



FIRST THINGS FIRST

Ready for School. Set for Life.

AGENDA ITEM:

FY12 Fiscal Year End

FY13 Budget Update

FY 14 Budget Setting, Regional Allocations, and Statewide Funding Plan

CEO RECOMMENDATION(S):

- Accept the FY13 budget update
- Approve the FY14 budget including FY14 Regional Allocations, Statewide Funding Plan, and proposed Statewide and Regional allotments for evaluation.

DETAIL:

FY12 Fiscal Year End

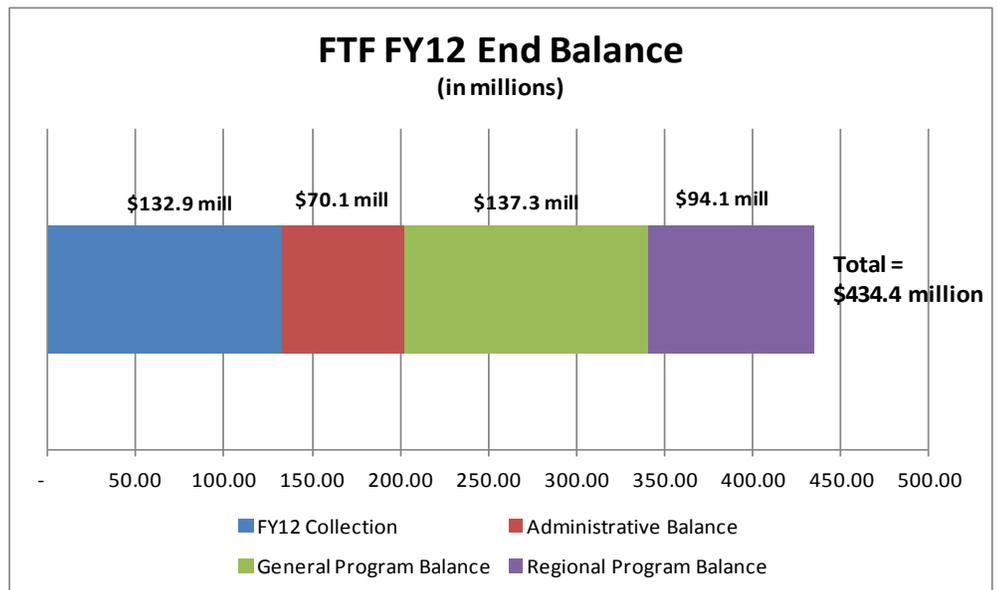
FTF officially closed Fiscal Year 2012 on September 24, 2012. FTF presents its financial data on a modified accrued accounting basis to ensure revenues and expenditures aligned with the State’s standard fiscal year as well as ensuring service data figures correlate appropriately with expenditures. This final reconciliation of the fiscal year has to occur in September due to grantees being given 45 days after the end of the State’s fiscal year to submit their final reimbursement request for the State Fiscal Year.

While FTF ended the fiscal year in a positive position in relation to the final approved budget, FY12 marks the first year in which total agency fund balance reduced some \$8 million.

Despite the overall drop in fund balance, the decline was not nearly as significant as predicted. The actual drop in fund balance was \$100 million less than budgeted. The major cause for this under spending relates to the full budgeting of regional carry forward amounts. The FY13 budget (along with subsequent years) moves away from budgeting the full expensing of Regional carry forward balances to only budgeting that amount in excess of the base allocation made by the Board.

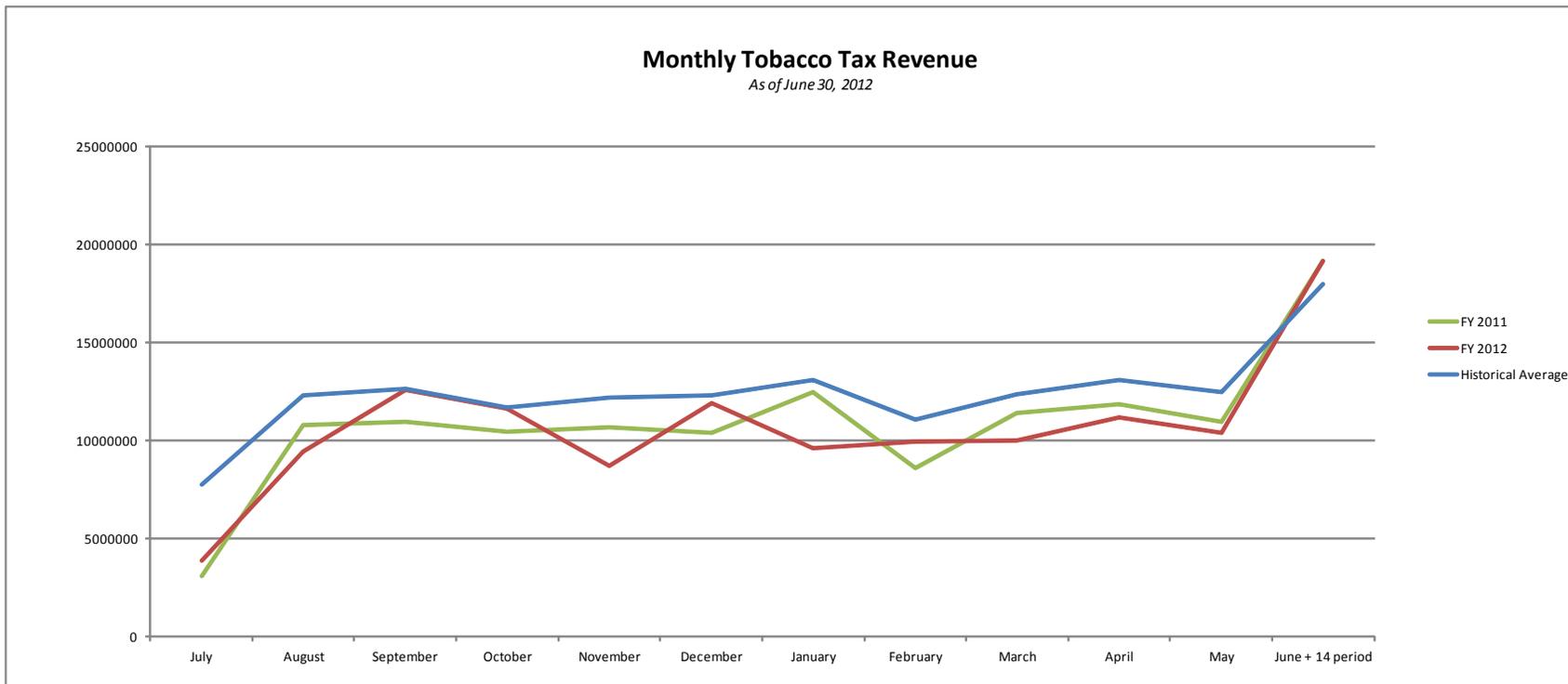
FTF ended the fiscal year with \$434.4 million. Of this amount, \$132.9 million are current year collections which serve as the base for FY14’s expenditure budget. This leaves a marginal fund balance of \$301.5 million of which \$70.1 is in the Administrative Account, \$137.3 million is in the general Program Account, and \$94.1 is held within regional fund balances.

FTF’s FY12 collections were strong compared to original projections made last summer. In comparison to the original budget, tobacco and interest revenues both exceed respective projection by over \$1.7 million. However, at the June 2012 board meeting these estimates were revised to a total of \$132.8 million and actual collection (as seen above) exceed this by just over \$128k.



The following two charts provide monthly detail of these revenues. Final tobacco collections were about \$4 million less than that predicted in the “expected” band in the ASU revenue study, but still \$8 million above the lower band.

FIRST THINGS FIRST - FY12

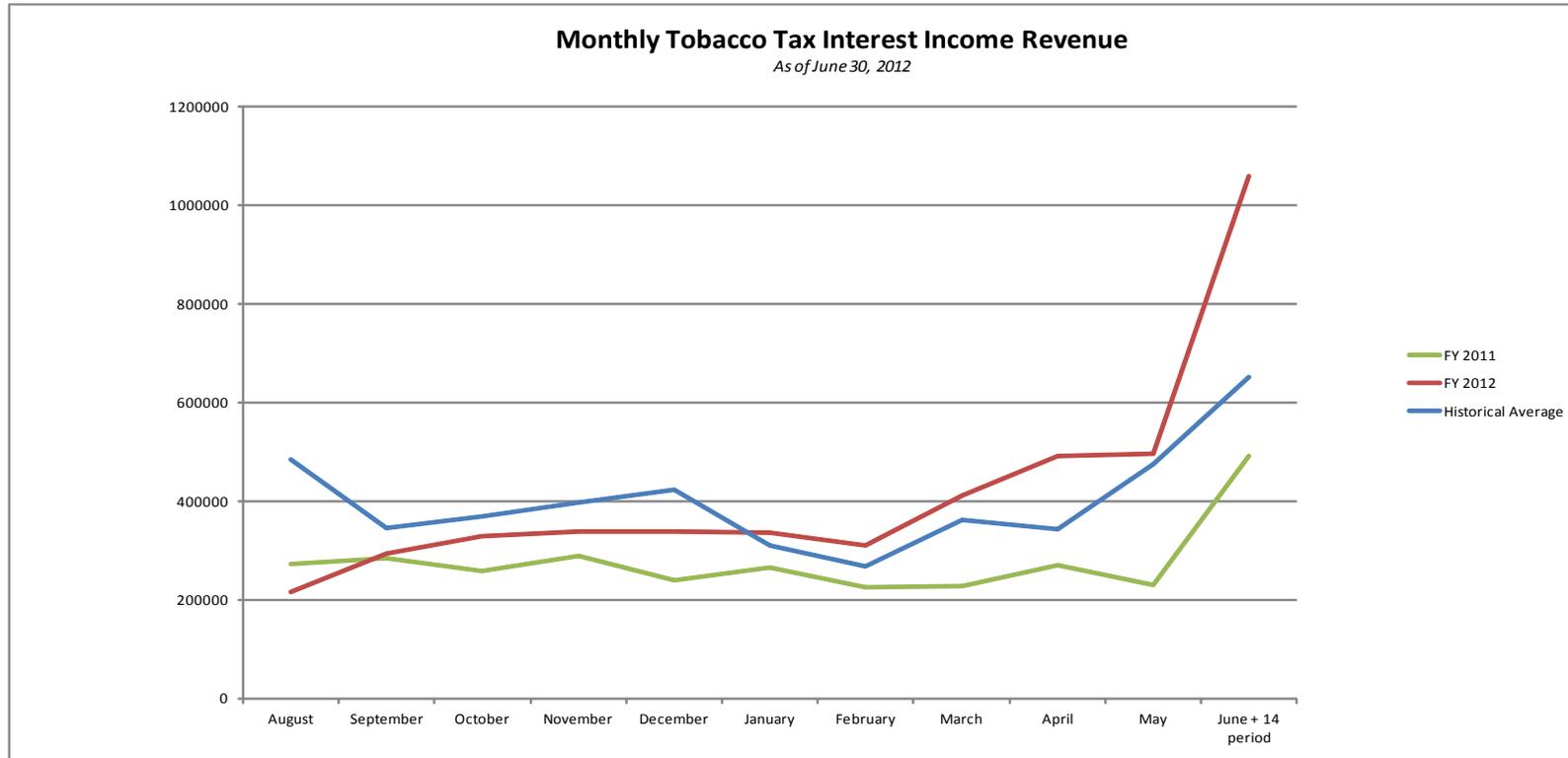


Tobacco Tax Revenue Collection	Historical Average							
	Historical Average	FY10 Forward	FY 2012	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007
July	\$ 7,735,272	\$ 2,837,331	\$ 3,851,571	\$ 3,073,465	\$ 2,601,198	\$ 13,072,609	\$ 12,193,815	
August	\$ 12,276,915	\$ 10,898,401	\$ 9,447,538	\$ 10,783,204	\$ 11,013,597	\$ 13,259,701	\$ 14,051,158	
September	\$ 12,656,559	\$ 10,439,293	\$ 12,563,346	\$ 10,929,997	\$ 9,948,588	\$ 13,692,552	\$ 16,055,097	
October	\$ 11,674,018	\$ 11,056,654	\$ 11,636,232	\$ 10,424,940	\$ 11,688,368	\$ 12,153,319	\$ 12,429,446	
November	\$ 12,190,831	\$ 11,050,868	\$ 8,677,824	\$ 10,687,793	\$ 11,413,943	\$ 13,071,452	\$ 13,590,137	
December	\$ 12,290,143	\$ 10,601,465	\$ 11,903,091	\$ 10,365,779	\$ 10,837,151	\$ 13,559,444	\$ 14,398,196	
January	\$ 13,063,596	\$ 11,699,940	\$ 9,609,307	\$ 12,480,361	\$ 10,919,518	\$ 14,579,373	\$ 14,275,133	
February	\$ 11,089,546	\$ 9,254,289	\$ 9,918,526	\$ 8,567,799	\$ 9,940,779	\$ 8,474,104	\$ 11,643,437	\$ 16,821,613
March	\$ 12,345,946	\$ 11,009,488	\$ 9,977,560	\$ 11,398,336	\$ 10,620,639	\$ 13,132,772	\$ 13,900,273	\$ 12,677,711
April	\$ 13,071,431	\$ 11,945,538	\$ 11,187,846	\$ 11,860,199	\$ 12,030,877	\$ 12,334,970	\$ 13,923,595	\$ 15,207,513
May	\$ 12,457,991	\$ 11,303,465	\$ 10,412,306	\$ 10,963,454	\$ 11,643,476	\$ 10,951,777	\$ 14,917,645	\$ 13,813,602
June + 14 period	\$ 17,964,211	\$ 19,388,505	\$ 19,129,147	\$ 19,166,117	\$ 19,610,894	\$ 21,692,058	\$ 13,427,181	\$ 15,924,807
	\$ 148,816,459	\$ 131,485,236	\$ 128,314,293	\$ 130,701,444	\$ 132,269,028	\$ 159,974,131	\$ 164,805,113	\$ 74,445,246

Note: Total FY07 and FY08 Tobacco Tax Revenue collected shown is according to the dates funds cleared the state's accounting system. FY09 revenue in accordance to the state's accounting system was \$151,363,814. Accrual basis accounting was started in FY10. Starting in FY09 period 13, revenues were adjusted to reflect Arizona Department of Revenue numbers.

Tobacco Tax Revenue Collection	FY 2012
Annual Collection Budget	\$ 126,590,000
YTD Collections	\$ 128,314,293
YTD Full Month as % of Budget	101.4%
FY-2011 Same % Compare	100.00%
FY-2010 Same % Compare	100.00%
FY-2009 Same % Compare	100.00%
FY-2008 Same % Compare	100.00%
FY10 Forward Avg of % Compar	100.00%
Collections Projection	\$ 128,314,293
Difference From Budget	\$ 1,724,293

FIRST THINGS FIRST - FY12



Tobacco Interest Revenue Collection	Historical Average FY10							
	Historical Average	Forward	FY 2012	FY 2011	FY 2010	FY 2009	FY 2008	FY 2007
July	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
August	\$ 483,231.24	\$ 747,711.62	\$ 215,461	\$ 271,833	\$ 1,223,591	\$ 502,912	\$ 202,360	
September	\$ 343,906.20	\$ 270,132.16	\$ 294,106	\$ 282,970	\$ 257,294	\$ 644,892	\$ 240,268	
October	\$ 367,627.02	\$ 246,597.69	\$ 328,827	\$ 259,133	\$ 234,062	\$ 626,736	\$ 389,377	
November	\$ 396,890.13	\$ 315,512.67	\$ 339,092	\$ 287,512	\$ 343,513	\$ 592,399	\$ 421,934	
December	\$ 423,069.62	\$ 271,006.50	\$ 338,580	\$ 239,389	\$ 302,624	\$ 636,611	\$ 598,144	
January	\$ 310,575.06	\$ 258,809.89	\$ 334,904	\$ 264,671	\$ 252,949	\$ 193,422	\$ 506,930	
February	\$ 268,490.77	\$ 236,437.94	\$ 308,587	\$ 224,468	\$ 248,407	\$ 144,280	\$ 416,711	
March	\$ 362,381.16	\$ 231,088.30	\$ 409,883	\$ 228,525	\$ 233,651	\$ 550,854	\$ 670,193	\$ 81,181
April	\$ 342,203.85	\$ 277,328.96	\$ 489,936	\$ 270,846	\$ 283,812	\$ 321,359	\$ 644,756	\$ 42,514
May	\$ 473,796.84	\$ 266,040.51	\$ 496,631	\$ 230,519	\$ 301,562	\$ 851,027	\$ 889,538	\$ 73,504
June + 14 period	\$ 652,075.84	\$ 567,110.61	\$ 1,058,030	\$ 491,970	\$ 642,251	\$ 270,413	\$ 1,162,859	\$ 286,932
	\$ 4,424,247.73	\$ 3,687,776.82	\$ 4,614,038	\$ 3,051,836	\$ 4,323,717	\$ 5,334,904	\$ 6,143,070	\$ 484,131

Note: August '09 FY10 Interest Income spike is related to an accounting adjustment associated with FY09 and made by the Treasurer's office. Total FY10 Tobacco Tax Interest collected shown is according to the dates funds cleared the state's accounting system. Total FY10 Tobacco Tax Interest collected on an accrual basis comes to \$4,238,717.

Tobacco Interest Revenue Collection	FY 2012
Annual Collection Budget	\$3,010,000
YTD Collections	\$4,614,038
YTD Full Month as % of Budget	153.29%
FY-2011 Same % Compare	100.00%
FY-2010 Same % Compare	100.00%
FY-2009 Same % Compare	100.00%
FY-2008 Same % Compare	100.00%
FY10 Forward Avg of % Compare	100%
Collections Projection	\$4,614,038
Difference From Budget	\$1,604,038

Regional carry forward did grow but it did not grow nearly as much as expected (as late as May staff was predicting a regional carry forward balance closer to \$110 million). In addition, a few regions began spending down their carry forward funds in FY12. The following table provides detail as to Region's FY12 ending balances and how those balances changed from FY11.

Regional Fund Balance Growth History				
	FY11 Ending Balance	FY12 Ending Balance	FY12 Marginal Increase in Fund Balance	Percent Fund Balance Increased
Central Maricopa	5,686,240.89	6,996,086.08	1,309,845.19	23%
Central Phoenix	8,705,674.57	8,504,489.17	(201,185.40)	-2%
Central Pima	4,679,427.33	4,167,002.84	(512,424.49)	-11%
Cochise	2,182,857.50	2,179,185.19	(3,672.31)	0%
Coconino	1,665,434.88	1,510,056.02	(155,378.86)	-9%
Cocopah Tribe	76,993.95	41,109.80	(35,884.15)	-47%
Colorado River Indian Tribes	153,177.94	151,081.77	(2,096.17)	-1%
Gila	625,516.71	553,258.12	(72,258.59)	-12%
Gila River Indian Community	526,721.16	576,232.32	49,511.16	9%
Graham/Greenlee	531,691.81	549,969.77	18,277.96	3%
Hualapai Tribe	52,109.76	50,365.13	(1,744.63)	-3%
La Paz/Mohave	2,212,782.49	2,340,171.43	127,388.94	6%
Navajo Nation	6,736,022.97	8,274,661.40	1,538,638.43	23%
Navajo/Apache	1,026,785.89	1,256,394.14	229,608.25	22%
North Phoenix	8,965,443.46	8,265,946.70	(699,496.76)	-8%
North Pima	1,198,537.24	1,241,940.41	43,403.17	4%
Northeast Maricopa	1,622,518.73	1,295,161.26	(327,357.47)	-20%
Northwest Maricopa	5,410,581.88	6,392,568.18	981,986.30	18%
Pascua Yaqui Tribe	157,666.11	257,096.98	99,430.87	63%
Pinal	5,125,879.35	5,611,466.13	485,586.78	9%
Salt River Pima Maricopa Indian Community	274,415.88	359,623.93	85,208.05	31%
San Carlos Apache	829,546.02	1,021,516.99	191,970.97	23%
Santa Cruz	671,490.22	597,050.12	(74,440.10)	-11%
South Phoenix	10,858,617.72	11,780,975.58	922,357.86	8%
South Pima	4,091,062.85	4,069,807.63	(21,255.22)	-1%
Southeast Maricopa	5,530,857.50	5,500,173.50	(30,684.00)	-1%
Southwest Maricopa	1,907,693.74	2,474,957.65	567,263.91	30%
Tohono O'odham Nation	763,168.11	1,211,987.30	448,819.19	59%
White Mountain Apache Tribe	581,202.49	752,896.39	171,693.90	30%
Yavapai	1,637,525.63	1,894,535.53	257,009.90	16%
Yuma	4,465,727.02	4,182,413.14	(283,313.88)	-6%
	88,953,371.80	94,060,180.60	5,106,808.80	6%

These amounts will be added to the FY13 Board allocated amounts to provide each region their total means of financing for FY13. This total is detailed as part of the FY13 budget update.

Additional agency and regional detail are found in the following tables.

FIRST THINGS FIRST
FY12 Tobacco Tax All Funds Report
As of June 30, 2012

UNAUDITED

	Agency			Admn			Program			Statewide			Regional		
	Final Budget			Final Budget			Final Budget			Final Budget			Final Budget		
	(rv4)	YTD	Difference	(rv4)	YTD	Difference	(rv4)	YTD	Difference	(rv4)	YTD	Difference	(rv4)	YTD	Difference
Revenue															
Balance Forward															
Organizational Fund Balance	\$201,735,916	\$202,618,148	\$882,232	\$68,753,390	\$68,756,007	\$2,617	\$132,982,526	\$133,862,141	\$879,615				\$14,553,000	\$14,553,000	\$0
Fund Balance Allocated	\$17,102,594	\$17,102,594	\$0	\$932,594	\$932,594	\$0	\$16,170,000	\$16,170,000	\$0	\$1,617,000	\$1,617,000	\$0	\$88,953,372	\$88,953,372	\$0
Regional Programs Carry Forwa	\$88,953,372	\$88,953,372	\$0				\$88,953,372	\$88,953,372	\$0				\$88,953,372	\$88,953,372	\$0
Previous Year's Revenue (FY10)															
Allocated	\$133,000,000	\$133,000,000	\$0	\$13,300,000	\$13,300,000	\$0	\$119,700,000	\$119,700,000	\$0	\$11,970,000	\$11,970,000	\$0	\$107,730,000	\$107,730,000	\$0
Unallocated	\$752,285	\$752,285	\$0	\$74,333	\$74,333	\$0	\$677,952	\$677,952	\$0						
Total Means of Financing	\$441,544,167	\$442,426,399	\$882,232	\$83,060,317	\$83,062,934	\$2,617	\$358,483,850	\$359,363,465	\$879,615	\$13,587,000	\$13,587,000	\$0	\$211,236,372	\$211,236,372	\$0
Annual Expenditures															
Personnel Services	\$9,232,889	\$8,206,812	\$1,026,077	\$7,667,878	\$6,728,472	\$939,406	\$1,565,011	\$1,478,340	\$86,671	\$840,510	\$780,389	\$60,121	\$724,501	\$697,951	\$26,550
E.R.E	\$3,295,102	\$3,206,715	\$88,387	\$2,754,746	\$2,608,666	\$146,080	\$540,356	\$598,049	(\$57,693)	\$279,536	\$291,773	(\$12,237)	\$260,820	\$306,276	(\$45,456)
Travel In-State	\$396,497	\$357,776	\$38,721	\$330,842	\$304,096	\$26,746	\$65,655	\$53,680	\$11,975	\$15,855	\$12,050	\$3,805	\$49,800	\$41,630	\$8,170
Travel Out-of-State	\$83,848	\$77,108	\$6,740	\$73,443	\$59,884	\$13,559	\$10,405	\$17,224	(\$6,819)	\$10,405	\$4,940	\$5,465	\$0	\$12,284	(\$12,284)
Prof Out-Side Srvs	\$1,827,992	\$2,323,226	(\$495,234)	\$725,700	\$818,781	(\$93,081)	\$1,102,292	\$1,504,445	(\$402,153)	\$468,010	\$570,394	(\$102,384)	\$634,282	\$934,051	(\$299,769)
Other Operating Expenditures	\$1,761,171	\$5,153,075	(\$3,391,904)	\$1,617,487	\$1,392,845	\$224,642	\$143,684	\$3,760,230	(\$3,616,546)	\$108,484	\$926,201	(\$817,717)	\$35,200	\$2,834,029	(\$2,798,829)
External Printing	\$107,365	\$183,027	(\$75,662)	\$100,365	\$8,438	\$91,927	\$7,000	\$174,589	(\$167,589)	\$2,800	\$59,538	(\$56,738)	\$4,200	\$115,051	(\$110,851)
Internal Printing	\$180,948	\$81,082	\$99,866	\$47,298	\$64,494	(\$17,196)	\$133,650	\$16,588	\$117,062	\$121,000	\$4,565	\$116,435	\$12,650	\$12,023	\$627
Aid to Other Organizations	\$221,252,798	\$120,319,915	\$100,932,883	\$0	\$0	\$0	\$221,252,798	\$120,319,915	\$100,932,883	\$11,737,880	\$8,103,038	\$3,634,842	\$209,514,918	\$112,216,877	\$97,298,041
Equipment	\$184,761	\$261,011	(\$76,250)	\$182,241	\$242,096	(\$59,855)	\$2,520	\$18,915	(\$16,395)	\$2,520	\$12,900	(\$10,380)	\$0	\$6,015	(\$6,015)
Transfers	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sub-Total	\$238,323,371	\$140,169,747	\$98,153,624	\$13,500,000	\$12,227,772	\$1,272,228	\$224,823,371	\$127,941,975	\$96,881,396	\$13,587,000	\$10,765,788	\$2,821,212	\$211,236,371	\$117,176,187	\$94,060,184
One-Time Exps	\$732,594	\$755,428	(\$22,834)	\$732,594	\$755,428	(\$22,834)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$239,055,965	\$140,925,175	\$98,130,790	\$14,232,594	\$12,983,200	\$1,249,394	\$224,823,371	\$127,941,975	\$96,881,396	\$13,587,000	\$10,765,788	\$2,821,212	\$211,236,371	\$117,176,187	\$94,060,184
Ending Balance	\$202,488,202	\$301,501,224		\$68,827,723	\$70,079,734		\$133,660,479	\$231,421,490		\$2,821,212			\$94,060,185		
FY12 Revenue YTD		\$132,928,331			\$13,292,833			\$119,635,498							
FY12 YTD Fund Balance		\$434,429,555			\$83,372,567			\$351,056,988							

FY12 Regional Expenditures

	Base Allocation	FY11 Carry Forward	Total Allocation	Allotted	Unallotted	Percent of Allotted	Awarded	Unawarded	Percent of Allotted Awarded	Expended	Unexpended	Percent of Award Expended	Percent of Allotment Expended	Ending / Carry Forward Balance
State	13,587,000	N/A	13,587,000	13,426,112	160,888	98.82%	12,941,713	484,399	96.39%	10,765,788	2,175,925	83.19%	80.19%	N/A
Central Maricopa	7,149,535	5,686,241	12,835,776	8,215,817	4,619,959	64.01%	8,011,932	203,885	97.52%	5,839,690	2,172,242	72.89%	71.08%	6,996,086
Central Phoenix	15,502,513	8,705,675	24,208,188	18,079,055	6,129,133	74.68%	16,955,081	1,123,974	93.78%	15,703,698	1,251,383	92.62%	86.86%	8,504,489
Central Pima	8,968,784	4,679,427	13,648,211	11,158,065	2,490,146	81.75%	11,077,415	80,650	99.28%	9,481,208	1,596,206	85.59%	84.97%	4,167,003
Cochise	2,575,505	2,182,858	4,758,363	3,365,653	1,392,710	70.73%	3,407,264	(41,611)	101.24%	2,579,177	828,086	75.70%	76.63%	2,179,185
Coconino	1,958,001	1,665,435	3,623,436	2,677,665	945,771	73.90%	2,570,786	106,879	96.01%	2,113,380	457,407	82.21%	78.93%	1,510,056
Cocopah Tribe	83,784	76,994	160,778	135,171	25,607	84.07%	135,171	-	100.00%	119,668	15,503	88.53%	88.53%	41,110
Colorado River Indian Tribes	226,704	153,178	379,882	290,636	89,246	76.51%	290,623	13	100.00%	228,800	61,822	78.73%	78.72%	151,082
Gila	614,212	625,517	1,239,729	814,126	425,603	65.67%	810,126	4,000	99.51%	686,471	123,655	84.74%	84.32%	553,258
Gila River Indian Community	947,042	526,721	1,473,764	1,048,499	425,265	71.14%	1,003,195	45,304	95.68%	897,532	105,663	89.47%	85.60%	576,232
Graham/Greenlee	767,758	531,692	1,299,448	830,006	469,442	63.87%	831,443	(1,437)	100.17%	749,478	81,964	90.14%	90.30%	549,970
Hualapai Tribe	117,125	52,110	169,232	143,443	25,789	84.76%	142,444	999	99.30%	118,867	23,578	83.45%	82.87%	50,365
La Paz/Mohave	3,895,016	2,212,782	6,107,798	4,753,809	1,353,989	77.83%	4,549,341	204,468	95.70%	3,767,627	781,714	82.82%	79.25%	2,340,171
Navajo Nation	4,191,755	6,736,023	10,927,778	4,647,172	6,280,606	42.53%	3,896,698	750,474	83.85%	2,653,117	1,243,581	68.09%	57.09%	8,274,661
Navajo/Apache	1,266,993	1,026,786	2,293,779	1,642,806	650,973	71.62%	1,321,350	321,456	80.43%	1,037,385	283,965	78.51%	63.15%	1,256,394
North Phoenix	10,040,141	8,965,443	19,005,584	13,264,254	5,741,330	69.79%	12,841,473	422,781	96.81%	10,739,638	2,101,835	83.63%	80.97%	8,265,947
North Pima	1,896,153	1,198,537	3,094,690	2,309,803	784,887	74.64%	2,297,789	12,015	99.48%	1,852,750	445,039	80.63%	80.21%	1,241,940
Northeast Maricopa	2,962,891	1,622,519	4,585,410	3,607,868	977,542	78.68%	3,599,794	8,074	99.78%	3,290,248	309,546	91.40%	91.20%	1,295,161
Northwest Maricopa	8,131,714	5,410,582	13,542,296	9,537,363	4,004,933	70.43%	8,512,019	1,025,344	89.25%	7,149,728	1,362,291	84.00%	74.97%	6,392,568
Pascua Yaqui Tribe	231,280	157,666	388,947	169,040	219,907	43.46%	169,040	(0)	100.00%	131,850	37,190	78.00%	78.00%	257,097
Pinal	5,063,429	5,125,879	10,189,308	6,696,170	3,493,139	65.72%	5,794,820	901,350	86.54%	4,577,842	1,216,978	79.00%	68.37%	5,611,466
Salt River Pima Maricopa Indian Community	315,135	274,416	589,551	335,026	254,525	56.83%	269,556	65,470	80.46%	229,927	39,629	85.30%	68.63%	359,624
San Carlos Apache	532,984	829,546	1,362,530	698,844	663,686	51.29%	512,488	186,356	73.33%	341,013	171,475	66.54%	48.80%	1,021,517
Santa Cruz	1,301,808	671,490	1,973,298	1,586,336	386,962	80.39%	1,577,224	9,112	99.43%	1,376,248	200,976	87.26%	86.76%	597,050
South Phoenix	14,772,245	10,858,618	25,630,863	16,799,520	8,831,343	65.54%	16,069,535	729,985	95.65%	13,849,887	2,219,648	86.19%	82.44%	11,780,976
South Pima	5,388,023	4,091,063	9,479,086	8,174,700	1,304,386	86.24%	6,534,475	1,640,225	79.94%	5,409,278	1,125,197	82.78%	66.17%	4,069,808
Southeast Maricopa	10,537,740	5,530,858	16,068,598	12,391,521	3,677,077	77.12%	12,171,216	220,305	98.22%	10,568,424	1,602,792	86.83%	85.29%	5,500,174
Southwest Maricopa	2,395,623	1,907,694	4,303,317	2,512,670	1,790,647	58.39%	2,536,446	(23,776)	100.95%	1,828,359	708,087	72.08%	72.77%	2,474,958
Tohono O'odham Nation	608,875	763,168	1,372,043	952,831	419,212	69.45%	506,334	446,497	53.14%	160,056	346,279	31.61%	16.80%	1,211,987
White Mountain Apache Tribe	692,064	581,202	1,273,266	691,140	582,126	54.28%	718,765	(27,625)	104.00%	520,370	198,395	72.40%	75.29%	752,896
Yavapai	3,890,541	1,637,526	5,528,067	4,188,949	1,339,118	75.78%	4,152,658	36,291	99.13%	3,633,531	519,127	87.50%	86.74%	1,894,536
Yuma	5,257,627	4,465,727	9,723,354	6,587,565	3,135,789	67.75%	6,455,243	132,322	97.99%	5,540,941	914,302	85.84%	84.11%	4,182,413
Regional Subtotal	122,283,000	88,953,372	211,236,369	148,305,523	62,930,846	70.21%	139,721,744	8,583,779	94.21%	117,176,188	22,545,555	83.86%	79.01%	94,060,181
FTF Total	135,870,000	88,953,372	224,823,369	161,731,635	63,091,734	71.94%	152,663,457	9,068,178	94.39%	127,941,976	24,721,480	83.81%	79.11%	94,060,181

Highlights from these tables include:

- Administrative expenditures coming in over \$1.2 million below budget and in line with estimates provided to the Board at its June 2012 meeting.
- Program expenditures averaged over 83% of awards made and 79% of allotments to strategies.
- A majority of regional fund balance is a result of planned carry forward. Unallotted funds totaled \$63 million (67%) of the \$94.1 million carry forward.
- Predictability within individual line item in the Program budgets continues to be a challenge as “historical” spending trend/patterns have not formed considering the continued evolving nature of programming, partners, and the method of grantee engagement.
- An \$882k increase in organizational fund balance from the previous budgets provided to the board, resulting from an accounting adjustment made in preparation for the FY12 independent year end audit necessary to fully align system records with recommendations made as part of last year’s audit.

FY13 Budget Update

At the time of material preparation, FTF had closed two months in the current fiscal year. The major update to the FY13 budget relates to revenues, and accounting for FY12 carry forward balances. At the June 2012 meeting of the Board, staff had estimated carry forward would come in at \$437.8 million, actual carry forward balance ended at \$434.4 million.

The following two charts provide current budget detail. The first provides an agency summary. The second provides detail on how FY12 carry forward funds are added at a regional level to base allocations previously made by the Board, and where each region then stands in relation to this total means of financing for strategy allotments and awards.

In considering these balances, these dollars represent additions to the planning and budgeting work previously done by the regions and approved by the Board. Previous to this point, regions only could budget in FY13 those funds in FY12 which were unallotted (seen in table above).

As such, this adjustment makes some \$30 million new dollars available. However, the use of these in FY13 is subject to FY14 considerations discussed in the next section.

FIRST THINGS FIRST
FY13 Tobacco Tax All Funds Report
As of Aug 31, 2012

UNAUDITED

	Agency			Admin			Programs			Statewide Programs			Regional Programs		
	FY13 Budget	YTD	Difference	FY13 Budget	YTD	Difference	FY13 Budget	YTD	Difference	FY13 Budget	YTD	Difference	FY13 Budget	YTD	Difference
	R1			R1			R1			R1			R1		
Revenue															
Balance Forward															
Organizational Fund Balance	\$177,157,428	\$189,516,255	\$12,358,826	\$69,927,723	\$69,044,950	(\$882,773)	\$107,229,705	\$120,471,305	\$13,241,600						
Fund Balance Allocated	\$17,924,784	\$17,924,784	\$0	\$1,034,784	\$1,034,784	\$0	\$16,890,000	\$16,890,000	\$0	\$1,689,000	\$1,689,000	\$0	\$15,201,000	\$15,201,000	\$0
Regional Programs Carry Forward	\$109,898,811	\$94,060,184	(\$15,838,627)				\$109,898,811	\$94,060,184	(\$15,838,627)				\$109,898,811	\$94,060,184	(\$15,838,627)
Previous Year's Revenue															
Allocated	\$132,800,000	\$132,800,000	\$0	\$13,280,000	\$13,280,000	\$0	\$119,520,000	\$119,520,000	\$0	\$11,952,000	\$11,952,000	\$0	\$107,568,000	\$107,568,000	\$0
Unallocated	\$0	\$128,331	\$128,331	\$0	\$12,833	\$12,833	\$0	\$115,498	\$115,498						
Total Means of Financing	\$437,781,024	\$434,429,554	(\$3,351,470)	\$84,242,507	\$83,372,567	(\$869,940)	\$353,538,516	\$351,056,986	(\$2,481,530)	\$13,641,000	\$13,641,000	\$0	\$232,667,811	\$216,829,184	(\$15,838,627)
Annual Expenditures															
Personal Services	\$9,232,891	\$988,423	\$8,244,468	\$7,667,880	\$800,381	\$6,867,499	\$1,565,011	\$188,042	\$1,376,969	\$840,510	\$100,890	\$739,620	\$724,501	\$87,152	\$637,349
ERE															
Base (previous year's budget)	\$3,295,102	\$248,023	\$3,047,080	\$2,754,746	\$197,398	\$2,557,348	\$540,356	\$50,625	\$489,731	\$279,536	\$26,819	\$252,717	\$260,820	\$23,806	\$237,014
Marginal Incr to Budget Based on Act	\$207,348	\$0	\$207,348	\$153,000	\$0	\$153,000	\$54,348	\$0	\$54,348	\$39,858	\$0	\$39,858	\$14,490	\$0	\$14,490
Salary Package (w/ ERE)															
Legislative Manate	\$477,877	\$0	\$477,877	\$396,888	\$0	\$396,888	\$80,989	\$0	\$80,989	\$43,496	\$0	\$43,496	\$37,493	\$0	\$37,493
Marginal Incr to Annualize St. Packa	\$159,292	\$0	\$159,292	\$132,296	\$0	\$132,296	\$26,996	\$0	\$26,996	\$14,499	\$0	\$14,499	\$12,498	\$0	\$12,498
Travel In-State	\$396,497	\$37,095	\$359,402	\$330,842	\$32,534	\$298,308	\$65,655	\$4,561	\$61,094	\$15,855	\$1,519	\$14,336	\$49,800	\$3,041	\$46,759
Travel Out-of-State	\$83,848	\$3,995	\$79,853	\$73,443	\$2,845	\$70,598	\$10,405	\$1,150	\$9,255	\$10,405	\$1,150	\$9,255	\$0	\$0	\$0
Professional & Outside Services	\$1,677,992	\$144,433	\$1,533,559	\$575,700	\$96,300	\$479,400	\$1,102,292	\$48,133	\$1,054,159	\$468,010	\$346,293	\$121,717	\$634,282	(\$298,160)	\$932,442
Other Operating Expenditures	\$1,794,106	\$324,582	\$1,469,524	\$1,650,706	\$306,537	\$1,344,169	\$143,400	\$18,045	\$125,355	\$108,200	\$52,564	\$55,636	\$35,200	(\$34,519)	\$69,719
Internal Printing	\$197,911	\$8,813	\$189,098	\$64,261	\$7,749	\$56,512	\$133,650	\$1,064	\$132,586	\$121,000	\$103	\$120,897	\$12,650	\$961	\$11,689
External Printing	\$57,182	\$5,491	\$51,692	\$50,182	\$1,173	\$49,009	\$7,000	\$4,318	\$2,682	\$2,800	\$0	\$2,800	\$4,200	\$4,318	(\$118)
Equipment	\$184,761	\$846	\$183,915	\$182,241	\$155	\$182,086	\$2,520	\$691	\$1,829	\$2,520	\$1,067	\$1,453	\$0	(\$376)	\$376
Transfers	\$150,000	\$75,000	\$75,000	\$150,000	\$75,000	\$75,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Aid to Organizations	\$158,510,162	\$21,787,490	\$136,722,672	\$0	\$0	\$0	\$158,510,162	\$21,787,490	\$136,722,672	\$11,694,311	\$123,915	\$11,570,396	\$146,815,851	\$21,663,575	\$125,152,276
Sub-Total	\$176,424,969	\$23,624,191	\$152,800,779	\$14,182,184	\$1,520,072	\$12,662,112	\$162,242,785	\$22,104,119	\$140,138,666	\$13,641,000	\$654,321	\$12,986,679	\$148,601,785	\$21,449,798	\$127,151,987
One-Time Exps	\$132,600	\$0	\$132,600	\$132,600		\$132,600	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$176,557,569	\$23,624,191	\$152,933,379	\$14,314,784	\$1,520,072	\$12,794,712	\$162,242,785	\$22,104,119	\$140,138,666	\$13,641,000	\$654,321	\$12,986,679	\$148,601,785	\$21,449,798	\$127,151,987
Ending Balance	\$261,223,454	\$410,805,363		\$69,927,723	\$81,852,495		\$191,295,731	\$328,952,868							
Projected Rev (Tobacco + Interest)	\$139,931,892	\$14,213,100		\$13,993,189	\$1,421,310		\$125,938,703	\$12,791,790							
Projected Ending Fund Balance	\$401,155,346	\$425,018,463		\$83,920,912	\$83,273,805		\$219,204,105	\$341,744,658							

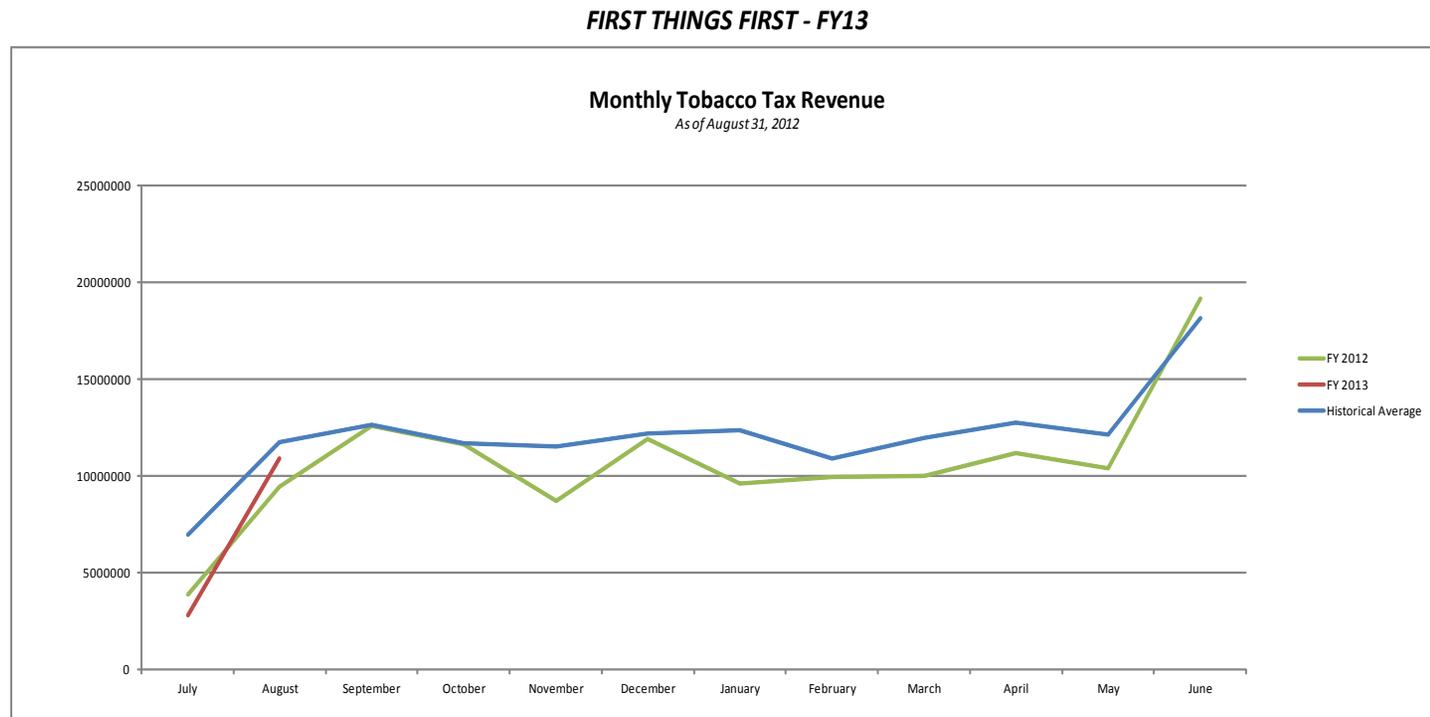
FY13 Regional Funding Plan Data

	FY13 Base Allocation	FY12 Carry Forward Funds	FY13 Total Allocation	FY13 Allotted	FY13 Unallotted	Percent of Allocated Allotted	FYI on Current Statewide Eval Allotment	FY13 Awarded	FY13 Unawarded	Percent of Allotted Awarded
State	13,641,000.0	N/A	13,641,000.0	\$13,541,000.00	\$100,000.00	99.27%	437,000	\$12,356,464.00	\$1,184,536.00	91.25%
Central Maricopa	7,130,934.99	6,996,086.08	14,127,021.07	\$8,553,086.00	\$5,573,935.07	60.54%	251,621	\$7,925,808.89	\$627,277.11	92.67%
Central Phoenix	15,722,758.62	8,504,489.17	24,227,247.79	\$17,121,626.00	\$7,105,621.79	70.67%	503,096	\$14,679,569.89	\$2,442,056.11	85.74%
Central Pima	9,045,842.52	4,167,002.84	13,212,845.36	\$11,614,116.00	\$1,598,729.36	87.90%	299,274	\$11,315,712.49	\$298,403.51	97.43%
Cochise	2,572,050.47	2,179,185.19	4,751,235.66	\$3,425,156.41	\$1,326,079.25	72.09%	70,589	\$3,291,980.20	\$133,176.21	96.11%
Coconino	1,937,735.35	1,510,056.02	3,447,791.37	\$2,258,786.00	\$1,189,005.37	65.51%	52,228	\$2,146,914.99	\$111,871.01	95.05%
Cocopah Tribe	81,765.65	41,109.80	122,875.45	\$90,338.00	\$32,537.45	73.52%	955	\$75,366.72	\$14,971.28	83.43%
Colorado River Indian Tribes	227,338.05	151,081.77	378,419.82	\$257,485.00	\$120,934.82	68.04%	6,290	\$238,717.68	\$18,767.32	92.71%
Gila	611,099.24	553,258.12	1,164,357.36	\$842,118.00	\$322,239.36	72.32%	16,648	\$656,899.66	\$185,218.34	78.01%
Gila River Indian Community	964,265.13	576,232.32	1,540,497.45	\$943,471.00	\$597,026.45	61.24%	30,119	\$805,149.63	\$138,321.37	85.34%
Graham/Greenlee	764,389.23	549,969.77	1,314,359.00	\$1,028,657.00	\$285,702.00	78.26%	20,852	\$935,579.15	\$93,077.85	90.95%
Hualapai Tribe	114,390.47	50,365.13	164,755.60	\$141,180.00	\$23,575.60	85.69%	1,456	\$109,887.00	\$31,293.00	77.83%
La Paz/Mohave	3,897,043.31	2,340,171.43	6,237,214.74	\$4,591,239.00	\$1,645,975.74	73.61%	107,344	\$4,215,671.90	\$375,567.10	91.82%
Navajo Nation	4,224,297.76	8,274,661.40	12,498,959.16	\$6,623,143.00	\$5,875,816.16	52.99%	117,994	\$4,913,170.76	\$1,709,972.24	74.18%
Navajo/Apache	1,260,632.11	1,256,394.14	2,517,026.25	\$1,487,675.00	\$1,029,351.25	59.10%	34,346	\$1,471,328.05	\$16,346.95	98.90%
North Phoenix	8,859,185.29	8,265,946.70	17,125,131.99	\$10,799,042.00	\$6,326,089.99	63.06%	305,480	\$10,503,247.60	\$295,794.40	97.26%
North Pima	1,874,165.47	1,241,940.41	3,116,105.88	\$3,034,949.00	\$81,156.88	97.40%	69,515	\$2,926,173.33	\$108,775.67	96.42%
Northeast Maricopa	2,928,291.57	1,295,161.26	4,223,452.83	\$3,259,102.00	\$964,350.83	77.17%	108,662	\$3,140,971.06	\$118,130.94	96.38%
Northwest Maricopa	9,345,254.21	6,392,568.18	15,737,822.39	\$11,124,607.00	\$4,613,215.39	70.69%	321,127	\$10,607,677.90	\$516,929.10	95.35%
Pascua Yaqui Tribe	233,438.95	257,096.98	490,535.93	\$317,750.00	\$172,785.93	64.78%	6,540	\$309,329.93	\$8,420.07	97.35%
Pinal	5,075,389.58	5,611,466.13	10,686,855.71	\$6,238,881.83	\$4,447,973.88	58.38%	174,103	\$5,772,870.23	\$466,011.60	92.53%
Salt River Pima Maricopa Indian Community	319,265.23	359,623.93	678,889.16	\$354,161.00	\$324,728.16	52.17%	10,283	\$326,471.41	\$27,689.59	92.18%
San Carlos Apache	538,369.30	1,021,516.99	1,559,886.29	\$740,669.35	\$819,216.94	47.48%	15,105	\$453,956.16	\$286,713.19	61.29%
Santa Cruz	1,305,231.51	597,050.12	1,902,281.63	\$1,416,138.00	\$486,143.63	74.44%	36,101	\$1,381,942.81	\$34,195.19	97.59%
South Phoenix	14,111,126.37	11,780,975.58	25,892,101.95	\$18,096,047.00	\$7,796,054.95	69.89%	454,393	\$16,222,225.98	\$1,873,821.02	89.65%
South Pima	5,389,170.47	4,069,807.63	9,458,978.10	\$6,907,809.00	\$2,551,169.10	73.03%	148,355	\$6,498,986.55	\$408,822.45	94.08%
Southeast Maricopa	10,508,182.70	5,500,173.50	16,008,356.20	\$11,654,519.00	\$4,353,837.20	72.80%	371,215	\$11,230,770.69	\$423,748.31	96.36%
Southwest Maricopa	3,256,250.47	2,474,957.65	5,731,208.12	\$3,862,791.00	\$1,868,417.12	67.40%	109,988	\$3,495,034.44	\$367,756.56	90.48%
Tohono O'odham Nation	613,647.11	1,211,987.30	1,825,634.41	\$936,474.00	\$889,160.41	51.30%	17,143	\$291,251.07	\$645,222.93	31.10%
White Mountain Apache Tribe	698,834.15	752,896.39	1,451,730.54	\$742,230.00	\$709,500.54	51.13%	19,595	\$542,044.53	\$200,185.47	73.03%
Yavapai	3,897,570.83	1,894,535.53	5,792,106.36	\$4,413,083.00	\$1,379,023.36	76.19%	107,628	\$4,072,174.72	\$340,908.28	92.28%
Yuma	5,261,083.89	4,182,413.14	9,443,497.03	\$6,263,462.00	\$3,180,035.03	66.33%	144,955	\$5,758,561.02	\$504,900.98	91.94%
Regional Subtotal	122,769,000.00	94,060,180.60	216,829,180.60	\$149,139,791.59	\$67,689,389.01	68.78%	\$3,933,000.00	\$136,315,446.44	\$12,824,345.15	91.40%
FTF Total	136,410,000	94,060,181	230,470,181	162,680,792	67,789,389	70.59%	4,370,000	148,671,910	14,008,881	91.39%

The other important item related to the FY13 budget is that compared to previous years, FTF is making relatively aggressive collection projections. These projections are in line with the tax modeling work done by ASU’s School of Business and the sustainability model adopted by the Board. For the first time since FTF’s inception it is predicting an increase in collections over the previous year. The total amount of this increase is \$7 million (\$5 million more in tobacco tax collections and \$2 million more in interest income). While these estimates are always closely monitored, staff will be paying particular attention to monthly collections.

Due to accrued bookings only one month of interest revenues are in at this point, but the adjusted investment plan entered into with the Treasurer’s office continues yield at much higher rate of return (as planned/anticipated), with FTF receiving over a half million dollars in one month. Placing annual earnings in line with the projected \$6 million (compared to \$4 million last year and \$3 million the year before). The Board is being asked to consider three revisions to the currently approved FY12 budget.

The first two months of tobacco collections are providing a mixed story, but ultimately it is still very early to make any definitive judgments about the accuracy for current budget estimates. Total collections to date total just under \$13.7 million.



FY14 Budget Setting

Assuming current projections and the current guiding sustainability model, it is anticipated that FTF will have \$139.9 million in new revenue (from FY13) for FY14. This amount represents the base allocation for budgets. In addition to this amount it is proposed that FTF use an additional \$7.77 million from organizational fund balance. \$570k of this total was planned per the Board approved sustainability plan, and in support of expenditures in administrative account. The additional \$7.2 million is directed to the program budget and is designed to create expenditure stability within this area.

The additional allocation is a result of four factors:

- Projected increases in spending in Evaluation which was previously unplanned for within regional and statewide budgets. This represents \$3.6 million of this draw down. These required allotments are presented in a later chart.
- Changes in population distributions as a result of 2010 census data being used to derive funding allocations. In several instances this resulted in 30%+ decrease in base allocations which also translated in some instances to immediate multi-million dollar

	FY13 Approved Allocations	FY13 Allocations Revised w/ New Population Data	Demonstrated Impact of Populaton Update on Allocations	% Change
Central Maricopa	7,130,935	6,466,025	(664,910)	-9.32%
Central Phoenix	15,722,759	10,682,591	(5,040,167)	-32.06%
Central Pima	9,045,843	9,480,128	434,285	4.80%
Cochise	2,572,050	2,702,993	130,943	5.09%
Coconino	1,937,735	2,482,730	544,995	28.13%
Cocopah	82,454	56,315	(26,139)	-31.70%
Colorado River Indian Tribes	227,338	266,194	38,856	17.09%
Gila	611,099	680,691	69,591	11.39%
Gila River Indian Community	964,265	567,990	(396,276)	-41.10%
Graham/Greenlee	764,389	935,391	171,001	22.37%
Hualapai Tribe	113,702	126,453	12,751	11.21%
La Paz/Mohave	3,897,043	3,815,201	(81,842)	-2.10%
Navajo Nation	4,224,298	3,944,668	(279,629)	-6.62%
Navajo/Apache	1,260,632	1,549,769	289,137	22.94%
North Phoenix	8,859,185	8,799,647	(59,539)	-0.67%
North Pima	1,874,165	2,349,274	475,109	25.35%
Northeast Maricopa	2,928,292	1,990,257	(938,034)	-32.03%
Northwest Maricopa	9,345,254	10,875,937	1,530,683	16.38%
Pascua Yaqui Tribe	233,439	222,446	(10,993)	-4.71%
Pinal	5,075,390	5,792,394	717,004	14.13%
Salt River Pima Maricopa	319,265	139,083	(180,182)	-56.44%
San Carlos Apache	538,369	718,916	180,547	33.54%
Santa Cruz	1,305,232	1,276,423	(28,808)	-2.21%
South Phoenix	14,111,126	15,785,532	1,674,405	11.87%
South Pima	5,389,170	5,388,098	(1,073)	-0.02%
Southeast Maricopa	10,508,183	11,017,854	509,672	4.85%
Southwest Maricopa	3,256,250	4,469,400	1,213,150	37.26%
Tohono O'odham	613,647	582,106	(31,541)	-5.14%
White Mountain Apache	698,834	870,549	171,714	24.57%
Yavapai	3,897,571	3,484,110	(413,461)	-10.61%
Yuma	5,261,084	5,249,836	(11,248)	-0.21%

decreases in funding. The table to the right shows an example of these shifts by comparing FY13 original allocations to what they would be with new population numbers applied.

- The Boards stated desire at its Aug 2012 meeting to minimize the amount of draw on organizational fund balance to support programmatic expenditures, until regional fund balance levels began to be reduced or eliminated.
- Updated Quality First and QF Scholarship and PreK Scholarship costing data -- based on region specific data for costing, providers, and child/participant data not previously available. This has increased the accuracy of regional budgeting, helping to ensure the programmatic model(s) can be implemented per design in the quantity that council's understood they have invested. With FY14 being the middle year in FTF's standard three year Funding Plan cycle, projection about service levels were made such that FY13 funded levels would be held constant. In doing this and projecting forward the impact on funding plans in conjunction with the population variables, it was determined 4 regions would go into the negative.

To hold these regions unaffected by circumstances beyond their planning control and avoid disenrolling Quality First providers just as the systems model is reaching scale and pointing to improvements in quality, an additional \$3,580,000 in revenue for one year is required. Statutory language limits how these funds can be allocated between regions, but through a manual manipulation of discretionary dollars in the base allocation these additional funds were drawn down and directed to impact these regions while having a net zero impact on all other regions.

Carrying this all through, the following organizational budget is established, with the highlights being:

- Total Allocation of \$147.67 million
 - Base allocation of \$139.9 million (projected FY13 collections)
 - Draw down of \$7.77 million in organizational fund balance for additional allocation
- Admin expenditure budget of \$14.6 million (an increase of \$257k over FY13)
- Statewide funding plan expenditure budget of \$13.3 million (a decrease of \$327k from FY13)
- A projected regional funding plan expenditure budget of \$155.3 million of which \$119.77 million is from the base allocation being made and an additional \$35.5 million in expenditure of regional carry forward balance.

FIRST THINGS FIRST

FY14 Tobacco Tax All Funds Report

As of September 18, 2012

UNAUDITED															
	Agency			Admin			Programs			Statewide Programs			Regional Programs		
	FY13 Revised		FY14 Original	FY13 Revised		FY14 Original	FY13 Revised		FY14 Original	FY13 Revised		FY14 Original	FY13 Revised		FY14 Original
	Budget (act/rv1)	Adj	Budget	Budget (act/rv1)	Adj	Budget	Budget (act/rv1)	Adj	Budget	Budget (act/rv1)	Adj	Budget	Budget (act/rv1)	Adj	Budget
Revenue															
Balance Forward															
Organizational Fund Balance	\$189,513,638	(\$7,643,130)	\$181,870,508	\$69,042,333	(\$566,428)	\$68,475,905	\$120,471,305	(\$7,076,702)	\$113,394,603				\$15,201,000	(\$8,728,020)	\$6,472,980
Fund Balance Allocated	\$17,924,784	(\$10,153,324)	\$7,771,461	\$1,034,784	(\$455,524)	\$579,261	\$16,890,000	(\$9,697,800)	\$7,192,200	\$1,689,000	(\$969,780)	\$719,220	\$94,060,184	(\$25,832,785)	\$68,227,399
Regional Programs Carry Forward	\$94,060,184	(\$25,832,785)	\$68,227,399				\$94,060,184	(\$25,832,785)	\$68,227,399				\$94,060,184	(\$25,832,785)	\$68,227,399
Previous Year's Revenue															
Allocated	\$132,800,000	\$7,131,892	\$139,931,892	\$13,280,000	\$713,189	\$13,993,189	\$119,520,000	\$6,418,703	\$125,938,703	\$11,952,000	\$641,870	\$12,593,870	\$107,568,000	\$5,776,833	\$113,344,833
Unallocated	\$128,331	(\$128,331)	\$0	\$12,833	(\$12,833)	\$0	\$115,498	(\$115,498)	\$0						
Total Means of Financing	\$434,426,937	(\$36,625,677)	\$397,801,259	\$83,369,950	(\$321,595)	\$83,048,355	\$351,056,986	(\$36,304,082)	\$314,752,904	\$13,641,000	(\$327,910)	\$13,313,090	\$216,829,184	(\$28,783,972)	\$188,045,211
Annual Expenditures															
Base	176,424,969.39	6,754,244.36	183,179,213.75	14,182,184.44	390,265.56	14,572,450.00	162,242,784.95	6,363,978.80	168,606,763.75	13,641,000.00	(327,909.72)	13,313,090.28	148,601,784.95	6,691,888.52	155,293,673.47
One-Time Exps	\$132,600	(\$132,600)	\$0	\$132,600	(\$132,600)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Expenditures	\$176,557,569	\$6,621,644	\$183,179,214	\$14,314,784	\$257,666	\$14,572,450	\$162,242,785	\$6,363,979	\$168,606,764	\$13,641,000	(\$327,910)	\$13,313,090	\$148,601,785	\$6,691,889	\$155,293,673
Ending Balance	\$257,869,367	(\$43,247,322)	\$214,622,045	\$69,055,166	(\$579,261)	\$68,475,905	\$188,814,201	(\$42,668,061)	\$146,146,140						
Projected Rev (Tobacco + Interest)	\$139,931,892	(\$571,373)	\$139,360,519	\$13,993,189	(\$57,137)	\$13,936,052	\$125,938,703	(\$514,236)	\$125,424,467						
Projected Ending Fund Balance	\$ 397,801,259	(\$43,818,695)	\$ 353,982,564	\$ 83,048,355	(\$636,398)	\$ 82,411,957	\$ 314,752,904	(\$43,182,297)	\$ 271,570,608						

The detail for the individual allocations for the Program area, summarized in the above chart, is found in the following table.

FIRST THINGS FIRST								
FY14- Tobacco Program Summary By Region								
<i>(as of 9/17/12)</i>								
UNAUDITED	FY14 Allocation				Carry Forward (Currently Just FY13 Unallotted)	Total Allocation	FY1	
	Population	Discretionary	Fund Balance Draw Down	Total			Proposed SW Eval Allotment	Projected FY14 Unallotted (=Carry Forward)
State		\$ 12,593,870	\$ 719,220	\$ 13,313,090	N/A	\$ 13,313,090	\$ 798,220	N/A
Central Maricopa	\$ 4,840,030	\$ 891,960	\$ 368,544	\$ 6,100,534	\$ 5,573,935	\$ 11,674,469	\$ 409,025	1,567,393
Central Phoenix	\$ 7,414,317	\$ 2,909,833	\$ 564,563	\$ 10,888,713	\$ 7,105,622	\$ 17,994,334	\$ 626,575	752
Central Pima	\$ 6,691,217	\$ 2,812,569	\$ 509,503	\$ 10,013,289	\$ 1,599,819	\$ 11,613,108	\$ 565,467	751
Cochise	\$ 1,621,086	\$ 841,150	\$ 123,438	\$ 2,585,673	\$ 1,334,810	\$ 3,920,483	\$ 136,996	604,119
Coconino	\$ 1,488,112	\$ 773,301	\$ 113,312	\$ 2,374,725	\$ 1,192,493	\$ 3,567,218	\$ 125,759	1,396,671
Cocopah Tribe	\$ 12,607	\$ 54,392	\$ 960	\$ 67,959	\$ 32,538	\$ 100,497	\$ 1,065	17,826
Colorado River Indian Tribes	\$ 161,499	\$ 81,362	\$ 12,297	\$ 255,158	\$ 120,598	\$ 375,756	\$ 13,648	130,346
Gila	\$ 407,514	\$ 212,400	\$ 31,030	\$ 650,944	\$ 322,239	\$ 973,183	\$ 34,439	235,944
Gila River Indian Community	\$ 388,185	\$ 182,635	\$ 29,558	\$ 600,378	\$ 597,026	\$ 1,197,404	\$ 32,805	962
Graham/Greenlee	\$ 558,471	\$ 293,091	\$ 42,525	\$ 894,086	\$ 289,956	\$ 1,184,043	\$ 47,196	391,938
Hualapai Tribe	\$ 31,159	\$ 78,155	\$ 2,373	\$ 111,686	\$ 23,579	\$ 135,264	\$ 2,633	23,202
La Paz/Mohave	\$ 2,295,004	\$ 1,181,777	\$ 174,753	\$ 3,651,534	\$ 1,649,877	\$ 5,301,412	\$ 193,948	520,906
Navajo Nation	\$ 2,394,209	\$ 1,204,900	\$ 182,307	\$ 3,781,417	\$ 5,875,816	\$ 9,657,233	\$ 202,332	3,241,393
Navajo/Apache	\$ 927,269	\$ 484,016	\$ 70,607	\$ 1,481,891	\$ 1,029,352	\$ 2,511,243	\$ 78,362	1,086,842
North Phoenix	\$ 6,476,929	\$ 1,350,375	\$ 493,186	\$ 8,320,489	\$ 6,326,090	\$ 14,646,579	\$ 547,358	1,705,753
North Pima	\$ 1,784,731	\$ 975,543	\$ 135,898	\$ 2,896,172	\$ 72,460	\$ 2,968,632	\$ 150,826	750
Northeast Maricopa	\$ 1,603,902	\$ 897,222	\$ 122,129	\$ 2,623,254	\$ 964,351	\$ 3,587,604	\$ 135,544	750
Northwest Maricopa	\$ 7,974,464	\$ 1,707,140	\$ 607,215	\$ 10,288,818	\$ 4,596,515	\$ 14,885,334	\$ 673,913	2,798,246
Pascua Yaqui Tribe	\$ 135,859	\$ 67,273	\$ 10,345	\$ 213,476	\$ 172,785	\$ 386,262	\$ 11,481	62,433
Pinal	\$ 4,375,702	\$ 749,465	\$ 333,188	\$ 5,458,355	\$ 4,447,974	\$ 9,906,329	\$ 369,785	3,652,096
Salt River Pima Maricopa Indian Community	\$ 100,065	\$ 24,208	\$ 7,619	\$ 131,893	\$ 324,728	\$ 456,621	\$ 8,456	57,580
San Carlos Apache	\$ 439,923	\$ 216,744	\$ 33,498	\$ 690,165	\$ 819,217	\$ 1,509,382	\$ 37,177	750,052
Santa Cruz	\$ 768,472	\$ 394,861	\$ 58,515	\$ 1,221,848	\$ 467,764	\$ 1,689,612	\$ 64,943	397,268
South Phoenix	\$ 11,003,823	\$ 3,186,358	\$ 837,886	\$ 15,028,067	\$ 7,808,806	\$ 22,836,873	\$ 929,920	4,078,518
South Pima	\$ 3,213,240	\$ 1,691,226	\$ 244,672	\$ 5,149,138	\$ 2,551,169	\$ 7,700,307	\$ 271,547	557,894
Southeast Maricopa	\$ 8,353,710	\$ 1,387,593	\$ 636,093	\$ 10,377,396	\$ 4,353,838	\$ 14,731,234	\$ 705,962	1,900,131
Southwest Maricopa	\$ 3,404,537	\$ 543,192	\$ 259,238	\$ 4,206,967	\$ 1,868,418	\$ 6,075,385	\$ 287,713	1,865,154
Tohono O'odham Nation	\$ 356,127	\$ 175,560	\$ 27,117	\$ 558,804	\$ 889,160	\$ 1,447,964	\$ 30,096	461,199
White Mountain Apache Tribe	\$ 530,800	\$ 263,981	\$ 40,418	\$ 835,199	\$ 709,501	\$ 1,544,699	\$ 44,857	685,825
Yavapai	\$ 2,093,473	\$ 1,081,103	\$ 159,407	\$ 3,333,984	\$ 1,379,023	\$ 4,713,007	\$ 176,917	682,621
Yuma	\$ 3,162,190	\$ 1,622,824	\$ 240,785	\$ 5,025,799	\$ 3,189,935	\$ 8,215,734	\$ 267,233	2,281,145
Regional Total:	\$ 85,008,624	\$ 28,336,208	\$ 6,472,980	\$ 119,817,813	\$ 67,689,392	\$ 187,507,205	\$ 7,183,980	\$ 31,156,460
Grand Total:	\$ 85,008,624	\$ 40,930,078	\$ 7,192,200	\$ 133,130,903	\$ 67,689,392	\$ 200,820,295	\$ 7,982,200	\$ 31,156,460

Finally, in addition to approving the overall allocation for the statewide funding plan the Board is also being asked to approve the strategy allotments for the statewide funding plan. The table below provides a view of the proposed FY14 Allotments as well as FY13's current Funding Plan for comparison purposes.

FIRST THINGS FIRST

STATEWIDE FUNDING PLAN

	Fiscal Year 13		Fiscal Year 14
Total Allocation:	\$13,641,000		\$13,313,090
Strategy	Current Allotment	Awarded	Proposed Allotment
Capacity Building	200,000	100,000	\$400,000
Community Awareness	187,480		\$187,480
Community Outreach	160,520		\$160,520
Media	352,000	150,060	\$352,000
Evaluation	437,000	437,000	\$798,220
Evaluation Department	860,000	860,000	-
Helpline	100,000	100,000	\$100,000
Oral Health	150,000		\$150,000
Parent Kits - statewide	1,600,000	1,600,000	\$1,600,000
Physician Education & Outreach	235,000	235,000	-
Quality First	5,477,700	4,736,807	6,550,062
Assesment	4,514,013	4,514,013	\$5,005,745
FTF Program Administration	495,000	100	\$551,050
Licencing (DHS)	222,694	222,694	\$993,267
QF Reserve	245,993		-
Scholarships TEACH	3,506,300	3,506,300	\$3,570,800
Workforce Capacity – Therapist	275,000	275,000	-
Total Allotment:	\$13,541,000	\$12,000,167	\$13,869,082
Total Unallotted:	\$100,000		(\$555,991)

Notes: FY13 Unallotted amount is "earmarked" to support the state mandated and Board approved Salary and ERE adjustments

The proposed funded strategies remain fairly stable across years, with no new strategy additions. The major exceptions to this are the zeroing of three strategies.

- **Evaluation Department**--The work of this area is not being discontinued. Per board agenda item 14 FTF's evaluation work is proposed to expand. The FY14 budget proposed supports that plan. It is proposed that the total cost of statewide evaluation (as opposed to just the statewide studies) be shared 90/10 between regions and the statewide funding plan.

- **Physician Education Outreach**--Was originally planned and contracted for (with Academy of Pediatrics) to only extend through the end of FY 12. However, a new contract was issued for this strategy in FY13 because the effort was at a critical point in the implementation of this strategy during FY 12, and FTF wanted to give the strategy one more year to implement the physician practice learning collaboratives which had been formed in FY 12 (but FTF didn't have the option of renewing at the end of FY 12). The grantee has been told that statewide funding will end at the end of this year (FY13).
- **Workforce Capacity – Therapist Scholarships**--FY13 was planned as the last year for funding from the Statewide Funding Plan for this strategy. FY13 represents the final year, for the final cohort which is completing their 2-year degree program at ASU (the grantee for Workforce Capacity – Therapist Scholarships). As such, this agreement will end at the end of FY 13.

Despite these reductions, current projections warn the statewide funding plan could end the year with a deficit of around \$500k if left unmanaged. Staff is recommending that programming move ahead, as outlined in the proposed funding plan, understanding that if historic levels of under-spending (\$3mill+ annually) in the statewide funding plan are finally overcome, that any excess expense can be shifted to the administrative budget and covered there by fund balance in that account.

With revenues available to fix the potential issue, like with the regional budgets, it is recommended that current contracts and programmatic efforts not be negatively impacted by forcing an immediate reduction in spending. And in approving the proposed statewide funding plan, the Board directed efforts continue their previous alignment with the School Readiness Indicators.

School Readiness Indicators Aligned in Statewide Funding Plan:

- #/% children demonstrating school readiness at kindergarten entry in the development domains of social-emotional, language and literacy, cognitive, and motor and physical
- #/% of children enrolled in an early care and education program with a Quality First rating of 3-5 stars
- #/% of children with special needs enrolled in an inclusive early care and education program with a Quality First rating of 3-5 stars
- #/% of families that spend no more than 10% of the regional median family income on quality care and education (those receiving a Quality First star rating of 3-5)
- #/% of children receiving timely well child visits
- #/% of children age 5 with untreated tooth decay
- % of families who report they are competent and confident about their ability to support their child's safety, health and well being

Quality First and TEACH Scholarships: Quality First ratings begin July 1, 2012 along with a revised model that includes a number of Quality First Scholarships awarded to every enrolled provider based on their quality level. The FY14 statewide funding plan reflects a shift in how statewide dollars will be used to support the cost of

implementing Quality First. Instead of directly funding enrolled providers, the new cost model uses statewide dollars to offset costs for all enrolled providers for Quality First assessments, which include the Environmental Rating Scales (ERS), Classroom Assessment Scoring System (CLASS) and the Quality First Point Scale. Additionally, all TEACH scholarships (and related administrative costs) provided in the enhancement package will be funded with statewide dollars.

Arizona Parent Kits and Birth to Five Helpline: These strategies continue with funding at essentially the same levels. The Helpline is a strategy originally funded in FY09 through a statewide competitive grant. This strategy is included as a resource in the First Things First Parent Kit.

Oral Health Referral Network: First Things First is interested in coordinating and funding a statewide infrastructure for oral health referrals among professionals who agree to serve low-income children. Currently, multiple referral networks exist within the state; however they do not work together in a coordinated manner to address all the current needs of children whose families cannot afford oral healthcare. The proposed allotment will enable FTF to continue to support efforts in planning and infrastructure development of a statewide coordinated network.

Program costs for Quality First, Evaluation and Communications are also supported through the statewide funding plan. Funding to support learning communities and direct technical assistance for Capacity Building among First Things First's partners and grantees is also provided.