

APRIL 23, 2012
CCHE BOARD MEETING
AGENDA ITEM #2

Submission of the Funding Request for 2012-2103

On May 31, 2012, the CCHE Board will consider an invitation to serve as the state sponsor for a Snoopy special interest license plate program initiated by the California Association of Museums. As the state sponsor, the CCHE would receive a share of the program revenue to administer a competitive grant program funded by the plate program which would benefit California museums.

The plate program is expected to have one-time start-up costs next year of approximately \$30,000. These expenses are largely comprised of online vendor transaction fees for each of the 7,500 plate buyers. Since 2006 California State Law requires that a state sponsor sign up at least 7,500 buyers in advance of launching a new special interest license plate program. An online vendor is seen as the most efficient approach to gathering the personal information and payments for the 7,500 buyers. The CCHE will follow state procurement processes in order to find the most cost-effective e-vendor available for this service. This cost is estimated at \$30,000.

CCHE's 2012-2013 budget is very sparse and does not have an extra \$30,000 in it to cover the anticipated start-up expense.

Additionally, given the anticipated completion of the survey and other high-level projects, in late 2012, the CCHE's staffing plan was to eliminate the Executive Officer position as of December 31, 2012. However, the Executive Officer's expertise and experience would be needed to help bring the plate program into existence at the CCHE during the latter half of the 2012-2013 state fiscal year, resulting in the proposal of six months' salary and benefits being added to the 2012-2013 CCHE budget.

Finally, the program revenue stream from the license plate program is not enough to fully fund the CCHE's grant administration costs until several years into the life of the plate program. Funds would be needed to cover the staffing and operating costs between 2015 and 2019, the anticipated seventh year of the license plate program, assuming a 2013 start.

Due to both repayments and prudent spending, a residual balance has developed in the Proposition 40 subfund for historic and cultural resource preservation. That balance will be approximately \$1.4 million after June 30, 2012, due to reversions of unspent funds. The balance is sufficient to cover the cost of staffing and operating costs next year and for the period between 2015 and 2019 and to award over \$500,000 in preservation project grants from CCHE's Round Four Wait List. Additionally, the Natural Resources Agency, which stands to gain an estimated \$6.2 million over ten years for its Environmental License Plate (ELP) fund from the personalized plates anticipated to accompany the specialized Snoopy plates¹, has offered \$30,000 from the ELP fund to cover the specific one-time start-up expenses anticipated with the license plate e-transactions.

¹ Separate and apart from the special interest license plate revenue stream is the revenue stream generated from personalized license plates for a fund known as the Environmental License Plate Fund (ELP). Personalized license plates generate \$48 for the first year and \$38 per year for each subsequent year. Based on historical data from other special interest plates, the Snoopy plate is expected to increase the number of personalized license plates and, therefore, the personalized license plate revenue stream to the ELP Fund. Over the first ten years this is projected to reach \$6.2 million.

CCHE Staff prepared a document to request an appropriation from the Governor and the Legislature to augment the funds available to the CCHE for next year. The Library has not forwarded this BCP to the Department of Finance because it wants the Board's approval on this BCP. Submission of this BCP is not an acceptance of the invitation to serve as the state sponsor for the license plate program. That deliberation and decision will happen on May 31, 2012. Submitting the BCP only makes it financially feasible for the CCHE to become the state sponsor in 2012-2013.

Staff recommends that the Board authorize the submission of the referenced BCP to the Department of Finance for the 2012 May Revise.

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