

# AGENDA

## SPECIAL JOINT MEETING OF THE BOARD OF COMMISSIONERS AND THE BUDGET & FINANCE AND EXECUTIVE COMMITTEES

**Budget & Finance Committee Chair: Robert Byrd**

**Tuesday, March 1, 2016  
 10:30 AM**

**Meeting Location:**  
 First 5 LA  
 750 N. Alameda Street  
 Los Angeles, CA 90012



# ASPOSE

Your File Format APIs

1. **ACTION**  
 Call to Order  
 - **Joseph Ybarra, Chair**
2. **INFORMATION** 3  
 Review Special Meeting of the Budget and Finance Committee  
 Notes  
 – December 10, 2015  
 - **Joseph Ybarra, Chair**
3. **INFORMATION** 8  
 Monthly Financial Statements  
 - **Raoul Ortega, Finance Director**
4. **INFORMATION** 14  
 Review Mid-Year Budget Adjustments for FY 15-16  
 - **Alison Mendes, Manager, Finance**
5. **INFORMATION** 35  
 Program Expenditure Review – Reducing Childhood Obesity  
 - **Tina Chinakarn, Program Officer, Grants Management**
6. **INFORMATION**  
 Public Comment
7. **ACTION**  
 Adjournment

**COMMISSIONERS**

Los Angeles County Supervisor	Judy Abdo	Summer McBride
Holly J. Mitchell	Robert Byrd, Psy.D	Maricela Ramirez
<i>Chair</i>	Astrid Heger, M.D.	Carol Sigala
Brandon Nichols	Yvette Martinez	
<i>Vice Chair</i>		

**EX OFFICIO MEMBERS**

Barbara Ferrer, Ph.D.,  
 M.P.H., M.Ed.  
 Jacquelyn McCroskey, DSW  
 Deanne Tilton

**EXECUTIVE DIRECTOR**

Karla Pleitéz Howell

**EXECUTIVE VICE PRESIDENT**

John A. Wagner

**A PUBLIC ENTITY**



**SUMMARY MEETING NOTES**

**FIRST 5 LA  
SUMMARY MEETING NOTES  
Meeting of the Budget & Finance Committee  
December 10, 2015  
10:30 am – 12:00 pm**

**COMMITTEE MEMBERS PRESENT:**

Judy Abdo  
Jane Boeckmann  
Sandra Figueroa-Villa [Vice Chair]  
Christopher Thompson

**STAFF PRESENT:**

Kim Belshé, Executive Director  
Alison Mendes, Finance Manager  
Raoul Ortega, Finance Director  
Linda Vo, Board Secretary  
John Wagner, Chief Operating Officer

**COMMISSIONERS PRESENT**

Suzanne Bostwick [Alternate]

**1. Call to Order/Roll Call**

The meeting was called to order by Committee Vice-Chair Figueroa-Villa at 10:30 am. Roll call completed.

**2. Review of Meeting Notes – Special Meeting of Budget and Finance Committee, September 16, 2015**

The item was reviewed and received and filed with no deletions, additions, and/or changes.

**3. Monthly Financial Statements**

Mr. Ortega goes over the current monthly financial statements for the month ending October 31, 2015. He notes that there was a significant increase in expenditures than prior months. This is due to the way we contract since we are on a reimbursement basis. Community based organizations start billing us for July and August activities so we start to see these hit the books in September and October.

In addition, he notes that First 5 LA did a quarterly reconciliation against LAUP's advance which is also reflected in the financial statements for the month of October.

Mr. Ortega closes his presentation by informing the Committee that staff has already presented these financial statements to the October Commission meeting for approval. He asks the Committee if there are any questions.

Ms. Chough would like to know why there is still 150K left on the books for PFF.

Ms. Mendes says that this amount was budgeted for a position for PFF but given we will no longer need this amount, this amount will be reconciled during the midyear budget adjustment process.

Ms. Chough would like to know about the at-risk fathers investment and is assuming that the dollars haven't been moved because the program is still ramping up?

Ms. Belshé reminds the Committee that this was an investment near the end of 2013 when Supervisor Ridley-Thomas was our Chair. There were several investments made during this time and staff is still trying to determine how the work aligns with our new strategic plan.

There is no further discussion on this item.

## SUMMARY MEETING NOTES

### 4. Long Term Financial Projection

Ms. Mendes indicates that the goal of the presentation is to aid in the Commission's financial stewardship role by providing a framework that shows the long-term implications of funding decisions. She reminds the Committee that the LTFP is a multi-year forecast—not a spending plan—that includes: revenue, fund balance, program commitments and expenditure projections, and operating expenses. The period that staff is looking at today is for FY 2016-20, which is also the timeframe that is covered by the Strategic plan, 2015-20.

Ms. Mendes informs the Committee that some of the assumptions made for the LTFP is that projections that were made, do assume fidelity to allocations and other funding decisions made by the Commission. For instance, all programs will be implemented according to the planned schedule and are assumed to end consistent with the Board-approved Governance Guidelines. Also, any unspent funding from multi-year allocations will remain committed, pending Board action.

Other assumptions in forecasting the LTFP is that the Commission will take a leadership role in implementing the strategies outlined in the 2015-2020 Strategic Plan. We also assume that operating expenses will decline based on the average decline in Proposition 10 tax revenue over the past 5 years.

Ms. Mendes continues her presentation and talks about Frist 5 LA revenue as it relates to tobacco tax. She states that Proposition 10 tax revenue is projected to decline by 24% by FY 2019-20, from \$89.5 million (FY 2014-15) to \$67.6 million (FY 2019-20).

Annual spending began to exceed revenue in FY 2008-09. Moreover, expenditures in FY 2014-15 of \$200 million were more than the tobacco tax revenue of \$89.5 million for that fiscal year.

Over the course of the 5 years covered by the LTFP, more than two-thirds of incoming tobacco tax revenue is projected to be spent on the Commission's direct service investments in home visiting.

Ms. Mendes goes through several charts and reminds the Committee of the different categories in which our money is assigned. She informs the Committee that we base our projections on the state department of Finance's projections.

Ms. Chough would like to know how accurate have our projections have been on incoming tobacco tax revenue compared to actuals in the past.

Ms. Mendes says that for FY 2014-15, incoming tobacco tax revenue was actually higher than what the state had projected. Accordingly, staff continues to monitor this to determine if there are any changes that need to be made to the LTFP.

Committee Vice Chair Figueroa-Villa would like to know how often the state updates on projections.

Ms. Mendes states that around May or June we receive updates from the State Department of Finance. Staff is also monitoring the changes monthly. Most likely, staff will be able to incorporate any changes in time for the

Ms. Belshé informs the Committee that there is an initiative being put forward that would increase tobacco tax by \$2.00 so the total increase would be \$2.87 and would extend this tax to e-cigarettes. First 5s would benefit from the .87 cents increase; .50 cents would go to Prop 10; 80% would go to the County and 10% to the State.

**SUMMARY MEETING NOTES**

Commissioner Thompson would like to know if statutorily there needs to be more done in order to get e-cigarettes included in getting the tax benefit extended to it.

Ms. Belshé says there is. Recently, there have been a lot of talks legislatively but it didn't go anywhere. There has also been a ballot initiative submitted. Basically, getting taxes to the legislature is near impossible since the last change was back in 1993 and was only a 2 cents increase.

**Fund Balance Categories**

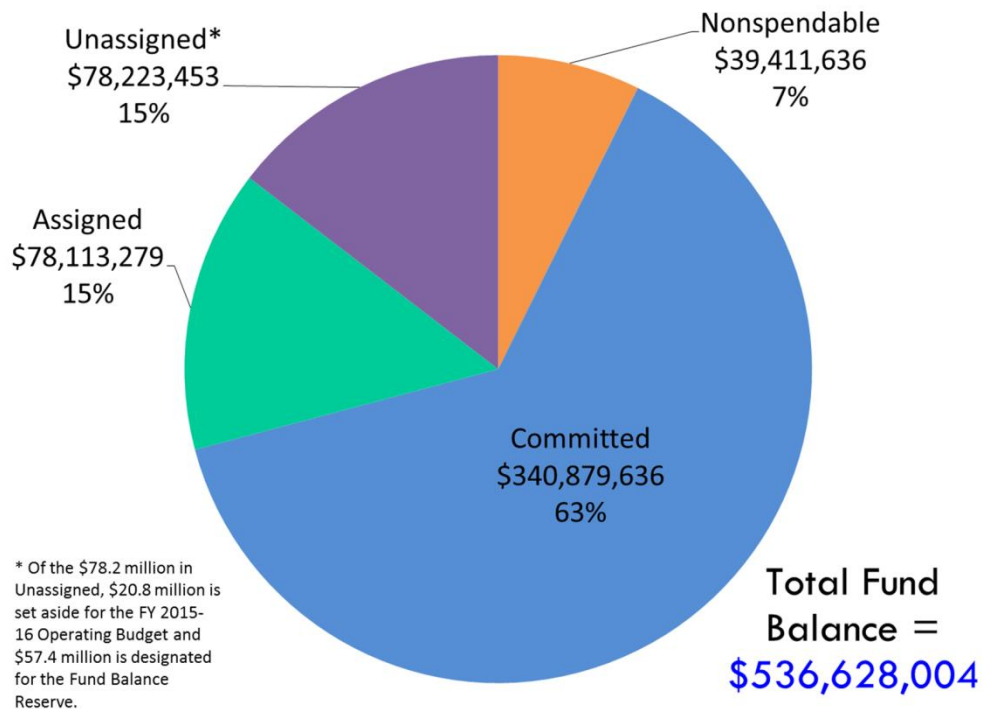
Nonspendable: Funds that have been advanced to a contractor or grantee for services to be provided in the future and are considered to be an asset of the Commission.

Committed: Funds allocated for a specified purpose and directed by the Commission via Resolution. The Commission must adopt another Resolution to reappropriate these funds for other purposes.

Assigned: Funds are reserved for Commission use consistent with the 2015-2020 Strategic Plan.

Unassigned: Funds designated for the Operating Budget and Reserve.

Ms. Mendes also goes over the following pie chart of the fund balance as of June 30, 2015.



Commissioner Abdo recommends to staff to find simpler language when presenting information such as this to the Commission and public. She says that most people would not understand the terms that are being used because they are too high level.

Some of the highlights Ms. Mendes goes over with regards to the fund balance are as follows:

- July 2015 beginning fund balance was \$536.6 million, of which \$340.9 million, or 63%, was committed to approved multi-year allocations and FY 2015-16 appropriations.

**SUMMARY MEETING NOTES**

- Total fund balance is projected to decrease by 86% by the end of the 2015-2020 Strategic Plan, from \$536.6 million in July 2015 to \$74.4 million by June 2020.
- The \$74.4 million would need to account for FY 2020-21 operating costs, the fund balance reserve, and unspent multi-year committed allocations.

In conclusion, Ms. Mendes informs the Committee that the LTFP clearly shows spending continuing to exceed revenue, placing demands on the diminishing fund balance. However, she reassures the Committee that resources are adequate to cover existing obligations and projected spending through the course of the 2015-2020 Strategic Plan, providing the Commission with the opportunity to gradually transition to a more sustainable spending portfolio with the goal of aligning annual spending with revenue. She emphasizes to the Committee how important is for First 5 LA to live within its means.

Ms. Mendes also says that in the short term, it will be very important for the Commission to adhere to the Governance Guidelines relative to expiring initiatives and the efficiency & cost effectiveness of the 2015-2020 Strategic Plan strategies to reflect F5LA's fiscal reality.

There is no further discussion on this item.

**5. FY 2016-17 Budget Calendar**

Mr. Ortega goes over some highlights to the budget calendar informing the committee that staff will also be asking the Commission to postponing implementation of biennial budget adoption by April 30 as required by "Policy and Guidelines for Adoption of the Program and Operating Budgets".

<b>FY 2016-17 BUDGET CALENDAR</b>		
<b>DATE</b>	<b>ACTIVITY</b>	<b>VENUE</b>
December 2015	Brief Budget and Finance Committee on recommended FY 2016-17 budget calendar Provide annual Long Term Financial Plan (LTFP) update to the Budget & Finance Committee	Budget & Finance Committee Meeting
January 2016	Brief Commission on recommended budget calendar Provide annual LTFP update to the Commission	Commission Meeting
January - February 2016	Provide training to First 5 LA staff on budget process and development	Internal Staff Training
February 2016	Request Commission approval on the recommended budget calendar	Commission Meeting
February - April 2016	Complete budget development	Internal Staff Process
April 2016	Present FY 2016-17 Proposed Budget to the Budget and Finance Committee	Budget & Finance Committee Meeting
May 2016	Present FY 2016-17 Proposed Budget to the Commission	Commission Meeting
May 2016	Revise FY 2016-17 Proposed Budget as necessary	Internal Staff Process
May 2016	Present revised FY 2016-17 Proposed Budget to the Budget & Finance Committee as necessary	Budget & Finance Committee Meeting
June 2016	Request Commission adoption of the FY 2016-17 Proposed Budget	Commission Meeting

The Committee has no major concerns about the postponement of the implementation of the biennial budget adoption by April 30.

There is no further discussion on this item.

**SUMMARY MEETING NOTES**

**ADJOURNMENT:**

The meeting was adjourned at 11:40 am.

**NEXT MEETING:**

The next Budget and Finance Committee meeting will take place on Tuesday, March 1, 2016 at 10:30 am.

First 5 LA  
Conference Room B, First Floor  
750 N. Alameda Street  
Los Angeles, CA 90012

Summary minutes were recorded by Linda Vo, Secretary of the Board of Commissioners.

FIRST 5 LA

**SUBJECT:**  
Monthly Financial Reports

**RECOMMENDATION:**  
Approval of the monthly financial statements for the month ending January 31, 2016.

**BACKGROUND:**  
Staff provides monthly financial reports for the Commission's review and approval to ensure transparency of the financial status of First 5 LA.

**DISCUSSION:**  
First 5 LA began the month with a cash balance of \$537.7 million. During the month, we received \$10.2 million in revenues. We had \$1.4 million in operating expenditures, \$24.0 million in program expenditures, and \$708,253 in pass-through expenditures. As a result, First 5 LA ended the month with a cash balance of \$521.9 million.

This report includes detailed financial information for the month ending January 31, 2016. The financial statements are unaudited and reported as a "soft close." All materials in this packet and check registers are available online. Statements in this report include the following:

- Revenue and Expense Statement: Summarizes financial statements to highlight the starting cash balance, revenues received, program and operating expenses, and the ending cash balance for the month.
- Balance Sheet: Provides a "snapshot" view of the Commission's assets, liabilities and fund balance as of January 31, 2016.
- Detailed operating and program expenditures: Shows expenses against the FY 2015-16 Budget approved on June 11, 2015, concluding with a report of expenditures related to programs functioning as pass-through agreements.

Los Angeles County Children and Family First -  
Proposition 10 Commission (aka) First 5 LA  
Revenue and Expense Statement  
January 31, 2016, Unaudited

	<b>REVENUES AND EXPENDITURES</b>	<b>FISCAL YTD EXPENDITURES/ BUDGET</b>
	<u>\$</u>	<u>%</u>
<b>Cash Balance as of December 31, 2015</b>	<b>\$ 537,744,369</b>	
<b>Revenue</b>		
Monthly State Allotments	\$ 8,286,728	(1)
State Commission Matching Grant - Cares Program	-	
Medi-Cal Administrative Activities (MAA)	-	
State Commission - Other Program Funds	-	
Interest Income - Unreserved	416,949	
Investment Income - Other	-	
Rental Revenue - La Petite	16,963	
Partnerships for Families (PFF) - LA County Dept. of Children and Family Services (DCFS)	1,464,220	
<b>Total Revenue</b>	<b>\$ 10,184,860</b>	
<b>Expenses</b>		
<b>Program Budget (Attachment A)</b>		
2015-2020 Strategic Plan: Focusing For The Future	\$ 2,962,111	23%
Legacy Investments	20,168,148	27%
Research and Evaluation	825,588	35%
<b>Total Initiative/Program Expenses</b>	<b>\$ 23,955,847</b>	<b>26%</b>
<b>Pass-Through (Attachment B)</b>		
Medi-Cal Administrative Activities (MAA)	\$ -	
Child Signature Program (CSP)	-	
Partnerships for Families (PFF) - LA County Dept. of Children and Family Services (DCFS)	708,253	
<b>Total Pass-Through Expenses</b>	<b>\$ 708,253</b>	
<b>Operation and Administration (Attachment C)</b>		
Personnel	\$ 1,133,222	48%
General Operating	114,861	46%
Professional Services	32,551	24%
Consultant Services	58,455	30%
Travel & Meetings	21,908	25%
Capital Improvements	23,304	20%
<b>Total Operation and Administration</b>	<b>\$ 1,384,301</b>	<b>45%</b>
<b>Total Expenses</b>	<b>\$ 26,048,401</b>	
<b>Variance (Revenues - Expenses)</b>	<b>\$ (15,863,541)</b>	
<b>Cash Balance as of January 31, 2016</b>	<b>\$ 521,880,828</b>	<b>(2)</b>

**NOTE:**

- 1) Tobacco Tax Revenue for November 2015.
- 2) Cash Balance excludes fixed assets and liabilities.

**LOS ANGELES COUNTY CHILDREN AND FAMILY FIRST - PROPOSITION 10 COMMISSION (AKA FIRST 5 LA)  
PROGRAM EXPENDITURES BY FY 2015-16 BUDGET  
JANUARY 31, 2016, UNAUDITED**

<b>INITIATIVE/PROGRAM</b>	<b>FY 2015-16 BUDGET*</b>	<b>JANUARY EXPENDITURES</b>	<b>FISCAL YTD EXPENDITURES</b>	<b>BALANCE REMAINING</b>	<b>FISCAL YTD EXPENDITURES /BUDGET%</b>
<b>2015-2020 STRATEGIC PLAN: FOCUSING FOR THE FUTURE</b>					
Investments and Approaches Reaffirmed by the Board and Aligned with SP					
Families: Placed-Based - Welcome Baby/Select Home Visiting	36,603,000	1,775,899	10,569,095	26,033,905	29%
Communities: Place-Based - Community Capacity Building	17,029,000	802,029	3,516,043	13,512,957	21%
Policy Agenda/Advocacy	2,797,000	83,227	306,107	2,490,893	11%
Communications & Marketing	4,672,000	23,596	298,412	4,373,588	6%
Communications - Conference Funding	200,000	12,500	94,805	105,195	47%
Existing Investments Potentially Aligned with SP					
Healthy Kids	2,250,000	40,727	496,679	1,753,321	22%
Information Resource and Referral	1,360,000	197,037	588,351	771,649	43%
New Investments Under Development (Strategic Plan Implementation Fund)					
Families	636,000	-	-	636,000	0%
Communities	1,093,750	3,555	3,729	1,090,021	0%
Early Care & Education (ECE) Systems	370,000	13,586	76,363	293,637	21%
Health, Mental Health & Substance Abuse Systems	546,250	-	55	546,195	0%
Other/Cross - Cutting Activities	490,000	9,955	10,073	479,927	2%
<b>LEGACY INVESTMENTS</b>					
At-Risk Fathers Investment	150,000	-	-	150,000	0%
Baby Friendly Hospitals	1,245,000	22,296	177,857	1,067,143	14%
Black Infant Health	1,955,000	107,657	346,959	1,608,041	18%
Children's Dental Care	10,656,000	1,464,704	3,832,212	6,823,788	36%
Children's Vision Care	1,341,000	193,041	771,590	569,410	58%
Early Identification and Intervention - Autism and other Developmental Delays	818,000	103,117	371,143	446,857	45%
ECE Environmental Scan	80,000	-	-	80,000	0%
Healthy Food Access	2,064,000	114,051	572,770	1,491,230	28%
Little by Little/One Step Ahead	3,515,000	-	1,107,250	2,407,750	32%
Los Angeles Universal Preschool (LAUP)	55,423,000	16,769,785	19,453,620	35,969,380	35%
Oral Health & Nutrition - Dental Home	3,904,000	-	924,250	2,979,750	24%
Parent Child Interaction Therapy	4,642,000	-	363,869	4,278,131	8%
Partnerships for Families (PFF)	150,000	-	-	150,000	0%
Peer Support Groups for Parents	1,469,000	26,638	469,513	999,487	32%
Policy Advocacy Fund	2,194,000	235,182	845,671	1,348,329	39%
Reducing Childhood Obesity	15,462,000	-	1,274,156	14,187,844	8%
Resource Mobilization - ECE	1,225,000	16,955	177,289	1,047,711	14%
Resource Mobilization - Funder Partnership	60,000	-	32,474	27,526	54%
Resource Mobilization - Health	1,540,000	-	53,336	1,486,664	3%
Resource Mobilization - Organizational Capacity Building	550,000	-	188,224	361,776	34%
Resource Mobilization - Project Development	-	-	4,139	(4,139)	0%
Tot Parks and Trails	660,000	-	-	660,000	0%
Universal Assessment of Newborns	8,785,000	310,509	2,229,427	6,555,573	25%
Workforce Development	2,522,000	108,087	363,722	2,158,279	14%
Workforce Development - ECE Workforce Consortium	12,798,000	696,127	2,126,824	10,671,176	17%
<b>RESEARCH AND EVALUATION</b>					
Data Development and Integration	2,527,000	158,238	824,972	1,702,028	33%
Data Partnership with Funders	900,000	387,745	387,745	512,255	43%
Program Evaluation	4,240,000	279,605	1,502,369	2,737,631	35%
<b>TOTAL</b>	<b>208,922,000</b>	<b>23,955,847</b>	<b>54,361,093</b>	<b>154,560,907</b>	<b>26%</b>

\* The FY 2015-16 Budget was approved by the Board of Commissioners on June 11, 2015

**NOTES -PROGRAM EXPENDITURES BY FY 2015-16 BUDGET:**

Journal entries for FY 2014-15 accrued expenses were reversed in July 2015. The amounts reported are the actual program expenditures for January 2016.

LOS ANGELES COUNTY CHILDREN AND FAMILY FIRST - PROPOSITION 10 COMMISSION (AKA FIRST 5 LA)  
 EXPENDITURES - PASS-THROUGH  
 JANUARY 31, 2016, UNAUDITED

Attachment B

INITIATIVE/PROGRAM - PASS-THROUGH	JANUARY EXPENDITURES	YEAR TO DATE EXPENDITURES
Medi-Cal Administrative Activities (MAA) - LA County Charges	-	-
Medi-Cal Administrative Activities (MAA) - Participation Payment	-	13,656
Child Signature Program (CSP)	-	-
Partnerships For Families - LA County Department of Children and Family Services (DCFS)	708,253	3,649,393
<b>TOTAL</b>	<b>708,253</b>	<b>3,663,050</b>

**Los Angeles County Children and Family First -  
Proposition 10 Commission (aka) First 5 LA  
Operating & Administrative Budget Update  
January 31, 2016, Unaudited**

<b>OPERATION AND ADMINISTRATION EXPENSE</b>	<b>JANUARY ACTUAL</b>	<b>FISCAL YTD ACTUAL</b>	<b>FY 2015-16 BUDGET</b>	<b>FISCAL YTD VARIANCE</b>	<b>FISCAL YTD/BUDGET %</b>
<b>Personnel Related Expenses</b>					
Salaries & Wages	834,074	6,045,324	12,387,038	6,341,714	49%
Fringe Benefits	299,148	1,873,161	3,980,943	2,107,782	47%
	<b>1,133,222</b>	<b>7,918,485</b>	<b>16,367,981</b>	<b>8,449,496</b>	<b>48%</b>
<b>General Operating Expenses</b>					
ADP Payroll Charges	1,869	13,638	31,000	17,362	44%
Workers Compensation Insurance	-	(6,690)	100,000	106,690	-7%
Corporate Insurance	-	28,999	76,000	47,001	38%
Mileage Expense	4,187	25,520	61,850	36,330	41%
Telephones & Modems	4,727	32,483	65,000	32,517	50%
Printing	2,969	10,357	19,200	8,843	54%
Postage & Delivery	1,100	8,807	13,300	4,493	66%
Office Supplies	4,731	36,516	83,980	47,464	43%
Subscriptions & Publication	428	1,988	10,060	8,072	20%
Equipment Rental	7,738	55,144	118,200	63,056	47%
Repair & Maintenance - Furniture & Fixtures	13,949	139,241	180,000	40,759	77%
Repair & Maintenance - Equipment	-	2,205	32,000	29,795	7%
Rents & Lease - Offsite Storage	473	11,830	23,700	11,870	50%
Los Angeles County Overhead	-	11,725	27,000	15,275	43%
Contingency	3,619	34,912	75,000	40,088	47%
Facilities & Other Supplies	-	5,078	12,150	7,072	42%
Utilities	11,426	113,275	155,000	41,725	73%
Educational Supplies	78	419	5,300	4,881	8%
Cell Phones	2,957	19,191	52,250	33,059	37%
Hardware & Software Maintenance	54,608	103,871	258,000	154,129	40%
	<b>114,861</b>	<b>648,509</b>	<b>1,398,990</b>	<b>750,481</b>	<b>46%</b>
<b>Professional Services</b>					
Audit and Accounting Fees	-	46,780	70,000	23,220	67%
Legal Fees	8,653	49,004	175,000	125,996	28%
Membership Dues	9,379	14,480	82,100	67,620	18%
Professional Development	11,035	24,815	210,800	185,985	12%
Professional Dues First 5 Association	-	-	50,000	50,000	0%
Staff Recruitment	497	7,668	25,000	17,332	31%
Commission Stipends	-	8,700	34,000	25,300	26%
Human Resources Related Costs	2,987	17,253	68,000	50,747	25%
	<b>32,551</b>	<b>168,701</b>	<b>714,900</b>	<b>546,199</b>	<b>24%</b>
<b>Consultant Services</b>					
Consultant Fees	27,910	337,829	1,491,000	1,153,171	23%
Other Professional Fees	25,745	176,582	237,500	60,918	74%
External Reviewers	4,800	11,210	5,000	(6,210)	224%
	<b>58,455</b>	<b>525,621</b>	<b>1,733,500</b>	<b>1,207,879</b>	<b>30%</b>
<b>Travel &amp; Meetings</b>					
State Prop 10 Commission Activities	275	320	40,000	39,680	0%
Conferences - Travel & Lodging	3,112	18,942	86,242	67,300	22%
Conference - Registration Fees	10,730	42,237	89,485	47,248	47%
Local Meeting Expenses	3,018	19,805	115,900	96,095	17%
Lodging	2,312	22,050	84,876	62,826	26%
Per Diem	2,462	12,990	42,488	29,498	31%
	<b>21,908</b>	<b>116,344</b>	<b>458,991</b>	<b>342,647</b>	<b>25%</b>
<b>Capital Improvements</b>					
Capital Outlay (Equipment Purchases)	23,304	24,450	120,000	95,550	20%
<b>TOTAL OPERATING EXPENSES</b>	<b>1,384,301</b>	<b>9,402,110</b>	<b>20,794,362</b>	<b>11,392,252</b>	<b>45%</b>

**NOTES - OPERATING & ADMINISTRATIVE BUDGET UPDATE:**

The administrative expenses are within the maximum authorized under the Board policy.

\* The FY 2015-16 Operating Budget was approved by the Board of Commissioners on June 11, 2015.

**Los Angeles County Children and Families First -  
Proposition 10 Commission  
Statement of Net Assets  
January 31, 2016, Unaudited**

<b>Assets</b>	
<b>Current Assets:</b>	
Cash	\$ 4,853,014
Cash- Morlin Mgmt Corp	26,950
Investment:	
Operating and Allocated funds	461,950,544
Operating Fund - SRI	-
Advance - LA Care Health Plan	8,619,621
Advance - LAUP	40,915,826
Advance - UCLA Dental Home Project	3,343,591
Interest Receivable	-
Other Receivables	44,891
<b>Total Current Assets</b>	<b><u>\$ 519,754,437</u></b>
<b>Fixed Assets:</b>	
Land	\$ 2,039,000
Building & Improvements	12,076,512
Furniture & Fixtures	627,671
Computer, Software & Accessories	1,755,170
Office Equipment	331,033
Accumulated Depreciation	(4,944,345)
<b>Total Fixed Assets</b>	<b><u>\$ 11,885,041</u></b>
<b>Total Assets</b>	<b><u><u>\$ 531,639,478</u></u></b>
<b>Liabilities and Net Assets</b>	
<b>Current liabilities:</b>	
Other Liabilities	\$ 215,445 (1)
<b>Total Current Liabilities</b>	<b><u>\$ 215,445</u></b>
<b>Net Assets:</b>	
Investment in capital assets	\$ 11,885,041
Restricted	519,538,992
<b>Total Net Assets</b>	<b><u>\$ 531,424,033</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u><u>\$ 531,639,478</u></u></b>

**NOTES:**

(1) Other Liabilities include accounts payable, security deposit from La Petite Academy and other related liabilities.

FIRST 5 LA

**SUBJECT:**

Mid-Year Adjustments to the FY 2015-16 Budget

**RECOMMENDATION:**

Mid-year adjustments to the FY 2015-16 Budget as detailed in Attachment 1 (Program) and Attachment 2 (Operating) are presented to the Committee for informational and discussion purposes. Staff recommends that this item be brought to the Commission as informational at the March 10, 2016 meeting and again for final approval at the April 14, 2016 meeting, consistent with the Governance Guidelines.

**BACKGROUND:**

The \$229.7 million FY 2015-16 Budget, approved via Resolution by the Board of Commissioners on June 11, 2015, included \$208.9 million of funding for program costs and \$20.8 million for operating costs. Initial funding requests were generated using the latest information available at the time of budget development, and were based on spending estimates—rather than negotiated contract amounts—so staff would have the flexibility to manage contracts within a budget unit without having to return to the Commission.

The Program Budget includes 35 initiatives with anticipated costs to be incurred during FY 2015-16. Based on updated information and analysis, this item reflects a net decrease to the overall FY 2015-16 Program Budget of \$11.5 million for a revised fiscal year Program Budget of \$197.5 million. These adjustments are detailed by initiative in Attachment 1A and by program—which aggregate up to the amounts at the initiative level—in Attachment 1B.

This item also includes increases and decreases to various Operating Budget line items, the net effect of which is cost neutral, resulting in the Operating Budget remaining at \$20.8 million for the fiscal year. These adjustments are detailed at a summary level in Attachment 2.

The net result to the approved FY 2015-16 Budget of \$229.7 million is a decrease of \$11.5 million, or 5.0%, for a revised total fiscal year budget of \$218.3 million.

**DISCUSSION:**

Program Budget:

Per current First 5 LA policy, any change to the spending levels approved at the initiative level in the Program Budget requires formal approval by the Board of Commissioners via Resolution. As in the prior year, staff consolidated all FY 2015-16 Program Budget adjustments into a single process for presentation to the Commission at mid-year for approval. These adjustments, including both augmentations and reductions for programs that are anticipated to significantly underspend their approved budget levels, are detailed by initiative in Attachment 1A and by program—which aggregate up to the amounts at the initiative level—in Attachment 1B.

The following are highlights of the requested changes at the initiative level.

*2015-2020 Strategic Plan: Focusing for the Future*

Families: Place-Based – Welcome Baby/Select Home Visiting: Reduction of \$5,637,000

The overall decrease to this initiative is driven by a \$4.3 million decrease for the Select Home Visiting program and a \$1.3 million decrease for the Welcome Baby program. Estimates were

updated based on actual expenditure rates, which eliminated the need to maintain a small contingency initially built into the budget amounts. In addition, both the Select Home Visiting grantees and the participating Welcome Baby hospitals have experienced cost savings due to staff turnover, resulting in lower than anticipated enrollments and related program materials. Finally, one Select Home Visiting grantee is terminating their grant effective March 2016, and one Welcome Baby hospital initially included in budget estimates will not be participating in the program, further reducing the fiscal year budget needs.

#### Communities: Place-Based – Community Capacity Building: Reduction of \$893,000

The overall decrease to this initiative is driven by cost reductions in Marketing and Communications (\$670,000), Partnership Capacity Building (\$307,000) and Results Focused Actions (\$1,253,000). These are offset by increases in Partnership Support (\$1,270,000) and the Long-Term Business Model Transition (\$67,000), for an overall net decrease of \$893,000.

- Marketing & Communications – Reduction of \$670,000: Lower costs are expected due to a delay in enacting a plan to bring on Communications Capacity Builders for all 14 Best Start Communities. The plan was delayed due to staff considerations related to a stronger, more efficient capacity building approach. As a result, solicitation for communications capacity builders did not take place in the first six months as originally anticipated.
- Partnership Capacity Building – Reduction of \$307,000: Updated spending projections for the fiscal year indicate that fewer costs will be needed in this area, primarily because Community Partnerships have not accessed customized training and technical assistance funds. This is because during the first six months of the fiscal year the Community Partnerships prioritized the Building Stronger Families (BSF) grantee selection and onboarding processes.
- Results Focused Actions (aka Community-Identified Projects) – Reduction of \$1,253,000: This amount is being reduced—reflecting a shift of costs from FY 2015-16 to future fiscal years—to align projected spending with the currently executed agreements with the BSF grantees for FY 2015-16, most of which cover only the last seven months of the fiscal year.
- Partnership Support – Increase of \$1,270,000: Additional partnership support costs are needed to account for the increased number of monthly Leadership Group meetings, workgroups and other smaller meetings. These meetings allow community members to build momentum around the community-identified projects. This includes activities such as developing outreach plans and materials, orienting new Community Partnership members, refining bylaws and governance, introducing and onboarding BSF grantees to the Community Partnership, and hosting training on relationship-based outreach.
- Long Term Business Model Transition (aka Long Term Support Structure) – Increase of \$67,000: Updated spending projections indicated the need to increase community and key stakeholder engagement to inform the long-term support structure for Best Start. The major cost driver is the implementation of the Transition Team, a cross-community advisory group that meets frequently to gain community insight and share initial thinking prior to final decisions being made about the design and implementation of the long-term support structure.

#### Healthy Kids: Increase of \$482,000

The Healthy Kids budget is being increased to account for changes to the two contracts that comprise this initiative. The contract with LA Care to administer the Healthy Kids Insurance Coverage program was initially approved by the Board for six months—through December 2015—for a total of \$250,000. However, the Board subsequently approved an extension through September 2016, with an estimated additional \$380,000 to be spent in the second half of the fiscal year. In

addition, the budget is being increased by \$102,000 for the Healthy Kids Outreach, Enrollment, Retention, and Utilization program to align the budget amount with the balance remaining in the allocation. The contract with the Los Angeles County Department of Public Health was amended during the fiscal year to align the contract with the balance remaining in the allocation.

#### *Legacy Investments*

Baby Friendly Hospitals: Increase of \$106,000

The net increase to the Baby Friendly Hospitals initiative of \$106,000 is due to the need to account for \$274,000 of costs related to Cycle 2 grantees, offset by a reduction of \$168,000 for Cycle 3 grantees. In both cases, the grantees found that more time is needed to prepare for the Baby Friendly USA site visit than initially anticipated. Cycle 2 grantees originally expected to end in FY 2014-15, but requested no-cost extensions into the current fiscal year to account for the additional time needed to prepare for the site visit, thus resulting in the need to account for expenditures in FY 2015-16 that were not initially considered during budget development. Similarly, Cycle 3 grantees also require more time to prepare for site visits, and anticipate requesting no-cost extensions for their contracts into FY 2016-17, resulting in cost savings for grantees in that cycle.

Early Identification and Intervention – Autism and Other Developmental Delays: Increase of \$128,000

All six of the grantees in the Early Identification and Intervention initiative executed contract budget amendments to account for funds that were unspent in FY 2014-15. These funds are expected to be spent in FY 2015-16, resulting in the need for a budget increase for this initiative.

Oral Health & Nutrition – Dental Home: Reduction of \$490,000

The Dental Home project is being reduced to account for expected cost savings based on both historical spending trends and the rate of spending through the first six months of the fiscal year. The cost savings are being driven by a combination of delays and compliance issues with various subcontractors. Compliance issues with two clinic sites prevented the distribution of funds to these sites, resulting in additional savings across other areas that support these sites, such as training and technical assistance. In addition, a subcontract with the project's policy partner experienced a six-month delay, the subcontract for the project's primary software was executed later than anticipated, and four clinic sites will not receive the software due to insufficient infrastructure, resulting in savings for maintenance and installation.

Parent Child Interaction Therapy: Reduction of \$1,900,000

The decrease of \$1.9 million for the Parent Child Interaction Therapy initiative is primarily due to updated spending projections based on both historical trends as well as discussions with the primary contractors, the Los Angeles County Department of Mental Health (DMH) for program implementation and the University of California at Davis for training and technical assistance. During the four years of the project, DMH has never reached 100% of projected spending, realizing spending of approximately 50% each year. Additionally, DMH and the provider agencies have experienced some staffing changes and vacant positions in FY 2015-16, leading to lower than anticipated costs.

Peer Support Groups for Parents: Reduction of \$425,000

The Peer Support Groups for Parents initiative is being reduced primarily due to updated spending estimates based on actual expenditures incurred to date and the actual negotiated contract amount for the remainder of the fiscal year. FY 2015-16 is the final year of the project, and while the project is anticipated to meet the overall goal of facilitating 100 parent support groups, total project costs are

expected to be less than the initial allocation due to lower costs required to implement the support groups.

#### Resource Mobilization – ECE: Reduction of \$700,000

The net decrease for Resource Mobilization – ECE is due to a decrease of \$700,000 for the ECE Recoverable Grant. Although additional fundraising efforts are underway to draw down matching funds through the \$1 million challenge for the ECE Recoverable Grant Fund, staff anticipates that total matching funds will not exceed \$225,000 for this program in FY 2015-16.

#### Resource Mobilization – Project Development: Increase of \$5,000

Although this initiative did not have a budget approved for FY 2015-16, a no-cost extension was executed for the Pay For Success feasibility study to allow for the use of unspent funds during the fiscal year. This resulted in the need to adjust the budget accordingly to account for these previously unanticipated costs incurred in this fiscal year.

#### Universal Assessment of Newborns: Reduction of \$1,804,000

Similar to the reduction under the Families initiative noted above, the reduction for Universal Assessment of Newborns is due to several factors. First, estimates were updated based on actual expenditure rates, which eliminated the need to maintain a small contingency initially built into the budget amounts. Second, the participating hospitals have experienced cost savings due to staff turnover, resulting in lower than anticipated enrollments and related program materials. Third, one hospital initially included in budget estimates will not be participating in the program, further reducing the fiscal year budget needs. Funds not spent for this initiative in FY 2014-15 will be available for use in future years, consistent with the program design and approved timeframe.

### *Research and Evaluation*

#### Program Evaluation: Reduction of \$334,000

The net decrease for the Program Evaluation budget is driven primarily by the following changes at the program level:

- Best Start Evaluation – Increase of \$89,000: The budget is being increased to account for costs related to several deliverables that were originally scheduled to be completed in FY 2014-15 that were moved into FY 2015-16 due to competing project timelines.
- Professional Development System Study – Reduction of \$340,000: The budget for this project is being eliminated because the study was canceled internally before a contract was executed with a potential contractor. There are no plans at this time to pursue this study in a future fiscal year.
- Welcome Baby Impact Study – Reduction of \$92,000: The budget for this study was initially developed based on estimates prior to the full construction of the project's Request for Proposal solicitation. This budget reduction reflects more accurate estimates that lower the anticipated total cost of the study.

### Operating Budget:

Per current First 5 LA policy, the Executive Director has the authority to approve budget adjustments to the Operating Budget between line items in an amount not to exceed \$25,000. Adjustments to the various line items within the FY 2015-16 Operating Budget exceed this amount specified in the policy, and as such require approval by the Board of Commissioners. Based on analysis of actual expenditures as well as additional anticipated expenditures through June 2016, we expect that higher-than-anticipated needs in some areas will be offset by savings projected in other areas.

Consistent with past practice, spending projections and necessary adjustments are prepared at the departmental level, which support the organization-wide adjustments presented for Commission approval in Attachment 2. This allows for a higher degree of due diligence to ensure that budgets are monitored and managed at the appropriate level, as well as to appropriately inform the development of the FY 2016-17 Budget.

Although work is currently underway regarding the overall organizational transformation, there was not enough information available at the time of this analysis to determine the impact to FY 2015-16 operating costs. As such, no adjustments were made to account for any incremental changes that may take place during this fiscal year.

As noted previously, the net effect of the adjustments to line items within the FY 2015-16 Operating Budget are cost neutral. Although savings are anticipated for the fiscal year overall, there are a significant number of unknown variables that could impact the analysis of estimated expenditures. Because of this, staff is not recommending a reduction in the overall FY 2015-16 Operating Budget amount at this time. Current spending trends will be utilized to explore opportunities to decrease operating costs from current budgeted levels during the FY 2016-17 Budget development process.

The following are highlights of changes within the major spending categories:

- General Operating Expenses – This category includes a number of transfers both in and out, with a total net decrease of \$55,600. This is primarily due to a net reduction in Telephones and Modems costs of \$19,200 and a reduction in costs related to Hardware and Software Maintenance of \$30,000. The reduction in costs for telephones and modems is due to a new contract executed with the provider that reduced monthly costs by approximately thirty percent. In addition, software maintenance costs are lower than initially anticipated for FY 2015-16 because although planning and work are taking place during the current fiscal year, the actual reimplementation of the financial system will occur during FY 2016-17.
- Consultant Services – This category includes several transfers, resulting in a net overall increase of \$44,955. This is driven primarily by additional funds needed for Other Professional Fees related to the provision of evening security for the building that were not anticipated during the initial budget development for FY 2015-16.

#### Administrative Cost:

As part of the approval of the annual fiscal year budget, the Commission approves an annual limit on the organizations administrative spending. While this administrative cost limit represents a percentage of the overall fiscal year budget, the Commission approves the limit at the dollar amount level. This is due to the fact that administrative costs are generally not as fluid as other types of costs, and cannot adapt quickly to respond to changes in actual spending levels.

The administrative cost limit approved in June 2015 as part of the FY 2015-16 Budget was \$11.4 million. Based on the mid-year budget revisions discussed above and detailed in Attachment 2, the total revised administrative cost amount is within the dollar amount limit approved for FY 2015-16 of \$11.4 million, and administrative spending for the fiscal year will not exceed the approved amount.

#### **NEXT STEPS:**

This item is being presented to the Budget and Finance Committee for informational and discussion purposes. This item will also be presented as an informational item at the March 10, 2016 Commission meeting, with the intention to return to the Commission for final approval at the April 14, 2016 Commission meeting, consistent with the Governance Guidelines.

The analysis of spending trends and project status that was conducted as part of the mid-year budget adjustment process will be used to inform the FY 2016-17 Budget development process currently underway. This analysis will also inform the reaffirmation process that takes place in conjunction with the approval of the FY 2016-17 Budget, through which all levels of fund balance are evaluated for appropriateness and potential modifications. The proposed FY 2016-17 Budget will be presented to the Board of Commissioners on May 12, 2016 for discussion.

BUDGET COMPONENT	APPROVED FY 2015-16 BUDGET	PROPOSED ADJUSTMENTS	REVISED FY 2015-16 BUDGET	% CHANGE
<b>2015-2020 STRATEGIC PLAN: FOCUSING FOR THE FUTURE</b>				
<i>Investments and Approaches Reaffirmed by the Board and Aligned with SP</i>				
1 Families: Place-Based - Welcome Baby/Select Home Visiting	\$ 36,603,000	\$ (5,637,000)	\$ 30,966,000	-15.4%
2 Communities: Place-Based - Community Capacity Building	17,029,000	(893,000)	16,136,000	-5.2%
3 Policy Agenda/Advocacy	2,797,000	-	2,797,000	0.0%
4 Communications & Marketing	4,672,000	-	4,672,000	0.0%
5 Communications - Conference Funding	200,000	-	200,000	0.0%
<b>Sub-Total</b>	<b>\$ 61,301,000</b>	<b>\$ (6,530,000)</b>	<b>\$ 54,771,000</b>	<b>-10.7%</b>
<i>Existing Investments Potentially Aligned with SP</i>				
6 Healthy Kids	\$ 2,250,000	\$ 482,000	\$ 2,732,000	21.4%
7 Information Resource and Referral	1,360,000	-	1,360,000	0.0%
<b>Sub-Total</b>	<b>\$ 3,610,000</b>	<b>\$ 482,000</b>	<b>\$ 4,092,000</b>	<b>13.4%</b>
<i>New Investments Under Development, to be Aligned with SP (Strategic Plan Implementation Fund)</i>				
Families	\$ 636,000	\$ -	\$ 636,000	0.0%
Communities	1,093,750	-	1,093,750	0.0%
Early Care & Education (ECE) Systems	370,000	-	370,000	0.0%
Health, Mental Health & Substance Abuse Systems	546,250	-	546,250	0.0%
Other/Cross-Cutting Activities	490,000	-	490,000	0.0%
<b>Sub-Total</b>	<b>\$ 3,136,000</b>	<b>\$ -</b>	<b>\$ 3,136,000</b>	<b>0.0%</b>
<b>TOTAL 2015-2020 STRATEGIC PLAN: FOCUSING FOR THE FUTURE</b>	<b>\$ 68,047,000</b>	<b>\$ (6,048,000)</b>	<b>\$ 61,999,000</b>	<b>-8.9%</b>
<b>LEGACY INVESTMENTS</b>				
8 At-Risk Fathers Investment	\$ 150,000	\$ -	\$ 150,000	0.0%
9 Baby Friendly Hospitals	1,245,000	106,000	1,351,000	8.5%
10 Black Infant Health	1,955,000	-	1,955,000	0.0%
11 Children's Dental Care	10,656,000	-	10,656,000	0.0%
12 Children's Vision Care	1,341,000	-	1,341,000	0.0%
13 Early Identification and Intervention - Autism and Other Developmental Delays	818,000	128,000	946,000	15.6%
14 ECE Environmental Scan	80,000	-	80,000	0.0%
15 Healthy Food Access	2,064,000	-	2,064,000	0.0%
16 Little by Little/One Step Ahead	3,515,000	-	3,515,000	0.0%
17 Los Angeles Universal Preschool	55,423,000	-	55,423,000	0.0%
18 Oral Health & Nutrition - Dental Home	3,904,000	(490,000)	3,414,000	-12.6%
19 Parent Child Interaction Therapy	4,642,000	(1,900,000)	2,742,000	-40.9%
20 Partnerships for Families	150,000	-	150,000	0.0%
21 Peer Support Groups for Parents	1,469,000	(425,000)	1,044,000	-28.9%
22 Policy Advocacy Fund	2,194,000	-	2,194,000	0.0%
23 Reducing Childhood Obesity	15,462,000	-	15,462,000	0.0%
24 Resource Mobilization - ECE	1,225,000	(700,000)	525,000	-57.1%
25 Resource Mobilization - Funder Partnerships	60,000	-	60,000	0.0%
26 Resource Mobilization - Health	1,540,000	-	1,540,000	0.0%
27 Resource Mobilization - Organizational Capacity Building	550,000	-	550,000	0.0%
28 Resource Mobilization - Project Development	-	5,000	5,000	N/A
29 Tot Parks and Trails	660,000	-	660,000	0.0%
30 Universal Assessment of Newborns	8,785,000	(1,804,000)	6,981,000	-20.5%

BUDGET COMPONENT		APPROVED FY 2015-16 BUDGET	PROPOSED ADJUSTMENTS	REVISED FY 2015-16 BUDGET	% CHANGE
31	Workforce Development	2,522,000	-	2,522,000	0.0%
32	Workforce Development - ECE Workforce Consortium	12,798,000	-	12,798,000	0.0%
<b>TOTAL LEGACY INVESTMENTS</b>		<b>\$ 133,208,000</b>	<b>\$ (5,080,000)</b>	<b>\$ 128,128,000</b>	<b>-3.8%</b>
<b>RESEARCH AND EVALUATION</b>					
33	Data Development and Integration	\$ 2,527,000	\$ -	\$ 2,527,000	0.0%
34	Data Partnership with Funders	900,000	-	900,000	0.0%
35	Program Evaluation	4,240,000	(334,000)	3,906,000	-7.9%
<b>TOTAL RESEARCH AND EVALUATION</b>		<b>\$ 7,667,000</b>	<b>\$ (334,000)</b>	<b>\$ 7,333,000</b>	<b>-4.4%</b>
<b>TOTAL FIRST 5 LA PROGRAM BUDGET</b>		<b>\$ 208,922,000</b>	<b>\$ (11,462,000)</b>	<b>\$ 197,460,000</b>	<b>-5.5%</b>

INITIATIVE NAME	PROGRAM NAME	APPROVED FY 2015-16 BUDGET	PROPOSED ADJUSTMENTS	REVISED FY 2015-16 BUDGET	% CHANGE
<b>2015-2020 STRATEGIC PLAN: FOCUSING FOR THE FUTURE</b>					
<b><i>Investments and Approaches Reaffirmed by the Board and Aligned with SP</i></b>					
Families: Place-Based - Welcome Baby/Select Home Visiting	Family Strengthening Oversight Entity	\$ 3,418,000	\$ -	\$ 3,418,000	0%
	Family Strengthening Public Education	100,000	-	100,000	0%
	Select Home Visitation Programs	17,183,000	(4,315,000)	12,868,000	-25%
	Welcome Baby Hospitals	15,902,000	(1,322,000)	14,580,000	-8%
Communities: Place-Based - Community Capacity Building	Best Start Metro LA	1,112,000	-	1,112,000	0%
	Long-Term Business Model Transition	28,000	67,000	95,000	239%
	Marketing & Communications	1,870,000	(670,000)	1,200,000	-36%
	Partnership Capacity Building	2,933,000	(307,000)	2,626,000	-10%
	Partnership Support	2,323,000	1,270,000	3,593,000	55%
	Resident Engagement	3,520,000	-	3,520,000	0%
	Results-Focused Actions	5,243,000	(1,253,000)	3,990,000	-24%
Policy Agenda/Advocacy	Early Learning Advocacy Strategies	2,055,000	-	2,055,000	0%
	Federal Policy and Sustainability Advocate	127,000	-	127,000	0%
	Opinion Research	75,000	-	75,000	0%
	Policy Briefs	100,000	-	100,000	0%
	State Policy and Sustainability Advocate	440,000	-	440,000	0%
Communications & Marketing	Communications & Marketing	4,672,000	-	4,672,000	0%
Communications - Conference Funding	Conference Funding	200,000	-	200,000	0%
<b><i>Sub-Total</i></b>		<b>\$ 61,301,000</b>	<b>\$ (6,530,000)</b>	<b>\$ 54,771,000</b>	<b>-11%</b>
<b><i>Existing Investments Potentially Aligned with SP</i></b>					
Healthy Kids	Healthy Kids Insurance Coverage	\$ 250,000	\$ 380,000	\$ 630,000	152%
	Healthy Kids Outreach, Enrollment, Retention, and Utilization	2,000,000	102,000	2,102,000	5%
Information Resource and Referral	211 LA County	1,340,000	-	1,340,000	0%
	Performance Based Agreement (Consulting)	20,000	-	20,000	0%
<b><i>Sub-Total</i></b>		<b>\$ 3,610,000</b>	<b>\$ 482,000</b>	<b>\$ 4,092,000</b>	<b>13%</b>
<b><i>New Investments Under Development, to be Aligned with SP (Strategic Plan Implementation Fund)</i></b>					
Families		\$ 636,000	\$ -	\$ 636,000	0%
Communities		1,093,750	-	1,093,750	0%
Early Care & Education (ECE) Systems		370,000	-	370,000	0%
Health, Mental Health & Substance Abuse Systems		546,250	-	546,250	0%
Other/Cross-Cutting Activities		490,000	-	490,000	0%
<b><i>Sub-Total</i></b>		<b>\$ 3,136,000</b>	<b>\$ -</b>	<b>\$ 3,136,000</b>	<b>0%</b>
<b>TOTAL 2015-2020 STRATEGIC PLAN: FOCUSING FOR THE FUTURE</b>		<b>\$ 68,047,000</b>	<b>\$ (6,048,000)</b>	<b>\$ 61,999,000</b>	<b>-9%</b>

INITIATIVE NAME	PROGRAM NAME	APPROVED FY 2015-16 BUDGET	PROPOSED ADJUSTMENTS	REVISED FY 2015-16 BUDGET	% CHANGE
<b>LEGACY INVESTMENTS</b>					
At-Risk Fathers Investment	At-Risk Fathers Investment	\$ 150,000	\$ -	\$ 150,000	0%
Baby Friendly Hospitals	Baby Friendly Hospital Project - Cycle 2	-	274,000	274,000	N/A
	Baby Friendly Hospital Project - Cycle 3	645,000	(168,000)	477,000	-26%
	Baby Friendly Hospital Project - Cycle 4	600,000	-	600,000	0%
Black Infant Health	Birth Outcomes and Disparities – Policy and Systems Change	500,000	-	500,000	0%
	Black Infant Health Program	1,455,000	-	1,455,000	0%
Children's Dental Care	Children's Dental Care Program	10,656,000	-	10,656,000	0%
Children's Vision Care	Children's Vision Care	1,341,000	-	1,341,000	0%
Early Identification and Intervention - Autism and Other Developmental Delays	Early Identification and Intervention - Autism and Other Developmental Delays	818,000	128,000	946,000	16%
ECE Environmental Scan	ECE Environmental Scan	80,000	-	80,000	0%
Healthy Food Access	Children's Garden Collaborative	1,389,000	-	1,389,000	0%
	Market Match	675,000	-	675,000	0%
Little by Little/One Step Ahead	Little by Little/One Step Ahead Program	3,515,000	-	3,515,000	0%
Los Angeles Universal Preschool	Los Angeles Universal Preschool	55,423,000	-	55,423,000	0%
Oral Health & Nutrition - Dental Home	Oral Health & Nutrition - Dental Home	3,904,000	(490,000)	3,414,000	-13%
Parent Child Interaction Therapy	Parent Child Interaction Therapy	4,642,000	(1,900,000)	2,742,000	-41%
Partnerships for Families	Partnerships for Families	150,000	-	150,000	0%
Peer Support Groups for Parents	Peer Support Groups Lead Agency	1,352,000	(425,000)	927,000	-31%
	Peer Support Groups Training and Technical Assistance Provider	117,000	-	117,000	0%
Policy Advocacy Fund	Policy Advocacy Fund - I	805,000	-	805,000	0%
	Policy Advocacy Fund - II	1,276,000	-	1,276,000	0%
	Policy Advocacy Fund Technical Assistance Provider	113,000	-	113,000	0%
Reducing Childhood Obesity	Reducing Childhood Obesity	15,462,000	-	15,462,000	0%
Resource Mobilization - ECE	ECE Recoverable Grant	925,000	(700,000)	225,000	-76%
	Grade Level Reading Campaign	300,000	-	300,000	0%
Resource Mobilization - Funder Partnerships	Emerging Funder Collaboratives	30,000	-	30,000	0%
	LA-N-Sync	15,000	-	15,000	0%
	Los Angeles Partnership for Early Childhood Investment	15,000	-	15,000	0%
Resource Mobilization - Health	Early Childhood Linkages to Wellness	1,250,000	-	1,250,000	0%
	Freshworks Fund	290,000	-	290,000	0%
Resource Mobilization - Organizational Capacity Building	Organizational Capacity Building	550,000	-	550,000	0%
Resource Mobilization - Project Development	Consulting	-	5,000	5,000	N/A
Tot Parks and Trails	Tot Parks and Trails	660,000	-	660,000	0%
Universal Assessment of Newborns	Welcome Baby Hospitals	8,785,000	(1,804,000)	6,981,000	-21%
Workforce Development	CARES Plus	2,000,000	-	2,000,000	0%
	P-5 Workforce Development Core Competencies	522,000	-	522,000	0%
Workforce Development - ECE Workforce Consortium	ECE Workforce Consortium	12,798,000	-	12,798,000	0%
<b>TOTAL LEGACY INVESTMENTS</b>		<b>\$ 133,208,000</b>	<b>\$ (5,080,000)</b>	<b>\$ 128,128,000</b>	<b>-4%</b>

INITIATIVE NAME	PROGRAM NAME	APPROVED FY 2015-16 BUDGET	PROPOSED ADJUSTMENTS	REVISED FY 2015-16 BUDGET	% CHANGE
<b>RESEARCH AND EVALUATION</b>					
Data Development and Integration	Data Consultant	\$ 8,000	\$ -	\$ 8,000	0%
	Data Requests	10,000	(1,000)	9,000	-10%
	Dissemination	42,000	-	42,000	0%
	First 5 LA Contracts and Grants Program Reporting Database	200,000	(13,000)	187,000	-7%
	Los Angeles County Health Survey	108,000	34,000	142,000	31%
	Los Angeles County P-5 Asset Mapping	13,000	(13,000)	-	-100%
	Los Angeles Mommy and Baby (LAMB) Project	260,000	-	260,000	0%
	Maternal Infant Hospital Assessment	105,000	-	105,000	0%
	Stronger Families Database	880,000	(7,000)	873,000	-1%
	WIC Data Mining Research Partnership	320,000	-	320,000	0%
Data Partnership with Funders	Workforce Registry	581,000	-	581,000	0%
	Children's Data Network (CDN)	900,000	-	900,000	0%
Program Evaluation	Best Start Evaluation	285,000	89,000	374,000	31%
	Countywide Systems Improvement Evaluation	61,000	33,000	94,000	54%
	Early Identification and Intervention - Autism and Other Developmental Delays Evaluation	100,000	(35,000)	65,000	-35%
	Little by Little/One Step Ahead Evaluation	10,000	(5,000)	5,000	-50%
	Los Angeles Universal Preschool Evaluation - Universal Preschool Child Outcomes Study	109,000	-	109,000	0%
	Medi-Cal Match Feasibility Study	45,000	3,000	48,000	7%
	Obesity Prevention & Nutrition Collective Impact Evaluation	720,000	-	720,000	0%
	Parent-Child Interaction Therapy Evaluation	47,000	-	47,000	0%
	Peer Support Groups for Parents Implementation Evaluation	62,000	-	62,000	0%
	Professional Development Program Evaluation	1,501,000	-	1,501,000	0%
	Professional Development System Study	340,000	(340,000)	-	-100%
	Universal Screening Psychometric Study	170,000	13,000	183,000	8%
Welcome Baby Impact Study	275,000	(92,000)	183,000	-33%	
Welcome Baby Implementation and Outcomes Evaluation	515,000	-	515,000	0%	
<b>TOTAL RESEARCH AND EVALUATION</b>		<b>\$ 7,667,000</b>	<b>\$ (334,000)</b>	<b>\$ 7,333,000</b>	<b>-4%</b>
<b>TOTAL FIRST 5 LA PROGRAM BUDGET</b>		<b>\$ 208,922,000</b>	<b>\$ (11,462,000)</b>	<b>\$ 197,460,000</b>	<b>-5%</b>

**BUDGET SUMMARY FY 2015-16**  
**Mid-Year Adjustments**

		<b>Approved FY 2015-16 Budget</b>	<b>Estimated FY 2015-16 Expenditures</b>	<b>Projected Savings/ (Shortfalls)</b>	<b>Mid-Year Adjustments</b>	<b>Revised FY 2015-16 Budget</b>
<b>Personnel Services</b>						
	Total Salaries	12,387,038	11,785,481	601,557	-	12,387,038
	Total Employee Benefits	3,980,943	3,148,026	832,917	-	3,980,943
	<b>Total Personnel Services</b>	<b>16,367,981</b>	<b>14,933,507</b>	<b>1,434,474</b>	<b>-</b>	<b>16,367,981</b>
<b>General Operating Expenses</b>						
6131	ADP Payroll Charges	31,000	31,000	-	-	31,000
6132	Workers' Compensation Insurance	100,000	90,173	9,827	-	100,000
6202	Utilities	155,000	163,000	(8,000)	10,000	165,000
6203	Corporate Insurance	76,000	66,136	9,864	-	76,000
6205	Mileage and Parking	61,850	41,657	20,193	4,000	65,850
6206	Telephones and Modems	65,000	45,800	19,200	(19,200)	45,800
6207	Cell Phones and Mobile Devices	52,250	38,000	14,250	(8,900)	43,350
6208	Outside Printing	19,200	16,566	2,634	2,500	21,700
6209	Other Supplies	12,150	12,000	150	-	12,150
6210	Postage and Delivery	13,300	13,400	(100)	200	13,500
6211	Educational Supplies	5,300	818	4,482	-	5,300
6212	Office Supplies	83,980	58,375	25,605	(4,200)	79,780
6214	Subscriptions and Publications	10,060	4,096	5,964	(200)	9,860
6218	Equipment Rental	118,200	110,000	8,200	-	118,200
6220	Building Repairs and Maintenance	180,000	180,000	-	-	180,000
6221	Equipment Repairs and Maintenance	32,000	5,173	26,827	(5,000)	27,000
6222	Offsite Storage	23,700	17,397	6,303	-	23,700
6223	Hardware and Software Maintenance	258,000	200,405	57,595	(30,000)	228,000
6230	Miscellaneous Service Charges	27,000	12,000	15,000	-	27,000
6231	Miscellaneous/Contingency	75,000	44,295	30,705	(4,800)	70,200
	<b>Total General Operating Expenses</b>	<b>1,398,990</b>	<b>1,150,292</b>	<b>248,698</b>	<b>(55,600)</b>	<b>1,343,390</b>
<b>Professional Services</b>						
6502	Audit	70,000	70,000	-	-	70,000
6504	Legal	175,000	162,000	13,000	-	175,000
6507	Professional Dues	82,100	22,950	59,150	4,250	86,350
6508	Professional Dues - First 5 Association	50,000	50,000	-	-	50,000
6509	Professional Development	210,800	75,327	135,473	(7,855)	202,945
6512	Staff Recruitment	25,000	16,902	8,098	-	25,000
6514	Commission Stipends	34,000	33,000	1,000	-	34,000
6606	Human Resources Related Costs	68,000	36,000	32,000	-	68,000
	<b>Total Professional Services</b>	<b>714,900</b>	<b>466,179</b>	<b>248,721</b>	<b>(3,605)</b>	<b>711,295</b>
<b>Consultant Services</b>						
6601	Consultant Fees	1,491,000	1,079,190	411,810	(2,295)	1,488,705
6602	Other Professional Fees	237,500	269,000	(31,500)	39,450	276,950
6603	External Reviewers	5,000	12,800	(7,800)	7,800	12,800
	<b>Total Consultant Services</b>	<b>1,733,500</b>	<b>1,360,990</b>	<b>372,510</b>	<b>44,955</b>	<b>1,778,455</b>
<b>Travel and Meeting Expenses</b>						
6701	Airfare	86,242	37,230	49,012	9,000	95,242
6702	Program Events	40,000	40,000	-	-	40,000
6703	Lodging	84,876	45,332	39,544	10,400	95,276
6704	Conference Registration	89,485	69,428	20,057	12,180	101,665
6706	Local Meetings	115,900	33,552	82,348	(21,580)	94,320
6707	Per Diem	42,488	25,211	17,277	4,250	46,738
	<b>Total Travel and Meeting Expenses</b>	<b>458,991</b>	<b>250,752</b>	<b>208,239</b>	<b>14,250</b>	<b>473,241</b>
<b>Capital Improvements</b>						
6216	Capital Outlay	120,000	100,000	20,000	-	120,000
6302	Capital Improvements	-	-	-	-	-
	<b>Total Capital Improvements</b>	<b>120,000</b>	<b>100,000</b>	<b>20,000</b>	<b>-</b>	<b>120,000</b>
	<b>Total Operating Expenses</b>	<b>20,794,362</b>	<b>18,261,721</b>	<b>2,532,641</b>	<b>-</b>	<b>20,794,362</b>

**FY 2015-16**

# **Mid-Year Budget Adjustments**

**Budget & Finance Committee Meeting**

**March 1, 2016**

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# Overview & Approach

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Process: Consistent with prior year, we consolidated all adjustments into a single mid-year process

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Proposed adjustments include both additional identified needs as well as areas where reductions to spending authority are appropriate based on analysis of spending and updated information

# Policy Guardrails

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Operating: Adjustments between line items in excess of \$25,000 must be brought to the Board of Commissioners for approval

- Historically have provided the Board with detail of all adjustments between line items, regardless of amount to provide full context and ensure transparency

Program: All adjustments to approved Program budget amounts must be brought to the Board of Commissioners for approval

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# FY 2015-16 Budget Summary

Budget Component	Approved FY 15-16 Budget	Proposed Adjustments	Revised FY 15-16 Budget	% Change
<b>Program</b>				
2015-2020 Strategic Plan: Focusing for the Future	\$ 68,047,000	\$ (6,048,000)	\$ 61,999,000	-8.9%
Legacy Initiatives	133,208,000	(5,080,000)	128,128,000	-3.8%
Research & Evaluation	7,667,000	(334,000)	7,333,000	-4.4%
<b>Total Program</b>	<b>\$ 208,922,000</b>	<b>\$ (11,462,000)</b>	<b>\$ 197,460,000</b>	<b>-5.5%</b>
<b>Operating</b>	<b>20,794,362</b>	<b>-</b>	<b>20,794,362</b>	<b>0.0%</b>
<b>Total FY 2015-16 Budget</b>	<b>\$ 229,716,362</b>	<b>\$ (11,462,000)</b>	<b>\$ 218,254,362</b>	<b>-5.0%</b>

# Program Highlights

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Highlights are provided in the accompanying memo at the initiative level

Increases – do not represent requests for new funding; reflect spending within an approved allocation, existing contract, or funding previously approved by the Board through the expiring initiatives assessment process

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# Program Highlights

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Reductions – represent revisions to original budget estimates, primarily driven by:

- Updated information or changing circumstances
  - Final contract negotiations vs. budget estimates
  - Updated spending projections
  - Updated information regarding programmatic outcomes, targets or deliverables
- Delays in:
  - Procurement and contract negotiation processes (Internal)
  - Subcontracting process; hiring (External)

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# Operating Highlights

- Cost Neutral = no additional funds requested
- The administrative limit remains within the dollar amount limit approved by the Board of \$11.4 million.

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Operating Cost Category	Approved FY 15-16 Budget	Proposed Adjustments	Revised FY 15-16 Budget	% Change
Personnel Services	\$ 16,367,981	\$ -	\$ 16,367,981	0.0%
General Operating Expenses	1,398,990	(55,600)	1,343,390	-4.0%
Professional Services	714,900	(3,605)	711,295	-0.5%
Consultant Services	1,733,500	44,955	1,778,455	2.6%
Travel & Meeting Expenses	458,991	14,250	473,241	3.1%
Capital Improvements	120,000	-	120,000	0.0%
<b>Total Operating Costs</b>	<b>\$ 20,794,362</b>	<b>\$ -</b>	<b>\$ 20,794,362</b>	<b>0.0%</b>

# Next Steps

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- March 10, 2016: Commission informational item
- March 22, 2016: Return to B&F for further discussion, if needed
- April 14, 2016: Commission action item (Consent)

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## Adjustments will inform:

- Development of the FY 2016-17 Budget
- Reaffirmation process prior to June 30
  - All levels of fund balance will be evaluated for appropriateness and potential modifications

# QUESTIONS?



**INITIATIVE SPENDING UPDATE**  
*Report to the Budget & Finance Committee*

**1. Initiative: Reducing Childhood Obesity**

**2. Financial status:**

	\$	%Spent
a. FY 2015-16 Funding level	<b>\$15,462,000</b>	N/A
b. Amount spent as reported in the January 2016 Monthly Financial Report	\$1,274,156	8%

The Monthly Financials as of January 2016 reflect expenditures for Q1 (July-September 2015) only. Because the contractor invoices on a quarterly schedule, expenditures for October 2015 through January 2016 are not captured in this report. Note that spending for Q1 is more accurately reflected when including subcontractor costs from the Q2 invoice since County captures these costs two to three months behind (subcontractors cannot invoice until costs are incurred). The County recently submitted their Q2 invoice, which is not reflected in the January 2016 financials. Subcontractor costs in the Q2 invoice total \$2,507,063; when combined with the Q1 invoice, this represents 25% of the fiscal year budget spent, which is on target for Q1 benchmark spending.

**3. Brief purpose & history of the initiative:**

The Reducing Childhood Obesity Project aims to reduce the prevalence of overweight and obesity among children ages 0-5 and their families in Los Angeles County. The project is implemented and managed by the County of Los Angeles Department of Public Health (DPH). In July 2011, the First 5 LA Commission approved a \$41.2 million allocation for the project for four years. In April 2015, DPH was granted a one year no cost extension to continue the project and successfully complete work. The Strategic Partnership with DPH began July 1, 2012 and will continue through June 30, 2017<sup>1</sup>.

The project brings together a broad range of partners to implement community-based public education, skills-building, and environmental change to promote physical activity and healthy eating among the nearly one million Los Angeles County children ages 0-5 and their families. Services are provided in all Service Planning Areas, with priority given to communities that have childhood obesity rates that exceed the County average, including the fourteen Best Start Communities.

The three major interventions of the project to be implemented countywide are:

1. Choose Health LA Kids (CHLA Kids), an intensive community-based public education and skills-building effort in targeted community clinics, restaurants, grocery stores, and neighborhoods in order to promote healthy eating and physical activity.

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<sup>1</sup> The Strategic Partnership was originally scheduled to end on June 30, 2016. During First 5 LA's Expiring Initiative Process, the Board approved to waive Governance Guideline #7 within its current allocation through June 30, 2017 to continue the initiative and successfully complete work under the Multi Year Scope of Service.

2. Choose Health LA Child Care (CHLA Child Care), a program focused on increasing the capacities of licensed and licensed-exempt child care providers to improve nutrition and physical activity in child care settings.
3. Choose Health LA Moms (CHLA Moms), a program designed to reduce obesity among postpartum women through guidance on breastfeeding, nutrition, physical activity, water consumption, and stress reduction.

#### **4. Implementation status/update of programs(s):**

##### ***Accomplishments to Date***

Over the past 3 years, the contractor has made important progress on the Reducing Childhood Obesity Project, by building the infrastructure for the project to execute on the stated goals and objectives. They have worked to build the organizational capacity of partnering and subcontracted agencies in order to implement direct services, and execute on objectives related to environmental, policy and systems change work.

- For the CHLA Kids Program, the County contracted with 20 select community based organizations (RFP contracts) to deliver nutrition and physical activity education and resources to families with children ages 0-5. Parent collaboratives were developed to advocate for policies to reduce unhealthful food and beverage marketing to young children. DPH has also partnered with DCFS and other public agencies to provide significant capacity building and implement systems change: 222 DCFS/DPH social workers and public health nurses were trained on addressing childhood obesity within the welfare system, 29 public and community clinics have been trained in implementing obesity prevention protocols. Furthermore, through the Choose Health LA Restaurant Program, 59 restaurant brands, including Subway, for a total of 731 locations<sup>2</sup> across the county have committed to offering reduced adult portion sizes and providing healthier children menu options.
- For the CHLA Child Care program, Child Care Resource Center subcontracts with 10 Child Care Alliance members to provide workshops and technical assistance to child care providers and conduct outreach to providers and parents. Over 4,500 providers have been trained on the Choose Health LA Child Care curriculum to improve nutrition and physical activity in child care settings, and over 1,650 child care providers received 1:1 technical assistance to implement the curriculum; 9,000 parents have been reached through community events and printed materials.
- Through Choose Health LA Moms, 390 new mothers have fully registered for the internet-based program to help them get healthy after having a baby. Much interest has been generated from the recent *Choose Water* campaign, which include inquiries and request for materials from cities (e.g. Austin, TX), state health departments (e.g. New York Department of Health), and interest from another country (New Zealand-Auckland Regional Public Health Service).

##### ***Programmatic Delays***

There were no significant programmatic delays in Q1.

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<sup>2</sup> 640 of the 731 restaurants are Subway locations

## **5. Reasons for the unanticipated rate of spending**

The first invoice of the fiscal year appears to reflect underspending because the County is two to three months behind in capturing actual costs incurred. Various reasons for perceived underspending are listed below.

### **a. County Accounting Practices:**

The County's standard accounting practice requires the Department of Public Health to approve all invoices after the services/items are rendered/received. Therefore, the County's accounting and purchasing system, Electronic Countywide Accounting and Purchasing System (eCAPS) is approximately two to three months behind expenditure dates in capturing invoices/costs associated with the Reducing Childhood Obesity Project. As mentioned above, estimated costs incurred by subcontractors (Contracted Services and Evaluation) in Q1 are more accurately reflected in County's Q1 and Q2 invoices to First 5 LA. The County recently submitted their Q2 invoice which is not reflected in the January 2016 financials. The Contracted Services and Evaluation cost categories in the Q2 invoice add up to \$2,507,063. When combined with the Q1 invoice, this represents 25% of the budget spent, which more accurately represents spending for activities conducted in Q1.

### **b. Personnel Vacancies:**

Two of the 20 budgeted positions are vacant. The Public Health Nurse (PHN) Program Specialist and Research Analyst III<sup>3</sup> vacancies have not impacted program implementation as other staff have assumed responsibilities. The PHN position has been vacant due to unanticipated medical leave. The Staff Analyst, lead administrator for CHLA Moms, took over as manager of the health educators and other duties of the PHN were distributed to existing CHLA Moms staff. The PHN position will be removed in the Mid-Year Adjustment as duties assumed by other staff have been manageable. Efforts are being made to fill the Research Analyst III position as evaluation efforts will ramp up next year, the last year (Year 5) of the project.

### **c. Underspending in Contracted Services:**

- Some services such as translation and nutrition and physical activity consultation were not needed in Q1.
- DPH's Legal Policy Analyst was able to respond to inquiries and provide technical assistance to the 20 RFP agencies; therefore technical assistance consultation from subject matter contractor Change Lab Solutions was not needed

### **d. Underspending in Evaluation**

- Vendors such as Observational Assessments and Focus Group Testing for CHLA Child Care did not incur costs in Q1 because purchase orders were approved in September 2015. Purchase orders are for one-time purchases of goods and services that will not exceed \$100,000 nor extend past one fiscal

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<sup>3</sup> A qualified candidate identified for this CHLA Moms position, however, ineligibility for the position was found on the first day of work. Other evaluation staff from the CHLA Moms, CHLA Child Care, and CHLA Kids teams are assuming this position's responsibilities in the interim. A new candidate search is being conducted as this is a necessary position with evaluation efforts being ramped up next year (Year 5).

year. It takes at least three months to fully process purchase orders, and the award is given to the lowest bidder.

- Some contracted evaluations did not incur costs in Q1 due to difficulty in sampling participants with very restricted criteria (low income and exclusively parents of children ages 0-5). As a result, the contracted internet panel survey and restaurant surveys will be removed in the Mid-Year Adjustment because they do not yield meaningful information. Instead, internal evaluation activities will capture progress on the CHLA Restaurant Program (e.g. DPH publications, GIS mapping, environmental/fidelity scans, analysis of the extent of menu changes). DPH is undergoing a Mid-Year Adjustment to decrease the contract budget by \$362,422, bringing the total budget amount to \$15,099,569 for this fiscal year. The reduction is due to anticipated savings in primarily Personnel and Evaluation, as previously noted.