

# Arizona Early Childhood Development and Health Board

JLBC: Jack Brown  
 OSPB: Patrick Makin

	FY 2009 ACTUAL	FY 2010 ESTIMATE	FY 2011 BASELINE
<b>FUND SOURCES</b>			
Other Non-Appropriated Funds	30,919,400	159,099,600	156,521,600
<b>TOTAL - ALL SOURCES</b>	<b>30,919,400</b>	<b>159,099,600</b>	<b>156,521,600</b>

## CHANGE IN FUNDING SUMMARY

	FY 2010 to FY 2011 Baseline	
	\$ Change	% Change
Non-Appropriated Funds	(2,578,000)	(1.6)%
Total - All Sources	(2,578,000)	(1.6)%

**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 were 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 Early Childhood Development and Health Fund 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 2009, the board’s revenues were \$156,865,800 and expenditures were \$30,919,400. In FY 2010, the board expects to collect \$134,681,800 in revenues and expend \$159,099,600. Of this FY 2010 spending amount, \$142,814,000 and \$16,283,300 will be from the Program Account and the Administrative Account, respectively.

The above expenditures leave the fund with a projected balance of \$337,655,300 at the end of FY 2010. 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

FY 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.

<b>SUMMARY OF FUNDS</b>	<b>FY 2009 Actual</b>	<b>FY 2010 Estimate</b>
<b>Early Childhood Development and Health Fund (CDA2542/A.R.S. § 8-1181)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> A 4¢ tax per cigarette as well as various increases on other tobacco products.		
<b>Purpose of Fund:</b> 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 development 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.		
<b>Funds Available</b>		
Balance Forward	236,126,700	362,073,100
Revenue:		
Administrative Costs Account	15,670,800	13,466,500
Program Account	141,028,800	121,198,600
Other	166,200	16,700
<b>Total Funds Available</b>	392,992,500	496,754,900
Expenditures:		
Administrative Expenditures	13,618,200	16,283,300
Programmatic Expenditures	17,140,900	142,814,000
Other	160,300	2,300
<b>Total Funds Expended</b>	30,919,400	159,099,600
<b>Year-End Fund Balance</b>	362,073,100	337,655,300