



STRATEGIC PLAN & LONG TERM FINANCIAL PLAN



FISCAL YEAR 2011-2012 THROUGH
FISCAL YEAR 2014-2015

FRAMEWORK FOR THE ALLOCATION OF
PROPOSITION 10 FUNDS TO SUPPORT THE
HEALTHY DEVELOPMENT OF CHILDREN 0-5
YEARS OF AGE IN TUOLUMNE COUNTY

UPDATED

APRIL 2011

COMMISSION MEMBERSHIP

APRIL 2011

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STRATEGIC PLAN FY 11-12 THROUGH FY 14-15

VISION AND MISSION

VISION

- Tuolumne County is child friendly, values families and respects and honors the diversity of its residents.
- Citizens of Tuolumne County recognize that home and child care settings are critical contexts for children's development in the early years.
- All Tuolumne County children will thrive in supportive, nurturing and loving family and community environments, enter school healthy and ready to learn and become productive members of the community.

MISSION

The First 5 Tuolumne County Commission promotes and supports the development of integrated resources that will:

- strengthen families and support safe home environments,
- strengthen early care and education environments, and
- improve children's health.

GEOGRAPHY AND DEMOGRAPHICS

Tuolumne County is a rural county located along the western slope of California's Sierra Nevada mountain range. The county has one small incorporated city, and many small communities and subdivisions scattered throughout foothill and mountainous terrain.

The population of children 0-5 in Tuolumne County is staying relatively stable, at approximately 3,000, with an annual birthrate fluctuating around the level of 400. The three primary ethnic and cultural groups are White, Hispanic, and Native American. The number of Spanish-speaking families in the county continues to rise.

FAMILY ECONOMICS

Many families with young children struggle to make ends meet in the county, and there are a significant and growing number of families that rely on public assistance for medical care, child care, and job training. Wage levels are not commensurate with housing costs, and low-income housing is scarce. More families are utilizing emergency food, energy assistance and shelter resources, which are not sufficient to meet the growing need. Recent business closures in the county have resulted in great hardship for residents, and unemployment levels reached historic highs, doubling in the last 4 years. New retail businesses are now opening, which should improve the employment situation, although few of the jobs will provide family self-sufficiency wages or medical insurance.

CHILD HEALTH

The county has strong maternal and child health indicators in a variety of areas, including good utilization of early prenatal care, good breastfeeding rates at hospital discharge, relatively low teen pregnancy rates, and low rates of low-weight births, coming closer to the national goals than California as a whole. The county ranks lower than the state average in how frequently pregnant women receive prenatal care, but this may have to do with infrastructure access issues, such as transportation, insurance, or limited Medi-Cal appointment times.

There is room for improvement in immunization rates for children who attend outlying schools and private schools. Asthma is prevalent at similar rates as state rates, although the prevalence of emergency room treatment for asthma is higher. This indicates barriers to having a medical home. Childhood obesity, while present, is not as high as state rates. The number of children enrolled in Special Education services has remained somewhat stable, although it is notable that the number of children served with autism has more than doubled in the last five years.

The presence of rural Indian Health Clinics and a dental clinic has expanded the access to physicians and dentists who accept Medi-Cal and Healthy Families insurance, although many families still do not have a medical or dental home.

FAMILY FUNCTIONING

The recent economic downturn has put additional stress on families. There is a strong community response to childhood abuse and neglect, which may account for the high rates of substantiated child abuse cases. Domestic violence is a community problem, as is substance abuse, both of which contribute to child abuse and neglect. The number of women with children that are homeless in the county and the indicators for health risks in pregnant women are also linked to substance abuse.

EARLY CHILDHOOD EDUCATION

There are quality and affordable child care resources in the county. The match between these resources and the geographic areas where most young families live and work can often be a challenge. The Columbia College Early Childhood Development Center has opened all of its new ECE classrooms, expanding the available resources, especially for infant care. A new Early Head Start program is in operation. The recent economic downturn has put economic pressure on ECE providers, with more families out of work and staying home with their children. New California budget cuts to subsidized care will also negatively impact the capacity of programs to continue to operate. Access to educational opportunities to pursue Bachelor's degrees in Early Childhood Education continues to be important as the Head Start Reauthorization Act is implemented.

Data detail and sources are provided in the First 5 Tuolumne Data Review, available by request.

INFRASTRUCTURE AND SUSTAINABILITY SUMMARY POINTS

There are a few, key programs in Tuolumne County that have demonstrated positive outcomes and high service quality in serving the highest risk children. Some of them have alternative funding sources through state or federal funding, but all of these are subject to change and are on limited funding cycles. There are no dedicated local county funds to support these programs other than First 5. However, many county agencies and entities, including Family Courts, Child Welfare Services, Public Health, Mental Health, and others, refer their clients into these programs, and depend on them for critical intervention services.

The vagaries of outside funding can have devastating effects on the service capacity of a small county like Tuolumne. There are a limited number of service providers filling particular service niches, and most do not overlap. Money comes and goes, and programs come and go accordingly. There is a history of programs starting in the county with outside funding, building to a high level of functionality during a 3-year funding cycle, and then going away, due to lack of any new revenue. Drawing down federal match funds requires a non-federal match. The county is too small to attract corporate sponsors so, unless the county government or schools system can incorporate new service elements, there is no realistic long term sustainability strategy. At the same time, due to legislative actions at the federal and state level, the funding for schools and local government social services has also declined. The only option for other funding is start-up grants from private foundations, which are also short-lived.

PLANNING ACTIVITIES

The Commission embarked on a planning process in June 2010, inviting all interested community members to be part of a 6-month planning process. The goal was to bring a recommendation forward to the Commission for the next 4-year granting cycle, with the knowledge that there would be a 40% reduction in available funding. Collaborative planning meetings were part of monthly Commission meetings from June 2010 to November 2010. Participants utilized the Center on the Social and Emotional Foundations for Early Learning (“CSEFEL”) model to structure the discussion. Existing services and gap areas were identified, and the group prioritized the gap services to be addressed with First 5 funding.

Initial recommendations were considered by the Commission at their December 2010 meeting. The planning process guided the elements of Goal 1, which follows.

STRATEGIC GOALS, OBJECTIVES, SERVICES AND INDICATORS

Goal 1: Invest in local programs that promote improved family functioning, early childhood development and health for children ages 0-5.

Objective 1: Invest First 5 funds to address the service priorities identified through a comprehensive community planning process.

<u>Services</u>	<u>Outcomes</u>	<u>Outcome Indicators and Tools:</u>
<p><u>Family Functioning:</u> Home visiting, family literacy, parent education, case management, support and linkages.</p>	<p>Parents will gain skills and knowledge of age-appropriate child development and functioning, parenting practices, and parent-child interactive literacy. Parents will learn specific skills to enhance their child’s social-emotional development. Parents will be effectively linked to community services, improving family stability.</p>	<p>Observed, measured, or self-reported gains in parent skills, family stability, and/or early literacy, as measured by pre-and post- tests, observations or validated scales.</p>
<p><u>Early Childhood Development:</u> Early childhood education quality improvement through teacher training, coaching and support. Direct services to children with social-emotional delays.</p>	<p>Early childhood education (ECE) providers will more effectively support social-emotional development in the children they serve. Child care settings will promote physical and emotional health and will support learning. Children with social-emotional delays will gain skills that will lead to positive outcomes at school and at home. Children will be effectively linked to medical and behavioral health services.</p>	<p>Observed or measured changes in classroom environments, self-reporting by ECE professionals of skills learned and implemented in their ECE settings; stability, retention, and success of children in ECE settings; skill gains by children as measured by pre- and post- observations.</p>
<p><u>Improved Health:</u> PHN home visiting, oral health screening and fluoride treatment, parent education.</p>	<p>There will be improvements in maternal and child health and safety and in access to care.</p>	<p>Access to medical and dental services, observed or self-reported health status, skill gains or behavior changes.</p>

Goal 2: *Integrate funded programs into a consumer oriented and easily accessible system.*

Objective 2: *Incorporate system linkages and access into program design for funded programs.*

Approach: *All contracts for services will include benchmarks for access and system linkages*

Outcomes: *Parents, teachers and children will have improved access to services.*

Indicators: *Successful referrals; services offered at accessible or co-located sites, or where participants are located; transportation services; translation services.*

Goal 3: *Seek a broader funding base for all First 5 investments to promote sustainability*

Objective 3: *All First 5 funded programs will have a diversified source of operating funds.*

Approach: *Advocate for broader financial support for programs, provide assistance as requested with grant writing, collaborative planning, or other supports.*

Outcomes: *First 5 funded programs will improve their sustainability outlook.*

Indicators: *At the end of the four-year funding cycle, key programs will have at least two sources of funding.*

Goal 4: *Provide organizational systems sufficient to support and optimize local investments.*

Objective 4: *Provide and support an organizational system that ensures fiscal soundness and reliable contracting and that ensures that the Commission meets all legislative requirements.*

Approach: *Annually assess and address the staffing and support needs for the Commission, in light of administrative, program and evaluation responsibilities.*

Outcomes: *The Commission will: (1) meet all legislative requirements; (2) have a sound understanding of current and forecasted financial status; and (3) ensure that First 5 funds are supporting organizations that meet their contract obligations and demonstrate good outcomes for families.*

Indicators: *(1) Annual financial and program audit will have no findings; (2) the long-term financial plan will be utilized as a functional planning tool; and (3) the grantee benchmark and outcome evaluation reports will demonstrate effective First 5 investments.*

FUNDING CRITERIA AND APPROACH

All funds will be allocated through the systems outlined in the Policy and Procedure Manual. The following criteria will be utilized to guide funding decisions:

- the demonstrated need for the proposed services in Tuolumne County;
- the responsiveness to the Strategic Plan's goals, objectives, and desired outcomes;
- the soundness of the project design;
- the number of children ages 0-5 that will be impacted;
- the degree to which the proposed project improves access to services, including both physical access and cultural access;
- the potential for long-term impacts on young children's healthy development;
- the degree to which community services are integrated;
- the degree to which the applicant has made an effort to access all other available resources;
- the degree to which the applicant shows the willingness and capacity to provide evaluation data; and
- the quality of the budget planning and the organizational capacity of the applicant.

All revenue allocations from the First 5 Tuolumne County Trust Fund shall be used only to supplement existing levels of service and not to supplant or fund existing levels of service, including services funded with state or local General Fund money. All Commission decisions on funding allocations will comply with the provisions of the Political Reform Act.

PROJECT MONITORING AND EVALUATION

The Commission will monitor funded services and measure outcomes through the following strategies:

- All funded projects over \$1,000 will be required to submit quarterly benchmark and expenditure reports and an annual outcome evaluation.
- The Commission will: (1) provide evaluation technical assistance to all projects from start-up on; (2) check in with each project quarterly to ensure that data is being collected consistently and correctly; and (3) provide data analysis as needed.
- The Commission will ensure that local data requirements are consistent with the First 5 California evaluation requirements.

FINANCIAL PLAN FY 11-12 THROUGH FY 14-15

PURPOSE

First 5 Tuolumne County's Four Year Financial Plan is designed to provide a framework for investing funds from the Children and Families Trust Fund.

The Financial Plan was developed to:

- Evaluate the Commission's capacity to fund programs over a four-year period;
- Analyze and test various funding scenarios;
- Develop a framework to guide strategic planning and annual budgeting.
- Provide a tool to forecast into years beyond.

The Plan does not authorize or appropriate the spending of any funds to specific programs or agencies. It does not replace the annual budget. It does reflect where the Commission has already appropriated funds through budgets and actions.

BACKGROUND & PROCESS

First 5 is funded through a fifty cents tax on tobacco that is collected by the State of California, under the provisions of the Children and Families Act of 1998. Statewide tax revenue collections began in January 1999. After a portion is used to backfill Proposition 99 funds and to fund Department of Equalization activities, 20% of the revenue goes to the California Children and Families Commission, and the remaining 80% is redistributed to all California counties based on their proportionate share of statewide births.

The Tuolumne County Commission adopted its first Strategic Plan in July 2000 and has funded 3 multi-year funding cycles since its inception. This Financial Plan represents the fourth funding cycle, and makes a forecast of expenditures and revenues through June 2015.

The plan will be annually reviewed, amended as needed and adopted.

OBJECTIVES

Objective 1: Ensure that funds are available to allocate for executed contracts, Intent to Award Decisions, initiatives and set-asides.

Strategy: Use the plan to annually test funding scenarios. Annually update the plan to reflect Commission decisions on funding.

Objective 2: Address continually declining revenues. Maintain a fund balance adequate to support the following year's planned expenditures.

Strategy: Allocate funds so that the projected year-end fund balance is adequate to cover the following year's planned expenditures, over the term of the granting cycle (for this plan, 4 years).

Objective 3: Allow for flexibility, through annual updates of the plan.

Strategy: By December of each fiscal year, update the plan to reflect real expenditures and revenues from the prior year, and to look at 3-4 months of current year revenue trends and expenditure information. Adjust future planning to reflect significant changes.

Objective 4: Identify future planning issues for the Commission.

Strategy: The financial plan is focused on four years, but also forecasts out for 4 additional years. This allows the Commission time to look ahead and strategize how best to address the future impacts of declining Proposition 10 revenues.

REVENUE & EXPENDITURE ASSUMPTIONS

REVENUE FORECASTS

The Commission's annual revenue forecast is driven by five factors: (1) total tobacco tax sale revenue available to California counties; (2) Tuolumne County's share of statewide births; (3) additional allocations provided to small population counties by the State Commission; (4)

partnership grants with the State Commission; and (5) interest earnings. All factors are predicted to decline in the four years covered by this plan:

Tax Revenue: Changes in the amount of revenue generated by taxed tobacco sales is somewhat unpredictable and based on a variety of social, economic and political factors. The projected rate of decline used in this plan is 5%, which is a steeper decline than the 3% rate that the State Commission uses in long term forecasting. Two factors can affect this decline rate: reduction in tobacco sales tax statewide (due to reduced levels of tobacco use, and/or increased level of non-taxed tobacco sales), and the amount that the Board of Equalization reserves for administrative costs and Proposition 99 backfill each year. The backfill for Proposition 99 is currently based on a formula which is somewhat predictable; however the administrative costs claimed by the CA State Board of Equalization have exponentially increased annually. The assumption is made that the Commission will keep a close watch on revenue changes, and will adjust the plan accordingly.

Birth Rates: First 5 funding is allocated to the county based on local birth rates as a percentage of the statewide birthrate. Since the inception of First 5 funding, Tuolumne County births have ranged between .080% and .089% of the total births in the state. The latest 2009 figures are .085%. Every fluctuation in Tuolumne County birth rates is measured against a backdrop of statewide birth rates, which can either increase or dampen the effect. Although our planning takes into account that birth rates will have an impact, we have found that this is not a factor that can be used to reliably predict revenues. The 5% decrease in revenue rate used for planning will be adjusted annually, as needed, to account for birth rate percentage impacts.

Small County Augmentation: The State Commission provides an annual augmentation to support small county operations, in recognition that small counties must use a proportionately greater share of their tax revenues to provide basic operations, including administrative services, planning, outreach, and evaluation. The State Commission has committed to continuing these augmentations through FY 13-14 for eligible counties. The formula is based on a percentage of the First 5 CA unallocated account with a forecast decline of 3% per year. The allocations in the plan are based on First 5 CA estimates. The plan also assumes that this allocation will continue after FY 13-14, with a 3% annual drop in revenue, based on the stated intent of the First 5 CA Commission.

Other First 5 CA revenue: The plan assumes that First 5 Tuolumne will not enter into matching fund agreements with First 5 California during this cycle of funding. If matching funds become available that fit with our Strategic Plan, and the Commission authorizes an allocation, this decision will be reflected in the annual Financial Plan update.

Interest: Annual interest earnings are assumed at 1.2%. This rate was provided by the Tuolumne County Auditor's Office, and is assumed to be a conservative factor. The interest accrued is directly related to the fund balance and the revenues received and will decline as both of these factors decline.

EXPENDITURE FORECASTS

Community Granting: \$350,000 in FY 11-12, with a 5% per year inflationary allowance through FY 14-15. *Areas of Funding: Nurse Home Visiting, Parent Education and Support, Family Literacy, Oral Health, Social-Emotional Development*

Commission-Run Programs: \$6,050 per year. *Kits for New Parents (inserts), Dental Help Fund, Behavioral Health Help Fund.*

Operations: \$101,892 in FY 11-12, with a 0.5% per year inflationary allowance. *2% inflation for general operating expenses (audit, meeting costs, public hearings, etc.); 0% inflation for Executive Director costs.*

If unanticipated revenues become available, the Commission will consider the use of these funds in light of the strategic plan's expenditure and revenue forecasts.

SIGNIFICANT CHANGES THIS FUNDING CYCLE

This funding cycle marks a significant change in the Commission's ability to invest in community programs. Due to reductions in tax revenue, elimination of state matching grant revenue, and the draw-down of the fund balance that occurred in the previous funding cycle, the level of granting will be reduced by a factor of 40%. The Commission will continue to fund at a higher level than the predicted revenues will support, by utilizing over \$300,000 (43%) of the fund balance to support the reduced level of granting. The plan assumes that, at the end of the four years, expenditures will have to be reduced another 30%, and will have to be in line with

available revenues. At that point, the fund balance will remain at a stable level to ensure adequate cash flow.

FUND BALANCE ASSIGNMENT

At year's end, the fund balance shall be assigned to the following categories: (1) nonspendable; (2) restricted; (3) committed; (4) assigned; and (5) unassigned. The rationale for these assignments shall follow the Commission's fund balance policy, which reflects the GASB 54 ruling. This Financial Plan assumes that multi-year contracts will utilize funds from the ending balance as well as from new annual tax revenues. At year's end, the committed portion of the fund balance will reflect funding, to the extent possible, for these multi-year contract commitments, on a fair and proportional basis.

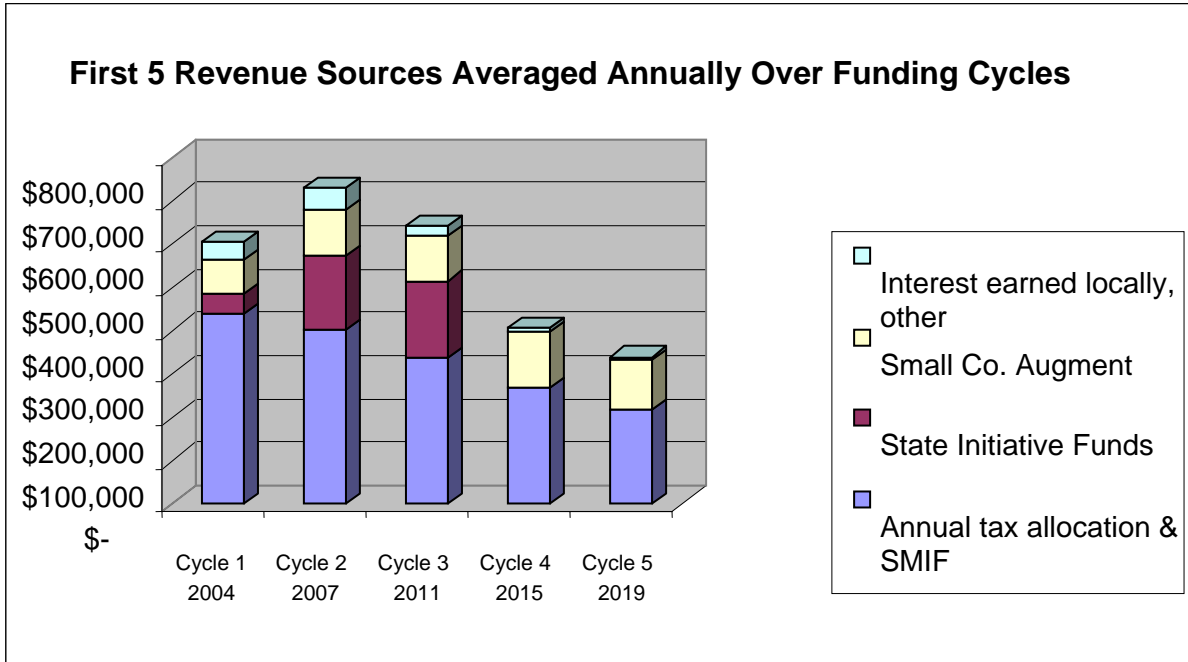
FIRST 5 TUOLUMNE COUNTY 4-YEAR FINANCIAL PLAN DETAIL AND 4-YEAR FORECAST

Financial Plan Detail	<i>Budget</i> FY 10-11	<i>Plan</i> FY 11-12	<i>Plan</i> FY 12-13	<i>Plan</i> FY 13-14	<i>Plan</i> FY 14-15
Total Beginning Balance	894,647	730,954	707,699	647,575	550,101
Revenues	-5%	-5%	-5%	-5%	-5%
Annual Tax Allocations	303,837	288,645	274,213	260,502	247,477
School Readiness Funds	125,000	-	-	-	-
SMIF Interest	200	200	192	182	173
Small County Augmentation	100,000	137,071	132,959	128,970	125,101
Interest	10,500	8,771	8,492	7,771	6,601
Total Anticipated Revenues	539,537	434,687	415,856	397,425	379,352
Expenditures					
Operations	118,991	101,892	102,430	102,979	103,538
Multiple-Year Grant Contracts					
<i>Nurse Home Visiting</i>	20,000	25,000	26,250	27,562	28,940
<i>Parent Education and Support</i>	145,821	105,000	110,250	115,763	121,551
<i>Family Literacy</i>	125,510	94,500	99,225	104,186	109,396
<i>Oral Health</i>	25,423	25,500	26,774	28,110	29,410
<i>Social Emotional Development</i>	254,530	100,000	105,000	110,250	115,763
<i>Other Grant Contracts</i>	9,605	-	-	-	-
Commission-Run Programs					
<i>Kits, Special Help Funds</i>	3,350	6,050	6,050	6,050	6,050
Future Expenditures					
Total Anticipated Expenditures	703,230	457,942	475,979	494,900	514,648
Total Ending Balance	730,954	707,699	647,575	550,101	414,805
	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>
<i>Nonspendable or Restricted</i>	-	-	-	-	-
<i>Committed</i>	730,954	707,699	647,575	514,648	-
<i>Assigned</i>	-	-	-	35,452	414,805
<i>Unassigned</i>	-	-	-	-	-
Expenditures over Revenues	163,693	23,255	60,123	97,474	135,296

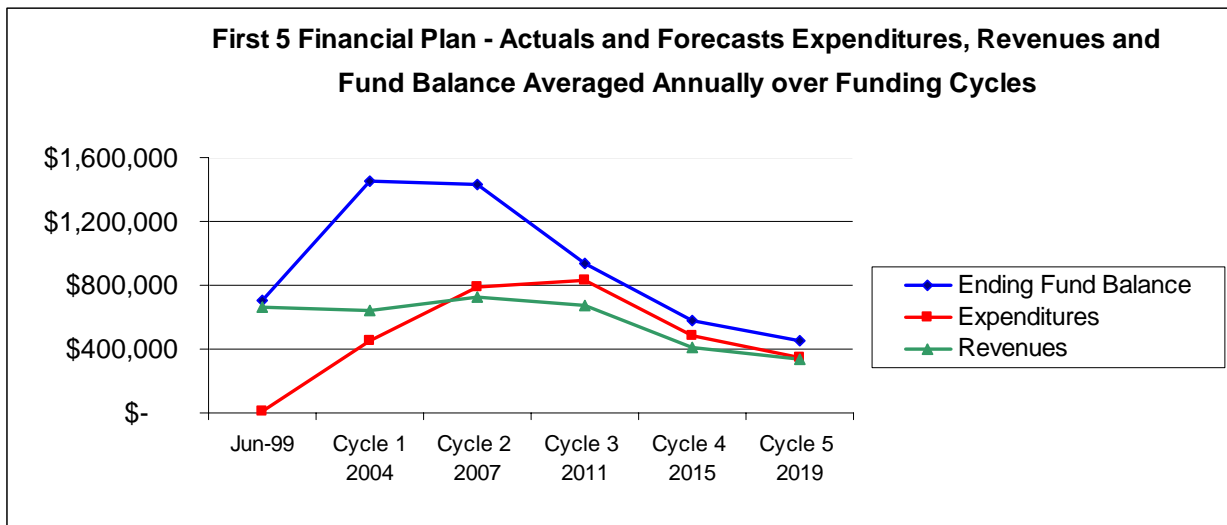
Forecast Years 2016 - 2019	<i>Forecast</i> FY 15-16	<i>Forecast</i> FY 16-17	<i>Forecast</i> FY 17-18	<i>Forecast</i> FY 18-19
Total Beginning Balance	414,805	458,898	472,241	454,370
Total Anticipated Revenues	361,593	346,718	332,172	317,916
Total Anticipated Expenditures	317,500	333,375	350,044	367,546
Total Ending Balance	458,898	472,241	454,370	404,740
<i>Expenditures over Revenues</i>	<i>(44,093)</i>	<i>(13,343)</i>	<i>17,872</i>	<i>49,630</i>

Updated April 2011

GRAPHS: REVENUES, EXPENDITURES & FUND BALANCE



Revenues, Expenditures and Fund Balance Over Time



Utilization of the Fund Balance Over Time

The Commission has adopted a strategy of a gradual, steady spend-down of the fund balance since Cycle 2, in anticipation of declining revenues. The fund balance available at the end of Cycle 3 (June 2011) will help to buffer the reduced expenditures in Cycle 4, the period of this plan. This will be the last cycle where expenditures will significantly exceed revenues, with a fund balance draw-down. In Cycle 5, the fund balance will have the sole purpose of ensuring adequate cash flow throughout the year.

