



FIRST 5 ALAMEDA COUNTY EXECUTIVE COMMITTEE MEETING AGENDA

Thursday, April 9, 2020

Members of the public may access this meeting via:

Zoom Meeting: <https://zoom.us/j/183508100>

Meeting ID: 183508100

9:00 AM – 10:30 AM

Commissioners:

Chair: Renee Herzfeld, Vice Chair: Cecilia Echeverría, Scott Coffin

- 1. Public Comment**
- 2. Staff Announcements**
 - a. General Staff Announcements**
 - b. Children’s Health and Child Care Initiative for Alameda County Update**
- 3. Approval of Minutes from February 13, 2020**
- 4. COVID-19 Response**
 - a. Administrative Recommendations**
- 5. Contract Authorizations**
- 6. FY 2020-22 Budget Proposal – First Reading**
- 7. FY 2020-29 Long Range Financial Plan – First Reading**
- 8. CEO Performance Evaluation – CLOSED SESSION (Gov Code 54754.5)**
- 9. Adjournment**

Information about access:

Please contact Julia Otani at julia.otani@first5alameda.org or (510) 227- 6987 3 business days in advance if you need special assistance or translation/interpretation support so we can make reasonable arrangements to ensure accessibility. We will swiftly resolve any requests for accommodation to resolve any doubt whatsoever in favor of accessibility.



**First 5 Alameda County Executive Committee Meeting
February 13, 2020 9:00 AM – 10:30 AM
1115 Atlantic Ave., Alameda, CA**

Commissioners Present: Chair: Renee Herzfeld, Scott Coffin

First 5 Staff Present: Kristin Spanos, Christine Hom (By Phone), Mary Saelee, Mojgan Vijeh

Commissioners Absent: Vice Chair: Cecilia Oregon Echeverría

AGENDA ITEM SPEAKER	DISCUSSION HIGHLIGHTS	ACTION	FOLLOW UP
CALL TO ORDER			
R. Herzfeld	The meeting was called to order by Chair Herzfeld at 9:00 AM.	None	None
1. PUBLIC COMMENT			
R. Herzfeld	There was no public comment.	None	None
2. APPROVAL OF MINUTES FROM DECEMBER 5, 2019			
R. Herzfeld	<p>[Attachment] December 5, 2019 meeting minutes Chair Herzfeld facilitated the vote to approve the December 5, 2019 Executive Committee Meeting minutes.</p>	Motion: S. Coffin Second: R. Herzfeld Motion passed	None
3. STAFF ANNOUNCEMENTS			
K. Spanos	<p>A. General Staff Announcements</p> <ul style="list-style-type: none"> ▪ First 5 Alameda County (F5AC) staff presented on Fatherhood, Local Initiatives/Alternative Revenue and School Readiness at the First 5 California Summit held in Irvine, CA on February 3-5, 2020. ▪ F5AC, First 5 Sonoma and First 5 Santa Clara are representing the Bay Area region on the First 5 Association Policy Committee this year. Margot Grant Gould from First 5 Association is drafting a letter to send to the Early Childhood Policy Committee and Consultants working on the Early Childhood Master Plan with First 5 priorities in the coming weeks. F5AC compiled the Bay Area region’s response to the draft letter this past week. 	None	None



AGENDA ITEM SPEAKER	DISCUSSION HIGHLIGHTS	ACTION	FOLLOW UP
3. STAFF ANNOUNCEMENTS (Continued)			
K. Spanos	<ul style="list-style-type: none"> ▪ F5AC received an invitation to join the Pediatrics Supporting Parents California Medi-Cal Implementation Workgroup. ▪ There was a meeting with Help Me Grow (HMG) systems leaders on January 22nd. A follow up e-mail was sent to the Commission on February 10th with a memo. ▪ The 2020 Fatherhood Summit will be taking place on a Saturday in October 2020 at the Oakland Marriot Convention Center and has currently raised \$145,000. The goal is to raise \$350,000 and the program will be scaled according to the amount raised. \$100,000 has been pledged/received from DCSS, Alameda County HCSA, Probation, and SSA. F5AC is waiting to hear from Kaiser (\$50,000 request) and Heising-Simmons (\$30,000 request). The Summit will be offering over 20 workshops, including plenary sessions and father-focused resources and activities. ▪ Mr. Kevin Bremond and Ms. Jane Wellenkamp represented F5AC at the Aspen Institute/ Fatherhood Learning and Action Community meeting in Colorado. F5AC was the only group from California. The learning community will be meeting in April and June. ▪ F5AC will hold a Parent Engagement RFP bidders conference on February 13th. There will be up to four (4) qualified non-profit or public agencies funded at no more than \$225,000 from July 1, 2020–June 30, 2021 to develop and operate parent engagement and support programs. ▪ In partnership with the First 5 Association and with the Alameda County Complete Count Committee, F5AC is distributing materials created to encourage families with young children to respond to the Census 2020 questionnaire. ▪ F5AC is working in partnership with the Alameda Oakland Community Action Partnership and the United Way of the Bay Area to create postcards and posters encouraging families to take advantage of the young child tax credit, which is up to a \$1,000 credit for every family who files taxes in California. Organizations can request materials through an order form we sent out recently in our FYI newsletter. ▪ Trainings@First5 is hosting a staff development training that is also open to the public called "California Policy and Advocacy 101: An Introduction to the State Legislative Process", which will be held at F5AC on February 24th. 		



AGENDA ITEM SPEAKER	DISCUSSION HIGHLIGHTS	ACTION	FOLLOW UP
3. STAFF ANNOUNCEMENTS (Continued)			
K. Spanos	<p>B. Children’s Health and Child Care Initiative for Alameda County Update</p> <ul style="list-style-type: none"> ▪ The measure will be on the March 3rd ballot. March 4th will be the effective date if approved by voters. The Alameda County Board of Supervisors will declare the results of each measure under its jurisdiction on April 3rd. Tax collection will begin on July 1st if the measure passes. ▪ F5AC has contracted Koff and Associates to work on a class and compensation study, possible job descriptions as well as an organization chart. ▪ F5AC is working on communications to be shared with staff, partners and the Commission after March 3rd. ▪ Ms. Rowena Kamo has been appointed Interim QECE Special Projects Coordinator effective February 10th. Her role will largely entail coordinating administrative readiness and working with the QECE team to support programmatic planning. 		
4. CONTRACT AUTHORIZATIONS			
M. Vijeh	<p>[Attachment] Ms. Vijeh presented the Contract Authorizations.</p> <ul style="list-style-type: none"> ▪ Olson Remcho LLP (formerly known as Remcho, Johansen & Purcell, LLP) – name change ▪ BANANAS, INC - \$65,000 ▪ Hively - \$65,000 ▪ Community Child Care Council (4Cs) of Alameda County - \$65,000 ▪ Community Child Care Council (4Cs) of Alameda County - \$22,000 <p>Chair Herzfeld recused herself from the votes for 4Cs, BANANAs and Hively.</p>	There was not a quorum to vote on the recommendation with Chair Herzfeld abstaining from the vote.	The contracts will be brought to the full Commission for final review and approval.
5. FY 2019-20 MID-YEAR FINANCIAL REPORT			
C. Hom	<p>[Attachment] Ms. Hom presented the FY 2019-20 Mid-Year Financial Report. Highlights of Revenue received during the first 6 months of the year include:</p> <ul style="list-style-type: none"> ▪ As of December 31st, total half yearly revenue received was \$7.6M, or 33% of the revenue projection for the current fiscal year. 	Motion: R. Herzfeld Second: S. Coffin Motion passed	The report will be brought to the full Commission for final review and approval.



AGENDA ITEM SPEAKER	DISCUSSION HIGHLIGHTS	ACTION	FOLLOW UP
5. FY 2019-20 MID-YEAR FINANCIAL REPORT (Continued)			
C. Hom	<ul style="list-style-type: none"> ▪ Tobacco Tax receipts of nearly \$4.7M (of \$11.4M budgeted) or 41% was received for the first six months of the fiscal year. \$1.7M of Prop 10 and \$2.9M of Prop 56 tobacco tax was received for the period of FY 2017-18. Proposition 10 revenues are typically received 2 months in arrears consistent with prior year’s trends. However, due to the state’s implementation of a new system called Fi\$CAL revenues have been delayed 5 to 7 months. <p>Highlights of Expenses received during the first 6 months of the year include:</p> <ul style="list-style-type: none"> ▪ At \$6.6M, total Expenditures for the first six months were almost 29% of the budgeted amount of \$23.1M. ▪ Total receipt of revenues is on the lower end at the mid-year due to the timing of monies to be received from external funding sources. Total expenses incurred are also relatively low as has always been the case in previous years. That will change as the year progresses and most expense line items are expected to trend closer to budget projections by year-end. 		
6. FY 2019-20 MID-YEAR BUDGET MODIFICATION			
C. Hom	<p>[Attachment]</p> <p>Ms. Hom presented the FY 2019-20 Mid-Year Budget Modification.</p> <p>Major highlights of the revenue changes include:</p> <ul style="list-style-type: none"> ▪ The FY 2019-20 Adopted Budget projects revenue and available funding totaling \$23,102,690. The proposed budget modification changes this amount to \$23,785,904 a net increase of \$683,214. ▪ The primary changes in revenue for this fiscal year include the addition of First 5 CA IMPACT grant funds, interagency income from several agencies including the CA Dept of Education for QRIS Block Grant funding and new foundation funding from Sunlight Giving. ▪ The proposed modified budget includes an increase in the budget of \$255,000 for IMPACT grant funding, an increase of \$457,331 from CA Dept of Education for the 2nd QRIS Block Grant and an increase of \$200,000 from Sunlight Giving for general operating support. This is the first year of a 3-year \$600,000 grant. ▪ Revenues received in prior years in the amount of \$450,362 will be spent as per the original approved budget. 	<p>Motion: S. Coffin Second: R. Herzfeld Motion passed</p>	<p>The mid-year budget modification will be brought to the full Commission for final review and approval.</p>



	<p>Major highlights of expense changes include:</p> <ul style="list-style-type: none"> ▪ The addition of \$230,000 to personnel costs reflecting the addition of an additional Contracts & Budget Specialist and the ECE Project Director. ▪ The addition of \$224,000 to program contracts and grants from externally funded activities as well as adjustments to strategy budgets between contracts and program operating costs. ▪ The addition of \$193,000 to program operating costs per the increase of externally funded activities in the Early ID strategy, QECE strategy and Communications strategy. ▪ The addition of \$193,000 to program operating costs per the increase of externally funded activities in the Early ID strategy, QECE strategy and Communications strategy 		
AGENDA ITEM SPEAKER	DISCUSSION HIGHLIGHTS	ACTION	FOLLOW UP
7. CEO PERFORMANCE EVALUATION – CLOSED SESSION (GOV CODE 54754.5) 10:28 AM			
R. Herzfeld	<p>Chair Herzfeld requested that all members of the public and staff leave the meeting for closed session to conduct the CEO’s performance evaluation.</p> <p>The public was dismissed at 10:28 AM.</p>	None	None
8. ADJOURNMENT			
R. Herzfeld	The public meeting reconvened and adjourned at 10:46 AM.	None	None

Respectfully Submitted By: Mary Saelee, Senior Associate



To: First 5 Alameda County Executive Committee

From: Kristin Spanos, CEO

Date: April 9, 2020

Subject: Administrative Recommendations in Response to COVID-19

REQUESTED ACTION

To review the following administrative actions.

BACKGROUND

Since the beginning of March First 5 Alameda County has implemented a series of work accommodations in response to the COVID-19 outbreak. In addition to restricting work travel, onsite trainings, outside use of our facility, and providing guidance to our contractors, we also adopted a mandatory remote work arrangement in accordance with school closures and the County's Public Health Shelter in Place order. First 5 adopted these measures out of necessity and given the "all in" nature of the moment we felt it was important to support social distancing efforts. It was a way to do our small part to mitigate the spread of the virus and lessen the impact on our health care system.

We have identified critical functions and developed policies and protocol to ensure ongoing business operations during these extraordinary times. We have also prioritized supporting staff who are balancing personal demands, along with work, during the pandemic. To this end, aligned with the Department of Labor recommendations, we have created flexible schedules and temporary part-time schedules and we are working with employees on intermittent FMLA arrangements. We are also reminding staff our of our Catastrophic Leave Bank developed in 2005 that allows employees to donate vacation leave. Employees who have experienced a catastrophic illness or injury, and who have exhausted their paid leaves, may request donations from the bank.

This memo provides recommendations for additional policy modifications which will grant the agency the administrative flexibility to:

- Provide support to our employees, many of whom have had their families economically impacted and are experiencing hardships with school closures and other disruptions; and,
- Allow F5AC to most efficiently release resources and partner with public and community leadership and families in support of our County response to COVID-19

F5AC is requesting that the Commission consider the following:

1. Temporary changes to our Employee Handbook policies in response to the COVID-19 crisis.
 - Allow staff to sell up to their accrued vacation balance and Paid Time Off (PTO) balances through 6/30/2020. (pg. 11 of Employee Handbook)
 - Modified policy is effective through 6/30/2020 with the ability to be extended with the CEO's discretion. If an extension is implemented, estimated financial impact and length of extension will be brought back to the Commission
 - Proposed temporary policy:
"F5AC encourages employees to use their accrued vacation time. Employees may, however, request to receive a vacation pay-out for all of their accrued, unused vacation in lieu of taking paid time off work. Vacation pay-out is limited to the number of hours accrued at the time of the request." and,
"Employees may request a payout of available, unused Paid Time Off (PTO) in lieu of taking paid time off work."

Estimated Fiscal Impact: \$589,163 through 6/30/20, estimate assumes 100% sell back of all vacation and PTO balances. We anticipate this to be offset by current year salary savings.

2. Allow staff to request an advance of no more than one bi-weekly gross pay
 - Requests for advances must be made by 12/31/2020, with repayment made in full by 6/30/2021
 - Proposed temporary policy :
"Employees may request an advance paycheck up to the amount of one gross pay period wages with HR approval. This advance will be deducted from future paychecks over a period agreed upon by First 5 and the employee. The repayment period cannot exceed six months. Should the employee leave prior to repayment the balance will be deducted from the final paycheck. This policy is set to expire 6/30/2021, with all requests to be made by 12/31/2020."

Estimated Fiscal Impact: None

External temporary recommendations through June 30, 2021:

3. Increase FY 2019-20 budget by up to \$1,000,000 to allow for creation of a COVID-19 Community Resilience Fund to aid community-based organization and public agency providers serving children and families with basic needs.

Fiscal impact: \$1,000,000.00 increase to current FY 2019-20 budget

4. Increase proposed FY 2020-21 budget by \$2,000,000 to include COVID-19 Community Resilience Fund.

Fiscal impact: \$2,000,000.00 has been added to the FY 2020-21 budget proposal

5. In addition to CEO’s current discretion to approve modifications to contractors’ scope of work/timeline as needed, extend administrative flexibility for CEO to authorize contracts adopting the following temporary policies through June 30, 2021:
- Increase CEO annual contract authorization authority up to \$250,000 (not subject to limits of aggregate approval); reporting of funds distributed will be provided at Commission meetings post origination
 - Awards greater than \$250,000 will be brought to the Executive Committee for approval; Commission is requested to delegate approval authority to the Executive Committee

RECOMMENDATION

That the Executive Committee recommend the following administrative proposals be brought to the Commission for approval at their next meeting.

1. Allow staff to sell up to their accrued vacation balance and Paid Time Off (PTO) balances through 6/30/2020
2. Allow staff to request an advance of no more than one bi-weekly gross pay
3. Increase appropriation of \$1,000,000 to the current budget thereby increasing the modified approved FY 2019-20 budget from \$23,785,904 to \$24,785,904
4. Increase FY 2020-21 budget proposal to include \$2,000,000 for COVID-19 Community Resilience Fund
5. Extend administrative flexibility for CEO to authorize contracts adopting the proposed temporary policies through June 30, 2021

Submitted by:

DocuSigned by:
Kristin Spanos
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Kristin Spanos
Chief Executive Officer

Reviewed by:

DocuSigned by:
Mojgan Vjeh
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Mojgan Vjeh
Director of Operations & Technology



To: First 5 Alameda County Executive Committee
From: Christine Hom, Finance Officer
Date: April 9, 2020
Subject: Contract Authorizations

REQUESTED ACTION

To review the following contract authorizations.

BACKGROUND

Per our Financial Policies, Section VII. Purchasing and Contracting, the Commission must approve contract/award amounts in excess of \$50,000. The following awards require specific authorization from the Commission.

Applied Survey Research - \$30,000

First 5 Alameda County is requesting approval of a sole source FY2019-21 contract in the amount of \$30,000 with Applied Survey Research (ASR) to conduct a survey of families who have received Help Me Grow Central Access Point (Phone Line and Family Navigation) services within the fiscal year. This survey is conducted every two years with the purpose of quality assurance, to assess families' satisfaction, and to evaluate the impact of services. ASR will conduct the survey in English, Spanish, Chinese, provide the raw data collected and prepare a report for First 5. The addition of this \$30,000 contract brings the aggregate FY 2016-21 contract amount to *\$289,531 for which Commission approval is needed.

*F5AC currently has the following contracts with Applied Survey Research:

- FY2016-20 contract for \$75,400 for evaluation of children with developmental vulnerabilities.
- FY2018-21 contract for \$190,125 to conduct a kindergarten readiness assessment of children in Alameda County.

Fiscal Impact: Funding is budgeted and is provided by Prop 10.

Action requested: Recommend an aggregate FY2016-21 award amount of \$289,531 for Applied Survey Research.

Early Quality Systems, LLC - \$10,000

First 5 Alameda County is requesting approval of a FY2018-20 \$10,000 contract amendment with Early Quality Systems, LLC to extend the license contract term by one month, ending June 30, 2020. Currently, First 5 has a contract for a license to use the iPinwheel software application for our QRIS data system, which ends on May 30, 2020. This extension aligns the software license term with First 5's fiscal year.

The addition of this \$10,000 contract amendment brings the FY 2018-20 aggregate contract amount to \$159,115 for which Commission approval is needed.

*F5AC currently has the following contracts with Early Quality Systems:

- FY18-20 contract for \$149,115 to configure and launch iPinwheel for Alameda County Quality Counts to manage the local QRIS program. In addition, the contractor will train First 5 staff and QC implementation partners and host Alameda County data for one year, per iPinwheel License agreement.

Fiscal Impact: Funding is budgeted and provided by the First 5 CA IMPACT grant and IMPACT Hub grant.

Action requested: Recommend an aggregate FY18-20 \$149,115 award amount for Early Care Systems, LLC.

City of Alameda - \$45,000

First 5 Alameda County is requesting approval of a FY2019-20 \$45,000 contract with City of Alameda to purchase a mobile family resource van that will provide family engagement and early learning opportunities for families with children ages 0-5 in the City of Alameda. In January 2019, First 5 released an Application for a Facilities Grant Program to the current Early Learning Community Network (ELCN) awardees to apply for a one-time grant to support the planning and development of viable, well-designed spaces for families with young children in Alameda County that support ELCN Early Learning Action Plans. This mobile family resource will enable Alameda's ELCN to provide support to informal family and caregiver groups; meeting families where they already are; and providing dental, vision, hearing, and behavioral health screening and assessments in the community.

The addition of the \$45,000 contract brings the aggregate FY 2019-21 contract amount to *\$180,000 for which Commission approval is needed.

*F5AC currently has the following contracts with the City of Alameda:

- FY2019-21 contract for \$135,000 to implement a comprehensive Early Learning Action Plan for the City of Alameda, which supports the planning and development of several parent support programs including a mobile family resource center.

Fiscal Impact: Funding is budgeted and is provided by Prop 10.

Action requested: Recommend an aggregate FY2019-21 award amount of \$180,000 for the City of Alameda.

COVID-19 Community Resilience Fund

First 5 Alameda County is requesting approval of FY 2019-20 sole source contracts with the following agencies to provide basic need support to providers and families with children age 0 to 5:

Alameda County Community Food Bank (ACCFB) - \$350,000

Alameda County Community Food Bank will provide emergency food to families with children age 0 to 5. First 5 will work with the food bank, and other stakeholders to leverage existing distribution sites and ensure coordination with SupplyBank.org.

Fiscal Impact: Funding is included in the second revised FY 2019-20 budget and is provided by Prop 10.

Action requested: Recommend a FY2019-20 award amount of \$350,000 for the Alameda County Community Food Bank.

SupplyBank.org - \$350,000

SupplyBank.org will provide emergency supplies and general provisions including formula and diapers to families with children age 0 to 5. SupplyBank.org has a current \$49,900 FY 2019-20 contract to collaborate with partners to publicize the availability of the Diaper Kit Program to low income parents with diaper-age children in Alameda County. F5AC will ensure that SupplyBank.org works with the Alameda County Community Food Bank to ensure coordination amongst sites served. The addition of this contract brings the aggregate FY 2019-20 contract amount to \$399,900 for which Commission approval is needed.

Fiscal Impact: Funding is included in the second revised FY 2019-20 budget and is provided by Prop 10.

Action requested: Recommend an aggregate FY2019-20 award amount of \$399,900 for SupplyBank.org.

4Cs of Alameda County - \$100,000

4Cs of Alameda County will provide 1). emergency response dissemination of information to families and providers, 2). distribute emergency supplies including educational materials and 3). support general agency operating expenses such as navigation to families and technical assistance to providers. The addition of this contract brings the aggregate FY 2018-20 contract amount to *\$712,000 for which Commission approval is needed.

*F5AC currently has the following contracts with 4Cs:

- FY2018-20 contract for \$152,000 to provide coordinated training and playgroups for Family, Friend, and Neighbor caregivers and Family Child Care Providers who care for children birth to 5 years old in Alameda County.
- FY2019-20 contract for \$325,000 to provide professional development opportunities for the Early Childhood Education (ECE) workforce in Alameda County and on-site technical assistance and coaching to Quality Rating and Improvement System (QRIS) sites.
- FY2019-21 contract (approved and pending execution) for \$135,000 to support the City of Hayward as the lead agency to implement a comprehensive Early Learning Action Plan, which includes parent engagement programming (Parent Cafes and fatherhood specific programming) and efforts to plan a Family Resource Center.

Fiscal Impact: Funding is budgeted and provided by the First 5 CA IMPACT grant.

Action requested: Recommend an aggregate FY2018-20 award amount of \$712,000 for 4Cs of Alameda County.

Bananas, Inc. - \$100,000

Bananas, Inc. will provide 1). emergency response dissemination of information to families and providers, 2). distribute emergency supplies including educational materials and 3). support general agency operating expenses such as navigation to families and technical assistance to providers. The addition of this contract brings the aggregate FY 2018-20 contract amount to *\$645,000 for which Commission approval is needed.

*F5AC currently has the following contracts with BANANAS, Inc.:

- FY2018-20 contract for \$120,000 to provide coordinated training and playgroups for Family, Friend, and Neighbor caregivers and Family Child Care Providers who care for children birth to 5 years old in Alameda County.
- FY2019-20 contract for \$325,000 to provide professional development opportunities for the Early Childhood Education (ECE) workforce in Alameda County and on-site technical assistance and coaching to Quality Rating and Improvement System (QRIS) sites.
- FY2019-20 contract for \$100,000 to implement the CARE Homeless Navigation pilot.

Fiscal Impact: Funding is budgeted and provided by the First 5 CA IMPACT grant.

Action requested: Recommend an aggregate FY2018-20 award amount of \$645,000 for Bananas, Inc.

Hively - \$100,000

Hively will provide 1). emergency response dissemination of information to families and providers, 2). distribute emergency supplies including educational materials and 3). support general agency operating expenses such as navigation to families and technical assistance to providers. The addition of this contract brings the aggregate FY 2018-20 contract amount to *\$325,000 for which Commission approval is needed.

*F5AC currently has the following contracts with Hively:

- FY2018-20 contract for \$50,000 to provide coordinated training and playgroups for Family, Friend, and Neighbor caregivers and Family Child Care Providers who care for children birth to 5 years old in Alameda County.
- FY2019-20 contract for \$175,000 to provide professional development opportunities for the Early Childhood Education (ECE) workforce in Alameda County and on-site technical assistance and coaching to Quality Rating and Improvement System (QRIS) sites.

Fiscal Impact: Funding is budgeted and provided by the First 5 CA IMPACT grant.

Action requested: Recommend an aggregate FY2018-20 award amount of \$325,000 for Hively.

RECOMMENDATION

That the Executive Committee recommends the above contract authorizations be brought to the Commission for approval at their next meeting.

Submitted by:

DocuSigned by:

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Christine Hom
Finance Officer

Reviewed by:

DocuSigned by:

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Kristin Spanos
Chief Executive Officer



To: First 5 Alameda County Executive Committee

From: Kristin Spanos, Chief Executive Officer
Christine Hom, Finance Officer

Date: April 9, 2020

Subject: FY 2020-22 Budget Proposal – First Reading

ACTION REQUESTED

To review the following FY 2020-22 Budget Proposal and to give feedback for clarification or changes in preparation for the final reading on June 18, 2020.

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. The First 5 Alameda County Commission originally approved a four-year Strategic Plan for FY 2017-21 and approved the extension of the Plan for one additional year through FY 2021-22 during the February Commission meeting. This budget proposal covers the last two years of that period, FY 2020-22. F5AC is requesting approval in principle of the second year of the budget (FY 2021-22) at the identical revenue and expense amounts as FY 2020-21 to enable the agency to engage in two-year awards that span FY 2020-22. The full FY 2021-22 budget will be brought to the Commission for consideration beginning in April 2021.

This presentation is the first reading of the FY 2020-22 budget proposal. Staff will prepare the second and final reading for the June Executive and Commission meetings. Any changes directed by the Commission, new information related to the tobacco tax and other revenue streams, as well as major changes to expenditures will be incorporated between now and the June reading. In addition, the presentation in June will include the list of contracts that exceed \$250,000 which require Commission authorization.

As is the practice of First 5 Alameda County, changes that occur during the course of the fiscal year will be formally incorporated into the budget during the mid-year Budget Modification in January 2021.

CURRENT BUDGET PROPOSAL

This document provides a fiscal summary of revenue projections and budgeted expenditures as follows:

- First 5 staff salaries and benefits
- Contracts
- Grants & Stipends
- Professional Service Contracts
- Program Operating Costs
- Infrastructure costs

The following Revenue and Expense projections reflect the priorities of the 2017-2022 Strategic Plan that was originally approved by the Commission in December 2016 and extended for an additional year in February 2020.

REVENUE AND AVAILABLE FUNDS FOR FY 2020-21

Combined Revenues and Sustainability Funds for FY2020-2021 are projected to be \$24.5 million. This figure is consistent with the Long Range Financial Plan. \$6.1 million of Sustainability Funds (\$4.1 million for FY 2021-22 agency budget and \$2 million to support the COVID-19 Community Resilience Fund) are budgeted to close the gap between revenue and projected expenses.

REVENUE TYPE	2020-21 PROPOSED	RATIONALE/DETAILS
Prop 10 Tobacco Tax		
	\$11,266,978	The tobacco tax revenue projection (Prop 10 and 56) is based on California Department of Finance and First 5 California projections for county commissions. Prop 10 Tobacco taxes are expected to decrease as per First 5 California's update projections in May 2019.
Other First 5 Income		
	\$1,424,818	Funding includes First 5 California IMPACT 2 grant to support local QRIS work, IMPACT Incentive Layer funding and Children's Council of San Francisco (First 5 San Francisco) funding for IMPACT Local Regional Training and Technical Assistance Hub.
Interagency Income		
	\$3,831,630	Funding includes contract with Alameda County Health Care Services Agency and Social Services Agency (via ACHCSA) to support Fathers Corp work, funding from the Alameda County Office of Education/CA State Block Grant for QRIS 6 and projected monies for QRIS 7 grant, funding from Alameda County Behavioral Health Care Services in support of the Alameda County Early Childhood Policy Committee (ACEPC), funding from Alameda County Public Health Department for Healthy Teeth, Healthy Communities, home visiting (PHOC), Help Me Grow Linkage Line services, funding from Alameda County Social Services Agency for CalWORKS and workforce development activities and funding from the California Department of Education for Quality County California QRIS Block Grant 2 and projected monies for QRIS Block Grant 3 and an ELC Workforce Development grant.
Grants		
	\$230,300	Funding from Sunlight Giving for general operating support and the Center for the Study of Social Policy to

REVENUE TYPE	2020-21 PROPOSED	RATIONALE/DETAILS
		support year 5 of Project DULCE.
Fiscal Leveraging		
Fiscal Leveraging	\$1,500,000	Projected funding for Medi-Cal Administrative Activities (MAA); estimates are based on MAA invoices submitted in 2019-20.
Other Income		
	\$119,700	No investment income is projected. Miscellaneous Revenue – Fatherhood Summit represents donations and sponsorships for the event in 2021. Miscellaneous Revenue – Other includes rental income from the First 5 Association.
Total Revenue (1)	\$18,373,426	Prop 10 Tobacco Tax, Other First 5 Income, Interagency Income, Grants, Fiscal Leveraging and Other Income
Reserves: Prop 10 Sustainability Funds (2)	\$6,127,009	Draw down from Proposition 10 Sustainability Fund (including \$2,000,000 to support the COVID-19 Community Resilience Fund) to balance the budget.
Grand Total	\$24,500,435	Total Revenues and Available Funds = (1) + (2)

EXPENDITURES FOR FY 2020-21

In the 2017-2022 Strategic Plan planned activities were categorized under ten major strategies:

PROGRAMS AND INVESTMENTS:

- Parent Engagement and Support
- Early Identification
- Quality Early Childhood Education
- Fatherhood
- Neighborhoods Ready for School
- Innovation

CAPACITY BUILDING & SUSTAINABILITY

- Policy, Planning and Evaluation
- Training and Capacity Building
- Communications
- Administration, Information and Technology

The following Expense proposal provides the cost for each of the ten strategies detailed in the Strategic Plan. The program strategy expenditures presented below consist of Salaries and Benefits, Program related Contracts, Grants and Stipends, Professional Services costs and Program Operating costs. Strategies are supported by facilities, infrastructure and data systems. Indirect agency Infrastructure costs are reflected in the Administration, Information and Technology budget. The budget narrative provides some detail on each Strategy and is to be read in conjunction with the Strategic Plan.

Consistent with legislative requirements brought about by AB 109, expense costs continue to be separated into three 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 Association's First 5 Financial Management Guide.

Salaries and Benefits

For FY 2020-2021, total salaries and benefits are projected to be \$10,404,611. Salaries are budgeted based on actual amounts. Benefits are budgeted at 50% of salaries. Consistent with direction from the Commission, the approved benefit package has remained mostly consistent with Alameda County, including membership in the Alameda County Employee's Retirement Association (ACERA). The 50% allocation is based on actual cost estimates that are revised periodically as needed.

The **Parent Engagement and Support** strategy budget proposal for 2020-21 is **\$3,417,725** and consists of:

FY 2020-21 PROPOSED AMOUNT	FUNDING SOURCES	PROPOSED ACTIVITIES
\$3,417,725	<ul style="list-style-type: none"> ▪ Tobacco Tax ▪ Medi-Cal Administrative Activities (MAA) ▪ Alameda County Public Health Department ▪ Center for the Study of Social Policy (CSSP) ▪ Alameda County Social Services Agency 	<ul style="list-style-type: none"> ▪ Continue support of Perinatal Health Outreach Coordinator (PHOC) position to support home visiting services with Alameda County Public Health Department (ACPHD) ▪ Support four new parent engagement and support grants ▪ Continue support of Early Learning Communities for expansion/development of early childhood systems in select cities in Alameda County ▪ Continue support workforce pilot program and navigation services in Castlemont Corridor ▪ Continue support of Project DULCE activities ▪ Continue support of the 0-5 component of the Alameda County Dental Transformation Grant (Healthy Teeth Healthy Communities)

The **Early Identification** strategy budget proposal for 2020-21 is **\$2,672,063** and consists of:

FY 2020-21 PROPOSED AMOUNT	FUNDING SOURCES	PROPOSED ACTIVITIES
\$2,672,063	<ul style="list-style-type: none"> ▪ Tobacco Tax ▪ Medi-Cal Administrative Activities (MAA) ▪ Alameda County Public Health Department ▪ Alameda County Social Services Agency 	<ul style="list-style-type: none"> ▪ Continue support to parents and caregivers in accessing resources, and increase parent knowledge of child development through family navigation ▪ Broaden screening efforts in alignment with Help Me Grow Strategic Plan including enhancing screening technology and purchase of ASQ kits ▪ Continue to explore local system integration and sustainability with managed care, health care and social services agencies

The **Quality Early Childhood Education (QECE)** strategy budget proposal for 2020-21 is **\$4,761,982** and consists of:

FY 2020-21 PROPOSED AMOUNT	FUNDING SOURCES	PROPOSED ACTIVITIES
\$4,761,982	<ul style="list-style-type: none"> ▪ Tobacco Tax ▪ First 5 California ▪ Children’s Council of San Francisco (Regional IMPACT T/TA Hub) ▪ Alameda County Office of Education ▪ CA Department of Education 	<ul style="list-style-type: none"> ▪ Continue to provide core infrastructure, coordinator and convener role for the Quality Rating and Improvement System (QRIS) system ▪ Continue the recruitment, training and engagement of ECE providers in to the QRIS ▪ Continue to conduct and communicate assessment and rating with providers ▪ Continue to support trainings, playgroups and provide stipends for Family, Friend and Neighbor providers and Family Child Care sites ▪ Provide coaching, consultation, quality improvement services and training on social emotional development (CSEFEL) ▪ Continue support for sustainable advising and professional development in institutions of higher education

The **Fatherhood** strategy budget proposal for 2020-21 is **\$468,000** and consists of:

FY 2020-21 PROPOSED AMOUNT	FUNDING SOURCES	PROPOSED ACTIVITIES
\$468,000	<ul style="list-style-type: none"> ▪ Tobacco Tax ▪ Alameda County Health Care Services Agency ▪ Alameda County Social Services Agency 	<ul style="list-style-type: none"> ▪ Incorporate Father Friendly Principles into additional programs and community initiatives ▪ Continue Fatherhood Partnership Program, host Summit in 2021 and convene learning communities ▪ Continue Father Friendly Principles awareness, adoption, implementation, and capacity building campaign to public systems and CBOs ▪ Continue Fatherhood Media Campaign ▪ Implement Fatherhood Interagency Workgroup

The **Neighborhoods Ready for School** strategy budget proposal for 2020-21 is **\$3,500,000** and consists of:

FY 2020-21 PROPOSED AMOUNT	FUNDING SOURCES	PROPOSED ACTIVITIES
\$3,500,000	<ul style="list-style-type: none"> ▪ Tobacco Tax 	<ul style="list-style-type: none"> ▪ Continued support of school readiness and place based work with Oakland Unified School District and in the Castlemont Corridor ▪ Continue support of Parent Café programming ▪ Continue implementation of “Neighborhood Frameworks” strategy for services and funding investments in areas with the highest need including family navigation and family café consultation and support ▪ Support basic needs diaper distribution activities

The **Innovation** strategy budget proposal for 2020-21 is **\$200,000** and consists of:

FY 2020-21 PROPOSED AMOUNT	FUNDING SOURCES	PROPOSED ACTIVITIES
\$200,000	<ul style="list-style-type: none"> ▪ Tobacco Tax 	<ul style="list-style-type: none"> ▪ Continued development of HIGH 5 Salesforce based database to support grants management and training activities

The **Policy, Planning and Evaluation** strategy budget proposal for 2020-21 is **\$2,109,800** and consists of:

FY 2020-21 PROPOSED AMOUNT	FUNDING SOURCES	PROPOSED ACTIVITIES
\$2,109,800	<ul style="list-style-type: none"> ▪ Tobacco Tax ▪ Alameda County Behavioral Health Care Services Agency 	<ul style="list-style-type: none"> ▪ Continue focus on local policy and systems changes to result in the institutionalization of the work that began at First 5 ▪ Contribute to First 5 Association policy work ▪ Develop an annual policy platform for local efforts aligned with F5AC programs and priorities around school readiness, child development, family supports, child friendly neighborhoods ▪ Continue development of data dashboard, performance monitoring and analysis for each F5AC program strategy in alignment with results-based accountability ▪ Continue support of Alameda County Early Childhood Policy Committee activities ▪ Continue performing evaluations of identified initiatives (i.e. school readiness, place-based work)

The **Training and Capacity Building** strategy budget proposal for 2020-21 is **\$700,000** and consists of:

FY 2020-21 PROPOSED AMOUNT	FUNDING SOURCES	PROPOSED ACTIVITIES
\$700,000	<ul style="list-style-type: none"> ▪ Tobacco Tax 	<ul style="list-style-type: none"> ▪ Continue to provide training on best, promising practices and peer learning communities for the multi-disciplinary workforce serving families with young children ▪ Develop curriculum and capacity building tools connecting trainings to workforce development, parent engagement and place based strategies ▪ Support training for staff development program

The **Communications** strategy budget proposal for 2020-21 is **\$400,000** and consists of:

FY 2020-21 PROPOSED AMOUNT	FUNDING SOURCES	PROPOSED ACTIVITIES
\$400,000	<ul style="list-style-type: none"> ▪ Tobacco Tax 	<ul style="list-style-type: none"> ▪ Continue development of dissemination strategy for F5AC reports and information ▪ Continue development of social media strategy ▪ Continue enhancements to agency website ▪ Develop multi-year campaign that connects with policy platform, parent engagement and education on child development ▪ Develop collateral materials regarding impacts of F5 investments to promote sustainability

The **Administration, Information and Technology** strategy budget proposal for 2020-21 is **\$4,170,865** and consists of:

ADMINISTRATION, INFORMATION AND TECHNOLOGY STRATEGY		
FY 2020-21 PROPOSED AMOUNT	FUNDING SOURCES	PROPOSED ACTIVITIES
\$4,170,865	<ul style="list-style-type: none"> ▪ Tobacco Tax ▪ Medi-Cal Administrative Activities (MAA) ▪ Alameda County Public Health Department ▪ Alameda County Behavioral Health Care Services ▪ First 5 Association (rent) ▪ Grant Indirect Revenue 	<ul style="list-style-type: none"> ▪ Includes Administration, Technology, Finance, Human Resources, Commission, facilities management and consolidated operating costs to support agency operations ▪ Expand and update data systems to build capacity for cross data systems exchange of information including the enhancement of internal databases, expansion of data system agility and responsiveness, improved performance and productivity, update of electronic data sharing confidentiality and privacy practices ▪ Includes agency wide infrastructure costs of insurance, memberships/dues, professional services, utilities, janitorial and maintenance

Administrative Cap

As part of the agency Financial Policies and consistent with AB 109 and SB 35, First 5 Alameda County has set an administrative cost cap of 15%. Costs are segregated through the year into the Program, Evaluation and Administrative areas 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 budgets' costs are:

2020-21 COSTS	
Program	81.71%
Evaluation	7.56%
Administration	10.73%
TOTAL	100.00%

Fiscal Impact

The fiscal impact is \$24,500,435 in budgeted expenses, a major portion of which will be funded by a combination of Prop 10 and other revenue sources amounting to \$18,373,426. The balance is expected to be funded by the use of Proposition 10 Sustainability Funds totaling \$6,127,009 in FY 2020-21.

RECOMMENDATION

That the Commission review the FY 2019-21 Budget Proposal and give feedback for clarification or changes in preparation for the first reading on April 16, 2020.

Submitted by:

DocuSigned by:
Christine Hom
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Christine Hom
Finance Officer

Reviewed by:

DocuSigned by:
Kristin Spanos
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Kristin Spanos
Chief Executive Officer

**First 5 Alameda County
Proposed Budget - Revenue
July 1, 2020 - June 30, 2021**

Revenues	Adopted Modified Budget FY2019-20	Proposed Budget FY2020-21	Change Increase/ (Decrease)	Notes
Proposition 10 Tobacco Tax Revenue	11,443,608	11,266,978	(176,630)	1
Other First 5 Income			-	
First 5 California (IMPACT)	1,970,300	-	(1,970,300)	2
First 5 California (IMPACT 2)	-	1,040,818	1,040,818	3
First 5 California (IMPACT Incentive Layer)	-	274,000	274,000	4
Children's Council of San Francisco (First 5 San Francisco/Hub)	110,000	110,000	-	5
First 5 Associations (Census 2020)	6,000	-	(6,000)	6
Total Other First 5 Income	2,086,300	1,424,818	(661,482)	
Interagency Income			-	
Alameda County Health Care Services Agency (Fathers Corp)	153,000	128,000	(25,000)	7
Alameda County Office of Education (QRIS 5)	51,298	-	(51,298)	8
Alameda County Office of Education (QRIS 6)	400,287	96,012	(304,275)	9
Alameda County Office of Education (QRIS 7) <i>projected</i>	-	444,217	444,217	10
Alameda County Office of Education (Inclusion grant)	108,500	-	(108,500)	11
Alameda County Behavioral Health Care Services Agency (ACECPC)	43,600	9,800	(33,800)	12
Alameda County Public Health Dept. (shared Technology costs)	108,000	108,000	-	13
Federal Pass-through Grants:			-	
Alameda County Public Health Dept. (Healthy Teeth, Healthy Communities)	755,287	396,170	(359,117)	14
Alameda County Public Health Dept. (Home Visiting/PHOC)	49,500	103,772	54,272	15
Alameda County Public Health Dept. (Linkage Line)	433,840	441,007	7,167	16
Alameda County Social Services Agency (CalWORKS)	717,507	717,507	-	17
California Dept. of Education (QCC QRIS Block Grant)	57,865	-	(57,865)	18
California Dept. of Education (QCC QRIS Block Grant #2)	569,102	523,312	(45,790)	19
California Dept. of Education (QCC QRIS Block Grant #3) <i>projected</i>	-	640,833	640,833	20
California Dept. of Education (ELC Workforce Development) <i>projected</i>	-	223,000	223,000	21
Total Interagency Income	3,447,786	3,831,630	383,844	
Grants			-	
Sunlight Giving	200,000	200,000	-	22
Center for the Study of Social Policy (Project DULCE)	100,000	30,300	(69,700)	23
Connecticut Children's Medical Center (HMG Early Care Integration)	3,000	-	(3,000)	24
Total Grants	303,000	230,300	(72,700)	
			-	
Fiscal Leveraging - MediCal Administrative Activities	1,500,000	1,500,000	-	25
			-	
Other Income			-	
Investment Revenue	375,000	-	(375,000)	26
Miscellaneous Revenue - Fatherhood Summit	-	90,000	90,000	27
Miscellaneous Revenue - Other	32,900	29,700	(3,200)	28
TOTAL REVENUE	19,188,594	18,373,426	(815,168)	
RESERVES			-	
Proposition 10 - Sustainability Funds	4,706,392	6,127,009	1,420,617	29
			-	
Interagency and Grants Revenues - received in prior years	890,920	-	(890,920)	30
			-	
TOTAL REVENUES & AVAILABLE FUNDS	24,785,906	24,500,435	(285,471)	
			-	

**First 5 Alameda County
Proposed Budget - Revenue
July 1, 2020 - June 30, 2021**

NOTES												
1	Prop 10 and Prop 56 tobacco tax revenue projections per First 5 California's revenue projections released May 2019											
2	Original First 5 California IMPACT 5 year grant ended June 30, 2020											
3	New First 5 California IMPACT grant has a 3 year term (July 2020 to June 2023), year 1 of 3											
4	IMPACT incentive award received in FY2018-19 will be used for planned activities in FY2020-21											
5	First 5 IMPACT Regional Training and Technical Assistance Hub for Region 4											
6	One time grant funding to support Census 2020 work in FY2019-20											
7	ACHCSA Fathers Corp award has a 5 year term (July 2017 to June 2022), currently in year 4 of 5											
8	ACOE QRIS 5 grant term ended September 30, 2019											
9	ACOE QRIS 6 grant term ends September 30, 2020											
10	Projected ACOE QRIS 7 grant term is July 2020-June 2021											
11	ACOE ELC Inclusion grant term ended June 30, 2020											
12	ACBHCS funding for ACECPC-Parent Voices for July 2020 to September 2020 (3 months)											
13	ACPHD projected annual shared technology costs to support ECChange maintenance and hosting											
14	ACPHD Dental Program (HTHC) award has 4 year term (April 2017 to Dec 2020), currently in year 4											
15	ACPHD Home Visiting/PHOC award to support one FT PHOC position (January 2020 to June 2021)											
16	ACPHD HMG Linkage Line projected 3 year award (July 2020 to June 2023)											
17	ACSSA grant renewal for CalWORKS, Workforce Pilot & Early ID support (July 2020 to July 2021)											
18	CDE QCC Block Grant #1 ended September 30, 2019											
19	CDE QCC Block Grant #2 ends September 30, 2020											
20	Projected CDE QCC Block Grant #3 grant period July 2020 to June 2021											
21	Projected CDE ELC Workforce Development 4 year award; RFA in process											
22	Sunlight Giving general support grant has a 3 year term (June 2019 to July 2022), currently in year 2 of 3											
23	CSSP funding to support Project DULCE activities through October 2020											
24	HMG National Early Care Integration grant, \$6,000 for FY18-20 (January 2019-March 2020) with \$3,000 disbursement in FY 2019-20											
25	FY2020-21 revenue is projected receipt for FY2019-20 invoices											
26	Investment income is not projected to be received for FY 2020-21											
27	One-time awards for the 2021 Fatherhood Summit (PG&E, Kaiser, Cal Endowment, CA Wellness, F5CA)											
28	Rental income from First 5 Association											
29	Use of Prop 10 sustainability funds (including \$2M for COVID-19 Community Resilience Fund) are projected to increase per First 5 California's projected revenues (see note 1)											
30	No planned use of revenue received in prior periods for expenses in FY2020-21											

First 5 Alameda County
Proposed Operating Expenditure Budget By Strategy
July 1, 2020 - June 30, 2021

	Parent Engagement & Support	Early ID	Quality Early Childhood Education	Fatherhood	Neighborhoods Ready for School	Innovation	Policy, Planning & Evaluation	Training & Capacity Building	Communications	Administration, Information and Technology	COVID-19 Community Resilience Fund	TOTAL PROPOSED BUDGET
PROPOSED FY2020-21 BUDGET												
	FY 2020-21	FY 2020-21	FY 2020-21	FY 2020-21	FY 2020-21	FY 2020-21	FY 2020-21	FY 2020-21	FY 2020-21	FY 2020-21	FY 2020-21	FY 2020-21
Personnel Costs												
Salaries & Benefits	1,064,386	1,940,987	1,790,438	216,663	489,348	0	1,688,437	350,085	373,312	2,490,955	0	10,404,611
Program Contracts/Grants												
Contracts	2,387,234	607,000	1,882,200	156,500	2,956,652	200,000	365,700	224,915	21,188	450,000	2,000,000	11,251,389
Grants & Stipends	0	0	826,600	11,000	0	0	0	0	0	0	0	837,600
Professional Services*	0	17,500	146,500	27,000	10,000	0	0	85,000	0	15,000	0	301,000
Total Contracts/Grants	2,387,234	624,500	2,855,300	194,500	2,966,652	200,000	365,700	309,915	21,188	465,000	2,000,000	12,389,989
Program Operating Costs**	66,105	106,576	116,244	56,837	44,000	0	55,663	40,000	5,500	161,608	0	652,533
Infrastructure Costs	0	0	0	0	0	0	0	0	0	1,053,302	0	1,053,302
Total Direct Program Costs	3,517,725	2,672,063	4,761,982	468,000	3,500,000	200,000	2,109,800	700,000	400,000	4,170,865	2,000,000	24,500,435

* Professional Services Contracts : Contracts with individuals or vendors for time limited services that support program work (e.g. consultants, web design, etc.)

** Program Operating costs: Costs that support agency program implementation (e.g. supplies, travel, meeting costs, etc.)

First 5 Alameda County
Proposed Expenditure Budget by Expenditure Category
July 1, 2020 - June 30, 2021

Expenditures	Modified Budget FY 2019-20	Proposed Budget FY 2020-21	Difference	Variance from Prior Year	Notes
Personnel Costs	\$9,918,211	\$10,404,611	\$486,400	5%	1
Program Contracts/Grants	\$13,095,339	\$12,389,989	(\$705,350)	-5%	2
Program Operating Costs	\$729,856	\$652,533	(\$77,323)	-11%	3
Infrastructure Costs	\$1,042,500	\$1,053,302	\$10,802	1%	4
TOTAL EXPENDITURES	\$24,785,906	\$24,500,435	(\$285,471)	-1%	

Notes:

Major changes in Expenditure Category costs, between the second FY 2019-20 Modified Budget and the Proposed FY 2020-21 budget.

1. Personnel Costs

FY2020-21 proposed personnel costs reflects staffing for key operations in Programs, Communications, and Administration Information & Technology increasing from part to full time status.

2. Contracts

FY2020-21 contracts/grants reduction reflects end of external grant term funding (from Thomas J. Long Foundation and First 5 CA IMPACT) and a decrease in budgeted amounts for technology related contracts.

3. Program Operating Costs

FY2020-21 program operating costs reflect a slight reduction primarily due to realignment of expenses between categories, strategies and adjustments per external funding changes (First 5 CA IMPACT and ACPHD Healthy Teeth, Healthy Communities decreased funding in FY2020-21).

4. Infrastructure Costs

FY2020-21 infrastructure costs reflect an increase in cost of service vendors.



To: First 5 Alameda County Executive Committee

From: Kristin Spanos, Chief Executive Officer
Christine Hom, Finance Officer

Date: April 9, 2020

Subject: FY 2020-29 Long Range Financial Plan – First Reading

ACTION REQUESTED

To review the following FY 2020-29 Long Range Financial Plan and to give feedback for clarification or changes in preparation for the first reading on April 16, 2020.

BACKGROUND

First 5 Alameda County has adopted a Long Range Financial Plan annually since March 2004. Adoption of a Long Range Financial Plan has been a statutory requirement of all First 5 Commissions since 2006-07.

The current LRFP was formally approved by the Commission in June 2019. An update to the LRFP is included with underlying assumptions as well as historical background information. The update reflects the Proposed Budget for FY 2020-2029 and the most recent Prop 10 Tobacco Tax revenue forecast from the California Department of Finance that was received in May 2019. The first public reading of the revised Plan will be held on April 16, 2020 and the second and final reading on June 18, 2020.

MINIMUM FUND BALANCE REQUIREMENTS

From time to time, First 5 Alameda County has used Sustainability Funds to augment operating budget needs and to meet revenue shortfalls, to the extent authorized by the Commission. The Sustainability Fund balance as of June 30, 2019 was \$35.7 million. However, this Fund may not be spent down to zero; some funds must be maintained as an operating reserve to cover ongoing cash flow requirements to act as a buffer since there are delays in receiving state tobacco tax revenues or other revenues. The policy is to maintain an amount in the Fund Balance, at a minimum, equal to six months of operating expenses plus an amount to cover fiscal obligations under the Reduction in Workforce Policy.

FISCAL IMPACT

There is no fiscal impact.

RECOMMENDATION

To review the following FY 2020-29 Long Range Financial Plan and to give feedback for clarification or changes in preparation for the first reading on April 16, 2020.

Submitted by:

DocuSigned by:
Christine Hom
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Christine Hom
Finance Officer

Reviewed by:

DocuSigned by:
Kristin Spanos
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Kristin Spanos
Chief Executive Officer



ASSUMPTIONS FOR THE REVISED LONG RANGE FINANCIAL PLAN

Presented below are the assumptions used to develop the Long Range Financial Plan.

REVENUES

FY 2019-20 figures are from the original and second revised budget approved in February 2020. For 2020-21 and subsequent years, the following revenue assumptions were used:

- Tobacco Tax** – The California Department of Finance (DoF) prepared revised projections of First 5 tobacco tax revenues in May 2019 for the period ending 2022-2023. These take into account the effects of the federal tobacco tax, other declines in state tobacco tax revenues due to newer legislation (SBx2-7 Smoking Age Increase to 21 effective June 2016, Proposition 56 \$2 dollar tobacco tax increase effective April 2017) Prop 99 and backfill amounts and other factors. The projections listed below cover the period 2020-2029.

Historically, the DoF projections have been on the conservative side, with actual revenues received being equal to or higher than projections:

<u>Fiscal Year</u>	<u>DoF Projection</u>	<u>Actual Revenue</u>
2010-2011	\$14.0m	\$14.3m
2011-2012	\$13.8m	\$14.5m
2012-2013	\$13.3m	\$13.6m
2013-2014	\$13.2m	\$13.2m
2014-2015	\$13.0m	\$13.3m
2015-2016	\$12.1m	\$13.2m
2016-2017	\$11.6m	\$12.6m
2017-2018	\$10.6m	\$11.3m
2018-2019	\$12.8m	\$12.1m
2019-2020	\$11.5m	
2020-2021	\$11.2m	
2021-2022	\$11.0m	
2022-2023	\$10.8m	
2023-2024	\$10.5m*	
2024-2025	\$10.1m*	
2025-2026	\$9.8m*	
2026-2027	\$9.4m*	
2027-2028	\$9.1m*	
2028-2029	\$8.8m*	

Based on the above DoF projection for 2020-2021, the Long Range Financial Plan assumes a 2.6% decrease in tax revenue from the prior year. Moving forward beyond 2020-21, revenues are expected to continue decreasing at a rate of approximately 1.7% per year (2021-22, 2022-23) and then 3.5% per year through 2029 (*). If actual revenues show a significant change

during the year, the projection for the current year will be brought to the Commission at mid-year, along with other budget modification proposals.

▪ **Interagency Income -**

- AC Behavioral Health Care Services funding for ACECPC Parent Voices (\$10,000)
- Funding from AC Health Care Services Agency and AC Social Services Agency to support Fathers Corps work (\$128,000)
- AC Public Health Department funding for ECChange database hosting and maintenance (\$108,000)
- AC Public Health Department funding for Help Me Grow (HMG) Linkage Line services (\$441,000)
- AC Public Health Department funding for the 0-5 component of the Dental Transformation grant (\$396,000)
- AC Public Health Department funding for Perinatal Health Outreach Coordinator positions (\$104,000)
- Pass through funding from AC Social Services Agency to support early child development activities in the Castlemont neighborhood and workforce development pilot (\$718,000)
- Funding from the AC Office of Education Block Grant 6 (\$96,000) and projected Block Grant 7 (\$444,000) to support Quality Rating Improvement Systems work
- Funding from First 5 California (IMPACT Incentive Layer) – to support local QRIS work (\$274,000)
- Funding from First 5 California (IMPACT 2) – to support local QRIS work including rating and quality improvement in child care settings (\$1,041,000)
- Funding from the Children’s Council of San Francisco for the IMPACT Local Regional T/TA Hub (\$110,000)

- **Fiscal Leveraging** – Since FY 2009-10, fiscal leveraging revenues consist entirely of federal reimbursements under the Medi-Cal Administrative Activities (MAA) program. Gross MAA revenues for the prior fiscal year are usually received 8-12 months in arrears. As a result of the perpetual time study methodology introduced by the granting agency in FY 2013-14 and the inclusion of actual client count for invoicing, revenues are expected to average approximately \$1.5 million. For the purposes of this LRF, it is assumed that programs eligible for MAA claiming will be reimbursed at this level through the 2020-21 budget year (and the entire 2017-22 Strategic Plan), and will thereafter receive a lower reimbursement of \$1 million for 2022-29 based on the reduction of any MAA generating staff.

▪ **Grants –**

- The CA Department of Education QCC QRIS Block Grant 2 (\$523,000) and projected QCC QRIS Block Grant 3 (\$641,000)
- The CA Department of Education ELC Workforce Development projected grant to support providers (\$223,000)
- Private grant revenue will be received from the Center for the Study of Social Policy to support Project DULCE activities (\$30,000)

As and when new grants are awarded, the Long Range Financial Plan will be revised accordingly.

- **Investment Revenue** – The FY 2020-21 proposed budget does not assume investment revenue due to the COVID-19 crisis and ensuing market volatility.
- **Miscellaneous Income** – Consists primarily of rental income from the First 5 Association.

EXPENSES

FY 2020-21 expenditure figures are from the current proposed budget process. For fiscal years 2020-29, total expenses have been reduced so as to leave a minimum fund balance as recommended below. The plan does not provide for any cost of living allowances or inflationary increases. In prior years these increases have been covered within the range of annual budgetary savings, and this is expected to continue in future years as well.

Use of Sustainability Funds

At \$6.1 million, the budgeted use of Prop 10 Sustainability Funds for FY 2020-21 is comprised of \$4.1 million to close the gap between revenue and projected expenses and \$2 million to support the COVID-19 Community Resilience Fund.

MINIMUM FUND BALANCE REQUIREMENTS

The Sustainability Fund cannot be spent down to zero; some funds must be maintained as an operating reserve to cover ongoing cash flow requirements to act as a buffer if there are delays in receiving state tobacco tax revenues or other revenues. The recommendation is to maintain an amount in the Fund Balance, at a minimum, equal to six months of operating expenses plus an amount to cover fiscal obligations.

HISTORICAL BACKGROUND

The Long Range Financial Plan tool was designed to strategically guide the use of First 5 Alameda County's Sustainability Fund. The Sustainability Fund was established by the First 5 Alameda County Commission as a strategy to ensure a long term commitment to funding services for children age 0-5, even as the tobacco tax revenue declined.

The Sustainability Fund is projected to be approximately \$31 million at the end of the current 2019-20 fiscal year and was accumulated in a number of ways over the past years. First, the Fund developed through the initial reserve that occurred when tax dollars were accumulated but could not be spent until a Strategic Plan was passed (Jan. 1999-Jan. 2000). Thereafter, contributions to the Sustainability Fund were intentionally budgeted over a number of years (2001-2004). Finally, budgeted funds that remained unspent were directed by the Commission to be added to the Sustainability Fund, rather than be rolled-over to the subsequent year's budget (2001-present). It is important to note however that, Sustainability Funds have been budgeted for program use since 2005-06, which means that expenses have been projected higher than revenues in each of those years, but budget savings in those years made it unnecessary to draw from the Fund. These changes have resulted in draws periodically from the Sustainability Fund only since FY 2009-10.

The following is a summary of the use of sustainability funds as indicated in the Long Range Financial Plan. The plan assumes that Sustainability Funds will continue to be used to maintain a balanced budget, throughout the plan time frame.

<u>Draw down from Sustainability for Operations (\$millions)</u>		
<u>Fiscal Year</u>	<u>Planned draw down</u>	<u>Actual amount drawn</u>
<u>FY 2009-2013 Strategic Plan</u>		
2009-10	\$6.9m	\$3.3m
2010-11	\$9.3m	\$6.7m ¹
2011-12	\$4.1m	\$0.8m
2012-13	\$9.0m	\$5.3m ²
<u>FY 2013-17 Strategic Plan</u>		
2013-14	\$1.7m	\$0.0
2014-15	\$2.3m	\$1.5m
2015-16	\$2.3m	\$1.2m
2016-17	\$4.9m	\$0.0
<u>FY 2017-22 Strategic Plan</u>		
2017-18	\$3.5m	\$0.0
2018-19	\$2.0m	\$0.0
2019-20	\$3.7m	-
2020-21	\$6.1m	-
2021-22	\$4.1m	-

¹ Increased outlay on Contracts in order to reduce fund balance in anticipation of AB 99 – which required all First 5s to transfer half their fund balance to the State of CA by the end of 2012. AB 99 was subsequently repealed and the threat passed.

² Purchase of Office Building at 1115 Atlantic Ave., Alameda in April 2013.



	2017 - 2022 Strategic Plan				2022 - 2025 Strategic Plan			2025-2029 Strategic Plan			
	Actual	Modified Budget	Proposed Budget		Projections			Projections			
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
<i>Dollars in Thousands</i>											
Beginning Fund Balance	34,070	35,727	30,131	24,004	19,860	17,669	16,229	14,919	13,753	12,493	11,900
REVENUES											
Prop 10 Tobacco Tax	12,132	11,444	11,267	11,006	10,809	10,560	10,190	9,834	9,490	9,157	8,837
Interagency Income											
- ACBHCS (Parent Voices/ACECPC)	15	44	10								
- ACHCSA & All IN Alameda County (Healthy Food, Healthy Families)	30										
- ACHCSA (Fathers Corps)	118	153	128	128							
- ACHCSA (Fatherhood Summit)	30										
- ACPHD/CA Wellness (Fatherhood Summit)	20										
- ACPHD Project LAUNCH (SAMHSA)	98										
- ACPHD (Data Systems Hosting and Maintenance)	114	108	108	108	108						
- ACPHD HMG Linkage Line	402	434	441	456	471	471	471	471	471	471	471
- ACPHD Dental Transformation (HTHC)	532	755	396								
- ACPHD Home Visiting/PHOC	0	50	104								
- ACSSA CalWORKS	294	718	718								
- AC Office of Educ. (QRIS Block Grant 4)	50										
- AC Office of Educ. (QRIS Block Grant 5)	462	51	0								
- AC Office of Educ. (QRIS Block Grant 6)		400	96								
- AC Office of Educ. (QRIS Block Grant 7) projected		0	444								
- AC Office of Educ. (QRIS Block Grant 8) projected				444							
- AC Office of Educ. (Inclusion Early Learning & Care Coordination)	0	109	0								
- First 5 California (IMPACT)	1,112	1,970									
- First 5 California (IMPACT Incentive Layer)			274								
- First 5 California (IMPACT 2)			1,041	973	908						
- First 5 San Francisco/Children's' Council of SF (Hub)	85	110	110	110							
- First 5 Association (Census 2020)		6	0								
Fiscal Leveraging											
- MediCal Administrative Activities (MAA)	1,900	1,500	1,500	1,500	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Grants											
State - CA Dept. of Education (Infant/Toddler Block Grant 2)	55										
State - CA Dept. of Education (QCC QRIS Block Grant)	75	58	0								
State - CA Dept. of Education (QCC QRIS Block Grant #2)		569	523								
State - CA Dept. of Education (QCC QRIS Block Grant #3) projected		0	641								
State - CA Dept. of Education (QCC QRIS Block Grant #4) projected				610							
State - CA Dept. of Education (ELC Workforce Development) projected		0	223	298							
Private - Long Foundation	300										
- Sunlight Giving		200	200	200							
- CA Wellness Foundation (Workforce Pilot)	20										
Other - Connecticut Children's Medical Center	8	3	0								
- University of Chicago/Chapin Hall	3										
- Center for the Study of Social Policy (DULCE, CQI, PE)	100	100	30								
Investment Income	1,400	375	0	240	199	177	162	149	138	125	119
Miscellaneous Income	102	33	120	20	20	20	20	20	20	20	20
TOTAL REVENUES	19,003	19,190	18,374	16,093	13,515	12,228	11,844	11,474	11,118	10,773	10,447
TOTAL EXPENSES	18,173	24,786	24,500	20,237	15,706	13,668	13,153	12,640	12,379	11,366	11,110
CASHFLOW											
Total Disbursements	18,173	24,786	24,500	20,237	15,706	13,668	13,153	12,640	12,379	11,366	11,110
(Shortfall)/Surplus Revenue over Expenses (Use of Sustainability Fund)	857	(4,706)	(6,127)	(4,144)	(2,191)	(1,440)	(1,310)	(1,166)	(1,260)	(593)	(\$663)
Prior Revenue Received	800	(890)	0								
Ending Fund Balance	35,727	30,131	24,004	19,860	17,669	16,229	14,919	13,753	12,493	11,900	11,237
MINIMUM FUND BALANCE REQUIRED (50% OR 6 Months of annual disbursement)	9,087	12,393	12,250	10,119	7,853	6,834	6,577	6,320	6,189	5,683	5,555

LONG RANGE FINANCIAL PLAN FY 2020-2029 BUDGET & FUND BALANCE (\$000s)

