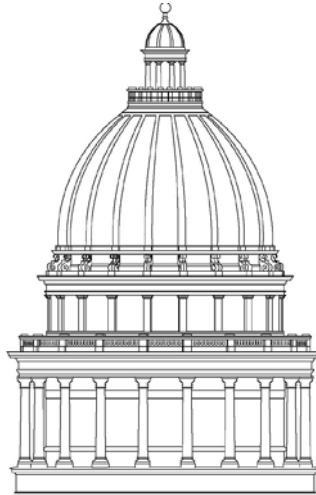


REPORT TO THE
UTAH LEGISLATURE

Number 2001-01



**A Performance Audit of the
Office of Child Care**

February 2001

Office of the
LEGISLATIVE AUDITOR GENERAL
State of Utah

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Report No. 2001-01

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of the
Office of Child Care**

February 2001

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Table of Contents

	Page
Digest	i
Chapter I	
Introduction	1
Child Care Is Critical to the State's Economy	2
Audit Scope and Objectives	8
Chapter II	
OCC Should Improve Leadership on Child Care Policy Issues	11
OCC Should Use Limited Resources to Address Greatest Child Care Needs	12
Decision-making Process Needs Improvement	20
Chapter III	
Grant Program Should Be Restructured to Improve Child Care	31
Grants Should Be Structured To Achieve Policy Objectives ...	31
Award Process Can Be Improved	36
Program Monitoring Should Be Improved	41
Chapter IV	
Resource and Referral System Deserves Strong Support	45
CCR&R Agencies Provide Valuable Services at the Local Level	46
Uncertainty Has Clouded Role of CCR&Rs	49
OCC Should Promote Stable CCR&R System	55

Table of Contents (Cont.)

	Page
Chapter V	
OCC Must Ensure Fair Use of Public Resources	63
OCC's Inconsistent Support Of Associations Seems Unfair	63
OCC Summer Camp Seems Inappropriate	67
Appendix	73
Agency Response	81

Digest of A Performance Audit of The Office of Child Care

OCC should take the leadership position on long-term planning and coordination envisioned by the Legislature to address Utah's critical child care needs.

Utah's Legislature established the Office of Child Care (OCC) in 1990 based on recommendations from the Governor's Commission on Child Care to carry out long-term planning and coordination of statewide child care issues. Utah families need child care services because of the high number of mothers in the labor force and the increasing proportions of parents—both mothers and fathers—who are raising their children in single-parent households and need to be able to work to support their families.

After ten years, legislators feel it is important to reassess the role and operations of OCC. In recent years, the office has moved away from concentrating on child care issues to focusing more broadly on work life issues. At the same time, OCC has increased staff to perform more functions itself rather than contracting with independent regional Child Care Resource and Referral (CCR&R) agencies. As a result, some stakeholders in the child care community have become very frustrated with OCC. Some have complained that OCC does not listen to community input and is not accountable for its use of state and federal child care funds. These changes and concerns led to the request for this audit.

We think closer attention from Department of Workforce Services (DWS) management will help OCC more effectively address child care issues in the future. In our August 2000 report, **A Follow-up Review of Utah's Employment and Training Programs**, we praised the progress made by DWS to streamline service delivery and improve customer service. While the department has made great progress since its establishment, the relatively small Office of Child Care office has not received the attention it deserves. Although OCC is small, its effectiveness plays an important part in DWS's mission. Recent organizational changes by DWS indicate department management will give OCC more attention in the future.

This report identifies several important policy issues that the state policy-makers, including OCC's Advisory Committee as well as the Legislature,

should consider so that the state moves forward in this critical area. We also offer many detailed recommendations to OCC staff.

Following the introduction in Chapter I, this report contains four chapters that are summarized below.

OCC Should Improve Leadership on Child Care Policy Issues. OCC has drifted from the role originally envisioned when the office was created a decade ago. Although OCC was intended to carry out long-term planning and coordination of statewide child care issues, the office has come to view its responsibility more narrowly. For example, in their grant program, the office has generally focused more on the quality of selected school age child care programs rather than the quality of the child care system as a whole. We feel OCC needs to do a better job identifying child care needs and directing resources to address those needs.

A better decision-making process could help OCC fulfill its potential to improve overall child care in the state. Most importantly, the OCC Advisory Committee needs to provide meaningful input to help guide how the office uses its resources. Child care issues are very complex and there are many competing demands for limited federal and state funds. OCC policy makers should base their decisions on accurate data about child care supply and demand as well as a good understanding of the office's budget.

We recommend that the Legislature consider expanding the membership of the Office of Child Care's Advisory Committee; that the OCC make more effective use of its Advisory Committee; and, that the OCC Advisory Committee become more involved in child care policy and resource allocation decisions.

We recommend that the Office of Child Care ensure that child care resources are devoted to the most critical child care needs.

Grant Program Should Be Restructured to Improve Child Care. OCC uses about 30 percent of its budget to support quality after-school child care programs for school age children by awarding grants to a limited number of providers. In recent years, funds have been used largely to subsidize established school-age programs. We think OCC should establish grant programs that encourage the development and

Chapter II - OCC should identify child care quality and availability needs throughout the state and direct resources to address the greatest needs.

Summary of Chapter II Recommendations

Chapter III - OCC should restructure its grant program to increase the overall quality and availability of child care.

enhancement of both school-age care and infant and toddler care and to increase the overall quality and availability of child care in the state.

Since the demand for quality child care is great and the funds available to promote it are limited, OCC needs to use its resources wisely.

*We recommend that the Legislature clarify the purpose and target population of the “HB 184 (1997) funding.” If the Legislature does not amend **Utah Code**, we recommend that the OCC ensure that its’ grant award process complies with the statute.*

We recommend that the Office of Child Care, with input from its advisory committee, revise its provider grant program to better achieve its statutory and policy objectives by ensuring the grant program is responsive to community needs, encourages improvements in child care quality and availability, and complies with statutory requirements. OCC also should enhance potential applicants ability to access grants by simplifying requirements and assisting potential recipients in completing applications.

We recommend that the Office of Child Care, with input from its advisory committee, take steps to improve its grant evaluation process so that it considers community needs and does not favor established programs.

We recommend that the Office of Child Care, with input from its advisory committee, take steps to improve the program monitoring of grant recipients by conducting or contracting out semiannual site visits and clarifying the reporting requirements for grant recipients.

Resource and Referral System Deserves Strong Support. Child Care Resource and Referral (CCR&R) agencies should continue to provide important services to child care consumers and providers. We were specifically asked to review whether or not the CCR&R agencies have a future role in the child care system because uncertainty and changes have clouded their status. Some in the child care community fear that child care services are becoming more centrally controlled by the Department of Workforce Services (DWS) and that the role of local CCR&Rs is being diminished. As discussed in Chapter II, we feel OCC should focus on child care policy and coordination issues. In our opinion, OCC should nurture and support a strong CCR&R network and rely on those regional agencies to deliver personalized service for parents and providers to connect families to child care.

Summary of
Chapter IV
Recommendations.

We recommend that OCC clearly define the different roles of CCR&Rs and OCC, develop a funding plan for CCR&R contracts based on workload and child care needs, and review CCR&R contracts to ensure that they allow the local agencies flexibility to address community needs.

We recommend that OCC review the OCC career ladder program and their overall training program to ensure that training is provided to the broadest number of providers based on their needs.

Chapter V - A couple
of OCC's activities
have had the
appearance of
favoritism and
impropriety.

OCC must Ensure Fair Use of Public Resources. Some in the child care community have alleged that in some instances OCC has used public funds unfairly or inappropriately. Two particular instances discussed in this chapter have the appearance of favoritism that a public agency should avoid. First, OCC has financially supported some private child care associations while denying support to others and OCC subsidized most of the cost of a two-week summer camp for the children of DWS employees. The organization and funding of the program led to concerns that public funds were used for personal benefit. It's unfortunate that some activities of OCC leave appearance of favoritism and impropriety. To be an effective leader and coordinator in the child care community, it is important that OCC do all it can to inspire public confidence in its fairness.

We recommend that the OCC advisory committee review and clarify the office's policy regarding their support of provider associations to ensure it promotes the office's mission and it is fair.

We recommend that the OCC advisory committee review staff plans for future "model" programs and ensure they do not narrowly benefit DWS staff.

Summary of
Chapter V
Recommendations

Chapter I

Introduction

OCC was created in 1990 to carry out long-term planning and coordination of statewide child care issues.

Utah's Legislature established the Office of Child Care (OCC) in 1990 based on recommendations from the Governor's Commission on Child Care to carry out long-term planning and coordination of statewide child care issues. Utah families need child care services because of the high number of mothers in the labor force and the increasing proportions of parents—both mothers and fathers—who are raising their children in single-parent households and need to be able to work to support their families. Studies show that Utah exceeds the national average in the percentage of women in the workforce.

After ten years, legislators feel it is important to reassess the role and operations of OCC. In recent years, the office has moved away from concentrating on child care issues to focusing more broadly on work life issues. At the same time, OCC has increased staff to perform more functions itself rather than contracting with independent Child Care Resource and Referral (CCR&R) agencies. As a result, some stakeholders in the child care community have become very frustrated with OCC. Some have complained that OCC does not listen to community input and is not accountable for its use of state and federal child care funds. These changes and concerns led to the request for this audit.

We think closer attention from Department of Workforce Services (DWS) management will help OCC more effectively address child care issues in the future. In our August 2000 report, **A Follow-up Review of Utah's Employment and Training Programs**, we praised the progress made by DWS to streamline service delivery and improve customer service. While the department has made great progress since its establishment, the relatively small Office of Child Care office has not received the attention it deserves. Although OCC is small, its effectiveness plays an important part in DWS's mission. Recent organizational changes by DWS indicate department management will give OCC more attention in the future.

Child Care Is Critical to the State's Economy

According to Utah Children "Child care should have the same level of importance to communities as economic development."

Child care advocates claim that the need and value of child care is not well understood in the state and is chronically underfunded. According to Utah Children, a statewide, non-profit advocacy organization that studies issues affecting Utah's children and families,

Child care is not a "woman's" issue only. It is an economic issue of the workplace. Almost 245,000 Utah children live with parents who work full or part time. A strong child care infrastructure supports Utah's work force and has the added advantage of preventive investment ensuring children are supervised and less likely to come in contact with unsafe and unhealthy conditions. Child care development should have the same level of importance to communities as economic development.

Quality early child care and education programs have proven their effectiveness in improving the developmental outcomes for all children, even more so for low-income and disadvantaged children. Longitudinal research by the National Institute of Child Health and Human Development, as well as a cluster of studies led by the University of North Carolina at Chapel Hill, reveal that early childhood education significantly improves the scholastic success and educational attainments of poor children, even into early adulthood.

In addition, the success of welfare reform is dependent on placing persons in work activities. The availability of child care is an integral factor in enabling adults on welfare to be placed in a job.

OCC Was Created to Deal with Statewide Child Care Issues

Because of the need and importance of good state child care policy, the Utah Legislature created a new office in 1990 to focus on statewide child care policy issues. A key goal of the office was to "become the state center of child care planning and collaboration." It is important to note the original intent of the Legislature, as well as the key goal of the OCC office, was that it provide policy and planning on child care issues, but not the actual implementation of child care in the state.

OCC was to become the state center of child care planning and collaboration.

Acknowledging the link between child care and a productive workforce, the Legislature initially placed the OCC in the Department of Economic Development and then moved it to the newly created Department of

Workforce Services (DWS) in 1997. Since its transfer to DWS, OCC has defined its mission as follows: *“to help families be successful in the workforce through quality child care support systems.”* Figure 1 shows the office’s statutory functions and duties.

Figure 1. Utah Code 35A-3-203 Functions and Duties of Office of Child Care.

According to statute, the office shall:

- (1) provide information:
 - (a) to employers for the development of options for child care in the work place and
 - (b) for educating the public in obtaining quality child care;
- (2) coordinate services for quality child care training and child care resource and referral core services;
- (3) apply for, accept, or expend gifts or donations from public or private sources;
- (4) provide administrative support services to the [Child Care Advisory] committee;
- (5) work collaboratively with the following for the delivery of quality child care and early childhood programs, and school age programs in the state:
 - (a) the State Board of Education;
 - (b) the Department of Community and Economic Development; and
 - (c) the Department of Health;
- (6) recommend to the Legislature legislation that will further the purposes of the office and child care, early childhood programs, and school age programs; and
- (7) provide planning and technical assistance for the development and implementation of programs in communities that lack child care, early childhood programs, and school age programs.

The fourth item in Figure 1 refers to the Child Care Advisory Committee. The 13-member committee is responsible to *“counsel and advise the office in fulfilling its statutory obligations”* (**Utah Code** 35A-3-205). A complete copy of the statutory responsibilities of the OCC are found in Appendix A.

OCC's budget has grown annually and is now about \$4.3 million with federal and state funds.

Federal Funds Are Available to Address Pressing Child Care Needs

The OCC administers a portion of the federal Child Care Development Funds (CCDF) awarded the state. Most of the CCDF funds are administered in another part of DWS and are used to subsidize child care costs of working families who need assistance. However, federal law requires that states spend at least four percent of their CCDF funds to *“improve the quality and availability of child care.”* With additional state funding, OCC's budget is about \$4.3 million per year as Figure 2 shows.

Figure 2. OCC's Fiscal Year 2000 Budget Includes Federal and State Funds.

Funding Source	Funding Amount
Federal Funding:	
CCDF Grant Quality	\$ 1,995,900
Federal Set Asides:	
- School Age R&R	144,000
- Infant and Toddlers	384,400
- Quality Expansion	1,327,500
State Funding:	
HB184 Community Based Prevention Programs	450,000
Total Funding	\$ 4,301,800

This audit does not address the bulk of the CCDF funds administered by DWS used to pay for child care costs of low-income families. Eligible families are provided with monthly, two-party checks enabling them to obtain child care services from licensed providers, such as day-care centers, family day-care homes, and from relatives. The subsidy portion of the federal funds was the subject of a DWS internal audit released in September 1999.

Expenditures and Staffing Reflect OCC Priorities

OCC has seven employees including a director, four specialists, and two clerical staff—one that is part-time. The functional responsibilities of the four specialists signal the office's current priorities:

- **School-age Specialist** provides funding and support for after school care programs.
- **Child Care Resource and Referral Specialist** provides funding and support for regional CCR&R agencies.
- **Training Specialist** provides funding for provider training, in particular a newly created career ladder bonus program.
- **Work/life Specialist** provides encouragement to employers to support work/life policies in their respective businesses.

OCC expenditures in FY 2000 show how they have used their federal and state funding.

Figure 3. OCC Expenditures FY 2000.

	FY 2000 Expenditures	% of Total Budget
OCC Personnel	\$ 343,316	8.0%
Before and After School Contracts	1,280,940	29.8
Resource and Referral Contracts	1,148,916	26.7
DOH Licensing	800,000	18.6
Child Care Grants and Career Ladder Payments	216,507	5.0
Other Contracts	67,871	1.6
Other expenses	137,848	3.2
TOTAL	\$3,995,398	92.9%
Available Budget	\$4,301,800	100.0%
Unused Budget	\$ 306,402	7.1%

Figure 3 shows that OCC had \$4,301,800 available, yet only spent \$3,995,398. With child care needs so high in the state, it is unfortunate that OCC has not spent all the funds available to them.

Child Care Is Provided in Many Settings

Child care comes in several forms. Since parents are the best judge of the kind of care that meets the needs of their child, they choose which type of child care works best for their family. In fact, federal law requires parental choice. **Utah Code** 26-39-102 (2) recognizes “*child care to mean continuous care and supervision of five or more children under 14 years of age, in lieu of care ordinarily provided by parents in their home, for less than 24 hours a day, for direct or indirect compensation.*” Section 26-39-102 (3) recognizes a “*child care program to mean a child care facility or program operated by a person pursuant to a license in accordance with this chapter [Health Dept].*”

The Bureau of Licensing tracks several types of child care providers. Figure 4 shows the number of facilities and capacity for each type of

provider as of November 2000. For comparison, this figure includes some data from a 1992 OCC report.

Figure 4. Child Care Facilities and Capacity.

Category	# of Facilities Oct 1992	Capacity Oct 1992	# of Facilities Nov 2000	Capacity November 2000	Capacity Change
Center	332	21,311	289	22,444	5.3%
Family	2,005	12,030	990	6,998	-41.8
Family Group	182	2,184	238	3,421	56.6
Residential Certificate	n/a	n/a	615	4,266	n/a
Hourly Center			31	909	n/a
Child Care Total	2,697	35,525	2,163	38,038	7.0%

- **Licensed Child Care Centers** provide care in a commercial setting for a group of children ranging in age from infants to school-age—usually under 13 years of age. Center child care providers must receive 20 hours of annual training.
- **Licensed Family** providers care for one to eight children in a residential setting. Licensed providers must receive 20 hours of annual training.
- **Licensed Family Group** providers care for 9 to 16 children in a residential setting with two care givers. Each care giver must receive 20 hours of annual training.
- **Residential Certificate Holders** provide care for five to eight unrelated children, with no more than two children under age two. The care giver receives 5 hours of initial training and does not have an annual training requirement.
- **Hourly Child Care Centers** are in commercial settings and provide drop-in care for children. Each care giver is required to receive 10 hours of annual training.

Administrative rules are enforced for minimum health and safety standards for each type of setting by the Bureau of Licensing, Utah Department of Health.

In addition to the five types of providers that the Bureau of Licensing tracks, there is school-age care that provides adult supervision and age-appropriate activities before and after school. School age care may be operated by child care centers, park and recreation departments, schools, and other community organizations. Licensing is not usually required. In addition, there are also Head Start Centers targeted for preschool-age children from low income families which may be licensed as child care centers.

Audit Scope and Objectives

This audit was requested by Senate President Al Mansell based on concerns raised by his constituents. Specifically, our office was asked to address these areas:

1. Evaluate whether OCC is meeting its legislatively mandated duties and responsibilities.
2. Evaluate whether the Request for Proposal (RFP) approach to distributing funds is appropriate and whether House Bill 184 (1997) funds are used as legislatively intended.
3. Evaluate whether Child Care Resource and Referral agencies have a role to play within the mission of the OCC.
4. Determine whether OCC used state funds to create and support a private child care association.

Because the underlying cause for most of the concerns about OCC focuses on its role, responsibilities, and policy development process, Chapter II addresses that topic. Chapter III includes our discussion and findings pertaining to OCC's funding of school age programs and House Bill 184 funds. Chapter IV includes our discussion and findings pertaining to Child Care Resource and Referral Agencies. Chapter V includes our discussion and findings pertaining to some specific allegations of OCC's

use of funds, particularly their support of a private child care association and a summer camp for DWS staff members' children.

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Chapter II

OCC Should Improve Leadership on Child Care Policy Issues

OCC should focus on long-term planning and coordination.

The Legislature and Department of Workforce Services (DWS) should refocus the functions of the Office of Child Care (OCC) because OCC has drifted from the role originally envisioned when the office was created a decade ago. Although OCC was intended to carry out long-term planning and coordination of statewide child care issues, the office has come to view its responsibility more narrowly. For example, in their grant program, the office has generally focused more on the quality of selected school age child care programs rather than the quality of the child care system as a whole. We feel OCC needs to do a better job identifying child care needs and directing resources to address those needs.

A better decision-making process could help OCC fulfill its potential to improve overall child care in the state. Most importantly, the OCC Advisory Committee needs to provide meaningful input to help guide how the office uses its resources. Child care issues are very complex and there are many competing demands for limited federal and state funds. OCC policy makers should base their decisions on accurate data about child care supply and demand as well as a good understanding of the office's budget.

This chapter discusses the need for OCC to refocus on its original intent of long-term planning and coordination. The two main sections in this chapter address the following points:

- OCC should devote more attention to identifying child care quality and availability needs throughout the state and redirect resources to address the greatest needs.
- OCC needs a better decision making process, including better information about child care needs and better financial management.

OCC Should Use Limited Resources to Address Greatest Child Care Needs

OCC should take a broader view of its responsibility for long term planning and coordination of statewide child care issues. Although child care needs in the state are great, OCC has not taken the lead to address issues such as increasing the supply of child care to meet the demand. In the past, the office has focused more on maintaining the quality of a few individual child care programs by providing them funding each year than on the overall statewide system. However, since our audit fieldwork, OCC reports it is now focusing more on where child care is most needed; in December 2000, the office issued a Request for Grant Applications (RGA) aimed at improving the availability and quality of infant/toddler care in the state.

OCC needs to provide strong leadership to bring the diverse and competing child care interests together and to build child care infrastructures. OCC agrees with reports that indicate there is a critical lack of child care options for infants, school-age children and children with special needs, as well as for care during nontraditional hours (evening and weekend care). OCC receives federal child care dollars intended to increase the quality and availability of child care. However, OCC's provider grant program has focused on maintaining the high quality of a few programs rather than boosting the quality of the child care system by increasing the supply of hard-to-find care.

Child Care Needs for Utah Families Remain Great

Access to good child care is essential to the success of many Utah families. While most parents would prefer to care for their own children, many must work instead. Clearly, child care needs that led to the creation of OCC in 1990 remain just as great today. In fact, due to welfare reform, the importance of reliable child care has increased in recent years.

Because good child care is an important component of successful welfare reform, the Department of Workforce Services contracted with the University of Utah Graduate School of Social Work to study Utah's long-term welfare families. The research is to help understand and document the situations of families as they reach the mandatory three-year lifetime limit for receipt of cash assistance. A 2000 study reported that 27% of the

Good child care is an important component of successful welfare reform.

respondents said lack of child care was a barrier to work. The longitudinal portion of the study found that the number of people who reported leaving their children at home alone on a *regular* basis increased by 9%. The report also discussed the difficulties of finding a child care provider that would be willing to or has the skills necessary to care for special needs children.

Studies Indicate Child Care Needs. OCC agrees with studies showing there are great child care needs in the state. A 1998 report by the Children’s Defense Fund shows that Utah has many child care challenges for families in some parts of the state with little or no access to licensed child care programs and a critical lack of child care options for infants, school age children, and children with special needs. Two recent studies have been completed by the JEDI Women. The first report, **Caring for Our Children, A Survey of Child Care Providers in Utah**, was conducted by students from the University of Utah’s School of Social Work and completed in April 1998. According to the study,

Access to child care is often the critical missing step in the ladder for families working toward economic security. Issues such as affordability, hours that care is available, and quality of care are significant for all families with parents who work outside the home, but are particularly critical for low-income families, especially those headed by a single parent.

The provider survey showed that child care was in short supply and available only during limited hours. Specifically, “there was a significant deficiency in the number of child care slots available. The most serious shortage exists within the category of care for children from 0-24 months old.”

The JEDI Women’s second study, **Access to Child Care – A Survey of Child Care Consumers in Utah**, was conducted by volunteers, particularly a graduate student at Westminster College and his graduate project advisor, and completed in September 1998. That study showed that many parents are concerned about the quality of their child care and about its cost. Furthermore, the report commented:

Many low-income parents stated that they do not have child care available to them because their jobs require them to work evenings or weekends, times when day care centers are closed.

OCC agrees that there is a significant shortage of child care, especially for

Surveys of providers and consumers show child care is in short supply and available in limited hours, if available at all.

infants and toddlers. In addition, data gathered by the Child Care Resource and Referral agencies show that in many areas of the state it appears there are not enough child care providers to meet the demand. In some parts of the state there is no licensed child care.

Increasing Child Care Availability Is a Key Responsibility for OCC

Both state and federal statute direct OCC to promote child care availability. According to **Utah Code** 35A-3-203 (7), OCC should “provide planning and technical assistance for the development and implementation of programs in communities that lack child day care, early childhood programs, and school age programs.” Federal funding provided to OCC, while typically referred to as “quality money,” is intended to promote quality and availability. Thus, OCC should broaden its view of quality and become more involved in efforts to increase child care availability.

Federal Funding Targets Quality and Availability. The majority of OCC’s budget comes from the federal child care development fund. According to federal statute, the so called “quality money” is for:

Activities designed to provide comprehensive consumer education to parents and the public, activities that increase parental choice, and activities designed to improve the quality and availability of child care (such as resource and referral services).

In addition to the “quality money,” OCC receives other federal funds that are earmarked for specific activities. For example, in fiscal year 1998 and subsequent years, federal appropriations specified three earmarks:

- for resource and referral and school-age activities
- for activities to increase the supply of quality child care for infants and toddlers
- for quality expansion activities

Federal funds may be used for child care services in the form of certificates, grants or contracts. In our opinion, in addition to quality, these funds are to be used to address the availability of child care.

OCC Should Broaden its View of Quality. The former OCC director and some staff did not think it was their role to increase the child care

OCC is statutorily required to focus on communities that lack programs and receives federal funds to do so.

OCC has focused almost exclusively on quality over availability of child care.

capacity in the state. Instead, they focused on the quality of child care programs. Although licensing requirements help ensure a minimum level of quality for licensed providers, OCC grant programs has focused on a higher quality level.

According to an OCC brochure,

The Utah Office of Child Care believes that quality child care is met by properly addressing the needs of the whole child based on the following indications:

- *adult to child ratio*
- *training of child care providers*
- *intentionality and professional development of child care providers*
- *family involvement*
- *planned/structured activities*
- *health and safety of environment*

The quality indicators covered by licensing requirements include adult to child ratios and health and safety requirements. OCC promotes quality programs that exceed the minimum licensing requirement; for example, OCC encourages providers that have more adults per child than required.

In addition to the high end of the quality scale that OCC has emphasized, we think OCC should pay attention to quality at the lower end of the scale. For example, many child care providers are not licensed but hold a residential certificate instead. OCC could help these providers see the advantages of licensing and help with the individual barriers providers may have to getting licensed. When a child care home becomes licensed, it takes a big step toward providing quality child care. OCC could also use its resources to increase the number of child care slots where availability is a key issue such as, for special needs children, for evening or weekend care, and in areas of the state without enough providers. These latter types of actions could help increase the quality of child care available to many working parents even though it would not necessarily meet the high standards that more affluent families are able to afford.

OCC Should Become More Involved in Availability Issues. Lack of child care was one of the key issues discussed by the 1989 Governor's Commission on Child Care that recommended creating an office of child care in the state. Over time, however, the office became less involved in promoting the availability of child care.

The result of a recent child care conference illustrates OCC's lack of involvement in availability issues. A 1998 Child Care Forum, sponsored by Utah Children, assessed the status of child care in Utah. Participants, including OCC staff, identified many problems in a variety of areas and designated who should address each problem. For example, the following problems were among those identified by the forum:

- Inadequate number of quality and affordable slots among home providers
- Lack of quality child care slots

Although OCC was expected to help address some problems, availability issues were not considered their responsibility. According to the forum report, the Utah Legislature, the Small Business Administration, the Department of Health's Bureau of Licensing, provider associations and others were responsible for addressing these problems. In our opinion, however, OCC should be leading the efforts to address these issues with the federal and state funding that they receive. In addition, **Utah Code 35A-3-203** gives OCC the statutory responsibility, *to recommend to the Legislature legislation that will further the purposes of the office and child care, early childhood programs, and school age programs*. In our opinion, this language gives OCC the responsibility to be the leader in child care solutions.

Policy Makers Should Clarify Child Care Target Age

Although OCC was created to deal with child care, over the years OCC has spent an increasing amount of its time and financial resources on activities that are aimed at teenage and older populations. Consequently, some of OCC's attention has been diverted from critical child care problems such as the shortages of infant and toddler child care. OCC staff report they are now focusing more on critical child care needs, and in December 2000 the office issued an RGA aimed at improving the availability and quality of infant toddler care.

State law established the OCC as the focal point for child care in the state. Federal dollars used by OCC are targeted for children under age 13, and thus, OCC's attention should be on policy and planning to meet child care needs. While services for teenage and older populations may be important, policy makers for the Office of Child Care should be careful that such efforts do not come at the expense of improving child care.

OCC should focus seriously on child care and address the state's critical child care problems.

Because child care may mean different things to different people, Figure 5 shows a definition of child care from a National Conference of State Legislatures (NCSL) publication.

Figure 5. National Conference of State Legislatures. Making Child Care Better: State Initiatives.

What Is Child Care?

As used in the NCSL publication, the term “child care” means all types of education and care for children from birth through age 5 and programs for school-age children before and after school and during vacations. Child care refers to a wide range of programs located in different types of facilities, under a variety of auspices, and with different hours of operation from part-day to full-day.

Child care no longer is considered separate from learning. Instead, care and education of young children are simultaneous—children learn in all settings. High-quality programs address two policy objectives. They provide safe environments that allow parents to work without worrying about their children. At the same time, these programs can provide stimulating and nurturing settings that foster healthy child development, prepare children to succeed in school, and give them the tools they need to develop into productive adults. Examples of the various types of child care are listed below:

- Care for infants, toddlers, preschool and school-age children provided in child care centers, in family child care homes, and by relatives.
- Center child care is provided under public and private sponsorship by for-profit and non-profit organizations.
- Family child care providers generally are sole proprietors of an in-home business who provide care for children from infancy through age 12.
- Relative care is child care by relatives other than the child’s parents.
- Head Start programs offer a comprehensive array of social services to low-income children and their families, in addition to providing early childhood education services. Some Head Start programs operate for only part of the day, and some operate less than five days per week.
- Pre-kindergarten programs (also know as preschool programs) typically target children from low-income families and provide early childhood education services during the school year. Most of these programs are part-day, but some are full-day. Local school districts, Head Start, or other community based early childhood programs operate these programs.
- Out-of-school time activities, including tutoring and recreation, that are provided for children age 5 and older in public elementary or middle schools or other facilities such as YMCAs.

Source: Mary Culkin, Scott Groginsky, and Steve Christian, *“Building Blocks: A Legislator’s Guide to Child Care Policy”* (Denver: National Conference of State Legislatures, December 1997), 4.

Figure 5 shows that child care, as defined by NCSL, is provided in a variety of settings for a defined population of infants through middle school students.

“Utah Code” Mandates OCC to Focus on Child Care Programs.

Although child care is often considered to be for children younger than 13, **Utah Code** does not specify an age range. OCC’s original codified role and function appear to focus on younger children. **Utah Code** 63-33-102 (5) and (6) which established the Office of Child Care stated–

The office shall coordinate, plan, and evaluate the delivery of quality child day care and early childhood development services in the state with the State Board of Education and the Departments of Social Services, Community and Economic Development, and Health.

The office shall recommend to the Legislature legislation that will further the purposes of the office and child day care and early childhood programs.

Thus, **Utah Code** directs OCC to focus on child care, but does not specify any age range. In addition, since 1998 the office has received funding for prevention programs that, while not clearly defined in statute, may be intended at prevention programs for older children. Similarly, some work/life and information programs may go beyond child care.

- **Prevention Programs May Go Beyond Child Care.** Beginning in fiscal year 1998 and in each subsequent year, the Legislature has appropriated \$450,000 to be used for community-based prevention programs. Although the legislation does not contain a target population, OCC made the decision to distribute these funds as grants for after school care for children ages five to 18. As we will discuss in more detail in Chapter III, the Legislature should consider amending the statute to clarify the purpose of these funds.
- **Work/Life Programs May Go Beyond Child Care.** One of OCC’s four specialists is devoted to work/life initiatives, such as providing broad employer education to get employers to adopt flexible work schedules, time off policies, policies on elder care, and others. In addition, OCC sponsors employer awards each year to recognize the top family friendly employers in the state. It takes OCC staff time and resources to survey, select, and then reward these top employers.

“Utah Code” doesn’t identify the child care target age.

Work/life issues such as elder care go beyond child care.

While these activities may be valuable, policy makers should consider whether they are the best use of limited child care resources.

- **Some Information Programs May Go Beyond Child Care.** We also question the cost effectiveness of some OCC media campaigns. One television commercial that informed the public about the risks of leaving high school students home alone after school was directed more at teenage pregnancy issues than on child care issues. In other campaigns in 1999, OCC spent \$50,000 on television air time. One of the television campaigns called “School’s Out - Summer’s in” cost about \$27,000 and directed people to call OCC for ideas on how to make their “family summer fun.” In addition to the television commercials, OCC printed statewide summer activity guides. While such campaigns and booklets are nice, policy makers need to ensure they are the best use of limited child care resources.

Because child care needs are great and funding is limited, it is critical that OCC use its limited funding to address the most pressing needs in the state.

Decision-making Process Needs Improvement

Another area where our audit discover concerns and unaddressed needs is with the OCC Advisory Committee. We found advisory committee members are questioning their role and purpose and have not been involved in establishing funding priorities for federal and state child care funds as was intended when the OCC was created. In the past year, the committee has had a difficult time getting a quorum for their scheduled meetings. OCC’s Advisory Committee should be an integral part of a good decision-making process, helping OCC be responsive to community needs and to improve child care in the state. Most importantly, the OCC Advisory Committee needs to provide meaningful input to help guide how the office uses its resources. Advisory committee meetings were intended to be a forum for broad policy discussion. An effective advisory committee can help ensure that OCC concentrates on improving quality and availability of child care throughout the system while avoiding diluting its efforts by becoming involved in non-child care issues.

In addition to using the advisory committee more wisely, OCC needs to base policy choices on better information. Besides child care data, the

OCC Advisory Committee needs to provide meaningful input to help guide activities.

office needs to develop better financial management skills to improve its spending decisions. One specific tool that has not been used well is the Child Care Expendable Trust Fund. Better management of the fund could augment the office's ability to enhance child care.

OCC Needs a More Effective Advisory Committee

The most important change needed in OCC's decision-making process is to get better input from the child care community and to allow a forum for broad policy discussions. The OCC Advisory Committee is intended to provide broad input about the office's expenditure and policy decisions, but the committee has not done so. In fact, the advisory committee provides very little advice. Instead, in most instances committee members listen to presentations made by the office staff after things are already completed.

The OCC Advisory Committee is intended to enable stakeholders from the child care community to have input into OCC decisions. In theory, the broad representation and responsibilities of the advisory committee allow the child care community to have a voice in important expenditure and policy choices. **Utah Code** 35A-3-205 (2) states–

The committee shall counsel and advise the office in fulfilling its statutory obligations.

The advisory committee was deliberately structured to have broad participation by the various child care stakeholders and state offices that deal with child care issues. Consumers, providers, employers, and state agencies are represented on the committee.

According to some in the child care community, the OCC Advisory Committee used to be very strong, and there was a lot of accountability for how OCC spent their funds. There was statewide representation on the committee. Community needs were accumulated by using community task forces with the leader of each task force on the advisory committee.

Advisory Committee Has Not Been Effective. In recent years, the advisory committee is not fulfilling the policy advisory responsibility it should. In the past year some members have quit or stopped attending meetings. Consequently, OCC has had a difficult time getting a quorum. Some members are questioning whether the committee should continue

OCC Advisory Committee has focused on an expendable trust fund, not on OCC's total budget.

because they do not know what their role is. The committee has not been involved in important policy decisions that OCC makes. For example, although OCC has a lot of flexibility in how it spends its funds, committee members have not been involved in important decisions on the allocation of resources.

For the past two years, much of the advisory committee's attention has been devoted to an expendable trust fund with a balance of \$22,000 rather than on how OCC uses its \$4.3 million annual budget. The trust fund, as will be discussed later in this chapter, can be an effective way to generate additional child care funds. However, our concern with the advisory committee's activities is that the small trust fund has diverted attention from much larger expenditure and policy issues. If the advisory committee focused on the big issues instead, their expertise and knowledge could improve the decisions the office makes.

OCC Should Use Advisory Committee More Wisely. For the advisory committee to become more effective, OCC staff will have to change their approach to the committee. Some OCC staff told us they didn't ask for advice from the advisory committee because the advisory committee can't help them because of their lack of specific program knowledge. In an attempt to get outside input into OCC decisions, in 1999 the director instructed each program specialist to create their own ad hoc advisory group made up of people in the community with expertise in their particular area. We think the advisory committee is in a better position to address possible reallocation of resources within the office than staff specialists and their chosen advisors. According to OCC staff, these ad hoc advisory groups no longer meet.

Another concern with the functioning of the advisory committee is that they may not have enough productive meetings to be useful. They only meet once a month for two hours from September to May and during two of those meetings members go on a "field trip" to see child care providers. With this meeting schedule, there does not appear to be enough time to discuss difficult funding decisions. One committee member told us that she is being trained by the OCC about child care but hasn't been asked to provide much advice. We have been told that in the early years of the OCC, committee members were very involved, had lengthy working meetings, provided oversight, and demanded a lot of accountability.

**Committee
representation may
need to be
reviewed.**

Another concern with the Advisory Committee is its membership. There is no representative from the Child Care Resource and Referral (CCR&R) agencies or from the Department of Human Services (DHS). As the local provider of many child care services, CCR&R agencies have broad knowledge of local needs and available services. A representative from this group on the committee could provide valuable local input. In addition, a DHS representative may provide valuable input to the advisory committee. DHS and DWS share some clients and there is the potential for an increase in the number of child protective services referrals when children are left home alone. Furthermore, DHS funds many programs, such as prevention, in communities.

Perhaps giving committee members more detailed information about their responsibilities would help make them more effective. We reviewed the Office of Child Care in the State of Wisconsin because the office is within the Department of Workforce Development, a department similar to Utah's Department of Workforce Services. In addition, Wisconsin has received national recognition for their efforts in child care. The Wisconsin Child Care Council has a very specific charge and list of responsibilities for their advisory council. Figure 6 shows their charge and responsibilities.

Wisconsin's Child Care Council helps develop strategies to expand and improve the supply of child care.

Figure 6. Wisconsin's Child Care Council

Charge:

To advise the Department of Workforce Development (DWD) on child care issues on an ongoing basis and to help develop an implementation strategy to expand and improve the affordable supply of child care in Wisconsin.

Responsibilities of Members:

- Become informed on current policies, procedures, goals, and problems to the Department.
- Transmit information about DWD child care/child development programs to groups they represent and transmit ideas from those groups to DWD.
- Identify problems which DWD might not otherwise be aware of in the child care/child development services.
- Assist in finding solutions to problems or suggesting alternate approaches to solving problems.
- Communicate to the public generally, and to their own colleagues in particular, the role of child care and child development programs in the promotion of quality services to all children.
- Evaluate programs from time to time, making constructive suggestions for changes which can strengthen and advance the purpose of these programs.
- Advise on and assist in making recommendations on the use of available funds (federal and state) for program development in child care and child development.

The Wisconsin advisory council's charge clearly shows that members are to focus on strategies to expand and improve the affordable supply of child care. Furthermore, the responsibilities of the members appear to be as a conduit of information from the groups they represent to the committee and to provide information from the committee to the groups they represent.

OCC must Provide Advisory Committee Needed Information. For the Utah Advisory Committee to be more effective, they need good information from OCC. One committee member told us she has heard about a crisis in infant/toddler care, but she has not seen any data. If the advisory committee is to become more involved in child care policy decisions, they must have good information about actual child care needs.

OCC Advisory Committee needs good information in order to provide advice.

Even when information is available, the advisory committee may not receive it. One of the issues discussed in some depth by the committee for the past two years was the legal status of the expendable trust fund. We obtained documentation about the history and status of the fund from the Finance Office of DWS. However, an advisory committee member who was very concerned about this issue told us that she had not seen the documentation and was unaware that it existed. Apparently, OCC staff was also unaware of the documentation.

Similarly, even though financial information exists at the department level, OCC staff may not have a good understanding of it. For that reason, they may not be able to provide good budgetary information to the Advisory Committee. The next section discusses that issue.

OCC Needs Better Financial Management

Improved financial information also can help OCC's decision-making process. One of the major concerns expressed to us by members of the child care community was that they could not get reliable information about OCC's funding and expenditures. Similarly, we found it difficult to get basic financial information from the office. OCC staff do not appear to have a good understanding of their financial situation. One effect has been frequent year-end expenditures. Funds spent with a "use it or lose it" philosophy frequently are not used as effectively as they could be.

OCC Needs a Better Understanding of its Finances. OCC staff does not have the skills or information regarding the available funding to make informed decisions regarding the use of federal funds. According to the DWS Finance Director, the OCC director does not have a good understanding of the federal child care block grant funds available or the department budgeting process. The OCC does not appear to have control over the budget because many sources say that OCC claims they don't have a budget or that their budget has been cut or that the federal money has been cut. In reality, federal child care funding has increased over the years, and information on the amount of funding is readily available to give OCC and their advisory committee enough lead time to make informed decisions on the use of these funds. Understanding federal funding availability and expenditure rules would allow the OCC and their advisory committee to make better informed decisions.

OCC staff do not have a good understanding of their financial situation because they do not have reliable information about funding and expenditures.

Areas overseen by OCC specialists receive funding, but money may not go to areas of expressed need.

Method of Budget Allocation Is Questionable. The way OCC allocates budget resources within the office also concerns us. When we asked staff how spending decisions were made, we learned that each of the four specialists in the office has their own pot of money that they control. Since the four specialists have specific responsibilities of school age, work/life, training, and CCR&R, other areas of need not specifically represented by an OCC specialist’s current job description are neglected. For example, no specialist has responsibility for infant/toddler care, and little of the office’s resources have been spent in that area despite acknowledged needs. Financial resources do not readily flow to where they may be most needed, but they are kept by each specialist for their particular area.

Another concern is that the specialists are not qualified financial managers and may not have the financial information to effectively manage the portion of funds that they control. One result is that specialists may find they have extra money they didn’t expect and thus decide to fund a special project that is not well thought out. Sometimes the expenditures are made late in the year before fund authority lapses.

Year End Expenditures Indicate Poor Financial Management. Several people have told us that for several years OCC appears “to find money” at the end of the year, and then, so that they do not lose the money, they try to spend the money quickly without a well thought out plan. For example, in May 2000, a short letter was sent to all licensed home providers informing them that they were eligible for up to \$150 in a one-time grant, and licensed child care centers were informed they could receive \$500 in one-time funding by completing a short application. In response, 482 family providers and 102 centers applied and received a total of \$122,000. While these one-time grants were certainly welcomed by those who received them, to many in the community the program does not seem to be well conceived because of the method used to distribute the funds. A more thoughtful approach could have been used that would have met the goal of the grants—to increase the availability or quality of infant care. OCC staff agree with the criticism that year-end grants hurriedly offered to use up expended funds are not the best use of resources.

This use of funds at year end does not appear to be an isolated instance but is a pattern of behavior for the OCC. CCR&R agencies have told us that for several years they have been told to quickly spend some money on

Financial management of OCC funds needs to be well thought out and not hurried spending with no plan.

very specific things that OCC demanded. For example, in 1996 every CCR&R was required to create a lending library and quickly buy toys for it. Although some CCR&Rs have made their lending libraries work out, others were unhappy with the mandate to spend funds on this project when they had other needs in their areas that were more pressing.

Also in 1996, we were told that the school age specialist felt she had some funds to spend or would lose them and took a group of providers to New Jersey to a conference. According to one of the attendees, once they had arrived at the conference, they discovered the conference was for middle school students yet, at the time, none of the providers provided care for that age group. In our opinion, these funds could have been better used to train numerous providers in-state. We believe this expenditure of taxpayer funds could have been used more appropriately to meet numerous child care needs in the state.

Trust Fund Management Can Be Improved

OCC also has not made good use of its Child Care Trust Fund to supplement the state and federal funds it receives. In recent years, staff have not sought donations or applied for grants and money previously received has gone unused. OCC and their advisory committee have proposed that the Legislature eliminate the trust fund and plan to return money to the donors. Although the trust fund has not been used for a few years, we think it could potentially provide valuable additional funding for child care.

One of OCC's statutory responsibilities in **Utah Code** 35A-203 (3) is to

apply for, accept, or expend gifts or donations from public or private sources.

One of OCC's early directors felt donations could be a valuable source of additional funding to help address child care needs. She received the advice and counsel of a tax attorney from a professional law firm who specialized in federal income taxation and regularly advised clients on the creation and tax qualifications of charitable foundations. That attorney proposed very specific language to insure that funds contributed to the OCC would be deductible and would be "at least as advantageous for a donor to make a contribution to the State of Utah as it is to make a contribution to a private foundation." Based on the legal assistance, the Legislature in 1993 amended the **Utah Code** to establish the Child Care

The Child Care Trust Fund could provide valuable additional funds to meet child care needs.

Expendable Trust Fund. Appendix A shows the Utah Statute regarding the expendable trust fund. The donated money is available for a wide range of uses. One attractive opportunity is that donated funds can be used to draw down matching federal funds, multiplying their impact.

Fund Has Been Little Used. In recent years, OCC has made very little use of the trust fund. The trust fund was established as an accounting mechanism that would keep donated funds separate from the office's regular budget, as required by donors. Several gifts were collected from 1991 to 1996 and some of the funding was used for provider training and to help centers with accreditation fees. The OCC has made little use of the funds from the expendable trust fund since fiscal year 1996 even though the needs in the community are great.

The balance of the fund is approximately \$22,000. The fund accountant in the Finance Division of DWS has been frustrated with OCC for years because staff have not used the funding available. She has told the office director many times that the funds were available and could be used. Instead of using the funds and getting additional funds, OCC has decided to return the gifts to the donors and eliminate the trust fund.

Reluctance to Solicit Funds Is a Problem. A major problem with the trust fund is the reluctance of OCC staff to solicit donations as well as some statutory confusion about who is responsible to do so. According to **Utah Code** 35A-3-204 (3),

The director shall apply for, accept, and expend gifts or donations from public or private sources to assist the office in fulfilling its statutory obligations.

However, in another section, **Utah Code** says the committee shall "solicit public and private funding for the trust fund." The previous OCC director did not think it was her responsibility to do fund-raising. Fund-raising appears to be a major responsibility of the OCC director because it is one of only three detailed duties in the **Utah Code**. In addition, fund-raising appears to be a major responsibility for the office. In contrast, the advisory committee can help with fund-raising, but it is not their full time responsibility.

Some advisory committee members do not want to do any fund raising because they don't have the time to do so and don't think that is their responsibility as a part-time volunteer committee. Because of their

Expendable trust fund has been little used and no one wants to lead out in additional fund-raising.

OCC director and staff are statutorily required to do fund-raising but have not done so.

different spheres of influence, committee members may have opportunities to do fund-raising; however, it is not their primary responsibility.

Fund Raising Role Should Be Clarified . Current OCC staff have not solicited private donations beyond about \$1,700 for appreciation teas. The office staff have not seen it as their responsibility. Legislative clarification is necessary if fund raising is a responsibility of OCC staff.

A staff person to the task force that recommended creating OCC stated that fund-raising was to be a major responsibility for the new office and its director. She stated that fund-raising was important to serve populations not served by the government monies and to provide programmatic enhancements that could not be achieved with government dollars. In the early years, OCC was successful in raising some funds and used the donations for accreditation grants and training programs for centers and family day-care providers.

Private donations are an excellent way to get additional funds into the child care system. The federal government even rewards states for attracting private donations by giving federal matching funds. For every private dollar received, the federal government will match it with three federal dollars. We believe this activity is well worth the effort to solicit private donations.

Recommendations:

1. We recommend that the Legislature consider expanding the membership of the Office of Child Care's Advisory Committee to include representatives of Child Care Resource and Referral Agencies and the Department of Human Services.
2. We recommend that the Office of Child Care make more effective use of its advisory committee by:
 - a. Soliciting broad policy advice from the committee,
 - b. Providing the committee reliable information about child care supply and demand,
 - c. Including the committee in resource allocation decisions, and
 - d. Providing the committee reliable financial information about the office's budget and expenditures.
3. We recommend that the Office of Child Care Advisory Committee

become more involved in child care policy and resource allocation decisions.

4. We recommend that the Department of Workforce Services and the Child Care Advisory Committee evaluate the amount of child care resources and staff time devoted to work/life initiatives, including employer awards, and consider whether it is the best use of limited child care resources.
5. We recommend that the Office of Child Care, with input from its advisory committee, explore ways to more effectively use its resources to improve child care including:
 - a. attempting to increase child care availability and quality in all programs and throughout all areas throughout the state, rather than narrowly focusing on quality in a few programs,
 - b. avoiding involvement in non-child care issues so more resources may be devoted to improving child care,
 - c. changing how budget resources are allocated within the office so funds may flow to the most pressing policy need rather than having portions of the budget controlled by each specialist.
6. We recommend that the Office of Child Care work with departmental finance staff to ensure they understand their budget and better track their expenditures.
7. We recommend that the Legislature clarify fund raising responsibilities for the expendable trust fund.

Chapter III

Grant Program Should Be Restructured to Improve Child Care

OCC should restructure their grant program to encourage the development and enhancement of programs for infant, toddler, and school-age children.

OCC uses about 30 percent of its budget to support quality after-school child care programs for school age children by awarding grants to a limited number of providers. In recent years, funds have been used largely to subsidize established school-age programs. We think OCC should establish grant programs that encourage the development and enhancement of both school-age care and infant and toddler care and to increase the overall quality and availability of child care in the state.

Since the demand for quality child care is great and the funds available to promote it are limited, OCC needs to use its resources wisely. This chapter discusses three areas that we believe OCC and its policy advisors should address to clarify and improve how it funds child care providers:

1. The grant program must be carefully structured to achieve policy objectives that are clearly articulated and communicated to the child care community.
2. The process for soliciting proposals and choosing which to fund can be strengthened.
3. The monitoring of providers that receive awards needs to be improved.

Grants Should Be Structured To Achieve Policy Objectives

OCC should reconsider its grant program that provides funding for after-school child care programs for school age children to the exclusion of other programs for infants and toddlers. We found that the grant program is not well designed to achieve OCC's statutory objectives. In particular, we do not understand why the office has emphasized maintenance of a few providers rather than structuring its grants to encourage the development of providers throughout the state. In

addition, HB184 (1997 Session) funds do not appear to have the prevention focus intended by the Legislature.

We think the grant program has had a narrow policy focus because of how OCC has administered it. Responsibility for the grant program has resided with the “school-age specialist,” so that infant and toddler care has not been considered. In addition, OCC has been so concerned with promoting quality programs that places lacking child care have not been considered. After HB184 funding was appropriated, the school-age specialist combined it with federal grant funds so that it lost the required prevention focus. We believe OCC needs to base its grant program on its statutory objectives and mission.

Grants Should Promote Statutory Objectives

Provider grants, like all OCC activities, should be designed to help accomplish the office’s mission and objectives. Consistent with its organizational placement within the Department of Workforce Services, OCC’s mission is “to help families be successful in the workforce through quality child care support systems.” Since OCC’s funding comes from federal and state sources, both state and federal law help establish the office’s objectives. The March 2000 Request for Grant Applications (RGA) combined \$450,000 in state funds and \$890,000 in federal block grant funds to provide a total of \$1.34 million in grants per year for out-of-school programs.

The **Utah Code** defines the functions and duties of OCC. Most applicable to the grant program is the provision that OCC shall “provide planning and technical assistance for the development and implementation of programs in communities that lack child care, early childhood programs, and school-age programs.” In addition, the Legislature has appropriated funds since fiscal year 1998 for “grants to qualified sponsors for community-based prevention programs,” generally referred to as HB184 funds.

The federal block grant also identifies funding objectives. Federal law requires that funds be used to promote quality and availability of child care. However, the block grant is intended to address a broad spectrum of needs and allows the state considerable flexibility in using the funds.

The “Utah Code” requires OCC to provide assistance to communities that lack child care.

OCC's grant program maintains existing after-school programs rather than increasing availability of child care options.

Grants Should Encourage Child Care Improvements. We think OCC should restructure the grant program to encourage the development and enhancement of both school-age and infant/toddler providers based on an assessment of child care needs. Similar to how economic development programs provide grants to new and expanding businesses, OCC could structure its grants to encourage increases of quality child care slots. We feel long-term subsidies of established programs should be avoided.

OCC Grant Program Maintains the Status Quo. OCC uses its grant program largely to maintain existing quality school-age programs rather than to increase quality and availability in all types of care arrangements. Thus, a few large school-age programs, with multiple sites, continue to receive more than \$150,000 annually to subsidize program costs. One program has received more than \$2.6 million in the past nine years. When we asked OCC staff why the same established programs received so much of the available funding year after year, they explained that these are high quality programs that they do not want to hurt by withdrawing funding.

OCC's focus on maintaining a few quality programs also prevents it from shifting funding from school-age to infant/toddler programs. Many people speak about a crisis due to a lack of infant/toddler care, but OCC's grant program is dedicated to the school-age population. Staff have been unwilling to consider shifting some funds from school-age care because that would hurt the established school-age programs. OCC felt that new funding was needed to promote infant/toddler care. In December 2000, a request for grant applications was issued to enhance the availability, affordability and quality of infant/toddler child care.

OCC continues to fund school-age programs even though there are a variety of other funding sources for school-age care. For example, a new federal program was established to fund a wide range of after-school activities on school campuses called 21st Century Community Learning Centers. These 21st Century funds are provided through the Department of Education. The large programs funded by OCC for many years applied for and received 21st Century funds. Even though this would have been an opportune time for OCC to redirect limited resources to other programs and age groups, OCC chose to continue funding those programs.

Wisconsin's grant program does not provide ongoing funding to established programs.

Wisconsin Example Illustrates Alternative Approach. The start-up grant program in Wisconsin provides a good contrast to Utah's program. Wisconsin provides funds to cover a portion of the initial start-up cost for either new programs or for existing programs to expand the number of children served. The grants are not intended to serve as ongoing funding. Programs must commit to operating at least three years after the start of the grant period. If they close before that time, they are expected to repay some or all of the funds. New programs may apply for up to \$15,000 and can apply for up to two sites. While a program may reapply at different times, each time it has to propose "a new expansion" of service if it has been previously funded. Between 1994 and the present, no group child care center could receive more than \$50,000 and family child care could not receive more than \$2,000.

In addition to the start-up grant program, Wisconsin provides two kinds of quality improvement grants—quality improvement grants and quality staff retention grants intended to help child care providers meet and maintain Wisconsin's high quality standards and to keep skilled staff. The grants are awarded for up to four consecutive years for centers and up to three consecutive years for family providers, given progress is demonstrated. First year grants range from \$1,400 for family day care and \$4,500 to \$30,000 for centers based on the number of children they serve. Subsequent years are generally funded at 60% of the first year.

Wisconsin also provides grants through their local Resource and Referral agencies that are better able to meet the needs of the local area to improve the quality and supply of child care in their local communities. Local agencies provide matching dollars in order to draw down the federal child care funds.

HB 184 Legislation is Unclear

Beginning in fiscal year 1998 and in each subsequent year, the Legislature has appropriated \$450,000 from the general fund to be used for community-based prevention programs. However the legislation does not identify a specific age range or clearly state what the funds are intended to prevent. Without clear guidance, OCC made the decision to distribute these as grants for after school care for students from Kindergarten to twelfth grade. We do not see that OCC has used the funds specifically to meet the prevention focus that appears to have been intended by the

The Utah Legislature provided funds for prevention programs, yet OCC used them for after-school programs.

Legislature. In fact, OCC has simply combined these funds with its school-age grant program discussed above.

One of the specific issues we were asked to address in our audit was whether OCC was using House Bill 184 funds appropriately. HB 184 was introduced in 1997 to give OCC additional funding to “provide grants for out-of-school child care programs.” However, the bill was amended during the legislative session and, as enacted, was considerably different than introduced. Thus, the funding is provided to the Department of Workforce Services to “provide grants for certain prevention programs.” According to **Utah Code** 35A3-207, the Department of Workforce Services may provide grants to

qualified sponsors for community-based prevention programs that:

- *support parents in their primary care giving role to children;*
- *provide positive alternatives to idleness for school-aged children when school is not in session; and,*
- *support other community-based prevention programs.*

We feel OCC has used these funds as they originally wanted, which is the way HB 184 was introduced, rather than how the Legislature intended by its amendments to the bill. In fact, OCC’s March 2000 RGA simply combined the HB 184 funds with the federal block grant funds for “quantified quality programs for school-age children during out-of-school time in a public or community facility.”

The legislation does not define a target population for the funding. However, OCC staff believe the funds are for youth up to age 18. If the Legislature intended the funding to be for youth up to age 18, OCC may not be the appropriate agency to administer these funds since OCC’s expertise is working with children from birth through age 12, based on the target population for federal funding that they receive.

We question whether prevention funding belongs in the Office of Child Care. There are many different types of prevention programs depending on local needs. Communities may have different solutions to meet their prevention needs besides after school programs.

We feel the Legislature needs to provide clarification for these funds and consider either amending the statute to make HB 184 a child care program or else move the prevention funds to some other agency. If the Legislature does not act, we feel OCC must ensure that its grant award

process complies with **Utah Code**.

Award Process Can Be Improved

As discussed above, the most important issues with OCC's grant program are policy related. However, some improvements also are possible in the award process. The Request for Grant Applications (RGA) process used by OCC is an appropriate method to distribute funds, but OCC can improve both how it solicits and how it evaluates proposals. A better process should be developed so that the public has confidence that the awards are fair.

OCC Can Improve How it Solicits Proposals

Both the design and communication of OCC's RGA can be improved. The RGA issued in March 2000, requested applications from child care centers, recreation centers, public or private school facilities, public or private businesses, agencies, individuals, or community groups interested in providing after-school child care programs for school-age children in a public or community facility. The 69-page RGA was written by the after-school specialist and was advertised in the classified section of the state-wide newspapers.

Design of RGA Can Be Improved. OCC can take steps to improve the RGAs it issues. Some of these issues are policy-related items that have been discussed earlier, and others are more process related. We feel OCC should consider these items as it designs future RGAs.

- **Community Needs.** The extent to which a community's families have child care available should be a factor in awarding grants. Either a needs assessment or an assessment of existing resources should be done. Preference should be given to programs that can demonstrate a significant community need. A statement of need was required in the 1997 RFP but was dropped from the 2000 RGA.
- **More Frequent Requests.** OCC has made multi-year grants to selected providers in 1992, 1995, 1997, and 2000. More frequent

The design and communication of OCC's grant application process needs improvement.

opportunities would give applicants more flexibility to address statewide needs.

- **Program Self-sufficiency.** Local sustainability of a program should be one of the goals of this initiative. OCC's 1995 grants required that recipients work toward becoming independent of the grant funds. Applicants had to include a self-sufficiency action plan with their proposal application. Since 1995 RGAs have not required any plan for program self-sufficiency.
- **Infant/toddler Child Care.** Although infant/toddler care is reported to be in short supply, OCC's RGA only focused on after-school programs.
- **HB 184 Prevention Focus.** OCC combined the state HB 184 prevention funds with federal funds and issued a single RGA to support quality "after-school" care. However, the requirements for HB 184 and federal funds appear different enough that the two should not have been combined into one RGA. HB184 was intended to be broader than after-school child care programs.
- **Match Requirement. Utah Code** requires that funded programs provide 100 percent matching funds. In other words, the Utah Legislature intended programs to provide one dollar of funds for every dollar of state funding. However, OCC lowered that requirement and only required 50 cents for every dollar of state funding.
- **Child Care Age.** In general, child care funds should only be spent on children under 13 years of age. Federal regulations allow funds to be spent for older children if they have special needs. However, OCC's March 2000 RGA specified that it was for after-school programs for children in Kindergarten to 12th grade.
- **Funding Levels.** New providers can only apply for funding up to \$20,000 per site, while there was no limit for programs that were already being supported by OCC. Consequently, previously funded programs applied for more than \$20,000 per site. A more uniform method of funding should be considered.

OCC needs to improve how it informs providers about grants.

- **Application Restrictions.** Setting a maximum number of pages for the applications will ensure that all applications are judged uniformly. Without a limit some applicants include many additional items to “sell” their program and nearly write a book about it.

Providers’ Ability to Access Grants Can Improve. OCC can improve how it informs the provider community about potential grants and can assist their application process. Three steps can help ensure that potential applicants are able to apply for and receive available funding—

- **Informing Potential Applicants of the RGA.** There was a general lack of understanding of the competitive bid process used by OCC in 1997 to fund school-age programs. OCC staff as well as providers were confused. There were many complaints about the process. There were also complaints and confusion about the March 2000 RGA. OCC can do a better job of informing potential applicants of available grants. By prominently having the information on grant availability, grant requirements, applications, deadlines and specifics on the OCC Web page, the provider community could be informed about upcoming grants.
- **Simplify RGA Requirements.** Some requirements were unclear regarding the amount of money available to new bidders. The RGA issued in March 2000 was long (69 pages including all attachments), confusing, unclear, and repetitive. Potential new providers told us that there was too much work involved in applying for the \$20,000 maximum award, yet there was no limit for established programs that had previously received OCC funding. If it appears that only the most sophisticated bidders have a chance to receive a grant, OCC will not get the bids from the community providers.
- **Provide Technical Support.** Although many child care providers are potential applicants for grants, they may not be experienced in applying for grants. OCC did not hold informational pre-proposal conferences to help potential applicants understand the requirements of the particular RGA. We heard several complaints that the school-age specialist did not provide much help when bidders called for assistance. In fact, some providers felt the specialist discouraged them from applying by stating that she was

not going to fund them unless they operated their program in a school. OCC should use pre-proposal conferences to provide technical support to assist potential applicants to better access the grant program.

OCC staff report that they agree with the above recommendations and all three improvements were made in the recently released infant/toddler RGA.

Evaluation Process Needs to Be Improved

The RGA evaluation process can also be improved by considering community needs and following HB 184 requirements. OCC recruited a panel of volunteers to evaluate proposals based on the criteria and point values shown in Figure 7.

OCC's evaluation process needs improvement.

Figure 7. OCC's RGA Evaluation Criteria

	Points
- Goals/Objectives	25
- Plan of Action/Activities/Calendar/Time-line	30
- Staffing Pattern/Training Schedule	10
- Facilities	10
- Costs: Budget Form	25
Budget Narrative	30
- Evaluation Process/Tool	<u>20</u>
TOTAL POINTS:	150

Community Needs Should Be Considered. We feel the biggest weakness in OCC's evaluation process is the failure to consider a community's child care needs. A needs assessment should be considered so that funding is provided to those areas that have no other community services that provide after-school care. In some areas there are a variety of public and private providers as well as community resources such as libraries, after-school sports, community-school classes, scout groups, boys and girls clubs and others that provide after-school activities for children. In other areas there are no community resources for children.

OCC funding should go to those areas where there are no other services, not just to "quality" programs.

By contrast, Human Services focuses on filling the gaps in services.

Rather than consider an area’s needs, OCC’s evaluation form is based on quality of the program—regardless of how many other programs operate in the same area. In contrast, the Department of Human Services uses an evaluation method that focuses more on filling the gaps in services and gives a higher score to those programs where there are no other community resources. One of the OCC volunteer evaluators took this latter approach even though it was contrary to OCC’s form. For example, he rated a rural town’s request higher because the proposal stated, and he knew, that there were no other after-school programs in the area. In contrast, he rated a large urban program lower because there were lots of after-school programs in that city and the proposal wasn’t as good as it should have been.

OCC’s evaluation process favors large, established programs.

Evaluation Process Favors Large Established Programs. The evaluation process used gives more points to established programs that have well documented, well written proposals. Because they receive the highest scores, the OCC grants continue to go to the largest, most established programs. OCC should establish evaluation criteria and an evaluation process that are more in line with their statutory obligation to “provide for the development of programs in communities that lack child care, early-childhood programs, and school-age programs.”

The evaluation process requires volunteer evaluators to compare \$200,000 requests from established programs side-by-side with \$20,000 requests from new programs. The sheer size of some of the applications of the established programs gives an advantage to established programs. Although not requested, some programs included newsletters, calendars, and other things that made their proposals very thick.

Use of HB 184 funds in child care rather than prevention programs is questionable.

HB 184 Programs Were Not Evaluated as Required. Earlier in this chapter we discussed how OCC lumped HB 184 funds with federal funds in their school-age care proposal. As a result, alternative types of prevention programs have not been considered for funding. In addition, statutory requirements for how proposals for prevention grants should be evaluated have not been followed.

According to the **Utah Code**, the factors to be considered in awarding the grants include the extent to which the sponsor has

- Consulted and collaborated with parents, local parent-teacher organizations, parent organizations and the appropriate local interagency council established under section 63-75-5.7 (FACT)

- Identified at-risk factors that will be ameliorated
- Identified protective factors and development assets that will be supported and strengthened by the program, and
- Determined the financial support provided by parents and others.

Since they were all part of the same process, the programs receiving HB 184 funds were evaluated along with all other school-age programs. In fact, programs did not apply as prevention programs but as after-school child care. The items identified in statute were not specifically evaluated. OCC acknowledges that the identified items in statute were not evaluated.

OCC combined the federal and state funds and put out one RGA because they felt that it was more efficient to do one grant proposal than several because of the huge amount of work to put out an RGA proposal, provide technical assistance, provide evaluation teams, and complete the funding process.

Program Monitoring Should Be Improved

Another important need for OCC is to reevaluate its grant monitoring program. Currently, OCC requires that semi-annual reports be submitted and that additional information be maintained for inspection during regular on-site visits. However, OCC staff have not made semi-annual visits to all grant recipients and the reports prepared by program operators may not be reliable because the operators are not clear about the reporting requirements. OCC staff acknowledge that Federal statute part 98.11.5 & 6 requires the lead agency to be responsible for overseeing the expenditure of funds by sub-grantees and contractors, and monitoring programs and services. Consequently, some reporting from grantees is important to assess the impact of the grant program, but OCC should not require information unless they are going to use it.

Site Visits Should Be Conducted

School-age contracts call for a semi-annual visit by the OCC school-age specialist. Some providers told us that the visits are very short and not productive. Site visits can be an important tool for contract monitoring and provide technical assistance to providers. OCC currently has 35 grants in various parts of the state. Many of the grants are for after-school programs that only operate between the hours of 3:30 and 5:30 p.m.

OCC does not do thorough site visits and does not even visit established “quality programs.”

According to the after-school specialist, it was physically impossible for her to do site visits to all these programs, so she only went to the new programs or those that were having problems. She did not visit the programs that she considered to be “quality programs.”

Even providers that operate “quality programs” would welcome site visits and assistance. One provider that has received hundreds of thousands of dollars stated that during the past two years, she has only received one 15-minute visit. She would welcome a complete evaluation and would like to receive ideas and feedback from experts. In her opinion, someone should be visiting all the funded sites and thoroughly evaluating their performance.

OCC needs to reassess its site monitoring plans. One possibility would be to contract with the local Child Care Resource and Referral (CCR&R) agencies that are already strategically placed around the state and are familiar with the needs in the local area to do the contract monitoring. With proper funding and training, the CCR&Rs would also be able to provide technical assistance to new programs. Another possibility would be to contract with the Utah School Age Care Alliance.

OCC staff agree that there were few monitoring visits done between 1997 and 2000 and those that were done did not document very much information. OCC reports that they have created new forms and implemented them in November 2000 and that monitoring visits are being made to all program sites with written reviews provided to program directors.

Reporting Requirements Should Be Reassessed

Grant recipients are required to provide extensive semi-annual reports to the OCC. Some of the reporting requirements may be unnecessarily burdensome, particularly to smaller grant recipients. Grant recipients that receive \$20,000 are required to provide the same information as programs that receive \$200,000. Some program operators have told us that the reporting requirements are more extensive than ones for larger federal grants. In addition, OCC makes little or no use of the submitted information.

Some providers are confused about the information requested. As a result, information that is submitted to the OCC may not be consistent,

OCC needs to reassess its site monitoring.

OCC's reporting requirements are burdensome and yet OCC makes little use of the information.

reliable or useful even though program operators spend a lot of time trying to report the information. For example, one provider reports “the average monthly attendance” by using the attendance records for the month of February because all programs are running at that point and that month has the highest attendance. To report on the “average daily attendance,” that provider picks the day with the most activities and, therefore, the most children attending. If the information is needed, OCC should make sure programs use a consistent approach so that the reporting provides meaningful information.

OCC has not provided any reporting for after-school funds.

OCC Should Use Required Information. OCC does very little with the information once they receive it. OCC has not provided any reports showing how the overall funding has been used beyond a simple list of the contractors and number of children served in a 1996 annual report. No information was provided for after-school programs in the 1999 Department of Workforce Services annual report even though after-school grants consume about 30 percent of OCC’s total budget each year.

In the early years of the OCC, an annual report was produced providing statistical information on school-age programs funded by OCC. The following information was reported:

- Target population
- Total amount and number of before-and-after school contracts
- Names and number of counties served
- Number of children served
- Types of contractors—private providers, school districts, non-profits
- Monthly cost to operate site per child
- Number of ethnic communities being served
- Hourly rates
- Training provided for contractors
- Assessment of contractors

This type of reporting would be helpful for OCC as well as the advisory committee in making appropriate program adjustments that maximize both resources and outcomes.

Recommendations:

1. We recommend that the Legislature consider amending **Utah Code** 35A3-207 to clarify the purpose of the funds and to define a target population. The Legislature may want to designate the “HB 184 funding” as being for child care programs or move the prevention funds to a more appropriate agency.
2. If the Legislature does not amend **Utah Code** 35A3-207, we recommend that the Office of Child Care ensure that its grant award process complies with the statute as written.
3. We recommend that the Office of Child Care, with input from its advisory committee, revise its provider grant program to better achieve its statutory and policy objectives by
 - a. Ensuring the grant program is responsive to community needs, encourages improvements in child care quality and availability, and complies with statutory requirements.
 - b. Enhancing potential applicants’ ability to access grants by simplifying requirements and assisting potential recipients in completing applications.
4. We recommend that the Office of Child Care with input from its advisory committee take steps to improve its grant evaluation process by changing it to one that does not favor established programs but gives priority to community needs and complies with statutory requirement.
5. We recommend that the Office of Child Care, with input from its advisory committee, take steps to improve the program monitoring of grant recipients by
 - a. Conducting semi-annual site visits of all programs or by contracting with the regional Child Care Resource and Referral agencies to do the site visits.
 - b. Clarifying and streamlining the reporting requirements for grant recipients.
 - c. Using required information to evaluate and improve the grant program.

Chapter IV

Resource and Referral System Deserves Strong Support

Child care services are becoming more centrally controlled by OCC and CCR&R role is being diminished.

Child Care Resource and Referral (CCR&R) agencies should continue to provide important services to child care consumers and providers. We were specifically asked to review whether or not the CCR&R agencies have a future role in the child care system because uncertainty and changes have clouded their status. Some in the child care community fear that child care services are becoming more centrally controlled by the Department of Workforce Services (DWS) and that the role of local CCR&Rs is being diminished. As discussed in Chapter II, we feel OCC should focus on child care policy and coordination issues. In our opinion, OCC should nurture and support a strong CCR&R network and rely on those regional agencies to deliver personalized service for parents and providers to connect families to child care.

The six individual CCR&Rs make up a statewide infrastructure that was developed years ago to provide services to parents, providers, employers, and communities on child care issues. CCR&R programs provide a forum for community groups to work together in addressing the four interrelated child care issues of accessibility, availability, quality and affordability. Most other states have similar locally-based resource and referral agencies that are able to address local community needs. Federal regulations specifically refer to resource and referral activities as an important function that helps improve the quality, accessibility and affordability of child care.

This chapter has three main sections that make the following points:

- CCR&R agencies provide valuable service at the local level.
- Uncertainty has clouded CCR&R's role.
- OCC should work to strengthen the CCR&R system.

CCR&R Agencies Provide Valuable Services at the Local Level

CCR&R agencies provide valuable services to parents and providers at the local level.

Child Care Resource and Referral agencies are an essential component of a strong child care system because they provide child care consumer education and referrals to parents regardless of income; recruitment, training and support to all child care providers; information to employers on child care employee benefit options; and, statewide planning data on child care supply and demand to communities. By passing federal funding through to CCR&Rs agencies, the state has established local, adaptable structures so that public and private groups can work together to enhance the accessibility, improve the quality, and increase the availability of affordable child care.

The establishment of the resource and referral system across the state is recognized as one of the most positive steps that Utah has taken to address child care needs. Each of the six CCR&Rs is responsible for a defined service delivery area. When established in the early 1990s, CCR&Rs were intended to be centers for the many diverse and uncoordinated child care activities in each regional community of Utah. The idea behind regional agencies is that they are best able to meet local needs.

CCR&Rs Provide Services to Parents, Providers, Employers, and Community

Utah's six CCR&R agencies provide services to parents, child care providers, their communities and to the OCC.

- **For Parents:** CCR&Rs help parents make informed child care choices by providing information on program options, quality indicators, and costs. Each CCR&R has telephone counselors that take calls from parents, and by using a comprehensive data base, they can give detailed information on child care resources in their area such as location, hours, costs, ages served, current openings, and other information based on the needs of the parents.
- **For Child Care Providers:** CCR&Rs offer technical assistance and training to encourage and support new and established child care providers. They also offer provider training, in a classroom setting, necessary to enter the early care and education field and provide ongoing quality services. Training establishes an outreach

relationship with providers that would not otherwise happen. CCR&Rs also maintain a relationship with food programs and provider associations to assist in disseminating information. Technical assistance is provided through newsletters, phone counselor availability, and a curriculum library.

- **For Employers:** CCR&Rs assist in identifying services needed to help businesses provide child care services to their employees. One CCR&R provides enhanced resource and referral services to contracted corporate employees as an employee benefit. Some offer brown bag seminars for employees regarding parenting issues, time management, anger management, or requested subjects.
- **For Communities and for the State:** Because of their contact with consumers and providers and their extensive data base, CCR&Rs have good information on child care supply and demand. That information could be used to make sound decisions on child care resource development and public policy.

Figure 8 shows the service delivery areas of the six CCR&R agencies in the state. Two agencies—Eastern and Western—cover a large geographic area while Metro serves the largest population.

Figure 8. CCR&R Statewide System. The six CCR&R's serve different populations and land areas.

Region	Counties Served	Office Location	Population*	Land Area**
Bridgerland	Box Elder, Cache, Rich	Utah State University	131,007	7,800
Northern	Weber, Morgan, Davis	Weber State University	428,720	1,481
Metro	Salt Lake, Tooele	Children's Service Society	879,118	7,687
Mountainland	Utah, Wasatch, Summit	Utah Valley State College	393,306	5,054
Eastern	Daggett, Duchesne, Uintah, Carbon, Emery, Grand, San Juan	College of Eastern Utah	95,052	25,728
Western	Juab, Piute, Wayne, Millard, Sanpete, Sevier, Iron, Washington, Kane, Garfield, Beaver	Five County Association of Governments in St. George Satellite offices in Cedar City & Richfield	193,850	34,344

* Source: Bureau of Economic and Business Research January/February 2000 Utah Economic and Business Review 1999 Population Estimates for Utah

** Square miles.

CCR&R agencies have specific core duties that were defined in 1992 when the CCR&Rs were established. The core services are to

- Assemble and maintain a comprehensive database on community child care programs.
- Provide individualized consumer education for parents.
- Coordinate and encourage ongoing development of new child care resources.
- Provide ongoing technical assistance and training to providers and parents regarding child care issues.

- Provide community collaboration and outreach.

In addition to these core services, OCC added some other responsibilities and activities to CCR&R contracts. In some cases, the added activities have caused uncertainty about the role of the CCR&Rs and will be discussed in the next section.

Uncertainty Has Clouded Role of CCR&Rs

We were asked to address the future role of CCR&Rs because that role has become unclear. For many years, CCR&Rs have been the local service delivery providers. In addition, the local agencies have used their knowledge about community needs to help guide child care policy. Some in the child care community fear CCR&R's role is being taken over by DWS. Factors that have contributed to a certain degree of anxiety and mistrust in the child care community include:

- Studies to perhaps move the CCR&R function into DWS
- Poor communication between OCC and CCR&Rs
- Reduced funding to CCR&Rs
- New contract requirements, and
- OCC staff growth and activities.

This section will summarize these five factors, and the following section will address ways to strengthen the resource and referral network.

Studies to Perhaps Move the CCR&R Function into DWS Have Caused Anxiety

Concern that DWS may eliminate the established CCR&R agencies and integrate child care referral services into employment centers has created stress and instability in the child care community. The issue was studied by a transition team when the department was created in 1997 and again more recently. Although DWS management assured us they do not plan to eliminate service delivery through the CCR&Rs, the issue continues to cause anxiety in the child care community.

DWS senior management told us that a study was done several years ago to evaluate if the CCR&R function should be brought in-house to the DWS employment centers. The result of the study was that the function should

Some fear that CCR&R's role is being taken over by OCC.

DWS management does not plan to eliminate service delivery through the CCR&Rs.

DWS transition team determined that the CCR&R function should remain with the local agencies.

remain at the CCR&R agencies because independent local agencies were able to generate additional funds that DWS could not. Thus, the decision to leave the function at the local CCR&R agencies was finalized several years ago.

Despite the result of the first study, as recently as April 2000, OCC commissioned a team of students in the state's Certified Public Manager (CPM) program to study whether the resource and referral function should be shifted to DWS. The problem as defined by OCC was that

DWS questions whether the current delivery mechanism is effective and cost efficient in meeting the needs of parents and the child care community. DWS has suggested that transferring the responsibilities to the forty-three Employment Centers may be more effective.

The overall recommendation from this second study was to leave referral service functions with the existing CCR&Rs. CCR&R agencies have begun to coordinate with DWS employment centers in an effort to ensure that DWS clients are given the CCR&R telephone number as well as child care resource material.

While it is reasonable for DWS to evaluate the most effective service delivery mechanism, the studies in addition to numerous others changes contributed a certain degree of anxiety and mistrust in the child care community.

Communication Problems Between OCC and CCR&Rs

Another conclusion of the CPM review team was that there is a serious lack of communication between OCC, DWS, employment centers, and CCR&Rs. The review team also suggested that DWS promote a spirit of cooperation between the CCR&R offices and the employment centers. We also found that communication problems prevent OCC from receiving adequate local input as they develop policies that directly affect local communities.

Based on our interviews and observations, we feel that OCC and CCR&Rs have not communicated very effectively. At one time, OCC had monthly meetings where all CCR&R directors and OCC staff met together; however, those meetings have been discontinued. These regular meetings had provided a forum for OCC to learn about local conditions and needs and for CCR&R directors to provide input to OCC about child care policy

CPM study determined that the function should remain with the local CCR&R agencies.

and expenditures. As discussed in Chapter II, CCR&R agencies also are not represented on OCC's advisory committee, so those most knowledgeable about local situations have limited input into OCC child care policy decisions.

The CCR&R specialist at OCC recognizes there have been communication problems and is trying to make improvements. In the fiscal year 2001 contract year, she planned to have OCC staff and CCR&R directors meet together once a quarter. However, some of those quarterly meetings have been cancelled. Instead of bringing all OCC program staff and CCR&R directors together for meetings, the CCR&R specialist makes monthly or bi-monthly site visits to the CCR&Rs to obtain feedback and input. Effective communication between OCC and CCR&R directors is important to share information, discuss proposed changes and allow a forum for concerns and questions to be adequately answered.

Overall CCR&R Funding Has Been Reduced

Another factor causing questions about CCR&Rs future role is that the funding they receive from OCC has been reduced. Cuts have occurred even though federal funding to OCC has increased, and additional federal funds were specifically earmarked for CCR&Rs beginning in 1998. OCC CCR&R specialist has been concerned at not being able to provide more funding to the CCR&R agencies, but she doesn't have any more in "her budget." Our concern with how OCC allocates budget resources among specialists was discussed in Chapter II.

OCC funding for CCR&Rs has been reduced and contract mandates have increased.

Figure 9. CCR&R Funding Has Declined. In the last two years, OCC funding for the CCR&Rs has been reduced by 12%.

CCR&R Contract Amounts			
	1999	2000	2001
Bridgerland	\$ 133,525	\$ 123,802	\$ 125,802
Northern	227,373	222,413	208,813
Metro	390,980	294,741	310,341
Mountainland	233,499	252,419	216,419
Eastern	141,961	128,940	129,940
Western	211,829	189,989	192,589
TOTAL	\$1,339,167	\$1,212,304	\$1,183,904

From fiscal year 1999 to fiscal year 2000, OCC cut \$200,000 in enhancement grants that flowed to providers through the CCR&Rs. OCC reduced the training budgets for the CCR&Rs by almost \$30,000. OCC provided some additional funding, but it was specifically targeted for after-school initiatives with \$103,000 going to two CCR&Rs to specifically hire school-age specialists to work for the OCC school-age specialist. In fiscal year 2001, however, even the school-age funding was cut.

OCC told us they cut the \$200,000 enhancement grants because they needed the funds to pay for the new career ladder bonus program they initiated in October 1999. However, OCC did not use the full amount on the bonus program and provided their own grants to providers at the end of the fiscal year so that OCC would not lose the funding. The other reductions and adjustments were based on specific mandates by individual OCC specialists. In fiscal year 2001, OCC restored the training funds that were cut the previous year.

New Contract Requirements Cause Concerns

Although the funding that OCC provides CCR&Rs has been reduced, the local agencies feel new demands have been placed on them. CCR&R contracts now include many requirements in addition to the core services described earlier. OCC's CCR&R specialist reports that a number of additional contract requirements were added by the office's three other specialists for training, after school, and work/life programs. For example,

CCR&R directors are concerned that contracts have become more rigid and burdensome through additional requirements.

CCR&Rs have been asked to develop curriculum for the standardized training that was not used, assemble and provide information for the quarterly training calendar, assemble and provide information for the annual summer booklet, create an employer outreach marketing plan, and create materials to market CCR&R enhanced services. In addition, new performance measures have also been added to the contracts. Some examples of items that concern CCR&R staffs or people in the child care community are described below.

Out-of-State Training for School-age Specialist. The 1999 contract required two CCR&Rs to “*hire a school-age specialist*” and have that person attend training at Wellesley College in Massachusetts. The cost effectiveness of the out-of-state training was questionable, especially since funding for the positions was dropped after one year.

Performance Measures. OCC implemented performance measures in an attempt to clarify CCR&R roles, priorities, and objectives as well as measure the performance of the CCR&RS in order to provide them feedback. OCC believes that the CCR&R directors had direct input into the system’s performance measures. While performance measures are important, some CCR&R directors are concerned that the specific measures do not correlate to their funding and overall mission. For example, the number one performance measure for the CCR&Rs is the net increase in the number of licensed providers in their database. CCR&R agencies feel that they have little control over the number of providers in their area and because they receive little funding to recruit new providers. OCC recognizes that the measures need “tweaking” to ensure that they are a true measure of what the CCR&Rs do.

Detailed Reporting Requirements. New contracts also require CCR&R agencies to detail their expenditures into 14 expense categories and provide detailed receipts. Several CCR&Rs told us that it is very difficult and takes a lot of extra time to break out the expenditures into the OCC required categories. For example, one CCR&R’s expenses go through the accounting office of a college, and the major expense categories are salaries, travel and equipment. The director reports she must spend many hours manually reclassifying each expense so that it matches OCC’s required categories which has salaries broken down, additionally, into seven separate categories. OCC told us that they need detailed reporting and receipts to determine the exact cost of providing CCR&R training. We feel OCC should hold CCR&Rs accountable for the funding they receive, but they

OCC staff has increased and may overlap some local CCR&R activities.

should work with the CCR&R directors so that the reporting requirements are not burdensome.

OCC Staff Growth and Additional Activities

A final item leading to anxiety about the CCR&Rs future role involves the growth of OCC. The state office has increased its staff and activities the past few years. In some cases OCC now overlaps, duplicates or has taken over activities of the local CCR&R agencies. Some in the child care community feel OCC has hired staff to provide services centrally that should be provided by local agencies.

OCC staff has increased under DWS. In our recent report “**A Follow-up Review of Utah’s Employment and Training Programs**” (Report # **2000-03**), we reported that staffing levels had declined under DWS. Contrary to the general trend, we found that staffing at OCC had increased from 4.2 to 6.5 full-time equivalent employees. While all OCC staff were classified as administrative in that report, we found that many in the child care community are concerned that OCC is starting to infringe on the role of the CCR&R program.

OCC Work/life Specialist Overlaps CCR&R Efforts. OCC has hired a work/life specialist to provide information to employers around the state to encourage them to develop family/friendly work policies. OCC has also paid for consultant reports and various employer education packets that this specialist provides to businesses. In addition, the work/life specialist goes to individual businesses and administers an employee survey which assess the child care and elder care needs of employees.

Some CCR&Rs claim that this specialist overlaps what CCR&Rs can do at the local level, with proper funding. In fact, the CCR&R Metro in Salt Lake has provided enhanced referral services for employers, on a contract basis, for years. In fact, they have over 150 employers that they work with on a routine basis.

According to OCC, they have not presumed to overlap or duplicate enhanced referral services for employers. They understand that CCR&Rs are the vehicle to provide those services to employers. OCC reports that they have recently changed the focus/direction for this activity.

Provider Visits Duplicate CCR&R Efforts. In the past year, OCC has had its' staff visit providers to gather information. The office developed a survey form and asked each staff member—including the director, all the specialists, and the secretary—to visit four providers every month. OCC certainly needs to know the concerns and needs of providers, but their staff visits seem ill conceived and ineffective since it would take more than six years to visit all providers. The CCR&R agencies, with their regional placements and regular interaction with providers are in position to be OCC's link with providers. If OCC does not choose to use the CCR&Rs, other more effective survey methods could be used such as mailing an independent survey.

CCR&R have information about their local areas because they talk to parents, providers and others in the community on a daily basis. The local agencies can also see changes, trends and overall needs. In the past, CCR&R agencies would provide OCC with detailed information on child care needs, number and type of providers, and types of calls for child care services needed in their communities. OCC was able to compile this information into a statewide child care status report. While OCC doesn't request this type of information any longer, it could provide valuable input into policy decisions by the office and its advisory committee. Furthermore, the CCR&Rs have an extensive database that could be used to generate valuable local data.

OCC Has Taken Grant Role from CCR&Rs. In 1997 and 1998, OCC allocated \$200,000 per year for enhancement grants to be distributed by the CCR&R agencies using a grant proposal process. However, OCC stopped using the CCR&R agencies to distribute the grants and issued their own enhancement grants directly to child care providers at the end of fiscal year 2000. OCC states that it was a lack of planning on their part and not a desire to take this function over from the CCR&Rs that led to OCC issuing grants directly to child care providers.

OCC Should Promote Stable CCR&R System

OCC can put CCR&Rs on more stable footing by developing a clear funding plan and clarifying their role. As discussed in the prior section, OCC has started providing more services from its central office and bypassing the CCR&R agencies. We feel OCC should keep its focus on

**Clear funding plan
and clear role
definitions are
needed for CCR&Rs.**

policy and coordination issues and support CCR&R agencies as the local deliverers of child care services to parents, providers, and businesses.

DWS can strengthen the CCR&R agencies by establishing a clear funding plan based on needs or workload contained in contracts that allow agencies the flexibility to respond to local needs. Actual funding levels should depend on the responsibilities delegated to CCR&R by OCC. By reviewing and clearly distinguishing the roles of CCR&Rs and OCC, DWS can establish appropriate funding levels and specific activities.

OCC Should Review Contract Amounts and Terms

As discussed earlier, decreasing funding and detailed contract terms are major concerns facing CCR&Rs. One CCR&R director told us that one-year contracts make it difficult to do any strategic planning. Even having a two-year contract could allow the CCR&Rs to do some strategic planning. Another executive director told us that there is little flexibility in the contracts making it difficult to adjust programs as needs change. That executive director feels having such rigid contracts leads to a lower quality program.

OCC Should Develop Clear Funding Plan. CCR&R contracts should be based on needs and workload. The basis for current funding levels is not clear and even the OCC's CCR&R specialist acknowledges that there is no clear rationale for funding amounts and she has been concerned about the inequity of the distribution of the dollars among the six contracts. In May 2000, the CCR&R specialist proposed a redistribution formula based on the number of children potentially needing care, the number of providers in the area and the size of the region. However, the redistribution formula was not implemented. We believe OCC needs to implement a funding plan based on community needs and workload.

Clear funding rationale would put CCR&Rs on more stable footing. In the past, OCC personnel have stated that funding is not secure leaving an aura of uncertainty with CCR&Rs. However, federal funding for OCC has increased every year and new set-aside funds have been provided. Because of these funding sources, it appears OCC should be able to continue funding local service delivery agencies into the future.

Contracts Should Allow Flexibility to Address Local Needs. The principle of regionalization within DWS and other state departments is to

allow local providers to adjust services to meet local needs. In contrast, OCC has placed very specific requirements in the CCR&R contracts and these requirements negate flexibility. For example, in fiscal year 1999, OCC was very prescriptive in their contract regarding the number and types of training that CCR&R agencies could offer. Training should be flexible so that the CCR&Rs can do a needs assessment and see what is required in their communities. Then they should decide on the number and types of classes to offer based on community needs. Other services provided by CCR&Rs should also be tailored to local needs. The training specialist detailed the type and number of training courses each CCR&R was required to teach because she wanted to ensure that training was available statewide for those that wanted to take career ladder courses. OCC reports that the fiscal year 2001 contracts allow much more flexibility.

CCR&R Role in Grant Program Should Be Reviewed

Reinstating CCR&R involvement in grant programs could strengthen quality of child care.

OCC should reconsider its decision to eliminate the enhancement grant program and CCR&R's role in it. In 1997 and 1998, OCC allocated \$200,000 per year for enhancement grants to be distributed by the CCR&R agencies using a grant proposal process. The purpose of the enhancement grants were to provide child care providers with funding to improve the quality of care they offer to the community. Enhancement grants can be an important way to increase the quality of child care by providing funds for specific improvements. For example, the director of the Bureau of Licensing told us that enhancement grants can give providers funds to upgrade their equipment and toys which may be the exact licensing problem that was identified and needed correction. Both licensed family child care and center-based programs received grants of between \$500 and \$1,000. The funding paid for both equipment and staff/provider training.

When the CCR&Rs administered the enhancement grant process, it was focused on specific child care improvements and provided good accountability. Providers were required to submit a proposal that was read, evaluated and ranked by a team of community members. CCR&Rs have records showing the grant applications and photos showing the items or services that the providers purchased with the grants. In contrast, for the OCC grants, OCC simply mailed checks to providers who completed a short application, and there is no record of how the funds were used. The grants were very general and allowed people to spend the money on

themselves, the children or the facility.

CCR&Rs traditional service delivery role with providers also puts them in a good position to administer grants. In addition, they can use community members who have knowledge of local needs to read and rank proposals. If funds are available to give small grants to child care providers in the future, OCC should consider using CCR&Rs to distribute them. OCC agrees that when funding for enhancement grants is planned into the budget, that funding should be administered through the CCR&Rs.

CCR&R Role in Employer Services Should Be Reviewed

CCR&R can play an important role in employer services.

With proper funding, CCR&R could also provide services to employers. A report commissioned by OCC shows that employers already know they need to provide family friendly work places, but they need specific information on what to do to support the child care needs of their employees. This same report shows that for many companies, resource and referral services are the first step into work-family support.

Using local CCR&R agencies to work with employers is done in other states. According to a report commissioned by the U.S. Department of the Treasury, **Investing in Child Care, Challenges Facing Working Parents and the Private Sector Response**,

Employers can form partnerships with CCR&Rs as a low-cost way to provide employees with a starting point for information on child care programs. . . . In addition, CCR&Rs help employers implement and evaluate family friendly workplace policies, particularly support for child care. With their child care expertise and knowledge of community needs, CCR&Rs serve as a valuable resource to employers who are working to support child care.

The report gave four ways for employers and CCR&Rs to cooperate:

- *Employee Assistance.* Corporations contract with CCR&Rs to provide consultation and referral services as a benefit for their employees.
- *Resource Development.* Employers work with CCR&Rs to increase the supply of child care in their community that meets the specific needs of the workforce.
- *Quality Improvement.* CCR&R's are involved with major national initiatives where they facilitate training for child care workers.

- *Data. CCR&R data on the supply of care, identified gaps and assessment of needs provide valuable tools for businesses both as employers and local corporate citizens.*

OCC and its advisory committee should clarify the role of CCR&Rs to provide these types of services to businesses along with considering the resources available to do so.

CCR&R Role in Training Program Should Be Supported

OCC should reconsider the amount of funding that they provide to CCR&Rs for training. In the past two years, OCC has made numerous changes to the training programs offered by the CCR&R agencies in OCC's effort to create and implement a statewide Career Ladder Program. Training for the career ladder program is delivered through the CCR&Rs. CCR&Rs are crucial to the success of this program, both because they deliver the training and because of their close contact with providers in their area. OCC has tried to fund the CCR&Rs to provide Career Ladder courses but has not adequately funded non-career ladder courses.

OCC's Career Ladder Program was aimed at improving the level of training and professional development of early childhood workers throughout the state. The program provides one-time bonus payments to persons employed working with young children in an early childhood setting. The bonus program has five levels and the bonuses range from \$50 to \$250 per level. The bonuses are one-time bonuses and can be received in any order.

In addition to the Career Ladder Program, OCC also provides a small amount of funding for recruitment and retention training of providers. Recruitment and retention of providers is a critical need in the state and CCR&Rs need money to recruit and retain providers.

Broad Training Program Should Be Considered. Although the Career Ladder Courses are important to some providers, other courses are important to others. However, OCC has provided the majority of the funding to the CCR&Rs to provide Career Ladder Courses. In fiscal year 2000, OCC changed their method to distribute training funds and cut the training budget, the aggregate training budget, from \$225,000 to \$196,000. CCR&R Metro's funding was cut by 28% and they had to cut

their best classes that were geared toward in-home care providers that gave them ideas, broke their isolation, helped with tax issues and helped with day-to-day issues. In prior years, CCR&R Metro had a lot of autonomy and flexible in how they used their training funds and recruitment and retention funds and they measured community needs and then meet those needs. They used the combined funding to provide professional development courses, director courses, small business courses, learn-at-home courses, TARGET courses and even gave \$200 start-up grants to providers who found their city business costs too prohibitive to open a family child care business. The director reports that their classes were full and they were not turning any providers away. However, in fiscal year 2000, when OCC cut their budget, they found that they had to cut back on several courses and had to turn people away from courses.

Some Concerns Were Raised about the Career Ladder Program.

We were asked to review several concerns about the career ladder bonus program. Since the program is fairly new we only did a small amount of analysis. The first concern was that the career ladder program, as initially structured, may not increase child care training because the awards are so small that providers may not be willing to go to all the classes for such a small bonus. In addition, the bonus payments may not even cover the cost of the training. Some in the child care community believe it would be better to provide lower cost or free training to providers if the ultimate goal is to train as many providers as possible and improve the knowledge base of providers statewide. OCC does not have a problem providing the classes for free, but the CCR&Rs made the decision to charge a minimal amount for the classes so that providers who enrolled would be more committed to attending.

Another concern raised was that bonus payments are made for education received many years earlier. We reviewed the bonus checks issued by OCC in the first year of the program and found that about 400 individuals requested bonuses. Most of the bonuses paid were level three, level four, and level five bonuses because the individuals already had their CDA certification or college degrees, not because of the career ladder. In addition, we found that 36 percent of the bonus checks went to individuals working in Head Start, Early Head Start and Early Intervention programs. Some in the child care community claim that teachers in these federally funded programs have access to much more training resources than child care providers and they question the use of limited child care resources to give them bonuses.

OCC staff made a conscious decision to include those involved in early child care, not just child care providers, in the career ladder program. OCC staff feel that their bonus program should include all early childhood providers. They also believe that they want to acknowledge and reward providers who received their college level training years before and choose to remain in the field despite low wages.

Regarding the low bonus amounts, OCC would like to increase the bonus payments, but do not feel they have the funding to do so.

Recommendations:

1. We recommend that OCC, with input from its advisory committee, clearly define the different roles of CCR&Rs and OCC.
2. We recommend that OCC ,with input from its advisory committee, develop a funding plan for CCR&R contracts based on workload and child care needs.
3. We recommend that OCC, with input from its advisory committee, review CCR&R contracts to ensure that they allow the local agencies flexibility to address community needs.
4. We recommend that OCC, with input from its advisory committee and the CCR&Rs, review the OCC career ladder program and their overall training program to ensure that training is provided to the broadest number of providers based on their needs.

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Chapter V

OCC Must Ensure Fair Use of Public Resources

**Some OCC activities
have the
appearance
of favoritism.**

Some in the child care community have alleged that in some instances OCC has used public funds unfairly or inappropriately. The two particular instances discussed in this chapter have the appearance of favoritism that a public agency should avoid.

- OCC has financially supported some private child care associations while denying support to others. Since the funding decisions are made by individual staff members without clear policy guidance, some associations justifiably feel they have been treated unfairly.
- OCC subsidized most of the cost of a two-week summer camp for the children of DWS employees. The organization and funding of the program that children of OCC staff attended led to concerns that the office is using public funds for personal benefit.

It's unfortunate that some activities of OCC leave the appearance of favoritism and impropriety. Critics claim OCC staff have abused their authority and that funds were not distributed under arm's length practices. Although critics have complained to OCC and to DWS management, they do not believe their complaints have been heard. Therefore, we address the issues here.

To be an effective leader and coordinator in the child care community, it is important that OCC do all it can to inspire public confidence in its fairness. We recommend that the OCC advisory committee become more involved in establishing clear policy prior to decisions being made by OCC staff.

OCC's Inconsistent Support Of Associations Seems Unfair

OCC's selective funding of child care associations has led to claims that funds are "distributed with gross inequalities." The letter requesting the audit stated "allegations have been made that the Office of Child Care is using state funds to create and support a private child care association."

OCC staff confirm that they did help create and support the Utah School Age Care Alliance (USACA). Unfortunately, the funding was not provided under a clear policy that was consistently applied to similar types of associations.

OCC Supports Some Associations To the Exclusion of Others

OCC has given significant funds to some professional child care associations and their members individually and little or none to other child care associations or members of other associations. Associations that receive little or no support from OCC feel their associations and training conferences are as valuable as those receiving public funds. Since OCC staff could not give us a clear explanation for their funding decisions, we feel the concerns raised by the associations have merit. In response, OCC’s advisory committee should develop a clear policy position.

Figure 10 shows OCC’s financial support of associations from fiscal years 1998 to 2000.

Figure 10. OCC Support for Association Training Events - FY 1998 to FY 1999.

	FY 1998	FY 1999	FY2000	Total Support
USACA*	\$ 12,159.48	\$9,614.41	\$ -0-	\$21,773.89
UAEYC*	5,450.00	2,587.50	-0-	8,037.50
UPCCA*	-0-	500.00	-0-	500.00
PFCCA*	-0-	-0-	-0-	-0-
TOTAL	\$17,609.48	\$12,701.91	\$ -0-	\$30,311.39

* USACA - Utah School Age Care Alliance; UAEYC - Utah Association for the Education of Young Children; UPCCA - Utah Private Child Care Association; PFCCA - Private Family Child Care Association.

USACA Has Received Significant Support. The Utah School Age Care Alliance (USACA) has received funding for training conferences as well as organizational support from OCC. In fact, according to OCC’s school-age specialist, OCC created USACA, staffed it, hosted meetings in the OCC

OCC supports some associations but not others.

OCC has provided major support for USACA.

office sometimes with catered meals, and paid the printing and mailing costs of association newsletters. OCC felt they needed to sponsor a school-age association because none existed. The following list itemizes some of the additional support provided:

- In fiscal year 1998, OCC paid many of the costs of USACA's annual training conference. OCC paid \$4,000 for scholarships to pay the registration fee for 100 people to attend the conference and \$600 for presenter fees. OCC paid the full hotel bill, which totaled \$6,809.48. In paying the bill, OCC stated it would seek reimbursement from conference attendees through USACA. However, the former USACA treasurer told us that there was never any intention of having this expense be a reimbursed cost.

Also in that year, OCC paid \$500 for the president of USACA to attend an out-of-state training seminar and \$250 toward the expenses of a regional retreat of the national association.

- In fiscal year 1999, OCC paid many of the costs of USACA's training conference. They paid \$5,000 for scholarships, an additional \$825 for registration fees, and \$3,539 for the fee and travel costs of a national conference speaker. Also that year, OCC paid USACA \$250 for a specialized training session on brain development.

Because a portion of the registration fee that OCC paid went to pay for the state and national association, OCC helped pay the membership fees for many members in both years. According to the school-age specialist, OCC has stopped supporting USACA because it is now a strong, thriving, incorporated "501(c)3" organization.

In addition to paying for local conferences, OCC paid for people to attend national school-age conferences sponsored by the National School Age Care Alliance (NSACA). OCC paid the airfare, hotel fees, and registration fees directly to the vendors without going through USACA. Although it is unclear how many national conferences were paid for by OCC, it appears that OCC paid for providers to attend national conferences from 1995 to 1999. According to USACA minutes, 30 people from Utah attended the NSACA conference in April 1997; much of this attendance was due to the OCC school-age specialist's scholarships. Because the expenses did not go through USACA, the expenditures are not included in the above figure.

OCC has given UAEYC support for training conferences.

According to some in the child care community, national training is worthwhile yet OCC's support was not given to the general child care community but only given to those chosen by OCC.

UAEYC Has Received Significant Support. The National Association for the Education of Young Children (NAEYC) "includes early childhood educators and others dedicated to improving the quality of programs for children from birth through third grade." The Utah counterpart (UAEYC) has received significant funding from OCC, including the following:

- In fiscal year 1998, OCC gave a \$4,000 grant to UAEYC to be used to provide scholarships to child care providers to attend a national out-of-state NAEYC conference. The plan was for UAEYC to offer \$300 scholarships to 13 UAEYC members whose applications were selected in a random drawing. Documentation was not available at OCC showing how the funds were spent. Also, in fiscal year 1998, OCC gave \$1,450 to UAEYC for a "Doing and Playing" conference.
- In FY 1999, OCC gave UAEYC \$2,587.50 for a "Day Care" training event.

UPCCA Has Received Minimal Support. The Utah Private Child Care Association (UPCCA) is a provider association representing directors and owners of licensed child care centers. The association received some support from OCC:

- In fiscal year 1999, UPCCA received \$500 for its annual training conference.

PFCCA Has Received No Support. The Private Family Child Care Association (PFCCA) represents licensed in-home child care providers. The association holds an annual training conference, but in the three-year period we reviewed it has not received any funding from OCC.

Association Support Should Be Based on Clear Policy

OCC can improve the fairness and consistency of its association support by basing it on a clear policy. All four of the associations discussed above sponsor training conferences that may contribute to improved child care.

OCC has provided minimal support to UPCCA and no support to PFCCA.

OCC support for some provider associations and no support for others was not based on clear policy.

When done properly, annual training conferences can provide much needed and specialized training to many participants at a modest cost. All of the associations have national counterparts that also hold training conferences.

Since UPCCA and PFCCA represent licensed providers that provide child care to thousands of Utah's children, we are unsure why OCC has been less willing to support their conferences than others. The OCC director told us that she only provided support to those organizations that asked. However, the presidents of both associations claim that their written and verbal requests for assistance for training were denied. Some private providers and center providers believe that their training conferences are not supported because of OCC's bias against them. In fact, one association wrote the executive director of DWS to complain about "the negative and demeaning attitude of OCC employees."

Another factor could be how OCC has allocated budget resources among specialists, as discussed in Chapter II. Apparently, the school-age specialist felt a school-age association was needed and had funds at her discretion to create and support one. Similarly, the work/life specialist felt support of an association dedicated to the education of young children was important and had funds at her discretion to do so. UPCCA and PFCCA may be at a disadvantage because they have no one responsible to advocate for them on the OCC staff.

OCC's advisory committee needs to develop a clear policy and OCC staff need to follow it.

To ensure a rational and fair basis for association support in the future, we think OCC's advisory committee needs to help develop a clear policy on support of associations, and OCC staff need to follow it. OCC reports that they have created a policy and in July 2000 gave three associations – USACA, UPCCA and PFCCA each \$2,000.

OCC Summer Camp Seems Inappropriate

A second allegation we investigated involved a two-week summer camp for children of DWS employees that was organized and largely funded by OCC. Critics claim that the camp was created to benefit the teenage children of OCC employees. Specific concerns included that a low proportion of costs was paid by participants and that many participants exceeded the 12-year-old child care age. Critics believe federal funds could have been used more wisely and supported many more children. We also

question the appropriateness of using public funds to subsidize DWS children in this manner.

The camp was developed by OCC's work/life specialist as an experiment for DWS employees. She felt the State of Utah, as the largest employer in the state, should lead by example and provide this as a benefit to employees. She said the camp was modeled after a successful summer camp operated in Boston by a collaborative of employers where children go on field trips every day and learn a lot during the summer. However, our understanding is that in the Boston program, private employers buy slots in the summer camp for their employees. In the OCC camp, 8- to 12-year-old children paid only a small tuition; those 13 years and older paid no tuition and received a small stipend as junior counselors.

Camp Was Highly Subsidized

OCC paid 78 percent of the \$13,314 cost of the 1998 summer camp. The camp ran for two weeks and the participants went on 10 full-day field trips to a variety of places such as an outdoor amusement park, a water park, a children's museum, an indoor amusement park, and rock climbing. Figure 11 summarizes some information about the camp.

OCC summer camp was highly subsidized with public funds.

Figure 11. 1998 Summer Camp Costs.

Contractor Cost*	\$ 13,314
Registration Fees & Tuition	<u>(2,875)</u>
Net Cost to DWS	<u>\$ 10,439</u>
Average Attendance	16
Subsidy Per Child (for 2 weeks)	\$ 652

* OCC staff costs not included.

Figure 11 shows that the contractor cost of the summer camp was \$13,314, which includes consulting fees, salaries and benefits for several employees, transportation costs, food, craft supplies, entrance fees to activities as well as a staff luncheon. After deducting registration fees and tuition, the total amount paid by DWS was \$10,439. In the first week of the camp, 14 children paid a registration fee and tuition. In the second week, 18 paid tuition. The children aged 8 to 12 paid a one time \$25

OCC received criticism for summer camp, yet wants to sponsor similar camps in the future.

registration fee and \$75 per week tuition. The camp also had 7 junior counselors each week. The junior counselors aged 13 to 15 paid no tuition and received \$30 per week stipend.

Complaints about the DWS summer camp that we feel have merit include the following:

- **High Cost of Program.** The program cost an average of \$830 per child for two weeks. Critics complained that such a high cost program was wasteful.
- **High Subsidy Level.** Because participants paid so little for the camp, the average subsidy per child was \$652. Critics complained that parents should have paid more of the cost.
- **DWS Participation.** Camp attendees included children of OCC and other DWS staff. Critics complained that OCC staff was using public funds for their own benefit.
- **Participation of So Many Teenagers.** Almost one-third of the camp participants were junior counselors. Critics complained that OCC federal funding is specifically for children between the ages of birth and 12.
- **Sole-source Contractor Selection.** OCC chose the operator of the after-school program they fund in Provo to run the camp because “she runs the best programs in the state.” Critics complained that other providers should have been able to bid on the contract.

OCC Hopes to Sponsor Similar Programs

Despite the criticism, OCC staff consider the summer camp program a great success that they hope to build on. The camp was intended to be a “model” program that could be replicated by public and private employers throughout the state. OCC staff believe the state should be a leader in offering innovative programs that others can adopt. Although DWS management did not allow the camp to be expanded the following summer, some OCC staff personally want to do more of these pilot programs. According to a recently published report **Child Care In Utah** it states,

In a two-week pilot exploration program, the OCC explored and found success in the concept of junior counselors (13 to 15 years old) working with younger school age children in a supervised summer camp. These junior counselors received training prior to working with the younger children. They also received a stipend. Many such possibilities should be considered.

Contractor Report Raised Concerns. A follow-up report on the summer camp did not portray as positive a picture about the success of the junior counselors. The contractor stated there were too many junior counselors and that they were not trained prior to the camp as she had requested. The final report recommended that

- Junior camp counselors must be trained prior to camp, and
- ***No more than 1 junior camp counselor per group.***

The contractor also reported that “the camp could be much more cost effective by having enrollment early and requiring a minimum number be enrolled.” The report suggested that a weekly camp needed to have at least 30 participants registered.

OCC Should Avoid Similar Programs

In our opinion, OCC should avoid programs like this summer camp in the future. Our greatest concern is with the appropriateness of using funds intended to improve the quality and availability of child care generally to programs that specifically benefit OCC and DWS employees. OCC staff disagree; they claim this type of “model” program constitutes “leading by example” that others can follow. We do not believe that model programs need to be done with public funds or with children of public employees but rather with private funds and with children of private employers. The State of Utah already has many family friendly policies including flextime, telecommuting, part time schedules, and a variety of leave benefits.

In the future, OCC staff should seek out the advice of its advisory committee prior to undertaking “model” programs. With its’ broad membership, the advisory committee may help staff recognize activities that may appear inappropriate to others in the community.

OCC should avoid programs that specifically benefit OCC and DWS employees using public funds.

Advisory committee should be involved in OCC decisions prior to undertaking model programs.

Recommendations:

1. We recommend that the Office of Child Care Advisory Committee review and clarify the office’s policy regarding their support of provider associations to ensure it promotes the office’s mission and it is fair.
2. We recommend that the Office of Child Care Advisory Committee review staff plans for future “model” programs and ensure they do not narrowly benefit Department of Workforce Services staff.

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Appendix

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Appendix A

Office of Child Care

Utah Code 35A-3-202 to 35A-3-207

35A-3-202. Creation.

- (1) There is created within the Division of Workforce Information and Payment Services an Office of Child Care.
- (2) The office shall be administered by a director who shall be appointed by the executive director and may be removed from that position at the will of the executive director.

35A-3-203. Functions and duties of office.

The office shall:

- (1) provide information:
 - (a) to employers for the development of options for child care in the work place; and
 - (b) for educating the public in obtaining quality child care;
- (2) coordinate services for quality child care training and child care resource and referral core services;
- (3) apply for, accept, or expend gifts or donations from public or private sources;
- (4) provide administrative support services to the committee;
- (5) work collaboratively with the following for the delivery of quality child care and early childhood programs, and school age programs in the state:
 - (a) the State Board of Education;
 - (b) the Department of Community and Economic Development; and
 - (c) the Department of Health;
- (6) recommend to the Legislature legislation that will further the purposes of the office and child care, early childhood programs, and school age programs; and
- (7) provide planning and technical assistance for the development and implementation of programs in communities that lack child care, early childhood programs, and school age programs.

35A-3-204. Duties of director.

The director shall:

- (1) enforce rules made by the department regulating the use of services provided by the office;
- (2) supervise office staff and prepare an annual work plan; and
- (3) apply for, accept, and expend gifts or donations from public or private sources to assist the office in fulfilling its statutory obligations.

35A-3-205. Creation of committee.

- (1) There is created a Child Care Advisory Committee.
- (2) The committee shall counsel and advise the office in fulfilling its statutory obligations.
- (3) The committee shall be composed of 13 members as follows:
 - (a) one expert in early childhood development appointed by the executive director in accordance with Subsection (4);
 - (b) one child care provider who operates a center appointed by the executive director in accordance with Subsection (4);
 - (c) one child care provider who operates a family child care business appointed by the executive director in accordance with Subsection (4);
 - (d) one parent of preschool or elementary school-aged children appointed by the executive director in accordance with Subsection (4);
 - (e) one representative from the public at-large appointed by the director in accordance with Subsection (4);
 - (f) one representative of the State Office of Education;
 - (g) one representative of the Department of Health;
 - (h) two representatives from the corporate community appointed by the executive director in accordance with Subsection (4);
 - (i) two representatives from the small business community appointed by the executive director in accordance with Subsection (4);
 - (j) one representative from child care advocacy groups appointed by the executive director in accordance with Subsection (4); and
 - (k) one representative from the Division of Employment Development appointed by the executive director.
- (4) Of those members appointed by the executive director under Subsection (3), with the exception of the representative from the Division of Employment Development, no more than five may be from the same political party.
- (5) (a) Except as required by Subsection (5) (b), as terms of current committee members expire, the executive director shall appoint each new member or reappointed member to a four-year term.
 - (b) Notwithstanding the requirements of Subsection (5) (a), the executive director shall, at the time of appointment or reappointment, adjust the length of terms to ensure that the terms of committee members are staggered so that approximately half of the committee is appointed every two years.
- (6) When a vacancy occurs in the membership for any reason, the replacement shall be appointed for the unexpired term.
- (7) A majority of the members constitutes a quorum for the transaction of business.
- (8) The executive director shall select a chair from the committee membership. The chair's term of office expires on April 1 of each year and a chair may serve no more than two one-year terms as chair.

(9) (a) (i) Members who are not government employees may not receive compensation or benefits for their services, but may receive per diem and expenses incurred in the performance of the member's official duties at the rates established by the Division of Finance under Sections 63A-3-106 and 63A-3-107.

(ii) Members may decline to receive per diem and expenses for their service.

(b) (i) State government officer and employee members who do not receive salary, per diem, or expenses from their agency for their service may receive per diem and expenses incurred in the performance of their official duties from the committee at the rates established by the Division of Finance under Sections 63A-3-106 and 63A-3-107.

(ii) State government officer and employee members may decline to receive per diem and expenses for their service.

35A-3-206. Expendable trust fund - Use of monies - Committee and director duties - Restrictions.

(1) There is created an expendable trust fund known as the Child Care Expendable Trust Fund.

(2) The executive director shall administer the trust fund under the direction of the committee.

(3) The department shall be the trustee of the fund.

(4) The trust fund shall be used to accept monies designated for child care initiatives improving the quality, affordability, or accessibility of child care.

(5) The monies in the trust fund that are not restricted to a specific use under federal law or by donors may not be expended without approval of the committee.

(6) There shall be deposited into the trust fund money from numerous sources including grants, private foundations, or individual donors.

(7) The monies in the trust fund shall be invested by the state treasurer pursuant to Title 51, Chapter 7, State Money Management Act, except that all interest or other earnings derived from the trust fund monies shall be deposited in the trust fund.

(8) The monies in the trust fund may not be used for administrative expenses of the department normally provided for by legislative appropriation.

(9) The committee shall:

(a) advise the director on child care needs in the state and on relevant operational aspects of any grant, loan, or revenue collection program established under this part;

(b) recommend specific projects to the director;

(c) recommend policy and procedures for administering the trust fund;

(d) make recommendations on grants, loans, or contracts from the trust fund for any of the activities authorized under this part;

(e) establish the criteria by which loans and grants will be made;

(f) determine the order in which approved projects will be funded;

- (g) make recommendations regarding the distribution of money from the trust fund in accordance with the procedures, conditions, and restrictions placed upon the monies by the donors; and
 - (h) solicit public and private funding for the trust fund.
- (10) Trust fund monies may be used for any of the following activities:
- (a) training of child care providers;
 - (b) scholarships and grants for child care providers' professional development;
 - (c) public awareness and consumer education services;
 - (d) child care provider recruitment;
 - (e) Office of Child Care sponsored activities;
 - (f) matching money for obtaining grants; or
 - (g) other activities that will assist in the improvement of child care quality, affordability, or accessibility.
- (11) The executive director, with the consent of the committee, may grant, lend, or contract trust fund money to:
- (a) local governments;
 - (b) nonprofit community, charitable, or neighborhood-based organizations;
 - (c) regional or statewide nonprofit organizations; or
 - (d) child care providers.
- (12) Preference may be given but not limited to applicants for trust fund monies that demonstrate any of the following:
- (a) programmatic or financial need;
 - (b) diversity of clientele or geographic location; and
 - (c) coordination with or enhancement of existing services.
- (13) The executive director or the executive director's designee shall monitor the activities of the recipients of grants, loans, or contracts issued from the trust fund on an annual basis to ensure compliance with the terms and conditions imposed on the recipient by the trust fund.
- (14) The entities receiving grants, loans, or contracts shall provide the executive director with an annual accounting of how the monies they received from the trust fund have been spent.
- (15) The executive director shall report to the committee regarding the programs and the services funded by the trust fund.

35A-3-207. Community based prevention programs.

- (1) As used in this section:
- (a) "political subdivision" means a town, city, county, or school district;
 - (b) "qualified sponsor" means a:
 - (i) political subdivision;
 - (ii) community nonprofit, religious, or charitable organization;
 - (iii) regional or statewide nonprofit organization; or

- (iv) private for profit or nonprofit child care organization with experience and expertise in operating community-based prevention programs described in Subsection (2) and that are licensed under Title 62A, Chapter 2.
- (2) Within appropriations from the Legislature, the department may provide grants to qualified sponsors for community-based prevention programs that:
- (a) support parents in their primary care giving role to children;
 - (b) provide positive alternatives to idleness for school-aged children when school is not in session; and
 - (c) support other community-based prevention programs.
- (3) In awarding grants under this section, the department shall:
- (a) request proposals for funding from potential qualified sponsors; and
 - (b) comply with the requirements of Subsection (4).
- (4) In awarding these grants, the department shall ensure that each dollar of funds from political subdivisions or private funds is matched for each dollar received from the department. The value of in-kind contributions such as materials, supplies, paid labor, volunteer labor, and the incremental increase in building maintenance and operation expenses incurred attributable to the prevention program may be considered in meeting this match requirement.
- (5) In awarding a grant under this section, the department shall consider:
- (a) the cash portion of the proposed match in relation to the financial resources of the qualified sponsor; and
 - (b) the extent to which the qualified sponsor has:
 - (i) consulted and collaborated with parents of children who are likely to participate, local parent-teacher organizations, other parent organizations, and the appropriate local interagency council established under Section 63-75-5.7;
 - (ii) identified at risk factors that will be ameliorated through the proposed prevention program;
 - (iii) identified protective factors and developmental assets that will be supported and strengthened through the proposed prevention program; and
 - (iv) the financial support of parents and the organizations specified in Subsection (5) (b) (i).
- (6) At least 50 percent of the grants awarded under this section shall be awarded to organizations described in Subsection (1) (b) (iv).
- (7) No federal funds shall be used as matching funds under this act.

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Agency Response

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State of Utah

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Michael O. Leavitt
Governor

Robert C. Gross
Executive Director

February 1, 2001

Wayne Welsh
Office of the Legislative Auditor General
130 State Capitol
P.O. Box 140151
Salt Lake City, UT 84114-0151

Dear Mr. Welsh:

We appreciate the opportunity to respond to issues raised in the audit of the Department of Workforce Services' (DWS) Office of Child Care (OCC). We support the majority of the recommendations outlined in the audit and feel that the findings reinforce some recent decisions and changes made by the department regarding the OCC. The audit process provided us with an opportunity to address several issues that were brought to our attention during the performance of the audit. DWS management needs to give greater attention and focus to the OCC and its mission to ensure action plans are developed and implemented to address the recommendations identified by the audit.

As stated in the audit, the OCC was created in 1990, based on recommendations from the Governor's Commission on Child Care, to carry out long-term planning and coordination of statewide child care issues. Because child care is an integral component of success for families in the workplace, the OCC was moved from the Department of Community and Economic Development to the newly created Department of Workforce Services (DWS) in 1997. Our experience suggests that this was a prudent legislative decision. Over the past ten years, child care issues have expanded and been reshaped to better respond to the growing needs of

working parents due to many other evolving factors such as changing family lifestyles, work habits and the enactment of welfare reform.

DWS takes its role in child care seriously. This is especially true in light of our responsibilities to customers leaving the welfare rolls and entering employment. By placing more low-income parents in jobs, the success of welfare reform initiatives has created an even greater need for child care in Utah. However, we also serve the employed, the under employed and employers. Because of this unique position, DWS is in an excellent position to bring employers and the community together to address child care concerns in the state.

There are a number of parties interested in child care issues in Utah. In fact, we believe that the 1999 Utah Legislature is to be commended for passing Senate Joint Resolution 1, "Child Care Commission Resolution," which was to further research Utah's child care needs. As a result, Governor Leavitt signed an executive order creating the Business Commission on Child Care comprised of nine business leaders representing Utah's urban and rural communities. Other members included government, families, schools, and religious institutions who are each potential sources to contribute to child care solutions in Utah. The commission researched, studied, and deliberated over child care needs within the state of Utah and developed recommendations to meet those needs, including financial strategies. The commission released its recommendations in November, 2000. According to the commission, Utah faces three significant challenges relating to child care: availability, affordability and the deployment of best practices in caring for children. Recommendations from the commission include: increasing the business community's understanding that child care, which meets the challenges of availability and affordability, and is consistent with best practices in caring for children, is a business imperative; establishing a non-profit child care organization for in-home providers; developing public/private partnerships designed to enhance programs for school-age children between 3 p.m. and 6 p.m.; maximizing available funding resources; and appointing an individual to oversee the implementation of the recommendations proposed by the commission.

DWS supports the commission's recommendations and believes that establishing public/private partnerships with the child care community, parents, school administrators, private sector business and government is the most effective way to meet Utah's child care challenges. The department, therefore respectfully, but vigorously, disagrees with the audit finding that work/life initiatives do not have a place in the OCC. The commission determined that work/life issues are closely tied to child care issues. The legislative audit subjectively criticized the OCC for its role in promoting work/life initiatives with employers. Work/life initiatives not only attempt to increase child care availability in nontraditional ways, but holistically address many issues relating to child care such as quality, cost, and the impact on business. Work/life initiatives

attempt to address availability by providing such things as enhanced Family Medical Leave Act (FMLA), graduated return to work policies, job sharing, flexible work schedules, telecommuting, child care reimbursement, on or near site child care, and collaborative child care centers. These initiatives impact availability by either adding child care slots or decreasing the demand for slots.

Increasing in popularity and awareness is the OCC's "Utah's Top Ten Most Family-Friendly Companies" awards which have been awarded each of the past three years at the DWS' Annual Employer Conference. This conference has annually attracted approximately five hundred employer and business representatives. In fact, the Governor's Business Commission of Child Care recommended elevating the awards process because of the important role it plays in recognizing Utah employers who contribute to child care solutions. Over 20 employers have received these awards which were conceived in 1996 as part of an ongoing employer education project entitled "Utah Families are Everybody's Business."

DWS strongly supports the audit recommendations regarding strengthening the OCC's Child Care Advisory Committee and has already implemented actions to address these issues. Because of the complexity of child care issues in Utah and the number of interested parties, we feel it is in the best interest of the OCC to expand the membership of the committee. In order for the OCC to function as the child care policy making body, greater representation is needed from advocates, industry professionals and legislators. We agree the Child Care Advisory Committee needs to have an expanded role in the allocation of resources, policy decisions and the prioritization of local community needs. The Child Care Advisory Committee should be central to policy decisions being made by DWS relating to child care issues. We recognize the opportunity we have and are committed to engaging our state and local council members, as well as legislators, whenever possible in department business. DWS is committed to ensuring that the Child Care Advisory Committee becomes an integral part of the OCC's decision making process on child care issues.

The Child Care Advisory Committee is already dealing with the issues of expanding its membership and has expressed its willingness to take on a greater role in advising the OCC. In what appears to DWS to be inconsistent, the audit criticizes the Child Care Advisory Committee for making the decision to repeal the Expendable Trust Fund and the corresponding need to fund raise. The Child Care Advisory Committee entered into that decision based on its belief that non-profit organizations are in a better position to pursue monies within the community. DWS will look at possible statutory revisions for the next legislative session, where necessary, to meet the recommendations of the audit. DWS recognizes that there are many competing interests and opinions on what should happen in the area of child care. The OCC has, over time, attempted to enter into dialogue with many of these interests and will work toward improvement in listening to various child care constituents.

Again, while we do support the majority of the recommendations outlined in this audit, we remain committed to pursuing creative child care solutions for Utah. Thank you for the opportunity to respond to the recommendations outlined in the audit.

Sincerely,

A handwritten signature in black ink that reads "Robert C. Gross". The signature is written in a cursive style with a large, prominent "R" and "G".

Robert C. Gross
Executive Director

cc: Rich McKeown
Vicki Varela
Lynne Ward
John Nixon