



**To:** First 5 Alameda County Commission  
**From:** Mark Friedman, CEO  
**Date:** February 20, 2009  
**Subject:** Strategy In The Event First 5 Funds Are Redirected

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#### **ACTION REQUESTED**

Informational Only- To discuss the process for planning if First 5 funds are redirected as the result of the May 19<sup>th</sup> ballot measure passing.

#### **BACKGROUND**

Yesterday the California State Legislature passed an 18 month budget. As part of the final budget deal the legislature passed ABX3 17 which will put on the ballot a measure for the May 19<sup>th</sup> special election that will redirect up to \$1.4 billion in First 5 funds to help close the budget gap. If passed that measure will constrain local Commissions autonomy and cause a loss to our Commission of up to \$50 million over the next five years. After five years our current full First 5 funding will be restored.

If the ballot measure passes, we will need to radically alter our long range financial plan and our spending priorities. This memo suggests a process and timeline for the Commission to make those difficult choices. We are in the final stages of developing and approving our Strategic Plan for Fiscal Years 2009-2013 which we are required to pass. The recommendation is to finish the strategic plan and be prepared to shorten it to a one year term or make other modifications once we learn about the success or failure of the ballot measure. The attached timeline suggests a process for undertaking that process which is referred to as Plan B.

#### **FISCAL IMPACT**

There is no fiscal impact to this discussion item, but certainly if the ballot measure passes, the fiscal impact will be significant.

#### **RECOMMENDATION**

Provide input into the draft process for planning in the event First 5 funds are redirected by the passage of the May 19<sup>th</sup> ballot measure.

Submitted by:

Reviewed by:

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Mark Friedman, Chief Executive Officer    Janis Burger, Deputy Director

**DRAFT PROCESS FOR DEVELOPING PLAN B  
TO USE IN THE EVENT FIRST 5 FUNDS ARE REDIRECTED**

<i><b>Action</b></i>	<i><b>Date</b></i>
<p><b>Develop Long Range Financial Plan options</b> reflecting an accelerated spend down of the Sustainability Fund</p> <p><b>Present Strategic Plan and Funding Allocation for 2009-13 to Commission for adoption</b> (“Plan A” if funds are <u>not</u> redirected)</p>	<b>March</b>
<p><b>Special Election with Prop 10 Measure Voted On</b></p>	<b>May 19</b>
<p><b>If the Prop 10 Redirection Measure Passes:</b> Obtain Commission guidance on strategic intent as to what relative emphasis should be placed on prevention-oriented direct services, intervention or treatment-oriented direct services, <u>provider capacity</u> and systems level strategies.</p> <p>Critical decision for the Commission to consider would be to keep program funding at the Strategic Plan Funding Allocation level of \$21.3 million for 2009-10 for two important reasons. 1) we need a clear approved Strategic Plan by June 2009 covering at least one year in order to meet regulatory requirements, <u>2) we will not know till September 09 if we receive SAMHSA funding</u> and 2) we need to give providers time to plan reductions. This would essentially convert the four year plan into a one year plan.</p> <p>If the Commission prefers to cut program funding for 2009-10, critical decisions will have to be made regarding specific program cuts at this Commission meeting and the strategic plan modified accordingly.</p>	<b>May 28</b>
<p><b>Reconstitute Program Committee</b> to begin discussions on scaled down program priorities reflecting the diminished revenue stream for the next five year period.</p> <p><b>Discuss program priorities at the June Commission meeting</b> and direct staff to prepare a</p>	<b>June</b>

<p>detailed analysis of programs designated in the 2009-2013 plan for ongoing expenditure.</p>	
<p><b>Based on Long Range Financial Plan option selected, prepare process and framework</b> (for example, no direct service/fund provider capacity or fund direct services to families, systems change and matching funds) for program reductions for Commission consideration; Commission selects priority areas for future funding.</p> <p><b>Analyze the programs in the 2009-2013 strategic plan according to the criteria defined at the June Program and Commission meetings</b> (i.e. reach, degree of impact and sustainability) and develop staff recommendations for priority areas for future funding. Discuss those recommendations with the Task Force prior to discussion with the full Commission at the May meeting.</p> <p><b>Continue Program Committee meetings</b></p>	<p><b>July and August</b></p>
<p><b>Develop options for program reductions for the Commission to consider</b> based on the combined information from the preceding steps – the Commission’s direction on priority areas for future funding, the program analysis (which incorporates the work with the Task Force on sustainability) and the cost accounting analysis to</p>	<p><b>Sept and October</b></p>