



APRIL 26, 2018

<p>SUBJECT</p> <p>FINANCIAL UPDATE</p>	<p><input type="checkbox"/> Action</p> <p><input checked="" type="checkbox"/> Information</p>
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SUMMARY OF THE ISSUE

This item provides an update of the Commission’s financial plan and other topics of financial interest.

RECOMMENDATION

This is an information-only item. First 5 California (F5CA) staff is not requesting action at this time.

BACKGROUND OF KEY ISSUES

Staff provides a financial update of F5CA Commission funds at each quarterly meeting of the State Commission.

Revenue Update

The following table represents the actual tax revenues transferred from the California Children and Families Trust Fund (Fund) to F5CA state accounts beginning with Fiscal Year (FY) 2010–11 through FY 2016–17, and projected revenue for FY 2017–18 through FY 2020–21, with the percentage decline from each fiscal year to the next.

**Table 1
Actual and Projected First 5 California Cigarette and Tobacco Tax Revenue
through FY 2020–21**

	Fiscal Year	Tax Revenue Amount	% Decline
Actuals	2010/11	\$94,050,327	1.86%
	2011/12	\$93,381,688	0.71%
	2012/13	\$90,100,191	3.51%
	2013/14	\$86,103,907	4.44%
	2014/15	\$86,027,892	0.09%
	2015/16	\$85,473,337	0.64%
	2016/17	\$79,907,357	6.51%
Projections	2017/18	\$67,564,600	15.45%
	2018/19	\$76,340,400	-12.99%
	2019/20	\$74,358,400	2.60%
	2020/21	\$72,395,200	2.64%

Financial Plan

F5CA tracks actual and projected revenues and expenditures by fiscal year for the following six Proposition 10 accounts for use by the State Commission: Mass Media Communications, Education, Child Care, Research and Development, Administration, and Unallocated. This information is captured in Attachment A, which includes actual and projected revenue and expenditures by account for the prior year, current fiscal year, and four budget years.

Fiscal Mapping to the Strategic Plan

F5CA’s Strategic Plan, adopted by the Commission in January 2014 and revised in February 2017, is the driving force behind program and operational expenditures incurred by F5CA. Generally, activities of the Commission, unless statutorily mandated, fall under at least one of the Strategic Priority Areas identified in the Strategic Plan. Attachment B maps expenditures identified in the Financial Plan to specific goals identified in the Strategic Plan.

ATTACHMENTS

- A. First 5 California Financial Plan FY 2016–17 through FY 2020–21
- B. First 5 California Fiscal Mapping to the Strategic Plan

First 5 California
Financial Plan
FY 2016-17 through FY 2020-21

	2016-17	2017-18	2018-19	2019-20	2020-21
Mass Media Communications (0631)					
Beginning Balance					
Projected Expenditures and Obligations	\$16,016,172	\$12,647,143	\$14,242,935	\$12,345,997	\$10,038,032
Projected Revenue	28,580,364	19,202,484	25,351,871	25,180,588	25,180,588
Projected Interest	23,972,207	20,269,380	22,902,120	22,307,520	21,718,560
Federal Reimbursement for Kit	114,522	28,896	52,813	65,103	75,310
Year-end Balance	\$12,022,537	\$14,242,935	\$12,345,997	\$10,038,032	\$7,151,314
Education (0634)					
Beginning Balance					
Projected Expenditures and Obligations	\$55,185,417	\$67,346,217	\$44,508,431	\$40,780,466	\$38,149,274
Projected Revenue	8,371,735	39,856,310	22,934,643	21,334,643	1,584,643
Projected Interest	20,518,869	16,891,150	19,085,100	18,589,600	18,098,800
Year-end Balance	\$67,886,246	\$44,508,432	\$40,780,466	\$38,149,274	\$54,767,766
Child Care (0636)					
Beginning Balance					
Projected Expenditures and Obligations	\$37,214,941	\$38,943,125	\$26,094,732	\$22,478,279	\$18,555,195
Projected Revenue	10,628,678	23,059,872	15,136,142	15,136,142	136,142
Projected Interest	11,986,104	10,134,690	11,451,060	11,153,760	10,859,280
Year-end Balance	\$38,878,355	\$26,094,732	\$22,478,279	\$18,555,195	\$29,327,211
Research and Development (0637)					
Beginning Balance					
Projected Expenditures and Obligations	\$41,873,677	\$49,012,452	\$36,535,669	\$34,069,168	\$30,666,918
Projected Revenue	5,208,542	22,708,738	13,998,142	14,618,710	1,696,735
Projected Interest	11,986,104	10,134,690	11,451,060	11,153,760	10,859,280
Year-end Balance	\$49,012,453	\$36,535,669	\$34,069,168	\$30,666,918	\$39,873,168
Unallocated (0639)					
Beginning Balance					
Projected Expenditures and Obligations	\$14,560,216	\$17,296,787	\$18,073,132	\$21,157,777	\$24,107,012
Projected Revenue	5,436,757	6,029,402	4,607,000	4,552,000	4,552,000
Projected Interest	7,990,736	6,756,460	7,634,040	7,435,840	7,239,520
Year-end Balance	\$17,163,382	\$18,073,132	\$21,157,777	\$24,107,012	\$26,867,272
Program Accounts 0631, 0634, 0636, 0637, and 0639 Totals:					
Total Cigarette and Tobacco Tax Revenue	\$76,454,020	\$64,186,370	\$72,523,380	\$70,640,480	\$68,775,440
Total Resources Per Year	\$243,189,049	\$250,311,706	\$212,859,485	\$202,338,514	\$191,136,839
Total Expenditures Per Year	\$58,226,076	\$110,856,806	\$82,027,798	\$80,822,083	\$33,150,108
Total Over/Under	\$184,962,973	\$139,454,900	\$130,831,687	\$121,516,431	\$157,986,731

**First 5 California
Financial Plan
FY 2016-17 through FY 2020-21**

	2016-17	2017-18	2018-19	2019-20	2020-21
Administration (0638)					
Beginning Balance	\$16,107,214	\$13,745,141	\$10,291,083	\$7,471,540	\$4,323,512
Projected Expenditures and Obligations	6,610,617	6,879,296	6,675,263	6,895,366	7,124,274
Projected Revenue	4,125,690	3,378,230	3,817,020	3,717,920	3,619,760
Projected Interest	122,855	47,008	38,700	29,418	19,170
Year-end Balance	\$13,745,141	\$10,291,083	\$7,471,540	\$4,323,512	\$838,168
ALL FIRST 5 CALIFORNIA FUNDS					
Total Revenue	\$80,579,710	\$67,564,600	\$76,340,400	\$74,358,400	\$72,395,200
Total Expenditures Per Year	\$64,836,693	\$117,736,102	\$88,703,061	\$87,717,449	\$40,274,382
Total Over/Under	\$198,708,114	\$149,745,983	\$138,303,227	\$125,839,943	\$158,824,899
Total 15% Reserve	\$12,086,956	\$10,134,690	\$11,451,060	\$11,153,760	\$10,859,280
Net After Reserve	\$186,621,158	\$139,611,293	\$126,852,167	\$114,686,183	\$147,965,619

First 5 California
Financial Plan
FY 2016-17 through FY 2020-21

Line Items by Fund	Strategic Plan	2016-17	2017-18	2018-19	2019-20	2020-21
1 Mass Media Communications (0631)						
Beginning Balance		\$16,016,172	\$12,647,143	\$14,242,935	\$12,345,997	\$10,038,032
Prior Year Beginning Balance Adjustment		\$584,908				
Parent Signature Program - Mass Marketing (Advertising)	3.1	23,910,243	13,446,508	20,078,588	20,078,588	20,078,588
Parent Signature Program - 1-800 Number	3.1	58,320	100,000	100,000	100,000	100,000
Parent Signature Program - Kit for New Parents	3.1	3,419,733	5,330,183	5,000,000	5,000,000	5,000,000
Miscellaneous	3.1	2,707	152,531	0	0	0
State Assessments		2,000	2,000	2,000	2,000	2,000
Total Expenditures		27,393,004	19,031,202	25,180,588	25,180,588	25,180,588
Allocation from Admin		171,283	171,283	171,283	171,283	171,283
Prior Year Adjustments & Accruals		1,016,078	0	0	0	0
Adjusted Expenditures		28,580,364	19,202,484	25,351,871	25,180,588	25,180,588
Projected Revenue		23,972,207	20,269,380	22,902,120	22,307,520	21,718,560
Projected Interest		114,522	28,896	52,813	65,103	75,310
Federal Reimbursement for Kit		500,000	500,000	500,000	500,000	500,000
Other Revenue		39,698				
Total Revenues		24,626,427	20,798,276	23,454,933	22,872,623	22,293,870
Year-end Balance		\$12,647,143	\$14,242,935	\$12,345,997	\$10,038,032	\$7,151,314
15% Reserve		3,595,831	3,040,407	3,435,318	3,346,128	3,257,784
Net Year-end Balance		\$9,051,312	\$11,202,528	\$8,910,679	\$6,691,904	\$3,893,530

2 Education (0634)						
Beginning Balance		\$55,185,417	\$67,346,217	\$44,508,431	\$40,780,466	\$38,149,274
Prior Year Beginning Balance Adjustment		(\$540,028)				
Statewide Summit	2.1, 2.2, 3.1	250,000	12,750	250,000	0	250,000
Co-Sponsorship Funding		150,000	150,000	150,000	150,000	150,000
Educare	1.2, 2.1	1,254,869	1,350,000	1,350,000	0	0
First 5 IMPACT	1.1, 1.2, 1.3	9,352,342	37,158,873	20,000,000	20,000,000	0
Dual Language Learner	2.1, 2.2	0	1,000,000	1,000,000	1,000,000	1,000,000
Miscellaneous	1.2, 1.3	3,000	45	0	0	0
State Assessments		2,000	2,000	2,000	2,000	2,000
Total Expenditures		11,012,211	39,673,667	22,752,000	21,152,000	1,402,000
Allocation from Admin		182,643	182,643	182,643	182,643	182,643
Prior Year Adjustments & Accruals		(2,823,118)	0	0	0	0
Adjusted Expenditures		8,371,735	39,856,310	22,934,643	21,334,643	1,584,643
Projected Revenue		19,976,839	16,891,150	19,085,100	18,589,600	18,098,800
Miscellaneous revenue-Child Summit		542,030				
Projected Interest		553,695	127,375	121,578	113,851	104,335
Total Revenue		21,072,564	17,018,525	19,206,678	18,703,451	18,203,135
Year-end Balance		\$67,346,217	\$44,508,431	\$40,780,466	\$38,149,274	\$54,767,766
15% Reserve		2,996,526	2,533,673	2,862,765	2,788,440	2,714,820
Net Year-end Balance		\$64,349,691	\$41,974,758	\$37,917,701	\$35,360,834	\$52,052,946

First 5 California
Financial Plan
FY 2016-17 through FY 2020-21

Line Items by Fund	Strategic Plan	2016-17	2017-18	2018-19	2019-20	2020-21
3 Child Care (0636)						
Beginning Balance		\$37,214,941	\$38,943,125	\$26,094,732	\$22,478,279	\$18,555,195
Prior Year Beginning Balance Adjustment		(\$296,987)				
First 5 IMPACT	1.1, 1.2, 1.3 2.1, 2.2	6,505,976	22,923,730	15,000,000	15,000,000	0
Miscellaneous		3,000	0	0	0	0
State Assessments		2,000	2,000	2,000	2,000	2,000
Total Expenditures		6,510,976	22,925,730	15,002,000	15,002,000	2,000
Allocation from Admin		134,142	134,142	134,142	134,142	134,142
Prior Year Adjustments		3,983,559	0	0	0	0
Adjusted Expenditures		10,628,678	23,059,872	15,136,142	15,136,142	136,142
Projected Revenue		11,986,104	10,134,690	11,451,060	11,153,760	10,859,280
Projected Interest		305,988	76,789	68,629	59,298	48,878
Other Revenue		361,758				
Total Revenue		12,653,849	10,211,479	11,519,689	11,213,058	10,908,158
Year-end Balance		\$38,943,125	\$26,094,732	\$22,478,279	\$18,555,195	\$29,327,211
15% Reserve		1,797,916	1,520,204	1,717,659	1,673,064	1,628,892
Net Year-end Balance		\$37,145,209	\$24,574,528	\$20,760,620	\$16,882,131	\$27,698,319

4 Research and Development (0637)						
Beginning Balance		\$41,873,677	\$49,012,452	\$36,535,669	\$34,069,168	\$30,666,918
Prior Year Beginning Balance Adjustment		\$0				
Annual Report		12,000	12,000	12,000	12,000	12,000
General Research Software		8,459	0	0	0	0
CARES Plus Program Data Collection and Storage	1.2, 2.1, 2.2	2,002	0	0	0	0
California Health Interview Survey	1.1, 1.2	850,000	850,000	850,000	850,000	850,000
Dual Language Learner	1.2, 1.3	2,970,839	4,000,000	4,000,000	4,620,568	698,593
First 5 IMPACT	1.1, 1.2, 1.3 2.1, 2.2	4,591,714	17,696,259	9,000,000	9,000,000	0
Miscellaneous Expenditures		20,275	150	0	0	0
State Assessments		2,000	2,000	2,000	2,000	2,000
Total Expenditures		8,457,288	22,574,596	13,864,000	14,484,568	1,562,593
Allocation from Admin		134,142	134,142	134,142	134,142	134,142
Prior Year Adjustments		(3,382,888)	0	0	0	0
Adjusted Expenditures		5,208,542	22,708,738	13,998,142	14,618,710	1,696,735
Projected Revenue		11,986,104	10,134,690	11,451,060	11,153,760	10,859,280
Projected Interest		361,214	97,265	80,581	62,700	43,705
Total Revenue		12,347,317	10,231,955	11,531,641	11,216,460	10,902,985
Year-end Balance		\$49,012,452	\$36,535,669	\$34,069,168	\$30,666,918	\$39,873,167
15% Reserve		1,797,916	1,520,204	1,717,659	1,673,064	1,628,892
Net Year-end Balance		\$47,214,536	\$35,015,465	\$32,351,509	\$28,993,854	\$38,244,275

First 5 California
Financial Plan
FY 2016-17 through FY 2020-21

Line Items by Fund	Strategic Plan	2016-17	2017-18	2018-19	2019-20	2020-21
5 Unallocated (0639)						
Beginning Balance		\$14,560,216	\$17,296,787	\$18,073,132	\$21,157,777	\$24,107,012
Prior Year Beginning Balance Adjustment		\$24,811				
Small Population County Funding Augmentation	2.2	4,219,936	4,300,000	4,300,000	4,300,000	4,300,000
California Smoker's Helpline	2.2, 3.1	1,286,391	1,400,000	0	0	0
Strategic Plan	2	27,364				
Miscellaneous		63,617	77,402	55,000	0	0
Stakeholder Meeting Facilitation	1.2	250,000	250,000	250,000	250,000	250,000
State Assessments		2,000	2,000	2,000	2,000	2,000
Total Expenditures		6,849,308	6,029,402	4,607,000	4,552,000	4,552,000
Prior Year Adjustments		(1,412,551)	0	0	0	0
Adjusted Expenditures		5,436,757	6,029,402	4,607,000	4,552,000	4,552,000
Projected Revenue		7,990,736	6,756,460	7,634,040	7,435,840	7,239,520
Misc Revenue		108,594				
Projected Interest		49,187	49,287	57,605	65,395	72,740
Total Revenue		8,148,517	6,805,747	7,691,645	7,501,235	7,312,260
Year-end Balance		\$17,296,787	\$18,073,132	\$21,157,777	\$24,107,012	\$26,867,272
15% Reserve		1,198,610	1,013,469	1,145,106	1,115,376	1,085,928
Net Year-end Balance		\$16,098,176	\$17,059,663	\$20,012,671	\$22,991,636	\$25,781,344

Program Accounts 0631, 0634, 0636, 0637, 0639 Totals:						
Total Cigarette and Tobacco Tax Revenue		\$75,911,989	\$64,186,370	\$72,523,380	\$70,640,480	\$68,775,440
Total Resources Per Year		\$243,699,096	\$250,311,706	\$212,859,485	\$202,338,514	\$191,136,839
Total Expenditures Per Year		\$58,226,076	\$110,856,807	\$82,027,798	\$80,822,083	\$33,150,108
Total Over/Under		\$185,245,724	\$139,454,899	\$130,831,687	\$121,516,431	\$157,986,730
Total 15% Reserve		\$11,386,798	\$9,627,956	\$10,878,507	\$10,596,072	\$10,316,316
Net After Reserve		\$173,858,925	\$129,826,944	\$119,953,180	\$110,920,359	\$147,670,414

6 Administration (0638)						
Beginning Balance		\$16,107,214	\$13,745,141	\$10,291,083	\$7,471,540	\$4,323,512
Prior Year Beginning Balance Adjustment						
Administrative Expense	4.1, 4.2	6,773,519	6,245,570	6,422,933	6,643,036	6,871,943
SCO Admin Charges		3,000	3,000	3,000	3,000	3,000
FI\$Cal Charges		8,000	8,000	8,000	8,000	8,000
State Assessments		554,000	1,293,000	911,604	911,604	911,604
Total Budgeted Expenditures		\$7,338,519	\$7,549,570	\$7,345,537	\$7,565,640	\$7,794,547
Allocation to Other Funds (0631, 0634, 0636 and 0637)		(\$670,274)	(\$670,274)	(\$670,274)	(\$670,274)	(\$670,274)
Prior Year Adjustments		(57,628)	0	0	0	0
Adjusted Fund Balance Expenditures		6,610,617	6,879,296	6,675,263	6,895,366	7,124,274
Projected Revenue		3,995,368	3,378,230	3,817,020	3,717,920	3,619,760
CDE Travel Reimbursement		130,322	0	0	0	0
Projected Interest		122,855	47,008	38,700	29,418	19,170
Other Revenue						
Total Revenue		\$4,248,544	\$3,425,238	\$3,855,720	\$3,747,338	\$3,638,930
Year-end Balance		\$13,745,141	\$10,291,083	\$7,471,540	\$4,323,512	\$838,168
15% Reserve		\$599,305	\$506,735	\$572,553	\$557,688	\$542,964
Net Year-end Balance		\$13,145,836	\$9,784,348	\$6,898,987	\$3,765,824	\$295,204

First 5 California
Financial Plan
FY 2016-17 through FY 2020-21

Line Items by Fund	Strategic Plan	2016-17	2017-18	2018-19	2019-20	2020-21
ALL FIRST 5 CALIFORNIA FUNDS						
Total Cigarette and Tobacco Tax Revenue		\$79,907,357	\$67,564,600	\$76,340,400	\$74,358,400	\$72,395,200
Total Resources Per Year		\$247,947,640	\$253,736,944	\$216,715,205	\$206,085,852	\$194,775,769
Total Expenditures Per Year		\$64,836,693	\$117,736,103	\$88,703,061	\$87,717,449	\$40,274,382
Total Over/Under		\$183,110,947	\$136,000,841	\$128,012,144	\$118,368,403	\$154,501,387
Total 15% Reserve		\$11,986,104	\$10,134,690	\$11,451,060	\$11,153,760	\$10,859,280
Net After Reserve		\$171,124,843	\$125,866,151	\$116,561,084	\$107,214,643	\$143,642,107

**First 5 California
Fiscal Mapping to the Strategic Plan**

Goal #	Goal Name	Goal Description	Total	2016-17	2017-18	2018-19	2019-20	2020-21
Strategic Plan Area 1								
1.1	Child Health	Children prenatal through age 5 and their families access the full spectrum of health and behavioral health services needed to enhance their well-being.	\$ 208,246,792	\$ 21,300,032	\$ 78,628,861	\$ 44,850,000	\$ 44,850,000	\$ 850,000
1.2	Early Learning	Children birth through age 5 benefit from high quality early education, early intervention, family engagement, and support that prepares all children to reach their optimal potential in school and life.	\$246,847,030	\$ 27,538,612	\$ 84,878,861	\$ 51,100,000	\$ 51,100,000	\$ 850,000
1.3	Family and Community Support and Partnership	Families and communities are engaged, supported, and strengthened through culturally effective resources and opportunities that assist them in nurturing, caring, and providing for their children's success and well-being.	\$201,465,383	\$ 20,450,032	\$ 81,778,861	\$ 48,000,000	\$ 48,000,000	\$ -

Goal #	Goal Name	Goal Description	Total	2016-17	2017-18	2018-19	2019-20	2019-20
Strategic Plan Area 2								
2.1	Leadership as a Convener and Partner	Work with First 5 county commissions, state agencies, and other stakeholders to convene, align, collaborate on, support, and strengthen statewide efforts and initiatives to facilitate the creation of a seamless system of integrated and comprehensive programs and services to improve the status and outcomes for children prenatal through age 5 and their families.	\$219,762,408	\$ 22,250,032	\$ 79,128,861	\$ 45,600,000	\$ 44,000,000	\$ 250,000
2.2	Resource Exchange and Stewardship	Strategically fund and co-fund, align resources, facilitate the exchange of information and best practices, and seek new opportunities to maximize positive impact for children prenatal through age 5 and their families.	\$242,661,567	\$ 26,100,032	\$ 83,178,861	\$ 49,650,000	\$ 49,400,000	\$ 1,650,000

Goal #	Goal Name	Goal Description	Total	2016-17	2017-18	2018-19	2019-20	2019-20
Strategic Plan Area 3								
3.1	Communications	Build public will in investing in early childhood by communicating the potential for positive outcomes for children and families, and the importance of prevention and early intervention.	\$160,024,555	\$ 28,927,187	\$ 17,612,764	\$ 26,190,808	\$ 25,940,808	\$ 26,190,808
3.2	Legislative Engagement and Leadership	Advocate for and influence policy change, both directly and in partnership with First 5 county commissions and other allies, from the local to federal levels that increase investments to improve conditions for children prenatal through age 5 and their families.	\$10,000	\$ -	\$ -	\$ -	\$ -	\$ -

Goal #	Goal Name	Goal Description	Total	2016-17	2017-18	2018-19	2019-20	2019-20
Strategic Plan Area 4								
4.1	Internal Structure and Systems	Create and implement an integrated and transparent approach to internal planning, communication, and decision making.	\$0	\$ -	\$ -	\$ -	\$ -	\$ -
4.2	Team Development and Engagement	Develop management and staff awareness, understanding, knowledge, capacity, and involvement within and across organizational areas.	\$93,000	\$ 15,500	\$ 15,500	\$ 15,500	\$ 15,500	\$ 15,500