



<b>COMMITTEE ROUTING</b>	
Administrative/Finance	<input checked="" type="checkbox"/>
Operations	<input checked="" type="checkbox"/>
Executive	<input checked="" type="checkbox"/>

### **ACTION AGENDA SUMMARY**

AGENDA DATE: May 28, 2019

COMMISSION AGENDA #: 6.A (PUBLIC HEARING)

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#### **SUBJECT:**

Public Hearing to Consider Adoption of the Fiscal Year 2019-2020 Budget, Long Range Financial Plan and Related Actions

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#### **BACKGROUND:**

State law requires the Commission to annually hold a public hearing before adopting a budget for fiscal year operations (July 1 to June 30) and before adopting a long-range financial plan. The budget is an estimated spending plan for the funds received by the Stanislaus County Children and Families Commission.

#### **Fiscal Year 2019-2020 Budget**

By law, the Commission has authority for the budget of the Children and Families Commission. The Stanislaus County Board of Supervisors does not have statutory authority to alter, amend, or approve the Commission's budget. The Commission's budget appears in the Stanislaus County budget as an informational item so the Auditor has a legal basis to make Commission expenditures. The filing date for submitting proposed budgets to the County was April 5, 2019. An expense budget totaling \$4,835,510 for Fiscal Year 2019-2020 was submitted to the Chief Executive Office by the deadline to act as a placeholder until the Commission adopts its budget at the May 28, 2019 meeting. Any budget approved by the Commission at this meeting or at subsequent meetings will be incorporated into the County's 2019-2020 final budget. The County implemented a new two-year budget system starting Fiscal Year 2018-2019 and Fiscal Year 2019-2020 will be year two of this system.

The Fiscal Year 2019-2020 Budget recommended to the Commission reflects the priorities and strategies of the Commission as finalized through the Strategic Direction/Planning process. Commission staff prioritized Phase 1 activities of the Strategic Plan and incorporated funding into the 2019-2020 budget that would allow development of those priorities. Funding in the budget supports Commission efforts to advance priorities in order to:

- Align and secure funding
- Establish a comprehensive parenting program
- Establish a resource/referral hub/network
- Build capacity for individuals/organizations serving young children
- Scale integrated early childhood reading access, strategies and support
- Serve as an advocate/voice for children and families
- Coordinate data alignment and outcome monitoring among organizations serving children
- Facilitate systems improvement to better serve children and families
- Implement administrative and fiscal strategies

The Fiscal Year 2019-2020 Budget also reflects service provider contract funding approved by the Commission at its December 11, 2018 meeting. No additional action is needed by the Commission on these contracts.

*Highlights:*

Some important elements and assumptions of the budget and Long Range Financial Plan include:

- Total budgeted revenues are projected at \$4,681,650, which is an estimated decrease of 4.2% (\$207,458) from the 2018-2019 budget. State fiscal projections show the continued decline of revenue into future years, as reflected in the Long Range Financial Plan.
- Total budgeted expenses are projected at \$4,939,614, which is an estimated decrease of 22.7% (\$1,448,579) from the 2018-2019 budget. For the 2019-2020 budget, a \$500,000 Contract Adjustments/Contingency account has been established. No funds will be spent from Contract Adjustments/Contingency account without the approval of the Commission. Future Commission spending as presented in the Long Range Financial Plan will continue to reflect the need to minimize use of fund balance while implementing Commission priorities.
- Staffing levels are projected to remain the same in the 2019-2020 budget at 5 positions (four full-time and one part-time). As total expenses of the Commission have decreased by nearly \$2.3 million over the past two fiscal years, total administrative costs are projected to increase to approximately 10% of total actual costs (up from 5%) as a function of these lower expenses. The scope and function of staff positions will be evaluated during Fiscal Year 2019-2020 for appropriateness in supporting operations and the new Strategic Plan of the Commission. The Long Range Financial Plan reflects a projected addition of one position in Fiscal Year 2020-2021 which would support the ongoing implementation of the Strategic Plan priorities. The responsibilities of this position will be refined and presented to the Commission for consideration at a future date.
- Total Fiscal Year 2019-2020 service provider contracts are budgeted at \$3,264,255, which is a decrease of 36% (\$1,813,659) from the 2018-2019 budget. These contracts for Fiscal Year 2019-2020 were voted on and approved by the Commission at their December 11, 2018, meeting and do not need further action. The contracts for Fiscal Year 2019-2020 reflect the Commission's transition from its prior strategic priorities and funding strategies to implementation of its new Strategic Plan.
- Commission service provider contracts will decrease from 19 in Fiscal Year 2018-2019 to 11 in Fiscal Year 2019-2020.
- \$270,000 has been budgeted for implementation of Commission strategic priorities associated with the new Strategic Plan. Projects include, but are not limited to, funding of grant writing for systems revenue enhancement and identification and development of additional revenue opportunities; advancement of parenting strategies; enhanced online community resources; support of early childhood reading; facilitation of systems improvement efforts and more.
- Funding of \$7,000 is included for a contract with Matrix Outcomes Model for Family Development Matrix services and training. Funding of \$12,500 is included for the annual outside audit. A new outside audit firm has not been selected yet and a new contract will be brought to the Commission at a future date.
- There is a projected use of approximately \$258,000 in fund balance needed to balance the 2019-2020 budget. Ending fund balance for 2019-2020 is projected to be approximately \$5.4 million. There is a decreased use of fund balance of \$1.24 million (83%) associated with the 2019-2020 budget. This decreased use of fund balance also reflects implementation of the Commission's priority to re-balance its budget to support implementation of its new Strategic Plan.
- Additional assumptions for the 2019-2020 budget are included in the attached Budget Assumption worksheet.

**Long Range Financial Plan**

The Long Range Financial Plan is submitted annually to the State and is an important planning document and fiscal tool for the Commission. Similar to the Fiscal Year 2019-2020 Budget, the Long Range Financial Plan could be

subject to change in the future as a result of priorities and strategies resulting from the Strategic Direction/Planning process.

Some important elements and assumptions of the Long Range Financial Plan for consideration include:

- The Plan is a working document and is to guide long-range planning. The plan is subject to change upon approval of the Commission using updated projections.
- The January 2019 State Department of Finance/First 5 California revenue projections for Stanislaus County have been used in the Long Range Financial Plan for the years they were available (2018-2019 through 2022-2023). Stanislaus County Children and Families Commission assumptions were used for 2023-2024 and 2024-2025.
- The Plan continues to highlight long-term projected revenue declines.
- The Plan assumes contractors will spend 100% of their allocations in 2019-2020.
- The Plan assumes a minimum reserve of at least six months of budgeted revenue per Commission policy.
- The Plan reflects a minimal use of fund balance for budget balancing and also reflects a stable fund balance into future years based on current plan assumptions.

The Administrative and Finance Committee, Operations Committee and Executive Committee heard this item at their respective meetings in May 2019.

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**STAFF RECOMMENDATIONS:**

1. Accept the Fiscal Year 2019-2020 Budget from the Executive Director.
  2. Conduct a Public Hearing to receive public comment and input on the proposed spending plan.
  3. Direct and approve any changes the Commissioners choose to make to the Fiscal Year 2019-2020 Budget and adopt the Fiscal Year 2019-2020 budget.
  4. Authorize the Executive Director to make necessary technical adjustments to implement the approved Fiscal Year 2019-2020 Budget.
  5. Authorize staff to submit the proposed budget for inclusion in the County budget.
  6. Authorize the Executive Director to negotiate and sign an agreement not to exceed \$7,000 with Matrix Outcomes Model for Family Development Matrix services and training.
  7. Adopt the financial projections for fiscal years 2020-2021 through 2024-2025 as the Commission's Long Range Financial Plan.
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**FISCAL IMPACT:**

The 2019-2020 budget contains projected expenses of \$4,939,614 with projected revenues of \$4,681,650 and a \$258,000 projected use of fund balance. The projected 2019-2020 year-end fund balance is \$5.4 million. Agreements and/or addendums between the Commission and program operators will be executed before funds are disbursed to program operators.

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**COMMISSION ACTION:**

On motion of Commissioner \_\_\_\_\_; Seconded by Commissioner \_\_\_\_\_  
and approved by the following vote:

Ayes: Commissioner(s): \_\_\_\_\_

Noes: Commissioner(s): \_\_\_\_\_

Excused or Absent Commissioner(s): \_\_\_\_\_

Abstaining: Commissioner(s): \_\_\_\_\_

1) \_\_\_\_\_ Approved as recommended.

2) \_\_\_\_\_ Denied.

3) \_\_\_\_\_ Approved as amended.

Motion: \_\_\_\_\_

Attest: \_\_\_\_\_  
Stephanie Loomis, Staff Services Coordinator

# Stanislaus County Children and Families Commission

## Budget Assumptions May 28, 2019

### Fiscal Year 2018-2019 Year End Projections

- Revenue:
  - Revenue is expected to end approximately at budget; however, actual revenue for FY 2018-2019 continues to be erratic.
  - Interest income is trending at 2% return.
- Contracts – Most contractors are expected to expend close to 100% of their contract amount.
- Estimated actual expenses are projected to finish under budget.

### Budget Estimates & Projection for Fiscal Year 2019-2020

- Revenue
  - Revenue projections are as of January 2019, provided by Department of Finance & First 5 California for FY 2019-2020.
  - Total revenue is projected to decrease by approximately \$207,458 which is consistent with projected estimated decreases by the State of California.
- Interest Income
  - Assumed 1.7% interest rate of return on the fund balance (County Treasury projected 2%).
- Salaries and Benefits
  - Staffing budgeted at 4.5 positions
    - i. 1 Executive Director
    - ii. 1 Confidential Assistant
    - iii. 1 Staff Services Coordinator
    - iv. 1 Accountant III
    - v. 0.5 Account Clerk III
- Shared costs for Services and Supplies and Cap Charges are budgeted and spread accordingly in the following cost categories:
  - Administration 65%
  - Evaluation 3%
  - Program 32%
- \$270,000 is included in the budget for implementation of Commission strategic priorities associated with the new five-year Strategic Plan.
- The budget includes a \$12,500 estimated budget for Audit fees and a \$7,000 estimated budget for the contract with Matrix Outcomes Models for annual licensing and training for the Family Development Matrix.
- Program Cost category for State reporting:
  - Contracts and the Early Childhood Education (ECE) Conferences are budgeted in total at \$3,276,255, with \$3,264,255 for service provider contracts and \$12,000 for ECE conferences (*Due to State*

*Reporting Requirements, historically the ECE conference is budgeted with contracts, although there is no contract.)*

- Contracts expenditures are estimated at a 100% expenditure rate
- There is a projected use of approximately \$258,000 in fund balance to balance the 2019-2020 budget. Ending fund balance for 2019-2020 is projected to be approximately \$5.4 million

## STANISLAUS COUNTY CHILDREN & FAMILIES COMMISSION

### LONG RANGE FINANCIAL PLAN - FY 2019/2020 through FY 2024/2025

	Actual FY16/17	Actual FY17/18	FY 18/19 Budget	FY 19/20 Budget	FY 20/21 Projection	FY 21/22 Projection	FY 22/23 Projection	FY 23/24 Projection	FY 24/25 Projection
<b>REVENUE</b>									
<i>Prop. 10 Tobacco Tax Revenue based on State Projections</i>									
Interest	\$ 49,009	\$ 73,889	\$ 75,000	\$ 102,000	\$ 81,000	\$ 78,000	\$ 78,000	\$ 78,000	\$ 78,000
Tobacco Tax (Prop 10)	\$ 4,833,042	\$ 4,482,154	\$ 4,814,108	\$ 4,559,650	\$ 4,522,024	\$ 4,440,779	\$ 4,347,372	\$ 4,221,298	\$ 4,094,659
Other/Misc. Revenue		\$ 75,083	\$ -	\$ 20,000	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL REVENUE</b>	<b>\$ 4,882,050</b>	<b>\$ 4,631,126</b>	<b>\$ 4,889,108</b>	<b>\$ 4,681,650</b>	<b>\$ 4,603,024</b>	<b>\$ 4,518,779</b>	<b>\$ 4,425,372</b>	<b>\$ 4,299,298</b>	<b>\$ 4,172,659</b>
<b>EXPENDITURES</b>									
<b>Program</b>									
Result Area Contracts	\$ 5,807,119	\$ 5,787,234	\$ 5,089,914	\$ 3,276,255	\$ 2,762,000	\$ 2,612,000	\$ 2,612,000	\$ 2,612,000	\$ 2,612,000
Contract Adjustments (Contingency)		\$ -	\$ 500,000	\$ 500,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Salaries & Benefits	\$ 69,160	\$ 168,062	\$ 311,678	\$ 201,708	\$ 238,530	\$ 247,161	\$ 254,800	\$ 260,567	\$ 268,916
Services & Supplies	\$ 24,621	\$ 74,813	\$ 85,172	\$ 398,927	\$ 632,411	\$ 737,920	\$ 743,622	\$ 749,523	\$ 755,632
County Cap Charges	\$ 5,359	\$ 19,393	\$ 14,668	\$ 19,523	\$ 20,890	\$ 21,934	\$ 23,031	\$ 23,837	\$ 24,671
<b>Total Expenditures - Program</b>	<b>\$ 5,906,259</b>	<b>\$ 6,049,502</b>	<b>\$ 6,001,432</b>	<b>\$ 4,396,412</b>	<b>\$ 3,753,831</b>	<b>\$ 3,719,015</b>	<b>\$ 3,733,453</b>	<b>\$ 3,745,927</b>	<b>\$ 3,761,219</b>
<b>Evaluation</b>									
Salaries & Benefits	\$ 10,987	\$ 8,930	\$ 19,390	\$ 11,206	\$ 13,252	\$ 13,731	\$ 14,156	\$ 14,476	\$ 14,940
Services & Supplies	\$ 15,861	\$ 9,024	\$ 11,750	\$ 21,610	\$ 31,467	\$ 31,693	\$ 31,928	\$ 32,171	\$ 32,421
County Cap Charges	\$ 3,243	\$ 1,225	\$ 1,376	\$ 1,830	\$ 1,958	\$ 2,056	\$ 2,159	\$ 2,235	\$ 2,313
<b>Total Expenditures - Evaluation</b>	<b>\$ 30,092</b>	<b>\$ 19,178</b>	<b>\$ 32,516</b>	<b>\$ 34,646</b>	<b>\$ 46,677</b>	<b>\$ 47,481</b>	<b>\$ 48,243</b>	<b>\$ 48,881</b>	<b>\$ 49,674</b>
<b>Administration</b>									
Salaries & Benefits	\$ 265,223	\$ 279,331	\$ 209,520	\$ 347,386	\$ 410,802	\$ 425,667	\$ 438,822	\$ 448,754	\$ 463,134
Services & Supplies	\$ 81,508	\$ 63,403	\$ 114,926	\$ 121,513	\$ 117,694	\$ 121,814	\$ 126,077	\$ 130,490	\$ 135,057
County Cap Charges	\$ 20,703	\$ 17,623	\$ 29,799	\$ 39,656	\$ 42,432	\$ 44,554	\$ 46,781	\$ 48,418	\$ 50,113
<b>Total Expenditures - Administration</b>	<b>\$ 367,434</b>	<b>\$ 360,357</b>	<b>\$ 354,245</b>	<b>\$ 508,555</b>	<b>\$ 570,928</b>	<b>\$ 592,034</b>	<b>\$ 611,681</b>	<b>\$ 627,662</b>	<b>\$ 648,304</b>
<b>Total Expenditures</b>	<b>\$ 6,303,785</b>	<b>\$ 6,429,038</b>	<b>\$ 6,388,193</b>	<b>\$ 4,939,614</b>	<b>\$ 4,371,435</b>	<b>\$ 4,358,530</b>	<b>\$ 4,393,376</b>	<b>\$ 4,422,471</b>	<b>\$ 4,459,197</b>
<b>NET INCREASE (DECREASE) TO FUND BALANCE</b>	<b>\$ (1,421,735)</b>	<b>\$ (1,797,912)</b>	<b>\$ (1,499,085)</b>	<b>\$ (257,964)</b>	<b>\$ 231,589</b>	<b>\$ 160,249</b>	<b>\$ 31,996</b>	<b>\$ (123,173)</b>	<b>\$ (286,538)</b>
<b>Beginning Fund Balance</b>	<b>\$ 9,792,803</b>	<b>\$ 8,371,068</b>	<b>\$ 6,066,297</b>	<b>\$ 5,700,000</b>	<b>\$ 5,442,036</b>	<b>\$ 5,673,625</b>	<b>\$ 5,833,874</b>	<b>\$ 5,865,870</b>	<b>\$ 5,742,697</b>
<b>ENDING FUND BALANCE*</b>	<b>\$ 8,371,068</b>	<b>\$ 6,573,156</b>	<b>\$ 4,567,212</b>	<b>\$ 5,442,036</b>	<b>\$ 5,673,625</b>	<b>\$ 5,833,874</b>	<b>\$ 5,865,870</b>	<b>\$ 5,742,697</b>	<b>\$ 5,456,160</b>