

Fiscal Prudence by First 5 Should Be Rewarded, Not Punished

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Word Count: 531

You know things are bad in this state when “Californiafied” starts popping up in nationally syndicated columns as a buzzword for intractable fiscal crisis. As when Paul Krugman wrote in the New York Times last November that, “what we may be seeing is America starting to be Californiafied...the country could become effectively ungovernable in the midst of an ongoing economic disaster.”

Krugman hadn't seen nothin' yet. One gets almost wistful about November when considered in light of today's \$20 billion state fiscal disaster. Five months ago, at least we had Christmas to look forward to. Now I look ahead and all I see is another election cycle – never a portent of post-partisan government problem solving.

Almost certainly part of the reason that California's drowning in red ink is a failure to plan. Sacramento overcommitted during good years and didn't save enough for the bad ones.

That's why it's refreshing to read First 5 Contra Costa's 2010 strategic plan for funding children's programs. It's vindication for planners everywhere – those worrywarts who're constantly wringing their hands over how bad things could get in the future. Because while the state as a whole gyres in fiscal turmoil, First 5 will withdraw \$30 million dollars from its savings account, and continue funding its programs at current levels. It actually planned for the rainy day.

Why is this important to Contra Costa? The First 5 Commission is a local agency set up 10 years ago to distribute tobacco taxes to early childhood development, parent education, and health programs. First 5 supports preschools, new-parent visitation programs, childhood mental health, and numerous other services deemed important by Contra Costa residents themselves.

In one example from my own world, First 5 dollars over the past several years made it possible for community clinics in Contra Costa to maintain their prenatal services to hundreds of low-income, at-risk teens.

Like every other tax-funded program, First 5's facing steep declines in revenue this year, projected to continue in future years. But because it planned ahead and created a reserve account, it's able to flat-fund its way around the problem, and allocate \$70 million over the next five years. Contrast this with the state, which, for example, recently proposed cutting 950,000 kids off of public health insurance.

If life were an Aesop's fable, First 5 would be the ant who works all summer to store food and provisions for the winter.

Inevitably, those provisions are now eyed jealously by the grasshoppers. A few months ago, Governor Schwarzenegger proposed a "one time sweep" of the reserve funds held by local First 5 commissions statewide – including Contra Costa's – to help the state deficit.

The good news is that neither the Senate nor the Assembly included the Governor's proposal in their plans to address the current year budget deficit. But Future attempts to divert First 5 funds are likely.

That would be a mistake, and not only because First 5 funds vital local programs. A state raid on First 5's reserves would be an anti-fable, a way of punishing prudence. I think we can all agree that it's better to reward than punish sound fiscal policy. So let's hope the grasshoppers turn elsewhere for a bailout.