



AGENDA ITEM: 5  
DATE OF MEETING: April 18, 2012  
ACTION: \_\_\_\_\_  
INFORMATION:   X  

## FINANCIAL UPDATE

### SUMMARY

Staff will provide the State Commission a fiscal update on revenue projections and First 5 California's Financial Plan.

### Revenue Update

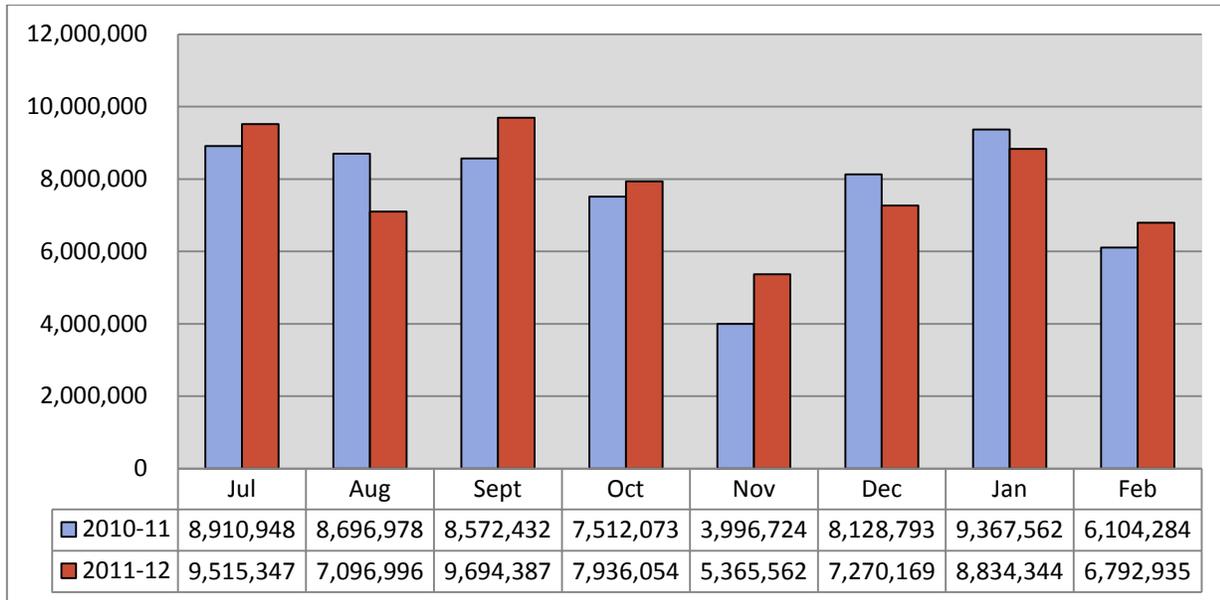
The First 5 California Financial Plan for FY 2011-12 through FY 2014-15, Attachment A, includes fiscal year revenue projections based on the Governor's May Revision estimates (dated May 16, 2011) for cigarette and other tobacco tax revenue. The following summary table compares the estimated Prop 10 tax revenues for State Commission operations (excludes the Counties account) with revenue received as of February 2012.

FY 2011-12	
Description	Amount
Projected DOF Revenue Projections	\$90,163,000
Actual Revenue Received (July – May)	\$62,505,794
Average Monthly Revenue	\$ 7,813,224

Staff will present actual reconciled year-end financial detail to the State Commission at the fall 2012 commission meeting.

As presented in the table above, the year-to-date revenue totals \$62,505,794. On the following page, Chart 1, Three-Year Revenue Comparison by Month, provides a comparison of actual FY 2010-11 monthly revenue deposited in First 5 California accounts (excluding the Counties account) with FY 2011-12 monthly revenue, July through February. This chart shows the flow of funds into First 5 California accounts and reflects the variance in monthly revenue amounts between FY 2010-11 and FY 2011-12.

**Chart 1  
 Two-Year Revenue Comparison by Month**



**FY 2011-12 HIGH-LEVEL OBLIGATIONS AND DISBURSEMENTS**

Signature Programs - Teacher, Child, Parent

**CARES PLUS**

In FY 2011-12, First 5 California entered into 33 Local Area Agreements representing 34 counties with county commissions and lead agencies participating in First 5 California’s Teacher signature program - CARES Plus. In addition to the participating agencies, First 5 California entered into contracts with Teachstone, Inc. and Yosemite Community College Districts to implement key components of the CARES Plus program. This program is currently authorized through June 30, 2013, with a maximum authorization of up to \$36 million for all years.

**POWER OF PRESCHOOL (PoP)**

In FY 2011-12, First 5 California entered into eight Local Area Agreements with county commissions participating in the 2011 Power of Preschool (PoP) Bridge program. The PoP Bridge program is one of First 5 California’s legacy programs providing direct services to children in quality early learning environments. This program will end on June 30, 2012, with a maximum authorization of up to \$19 million in FY 2011-12. The PoP Bridge program is a reimbursement program. The eight participating counties are required to report FY 2011-12 expenditures by August 1, 2012. The best program

elements from the PoP Bridge program will be incorporated into the design and launch of the new Child Signature Program scheduled for FY 2012-13.

## SCHOOL READINESS

School Readiness is one of First 5 California's legacy programs. The authority for School Readiness funding ends June 30, 2012. There are 11 participating counties completing the fourth and final year of School Readiness program operations, serving 24 programs. School Readiness programs provide a broad range of direct service early learning education and support for children ages 0 to 5.

### *KIT FOR NEW PARENTS (KNP)*

In FY 2011-12, First 5 California continued the agreements with the Language People, ALOM, and Fraser Communications to maintain First 5 California's 1-800 line, distribute the *Kit for New Parents* and other ancillary materials, and to accomplish educational outreach to parents, families, and providers of children ages 0 to 5.

### First 5 California Financial Plan

First 5 California's Financial Plan is based on cash balances, estimated revenues and expenditures for current and three budget years, which run from July 1 through June 30.

The First 5 California Financial Plan, Attachment A, is organized by fiscal year and designed to show the beginning "cash" balances available on July 1 of each fiscal year, the obligated full-year expenditures by project, the amount of projected current year revenue needed to meet current year obligations for each First 5 California account, and the projected year-end balance. A negative number showing in the subtotal of any account does not represent an obligation or funding deficit, but the amount of funds needed from the current year revenue to meet current year obligations. As a conservative practice, First 5 California strives to retain approximately half of the projected revenue in each fiscal year for budget year carry over to ensure sufficient cash is available to meet obligations.

## ATTACHMENTS

A. Financial Plan FY 2011-12 through FY 2014-15

**First 5 California**  
**Financial Plan FY 2011-12 through FY 2014-15**

Account/Project	FY 11-12	FY 12-13	FY 13-14	FY 14-15
<b>Mass Media Communications (0631)</b>				
Projected Carryover	\$31,407,195	\$12,150,848	\$12,239,391	\$11,942,510
<b>Beginning Balance</b>	<b>\$31,407,195</b>	<b>\$12,150,848</b>	<b>\$12,239,391</b>	<b>\$11,942,510</b>
School Readiness, Cycle 2	1,034,402			
State Budget Solution - AB 99 (\$50M Total)	<b>\$25,000,000</b>			
Public Education and Outreach	\$74,999			
Parent Signature Program - Education and Outreach	\$14,557,756	\$9,680,239	\$9,680,239	\$6,000,000
Parent Signature Program - 1-800 Number	\$150,000	<b>\$150,000</b>	<b>\$150,000</b>	<b>\$150,000</b>
Kit Federal Matching Funds				
Parent Signature Program - <i>Kit for New Parents</i>	\$5,574,310	\$5,574,310	<b>\$5,000,000</b>	<b>\$5,000,000</b>
Child Signature Program - Power of Preschool		\$10,350,000	\$10,350,000	\$10,350,000
SCO/PRORATA/ADJUSTMENTS	\$8,000	\$8,000	\$8,000	\$8,000
<b>Total Budgeted Expenditures</b>	<b>\$46,399,468</b>	<b>\$25,762,549</b>	<b>\$25,188,239</b>	<b>\$21,508,000</b>
Prior Year Adjustments				
<b>Adjusted Fund Balance Expenditures</b>	<b>\$46,399,468</b>	<b>\$25,762,549</b>	<b>\$25,188,239</b>	<b>\$21,508,000</b>
<b>Subtotal</b>	<b>(\$14,992,274)</b>	<b>(\$13,611,702)</b>	<b>(\$12,948,848)</b>	<b>(\$9,565,490)</b>
Projected Revenue	<b>\$27,048,900</b>	<b>\$25,814,640</b>	<b>\$24,854,640</b>	<b>\$23,894,640</b>
Adjustment to Balance				
Projected Interest	\$94,222	\$36,453	\$36,718	\$35,828
Other Revenue				
<b>Year End Balance</b>	<b>\$12,150,848</b>	<b>\$12,239,391</b>	<b>\$11,942,510</b>	<b>\$14,364,978</b>
<b>Education (0634)</b>				
Projected Carryover	\$25,052,048	\$19,922,847	\$17,986,816	\$15,244,976
<b>Beginning Balance</b>	<b>\$25,052,048</b>	<b>\$19,922,847</b>	<b>\$17,986,816</b>	<b>\$15,244,976</b>
School Readiness, Cycle 2	\$2,298,672			
State Budget Solution - AB 99 (\$50M Total)	<b>\$7,000,000</b>			
Statewide Conference	\$150,000	\$150,000	\$150,000	\$150,000
Co-Sponsorship Funding	\$150,000	\$150,000	\$150,000	\$150,000
Regional Technical Assistance	\$135,734			
Child Signature Program - Educare	\$100,000	\$2,950,000	\$2,950,000	
Educare Advisors	\$4,000			
Child Signature Program-PoP Bridge	\$17,898,700			
Child Signature Program - Power of Preschool		\$20,250,000	\$20,250,000	\$20,250,000
SCO/PRORATA/ADJUSTMENTS	\$8,000	\$8,000	\$8,000	\$8,000
<b>Total Budgeted Expenditures</b>	<b>\$27,745,106</b>	<b>\$23,508,000</b>	<b>\$23,508,000</b>	<b>\$20,558,000</b>
Prior Year Adjustments				
<b>Adjusted Fund Balance Expenditures</b>	<b>\$27,745,106</b>	<b>\$23,508,000</b>	<b>\$23,508,000</b>	<b>\$20,558,000</b>
<b>Subtotal</b>	<b>(\$2,693,059)</b>	<b>(\$3,585,153)</b>	<b>(\$5,521,184)</b>	<b>(\$5,313,024)</b>
Projected Revenue	<b>\$22,540,750</b>	<b>\$21,512,200</b>	<b>\$20,712,200</b>	<b>\$19,912,200</b>
Adjustment to Balance				
Projected Interest	\$75,156	\$59,769	\$53,960	\$45,735
Other Revenue				
<b>Year End Balance</b>	<b>\$19,922,847</b>	<b>\$17,986,816</b>	<b>\$15,244,976</b>	<b>\$14,644,911</b>
<b>Orange: Account contribution for proposed AB 99 Budget Solution</b>				
<b>Purple: Amount pending Commission approval</b>				
<b>Royal Blue: Amount projected for ongoing expenditures</b>				
<b>Green: Subtotal amounts</b>				

**First 5 California  
Financial Plan FY 2011-12 through FY 2014-15**

Account/Project	FY 11-12	FY 12-13	FY 13-14	FY 14-15
<b>Child Care (0636)</b>				
Projected Carryover	\$23,130,745	\$15,274,637	\$10,954,774	\$11,606,959
<b>Beginning Balance</b>	<b>\$23,130,745</b>	<b>\$15,274,637</b>	<b>\$10,954,774</b>	<b>\$11,606,959</b>
School Readiness, Cycle 2	\$976,936			
State Budget Solution - AB 99 (\$50M Total)	<b>\$4,000,000</b>			
Child Signature Program - Power of Preschool		\$1,800,000	\$1,800,000	\$1,800,000
Teacher Signature Program - CARES Plus	\$16,465,015	\$15,465,006	\$10,000,000	\$10,000,000
SCO/PRORATA/ADJUSTMENTS	\$8,000	\$8,000	\$8,000	\$8,000
<b>Total Budgeted Expenditures</b>	<b>\$21,449,950</b>	<b>\$17,273,006</b>	<b>\$11,808,000</b>	<b>\$11,808,000</b>
Prior Year Adjustments				
<b>Adjusted Fund Balance Expenditures</b>	<b>\$21,449,950</b>	<b>\$17,273,006</b>	<b>\$11,808,000</b>	<b>\$11,808,000</b>
<b>Subtotal</b>	<b>\$1,680,795</b>	<b>(\$1,998,369)</b>	<b>(\$853,226)</b>	<b>(\$201,041)</b>
Projected Revenue	<b>\$13,524,450</b>	<b>\$12,907,320</b>	<b>\$12,427,320</b>	<b>\$11,947,320</b>
Adjustment to Balance				
Projected Interest	\$69,392	\$45,824	\$32,864	\$34,821
Other Revenue				
<b>Year End Balance</b>	<b>\$15,274,637</b>	<b>\$10,954,774</b>	<b>\$11,606,959</b>	<b>\$11,781,100</b>
<b>Research and Development (0637)</b>				
Projected Carryover	\$17,832,745	\$10,245,831	\$11,371,755	\$13,178,857
<b>Beginning Balance</b>	<b>\$17,832,745</b>	<b>\$10,245,831</b>	<b>\$11,371,755</b>	<b>\$13,178,857</b>
School Readiness, Cycle 2	\$1,436,670			
State Budget Solution - AB 99 (\$50M Total)	<b>\$14,000,000</b>			
Annual Report	\$149,004	\$149,000	\$149,000	\$149,000
PEDS Maintenance	\$100,000			
Project Training	\$3,070			
Data Collection and Storage	\$4,248,118			
Signature Program Data Collection and Storage	\$230,000	\$845,133	\$497,333	\$299,333
Signature Program Evaluation	\$0	\$1,000,000		
California Health Interview Survey 2011	\$750,000	\$750,000	\$1,000,000	\$500,000
IT Development	\$90,000	\$60,000		
Child Signature Program - RFA Development	\$150,000			
Child Signature Program - Power of Preschool		\$9,000,000	\$9,000,000	\$9,000,000
SCO/PRORATA/ADJUSTMENTS	\$8,000	\$8,000	\$8,000	\$8,000
<b>Total Budgeted Expenditures</b>	<b>\$21,164,862</b>	<b>\$11,812,133</b>	<b>\$10,654,333</b>	<b>\$9,956,333</b>
Prior Year Adjustments				
<b>Adjusted Fund Balance Expenditures</b>	<b>\$21,164,862</b>	<b>\$11,812,133</b>	<b>\$10,654,333</b>	<b>\$9,956,333</b>
<b>Subtotal</b>	<b>(\$3,332,117)</b>	<b>(\$1,566,302)</b>	<b>\$717,422</b>	<b>\$3,222,524</b>
Projected Revenue	<b>\$13,524,450</b>	<b>\$12,907,320</b>	<b>\$12,427,320</b>	<b>\$11,947,320</b>
Adjustment to Balance				
Projected Interest	\$53,498	\$30,737	\$34,115	\$39,537
Other Revenue				
<b>Year End Balance</b>	<b>\$10,245,831</b>	<b>\$11,371,755</b>	<b>\$13,178,857</b>	<b>\$15,209,381</b>

**First 5 California  
Financial Plan FY 2011-12 through FY 2014-15**

Account/Project	FY 11-12	FY 12-13	FY 13-14	FY 14-15
<b>Unallocated (0639)</b>				
Projected Carryover	\$5,426,453	\$10,351,443	\$11,379,378	\$12,090,396
<b>Beginning Balance</b>	<b>\$5,426,453</b>	<b>\$10,351,443</b>	<b>\$11,379,378</b>	<b>\$12,090,396</b>
State Budget Solution - AB 99 (\$50M Total)	\$0			
Small County Augmentations	\$3,057,407	\$3,000,000	\$3,000,000	\$3,000,000
California Smoker's Helpline	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Child Signature Program - ELAC	\$42,182	\$0		
Child Signature Program - Power of Preschool		\$3,600,000	\$3,600,000	\$3,600,000
SCO/PRORATA/ADJUSTMENTS	\$8,000	\$8,000	\$8,000	\$8,000
<b>Total Budgeted Expenditures</b>	<b>\$4,107,589</b>	<b>\$7,608,000</b>	<b>\$7,608,000</b>	<b>\$7,608,000</b>
Prior Year Adjustments				
<b>Adjusted Fund Balance Expenditures</b>	<b>\$4,107,589</b>	<b>\$7,608,000</b>	<b>\$7,608,000</b>	<b>\$7,608,000</b>
<b>Subtotal</b>	<b>\$1,318,864</b>	<b>\$2,743,443</b>	<b>\$3,771,378</b>	<b>\$4,482,396</b>
Projected Revenue	<b>\$9,016,300</b>	<b>\$8,604,880</b>	<b>\$8,284,880</b>	<b>\$7,964,880</b>
Adjustment to Balance				
Projected Interest	\$16,279	\$31,054	\$34,138	\$36,271
Transfer				
Other Revenue				
<b>Year End Balance</b>	<b>\$10,351,443</b>	<b>\$11,379,378</b>	<b>\$12,090,396</b>	<b>\$12,483,547</b>
<b>0631, 0634, 0636, 0637, 0639 Totals:</b>				
Total cigarette and tobacco tax revenue	<b>\$85,654,850</b>	<b>\$81,746,360</b>	<b>\$78,706,360</b>	<b>\$75,666,360</b>
Total resources per year	\$188,812,583	\$149,895,803	\$142,830,270	\$139,922,249
Total expenditures per year	\$120,866,976	\$85,963,689	\$78,766,572	\$71,438,333
<b>Total Over/Under:</b>	<b>\$67,945,606</b>	<b>\$63,932,114</b>	<b>\$64,063,698</b>	<b>\$68,483,916</b>
Total 15% Reserve	\$12,848,228	\$12,261,954	\$11,805,954	\$11,349,954
	\$55,097,379	\$51,670,160	\$52,257,744	\$57,133,962
<b>Administration (0638)</b>				
Projected Carryover	\$24,360,806	\$21,547,621	\$19,217,757	\$16,356,934
<b>Beginning Balance</b>	<b>\$24,360,806</b>	<b>\$21,547,621</b>	<b>\$19,217,757</b>	<b>\$16,356,934</b>
Administrative Expense	\$6,276,220	\$6,350,488	\$6,676,916	\$6,765,042
Furlough Buyback	\$734,375			
SCO/PRORATA/ADJUSTMENTS	\$383,822	\$346,459	\$384,000	\$384,000
<b>Total Budgeted Expenditures</b>	<b>\$7,394,417</b>	<b>\$6,696,947</b>	<b>\$7,060,916</b>	<b>\$7,149,042</b>
Prior Year Adjustments				
<b>Adjusted Fund Balance Expenditures</b>	<b>\$7,394,417</b>	<b>\$6,696,947</b>	<b>\$7,060,916</b>	<b>\$7,149,042</b>
<b>Subtotal</b>	<b>\$16,966,389</b>	<b>\$14,850,674</b>	<b>\$12,156,841</b>	<b>\$9,207,892</b>
Projected Revenue	\$4,508,150	\$4,302,440	\$4,142,440	\$3,982,440
Projected Interest	\$73,082	\$64,643	\$57,653	\$49,071
Transfer				
Other Revenue				
<b>Year End Balance</b>	<b>\$21,547,621</b>	<b>\$19,217,757</b>	<b>\$16,356,934</b>	<b>\$13,239,402</b>
NOTE: Revenue Projections based on 2011 DOF May Revise.				

**SIGNATURE PROGRAM FUNDING SUMMARY**  
**Fiscal Years 11/12 – 14/15**

<b>CHILD SIGNATURE PROGRAM</b>						
<b>School Readiness</b>						
<b>Authority: \$204 Million through June 30, 2012</b>						
Account	FY 11/12	% of FY Total	School Readiness, Cycle 2 programs began in FY 2006-07. FY 2011-12 is the final year of program operations under this authority.			
Media	\$1,034,402	18%				
Education	\$2,298,672	40%				
Child Care	\$976,936	17%				
Research	\$1,436,670	25%				
	<b>\$5,746,680</b>	<b>100%</b>				
<b>CHILD SIGNATURE PROGRAM</b>						
<b>Power of Preschool Bridge 2011-12</b>						
<b>Authority: \$19 Million through June 30, 2012</b>						
Account	FY 11/12	PoP Bridge 2011-12 bridged program funding from the PoP program to the Child Signature Program.				
Education	<b>\$17,898,700</b>					
<b>CHILD SIGNATURE PROGRAM</b>						
<b>Power of Preschool</b>						
<b>Authority: \$45 Million Per Year for Three Years through June 30, 2015</b>						
Account	FY 12/13	% of FY Total	FY13/14	% of FY Total	FY 14/15	% of FY Total
Media	\$10,350,000	23%	\$10,350,000	23%	\$10,350,000	23%
Education	\$20,250,000	45%	\$20,250,000	45%	\$20,250,000	45%
Child Care	\$1,800,000	4%	\$1,800,000	4%	\$1,800,000	4%
Research	\$9,000,000	20%	\$9,000,000	20%	\$9,000,000	20%
Unallocated	\$3,600,000	8%	\$3,600,000	8%	\$3,600,000	8%
	<b>\$45,000,000</b>	<b>100%</b>	<b>\$45,000,000</b>	<b>100%</b>	<b>\$45,000,000</b>	<b>100%</b>
<b>TEACHER SIGNATURE PROGRAM</b>						
<b>CARES Plus</b>						
<b>Authority: Up to \$36 Million through June 30, 2013</b>						
Account	FY 11/12	FY 12/13	CARES Plus – Phase I Planning and Development activities began in FY 2010-11.			
Child Care	\$16,465,015	\$15,465,006				
Research		\$1,000,000				
	<b>\$16,465,007</b>	<b>\$16,465,007</b>				
<b>PARENT SIGNATURE PROGRAM</b>						
<b>Authority:</b>						
1. Parent Outreach and Education: \$31.3 Million (10% Reduction) 1/1/2012 -12/31/2014						
2. Parent Outreach and Education: Remaining authority through 12/31/2011						
3. Kit for New Parents: Up to \$15 Million through 7/31/2013						
4. 1-800 Number: Up to \$150,000 Annually						
Account	FY 11/12	FY 12/13	FY 13/14	FY 14/15		
1. Media	\$6,000,000	\$9,680,239	\$9,680,239	\$6,000,000		
2. Media	\$8,557,756					
3. Media	\$5,574,310	\$5,574,310	\$5,000,000	\$5,000,000		
4. Media	\$150,000	\$150,000	\$150,000	\$150,000		
	<b>\$20,282,066</b>	<b>\$15,404,549</b>	<b>\$14,830,239</b>	<b>\$11,150,000</b>		