Background

**Early Childhood Development and Health Initiative**

In 2006, Arizona voters passed Proposition 203, titled as the *Arizona Early Childhood Development and Health Initiative* (Initiative). Subsequent programs have been termed *First Things First*. As stated in the ballot proposition, the aim of the Initiative was to “provide the necessary coordination and funding for early childhood development and health programs in Arizona” to children, prior to entering kindergarten, and their families. The Initiative established the Early Childhood Development and Health Board (Board) and Regional Partnership Councils (Councils) to administer the Early Childhood Development and Health programs and services.

**Early Childhood Development and Health Board**

The Early Childhood Development and Health Board consists of nine members appointed by the Governor to six-year terms. In addition, the Superintendent of Public Instruction, the Director of the Department of Health Services and the Director of the Department of Economic Security are non-voting ex-officio members.

The Board’s required duties include conducting a biannual assessment of early childhood development programs in the state, administering the distribution of funds, coordinating with other agencies and submitting a biannual report. Additionally, the Board may adopt rules, authorize expenditures, enter into contracts and intergovernmental agreements, sue and be sued, and hire staff. Board activities are managed by an Executive Director and Board staff.

**Regional Partnership Councils**

The Initiative called for the creation of Regional Partnership Councils, as determined by the Board. Each Council is comprised of eleven members who reside or work in the region. Members of the Councils are appointed by the Board after a public application process, and serve four year terms. To date, there are thirty-one Regional Partnership Councils.

Duties of the Councils include identifying and prioritizing the needs of each region, soliciting private and public grant proposals, and developing a budget plan. Councils are required to biannually submit a “Needs and Assets Assessment” report to the Board detailing the region’s assets, coordination opportunities and unmet needs. Councils are also required to annually develop and submit a “Regional Funding Plan” to the Board, beginning January 1, 2009, for the expenditure of funds during the next fiscal year.

Each Council is managed by a Regional Director, and may hire additional support staff.
Fiscal Information

*Early Childhood Development and Health Fund*

The Initiative established the Early Childhood Development and Health Fund (Fund) to receive federal, state, local and private funds, as well as any appropriated monies. Primarily, the Fund consists of two accounts—the Program Account and the Administrative Costs Account. In addition are the Private Gifts Account, Grant Monies Account, and Legislative Appropriations Account. The Fund is administered by the Board.

The Initiative authorized funding for the Early Childhood Development and Health programs, services and administration to come from an increase in taxes on tobacco products. These tobacco taxes are collected and deposited directly into the Early Childhood Development and Health Fund by the Department of Revenue.

The authorized tax increases are as follows: a) 4 cents on each cigarette; b) 9 cents on each ounce of smoking tobacco, snuff, fine cut chewing tobacco, cut and granulated tobacco, shorts and refuse of fine cut chewing tobacco, and refuse, scrubs, clippings, cuttings and sweepings of tobacco; c) 2.2 cents on each ounce of cavendish, plug or twist tobacco; d) 17.8 cents on each twenty small cigars weighing not more than three pounds per thousand; e) 8.8 cents on each of three cigars manufactured to retail individually at five cents or less; f) 8.8 cents on each cigar manufactured to retail individually at more than five cents.

*Committee Activity*

On January 21, 2009, the Healthcare and Medical Liability Reform Committee received information and testimony about the Early Childhood Development and Health Board.

As reported by JLBC, the Board has collected $327.7 million in revenues since the Board’s inception. In FY 2007-2008, tobacco tax revenues were $164.8 million and investment income totaled $6.1 million.

Total expenditures total $16.8 million from the time the Board was created. Of this amount, $16.6 million have been used for administration costs, which include the leasing of office space, purchase of supplies, and hiring of 107 FTEs.

The Committee did not adopt any formal recommendations.

*FY 2008-2009 Budget Action*