

**FIRST 5 SAN MATEO COUNTY  
 FINANCE AND ADMINISTRATION COMMITTEE MEETING**

**As authorized by Governor Newsom’s Executive Order N-29-20, dated March 17, 2020, the meeting will be held via teleconferencing with members of the Commission attending from separate remote locations. The meeting will be held and live cast from the following location where members of the public shall have the right to observe and offer public comment:**

**DATE: Monday, June 13, 2022**  
**TIME: 9:00 AM to 10:00 AM**  
 Join Zoom Meeting  
**Online: <https://smcgov.zoom.us/j/96424869764>**  
**Phone: : +1 669 900 6833, Webinar ID: 964 2486 9764**

**This altered format is in observance of the recommendation by local officials that certain precautions be taken, including social distancing, to address the threat of COVID-19.**

**MEMBERS:** Rosanne Foust, Alexis Becerra, Sylvia Espinoza

**STAFF:** Kitty Lopez, Khanh Chau

**AGENDA**

1.	Adopt a resolution finding that, as a result of continuing COVID-19 pandemic state of emergency, meeting in person would present imminent risks to the health or safety of attendees (See Attachment 1a. and Attachment 1b.)	Becerra
2.	Approval of the Finance and Administration Committee Agenda	Becerra
3.	Approval of the May 16, 2022 Finance and Administration Committee Meeting Minutes (See Attachment 3)	Becerra
4.	Verbal Discussion: <ul style="list-style-type: none"> <li>• Tobacco Tax Revenue Projections</li> </ul> (See Attachment 4)	Lopez / Chau
5.	Action: Review and Recommend Approval of SPIP FY 2018-20 Funding Reallocations of \$190,000 from Evaluation Services to Emerging Strategies (See Attachment 5)	Lopez / Chau
6.	Action: Review and Recommend Approval of F5SMC’s Long-Term Financial Plan (LTFP) from FY 2020-21 through FY 2024-25 (FY21/22 Update) (See Attachments 6, 6A, 6B, 6C)	Lopez / Chau

\* **Public Comment:** This item is reserved for persons wishing to address the Commission Finance and Administration Committee on any Commission Finance and Administration Committee-related matters that are not otherwise on this meeting agenda. Public comments on matters not listed above shall be heard at the time the matter is called.

Persons wishing to address a particular agenda item should speak during that agenda item. Speakers are customarily limited to two minutes, but an extension may be provided to you at the discretion of the Commission Finance and Administration Committee Chair.

The identified times are approximate and are intended to serve as a guide to the public and all First 5 meeting attendees regarding the approximate start times for any one section of the Agenda. The actual start and end times for an agenda item may differ from the noted times.

Public records that relate to any item on the open session agenda for a regular Commission Finance and Administration Committee meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all members, or a majority of the members of the Commission. The documents are also available on the First 5 Internet Web site at [www.first5.smcgov.org](http://www.first5.smcgov.org).

Individuals who require special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the agenda, meeting notice, agenda packet or other writings that may be distributed at the meeting, should contact Khanh Chau, by 12 Noon on Friday, June 10, 2022 at [kchau@smcgov.org](mailto:kchau@smcgov.org). Notification in advance of the meeting will enable the Commission Finance and Administration Committee to make reasonable arrangements to ensure accessibility to this meeting, the materials related to it, and your ability to comment.

**Date:** June 13, 2022  
**To:** Finance and Administration Committee  
**From:** Kitty Lopez, Executive Director  
**Subject:** **Resolution to make findings allowing continued remote meetings under Brown Act**

**RECOMMENDATION:**

Adopt a resolution finding that, as a result of the continuing COVID-19 pandemic state of emergency declared by Governor Newsom, meeting in person for the Finance and Administration Committee of the First 5 San Mateo County Commission would present imminent risks to the health or safety of attendees.

**BACKGROUND:**

On June 11, 2021, Governor Newsom issued Executive Order N-08-21, which rescinded his prior Executive Order N-29-20 and set a date of October 1, 2021 for public agencies to transition back to public meetings held in full compliance with the Brown Act. The original Executive Order provided that all provisions of the Brown Act that required the physical presence of members or other personnel as a condition of participation or as a quorum for a public meeting were waived for public health reasons. If these waivers had fully sunset on October 1, 2021, legislative bodies subject to the Brown Act would have to contend with a sudden return to full compliance with in-person meeting requirements as they existed prior to March 2020, including the requirement for full physical public access to all teleconference locations from which board members were participating.

On September 16, 2021, the Governor signed AB 361, a bill that formalizes and modifies the teleconference procedures implemented by California public agencies in response to the Governor's Executive Orders addressing Brown Act compliance during shelter-in-place periods. AB 361 allows a local agency legislative body to continue to use teleconferencing under the same basic rules as provided in the Executive Orders when certain circumstances occur or when certain findings have been made and adopted by the legislative body.

AB 361 provides that Brown Act legislative bodies must return to in-person meetings on October 1, 2021, unless they choose to continue with fully teleconferenced meetings because a specific declaration of a state or local health emergency is appropriately made. AB 361 allows legislative bodies to continue to conduct virtual meetings as long as there is a gubernatorially-proclaimed public emergency in combination with (1) local health official recommendations for social distancing or (2) adopted findings that

meeting in person would present an imminent risk to health or safety of attendees. AB 361 became effective on October 1, 2021 and will sunset on January 1, 2024.

AB 361 also requires that, if the state of emergency remains active for more than 30 days, the legislative body must make findings by majority vote every 30 days to continue using the bill's exemption to the Brown Act teleconferencing rules. The findings demonstrate the need for teleconferencing persists due to the nature of the ongoing public health emergency. Effectively, this means that legislative bodies must either agendaize a Brown Act meeting once every thirty days to make these findings, or, if a legislative body has not made such findings within the prior 30 days, the legislative body must re-adopt the initial findings if it wishes to conduct a remote meeting.

**DISCUSSION:**

On September 28, 2021, in the interest of public health and safety, as affected by the state of emergency caused by the spread of COVID-19, the Board of Supervisors issued a finding that meeting in person would present imminent risks to the health or safety of attendees, and decided to invoke the provisions of AB 361 related to teleconferencing for Board meetings. The Board also strongly encouraged other County legislative bodies to make a similar finding and continue meeting remotely through teleconferencing.

Relevant data suggest that the Omicron variant of COVID-19 is more transmissible than the Delta variant. Indeed, local rates of transmission of COVID-19 continue to remain in the "high" tier as measured by the Centers for Disease Control. Requiring large numbers of individuals to gather, and potentially travel long distances, for in-person public meetings could potentially, and unnecessarily, expose numerous people to COVID-19, further contribute to the ongoing surge in cases caused by the Omicron variant, compound disruptions to our economy, and undermine public health measures during the current State of Emergency.

Accordingly, we recommend that the Finance and Administration Committee of the First 5 San Mateo County Commission avail itself of the provisions of AB 361 allowing continuation of online meetings by adopting findings to the effect that conducting in-person meetings would present an imminent risk to the health or safety of attendees. A resolution to that effect and directing staff to take such other necessary or appropriate actions to implement the intent and purposes of the resolution, is attached hereto.

**FISCAL IMPACT:**

None

**RESOLUTION NO.**

**RESOLUTION FINDING THAT, AS A RESULT OF THE CONTINUING COVID-19 PANDEMIC STATE OF EMERGENCY DECLARED BY GOVERNOR NEWSOM, MEETING IN PERSON FOR THE FINANCE AND ADMINISTRATION COMMITTEE OF THE FIRST 5 SAN MATEO COUNTY COMMISSION WOULD PRESENT IMMEDIATE RISKS TO THE HEALTH OR SAFETY OF ATTENDEES**

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**WHEREAS**, on March 4, 2020, pursuant to Government Code section 8550, *et seq.*, Governor Newsom proclaimed a state of emergency related to the COVID-19 novel coronavirus, and subsequently, the San Mateo County Board of Supervisors (“Board”) declared a local emergency related to COVID-19, and the proclamation by the Governor and declaration by the Board remain in effect; and

**WHEREAS**, on March 17, 2020, Governor Newsom issued Executive Order N-29-20, which suspended certain provisions in the California Open Meeting law, Government Code section 54950, *et seq.* (the “Brown Act”), related to teleconferencing by local agency legislative bodies, provided certain requirements were met and followed; and

**WHEREAS**, on June 11, 2021, the Governor issued Executive Order N-08-21, which extended provisions of Executive Order N-29-20 that waive otherwise-applicable Brown Act requirements related to remote/teleconference meetings by local agency legislative bodies through September 30, 2021; and

**WHEREAS**, on September 16, 2021, Governor Newsom signed AB 361 into law, and AB 361 provides that a local agency legislative body subject to the Brown Act may continue to meet without complying with the otherwise-applicable requirements in the Brown Act related to remote/teleconference meetings by local agency legislative

## ATTACHMENT 1B

bodies, provided that a state of emergency has been declared and the legislative body determines that meeting in person would present imminent risks to the health or safety of attendees, and provided that the legislative body makes such finding at least every thirty (30) days during the term of the declared state of emergency; and

**WHEREAS**, on September 28, 2021, in the interest of public health and safety, as affected by the state of emergency caused by the spread of COVID-19, the Board issued a finding that meeting in person would present imminent risks to the health or safety of attendees, and decided to invoke the provisions of AB 361 related to teleconferencing for meetings of the Board; and

**WHEREAS**, the Board also strongly encouraged other County legislative bodies to make a similar finding and continue meeting remotely through teleconferencing; and

**WHEREAS**, relevant data suggest that the Omicron variant of COVID-19 is more transmissible than the Delta variant; and

**WHEREAS**, indeed, local rates of transmission of COVID-19 continue to remain in the “high” tier as measured by the Centers for Disease Control; and

**WHEREAS**, requiring large numbers of individuals to gather, and potentially travel long distances, for in-person public meetings could potentially, and unnecessarily, expose numerous people to COVID-19, further contribute to the ongoing surge in cases caused by the Omicron variant, compound disruptions to our economy, and undermine public health measures during the current State of Emergency; and

**WHEREAS**, the Finance and Administration Committee of the First 5 San Mateo County Commission has an important governmental interest in protecting the health, safety and welfare of those who participate in its meetings; and

**WHEREAS**, in the interest of public health and safety, as affected by the emergency caused by the spread of COVID-19, the Finance and Administration Committee of the First 5 San Mateo County Commission finds that meeting in person would present imminent risks to the health or safety of attendees, and the Finance and Administration Committee of the First 5 San Mateo County Commission will therefore invoke the provisions of AB 361 related to teleconferencing for meetings of the San Mateo County Commission.

**NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED** that

1. The recitals set forth above are true and correct.
2. The Finance and Administration Committee of the First 5 San Mateo County Commission finds that meeting in person would present imminent risks to the health or safety of attendees.
3. Staff is directed to take such other necessary or appropriate actions to implement the intent and purposes of this resolution.

\* \* \* \* \*

**FIRST 5 SAN MATEO COUNTY  
FINANCE AND ADMINISTRATION COMMITTEE  
MEETING MINUTES**

**May 16, 2022**

- Commission Member: Alexis Becerra, Sylvia Espinoza
- Staff: Kitty Lopez, Khanh Chau
- Minutes: Khanh Chau

Commissioner Becerra chaired the meeting.

Commissioner Rosanne Foust absent

**1. Adopt a resolution finding that, as a result of continuing COVID-19 pandemic state of emergency, meeting in person would present imminent risks to the health or safety of attendees.**

A motion to adopt a resolution finding that, as a result of continuing COVID-19 pandemic state of emergency, meeting in person would present imminent risks to the health or safety of attendees was made by Commissioner Espinoza, seconded by Commissioner Becerra. Unanimously approved.

**2. Approval of the Finance and Administration Committee Meeting Agenda**

A Motion for Approval of the May 16, 2022 Finance and Administration Committee Meeting Agenda was made by Commissioner Espinoza, seconded by Commissioner Becerra. Unanimously approved.

**3. Approval of the Finance and Administration Committee Meeting Minutes**

A Motion for Approval of the February 14, 2022 Finance and Administration Committee Meeting Minutes was made by Commissioner Espinoza, seconded by Commissioner Becerra. Unanimously approved.

**4. Review Budget Monitoring Report as of April 30, 2022**

Kitty Lopez briefly presented an overview of the Budget Monitoring Report as of April 30, 2022 comparing to 83.33% YTD Benchmark (Attachments 14A, 14B, 14C, 14D). YTD Total Revenue is 6% higher than YTD benchmark due to the inclusion of fiscal year Prop 56 Tax revenue, Children's Health Initiative (CHI) refund and new grant awards.

Total Appropriations is 23% below YTD Benchmark due to underspending in Program Appropriations associated with COVID 19 negative impacts and pending planning and implementation of the SPIP FY18-20 in coordination within 3-year time frame of the new strategic plan SPIP FY20-23.

Projected Ending Fund balance of 13.820 million or 124%, that represents a positive variance of 24% or \$2.702 million higher than the planned budget.



Committee members reviewed the Budget Monitoring Report as of April 30, 2022 and had no further questions.

## **5. Review and Recommend Approval of F5SMC's Policies and Bylaws**

Kitty Lopez stated that F5SMC Commissions must review and approve F5SMC's policies and Bylaws annually for compliance requirements. There are no changes to F5SMC's Policies and Bylaws for the FY2022-23.

Committee members reviewed and endorsed the approval of F5SMC's Policies and Bylaws for FY 2022-23

A Motion for Approval of F5SMC's Policies and ByLaws for FY2022-23 was made by Commissioner Espinoza, seconded by Commissioner Becerra. Unanimously approved.

## **6. Review and Recommend Approval of F5SMC's FY2022-23 Draft Budget and the Use of Ending Fund Balance (Ending Reserves\*) to Fund F5SMC's FY2022-23 Adopted Budget**

Kitty Lopez briefly walked through the Background of the Budget memo, key Budget Assumptions and Tobacco Tax Revenue Projections with Flavor Ban as a conservative approach to Revenue projections. Kitty Lopez also provided key budget changes in the F5SMC's FY2022-23 Draft Budget, as presented in the summary table of the Budget memo: Beginning Fund Balance is based on Ending Fund Balance of FY2021-22 Revised Budget; Total Revenues decrease by \$292K, Total Appropriations decrease by \$185K; the FY2022-23 Draft Budget changes results in a budget deficit of \$1.825 M or \$107K higher than the budget deficit of the FY2021-22 Revised Budget; Administrative Cost Rate is 10%, which is below the approved Admin Cost Rate for FY2021-22.

Committee members reviewed the F5SMC's FY2022-23 Revised Budget and commented that the Budget memo and Budget Narratives provide helpful information that are easy to read and follow through.

Committee members endorsed and recommended the Approval of F5SMC's FY2022-23 Draft Budget and the Use of Ending Fund Balance (Ending Reserves\*) to Fund F5SMC's FY2022-23 Adopted Budget.

A Motion for Approval of I of F5SMC's FY2022-23 Draft Budget and the Use of Ending Fund Balance (Ending Reserves\*) to Fund F5SMC's FY2022-23 Adopted Budget was made by Commissioner Espinoza, seconded by Commissioner Becerra. Unanimously approved.

## **7. Discussion:**

### **• Audit Services Selection**

Staff briefly summarized 3 proposals of professional auditing services for the F5SMC's financial audit for the year ending 6.30.2022. Committee members discussed and supported audit services selections based on the best values of the audit firm including quality of the audit services, experiences in GASB68 audit and financial reporting, clean peer review report, ability to meet unique critical deadlines of F5 Commissions, audit services fees, and references from other F5 Commissions.

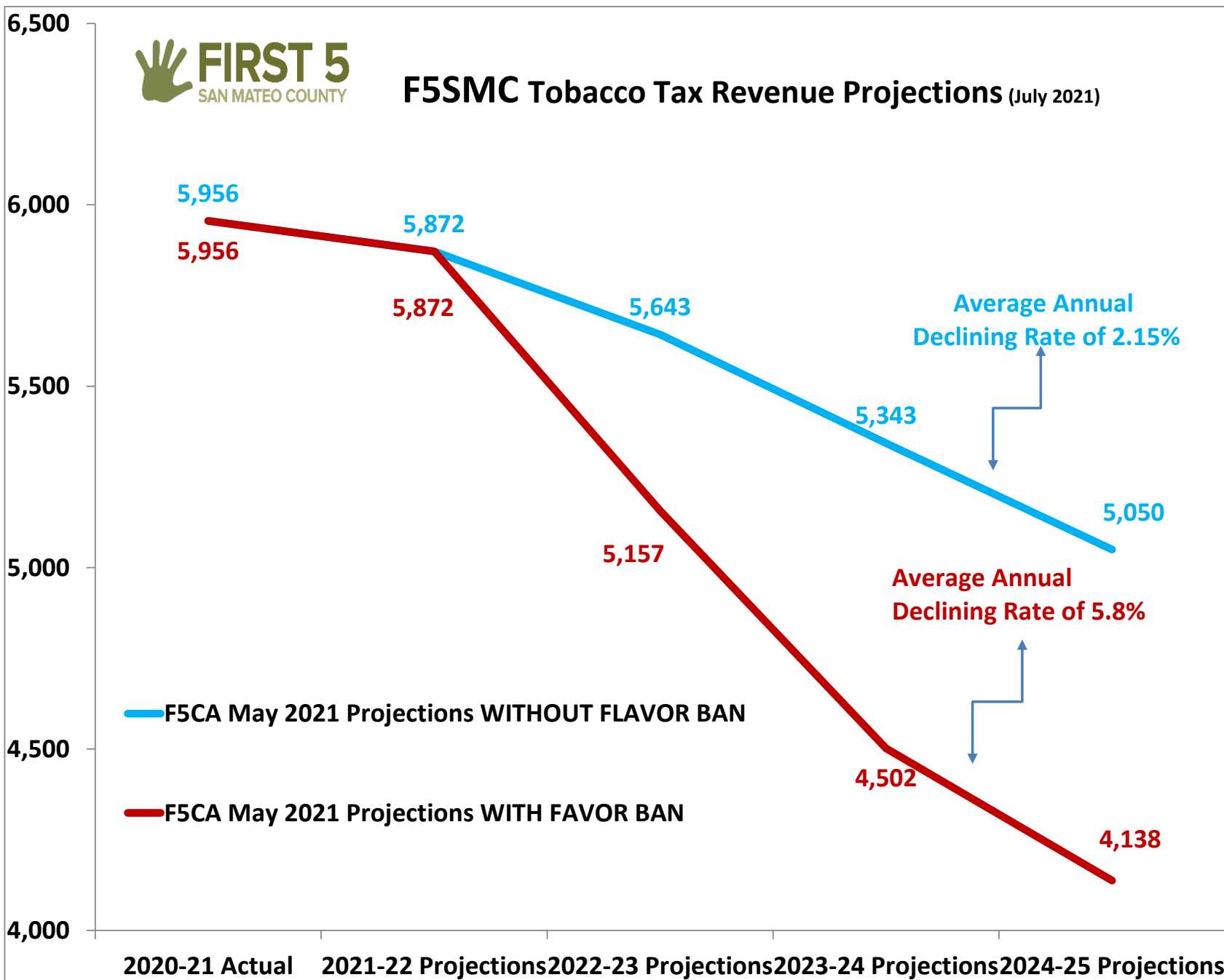
- Pending Contract Amendments for the Commission Meeting:

Kitty Lopez stated that staff will bring to full Commission for review and approval of the Amendments for 3 Oral Health Agreements and for Communication Consulting Services of VIVA Social Impacts Partners. These additional funds to these Amendments are from the funding allocations of SPIP FY2020-23 as the continuation of the SPIP FY2020-23 implementation plan that Commission approved in 2019.

Commissioner Becerra adjourned the meeting at 9:56 AM.

## F5SMC - TobaccoTax Revenue Projections (include Prop 10 and Prop 56)

Pos	Projection Sources	2020-21 Actual	2021-22 Projections	2022-23 Projections	2023-24 Projections	2024-25 Projections	Total FY20-25	Average Annual Declining Rate FY 20-25	Projections Date
<b>A</b>	F5CA May 2021 Projections WITHOUT FLAVOR BAN	5,955,857	5,872,055	5,642,528	5,342,995	5,049,855	27,783,734		Marcia Thomas email June 9 2021
	Declining Trend	5.38%	-1.41%	-3.91%	-5.31%	-5.49%		-2.15%	
<b>B</b>	F5CA May 2021 Projections WITH FAVOR BAN	5,955,857	5,872,055	5,156,751	4,502,108	4,137,535	25,624,306		Marcia Thomas email June 9, 2021 & July 20, 2021
	Declining Trend	5.38%	-1.41%	-12.18%	-12.69%	-8.10%		-5.80%	



**DATE:** June 13, 2022  
**TO:** First 5 San Mateo County Finance and Administrative Committee  
**FROM:** Kitty Lopez, Executive Director  
**RE:** Review and Recommend Approval of SPIP FY 2018-20 Funding Reallocation of \$190,000 from Evaluation Services to Emerging Strategies

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## **ACTION REQUESTED**

### **Review and Recommend Approval of SPIP FY 2018-20 Funding Reallocation of \$190,000 from Evaluation Services to Emerging Strategies**

#### **1. BACKGROUND**

- Commission approved the Implementation of the SPIP FY 2018-20 Underspending Fund Carry Over to be in coordination within 3-year time frame of the strategic plan FY 2020-23.
- The SPIP FY2018-20 Evaluation Services has remaining balances in the Evaluation Big Data and Other Evaluation Projects Line items. The Evaluation Big Data efforts had various timing delays and resulted in shifting community priorities over the years with new collaborative data projects emerging (i.e., Early Learning Vertical Change Database, etc.) and Persimmony Data import capability became a primary focus. Other planned Evaluation projects were completed at less cost, were delayed due to the pandemic, or completed by the F5SMC Research and Evaluation Analyst.
- The Research and Evaluation Specialist developed a workplan and budget needed for FY 2020-23 and determined that a portion of unspent SPIP FY 2018-20 Evaluation Services could be reallocated. Staff are recommending reallocation of unspent fund to the Policy- Advocacy and Communications Focus Area: Emerging Strategies line item which currently carries zero balance. The purposes of the funding reallocation are (a) to address newly identified needs, (b) leverage new opportunities, (c) to further support strategic plan implementation, and (d) to continue to be responsive to community and strategic planning needs as they arise.

#### **2. EMERGING STRATEGIES POSSIBILITIES**

Possible areas of investment for reallocated funds to Emerging Strategies include: :

- a. Family/Parent Engagement and Parent Advocacy Landscape Project. Potential leveraged opportunity to better understand the need, impact of parent/guardian advocacy in San Mateo County in order to elevate parent voices.
- b. Workforce Stabilization Strategies. Provide seed, match and or bridge funding for county-wide efforts to address the early learning and childcare workforce crisis: career navigation, pipeline and pathways, advocacy, and policy; leverage funding for potential workforce landscape recruitment, retention compensation and career pathways study for child and family serving sectors; recommendations from San Mateo County Child Care Needs and Wages Compensation survey and focus groups.
- c. Home Visiting Systems Strategies. Provide seed, match and or bridge funding for recommendations identified in countywide Home Visiting Strategic Plan; Collaborative

- agency participation in a referral and resource database system pilot with home visiting programs (i.e. Unite US)
- d. Strategies identified from grantees; F5 funded projects surveys and evaluation findings: Pandemic/Covid Grantee Survey; Family Engagement (Friday Café' etc.); Incentives for survey participation
  - e. Race and Equity Diversity Initiatives (REDI): Efforts to support work evolving from San Mateo County Performance Equity Plan; F5 Staff coaching and consultation sessions with REDI Coaches and Trauma Resiliency Initiatives System Initiatives (TRISI) Coach.
  - f. New Identified Project Partnerships: Seed, match or leveraged funding for consultation, planning and or coordination that supports county-wide systems alignment. (i.e., Cradle to Career pilot)

### 3. FISCAL IMPACT

<b>SPIP FY18-20 Strategies</b>	<b>SPIP FY18-20 Line</b>	<b>Current Balance as of June 13, 2022</b>	<b>Reallocation Amount</b>	<b>Balance after Funding Reallocation</b>
Evaluation – Big Data	18	90,000	(90,000)	0
Other Evaluation Projects	20	260,000	(100,000)	160,000
Emerging Projects	35	0	190,000	190,000

### ACTION

**Review and Recommend Approval of SPIP FY18-20 Funding Reallocation of \$190,000 from Evaluation Services to Emerging Strategies.**

**DATE:** June 13, 2022

**TO:** First 5 San Mateo County Finance and Administration Committee

**FROM:** Kitty Lopez, Executive Director

**RE:** Review and Recommend Approval of F5SMC's Long-Term Financial Plan (LTFP) from FY 2020-21 through FY 2024-25 (FY21/22 Update)

## ACTION REQUESTED

**Review and Recommend Approval of F5SMC's Long-Term Financial Plan (LTFP) from FY 2020-21 through FY 2024-25 (FY21/22 Update)**

## KEY MESSAGES

- Please read the LTFP Memo (Attachment 6) in conjunction with the LTFP Narrative (Attachment 6A) and LTFP Spreadsheets (Attachments 6B, 6C).
- Long-Term Financial Plan (LTFP) is a snapshot in time with financial information that continues to change and evolve. The Commission has the opportunity to review and approve updated LTFP every year.
- There is a delayed release of the Tobacco Tax Revenue Projections May 2022. Staff uses the Tobacco Tax Revenue Projections May 2021 with Flavor Ban, which is still current at this time.

## LTFP SUMMARY (FY21/22 Update)

	FY20-21 Actual	FY21-22 Revised Budget	FY22-23 Projection	FY23-24 Projection	FY24-25 Projection
<b>Beginning Fund Balance</b>	<b>11,610</b>	<b>12,844</b>	<b>11,893</b>	<b>10,067</b>	<b>8,781</b>
A+B. Tobacco Tax & Interest Revenues	6,105	5,968	5,241	4,576	4,199
C. Other Grants Revenues	1,112	1,502	1,171	600	600
<b>Total Revenues</b>	<b>7,217</b>	<b>7,470</b>	<b>6,412</b>	<b>5,176</b>	<b>4,799</b>
<b>Total Available Fund</b>	<b>18,827</b>	<b>20,314</b>	<b>18,304</b>	<b>15,243</b>	<b>13,580</b>
<b>Appropriations</b>					
D1. Strategic Plan Investment FY20-23	2,508	4,185	4,444	3,780	3,780
D2. Strategic Plan Investment FY18-20	725	901	572		
E. Other Grants Appropriations	933	1,267	1,108	500	500
F+G+H Operations	1,817	2,069	2,113	2,182	2,230

<b>Total Appropriations</b>	<b>5,983</b>	<b>8,422</b>	<b>8,237</b>	<b>6,462</b>	<b>6,510</b>
<b>Ending Fund Balance Before Restricted Fund</b>	<b>12,844</b>	<b>11,893</b>	<b>10,067</b>	<b>8,781</b>	<b>7,070</b>
Restricted Fund (Pension Liability and Operational Reserves)	2,000	2,000	2,000	2,000	2,000
<b>Ending Fund Balance After Restricted Fund</b>	<b>10,844</b>	<b>9,893</b>	<b>8,067</b>	<b>6,781</b>	<b>5,070</b>

## FISCAL IMPACT

- Admin Cost Rate: projected 10% for period FY 2020-23 and 13% for period FY 2023-25.
- At the end of FY 2024-25, Projected Ending Fund Balance after Pension Liability and Operational Reserves is \$5.070M which is approximate to one year equivalent of FY 2024-225 Fiscal Revenue.
- FY 2022-23: Projected Budget Deficit of \$1.825M in FY 2022-23 with draw down of Ending Fund Balance (Reserves\*) to fund higher community investments, per the current Strategic Plan Implementation Plan (SPIP).
- FY 2020-25: Projected Budget Deficit of \$4.541M over the 5-year period. We will continue to draw down funds to cover this annual deficit from the Ending Fund Balance (Reserves\*)
- It is anticipated that from FY 2025 forward, Total Appropriations would be in line with Total Fiscal Revenues.

## RECOMMENDATION

**Review and Recommend Approval of F5SMC's Long-Term Financial Plan (LTFP) from FY 2020-21 through FY 2024-25 (FY21/22 Update)**



**LTFP FROM FY 2020-21 THROUGH FY 2024-25 (FY21/22 Update) - NARRATIVES**

*\*Please read the LTFP Memo (Attachment 6) in conjunction with the LTFP Narratives (Attachment 6A) and LTFP Spreadsheet (Attachments 6B, 6C)*

F5SMC's LTFP from FY 2020-21 through FY 2024-25 (FY21/22 Update) are presented in **Attachments 6A, 6B and 6C** and are updated with:

- (1) F5CA Tobacco Tax Revenue Projections FY2020-25 with Flavor Ban, released July 2021
- (2) FY 2020-21 Audited Financial Information;
- (3) FY 2021-22 Revised Budget and FY 2022-23 Adopted Budget
- (4) Funding Allocations of New Strategic Plan Implementation Plan (SPIP) FY 2020-25, which was approved during the new strategic planning process.
- (5) Continue executing the balance of SPIP FY 2018-20 Carry Over Fund in coordination within 3-year time frame of the SPIP FY 2020-23, per Commission approved.

**I. REVENUES**

**A. Interest Revenue:**

- Interest Revenue is projected 1% Interest Earning Rate on the Beginning Fund Balance.

**B. Tobacco Tax Revenue**

- Tobacco Tax Revenues include Prop 10 and Prop 56 \*Tax Revenues which are allocated to F5 Commissions based on actual birth rate in each county.
- F5CA Tobacco Tax Revenue Projections FY 2020-25 with Flavor Ban \*\* (released July 2021), reflects the average annual declining rate of 5.8% compared to 2.15% declining rate of Tobacco Tax Revenue Projections without Flavor Ban.

**C. Other Grant Revenue:**

- FY 2020-23: Total \$3.795M Other Grant Revenue (average \$1.262M/year)
- FY 2023-25: projected \$600K Other Grant Revenues each fiscal year. This projection is based on conservative estimates to historical trend, trusted relationships with existing funders, and leverage funding opportunities with F5SMC's strategic plan.

**II. PROGRAM APPROPRIATIONS**

**D1. Strategic Plan Investment SPIP FY 2020-23:**

- Cycle 4 investments are \$3.780M each fiscal year; said investment level was previously approved by the Commission during the strategic planning process in 2017 and 2018.

**D2. SPIP FY 2018-20 Carry-Over:**

- Continue implementation balance of SPIP FY 2018-20 Carry-Over Fund in coordination within 3-year time frame of SPIP FY 2020-23

**E. Other Grants Appropriations**

- FY 2020-23: Total \$3.308M Other Grant appropriations (average \$1.100M/year)
- FY 2023-25: Include projected \$500K/year pass-through contracts from projected Other Grant Revenue of \$600K/year.

**F. Program Operations:** for consistent presentation and reading across F5SMC's Budget and F5SMC's LTFP, Operations section includes:

- ✓ Program Operating Budget: Allocation rate of 50%
- ✓ Program and Evaluation Staff Salaries and Benefits
- ✓ Shared Admin Staff Time working on Program activities: Allocation rate of 27%

**III. ADMIN APPROPRIATIONS**

G. **Shared Operating Budget:** Allocation rate of 50%

H. **Admin Staff Salaries and Benefits:** Allocation rate of 73%

**IV. RESTRICTED FUND FOR PENSION LIABILITY AND OPERATIONAL RESERVES**

- Commission has approved in previous LTFPs \$1M Pension Liability and \$1 M for 6-month Operational Reserves, total of \$2 M are Restricted Funds and are set aside for its intended restricted uses.

**V. ENDING FUND BALANCE**

- At the end of FY 2024-25, Projected Ending Fund Balance after Pension Liability and Operational Reserves is \$5.070-M which is approximate to one-year equivalent of FY 2025 Fiscal Revenue.

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*\*The Proposition 56 taxes reduce tax-paid tobacco purchases (hereafter, “consumption”), resulting in lower revenue for other tobacco tax funds. In the first revenue allocation step, some Proposition 56 revenues replace—or “backfill”—these revenue losses. <https://lao.ca.gov/Publications/Report/3939>*

*\*\* In July 2021, State Department of Finance provided a projection \*DOF-Without Flavor Ban Impact and “DOF-Flavor Ban Impact (Prop 10) which relies on estimating consumer response to the Flavor Ban.*

*The **California Flavored Tobacco Products Ban Referendum** is on the [ballot](#) in [California](#) as a [veto referendum](#) on [November 8, 2022](#).*

## LONG-TERM FINANCIAL PLAN LTFP FY2020-2025 (Update FY21/22)

	CYCLE 4				
	FY20-21 Actual	FY21-22 Revised Budget	FY22-23 Budget w Flavor Ban	FY23-24 Projection with Flavor Ban	FY24-25 Projection with Flavor Ban
<b>BEGINNING FUND BALANCE</b> (Beginning Reserves*)	11,610	12,844	11,893	10,068	8,782
<b>A. Interest Revenue</b>	145	96	84	74	62
<b>B. Tobacco Tax Revenue</b>	5,959	5,872	5,157	4,502	4,137
<b>C. Other Grant Revenues</b>					
F5CA Other Grants / IMPACT Grant/ Home Visiting Grant	357	620	510	200	200
Other Non-Tobacco Tax Grants	755	882	661	400	400
<b>Total Revenues</b>	7,217	7,470	6,412	5,176	4,799
<b>TOTAL AVAILABLE FUND</b> (Total Sources*)	18,827	20,314	18,305	15,244	13,580
<b>PROGRAM APPROPRIATIONS</b>					
<b>D1. Strategic Plan Investment SPIP (excl. E. Other Grants)</b>	2,508	4,185	4,444	3,780	3,780
Community Investments (Resilient Families, Healthy Children, Quality Care & Education)	2,255	3,837	3,442		
Evaluation	52	44	57		
Policy, Advocacy, & Communications (PAC)	201	304	945		
<b>D2. SPIP FY18-20 Carry Over to FY20-23</b>	725	901	572		
<b>E. Other Grants</b>	933	1,267	1,108	500	500
F5CA Other Grants / IMPACT Grant	310	563	462	150	150
Other Non-Tobacco Tax Grants	622	704	646	350	350
<b>F. Program Operations</b>	1,109	1,261	1,304	1,346	1,378
Shared Operating Budget	156	202	224	220	220
Program Staff S&B & Shared Admin Staff Time	953	1,059	1,080	1,126	1,158
<b>Total Program Appropriations (D1+D2+E+F)</b>	5,275	7,614	7,428	5,626	5,658
<b>ADMIN APPROPRIATIONS</b>					
<b>G. Shared Operating Budget</b>	156	202	224	220	220
<b>H. Admin Staff S&amp;B</b>	552	606	585	616	632
<b>Total Admin Appropriations (G+H)</b>	708	808	809	836	852
<b>TOTAL APPROPRIATIONS</b> (Net Appropriations*)	5,983	8,422	8,237	6,462	6,510
Surplus / (Deficit) (Total Revenues - Total Appropriations)	1,234	(952)	(1,825)	(1,286)	(1,711)
<b>ENDING FUND BALANCE before Pension Liability and Operational Reserves</b> (Ending Reserves*before Pension Liability and Operational Reserves)	12,844	11,893	10,068	8,782	7,070
Restricted Fund for Pension Liability and Operational Reserves	2,000	2,000	2,000	2,000	2,000
<b>ENDING FUND BALANCE after Pension Liability and Operational Reserves</b> (Ending Reserves* after Pension Liability and Operational Reserves)	10,844	9,893	8,068	6,782	5,070
<b>Total S&amp;B</b>	1,505	1,665	1,665	1,742	1,790



# F5SMC LTFP (FY21/22Update)

