



To: First 5 Alameda County Commission

From: Mark Friedman, CEO
Mark R Rasiah, Financial Controller

Date: May 23, 2013

Subject: FY 2013-15 Budget Proposal – Second Reading

ACTION REQUESTED

To review and approve the following 2013-15 Budget Proposal.

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 has approved a four-year Strategic Plan for FY 2013-17. The Strategic Plan was prepared after extensive program and needs assessment and community and stakeholder input. This budget proposal includes the strategies and programs outlined in the Strategic Plan. It covers the first year of a two-year budget for the 2013-2015 budget cycle. The budget proposal for the second year is similar to the first year.

The first reading of the budget proposal took place in March, 2013. This presentation is the second and final reading. There were no changes to the Preliminary Budget that was presented to the Commission at the first reading. As is the practice of First 5 Alameda County, changes that occur during the course of the forthcoming fiscal year will be formally incorporated into the budget during the mid-year Budget Modification process.

CURRENT BUDGET PROPOSAL

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

- First 5 staff salaries and benefits
- Grants, contracts, and stipends
- Professional Service costs
- Operating Costs
- Infrastructure costs

The following Revenue and Expense by strategy projections reflect the priorities of the 2013-2017 Strategic Plan that was approved by the Commission in December 2012. All Program areas are presented before the distribution of allocable administrative costs. Infrastructure costs (which include major items such as building maintenance costs, database hosting and computer network support) are presented in full, rather than as allocations. This was done in order to provide a comprehensive picture of the total indirect cost of supporting all programs.

REVENUE AND AVAILABLE FUNDS 2013-14

Prop 10 Tobacco Tax allocation and other Revenue for FY 2013-2014 is projected to be nearly \$17 million and consistent with the Long Range Financial Plan, funds from the Sustainability Fund amounting to \$1.8 million are budgeted to close the gap between decreasing Tobacco Tax revenue and projected expenses. Prop 10 Tobacco taxes are expected to decline by an average of 3.5% or nearly half a million dollars each year.

LINE ITEM	2013-14 PROPOSED	RATIONALE
Prop 10 Tobacco Tax	\$13,037,150	Tobacco tax revenue projection is based on an assessment of current year trends through February 2012 and First 5 California projections for county commissions.
Interagency Income	\$1,362,444	<p>The SAMHSA (Substance Abuse Mental Health Services Administration) Project LAUNCH federal grant for a place-based strategy designed to promote the healthy development of young children within the targeted East Oakland community from Alameda County Public Health Department (PHD) was committed for \$608,237.</p> <p>The SAMHSA Early Connections federal grant for a six-year project that creates an infrastructure for a system of care for children ages 0-5 and their families from Alameda County Behavioral Health Care Services (BHCS) was committed in the amount of \$278,000. The remainder is for the Help Me Grow (HMG) Linkage Line (\$250,461), reimbursement from First 5 Contra Costa for a full-time staff person for hospital outreach in Contra Costa County (\$139,072) and reimbursement from ACPHD for database hosting and maintenance costs (\$86, 674).</p>
Grants	\$1,357,000	<p>The Federal Grant amount consists of the California Department of Education Race to the Top Early Learning Challenge grant (\$607,000).</p> <p>The State Grant consists of a Comprehensive Approach to Raising Educational Standards (CARES) Phase II grant (\$300,000), which is under consideration and is not guaranteed at this point. As more information comes in this figure will be revised, prior to adoption.</p> <p>A grant from The Long Foundation (\$450,000) was committed to expand the School Readiness program.</p>
Fiscal Leveraging	\$700,000	Medi-Cal Administrative Activities (MAA), based on conservative estimates of actual invoices submitted for MAA in 2011-12.

LINE ITEM	2013-14 PROPOSED	RATIONALE
Investment Revenue	\$ 500,000	To be conservative and to reflect the sustained low interest rates climate of recent years, investment revenue yield is estimated to be under 2%, and also assumes a decreased fund balance due to the transfer of \$10 million to the San Francisco Foundation.
Sustainability Fund	\$1,843,406	This amount is consistent with the Long Range Financial Plan approved in June 2012. That Plan allows for up to \$2.135 million in Sustainability Funds to maintain programs in 2013-2014.
Grand Total	\$18,800,000	

EXPENDITURES 2013-14

Under the 2013-2017 Strategic Plan program groups were categorized under nine major strategies. The following Expense proposal provides the cost of each of the nine strategies as envisaged in the Strategic Plan. Also provided are the cost of Contracts and Grants Administration and Agency wide Consolidated Operating Expenses. The Strategy expenditures presented below consist of Salaries and Benefits, Program related Contracts, Grants and Professional Services Costs and Direct Program Costs. They exclude shared or indirect Infrastructure costs which are shown separately. The budget will be approved at the Strategy level as shown below. The budget narrative provides some detail on each Strategy and is to be read in conjunction with the Strategic Plan.

Strategies are supported by facilities, infrastructure and data systems. These costs are shown separately as Infrastructure Costs in the proposed budget. The goals of this format of presentation are two-fold. Firstly, to disclose the full cost of each infrastructure component or fixed overhead cost in total rather than as an allocated cost. Secondly, in a declining funding environment keeping track of operating and overhead costs in one place can lead to better tracking, financial control and reporting.

Consistent with 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 Association's First 5 Financial Management Guide.

Salaries and Benefits

For FY 2013-2014, total salaries and benefits are projected to be \$6.7 million. 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 the Alameda County benefit package, including membership in the Alameda County Employee's Retirement Association (ACERA), health and dental benefits, life insurance and a flexible benefit of \$1,500 to offset health, life insurance or flexible spending account costs. The 50% allocation is based on actual cost estimates that are revised periodically as needed.

Continuum of Care and Linkages for Children and Families (COCL)

The total COCL budget proposal for 2013-14 is \$7,790,199 and consists of:

STRATEGY	2013-14 PROPOSAL	FUNDING SOURCES	COMMENTS
Home Visiting	\$3,510,991	Tobacco Tax, Medi-Cal Administrative Activities (MAA), Other Sources	Home-Based Family Support
Help Me Grow	\$2,279,716	Tobacco Tax, Medi-Cal Administrative Activities (MAA), Behavioral Health Care Services funding for Pathways data system, Federal Grant, Kellogg Foundation.	Coordinated and streamlined system of early identification and referral
Early Connections	\$386,170	Behavioral Health Care Services (SAMHSA Federal Grant)	Approach to connect and strengthen the services, support, environments, and policies that impact young children and their families
School Readiness Includes Literacy, Kindergarten Readiness and Transition	\$843,697	Tobacco Tax, Long Foundation Private Grant	Community-Based School Readiness Services
Place Based -Project LAUNCH	\$769,625	Public Health Department (SAMHSA Federal Grant)	Integrates all strategies at the community level
Total Continuum of Care And Linkages	\$7,790,199		

Community and Provider Capacity Building (PCB) & Program Operations

The Provider Capacity Building (PCB) & Program Operations budget proposal for 2013-14 is \$6,167,428 and consists of:

STRATEGY		2013-14 PROPOSAL	FUNDING SOURCES	COMMENTS
Grants for Community Support		\$2,058,686	Tobacco tax	Programs funded in various strategy areas, dependent on funding priorities selected by the Commission
Quality ECE		\$3,643,758	Tobacco Tax, California Department of Education Race to the Top Early Learning Challenge grant	Integrated Child Care Quality Support System Includes: Quality Counts and Child Care Capital Grants, College and University Education, Child Development Mental Health Strategies and Early Learning.
Training & Capacity Building		\$464,984	Tobacco Tax	Provider Capacity Building
Total Provider Capacity Building		\$6,167,428		

Early Childhood Policy Advocacy and Communication (PAC)

The Policy Advocacy and Communications budget proposal for 2013-14 is \$757,035 and consists of:

PROGRAM	2013-14 PROPOSAL	FUNDING SOURCES	COMMENTS
Policy agenda, Systems Change & Sustainability and linking with health reform.	\$757,035	Tobacco Tax	Workgroup consists of leadership team staff from each of the strategy areas. Includes a provision of \$350,000 for collateral design and general policy initiatives.
Total Policy Advocacy	\$757,035		

Evaluation and Technology

The Evaluation and Technology (E&T) budget proposal for 2013-14 is \$1,231,063 and consists of:

PROGRAM	2013-14 PROPOSAL	FUNDING SOURCES	COMMENTS
Evaluation, Database, Technical Assistance.	\$1,231,063	Tobacco Tax, Behavioral Health Care Services (SAMHSA Federal Grant), Long Foundation Private Grant. Medi-Cal Administrative Activities (MAA). Race To The Top (RTT) Early Learning Challenge grant	Includes: internal and external evaluation activities, including LAUNCH and Long Foundation Special Studies, HMG, RTT, CARES PLUS and School Readiness evaluations; ECC Online and ECChange databases, only portions used for internal evaluation; provision of evaluation technical assistance to providers.
Total Evaluation and Technology	\$1,231,063		

Awards Administration & Consolidated Operating Expenses

The Awards Administration & Consolidated Operating Expenses Budget proposal for 2013-14 is \$550,937 and consists of:

FUNCTION	2013-14 PROPOSAL	FUNDING SOURCES	COMMENTS
Contracts & Grants Administration. Consolidated Operating Costs	\$550, 937	Tobacco Tax, Medi-Cal Administrative Activities (MAA)	Common program Operating Expenses have been consolidated within this program
Total Awards and Operating Expenses	\$550, 937		

Administration

The Administration budget proposal for 2013-14 is \$1,114,404.

FUNCTION	2013-14 PROPOSAL	FUNDING SOURCES	COMMENTS
Administration, Commission, Finance, Human Resources and Facilities Management	\$1,114,404	Tobacco Tax, Medi-Cal Administrative Activities (MAA)	Includes centralized agency wide staff development costs under HR.
Total Administration	\$1,114,404		

Infrastructure

The Infrastructure budget proposal for 2013-14 is \$1,188,935. This budget group consists of all fixed and overhead costs incurred by First 5 Alameda County, in providing services.

FUNCTION	2013-14 PROPOSAL	FUNDING SOURCES	COMMENTS
Copying, Database Management, Network Support, Building maintenance, Equipment leases, Communications, Insurance, postage, Professional Services etc.	\$1,188,935	Tobacco Tax, Medi-Cal Administrative Activities (MAA), Grants.	See note above
Total Infrastructure	\$1,188,935		
Grand Total	\$18,800,000		

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 budgets’ administrative costs do not exceed the cap. They are:

2013-14 ADMINISTRATIVE CAP	
Program	86.9%
Evaluation	6.9%
Administration	6.2%
TOTAL	100.00%

Fiscal Impact

The fiscal impact is \$18,800,000 in budgeted expenses, a major portion of which will be funded by a combination of Prop 10 and other revenue sources amounting to \$16,956,594. The balance is expected to be funded by the use of Sustainability funds in the amount of \$1,843,406 in FY 2013-14 and \$2,596, 884 in FY 2014-15.

RECOMMENDATION

That the Commission review and approve the 2013-15 Budget Proposal.

Submitted by:

Reviewed by:

Mark R Rasiah
Financial Controller

Mark Friedman
Chief Executive Officer

**First 5 Alameda County
Proposed Revenue and Available Funds Budget
For the Period July 1, 2013 - June 30, 2015**

Revenues	Adopted Budget FY 2012-13	Proposed Budget FY 2013-14	Proposed Budget FY 2014-15
Prop 10 Tobacco Tax	13,510,000	13,037,150	12,580,850
Interagency Income			
- ACBHCS Early Connections(SAMHSA)	390,667	278,000	278,000
- ACPHD Project LAUNCH (SAMHSA)	579,039	608,237	152,059
- ACPHD ECCHANGE Hosting & Mtce	74,700	86,674	86,674
- SART Linkage Line	142,524	250,461	250,461
- First 5 Contra Costa	119,070	139,072	139,072
Total Income from Alameda Co. Agencies	1,306,000	1,362,444	906,266
Grants			
Federal- SART Earmark #2	400,000	0	0
- Race To The Top	538,000	607,000	724,000
State - CARES PLUS	300,000	300,000	300,000
Private - Long Foundation	400,000	450,000	475,000
- Kellogg Foundation	34,000	0	0
Total Grants	1,672,000	1,357,000	1,499,000
Fiscal Leveraging			
MAA	700,000	700,000	700,000
Total Fiscal Leveraging	700,000	700,000	700,000
Investment Revenue	500,000	500,000	500,000
Misc.Income		17,000	17,000
TOTAL REVENUE	17,688,000	16,973,594	16,203,116
Available Funds			
Sustainability Funds	2,982,000	1,826,406	2,596,884
TOTAL REVENUES & AVAILABLE FUNDS	20,670,000	18,800,000	18,800,000

**First 5 Alameda County
Proposed Expenditure Budget
For the Period July 1, 2013 - June 30, 2015**

Expenditures	Adopted Budget FY 2012-13	Proposed Budget FY 2013-14	Proposed Budget FY 2014-15
Personnel Costs	6,749,461	6,699,190	6,699,190
Contracts	9,624,065	8,357,981	8,357,981
Grants	2,366,400	2,065,000	2,065,000
Professional Services Contracts	294,250	179,250	179,250
Program Operating Costs	720,308	972,449	972,449
Infrastructure Costs	915,517	526,130	526,130
TOTAL EXPENDITURES	20,670,000	18,800,000	18,800,000

First 5 Alameda County

Proposed Expenditure Budget
For the Period July 1, 2013 - June 30, 2014

	COCL	PCB	PAC	E & T	AWARDS	ADMIN	INFRA	TOTAL
	Proposed FY 2013-14	Proposed FY 2013-14	Proposed FY 2013-14	Proposed FY 2013-14	Proposed FY 2013-14	Proposed FY 2013-14	Proposed FY 2013-14	Proposed FY 2013-14
Personnel Costs								
Salaries & Benefits	2,511,100	1,659,502	390,035	827,063	301,937	1,009,554		6,699,191
Program Contracts/Grants								
Contracts	4,952,000	2,101,176	362,000	374,000			568,805	8,357,981
Grants & Stipends		2,065,000						2,065,000
Professional Services Contracts	60,000	25,250					94,000	179,250
Total Contracts/Grants	5,012,000	4,191,426	362,000	374,000	0	0	662,805	10,602,231
Program Operating Costs								
	267,099	316,500	5,000	30,000	249,000	104,850		972,449
TOTAL DIRECT PROGRAM COSTS	7,790,199	6,167,428	757,035	1,231,063	550,937	1,114,404	662,805	18,273,871

INDIRECT COSTS

Communications	30,000	30,000
Copying/Printing/Postage	40,000	40,000
Equipment Leases/Supplies	6,000	6,000
Equipment Purchase	20,000	20,000
Insurance	85,000	85,000
Membership and Dues	24,000	24,000
Professional Services	118,000	118,000
Building Maintenance	80,000	80,000
Depreciation	123,130	123,130
Total Infrastructure	1,188,935	526,130

TOTAL

18,800,000

First 5 Alameda County

Proposed Expenditure Budget
For the Period July 1, 2014 - June 30, 2015

	COCL	PCB	PAC	E & T	AWARDS	ADMIN	INFRA	TOTAL
	Proposed FY 2014-15	Proposed FY 2014-15	Proposed FY 2014-15	Proposed FY 2014-15	Proposed FY 2014-15	Proposed FY 2014-15	Proposed FY 2014-15	Proposed FY 2014-15
Personnel Costs								
Salaries & Benefits	2,511,100	1,659,502	390,035	827,063	301,937	1,009,554		6,699,191
Program Contracts/Grants								
Contracts	4,952,000	2,101,176	362,000	374,000			568,805	8,357,981
Grants & Stipends		2,065,000						2,065,000
Professional Services Contracts	60,000	25,250					94,000	179,250
Total Contracts/Grants	5,012,000	4,191,426	362,000	374,000	0	0	662,805	10,602,231
Program Operating Costs	267,099	316,500	5,000	30,000	249,000	104,850		972,449
TOTAL DIRECT PROGRAM COSTS	7,790,199	6,167,428	757,035	1,231,063	550,937	1,114,404	662,805	18,273,871

INDIRECT COSTS

Communications	30,000	30,000
Copying/Printing/Postage	40,000	40,000
Equipment Leases/Supplies	6,000	6,000
Equipment Purchase	20,000	20,000
Insurance	85,000	85,000
Membership and Dues	24,000	24,000
Professional Services	118,000	118,000
Building Maintenance	80,000	80,000
Depreciation	123,130	123,130
Total Infrastructure	1,188,935	526,130

TOTAL

18,800,000

2013-2015 PROPOSED PERSONNEL ALLOCATION

Positions Expressed in Full Time Equivalent Units (FTE)

BUDGETED FTE's

	<u>2012 - 2013</u>	<u>PROPOSED BUDGET 2013 - 2014</u>	<u>PROPOSED BUDGET 2014 - 2015</u>
	PERMANENT FTE	PERMANENT FTE	PERMANENT FTE
ALL PROGRAMS	43.05	41.25	41.25
EVALUATION & TECHNOLOGY	5.50	6.63	6.63
FINANCE/HR/ADMIN	7.88	8.38	8.38
TOTAL BUDGETED PERSONNEL	56.43	56.26	56.26