

# PRESERVING THE FUTURE OF FIRST 5



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California's 58 First 5 county commissions serve one million children and five hundred thousand parents and caregivers per year in the areas of Family Resiliency, Child Development, Child Health, and building Systems of Care.

**In order to continue to serve California's youngest children and their families, it is imperative that we stabilize the First 5 Network's revenue decline caused by decreasing tobacco tax revenue and compounded by the recent passage of Proposition 31, the flavored tobacco ban.**

## **How We Got Here**

Proposition 10, passed by California voters in 1998, taxes cigarettes and other tobacco products to provide funding for early childhood development programs and created the First 5 program. Declining smoking rates in the state have resulted in reduced tax revenue for First 5's, which was compounded by the recent passage of Proposition 31. Despite the projected reduction in tobacco tax revenue caused by the flavor tobacco ban, First 5s supported Proposition 31 because we share the goals of health promotion and smoking cessation and the prioritization of the health of our children.

First 5s are now facing a destabilizing budget deficit that threatens the infrastructure that has been built over the last 25 years and puts services for California's youngest children in jeopardy.

**Over the next eight years, First 5 revenue is projected to decline by a staggering \$461 million:**

- » **\$71 million** due to decreases in cigarette sales and distribution
- » **\$390 million** due to flavored tobacco ban

**Our projections indicate that First 5 revenue statewide will decline by \$138 million in the next 18 months alone.**

The effects of flavored tobacco ban on tobacco tax collection was a positive choice made by the Governor, Legislature and voters. At the same time, the unintended impact of this choice will lead to destabilizing revenue loss for First 5s. In order to help prevent the worst of these cuts and continue to serve California's youngest children and their families, we look forward to working with the Governor and the Legislature to ensure the sustainability of this program.

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