



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE
713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101

DAVID E. JANSSEN
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District
YVONNE BRATHWAITE BURKE
Second District
ZEV YAROSLAVSKY
Third District
DON KNABE
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MICHAEL D. ANTONOVICH
Fifth District

August 28, 2001

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**AWARD OF CONTRACT FROM THE CALIFORNIA DEPARTMENT OF EDUCATION
(ALL DISTRICTS) (4-VOTES)**

JOINT RECOMMENDATION THAT YOUR BOARD:

1. Adopt the attached resolution (Attachment I), which names the Mayor of the Board of Supervisors as the official who is authorized to sign the attached contract. Instruct the Mayor to sign the resolution.
2. Approve and instruct the Mayor to sign the attached contract (Attachment II, two copies, original signatures are required on both) with the California Department of Education/Child Development Division (CDE/CDD), in the amount of \$5,009,450.01 for the period of July 1, 2001 through June 30, 2002 to support the Child Care Planning Committee's **Investing in Early Educators Program**. The Program is designed to retain qualified staff in CDE/CDD-funded child development centers.
3. Authorize the Chief Administrative Officer to act as the agent for the County to execute any amendments as may be deemed necessary to implement this contract.
4. Approve the attached Appropriation Adjustment to the Chief Administrative Office Budget for 2001-02.

PURPOSE OF RECOMMENDED ACTION

The Fiscal Year 2000-01 Budget Act allocated \$15 million for child care worker retention programs as specified in Chapter 547 of the Statutes of 2000 (AB 212-Aroner). According to this legislation, each Local Child Care Planning Council (LPC) is to develop a County



plan for expenditure of these funds. The legislation further specified that these plans are to be submitted to CDE/CDD for review and approval prior to CDE's release of funds to the LPC.

The Los Angeles County Child Care Planning Committee submitted its child care worker retention plan to CDE/CDD on June 7, 2001. The Plan was reviewed and approved by CDE/CDD, resulting in the attached contract. The **Investing in Early Educators Program** will make over \$3 million in stipends available to qualified staff who work directly with children in CDE/CDD-funded child development centers. In addition, the program will offer high caliber management training to site supervisors and program directors.

The **Investing in Early Educators Program** supports the County strategic goals related to service excellence, organizational effectiveness, and child and family well-being. The stipend program is designed to improve the quality of child care services by reducing the turnover of child care workers and promoting continuing education. The management training component of the program will augment the skills of site supervisors and program directors in the areas of supervision, personnel policies and procedures, budget development, strategic planning, and contract compliance. Participants in the training will produce a three-year plan to improve staff retention.

JUSTIFICATION

Formal approval of this contract by your Board is required to receive financial support from CDE/CDD to implement the **Investing in Early Educators Program**. Wages of the child care sector, as well as tenure and benefits, consistently rank well below other industries. The *Economic Impact of the Child Care Industry*, published in 2000 by the National Economic Development and Law Center, noted that child care worker wages in Los Angeles County were lower than in the rest of the State. Given the high cost of living in Los Angeles County, the average child care salary of \$14,480 offers little incentive to remain in the field of early education.

The stipend component of the **Investing in Early Educators Program** will provide persons working directly with children in CDE/CDD-funded child development centers an incentive to pursue their education and remain within the field of early care and education.

FISCAL IMPACT

This contract will provide \$5,009,450.01 in CDE/CDD funds to support the implementation of the stipend and training components of the **Investing in Early Educators Program**.

It is estimated that \$751,417 (15 percent) of the contract will be used for administration of the program and \$4,258,033.01 (85 percent) will be used for retention activities, which includes \$3,858,033.00 for stipends and \$400,000.01 for the management training component.

The acceptance of this contract requires the approval of the attached Appropriation Adjustment to allow for the inclusion of these funds in the Chief Administrative Office budget for Fiscal Year 2001-02.

FACTS AND PROVISIONS

The 2000-01 Budget Act allocated \$15 million for child care worker retention programs, as specified in Chapter 547 of the Statutes of 2000 (AB 212-Aroner). County allocations of these funds were determined based on the number of subsidized dollars in each county.

IMPACT ON CURRENT SERVICES

Low salaries and inadequate benefits made it extremely difficult to recruit and retain persons with appropriate academic training and experience in the field of child care and development. Turnover rates, ranging between 20 and 50 percent, negatively impact the quality of care provided to young children. AB 212 was introduced by Assembly Member Dion Aroner for the purpose of improving child care quality, by addressing the low salaries and high turnover rates in child development programs.

Consistent with the guidelines issued by CDE/CDD, the **Investing in Early Educators Program** will provide stipends to qualified persons who work directly with children at least 20 hours a week in CDE/CDD-funded child development centers, and who earn at least three college units toward a degree in Child Development or make progress on the Child Development Permit Matrix. The Child Care Planning Committee has defined "qualified" staff as persons holding an Associate Teacher, Teacher, Master Teacher, or Site Supervisor Permit issued by the California Commission on Teacher Credentialing. The amount of the stipend will vary, depending on the permit held by the individual applying (see chart, Attachment III). The Committee estimates that 3,218 stipends will be paid. In addition, bilingual stipends will be paid to those Early Educators who verify that they regularly use a language other than English in their work with children and families.

Applications for the stipend program will be accepted, upon approval of this contract, through November 16, 2001. The Chief Administrative Office will encumber funds based on approved applications in January 2002. Checks will be issued after eligible applicants

provide proof of completing at least three college units between July 1, 2001 and June 15, 2002, and/or regularly using a language other than English in their work with children and families.

Persons holding Site Supervisor and Program Director permits will be eligible to participate in the management training component of the **Investing in Early Educators Program**. The purpose of this training is to refine the management skills of program administrators, especially in the areas of fiscal and policy issues related to the recruitment and retention of staff. The Committee estimates that 100 persons will complete the project's six-month management training component. Each participant will be required to develop a three-year staff recruitment and retention plan.

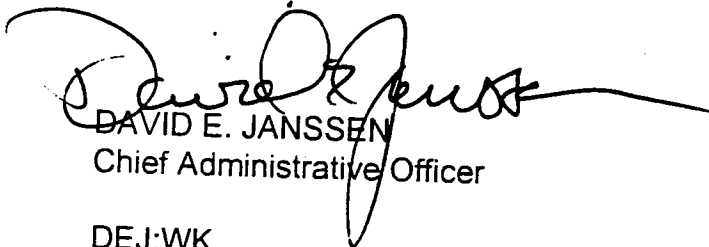
Investing in Early Educators is a significant first step toward improving child care quality in Los Angeles. The stipend component will reduce turnover and promote continuing education. The management training component will enhance program policies, procedures, and ensure the implementation of recruitments and retention plans in 100 child care centers in Los Angeles County.


CONCLUSION

Two signed copies (original signatures are required) of the contract and resolution should be returned to:

- Chief Administrative Office, Service Integration Branch, 222 South Hill Street, 5th Floor, Los Angeles, California 90012. Copies will be forwarded to the California Department of Education, as required.

Respectfully submitted,


DAVID E. JANSSEN
Chief Administrative Officer


BONNIE BAILER, Chair
Child Care Planning Committee

DEJ:WK
KMS:sg

Attachments (3)

c: Auditor-Controller


CALIFORNIA DEPARTMENT OF EDUCATION

721 Capitol Mall; P.O. Box 944272

Sacramento, CA 94244-2720

F.Y. 00-01 thru 01-02
DATE: May 15, 2001
CONTRACT NUMBER: GRET-0018
PROGRAM TYPE: CC SALARY/RETENTION INCENTIVE
PROJECT NUMBER: 19-P999-00-0
LOCAL AGREEMENT FOR CHILD DEVELOPMENT SERVICES
CONTRACTOR'S NAME: LOS ANGELES COUNTY BOARD OF SUPERVISORS

By signing this contract and returning it to the State, you are agreeing to provide services in accordance with the CHILD CARE AND DEVELOPMENT FUND - GUIDELINES FOR CHILD CARE SALARY/RETENTION INCENTIVE PROGRAM (Attachment B), the attached APPLICATION, and the APPROVED COUNTY PLAN (Attachment A) which are by this reference incorporated into this contract. The Guidelines specify the contractual responsibilities of the State and the contractor.

Funding of this contract is contingent upon appropriation and availability of funds. This contract is effective from May 15, 2001 through June 30, 2002. These funds shall not be used for any purpose considered nonreimbursable pursuant to the 2000/01 Funding Terms and Conditions (FT&C) and Title 5, California Code of Regulations. The total amount payable pursuant to this agreement shall not exceed \$5,009,450.00.

For non-local educational agencies, expenditures for the period May 15, 2001 through June 30, 2001 shall be included in your 2000-2001 audit due November 15, 2001 or earlier if specified by the CDE. Expenditures for the period July 1, 2001 through June 30, 2002 shall be included in the 2001-2002 audit due November 15, 2002 or earlier if specified by the CDE.

The audits for school districts and County Offices of Education shall be submitted in accordance with Education Code Section 41020.

Expenditure of these funds shall be reported to the Child Development Fiscal Services Division (CDFS) on Form CDFS-9529 no later than July 20, 2002.

Any provision of this contract found to be in violation of Federal or State statute or regulation shall be invalid but such a finding shall not affect the remaining provisions of this contract.

**APPROVED AS TO FORM
LLOYD W. PELLMAN, County Counsel**

 BY Barbara K. [Signature]
DEPUTY

STATE OF CALIFORNIA		CONTRACTOR				
BY (AUTHORIZED SIGNATURE)		BY (AUTHORIZED SIGNATURE)				
PRINTED NAME OF PERSON SIGNING Donna Salaj		PRINTED NAME AND TITLE OF PERSON SIGNING				
TITLE Manager Contracts Office		ADDRESS				
AMOUNT ENCUMBERED BY THIS DOCUMENT \$ 5,009,450	PROGRAM/CATEGORY (CODE AND TITLE) Child Development Programs	FUND TITLE General		Department of General Services use only		
PRIOR AMOUNT ENCUMBERED FOR THIS CONTRACT \$ 0	(OPTIONAL USE) 0156 24151-P999 Transfer to SSF					
TOTAL AMOUNT ENCUMBERED TO DATE \$ 5,009,450	ITEM 30.10.020 6100-196-0001	CHAPTER 52	STATUTE 2000			FISCAL YEAR 2000-2001
	OBJECT OF EXPENDITURE (CODE AND TITLE) 702 SACS: Res-5035 Rev-8590					
I hereby certify upon my own personal knowledge that budgeted funds are available for the period and purpose of the expenditure stated above.		T.B.A. NO.	B.R. NO.			
SIGNATURE OF ACCOUNTING OFFICER		DATE				

Staff Retention Plan: State-Subsidized Center-Based Programs (AB 212)

Return To: California Department of Education
Child Development Division
Local Planning Council Team
560 J Street, Suite 220
Sacramento, CA 95814

APPLICANT ORGANIZATION INFORMATION

County	Los Angeles		
Legal Entity for this County's Local Planning Council:	Los Angeles County Board of Supervisors		
Agency Contact:	Kathleen Malaske-Samu		
Title:	Manager, Office of Child Care		
Address:	222 South Hill Street, 5 th Floor		
City:	Los Angeles	Zip	90012
Phone:	(213) 974-2440		
Fax:	(213) 217-5106		

CERTIFICATION

The funding requested herein is to supplement, not supplant, existing efforts and investments to retain qualified child care staff at the local level. The funding associated with this request shall be allocated to retain qualified child care employees who work directly with children who receive subsidized care in State-subsidized, center-based programs.

I certify under penalty of perjury that I am the Local Planning Coordinator or other authorized representative for this County, I have read the full content of the AB 212 Guidelines, and that to the best of my knowledge and belief, the data in this application and in any attachments hereto are true and correct.

Kathleen Malaske-Samu
Signature, LPC Coordinator (or authorized representative)

revised 6/26/01
Date

Kathleen Malaske-Samu, Manager, Office of Child Care
Typed Name and Title

CDD USE ONLY

Application meets AB 212 Guideline Requirements	YES	NO
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Section I - Introduction

Revised June 26, 2001

Investing in Early Educators: A Plan to Retain Quality Staff was developed by the Los Angeles County Child Care Planning Committee for the purpose of implementing this County's child care worker retention effort per Chapter 547 of the Statutes of 2000 (AB 212). The Committee formally endorsed the plan at its June 6, 2001 meeting. As required, *Investing in Early Educators* addresses the retention of qualified early educators working in Child Development Division (CDD)-funded child development centers.

The first component of *Investing in Early Educators* is the award of stipends to early educators who are working directly with children for at least 20 hours per week in a CDD-funded child development center. Upon application to the program, these early educators must meet, at a minimum, the educational and experiential qualifications of an Associate Teacher on the Child Development Permit Matrix. Applicants will be required to complete at least 3 college units between July 1, 2001 and June 10, 2002. These units must contribute to progress on the Matrix or a degree in the field of early care and education, child development or closely allied field.

The second component of the program includes the provision of management training and technical assistance to site supervisors and program directors. This training will be focused on the management skills needed to sustain appropriate compensation levels and quality work environments for early educators. The *Investing in Early Educators* project will accomplish this component by working collaboratively with local partners.

Section II - Current Needs and Resources

The problem of low wages for early educators in Los Angeles County has been documented in a variety of sources, including the *Economic Impact of the Child Care Industry: Los Angeles County*, by the National Economic Development and Law Center, published June 1999. The following facts are taken from that document and page numbers are included:

- In the past decade, the child care industry experienced exceptional growth, and its current employment opportunities are plentiful. However, average wages in the child care industry, as well as other important employment related characteristics such as tenure, benefits and full-time verses part-time status, typically rank low compared to other industries at both the national and local levels (Page 24).
- Another critical shortage that Los Angeles County child care providers face is the increasing decline in available workers for the industry. It comes as no surprise that professional, quality care is hard to find in a marketplace where bus drivers (\$27,340) and groundskeepers (\$20,860) earn more than child care workers. ... Child care workers' wages in Los Angeles County were slightly lower than the rest of the State, at \$7.24 per hour, or \$14,480 annually. (Page 34)
- The low-wage scale of these salaries is underscored when they are viewed in the context of Los Angeles County's cost-of-living, which ranks among the highest in the nation. (Page 25)

There are few resources in Los Angeles County beyond this program to address the compensation needs of over 5,000 licensed family child care providers and an estimated 1,400 child care centers that are not CDD-funded. Our local Proposition 10 Commission has dedicated \$1.25 million to this effort, but will be hard-pressed to meet the needs of all non-CDD funded programs with these dollars.

Section III - Priorities

The Child Care Planning Committee is interpreting "retention" to mean continued employment in State funded programs. Per a recent Committee initiated survey of CDD-funded child development centers, administrators ranked titles of the Child Development Permit Matrix for difficulty in recruiting and retaining during the past twelve months. Problems were not restricted to a particular title. As a result, *Investing in Early Educators* will allocate an equal number of dollars for stipends across four titles of the Matrix, including Associate Teacher, Teacher, Master Teacher, and Site Supervisor. Stipends were not made available to Assistants, as the Committee wanted to invest these limited funds in persons who have already demonstrated a commitment to the field. Program Directors were also excluded from the stipend option, as this group seemed less likely to be able to meet the criteria of working directly with children for at least 20 hours per week.

The stipends are scheduled to increase as persons move up the Matrix. While survey respondents indicated lower turnover rates for higher-level positions, these positions generally took longer to fill. The following table shows the maximum stipend amount per title and the estimated number of stipends to be awarded. If necessary, stipend amounts will be adjusted to maximize participation in the program.

Placement on Child Development Permit Matrix	Maximum Amount of Individual Stipend	Estimated Number of Stipends Available	Estimated Total Allocations
Associate Teacher	\$ 500	1,679	\$ 839,508.25
Teacher	\$1,000	840	\$ 839,508.25
Master Teacher	\$2,000	420	\$ 839,508.25
Site Supervisor	\$3,000	280	\$ 839,508.25
Total		3,218	\$3,358,033.00
Bilingual Stipend	\$ 500	1,000	\$ 500,000.00
Grand Total - Individual Stipends			\$3,858,033.00

Section IV -- Measurable Outcomes

The *Investing in Early Educators* program will include two major outcomes:

- Award 3,000 stipends to qualified early educators working in CDD-funded child development centers, including:
 - At least 500 stipends to Associate Teachers to facilitate their acquiring the General Education units needed to qualify as Teachers, per the Child Development Permit Matrix (Matrix) and retention in the field;
 - At least 400 stipends to Teachers to facilitate their acquisition of the required specialization or supervision units needed to qualify as Master Teachers per the Matrix and retention in the field; and
 - At least 100 stipends to Master Teachers to facilitate their acquisition of the administrative units required to qualify for Site Supervisors per the Matrix and retention in the field.
- Improve the management skills of 100 administrators of CDD-funded programs so as to increase the retention of qualified early educators in their programs by at least 5 percent over the past 12-month period, and sustain these first year improvements by the development and implementation of three-year compensation and retention plans.

The Committee will begin to collect information to learn if stipend recipients:

- stay in the field at a higher rate than similar staff who do not receive stipends; and
- participate in training or professional development activities at a higher rate than similar staff who do not received stipends.

However, because the current funding is for a 12-month period, the impact of the stipends may be difficult to isolate. The Committee will be conducting a compensation survey of child development centers in September 2001. It is our intent to work with the data from that survey and the *Investing in Early Educators* program to maximize our understanding of the compensation crisis in early education.

Section V – Fiscal Plan

Part 1: Agency Information

Name of Legal Entity: Board of Supervisors

County of Service: Los Angeles County

Funding Allocation: \$5,009,450.01

Part 2: Budget Information

Planned Expenditures:

Cost of Planning:

\$ 50,095.00

Administrative Cost:

\$ 701,322.00

Retention Activities:

\$4,258,033.01

Part 3: Instructions

Part 1:

Legal Entity/Agency: Enter the name of the agency that is the legal entity for Local Planning contract.

County of Service: Enter the name of the county in which services are being provided.

Funding Allocation: Enter the amount of AB 212 funding allocated to your county.

Part 2:

Cost of Planning: Enter the amount to be used for planning purposes. The amount shall not exceed 1% of total county funding allocation.

Administrative Cost: Enter the amount needed to cover non-retention activities expenses. This amount, together with any amount shown in "Cost of Planning", shall not exceed 15% of total county funding allocation.

Retention Activities: Enter the amount to be expended on retention activities.

*Includes \$3,858,033.00 in stipends to individuals and \$400,000.01 in management training activities.

ATTACHMENT B

***GUIDELINES FOR CHILD CARE
SALARY/RETENTION INCENTIVE
PROGRAM***

May 15, 2001 – June 30, 2002

**PROGRAM REQUIREMENTS FOR
CHILD CARE
SALARY/RETENTION INCENTIVE PROGRAM**

The intent of this contract award is to assist counties in improving the retention of qualified child care employees who work directly with children who receive state subsidized child care services.

Funding was made available in the current fiscal year and is to be expended 5/15/01 to 6/30/02 respectively. Future years funding is contingent upon appropriation and availability of funds. There is no guarantee. The allocation to each county will be adjusted annually based upon changes in the total amount of subsidized services in each county. Especially in terms of direct stipends to individuals, there should not be an expectation that a particular individual will receive funding from year to year, as such funding will be subject to the county's funding criteria and funding level that are newly established each year.

The following program requirements are provided to assist the designated legal entity in meeting the legislative intent. Each contractor is required, as a condition of its contract with the California Department of Education (CDE), Child Development Division (CDD), to adhere to these requirements and Title 5 regulations pertaining to Child Development Programs, in addition to all other applicable laws and regulations. Any variance from these requirements, the applicable Title 5 regulations, laws and regulations could be considered a noncompliance issue and subject the contractor to possible termination of the contract.

I. General Provisions

1. National Labor Relations Board/Federal Court Order

By signing this contract, the contractor swears under penalty of perjury that no more than one final unappealable finding of contempt of court has been issued by a federal court against the contractor within the last two (2) years because of failure to comply with a federal court order for compliance with an order of the National Labor Relations Board (Public Contract Code Section 10296). This provision does not apply to public entities.

2. Notification of Address Change

Contractors shall notify the CDD in writing of any change in mailing address for communication regarding the contract (administrative address) within ten (10) calendar days of the address change. For non-public agencies, the notification must be accompanied with (1) board minutes verifying the change in address and (2) a copy of the notification to the Internal Revenue Service of the address change.

Contractors shall notify the CDD in writing of any proposed change in operating facility address(s) at least thirty (30) calendar days in advance of the change unless such change is required by an emergency such as fire, flood or earthquake.

3. Open Board Meetings

Any private tax-exempt or private non-tax exempt agency receiving public funds under these regulations must, to the extent of the publicly funded program, comply with the Ralph M. Brown Open Meetings Act ("Brown Act"), Government Code Sections 54950-54961. Board meetings shall be open to the public except for meetings with its designated representatives prior to and during consultations and discussions with representatives of employee organizations regarding the salaries, salary schedules or compensation paid in the form of fringe benefits of employees or to consider the appointment, employment, evaluation of performance or dismissal of an employee or to hear complaints or charges brought against an employee unless such employee requests an open meeting. Minutes of these open meetings shall be available to the public.

B. Changes in Laws or Regulations

The CDD shall notify contractors in writing of changes in laws or regulations prior to the effective date or as soon as possible after enactment. If any laws or regulations are changed substantially during the contract period, the contractor shall have the option to discontinue performance and be relieved of all obligations for further performance.

The contractor has thirty (30) calendar days from receipt of notification of pending changes to notify the CDD in writing of the contractor's intent to terminate if the required changes are unacceptable to the contractor. The contract shall be deemed terminated sixty (60) calendar days after receipt of the notification of the intent to terminate.

8. Applicability of Corporations Code

Except for partnerships and sole proprietorships, private contractors shall be subject to all applicable sections of the Corporations Code including standards of conduct and management of the organization.

9. Conflicts of Interest

For any transaction to which the contractor is a party and the other party is: (a) an officer or employee of the contractor or of an organization having financial interest in the contractor; or (b) a partner or controlling stockholder or an organization having a financial interest in the contractor; or (c) a family member of a person having a financial interest in the contractor, the transaction(s) shall be fair and reasonable and conducted at arm's length.

Based on corporate law (Corporations Code sections 310, 5233-5234, 7233 and 9243 as applicable) the general rules that would be followed to ensure that transactions are conducted "at arm's length" include: (1) prior to consummating the transaction, the governing body should authorize or approve the transaction in good faith and the board should require the interested party, or parties, to make full disclosure to the board both in writing and during the board meeting where the transaction is being discussed and (2) all parties having a financial interest in the transaction should refrain from voting on the transaction and it should be so noted in the board minutes.

If the transaction involves the renting of property, either land or buildings, owned by affiliated organizations, officers or other key personnel of the contractor or their families, the board of directors shall request the interested party to obtain a "fair market rental estimate" from an independent appraiser. If the contractor has no board or is a sole proprietor, the requirement for a "fair market rental estimate" shall also apply. The contractor has the burden of supporting the reasonableness of rental costs. If the property is owned by the contractor, rental costs are not reimbursable and costs may be claimed only as depreciation or use allowance. Any transaction described in this paragraph shall be disclosed by the auditor in the notes to the financial statement in the annual audit.

Rental costs for equipment owned by affiliated organizations, officers or other key personnel of the contractor or their families are allowable only as use or depreciation allowance.

10. Americans with Disabilities Act

By signing this contract, the contractor assures the CDE that it shall comply with the Americans with Disabilities Act (ADA) of 1990 (42 U.S.C. 12101 et seq.) as well as all applicable federal and state laws and regulations, guidelines and interpretations issued thereto.

11. Air or Water Pollution Violations (Government Code Section 4477)

By signing this agreement, the contractor swears under penalty of perjury that the contractor is not: (1) in violation of any order or resolution not subject to review promulgated by the state Air

1. Contractor will not assist, promote or deter union organizing by employees performing work on a state service contract, including a public works contract.
 2. No state funds received under this agreement will be used to assist, promote or deter union organizing.
 3. Contractor will not, for any business conducted under this agreement, use any state property to hold meetings with employees or supervisors if the purpose of such meetings is to assist, promote or deter union organizing, unless the state property is equally available to the general public for holding meetings.
 4. If the contractor incurs costs or makes expenditures to assist, promote or deter union organizing, the contractor will maintain records sufficient to show that no reimbursement from state funds has been sought for these costs. The contractor shall provide these records to the Attorney General upon request.
- B. Contractor hereby certifies that no request for reimbursement or payment under this agreement will seek reimbursement for costs incurred to assist, promote or deter union organizing.

17. Equipment Inventory

Property records must be maintained that include a description of the equipment, serial number or other identification number, the source of the equipment, the acquisition date, the cost of the equipment, the location, use and condition of the equipment and any ultimate disposition date including date of disposal and sale price if applicable. A physical inventory of equipment must be taken at least every two years and reconciled with property records. A control system must be developed to ensure adequate safeguards to prevent loss, damage or theft (any loss, damage or theft must be investigated) and adequate maintenance procedures must be developed to keep the equipment in good condition.

II. Agency Responsibilities

A. Role of Local Planning Councils (LPCs)

Each LPC should

- seek legal counsel to determine what safeguards need to be established to protect the public interest;
- address potential conflict of interest issues;
- collaborate with all other interested parties in its county in order to conduct *comprehensive* child care staff recruitment and retention planning;
- each county may develop a plan that identifies the uses of funds from a variety of sources (the Child Care Salary/Retention Incentive Funds, as well as funds from both local and State Children and Families Commissions and other funds) to support the retention and recruitment of qualified child care employees throughout that county's early care and education programs (including both subsidized and non-subsidized services).

The *LPCs may submit either type of plan*: a comprehensive county plan that includes a variety of funding sources and initiatives, as long as the plan clearly and separately identifies the required information about the specific funds announced in this bulletin; or a county plan that is limited to the funds announced in this bulletin.

3. **Reporting Requirements**

Private agencies (including proprietary entities) that receive \$300,000 or more in total federal funds are required to have an Organization Wide Audit (OWA) performed in accordance with OMB Circular A-133 and the "Audit Guide for Audits of Child Development and Nutrition Programs" prepared by CDE's Audits and Investigations Division (AID). Governmental and other public agencies (excluding school districts, county office of education and community college districts) must comply with the requirements of OMB Circular A-128 and the CDE's "Audit Guide." All other agencies (excluding school districts, county offices or education and community colleges) must submit a contractor audit performed in accordance with the CDE's "Audit Guide."

Each LPC must submit yearly a CD-3021 Child Care Retention Program Report, which describes the distribution and uses of the funds in the prior calendar year and the number of individuals or entities who received a stipend or benefit. This report shall be submitted no later than February 10, 2002 for funds distributed on or before December 31, 2001. The report for funds distributed between January 1, 2002 and June 30, 2002 shall be submitted no later than July 20, 2002. Reports shall be mailed to:

Child Development Division
Attn: LPC Team
560 J Street, Suite 220
Sacramento, CA 95814

The Expenditure and Revenue Report Form (CDFS 9529) is to be submitted once during the contract period and is due July 20, 2002. Please complete and submit this form directly to your assigned fiscal analyst at:

California Department of Education
Child Development Fiscal Services
P.O. Box 1317
Sacramento, CA 95812-1317

If there are questions regarding the appropriateness of a proposed expenditure or about the required county plans, should be directed to Linda Parfitt, Child Development Consultant, at (916) 322-1048, or via email to lparfitt@cde.ca.gov