



FIRST 5 SANTA CLARA COUNTY COMMISSION MEEETING

Meeting Date:		May 18, 2023		Submitting Department:		Finance and Operations	
Action:	X	Discussion:		New Contract:		Contract Amount:	
Budget Request:				Budget Amendment:			
Fiscal Impact:		Approval of the draft proposed FY 2023/2024 Budget establishes the framework for funding FIRST 5 programs and services					
Selection Process:	RFP/RFQ		Inner-Agency Agreement		Sole Source		Not Applicable
Committee Approval:	Committees recommended adoption at their respective meetings last week.						

TITLE:

Consider Adoption of the Proposed FY 2023/2024 Operations Budget

ATTACHMENTS:

- 4.2A Proposed FY 2023/2024 Operations Budget
- 4.2B FY 2023/2024 10-Year Sustainability Plan
- 4.2C FY 2023/2024 Third Party Grants
- 4.2D FY 2023/2024 Community Investment Grant Award Recommendations Summary
- 4.2E Resolution No.23-02, approving the FY 2023/24 Operations Budget
- 4.2F Resolution No.23-03, approving the FY 2023/24 Community Investment Grant Awards
- 4.2G Proposition 10 Revenue Projections

RECOMMENDED ACTIONS:

Adopt the proposed FY 2023/2024 Operations Budget.

BACKGROUND:

This letter provides an overview of the proposed FY 2023/2024 budget and assumptions that inform the recommended action, including the following:

- A. Budget Overview
- B. Budget Summary
- C. Budget Development Process
- D. Revenue Assumptions
- E. 10-Year Sustainability Plan
- F. Operating Costs

A. Budget Overview

The proposed FY 2023/2024 Budget continues the implementation of strategies included in the 2018-2023 FIRST 5 Strategic Plan adopted by the Commission on June 21, 2018. This year’s budget proposes decreased spending for community investments resulting from the sunseting of select programs where the funding source has been discontinued or a planned elimination of FIRST 5 funding. All funding is subject to the FIRST 5 Santa Clara County Purchasing Policy, which provides the process to procure goods and services to conduct the business affairs of FIRST 5 Santa Clara County.

The FY 2023/2024 budget continues to increase transparency and improve the accuracy of financial projections. In adherence to the Commission policy, a budget is developed and approved on an annual basis, committing the resources to carry out its strategies and initiatives.

The budget overview, along with the FY 2022/2023 to FY 2023/2024 comparison is illustrated below:

FIRST 5 SANTA CLARA COUNTY DRAFT BUDGET FY 2023/2024						
LINE NO		FY23 APPROVED REVISED BUDGET	FY23 PROJECTED	FY24 BUDGET (DRAFT)	INCREASE/(DECREASE)	
	REVENUE					
1	Proposition 10	\$ 13,837,090	\$ 12,947,943	\$ 11,585,041	\$	(1,362,902)
2	Grants	9,215,511	7,983,494	9,796,855		1,813,360
3	MAA administrative billing income	1,500,000	1,896,067	2,055,800		159,733
4	Interest Income and Realized Gain/(losses)	498,534	480,333	338,340		(141,993)
5	Unrealized Loss on Investments	-	(300,000)	(150,000)		150,000
6	Other	430,393	303,414	283,728		(19,686)
7	TOTAL REVENUE	25,481,528	23,311,252	23,909,764		598,512
	OPERATING EXPENSES					
8	Salaries and Benefits	7,830,502	6,678,436	8,340,926		1,662,490
9	Program Expenses	1,764,168	1,765,584	1,791,925		26,341
10	Administration	1,321,195	1,218,151	967,258		(250,893)
11	TOTAL OPERATING EXPENSES	10,915,865	9,662,171	11,100,109		1,437,938
12	CHANGES IN NET ASSETS BEFORE COMMUNITY INVESTMENT	14,565,663	13,649,081	12,809,655		(839,426)
13	COMMUNITY INVESTMENT	24,588,400	22,531,797	\$ 21,786,737	** \$	(745,060)
14	DECREASE IN NET ASSETS	\$ (10,022,737)	\$ (8,882,716)	\$ (8,977,082)		(94,366)

** FY 24 draft budget has been increased by \$354,064 for additional community investment spending identified after the committee packets were delivered

Revenue is budgeted to increase for FY 2023/2024. Prop 10 will decline 11%, \$1.4 million in line with the State's published projection. Grant income will increase by 23%, due to the shifting of revenue for reimbursable grants from FY 2022/2023 to FY 2023/2024 because spending on those grants were under budget and expectations for the year and will be expended in FY 2023/2024.

Salaries and Benefits will increase by 24% or \$1.66 million. Employees received an average 8% increase effective January 1, 2023. They will also receive a 2.5% COLA adjustment on July 1, 2023 and a 3.0% step increase on their anniversary date.

Budgeted program and admin expenses will decrease in total by 8% over the prior fiscal year projections due mostly to some extraordinary expenditures for Union bargaining legal fees.

B. Budget Summary

The 2023/2024 budget incorporates investments in staff professional development, education and training, increases in staff salaries as prescribed under the terms of the Union Agreement and strengthening the organization through the hiring and obtaining full FTE head-count for all approved positions.

Considering the fiscal reality of declining revenues for our Proposition 10 allocation, this budget provides a more precise estimate of the ending fund balance of the current fiscal year based on expected revenues and expenditures rather than budgeted. Therefore, the revenue and expenses for the current fiscal year (FY 2022/2023) shown in the first column of the FY 2023/2024 Proposed Operations Budget (Attachment 4.2A) and the 10-Year Sustainability Plan (Attachment 4.2B) are the expected actual revenues and expenditures rather than those originally budgeted for FY 2022/2023.

The following contracts are in Administration/Operations budget and require Commission approval:

Persimmony International (Contract and Evaluation Administration software)- \$145,950;
USWired (IT Support)- \$173,000 (includes monthly IT services \$145K and \$25K allowance for equipment purchases); and
Applied Survey Research (Evaluation) - \$450,000 (Approximately 18% is paid for with Third Party Funding).

The budget is comprised of the *Community Investment Budget* and the *Operations Budget*. The Community Investment Budget includes the proposed investments with FIRST 5's grantees and partners for the next fiscal year. The Operations Budget includes all costs related to the management of the Commission, including staff costs, services and supplies, and fixed expenses including facilities. Refer to Section F for a more detailed analysis.

For your review is the 10-Year Sustainability Plan (Attachment 4.2B). The total proposed FY 2023/2024 spending budget totals \$32.9 million a 2% increase (\$692,878) over the projected actual FY 2022/2023 spending of \$32.2 million as follows:

- Community Investment – Budgeted Spending is projected to decrease by \$745,060 (3%). The budget for each program was developed from the ground up with each program staff and leaders, to reflect the anticipated program spending for the coming fiscal year.

The proposed FY 2023/2024 Budget includes the following:

1. Community Investment Summary

Community Investment budget is **\$21,786,737**. This budget includes the following:

- Investment in early learning system database called Early Quality Systems, Hubbe, Inc;
- Expansion of the Universal Developmental Screening Initiative through a partnership with Bay Area Community Health, local school health clinics and UC San Francisco to develop and implement an integrated behavioral health demonstration and technical assistance project with a select cohort of high volume pediatric and family medicine clinics in Santa Clara County. This work will demonstrate scalable and sustainable reimbursement and clinical delivery models for dyadic models of care in pediatric and family medicine primary care settings;
- Leadership of the *Santa Clara County Home Visiting Collaborative*, which will be working to develop a coordinated intake and referral system for Home Visiting Programs in Santa Clara County;
- Continued delivery of SEEDs of Learning and myTeachstone to Family Child Care Home early educators participating in QUALITY MATTERS...a STRONG START for kids to enhance their competency in interactions with children and their families;
- Investment in Apprenticeship, Shared Services and TK Equity initiatives, funded by Santa Clara County;
- Funding of Refugee family assistance;
- Continued investments in the courts and child welfare system.

2. Building FIRST 5's Internal Capacity

a. Staff

The FY 2023/2024 operating budget includes 58 full-time equivalents (FTE's).

The increase in Salaries and Benefits is directly related to the Union Agreement negotiated this past fiscal year.

Salaries and Wages and Benefits are budgeted at their full costs. The budgeted Salaries and Benefits total \$8,340,926. Of that amount, \$1,826,030 (22%) will be funded by Third-Party Awards.

b. Operating Costs Summary:

In FY 2023/2024, budgeted operating costs total \$11,100,109 consisting of Salaries and Benefits totaling \$8,340,927, and Services and Supplies totaling \$2,759,182. Section F includes a more detailed discussion of operating costs which include:

- **Program Costs.** Costs incurred by a County Commission readily assignable to a program or service provider (other than for evaluation activities) and/or in the execution of direct service provision.
- **Evaluation Costs.** Cost incurred by a County Commission in the evaluation of funded programs based on their accountability framework, data collection and evaluation for required reporting to the state and local stakeholders.
- **Administration and Related Overhead Costs.** Costs associated with operating FIRST 5 Santa Clara County. Per Commission policy, a 10% limit on the percentage of the Commission's annual operating budget may be spent on administrative functions.

C. Budget Development Process

In FY 2023/2024, the role of the budget is to provide a blueprint for spending on Commission priorities, including setting outside spending parameters based on more accurate estimates. The FY 2023/2024 budget aims to increase transparency and improve the accuracy of financial projections. In the coming year, the finance team will implement continuous improvements to utilize our budgeting system in the MIP financials more effectively to provide monthly budget versus actual statements to program partners and internal constituents.

In an integrated, collaborative approach internally, staff from both programs and operations were invited and participated in the development of the budget. The budget was reviewed with the Executive Team for their approval and recommendations. In January 2023, all program staff met with the Executive of Finance and Operations for a mid-year budget review which was then presented to the Commission at the February 2023 meeting. In the coming fiscal year, continued collaboration and communication will occur to ensure departments understand the on-going fiscal responsibility of their respective programs.

D. Revenue Assumptions

1. Proposition 10 Revenue

The tobacco tax, the main source of income for FIRST 5 Santa Clara County, has been estimated for FY 2023/2024 to FY 2025/2026 from the estimates provided by FIRST 5 California, thereafter a 3% reduction per year was used.

2. Interest Income

Interest income was estimated based upon 1.5% of the ending fund balance in the prior fiscal year. Future losses beyond FY 2023/2024 have not been estimated due the high degree of uncertainty.

3. Rental Income

Rental income is based upon a minimum 3% per year over what is currently being collected.

4. MAA Revenue

The Medi-Cal Administrative Activities (MAA) program is a federal reimbursement program administered by the State Department of Health Care Services (DHCS) through the county. MAA reimburses a portion of public expenditures made by government agencies, such as public health and probation, and community-based organizations, which are directed towards the performance of MAA activities.

MAA revenues for FIRST 5 are estimated based upon information on actual claims made provided by FIRST 5's MAA Consultant. During the current fiscal year, FIRST 5 projects that we will receive \$2.1 million (net of a 6% fee charged by the County).

5. Third-Party Grant Revenue

Third-party grant revenue is grant awards received and earned by FIRST 5 through grant applications and awards arising from sources outside of Prop 10 funding.

Third-party revenues were estimated based upon information from grantors. Forty-one percent (41%) of FY 22/23 revenues are received from third-party grants and fund new programs, enhancements to existing programs, FIRST 5 staff costs and indirect costs.

FIRST 5 has projected to receive grant revenue from these sources in FY 2023/2024:

- California Department of Education, PDG-R;
- City of San Jose;
- First 5 Impact Fund;
- First 5 California;
- PHD CalWORKs;
- Parent Child +;
- Santa Clara County Behavioral Health Department, School Linked Services;
- Santa Clara County Executive Office;

- Santa Clara County Social Services Agency;
- Santa Clara County Probation Department;
- Morgan Foundation,
- Sunlight Foundation,
- A newly established fund-raising goal of \$500K from sources yet to be identified.

Third-Party awards are projected to increase by \$1.8 million, 23%. Most of our grants are reimbursable grants. We earn the revenue as we expend the funds. Spending on the major Santa Clara County grant (2 year, \$5 million grant) ramped up slower than anticipated and so more of the funds will roll over into FY 2023/2024 than previously forecasted.

Awards already received or likely to be received based upon information from grantors were included in the budget and the ten-year plan. It is very likely that other grants will be received in FY 2023/2024 and during the ten-year period.

E. 10-Year Sustainability Plan

Based on Commission policy, the annual budget, which is approved by the Commission annually, commits the resources for purposes of the initiatives. The Commission has already taken formal action to commit funds to multi-year allocations for specific initiatives such as the Family Resource Center Initiative. Any unspent funds from the previous fiscal year for these investments revert back to the fund balance.

In looking forward to long-term goals, the FIRST 5 10-year Sustainability Plan for FY 2023/2024 through FY 2032/33 provides a framework to guide FIRST 5's investments and ensure that allocations are aligned with FIRST 5's priorities, as outlined in the Strategic Plan. Revenue and expense projections in this 10-Year Sustainability Plan utilize assumptions based on information known at this time and projections will change over time as updated data is received. Further, the 10-year Sustainability Plan does not refer to specific programs and initiatives and does not contractually obligate the Commission in the future, but rather provides a snapshot of the projected trends in Revenue, Expenses, and the Beginning and Ending Balances over a 10-year period. Financial projections will be reviewed and updated annually as part of the annual budget process.

The expected Community Investments for FY 2023/2024 are estimated to be \$21,786,737 which is a decrease of \$745,060 (3%) in projected contracts spending for FY 2023/2024. *This is based upon maintaining current contract amounts for most grants and sunseting grants for programs that are being discontinued.*

F. Operating Expenses

In accordance with the FIRST 5 Administrative Cost Policy, 10% is the maximum allowable expenses. The Administrative expenses for FY2023/2024 is approximately 10% and are within the policy parameters.

Administration Department:

FY 2023/2024 Admin – General Services is budgeted at \$967,257 which is a 21% decrease of \$250,893 over FY 2022/2023 projected actual spending. One-time spending for recruitments, consultants and legal fees for the union contract account for most of this decrease.

Media /Communications:

The Media/Communications department's spending was under budget last year. The FY 2023/2024 budget aligns with the projected actual spending for FY 2022/2023.

Programs:

Services and Supplies

Services and Supplies for various non-payroll Agency expenses are estimated for FY 2023/2024 based upon several factors, such as trends, inflation, one-time expenses, new projected expenses and actual year-to-date expenses occurring during FY 2022/2023. Thereafter a reduction per year is planned as there are decreases in Community Investment Spending.

Community of Learning (COL), Health and Wellness (CHW), and Early Learning (EL), and Family Strengthening and Support (FSS)

Administrative spending for FY 2023/2024 was budgeted based upon FY 2022/2023 spending, number of FTE's per department and the unique needs of these departments.

Acknowledgements:

The FY 2023/2024 Budget was prepared with the support and collaboration of the staff in all departments at FIRST 5. I want to thank everyone who shared valuable knowledge and information while participating in this process.

FIRST 5 SANTA CLARA COUNTY
FY 2023/2024
PROPOSED OPERATING BUDGET

	FY 22/23 Forecasted Actuals	FY 23/24 Proposed Budget	Delta \$	Delta %
Authorized Positions	53	58	5	7.58%
<u>SALARIES AND BENEFITS</u>				
Salaries & Wages	\$ 5,023,767	\$ 6,095,469	\$ 1,071,702	20.18%
* Benefits	\$ 1,654,669	\$ 2,245,458	\$ 590,789	34.45%
TOTAL SALARIES & BENEFITS	\$ 6,678,436	\$ 8,340,927	\$ 1,662,491	23.67%
<u>SERVICES & SUPPLIES</u>				
Admin - General Services	\$ 1,218,151	\$ 853,141	\$ (365,010)	-28.16%
Admin - Business Services	\$ 99,574	\$ 114,116	\$ 14,542	21.86%
Admin - Program	\$ 238,886	\$ 344,048	\$ 105,162	44.61%
Media/Communications	\$ 414,220	\$ 405,700	\$ (8,520)	-1.94%
Family Strengthening & Support	\$ 167,037	\$ 173,374	\$ 6,337	7.13%
Health & Wellness	\$ 86,879	\$ 95,647	\$ 8,768	13.96%
Evaluation	\$ 437,945	\$ 450,000	\$ 12,055	1.96%
Community of Learning	\$ 159,131	\$ 85,662	\$ (73,469)	-68.04%
Early Learning	\$ 161,911	\$ 237,494	\$ 75,583	59.35%
TOTAL SERVICES & SUPPLIES	\$ 2,983,734	\$ 2,759,182	\$ (224,552)	-7.39%
TOTAL	\$ 9,662,171	\$ 11,100,109	\$ 1,437,938	14.29%

* Benefits included: Medical Insurance; Dental Insurance; Vision Insurance; Life; Disability; AD&D Insurance; Long Term Care Insurance; Employer Supplemental Contribution; Retirement; Employer Matching Contribution; Section 125 Expenses; Section 105 Expense; FICA; Unemployment Insurance; and Workers Compensation Insurance.

Admin: Administrative expenses related to services, supplies, travel, contractual services and facilities costs.

FIRST 5 SANTA CLARA COUNTY
10 Year Sustainability Plan
FY 2023/2024

FY 2023/2024 10-YEAR SUSTAINABILITY PLAN	FY 2020/2021 Actual	FY 2021/2022 ACTUAL	FY 2022/2023 BUDGET	FY 2022/2023 PROJECTED	FY 2023/2024 BUDGET	FY 2024/2025 PROJECTED	FY 2025/2026 PROJECTED	FY 2026/2027 PROJECTED	FY 2027/2028 PROJECTED	FY 2028/2029 PROJECTED	FY2029/2030 PROJECTED	FY2030/2031 PROJECTED	FY2031/2032 PROJECTED	FY2032/2033 PROJECTED
Beginning Balance	51,011,968	44,633,309	37,448,384	37,448,384	28,565,667	19,679,363	13,744,578	9,172,606	5,995,178	4,077,729	3,300,244	2,698,134	2,279,166	2,018,533
Revenues:														
Prop10	15,212,975	14,561,801	13,837,090	12,947,943	11,585,041	10,940,443	10,561,312	10,244,473	9,937,138	9,639,024	9,349,854	9,069,358	8,797,277	8,533,359
Interest and Investment Income	104,832	(1,651,740)	498,534	180,333	188,340	188,340	188,340	188,340	188,340	188,340	188,340	188,340	188,340	188,340
Rental Income	114,799	187,952	130,393	123,414	131,244	135,181	139,237	143,414	147,716	152,148	156,712	161,414	166,256	171,244
MAA Income	1,834,677	2,450,854	1,500,000	1,896,067	2,055,800	2,076,358	2,097,122	2,118,093	2,139,274	2,160,666	2,182,273	2,204,096	2,226,137	2,248,398
Sale of Potter Books	171,332	180,020	300,000	180,000	152,484	150,000	157,500	165,375	173,644	182,326	191,442	201,014	211,065	221,618
Other Income	0	1,102,615	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal General Revenues	17,438,615	16,831,502	16,266,017	15,327,757	14,112,909	13,490,322	13,143,510	12,859,694	12,586,112	12,322,504	12,068,621	11,824,222	11,589,075	11,362,959
Third Party Grants	15,516,044	9,347,980	9,215,511	7,983,494	9,796,855	8,327,327	8,493,873	8,663,751	8,837,026	9,013,766	9,194,042	9,377,922	9,565,481	9,756,791
Total Revenue	32,954,659	26,179,482	25,481,528	23,311,251	23,909,764	21,817,649	21,637,384	21,523,445	21,423,138	21,336,271	21,262,663	21,202,144	21,154,556	21,119,750
Expenses:														
Programs (Operations)	6,461,592	7,095,436	7,426,655	6,423,233	7,502,004	7,800,551	7,891,478	7,853,600	7,816,858	7,781,218	7,746,647	7,713,113	7,713,113	7,713,113
Salaries and Benefits	5,166,527	5,614,375	6,246,610	5,157,649	6,160,079	6,498,883	6,628,861	6,628,861	6,628,861	6,628,861	6,628,861	6,628,861	6,628,861	6,628,861
Direct Program Costs	1,295,065	1,481,061	1,180,045	1,265,584	1,341,925	1,301,667	1,262,617	1,224,739	1,187,997	1,152,357	1,117,786	1,084,252	1,084,252	1,084,252
Evaluation (Operations)	658,437	614,866	584,123	500,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
Administration (Operations)	3,126,124	2,710,939	2,905,087	2,738,938	3,057,327	3,161,830	3,161,830	3,161,830	3,161,830	3,161,830	3,161,830	3,161,830	3,161,830	3,161,830
Salaries and Benefits	1,706,727	1,382,137	1,583,892	1,520,787	2,090,069	2,194,572	2,194,572	2,194,572	2,194,572	2,194,572	2,194,572	2,194,572	2,194,572	2,194,572
Operating Costs	1,419,397	1,328,802	1,321,195	1,218,151	967,258	967,258	967,258	967,258	967,258	967,258	967,258	967,258	967,258	967,258
Community Investments	29,087,165	22,943,166	24,588,400	22,531,797	21,786,737	16,340,053	14,706,047	13,235,443	11,911,898	10,720,709	10,506,294	10,296,169	10,090,245	9,888,440
Total Expenses	39,333,318	33,364,407	35,504,265	32,193,968	32,796,068	27,752,434	26,209,356	24,700,873	23,340,586	22,113,757	21,864,772	21,621,112	21,415,189	21,213,384
Net (Revenue - Expenses)	(6,378,659)	(7,184,925)	(10,022,737)	(8,882,717)	(8,886,304)	(5,934,785)	(4,571,973)	(3,177,428)	(1,917,448)	(777,486)	(602,109)	(418,968)	(260,633)	(93,635)
Ending Balance	44,633,309	37,448,384	27,425,647	28,565,667	19,679,363	13,744,578	9,172,606	5,995,178	4,077,729	3,300,244	2,698,134	2,279,166	2,018,533	1,924,899
FUND BALANCE - ASSETS	3,301,931	3,078,406	2,858,406	2,638,406	1,318,406	1,098,406	878,406	658,406	438,406	218,406				
REMAINING FUND BALANCE - NET ASSETS AVAILABLE	41,331,378	34,369,978	24,567,241	25,927,261	18,360,957	12,646,172	8,294,200	5,336,772	3,639,323	3,081,838	2,698,134	2,279,166	2,018,533	1,924,899

FIRST 5 SANTA CLARA COUNTY
THIRD PARTY AWARDS
FY 2023/2024

Third Party Grant	Program	FY 21-22 Actual	FY 22-23 Projected	FY 23-24 Proposed Budget
Anthem		\$ 75,000	\$ -	\$ -
Aurrera Health Group	ACEs Aware Trauma Informed	480	-	-
Blue Shield of California	Calming Kits	15,000	-	-
California Department of Education	FY22/23 Quality Counts BG R3	535,688	555,948	555,948
California Department of Education	FY22/23 Quality Counts - PDG-R - six months	212,760	375,054	-
California Family Resource Center Association	COVID-19 Emergency Funds	73,490	-	-
City of Milpitas	Internship Program	40,000	-	-
City of San José	COVID Recovery Task FCCH MiniGrants	-	-	100,000
City of San José	Community Development Block Grant - Scholarships	761,492	-	-
County of Santa Clara Board of Supervisors	Internship Program	-	1,684,490	3,314,368
County of Santa Clara Board of Supervisors	County - Apprenticeship Program 2	-	-	1,118,520
County of Santa Clara, Social Services Agency	Diaper Kit Project	67,384	177,000	720,000
County of Santa Clara, County Executive Office	CRF Funds & Supervisor Ellenberg Inventory Item	100,000	150,000	-
County of Santa Clara, County Executive Office	Incarcerated Parents Expansion	250,000	-	-
County of Santa Clara, County Executive Office	Office of Women's Policy	60,000	-	-
County of Santa Clara, County Executive Office	Universal Access Pilot	643,608	472,706	-
County of Santa Clara , District 4 Inventory Item	HV Landscape Analysis	-	-	75,000
County of Santa Clara, Probation Department	Beacons for Hope FRC	317,326	598,603	518,000
County of Santa Clara, Public Health Department	Home Visitation	200,000	415,375	424,375
County of Santa Clara, Social Services Agency	First Call for Families (DAC)	406,540	79,092	-
County of Santa Clara, Social Services Agency	Infant's Conference	25,000	-	-
County of Santa Clara Health System	Healthy Steps Pilot Program	-	-	600,000
David & Lucile Packard Foundation	SPECIAL GIFT - Children's Discovery Museum	50,000	-	-
First 5 California	Afghan Refugee	-	198,033	307,765
First 5 California	Home Visitation	86,235	44,768	62,879
First 5 California	DLL	433,647	-	-
First 5 California	IMPACT - 3 Yr Grant	1,845,588	654,550	-
First 5 California	IMPACT - TBD	-	-	1,000,000
First 5 San Francisco	IMPACT Regional HUB	278,457	199,595	200,000
Franklin McKinley School District	Staff at Seven Trees	-	-	-
ParentChild+	Home Visitation	440,000	304,000	300,000
Santa Clara County Office of Education - California Department of Education	FY22/23 CSPP-QRIS BG R9	1,458,024	1,444,280	-
Santa Clara County Office of Education	Infant's Conference	25,000	-	-
Santa Clara County Office of Cultural		178,398	-	-
Santa Clara Family Health Plan	University of California, San Francisco - Healthy Steps Program	500,000	-	-
Santa Clara Valley Water District	SC Valley Water District-Water Hydration Station	40,000	-	-
Sunlight Giving	COVID-19 Rapid Response Funding	150,000	50,000	-
Sunlight Giving	Multi-Year Grant - FY23 & FY24	-	500,000	-
Superior Court of California, County of Santa Clara	SAMHSA - Dependency Wellness Court-through Dec 202	84,000	-	-
Wellesley College	Wellesley College-Father-Adolescent project	1,000	-	-
Others		(6,137)	80,000	500,000
Total Third Party Grants		\$ 9,347,979	\$ 7,983,494	\$ 9,796,855

FIRST 5 SANTA CLARA COUNTY COMMUNITY INVESTMENT FY 23/24 ESTIMATES FY 2023/2024			
	FY 22/23 BUDGET	FY 22/23 PROJECTED	FY 23/24 PROPOSED BUDGET
Communications/Community Impact			
Asian Americans for Community Involvement (AACI)	\$ 125,478	\$ 80,902	\$ 44,576
Community Events & Sponsorships	115,000	115,000	115,000
International Children Assistance Network - Happy Radio	48,750	48,750	48,750
International Rescue Committee (IRC)	304,189	41,000	263,189
Children's Discovery Museum	75,000	75,000	-
Children Now	50,000	50,000	-
Innovation Fund	-		200,000
Silicon Valley Council of Nonprofits	96,000	96,000	-
Communications Total	\$ 814,417	\$ 506,652	\$ 671,515
Community of Learning			
Brooks Publishing ASQ-3 and ASQ-SE - Virtual Training	\$ 60,000	\$ 60,000	\$ 60,000
*Grail Family Services - SEEDS Coach	65,000	65,000	65,000
*SEEDS Training & Coaching	150,000	150,000	100,000
*MyTeachstone - Stipends & Devices	78,000	50,000	50,000
National Fatherhood - 24/7 Dad	70,000	70,000	-
Parents Helping Parents - Special Needs Workshops	68,836	68,836	68,836
Reflective Practice	30,000	-	-
Celebrating Families (Community Solutions training provider)	-	-	8,000
*†SEEDS of Early Literacy - Stipends devices & supplies	55,000	55,000	25,000
†Teachstone Training, LLC. - Training & Subscriptions	130,000	72,500	72,000
The Pathfinder Network - Parenting Inside Out	9,350	9,350	-
Tides Center - Abriendo Puertas	100,000	35,000	-
Touchpoints - Local Trainer Stipend Contracts	25,000	25,000	25,000
Touchpoints Virtual Training	10,800	10,800	5,000
Translation and Interpretation Services	65,000	65,000	90,000
Triple P	70,000	70,000	-
*†Virtual Conference Platform Infant's Conference	30,000	-	-
Community Focused Training (TBD)		-	30,000
Community of Learning Total	\$ 1,016,986	\$ 806,486	\$ 598,836
Health & Wellness			
Bay Area Community Health	\$ 162,500	\$ -	\$ 162,500
Healthier Kids Foundation - PEIHS (Baby Gateway, Screenings, 10 Steps)	1,119,465	1,119,465	1,119,465
Healthier Kids Foundation - UAP	118,000	118,000	-
Parents As Teachers	31,825	-	-
Home Visiting Community of Practice Training	-	-	5,000
Home Visiting Consultant (Optimal Solutions)	2,100	2,100	40,000
Roots Clinic - Families First Care Coordination & FRC Services	681,240	681,240	681,240

*FY22/23 Funded or partially funded by Third Party Revenue

†FY32/24 Funded or partially funded by Third Party Revenue

^These proposed amounts from partners may be reduced due to the pandemic and changes to program start dates.

	FY 22/23 BUDGET	FY 22/23 PROJECTED	FY 23/24 PROPOSED BUDGET
SPUR - Double Up Food Bucks	97,320	97,320	-
Santa Clara County Public Health Department / Lactation Promotion	159,808	159,808	-
School Health Clinics- TBD	87,500	-	87,500
School Health Clinics- TBD	275,000	-	275,000
SCVHSS Behavioral Health Services Department / KidConnections	1,729,406	1,729,406	1,729,406
County of Santa Clara Valley Medical Center - KCN Targeted Diagnostic Assessm	400,000	400,000	-
The VMC Foundation - NICU	407,829	407,829	407,829
*†University of California, San Francisco - Healthy Steps Program	560,000	560,000	300,000
Health & Wellness Total	\$ 5,831,993	\$ 5,275,168	\$ 4,807,940
Courts & Child Welfare			
Child Advocates of Silicon Valley - Early Childhood CASA	\$ 300,000	\$ 300,000	\$ 300,000
Santa Clara County Public Health Department	718,998	718,998	718,998
Superior Court of California, County of Santa Clara	268,918	268,918	268,918
Courts & Child Welfare Total	1,287,916	1,287,916	1,287,916
Early Learning			
APPRENTICESHIP SUBTOTAL	\$ 1,112,487	\$ 813,974	\$ 774,330
*†Apprenticeship - Instructional and Training TBD			164,700
*†Apprenticeship - SCCOE	264,350	12,000	12,000
*†Apprenticeship Go Kids	197,800	140,720	140,720
*†Apprenticeship Grail Family Services	49,450	38,500	38,500
*†Apprenticeship San Juan Bautista (SJB Child Development Centers)	123,625	90,366	90,366
*†Apprenticeship California Young World	123,625	108,233	108,233
*†Apprenticeship - Catholic Charities	20,700	20,700	20,700
*†Apprenticeship- balance on grant	291,337	361,855	157,511
*†Apprenticeship -Early Care and Education Pathways to Success (ECEPTS)	34,000	34,000	34,000
*†Apprenticeship - Rebekah Center	7,600	7,600	7,600
*†Apprenticeship - ROUND 2	-	-	813,974
*†CDE QRIS Block Grant Incentives (CSPP QRIS Block Grant)	935,418	935,418	-
*†City of San José, Public Library - FFN Expansion 088	125,500	125,500	125,500
^City of San José, Recreation Pre-K - SEEDS of Early Literacy	300,000	25,000	-
†City of San José, Public Library - Quality FFN Care Support Project	98,000	98,000	98,000
†ECE Registry - Santa Clara County QUALITY MATTERS Gateways Passport	50,000	50,000	50,000
*†First 5 San Benito MOU	294,133	294,133	-
*†Early Quality Systems LLC - Hubbe	200,000	200,000	200,000
*†Julie Kurtz (Center for Optimal Brain Integration) - Trauma-informed Care Trainings	35,000	35,000	-
SCCOE - DataZone	44,226	44,226	
*†SCCOE-Inclusion Collaborative - Warm Line	194,814	194,814	194,814
*†SCCOE-Inclusion Collaborative - Professional Development	189,250	189,250	189,250
*†SCCOE - Kindergarten Readiness Assessment	-		50,000
*†Shared Services - SUBTOTAL	133,561	133,561	392,438
*†Shared Services - Stipends	76,000	76,000	76,000
*†Shared Services - Contractual	57,561	57,561	40,438

*FY22/23 Funded or partially funded by Third Party Revenue

†FY32/24 Funded or partially funded by Third Party Revenue

^These proposed amounts from partners may be reduced due to the pandemic and changes to program start dates.

	FY 22/23 BUDGET	FY 22/23 PROJECTED	FY 23/24 PROPOSED BUDGET
*†Shared Services - Other	-		276,000
*†TK Equity - SUBTOTAL	-	-	702,814
*†TK Equity - Education and Training	-		690,000
*†TK Equity - Data and Evaluation	-		12,814
Rating & Stipend Management	1,408,972	1,408,972	932,972
Early Learning Total	\$ 5,121,361	\$ 4,547,848	\$ 4,524,092
Family Strengthening & Support			
*†African American Community Services Agency - FRC	\$ 564,320	\$ 564,320	\$ 564,320
*†§Catholic Charities - FRC's	5,001,254	4,593,254	4,593,254
*†Catholic Charities - ParentChild+ Home Visitation Initiative	397,000	397,000	397,000
City of San Jose - San Jose Public Library: Bridge Library Services	72,990	72,990	72,990
*Collective Impact Solutions - Beacons TA & Consultation	182,821	182,821	-
Community Health Awareness Council - FRC	528,141	528,141	528,141
Conxion to Community - Homeless Children & Families	250,000	250,000	250,000
County of Santa Clara - Library System	24,468	24,468	-
ECSV - Shared Use Agreement	50,000	50,000	50,000
Gardner Family Care Corporation - FRC & Court Staff	497,348	497,348	497,348
International Children Assistance Network - FRC	94,887	94,887	94,887
Rebekah Children's Services - FRC	580,804	580,804	580,804
Rebekah Children's Services - ParentChild+ Home Visitation	397,000	397,000	397,000
Somos Mayfair - FRC (Cesar Chavez)	393,779	393,779	393,779
*†Somos Mayfair - ParentChild+ Home Visitation Initiative	397,000	397,000	397,000
*Somos Mayfair - Painter FRC (UAP)	256,915	256,915	256,915
SupplyBank.org - Diaper Kit Program (County)	404,000	404,000	400,000
Palo Alto Zoo - ECE Science Program	15,000	15,000	15,000
Uplift - Valley Palms Beacon	408,000	408,000	408,000
Family Strengthening & Support Total	\$ 10,515,727	\$ 10,107,727	\$ 9,896,438
Grand Total	\$ 24,588,400	\$ 22,531,797	\$ 21,786,737

*FY22/23 Funded or partially funded by Third Party Revenue

†FY32/24 Funded or partially funded by Third Party Revenue

^These proposed amounts from partners may be reduced due to the pandemic and changes to program start dates.

RESOLUTION NO. 23-02**A RESOLUTION OF THE FIRST 5 SANTA CLARA COUNTY COMMISSION
ADOPTING THE BUDGET FOR OPERATIONS AND APPROPRIATING
REVENUE FOR FISCAL YEAR (FY) 2023/24 AND FINDING THAT FIRST 5
SANTA CLARA COUNTY IS IN COMPLIANCE WITH THE ANNUAL
BUDGET POLICY**

WHEREAS, On October 12, 2017, the FIRST 5 Santa Clara County Commission adopted an Annual Budget Policy by Resolution No. 17-01.

WHEREAS, in accordance with Resolution No. 17-01, Annual Budget Policy, the Chief Executive Officer has prepared and submitted to the FIRST 5 Santa Clara County Commission a proposed budget for FY 2023/24, starting July 1, 2023; and utilizing the most accurate available income estimates and the most feasible combination of expenditure classification by fund, organization unit, program, purpose or activity and object;

NOW, THEREFORE, the FIRST 5 Santa Clara County Commission does hereby resolve, determine and order as follows:

SECTION 1. That certain document, which includes all revenues and appropriations on file in the office of the Executive of Finance and Operations, being marked and designated "Fiscal Year (FY) 2023/24 Operations Budget," as prepared by Executive Director and amended by the FIRST 5 Santa Clara County Commission, is adopted for the fiscal year commencing July 1, 2023;

SECTION 2. The following sums of money are hereby appropriated from the revenue of FIRST 5 Santa Clara County to the following named programs and activities of FIRST 5 Santa Clara County for expenditure during the FY 2023/24; and

SECTION 3. From and after the effective date of the budget, the several amounts stated therein as proposed expenditures, shall be deemed appropriated to the several departments, offices and agencies for the respective objects and purposes therein stated. All appropriations shall lapse at the end of the fiscal year to the extent that they shall not have been expended or lawfully encumbered.

<u>CATEGORY</u>	<u>TOTAL EXPENDITURES</u>
Salaries and Wages	\$ 6,095,469
Benefits	2,245,458
Admin - General Services	853,141
Admin - Business Services	114,116
Admin - Program	344,048
Community Impact	405,700
Community of Learning	85,662
Early Learning	237,494
Evaluation	450,000
Family Strengthening and Support	173,374
Health and Wellness	95,647
TOTAL EXPENDITURES	\$ 11,100,109

SECTION 4. The budget as approved shall be filed with the office of the Executive of Finance and Operations, and copies shall be made available for public review.

APPROVED AND ADOPTED at a regular meeting of the FIRST 5 Santa Clara County Commission held on this 18th day of May 2023 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Chairperson

APPROVED AS TO FORM:

Deputy County Counsel

FY 2023/2024 Proposed Budget

*FIRST 5 Santa Clara County
Committee Budget Presentation
Presented in May 2023*



FY 2023/24 BUDGET APPROACH



Collaborative

- *All Staff were invited and encouraged to participate*

Staff Compensation and Benefits

- *Built from the ground up*
- *Emphasis continues to focus on capacity building*
- *Staff salaries comply with the terms of the bargained contract*

Community Investment

- *Program Teams created and vetted the investment list internally and made presentations of their recommendations to the executive team*
- *The Commission approved the delaying of RFP's for grants that are now due. This resulted in level funding to many grantees.*
- *Final investment was included in this budget*

Operating costs

- *Reductions in spending for one-time costs for legal fees for bargaining process (\$220K)*
- *Reflective of organizational changes*

FY 2023/24 BUDGET OVERVIEW



FIRST 5 Santa Clara County (FIRST 5) faces a period of transition with the adoption of a new strategic plan

- New leadership team - All executives have a tenure under 3 years
- Continued work on Diversity, Equity and Inclusion (DEI)
- Continued impact due to COVID 19
- Passage of the Flavor Ban in California will lower Prop 10 revenue significantly
- FIRST 5 will need to determine the right sizing for our community investment spending beyond this fiscal year
- Bargaining – employee compensation and benefits increase significantly with the adoption of the first union contract

The FY 2022/23 budget includes:

- Revenue declines for Prop 10 funding
- Hiring of staff to fill open positions
- Salaries and benefits increases in line with the union contract
- Decrease in administration spending
- Decrease in community investment spending (compared to projected FY 2022/23)
- Level funding for many grant funded agencies

FY 2023/24 BUDGET OVERVIEW



FIRST 5 SANTA CLARA COUNTY DRAFT BUDGET FY 2023/2024

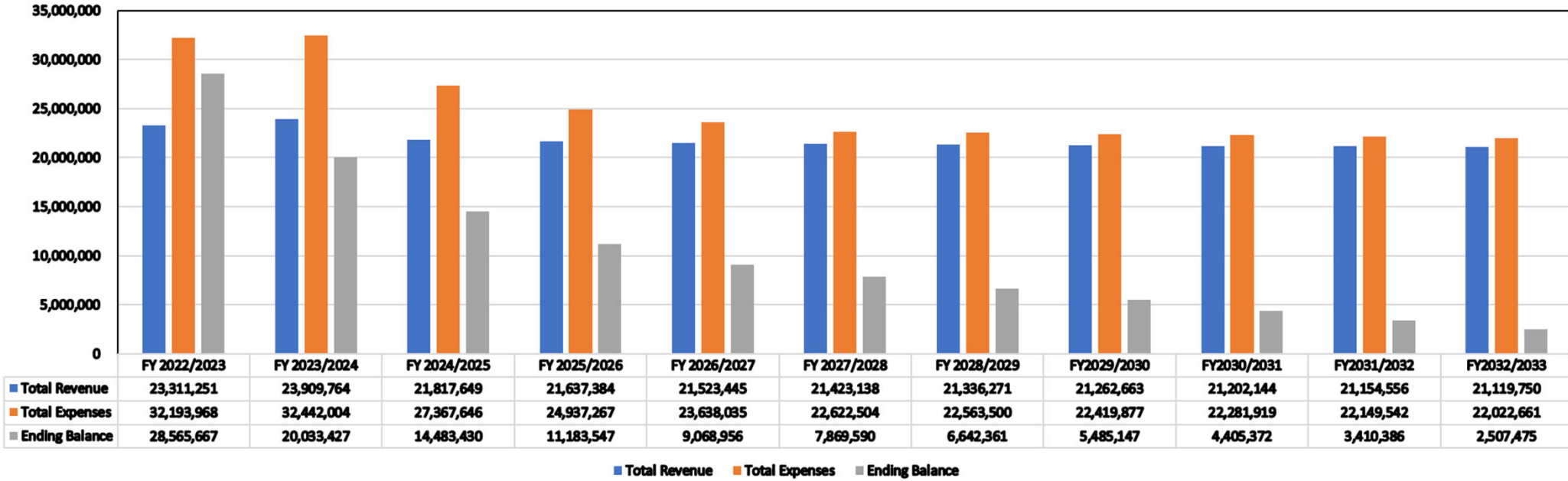
LINE NO		FY23 APPROVED REVISED BUDGET	FY23 PROJECTED	FY24 BUDGET (DRAFT)	INCREASE/(DECREASE)
	REVENUE				
1	Proposition 10	\$ 13,837,090	\$ 12,947,943	\$ 11,585,041	\$ (1,362,902)
2	Grants	9,215,511	7,983,494	9,796,855	1,813,360
3	MAA administrative billing income	1,500,000	1,896,067	2,055,800	159,733
4	Interest Income and Realized Gain/(losses)	498,534	480,333	338,340	(141,993)
5	Unrealized Loss on Investments	-	(300,000)	(150,000)	150,000
6	Other	430,393	303,414	283,728	(19,686)
7	TOTAL REVENUE	25,481,528	23,311,252	23,909,764	598,512
	OPERATING EXPENSES				
8	Salaries and Benefits	7,830,502	6,678,436	8,250,148	1,571,712
9	Program Expenses	1,764,168	1,765,584	1,791,925	26,341
10	Adminstration	1,321,195	1,218,151	967,258	(250,893)
11	TOTAL OPERATING EXPENSES	10,915,865	9,662,171	11,009,331	1,347,160
12	CHANGES IN NET ASSETS BEFORE COMMUNITY INVESTMENT	14,565,663	13,649,081	12,900,433	(748,648)
13	COMMUNITY INVESTMENT	24,588,400	22,531,797	\$ 21,432,673	\$ (1,099,124)
14	DECREASE IN NET ASSETS	\$ (10,022,737)	\$ (8,882,716)	\$ (8,532,240)	350,476

PROPOSED 10-YEAR SUSTAINABILITY PLAN

FY 2023/2024 BUDGET



10-Year Sustainability Plan Chart



TOTAL REVENUE - FY 2023/2024



The projected revenue for FY 2023/2024 is summarized as follows:

FIRST 5 SANTA CLARA COUNTY REVENUE FY 2023/2024			
LINE NO		FY24 BUDGET (DRAFT)	INCREASE/(DECREASE)
	REVENUE		
1	Proposition 10	\$ 11,585,041	48%
2	Grants	9,796,855	41%
3	MAA administrative billing income	2,055,800	9%
4	Interest Income and Realized Gain/(losses)	338,340	1%
5	Unrealized Loss on Investments	(150,000)	-1%
6	Other	283,728	1%
7	TOTAL REVENUE	\$ 23,909,764	100%

PROPOSITION 10 REVENUES



The forecast for Proposition 10 revenues for FIRST 5 Santa Clara:

YEAR	STATUS	REVENUE \$\$	DECLINE YOY	ACCUMULATED DECLINE
FY 2021/2022	ACTUAL	\$ 14,561,801	\$ 651,174	\$ 651,174
FY 2022/2023	PROJECTED	\$ 12,947,943	\$ 1,613,858	\$ 2,265,032
FY 2023/2024	PROJECTED	\$ 11,585,041	\$ 1,362,902	\$ 3,627,934
FY 2024/2025	PROJECTED	\$ 10,940,443	\$ 644,598	\$ 4,272,532
FY 2025/2026	ESTIMATED	\$ 10,561,312	\$ 379,131	\$ 4,651,663
FY 2026/2027	ESTIMATED	\$ 10,244,473	\$ 316,839	\$ 4,968,502
FY 2027/2028	ESTIMATED	\$ 9,937,138	\$ 307,334	\$ 5,275,837
FY 2028/2029	ESTIMATED	\$ 9,639,024	\$ 298,114	\$ 5,573,951
FY 2029/2030	ESTIMATED	\$ 9,349,854	\$ 289,171	\$ 5,863,121
FY 2030/2031	ESTIMATED	\$ 9,069,358	\$ 280,496	\$ 6,143,617
FY 2031/2032	ESTIMATED	\$ 8,797,277	\$ 272,081	\$ 6,415,698
FY 2032/2033	ESTIMATED	\$ 8,533,359	\$ 263,918	\$ 6,679,616

Estimated revenues after FY 2025/26 assumes a decline in revenue at its historical average of approximately 3%.

REVENUE – BUDGETED THIRD-PARTY AWARDS INCOME - FY 2023/24 AND OVER THE NEXT 5 YEARS



YEAR	STATUS	AMOUNT	INCREASE/(DECREASE)	COMMENTS
FY 2021/2022	ACTUAL	\$ 9,347,980	\$ (6,168,064)	ONE TIME COVID FUNDING WAS RECEIVED IN FY 2021/2022
FY 2022/2023	PROJECTED	\$ 7,983,494	\$ (1,364,486)	GRANT REVENUE TO SHIFT TO FY 24.
FY 2023/2024	BUDGETED	\$ 9,796,855	\$ 1,813,361	GRANT REVENUE SHIFTED TO FY 24.
FY 2024/2025	PROJECTED	\$ 8,327,327	\$ (1,469,528)	SPECIAL FUNDING RECEIVED IN FY 23 AND 24 IS NOT CERTAIN SO WAS ELIMINATED.
FY 2025/2026	PROJECTED	\$ 8,493,873	\$ 166,547	2% OVER PRIOR YEAR
FY 2026/2027	PROJECTED	\$ 8,663,751	\$ 169,877	2% OVER PRIOR YEAR
FY 2027/2028	PROJECTED	\$ 8,837,026	\$ 173,275	2% OVER PRIOR YEAR
FY 2028/2029	PROJECTED	\$ 9,013,766	\$ 176,741	2% OVER PRIOR YEAR

Third-Party award revenue was budgeted for FY 2023/24 based upon those awards we are certain to receive.

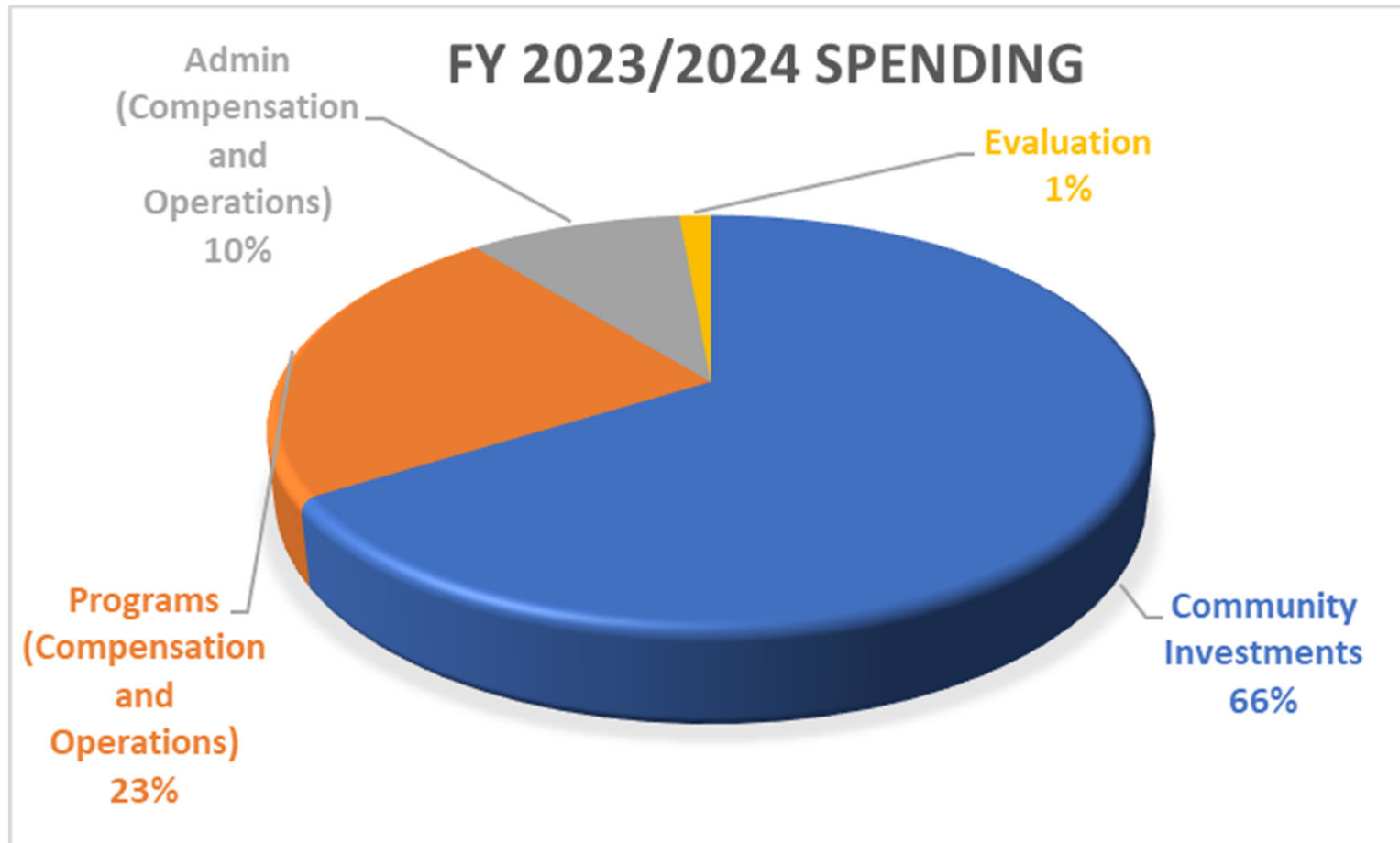
TOTAL SPENDING - FY 2023/24 BUDGETED



Total budgeted spending in the proposed FY 2023/24 budget is as follows:

SPENDING CATEGORY	AMOUNT	PERCENT
Community Investments	\$ 21,432,673	66%
Programs (Compensation and Operations)	7,502,004	23%
Admin (Compensation and Operations)	3,057,327	9%
Evaluation	450,000	1%
TOTAL	\$ 32,442,004	100%

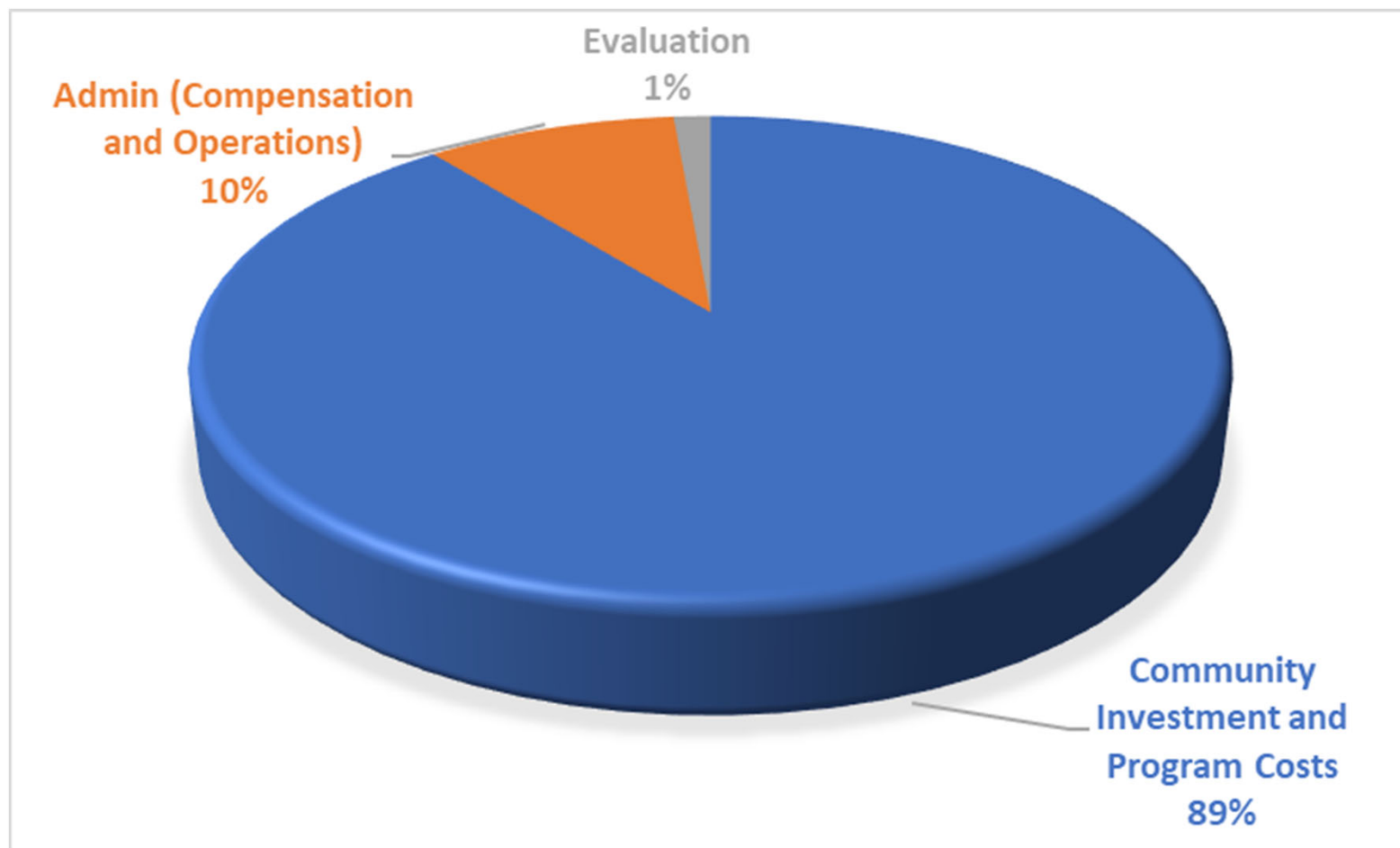
TOTAL SPENDING CHART - FY 2022/23 BUDGETED



TOTAL SPENDING CHART - FY 2022/23 BUDGETED



Direct Program Operations combined with the Community Investment Spending is **89%** of the FY 2023/24 proposed budget.



SPENDING - FY 2023/24 Community Investment by Program



DESCRIPTION	FY 2023/2024 BUDGET	INCREASE / DECREASE OVER FY 2022/2023
2 Year Grant Awards	2,177,347	1,107,910
Roll over grant amounts	11,090,126	-
Sunsetting grants	-	(2,811,475)
Awaiting Third-Party award notification	-	(294,133)
Increase Funding	140,000	75,000
Spending on NEW TPA funding	1,621,974	1,619,874
Reduced funding to grantee	6,403,226	(796,300)
TOTAL	21,432,673	(1,099,124)

This schedule shows the breakdown between those contracts for FY 2023/2024 that increased or decreased and the reason for those changes.

SPENDING – PROGRAM, EVALUATION AND ADMINISTRATION FY 2023/24 BUDGET



CATEGORY	RY 2022/2023 PRROJECTED	FY 2023/2024 BUDGET	DELTA \$	%	COMMENTS
Programs (Operations)	\$ 6,423,233	\$ 7,502,004	\$ 1,078,771	17%	
Salaries and Benefits	\$ 5,157,649	\$ 6,160,079	\$ 1,002,430	19%	Increase for employee compensation increases, filling of all open positions and projected 5% increase in medical benefits
Direct Program Costs	\$ 1,265,584	\$ 1,341,925	\$ 76,341	6%	Increase largely due to inflation for operating costs - telephone, water, utilities
Evaluation (Operations)	\$ 500,000	\$ 450,000	\$ (50,000)	-10%	Decrease forecasted based upon current spending
Administration (Operations)	\$ 2,738,938	\$ 3,057,327	\$ 318,389	12%	
Salaries and Benefits	\$ 1,520,787	\$ 2,090,069	\$ 569,282	37%	Increase for employee compensation increases, filling of all open positions and projected 5% increase in medical benefits
Operating Costs	\$ 1,218,151	\$ 967,258	\$ (250,893)	-21%	Decrease due to significant reduction in legal costs for bargaining of union contract in FY 20222023 (\$220K)

SPENDING - Wages and Benefits–FY 2022/23



Open and filled staff positions are listed in this table. Teams are making best efforts to recruit and fill needed positions.

CATEGORY	FILLED	OPEN	TOTAL
PROGRAM	39	5	44
ADMIN/OPS	10	4	14
TOTAL	49	9	58

Budget Review Process and Next Steps



- May 9, 2023 – Program and Evaluation Committee
- May 10, 2023 – Issues Committee
- May 11, 2023 – Personnel and Finance Committee
- May 18, 2023 – Commission Meeting