Arizona Early Childhood Development & Health Board

First Things First

2007-2008 Annual Report

A message from the Executive Director

J. Elliott Hibbs, Executive Director

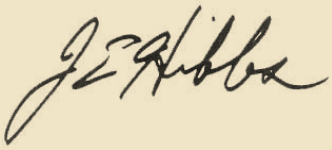
An abundance of research has made it clear — the healthy development of young children benefits all of society by providing a solid foundation for economic productivity and responsible citizenship. It has been proven that the experiences of children in the first days, weeks, months and years of life determine whether a child's brain structure develops in ways that promote positive future learning, behavior and health. If every child starts school fully prepared, he or she has a greater chance of graduating from high school, going to college and having a healthier, more productive adult life.

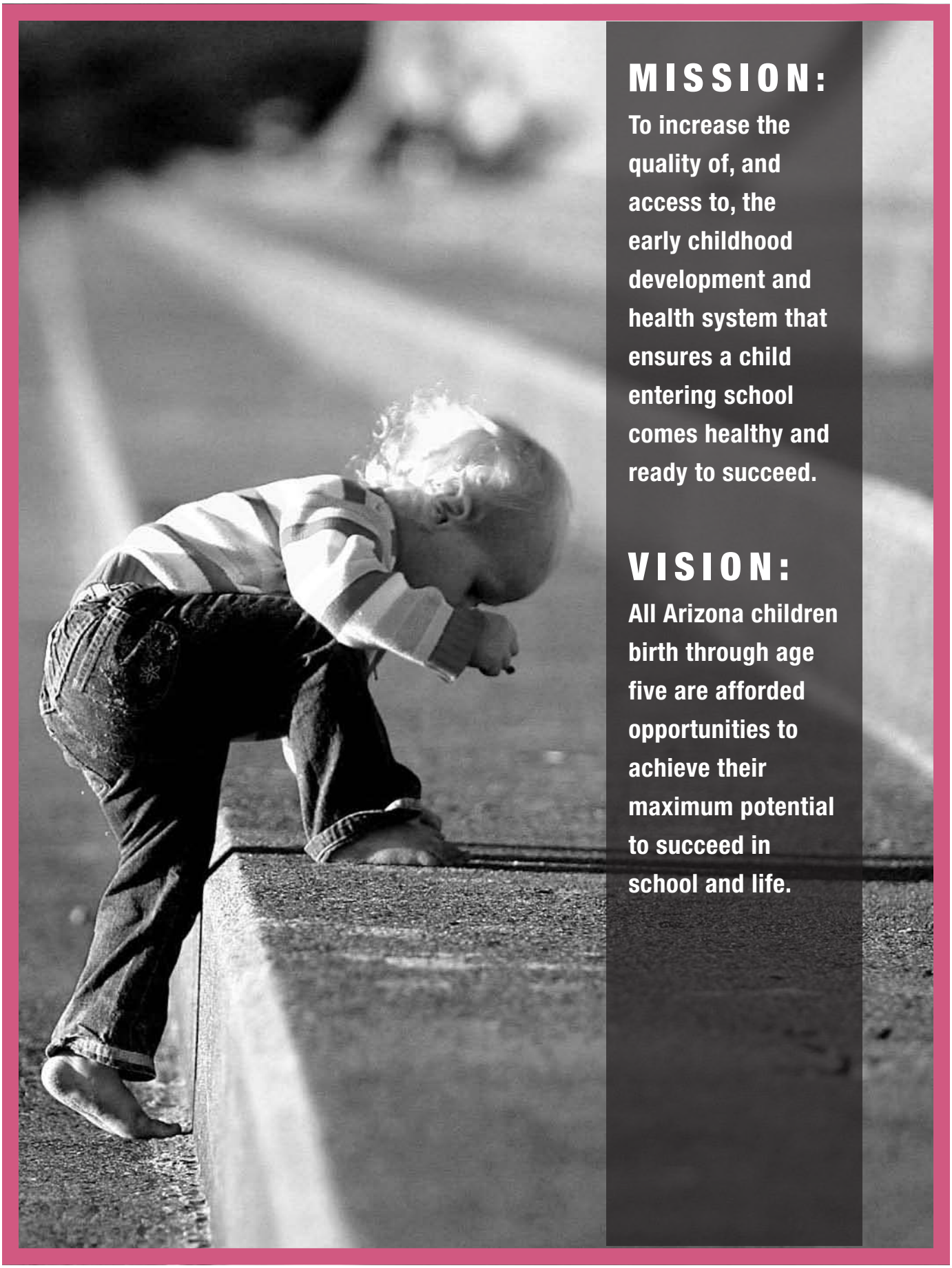
First Things First was established to help provide greater opportunities for all children five and under in Arizona to grow up ready to succeed. Through the passionate, dedicated work of the Arizona Early Childhood Development & Health Board, First Things First staff, volunteer Regional Partnership Council members, our state agency partners and involved community providers and early childhood champions, more and greater opportunities to achieve success will be made available for each Arizona child in the coming years.

As you will see in this initial Annual Report of First Things First, Fiscal 2008 was a year of developing the foundation necessary to build that system that will truly provide every child an opportunity to enter school healthy and ready to learn. Our accomplishments this past year, which are explained in more detail in this report, include:

- Prepared and released the first report identifying assets on which to build an improved early childhood system;
- Identified the numerous gaps in programs and services that are preventing far too many children from entering school healthy and ready to learn;
- Established 31 planning regions and appointed nearly 300 local citizens to gather information and help determine how best to improve opportunities for young children;
- Developed a finance strategy to sustain an improved early childhood system for at least ten years, even with expected declining revenues; and,
- Identified and began implementing five statewide strategies necessary to provide support for regional programs and services to come.

While we are proud of the accomplishments to date, we know the road to a high quality early childhood system is long and difficult. But, how exciting it is to be creating this organization that is dedicated to children — their development and health — and through what those children will become, a stronger economy for Arizona.





MISSION:

To increase the quality of, and access to, the early childhood development and health system that ensures a child entering school comes healthy and ready to succeed.

VISION:

All Arizona children birth through age five are afforded opportunities to achieve their maximum potential to succeed in school and life.

What Drives First Things First?

The First Things First Mission and Vision will be attained through a comprehensive early childhood system that values children as our greatest asset, and recognizes families and communities at the center of decision making. To ensure we attain our Vision and Mission, actions at First Things First are guided by the following principles:

DECISIONS ARE MADE

- By involving public and private partners and communities
- By focusing on desired outcomes for all children
- By emphasizing local planning and implementation
- By utilizing ongoing and rigorous analysis of qualitative and quantitative data, proven best practices, and system and program outcomes

PROGRAMS, SERVICES AND SUPPORTS ARE OFFERED

- Through an integrated, seamless and accessible system based on high quality standards and proven best practices
- By focusing on the strengths of the whole child

FUNDING DECISIONS ARE MADE

- By careful planning and long range forecasting to ensure the level and quality of services are sustained over time
- To leverage public and private resources that will enhance the ability to deliver high quality services and supports for children
- By utilizing local decision making for resource allocation

ACCOUNTABILITY IS ACHIEVED

- By establishing and tracking key measures of early childhood development and health system improvements
- By ensuring a rigorous, independent evaluation of the service delivery system and its outcomes

Creation of First Things First

In November 2006, Arizona voters passed Proposition 203, a citizen's initiative that funds quality early childhood development and health, with 81 percent of the money going to the local level. Funding was obtained through an 80 cent tax on tobacco products. The revenue from the tax is designated solely for use by First Things First for early childhood development and health services and programs. Proposition 203 passed with a statistical landslide — 53 percent of the vote.

Proposition 203 was designed as a voluntary system of early care and education, with the following principles:

- Local communities must come together to plan and administer what works best in their community;
- It must be flexible enough to accommodate the unique demographics of our state; and,
- It must be transparent and held accountable for outcomes.

With its passage, the Proposition created a new state level board known as the Arizona Early Childhood Development & Health Board. The Board subsequently adopted the name "First Things First" as an uplifting reference to the voter-enacted initiative, and to exemplify the importance of early childhood. First experiences truly do lay the foundation for future successes.

Building The Foundation For A Better Early Childhood System

The initial work of the Board and its staff was focused around meeting key deliverables due during Fiscal 2008 that were required with the passage of Proposition 203 (see Action Dates shown below).

Key Action Dates 2007-2008

Regional Partnership Council Boundaries Designated	December 1, 2007	Completed — timely and with high quality
Statewide Needs & Assets Assessment	December 12, 2007	Completed — timely and with high quality
Statewide Initiatives Adopted	March, 2008	Completed — though not required by statute
Regional Partnership Councils Named	April 1, 2008	Completed — timely and with high quality

All of the required actions were timely completed. In doing so, the Board made specific efforts to involve community people from around the state.

COMMUNITY FORUMS

During the summer of 2007, the First Things First staff and Board traveled around the state and held 17 community forums to give many Arizonans an opportunity to provide input on what needed to be done to build a better early childhood system. The Board listened to parents, educators, child care providers, health professionals, librarians, community leaders and others regarding the programs and services for young children already available in their communities, as well as what needs existed to better prepare young children.

Numerous focus groups were held with small groups of parents, grandparents and child care providers to gather more specific information about their experiences with early childhood programs and services. Additionally, Board members facilitated work groups that brought together experts from around the state to discuss and provide recommendations to improve facets of the early childhood system.

Much of what was learned at these forums and focus groups became important components of the needs and assets assessment report required of the Board.

BUILDING BRIGHT FUTURES — STATEWIDE NEEDS AND ASSETS ASSESSMENT

To effectively shape policy decisions, the board must first be fully informed of the current status of Arizona's children. Through the collection of baseline data, a synthesis of community input, and an analysis of what is missing in the current system, *Building Bright Futures* began to outline possible options for the Board to consider as priority improvements. The resulting report acts as an important resource of information illustrating how children and supporting services in Arizona are faring. Opportunities for enhancing the early childhood system are provided for consideration based on the analysis of the data and what current research indicates is necessary for building an early childhood system. The report is accessible on the First Things First Web site at www.azftf.gov. The full report was delivered to Governor Napolitano on December 12, 2007.

First Things First Board Chair, Nadine Basha, Governor Napolitano and First Things First Executive Director, Elliott Hibbs.

Click here to view *Building Bright Futures* in its entirety.

The next step was to use the information from *Building Bright Futures* to begin to look at what improvements can and should be made at a statewide level.

STRATEGIC PLANNING

In January 2008, First Things First staff and Board met with nearly 100 members of the early childhood community for two days of strategic planning, using the research from *Building Bright Futures*. The intent was to design outcomes, strategies and measures in each of Proposition 203's six goal areas … Quality and Accessibility, Health, Professional Development, Family Support, Coordination and Integration, and Communications. Using the Needs and Assets report as a tool, the participants discussed the elements of a roadmap for change for the state's current early childhood system. They were instrumental in helping to identify potential outcomes and effective measures in each of the goal areas, though final conclusions and strategies were incomplete at the end of the sessions. Nevertheless, the material from this planning effort evolved into the *First Things First Strategic Roadmap*.

First Things First staff compiling information shared by members of the early child care community at the strategic planning session.

Click here to view the *First Things First Strategic Roadmap*, which includes all goals and measurement. Using the *Roadmap* compiled by staff from the planning input, important first steps in improving the early childhood system were adopted by the Board.

STATEWIDE INITIATIVES

The Board approved, on March 25 and 26, 2008, a 3-5 year plan that included the following initiatives and funding allotments:

QUALITY IMPROVEMENT AND RATING SYSTEM (QIRS) — $4.5 MILLION (STATE FISCAL YEAR 09) This initiative establishes a quality improvement incentive for child care centers and certified child care homes, and a rating system for parents to be able to evaluate the quality and range of options for child care settings. QIRS standards are built on the foundation of child care licensing requirements and then improved quality beyond licensing mandates. First Things First, with community involvement, will be developing consensus on the standards used to define quality during Fiscal 2009. The standards will reflect research-based practices which promote positive outcomes for children and which are achievable within Arizona. Accountability will be assured by ongoing monitoring and evaluation as this effort is rolled out in coming years. The funding appropriated during Fiscal 2008 allows approximately 300 programs to receive supports and funding grants through the QIRS in 2009. The ratings component of Quality Improvement and Rating System will be initiated in fiscal year 2011.

CHILD CARE HEALTH CONSULTATION — $600,000 (SFY 09) Establishes Child Care Health Consultation as a component of the Quality Improvement and Rating System (QIRS). Early childhood education programs offer significant opportunities to

promote the health and well-being of children and families. Best practices in early childhood education minimize health risks and enable out-of-home care programs to promote healthy behavior and link families to community-based health and development services.

Health professionals, parents, and early childhood professionals recognize the need for and potential benefits of health consultation and collaboration across disciplines. Child Care Health Consultants support early childhood education programs with best practices for teaching good health behaviors and creating safe environments. Despite the evidence for and promise of this model, most early childhood education providers do not have access to child care health consultation. Among the areas of unmet need where child care health consultants could support early childhood education programs include developmental surveillance, oral health, and nutrition. The funds and implementation efforts in Fiscal 2009 will produce at least 10 new health consultants to expand the scope of health consultations for child care settings.

TEACHER EDUCATION AND COMPENSATION HELPS (T.E.A.C.H.) — $375,000 (SFY 09) This program establishes and coordinates the implementation of a comprehensive statewide scholarship system to improve quality in the early care and education professional workforce. Child care practitioners and program operators play a critical role in a child's development, when they know how to have interactions with children that support positive outcomes. First Things First will work with Child Care Services Association, the T.E.A.C.H. parent organization, to design a statewide scholarship system that will be uniquely suited to Arizona's workforce and First Things First's strategic plan. Association for Supportive Child Care, a non-profit community agency

with a strong reputation for providing services to children, families and child care providers has been awarded a grant to administer the T.E.A.C.H. Early Childhood Education® ARIZONA program. An advisory board of partners and stakeholders (including representatives from service providers, advocates, community members, state agencies, higher education, and philanthropy) is being established to work with the First Things First staff to identify design elements, monitor progress and advise on continued actions.

STATEWIDE DISTRIBUTION OF PARENT KIT — $500,000 (SFY 09) The purpose of the Parent Kit is to help parents understand that healthy parenting practices during early childhood are critical for children's positive development and to provide information and resources that prepare parents to make informed decisions about the care and development of their young children.

For the first time in Arizona, all newborns headed home from hospitals and birthing centers beginning in 2009 will be accompanied by their own "baby instruction manual" — the Arizona Parents Kit — to help parents navigate the critical first months and years. With generous support from the Virginia G. Piper Charitable Trust, the Arizona Parent Kit will be provided free to all new parents who give birth at any of Arizona's participating birthing hospitals and birthing centers. The boxed set of educational materials — available in both English and Spanish — connects parents to state and national resources as well as offers tips, checklists and informative video presentations that equip parents to create a healthy, safe and loving home.

PUBLIC AWARENESS — $2 MILLION (SFY 09) Public awareness of, and support for, investing in early childhood is foundational for improved outcomes for children and families. Tobacco taxes, which only amount to about $225 per child, are insufficient to support full development of early childhood system enhancements. It is very important to develop and execute a communications/education plan that will ultimately increase public awareness about the importance of early childhood development and health, as well as generate additional sustainable financial and political support for early childhood development and health investment.

While steps have been initiated at the state level to improve the early childhood system, 81 percent of tax dollars received by First Things First are devoted to identifying and implementing local programs and services to provide what children five and under need most to succeed when they start school.

PHOTOGRAPH BY LEROY DEJOLIE, COURTESY OF NATIVE CONNECTIONS

Creating The Local Network

REGIONAL PARTNERSHIP COUNCILS

BOUNDARIES CREATED

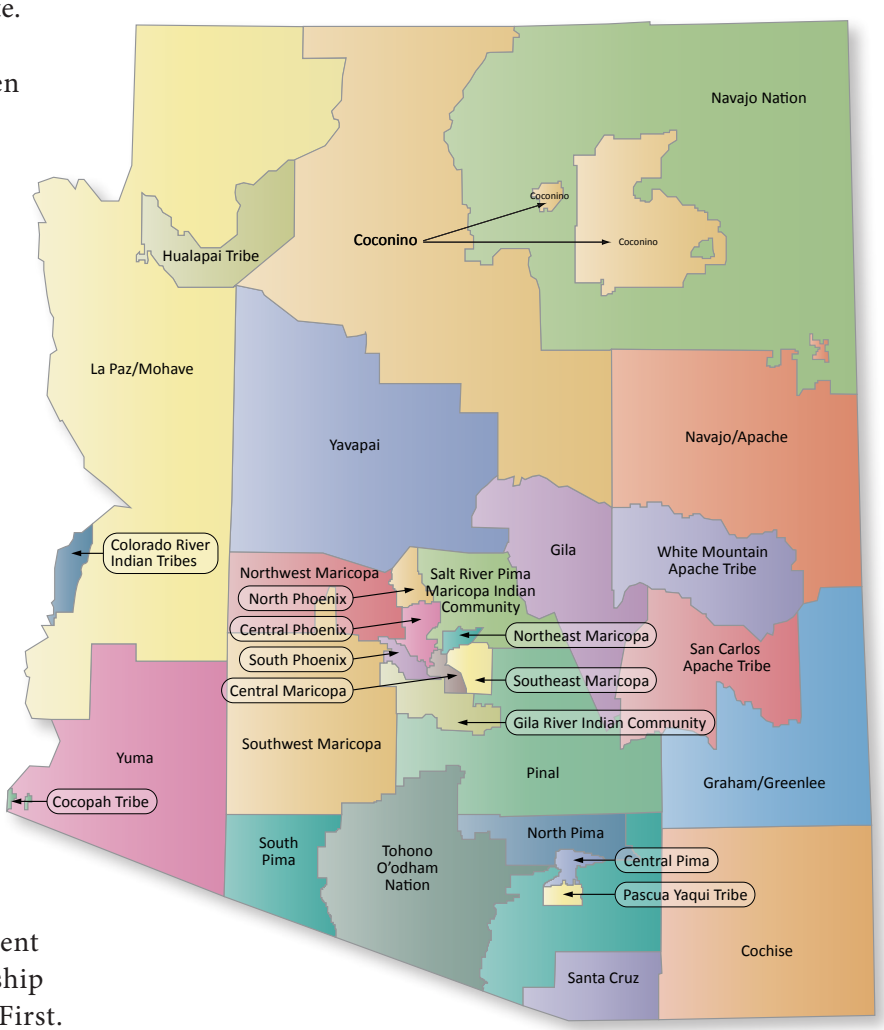
Designed to be locally driven, Proposition 203 called for the establishment of Regional Partnership Councils throughout the state. On November 27, 2007, the Board approved 22 Regional Partnership Councils after a statewide analysis that considered existing boundaries (such as school districts, counties, etc.), child population dispersion, where citizens currently go to access early childhood services, and other factors demonstrating a relationship or cohesions of persons and organizations within an area of the state. Tribal nations had until March 1, 2008 to elect to become their own region. Ten tribes elected to opt-out of a region designated by the Board and to form their own Regional Partnership Council. When the Navajo Nation was one of the tribes that opted to form their own region, the Board decided to combine what was left of Apache and Navajo counties into one region, bringing the total number of regions currently operating to 31.

The geographic areas that define the Regional Partnership Councils and the Tribal Nations that have made the decision to establish their own Regional Partnership Councils are displayed on the map.

APPOINTMENT OF REGIONAL COUNCIL MEMBERS

To build a system of accessible and quality early childhood development and health services, Regional Partnership Councils are essential to First Things First.

The Councils represent a voluntary governance body responsible for planning and improving early childhood development and health outcomes for children birth to age five in neighborhoods and tribal lands in every county across the state. Each Regional Partnership Council is comprised of eleven volunteer positions under Proposition 203. Eight of the seats must be filled with a parent of a child five or under, a child care provider, an early education provider, a health representative, a school administrator, a member of the faith-based community, a business representative and someone involved in philanthropy. There are three at-large seats with no specific background required, although if a tribal nation is part of a region, a public official or employee of the tribe will fill one of the Council seats.



The role of the Regional Councils is to:

- conduct a regional assessment of assets and gaps in early childhood programs and services,
- formulate a regional funding plan to address high priority needs,
- solicit grant proposals from potential providers of needed services,
- review grant proposals and recommend grant awards to the Board,
- implement or monitor funded programs,
- increase parents' and providers' knowledge of early childhood development and health programs, and
- solicit private funds to enhance additional programming.

Regional Partnership Councils will be able to promote a common vision of early childhood across the state and become a strong voice for children in their region. They also will be instrumental in identifying where the current efforts around early childhood development need to be better integrated and coordinated. They are family centered, community-based partnerships linking state and local government, communities and families. The volunteers serving on the Councils already recognize this extraordinary opportunity to truly impact the children in their community.

ORIENTATION AND SUMMIT

In April 2008, First Things First, in partnership with the Arizona Early Education Funds, hosted the 2008 Arizona Early Childhood Summit where First Things First Regional Partnership Council members, along with early childhood community leaders across the state, came together to learn invaluable information to take back to their communities. International, national and local experts presented the latest in research and science based evidence supporting the importance of early childhood.

Click here to view highlights of the 2008 Early Childhood Summit

One of the major differences that truly sets First Things First apart from efforts to improve children's readiness for success in school and life in so many other states is the revenue source identified in Proposition 203.

Nadine Mathis Basha, Board Chair, interviews Dr. David Kirp, author of **The Sandbox Investment.**

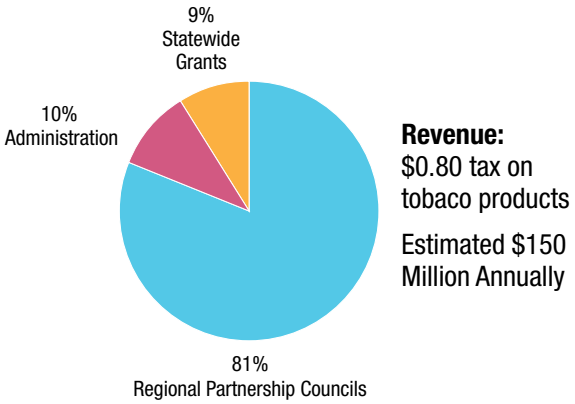
Hirokazu Yoshikawa Ph.D., Harvard University — Center of the Developing Child.

Steve Lynn, Board member, shares words of inspiration to the Summit attendees.

Financial Stability Development

FUNDING SOURCES AND DISTRIBUTIONS

First Things First funding comes from a dedicated stream of tobacco taxes set aside by the voters for a specific use — early childhood development and health — and in specific proportions. The vast majority of First Things First funds — 90 percent — are



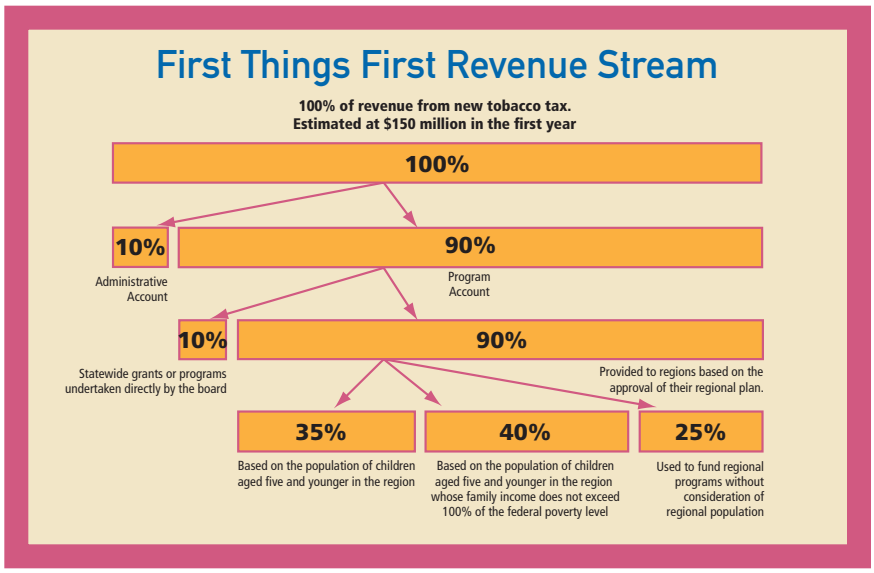
designated to be used solely to fund improvement in programs and services in building the early childhood system. Only 10 percent of funds collected may be used for administration costs. Program Funds may be expended at either the statewide or regional level. No more than 10 percent of the funds expended from the Programs Account each year can be for statewide initiatives. What this boils down to is that 81 cents of each tax dollar collected will be going to support regional programs and services that benefit children and their families. In addition to tax revenues, it is anticipated that other resources will be sought from private and philanthropic groups and grants to address needs where tobacco taxes are insufficient to fund.

The Arizona Early Childhood Development & Health Board Fund is divided into the following accounts:

- Program Account — 90 percent of the monies deposited. 9 percent for statewide grants, 81 percent for regional grants
- Administrative Costs Account — 10 percent deposited. Funds may be transferred from Administrative to Program, but no monies may be transferred from Program to Administrative
- Private Gifts Account
- Grants Monies Account, and
- Legislative Appropriations Account

Program funds allocated for regional programs are distributed to the various regions based on the following:

- 35 percent of program funds must be allocated based on population of children aged five and younger;
- 40 percent of program funds must be allocated based on the population of children five and younger whose family income does not exceed 100 percent of federal poverty guidelines; and,
- 25 percent of program funds may be used by the Board to fund regional programs without consideration of regional population.

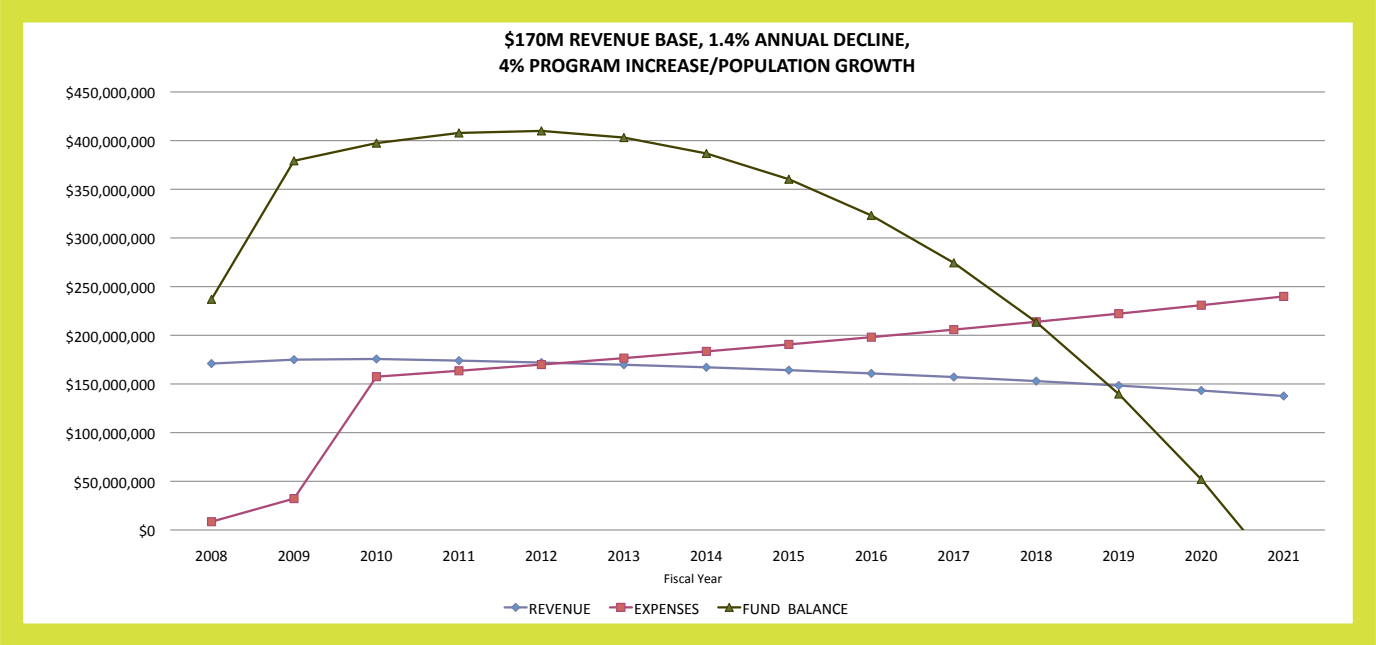


ENSURING PROGRAM SUSTAINABILITY

Ensuring children have access to the right supports is not a one-time consideration. In fact more and more children are being born in, and moving to, Arizona every year. Annual population growth averaged nearly 4 percent for the five and under group during the first six years of this decade, a rate that exceeded the average for population growth as a whole. So the need for services to support an ever growing population of children five and under is clear. The difficulty is that the major funding source, tobacco taxes, will likely decline over time, as the percentage of citizens consuming tobacco products declines each year. The crafters of proposition 203 understood this dilemma and created a timetable to implement First Things First that allows for the accumulation of revenue that can be used to sustain program and service delivery for many years into the future.

Sustaining programs for a long enough period provides ample opportunity to evaluate the impact of the investment. Having outcome and impact data will make it easier to argue for support to replace the lost tobacco monies once the public and the political officials understand the remarkable outcomes that arise for children, our education system and our economy. Prior research studies have shown a return of as much as $17 for each dollar invested in early childhood development and health.

First Things First is also building a partnership with the Arizona Early Education Funds of the Arizona Community Foundation to assist in fundraising to help enhance as well as sustain the early childhood investment over time.

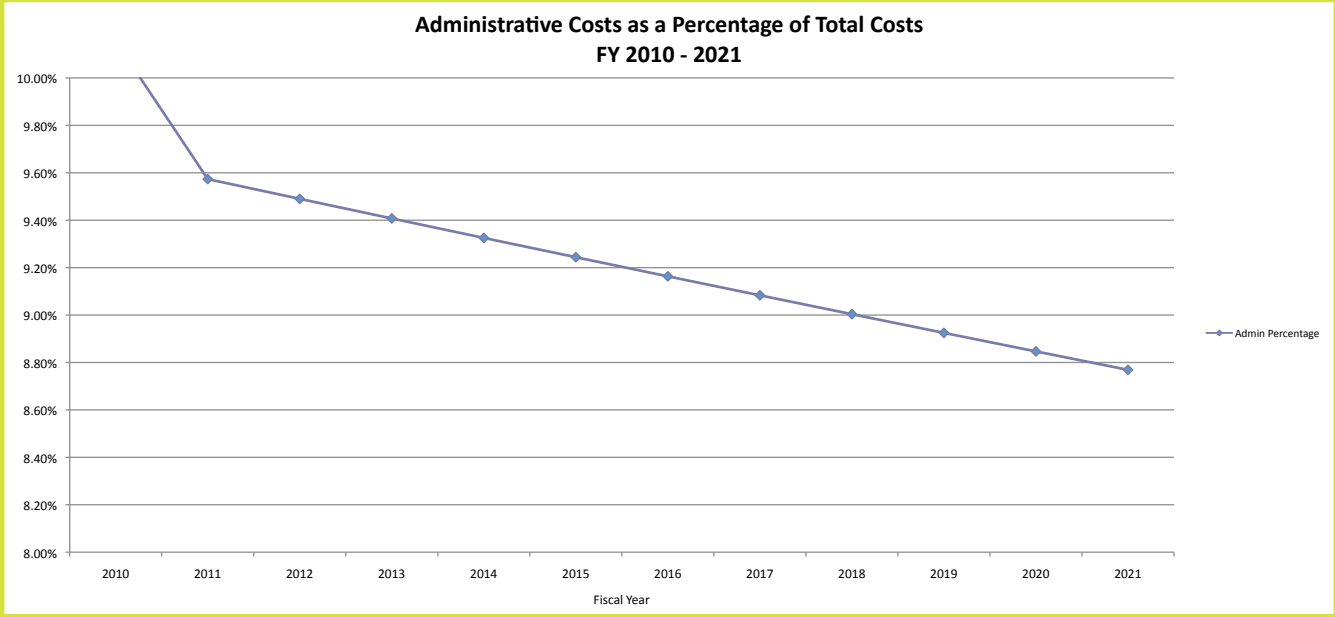


SUPPLEMENTATION

First Things First takes stewardship of taxpayer money seriously. The initiative was carefully and deliberately structured to assure that the tobacco revenues that are to be used for early childhood programs and services cannot be diverted to replace the State's or Federal Government's responsibilities. The First Things First revenues were to add to, not replace, existing public funding for the benefit of children five and under. All funds generated by the $.80 tax on tobacco products for the Arizona Early Childhood Development & Health Board are to be spent solely on programs for early childhood development and health.

FINANCIAL REPORT

Fiscal Year 2008	Luxury Tax Revenue	Investment Income	Administrative (10%)	Program Account (90%)	Total Funds
Beginning Balance			$74,515,026		$74,515,026
July	$12,193,815	$202,360	$1,239,618	$11,156,558	$86,911,202
August	$14,051,158	$240,268	$1,429,143	$12,862,284	$101,202,629
September	$16,055,097	$389,377	$1,644,448	$14,800,026	$117,647,103
October	$12,429,445	$421,934	$1,285,137	$11,566,242	$130,498,482
November	$13,590,138	$598,144	$957,960	$13,230,322	$144,686,764
December	$14,398,196	$506,930	$1,951,381	$12,953,745	$159,591,890
January	$14,275,132	$416,711	$1,469,184	$13,222,659	$174,283,733
February	$11,643,436	$670,193	$1,231,362	$11,082,267	$186,597,362
March	$13,900,273	$644,756	$1,454,503	$13,090,526	$201,142,391
April	$13,923,595	$889,538	$1,481,314	$13,331,819	$215,955,524
May	$14,917,646	$637,440	$1,479,771	$14,075,315	$231,510,610
June	$13,427,180	$525,421	$1,470,997	$12,481,604	$245,463,211
Total Distribution	$164,805,112	$6,143,072	$91,609,844	$153,853,367	$245,463,211
Total Expenditures			($8,858,170)	0	($8,858,170)
Ending Balance 6/30/08			$82,751,674	$153,853,367	$236,605,041



Ensuring Accountability

ACCOUNTABILITY AND EVALUATION OF OUTCOMES FOR ARIZONA'S CHILDREN

Accountability is important for sustainability and the continued investment in our youngest citizens. It will be vital to demonstrate that everyone benefits from this investment in order to gain the support of politicians, citizens and businesses. First Things First is developing a data warehouse to collect and analyze information to indicate how outcomes for children are changing with the state and regional investments. In addition, a consortium of the best minds from the three state universities have joined forces and will be conducting a longitudinal study to explain what has happened due to the added resources directed at preparing children for success in school and life. The longitudinal study will allow us to understand how early childhood efforts impact children over time — into kindergarten and beyond. Ongoing and responsive evaluation will ensure feedback to improve results for young children and their families and accountability to First Things First goals.

First Things First Guiding Principles state the importance of accountability and reinforce a commitment to rigorous measurement of progress. To ensure accountability, data will be gathered to monitor the status of children and families directly impacted by early childhood efforts as well as the status in Arizona as a whole.

First Things First is currently building a system for grants management to handle our fiduciary responsibilities to the taxpayers and monitor the entire process: from solicitation to award to grantees reporting on the results. In addition to our own internal evaluation, we will also be contracting with third parties to assess the success of programs.

The focus of the longitudinal study is around outcomes in each of the First Things First six goal areas set forth in Proposition 203:

- Improve the QUALITY of early childhood development and health programs.
- Increase the ACCESS to quality early childhood development and health programs.
- Increase access to PREVENTIVE HEALTH AND HEALTH SCREENINGS for children through age five.
- Offer PARENT AND FAMILY SUPPORT and education concerning early childhood development and literacy.
- Provide PROFESSIONAL DEVELOPMENT and TRAINING for early childhood development and health providers.
- Increasing COORDINATION of early childhood development and health programs and provide PUBLIC INFORMATION about the importance of early childhood development and health.

Looking To The Future

While First Things First has accomplished plenty in the first year, much work remains to develop the infrastructure to ensure every dollar invested obtains the best possible results for children. In looking at Fiscal 2009, the following chart shows the key requirements on which the First Things First staff will focus.

UPCOMING KEY ACTION DATES 2008-2009

SEPTEMBER 1, 2008 Regional Needs and Assets Reports Due

OCTOBER 1, 2008 Board approval of Needs and Assets Reports from each Regional Council

OCTOBER 1, 2008 Board adopts '10 Budget for Grants and Operations

NOVEMBER 10, 2008 Regional Funding plans and expenditures due

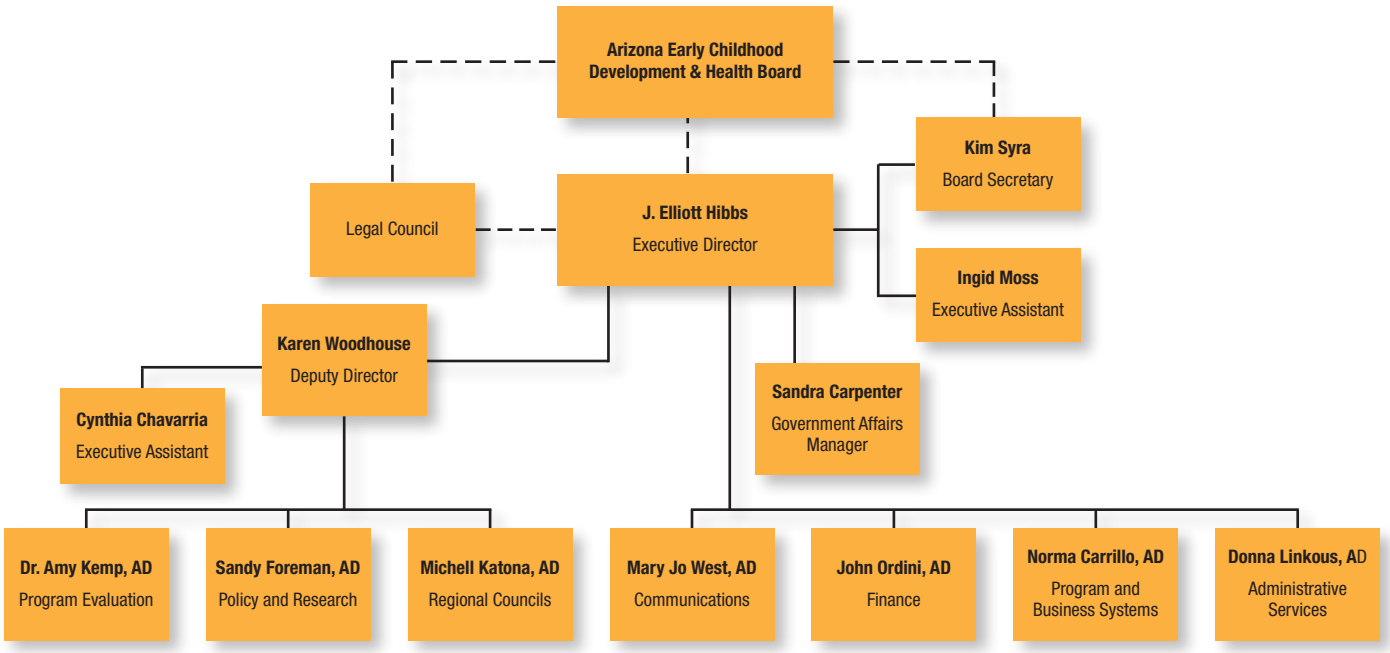
DECEMBER 2, 2008 Board approves regional plans

MAY 15, 2009 Grant proposals due from Regional Councils

JUNE 15, 2009 Board Approves Grant Proposals

JULY 1, 2009 Regional programs begin

AGENCY ORGANIZATION CHART



The First Things First Board

First Things First — the Arizona Early Childhood Development & Health Board was established under the provision of the Arizona Revised Statues 8-1191.

First Things First is composed of nine appointed members and, as non-voting ex officio members, the Superintendent of Public Instructions, the Director of the Department of Health Services and the Director of the Department of Economic Security. The Non-voting ex officio members may designate a member of their departmental staff responsible for early childhood development and health issues to participate as their representative. Pursuant to ARS 38-211 all members are appointed by the Governor. The Board appoints the Executive Director of First Things First. To best serve the interests of all citizens in Arizona, Board members were chosen to represent the State's diversity. The appointees include five men, four women, four Democrats, four Republicans and one Independent from six counties. The Board members bring experience in early education, K-12 education, health care, juvenile justice, higher education, philanthropy, business and Tribal Government. All positions require Senate confirmation.

Nadine Mathis Basha, *Chair*
SIX YEAR TERM
STARTING 1/23/2007

Gary Pasquinelli, *Vice Chair*
FOUR YEAR TERM
STARTING 1/23/2007

Rhian Evans-Allvin
SIX YEAR TERM
STARTING 1/23/2007

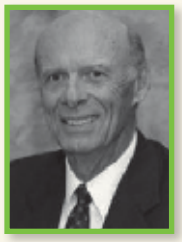
Paul Luna
TWO YEAR TERM
STARTING 1/23/2007

Steven Lynn
TWO YEAR TERM
STARTING 1/23/2007

Cecil Patterson Jr. (The Honorable)
TWO YEAR TERM
STARTING 1/23/2007

Dr. Pamela Powell
FOUR YEAR TERM
STARTING 1/23/2007

Vivian Saunders
FOUR YEAR TERM
STARTING 1/23/2007



Dr. Eugene Thompson
SIX YEAR TERM
STARTING 1/23/2007

January Contreras
Ex-Officio
ACTING DIRECTOR OF THE ARIZONA DEPT. OF HEALTH SERVICES (ADHS)

Tracy Wareing
Ex-Officio
DIRECTOR DES

Amy Corriveau
Ex-Officio
DEPUTY ASSOCIATE SUPERINTENDENT DEPARTMENT OF EDUCATION (DESIGNEE FOR TOM HORNE)

J. Elliott Hibbs	Executive Director
Karen Woodhouse	Deputy Director

ASSISTANT DIRECTORS

Norma Carrillo	Program and Business Services
Sandy Foreman	Policy and Research
Michelle Katona	Regions
Amy Kemp, Ph.D	Evaluation
Donna Linkous	Administrative Services
John Ordini	Finance
Mary Jo West	Communications

REGIONAL MANAGERS

Ahmad Djangi	Central East
Wendy Sabatini	Maricopa (excluding Phoenix)
AdiShakti Khalsa	North East
Kim Van Pelt	Phoenix and Yavapai
Diane Umstead	South East
Marla Chamberlain	West

FIRST THINGS FIRST

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