the parents. At the same time we are faced with choices to disenroll children, and continue to provide quality care at a fair market rate for less children or do we provide for the same number of children at a lesser rate, which is really where we were a year ago. The rate is we are speaking about is less than the amount we raised it to last year. So we are still paying more than what we were paying a year ago. No one knows what the problem with the attrition is. Maybe we are doing a better job and people are happier with our services. It's like turnover; it's not necessarily a good thing. Short of a parent fee increase and market rate reduction, I'm not understanding how the county solution comes up with the money and if frankly the county could get the money from the county commission. We are all about policy and the kids then the service provider isn't what should make a difference anyway, it's whether we want to serve more kids at a higher rate. The administrative cost are simply not in Family Central's contract if we take it.

Barbara Jordan explained to the board that when she met with the County Manager, the first thing he said was to triple check the information and make sure we are able to explain how we came about those figures before you make a presentation to the Miami-Dade School Readiness Coalition. Ms. Jordan asked Rick Signori to please explain the figures.

Rick Signori explained that according to the contract \$.8 million dollars in Family Centrals' contract for administrative services. Since the central agencies are paid 1/12 of that amount every month and assuming the transfer would occur February 1, there would be five months remaining of administrative and direct services. Those were the figures came from.

Sara Herald stated that we have a contract provision that if they have not been in default, we are not able to terminate them on that kind of notice if they already have contractual obligations outstanding. That is my concern. Under our contract with or without default it say that in the event funds to finance the contract become unavailable, coalition may terminate the contract upon no fewer than thirty (30) days calendar notice in writing. All I'm saying that those projections do not match what we are legally obligated to do, and that is why I do not understand.

Barbara Jordan answered that if we terminated the contract in February it would be \$3.7 million, but if you terminated the contract in March, it would be \$3.1 million.

Bud Park requested a motion to accept the Finance, Audit and Personnel committee's recommendation as amended by a consideration with \$5.8 million dollar deficit. Along with re-determination, put into effect Option #2: Reduce the market rate .50 daily starting in February and increase the parent fees to \$1.55 daily effective March.

Motion: Sara Herald
Second: Chuck Hood

Yes: Betsy Kaplan, Dave Lawrence, Jackye Russell, Robert H. Kelly, Patricia Johnson, Bud Park

No: Yvonne Johnson, Leonie Hermantin, Shirley Johnson, Jane Robinson, Dannie McMillon, Gerald Schwartz, Natacha Seijas, Karen Ann Weller, Dean Taylor

Abstained: Barbara Weinstein, Marisel Elias-Miranda, Lucia Vicencio, Vickie Burley, Silvia La Villa, Lourdes Rovira,

Motion denied eight to nine.

Patricia G. Johnson requested a motion to schedule a special meeting asking the staff and Finance, Audit and Personnel committee come back with a complete presentation of the financial analysis that would get us to zero. Taking into consideration the contract termination date and the recommendations made by the county in terms to their proposed solution which were not in the original format submitted by the staff or the Finance, Audit and Personnel committee. The date and time agreed to is February 9, 2004 @ 8 a.m.

Commissioner Seijas addressed the chair and stated that we have been at this since November, and the more we wait, the more debt will be upon us. As the providers and parents hear things, it will create a public relations situation.

Gerald Schwartz commented that he does not believe we have the luxury to wait another two weeks because that would mean another month, another 30 period and an additional deficit. I have been a big supporter of Family Central, but it is the children we need to consider first. If we don't have to raise parent fees and lower market rate that is the route we should take at least for a temporary basis. I would like to take the action today to support the county and following up on the county's agreement that they will pursue funding the additional deficit themselves and still meet in two weeks where we could still again discuss the problem and maybe come up with another solution.

Yvonne Johnson expressed that she would like to meet in two weeks and have the county's numbers evaluated by our Finance, Audit and Personnel committee and confirm that those numbers are correct. I would also like to have my question answered as to the legality of terminating a contract with Family Central and does that leave us open for litigation?

Motion: Sara Herald
Second: Dave Lawrence

Yes: Vickie Burley, Marisel Elias-Miranda, Betsy Kaplan, Jackye Russell, Yvonne Johnson, Chuck Hood, Robert H. Kelly, Patricia Johnson, Shirley Johnson, Dannie McMillon, Silvia La Villa, Lucia Vicencio, Barbara Weinstein, Ann-Karen Weller, Lourdes Rovira, Bud Park, Leonie Hermantin

No: Jane Robinson, Gerald Schwartz, Natacha Seijas, Dean Taylor

Sara Herald was not present to vote.

Motion was passed eighteen to four.

Dave Lawrence requested that we have an attorney present at the next meeting to ensure proper meeting parliamentary procedures.

NEW BUSINESS

Dave Lawrence made the announcement that he has agreed to be special assistant to the Governor for UPK Implementation. It will be pro-bono and it will be over the next five months. I would not do it unless I thought the Governor were very serious about high quality UPK. Therefore, I am resigning from the

Florida Partnership for School Readiness Board and announce that I am not a candidate to become Chancellor for Early Learning. I feel some personal obligation to see something through that is really vital to the future in the state of Florida.

Meeting adjourned at 10:45 a.m.

Signed and approved by:

Vickie Burley
Board Secretary

Date