



Legislation Details (With Board Report)

File #: BC 21-029 **Name:** Receive financial condition report from First 5 Monterey County

Type: Budget Committee **Status:** Agenda Ready

File created: 3/22/2021 **In control:** Budget Committee

On agenda: 3/31/2021 **Final action:**

Title: a. Receive a financial condition report from First 5 Monterey County; and
b. Provide direction to staff.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Budget Committee Report, 2. First 5 Monterey County PowerPoint

Date	Ver.	Action By	Action	Result
3/31/2021	1	Budget Committee		

a. Receive a financial condition report from First 5 Monterey County; and
b. Provide direction to staff.

RECOMMENDATION:

It is recommended that the Budget Committee:

a. Receive a financial condition report from First 5 Monterey County; and
b. Provide direction to staff.

SUMMARY/DISCUSSION:

First 5 Monterey County (F5MC) was established by the Monterey County Board of Supervisors on December 8, 1998, as a result of California voters passing Proposition 10 on November 3, 1998. Proposition 10-The California Children and Families First Act-levied a 50-cent per pack tax on tobacco products. The monies, collected statewide, are for programs and services benefiting children from the prenatal stage through age 5. The F5MC Commission is charged with ensuring that Proposition 10 revenues are directed toward approaches that make a difference in the lives of young children living in Monterey County. Priorities for funding are decided locally with direct involvement of community organizations and community members. F5MC centers race, equity, diversity and inclusion in its programs and systems change efforts and prioritizes communities that have been historically disenfranchised.

Research shows that community investments in systems change and programs supporting families with young children yield between \$7 to \$13 for every dollar invested in long-term benefits to society. Thanks to partnerships with several community organizations, prior to the pandemic, Monterey County was seeing improvements in outcome indicators for health and education.

F5MC focuses on whole child/whole family supports that connect often disparate systems together. It plays a pivotal role in providing services; connecting families to services and care coordination; and providing capacity building to providers and systems leaders. Since inception, F5MC has supported almost 600,000 children, parents, and providers. More than 40 community organizations working in the early childhood arena depend upon F5MC for funding for direct services and capacity building.

Over the last 20 years, F5MC's Proposition 10 allocation has declined by 47%. That decline in revenue has impacted F5MC's ability to support children and families. The Strategic and Long-Term Financial Plan take into account the declining funding. Under the plan, F5MC is able to continue current levels (approximately \$6 million per year) of support and funding through FY 22/23. Unfortunately, this strategy means drawing from and essentially depleting reserves. If First 5 is unable to obtain a sustainable funding stream, it is expected that beginning in July 2023 - F5MC will need to cut \$2.5 million in expenditures per year. This equates to more than 15,000 less children, families, and providers that will receive services per year -- a 40% reduction in services.

F5MC has been actively seeking alternate approaches to generating revenue. Grant funds for FY 19/20 totaled more than \$1.92 million (almost 30% of the \$6.7 million expenditures). In addition, a fund was established at the Community Foundation -- an Early Childhood Equity Stewardship Fund -- to accept private donations. As revenue generation efforts continue at the federal and state levels and at local levels with funders and private donors, exploration of additional options to blend, braid and leverage county resources could also be explored. One example of a successful approach has been the CalWorks Home Visiting program where F5MC serves as the coordinating entity providing evaluation, data collection, reporting, project management, and capacity building for the home visiting providers. Those providers were already receiving support from F5MC to provide services to families not on CalWorks and the additional support via CalWorks led to the ability to expand services and supports at much less cost than duplicating similar infrastructure. Other similar opportunities/approaches could be explored with other county agencies/programs.

OTHER AGENCY INVOLVEMENT:

None in the development of this specific report.

FINANCING:

There is no budget shortfall for FY 2020-21 or request for FY 2021-22. The F5MC Annual Report to the Board of Supervisors on February 9, 2021, prompted this presentation/discussion to plan now for the anticipated shortfall beginning July 2023.

Prepared by: Francine Rodd, Executive Director, First 5 Monterey County

Approved by: Ezequiel Vega, County Budget Director, ext. 3078

Attachments: PowerPoint Presentation