



## FIRST THINGS FIRST

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### **AGENDA ITEM:**

FY14 Allocation Consideration

### **CEO RECOMMENDATION(S):**

- Discuss and provide guidance to staff regarding recommendation for FY14 Allocations

### **DETAIL:**

At the October 1<sup>st</sup> meeting of the Board, staff will present recommendations regarding the FY14 budget and resulting allocations. Due to statutory timing related to funding plan approval, action related to approving regional allocations at the October meeting is extremely important. In anticipation of this, the following are items which impact how staff will calculate allocations. Guidance in these areas will help ensure the Board does not have to take action on figures at the same time it is discussing policy items that would impact those figures in substantial ways.

#### ***Population Data Updates –***

2010 census population figures are now available at the discrete level FTF needs to “map” against regional boundaries. These figures, along with those used in the FY13 allocation process, are included in the attached table.

Overall, while population figures are not as high as what was projected prior to the 2010 census, the overall proportion of population between the regions remains relatively stable. While there are a few outliers, particularly when looking at the poverty data, there is overall stability in the relative population counts.

However, there are some that will have an impact on allocations. For example, if a region has a 2% change proportionally, and the pool of money distributed using that population is \$50 million then they would see a \$1 million swing. Such changes will impact funding plans.

It is assumed that these most recent population data should be used in determining allocations for FY14.

#### ***Sustainability Plan –***

At the June meeting of the Board, a revised sustainability plan was adopted. An underlying assumption in this plan was that additional organizational fund balance would not be drawn down to support additional program spending to allow for the regional fund balance to be fully expended.

Based on projected collections in FY13, available for expenditure in FY14, if no additional revenues are added to the current year allocation the overall program budget would drop just under \$10.5 million (\$1 million for the statewide budget and \$9.5 million for Regional budgets).

At the regional level, this does not mean spending would drop by that amount as regions have an estimated \$110 million in carry forward funds also available. However, funding plans presented to the Board last December for FY13, with an eye to FY14 and FY15, did assume these additional dollars would be made available in these out years. As such, this will result in funding plans reaching a zero balance (assuming perfect spending) faster than previously considered. This may require some budget adjustments (regionally and/or at the state level) previously not considered.

***Combined Impact –***

Early calculations of allocations (using the new population figures and assuming no additional fund balance draw down) compared to previously proposed FY14 Funding Plan expenditures levels, indicate that a few regions, and the statewide budget, would face a negative ending balance--this assumes perfect spending for FY13 and FY14.

Drawing down additional fund balance does not fix the imbalance in every regional situation, which indicates in these instances that the issues are more related to changes in population.

***Available Levers to Correct Imbalances –***

Beyond drawing down additional fund balance there are three additional options available for the Board to consider as it looks to set Allocations. These are not mutually exclusive options.

The first is to allow the funding levels to change as they will, and instruct the regions negatively impacted to adjust spending accordingly. This may be a particularly relevant option in situations with significant population swings.

The second is to allow the funding levels to change as they will, accept the projected negative position in the near term understanding actual total revenues for FY14 are not yet known because actual FY13 carry forward balances are not known, and FY14 actual spending levels are not known. Either of these could result in the complete elimination of the currently projected negative position.

Third, the amount of discretionary funding allocated could be adjusted so that those who would have gone negative otherwise are brought to zero.

# Population Data for Allocations

	# of Children 0-5 (Zips)				# of Children 0-5 in Poverty				
	2010 Census		2000 Census aged to 2009		2010 ACS (Tracks)		2000 Census (Zips) aged to 2009		Proportional Change
	#	%	#	%	#	%	#	%	
Central Maricopa	31,001	6.80%	54,256	8.43%	5,300	4.72%	6,929	4.62%	0.10%
Central Phoenix	28,502	6.25%	56,351	8.75%	12,210	10.88%	24,477	16.33%	-5.44%
Central Pima	29,645	6.51%	44,447	6.90%	10,174	9.07%	12,334	8.23%	0.84%
Cochise	8,546	1.88%	11,039	1.71%	2,171	1.93%	2,796	1.86%	0.07%
Coconino	7,956	1.75%	10,831	1.68%	1,969	1.75%	1,526	1.02%	0.74%
Cocopah	52	0.01%	70	0.01%	20	0.02%	54	0.04%	-0.02%
Colorado River Indian Tribes	616	0.14%	842	0.13%	267	0.24%	278	0.19%	0.05%
Gila	2,240	0.49%	2,949	0.46%	526	0.47%	589	0.39%	0.08%
Gila River Indian Community	1,280	0.28%	2,556	0.40%	685	0.61%	1,632	1.09%	-0.48%
Graham/Greenlee	3,264	0.72%	3,614	0.56%	679	0.61%	754	0.50%	0.10%
Hualapai Tribe	163	0.04%	177	0.03%	42	0.04%	68	0.05%	-0.01%
La Paz/Mohave	11,224	2.46%	15,692	2.44%	3,262	2.91%	4,475	2.98%	-0.08%
Navajo Nation	9,008	1.98%	12,690	1.97%	3,985	3.55%	5,848	3.90%	-0.35%
Navajo/Apache	5,166	1.13%	6,075	0.94%	1,182	1.05%	1,217	0.81%	0.24%
North Phoenix	37,900	8.32%	58,686	9.12%	7,865	7.01%	9,876	6.59%	0.42%
North Pima	12,287	2.70%	18,401	2.86%	1,770	1.58%	1,219	0.81%	0.76%
Northeast Maricopa	13,997	3.07%	28,810	4.48%	954	0.85%	1,896	1.26%	-0.41%
Northwest Maricopa	45,644	10.02%	60,543	9.40%	9,903	8.83%	10,616	7.08%	1.74%
Pascua Yaqui Tribe	405	0.09%	650	0.10%	249	0.22%	335	0.22%	0.00%
Pinal	29,329	6.44%	32,513	5.05%	4,511	4.02%	5,819	3.88%	0.14%
Salt River Pima Maricopa	509	0.11%	1,227	0.19%	138	0.12%	485	0.32%	-0.20%
San Carlos Apache	1,206	0.26%	1,441	0.22%	829	0.74%	786	0.52%	0.21%
Santa Cruz	3,676	0.81%	4,865	0.76%	1,110	0.99%	1,589	1.06%	-0.07%
South Phoenix	43,982	9.65%	54,083	8.40%	17,759	15.83%	21,458	14.31%	1.51%
South Pima	19,252	4.22%	21,936	3.41%	3,805	3.39%	6,134	4.09%	-0.70%
Southeast Maricopa	56,981	12.50%	80,472	12.50%	8,399	7.48%	10,135	6.76%	0.73%
Southwest Maricopa	23,733	5.21%	18,764	2.91%	3,313	2.95%	4,038	2.69%	0.26%
Tohono O'odham	986	0.22%	1,837	0.29%	669	0.60%	851	0.57%	0.03%
White Mountain Apache	1,693	0.37%	1,902	0.30%	949	0.85%	1,013	0.68%	0.17%
Yavapai	10,538	2.31%	14,982	2.33%	2,911	2.59%	4,640	3.09%	-0.50%
Yuma	14,934	3.28%	21,082	3.27%	4,609	4.11%	6,065	4.05%	0.06%
<b>Total</b>	<b>455,715</b>	<b>100.00%</b>	<b>643,783</b>	<b>100.00%</b>	<b>112,215</b>	<b>100.00%</b>	<b>149,932</b>	<b>100.00%</b>	<b>0.00%</b>

