



Early Learning Coalition of Escambia County

Executive Finance Committee Meeting Minutes

September 26, 2019 8:30 a.m.

Members in Attendance

Van Mansker

Members Called In

Roger Thompson

Mona Jackson

Mary Ann Winstead

Members Absent

Sheryl Rehberg

Staff

Bruce Watson

Vicki Pugh

Becki Rutchland

Jamie Phelps

Dawn Engel

I. Welcome and Introductions

Notification of this Executive Committee meeting was posted to the Coalition Public Calendar Board and the Coalition website on August 12, 2019 and sent to the Pensacola New Journal for publication on August 27, 2019. The meeting was called to order by Mr. Mansker.

II. Public Comments

There were no public comments.

III. Consent Agenda

Upon a motion made by Mr. Thompson and seconded by Ms. Jackson, the Consent Agenda, consisting of the Agenda, Minutes of the August 22, 2019 Executive Committee Meeting and the July 2019 Financial Statement, were approved without objection. Mr. Mansker noted that End of Year financials for June 2019 will not be available until after the 13th invoice for Fiscal Year 2018/2019 is processed.

IV. Status Reports

- a. SR/VPK Fiscal Year Benchmark Report, Enrollment/Wait List Status Report, and Contracting Summary Report

1. SR/VPK Fiscal Year Benchmark Report:

As previously noted by Mr. Mansker, the End of Year financial report for June 2019 will not be available until after the 13th invoice is processed next month. the first Benchmark for 2019/2020 was reviewed. The Coalition is still working on the August invoice due to technical difficulties beyond the Coalition's control, in particular the OEL did not provide the invoice workbook until September 25. A rough estimate of reimbursements for August indicates that expenditures for August will be not much different than July, and that each month the Coalition is under executing by about \$100,000 in SLOTS. As this continues the impact is that the target of enrolling between 3,250 to 3,300 children will be insufficient and the Coalition will need to enroll more children in order to fully execute the grant award. There were 3,038 children served

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in July. Mr. Watson commented that the numbers are up from last year, so it is unusual that more money was not spent because many of the children were school age with full-time care over the summer. With respect to funding, Mr. Watson mentioned that on September 23, the County Commissioners approved funding the Coalition this year at the same level as last year. This topic and match funding are both agenda items for later in this meeting.

2. Enrollment/Wait List Status Report:

Good news in that VPK enrollments have exceeded 2,000 children. In The Coalition would prefer enrollments to be closer to 2,200 to 2,400. The question remains as to how the Coalition can get more families to participate. The Coalition speculates that many families still do not understand what the VPK Program is. In the School Readiness Program, the trend of enrolling only about 50% of families that begin the process but never complete it continues. The Coalition sends second and third notices, but it remains unclear as to why parents are still not completing the process.

3. Contracting and Fraud Summary Report:

The Coalition has 83 SR Providers. According to DCF license and registration information the combined physical capacity of the SR Providers exceeds 6,000 children. Currently, there around 3,300 children enrolled, however, parents are having difficulty finding space for their children, particularly for infants, toddlers and school age children. There are 40 children enrolled but are not yet placed in a facility. The reason many Providers are operating at something close to two-thirds of three-quarters of capacity is due to a lack of staff. DCF concurred.

V. Committee Recommendations

None.

VI. Old Business

a. EFS Modernization Transition Update

The situation with the Statewide Data System, EFS MOD, remains the same as it is still not functioning satisfactorily. Mr. Mansker asked if OEL, under the new Director, is making progress toward standardizing operations in order to minimize adjustments. Mr. Watson answered no, and he indicated that in his opinion there is a state of denial, or in some cases ignorance, among the OEL Finance Department, System Developers, and other staff regarding exactly what the status of EFS MOD is, and what it can and cannot do. He also indicated that the current trouble ticket system does not work well and that he mentioned to Ms. Goff that better triage is needed to facilitate timely problem resolution as it currently takes multiple emails to have problems fixed. Mr. Watson reported that Ms. Rutchland and her staff sat in on a conference call with other Coalitions to discuss what they are doing and to see if there have been any lessons learned. The call devolved into a complaint session and very little progress was made because no one has any answers. Furthermore, it was apparent from the call that there are 30 different approaches on how to address the issues and use EFS MOD in part because there is a lack of any clear guidance from OEL on how business should be conducted. He noted that each



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Coalition is being left to come up with their own solutions and that OEL will assist with individual issues but has yet to settle on standardized solutions or recommendations on how to proceed. Mr. Watson indicated that the Coalition is in a small minority, if not in a singular minority, in terms of how financial position and how data has been processed up to this point. In August, there was a \$100,000 difference in what Legacy calculated versus what EFS MOD calculated, with EFS MOD indicating that the Coalition should have paid Providers \$100,000 more. OEL has finally looked at the Coalitions 5045 invoice for 2018/2019 and realized that EFS MOD indicated that the Coalition should have paid Providers \$1.4 million dollars more than was actually paid. Mr. Watson noted that the \$1.4 million is coincidentally close to the amount of money that was de-obligated back to OEL, but there is no actual correlation between the two amounts. Ms. Rutchland and Mr. Watson are aware of a four-month period where EFS MOD doubled the days of attendance and doubled the payment rates at two ChildCare Network facilities. This error has still not been fixed and accounts for approximately a half million dollars. Resolution of this problem alone will go a long way toward the reconciliation of 2018/2019. Mr. Mansker asked if this issue is top of mind for Ms. Goff and if she Ms. Goff understands how bad this problem is for all those concerned. Mr. Watson indicated that Ms. Goff is well aware of the issues. OEL is looking at options, one of which may be to allow Coalitions to write off the differences as an adjustment for accounting purposes. He indicated that the Coalition didn't have those adjustments last year because everything was paid under the old Legacy system that we trust is accurate, however, we still must reconcile administratively the \$1.4 million dollars difference between the two systems. This will not affect the previous year's bookkeeping as there will be no adjustments to payments. The General Ledger ended the year with a zero balance.

Another peculiarity of EFS MOD is that it does not distinguish between fiscal years, so adjustments that are made in this year that are for transactions in the prior year, even if they were only made for data integrity purposes, show up financial transactions in the current payment period. Therefore, an EFS MOD invoice for July may include activity for the June period which makes it appear OEL owes the Coalition, or vice versa, which in this example, exacerbates the \$100,000 difference between in what Legacy calculated and what EFS MOD calculated for payments. OEL has informed the Coalition that on the hard copy invoice, the prior months adjustments do not have to be included. However, this decision could change between now and the next invoice. Ms. Jackson asked if OEL at some point started all over again with the new program. Mr. Watson indicated that OEL cut off EFS last year and started with the current system even though it was not fully developed. Ms. Jackson indicated she was aware of that and asked if OEL started over again this year after the initial transition. Mr. Watson indicated no they did not, that in an effort to baseline everything the Coalitions were required to generate for July 2019 a 13 month invoice to account for all the transactional activity of the previous 13 months, which is all of last year and the first month of this year. This invoice serves as the foundation from which Coalitions are supposed to baseline spending for the current. Mr. Watson indicated that although discussion has occurred regarding the possibility of locking down the data from last year and moving forward, there has been no announcement because this option



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may not be legal. Mr. Watson reported that he is concerned because already this year, there is a \$200,000 differential between the two systems for July and August. Mr. Watson also reported that he has instructed the Coalition Finance team to temporarily set reconciliation of the previous fiscal year aside and focus on identifying the adjustments and corrections that need to be made going forward in the current year so that the Coalition can begin to start operating on a month to month basis with something that approximates balancing out between the two systems. The Coalition is considering bringing one or two more people on staff just to go through the systems to find and document errors and make the required adjustments. Mr. Watson indicated that he cannot see how the Coalition can ever catch up unless additional staff is hired to focus solely on the previous year. Mr. Mansker indicated that he vaguely recalled what Ms. Jackson mentioned and that he remembered that OEL suggested not worrying about adjustments and that OEL would go with what had been submitted, close out the year, and move forward starting from scratch. Mr. Watson reported that during his recent meeting with Ms. Goff, she indicated that she and her team would research if that would be possible. He further indicated that since no announcement has been made, there is a possibility that after Ms. Goff met with the OEL legal team and the DOE Finance Department, it may have been determined that it may not be legal to move forward starting from scratch. Each Coalition has been left to determine their own definition of what reconciliation means since there are discrepancies between the data system each uses and how they maintain their books. Mr. Watson closed by commenting that this issue is very frustrating, at best.

VII. New Business

a. New OEL Grant NOA - Budget Impact

The Coalition got another revision to the OEL Notice of Award (NOA) and that there is another one coming. There is nothing in the new NOA that would require the Coalition to prepare a new budget. \$252,787 was added to cover Quality Performance Incentives (QPI). \$252,000 is intended to cover the quality part of QPI and not the rest goes to supplement direct services (slots). Another NOA revision is coming that will further define how the money is allotted for QPI and another funding category may be added so the Coalition will wait to review these changes will have on the budget and if it needs to be revised.

b. Board Member Reappointment – Melody Meier (Oct 19)

The Coalition has one Board member whose term expires between now and the end of the year, Ms. Melody Meier. Mr. Watson indicated that prior to the next Board meeting, he will speak with Ms. Meier regarding her intentions. He indicated that, with the Executive Committee's concurrence, he is in support of offering Ms. Meier a second term. Upon a motion by Mr. Thompson and seconded by Ms. Jackson the recommendation to the Board to approve a second term for Ms. Meier was approved without objection.

c. Board Provider Reps

The issue was raised regarding what happens, or should happen, when a Provider Representative Board member is cited for a Class 1 Violation. Class 1 Violations happen for a variety of

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reasons. In this instance, Provider Representative Board Member Ms. Mary Ann Winstead's facility, Myrtle Grove Baptist Preschool received two Class 1 Violations as the result of inappropriate actions of one of the staff in disciplining a child. This incident does not prompt the Coalition to consider terminating the Provider's contract at this time. Mr. Watson requested that the Executive Committee provide advice on how to proceed and if this needed to be discussed by the full Board. Mr. Watson's recommendation is not to remove Ms. Winstead from the Board because in this case, the definitive standard of contract termination has not been met. Although it should not impact this decision, it was noted that Provider Board Representatives serve for a three-year period and that the two positions are up for new members to be appointed in 2020. Mr. Watson commented on the possible perception amongst the Provider community regarding this issue. He noted that this has happened before and the Board has not asked the member to step down. So, there is precedence in allowing the Board member to remain. However, there was one Review Hearing in which the Providers under review made a negative comment that the Coalition allowed Board members with violations to continue to serve. Mr. Mansker commented that removal of a Board member would be more likely to occur as a result of more serious violations, such as health and safety, and he asked what Myrtle Grove was cited for. Mr. Watson replied that one of the Provider's teachers improperly disciplined a child and that as soon as the Provider became aware, they took the appropriate action. Mr. Thompson commented that DCS conducts reviews on a case-by-case basis and that there can be big differences in the severity of violations. He added that this is the reason it is best to consider the details of each situation on a case-by-case basis. He indicated that many Providers are short staffed and hire who they can, but if the Owner/Operator responds appropriately to an incident and does not try and cover things up, that should be taken into consideration. Mr. Mansker agreed and reiterated that a cover up or an egregious health and safety violation would more likely be a reason to act on a Board members appointment. Also, the Coalition could stand against any challenges by explaining why the Board member was not asked to resign and that Board members are not removed based solely on receiving a DCF Violation. Mr. Mansker stated that the Board works with Providers to help facilitate corrective measures to ensure good operational standards are maintained. Mr. Mansker indicated that he does not feel that the violations at Myrtle Grove constitute reasonable cause to ask Ms. Winstead to step down from the Board and he indicated that he does not feel that the Board should even consider asking her to step down. Mr. Thompson and Mr. Watson agreed with Mr. Mansker. Mr. Watson indicated that there is nothing in the contracting policy that specifically addresses the two Providers who volunteer to serve on the Board, and he indicated that Ms. Winstead, due to her Board membership, is especially qualified to be aware of the policies and consequences of violations. Mr. Mansker commented that there must be some leeway in considering each case as it is the nature of day care that situations will occur. Mr. Thompson noted that there can be "night and day differences" in violations and that cover ups and story changes are of greater concern.

d. Match Funder Sliding Fee Scale

A modified version of the sliding fee scale with color-coding adding to highlight the new range of care being offered was presented. The top four or five lines of the chart show the traditional

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cut offs for getting into the School Readiness Program, the green section is range above 150% of Federal Poverty Level (FPL) that parents can currently progress into, but is now the new qualification range for parents using a combination of local funding and OEL match funding. The red section is the range above 85% of State Median Income (SMI) in which all families are determined over income and ineligible. Previously a family of three that earned more than \$32,000 a year could not qualify for School Readiness services. Now that same family can earn a little over \$50,000 and qualify for care under this new authority granted to Coalitions. With this authority the Coalition can serve approximately 120 children at a time, and potentially serve over 200 in a year. A version of the chart will be posted to the Coalition web site. Mr. Mansker indicated that it is important for the chart to be very easy to understand as he has spoken to people in the community and they do not necessarily understand the scale. Mr. Watson indicated that in addition to posting the chart, he will cherry pick a few examples to make clear what is being offered. Mr. Mansker noted that this is a big change that can truly benefit a lot of people. Mr. Watson expressed his hope that the Coalition will wind up with a wait list for the new funding and that staff will be managing the program on a week to week basis moving children in and out of categories.

Both the County Commission and United Way are aware that their annual funding will be the local funding required for this program, and have granted their approval. Mr. Watson noted that separate tracking now appears in the SRMT column of the weekly enrollment report. In total, the Coalition has roughly \$477,000 for this category. This will serve at least 120 children throughout the year; however, the Coalition would like to initially enroll 150 to 160 children so that the funding may be fully used this year. During the second half of the year, children would be managed in and out and back into regular School Readiness BG8 as to not exceed the match program limits. The United Way of West Florida supports this program as it supports one of their interest groups and that is families defined as ALICE, Asset Limited/Income Constrained/Employed. Mr. Watson further indicated that both of the Coalition's primary funders, Escambia County and UWWF, are in total support of using the funding as the State intends for the Coalition to use it which will allow the Coalition to leverage an additional \$168,000 that would not otherwise be available. All three of those pots of funding combined total.

e. Status Report on County Funding for 2020

Mr. Watson reported that County funding for 2020 is the same as last year, \$238,875.

f. October Board Meeting Annual Code of Ethics

The annual review of the Coalition Board Member Code of Ethics will be covered at the October Board meeting. The acknowledgement forms will be printed and available for Board member signatures. The annual review of the Code of Conduct for Coalition staff members will be covered at the monthly staff meeting September 26, 2019. Mr. Watson intends to provide a short review of the Code of Ethics so that Board members, particularly new Board members, will have

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a clear understanding of the subject. Upon a motion by Ms. Jackson and seconded by Mr. Thompson the presenting the Code of Ethics to the Board was approved without objection.

While discussing the Code of Ethics, the Committee addressed that the Coalition is considering bringing one or two more private sector members onto the Board. Mr. Watson informally extended an invitation to Ms. Jennifer McFarren who responded that she is flattered to be invited, but Cannot accept the offer at this time because she is in transition from her position as Executive Director of the Gulf Power Foundation to a new job as the Director of Early Education Public Outreach at Navy Federal. Ms. McFarren indicated that she is giving serious consideration to the invitation and that if she accepts, she would also apply to be a Governor appointee. Mr. Mansker expressed his support of Ms. McFarren. Mr. Watson noted that he is not sure who will replace Ms. McFarren as Executive Director of the Gulf Power Foundation, but the Coalition has been assured by Ms. McFarren that Gulf Power Foundation is committed to funding the Coalition for the next three years.

As a side note, Mr. Watson reported that the Coalition received a check in the amount of \$60,000 for the second year of the five-year grant from the Gulf Power Foundation. Each year, the Coalition receives \$16,000 for quality initiatives, plus \$3,000 for administering the program.

g. October Town Hall Meetings

Although not on the agenda, Mr. Watson informed the Committee that he is getting ready to conduct a series of Town Hall meetings with the Providers to discuss SR curriculum, SR program assessments, SR rates, and the future of EFS MOD and Providers' responsibilities. Mr. Mansker praised Mr. Watson's efforts in this regard and asked when the Town Halls will be held. Mr. Watson replied that the dates and times will be announced once the two venues have been secured. Mr. Mansker asked Ms. Winstead what time of day would be best for the Providers and Ms. Winstead replied that after 6:00 p.m. or over the weekend would be best. Mr. Mansker asked which time Ms. Winstead thought would be better attended and she replied most likely Saturday. Mr. Watson indicated that the sessions will be "broad brush town halls" and practitioners as well as Directors and owners are highly encouraged to attend. He indicated that the Coalition hopes for in depth discussion so that Practitioners can understand what administrators are having to deal with and vice versa. He added that he may extend the invitation to the Director of the Escambia County Minority Chamber of Commerce since roughly 75% of the Coalition's Providers meet the qualification of being a minority business. Mr. Mansker expressed his full support. Ms. Winstead volunteered use of their facility and Mr. Watson indicated that the Coalition would be happy to hold a session there. Mr. Watson closed by noting that he does not have much to offer on the establishment of a Children's Services Council in Escambia County except that within the next few weeks there will be a significant meeting of the parties that are interested in getting a CSC up and running. At the meeting, interested parties are going to discuss whether they are going to run or walk. He noted that "run" means they will try to get it on the 2020 ballot and "walk" means they will try to get it on the

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2022 ballot. The pros and cons of each of those options will be discussed. Mr. Watson indicated that there are donors ready to put money on the table at this time to do a survey soon.

VIII. ED/Chair Travel

- a. ED: AELC/OEL ED Meeting, October 23-24, Destin. The ELAC portion of the meeting was cancelled, but there will be a webinar on October 25.
- b. ED: AELC Meeting, November 14, Fort Meyers.

Adjourn: Meeting was adjourned at 9:22 a.m.

Next Meeting: October 24 at 8:30 a.m. at the Early Learning Coalition Office, 3300 North Pace Boulevard, Suite 210, Pensacola, Florida 32505

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