



The Urgency to Act: Cannabis and Impacts on Children 0-5

Presentation to First 5 San Mateo Commission
October 22, 2018



Cannabis Legalization in CA

- The legalization of recreational cannabis in California, with the passing of Proposition 64, is anticipated to increase utilization of cannabis and normalize usage across most demographic groups
- The changing landscape requires careful attention to the regulatory, public health, and education landscape to ensure we protect young children
- *First 5 is uniquely positioned to support systems efforts that educate and support families with young children*



Public Health Concerns

First 5's Approach to Cannabis Conversations

1. Understanding the CA's cannabis regulatory approach (post-Prop 64) most reflects alcohol policy making.
2. Making our goal to promote responsible use of cannabis, NOT to prevent all cannabis use.
3. Focusing our attention to certain populations for which cannabis is generally not intended: pregnant women and children age 0-5.

Fetal Exposure During Pregnancy

- CDC and CDPH guidance: no known safe amount of cannabis for your baby
- Research correlates maternal cannabis use with child's decreased IQ and cognitive function, particularly attention in school-age children



Focus on Teen Parents

- CO and WA saw cannabis use among young pregnant mothers increase after legalization while perception of harm among youth declined
- Teen mothers in CO use cannabis prenatally more than any other maternal age group
- Kaiser Northern CA observed a spike in usage among younger expecting mothers – 22% of pregnant females under the age of 18; and 19% of pregnant females between 18 -24 screened positive for cannabis use



Infant Exposure During Breastfeeding

- Infants absorb and metabolize THC in breastmilk
- ACOG (Ob-Gyn Association) recommends that cannabis use should be discouraged until lasting impacts are studied
- CDPH cautions that THC stored in fat cells and continues to release over several weeks into breast milk – so “pumping and dumping” doesn’t work



Children’s Exposure in the Home

- Cannabis injuries treated at the Colorado to the Children’s Hospital of Colorado nearly doubled in the first two years after legalization
- Accidental consumption of edible products are the main culprit for poisoning in young children
- Symptoms of cannabis intoxication in kids include being unbalanced, sleepiness, poor respiratory effort, and less commonly, induced coma
- More research needed on effects of second- and third-hand smoke exposure



Proposition 64

Prop 64 and Prevention – Broad Goals

- Throughout the proposition, language emphasizes child and youth health and safety:
 - Prop 64 “will legalize marijuana for those over 21 years old, protect children, and establish laws to regulate marijuana cultivation, distribution, sale and use, and will protect Californians and the environment from potential dangers.”
 - “The programs shall emphasize accurate education, effective prevention, early intervention, school retention, and timely treatment services for youth, their families and caregivers.”

State Taxes Under Prop 64

- State Excise Taxes
 - Per ounce cultivation tax for growing marijuana
 - 15% sales tax on the retail price of marijuana
- Revenues
 - First directed towards marijuana regulatory costs not covered by license fees
 - Community Grants
 - Evaluation of Prop 64 impacts
 - Driving while intoxicated study



State Revenues

- Remaining Revenues
 - 20% for Environmental Clean Up
 - 20% for Public Health Programs
 - Driving while intoxicated
 - Other negative impacts
 - **60% of remaining funds directed to CA Youth Education, Prevention, Early Intervention and Treatment Account**
- Youth account is governed by a tri-agency agreement between the DHCS, CDPH and CDE
- No discussions yet about how to allocate 60%



Local Revenues

- **Business Taxes:** Counties and cities that allow marijuana commerce will receive a portion of the sales tax revenues, property taxes, and local business taxes will remain within that local municipality
- **Additional Taxes:** Prop 64 allows local municipalities to tax marijuana locally at a higher rate than the 15% baseline established by the state: Sales/ Excise taxes, Cultivation/ Manufacturing/ Processing/ Distribution Taxes, Development Fees & Agreements, etc.
- **Existing Medical MJ Taxes:** Many existing medical MJ taxes will be applied to recreational MJ on January 1, 2018



Local Conversations

Santa Cruz

- Extension of existing Cannabis Business Tax to manufacturing and cultivation
- First 5's "Thrive by Three" agenda focused on evidence based home visiting and parent education
- \$350,000 in first year funding approved; City of Santa Cruz dedicates 1% of cannabis tax to services for kids 0-8

Humboldt

- Measure S (cultivation tax) passed overwhelmingly
- Advisory measure prioritized early childhood mental health; Local cannabis guild writes support letter for early childhood services
- \$400K in first year funding



City of Los Angeles

- Social Equity set aside for youth organizations
- First 5 engaging in local conversations to expand consideration of early childhood and family supports, especially for children with incarcerated parents

Yolo

- Exploring county tax (sales, cultivation, and business tax) for June ballot, which would prioritize funding for law enforcement and early childhood development
- Exploring business development agreement with county, which would dedicate funding to First 5



Thrive By Five Approach

Key Considerations for Local Discussions

- Cannabis is a revenue source for any municipality that does not ban cannabis
- Importance of framing “prevention” as early childhood, not stigmatizing all cannabis use
- Connect to local context in discussing potential revenue sources and revenue recipients
- Early childhood funding is increasingly seen as an appropriate use of funds, but again, context matters

Putting Prevention First

- Placing prevention and child-safety regulation at the top of any drug prevention and intervention strategy, starting prenatally and with newborn children
- Ensuring broad education to help families and parents make informed decisions
- Promoting evidence-based family supports within the Prop 64 mandate for services funded at the state and local level
- Toxic stress research illuminates the power of very early intervention with culturally responsive, holistic, and research-based investments



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Quality Rating and Improvement Systems

- Help early care and education programs improve their quality
- Use evidence-based standards
- Help parents make informed choices
- Recognize and promote programs that participate



Quality Counts California



- Began as Federal Pilot
- 7 Elements of Quality
- 5-tiered Rating System
- Led by CA Dept. of Ed and CA F5
- Uses State approved quality improvement tools and resources
- Implemented at the County level

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San Mateo's QRIS

- Follows California protocols
- Unique San Mateo County way of providing support and recognition to programs and families
- Implemented by First 5 San Mateo Cty, San Mateo County Office of Ed, and the Child Care Coordinating Council (4Cs)
- The Child Care Partnership Council is the Advisory Body

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QualityCounts

SAN MATEO COUNTY

Early Learning Excellence



Why this matters

For Children

- High quality early learning

For Families

- Objective info about quality;
- choices they can trust

For Programs

- Objective assessment with resources to improve;
- community recognition





Investments in Quality

- COACHING!
- San Mateo County approach
- Beyond teaching to the test
- Access to state tools for all
- Next gen database
- Quality improvement grants and local block grants
- Outreach to FCCs and private sites serving LI



The Elements of Quality

Child Observation

Health & Developmental Screening

Teacher Qualifications

Teacher Child Interaction

Group Size and Ratio

Program Environment

Director Qualifications



Child Observation

to understand where each child is in their development

use the results to individualize curriculum for their particular children and engage families



Health & Developmental Screening

a health exam every year – not just at entry.

use developmental screening tool with the each child

follow up to connect families with services or formal evaluation



Teacher Qualifications

Higher levels of education and training increase teachers' knowledge and competencies, which will improve their practices.

Strongly associated with positive outcomes for children!



Teacher Child Interaction

Teachers develop warm supportive relationships with children They use their intimate knowledge of children

to facilitate **active learning, rich social emotional and language development**

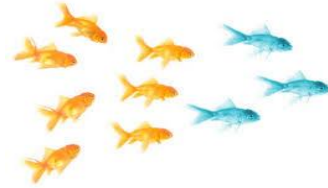
Both are strongly associated and linked with positive outcomes for children!



Ratios and Group Size

Higher staff-child ratios support quality interactions, health and safety, social emotional development and learning

The most expensive Element to improve!



Program Environment

A well-designed environment supports health, safety, learning and development.

Environment Rating Scales (ERS).
conducted by trained, reliable external assessors
Most costly to conduct.



Director Qualifications

Site leadership sets the unique tone, climate, and structure of a program for children, families and staff

critical to provide safe, consistent, high quality experiences for children

Complex and challenging jobs



How rating works

Programs receive points in each Quality Element (1-5)

Programs are stronger in some than in others.

First level represents Licensing for 1 point

5 points is hard to reach – very aspirational

CA Quality Counts Matrix



2nd Rating goes public

New beautiful website

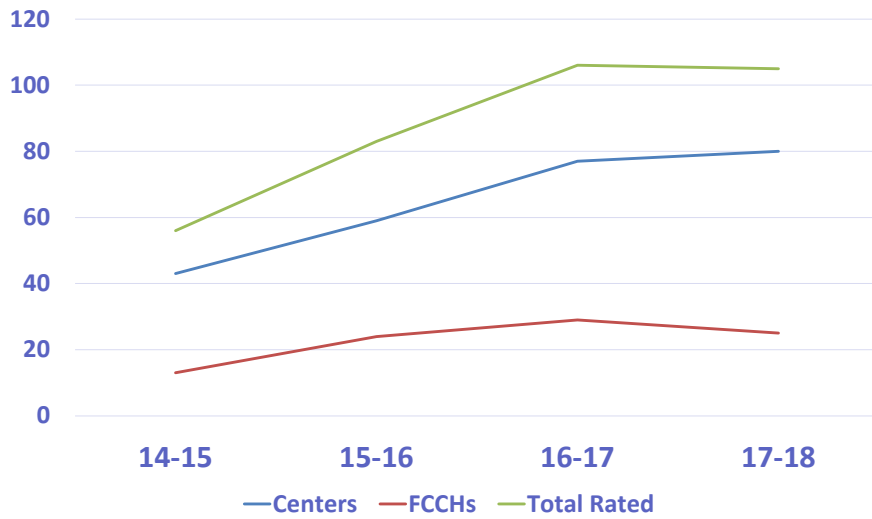
www.smcqualitycounts.org



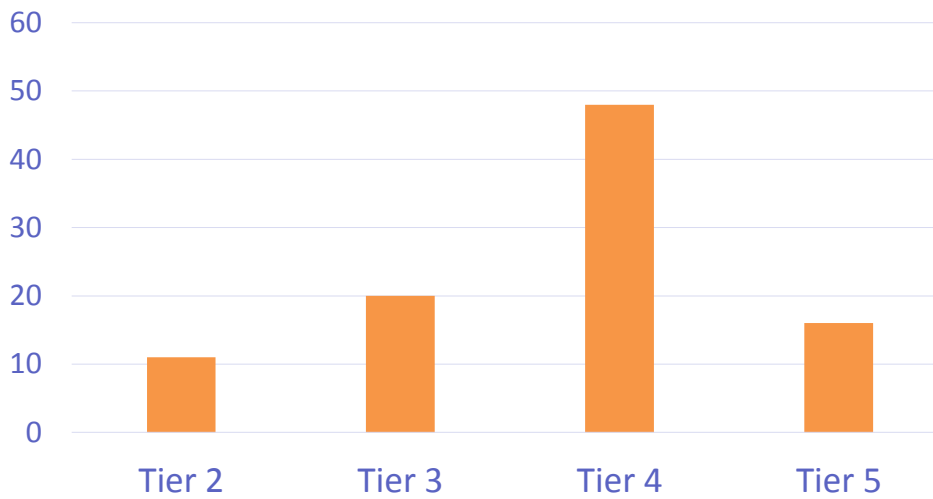
Brochures, Site Kits and Teacher Appreciation Gifts



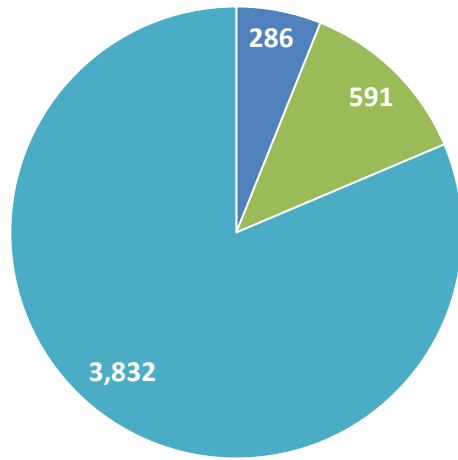
Number of Participating Providers



Quality Counts Tier Rating 17-18



17-18 Enrollments by Age Group

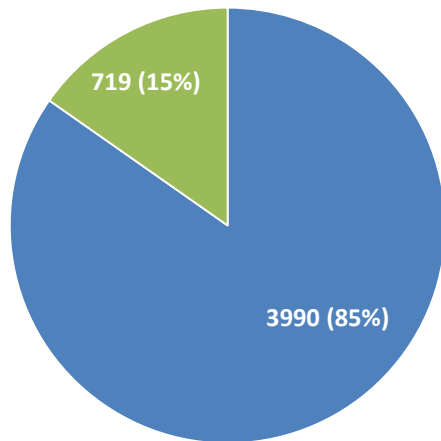


Total: 4,709

■ Infants ■ Toddlers ■ Preschoolers



17-18 Enrollment by SES



■ Children from Low-Income Families ■ Children Not from Low-Income Families



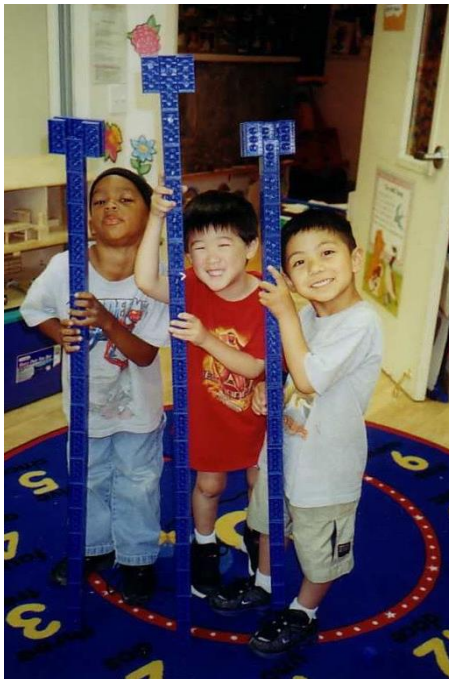
What's coming?

New Matrix in 2020

- Fewer elements
- Greater weight to those that more directly affect child outcomes
- Cheaper to rate
- More supportive of FCC and Private sites
- State wide consistency
- Less local control?



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Our Goals

Grow! – targeting FCC and all sites that accept low income children

Recognize! Effective events and social media!

Emphasize what is missing in new matrix -

- Family engagement
- Dual-language learners
- Children with Spec Needs



**First 5 San Mateo County
Audit Presentation
June 30, 2018**

Audit Presentation Outline

- **Audit Opinions**
- **Financial Statement Variances/Trends**
- **Other Comments**
- **Open for Questions**

**First 5 San Mateo County
Audit Presentation
June 30, 2018**

- **Independent Auditor's Report**
 - Unmodified – clean opinion
 - Emphasis on GASB 75 & 85 adjustment
 - Decreased net assets by \$351K
- **Government Auditing Standards**
 - No significant deficiencies or material weaknesses
- **State Compliance Standards**
 - There were no current year findings

(A Discretely Presented Component Unit of the County of San Mateo)

STATEMENT OF NET POSITION

June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>Variance</u>	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 13,333,998	\$ 16,396,056	\$ (3,062,058)	Spending down State funds
Intergovernmental receivable, net	1,498,889	886,830	612,059	More due from Prop 56 and Impact Grant
Interest receivable, net	61,616	43,892	17,724	
Net OPEB asset	<u>-</u>	<u>165,368</u>	<u>(165,368)</u>	Due to GASB 75 adjustment
Total assets	<u>14,894,503</u>	<u>17,492,146</u>	<u>(2,597,643)</u>	
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred outflows of resources	<u>765,504</u>	<u>599,924</u>	<u>165,580</u>	Increased due to estimates changing
Total deferred outflows of resources	<u>765,504</u>	<u>599,924</u>	<u>165,580</u>	
<u>LIABILITIES</u>				
Accounts payable	2,299,503	2,329,933	(30,430)	
Salaries and benefits payable	48,253	58,175	(9,922)	
Grants refundable	307,779	-	307,779	Deferred revenue for the Help Me Grow program and Build-Up Kids program
Long-term liabilities:				
Net pension liability	716,659	770,981	(54,322)	Decreased due to estimates changing
Net OPEB liability	126,906	-	126,906	Due to GASB 75 adjustment
Compensated absences:				
Payable in less than one year	34,735	52,427	(17,692)	
Payable in more than one year	<u>39,521</u>	<u>13,710</u>	<u>25,811</u>	
Total liabilities	<u>3,573,356</u>	<u>3,225,226</u>	<u>348,130</u>	
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred inflows of resources	<u>343,739</u>	<u>121,355</u>	<u>222,384</u>	Increased due to estimates changing
Total deferred inflows of resources	<u>343,739</u>	<u>121,355</u>	<u>222,384</u>	
<u>NET POSITION</u>				
Unrestricted	<u>11,742,912</u>	<u>14,745,489</u>	<u>(3,002,577)</u>	Spending down State funds
Total net position	<u>\$ 11,742,912</u>	<u>\$ 14,745,489</u>	<u>\$ (3,002,577)</u>	

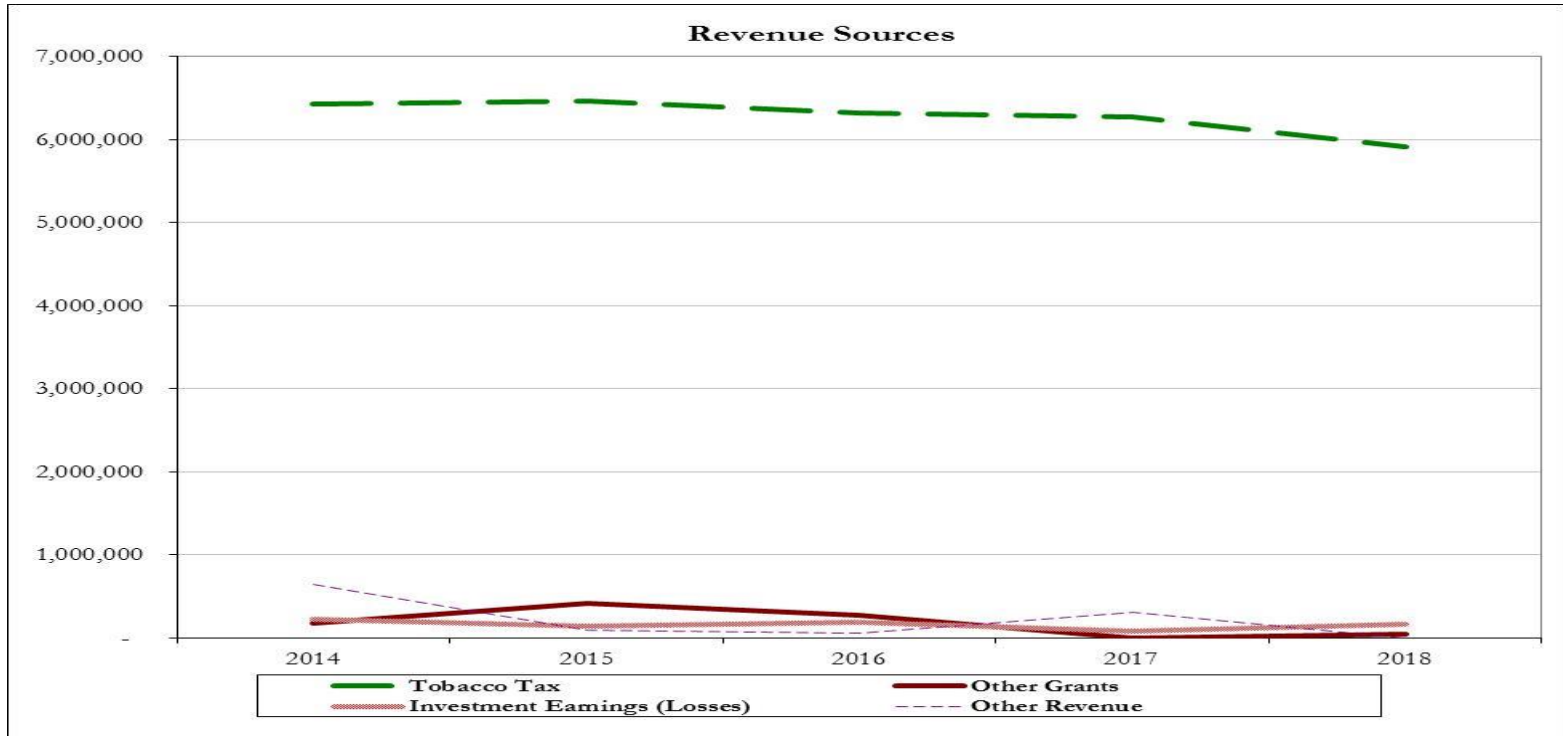
First 5 San Mateo County

(A Discretely Presented Component Unit of the County of San Mateo)

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2018

	<u>2018</u>	<u>2017</u>	<u>Variance</u>	
Program expenses:				
Salaries and wages	\$ 616,308	\$ 633,754	\$ (17,446)	
Employee benefits	190,926	221,261	(30,335)	
Pension expenses	379,094	363,749	15,345	
General office supplies	28,380	26,428	1,952	
Professional services	235,018	246,050	(11,032)	
Other administrative expenses	69,984	28,598	41,386	
Contributions to local projects	<u>7,251,162</u>	<u>6,105,752</u>	<u>1,145,410</u>	More spent on local projects this year
Total program expenses	<u>8,770,872</u>	<u>7,625,592</u>	<u>1,145,280</u>	
Program revenues:				
Operating grants and contributions:				
Tobacco tax	5,912,387	6,273,983	(361,596)	Tax revenue decreasing
Other grants	41,146	1,035	40,111	
Total program revenues	<u>5,953,533</u>	<u>6,275,018</u>	<u>(321,485)</u>	
Net program revenues (expenses)	<u>(2,817,339)</u>	<u>(1,350,574)</u>	<u>(1,466,765)</u>	
General revenues:				
Investment earnings (losses)	165,791	87,330	78,461	Due to GASB 31 adjustment
Other revenue	-	305,420	(305,420)	Last year had CCHIP \$237K and DLDPF \$25K revenue
Total general revenues	<u>165,791</u>	<u>392,750</u>	<u>(226,959)</u>	
Change in net position	<u>(2,651,548)</u>	<u>(957,824)</u>	<u>(1,693,724)</u>	More spent on local projects this year and tax revenue decreasing
Net position, beginning of period (as previously reported)	14,745,489	15,647,614	(902,125)	
Restatement	<u>(351,029)</u>	<u>55,699</u>	<u>(406,728)</u>	Net OPEB adjustment in 2018; net pension liability adjustment in 2017
Net position, beginning of period (as restated)	<u>14,394,460</u>	<u>15,703,313</u>	<u>(1,308,853)</u>	
Net position, end of period	<u>\$ 11,742,912</u>	<u>\$ 14,745,489</u>	<u>\$ (3,002,577)</u>	Spending down State funds



	Tobacco Tax	Other Grants	Investment Earnings (Losses)	Other Revenue	Total
2014	6,430,034	174,546	227,948	640,959	7,473,487
2015	6,466,950	419,641	140,562	95,951	7,123,104
2016	6,316,574	269,796	188,563	60,143	6,835,076
2017	6,273,983	1,035	87,330	305,420	6,667,768
2018	5,912,387	41,146	165,791	-	6,119,324

**First 5 San Mateo County
Audit Presentation
June 30, 2018**

- **Notes to the Financial Statements**
 - Required disclosures that describes the accounting policies of the Agency and provides further detail of each major account
- **Budget to Actual**
 - \$1.5M under budgeted deficit

**First 5 San Mateo County
Audit Presentation
June 30, 2018**

- **Changes This Year**
 - GASB 75 implementation, recorded OPEB liability similar to the Net Pension Liability
 - Decreased net assets by \$351K
 - Additional schedules and disclosures

- **Conclusion**
 - Would like to thank Kitty, Khanh and the rest of the staff for their cooperation and assistance during the audit.



Purpose of the Annual Report

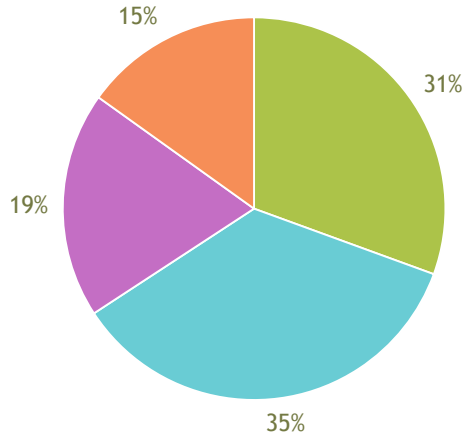
The Annual Report provides information about our local activities and expenditures to First 5 California. It includes:

- Fiscal data (e.g., expenditures)
- Client data (number of children, parents, and providers served)
- Evaluation data (narrative report of evaluation findings and systems improvement work)



Fiscal Data

- Family Functioning: \$2,267,054
- Child Health: \$1,416,936
- Child Development: \$2,612,398
- Systems Change: \$1,121,159



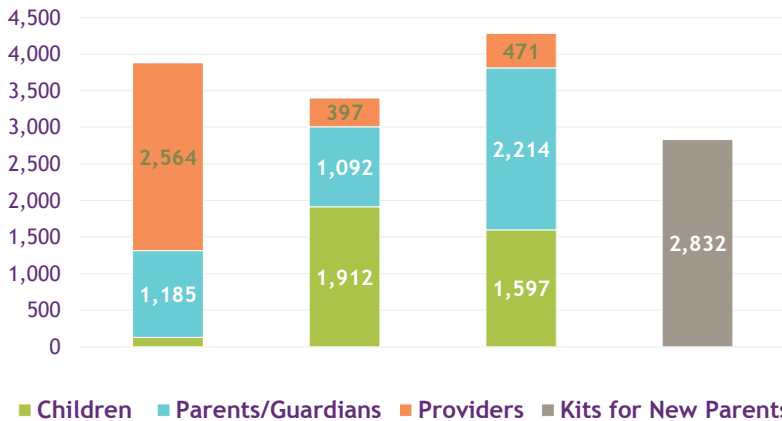
- Family Functioning
- Child Development
- Child Health
- Systems Improvement

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Clients Served: *Duplicated*



N = 14,395

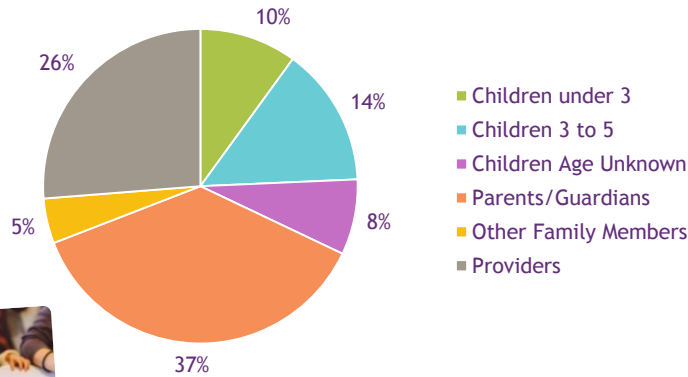


- Children
- Parents/Guardians
- Providers
- Kits for New Parents

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Clients Served: *Unduplicated*

N = 9,878



F5SMC also distributed **2,832 Kits for New Parents**

Family Demographics



<i>Race/Ethnicity</i>	First 5 SMC	San Mateo County
Asian	6%	23%
Black/African-American	1%	2%
Latino	65%	34%
Pacific Islander	1%	2%
White	4%	32%
Multiracial	4%	11%
Other/Unknown	27%	13%
<i>Language</i>	First 5 SMC	San Mateo County
English	20%	53%
Spanish	56%	19%
Asian Languages	2%	20%
Other/Unknown	22%	7%

Evaluation Activities

- Client Data Collection
- The Early Childhood Education Teacher Compensation Study
- Qualitative Study of Access to Early Learning Opportunities for Children with Special Needs
- Network Analysis of Collaborative Efforts with PARTNER Tool



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Selected Findings: *ECE Teacher Compensation Study*



	Average Wages: Hourly	Average Wages: Annual
Teachers' Aides	\$15.47	\$32,177
Assistant/Assoc. Teachers	\$17.35	\$36,088
Lead Teachers	\$22.07	\$45,906
Site Supervisors/Directors	\$27.11	\$56,389
2018 Self-Sufficiency Wage: San Mateo County, One Adult	\$29.43	\$62,147

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Selected Findings: *ECE Teacher Compensation Study*

High Turnover

- Effective replacement rates of 12-24% per year

QRIS Participation Reduces Turnover

- Replacement rates are 4-13 percentage points lower

Unions Increase Pay and Reduce Turnover

- Hourly pay increases by 16-25%
- Replacement rates are 11-18 percentage points lower



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Questions and Comments

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