

First 5 Commission of San Diego
 June 13, 2011
Proposed FY 2011 – 12 Operating Budget

Overview:

The request before the Commission is to approve the proposed operating budget for FY 2011 – 12 that has been modified from the version presented to the Commission at the April 4, 2011 meeting as a result of Commission action at the May 9th Commission meeting.

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. First 5 San Diego is required to send \$88.3 million to the State by June 30, 2012.

Three funding scenarios were presented to the Commission at the meeting on May 9, 2011 to mitigate for the reduction of \$88.3 million in the Fund Balance. After a discussion, the Commission approved Scenario C with the following changes:

- Add Fluoridation in the amount of \$1,114,653.
- Add \$47,358 for the California Dental Foundation plus an additional amount as may be needed to oversee Fluoridation projects that may be authorized.
- Add one year of funding for the CalSAFE program for \$666,723.
- Reduce Evaluation and Parent and Public Education in an amount sufficient to cover the costs of the additions listed above.

Changes from the previously proposed Operating Budget:

The following are the changes from the operating budget that was presented to the Commission on April 4, 2011 and the revised version presented today:

Account No.	Account Name	Previous Amount	New Amount	Difference	Description
Revenue	First 5 CA – CARES Plus	150,000	0	(150,000)	Commission will not participate in the CARES program
52432	Specialized Services Contracts	1,786,400	1,414,570	(371,830)	Eliminated two coordination consultants; reduced Evaluation, Parent and Public Education Coordination, and CMEDS
53664	Contributions to Community Projects	61,420,872	47,448,630	(13,972,242)	See items below:
	<i>Health</i>	19,525,898	19,389,922	(135,976)	Eliminated Smoking Cessation
	<i>Learning</i>	17,629,103	12,529,103	(5,100,000)	Reduced Preschool for All; eliminated CARES Plus.
	<i>Community</i>	1,200,000	1,125,000	(75,000)	Reduced Parent and Public Education.
	<i>Family</i>	9,135,283	2,935,283	(6,200,000)	Eliminated Targeted At-Risk Home Visiting.
	<i>Emerging Critical Needs</i>	10,000,000	7,010,828	(2,989,172)	Eliminated funding for new requests.
	<i>Capital Projects</i>	3,930,588	4,458,494	527,906	The Library project was eliminated, however the increase is due to one project expected to be completed next FY from currently encumbered funds.

Changes in the Projected Administrative Rate:

In the previous budget that was presented to the Commission on April 4, 2011, the projected administrative rate was 5.23%. This rate was based on administrative costs of \$3,470,050 and a total budget of \$66,390,922.

The revised budget brought forward today has a projected administrative rate of 6.33%. This is based on lower total administrative costs of \$3,291,970 and a much lower total budget of \$52,046,850.

The administrative rate increased by 1.1% even though the total administrative costs decreased by \$178,080. This is because the new lower amount is a larger percentage of the significantly lower budget (\$14.3M lower).

Commission History:

- May 9, 2011 (Item 1): The Commission approved Scenario C, including the recommended changes for Fluoridation and CalSAFE, for FY 2011-12 through FY 2014-15, and directed the Executive Director, or her designee to negotiate contract amendments as required.
- 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
- April 4, 2011 (Item 7): The Commission was presented with the first draft of the FY 2011-12 Operating Budget for its first review.

Staff Recommendation:

- 1) Approve the FY 2011 – 12 Operating Budget, 5-Year Program Allocation Plan, and 10-Year Financial Spending Plan.

Fiscal Impact:

Up to \$52,046,850 will be approved for operations and programs for the 2011-12 fiscal year in addition to approval for program funding through FY 2014-15 and financial spending through FY 2017-18.