



MEMORANDUM

Date: May 28, 2019

To: The Honorable Chairman and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator 

Re: **First Things First Operating Expenses**

At the May 21, 2019 Board of Supervisors meeting, Supervisor Ally Miller asked a follow up question regarding the Arizona state agency known as First Things First. Specifically Supervisor Miller asked about the \$129 million in operating expenses referenced in my May 20, 2019 memorandum and why these are being spent on operations instead of to support early childhood education. The majority of these funds are in fact being spent on programs and services that directly support early childhood development and health, in compliance with voter intent. Other programs, in addition to those that directly support early childhood education, include family support (parenting education, support for parents of children with special needs, etc.) and health (developmental screenings; oral health screenings and application of fluoride varnishes, etc.). First Things First mission is to support the development, health and early education of Arizona's children birth through age five.

The Fiscal Year 2018 Audit can be accessed at:

<https://www.firstthingsfirst.org/wp-content/uploads/2019/02/FY-2018-Financial-Audit.pdf>

According to this audit, and per State Statute, 10 percent of the tobacco revenues were allocated to administration, and 90 percent to programs (page 4, attached). Of the \$120 million allocated to programs, 53 percent was allocated to increasing the quality of and access to early childhood education (page 3, attached). This includes the Quality First program that assesses the quality of preschools and other early learning centers, rates those preschools and centers, funds a number of quality improvements to those preschools and centers that need improvement, and provides a limited number of scholarships to low income students attending those preschools and centers. Other First Things First programs also benefit early childhood education but are called out separately in the audit. For example, another five percent was spent on professional development for teachers of young children. Of note, actual administrative expenditures for FY18 were six percent.

First Things First is governed by a State Board formally called the Arizona Early Childhood Development and Health Board (also known as the First Things First Board), and 28 regional councils. Of the 90 percent of funding required to be spent on programing and services, 10

The Honorable Chairman and Members, Pima County Board of Supervisors
 Re: **First Things First Operating Expenses**
 May 28, 2019
 Page 2

percent of that is allocated to statewide programs, and 90 percent is allocated to the regional councils to prioritize. Funds are allocated to the regional councils according to a formula that considers the number of 0-5 year old children and percent of 0-5 year of children in poverty for the region. Additional discretionary funds are also typically allocated based on the percent of children in poverty.

There are four regions in Pima County: Pima North, Pima South, Tohono O’odham Nation and Pascua Yaqui Tribe. The Fiscal Year 2020 budgets for each of the four regions are attached. Using the line items in the FY 2020 budget, the table below shows that three of the regional councils in Pima County budgeted \$10.1 million for programs and services that increase the quality of and access to early childhood education. The Pascua Yaqui Tribe Region does not have Quality First investments listed on this table because their early learning programs are participating in a Quality First Redesign pilot project that receives financial support from the statewide allocation and philanthropic investments. Additional statewide funding, not reflected in the table below and the regions’ budgets, is also spent in Pima County for the assessment portion of Quality First and additional Associates Degree-level scholarships for teachers.

Region	Quality First	Quality First Scholarships	Professional Development/ College for Educators/LCL*	Total
Pima North	\$1,935,777	\$3,411,676	\$1,101,600	\$6,449,053
Pima South	\$1,109,601	\$1,386,998	\$790,000	\$3,286,599
Tohono O'odham Nation	\$131,927	\$123,699	\$141,600	\$397,226
Total	\$3,177,305	\$4,922,373	\$2,033,200	\$10,132,878

*LCL=Language, Communication and Literacy in ECE Settings

CHH/dr

Attachment

c: Jan Leshner, Chief Deputy County Administrator
 Nicole Fyffe, Executive Assistant to the County Administrator

Financial Reports

ARIZONA EARLY CHILDHOOD DEVELOPMENT
AND HEALTH BOARD

FINANCIAL STATEMENTS

Year Ended June 30, 2018

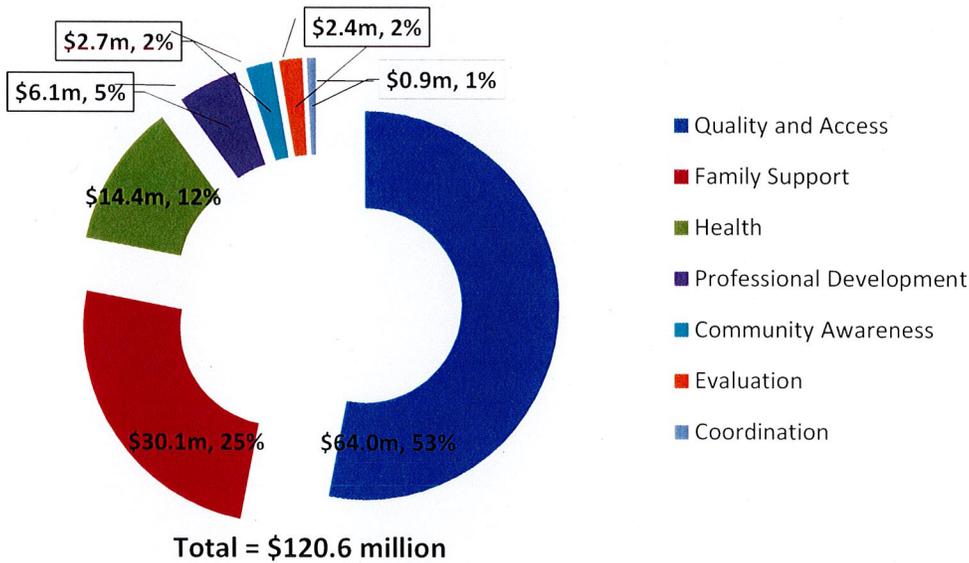


**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018**

This discussion and analysis is designed to provide an analysis of the Arizona Early Childhood Development and Health Board's (Board's) financial conditions and operating results and to also inform the reader on the Health Board's issues and activities.

Financial Highlights

Spending on program areas for fiscal year 2017-2018 totaled \$120.6 million in the following Goal Areas:



In fiscal year 2018 program expenditures made in these goals areas, throughout the state, supported programming in the following ways.

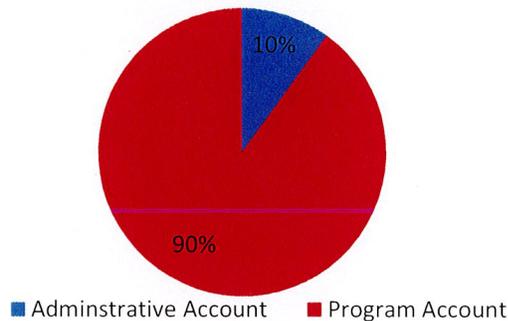
- The Quality and Access goal is in place to increase the availability, quality and diversity of learning environments that support children's language and literacy development, emotional well-being, health and safety. This includes Quality First, the Board's signature program that has engaged over 1000 center and home based child care providers in efforts to improve the quality of the early education services they provide.
- The Professional Development goal area focuses on developing a comprehensive and well-articulated professional development system within Arizona for teachers who work with infant, toddlers and preschoolers. Professional development strategies also address increasing those teachers' access to college coursework and/or degrees so that they are better prepared to engage young minds.
- Under the Health goal area, funds are allocated to improve children's health by increasing access to and expanding the use of early preventive developmental and sensory screenings to identify children with developmental delays, parent education and referrals to existing services, and increasing medical professionals' use of best practice guidelines for preventive medical, oral and mental healthcare.

- Funds allocated to the Family Support goal area support the goal to expand families' access to the information, services and supports they need to help their young children achieve their fullest potential. Services are voluntary and provided at levels that meet the family's needs, from community-based parenting education to in-home coaching to address tough situations like parenting a child with special needs or dealing with multiple births.
- The overall goal for Coordination is to facilitate coordination among the federal, state, private and tribal system related to early childhood development and health to ensure a common understanding of the systems, share ownership in ensuring access to services for all children and maximize resources.
- A multi-level system of research and evaluation strategies were implemented under the Evaluation goal area to be responsive to the information needs of varied stakeholder groups including the First Things First Board, Regional Partnership Council directors and members, and Arizona citizens.
- Finally, the goal of Community Awareness is to use a variety of community-based activities and materials to increase public awareness of the critical importance of early childhood development and health.

Tobacco revenue deposited with FTF in FY18 continued to be recorded in the following accounts.

- In fiscal year 2018, \$12.9 million of a total of \$129.0 million of tobacco tax funds collected were deposited in the Administrative account, as required by law.

AZ Early Childhood Development and Health Board Revenue



Overview of the Financial Statements

The Board's basic financial statements comprise two components: 1) fund financial statements, and 2) notes to financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Regional Allocation and Proposed Funding Plan Summary SFY19-22
Pima North Regional Partnership Council

Allocations and Funding Sources	SFY19 APPROVED	SFY20 PROPOSED	SFY21 PROJECTED	SFY22 PROJECTED
SFY Allocation	\$9,736,389	\$9,736,389	\$9,736,389	\$9,736,389
• Population Based Allocation	\$7,653,616	\$7,653,616	\$7,653,616	\$7,653,616
• Discretionary Allocation	\$2,082,773	\$2,082,773	\$2,082,773	\$2,082,773
• Other (FTF Fund balance addition)				
Carry Forward From Previous Year*	\$808,732	\$439,057	\$107,007	(\$240,552)
Total Regional Council Funds Available	\$10,545,121	\$10,175,446	\$9,843,396	\$9,495,837
Strategies	Approved Allotment	Proposed Allotment	Proposed Allotment	Proposed Allotment
Language, Communication and Literacy in ECE Settings	\$300,000	\$300,000	\$300,000	\$300,000
Quality First Academy (<i>statewide</i>)	\$94,500	\$94,500	\$94,500	\$94,500
Quality First Coaching & Incentives (<i>statewide</i>)	\$1,608,378	\$1,545,807	\$1,597,187	\$1,624,748
Quality First Scholarships (<i>statewide</i>)	\$4,161,676	\$3,411,676	\$3,411,676	\$3,411,676
Professional Development for Early Childhood Professionals	\$780,000	\$780,000	\$780,000	\$780,000
Registry and College Scholarships (<i>statewide</i>)	\$21,600	\$21,600	\$21,600	\$21,600
Family Support – Children with Special Needs	-	\$750,000	\$750,000	\$750,000
Oral Health	\$700,000	\$700,000	\$700,000	\$700,000
Quality First Child Care Health Consultation (<i>statewide</i>)	\$295,470	\$295,470	\$295,470	\$295,470
Home Visitation	\$2,236,064	\$2,150,000	\$2,150,000	\$2,150,000
Statewide Evaluation (<i>statewide</i>) (FTF Directed)	\$404,760	\$404,760	\$404,760	\$404,760
Community Awareness (FTF Directed)	\$15,000	\$15,000	\$15,000	\$15,000
Community Outreach (FTF Directed)	\$46,800	\$46,800	\$46,800	\$46,800
Media (<i>statewide</i>) (FTF Directed)	\$30,000	\$30,000	\$30,000	\$30,000
Total	\$10,694,248	\$10,545,613	\$10,596,993	\$10,624,554
Total Unallotted	(\$149,127)	(\$370,167)	(\$753,597)	(\$1,128,717)**

* Carry forward balances include any unallotted funds and projected savings from the prior fiscal year, estimated based on historical spending patterns in the region. These amounts will be updated and funding plans will be revised, as necessary, each fiscal year based on actual expenditures.

**In order to maximize the funding available to support regional programs for children, the amounts regions allotted to strategies take into account dollars that are historically unspent. As a result, the dollars allotted appear to exceed funds available. In reality, the region is expected to end the year with a carry forward balance, which is reflected accordingly above.

Regional Allocation and Proposed Funding Plan Summary SFY19-22
Pima South Regional Partnership Council

Allocations and Funding Sources	SFY19 APPROVED	SFY20 PROPOSED	SFY21 PROJECTED	SFY22 PROJECTED
SFY Allocation	\$6,118,205	\$6,118,205	\$6,118,205	\$6,118,205
• Population Based Allocation	\$3,944,932	\$3,944,932	\$3,944,932	\$3,944,932
• Discretionary Allocation	\$2,173,274	\$2,173,274	\$2,173,274	\$2,173,274
• Other (FTF Fund balance addition)				
Carry Forward From Previous Year*	\$1,592,597	\$2,014,120	\$1,582,140	\$1,141,295
Total Regional Council Funds Available	\$7,710,802	\$8,132,325	\$7,700,345	\$7,259,500
Strategies	Approved Allotment	Proposed Allotted	Proposed Allotted	Proposed Allotted
Language, Communication and Literacy in ECE Settings	\$250,000	\$250,000	\$250,000	\$250,000
Quality First Academy (<i>statewide</i>)	\$56,250	\$56,250	\$56,250	\$56,250
Quality First Coaching & Incentives (<i>statewide</i>)	\$863,564	\$877,476	\$877,476	\$877,476
Quality First Scholarships (<i>statewide</i>)	\$1,469,324	\$1,386,998	\$1,386,998	\$1,386,998
Professional Development for Early Childhood Professionals	\$486,000	\$486,000	\$486,000	\$486,000
Registry and College Scholarships (<i>statewide</i>)	\$54,000	\$54,000	\$54,000	\$54,000
Oral Health	\$465,000	\$465,000	\$465,000	\$465,000
Quality First Child Care Health Consultation (<i>statewide</i>)	\$175,875	\$175,875	\$175,875	\$175,875
Well Child and Family Care	-	\$600,000	\$600,000	\$600,000
Home Visitation	\$2,086,487	\$2,000,000	\$2,000,000	\$2,000,000
Parenting Outreach and Awareness	\$205,000	\$205,000	\$205,000	\$205,000
Statewide Evaluation (<i>statewide</i>) (<i>FTF Directed</i>)	\$254,345	\$254,345	\$254,345	\$254,345
Service Coordination	\$150,000	\$150,000	\$150,000	\$150,000
Community Awareness (<i>FTF Directed</i>)	\$23,000	\$23,000	\$23,000	\$23,000
Community Outreach (<i>FTF Directed</i>)	\$43,200	\$43,200	\$43,200	\$43,200
Media (<i>FTF Directed</i>)	\$75,000	\$75,000	\$75,000	\$75,000
Total	\$6,657,045	\$7,128,768	\$7,138,404	\$7,140,931
Total Unallotted	\$1,053,757	\$1,003,557	\$561,941	\$118,569

* Carry forward balances include any unallotted funds and projected savings from the prior fiscal year, estimated based on historical spending patterns in the region. These amounts will be updated and funding plans will be revised, as necessary, each fiscal year based on actual expenditures.

Regional Allocation and Proposed Funding Plan Summary SFY19-22
Tohono O’odham Nation Regional Partnership Council

Allocations and Funding Sources	SFY19 APPROVED	SFY20 PROPOSED	SFY21 PROJECTED	SFY22 PROJECTED
SFY Allocation	\$511,385	\$511,385	\$511,385	\$511,385
• Population Based Allocation	\$334,425	\$334,425	\$334,425	\$334,425
• Discretionary Allocation	\$176,960	\$176,960	\$176,960	\$176,960
• Other (FTF Fund balance addition)				
Carry Forward From Previous Year*	\$82,047	\$59,747	\$34,000	\$8,338
Total Regional Council Funds Available	\$593,432	\$571,132	\$545,385	\$519,723
Strategies	Approved Allotment	Proposed Allotment	Proposed Allotment	Proposed Allotment
Quality First Academy (<i>statewide</i>)	\$6,000	\$6,000	\$6,000	\$6,000
Quality First Coaching & Incentives (<i>statewide</i>)	\$111,689	\$107,167	\$115,443	\$115,295
Quality First Scholarships (<i>statewide</i>)	\$111,349	\$123,669	\$111,349	\$111,349
Professional Development for Early Childhood Professionals	\$120,000	\$120,000	\$120,000	\$120,000
Registry and College Scholarships (<i>statewide</i>)	\$21,600	\$21,600	\$21,600	\$21,600
Quality First Child Care Health Consultation (<i>statewide</i>)	\$18,760	\$18,760	\$18,760	\$18,760
Family Support Coordination	\$152,208	\$152,208	\$152,208	\$152,208
Statewide Evaluation (<i>statewide</i>) (FTF Directed)	\$21,259	\$21,259	\$21,259	\$21,259
Community Outreach (FTF Directed)	\$65,000	\$65,000	\$65,000	\$65,000
Total	\$627,865	\$635,663	\$631,619	\$631,471
Total Unallotted	(\$34,433)	(\$64,531)	(\$86,234)	(\$111,748)**

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development of FTF’s Quality First data system, as well as the development of oral health and home visitation data systems to accommodate First Things First’s enhanced data requirements. Additionally, it supports critical studies such as the oral health survey, family caregiver survey and small-scale evaluation demonstration projects (e.g. Tempe PRE study). Finally, it supports evaluation staff, IT data-related tasks and the FTF Research and Evaluation National Panel, allowing for continuous improvement of data-driven decision making and FTF funded programs.

Regional Allocation and Proposed Funding Plan Summary SFY20
Pascua Yaqui Tribe Regional Partnership Council

Allocations and Funding Sources	SFY19 APPROVED	SFY20 PROPOSED	SFY21 PROJECTED	SFY22 PROJECTED
SFY Allocation	\$209,577	\$209,577	\$209,577	\$209,577
• Population Based Allocation	\$137,124	\$137,124	\$137,124	\$137,124
• Discretionary Allocation	\$72,453	\$72,453	\$72,453	\$72,453
• Other (FTF Fund balance addition)				
Carry Forward From Previous Year*	\$310,234	\$273,900	\$226,167	\$170,834
Total Regional Council Funds Available	\$519,811	\$483,477	\$435,744	\$380,411
Strategies	Approved Allotment	Proposed Allotment	Proposed Allotment	Proposed Allotment
Quality First Scholarships (<i>statewide</i>)	\$12,653	\$15,103	\$15,103	\$15,103
Summer Transition to Kindergarten	\$33,000	\$33,000	\$33,000	\$33,000
Professional Development for Early Childhood Professionals	\$100,000	\$100,000	\$100,000	\$100,000
Registry and College Scholarships (<i>statewide</i>)	\$43,200	\$43,200	\$43,200	\$43,200
Children's Health Systems Change (<i>FTF Directed</i>)	\$17,000	\$17,000	\$17,000	\$17,000
Parenting Outreach and Awareness Needs and Assets (<i>FTF Directed</i>)	\$54,000	\$54,000	\$54,000	\$54,000
Statewide Evaluation (<i>statewide</i>) (<i>FTF Directed</i>)	\$8,713	\$8,713	\$8,713	\$8,713
Service Coordination (<i>FTF Directed</i>)	\$30,000	\$30,000	\$30,000	\$30,000
Community Awareness (<i>FTF Directed</i>)	\$15,000	\$15,000	\$15,000	\$15,000
Community Outreach (<i>FTF Directed</i>)	\$25,000	\$25,000	\$25,000	\$25,000
Total	\$338,566	\$341,016	\$351,016	\$341,016
Total Unallotted:	\$181,245	\$142,460	\$84,727	\$39,394

*Carry forward balances include any unallotted funds and projected savings from the prior fiscal year, estimated based on historical spending patterns in the region. These amounts will be updated and funding plan will be revised, as necessary, each fiscal year based on actual expenditures.