

First 5 Commission of San Diego

June 13, 2011

Recommendations for Fiscal Year 2010-11 Unexpended Funds

Request:

The matter before the Commission is a request to allocate the total projected unexpended funds from the budget for fiscal year 2010-11 to the budget for fiscal year 2011-12.

Background:

Through operational efficiencies, salary savings, and reductions to services & supplies, the Commission is projected to incur reduced costs for fiscal year 2010-11. Moreover, as a result of the impacts of AB 99 on Commission funding, the FY 2010 – 11 budget will have unexpended funds available to allocate for projects that would not continue or would continue at a reduced funding level. These funds can be used for projects that address critical gaps in the safety net for young children and their families in the coming fiscal year.

Projected Unexpended Funds from FY 2010-11:

The projected unexpended funds for fiscal year 2010-11 are \$3,920,598 as estimated by the Commission's fiscal staff. The projected savings are itemized below:

<i>BUDGET CATEGORY</i>	<i>PROJECTED UNEXPENDED FUNDS</i>
Salaries and Benefits	\$ 114,851
Services & Supplies	268,809
Programs (Contributions to Community Projects)	6,621,374
<i>Subtotal Projected Unexpended Funds</i>	<i>\$ 7,005,034</i>
Projected Revenue Deficit	(3,084,436)
<i>Total Projected Unexpended Funds</i>	<i>\$ 3,920,598</i>

Shortfalls in projected revenue offset 44% of the unexpended funds projected above. Revenues are projected to be less than budgeted for a number of reasons:

- Decrease in the total Prop 10 revenues collected.
- Approximately 25% of School Readiness revenues will be deferred to FY 2011-12 as the program is closed and match dollars reconciled.
- The yield on investments has been significantly lower than the projected rate of 3.0% currently at 0.88% for the Operating Fund, and 2.0% for the Sustainability Fund. The budgeted yield was adjusted from 3.0% to 2.5% in the 10-Year Financial Spending Plan.

Actual savings will be determined in August 2011 after the 2010 – 11 fiscal year has closed per the County's Oracle financial system.

Commission History:

Community Water Fluoridation

- See Agenda Item 8

Foster Care Safety Net Project for Children 0 - 5

- **December 16, 2008** (Item 11): The Commission approved funding of up to \$9 million for three years to provide therapeutic services for abused and neglected children ages 0 – 5 who enter the Child Welfare System.

Healthy Families Program

- **December 16, 2008** (Item 10): The Commission approved funding of up to \$1,600,000 from the sustainability reserve to ensure all eligible children in San Diego were able to enroll in Healthy Families insurance coverage in FY 2008-09.

Link to the Strategic Plan:

Optimal water fluoridation is a primary preventive step towards a key objective of the First 5 2010-2015 Strategic Plan: *to decrease the percentage of pregnant women and children ages 0 to 5 with untreated dental disease.*

The Foster Care Safety Net Project for Children 0 – 5 directly supports the objective to *increase parents' and caregivers' access to needed services for their children.* In addition, this program *increases the community's capacity to identify, treat and support the needs of young children and pregnant women.*

Staff Recommendations:

- 1) Allocate \$1,656,856 of the unexpended funds from FY 2010 – 11 as an increase to the FY 2011 – 12 budget. Actual savings will be determined by reports generated by the County's Oracle Financial System after the close of the fiscal year. The unexpended funds will be allocated as follows:
 - a. Contributions to Community Projects – Health: allocate up to \$751,748 to Community Water Fluoridation for Capital and Other Expenses.
 - b. Contributions to Community Projects – Family: allocate up to \$668,717 to allow an extension of services for the Foster Care Safety Net Project for Children 0 - 5.
 - c. Special Expenses: allocate up to \$136,391 to liquidate the outstanding balance due to First 5 California for the Healthy Families Program from the 2008-09 fiscal year.
 - d. County Counsel: allocate \$100,000 for anticipated expenses.
- 2) Authorize the Executive Director or her designee to negotiate and execute an amendment with County of San Diego, Health and Human Services Agency – Child Welfare Services for up to three months, through June 30, 2012, for up to \$668,717 for the Foster Care Safety Net Project for Children 0 - 5.
- 3) Authorize the Executive Director or her designee to reimburse First 5 California the outstanding balance of the contract for the Healthy Families Program for up to \$136,391.
- 4) Designate the actual balance of remaining unexpended funds to be reserved in the Sustainability Fund for Targeted At-Risk Home Visiting or other high-priority projects, pending the outcome of AB 99 and/or the County's lawsuit.

Fiscal Impact:

The FY 2011 – 12 Operating Budget will increase by \$1,656,856.