



To: First 5 Alameda County Executive Committee

From: Rebecca Gebhart, Director, Finance & Administration

Date: March 20, 2009

Subject: 2009-10 Budget Proposal – First Reading

REQUESTED ACTION

To review and give feedback on the presentation and content of the 2009-10 Budget Proposal, in preparation for presentation to the Commission on March 26, 2009

BACKGROUND

Each First 5 agency is required by statute to pass a Strategic Plan that outlines the use of the tobacco tax funds to serve children age 0-5 and their families. First 5 Alameda County has been engaged in the development of the 2009-13 Strategic Plan since June 2008 and the process has included program and needs assessments and community and stakeholder input. The 2009-10 budget proposal includes the strategies and programs outlined in the Strategic Plan.

The First 5 Alameda County Commission is considering the recommendation of a four-year Strategic Plan for FY 2009-13, and a one-year contingency plan for 2009-10 in the event that Proposition 10 funds are redirected by a state ballot measure. In both scenarios, the annual funding allocation recommended is the same and is the level set forth in this budget proposal.

This presentation is the first reading of the 2009-10 budget proposal. Staff will prepare the second and final reading for the May Executive and Commission meetings, and will incorporate in the interim any changes directed by the Commission as well as new information, if any, related to the Tobacco tax and other revenue streams. In addition, the presentation in May will include the list of contracts that exceed \$25,000 which require Commission authorization.

As is the practice of First 5 Alameda County, changes that occur in the course of the fiscal year will be formally incorporated into the budget during the mid-year Budget Modification in January 2010.

This document provides a summary of revenue projections with rationales. In addition, the document will provide each program’s total expenses. The total program costs include:

- First 5 staff salaries and benefits
- Grants, contracts, and stipends
- Training expenses
- Space rental

Allocable costs (administrative overhead) accumulate in the Administration cost center in the first reading of the budget, and will be allocated to programs in the second reading of the budget in May to obtain the “fully loaded cost” of each program. The expense spreadsheet provides the expense projections by division.

The expenses are presented by the program divisions within the agency. The table in the budget narrative shows:

- the program name,
- the 2008-09 budget (adopted by the Commission on February 26, 2009),
- the 2009-10 budget projection,
- funding sources for the program and
- the Strategy area in which the program resides in the 2009-13 Strategic Plan.

SUMMARY

The Revenue and Available Funding projection for 2009-10 is \$24,769,010 and the Expenses projection is \$24,769,010. Pursuant to statute, First 5 costs must be segregated into Program, Evaluation and Administrative costs. The total level of Program, Evaluation and Administration spending is consistent with the 2009-13 Strategic Plan Funding Allocation proposal and is as follows:

Program	\$21,334,009
Evaluation	1,376,294
Administration	<u>2,058,707</u>
Total	\$24,769,010

The budget has been balanced, per Commission authorization, with funds from the Sustainability Fund in the amount of \$4,838,187. This amount is in the range of the Long Range Financial Plan presented in January 2009, which proposed up to \$5,855,100 to be used from Sustainability Funds to balance the budget.

REVENUE AND AVAILABLE FUNDS – 2009-10

The 2009-10 Revenue and Available funds decrease from \$28,037,554 in the current year to \$24,769,010 consistent with the Funding Allocation recommendation in the 2009-13 Strategic Plan. The revenue detail and rationale follows.

Line Item	2008-09 Approved	2009-10 Proposed	Rationale
Tobacco tax	\$15,772,394	\$15,500,000	Tobacco tax decreases based on assessment of current year trend through January 2009, plus a 2.5% decrease.
Income from Alameda County	\$1,301,841	\$300,000	Fees from Public Health for ECChange hosting and maintenance and AB 212 from the Alameda County Child Care Planning Council funds in the current year budget have not yet been committed for 2009-10 and are thus not included at this time. Funding from BHCS for the SART Pathways data system is included.
Grants	\$2,033,307	\$2,260,354	Includes the final year of the state School Readiness grant (\$1,634,354), the federal earmark for SART (\$476,000) and the balance of the federal earmark for Early Care and Education (\$150,000)
Fiscal Leveraging	\$545,000	\$350,000	Includes Medi-Cal Administrative Activities (MAA). The reduction is due to the change in revenue sharing of Targeted Case Management (TCM) funds. In 2009-10, TCM funds will be forwarded directly to Special Start to maintain services.
Investments	\$1,637,500	\$1,400,000	Based on assessment of current invested assets, decreasing return on investments due to lower rates available and a decrease in the total Sustainability Fund based on usage in 2008-09 and projected usage in 2009-10.
Other Sources	\$120,469	\$120,469	Contract with First 5 Contra Costa to provide Hospital Outreach services at Alta Bates, referring families to home visit services in Contra Costa County
Sustainability Fund	\$6,592,043	\$4,838,187	This amount is consistent with the Long Range Financial Plan approved on March 2008 which allows up to \$8.7 million in Sustainability Funds to maintain programs
Restricted Carryover	\$35,000	0	Restricted 2006-07 grant from Washington Mutual for the Quality Improvement Initiative was expended in the current year. No restricted carryover is anticipated.
Total	\$28,037,554	\$24,769,010	Difference of (\$3,268,544)

EXPENSES

Consistent with new legislative requirements brought about by AB 109, expense costs continue to be separated into three cost categories: Program, Evaluation and Administration. The expenses in each category are consistent with First 5 California guidelines, and those set forth in the Government Finance Officers First 5 Financial Management Guide.

Salaries and Benefits

Salaries and benefits are projected to decrease from \$7,303,757 to \$7,188,580, a decrease of \$115,177. The decrease is due to the reduction of two positions, one in Early Care and Education and one in Support Strategies/School Readiness, from full time to part time. Both positions are currently unfilled.

Salaries are budgeted based on actual amounts. Benefits are budgeted at 43% of salaries. Consistent with direction from the Commission, the approved benefit package is in line with the Alameda County benefit package, including membership in the Alameda County Employee’s Retirement Association (ACERA), health and dental benefits, life insurance, a flexible benefit of \$1,500 to offset health, life insurance or flexible spending account costs, and a taxable technology and professional development benefit of \$800. The 43% allocation is based on actual cost estimates that are revised periodically as needed. There is some indication that ACERA retirement employer rates will increase in the future. Rates are scheduled to change in October 2009 and whatever increase is determined by ACERA will be incorporated in the budget, as needed.

Personnel in the Program divisions provide programmatic oversight, training and technical assistance in best practices to all program providers, including child care and community-based service contractors and grantees. Approximately \$1,500,000 in salaries and benefits costs fund service delivery personnel who provide services directly to families.

Family Support Services

The total Family Support Services (FSS) budget proposal for 2009-10 is 8,675,543, compared to \$9,883,537 in the current year, a net decrease of \$1,207,994, based on changes in the Strategic Plan.

Program	2008-09 Approved	2009-10 Proposed	Funding Sources	Strategy
Prenatal and postpartum home visiting for newborns: Your Family Counts This program also	2,260,566	\$2,064,490	Tobacco Tax, Targeted Case Management (TCM), Medi-Cal Administrative Activities (MAA),	Home-Based Family Support Lactation Services are in the Child Health Promotion

<p>includes Lactation Services</p> <p>This also includes Alameda New Parent Support (\$152,250) and City of Berkeley Home Visiting for 2008-09 (200,000)</p>			School Readiness,	strategy
<p>Intensive Family Support: Pregnant and Parenting Teens</p>	\$1,312,220	\$1,238,166	Tobacco Tax, Targeted Case Management (TCM)	Home-Based Family Support
<p>Intensive Family Support: Another Road to Safety</p>	\$403,992	0	Now being implemented by Social Services Agency through the Title IV-E waiver	
<p>Intensive Family Support: Special Start: high risk families with infants discharged from the Neonatal Intensive Care Unit (NICU)</p>	\$3,393,417	\$3,189,821	Tobacco Tax, Targeted Case Management (TCM), Medi-Cal Administrative Activities (MAA)	Home-Based Family Support
<p>SART Training and Screening: Pediatric Strategies (Healthy Steps/ABCD) Includes Reach Out and Read (\$30,000)</p>	\$984,580	\$1,008,718	Tobacco Tax, State School Readiness Grant	<p>Coordinated Children's SART (Screening, Assessment, Referral & Treatment)</p> <p>Reach Out and Read is in the Community Based School Readiness strategy</p>
<p>Early Childhood Mental Health /Community Building Efforts</p> <p>* Includes Mental Health Consultation to Child Care</p> <p>* Includes Early Childhood Mental Health Harris Training</p>	\$557,972	\$469,205	Tobacco Tax	<p>Mental Health Consultation is in the Child Health Promotion strategy</p> <p>Harris Training is in the Provider Capacity Building strategy</p>

Specialty Provider Services – Mental Health / Child Development	\$801,153	\$638,271	Tobacco Tax, State School Readiness Grant, Medi-Cal Administrative Activities (MAA),	Provider Capacity Building
Family Support Services Provider Training	\$112,276	\$91,761	Tobacco Tax	Training is in Training Institute in the Provider Capacity Building strategy
Total Family Support Services	\$9,883,537	\$8,675,543		

Early Care and Education

The Early Care and Education (ECE) budget proposal for 2009-10 is \$5,843,634, compared with \$7,406,354, a decrease of \$1,562,720. The decrease is primarily due to the absence of AB212 funding in the current proposal. It is anticipated that approximately \$927,000 in AB212 funds revenue and expenses will be in the May budget recommendation.

It is important to note the realignment of the programs in the Early Care and Education division. The realignment is a result of modifications to program relationships that promote greater integration that will result in improved child care quality. As a practical matter, programs are intact with few reductions in funding.

Program	2008-09 Approved	2009-10 Proposed	Funding Sources	Strategy
Child Development Corps (This program is now under College University Education for ECE Providers.)	\$2,607,105	0	Tobacco Tax	
Professional Development Systems Program	\$2,855,364	0	Tobacco Tax, State School Readiness Grant	
Quality Enhancement Programs	\$976,804	0	Tobacco Tax, State School Readiness Grant, Washington Mutual Grant	
Quality Enhancement Grants	\$967,081	0	Tobacco Tax, State School Readiness Grant, Washington Mutual Grant	

College/University Education for ECE Providers *Child Development Corps AA Program * BA, MA, EDD	0	\$2,889,809	Tobacco Tax, federal earmark	Integrated Child Care Quality Support System
Training for consultants (includes coaches, mentors, TA providers from multiple disciplines)	0	\$170,325	Tobacco tax	Integrated Child Care Quality Support System
Community-based training and coordination	0	\$988,913	Tobacco tax	Integrated Child Care Quality Support System
Inclusion support and training	0	\$222,251	Tobacco tax	Integrated Child Care Quality Support System
Child Care Capital Grants Emergency Facility Grant Start-up Facility Grant Improvement and Expansion Facility Grant State contractor repayable loan (emergency operating expense)	0	\$863,123	Tobacco tax	Integrated Child Care Quality Support System
Quality Counts: Quality Assessment and Customized Support for ECE Programs	0	\$714,014	Tobacco tax	Integrated Child Care Quality Support System
Total Early Care and Education	\$7,406,354	\$5,843,634		

Community Grants

The Community Grants budget proposal for 2009-10 is \$3,158,420, compared to \$3,608,438 in the current year, a decrease of \$450,018. The decrease is consistent with the reduction in the 2009-13 Strategic Plan plus the lack of general overhead which will be added in the May budget proposal. The Community Grants Initiative will complete a the 2007-09 grant cycle in the first six months of 2009-10, and will begin a new cycle in the second six months of 2009-10. The application process will occur in the summer and fall of 2009, with 2009-11 awards being announced in November 2009.

Program	2008-09 Approved	2009-10 Proposal	Funding Sources	Strategy
Community Grants	\$3,608,438	\$3,158,420	Tobacco tax, State School Readiness grant	Programs will be funded in various strategy areas, depending on funding priorities selected by the Commission
Community Grants	\$3,608,438	\$3,158,420		

Support Strategies

The Support Strategies budget proposal for 2009-10 is \$3,656,412, compared with \$3,828,907, a decrease of \$172,495.

Program	2008-09 Approved	2009-10 Proposal	Funding Sources	Strategy
Cultural Access Services	\$346,947	\$342,371	Tobacco Tax, State School Readiness Grant, Medi-Cal Administrative Activities (MAA)	Cultural Access Services is a program that works across all strategies
Parent Advisory Committee	\$15,464	0		
Children’s SART (Screening, Assessment, Referral and Treatment) (formerly called Special Needs Strategies) Includes SART Coordination, ECE and Social Services Provider training, Assessment Matching Fund, Family Navigation and City/County Matching Funds	\$573,376	\$1,113,122	Tobacco Tax, Medi-Cal Administrative Activities (MAA), Behavioral Health Care Services funding for Pathways data system, Federal grant	Integrated SART
Training/ Conference Center	\$372,473	\$431,447	Tobacco Tax, Rental Income	Provider Capacity Building

Outreach and Education Includes Parent Kit customization and distribution, and faith-based school readiness outreach	\$97,784	\$189,154	Tobacco Tax	Community-Based School Readiness Services
Tobacco and Health Education/ Services (2008-09 included insurance coverage, including MRMIB) Includes Childhood Matters, Asthma Education and Services, Oral Health Education and Tobacco Education	\$1,044,426	\$361,658	Tobacco Tax, State School Readiness Grant	Child Health Promotion Childhood Matters is in the Community-Based School Readiness Services strategy
School Readiness Includes Literacy, Kindergarten Readiness and Transition (School District Transition Coordination and Summer Pre-Kindergarten)	\$1,186,740	\$1,030,075	Tobacco Tax, State School Readiness Grant	Community-Based School Readiness Services
Child Development/ Mental Health Strategies	\$191,696	\$188,583	Tobacco Tax	Mental Health Consultation to Child Care
Total Support Strategies	\$3,828,906	\$3,656,412		

Evaluation and Technology

The Evaluation and Technology (E&T) budget proposal for 2009-10 is \$1,376,294, compared to the current year budget of \$1,396,300, a decrease of \$20,006.

Program	2008-09 Approved	2009-10 Proposal	Funding Sources	Notes
Evaluation	\$581,712	\$578,613	Tobacco Tax, State School Readiness Grant	Includes internal and external evaluation activities, including annual report compilation, and ECE external evaluations (School Readiness)
Evaluation – Database	\$613,166	\$604,975	Tobacco Tax, State School Readiness Grant, Behavioral Health Care Services funding for Pathways data system	Includes ECC Online and ECChange databases, only portions used for internal evaluation. Program costs for ECChange are charged to program budgets.

Evaluation – Technical Assistance	\$201,422	\$192,706	Tobacco Tax	Includes provision of evaluation technical assistance to providers
Total	\$1,396,300	\$1,376,294		

Administration

The Administration budget proposal for 2009-10 is \$2,058,707, compared with \$1,914,019 in 2008-09, a decrease of \$144,688. The Administration budget will decrease further in the May budget proposal because general overhead costs will be allocated to Programs and Evaluation.

Program	2007-08 Budget	2008-09 Proposal	Funding Sources	Program Changes
Administration, Human Resources, Finance, Network Support, Commission and Strategic Planning	\$1,914,019	\$2,058,707	Tobacco Tax	
Total Administration	\$1,914,018	\$2,058,707		

Administrative Cap

As part of the agency Finance Policy and consistent with AB 109 and SB 35, First 5 Alameda County has set an administrative cost cap of 10%. Costs are segregated through the year into the Program, Evaluation and Administrative divisions according to guidelines and definitions set forth by First 5 California and in the Government Finance Officers Association (GFOA) First 5 Financial Management Guide. The proposed budget’s administrative costs do not exceed the cap. They are:

2009-10	
86%	Program
6%	Evaluation
8%	Administration
100.00%	Total

RECONCILIATION OF THE FUNDING ALLOCATION (BY STRATEGY) TO THE BUDGET PRESENTATION

The Commission has approved Strategies (October 2008) and Programs (December 2008) and is considering the Funding Allocation presented in January 2009. In preparing the 2009-10 budget proposal, staff were directed to propose program funding levels in alignment with the Strategic Plan Funding Allocation. The budget proposal involved much more detailed development of expenditure budgets. In most areas, the Funding Allocation and the budget proposal are in close alignment. Where adjustment is needed, it will occur in the May revision.

A summary is provided that shows the reconciliation of the Funding Allocation by Strategy with the Budget proposal.

Strategy: Community-Based School Readiness Services	Funding Allocation Proposal	2009-10 Budget Proposal	Budget Division
Outreach and Education	220,000	189,154	Support Strategies
Literacy, including Reach Out & Read	154,200	154,306	Support Strategies
Kindergarten Readiness			
▪ School District Transition Coordination	448,915	422,094	Support Strategies
▪ Summer Pre-Kindergarten (SPK)	473,597	466,497	Support Strategies
Total	1,296,712	1,232,051	
Strategy: Home Based Family Support	Funding Allocation Proposal	2009-10 Budget Proposal	Budget Division
Intensive Family Support:			
▪ Pregnant and Parenting Teens	1,245,682	1,238,166	Family Support Services
Intensive Family Support:			
▪ Special Start: high risk families with infants dis.from NICU	3,222,668	3,189,821	Family Support Services
Prenatal and postpartum home visiting for high risk families			
▪ Your Family Counts	1,565,511	1,613,317	Family Support Services
Total	6,033,861	6,041,304	
Strategy: Integrated Child Care Quality Support System	Funding Allocation Proposal	2009-10 Budget Proposal	Budget Division
College/University Education for ECE Providers	2,934,372	2,889,809	Integrated Child Care Quality Support System
Training for consultants (includes coaches, mentors, TA providers from multiple disciplines)	175,472	170,325	Integrated Child Care Quality Support System
Community based training and coordination	967,009	988,913	Integrated Child Care Quality Support System
Inclusion Support and Training	233,205	222,251	Integrated Child Care Quality Support System
Child Care Capital Grants	908,985	863,123	Integrated Child Care Quality Support System
Quality Counts: Quality Assessment and Customized Support for ECE Programs	678,428	714,014	Integrated Child Care Quality Support System
Total	5,897,471	5,848,435	

Strategy: Coordinated SART	Funding Allocation Proposal	2009-10 Budget Proposal	Budget Division
SART Coordination	200,000	443,122	Support Strategies (includes BHCS Pathways funding of \$260,000)
SART training and screening			
▪ Pediatric Strategies (Healthy Steps/ABCD)	849,685	978,718	Family Support Services
▪ ECE and Social Service Provider training/screening	100,000	100,000	Coordinated SART
Assessment matching fund (authorized for 2009-10)	100,000	100,000	Coordinated SART
Family Navigation	270,000	270,000	Coordinated SART
City and County Matching Funds	200,000	200,000	Coordinated SART
Total	1,719,685	2,091,840	
Strategy: Child Health Promotion	Funding Allocation Proposal	2009-10 Budget Proposal	Budget Division
Asthma Education and Services	145,000	148,329	Support Strategies
Oral Health Education and Services	75,000	75,000	Support Strategies
Lactation Services	410,012	451,132	Family Support Services
Mental Health Consultation for Child Care	476,087	507,280	Support Strategies
Tobacco Education and Services	135,000	138,329	Support Strategies
Total	1,241,099	1,320,070	
Strategy: Provider Capacity Building	Funding Allocation Proposal	2009-10 Budget Proposal	Budget Division
Training Institute (Training Connections, Consultation, Conference Center)	445,671	473,238	Support Strategies
Specialty Provider Services - Mental Health / Child Develop.	931,120	638,271	Family Support Services
Early Childhood Mental Health Harris Training	150,000	150,000	Family Support Services
Family Financial Fitness	50,000	50,000	Support Strategies
Total	1,576,791	1,311,509	
Services Integrated into all Strategies	Funding Allocation Proposal	2009-10 Budget Proposal	Budget Division
Community Grants Initiative	3,182,573	3,158,420	Community Grants
Cultural Access Services	350,000	342,371	Support Strategies
Policy Development and Advocacy	NA	NA	
Grand Total	21,298,192	21,346,000	

Fiscal Impact

The fiscal impact is \$24,769,010 in expenses that will be funded by revenue and available funding of \$24,769,010. Sustainability funds are projected to cover \$4,838,007 of the expenses in 2009-10.

These amounts are within the ranges set forth in the Long Range Financial Plan figures presented in January 2009. That plan projects up to \$5,855,100 in Sustainability Funds to be used to maintain programs in 2009-10. If the Proposition 1D ballot measure passes, it will be necessary to revise the Long Range Financial Plan to authorize an accelerated use of the Sustainability Funds to cover the revenue lost.

RECOMMENDED ACTION

To review and give feedback on the presentation and content of the 2009-10 Budget Proposal, in preparation for presentation to the Commission on March 26, 2009

Submitted by:

Reviewed by:

Rebecca Gebhart, Director
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