

First 5 Commission - Finance Committee

May 17, 2011

Changes to the Proposed FY 2011 – 12 Operating Budget

Request

The request before the Finance Committee is to approve changes to the proposed operating budget for FY 2011 – 12 brought about by 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 their 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" (see item 6-5 for the details by contract) 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 approved Operating Budget

The following are the changes from the operating budget that was approved to go forward to the Commission on March 17, 2011 and the current version presented today:

Account No.	Name of Account	Previous Amount	New Amount	Difference	Description
Revenue	First 5 CA – CARES Plus	150,000	0	(150,000)	Commission will not participate in the 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	Overall Totals	61,420,872	47,448,630	(13,972,242)	See items below:
Contributions to Community Projects	<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 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	Increase due to one project expected to be completed next FY.

Changes in the Projected Admin Rate

In the previous budget that was approved by the Finance Committee on March 17, 2011 the projected admin rate was 5.23%. This was based on admin costs of \$3,470,050 and a total budget of \$66,390,922.

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

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

Finance Committee History

- **February 22, 2011** (Item 6): The Committee reviewed the first draft of the FY 2011 – 12 Operating Budget
- **March 17, 2011** (Item 6): The Committee reviewed and approved the FY 2011 – 12 Operating Budget to go forward to the Commission in April for their first review. The Budget was presented to the Commission on April 4, 2011 with the understanding that it would most likely change as a result of the necessary reductions as a result of the Governor's signing of AB 99.

Staff Recommendation

- 1) Approve the revised FY 2011 – 12 Operating Budget to go forward to the Commission for approval at the June 13, 2011 Commission meeting.

Fiscal Impact

Approval of the operating budget by the Commission will establish appropriations in the amount of \$52,046,850 for operations in FY 2011 – 12.