

First 5 Commission of San Diego County
May 9, 2011
The Impacts of AB 99 on Commission Funding
Funding Scenarios

Request

The request before the Commission is to review three funding scenarios and approve an allocation plan for FY 2011-12 through FY 2014-15 that reduces funding levels of future program and administrative costs to address the effect of remitting \$88.3 million to the State of California as required by AB 99.

Background

On March 16, 2011 both houses of the California Legislature approved AB 99 and the bill was signed by the Governor on March 24, 2011. This bill requires the State First 5 Commission to remit \$50 million, and the combined County Commissions to remit \$950 million to the State Treasury by June 30, 2012. Commissions that receive less than \$600,000 per year in Prop 10 revenue are exempt from this requirement. The redirected funds are to be used for Medi-Cal services for children under age 5.

Each County Commission, not exempt from the requirement, will remit 50% of its fund balance as of June 30, 2010 to the State Treasury. If the State receives more than \$950 million, the excess will be returned to the County Commissions. As First 5 San Diego's Fund balance was \$176,749,177 on June 30, 2010, it is anticipated that the Commission will be required to send \$88,374,588 to the State Treasurer by June 30, 2012.

The Department of Finance has indicated that AB 99 does not require voter approval because it is consistent with the purposes of Prop 10 and is a one-time action that does not institute on-going changes.

At its meeting on April 4, 2011, the Commission received a briefing from Executive Director Barbara Jimenez on the passage and potential impact of AB 99. At that time, the Commission requested that a framework with options be developed to address the impact of AB 99 on Commission funding. The Commission is presented today with three separate budget scenarios based on specific assumptions. The details of the scenarios are contained in the following attachments:

- Attachment 1: Executive Summary of the Funding Scenarios
- Attachment 2: Funding Scenarios: Details by Contract
- Attachment 3: Scenario A: 5-Year Allocation Plan and 10-Year Financial Spending Plan
- Attachment 4: Scenario B: 5-Year Allocation Plan and 10-Year Financial Spending Plan
- Attachment 5: Scenario C: 5-Year Allocation Plan and 10-Year Financial Spending Plan

Commission History

- **April 4, 2011** (Item 2): The Commission received a briefing on AB 99 and directed the Executive Director to return at the May 2011 Commission meeting and provide a framework with options that show the impact on current and future funding.

Staff Recommendation

- 1) Approve one of the scenarios, including any recommended changes, noted in Attachment 2: Funding Scenarios: Details by Contract, which identifies specific dollar amounts for contracts/programs for FY 2011-12 through FY 2014-15, and direct the Executive Director, or her designee, to negotiate contract amendments as required.
- 2) Direct the Executive Director to return at the June Commission meeting with a FY 2011-12 Operations Budget and specific Long Range Financial Plan for future funding.

Fiscal Impact

First 5 San Diego must send \$88,374,588 by June 30, 2012. Each scenario reflects specific funding cuts to expenditures as required, to adjust long term spending to levels that can be sustained and includes a management reserve of 6 months of Prop 10 revenue.