



A Tobacco Tax Program

Proposition 1D Fact Sheet

Who is First 5 Yuba?

The First 5 Yuba Commission, along with 57 other county commissions, was formed following the passage of Proposition 10 to ensure the additional tobacco tax money authorized by the proposition was appropriately spent at the local level. To accomplish our mission of raising children in Yuba County who are healthy and ready to learn, we fund a number of programs that provide needed services for local children 0 – 5 and their families. As a result of First 5 Yuba's stewardship of nearly \$1 million a year, our county's youngest children and their families have gained improved access to health insurance, dental care and prevention, physical exams and immunizations, parks & playgrounds, behavioral health services, school readiness programs, recreation programs, and literacy projects.

Last year, First 5 Yuba's programs for children ages 0 to 5 and families:

- Enrolled over 60 children for the first time in health insurance programs
- Provided free, high-quality services to promote school readiness to 325 preschool age children and 426 parents.
- Provided intensive education and resources to 93 child care providers
- Provided intensive one-on-one assistance to 54 parents with children with challenging behaviors.
- Supported 25 community workshops on positive discipline for 240 parents and 57 child care providers.
- Supported 89 small group events for parents to promote family literacy
- Provided oral health screening, assessments and fluoride varnish applications to 409 children
- Sponsored 77 community events for parents relating to parenting education, promoting healthy children and early care and education.

What is Proposition 1D?

Proposition 1D will be on the May 19, 2009 special election ballot. It is one of six propositions put on the ballot by the State Legislature to help balance the State's budget. Prop. 1D would affect both the State First 5 Commission and county First 5 commissions and contains the following provisions, some of which are temporary but others which are permanent:

- Directs that Prop. 10 funds be used to provide direct health care services, human services (including services for at-risk families who are involved with the child welfare system administered by the county welfare department), and direct early education services (including preschool and child care). Prop. 1D does not define "direct services," so the specific services to be funded are unknown at this time.
- Increases the percentage of funding to the State Commission's Unallocated Account from two to eight percent and requires that funds in this account be used to ensure that every county commission has a base level of funding of at least \$400,000. FFY has historically received just under \$1,000,000 annually.
- Redirects up to \$340 million, but no less than \$275 million, of State First 5 Commission reserves that are not encumbered or expended by July 1, 2009, to support State health and human services programs for children up to five years of age. Prop. 1D does not define "encumbered." Thus, it is unclear whether programs that are funded by the State First 5 Commission, with a local match from First 5 Yuba, such as CARES and School Readiness, will be affected. However, no local Commission reserves will be transferred.
- Redirects \$268 million annually for five fiscal years beginning in 2009-2010 to the Proposition 10 Health and Human Services Fund to be appropriated by the Legislature to support health and human services programs for children up to five years of age as part of the annual budget process. This five year revenue redirection will reallocate approximately 50% of the State and County Commission revenues. However, with an annual 2-3% reduction in tobacco taxes collected and the impact of the 61 cents tobacco tax

increase recently passed to support the SCHIP (known statewide as Healthy Families), an additional tobacco tax increase of 8% is estimated, meaning in the later part of this 5 year period it is likely the reduction to Yuba County could be as high as 65%.

- Removes the supplantation prohibition for funds transferred to the State. The funds transferred to the State will be able to be used to pay for existing State services for children 0-5 rather than for program enhancement and expansion. (State health and human services programs for which these redirected funds can be used include, but are not limited to, early intervention and prevention services for infants and toddlers with developmental disabilities, child welfare services, adoption assistance, foster care, kinship guardianship assistance payments (Kin-GAP), and direct health care services.)
- Requires that the audits and reports of each county commission be transmitted to its respective board of supervisors, the county auditor, and to the State Commission. In addition, requires the County Auditor to serve on the local county commission in an ex-officio capacity.
- Permits a "local controller" to loan local Prop. 10 funds to the County's General Fund so long as such borrowing does not interfere with the carrying out of the object for which the Prop. 10 revenues were created. Prop. 1D does not specify who will determine whether such borrowing would interfere with carrying out the purpose of Prop 10. This provision could result in local commissions having less control over cash flow and fund balances.

What will this mean for First 5 Yuba and its 42 partner agencies?

In fiscal year 2008-2009, Yuba County will receive approximately \$1 million in tobacco tax revenue. Proposition 1D, if approved by the voters, would reduce this revenue to less than \$500,000 in fiscal year 2009-2010. This loss of revenue would reduce health insurance, dental care and prevention, physical exams and immunizations, behavioral health, school readiness programs, recreation programs, and literacy programs for more than 4,000 in Yuba County who rely on First 5 funded services. An estimated 22 jobs are at risk. Positions supported by First 5 funds, such as a behavioral specialist, four AmeriCorps members, Early Care and Education Consultants, preschool teachers, outreach specialists, health clerks, home visitors, playground designers, and dentist staff would potentially be impacted or eliminated.

Who are the agencies that depend on First 5 Yuba's support and where will they get funding?

In Yuba County, non-profits such as Camptonville Community Partnership, Harmony Health Family Resource Center, GraceSource, Yuba Feather Lions Club, Del Norte Clinic, Twin Cities Association for the Education of Young Children, and Peach Tree Clinic use First 5 Yuba funds to help create a safety net for families with young children. School districts, preschools, child care centers and libraries throughout the county have developed high quality early learning programs with First 5 Yuba funds that help give children the best start in school and life. If Proposition 1D passes, these agencies would most likely have to seek alternative funding, which may be difficult due to the current economic crisis which has forced foundations, corporations and individual donors to tighten their purse strings, leaving many local non-profits struggling. Many county/city agencies and school districts are also in the midst of reducing services due to limited revenue.

What will happen if Proposition 1D does not pass?

The fiscal year 2009-10 state budget will have \$608 million less in revenue that will need to be addressed by the State Legislature and Governor.

Why must we have a special election if the budget has already been signed by the Governor?

Although the budget has been signed by the Governor, any change to a voter approved initiative, such as Proposition 10, requires a vote by the general electorate to amend the provisions of that Proposition; an amendment is necessary to allow the state to access the money designated for First 5. This amendment is Proposition 1D and will be voted on at a special election on May 19, 2009. To learn more about the state budget and the propositions on the ballot on May 19, 2009, go to <http://www.voterguide.sos.ca.gov/>.

To learn more about First 5 Yuba and the programs it supports, please visit <http://www.first5yuba.org/> or call 530.749.4876.