

Arizona Early Childhood Development and Health Board

JLBC: Jack Brown
 OSPB:

DESCRIPTION	FY 2008 ACTUAL	FY 2009 ESTIMATE	FY 2010 JLBC
FUND SOURCES			
Other Non-Appropriated Funds	8,376,500	26,698,500	150,933,900
TOTAL - ALL SOURCES	8,376,500	26,698,500	150,933,900

CHANGE IN FUNDING SUMMARY

	FY 2009 to FY 2010 JLBC	
	\$ Change	% Change
Non-Appropriated Funds	124,235,400	465.3%
Total - All Sources	124,235,400	465.3%

AGENCY DESCRIPTION — As authorized by a 2006 ballot initiative, the Arizona Early Childhood Development and Health Board provides funding from a 4-cents per cigarette tax, or 80 cents a pack, (plus taxes on other tobacco products) to fund early childhood development programs and services for children prior to kindergarten and their families. Early childhood development programs include, but are not limited to, parent and family education and support programs, child care, preschool, health screenings, and access to preventative health programs.

Other Issues

Early Childhood Development and Health Fund

In 2006, Arizona voters passed Proposition 203 which added an 80 cent tax to each pack of cigarettes (plus taxes on other tobacco products). The tax became effective on December 1, 2006. Revenues from the tax are deposited into the Early Childhood Development and Health Fund (ECDHF) and go into 1 of 2 accounts, the Administrative Costs Account and the Program Account.

During FY 2007, 100% of revenues were deposited into the Administrative Costs Account in order to pay for “start up” costs. Beginning in FY 2008, 90% of funds are allocated to the Program Account and 10% of funds to the Administrative Costs Account. Monies may be transferred from the Administrative Account to the Program Account, but not from the Program Account to the Administrative Account.

Of the funding in the Program Account, approximately 10% (or 9% of the statewide total) may be spent on statewide programs with the remaining funds allocated to the Regional Councils (81% of the statewide total). Of this amount, 60.8% is allocated to the various regions based on the population aged 5 and under and the population under 5 living below the poverty line. Another 20.2% is set aside as discretionary regional monies.

Monies in the fund are to be used on services provided to children prior to kindergarten and to their families for the purpose of assisting childhood development. Monies are to be used for 1 or more of the following 6 purposes:

- Improve the quality of early childhood development and health (ECDH) programs;

- Increase access to quality ECDH programs;
- Increase access to preventive health care and health screenings for children through age 5;
- Offer parent and family support and education concerning early childhood development and literacy;
- Provide professional development and training for ECDH providers;
- Increase coordination of ECDH programs and public information about the importance of ECDH.

The ECDHF funding is not subject to legislative appropriation.

Early Childhood Development Program

The Early Childhood Development Program is administered through the Arizona Early Childhood Development and Health Board, which is responsible for allocating funding to Regional Partnership Councils, who, in turn, provide grants to local grant recipients. While the Regional Councils were being established, the board was allowed to allocate resources without Regional Partnership Council input for FY 2008 and FY 2009.

During FY 2008, the board’s revenues were \$170.9 million and expenditures were \$8.3 million. In FY 2009, the board projects collecting \$174.5 million and disbursing \$26.7 million. This would leave the fund with a balance of \$385 million by the end of FY 2009.

The board’s large balance is a result of the initiative’s language, which called for the approval of grants to Regional Partnership Councils to begin in May 2009. The delay between the beginning of revenue collections in 2007 and the implementation of regional grants has allowed the board to accrue a significant balance.

The board intends to use the balance in future years to offset ongoing revenue losses that may occur if tobacco use (and the corresponding tax collections) continue to decline.

During this “development phase,” the board’s FY 2008 expenditures consisted solely of administrative costs associated with the hiring of staff and leasing operating space. Of the total of \$35.1 million in FY 2008 and FY 2009 expenditures, the board plans to expend approximately \$25.1 million on their administrative costs and \$10 million on program grants.

As of October 2008, the board projects revenues of \$175.6 million in FY 2010. Under the statutory formula, \$17.6 million would be available for administration, \$15.8 million for statewide programs and \$142.2 million for Regional Councils. Of the latter amount, \$106.7 million would be available through the population formula. In addition, after reviewing plans submitted by the Regional Partnership Councils, the board will decide how to allocate the 20.2% (\$35.5 million) for regional discretionary plans.

SUMMARY OF FUNDS	FY 2008 Actual	FY 2009 Estimate
Early Childhood Development and Health Fund (CDA2542/A.R.S. § 8-1181)		Non-Appropriated
Source of Revenue: A 4¢ tax per cigarette as well as various increases on other tobacco products.		
Purpose of Fund: To fund the administrative and programmatic costs of the Arizona Early Childhood Development and Health Program. Monies from the fund may supplement, but not supplant, existing early childhood education programs. In FY 2007, all revenues received by the fund were deposited to the Administrative Costs Account for the purposes of funding start-up costs of the Initiative. Starting in FY 2008, up to 10% of the funds are deposited to the Administrative Costs Account with at least 90% of the funds deposited to the Program Account for early childhood development programs and grants. The fund was created as a result of a voter initiative in the 2006 election. The ballot proposition established a planning process that defers most programmatic spending to FY 2010.		
Funds Available		
Balance Forward	74,607,100	237,135,800
Revenue:		
Administrative Costs Account	17,090,500	17,452,400
Program Account	153,814,700	157,071,400
Total Funds Available	245,512,300	411,659,600
Expenditures:		
Administrative Expenditures	8,376,500	16,698,500
Programmatic Expenditures	0	10,000,000
Total Funds Expended	8,376,500	26,698,500
Year-End Fund Balance	237,135,800	384,961,100