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Growing Children, One by One...

## MEMO

**TO:** Commissioners  
**FROM:** Rick Alford, Contracts & Evaluation Coordinator  
**DATE:** December 22, 2011  
**RECOMMENDATION:** For Information Only

### BACKGROUND:

In preparing the draft 2012-17 Strategic Plan, staff has reviewed the Commission's fiscal records for the past four years:

- Approved budgets over the last 4 years have averaged almost \$2.9M.
- Actual expenditures over the last 4 years have averaged \$2.4M.
- Revenues over the last 4 years have averaged almost \$1.6M.
- On average the Commission has expended approximately \$843,000 more than annual revenues.

This funding model along with the impact of AB99 has led to a decrease in the Commission's fund balance and sustainability fund: from \$5.9M at the end of FY 08-09 to a projected \$333,000 at the end of FY 11-12.

### DISCUSSION:

The impact of AB99 is still being determined, with the potential for an appeal of the November 2011 ruling pending until late January 2012. If the favorable November 2011 ruling stands, the \$2.3M swept away by AB99 will be restored to the Commission's Fund Balance, bringing the projected FY 11-12 end of year fund balance to \$2.6M.

Either way, the Commission should begin to "live within its means", and implement a long term fiscal plan that will support Commission Initiatives (Direct Services) and Operations (Support Services) while maintaining a prudent reserve that meets the conditions of the Minimum Fund Balance Policy (Sustainability Fund = 1 year to 2 months funding).

**CONCLUSION:**

Staff has drafted 2 funding models for the 2012-17 Strategic Plan for the Commission to consider and discuss. Funding allocations for DS contracts with FTEs (CHI, TWG, H5Q and R2R@YL) are based on a projected annual cost of \$85k per FTE.

**Scenario 1:** The \$2.3M from AB99 would not be available. The Commission could operate within the \$1.2M projected annual revenue, while maintaining a minimum fund balance equal to two (2) months of the annual budget (the minimum level specified by the Commission's Minimum Fund Balance Policy).

**Scenario 2:** The \$2.3M from AB99 would be restored to the Commission Fund Balance. This would allow the Commission to operate closer to current funding levels, utilizing a portion of the Sustainability Fund (approximately \$415,000 per year) to implement a "slope approach" over a 5 year period. At the end of the 5 year period, the Commission would have a projected fund balance equal to approximately four (4) months of an annual \$1.2M budget, and would develop a new 5 year fiscal plan based on the Commission's updated financial projections.

Opportunities to leverage other funding will be researched and considered on an ongoing basis under either of the two scenarios above or any other that the Commission approves.

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Fiscal Summary FY 08-09 through FY 11-12

		A	B	C	D	E
	<u>Approved Budgets</u>	FY 08-09	FY 09-10	FY 10-11	FY 11-12	4 year Averages
1						
2	Direct Services	\$ 2,210,786	\$ 3,118,469	\$ 2,869,066	\$ 1,487,132	\$ 2,421,363
3	Support Services	\$ 612,456	\$ 420,400	\$ 501,109	\$ 350,000	\$ 470,991
4	<b>Annual Totals:</b>	<b>\$ 2,823,242</b>	<b>\$ 3,538,869</b>	<b>\$ 3,370,175</b>	<b>\$ 1,837,132</b>	<b>\$2,892,355</b>
5	<u>Actual Expenditures</u>					
6	Direct Services	\$ 1,770,596	\$ 2,417,247	\$ 2,246,691	\$ 1,487,132	\$ 1,980,417
7	Support Services	\$ 541,910	\$ 391,854	\$ 475,272	\$ 350,000	\$ 439,759
8	<b>Annual Totals:</b>	<b>\$ 2,312,506</b>	<b>\$ 2,809,101</b>	<b>\$ 2,721,963</b>	<b>\$ 1,837,132</b>	<b>\$2,420,176</b>
9	<u>Revenues</u>					
10	Prop. 10	\$ 1,537,257	\$ 1,269,187	\$ 1,230,950	\$ 1,200,000	
11	State Match	\$ 520,139	\$ 156,184	\$ 3,079	\$ -	
12	Small County Admin.	\$ 44,269	\$ 41,486	\$ 44,030	\$ 39,000	
13	SMIF	\$ 3,797	\$ 874	\$ 655	\$ 1,000	
14	MAA	\$ 19,358	\$ 39,985	\$ 7,070	\$ 6,000	
15	Interest	\$ 93,613	\$ 16,235	\$ 10,925	\$ 5,500	
16	Other	\$ -	\$ -	\$ -	\$ 16,380	
17	<b>Annual Totals:</b>	<b>\$ 2,218,433</b>	<b>\$ 1,523,951</b>	<b>\$ 1,296,709</b>	<b>\$ 1,267,880</b>	<b>\$1,576,743</b>
18	Revenue minus Expenses:	(\$94,073)	(\$1,285,150)	(\$1,425,254)	(\$569,252)	(\$843,432)
19	AB99:			(\$2,327,950)		
20	Fund Balance:	\$ 5,953,688	\$ 4,655,900	\$ 902,696	\$ 333,444	

Current Projections as of 11/28/2011

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**5 year Fiscal Plan  
FY 2012-2013 through FY 2016-2017**

<b>Annual Financial Resources:</b>	<b>Scenario 1</b>	<b>Scenario 2</b>
Revenue (Prop. 10, MAA, & Other)	\$ 1,200,000	\$ 1,200,000
Annual Sustainability Expenditures	\$ -	\$ 415,000
<b>Total Annual Revenue</b>	<b>\$ 1,200,000</b>	<b>\$ 1,615,000</b>

	<b>Scenario 1: \$1.2 Million per year (\$850k DS, \$350k SS)</b>	<b>Scenario 2: \$1.6 Million per year (\$1.265M DS, \$350k)</b>
Best Beginnings	\$ 210,000 Best Beginnings Home Visit offered to all families with newborn children born at Marshall or Barton Hospital	\$ 210,000 Best Beginnings Home Visit offered to all families with newborn children born at Marshall or Barton Hospital
Children's Health Initiative	\$ 170,000 2 FTE Community Health Workers	\$ 255,000 3 FTE Community Health Workers
Together We Grow	\$ 255,000 3 FTE Early Childhood Specialist	\$ 425,000 5 FTE Early Childhood Specialist
Ready to Read @ Your Library	\$ 127,500 1.5 FTE Early Literacy Specialists	\$ 212,500 2.5 FTE Early Literacy Specialists
High 5 for Quality	\$ -	\$ 85,000 1 FTE Early Childhood Specialist*
Community Strengthening	\$ 21,000 \$7,000 per Regional CS Group	\$ 21,000 \$7,000 per Regional CS Group
Evaluation	\$ 40,000 SEI Evaluation Support at approx 3 days per month	\$ 40,000 SEI Evaluation Support at approx 4 days per month
School Readiness	\$ 2,500 Semi-Annual Articulation Meetings	\$ - Semi-Annual Articulation Meetings*
Communication Plan	\$ 24,000 Book bags, website & outreach materials	\$ 16,500 Book bags, website & outreach materials
<b>Commission Direct Services</b>	<b>\$ 850,000</b>	<b>\$ 1,265,000</b>
<b>Commission Support Services</b>	<b>\$ 350,000</b>	<b>\$ 350,000</b>
<b>Total Annual Budget</b>	<b>\$ 1,200,000</b>	<b>\$ 1,615,000</b>
		<b>\$ 460,000 \$2.3 Million Sustainability over 5 years</b>
		<b>\$ (415,000) Annual Sustainability Expenditures</b>
		<b>\$ 45,000 Annual Sustainability Reserve</b>
<b>Sustainability Fund Balance:</b>	<b>\$ 200,000</b>	<b>\$ 425,000 Sustainability Fund at end of 5 years</b>