

Arizona Early Childhood Development and Health Board

	FY 2013 ACTUAL	FY 2014 ESTIMATE	FY 2015 BASELINE
FUND SOURCES			
Other Non-Appropriated Funds	146,867,300	185,427,400	180,974,500
TOTAL - ALL SOURCES	146,867,300	185,427,400	180,974,500

AGENCY DESCRIPTION — As authorized by a 2006 ballot initiative, the Arizona Early Childhood Development and Health Board (ECDHB) is funded from an 80 cents per pack cigarette tax, plus taxes on other tobacco products. The board funds early childhood development programs and services for children prior to kindergarten and their families.

Background

Early Childhood Development and Health Fund

Revenues from the tax are deposited into the Early Childhood Development and Health (ECDH) Fund and go into 2 accounts: 90% of funds are allocated to the Program Account and 10% of funds to the Administrative Costs Account.

Of the annual Program Account budget set by the board each year, 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 the amount made available to regions, 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. The board uses its discretion to allocate the other 20.2% to regions.

Monies in the fund are to be used for 1 or more of the following 6 purposes: 1) Improve the quality of ECDH programs; 2) Increase access to quality ECDH programs; 3) Increase access to preventive health care and health screenings for children through age 5; 4) Offer parent and family support and education concerning early childhood development and literacy; 5) Provide professional development and training for ECDH providers; and 6) Increase coordination of ECDH programs and public information about the importance of ECDH. The ECDH Fund is not subject to legislative appropriation.

During FY 2013, the board's revenues were \$134,055,900 and expenditures were \$146,867,300. In FY 2014, the board expects to collect \$129,598,300 in revenues and expend \$185,427,400. Of this FY 2014 spending amount, \$169,456,600 and \$14,572,500 will be from the Program Account and the Administrative Account, respectively, plus \$1,398,300 from non-tax sources. In FY 2014, the board's expenditure plan includes \$14,572,500 for administration, \$14,528,300 for statewide grants, and \$156,326,600 for regional grants.

The above expenditures leave the fund with a projected balance of \$365,797,300 at the end of FY 2014. 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) continues to decline.

SUMMARY OF FUNDS	FY 2013 Actual	FY 2014 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 Board. Monies from the fund may supplement, but not supplant, existing early childhood development programs. Up to 10% of the funds each year are deposited into the Administrative Costs Account and at least 90% are deposited into 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.		
Funds Available		
Balance Forward	434,437,800	421,626,400
Revenue:		
Administrative Costs Account	13,243,200	12,820,000
Program Account	119,188,900	115,380,000
Other (Donations/Grants/Federal Funds)	<u>1,623,800</u>	<u>1,398,300</u>
Total Funds Available	568,493,700	551,224,700
Expenditures:		
Administrative Expenditures	13,037,000	14,572,500
Programmatic Expenditures	<u>133,830,300</u>	<u>170,854,900</u>
Total Funds Expended	146,867,300	185,427,400
Year-End Fund Balance	421,626,400	365,797,300