



To: First 5 Alameda County Commission
From: Rebecca Gebhart, Finance and Administration Director
Date: February 26, 2009
Subject: 2008-09 Budget Modification Recommendation

ACTION REQUESTED

To review and adopt the following Budget Modification recommendation

BACKGROUND

The operating budget for FY 2008-09 was first approved in May 2007 as the second year of the two-year, 2007-09 budget. In May 2008, it was amended to reflect known changes in revenue and expenses. Typically First 5 Alameda County adjusts its budget mid-way through each fiscal year to address changes in revenue that have occurred, or changes in expenditures that have been authorized by the Commission. This is the mid-year budget adjustment proposal.

REVENUE AND AVAILABLE FUNDS

The approved 2008-09 budget projects revenue and available funding totaling \$26,395,320. The proposed budget modification changes this amount to \$28,037,554, an increase of \$1,642,234.

Source of Funds	Original Amount	Proposed Amount	Description
Prop 10 Tobacco Tax	\$16,712,800	\$15,772,394	The Tobacco Tax projection is reduced to reflect the current year's actual trend based on the first six months of revenue. Last year the total Tobacco Tax funds received was \$16,942,725. The effect of this change is a decrease of \$940,406 from the original projection.

<p>Income from Alameda County agencies</p>	<p>\$74,700</p>	<p>\$1,301,841</p>	<p>The grant from the State AB 212 funds from the Planning Council for stipends and training for school age child care providers was committed in the amount of \$927,141. In addition \$300,000 was committed from Alameda County Behavioral Health Care Services (BHCS) for the Children’s SART Pathways referral system.</p> <p>These changes represent an increase to the line item of \$1,227,141.</p>
<p>State Grants</p>	<p>\$1,546,195</p>	<p>\$1,935,359</p>	<p>State Grants were increased to include 1) an actual reimbursement payment from CARES of \$222,944 and a projected reimbursement from CARES of \$165,370, 2) an increase to the School Readiness grant (from the \$1,500,000 estimate to the \$1,537,505 actually received), and 3) a decrease of Health Care for All (from \$46,195 to \$10,000 based on elimination of the health insurance program by the Alameda Alliance for Health.)</p> <p>The net effect of these changes is an increase of \$389,164.</p>
<p>Other Sources</p>	<p>\$121,755</p>	<p>\$120,469</p>	<p>The change is a correction to the revenue projection of the Contra Costa Hospital Outreach Coordinator contract.</p> <p>The total change is a decrease of \$1,286.</p>
<p>Sustainability Fund</p>	<p>\$5,459,052</p>	<p>\$6,426,673</p>	<p>If all funds are received and disbursed according to the budget, First 5 would need to use \$6,356,996 from the Sustainability Fund to cover expenses. The Sustainability Fund usage is projected to increase due to there being more increases to expenses than to revenue during this Budget Modification, including the MRMIB.</p> <p>The total increase is \$967,621, which is primarily the result of decreasing the Tobacco Tax revenue projection.</p>

EXPENSES

The original 2008-09 budget projected expenses totaling \$26,395,320. The proposed budget modification changes this amount to \$28,037,554, an increase of \$1,642,234.

Agency Salaries and Benefits - (Note A)

The Cost of Living Adjustment (COLA) adopted by the Commission in December 2008 was added to the salaries of regular full and part time staff. However, salaries and benefit costs showed a decrease of \$8,385. This is due to staff turnover in Family Support Services, Early Care and Education and Support Strategies. Since May 2008 when the last budget was approved, there were seven staffing changes wherein longer term employees with higher salaries were replaced with new employees. In these situations, salary and benefits costs were reduced, enough to offset the total cost of the COLA (which was approximately \$70,000).

The remaining changes are explained below.

- B. The Family Support Services' contracts line decreases by \$58,888. The changes include:
- The inclusion \$26,500 for grant writing consultation for the SAMHSA grant to develop an early childhood system, of care for children with severe emotional disorders.
 - A decrease of \$40,000 as funding shifts to Support Strategies/SART for assessment pre-pilot costs. The savings was located in lactation consultation expenses.
 - A decrease of funds allocated for lactation consultation from \$100,000 to \$10,000, based on actual expenses. Some of those funds were re-allocated to other programs as illustrated above.
- C. The Early Care and Education contracts line item increases by \$908,872. The changes include:
- The inclusion of the California School Age Consortium contract of \$852,141, which is funded by new revenue from the Child Care Planning Council's AB212 allocation to First 5 Alameda County.
 - A \$50,000 allocation for stipends for school age providers which is funded by new revenue from the Child Care Planning Council's AB212 allocation to First 5 Alameda County.
 - An increase to the ECE budget of \$6,731 for increased costs of the Cal State University East Bay contract for professional development supports for ECE providers seeking their AA degrees, authorized by the Commission on September 19, 2008.

- D. The Support Strategies' contracts line item increases by \$705,635. The primary changes include:
- \$240,000 increase to SART for Pathways data system expenses. The increase is offset by revenue from Behavioral Health Care Services (BHCS) Mental Health Services Act one-time only funds.
 - \$100,000 increase to SART for the No Wrong Door Matching Fund for assessments for children not eligible for Medi-Cal, authorized by the Commission on September 19, 2008.
 - \$375,635.35 for the MRMIB health insurance allocation, authorized by the Commission on January 22, 2009.
 - \$40,000 increase for four SART assessment pre-pilot contracts, authorized by the Commission on December 5, 2008.
 - Elimination of \$50,000 in funds for SART planning process which was concluded at the end of 2007-08.
- E. The Support Strategies Training Supplies line item increases \$25,000 to cover initial costs of translation and production of outreach posters, postcards, and custom items for the new Asian language Parent Kits.
- F. The Evaluation & Technology contracts line item increases by \$60,000 to include evaluation expenses associated with the SART Pathways data system. These costs are funded by revenue from SART partner BHCS Mental Health Services Act one-time only funds.
- G. The Administration General Expenses Professional Services line item increases to \$10,000 to cover costs of the single audit of federal funds determined by our auditor Patel & Associates to be required.

SUSTAINABILITY FUND

Funds from the Sustainability Fund are projected to increase to \$6,426,673, due to decreases in revenue. This amount is within the range set forth in the Long Range Financial Plan figures approved in June 2008. That plan projects up to \$6,717,200 in Sustainability Funds to be used to maintain programs in 2008-09.

FISCAL IMPACT

The fiscal impact of the budget modification is an increase of \$1,642,234 to revenue/available funds and expenses, bringing both to \$28,037,554. Funds from the Sustainability Fund are projected to increase to \$6,426,673, due to decreases in revenue and increases in expenses.

RECOMMENDATION

To review and adopt the Budget Modification recommendation

Submitted by:

Reviewed by:

Rebecca Gebhart, Finance and
Administration Director

Mark Friedman, Chief Executive Officer