County of Los Angeles
DEPARTMENT OF PUBLIC SOCIAL SERVICES
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December 15, 2009

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

Dear Supervisors:

RECOMMENDATION TO APPROVE TWELVE-MONTH EXTENSION OF THE 13 STAGE ONE CHILD CARE (S1CC) CONTRACTS (ALL DISTRICTS – 3 VOTES)

SUBJECT

The Department of Public Social Services (DPSS) continues to require the services of 13 contractors to provide Stage 1 Child Care (S1CC) services to the County's CalWORKs participants. These contractors assist participants in obtaining child care services, allowing the participant to be actively engaged in required Welfare-to-Work activities. Twelve-month contract extensions would provide sufficient time to negotiate new three-year contracts with the 13 contractors.

IT IS RECOMMENDED THAT YOUR BOARD

Delegate authority to the Director of DPSS to prepare and execute contract amendments, in substantially similar form as the enclosed (Enclosure I), with the 13 current S1CC contractors for the amounts indicated on Enclosure II. The amendments extend the terms of the contracts on a month-to-month basis for a period of twelve months effective January 1, 2010 through December 31, 2010 at an estimated cost of $133,206,000. This estimated cost will be fully funded by the CalWORKs Single Allocation. Funding for the contract amendments is included in the FY 2009-2010 Final Adopted Budget and will be included in the FY 2010-11 DPSS budget request.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The recommended action will allow DPSS to continue to provide vital child care services to the County's CalWORKs participants to assist them in participating in required Welfare-to-Work activities and to achieve the goal of self-sufficiency. Under the S1CC contracts, the contractors ensure that the parent is provided with the necessary information and assistance to make an informed child care choice, determine that the parent is eligible to receive S1CC services, and process provider payments.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommended actions are consistent with the principles of the Countywide Strategic Plan Goal 2; Children and Families' Well-Being, Strategy 1; Client-Centered Integrated Services: Develop and implement client-centered approaches through integrated services and best practices.

FISCAL IMPACT/FINANCING

The total cost of the extension for the 13 S1CC contracts for the twelve-month period is estimated to be $133,206,000 which includes $24,112,000 for operational and administrative fees paid to the contractors and $109,094,000 for the direct costs of child care provided to children of CalWORKs participants. The costs of extending the contracts will be fully offset by CalWORKs Single Allocation funds. Therefore, there is no additional net County cost (NCC) after the required Maintenance of Effort (MOE) is met.

Funding for the amendment is included in the FY 2009-2010 Final Adopted Budget and will be included in the FY 2010-11 DPSS budget request.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The current contracts for these services expire on December 31, 2009. Due to delays caused by the State budget crisis and other factors, the Department will not be able to complete the renegotiation of new three-year contracts by January 1, 2010. The recommended contract amendments will extend the current contracts on the same terms and conditions. The contracts with the City of Norwalk and Pomona Unified School District include provisions to adjust payments based on actual expenses incurred.

The contract amendments have been approved as to form by County Counsel.

CONTRACTING PROCESS

California Education Code 8350 requires three stages of child care services. Section 8351 of the same code requires county welfare departments to manage the first stage (S1CC). Subsection 8351(e) allows counties to contract for any or all S1CC services. Stage 2 and Stage 3 Child Care Programs are under the administrative authority of the California Department of Education (CDE). DPSS contracts with the same agencies CDE contracts with for the local Stages 2 and 3 programs.

The current S1CC services contracts were negotiated as sole source contracts with the 13 Stage 2 and Stage 3 contractors to ensure a seamless transition for participants transitioning to Stages 2 and 3. The current contracts went into effect between September 1 and October 1, 2006 and they will expire December 31, 2009. The County has contracted for S1CC services since December 1998.

CONTRACT PERFORMANCE

The monitoring of the 13 S1CC contracts is performed on a quarterly basis. Monitoring results for the most recent monitoring period indicate the contractors are in compliance with the contract requirements. However, the expected performance outcome for these 13 contracts is to approve child care for all eligible CalWORKs participants. In general, the contractors' eligibility approval rates are below 50 percent. DPSS has been working with the Chief Executive Office, Service Integration Branch, as well as other stakeholders, to determine the causes and find solutions to the low approval rates. The Department intends to incorporate changes in the new three-year contracts that are geared towards increasing utilization of child care services by eligible CalWORKs participants.

IMPACT ON CURRENT SERVICES

The recommended action will permit the uninterrupted provision of S1CC services to children of CalWORKs participants. The recommended action will not infringe on the role of the County in relationship to its residents and the County's ability to respond to an emergency will not be impaired. There is no change in risk exposure to the County.

CONCLUSION

Upon Board approval, the Executive Office, Board of Supervisors, is requested to return one adopted stamped Board letter to the Department of Public Social Services.

Respectfully submitted,

Philip L. Browning
Director

PLB:dj

Enclosures (2)

c: Chief Executive Officer
Acting County Counsel
Executive Officer, Board of Supervisors

AMENDMENT NUMBER THREE
TO THE CONTRACT BY AND BETWEEN
THE COUNTY OF LOS ANGELES DEPARTMENT OF PUBLIC SOCIAL SERVICES
AND
CONTRACTOR TO PROVIDE
STAGE 1 CHILD CARE SERVICES

Reference is made to the Agreement entitled "CalWORKs Stage 1 Child Care Services Contract" and further identified as County Contract Number CMD ____ by and between County of Los Angeles and Contractor for Stage 1 Child Care Services" dated September 1, 2006, Amendment One dated October 30, 2007, Amendment Two dated June 29, 2009, Change Notice One dated November 13, 2006, Change Notice Two dated February 28, 2007, Change Notice Three dated October 4, 2007, Change Notice Four dated August 14, 2008, Change Notice Five, dated October 30, 2008, Change Notice Seven, dated June 8, 2009 (collectively hereinafter referenced as "Agreement").

This Amendment shall be effective as of January 1, 2010 or upon execution by the Director, Department of Public Social Services, whichever is later.

WHEREAS, Contractor is qualified to provide the CalWORKs Child Care Resource and Referral and/or Alternative Payment Provider services as set forth hereunder and warrants that it possesses the competence, expertise and personnel necessary to provide such child care services as referrals, orientation, case management, record maintenance, and payments; and

WHEREAS, COUNTY finds it necessary to secure such professional services; and

WHEREAS, based upon non-competitive negotiation under Code of Federal Regulations 45, Part 74 (Administration of Grants) and California Department of Social Services regulations and policies, CONTRACTOR has been selected for recommendation for award of this Contract;

WHEREAS, this Contract is further authorized by California Government Code Section 26227 and California Education Code 8351(e); and

WHEREAS, the County and Contractor desire to extend the Contract, on a month-to-month basis for an additional twelve-month period January 1, 2010 through December 31, 2010.

THEREFORE, COUNTY and CONTRACTOR hereby agree to amend this Contract as follows:

I. **CONTRACT, Section 4.0, TERM OF CONTRACT** is revised Paragraph **4.1** as follows:

4.1 This Contract is extended on a month-to-month basis for an additional twelve-month period commencing January 1, 2010 through December 31, 2010. COUNTY has the option to terminate the Contract earlier in accordance with Contract Section 8.54, Termination for Convenience of the COUNTY.

All other provisions, terms and conditions in the Contract and Contract amendments remain in full force and in effect.

The parties hereto have caused this Amendment Number Three to be executed by their authorized officers.

COUNTY OF LOS ANGELES

By _____ _____
Philip L. Browning, Director Date
Department of Public Social Services

CONTRACT NAME AND NUMBER

By: _____ _____
Name Date
Executive Director

APPROVED AS TO FORM:

ROBERT E. KALUNIAN
ACTING COUNTY COUNSEL

By_____ _____
David R. Beaudet Date
Deputy County Counsel

STAGE 1 CHILD CARE
ESTIMATED COSTS FOR THE TWELVE-MONTH EXTENSION PERIOD
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

Contractor	Operational and Administrative Fees	Direct Provider Payments	Total
Center for Community & Family Services	$ 2,482,000	$ 12,816,000	$ 15,298,000
Child Care Information Service	$ 526,000	$ 2,224,000	$ 2,750,000
Child Care Resource Center	$ 5,704,000	$ 24,312,000	$ 30,016,000
Children's Home Society of California	$ 1,664,000	$ 6,742,000	$ 8,406,000
City of Norwalk	$ 356,000	$ 1,708,000	$ 2,064,000
Connections for Children	$ 246,000	$ 1,024,000	$ 1,270,000
Crystal Stairs, Inc.	$ 5,204,000	$ 25,906,000	$ 31,110,000
Drew Child Development Corporation	$ 1,486,000	$ 8,748,000	$ 10,234,000
International Institute of Los Angeles	$ 238,000	$ 1,020,000	$ 1,258,000
Mexican American Opportunity Foundation	$ 1,996,000	$ 8,312,000	$ 10,308,000
Options	$ 1,544,000	$ 6,230,000	$ 7,774,000
Pathways	$ 1,072,000	$ 4,012,000	$ 5,084,000
Pomona Unified School District	$ 1,594,000	$ 6,040,000	$ 7,634,000
TOTAL	**$24,112,000**	**$109,094,000**	**$133,206,000**

Source of data: Financial Management Division 11/17/09