

AGENDA

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

Budget & Finance Committee Chair: Robert Byrd

Tuesday, May 24, 2016
1:00 PM

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**
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Review Special Meeting of the Budget and Finance Committee
Notes
– December 10, 2015 and April 28, 2016
- **Joseph Ybarra, Chair**
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Monthly Financial Statements
- **Alison Mendes, Finance Manager**
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Annual Audit – Entrance Interview
- **Faustino Genio, Staff Accountant**
- **Roger Alfaro, Managing Partner, Vavrinek, Trine, Day & Co**
5. **INFORMATION** 31
Review Proposed Draft FY 2016-2017 Budget
- **Alison Mendes, Finance Manager**
- **Daisy Lopez, Budget Manager**

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EXECUTIVE VICE PRESIDENT

John A. Wagner

A PUBLIC ENTITY

6. **INFORMATION**

First 5 LA Policy Update:

- **John Wagner, Chief Operating Officer**

A. Fund Balance Policy

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B. Budget Policy

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7. **INFORMATION**

Public Comment

8. **ACTION**

Adjournment



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

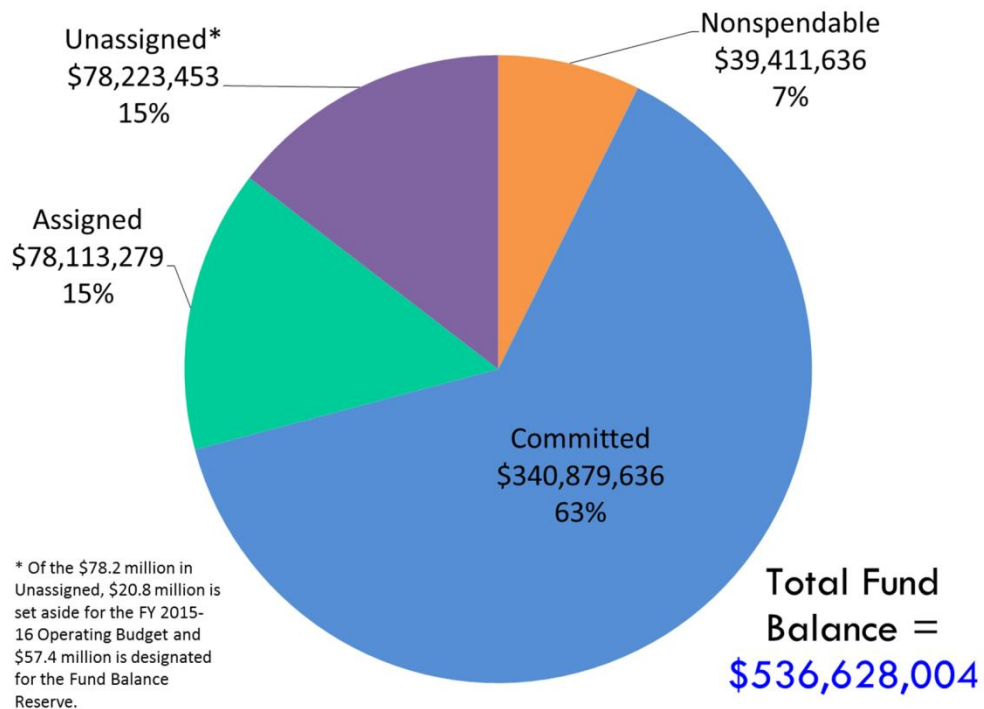
Nonspendable: Funds that have been advanced to a contractor or grantee for services to be provided in the future and are considered to be an asset of the Commission.

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".

FY 2016-17 BUDGET CALENDAR		
DATE	ACTIVITY	VENUE
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.

SUMMARY MEETING NOTES

**FIRST 5 LA
SUMMARY MEETING NOTES
Special Meeting of the Budget & Finance Committee
April 28, 2016
10:30 am – 12:00 pm**

COMMITTEE MEMBERS PRESENT:

Nancy Au [Vice Chair]
Joseph Ybarra (Chair)
Marlene Zepeda

COMMISSIONERS PRESENT:

Suzanne Bostwick [Alternate]

COMMITTEE MEMBERS ABSENT:

Jane Boeckmann (Excused)

STAFF PRESENT:

Antoinette Andrews, Communities Outcome Lead
Kim Belshé, Executive Director
Barbara Andrade DuBransky, Families Outcome Lead
Katie Fallin, ECE System Outcome Lead
Reena John, Health-Related Systems Outcome Lead
Daisy Lopez, Budget Manager
Alison Mendes, Finance Manager
Teresa Nuno, Chief Program Officer
Raoul Ortega, Finance Director
Gabriel Sanchez, Director
Communications and Marketing
Linda Vo, Board Secretary
John Wagner, Chief Operating Officer

1. Call to Order/Roll Call

The meeting was called to order by Committee Chair Ybarra at 10:36 am. Roll call completed.

2. Review of Meeting Notes – Special Meeting of the Budget and Finance Committee, December 10, 2015 and March 1, 2016

The December 10, 2015 meeting notes were tabled, given there were no prior Budget and Finance Committee members present who could speak to the accurateness of the notes. Accordingly, they will be received and filed at the next upcoming Budget and Finance Committee meeting. The Committee received and filed the March 1, 2016 meeting notes.

3. Monthly Financial Statements

Mr. Ortega goes over the current monthly financial statements for the month ending February 29, 2016. He noted that these were already presented to and approved by the Commission earlier in the month. He then highlighted some of the transactions for the month of February. For the first time, he informed the Committee that they would see a credit for \$331,000 which reflects an adjusting entry. Mr. Ortega indicated that this entry should originally have been entered as a receivable against a receivable but it was not so it has been adjusted accordingly.

Overall, Mr. Ortega announced that the February monthly financials are in alignment with what was originally projected for FY 15-16. Finally, he informed the Committee that there is a dramatic reduction in expenses, given LAUP was already booked the previous month on the January financial statements.

Mr. Ortega ended his presentation and asked the Committee if they had any questions or concerns.

Commissioner Au asked if staff took into consideration changes in the economy when they made their projections.

Mr. Ortega said that they do use info from the State Department of Finance to help them project their numbers.

SUMMARY MEETING NOTES

Mr. Wagner also reminded the Committee that Finance does present on the long term financial projections every December that will speak to the question that she just raised.

Ms. Belshé then informed the Committee that if there is a passing of the initiative that would tax e-cigarettes, there will be a small portion that will go to First 5s. However, she did add that this amount would be very small.

4. Review Proposed Draft FY 16-17 Budget

Mr. Ortega began the conversation around the proposed budget by saying that this is the first time First 5 LA is really grounding its work around the strategic plan and its four outcome areas and focusing on policy and systems change, thus moving away from funding direct services. He then handed off the presentation to Ms. Mendes who began by giving context on the budget process.

Ms. Mendes reminded the Committee that the FY 16-17 supports the second year of the 2015-20 Strategic Plan. This budget was guided by and created from the following input:

1. Continued 2015-2020 Strategic Plan implementation and development of activities during the year
2. Expiring Initiatives Assessments
3. Ongoing Organizational Development & Transformation processes
4. Updated Long-Term Financial Projection
5. Governance Guidelines

She then gave a little background on the components of the FY 2016-17 budget:

1. 2015-2020 Strategic Plan: Focusing for the Future
 - a) Strategic Plan Priority Outcome Areas
 - b) Strategic Plan Investment Areas & Support Costs
2. Legacy Investments
3. Research & Evaluation
4. Internal Operations

She then went over the summary highlights.

BUDGET CATEGORY	FY 2015-16		Proposed			
	Original	Revised		FY 2016-17		
Program						
<i>2015-2020 Strategic Plan: Focusing for the Future</i>						
a. Strategic Plan Priority Outcome Areas	\$ 57,649,000	\$ 51,119,000		\$ 82,430,000		
b. Strategic Plan Investment Areas & Support Costs	7,669,000	7,669,000		8,087,000		
<i>Total 2015-2020 Strategic Plan</i>	\$ 65,318,000	28%	\$ 58,788,000	27%	\$ 90,517,000	56%
<i>Legacy Investments</i>	136,518,000	59%	131,920,000	60%	41,144,000	26%
<i>Research & Evaluation</i>	7,086,000	3%	6,752,000	3%	7,166,000	4%
Total Program	\$ 208,922,000	91%	\$ 197,460,000	90%	\$ 138,827,000	86%
Operating	20,794,362	9%	20,794,362	10%	21,794,933	14%
TOTAL BUDGET	\$ 229,716,362	100%	\$ 218,254,362	100%	\$ 160,621,933	100%

SUMMARY MEETING NOTES

Ms. Mendes then covered how the four outcome areas are broken down in the FY 16-17 proposed budget:

2015-2020 STRATEGIC PLAN OUTCOME AREA	Approved		Proposed	
	FY 2015-16 Budget		FY 2016-17 Budget	
Families	\$ 31,602,000	62%	\$ 37,006,000	45%
Communities	17,229,750	34%	18,837,000	23%
Early Care & Education (ECE) Systems	1,251,000	2%	24,054,000	29%
Health-Related Systems	546,250	1%	2,533,000	3%
Other/Cross-Cutting Activities	490,000	1%	-	0%
Total Strategic Plan Priority Outcome Areas	\$ 51,119,000	100%	\$ 82,430,000	100%

Families Outcome Area:

FAMILIES OUTCOME AREA STRATEGY	Revised		Proposed	
	FY 2015-16 Budget		FY 2016-17 Budget	
Strategy 1 - Home Visiting	\$ 30,966,000	98%	\$ 35,460,000	96%
Strategy 2 - Family Engagement	636,000	2%	1,546,000	4%
Total Families Outcome Area	\$ 31,602,000	100%	\$ 37,006,000	100%

Ms. Andrade DuBransky informed the Committee that for FY 16-17, there will be a continuation of the implementation of home visiting efforts, including Welcome Baby, which is one of First 5 LA's anchor investments. In addition, the FY 16-17 budget will support the following:

- Program implementation/development of Project Dulce and Abriendo Puertas
- Integration of the family protective factors in county- and community-based agency programs via strategic communications and coordination with prevention and aftercare networks

Families Strategy 1

STRATEGY/PROGRAM	Proposed	
	FY 2016-17 Budget	
Families Strategy 1 - Home Visiting		
Welcome Baby Hospitals	\$ 16,447,000	46%
Select Home Visiting Programs	15,640,000	44%
Family Strengthening Oversight Entity	3,373,000	10%
Total Families Strategy 1	\$ 35,460,000	100%

- Represents 96% of the Families outcome area
- Continued implementation of the direct-service Welcome Baby and Select Home Visiting programs, including further ramp-up
 - All providers will be on board for a full 12 months in FY 2016-17
 - Increased rate of enrollment

Ms. Andrade DuBransky said there is a slight budget increase because of various things. For one, enrollment has gone up, which also causes other costs to go up for various things like program costs and staffing that would be needed to support the higher enrollment.

SUMMARY MEETING NOTES

Ms. Andrade DuBransky informed the Committee that staff also added in some money to cover marketing expenses. There were also slight merit increases because the home visiting program was having a hard time with staff retention and they felt that this incentive would help with staff retention.

Commissioner Zepeda asked if there would be further increases with salaries?

Ms. Andrade DuBransky said it is hard to determine if this would happen but added they did notice what home visitors did was they would jump to another home visiting program that would pay more.

Right now, the issue is really about the vacancies that they are having a hard time filling.

Commissioner Au asked if staff is tracking the hospitals, which ones have on site home visiting programs versus those that subcontract to someone outside. She asked if the engagement level is the same. She also wanted to know what staff is doing to engage those parents who are choosing not to do the home visiting program.

Ms. Andrade DuBransky said the effectiveness of home visiting services provided varies across the different hospitals and is not a result of the hospital itself. She added that they continue to get data from their grantees to see how well we are doing with this program and how they could further engage people from different groups of populations. She used the Cambodian population as an example of one that has been difficult to engage. She informed the Committee that the first generation of this population has a high level of trauma and an extreme distrust in systems and has shame-related issues with getting help from systems. Even with second generation Cambodians, providing the home visiting services has been a challenge as there is still a level of distrust.

She said staff is learning to cross train providers to ensure screeners can also provide the service and to engage these populations a lot earlier than they have been doing to get better outcomes for this program and its participants.

Commissioner Au says that it is important to track all the costs that go into this program so that we are able to share our learnings, especially if we were to duplicate these efforts at another hospital.

Families Strategy 2

STRATEGY/PROGRAM	Proposed FY 2016-17 Budget	
Families Strategy 2 - Family Engagement		
Abriendo Puertas	\$ 601,000	39%
Data Development	140,000	9%
Project Dulce	670,000	43%
Project Dulce Evaluation	135,000	9%
Total Families Strategy 2	\$ 1,546,000	100%

- Represents 4% of the Families outcome area
- Program research and development to build evidence base of Abriendo Puertas
- Continued program implementation (3 sites) and evaluation of Project DULCE pilot, which began in FY 2015-16
- Landscape analysis of measurement tools focused on increasing measurement of family protective factors

Ms. Andrade DuBransky said the increase in the budget is due to various reasons such as wanting to invest more in nutrition and education, in addition to incorporating technology to various sites that implement Project DULCE.

SUMMARY MEETING NOTES

Ms. Belshé reminded the Committee how the new Strategic Plan called out Project DULCE explicitly in supporting the work of the Families outcome areas.

Mr. Wagner added that this is an example of how partnerships with the County will help in moving this work forward. So rather than start from scratch, the Office of Child Protection (OCP) is working with the Advancement project to move work that is already being done by another organization.

Ms. Belshé said this is a concrete example of why staff will be bringing a proposal to the Commission to consider adding in some additional funds that would cover emerging opportunities that align with our current strategic plan. We do not want to be in a position with the County, and say that we are here to work, but then are unable to proceed because of a lack of funds dedicated to this area.

Commissioner Au would like to know where these opportunities would be coming from?

Mr. Wagner said that this is why staff is planning to have Judge Nash, Director of Office of Child Protection (OCP), come talk about what they are doing with regards to their strategic plan.

Commissioner Au said this would be great to have Judge Nash come to see how First 5 LA would play a part in facilitating the work of OCP.

Communities

COMMUNITIES OUTCOME AREA STRATEGY	Revised		Proposed	
	FY 2015-16 Budget		FY 2016-17 Budget	
Strategy 1 - Shared Vision and Collective Action	\$ 14,936,000	87%	\$ 14,069,000	75%
Strategy 2 - Coordinated Services and Supports	1,093,750	6%	1,064,000	6%
Strategy 3 - Built Environment Policy and Advocacy			1,005,000	5%
Cross-Strategy Investments	1,200,000	7%	2,699,000	14%
Total Communities Outcome Area	\$ 17,229,750	100%	\$ 18,837,000	100%

- Most of the costs in the Communities outcome area represent ongoing capacity-building investments in the 14 Best Start Communities, including the Community-Identified Projects
- Increase reflects continued development of Strategies 2 and 3, as well as the inclusion of the Capacity Building Consortium (Cross-Strategy Investments) for FY 2016-17

Communities Strategy 1

Community Engagement:

- Community-Identified Projects (\$5.6 million) – designed by the Community Partnerships to operationalize the Building Stronger Families Framework
- Resident Outreach Coordinators and Neighborhood Action Councils (\$3.5 million)

Community Partnerships: focus on strengthening the Partnerships’ ability to be effective vehicles for change

- Infrastructure support, including resources to develop the Long-Term Support Structure
- Coaching and technical assistance
- Learning Communities

Commissioner Zepeda asked what the 1.5 million for infrastructure support included?

SUMMARY MEETING NOTES

Ms. Andrews informed the Committee that this included all logistical costs: meeting costs, translation, transportation, and all the requirements in order to hold a meeting.

Commissioner Au noticed the cost of supporting *Best Start* Metro is a lot different from the costs of supporting the other 13 communities.

Ms. Andrews said part of the cost has to do with staffing costs, given there was a decision many years ago that this was the pilot for the *Best Start* Communities and support for it would be done differently from the other 13 *Best Start* Communities where First 5 LA is a lot more involved when it pertains to staffing.

Ms. Andrews said a part of Commissioner Au’s question will be answered by the release of additional information on how to best support the infrastructure of the *Best Start* Communities. Once that information is received, staff can proceed accordingly in providing additional support to these communities and adjust costs, if needed.

Communities Strategies 2 and 3

Strategy 2 – Coordinated Services & Supports

- Resource Network Coordination Capacity (\$1,064,000)
 - Most of the budget will support a pool of funds for community resource networks to strengthen service coordination

Strategy 3 – Built Environment Policy & Advocacy

- Policy/Advocacy Partnerships (\$1,005,000)
 - Built environment advocacy groups
 - Emerging leveraging opportunities related to advocacy around built environments

Communities – Cross Strategy Investments

STRATEGY/PROGRAM	Proposed FY 2016-17 Budget	
Communities - Cross-Strategy Investments		
Capacity Building Consortium	\$ 1,029,000	38%
Communications & Marketing	1,670,000	62%
Total Communities Cross-Strategy Investments	\$ 2,699,000	100%

Capacity Building Consortium:

- Partnership of organizations and consultants that provide training, technical assistance and coaching for nonprofits, networks and the Community Partnerships to help them become more effective, responsive and innovative

Communications & Marketing:

- Majority of resources (64%) is budgeted to build the communications capacity of the Community Partnership members

ECE

ECE OUTCOME AREA STRATEGY	Approved FY 2015-16 Budget	Proposed FY 2016-17 Budget	
Strategy 1 - Policy/Advocacy		\$ 3,615,000	15%
Strategy 2 - QRIS	\$ 1,251,000	18,903,000	79%
Strategy 3 - Professional Development		1,536,000	6%
Total ECE Outcome Area	\$ 1,251,000	\$ 24,054,000	100%

SUMMARY MEETING NOTES

Increase is due to continued development of the outcome area, including:

- ECE Policy Advocacy Fund (\$3M; Strategy 1) includes resources for the development, launch and implementation of the Fund and additional emerging opportunities
- Continued activities to meet the QRIS site targets for the First 5 CA IMPACT initiative (\$16.9M of First 5 LA funds; Strategy 2)

ECE Strategy 1

STRATEGY/PROGRAM	Proposed FY 2016-17 Budget	
ECE Strategy 1 - Policy/Advocacy		
ECE Policy Advocacy Fund	\$ 3,000,000	83%
Grade Level Reading Campaign	285,000	8%
Kindergarten Readiness Assessment	330,000	9%
Total ECE Strategy 1	\$ 3,615,000	100%

- ECE Policy Advocacy Fund will provide partnership grants to state/local ECE advocacy organizations and grant funding to support emerging projects
- Ongoing implementation of the LA Campaign for Grade Level Reading School Readiness Workgroup action plan
- Advancement of a common Kindergarten Readiness Assessment to inform/drive ECE policy, fiscal and systems change

ECE Strategy 2

STRATEGY/PROGRAM	Proposed FY 2016-17 Budget	
ECE Strategy 2 - QRIS		
Early Childhood Educators Improving Quality (CCALA)	\$ 600,000	3%
QRIS Architects Group and Systems Planning	1,085,000	6%
QRIS Continuous Site Engagement (LAUP)	16,868,000	89%
Shared Services Support	350,000	2%
Total ECE Strategy 2	\$ 18,903,000	100%

- QRIS Continuous Site Engagement – focus on providing early childhood sites with quality improvement services, technical assistance and ratings; engagement in policy/advocacy activities
 - First 5 LA funds → allows us to draw down F5CA IMPACT funds
- QRIS Architects – begin building a single QRIS system
 - Supported by F5CA IMPACT funds
- Continued engagement of ECE providers in quality improvement coaching, and continued efforts to increase the number of ECE shared service alliances in LA County

Commissioner Au asked which strategy LAUP is utilizing to help explain the work they are doing.

Ms. Fallin informed the Committee that a large bulk of the QRIS expense is what is supporting LAUP’s work. Ms. Belshé explained that LAUP and CCALA are good examples of existing relationships with First 5 LA where there was an unexpended balance where the decision was made to continue support their current model until the QRIS architects can determine what the one approach would be in supporting QRIS. Once this one model is determined, it is the expectation that LAUP and CCALA will adopt this approach as well.

SUMMARY MEETING NOTES

ECE Strategy 3

STRATEGY/PROGRAM	Proposed FY 2016-17 Budget	
ECE Strategy 3 - Professional Development		
Early Childhood Education Credential Advocacy Project	\$ 558,000	36%
Early Childhood Educator Competencies Curriculum	170,000	11%
Higher Education Peer Learning Project	181,000	12%
ECE Workforce Registry	627,000	41%
Total ECE Strategy 3	\$ 1,536,000	100%

- Continued support of the ECE Workforce Registry and advocacy for an ECE credential
- Launch of two new projects to increase the quality/standardization of the preparation and development of the ECE workforce, with an emphasis on the California Early Childhood Educator Competencies

Health

HEALTH OUTCOME AREA STRATEGY	Approved FY 2015-16 Budget	Proposed FY 2016-17 Budget	
Strategy 1 - Early Identification/Developmental Screening/Connection to Services	\$ 546,250	\$ 1,236,000	49%
Strategy 2 - Trauma-Informed Care		1,297,000	51%
Total Health Outcome Area	\$ 546,250	\$ 2,533,000	100%

- Strategy 1 – Infrastructure-building year to develop the four core components of the Help Me Grow (HMG) framework
- Strategy 2 – Development of a county-wide trauma-informed care action plan, including an environmental scan
- Increase is due to continued development of the outcome area

Ms. Mendes went on to inform the Committee that there are other costs related to supporting the new Strategic plan:

Policy/Advocacy (\$2.4 million)

- Key policy activities to support work in Home Visiting and Early Care & Education
- Exploration of priority policy and sustainability issues aligned with the Strategic Plan

Strategic Communications & Marketing (\$5.6 million)

Develop and implement strategic communications and marketing plans that build our brand, engage decision makers, elevate awareness and create urgency, and support internal communications

Ms. Mendes informed the Committee that there is still a commitment to 21 legacy investments. This included:

1. Investments that went through Expiring Initiatives Assessment
 - End as scheduled in FY 2015-16 based on insufficient alignment of work to the Strategic Plan
 - Extended beyond scheduled end date, but with no modifications made to align activities to the Strategic Plan priority outcome areas

SUMMARY MEETING NOTES

- Extended beyond scheduled end date, with potential to align activities to the Strategic Plan priority outcome areas
2. Investments that may align with the Strategic Plan outcomes and strategies, but have yet to be assessed
- Will be evaluated in the future, consistent with the Governance Guidelines and the Expiring Initiatives Assessment process will be evaluated in the future, consistent with the Governance Guidelines and the Expiring Initiatives Assessment process

Ms. Mendes informed the Committee that First 5 LA is shifting away from spending the majority of its money on legacy initiatives.

Initiatives ending in FY 2015-16:

- Healthy Kids – Only insurance component remains through December 2016 (\$2.4 million decrease)
- LAUP (\$55.4 million decrease)
- Peer Support Group for Parents (\$1.0 million decrease)
- Tot Parks & Trails (\$660,000 decrease)
- ECE Workforce Consortium (\$12.8 million decrease)

Initiatives ramping down during FY 2016-17:

- Oral Health & Nutrition – Dental Home (\$2.5 million decrease)
- Reducing Childhood Obesity (\$10.3 million decrease)
- Workforce Development (\$2.0 million decrease)

Research & Evaluation

Ms. Mendes informed the Committee that some funds have been allocated to this area. Projects that align with and contribute to the Strategic Plan outcomes and strategies, as well as ongoing projects aligned to legacy investments (\$7.2 million in FY 2016-17). Ms. Mendes underscored the importance of First 5 LA's commitment to learning from current/past investments.

Internal Operations

OPERATING COST CATEGORY	FY 2015-16 Budget				Proposed	
	Original		Revised		FY 2016-17 Budget	
Personnel Services	\$ 16,367,981	79%	\$ 16,367,981	79%	\$ 17,647,870	81.0%
General Operating Expenses	1,398,990	7%	1,343,390	6%	1,325,540	6.1%
Professional Services	714,900	3%	711,295	3%	803,052	3.7%
Consultant Services	1,733,500	8%	1,778,455	9%	1,492,950	6.8%
Travel & Meeting Expenses	458,991	2%	473,241	2%	430,521	2.0%
Capital Improvements	120,000	1%	120,000	1%	95,000	0.4%
Total Operating Costs	\$ 20,794,362	100%	\$ 20,794,362	100%	\$ 21,794,933	100%

- Maintained same headcount as FY 2015-16
- Difference primarily due to:
 - Budgeted merit increases, consistent with prior year Implementation of compensation study recommendations
 - Updated mix of staff levels, as deemed necessary to effectively and efficiently advance the changing nature of First 5 LA's work

SUMMARY MEETING NOTES

Administrative Cost Limit

- \$12,543,251, or 7.81% of Draft FY 2016-17 Budget
- Consistent with previous years, per the Administrative Cost Policy approved by the Board in June 2012
- Increase due to the reduction of \$57.6 million in overall spending

Ms. Mendes ended by asking the Committee for input and feedback on their presentation.

Commissioner Au asked about the budget pertaining to sick leave and staff informed her that there would be no impact. She also wanted to know if we were bound by a statute regarding the administrative limit.

John informed the Committee that we are not bound by a number or limit and that it just needs to be brought before the Commission on an annual basis.

There is no further discussion on this item.

ADJOURNMENT:

The meeting was adjourned at 12:15 pm.

NEXT MEETING:

The next Budget and Finance Committee meeting will take place on Tuesday, May 24, 2016 at 1:00 pm.

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 March 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 \$516.0 million. During the month, we received \$9.4 million in revenues. We had \$1.4 million in operating expenditures, \$12.1 million in program expenditures, and \$905,033 in pass-through expenditures. As a result, First 5 LA ended the month with a cash balance of \$511.0 million.

This report includes detailed financial information for the month ending March 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 March 31, 2016.
- Detailed operating and program expenditures: Shows expenses against the FY 2015-16 Budget approved on June 11, 2015, as well as 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
March 31, 2016, Unaudited

	REVENUES AND EXPENDITURES	FISCAL YTD EXPENDITURES/ BUDGET %
Cash Balance as of February 29, 2016	\$ 516,015,981	
Revenue		
Monthly State Allotments	\$ 8,314,520	(1)
State Commission Matching Grant - Cares Program	75,667	
Medi-Cal Administrative Activities (MAA)	-	
State Commission - Other Program Funds	-	
Interest Income - Unreserved	223,357	
Investment Income - Other	-	
Rental Revenue - La Petite	9,500	
Partnerships for Families (PFF) - LA County Dept. of Children and Family Services (DCFS)	729,406	
Total Revenue	\$ 9,352,449	
Expenses		
Program Budget (Attachment A)		
2015-2020 Strategic Plan: Focusing For The Future	\$ 4,474,453	36%
Legacy Investments	7,225,351	37%
Research and Evaluation	414,408	45%
Total Initiative/Program Expenses	\$ 12,114,213	37%
Pass-Through (Attachment B)		
Medi-Cal Administrative Activities (MAA)	\$ 23,776	
Child Signature Program (CSP)	-	
Partnerships for Families (PFF) - LA County Dept. of Children and Family Services (DCFS)	881,257	
Total Pass-Through Expenses	\$ 905,033	
Operation and Administration (Attachment C)		
Personnel	\$ 1,144,634	62%
General Operating	81,068	57%
Professional Services	30,529	31%
Consultant Services	70,215	38%
Travel & Meetings	25,777	36%
Capital Improvements	4,285	26%
Total Operation and Administration	\$ 1,356,508	58%
Total Expenses	\$ 14,375,754	
Variance (Revenues - Expenses)	\$ (5,023,304)	
Cash Balance as of March 31, 2016	\$ 510,992,677	(2)

NOTE:

- 1) Tobacco Tax Revenue for January 2016.
- 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
MARCH 31, 2016, UNAUDITED

INITIATIVE/PROGRAM	FY 2015-16 BUDGET*	MARCH EXPENDITURES	FISCAL YTD EXPENDITURES	BALANCE REMAINING	FISCAL YTD EXPENDITURES /BUDGET%
2015-2020 STRATEGIC PLAN: FOCUSING FOR THE FUTURE					
Investments and Approaches Reaffirmed by the Board and Aligned with SP					
Families: Placed-Based - Welcome Baby/Select Home Visiting	36,603,000	2,835,194	15,380,691	21,222,309	42%
Communities: Place-Based - Community Capacity Building	17,029,000	1,048,508	5,119,800	11,909,200	30%
Policy Agenda/Advocacy	2,797,000	53,549	499,224	2,297,776	18%
Communications & Marketing	4,672,000	152,678	529,807	4,142,193	11%
Communications - Conference Funding	200,000	2,500	97,305	102,695	49%
Existing Investments Potentially Aligned with SP					
Healthy Kids	2,250,000	120,134	2,048,449	201,551	91%
Information Resource and Referral	1,360,000	237,141	825,492	534,508	61%
New Investments Under Development (Strategic Plan Implementation Fund)					
Families	636,000	-	-	636,000	0%
Communities	1,093,750	4,350	82,579	1,011,171	8%
Early Care & Education (ECE) Systems	370,000	16,041	92,404	277,596	25%
Health, Mental Health & Substance Abuse Systems	546,250	956	1,011	545,239	0%
Other/Cross - Cutting Activities	490,000	3,402	13,475	476,525	3%
Subtotal 2015-2020 Strategic Plan	68,047,000	4,474,453	24,690,237	43,356,763	36%
LEGACY INVESTMENTS					
At-Risk Fathers Investment	150,000	-	-	150,000	0%
Baby Friendly Hospitals	1,245,000	26,822	281,383	963,617	23%
Black Infant Health	1,955,000	25,866	508,641	1,446,359	26%
Children's Dental Care	10,656,000	-	4,237,058	6,418,942	40%
Children's Vision Care	1,341,000	2,652	823,173	517,827	61%
Early Identification and Intervention - Autism and other Developmental Delays	818,000	77,539	494,941	323,059	61%
ECE Environmental Scan	80,000	-	5,165	74,835	6%
Healthy Food Access	2,064,000	162,500	873,662	1,190,338	42%
Little by Little/One Step Ahead	3,515,000	-	1,426,333	2,088,667	41%
Los Angeles Universal Preschool (LAUP)	55,423,000	4,441,897	23,895,517	31,527,483	43%
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	42,225	610,385	858,615	42%
Policy Advocacy Fund	2,194,000	196,537	1,227,456	966,544	56%
Reducing Childhood Obesity	15,462,000	1,318	4,302,164	11,159,836	28%
Resource Mobilization - ECE	1,225,000	84,043	336,332	888,668	27%
Resource Mobilization - Funder Partnership	60,000	-	32,474	27,526	54%
Resource Mobilization - Health	1,540,000	-	477,437	1,062,563	31%
Resource Mobilization - Organizational Capacity Building	550,000	22,340	246,639	303,361	45%
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	722,505	3,599,876	5,185,124	41%
Workforce Development	2,522,000	-	562,910	1,959,090	22%
Workforce Development - ECE Workforce Consortium	12,798,000	1,419,107	3,655,811	9,142,189	29%
Subtotal Legacy Investments	133,208,000	7,225,351	48,889,616	84,318,384	37%
RESEARCH AND EVALUATION					
Data Development and Integration	2,527,000	77,741	973,597	1,553,403	39%
Data Partnership with Funders	900,000	13,211	488,169	411,831	54%
Program Evaluation	4,240,000	323,456	2,004,163	2,235,838	47%
Subtotal Research and Evaluation	7,667,000	414,408	3,465,929	4,201,071	45%
TOTAL	208,922,000	12,114,213	77,045,782	131,876,218	37%

* 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 March 2016.

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

Attachment B

INITIATIVE/PROGRAM - PASS-THROUGH	MARCH EXPENDITURES	YEAR TO DATE EXPENDITURES
Medi-Cal Administrative Activities (MAA) - LA County Charges	-	-
Medi-Cal Administrative Activities (MAA) - Participation Payment	23,776	42,236
Child Signature Program (CSP)	-	-
Partnerships For Families - LA County Department of Children and Family Services (DCFS)	881,257	5,112,737
TOTAL	905,033	5,154,973

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

OPERATION AND ADMINISTRATION EXPENSE	MARCH ACTUAL	FISCAL YTD ACTUAL	FY 2015-16 BUDGET	FISCAL YTD VARIANCE	FISCAL YTD/BUDGET %
Personnel Related Expenses					
Salaries & Wages	850,758	7,711,938	12,387,038	4,675,100	62%
Fringe Benefits	293,877	2,425,354	3,980,943	1,555,589	61%
	1,144,634	10,137,292	16,367,981	6,230,689	62%
General Operating Expenses					
ADP Payroll Charges	2,622	20,858	31,000	10,142	67%
Workers Compensation Insurance	-	(6,690)	100,000	106,690	-7%
Corporate Insurance	2,728	31,727	76,000	44,273	42%
Mileage Expense	4,563	33,017	61,850	28,833	53%
Telephones & Modems	9,048	46,364	65,000	18,636	71%
Printing	650	12,462	19,200	6,738	65%
Postage & Delivery	1,100	11,007	13,300	2,293	83%
Office Supplies	10,486	51,090	83,980	32,890	61%
Subscriptions & Publication	2,779	5,218	10,060	4,842	52%
Equipment Rental	15,634	71,908	118,200	46,292	61%
Repair & Maintenance - Furniture & Fixtures	12,604	165,274	180,000	14,726	92%
Repair & Maintenance - Equipment	-	2,205	32,000	29,795	7%
Rents & Lease - Offsite Storage	1,268	13,571	23,700	10,129	57%
Los Angeles County Overhead	55	11,780	27,000	15,220	44%
Contingency	-	41,287	75,000	33,713	55%
Facilities & Other Supplies	437	8,055	12,150	4,095	66%
Utilities	10,840	134,544	155,000	20,456	87%
Educational Supplies	-	448	5,300	4,852	8%
Cell Phones	4,286	27,099	52,250	25,151	52%
Hardware & Software Maintenance	1,970	115,309	258,000	142,691	45%
	81,068	796,533	1,398,990	602,457	57%
Professional Services					
Audit and Accounting Fees	-	46,780	70,000	23,220	67%
Legal Fees	10,671	67,032	175,000	107,968	38%
Membership Dues	1,772	16,332	82,100	65,768	20%
Professional Development	3,358	37,692	210,800	173,108	18%
Professional Dues First 5 Association	-	-	50,000	50,000	0%
Staff Recruitment	257	9,380	25,000	15,620	38%
Commission Stipends	1,350	10,050	34,000	23,950	30%
Human Resources Related Costs	13,120	32,209	68,000	35,791	47%
	30,529	219,475	714,900	495,425	31%
Consultant Services					
Consultant Fees	47,640	419,674	1,491,000	1,071,326	28%
Other Professional Fees	22,575	220,592	237,500	16,908	93%
External Reviewers	-	11,210	5,000	(6,210)	224%
	70,215	651,476	1,733,500	1,082,024	38%
Travel & Meetings					
State Prop 10 Commission Activities	-	2,820	40,000	37,180	0%
Conferences - Travel & Lodging	6,148	29,679	86,242	56,563	34%
Conference - Registration Fees	9,060	61,259	89,485	28,226	68%
Local Meeting Expenses	5,131	27,612	115,900	88,288	24%
Lodging	2,406	25,812	84,876	59,064	30%
Per Diem	3,033	17,175	42,488	25,313	40%
	25,777	164,357	458,991	294,634	36%
Capital Improvements					
Capital Outlay (Equipment Purchases)	4,285	30,653	120,000	89,347	26%
TOTAL OPERATING EXPENSES	1,356,508	11,999,786	20,794,362	8,794,576	58%

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
March 31, 2016, Unaudited**

Assets	
Current Assets:	
Cash	\$ 3,220,809
Cash- Morlin Mgmt Corp	26,950
Investment:	
Operating and Allocated funds	443,465,935
Operating Fund - SRI	-
Advance - LA Care Health Plan	8,442,795
Advance - LAUP	50,232,094
Advance - UCLA Dental Home Project	3,343,591
Interest Receivable	-
Other Receivables	330,390
Total Current Assets	<u>\$ 509,062,564</u>
Fixed Assets:	
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)
Total Fixed Assets	<u>\$ 11,885,041</u>
Total Assets	<u><u>\$ 520,947,605</u></u>
Liabilities and Net Assets	
Current liabilities:	
Other Liabilities	\$ 80,171 (1)
Total Current Liabilities	<u>\$ 80,171</u>
Net Assets:	
Investment in capital assets	\$ 11,885,041
Restricted	508,982,393
Total Net Assets	<u>\$ 520,867,434</u>
Total Liabilities and Net Assets	<u><u>\$ 520,947,605</u></u>

NOTES:

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



Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

First 5 LA

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AUDIT COMMUNICATIONS

Audit Scope and Timing

Perform the audits of the:

- Comprehensive Annual Financial Report (CAFR)
- State Compliance – *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act* issued by the State Controller's Office
- OMB A-133 Single Audit (as applicable)

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Timeline:

- Planning and Interim Fieldwork – June
- Final Fieldwork – August
- Report Delivery – September/October

Our Responsibility

U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

Express opinions about whether the financial statements that have been prepared by management with the oversight of the Commission are presented fairly, in all material respects, in conformity with generally accepted accounting principles

- Reasonable, not absolute assurance
- Audit does not relieve the Commission or management of its responsibilities

If a Single Audit is applicable, express an opinion on compliance applicable to major federal programs

Issue a report on state compliance SCO guidelines

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Our Responsibility

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures -

- Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity
- No opinion on internal control will be expressed

Our Responsibility

Communicate other matters:

- Qualitative aspects of accounting policies, accounting estimates and note disclosures
- Difficulties encountered
- Uncorrected misstatements
- Material corrected misstatements
- Disagreements with management
- Management representations
- Consultations with other accountants

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Our Approach

Planning and Risk Assessment:

- Meet with Management
- Obtain an understanding of the entity, its environment and risks
- Identify audit risk areas
- Inspect financial and other information
- Consider fraud risks
- Understand the design and implementation of internal control
- Prepare risk assessment and audit plan
- Test key business cycles – revenue, disbursements, payroll, investments, capital assets, grantee management, financial reporting, IT and budget
- State Compliance – Guidelines issued by State Controller ²⁹

Our Approach

Final:

- Address key audit areas
- Perform tests, on a sample basis, on account balances and classes of transactions
- Prepare draft CAFR
- Test journal entries
- Assess accounting principles used and significant estimates
- Confirm contingencies with legal counsel
- Consider subsequent events

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Exit:

- Propose / discuss audit adjustments
- Present findings and recommendations
- Provide required communications to those charged with governance

Memo

To: Budget and Finance Committee
 From: Kim Belshé, Executive Director
 Date: May 24, 2016
 Subject: **FIRST 5 LA PROPOSED FISCAL YEAR 2016-17 BUDGET**

Members of the Committee,

We are pleased to submit for your review the updated FY 2016-17 Proposed Budget, which includes changes since the May draft, resulting in a net increase of \$1.5 million, or 0.9%, for a total budget of \$161.5 million as presented in the table below. Initial funding requests were generated using the latest information available at the time the budget was developed and were updated to reflect new data available to inform budget development. In addition, one project experienced a delay in current year activity that will carry over into FY 2016-17.

BUDGET CATEGORY	Draft Proposed FY 2016-17 Budget (May 2016)	Final Proposed FY 2016-17 Budget (June 2016)	Variance
Program			
2015-2020 Strategic Plan: Focusing for the Future	\$ 91,392,000	\$ 91,671,000	\$ 279,000
Legacy Investments	41,144,000	42,146,000	1,002,000
Research & Evaluation	6,291,000	6,468,000	177,000
Total Program	\$ 138,827,000	\$ 140,285,000	\$ 1,458,000
Operating	21,235,158	21,235,158	-
TOTAL BUDGET	\$ 160,062,158	\$ 161,520,158	\$ 1,458,000

These changes are outlined in the “Summary of Changes from the Draft Proposed Budget” schedule following this memo. This transmittal memo, Attachments A and B have also been updated to reflect the final budget figures. The materials included for review in Attachments C and D—which provide further detail on the Program and Operating components of the budget, respectively—include only those programs or internal departments that experienced changes to budget estimates or substantive language changes from the draft FY 2016-17 Budget as reviewed in May. Finally, additional information has been included in Section IV of this memo, “Impact on Fund Balance,” with Attachment E providing further detail regarding the fund balance projections as of June 30, 2016.

COMMISSIONERS

Los Angeles County Supervisor Nancy Haruye Au Christopher Thompson, MD
 Sheila Kuehl Jane Boeckmann Joseph Ybarra Jr., Ph.D.
Chair Duane Dennis Marlene Zepeda, Ph.D.
 Judy Abdo Cynthia A. Harding, M.P.H.
Vice Chair

EX OFFICIO MEMBERS

Philip L. Browning
 Patricia Curry
 Karla Pleitéz Howell
 Deanne Tilton

EXECUTIVE DIRECTOR

Kim Belshé

CHIEF OPERATING OFFICER

John A. Wagner

A PUBLIC ENTITY

Consistent with the First 5 LA Governance Guidelines, we presented the draft Proposed Budget to the Commission in May, and will return on June 9 for final approval.

The FY 2016-17 Budget reflects further implementation and advancement of the 2015-2020 Strategic Plan, which marked a shift in approach from funding programs and toward a focus on policy and systems change. This new strategic approach is based on First 5 LA's desire to redirect its resources to have the greatest impact on families and children 0-5 in Los Angeles County. This new approach is an important distinction from previous years and signals a transition that will allow Commission resources to have a broader impact for children and families across LA County. The FY 2016-17 Budget supports the organization's strategic shift by continuing to honor existing commitments while also pivoting more fully to a different strategic approach, resulting in an overall decrease of \$56.7 million from FY 2015-16. This decrease also reflects the reality of the Commission's declining fiscal resources and the dedication to live within the means of the organization.

This transmittal memo is intended to provide an overview of the FY 2016-17 Budget and assumptions that inform the requests, including the following:

- I. Budget Overview
 - A. Overall Budget Summary
 - B. Program Costs Summary
 - C. Operating Costs Summary
- II. Budget Development Context
 - A. Format and Approach to the FY 2016-17 Budget
 - B. Potential Future Changes
- III. Revenue Assumptions
- IV. Impact on Fund Balance
- V. Administrative Cost Limit
- VI. Conclusion

Key budget and supporting documents are as follows:

Attachment A: FY 2016-17 Budget

- FY 2016-17 Budget Summary
- Summary of Changes from the Draft Proposed Budget (May 2016)
- Budget Summary for Programs by Initiative/Strategy & Program
- Operating Costs Summary
- Administrative Limit Calculation
- Schedule of Authorized Positions

Attachment B: FY 2016-17 Budget – Highlights

Attachment C: Program Budget – Detail by Initiative/Program

Attachment D: Operating Budget – Summaries & Detail Tables by Department

Attachment E: GASB 54 Fund Balance Presentation

I. BUDGET OVERVIEW

Combined efforts in recent years—including adoption of the Building Stronger Families Framework, the Listening, Learning and Leading (L3) effort, the updated Long Term Financial Projection, and the new Governance Guidelines—helped to inform the 2015-2020 Strategic Plan. The Strategic Plan is intended to sharpen our focus, improve the impact we seek, work within our

financial means, and strengthen internal capacity to deliver on our mission. FY 2016-17 will mark the second fiscal year under this fifth Strategic Plan, approved by the Commission in November 2014.

The 2015-2020 Strategic Plan lays out a clear path for First 5 LA to maximize its impact to strengthen families and improve outcomes for the greatest number of children prenatal to age 5 in LA County. Consistent with the Commission's new strategic direction, First 5 LA will place greater emphasis on efforts that contribute to sustainable public financing, public policy and systems-level change. This new direction also means that First 5 LA will place less emphasis on funding direct services.

To ensure that all children in LA County enter kindergarten ready to succeed in school and life, the Strategic Plan directs that the Commission's work focus on the following four priority outcome areas, as defined below:

Families: Increased Family Protective Factors

- Work with parents and caregivers so that they have the skills, knowledge and access to resources they need to support their child's development.

Communities: Increased community capacity to support and promote the safety, healthy development, and well-being of children prenatal to age 5 and their families

- Support a community's ability to foster safe, healthy, engaged neighborhoods that help children and their families thrive.

Early Care and Education (ECE) Systems: Increased access to high-quality early care and education

- Increase access to affordable, quality child care and preschool.

Health-Related Systems: Improved capacity of health, mental health, and substance abuse services systems to meet the needs of children prenatal to age 5 and their families

- Improve how health-related systems coordinate and deliver care to young children and their families in LA County.

The FY 2016-17 Budget supports these priority focus areas and describes the planned work for the fiscal year to advance the outcomes detailed in the 2015-2020 Strategic Plan. The FY 2016-17 Budget reflects a marked shift in spending and the work for the second year of the 2015-2020 Strategic Plan. Based on the processes currently underway to effectively implement the strategies outlined in the Strategic Plan, the FY 2016-17 Budget reflects a transition away from funding for First 5 LA's Legacy Investments, with a shift in resources toward the outcomes and strategies detailed in the Strategic Plan. The budget continues to reflect costs for ongoing legacy initiatives that will soon be either ending or ramping down, but represents a 68% decrease in anticipated spending from FY 2015-16 for these purposes. At the same time, the budget reflects the commitments made by the Board, funding investments in priorities that continue in the new Strategic Plan—such as Welcome Baby and Select Home Visiting, the Best Start Communities, policy and strategic communications efforts—and resources for more developmental activity to advance the 2015-2020 Strategic Plan, representing a 60.2% increase in anticipated spending for these activities from FY 2015-16.

As previously noted, the budget includes existing multi-year programs ("Legacy Investments") scheduled to conclude during the new Strategic Plan term. Any continued funding beyond the previously approved timeframe and amount will be subject to criteria approved by the Commission, such as alignment with the Strategic Plan through the expiring initiative assessment process. In addition, consistent with the Governance Guidelines and the Strategic Plan, we have prepared budget requests with a renewed focus on sustainability and leveraging.

A. Overall Budget Summary

The total FY 2016-17 Budget is presented in a summary schedule in Attachment A. As shown in the following high-level table, the Budget totals \$161.5 million, a reduction of \$56.7 million, or 26.0% from the FY 2015-16 revised budget of \$218.3 million. Costs are estimated to decrease by 29.0% for programs and increase by 2.1% for internal operations.

BUDGET COMPONENT	FY 2015-16 Budget				Proposed		Variance	
	Original		Revised		FY 2016-17 Budget			
Program	\$ 208,922,000	91%	\$ 197,460,000	90%	\$ 140,285,000	86.9%	\$(57,175,000)	-29.0%
Operating	20,794,362	9%	\$ 20,794,362	10%	21,235,158	13.1%	440,796	2.1%
TOTAL BUDGET	\$ 229,716,362	100%	\$ 218,254,362	100%	\$ 161,520,158	100%	\$(56,734,204)	-26.0%

Given the fiscal reality of declining resources—both revenue and fund balance—on which First 5 LA can rely for both programmatic and operational spending, it is important to note the strategic rationale driving the overall budget proposal. Reflecting Commission direction and priorities, narrative highlights of the FY 2016-17 Budget are presented in Attachment B.

As noted previously, the FY 2016-17 Budget reflects a significant pivot in spending away from Legacy Investments approved as part of previous strategic plans, shifting resources to focus on the strategies and investments prioritized in the 2015-2020 Strategic Plan. As we enter into the second year of the Strategic Plan, a number of “anchor” investments are scaling up to full implementation, driving anticipated costs for FY 2016-17 higher than in previous years. Specifically, FY 2016-17 will reflect continued implementation and greater resources for the investments in the Welcome Baby and Select Home Visiting programs, as well as the community capacity building investments in the 14 Best Start communities. In addition, resources are incorporated in support of key approaches as outlined in the Strategic Plan, including resources to continue expanding our policy and advocacy efforts as well as strategic communications.

While the strategy implementation process continues, estimated resources to support the anticipated “Year 2” activities for the Strategic Plan are presented in the context of the four priority outcome areas noted on page 2. Based on the intensive work conducted through the implementation process, these resources represent estimated costs for activities that we expect to advance or achieve in FY 2016-17.

First 5 LA is also undergoing an organizational transformation process to determine the appropriate internal structure required to effectively advance the work outlined in the Strategic Plan, as well as to support the work related to legacy investments that extend into the 2015-2020 Strategic Plan term. Although incremental changes to personnel are incorporated into the FY 2016-17 Budget, management took a conservative approach to overall staffing levels by maintaining the current level of authorized positions for the organization. As the implementation process continues and we have a greater understanding of the future needs of the organization, we will be in a better position to determine the appropriate level of staffing and other operating resources required in the future state of the organization.

B. Program Costs Summary

Program costs comprise \$140.3 million, or 87% of the total Budget, as shown in the table below. Given that FY 2016-17 represents the second year of the 2015-2020 Strategic Plan, the initiatives summarized in Attachment A and highlighted in Attachment B are organized to reflect the new Strategic Plan and the two related components of implementation activity: 1) Strategic Plan priority outcome areas, and 2) Strategic Plan investment areas and support costs. In

addition, the budget includes resources for the 21 legacy investments and research and evaluation projects with ongoing costs in FY 2016-17, a reduction of 3 investments previously funded in the previous year. While a majority of overall resources in the previous year were appropriated for spending on legacy investments, the FY 2016-17 Budget demonstrates First 5 LA's continued development of and commitment to the strategies and outcomes detailed in the 2015-2020 Strategic Plan, with the majority of resources in FY 2016-17 earmarked for these purposes as seen in the table below.

BUDGET CATEGORY	FY 2015-16 Budget		Proposed FY 2016-17 Budget	
	Original	Revised		
Program				
<i>2015-2020 Strategic Plan: Focusing for the Future</i>				
a. Strategic Plan Priority Outcome Areas	\$ 58,529,000	\$ 51,992,000	\$ 83,584,000	
b. Strategic Plan Investment Areas & Support Costs	7,669,000	7,669,000	8,087,000	
<i>Total 2015-2020 Strategic Plan</i>	\$ 66,198,000 29%	\$ 59,661,000 27%	\$ 91,671,000 57%	
<i>Legacy Investments</i>	136,518,000 59%	131,920,000 60%	42,146,000 26%	
<i>Research & Evaluation</i>	6,206,000 3%	5,879,000 3%	6,468,000 4%	
Total Program	\$ 208,922,000 91%	\$ 197,460,000 90%	\$ 140,285,000 87%	
Operating	20,794,362 9%	20,794,362 10%	21,235,158 13%	
TOTAL BUDGET	\$ 229,716,362 100%	\$ 218,254,362 100%	\$ 161,520,158 100%	

Consistent with the FY 2015-16 Budget, program costs reflect continued implementation of initiatives and programs according to their approved timeline, as well as actions taken by the Commission during FY 2015-16 to extend certain initiatives and programs. Program costs also include continued implementation of anchor investments in the Best Start Communities and Welcome Baby/Select Home Visiting activities, and estimated costs necessary to carry out Year 2 activities for the 2015-2020 Strategic Plan, including resources totaling \$26.6 million to support planned work in the Early Care and Education (ECE) and Health-related Systems priority outcome areas, an increase of \$24.6 million over the \$2.0 million included in FY 2015-16 for new work in these areas that were still in the very early stages of development. Program costs largely support contract awards and grants to agencies and include all planning, implementation, evaluation and associated communications and marketing costs for services, programs and projects.

Attachment A presents the budget request for programs by initiative. At this point in time, the budget includes 31 initiatives with anticipated costs to be incurred during FY 2016-17, a decrease from the 35 initiatives in FY 2015-16 due to 6 initiatives expiring by June 30, 2016 and the addition of two additional initiatives representing priority outcome areas—ECE and Health—not previously represented at the initiative level. We anticipate that the program budget structure as presented in Attachment A and in the table above may require modifications in the future to best support our strategic direction based on implementation and strategic refinements that will continue to evolve and inform implementation activities.

Program investments are presented based on the following overarching categories:

- 1) 2015-2020 Strategic Plan: Focusing for the Future:** This category, described further below, includes costs related to activities that directly support the strategies and outcomes of the 2015-2020 Strategic Plan. As First 5 LA continues the development and implementation of the Strategic Plan strategies and approaches, the FY 2016-17 Budget reflects a significant pivot for the organization, with resources in this area increasing by approximately 54% from the previous year.

- a. **Strategic Plan Priority Outcome Areas** – This category includes the following:
 - i. Anchor activities outlined in the Strategic Plan, including Welcome Baby and Select Home Visiting, as well as the community capacity building activities in the 14 Best Start Communities; and
 - ii. New work being developed and implemented to support and achieve the outcomes detailed in the four priority outcome areas.
- b. **Strategic Plan Investment Areas and Support Costs** – Approaches that were included as part of the 2015-2020 Strategic Plan that are key to advancing all four of the outcome areas established by the Plan, including policy and advocacy efforts, as well as communications and marketing.

In FY 2015-16, cost estimates for new Strategic Plan work still under development were incorporated into the fiscal year Budget in the Strategic Plan Implementation Fund (SPIF). Because the FY 2015-16 Budget was developed shortly after the approval of the 2015-2020 Strategic Plan and while the strategy refinement process was still underway, the amounts included in SPIF were high-level preliminary estimates of costs for new activities that we expected to advance in FY 2015-16, reflecting the best thinking to date regarding the potential needs for Year 1 of the Strategic Plan. As implementation work progressed over the past year, staff was able to further clarify the cost requirements to support the new work of the Strategic Plan. As such, reflecting high-level estimates of resources in SPIF is no longer necessary, and resources are defined by outcome area, strategy, and project for FY 2016-17 as noted above.

- 2) ***Legacy Investments*** – These 21 investments—a decrease of 4 overall from the previous year—represent ongoing work of the Commission that is expected to end according to the terms of the initiative or project approval. This category includes investments that may align with the outcomes and strategies of the Strategic Plan, but which have yet to go through the assessment process because they are scheduled to end beyond FY 2016-17. These will be evaluated in the future consistent with the First 5 LA Governance Guidelines and the expiring initiatives assessment process. As noted, the FY 2016-17 Budget reflects a decrease in anticipated spending for legacy investments of approximately 69%. Most notably, the Budget no longer includes the approximately \$55.4 million in annual funding specifically for Los Angeles Universal Preschool, shifting the focus from direct services—providing funding for preschool slots—to policy and systems change in the area of early care and education as directed by the Strategic Plan. Similarly, investments such as the ECE Workforce Consortium (\$12.8 million) and CARES Plus (\$2.0 million) end as scheduled in FY 2015-16, while other investments such as Reducing Childhood Obesity (decrease of \$10.3 million) and Oral Health & Nutrition-Dental Home (decrease of \$2.5 million) ramp down significantly from the previous year toward an expected end in FY 2016-17.
- 3) ***Research and Evaluation*** – These include projects that align with and contribute to the outcomes and strategies of the 2015-2020 Strategic Plan, as well as ongoing projects aligned to our legacy investments, demonstrating First 5 LA’s commitment to learning from our current and past investments. To this end, the Research and Evaluation Department is developing the “Monitoring, Evaluation and Learning (MEL) Framework,” which will provide a comprehensive structure for organizing First 5 LA’s Research and Evaluation activities. The transition to the new framework will occur during FY 2016-17 and may result in changes to how these items are categorized in the context of the fiscal year budget.

Attachment B provides narrative highlights of certain programs, including investments that are large, high-profile, or Commission priorities. Attachment C provides additional detail on each program budget request.

The table on page 3 compares the current year budget with the FY 2016-17 Budget. The \$56.7 million decrease represents a net change that encapsulates changes related to work that has ended, as well as work that is ramping down, continuing, increasing, or is in development.

Although the overall fiscal year budget is decreasing, the FY 2016-17 Budget represents a marked shift in resources from the Legacy Investments—where initiatives are ending or ramping down—to the 2015-2020 Strategic Plan priorities, where investments are scaling up significantly.

C. Operating Costs Summary

Operating costs comprise \$21.2 million, or 13% of the total Budget, with approximately 80.5% of funding for First 5 LA's internal operations supporting salaries and benefits for management and staff, as presented in the following table.

OPERATING COST CATEGORY	FY 2015-16 Budget				Proposed	
	Original		Revised		FY 2016-17 Budget	
Personnel Services	\$ 16,367,981	79%	\$ 16,367,981	79%	\$ 17,088,095	80%
General Operating Expenses	1,398,990	7%	1,343,390	6%	1,325,540	6%
Professional Services	714,900	3%	711,295	3%	803,052	4%
Consultant Services	1,733,500	8%	1,778,455	9%	1,492,950	7%
Travel & Meeting Expenses	458,991	2%	473,241	2%	430,521	2%
Capital Improvements	120,000	1%	120,000	1%	95,000	0.4%
Total Operating Costs	\$ 20,794,362	100%	\$ 20,794,362	100%	\$ 21,235,158	100%

An increase of approximately \$720,000, or 4.4%, in operating costs from FY 2015-16 is primarily due to personnel position changes for FY 2016-17 that are deemed necessary by management to effectively achieve the outcomes of the 2015-2020 Strategic Plan, and is offset by a slight increase in the personnel attrition rate and a pro-rated reduction of vacant position expenses, as determined by internal assessments and data analyses. FY 2016-17 marks the second year that First 5 LA has budgeted for estimated savings to account for the unforeseen, but common, changes in work force throughout the year. The first year included a conservative 3% turnover rate. The 3.5% rate used for FY 2016-17 is based on the latest separation information available at the time of budget development from the US Department of Labor Bureau of Labor Statistics, which shows a separation rate of 3.5% for February 2016. Vacant positions this year are budgeted for nine months at 92.5% of the mid-range salary for the applicable classification level for a given position, based on current outreach efforts and anticipated hire dates. Additionally, although certain positions are being added for FY 2016-17 in order to successfully carry out the core responsibilities of the organization, these positions are being repurposed from existing vacant positions to maintain the authorized headcount detailed in the FY 2015-16 Budget. This conservative approach is grounded on the fact that we need to get a better understanding of our future needs in order to determine the appropriate level of operating resources required to achieve the organization's work.

The budget for operating costs is presented based on the existing operating structure of the organization. First 5 LA is in the process of undergoing an organizational transformation to best align the internal structure with the programmatic needs required to achieve the Strategic Plan outcomes. Although further changes to the internal structure are anticipated during FY 2016-17, not enough information was available at the time of budget development to alter the current structure of the operating budget accordingly.

Attachment B provides a more detailed narrative discussion of operating cost highlights, which include:

- Staff and related support costs for program planning, design, development and management;
- Staff and related support costs for program evaluation, data collection and reporting; and
- Administration and related overhead costs associated with operating First 5 LA. Per Commission policy, an annual ceiling of administrative expenses is adopted as part of the budget process. The administrative cap for FY 2016-17 is 7.67%, or \$12.4 million. (Refer to Section V.)

In addition to the highlights provided in Attachment B, Attachment D provides further detail on the operating budget request by internal division and department, based on the existing organizational structure.

II. BUDGET DEVELOPMENT CONTEXT

This section highlights the context in which the budget was developed and potential modifications we may recommend in the future.

A. *Format and Approach to the FY 2016-17 Budget*

FY 2016-17 represents First 5 LA's sixth official program budget. In each of the five previous years, we have made significant changes to the format and the approach used to develop the budget as we learn from experience how to more effectively communicate planned activities and anticipated expenditures. Similarly, the approach for the FY 2016-17 Budget continues to encourage transparency and improve the accuracy of financial projections.

Consistent with FY 2015-16, the role of the FY 2016-17 Budget is to provide a blueprint for spending on Commission priorities, including setting outside spending parameters based on estimates. To maintain fiscal control, we define Budget Authority as a spending cap, and thus have developed the budget based on spending estimates—rather than negotiated contract amounts—so staff has the flexibility to manage contracts within a budget unit without having to return to the Commission. We have generated program-level budget requests that include the program purpose, expected use of funding, and the methodology used to determine the funding level.

Modifications were also incorporated into the process for mid-year adjustments to the overall budget during FY 2015-16. 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. In previous years, we requested periodic approval of augmentations to the program budget as needed during the year, but did not return to the Commission at any point to request reductions to the approved amounts. During FY 2015-16, all program budget augmentations were incorporated into a single item presented to the Commission for approval in April 2016, along with reductions to programs that were anticipated to underspend their approved budget levels by 10 percent or more. These adjustments resulted in a net decrease to the overall FY 2015-16 Budget of approximately \$11.5 million, for a revised fiscal year budget of \$218.3 million.

The FY 2016-17 Budget reflects management's continued commitment to living with the means of the organization. Although Program Budget amounts were prepared based on the latest information available, estimates continue to be reconciled to both the high-end resource estimates for the priority focus areas and approaches presented in conjunction with the 2015-2020 Strategic Plan, as well as the most recent Long-Term Financial Projection approved by the Commission in February 2016. In addition, although operating resource requirements continue to evolve as First 5 LA undergoes an organizational transformation process, management has

committed to living within the current level of authorized positions to support First 5 LA's work internally as noted in Section C above.

B. Potential Future Changes

This budget was prepared as the organization continues the strategy implementation process for the 2015-2020 Strategic Plan. Because the anchor investments in Welcome Baby/Select Home Visiting and the community capacity building work of the 14 Best Start Communities are already underway, reliable estimates were incorporated into the FY 2016-17 Budget to support these efforts. Given that much of the new work in support of the Strategic Plan outcome areas is still in development, initial cost estimates of resources required to support the anticipated Year 2 activities within the four priority outcome areas are less precise. As the strategy implementation process continues, costs associated with activities will become more concrete, and we will return to the Commission to provide updates on the uses of these funds as appropriate.

Agency process and structure changes are presently being implemented to effectively advance the work outlined in the Strategic Plan, as well as to support the work related to legacy investments that extend into the 2015-2020 Strategic Plan term. This work is expected to evolve throughout the fiscal year, and the impact to processes and the overall organizational operating structure may have an effect on the FY 2016-17 Budget. Any modifications to the FY 2016-17 Budget that are necessary as a result of these changes will be brought back to the Commission as appropriate.

III. REVENUE ASSUMPTIONS

First 5 LA is funded through the Proposition 10 Tobacco Tax, 80% of which is distributed to the County Commissions based on their proportion of statewide births. Los Angeles County receives the greatest share, typically around 25-26% of the total County allocations. The LA County share of tobacco tax revenue, projected to be roughly \$80.8 million in FY 2015-16 and \$77.4 million in FY 2016-17, is anticipated to continue declining in future years based on the most recent estimate from the State Department of Finance (DOF) as updated on June 2, 2015. The DOF revenue forecast incorporates assumptions related to the State Board of Equalization (BOE) administrative costs. First 5 LA will continue to work with other county Commissions and the State First 5 Association to track and evaluate the increasing BOE administrative costs and possible actions to address this issue.

Interest earnings, estimated at approximately \$3.5 million for FY 2015-16, are projected using an estimated 0.75% return on anticipated cash balances. Lease revenue of approximately \$154,000 is also expected this year based on the lease agreement for the preschool occupying space in the First 5 LA building.

In addition, First 5 LA continues to pursue opportunities to leverage funding from other organizations to support the work of the Commission. For example, as approved by the Board of Commissioners, First 5 LA will receive funding from First 5 California to support strategies in the ECE outcome area, as well as funds from the Center for the Study of Social Policy to support strategies related to the implementation of Project Dulce within the Families outcome area. Work is also continuing to explore alternative revenue generation strategies for the future, since tobacco tax revenue continues to decline as previously noted.

IV. IMPACT ON FUND BALANCE

It is important to note how the annual budget impacts First 5 LA's fund balance, particularly given the picture of the agency's financial future communicated through the updated Long Term Financial Projection approved in February 2016. Based on current policy, the annual budget is

approved by the Commission via Resolution, which formally commits the resources for purposes of the initiatives as outlined in the budget document. However, the Commission has in many instances already taken formal action via Resolution to commit funds to discrete multi-year allocations for specific initiatives. Funds for these multi-year allocations are set aside in the First 5 LA committed fund balance as designated for specific purposes. The balances of these funding allocations remain in committed fund balance until the Commission takes action via Resolution to redirect the funds for other purposes.

To the extent that any amounts approved for the FY 2016-17 Budget do not exceed the remaining balance for these funding allocations, approval of the FY 2016-17 budget amounts for these initiatives will not commit additional dollars. The projected remaining allocation balances as of June 30, 2016 will be brought to the Commission for reaffirmation in June 2016 in conjunction with the approval of the FY 2016-17 Budget.

In contrast to the multi-year allocation balances for specific initiatives, only the annual appropriation approved for a fiscal year is shown as committed for fund balance purposes for programmatic investments without an approved multi-year allocation. Any unspent funds from the previous fiscal year for these investments revert back to assigned fund balance, which represents funds available for use within the parameters set by the 2015-2020 Strategic Plan.

Redirection:

Staff recommends that the Commission release approximately \$3.2 million from commitments for initiatives that ended in previous fiscal years or are ending in FY 2015-16 with a projected remaining balance. This recommendation is consistent with the Governance Guidelines and in alignment with the assessment and recommendations presented to the Board through the Expiring Initiatives Assessment Process. These expired or expiring initiatives—Peer Support Groups for Parents, Research & Evaluation – Early Learning (LAUP), Substance Abuse Treatment Services, Tot Parks and Trails, Workforce Development – ECE Career Development Policy Project—do not have activities planned or budgeted for FY 2016-17 to continue using these resources. As part of the Commission action in June 2016, staff recommends that the \$3.2 million be released from commitment, redirecting the funds from First 5 LA's committed to assigned fund balance in support of the 2015-2020 Strategic Plan. Staff will continue to conduct analysis on all commitments in conjunction with the year-end process in order to identify potential areas of unused resources, and will return to the Board as needed to recommend additional areas in which resources may be redirected.

Reaffirmation:

In addition, Attachment E details the projected remaining allocation balances as of June 30, 2016, which will be brought to the Commission for reaffirmation in June 2016 in conjunction with the approval of the FY 2016-17 budget. This annual process provides the Commission with a regular opportunity to review and ratify existing commitment levels for specific initiatives.

Annual Appropriation:

In contrast to the multi-year allocation balances noted for specific initiatives in Attachment E, only the annual appropriation approved for a fiscal year is shown as committed for fund balance purposes for programmatic investments without an approved multi-year allocation. Any unspent funds from the previous fiscal year for these investments revert back to assigned fund balance, which represents funds available for use within the parameters set by the 2015-2020 Strategic Plan. Approximately \$84.5 million of the FY 2016-17 budget request is in support of programmatic investments without an allocation, for which funds will be drawn from assigned fund balance and designated as committed for FY 2015-16 when the budget is approved.

Funds for internal operations, \$21.2 million for FY 2016-17, are classified as unassigned fund balance for the upcoming fiscal year. In addition, based on current policy, the Commission must

approve a Fund Balance Reserve, which is calculated annually as 25% of the total fiscal year budget approved in June. For FY 2016-17, the Reserve is calculated at \$40.4 million, an amount that is also classified as unassigned for fund balance purposes.

Balances for all fund balance categories will not be finalized until the completion of the FY 2015-16 year-end audit and the preparation of the Comprehensive Annual Financial Report (CAFR).

V. ADMINISTRATIVE COST LIMIT

Based on current policy and in compliance with the California Health and Safety Code (the "Code") governing the operations of First 5 LA, the Commission approves an annual administrative cost limit which is a percentage of the total budget. Although neither the Code nor the First 5 LA policy specifies a maximum percentage, historically the Commission has approved an administrative cost limit that is below 5% of the total projected organizational spending. The definition of administrative cost accounts for 100% of the following departments' costs: Board of Commissioners, Executive, Chief Administrative, Contract Compliance, Facilities Management, Finance, Finance – Medi-Cal Administrative Activities, Human Resources, Information Technology, Chief Programs, Office of Strategic Planning and Integration, and Communications & Marketing.

In addition to these department costs, the definition includes salary and employee benefit (S&EB) costs for Directors and Administrative Assistants in the following programmatic departments: Best Start Communities, Community Investments, Grants Management, Policy & Intergovernmental Affairs, Program Development, Public Affairs and Research & Evaluation.

This methodology, as reflected in the current Board-approved Administrative Cost Policy, represents a conservative approach to the administrative limit calculation. For example, although the organization's Executive Leadership and Senior Management Teams do not spend 100% of their time on purely administrative activities, the entirety of their costs (salaries and benefits) are captured in the calculation of the administrative limit for the fiscal year. In the context of all First 5 County Commissions, First 5 LA currently has one of the lowest administrative limit percentages, which range from 5-25% of annual spending.

Using the methodology noted above (further detail is provided as part of Attachment A), the administrative cost for supporting First 5 LA programs is projected to be \$12.4 million, or 7.67% of the total budget. The increase from the previous year's 4.96% is due to the reduction in anticipated program spending for FY 2016-17 of \$57.2 million. This reduction is a result of allowing legacy initiatives to end as scheduled, pursuant to the Governance Guidelines, as well as the shift away from direct service provision toward a policy and systems change approach, which also demonstrates the Commission's fiscal realities and commitment to living within the means of the organization.

VI. CONCLUSION

First 5 LA enters into the second year of the 2015-2020 Strategic Plan mindful of both the fiscal reality of declining resources, our ongoing responsibility for 21 legacy investments, the strategy implementation process currently underway to advance the Strategic Plan, and the organizational transformation process underway to ensure that First 5 LA is adequately poised to advance the work directed by the Commission.

The format and the approach for the FY 2016-17 Budget represent our continued efforts to improve financial accountability and transparency, while remaining flexible in the evolving environment in which First 5 LA operates. With a Strategic Plan that provides clear direction, focuses our investments and improves the organization's capacity to deliver, we anticipate the

need for further refinements in the budget presentation, potentially during FY 2016-17 as well as during the FY 2017-18 budget development process to continue improving our financial management and reporting practices.

With First 5 LA's declining revenue and fund balance, the Commission will need to continue to refine the resources required to advance the strategies and activities outlined in the 2015-2020 Strategic Plan, as well as assess the alignment of current work to the new outcomes. We will continue working to advance Commission priorities with a renewed focus on sustainability and leveraging, and with consideration paid to the fiscal outlook presented in the most recent Long Term Financial Projection. As noted previously, the FY 2016-17 Budget reflects a visible shift in First 5 LA's spending approach to both live within the means of the organization, as well as to learn from previous experience how our resources can have the greatest impact for families and children 0-5 in LA County.

We are grateful to the Commission for its ongoing leadership and support of First 5 LA's efforts to ensure that all children in LA County enter kindergarten ready to succeed in school and life.

DRAFT

	INITIATIVE	PROGRAM	DRAFT FY 2016-17 BUDGET (MAY)	CHANGE	FINAL FY 2016-17 BUDGET (JUNE)	% CHANGE	REASON FOR CHANGE	EXPLANATION OF CHANGE
1	Black Infant Health	Black Infant Health Program	1,509,000	194,000	1,703,000	13%	ND	Original budget estimate was too low. Revised estimates are based on one finalized agreement and two ongoing contract negotiations.
2	Children's Dental Care	Children's Dental Care Program	8,336,000	572,000	8,908,000	7%	ND	Additional dollars are needed to support the new pediatric clinic at LA County Medical Center which opened in April 2016.
3	Community Strategy 1 - Shared Vision & Collective Action	Community Engagement	9,254,000	46,000	9,300,000	0.5%	ND	Based on new information, the Community Advisory Council, a subset of the Community Engagement program, will require additional resources to implement the work in FY 2016-17.
4	ECE Strategy 1 - Policy/Advocacy	Kindergarten Readiness Assessment	330,000	145,000	475,000	44%	ND	The increase in the budget was a result of new information, activity clarification, and subsequent modifications to the Contractor's scope of work. The additional funds include Community of Practice activity expert speakers, increases in the number of meetings for the Executive Leadership Group and Community of Practice, and an important project power mapping activity.
5	Families Strategy 2 - Family Engagement	Data Development	140,000	200,000	340,000	143%	ND	New data led to an identified need for additional funds to support an increase in landscape analyses and strategic planning activities.
6	Health Strategy 1 - Early Identification/Developmental Screening/Connection to Services	Developmental Screening/Help Me Grow	1,236,000	(112,000)	1,124,000	-9%	ND	Original budget estimate was too high. Additional information was procured which lead to a shift of resources among the budget line-items, resulting in a net decrease of \$112,000.
7	Healthy Food Access	Market Match	700,000	40,000	740,000	6%	ND	Additional information gathered from ongoing Contractor negotiations has lead to an increase of \$40,000 to more appropriately align budget with need.
8	Little by Little/One Step Ahead	Little by Little/One Step Ahead Program	3,116,000	196,000	3,312,000	6%	ND	Further project analysis and discussion identified a need for additional consultant support and an increase in staff time to reinforce the program's sustainability plan.
9	Program Evaluation	Welcome Baby Implementation and Outcomes Evaluation	775,000	177,000	952,000	23%	D	Delays in completing activities earmarked for FY 2015-16 has resulted in a need to shift resources from FY 2015-16 to FY 2016-17.
Total				\$ 1,458,000				

Other Program Modifications

- 1) The Stronger Families Database was re-associated from the Data Development and Integration initiative to the Families Strategy 1- Home Visiting initiative, as it was determined to be a program cost. No change in funding.
- 2) Resources identified for purposes of Emerging Opportunities within the four priority outcome areas will also be available for partnership opportunities with LA County to enhance the impact of First 5 LA investments.

KEY: Reason for Change

ND = New data available to inform budget development

D = Delay in current year activity



ATTACHMENT A:

FY 2016-17 BUDGET

- Budget Summary
- Budget Summary for Programs by Initiative/Program
- Administrative Limit Calculation
- Schedule of Authorized Positions

BUDGET COMPONENT	FY 2015-16	FY 2016-17			VARIANCE	
	REVISED BUDGET	DRAFT (MAY)	CHANGES	FINAL (JUNE)	\$	%
2015-2020 STRATEGIC PLAN: FOCUSING FOR THE FUTURE						
Strategic Plan Priority Outcome Areas						
1 Families	\$ 32,475,000	\$ 37,881,000	\$ 200,000	\$ 38,081,000	\$ 5,606,000	16.6%
2 Communities	17,229,750	18,837,000	46,000	18,883,000	1,653,250	9.3%
3 Early Care & Education Systems	1,251,000	24,054,000	145,000	24,199,000	22,948,000	1822.8%
4 Health-Related Systems	546,250	2,533,000	(112,000)	2,421,000	1,874,750	363.7%
* Other/Cross-Cutting Activities	490,000	-	-	-	(490,000)	-100.0%
Sub-total: Strategic Plan Priority Outcome Areas	\$ 51,992,000	\$ 83,305,000	\$ 279,000	\$ 83,584,000	\$ 31,592,000	60.2%
Strategic Plan Investment Areas & Support Costs						
5 Policy Agenda/Advocacy	\$ 2,797,000	\$ 2,442,000	\$ -	\$ 2,442,000	\$ (355,000)	-12.7%
6 Communications & Marketing	4,672,000	5,345,000	-	5,345,000	673,000	14.4%
7 Communications - Conference Funding	200,000	300,000	-	300,000	100,000	50.0%
Sub-total: Strategic Plan Investment Areas & Support Costs	\$ 7,669,000	\$ 8,087,000	\$ -	\$ 8,087,000	\$ 418,000	5.5%
TOTAL 2015-2020 STRATEGIC PLAN: FOCUSING FOR THE FUTURE	\$ 59,661,000	\$ 91,392,000	\$ 279,000	\$ 91,671,000	\$ 32,010,000	53.7%
LEGACY INVESTMENTS						
8 At-Risk Fathers Investment	\$ 150,000	\$ 299,000	\$ -	\$ 299,000	\$ 149,000	99.3%
9 Baby Friendly Hospitals	1,351,000	918,000	-	918,000	(433,000)	-32.1%
10 Black Infant Health	1,955,000	2,009,000	194,000	2,203,000	248,000	2.8%
11 Children's Dental Care	10,656,000	8,336,000	572,000	8,908,000	(1,748,000)	-21.8%
12 Children's Vision Care	1,341,000	1,333,000	-	1,333,000	(8,000)	-0.6%
13 Early Identification and Intervention - Autism and Other Developmental Delays	946,000	908,000	-	908,000	(38,000)	-4.0%
* ECE Environmental Scan	80,000	-	-	-	(80,000)	-100.0%
14 Healthy Food Access	2,064,000	1,134,000	40,000	1,174,000	(890,000)	-45.1%
15 Healthy Kids	2,732,000	373,000	-	373,000	(2,359,000)	-86.3%
16 Information Resource and Referral	1,360,000	1,260,000	-	1,260,000	(100,000)	-7.4%
17 Little by Little/One Step Ahead	3,515,000	3,116,000	196,000	3,312,000	(203,000)	-11.4%
* Los Angeles Universal Preschool	55,423,000	-	-	-	(55,423,000)	-100.0%
18 Oral Health & Nutrition - Dental Home	3,414,000	890,000	-	890,000	(2,524,000)	0.0%
19 Parent Child Interaction Therapy	2,742,000	3,590,000	-	3,590,000	848,000	30.9%
* Partnerships for Families	150,000	-	-	-	(150,000)	-100.0%
* Peer Support Groups for Parents	1,044,000	-	-	-	(1,044,000)	-100.0%
20 Policy Advocacy Fund	2,194,000	1,263,000	-	1,263,000	(931,000)	-42.4%
21 Reducing Childhood Obesity	15,462,000	5,133,000	-	5,133,000	(10,329,000)	-66.8%
22 Resource Mobilization - ECE	225,000	800,000	-	800,000	575,000	255.6%
23 Resource Mobilization - Funder Partnerships	60,000	75,000	-	75,000	15,000	25.0%
24 Resource Mobilization - Health	1,540,000	326,000	-	326,000	(1,214,000)	-78.8%
25 Resource Mobilization - Organizational Capacity Building	550,000	125,000	-	125,000	(425,000)	-77.3%
26 Resource Mobilization - Project Development	5,000	250,000	-	250,000	245,000	4900.0%
* Tot Parks and Trails	660,000	-	-	-	(660,000)	-100.0%
27 Universal Assessment of Newborns	6,981,000	8,451,000	-	8,451,000	1,470,000	21.1%
28 Workforce Development	2,522,000	555,000	-	555,000	(1,967,000)	-78.0%
* Workforce Development - ECE Workforce Consortium	12,798,000	-	-	-	(12,798,000)	-100.0%
TOTAL LEGACY INVESTMENTS	\$ 131,920,000	\$ 41,144,000	\$ 1,002,000	\$ 42,146,000	\$ (89,774,000)	-68.8%
RESEARCH AND EVALUATION						
29 Data Development and Integration	\$ 1,073,000	\$ 861,000	\$ -	\$ 861,000	\$ (212,000)	-19.8%
30 Data Partnership with Funders	900,000	900,000	-	900,000	-	0.0%
31 Program Evaluation	3,906,000	4,530,000	177,000	4,707,000	801,000	16.0%
TOTAL RESEARCH AND EVALUATION	\$ 5,879,000	\$ 6,291,000	\$ 177,000	\$ 6,468,000	\$ 589,000	7.0%
TOTAL PROGRAM COSTS	\$ 197,460,000	\$ 138,827,000	\$ 1,458,000	\$ 140,285,000	\$ (57,175,000)	-29.7%
INTERNAL OPERATIONS						
Administrative Costs	\$ 11,382,637	\$ 12,396,219	\$ -	\$ 12,396,219	\$ 1,013,582	8.9%

BUDGET COMPONENT	FY 2015-16	FY 2016-17			VARIANCE	
	REVISED BUDGET	DRAFT (MAY)	CHANGES	FINAL (JUNE)	\$	%
Program Costs	9,411,725	8,838,939	-	8,838,939	(572,786)	-6.1%
TOTAL INTERNAL OPERATIONS	\$ 20,794,362	\$ 21,235,158	\$ -	\$ 21,235,158	\$ 440,796	2.1%
TOTAL FIRST 5 LA BUDGET	\$ 218,254,362	\$ 160,062,158	\$ 1,458,000	\$ 161,520,158	\$ (56,734,204)	-26.0%

* Initiative/cost area ends in FY 2015-16, with no anticipated spending for FY 2016-17.

INITIATIVE / STRATEGY NAME	PROGRAM NAME	FY 2015-16	FY 2016-17			VARIANCE	
		REVISED	DRAFT (MAY)	CHANGES	FINAL (JUNE)	\$	%
2015-2020 STRATEGIC PLAN: FOCUSING FOR THE FUTURE							
Strategic Plan Priority Outcome Areas							
Families							
Families Strategy 1 - Home Visiting ¹	Welcome Baby Hospitals	\$ 14,580,000	\$ 16,447,000	\$ -	\$ 16,447,000	\$ 1,867,000	13%
	Select Home Visiting Programs	12,868,000	15,640,000	-	15,640,000	2,772,000	22%
	Family Strengthening Oversight Entity	3,418,000	3,373,000	-	3,373,000	(45,000)	-1%
	Stronger Families Database ¹⁴	873,000	875,000	-	875,000	2,000	0%
	Family Strengthening Public Education	100,000	-	-	-	(100,000)	-100%
Families Strategy 2 - Family Engagement ²	Abriendo Puertas	636,000	601,000	-	601,000	1,110,000	175%
	Data Development		140,000	200,000	340,000		
	Project Dulce		670,000	-	670,000		
	Project Dulce Evaluation		135,000	-	135,000		
Sub-total Families		\$ 32,475,000	\$ 37,881,000	\$ 200,000	\$ 38,081,000	\$ 5,606,000	17%
Communities							
Communities Strategy 1 - Shared Vision & Collective Action	Community Engagement ³	\$ 14,936,000	\$ 9,254,000	\$ 46,000	\$ 9,300,000	\$ (821,000)	-5%
	Community Partnerships ³		4,815,000	-	4,815,000		
Communities Strategy 2 - Coordinated Services & Supports ⁴	Resource Network Coordination Capacity	1,093,750	1,064,000	-	1,064,000	975,250	89%
Communities Strategy 3 - Built Environment Policy & Advocacy ⁴	Policy/Advocacy Partnerships		1,005,000	-	1,005,000		
Communitites - Cross-Strategy Investments	Capacity Building Consortium	-	1,029,000	-	1,029,000	1,029,000	N/A
	Communications & Marketing ³	1,200,000	1,670,000	-	1,670,000	470,000	39%
Sub-total Communities		\$ 17,229,750	\$ 18,837,000	\$ 46,000	\$ 18,883,000	\$ 1,653,250	10%
Early Care & Education (ECE) Systems							
ECE Strategy 1 - Policy/Advocacy	ECE Policy Advocacy Fund ⁵	\$ -	\$ 3,000,000	\$ -	\$ 3,000,000	\$ 3,000,000	N/A
	Grade Level Reading Campaign ⁶	300,000	285,000	-	285,000	(15,000)	-5%
	Kindergarten Readiness Assessment ⁷	370,000	330,000	145,000	475,000	19,567,000	5288%
Early Childhood Educators Improving Quality (CCALA) ⁷	600,000		-	600,000			
QRIS Architects Group and Systems Planning ⁷	1,085,000		-	1,085,000			
QRIS Continuous Site Engagement (LAUP) ⁷	16,868,000		-	16,868,000			
ECE Strategy 2 - QRIS	Shared Services Support ⁸	-	350,000	-	350,000	350,000	N/A
	Early Childhood Education Credential Advocacy Project ⁷	(see note 7 and figure above)	558,000	-	558,000	(see note 7 and figures above)	
	Early Childhood Educator Competencies Curriculum ⁷		170,000	-	170,000		
	Higher Education Peer Learning Project ⁷		181,000	-	181,000		
ECE Workforce Registry ⁹	581,000		627,000	-	627,000		46,000
Sub-total ECE		\$ 1,251,000	\$ 24,054,000	\$ 145,000	\$ 24,199,000	\$ 22,948,000	1834%
Health, Mental Health & Substance Abuse Systems							
Health Strategy 1 - Early Identification/Developmental Screening/Connection to Services ¹⁰	Developmental Screening: Help Me Grow	\$ 546,250	\$ 1,236,000	\$ (112,000)	\$ 1,124,000	\$ 1,874,750	343%
Health Strategy 2 - Trauma-Informed Care ¹⁰	Trauma-Informed Care		1,297,000	-	1,297,000		
Sub-total Health		\$ 546,250	\$ 2,533,000	\$ (112,000)	\$ 2,421,000	\$ 1,874,750	343%
Other/Cross-Cutting Activities		\$ 490,000	\$ -	\$ -	\$ -	\$ (490,000)	-100%
Sub-Total: Priority Outcome Areas		\$ 51,992,000	\$ 83,305,000	\$ 279,000	\$ 83,584,000	\$ 31,592,000	61%

INITIATIVE / STRATEGY NAME	PROGRAM NAME	FY 2015-16	FY 2016-17			VARIANCE	
		REVISED	DRAFT (MAY)	CHANGES	FINAL (JUNE)	\$	%
Strategic Plan Investment Areas & Support Costs							
Policy Agenda/Advocacy	Federal Policy and Sustainability Advocate	\$ 127,000	\$ 127,000	\$ -	\$ 127,000	\$ -	0%
	Opinion Research	75,000	-	-	-	(75,000)	-100%
	Policy Briefs	100,000	-	-	-	(100,000)	-100%
	State Policy and Sustainability Advocate	440,000	440,000	-	440,000	-	0%
	Strategic Plan Advocacy Strategies ¹¹	2,055,000	1,875,000	-	1,875,000	(180,000)	-9%
Communications & Marketing	Communications & Marketing	4,672,000	5,345,000	-	5,345,000	673,000	14%
Communications - Conference Funding	Conference Funding	200,000	300,000	-	300,000	100,000	50%
Sub-Total: Strategic Plan Investment Areas & Support Costs		\$ 7,669,000	\$ 8,087,000	\$ -	\$ 8,087,000	\$ 418,000	5%
TOTAL 2015-2020 STRATEGIC PLAN: FOCUSING FOR THE FUTURE		\$ 59,661,000	\$ 91,392,000	\$ 279,000	\$ 91,671,000	\$ 32,010,000	54%
LEGACY INVESTMENTS							
At-Risk Fathers Investment	At-Risk Fathers Investment	\$ 150,000	\$ 299,000	\$ -	\$ 299,000	\$ 149,000	99%
Baby Friendly Hospitals	Baby Friendly Hospital Project - Cycle 2	274,000	-	-	-	(274,000)	-100%
	Baby Friendly Hospital Project - Cycle 3	477,000	453,000	-	453,000	(24,000)	-5%
	Baby Friendly Hospital Project - Cycle 4	600,000	465,000	-	465,000	(135,000)	N/A
Black Infant Health	Birth Outcomes and Disparities – Policy and Systems Change	500,000	500,000	-	500,000	-	0%
	Black Infant Health Program	1,455,000	1,509,000	194,000	1,703,000	248,000	17%
Children's Dental Care	Children's Dental Care Program	10,656,000	8,336,000	572,000	8,908,000	(1,748,000)	-16%
Children's Vision Care	Children's Vision Care	1,341,000	1,333,000	-	1,333,000	(8,000)	-1%
Early Identification and Intervention - Autism and Other Developmental Delays	Early Identification and Intervention - Autism and Other Developmental Delays	946,000	908,000	-	908,000	(38,000)	-4%
ECE Environmental Scan	ECE Environmental Scan	80,000	-	-	-	(80,000)	-100%
Healthy Food Access	Children's Garden Collaborative	1,389,000	434,000	-	434,000	(955,000)	-69%
	Market Match	675,000	700,000	40,000	740,000	65,000	10%
Healthy Kids	Healthy Kids Insurance Coverage	630,000	373,000	-	373,000	(257,000)	-41%
	Healthy Kids Outreach, Enrollment, Retention, and Utilization	2,102,000	-	-	-	(2,102,000)	-100%
Information Resource and Referral	211 LA County	1,340,000	1,240,000	-	1,240,000	(100,000)	-7%
	Performance Based Agreement (Consulting)	20,000	20,000	-	20,000	-	0%
Little by Little/One Step Ahead	Little by Little/One Step Ahead Program	3,515,000	3,116,000	196,000	3,312,000	(203,000)	-6%
Los Angeles Universal Preschool	Los Angeles Universal Preschool	55,423,000	-	-	-	(55,423,000)	-100%
Oral Health & Nutrition - Dental Home	Oral Health & Nutrition - Dental Home	3,414,000	890,000	-	890,000	(2,524,000)	-74%
Parent Child Interaction Therapy	Parent Child Interaction Therapy	2,742,000	3,590,000	-	3,590,000	848,000	31%
Partnerships for Families	Partnerships for Families	150,000	-	-	-	(150,000)	-100%
Peer Support Groups for Parents	Peer Support Groups Lead Agency	927,000	-	-	-	(927,000)	-100%
	Peer Support Groups Training and Technical Assistance Provider	117,000	-	-	-	(117,000)	-100%
Policy Advocacy Fund	Policy Advocacy Fund - I	805,000	300,000	-	300,000	(505,000)	-63%
	Policy Advocacy Fund - II	1,276,000	850,000	-	850,000	(426,000)	-33%
	Policy Advocacy Fund Technical Assistance Provider	113,000	113,000	-	113,000	-	0%
Reducing Childhood Obesity	Reducing Childhood Obesity	15,462,000	5,133,000	-	5,133,000	(10,329,000)	-67%
Resource Mobilization - ECE	ECE Recoverable Grant/Bridge Fund	225,000	800,000	-	800,000	575,000	256%
Resource Mobilization - Funder Partnerships	Funder Collaboratives ¹²	30,000	75,000	-	75,000	45,000	N/A
	LA-N-Sync	15,000	-	-	-	(15,000)	-100%
	Los Angeles Partnership for Early Childhood Investment	15,000	-	-	-	(15,000)	-100%
Resource Mobilization - Health	Early Childhood Linkages to Wellness	1,250,000	326,000	-	326,000	(924,000)	-74%
	Freshworks Fund	290,000	-	-	-	(290,000)	-100%

INITIATIVE / STRATEGY NAME	PROGRAM NAME	FY 2015-16	FY 2016-17			VARIANCE	
		REVISED	DRAFT (MAY)	CHANGES	FINAL (JUNE)	\$	%
Resource Mobilization - Organizational Capacity Building	Organizational Capacity Building	550,000	125,000	-	125,000	(425,000)	-77%
Resource Mobilization - Project Development	Consulting ¹³	5,000	150,000	-	150,000	145,000	2900%
	Convenings ¹³	-	100,000	-	100,000	100,000	N/A
Tot Parks and Trails	Tot Parks and Trails	660,000	-	-	-	(660,000)	-100%
Universal Assessment of Newborns	Welcome Baby Hospitals	6,981,000	8,451,000	-	8,451,000	1,470,000	21%
Workforce Development	CARES Plus	2,000,000	-	-	-	(2,000,000)	-100%
	P-5 Workforce Development Core Competencies	522,000	555,000	-	555,000	33,000	6%
Workforce Development - ECE Workforce Consortium	ECE Workforce Consortium	12,798,000	-	-	-	(12,798,000)	-100%
TOTAL LEGACY INVESTMENTS		\$ 131,920,000	\$ 41,144,000	\$ 1,002,000	\$ 42,146,000	\$ (89,774,000)	-68%
RESEARCH AND EVALUATION							
Data Development and Integration	Data consultant	\$ 8,000	\$ 4,000	\$ -	\$ 4,000	\$ (4,000)	-50%
	Data Requests	9,000	5,000	-	5,000	(4,000)	-44%
	Dissemination	42,000	15,000	-	15,000	(27,000)	-64%
	First 5 LA Contracts and Grants Program Reporting Database	187,000	187,000	-	187,000	-	0%
	Los Angeles County Health Survey	142,000	-	-	-	(142,000)	-100%
	Los Angeles Mommy and Baby (LAMB) Project	260,000	-	-	-	(260,000)	-100%
	Maternal Infant Hospital Assessment	105,000	-	-	-	(105,000)	N/A
	WIC Data Mining Research Partnership	320,000	650,000	-	650,000	330,000	103%
Data Partnership with Funders	Children's Data Network (CDN)	900,000	900,000	-	900,000	-	0%
Program Evaluation	Best Start Evaluation	374,000	734,000	-	734,000	360,000	96%
	Countywide Systems Improvement Evaluation	94,000	-	-	-	(94,000)	-100%
Program Evaluation (continued)	Early Care and Education Policy Advocacy Fund Evaluation	-	243,000	-	243,000	243,000	N/A
	Early Identification and Intervention - Autism and Other Developmental Delays Evaluation	65,000	-	-	-	(65,000)	-100%
	Little by Little/One Step Ahead Evaluation	5,000	-	-	-	(5,000)	-100%
	Los Angeles Universal Preschool Evaluation - Universal Preschool Child Outcomes Study	109,000	-	-	-	(109,000)	-100%
	Medi-Cal Match Feasibility Study	48,000	-	-	-	(48,000)	N/A
	Obesity Prevention & Nutrition Collective Impact Evaluation	720,000	961,000	-	961,000	241,000	33%
	Parent-Child Interaction Therapy Evaluation	47,000	125,000	-	125,000	78,000	166%
	Peer Support Groups for Parents Implementation Evaluation	62,000	-	-	-	(62,000)	-100%
	Professional Development Program Evaluation	1,501,000	490,000	-	490,000	(1,011,000)	-67%
	Quality Rating and Improvement System Evaluation	-	100,000	-	100,000	100,000	N/A
	Universal Screening Psychometric Study	183,000	67,000	-	67,000	(116,000)	N/A
Welcome Baby Impact Study	183,000	1,035,000	-	1,035,000	852,000	N/A	
Welcome Baby Implementation and Outcomes Evaluation	515,000	775,000	177,000	952,000	437,000	N/A	
TOTAL RESEARCH AND EVALUATION		\$ 5,879,000	\$ 6,291,000	\$ 177,000	\$ 6,468,000	\$ 589,000	10%
TOTAL FIRST 5 LA PROGRAM BUDGET		\$ 197,460,000	\$ 138,827,000	\$ 1,458,000	\$ 140,285,000	\$ (57,175,000)	-29%

Notes:

1. FY 2015-16 costs for Families Strategy 1 were captured in the "Families: Place-Based - Welcome Baby/Select Home Visiting" initiative.
2. Any potential FY 2015-16 costs for Families Strategy 2 activities were captured in the Strategic Plan Implementation Fund, where \$636,000 was included for new activities in the Families outcome area.
3. FY 2015-16 costs for Communities Strategy 1 were captured in the "Communities: Place-Based - Community Capacity Building" initiative.
4. Any potential FY 2015-16 costs for Communities Strategy 2 activities were captured in the Strategic Plan Implementation Fund, where \$1,093,750 was included for new activities in the Communities outcome area.

INITIATIVE / STRATEGY NAME	PROGRAM NAME	FY 2015-16	FY 2016-17			VARIANCE	
		REVISED	DRAFT (MAY)	CHANGES	FINAL (JUNE)	\$	%
5.	FY 2015-16 costs for activities related to what is now called the "ECE Policy Advocacy Fund" were embedded within the "Early Learning Advocacy Strategies" program (called Strategic Plan Advocacy Strategies for FY 2016-17) in the "Policy Agenda/Advocacy" initiative.						
6.	Costs for the "Grade Level Reading Campaign" program were captured within the "Resource Mobilization - ECE" initiative in FY 2015-16.						
7.	Any potential FY 2015-16 costs for these activities were captured in the Strategic Plan Implementation Fund, where \$370,000 was included for new activities in the ECE outcome area.						
8.	FY 2015-16 costs totaling \$350,000 related to Shared Services were embedded within the "Organizational Capacity Building" program in the "Resource Mobilization - Organizational Capacity Building" initiative.						
9.	Costs for the "ECE Workforce Registry" program were captured within the "Data Development and Integration" initiative in FY 2015-16.						
10.	Any potential FY 2015-16 costs for activities related to Health Strategies 1 and 2 were captured in the Strategic Plan Implementation Fund, where \$546,250 was included for new activities in the Health outcome area.						
11.	The "Strategic Plan Advocacy Strategies" program was referred to as "Early Learning Advocacy Strategies" in FY 2015-16.						
12.	The "Funder Collaboratives" program was referred to as "Emerging Funder Collaboratives" in FY 2015-16.						
13.	Costs for consulting and convening activities related to new project development were captured in the Strategic Plan Implementation Fund in FY 2015-16, where \$490,000 was included for "Other/Cross-Cutting Activities."						

ADMINISTRATIVE LIMIT CALCULATION

First 5 LA FY 2016-17 Operating Budget Administrative Limit Calculation		
Departmental Budgets:		
Board of Commissioners	\$	117,250
Chief Administrative		414,352
Chief Program		349,021
Communications & Marketing		1,718,727
Contract Compliance		820,688
Executive		2,031,099
Facilities Management		875,600
Finance		1,222,481
Finance - MAA		152,449
Human Resources		1,117,916
Information Technology		1,276,815
Office of Strategic Planning & Integration		596,166
Salary & Benefits*:		
Best Start Communities		358,096
Community Investments		265,532
Grants Management		253,226
Policy & Intergovernmental Affairs		253,309
Program Development		271,269
Research & Evaluation		302,223
Total FY 2016-17 Administrative Budget	\$	12,396,219
Total FY 2016-17 Operating Budget		21,235,158
Total FY 2016-17 Program Budget		140,285,000
Total FY 2016-17 Budget	\$	161,520,158
Administrative Cost Percentage		7.67%
* Directors and Administrative Assistants Only		

SCHEDULE OF AUTHORIZED POSITIONS						
Division/Department	FY 2015-16		FY 2016-17			
	Authorized Positions ¹	Filled Positions as of May 2016	Baseline	New Positions	Reduction	Total
Executive						
Operations	5	5	5	2		7
Special Initiatives & Emerging Opportunities	0	1	0	1		1
Administration						
Chief Administrative	2	2	2	1		3
Contract Compliance	7	7	7			7
Facilities Management	0	0	0			0
Finance						
Operations	9	8	9		-1	8
Medi-Cal Administrative Activities (MAA)	1	0	1			1
Grants Management	9	7	9		-2	7
Human Resources	3.5	2	3.5	0.5		4
Information Technology	5	5	5			5
Office of Strategic Planning and Integration	1	1	1			1
Programs						
Chief Program	2	2	2			2
Best Start Communities	32	27	32			32
Community Investment	8	5	8		-1	7
Policy and Intergovernmental Affairs	12	6	12			12
Program Development	17	17	17	1		18
Communications and Marketing	16	14	16			16
Research and Evaluation	19	15	19		-2	17
	148.5	124	148.5	5.5	-6	148

SCHEDULE OF AUTHORIZED POSITIONS

1) Based on approval of the Operating Budget for FY 2015-16 in June 2015.
2) Temporary employees are not included in the FTE count.



ATTACHMENT B:

**FY 2016-17 BUDGET –
HIGHLIGHTS**

ATTACHMENT B: FY 2016-17 BUDGET – HIGHLIGHTS

The FY 2016-17 Budget proposes support for an increased level of resources in support of the priority outcome areas and activities to achieve the goals detailed in the 2015-2020 Strategic Plan, while at the same time incorporating resources for a number of legacy investments that will soon be either ending or ramping down.

Historically, the Commission approves the budget at the initiative level, with each initiative including one or more programs. These highlights include a summary of budget requests at the initiative level, specifically calling out investments that are large, high-profile, or Commission priorities. These highlights also include a high-level discussion of the resources for Year 2 activities related to the implementation of the 2015-2020 Strategic Plan. The highlights are organized according to the following investment areas:

1. 2015-2020 Strategic Plan: Focusing for the Future
 - a. Strategic Plan Priority Outcome Areas
 - b. Strategic Plan Investment Areas and Support Costs
2. Legacy Investments
3. Research and Evaluation
4. Internal Operations

Further detail on each program budget request is provided in Attachment C. Further detail on the operating budget request by internal division and department—based on the existing organizational structure—is provided in Attachment D. While the budget document is intended to provide broad parameters around programmatic spending, it is important to note that much of the information included is subject to change, as funding requests were generated using the latest information available at the time the budget was developed. In addition, activities or funding estimates for contracts that have yet to be negotiated may be revised as appropriate.

1. 2015-2020 STRATEGIC PLAN: FOCUSING FOR THE FUTURE

a. Strategic Plan Priority Outcome Areas

This category includes estimated resources in support of the four priority outcome areas detailed in the 2015-2020 Strategic Plan: Families, Communities, Early Care and Education (ECE) Systems, and Health, Mental Health and Substance Abuse (Health) Systems. Costs represent estimated resources to support both ongoing and new work related to the anticipated Year 2 activities of the 2015-2020 Strategic Plan, based on the implementation work done to date.

The strategy refinement and implementation process that took place in FY 2014-15 and continued in FY 2015-16 yielded a number of considerations to keep in mind. Most importantly, it became clear that the proposed work within the four outcome areas are at very different stages of development. For example, the organization's Welcome Baby and Select Home Visiting and the community capacity building work within the Best Start Communities, within the Families and Communities outcome areas, respectively, represent ongoing work already in progress, while much of the proposed work in the ECE and Health Systems outcome areas are still in the developmental stages.

Similarly, the refinement process identified that systems change efforts require time and effort to effectively develop the partnerships necessary to achieve the desired goals. It will also be necessary for partnership engagement and management to be coordinated for effective and successful collaboration across the planned activities. In addition, monitoring, evaluation and learning (MEL) activities are critical to assessing First 5 LA's impact and to inform necessary mid-course corrections.

The refinement process also identified that some of the emerging work has the potential to advance more than one outcome area, and as such, implementation will be coordinated across strategies as appropriate. The work will also be sequenced and paced to support First 5 LA's organizational transformation to a new internal structure.

It is important to note that costs reflected below are approximate, reflecting the best thinking to date regarding the potential needs for Year 1 activities. As the scope of tasks for FY 2015-16 is clarified through continued refinement work, additional information to further define the use of funds will be provided through standard operating procedures.

2015-2020 STRATEGIC PLAN OUTCOME AREA	Approved		Proposed	
	FY 2015-16 Budget		FY 2016-17 Budget	
Families	\$ 32,475,000	62%	\$ 38,081,000	46%
Communities	17,229,750	33%	18,883,000	23%
Early Care & Education (ECE) Systems	1,251,000	2%	24,199,000	29%
Health, Mental Health & Substance Abuse Systems	546,250	1%	2,221,000	3%
Other/Cross-Cutting Activities	490,000	1%	-	0%
Total Strategic Plan Priority Outcome Areas	\$ 51,992,000	100%	\$ 83,384,000	100%

Families (\$38,081,000)

Much of the planned FY 2016-17 work in the Families outcome area represents ongoing work related to First 5 LA's investments in Welcome Baby and Select Home Visiting, under Families Strategy 1 – Home Visiting, identified as continuing anchor investments for First 5 LA in the 2015-2020 Strategic Plan. This is consistent with the Commission's dedication in the Strategic Plan to promoting the Protective Factors, which encompass the skills and supports that families need to help their children succeed. In addition, estimated resources are included for new activities to advance the Strategic Plan's Families Strategy 2 – Family Engagement, such as Abriendo Puertas and Project Dulce.

FAMILIES OUTCOME AREA STRATEGY	Proposed	
	FY 2016-17 Budget	
Strategy 1 - Home Visiting	\$ 36,335,000	95%
Strategy 2 - Family Engagement	1,746,000	5%
Total Families Outcome Area	\$ 38,081,000	100%

Families Strategy 1 – Home Visiting (\$36,335,000)

The place-based investments in Welcome Baby and Select Home Visiting represent ongoing programs that the Commission affirmed as core to advancing the Families outcome area defined in the 2015-2020 Strategic Plan. These activities directly support Strategy 1 of the Families outcome area, and begin with engaging families through Welcome Baby, a home visitation program designed

to serve as an outreach to families at strategic points in time during pregnancy, birth, and postnatally. Welcome Baby provides parenting education and health promotion information, and invites families into an array of services and supports in their community. In addition, families receive information and support during each visit on topics such as breastfeeding, health, safety, postpartum depression and other issues.

All families delivering at one of the 14 Welcome Baby participating hospitals, regardless of place of residence, will receive a Welcome Baby hospital visit at the time of their baby's birth. Families residing within a Best Start Community and identified as having a great risk for poor child outcomes will be eligible for referral to one of 19 participating providers' intensive Select Home Visitation Program (Healthy Families America, Parents as Teachers or Triple-P).

Although other, less intensive parent education and support services may be available, the goal is to develop a network of high quality, evidence-based models to serve as the primary resource for high risk pregnant women and new parents. Families residing within a Best Start Community are eligible for up to nine Welcome Baby engagements: three prenatal, at the hospital, and up to five postpartum engagements. Families living outside Best Start communities and facing serious challenges in caring for their newborn due to such factors as lack of social supports or limited knowledge on infant care will receive up to three Welcome Baby postpartum home visits, as needed.

The components of this anchor investment are reflected in the table below, representing 25.9% of the overall program budget. FY 2016-17 reflects further ramp up of implementation of the Welcome Baby and Select Home Visiting programs, including an increased number of providers and increased enrollment, resulting in higher costs relative to FY 2015-16.

STRATEGY/PROGRAM	Revised		Proposed	
	FY 2015-16 Budget		FY 2016-17 Budget	
Families Strategy 1 - Home Visiting				
Welcome Baby Hospitals	\$ 14,580,000	46%	\$ 16,447,000	45%
Select Home Visiting Programs	12,868,000	40%	15,640,000	43%
Family Strengthening Oversight Entity	3,418,000	11%	3,373,000	9%
Stronger Families Database	873,000	3%	875,000	2%
Family Strengthening Public Education	100,000	0%	-	0%
Total Families Strategy 1	\$ 31,839,000	100%	\$ 36,335,000	100%

Families Strategy 2 – Family Engagement (\$1,746,000)

FY 2016-17 work related to Strategy 2 of the Families outcome area includes further work around program implementation and research to build the evidence base of Abriendo Puertas and Project Dulce, as well as the integration of the family protective factors in county- and community-based agency programs via strategic communications on the family protective factors and coordination with prevention and aftercare networks.

The components of these activities are reflected in the table below, representing 1.2 % of the overall program budget.

STRATEGY/PROGRAM	Proposed FY 2016-17 Budget	
Families Strategy 2 - Family Engagement		
Abriendo Puertas	\$ 601,000	34%
Data Development	340,000	19%
Project Dulce	670,000	38%
Project Dulce Evaluation	135,000	8%
Total Families Strategy 2	\$ 1,746,000	100%

Abriendo Puertas promotes school readiness, family well-being, and advocacy, and is the nation’s first evidence-based comprehensive training program developed by and for Latino parents with children ages 0-5. The initial program plan during the FY 16-17 includes developing:

- An updated version of the current curriculum to reflect learnings from the program's randomized control trial, as well as new research and policy trends;
- An adapted curriculum tailored to needs of a population that would benefit from a linguistic and/or culturally responsive parent engagement curriculum;
- Evidence-based approaches regarding the best practices of updating and creating new parent engagement curricula by evaluating the above curriculum development processes;
- Relationships that would advance sustainability efforts in curricular design and implementation; and
- Abriendo Puertas' organizational capacity to advance and sustain evidence-based practices.

Also included within this strategy is First 5 LA’s investment in Project Dulce, a clinical intervention based on the Strengthening Families approach—which puts parent engagement as a foundation—that is designed to address infant/family risks and needs at the earliest possible stage and to partner with families to build strengths and capacities that foster optimal child health and development starting at birth. The program aims to increase connection to needed concrete supports and community resources; increase utilization of well-child/preventive health care visits; and decrease the use of emergency room care. In FY 2016-17, the pilot Project Dulce program will continue in three participating clinics, each of which is expected to serve approximately 200 participants during the year. Resources will also support evaluation activities for the Project Dulce program.

Lastly, resources within Strategy 2 of the Families outcome area will support a landscape analysis of measurement tools focused on increasing measurement of family protective factors.

For further information and detail on the budget amounts and activities anticipated to occur in the Families outcome area during FY 2016-17, please refer to Attachment C.

Communities (\$18,883,000)

Much of the planned FY 2016-17 work in the Communities outcome area represents ongoing capacity building work in the 14 Best Start Communities, identified as a continuing anchor investment for First 5 LA in the 2015-2020 Strategic Plan. The Strategic Plan demonstrates the ongoing commitment to these investments by affirming that “the Commission will continue to support family strengthening and community capacity-building in the 14 Best Start Communities, consistent with First 5 LA’s 2013 Building Stronger Families Framework (BSFF)”, highlighting the critical nature

of community environments to the advancement of the Protective Factors. In addition, estimated resources are included for new activities to advance the Strategic Plan’s strategies as follows:

COMMUNITIES OUTCOME AREA STRATEGY	Proposed	
	FY 2016-17 Budget	
Strategy 1 - Shared Vision & Collective Action	\$ 14,115,000	75%
Strategy 2 - Coordinated Services & Supports	1,064,000	6%
Strategy 3 - Built Environment Policy &	1,005,000	5%
Cross-Strategy Investments	2,699,000	14%
Total Communities Outcome Area	\$ 18,883,000	100%

Communities Strategy 1 – Shared Vision & Collective Action (\$14,115,000)

This anchor investment includes costs related to community engagement (\$9,300,000) and the Community Partnerships (\$4,815,000), representing a total of 10.1% of the overall program budget.

A key component of the community engagement piece of this strategy are the Community-Identified Investments (\$5.6 million), which are designed by Best Start Community Partnerships—comprised of parents, residents, organizational representatives, and other community stakeholders—to operationalize the Building Stronger Families Framework. These investments are intended to be longer-term to achieve results at the family and community levels. Through the Community-Identified Investments, the Community Partnerships galvanize parents, residents, organizations, and systems within the broader community to create a context in which parents have the support they need to strengthen the relationships and behaviors that promote optimal child development. Best Start Community-Identified Investments that were initiated during FY 15-16 will continue during FY 16-17, at which time, they will be in full implementation. Therefore, FY 16-17 reflects the resources that will be needed for 12 months of implementation.

In addition, community engagement resources include continued support (\$3,520,000) for the Neighborhood Action Councils (NACs) and the Resident Outreach Coordinators (ROCs), demonstrating the understanding that strengthening social connections between residents at the neighborhood level is an important informal resource that reduces isolation and serves as a means to activate local strategies aligned with a larger, community-wide vision to strengthen families and communities.

The resources for Community Partnerships will focus on strengthening the ability of these Partnerships to be effective vehicles for change, develop and drive the implementation of a broad-based, inclusive effort to improve outcomes for children and families in their respective communities. Work will be centered around three primary areas: infrastructure support, coaching and technical assistance, and the Learning Communities, which provide cross-community peer learning opportunities to establish a vital flow of information regarding common experiences that build knowledge, strengthen practices, and promotes collaboration across communities.

Communities Strategy 2 – Coordinated Services & Supports (\$1,064,000)

A significant challenge identified by families and organizations in the Best Start Communities is accessing quality services and supports that are coordinated and meet families’ needs. Because of this, most of the FY 2016-17 budget amount will support a pool of funds for community resource

networks to strengthen service coordination, with capacity building focused on networks of providers rather than individual organizations.

Communities Strategy 3 – Built Environment Policy & Advocacy (\$1,005,000)

Resources in FY 2016-17 will support two primary areas: 1) support for built environment advocate groups to work with communities to create new or improved physical places and spaces to better meet the needs of families with children 0-5, and 2) immediate and emerging leveraging opportunities related to advocacy around built environments. Six or seven advocacy groups are anticipated to be engaged to increase knowledge and technical assistance surrounding the specific needs relative to the built environment for children 0-5. This funding builds off momentum within the philanthropic community and county agencies to enhance the existing built environments while facilitating the ability of families to engage in advocacy opportunities.

Communities – Cross-Strategy Investments (\$2,699,000)

Resources for FY 2016-17 will support two primary areas that cross all three strategies in the Communities outcome area: 1) the Capacity Building Consortium (\$1,029,000), and 2) communications and marketing (\$1,670,000).

The purpose of First 5 LA's capacity building approach is to strengthen the ability of communities to support families, build parent/resident participation in their community, improve the coordination of the systems that serve families, and support enhancements to the environments in which families live, learn, play, and work. Capacity building, therefore, is a cross-strategy investment and should be coordinated to promote integration across strategies and strengthen the overall impact of First 5 LA's capacity building efforts. The Capacity Building Consortium (CBC) will be a partnership of organizations and consultants that provide training, technical assistance, and coaching for nonprofit organizations, networks, and Community Partnerships involved in First 5 LA's Best Start community capacity building initiative. The purpose of CBC is to assist these entities in becoming more effective, responsive, and innovative by: 1) sustaining collaborative efforts within and across sectors; 2) addressing barriers to improve programs and services; 3) engaging in ongoing peer learning; 4) working with parents and residents as partners; and 5) building the information and evidence base to promote policy and systems improvements.

For further information and detail on the budget amounts and activities anticipated to occur in the Communities outcome area during FY 2016-17, please refer to Attachment C.

Early Care and Education (ECE) Systems (\$24,199,000)

Activities for FY 2016-17 related to the ECE outcome area includes coordinating advocacy around the need and importance of high-quality and accessible early care and education, supporting a Quality Rating Improvement System (QRIS), and improving ECE professional development systems.

ECE OUTCOME AREA STRATEGY	Proposed FY 2016-17 Budget	
Strategy 1 - Policy/Advocacy	\$ 3,760,000	16%
Strategy 2 - QRIS	18,903,000	78%
Strategy 3 - Professional Development	1,536,000	6%
Total ECE Outcome Area	\$ 24,199,000	100%

ECE Strategy 1 – Policy/Advocacy (\$3,760,000)

Resources for FY 2016-17 will support the ECE Policy Advocacy Fund (\$3,000,000), the Grade Level Reading Campaign (\$285,000), and the Kindergarten Readiness Assessment (\$475,000).

As presented to the Board of Commissioners in January 2016, the ECE Policy Advocacy Fund encompasses two categories of funding: 1) partnership grants to key state and local ECE advocacy organizations, and 2) grant funding to support emerging ECE public policy and advocacy-related projects which will directly support First 5 LA's goal of ensuring all children in LA County have access to quality, affordable child care and preschool. Funding in FY 2016-17 assumes resources for the development, launch, and implementation of the Fund, as well as for emerging opportunities that arise during the fiscal year.

In addition, First 5 LA will continue in FY 2016-17 to dedicate fiscal resources, matched by other campaign stakeholders, to support the ongoing implementation of the LA Grade Level Readiness (GLR) School Readiness Workgroup (SRW) action plan. The charge of the SRW is to increase the number of low-income children in LA County who enter kindergarten ready for school. The SRW includes a diversity of systems-level actors from multiple sectors, all with a common interest in improving school readiness for children in LA County. The SRW identified three priorities for which the SRWs' respective organizations will commit to collectively support to improve school readiness. The priorities include advancing policies and systems that: 1) support the adoption and implementation of a Countywide kindergarten readiness assessment; 2) increase the number of programs participating in QRIS; and 3) effectively engage families to support school readiness in the home.

Lastly, FY 2016-17 resources will support the advancement of a common Kindergarten Readiness Assessment (KRA) that can help inform and drive ECE policy, fiscal and systems change. FY 2016-17 will build upon the FY 2015-16 landscape scan of KRA use across the County by convening a KRA Communities of Practice (COP) with local school districts and other stakeholders to share lessons learned and best practices that can help First 5 LA determine the next steps in achieving the goal of a common KRA across the County.

ECE Strategy 2 – QRIS (\$18,903,000)

More than 85% (\$16,868,000) of the FY 2016-17 budgeted resources will support the implementation of First 5 California's Improve and Maximize Programs so All Children Thrive (IMPACT) program. This initiative supports a network of local quality improvement systems to better coordinate, assess and improve the quality of early learning settings. The bulk of the new activities will focus on providing early childhood sites with quality improvement services, including coaching and training, technical assistance and ratings. In addition, resources will support engagement in policy and advocacy activities to promote long-term, sustainable investments in high quality early learning activities as well as activities related to the development of a highly qualified ECE workforce.

Additional resources within Strategy 2 will support:

1. The activities of the QRIS Architects to begin building a single QRIS system, as well as continued engagement of providers currently involved in QRIS activities; and

2. Continued support of the Shared Services movement to strengthen, sustain and improve ECE program quality in LA County.

ECE Strategy 3 – Professional Development (\$1,536,000)

The aim beginning in FY 2016-17 is to increase access to quality early care and education by strengthening the professional development system for ECE providers through integration and alignment within and without the formal education system.

The purpose of the Early Childhood Education Credential Advocacy Project is to support the development, modification and adoption of the Child Development Permit Matrix, a tool that defines California's six levels of Child Development Permits and the issuance requirements of each level, and the ECE teaching credential, a professional credential for teachers who work with children 0-8 years of age. During the first year, the collaborative will create and advocacy plan to support the adoption of an ECE Credential, attend California commission on Teacher Credentialing meetings, convene local colleges and universities to advocate for ECE Credential and to connect with advocacy groups to plan strategies around ECE workforce development.

The ECE Competencies Curriculum Project intends to provide resources and support to integrate and align professional development provided outside the formal education system (e.g., noncredit bearing professional development) with state Early Childhood Educator Competencies (ECECs). First year key activities will include stakeholder convenings, securing a managing agency to lead the work, establishing a Curriculum Advisory Group, and beginning the curriculum design.

This ECE Workforce Registry project will continue to fund the Child Care Alliance of Los Angeles (CCALA) to operate the Early Care and Education (ECE) Workforce Registry in LA County. CCALA will monitor and manage Registry data, provide technical support to Registry users, outreach to potential Registry users, support the ongoing development and refinement of the data system and pursue data sharing agreements with state and county agencies to increase efficiency, minimized administrative duplication and expand the Registry to an increased number of users.

Unlike the ECE Competencies Curriculum Project, the Higher Education Peer Learning Project (HE-PLP) will provide resources and support to integrate and align professional development provided through the formal education system (e.g., credit-bearing courses in a postsecondary institution that could lead to a degree) with state Early Childhood Educator Competencies (ECECs). During the Higher Education Peer Learning Projects' first year (FY 16-17), stakeholder meetings will be convened, a lead managing agency will be secured, partnership agreements will be secured with at least 20 community colleges and universities, and a peer learning community will be established.

For further information and detail on the budget amounts and activities anticipated to occur in the ECE outcome area during FY 2016-17, please refer to Attachment C.

Health, Mental Health & Substance Abuse Systems (\$2,421,000)

Activities for FY 2016-17 related to the Health outcome area include work around the Help Me Grow model and knowledge and practice of trauma-informed care, as follows:

HEALTH OUTCOME AREA STRATEGY	Proposed FY 2016-17 Budget	
Strategy 1 - Early Identification/Developmental Screening/Connection to Services	\$ 1,124,000	46%
Strategy 2 - Trauma-Informed Care	1,297,000	54%
Total Health Outcome Area	\$ 2,421,000	100%

Health Strategy 1 – Early Identification/Developmental Screening/Connection to Services (\$1,124,000)

Through Strategy 1 of the Health outcome area, First 5 LA seeks to how health-related systems work together to provide timely screening, effective care coordination, and appropriate referrals so that more young children at risk of developmental delays have access to the care they need to thrive. Help Me Grow (HMG) is a national framework intended to improve the early detection of developmental delays and connect children to appropriate services as early as possible. First 5 LA adopted the HMG framework, which includes the following core components:

1. Child Health Provider Outreach: Efforts to strategically engage, outreach and train child healthcare providers to support early detection of developmental delays and the receipt of early intervention/care coordination;
2. Community and Family Outreach: Efforts to strategically outreach to service/educational providers, social service agencies and community-based agencies to promote use of HMG and to provide networking opportunities among families and service providers;
3. Data Collection and Analysis: Intentional and foundational efforts to undertake data collection and research to understand all aspects of the HMG system including the identification of gaps and barriers; and
4. Centralized Access Point: Established access platform(s) and county infrastructure (e.g. web-based, telephone, in-person, smartphone apps, chat/text, etc.) for facilitating care coordination and connection to services

FY 2016-17 will primarily be an infrastructure-building year, in which a core leadership team and workgroups will provide input and expertise to develop criteria related to the four core components described above. It is anticipated that Requests for Proposals (RFPs) and strategic partnerships will be developed in FY 2016-17 related to these four core components, with funding to be awarded starting in FY 2017-18.

Health Strategy 2 – Trauma-Informed Care (\$1,297,000) support

During FY 2016-17, First 5 LA will bring together County departments, foundations and key stakeholders on an ongoing basis as part of a Trauma-Informed Care Working Group to develop a county-wide trauma-informed care action plan using the Collective Impact Framework for Los Angeles County. As part of the working group, there will be a jointly funded environmental scan to answer key questions around trauma and trauma-informed care to inform the county-wide action plan. First 5 LA, in partnership with three other funders (The California Endowment, California Community Foundation and the Parsons Foundation), will contribute to a pooled fund that will cover the costs associated with the working group, environmental scan, and other related expenses. In

addition to the environmental scan and action plan, First 5 LA will explore internal and external emerging opportunities that may arise during FY 2016-17 that align with the strategy and goals.

For further information and detail on the budget amounts and activities anticipated to occur in the Health outcome area during FY 2016-17, please refer to Attachment C.

b. Strategic Plan Investment Areas & Support Costs

The category includes resources for approaches identified as part of the 2015-2020 Strategic Plan that are key to advancing all four of the outcome areas established by the Plan, including policy and advocacy efforts, and communications and marketing.

Policy Agenda/Advocacy (\$2,442,000)

First 5 LA invests in key activities to support its work in Home Visiting (HV), Early Care and Education (ECE) and to develop/explore issues related to the 2015-2020 Strategic Plan. The Policy Agenda/Advocacy initiative includes multiple components, including resources funding opinion research, policy briefs, and the work of both the federal and state policy advocates that broadly support First 5 LA priority policy and sustainability issues, aligned with the Strategic Plan. In addition, anticipated work during FY 2016-17 includes policy technical assistance to support the HV and ECE coalitions in Sacramento; the LA County Early Childhood Education Local Control Funding Formula Coalition; the LA County Home Visiting Consortium and various state and local policy coalitions; support for First 5 LA staff and grantees to adopt policy and systems change approaches in their work; and research, briefs, and surveys to inform public policy and advocacy strategies.

Communications & Marketing (\$5,345,000)

The 2015-2020 Strategic Plan places an emphasis on policy and systems change across the goal areas of Families, Communities, Early Care and Education and Health-systems. During FY 2016-17, the Communications and Marketing Department will work collaboratively across the organization to develop and implement strategic communications and marketing plans that build First 5 LA's brand, engage decision makers, elevate awareness and create urgency, and support internal communications to help advance the Strategic Plan's outcome and priority focus areas.

The FY 2016-17 budget includes resources for communications and marketing support for First 5 LA's programs, efforts and initiatives; support for internal communications and the communications capacity of First 5 LA grantees; media advertising for First 5 LA public awareness programs; strategic partnerships to engage decision makers on early care and education and health care delivery systems, as well as to advance the Families Outcome area; research and development of marketing outreach strategies for the Welcome Baby program; and sponsorships and collateral materials to elevate awareness of First 5 LA's brand. All communications and marketing activities are in service of a more effective implementation of our Strategic Plan outcomes for young children and families.

5. LEGACY INVESTMENTS

These investments represent ongoing work of the Commission that is expected to end according to the terms of the project approval. This includes investments that have gone through the expiring initiatives assessment process and were recommended to end according to schedule based on

insufficient alignment of the work relative to the 2015-2020 Strategic Plan, or for which the alignment of activities to the Strategic Plan is expected to take place in a future fiscal year. This category also includes investments that may align with the outcomes and strategies of the Strategic Plan, but which have yet to go through the assessment process or the process of fully aligning activities to the Strategic Plan. These will be evaluated in the future consistent with the First 5 LA Governance Guidelines and the expiring initiatives assessment process.

Children's Dental Care (\$8,908,000)

The Children's Dental Care initiative represents a continuing five-year investment to address the challenges facing pediatric dental health in LA County by focusing on providing services to children in greatest need of dental care. The initiative was designed as a collaborative, integrated effort with three dental schools in the County—the University of California, Los Angeles (UCLA), University of Southern California (USC) and Western University—working together to create collective impact. FY 2016-17 will be the fourth year of the initiative, and will focus on providing direct oral health services to children ages 0-5, parent education and provider training. The collaboration activities between the three schools will continue through quarterly meetings focused on program evaluation and sustainability.

Little by Little/One Step Ahead (\$3,312,000)

The Little by Little/One Step Ahead initiative is a continuing investment intended to improve health, developmental and safety outcomes for newborns in low-income communities for families receiving services through the Women, Infants and Children (WIC) in LA County. The initiative seeks to provide resources that the target population may not otherwise be able to afford, including early literacy and safety awareness education or counseling, along with vouchers for age appropriate books, toys and safety items. In FY 2016-17, the initiative expects to provide services to over 62,000 unique WIC participants throughout the County. The investment is anticipated to continue through September 2019.

Parent Child Interaction Therapy (\$3,590,000)

The overall goal of the Parent Child Interaction Therapy (PCIT) initiative is to utilize an evidence-based behavioral family intervention model, PCIT, to reduce risk of abuse in families with young children with serious disruptive behavior disorders by expanding access for young children and their families' to PCIT services. This is being accomplished by increasing the number of PCIT-certified mental health providers in LA County and expanding the number and capacities of clinical programs to provide PCIT services. Capacity will be developed within the workforce and service delivery organizations throughout Los Angeles County to provide PCIT services for families with children 0-5 specifically by providing training opportunities to mental health professionals on the PCIT model. Initially expected to end in FY 2016-17, this initiative was approved for continuation beyond that fiscal year pending further development of the Health outcome area, based on potential alignment with the strategy around trauma-informed care. FY 2016-17 activities are geared at exploring sustainability approaches, as well as continuing to improve workforce development and service delivery for 2-5 year olds' with disruptive behaviors and their caregiver/parents, with training offered for both new and advanced providers.

Reducing Childhood Obesity (\$5,133,000)

The Reducing Childhood Obesity initiative represents a continuing investment intended to address the growing epidemic of childhood obesity that impacts children and their families. The project aims to contribute to the adoption, implementation, and strengthening of policies, and systems and environmental changes in multiple sectors including government agencies, businesses, health care, and other community settings. These changes will benefit large segments of the county population and, in particular, will reach deeply into communities most severely impacted by the obesity epidemic. It was determined through the expiring initiatives assessment process that this initiative does not align with the strategies outlined in the 2015-2020 Strategic Plan. However, it was recommended that the initiative be extended for one year through FY 2016-17 in order to spend the balance of the funding allocation to achieve the project objectives, with no expectation that modifications will be made to align activities with the Strategic Plan. FY 2016-17 resources will support costs related evaluation, as well as the core project activities around community-based public education, skills-building, and environmental change to promote physical activity and healthy eating among children ages 0-5 and their families.

Universal Assessment of Newborns (\$8,451,000)

The Universal Assessment of Newborns initiative aims to identify families at greatest risk/need and link them to supportive services by implementing a universal risk screening of all new parents at the birth of their child and providing a hospital visit and up to three postpartum home visits, as needed, to offer basic supports and ensure linkages to needed services. This initiative is integrated with the Welcome Baby program implementation, with services delivered by the same hospital providers participating in Welcome Baby. The initiative is an integral component of the 2015-2020 Strategic Plan in alignment with the Families outcome area, with a focus on increasing family protective factors. The target population for this initiative is families giving birth at participating hospitals that reside outside of First 5 LA's 14 Best Start Communities. Program costs are anticipated to be higher in FY 2016-17 due to the addition of an additional provider and expected increases in program enrollment.

6. RESEARCH AND EVALUATION

These include projects that align with and contribute to the outcomes and strategies of the 2015-2020 Strategic Plan, as well as ongoing projects aligned to our legacy investments, demonstrating First 5 LA's commitment to learning from current and past investments. The Research and Evaluation Department is in the process of developing the Monitoring, Evaluation and Learning (MEL) Framework, which provides a comprehensive structure for organizing First 5 LA's Research and Evaluation activities. The transition to the new framework may result in changes to how these items are categorized in the context of the fiscal year budget.

Program Evaluation (\$4,707,000)

Program Evaluation is the largest of the Research and Evaluation initiatives and is focused on both accountability and learning. The purpose and focus of the evaluations differ depending on the scale of the program being evaluated, the maturity of the program, as well as the capacity and resources of the grantees/contractors implementing the program to support evaluation and learning. Evaluation activities range from collecting and reporting common data from all grantees and contractors on services that were implemented as well as data on the recipients of those services to designing

highly rigorous implementation and outcome evaluations of First 5 LA's flagship projects. For FY 2016-17, the costs for this initiative are driven by the following:

- Best Start Evaluation (\$734,000) – For FY 2016-17, this evaluation will focus on (1) studying the implementation of the Building Stronger Families (BSF) grants across communities to better understand what has happened as a result of those grants and what is being learned (through challenges and successes) and (2) developing and launching an evaluation of the broader community capacity building strategy being implemented as part of the Communities priority outcome area.
- Obesity Prevention & Nutrition Collective Impact Evaluation (\$961,000) – First 5 LA partnered with a contractor to evaluate the collective impact of our nutrition and physical activity investments to help reduce early childhood obesity in LA County. The funds will be used to collect qualitative and quantitative data, analyze the data, generate dissemination products, and for general project management. While the 2015-2020 Strategic Plan did not identify obesity prevention as a priority, the focus of this evaluation is on learning from the strategies that do align with the refined strategic approach (i.e., systems and policy change and community capacity building). Additionally, the Strategic Plan identified the value of moving forward with Collective Impact approaches to the work of First 5 LA, and this evaluation represents an effort to examine our investments using this approach.
- Welcome Baby Impact Study (\$1,035,000) – The purpose of the Welcome Baby Impact Study is to determine if participation in Welcome Baby leads to changes in expected maternal and child variables. The study is expected to provide information to a variety of stakeholders about the effectiveness of Welcome Baby and is an integral part of the portfolio of evaluations being used to build an evidence-base to help support long-term sustainability efforts.
- Welcome Baby Implementation & Outcomes Evaluation (\$952,000) – This evaluation seeks to generate implementation and participant outcome findings that can be used by a broad array of Welcome Baby stakeholders when making decisions and mid-course corrections related to the program. As with the Welcome Baby Impact Study, this evaluation is part of the portfolio of evaluation efforts being used to improve and better understand Welcome Baby and to build an evidence-base to help support long-term sustainability efforts.

7. INTERNAL OPERATIONS

Based on an analysis of historical spending and projected expenditures through June 2016, as well as anticipated needs for FY 2016-17, the budget includes approximately \$21.2 million for First 5 LA operating costs.

The \$21.2 million represents an increase of approximately \$441,000 or 2.1% from the FY 2015-16 Budget, influenced primarily by Personnel adjustments and counterbalanced by a reduction in Consultant costs.

OPERATING COST CATEGORY	FY 2015-16 Budget				Proposed	
	Original		Revised		FY 2016-17 Budget	
Personnel Services	\$ 16,367,981	79%	\$ 16,367,981	79%	\$ 17,088,095	80%
General Operating Expenses	1,398,990	7%	1,343,390	6%	1,325,540	6%
Professional Services	714,900	3%	711,295	3%	803,052	4%
Consultant Services	1,733,500	8%	1,778,455	9%	1,492,950	7%
Travel & Meeting Expenses	458,991	2%	473,241	2%	430,521	2%
Capital Improvements	120,000	1%	120,000	1%	95,000	0.4%
Total Operating Costs	\$ 20,794,362	100%	\$ 20,794,362	100%	\$ 21,235,158	100%

Based on ongoing organizational alignment work and continued implementation of Strategic Plan activities, staff and leadership have identified a number of priorities to support staff development and organizational capacity to execute:

- Staff training professional development: A clear and consistent finding of the L3 process and the employee engagement survey in previous years is the need for organization-wide staff training and development. To that end, resources are included to support professional development activities in relevant content and skills-based training opportunities, conference attendance and educational materials, collectively referred to as “First 5 University”. As First 5 LA transitions fully to new investment priorities and undergoes an expected organizational realignment during FY 2016-17, these resources will be critical to ensure that staff are well equipped to perform the key job functions needed to advance the desired outcomes outlined in the Strategic Plan.
- Position changes: Given the shift in organizational emphasis, the FY 2016-17 operating budget includes several position changes, determined by management as essential to effective implementation of the Strategic Plan. Additional changes are expected as the organizational transformation process evolves. These changes will be informed by organizational development processes underway and incorporated into mid-year budget adjustment recommendations to the Board. Although incremental changes to personnel are incorporated into the FY 2016-17 Budget, management is maintaining staffing at the current level of authorized positions for the organization. As the implementation process continues and we have a greater understanding of the future needs of the organization, we will be in a better position to determine the appropriate level of staffing and other operating resources needed in the future state of the organization.

Attachment D provides further detail on the operating budget request by internal division and department, based on the existing organizational structure. Although further changes to the internal structure are anticipated during FY 2016-17, not enough information was available at the time of budget development to alter the current structure of the operating budget accordingly.

Highlights and Assumptions:

The approximately \$441,000 net increase is driven by an overall increase in Personnel and Professional Services and is offset by a reduction in Consultant Services. As shown in the summary tables and departmental budgets in Attachment D, the budget includes many increases and decreases within individual departmental budgets, and the following are highlights of the major spending categories.

Salaries and Employee Benefits

Approximately \$17.1 million, or 80.5%, of the total \$21.2 million in operating costs is for S&EB. This represents an increase of about \$720,000, or 4.4% over the current fiscal year. The primary drivers influencing the increase are personnel position changes for FY 2016-17 that are deemed necessary by management to effectively achieve the outcomes of the 2015-2020 Strategic Plan, and is offset by a slight increase in the personnel attrition rate and a pro-rated reduction of vacant position expenses, as determined by internal assessments and data analyses. FY 2016-17 marks the second year that First 5 LA has budgeted for estimated savings to account for the unforeseen, but common, changes in work force throughout the year. The first year included a conservative 3% turnover rate. The 3.5% rate used for FY 2016-17 is based on the latest separation information available at the time of budget development from the US Department of Labor Bureau of Labor Statistics, which shows a separation rate of 3.5% for February 2016. Vacant positions this year are budgeted for nine months at 92.5% of the mid-range salary for the applicable classification level for a given position, based on current outreach efforts and anticipated hire dates. A complete schedule of authorized positions may be found in Attachment A.

As noted previously, although incremental changes to personnel are incorporated into the FY 2016-17 Budget, management is repurposing existing vacant positions to maintain staffing at the current level of authorized positions for the organization.

General Operating Expenses

General operating expenses comprise \$1.3 million, or 6.2% of the total operating costs of \$21.2 million. This is a net decrease of approximately \$18,000 influenced primarily by communication costs, hardware and software maintenance, offsite storage, outside printing, and offset by minor increases in other areas.

Professional Services

The budget includes approximately \$803,000 to support Professional Services, representing 3.8% of total operating costs and a small increase from the FY 2015-16 funding level. These resources include funds related to professional development and training, First 5 California Association and Professional dues, among others. FY 2016-17 reflects an increase of approximately \$92,000, or 12.9%, as compared to FY 2015-16. Resources associated with general professional development are being shifted to the Human Resources budget in FY 2015-16 to ensure equal access to all staff. Each department maintains a modest Professional Development budget, based on an organization per person average, for program-specific needs. These funds will support staff in performing the key job functions needed to achieve desired outcomes as First 5 LA continues on the path to organizational realignment. Professional development resources also include costs related to Board development, identified by Executive leadership as a priority and reinforced through the Commissioner survey conducted during FY 2015-16.

Consultant Services

The budget includes approximately \$1.5 million for Consultant Services, representing 7.0% of total operating costs and a decrease of approximately \$286,000, or 16.1% from FY 2015-16. Major components of this budget include the following:

- Office of Strategic Planning and Integration: The budget includes funding through the end of the 2016 calendar year for consultant needs related to continued implementation efforts for the 2015-2020 Strategic Plan, including organizational alignment activities.
- Human Resources: The budget includes resources to support the continued organizational development efforts, including the training of a performance management system, a long-term needs assessment to support internal capacity, executive recruitment, as well as the ongoing needs of the department.
- Information Technology: Resources will support improvements to First 5 LA's financial system, budget system, SharePoint, and other essential applications associated with the Measuring, Learning, and Evaluation (MEL) initiative, as well as other ongoing programming needs.

Travel and Meeting

Travel and Meetings costs comprise 2.0% of the total operating costs at approximately \$431,000, representing a minor decrease from the revised funding level for FY 2015-16.

Capital Improvements

The budget includes \$95,000 for purposes of capital improvements and expendable equipment, a decrease of \$25,000, or 20.8% from FY 2015-16. This decrease is driven by a reduced need for expendable equipment funds based on the IT Department's assessment in FY 2015-16. The reduction is offset by resources needed to oversee work-space improvements, including upgrades to the HVAC system.



ATTACHMENT C:

PROGRAM REQUEST – DETAIL BY PROGRAM

INVESTMENT CATEGORY:

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

Strategic Plan Priority Outcome Areas

Initiative		Investment Category	
Families Strategy 2 - Family Engagement		2015-2020 Strategic Plan: Focusing for the Future	
Program Name	Prior Year Revised Budget	Curr. Year Revised Budget	% Variance
Data Development		\$340,000	0.00%

Program Summary

* Any FY 15-16 costs for these activities were covered through the Strategic Plan Implementation Fund (SPIF). Costs budgeted in SPIF were preliminary estimates because new Strategic Plan activities were still under development at the time the FY 15-16 Budget was approved. As such, costs were not necessarily delineated or defined in the same manner as presented in the FY 16-17 Budget. In some cases, no costs were included in SPIF for activities that were not anticipated to occur during Year 1 of the 2015-2020 Strategic Plan. Refer to the following narrative detail, as well as Attachment A – “FY 2016-17 Budget Summary for Programs by Initiative/Program” for additional information.

The first phase of the Data Development Project is projected to be a 2-year phase and it is an important component of the 2015-2020 Strategic Plan which is in alignment with the Families outcome, by focusing on establishing shared measurement of family protective factors. This emerging opportunity to partner with the Los Angeles County Office of Child Protection will allow First 5 LA to better understand how to measure Family Strengthening efforts and their impact.

The Five Protective Factors are the foundation of the Strengthening Families Approach: parental resilience, social connections, concrete support in times of need, knowledge of parenting and child development, and social and emotional competence of children.

A landscape of family protective measurement tools along with data collection capacity of relevant service partners will be completed. Activities that will support this include:

- Facilitation of meetings with Family Strengthening agencies to understand opportunities/challenges to collect data relevant to tracking progress in increasing protective factors.
- Focus groups and interviews, which will be used to assess program level data currently being collected as well as opportunities to develop a set of uniform data across a network of service providers
- Development of new data sources as relevant
- Development of an action plan for data collection, as well as a utilization plan with a pilot group such as the Prevention and Aftercare Networks

Lastly, the Data Development project will build upon:

- the results of First 5 LA's recent RFI on Information Resource and Referral as a resource in the Landscape analysis; and
- the analysis of family strengthening indicators completed by the Advancement Project to support development and execution of the prevention plan being led by the Los Angeles County Office of Child Protection

Spending Plan and Funding Methodology

The FY 16-17 objectives are to:

- Develop and release RFQ to assess strengths and weaknesses of Protective Factors measurement tools and assess agency capacity to collect related data.
- Pilot Action Plan (that will include measurement effort) with the Prevention and Aftercare Networks (to be identified)

Landscape Analysis (up to \$200,000) to include:

- Final Research Design
- Summary of research conducted
- Preliminary draft of research findings
- Draft and publish report for Research Questions
- Presentation of research findings

Pilot Group Facilitation (up to \$40,000) to include:

- \$12,000 - Convene 6 Advisory Committee meetings; 4 meetings to update discuss selected Protective Factors measurement tools and 2 meetings to discuss capacity issues; Estimation based on \$2,000 per convening. Costs may cover facilitator, room rental, refreshments, parking, translation service, materials, etc. (\$2,000 x 6 = \$12,000)
- \$28,000 - Coordinate and implement 2 pilot trainings on selected Protective Factors measurement tool(s). Costs may

Initiative	Investment Category
<p>Families Strategy 2 - Family Engagement</p> <p>include trainer, room rental, refreshments, parking, materials, etc.</p> <p>Convene experts in field (\$100,000) Experts will provide input on connecting/mapping population data with program level data To discuss and provide recommendations regarding measurement and collection opportunities and challenges in family strengthening</p> <p>UPDATE: For the updated June budget, this estimate was revised upward by \$220,000 based upon an identified need for additional funds to support an increase in landscape analyses and strategic planning.</p> <p>(Resources identified under this spending plan will also be made available for emerging opportunities to partner with LA County to enhance the impact of First 5 LA investments.)</p>	<p>2015-2020 Strategic Plan: Focusing for the Future</p>
<p>Change from Prior Year (if >+-20%)</p>	

Initiative		Investment Category	
Communities Strategy 1 - Shared Vision & Collective Action		2015-2020 Strategic Plan: Focusing for the Future	
Program Name	Prior Year Revised Budget	Curr. Year Revised Budget	% Variance
Community Engagement		\$9,300,000	0.00%

Program Summary

**Costs were restructured for FY 16-17 into a new presentation that staff feels is more representative of the strategies and activities being advanced during the fiscal year. As such, costs for FY 15-16 were not defined or broken out in the same manner, and costs may have been embedded within other or multiple programs elsewhere in the Budget. Refer to the following narrative detail, as well as Attachment A – “FY 2016-17 Budget Summary for Programs by Initiative/Program” for additional information.

This program area is aligned primarily with Strategy 1 of the Communities Outcome Area of the 2015-2020 Strategic Plan, which emphasizes shared vision and collective action to address the policies, systems and environments that impact families with children, prenatal through age 5.

Community engagement is an essential feature of Best Start, First 5 LA’s place-based, community building approach to engaging parents, residents, organizations and other stakeholders in sustained collaborative efforts to improve the policies, systems, and environments that impact families’ ability to thrive. Central to Best Start is the Building Stronger Families Framework, which underscores the belief that if families are strong and communities support families to succeed, then children will be healthy, safe, and ready for school. The framework is grounded in the family strengthening “protective factors” and anchored in the following six core results:

Building stronger families (family-level results):

- Family capacities – knowledgeable, resilient, and nurturing parents
- Social connections – families participating in positive social networks
- Concrete supports – access to services and supports in times of need

Communities that support families to succeed (community-level results):

- Coordinated services and supports that meet families’ needs
- A shared vision and collective action to strengthen families
- Social networks and safe spaces or recreation and interaction

These six core results are based on an acknowledgement that a combination of individual, relational, and community factors impact child and family wellbeing. Therefore, community engagement is a value and fundamental practice of First 5 LA’s place-based work to strengthen families and the communities in which they live, work and play. Community engagement involves building and strengthening relationships and involving community members in all activities – from identifying relevant issues and making decisions about how to address them, to evaluating and sharing the results with the broader community. To that end, this program area includes three elements:

- Community-Identified Investments (aka Community-Identified Projects)
- Resident Engagement
- Community Advisory Council
- County Systems Learning Community

A description of each of these program elements are described below.

1. Community-Identified Investments (aka Community-Identified Projects)

Best Start Community-Identified Investments are initiatives designed by Best Start Community Partnerships – comprised of parents, residents, organizational representatives, and other community stakeholders – to operationalize the Building Stronger Families Framework. These investments are not one-off projects that end after one or two years; rather, they are intended to be longer-term to achieve results at the family and community levels.

Examples of priorities across the communities include:

- Strengthening parent/resident leadership
- Connecting parents to community resources
- Strengthening social connections (e.g., parent circles and parent cafés)

Initiative	Investment Category
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Communities Strategy 1 - Shared Vision & Collective Action

2015-2020 Strategic Plan:
Focusing for the Future

- Improving the quality of interactions between organizations and parents
- Improving information-sharing and coordination between organizations
- Promoting advocacy to influence policies and address systems change

Through Best Start Community-Identified Investments, the Community Partnerships galvanize parents, residents, organizations, and systems within the broader community to create a context in which parents have the support they need to strengthen the relationships and behaviors that promote optimal child development.

Best Start Community-Identified Investments that were initiated during FY 15-16 will continue during FY 16-17, at which time, they will be in full implementation. Therefore, FY 16-17 reflects the resources that will be needed for 12 months of implementation. A more accurate amount per community will be known by May 2016, when grant negotiations for FY 16-17 are anticipated to be completed.

2. Resident Engagement

Strengthening social connections between residents at the neighborhood-level is an important informal resource that reduces isolation and serves as a means to activate local strategies aligned with a larger, community-wide vision to strengthen families and communities. In June 2015, the Board approved a 5-year (2015-2020) Strategic Partnership with South Bay Center for Counseling (dba SBCC Thrive LA) to implement a two-pronged approach to increasing resident engagement in the 14 Best Start communities that extends beyond individuals currently engaged directly with the 14 Community Partnerships. Resident Engagement funds will support the following:

Neighborhood Action Councils (NACs): Funding for NACs supports neighborhood-level resident engagement and strengthening resident leadership in planning and pursuing local change to improve the wellbeing of young children and their families. Per the Board's approval of a strategic partnership with SBCC in June 2015, funding for the NACs will continue throughout the life of the 2015-2020 Strategic Plan.

Resident Outreach Coordinators (ROCs): This program area supports resident engagement strategies in all Best Start communities except Metro LA. In Metro LA, Para Los Ninos, as the lead agency, implements Neighborhood Leadership Groups as a resident engagement strategy, which existed prior to First 5 LA's investment in the ROC program. During FY 15-16, the Board approved an extension to continue funding the ROCs for 1 year or through June 30, 2016. At the time of approval, it was anticipated that the support provided by the ROCs would be factored into the Long-Term Support Structure (LTSS) that staff is currently developing to shift critical programmatic, administrative and capacity building functions from First 5 LA staff and contractors to the Community Partnerships. Since the LTSS is currently under development – and not likely to launch until Winter/Spring 2017 – First 5 LA will extend funding for the ROCs through FY 16-17 for continuity of community outreach and engagement activities in the Best Start communities. In addition, the ROCs will continue working directly with Partnership members to build their capacities to conduct relationship-based outreach (RBO) and engagement. It is anticipated that funding for the ROCs will end June 30, 2017, in alignment with the Community Partnerships' transition to the LTSS.

3. Community Advisory Council

The purpose of the Community Advisory Council is to provide opportunities for community members from Best Start Community Partnerships to share insight and community perspectives to First 5 LA as it implements Best Start and other components of the 2015-2020 Strategic Plan. The advisory council will also provide a platform for key county systems (e.g. the Office of Child Protection) to engage with community members to inform the county's emerging work. For the last two years, First 5 LA has convened ad hoc groups of community residents to gather feedback on various strategies and approaches. For example, community members provided input on the service coordination issues that informed First 5 LA's focus on strengthening coordination of community resource networks, which is the second strategy of the Communities Outcome Area. Likewise, First 5 LA staff convenes an interim, bi-monthly workgroup of community members (i.e., Transition Team) to provide insight, experience and feedback to First 5 LA's plans for a Long-Term Support Structure for the Best Start Community Partnerships.

Resources for FY 16-17 will be used to formalize a structure for convening community members to communicate their opinions, share experiences and expertise, and facilitate coordination of First 5 LA's priorities at the community level. Funding supports the establishment and implementation of a Community Advisory Council that will include representatives from each of the 14 Best Start Community Partnerships. Implementation includes training for parents

Initiative	Investment Category
Communities Strategy 1 - Shared Vision & Collective Action and residents from across the 14 Best Start communities interested in joining the Community Advisory Council.	2015-2020 Strategic Plan: Focusing for the Future

Spending Plan and Funding Methodology

In FY 15-16, funding for these cost categories were included under the Resident Engagement and Results-Focused Actions programs.

COMMUNITY-IDENTIFIED INVESTMENTS = \$5,600,000

14 BSCs x \$400,000 = \$5,600,000

The 5-year financial projections for the Communities Outcome area assumes a total allotment of \$1,950,000 for each Best Start community to implement Community-Identified Investments. While the 5-year projections anticipate an average annual allocation for each community, Community Partnerships may draw down funding from their \$1,950,000 total at different rates based on the scope and scale of their strategies. In other words, Community Partnerships may request more or less than the \$400,000 budgeted for FY 16-17. A more accurate amount per community will be known by May 2016, when grant negotiations for FY 16-17 are anticipated to be completed. Any required funding adjustments will be reflected in First 5 LA's annual mid-year budget adjustment.

RESIDENT ENGAGEMENT = \$3,520,000

The FY 16-17 budget reflects a 12-month contract with SBCC to continue implementing resident engagement through the Neighborhood Action Councils (NACs: \$1,700,000) and Resident Outreach Coordinators (ROCs: \$1,820,000). The budget projection for FY 16-17 is based on historical costs and reflects: 1) maintaining the total number of NACs supported during FY 15-16 within the 14 Best Start communities; 2) maintaining current level of ROCs within each BSC; and 3) the provision of capacity building assistance to Community Partnerships around relationship-based outreach.

1. NACs = 70 NACs @ \$24,286 per NAC (estimate) = \$1,700,000

- Personnel (admin and program, benefits) = \$1,111,649
- Operating Costs (e.g., utilities, mileage, evaluation) = \$81,794
- NAC Operating Costs (e.g., logistics and projects) = \$412,349
- Indirect Costs: \$94,208

ROCs = 18 ROCs for 13 BSCs = \$1,820,000 (covers all BSC's except Metro LA)

- Personnel (admin and program, benefits) = \$1,354,045
- Operating Costs (e.g., space, utilities, supplies, mileage, evaluation) = \$351,205
- Indirect Costs: \$114,750

COMMUNITY ADVISORY COUNCIL = \$180,000

1. Three-day Training Program: \$126,000 (rounded)

- Contractor: 2 contractors x \$150 per hour x 30 hours per month x 12 months = \$108,000
- Logistics (e.g., transportation, child care, food, interpretation, etc.): \$3,500 per day x 3 days = \$10,500
- Training Materials (includes translation) = \$3,500
- Participation Stipends: \$50 per person x 28 participants x 3 days = \$4,200

2. Community Advisory Council: \$54,000

- Six (6) bi-monthly meetings x \$6,000 per meeting (child care, food, transportation, translation, venue) = \$36,000
- Preparation, facilitation support, and summary of discussions: 20 hours x \$150 per hour x 6 meetings = \$18,000

UPDATE: For the updated June budget, this estimate was revised upward by \$46,000 indicating the need for additional Community Advisory Council resources to implement the work identified for FY 16-17.

(Resources identified under this spending plan will also be made available for emerging opportunities to partner with LA County to enhance the impact of First 5 LA investments.)

Initiative	Investment Category
Communities Strategy 1 - Shared Vision & Collective Action	2015-2020 Strategic Plan: Focusing for the Future
Change from Prior Year (if >+-20%)	

Initiative		Investment Category	
ECE Strategy 1 - Policy/Advocacy		2015-2020 Strategic Plan: Focusing for the Future	
Program Name	Prior Year Revised Budget	Curr. Year Revised Budget	% Variance
ECE Policy Advocacy Fund		\$3,000,000	0.00%

Program Summary

**Costs were restructured for FY 16-17 into a new presentation that staff feels is more representative of the strategies and activities being advanced during the fiscal year. As such, costs for FY 15-16 were not defined or broken out in the same manner, and costs may have been embedded within other or multiple programs elsewhere in the Budget. Refer to the following narrative detail, as well as Attachment A – “FY 2016-17 Budget Summary for Programs by Initiative/Program” for additional information.

First 5 LA's 2015-2020 strategic plan envisions dedicating resources to Early Care and Education (ECE) public policy change and advocacy. The Board-approved FY 15-16 budget and Long Term Financial Projection assume up to \$15 million dedicated toward ECE policy and advocacy activities through 2020, or up to \$3 million per year. In January 2016, staff presented the concept of an ECE Policy and Advocacy Fund, known as ECE PAF, to the Board of Commissioners Program and Planning Committee. From this fund, staff envision two categories of funding: (1) partnership grants to key state and local ECE advocacy organizations, and (2) grant funding to support emerging ECE public policy and advocacy-related projects which will directly support First 5 LA's goal of ensuring all children in LA County have access to quality, affordable child care and preschool. Though First 5 LA will retain decision rights on both categories of funding, the ECE PAF would be administered by an intermediary organization to improve administrative efficiency and allow First 5 LA staff to directly engage with partners and grantees.

Spending Plan and Funding Methodology

The Board-approved FY 15-16 budget assumed the ECE PAF would launch in early 2016, and provided \$1 million to fund activities for 4 months. This funding was appropriated within the Policy and Intergovernmental Affairs budget under the Policy Agenda/Advocacy initiative - Early Learning Advocacy Strategies program. Due to staff capacity constraints, the ECE PAF will not launch until the beginning of FY 16-17. Given these assumptions, the FY 16-17 budget appropriates a full year of ECE PAF funding (\$3 million) to these strategic plan-related activities.

The funding appropriated for ECE PAF in FY 16-17 assumes resources for the development, launch, and implementation of the fund. Staff assumes the \$3 million will be expended in the following ways:

For general ECE PAF development and implementation:

- (1) One-time funding for the intermediary to work with First 5 LA staff to design and launch the first phase of ECE PAF funding - \$50,000
- (2) Funding for the intermediary to coordinate and manage all grantmaking and ECE PAF operations - \$100,000

For the Partnership Grants:

- (1) Funding for meeting facilitation and coordination - \$150,000
- (2) Funding for grantee technical assistance and capacity building activities - \$200,000
- (3) Funding for partnership grants to advocacy organizations - \$2,000,000

For Emerging Opportunities:

- (1) Set-aside for emerging opportunities - \$500,000

Total funding for FY 16-17 - \$3,000,000

(Resources identified under this spending plan will also be made available for emerging opportunities to partner with LA County to enhance the impact of First 5 LA investments.)

Change from Prior Year (if >+-20%)

FY 15-16 assumed \$1 million in funding for the ECE PAF through the Policy and Intergovernmental Affairs Budget. The Long Term Financial Plan presented to the Board also assumed \$3 million per year to support policy and advocacy activities related to ECE through 2020. The Policy and Intergovernmental Affairs Department Budget no longer assumes any funding for the ECE PAF.

Initiative		Investment Category	
ECE Strategy 1 - Policy/Advocacy		2015-2020 Strategic Plan: Focusing for the Future	
Program Name	Prior Year Revised Budget	Curr. Year Revised Budget	% Variance
Kindergarten Readiness Assessment		\$475,000	0.00%

Program Summary

**Costs were restructured for FY 16-17 into a new presentation that staff feels is more representative of the strategies and activities being advanced during the fiscal year. As such, costs for FY 15-16 were not defined or broken out in the same manner, and costs may have been embedded within other or multiple programs elsewhere in the Budget. Refer to the following narrative detail, as well as Attachment A – “FY 2016-17 Budget Summary for Programs by Initiative/Program” for additional information.

A goal of the Early Care and Education (ECE) outcome area of the 2015-2020 Strategic Plan is to advance a common Kindergarten Readiness Assessment (KRA) that can help inform and drive ECE policy, fiscal, and systems change.

In April 2015, First 5 LA contracted with Children Now to complete a landscape scan of KRA use across the County and produce a report with key findings and implications for the identification and adoption of a common KRA across districts in LA County. This scan intends to serve as the first phase of a multi-year strategy to achieve a common readiness assessment used throughout LA County.

In FY 16-17, First 5 LA will build upon the FY 15-16 KRA study by convening a KRA Communities of Practice (COP) with local school districts and other key stakeholders. Lessons from other states, as well as California counties that have begun to implement a common KRA, will provide guidance on speed, sequencing, and strategic partnerships needed to be successful in LA County. Learnings from these convenings will help First 5 LA determine the next steps in achieving the goal of a common KRA across the County.

The proposed COP builds upon the existing work of the First 5 LA-supported LA Grade Level Reading Campaign (GLR) School Readiness Workgroup (SRW) to advance a common KRA in LA County. The COP will leverage the momentum of the SRW KRA subgroup's action plans to maximize resources and ensure a coordinated effort among KRA stakeholders.

Spending Plan and Funding Methodology

The funding level budgeted for FY 16-17 is based on similar efforts planning and implementing Communities of Practice in other counties across the state. Budget includes projected costs for planning, facilitation, research and synthesis of findings. Specific budget and deliverables will be developed with identified partner(s) during contract negotiations.

UPDATE: For the updated June budget, the estimate was revised upward by \$145,000 based upon new information made available regarding the program activities, resulting in modifications to the Contractor's scope of work and a need for additional resources. The additional funds will cover the cost for Community of Practice activity expert speakers, increases in the number of meetings for the Executive Leadership Group and Community of Practice, and a power mapping activity that is critical to the project.

Change from Prior Year (if >+-20%)

The budget to support KRA activities was previously listed under Resource Mobilization-ECE under the Grade Level Reading Campaign.

In FY 15-16, First 5 LA funded a six-month KRA landscape study which cost \$73,255 and involved conducting surveys and interviews with representatives from school districts. In FY 16-17 the next phase of KRA work, including support for the Communities of Practice, is anticipated to be more intensive and requires an increased level of funding.

Initiative		Investment Category	
Health Strategy 1 - Early Identification/Developmental Screening/Connection to Services		2015-2020 Strategic Plan: Focusing for the Future	
Program Name	Prior Year Revised Budget	Curr. Year Revised Budget	% Variance
Developmental Screening/Help Me Grow		\$1,124,000	0.00%

Program Summary

* Any FY 15-16 costs for these activities were covered through the Strategic Plan Implementation Fund (SPIF). Costs budgeted in SPIF were preliminary estimates because new Strategic Plan activities were still under development at the time the FY 15-16 Budget was approved. As such, costs were not necessarily delineated or defined in the same manner as presented in the FY 16-17 Budget. In some cases, no costs were included in SPIF for activities that were not anticipated to occur during Year 1 of the 2015-2020 Strategic Plan. Refer to the following narrative detail, as well as Attachment A – “FY 2016-17 Budget Summary for Programs by Initiative/Program” for additional information.

First 5 LA focuses on strengthening how health-related systems connect, coordinate, and assist families in receiving early intervention services needed for their child’s healthy development. Specifically, First 5 LA works to improve how systems work together to provide timely screening, effective care coordination, and appropriate referrals so that more young children at risk of developmental delays have access to the care they need to thrive. Help Me Grow (HMG) is a national framework intended to improve the early detection of developmental delays and connect children to appropriate services as early as possible. HMG has been adopted in 25 states, including California. First 5 LA adopted the Help Me Grow framework in order to achieve health-related systems change outcomes as outlined in the 2015-2020 Strategic Plan. Help Me Grow is a framework that includes the adoption of four core components, including:

- 1) Child Health Provider Outreach: Efforts to strategically engage, outreach and train child healthcare providers to support early detection of developmental delays and the receipt of early intervention/care coordination
- 2) Community and Family Outreach: Efforts to strategically outreach to service/educational providers, social service agencies and community-based agencies to promote use of HMG and to provide networking opportunities among families and service providers
- 3) Data Collection and Analysis: Intentional and foundational efforts to undertake data collection and research to understand all aspects of the HMG system including the identification of gaps and barriers
- 4) Centralized Access Point: Established access platform(s) and county infrastructure (e.g. web-based, telephone, in-person, smartphone apps, chat/text, etc.) for facilitating care coordination and connection to services

FY 16-17 will be primarily an infrastructure building year, in which a core leadership team and workgroups will provide input and expertise to develop criteria related to the four core components described above. It is anticipated that RFPs and strategic partnerships will be developed in FY 16-17 related to these four core components, with funding to be awarded starting in FY 17-18.

Spending Plan and Funding Methodology

The HMG-LA budget was based on budgets from current HMG affiliates Orange County and Alameda County. HMG Orange County has been in existence since 2005 and HMG Alameda came on board in 2008. Those firmly established budgets were used to develop the 5-year HMG-LA budget projections. As both counties have much smaller populations, the budget projections were taken to scale based on LA County’s population of 650,000 children ages 0-5.

FY 16-17 estimates are based on a 5-year spending projection. Year 1 (FY 15-16) is primarily focused on learning, partnership building, data gathering, and coordinating needed resources. The Steering Committee will meet monthly throughout FY 16-17 and the Workgroups will meet monthly for a period of 4-6 months. Year 2 involves the establishment of HMG-LA Organizing Entity and the development of consulting contracts for technical assistance around the HMG Core Components. Year 2 (FY 16-17) will be focused on building and maintaining the HMG LA Steering Committee and Workgroups around the following 4 HMG Core Components identified in the narrative.

FY 16-17 will be primarily an infrastructure-building year for HMG-LA, in which a core leadership team and workgroups will provide input and expertise to develop criteria related to the four core components described in the narrative. It is anticipated that RFPs and strategic partnerships will be developed in FY 16-17 related to these four core components, with funding to be awarded starting in FY 17-18. The following resources are required in FY 16-17

Initiative	Investment Category
<p>Health Strategy 1 - Early Identification/Developmental Screening/Connection to Services to support building the appropriate infrastructure needed for HMG-LA:</p>	<p>2015-2020 Strategic Plan: Focusing for the Future</p>
<ol style="list-style-type: none"> 1. Systems Partnership Development Consultant \$185,000 Consulting firm/expertise will be procured either via the First 5 LA consulting pool or via an open solicitation. Consulting firm/expertise will support HMG-LA with meeting coordination, facilitation, content development, internal communications, solicitation development and logistical support as needed. The consultant firm/expertise will also gather key information systematically to inform the development of solicitations/strategic partnerships related to the four core components (child health provider outreach, centralized access point [including telephonic, web-based and social media platforms], data collection/analysis, and community/family outreach components) to be developed in FY16-17, with the goal of awarding initial funding for early phase work in FY17-18. It is possible the consulting firm/expertise may be tasked with solicitation writing, if they have that expertise (if not, a separate consultant may need to be identified, #6 below). Contract is anticipated to begin June or July 2016 through June 30, 2017. 2. General meeting support for up to 36 meetings \$30,000 Meeting support includes venue, catering, translation, parking etc. 3. Speakers/consultants travel/honoraria \$20,000 Identified costs are associated with 36 steering committee/workgroup meetings. 4. Consulting Contract ECE Technical Assistance/W. Hayslip \$24,900 (\$150/hr for 166 hours over the life of contract) Contract Term Feb. 2016-June 30, 2017. To determine consultant fee, staff conducted a cost analysis to ensure that the rate is reasonable. Consultant rate falls within the maximum composite hourly range for Education at \$112-150/hour as established by the First 5 LA Consultant Fee Schedule. 5. Consulting Contract Regional Center Technical Assistance /T. Delgadillo \$24,900 (\$150/hr for 166 hours over the life of contract) Contract Term April 2016-June 30, 2017. To determine consultant fee, staff conducted a cost analysis to ensure that the rate is reasonable. Consultant rate falls within the maximum composite hourly range for Education at \$112-150/hour as established by the First 5 LA Consultant Fee Schedule. 6. Additional Consulting contracts around core components and/or other needed services. \$100,000 Services may include facilitation, solicitation writing, technical assistance, communications support. 7. Communications and Marketing Materials (print, web-based etc.) \$10,000 8. Technology development/usage \$10,000 9. HMG-LA Organizing Entity \$469,000 Upon Board approval (approx. Jan 2017), this entity will serve as the administrative hub for HMG-LA. Based on other HMG budgets, major expenses related to the Organizing Entity include Salaries and Benefits for the following positions ranging from .50 to 1FTE(approximately 7 positions): Program Director/Manager, Communications Director/Manager, Data/Research Analyst, Finance/Accounting staff, Website Designer, Administrative Support, Training and TA Lead. Additional costs include space rental, communications materials, etc. Organizing Entity is anticipated to be contracted by January or February of 2017. 10. Evaluation and Quality Improvement \$100,000 Evaluation may include gap analysis, scans, development of evaluation plan etc. 11. Emerging Opportunities - \$150,000 It is anticipated that there are opportunities that may emerge throughout the year that are time-sensitive and aligned with our desired goals and outcomes. In these cases, staff may recommend funding these opportunities prior to a formal solicitation process that emerges through HMG-LA. One example of this is a potential opportunity to work with the American Academy of Pediatrics (AAP) Chapter 2 on raising member physicians' awareness (through AAP meetings and conferences) of the HMG framework, and its relevance to their clinical work with children 0-5. This would ensure early engagement of AAP physicians in HMG-LA. 	

Initiative	Investment Category
Health Strategy 1 - Early Identification/Developmental Screening/Connection to Services	2015-2020 Strategic Plan: Focusing for the Future
<p>UPDATE: For the updated June budget, these estimates were revised downward by \$112,000 to account for new information related the Consulting and Emerging Opportunities costs. Resources were reduced from Additional Consulting Contracts and Emerging Opportunities, and increased for the Systems Partnership Development Consultant.</p> <p>(Resources identified under this spending plan will also be made available for emerging opportunities to partner with LA County to enhance the impact of First 5 LA investments.)</p>	
<p>Change from Prior Year (if >+-20%)</p>	

Initiative		Investment Category	
Health Strategy 2 - Trauma-Informed Care		2015-2020 Strategic Plan: Focusing for the Future	
Program Name	Prior Year Revised Budget	Curr. Year Revised Budget	% Variance
Trauma-Informed Care		\$1,297,000	0.00%

Program Summary

* Any FY 15-16 costs for these activities were covered through the Strategic Plan Implementation Fund (SPIF). Costs budgeted in SPIF were preliminary estimates because new Strategic Plan activities were still under development at the time the FY 15-16 Budget was approved. As such, costs were not necessarily delineated or defined in the same manner as presented in the FY 16-17 Budget. In some cases, no costs were included in SPIF for activities that were not anticipated to occur during Year 1 of the 2015-2020 Strategic Plan. Refer to the following narrative detail, as well as Attachment A – “FY 2016-17 Budget Summary for Programs by Initiative/Program” for additional information.

In FY 16-17, First 5 LA will bring together County departments, foundations and key stakeholders on an ongoing basis as part of a Trauma-Informed Care Working Group to develop a county-wide trauma-informed care action plan using the Collective Impact Framework for Los Angeles County. As part of the working group, there will be a jointly funded environmental scan to answer key questions around trauma and ti-care to inform the county-wide action plan. First 5 LA, in partnership with three other funders (The California Endowment, California Community Foundation, Parsons Foundation), will contribute funds into a pooled fund that will be housed through a third-party fiscal intermediary. These funds will cover the costs associated with the working group, environmental scan, and other related costs. In addition to the environmental scan and action plan, First 5 LA will explore internal and external emerging opportunities that may arise during the FY 16-17 fiscal year that align with our strategy and goals.

Spending Plan and Funding Methodology

The Los Angeles County Trauma-Informed care Systems change efforts is building on the Center for Youth Wellness' Statewide Working Group's efforts that took place over the course of January to November 2015. The Los Angeles County effort will model the same approach of collective impact to support the design an action plan for the County. The budget estimates reflect similar costs for line items from the statewide effort. F5LA, in partnership with three other funders (the California Endowment, California Community Foundation and Parsons Foundation), have committed to contributing to a pooled fund at a third-party fiscal intermediary to help catalyze the countywide effort. These pooled funds will cover costs associated with supporting the initial phase work of the effort, including support for the facilitation of a trauma-informed care working group, the environmental scan and the development of an action plan (#1-3 below).

1) Trauma-Informed Care Working Group: \$102,000

One facilitator and one support staff will be contracted to plan, facilitate and follow-up on deliverables for a series of monthly working group meetings. The item also includes the cost of holding meetings, including travel costs for speakers, meeting materials, and other meeting related costs.

Facilitator: \$150/hr x 25 hrs/mtg x 12 mtgs/year= \$45,000

Support staff: \$45/hr x 25 hrs/mtg x 12 mtgs/year = \$13,500

Other costs (meeting materials, venue, catering, travel reimbursement, expert speakers, etc) = \$43,500

2) Environmental Scan: \$372,000

A consultant will be contracted to conduct a scan of the literature, conduct key informant interviews with experts and partners, work with data related to TI-Care, and draft a report of findings to inform the development of the action plan. The budget for this deliverable was estimated based on previous budgets for environmental scans of similar scope conducted in the Research and Evaluation Department.

3) Action Plan: \$96,000

The facilitator of the TI-Care Working Group will work to develop an action plan using information from the environmental scan and input from the working group meetings that will inform the work moving forward in LA County. The budget for this item was based on budgets for similar products developed through coalition building efforts.

4) Emerging Opportunities: \$700,000

There are two strands of emerging opportunities First 5 LA staff will monitor in FY 16-17. The first is the External Emerging Opportunities (estimated at \$500,000) that may arise throughout the fiscal year with other funders or

Initiative	Investment Category
<p>Health Strategy 2 - Trauma-Informed Care</p> <p>systems that will be time sensitive opportunities to help support efforts that help us move toward achieving our desired outcomes (ie. leveraging current countywide efforts related to homelessness). The other is the Internal Emerging Opportunities (estimated at \$200,000 based on prior year experience) that may arise as we explore points of alignment with other work happening within the agency.</p> <p>5) Third-party intermediary fees: \$27,000</p> <p>A key component of this strategy is around partnership building. It is anticipated that a pooled fund will be established at a third-party fiscal intermediary in FY 15-16, with funds from First 5 LA, Parsons Foundation, The California Endowment and The California Community Foundation. Fees are estimated at 12% of total revenue + support fees. Total of fees split between four funders is approx. \$27,000 (First 5 LA's portion).</p> <p>(Resources identified under this spending plan will also be made available for emerging opportunities to partner with LA County to enhance the impact of First 5 LA investments.)</p>	<p>2015-2020 Strategic Plan: Focusing for the Future</p>
<p>Change from Prior Year (if >+-20%)</p>	

INVESTMENT CATEGORY:

Legacy Investments

Initiative	Investment Category
Black Infant Health	Legacy Investments

Program Name	Prior Year Revised Budget	Curr. Year Revised Budget	% Variance
Black Infant Health Program	\$1,455,000	\$1,703,000	17.04%

Program Summary

The Black Infant Health (BIH) Program is a state program of the California Department of Public Health to address the large and persistent disparities in maternal and infant health that affect the African American community. Programs are at local health jurisdictions where more than three quarters of African-American births occur in California. First 5 LA has been supporting three BIH Programs in Los Angeles County since 2009: Los Angeles County Department of Public Health (LAC DPH), the City of Pasadena, and the City of Long Beach. In November 2013, the Commission approved an allocation of \$7,262,415 to the BIH Program for five years beginning in FY 14-15.

The goal of the BIH Program is to improve the health of African American mothers and infants in California and decrease Black:White health disparities by empowering pregnant and parenting women to make healthier choices for themselves and their children. The three BIH programs will be implementing the new model of the state BIH Program which includes a group-based approach (10 prenatal sessions and 10 postpartum sessions) with complementary client-centered case management to help women develop life skills, learn strategies for reducing stress, and build social support through a life-course perspective. Eligible clients for the new model include pregnant or parenting (up to 3 months postpartum) African American women who are 18 years of age or older.

Spending Plan and Funding Methodology

First 5 LA is one of multiple funding streams needed to run the BIH Program. The BIH Program is supported by Title V, State General Funds (reinstated in FY 14-15), Title XIX matching funds, and First 5 LA funds. The First 5 LA funding level for BIH was determined based on last year's expenditures, historical spending and anticipated costs. Costs were informed by BIH grantees with staff's review and approval. All three grantees will be implementing the new model of the state BIH Program.

1. The City of Long Beach: Major costs include supporting core staff to implement the program to fidelity - BIH coordinator, family health advocates (case managers), group facilitator, & mental health professional (social worker). Other program costs include supplies for group intervention sessions and retention as well as training for staff. Support will also be provided to recruit and enroll eligible clients into the group-based program with complementary case management. The estimated budget for the City of Long Beach is \$229,000.
2. The City of Pasadena: Major costs include supporting core staff to implement the program to fidelity - BIH coordinator, family health advocates (case managers), group facilitator. A mental health professional (social worker) will be on board in FY 16-17. Other program costs include supplies for group intervention sessions and client workshops as well as training for staff. Support will also be provided to recruit and enroll eligible clients into the group-based program with complementary case management. The estimated budget for the City of Pasadena is \$259,000.
3. The Los Angeles County Department of Public Health (LAC DPH) has been implementing the old model of the state BIH Program and will implement the new model this year. LAC DPH will release an Invitation for Bid (IFB) in March 2016 to subcontract with three community-based organizations in FY 16-17. The number of subcontractors will decrease from five to three CBOs because the staffing costs for the new model are higher than the old model. Major costs include subcontractors to provide BIH services: group intervention (10 prenatal group sessions and 10 postpartum group sessions) and complementary case management. Other program costs include personnel for administrative and compliance oversight, supplies for group sessions, and training for staff. The estimated budget for LAC DPH is \$1,021,000.

The total FY 16-17 funding level requested for BIH is estimated to be approximately \$1,509,000.

UPDATE: For the updated June budget, this estimate was revised upward by \$194,000 to account for one finalized contract agreement, which came in above original budget estimates.

Initiative

Investment Category

Black Infant Health

Legacy Investments

Change from Prior Year (if >+-20%)

Initiative	Investment Category
Children's Dental Care	Legacy Investments

Program Name	Prior Year Revised Budget	Curr. Year Revised Budget	% Variance
Children's Dental Care Program	\$10,656,000	\$8,908,000	-16.40%

Program Summary

The Children's Dental Care Program (CDCP) funds three Strategic Partnerships with the University of California Los Angeles (UCLA), University of Southern California (USC) and Western University (additional programmatic detail for each is provided below), with a total allocation of \$38 million across 5 years. The first few years of the project centered around activities related to providing direct services but also planning and setting up the needed infrastructure to provide these services. Now entering the fourth year of the project, CDCP will continue to focus on providing direct oral health services to children ages 0-5, parent education and provider training. The program also requires continued collaboration across the three schools. In FY 16-17, the program will continue these collaboration activities through quarterly meetings focused on program evaluation and sustainability. CDCP is currently scheduled to end in February/March 2018.

In addition, by the end of the 5-year contract period, CDCP aims to:

- 1) Increase knowledge and behavior change among parents and primary caregivers;
- 2) Increase knowledge and behavior change among community organizations;
- 3) Increase knowledge, skill level and practice change among dental providers;
- 4) Increase access to quality preventative and treatment services provided to children ages 0-5; and
- 5) Improve organizational/delivery systems.

UCLA: expands the 21st Century Dental Home Project model to 10 community clinics to serve as quality dental homes for children 0-5 and pregnant women. The program will provide preventative and treatment services at the clinics, conduct clinical and ECE provider training, and support capital improvements for the UCLA -Venice Family Clinic Mar Vista to provide services and serve as a service-learning site.

USC: expands access to oral health services in LA County, by providing preventative dental care to children from birth through age five, with a referral to a dental home. The project utilizes a case management model that consists of interns from the USC School of Social Work, an oral health promotora and a Benefits Enrollment Specialist to address access to oral health care for underserved children.

Western: provides preventative and treatment dental services for children ages 0-5 in school-based settings. In addition, dental students will be exposed to pediatric populations in non-traditional settings providing necessary preventative and comprehensive services.

Spending Plan and Funding Methodology

In FY 16-17, it is expected that the majority of the costs will be associated with the direct implementation of the program (personnel, dental equipment/supplies, training and contracted services with community clinics and key partners, such as policy and advocacy partners). Main activities during this period will include providing direct services to children, provider training, technical assistance and capacity building.

The funding level for the year was estimated based on cost projections submitted by each of the universities as well as historical data of actual expenditures for the year. The estimated budgets are based on actual costs to provide services which include staff, supplies, dental equipment, training, etc. In addition, the projected budget assumes that all programs will be operating at full capacity and there are no-delays in programming/operating. The estimated budget for CDCP projects is consistent with the previous year implementation and is aligned with the overall 5-year allocation for the project.

Estimates for each university are as follows:

UCLA: \$3,140,000

UCLA will provide preventative services to at least 8,000 children. Trained ECE providers will ensure up to 5,000 parents' receive information and educational materials to increase awareness of oral health. The project will also continue providing training to at least 50 clinical providers to increase their knowledge and skills to provide preventive oral health services to children 0-5, train up to 500 childcare providers to increase awareness of the

Initiative	Investment Category
Children's Dental Care	Legacy Investments

importance of oral health for young children; establish more coordinated referral and delivery systems; and convene Quality Improvement Learning Collaborative bimonthly.

USC: \$5,068,000

The USC CDCP Project will continue to focus on expanding access to oral health services in LA County, by providing preventative dental care to children 0-5 by providing referrals to a dental home. The project utilizes a case management model to provide services to families. It is estimated that the program will serve 9,000 children with preventative dental services, provide 9,000 parents with oral health education, and 600 providers with training.

Western: \$700,000

Western University's Children's Dental Care Project will continue to provide preventative and treatment dental services for children 0-5 in school-based settings. In addition, dental students will be exposed to pediatric populations in non-traditional settings providing necessary preventative and comprehensive services. For FY 16-17, it is estimated the project will serve 6,000 children with preventative services, provide 6,000 parents with oral health education, and train 300 providers.

UPDATE: For the updated June budget, this estimate was revised upward by \$572,000 based upon new information received from the USC Contractor, indicating that they would require additional resources to support the LA County Medical Center which opened in April 2016. The dollars will be used to staff, supply and support the clinic which will serve an additional 1,200 children in FY 16-17.

Change from Prior Year (if >+-20%)

The CDCP program is now entering its 4th year of operation; as such, start-up costs are not as high as many of the systems and infrastructure have been established during the previous three years. In addition, sustainability plans (including billing Medi-Cal and Denti-Cal for services, where applicable) have also started to be implemented resulting in a small reduction of funds needed from First 5 LA.

Initiative	Investment Category
Healthy Food Access	Legacy Investments

Program Name	Prior Year Revised Budget	Curr. Year Revised Budget	% Variance
Market Match	\$675,000	\$740,000	9.62%

Program Summary

The goals of Market Match are broadly aligned with the 2015-2020 Strategic Plan Communities Focus Area 3: Communities have physical places and spaces that promote healthy living and encourage interaction. This is a Commission-allocated investment and will end consistent with the Governance Guidelines in FY 17-18.

Market Match leverages an existing fruit and veggie voucher program to increase the purchase and consumption of fresh fruit and vegetables by families with children prenatal to 5. Market Match is a voucher system that matches a family's purchase amount when they use their CalFresh, WIC, or cash benefits at 19 farmers' markets in LA County. The families receive a dollar-for-dollar match up to \$10 that can only be spent on fruits and vegetables at the farmers' markets. This is the 4th year of a 5-year partnership, expected to end in FY 17-18.

Spending Plan and Funding Methodology

To date, the contractor has established voucher programs at 24 farmers' markets. In FY 15-16, the budget request was \$675,000 based on increased demand for vouchers and a burn rate of approximately \$55,000/month. In FY 16-17, the budget request is estimated to be \$740,000 based on the current burn rate and anticipated increase in Market Match incentives to be distributed to families. This project has significant administration costs, because it is operated in 37 different locations with multiple farmers' market operators who need to be trained and compensated for administering this project. The budget also includes funds for a comprehensive external evaluation of Market Match (\$20,000) and significant outreach to families who are eligible to receive the vouchers. Any cost savings from project administration will be redirected to voucher distribution.

UPDATE: For the updated June budget, this estimate was revised upward by \$40,000 based on new information derived from ongoing contract negotiations and anticipated need.

Change from Prior Year (if >+-20%)

Initiative	Investment Category
Little by Little/One Step Ahead	Legacy Investments

Program Name	Prior Year Revised Budget	Curr. Year Revised Budget	% Variance
Little by Little/One Step Ahead Program	\$3,515,000	\$3,312,000	-5.77%

Program Summary

In January 2011, the Commission approved an allocation of \$30 million for the One Step Ahead/Little by Little (OSA/LBL) program, a modification of the Little by Little (LBL) program previously implemented by Public Health Foundation Enterprises-Women, Infants and Children Program (PHFE-WIC) and funded by First 5 LA. During the same year the program also underwent a name change to only "Little by Little" due to existing trademarking of the One Step Ahead name.

In May 2013, the Commission approved a six-year strategic partnership with PHFE from October 2013-September 2019 to lead and manage the expansion of the LBL program to other WIC sites throughout LA County. In FY 16-17 the LBL program will be in its third year of program implementation. The program provides anticipatory guidance to parents regarding early literacy and safety awareness in ten WIC sites located across Los Angeles County.

The core program components include:

1. Providing individual counseling and handouts regarding child development, early literacy, and child safety at each WIC client visit.
2. Distributing developmentally appropriate books and safety items during WIC clients' visits.

Spending Plan and Funding Methodology

HOW FUNDS WILL BE SPENT IN FY 16-17

- Partnering with the six LA County WIC agencies and overseeing the implementation of the LBL program at the selected 10 WIC site locations;
- Providing LBL program services to a total of 62,610 unique WIC participants across 10 WIC site locations;
- Providing technical assistance to help WIC sites improve services and strengthen program quality;
- Ensuring client data is being collected and entered in the LBL client database system;
- Implementing fund development and sustainability plan activities in order to support the effectiveness and sustainability of the program; and
- Managing LBL process and outcome evaluations.

MAJOR COST AREAS

The funding level for FY 16-17 was determined based on contractor spending patterns for the past two fiscal years and recent conversations with the contractor on programmatic budget projections for FY 16-17. In FY 16-17, the LBL program will provide services to a total of 62,610 unique WIC participants at \$52.90/child for a total budget estimate of about \$3,312,000. The following are the major programmatic and administrative cost categories and estimated annual amounts for FY 16-17:

1. Personnel- a total of 25 staff positions will be needed to manage the various initiative components including training and technical assistance, fiscal and contract management and direct services at two WIC sites for a total of \$1,000,000 (30% of the overall budget).
2. Contracted Services- an estimated 9 subcontractors including six subcontractors delivering direct services at eight WIC sites, a trademark, a communications and an implementation consultant will be hired in order to complete the various components of the LBL direct service, marketing and intervention implementation. Total estimated expenses for subcontracts: \$1,337,000 (40% of the overall budget).
3. Program Supplies- Program expenses are related to program materials (187,830 books and 62,610 safety items) and brochures. Total estimated expenses for supplies: \$757,000 (23% of the overall budget).
4. Operating, Evaluation and Administrative Costs- A total of \$218,000 is estimated for evaluation, space, postage, travel, mileage, indirect and other expenses (7% of the overall budget).

UPDATE: For the updated June budget, this estimate was revised upward by \$196,000 to account for final contract negotiations which identified a need for additional consultant support and an increase in staff time to improve the client model projections, sustainability efforts and business planning, and reinforce the program's sustainability plan.

Change from Prior Year (if >+-20%)

Initiative

Investment Category

Little by Little/One Step Ahead

Legacy Investments

INVESTMENT CATEGORY:

Research and Evaluation

Initiative	Investment Category
Program Evaluation	Research & Evaluation

Program Name	Prior Year Revised Budget	Curr. Year Revised Budget	% Variance
Welcome Baby Implementation and Outcomes Evaluation	\$515,000	\$952,000	84.85%

Program Summary

Welcome Baby and Select Home Visiting are key strategies in the Families Outcome Area of the 2015-2020 Strategic Plan. This study is part of the portfolio of evaluations being used to improve and better understand Welcome Baby and to help support sustainability efforts.

The purpose of the Welcome Baby Implementation and Outcomes Evaluation is to generate implementation information and participant outcome findings that can be used by a broad array of Welcome Baby stakeholders when making decisions and mid-course corrections related to the program. The primary goals of the evaluation are to:

- 1) Understand the factors that affect Welcome Baby program fidelity across replication sites;
- 2) Document the participant experience in participating in Welcome Baby;
- 3) Monitor selected Welcome Baby participant outcomes;
- 4) Understand the relationship between implementation and outcomes; and
- 5) Develop a process for ongoing implementation and outcomes monitoring.

Spending Plan and Funding Methodology

The anticipated FY 16-17 costs include:

- 1) Collect data: \$300,000
- 2) Analyze data: \$150,000
- 3) Work with Stronger Families Database Team to analyze data from the database: \$85,000
- 4) Design/recommend a system that will sustain monitoring of implementation and outcomes beyond the contract period \$90,000
- 5) Dissemination Activities: \$50,000
- 6) Manage the project: \$56,000
- 7) Referral Document review: \$35,000

An additional \$9,000 in contingency funding is included in the total FY 16-17 budget. The estimates above were calculated by examining the contractor's current payment schedule as well as the costs associated with other similar projects. The overall project length is April 2015-September 2017. The costs for the first 15 months of the project are based on the overall project amount of \$1.5 million (which was based on tasks and deliverables to be expected for a project of this scale and scope). The FY 16-17 amount reflects the work that will be accomplished in this fiscal year. Direct and indirect costs are included in the budget amount.

UPDATE: For the updated June budget, this estimate was revised upward by \$177,000 based upon delays in completing activities earmarked for FY 2015-16 resulting in a need for additional resources in FY 16-17.

Change from Prior Year (if >+-20%)

The budget for FY 16-17 is significantly higher because the majority of data collection and analyses will take place in FY 16-17, while in FY 15-16 the work centered around planning, IRB approval, and only a few months of data collection.



ATTACHMENT D:

OPERATING BUDGET –
SUMMARIES AND
DETAIL TABLES
BY DEPARTMENT

DETAIL BY DEPARTMENT

BOARD OF COMMISSIONERS

Authorized Positions

<i>Commissioners</i>	9
Sheila James Kuehl, Los Angeles County Supervisor, Chair Judy Abdo, Vice Chair Nancy Haruye Au Jane Boeckmann Duane Dennis Cynthia A. Harding, M.P.H. Christopher Thompson, M.D. Joseph Ybarra Jr., Ph.D. Marlene Zepeda, Ph.D.	
<i>Ex-Officio Commissioners</i>	4
Philip L. Browning Patricia Curry Karla Pleitéz Howell Deanne Tilton	
<i>Alternate Commissioners</i>	6
William Arroyo, M.D. Suzanne Bostwick Dayton Gilleland Terry Ogawa Sylvia S. Swilley, M.D. Brandon Nichols	
Total	19

The First 5 LA Board of Commissioners was established to facilitate the creation and implementation of an integrated, comprehensive, and collaborative system of information and services to enhance optimal early childhood development. This system functions as a network that promotes accessibility to information and services. The Commission further emphasizes public inclusion and participation, as well as service integration in the areas of childcare, health care, mental health, education, early intervention programs and parent education of children and their parents from the prenatal stage through five years of age.



ATTACHMENT E:

**GASB 54 FUND BALANCE
PRESENTATION**

FIRST 5 LA
GASB 54 Presentation of Projected Fund Balance at June 30, 2016

Cash Fund Balance as of March 31, 2016 (unaudited)¹	\$ 510,992,677
Plus: Projected Revenue (April 1 - June 30, 2016) ²	29,254,921
Less: Projected Program Expenditures (April 1 - June 30, 2016) ³	90,795,218
Less: Projected Operating Expenses (April 1 - June 30, 2016) ⁴	3,999,929
Projected Fund Balance as of June 30, 2016	\$ 445,452,451

Committed Program Allocations (Multi-year Allocations)	Balance as of	Modifications	Projected	Projected	Committed	Assigned ¹⁵	Unassigned	Nonspendable
	June 30, 2015 ⁵	during	FY 2015-16	Balance as of				
		FY 2015-16	Expenditures ⁶	June 30, 2016				
At-Risk Fathers Investment	\$ 598,500	\$ -	\$ -	\$ 598,500				
Baby Friendly Hospitals ⁷	24,688,576	-	(1,351,000)	23,337,576				
Black Infant Health	7,078,043	-	(1,455,000)	5,623,043				
Children's Dental Care	28,400,965	-	(10,656,000)	17,744,965				
Children's Vision Care	2,915,722	-	(1,341,000)	1,574,722				
Data Partnership with Funders	3,242,605	-	(900,000)	2,342,605				
Early Identification & Intervention - Autism & Other Developmental Delays ⁸	1,529,514	1,250,000	(946,000)	1,833,514				
ECE Outcome Area ⁹	-	2,141,046	-	2,141,046				
ECE Outcome Area (LAUP) ¹⁰	-	50,000,000	-	50,000,000				
Healthy Food Access	3,365,802	-	(2,064,000)	1,301,802				
Healthy Kids ¹¹	2,087,201	-	(2,087,201)	-				
Little by Little/One Step Ahead	24,592,135	-	(3,515,000)	21,077,135				
Los Angeles Universal Preschool (LAUP) ¹⁰	87,254,115	(50,000,000)	(37,254,115)	-				
Parent-Child Interaction Therapy	14,375,845	-	(2,742,000)	11,633,845				
Reducing Childhood Obesity	20,240,665	-	(15,099,569)	5,141,096				
Universal Assessment of Newborns	46,041,038	-	(6,981,000)	39,060,038				
Workforce Development - ECE Workforce Consortium ⁹	14,939,046	(2,141,046)	(12,798,000)	-				
Total Committed Program Allocations/Estimated Program Demands	\$ 281,349,772	\$ 1,250,000	\$ (99,189,885)	\$ 183,409,887	\$ 183,409,887			
FY 2016-17 Appropriations for Investments without a Multi-Year Allocation¹²								
2015-2020 Strategic Plan: Focusing for the Future					\$ 72,691,000			
Legacy Investments					4,654,000			
Research & Evaluation					7,166,000			
Estimated Balance Remaining on Advances at June 30, 2016¹³							\$ 9,074,935	
FY 2016-17 Operating							\$ 21,235,158	
First 5 LA Fund Balance Reserve¹⁴							40,015,540	
					Committed	Assigned¹⁵	Unassigned	Nonspendable
Total Fund Balance by Category					\$ 267,920,887	\$ 107,205,932	\$ 61,250,698	\$ 9,074,935
Total Projected Fund Balance as of June 30, 2016					\$ 445,452,451			

RECOMMEND FOR RELEASE FROM COMMITMENT	Balance as of	Modifications	Projected	Projected
	June 30, 2015	during	FY 2015-16	Balance as of
		FY 2015-16	Expenditures	June 30, 2016
Peer Support Groups for Parents	1,311,148	-	(1,044,000)	267,148
Research & Evaluation - Early Learning (LAUP)	2,792,529	-	(109,000)	2,683,529
Substance Abuse Treatment Services	1,599	-	-	1,599
Tot Parks and Trails	831,010	-	(660,000)	171,010
Workforce Development - ECE Career Development Policy Project	30,917	-	-	30,917
Total to Release from Commitment				3,154,203

Notes to GASB 54 Presentation of Projected Fund Balance at June 30, 2016:

1. Cash Fund Balance excludes fixed assets and liabilities, and was obtained from the monthly financial statements as of March 31, 2016.
2. Revenue was projected on an annual basis for the Long Term Financial Projection. This figure was calculated using the annual amount less the total revenue received through March 31, 2016, including tobacco tax, interest, and income received in rental payments.
3. Projected program expenditures for the last three months of the fiscal year were calculated based on annual projections using the best available data at the time, less program expenditures through March 31, 2016.
4. Projected operating expenditures for the last three months of the fiscal year were calculated based on the rate of operating expenditures through March 31, 2016.
5. The remaining balances for all allocations as of June 30, 2015 were obtained from the Comprehensive Annual Financial Report (CAFR) for FY 2014-15. Balances were adjusted as appropriate based on actions taken by the Commission during FY 2015-16 as noted below.
6. FY 2015-16 expenditures were estimated using the best information available at the time of this analysis.
7. The allocation for the Baby Friendly Hospitals initiative was previously known as Best Start LA. Baby Friendly Hospitals is the only remaining program drawing down from this balance.
8. The allocation for Early Identification & Intervention – Autism & Other Developmental Delays was augmented by \$1.25 million in March 2016 per Resolution 2016-02.
9. Based on Commission action approved in November 2015, the estimated balance remaining in the Los Angeles Universal Preschool (LAUP) allocation at June 30, 2016 was redirected for use by LAUP to continue specific activities consistent with the strategies outlined in the Early Care & Education (ECE) priority outcome area of the 2015-2020 Strategic Plan.
10. Based on Commission action approved in January 2016, the estimated balance remaining in the ECE Workforce Consortium allocation at June 30, 2016 was redirected for use consistent with the strategies outlined in the Early Care & Education (ECE) priority outcome area of the 2015-2020 Strategic Plan.
11. This figure for the Healthy Kids initiative does not include the estimated remaining balance of the amount advanced to LA Care Health Plan, which is accounted for separately in Nonspendable Fund Balance (see also #13).
12. Annual appropriations for all investments without a multi-year allocation will be reflected as Committed when the Commission approves the FY 2016-17 Budget in June 2016.
13. This figure reflects an estimated balance remaining as of June 30, 2016 on advances to LA Care Health Plan (Healthy Kids initiative) and the University of California, Los Angeles (Oral Health & Nutrition - Dental Home initiative).

14. Per Board-approved policy, the Fund Balance Reserve is calculated annually as 25% of the total annual budget. The Reserve is a self-imposed restriction and requires Commission action to change. This amount is considered Unassigned for Fund Balance purposes.

15. The use of all Assigned funds is dedicated to support activities related to the 2015-2020 Strategic Plan. This also includes approximately \$3.2 million related to initiatives that have ended or will end by June 30, 2016 with an estimated remaining allocation balance. Staff recommends that this amount be released from commitment through Commission action in June.

Draft FY 2016-17 Budget

Budget & Finance Committee
Meeting

May 24, 2016



Board Engagement

- April 28, 2016 – Budget & Finance Committee
 - Overview and discussion of the Draft FY 2016-17 Budget
- April 28, 2016 – Executive Committee
 - Discussion of FY 2016-17 proposed operating costs
- May 12, 2016 – Commission Meeting
 - Informational Item: Overview and discussion of the Draft FY 2016-17 Budget
-  • **May 24, 2016 – Budget & Finance Committee**
 - Review changes to the FY 2016-17 Budget based on:
 - Commission Feedback
 - Updated information/direction
- May 26, 2016 – Program & Planning Committee
 - Discussion of FY 2016-17 proposed programmatic costs
- June 9, 2016 – Commission Meeting
 - Action Item: Final FY 2016-17 Budget presented for Board Approval

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Key Budget Highlights

- Overall decrease of \$56.7 million (26%)
- Increase of \$32 million (54%) in resources to support the 2015-2020 Strategic Plan
- Decrease of \$89.8 million (69%) in resources for Legacy Initiatives

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FY 2016-17 Budget Summary

BUDGET CATEGORY	Draft Proposed FY 2016-17 Budget (May 2016)	Final Proposed FY 2016-17 Budget (June 2016)	Variance
Program			
<i>2015-2020 Strategic Plan: Focusing for the Future</i>			
a. Strategic Plan Priority Outcome Areas	\$ 83,305,000	\$ 83,584,000	\$ 279,000 0.3% ¹¹⁹
b. Strategic Plan Investment Areas & Support Costs	8,087,000	8,087,000	- 0.0%
<i>Total 2015-2020 Strategic Plan</i>	\$ 91,392,000	\$ 91,671,000	\$ 279,000 0.3%
<i>Legacy Investments</i>	41,144,000	42,146,000	1,002,000 2.4%
<i>Research & Evaluation</i>	6,291,000	6,468,000	177,000 2.8%
Total Program	\$ 138,827,000	\$ 140,285,000	\$ 1,458,000 1.1%
Operating	21,235,158	21,235,158	- 0.0%
TOTAL BUDGET	\$ 160,062,158	\$ 161,520,158	\$ 1,458,000 0.9%

Budget Changes

Reasons for budget changes fall under two categories:

1. New data available to inform budget development (\$1.28 million increase)
2. Delay in current year activity (\$177,000 increase)

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Budget Changes from Draft

INITIATIVE	PROGRAM	DRAFT FY 2016-17 (MAY)	CHANGE	FINAL FY 2016-17 (JUNE)	% CHANGE	REASON FOR CHANGE
2015-2020 STRATEGIC PLAN						
Community Strategy 1 - Shared Vision & Collective Action	Community Engagement	9,254,000	46,000	9,300,000	0%	ND
ECE Strategy 1 - Policy/Advocacy	Kindergarten Readiness Assessment	330,000	145,000	475,000	44%	ND
Families Strategy 2 - Family Engagement	Data Development	140,000	200,000	340,000	143%	ND
Health Strategy 1 - Early Identification/ Developmental Screening/ Connection to Services	Developmental Screening/Help Me Grow	1,236,000	(112,000)	1,124,000	-9%	ND
LEGACY INVESTMENTS						
Black Infant Health	Black Infant Health Program	1,509,000	194,000	1,703,000	13%	ND
Children's Dental Care	Children's Dental Care Program	8,336,000	572,000	8,908,000	7%	ND
Healthy Food Access	Market Match	700,000	40,000	740,000	6%	ND
Little by Little/One Step Ahead	Little by Little/One Step Ahead Program	3,116,000	196,000	3,312,000	6%	ND
RESEARCH AND EVALUATION						
Program Evaluation	Welcome Baby Implementation and Outcomes Evaluation	775,000	177,000	952,000	23%	D
TOTAL FIRST 5 LA			\$1,458,000			

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KEY: Reason for Change

ND = New data available to inform budget development

D = Delay in current year activity

Impact to Administrative Cost Limit

- ACL (\$12.4 million) decreased to 7.67% of the FY 2016-17 Budget (from 7.81%)
- First 5 LA, as compared to other First 5's, has the 2nd lowest ACL, with rates across all County Commissions ranging from 5.5-25% of spending

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GASB 54 Commitments

- As part of the annual budget process, staff presents projected fund balance categories to the Commission for review.
- This provides the Commission a regular opportunity to review and approve existing commitment levels.

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Fund Balance Categories

As defined by the Fund Balance Policy:

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.

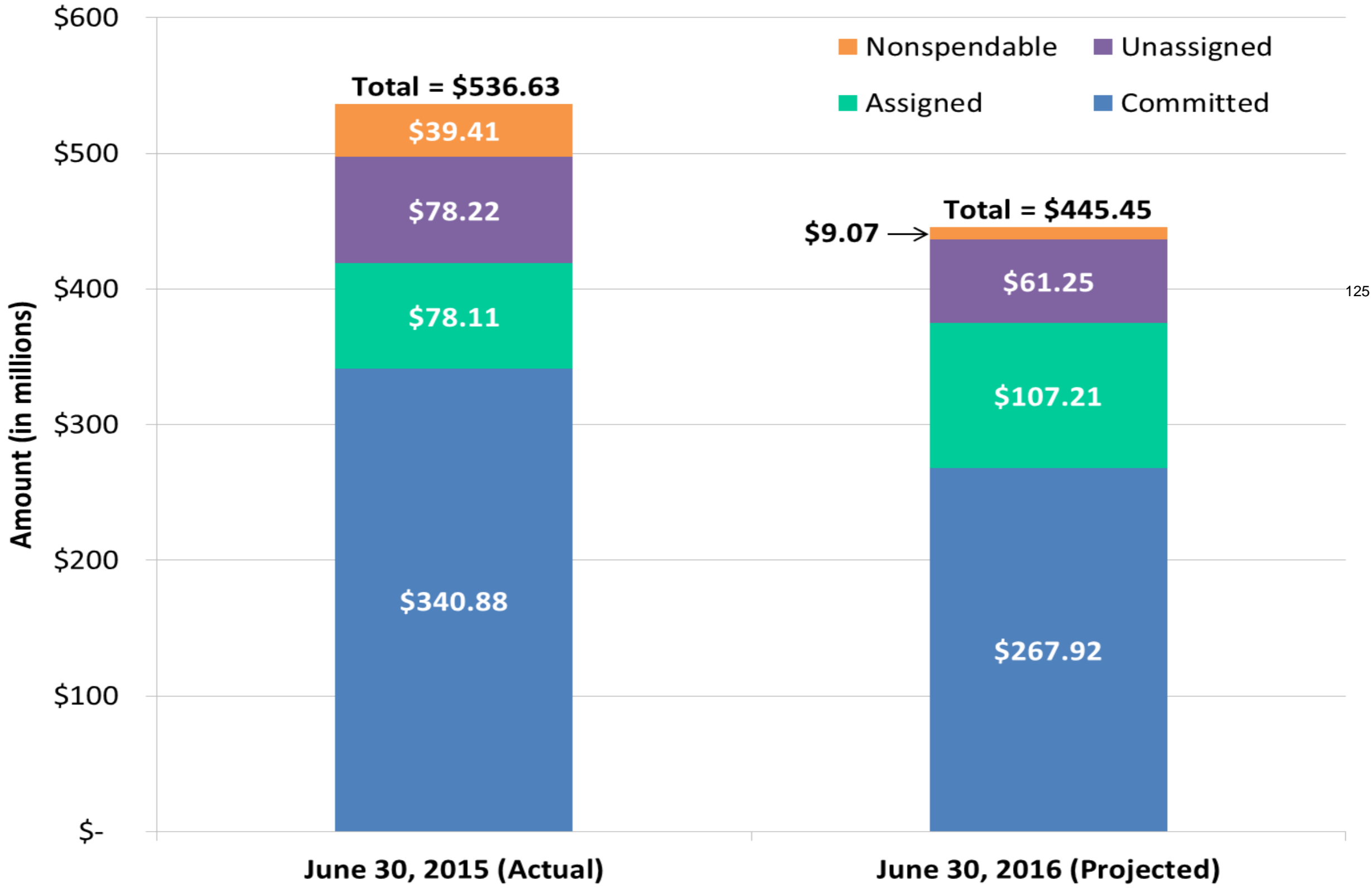
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Committed: Funds allocated for a specified purpose and directed by the Commission via Resolution. The Commission must adopt another Resolution to reappropriate these funds for other purposes.

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

Unassigned: Funds designated for the Operating Budget and Reserve.

Fund Balance Projections



Request for Approval – Resolution

For approval by the Commission in June 2016:

1. Total FY 2016-17 Budget of \$161.5 million
 - Attachment A – FY 2015-16 Budget Summary
2. Reaffirmation of GASB 54 Commitments
 - Attachment E – GASB 54 Fund Balance Presentation
3. Redirection to Assigned Fund Balance
 - \$3.15 million projected remaining balances related to ended/ending initiatives
4. Fund Balance Reserve
 - 25% of the total FY 2016-17 Budget (\$40,380,040)
5. Administrative Limit for FY 2016-17
 - Attachment A – Administrative Limit Calculation (\$12.4 million, or 7.67%)

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Review Process & Next Steps

- April 28, 2016 – Budget & Finance Committee
 - Overview and discussion of the Draft FY 2016-17 Budget
- April 28, 2016 – Executive Committee
 - Discussion of FY 2016-17 proposed operating costs
- May 12, 2016 – Commission Meeting
 - Informational Item: Overview and discussion of the Draft FY 2016-17 Budget
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 - **Review changes to the FY 2016-17 Budget based on:**
 - Commission Feedback
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QUESTIONS?



Los Angeles County Children and Families First Proposition 10 Commission

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SUBJECT: Fund Balance	Policy Number: 2301x
	Effective Date:
	Supersedes: 03/08/12
Initiating Authority: Finance Department	Page 1 Of 4

I. PURPOSE

The purpose of this policy is to classify fund balance categories in accordance with the reporting requirements of Statement 54 of the Government Accounting Standards Board (GASB) effective June 15, 2010.

II. APPLICATION

The guidelines for adoption are consistent with [both GASB Statement 54 and the First 5 Association of California](#) Financial Management Guide and establish authority for committing or assigning fund balances.

III. POLICY

In compliance with GASB 54, this policy sets forth the following:

The authorization level for committing or assigning a Fund Balance is established by the Board of Commissioners. Formal action of the Commission will be defined as an action taken at a publicly noticed meeting.

IV. PROCEDURES

Fund balance is essentially the difference between the assets and liabilities reported in a governmental fund. There are five separate components of fund balance, ~~as~~ defined below in order of the strength of commitment. Each separate component is identified by the extent to which First 5 LA is bound to honor the constraints on the specific purposes on which amounts can be spent as follows:-

- Non-spendable ~~fund balance~~ (inherently unspendable)
- Restricted ~~fund balance~~ (external limitations on use)
- Committed ~~fund balance~~ (self-imposed limitations on use for a specified purpose)
- Assigned ~~fund balance~~ (limitation resulting from broadly intended use; specific purpose not yet identified)
- Unassigned ~~fund balance~~ (residual net resources-no restrictions)

DEFINITIONS AND REPORTING

A. Non-spendable: That portion of fund balance that includes amounts that cannot be spent because they are either 1) not in a spendable form; or 2) legally or contractually required to be maintained intact.

Example: Cash advances to grantees and contractors ~~such as Los Angeles Universal Preschool and LA Care Health Plan.~~

B. Restricted: That portion of fund balance that reflects constraints placed on the use of resources (other than non-spendable items) that are either 1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or 2) imposed by law through constitutional provisions or enabling legislation. A Resolution approved via formal action by the Board of Commissioners is required to accept the restricted funds, acknowledging receipt ~~for fund balance purposes.~~

Example: Funds advanced by ~~First 5 California external entities~~ under specific agreements for services such as matching funds for specific initiatives.

C. Committed: That portion of fund balance that includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners. These constraints remain binding unless removed ~~in the same manner via the same type of formal action and instrument as defined by this policy.~~ A Resolution approved via formal action by the Board of Commissioners is required to commit funds ~~for fund balance purposes.~~

Resources in this category may include:

- 1) Resources committed for a specific purpose and/or future initiatives.
- 2) Funding that has been designated for legally enforceable contracts but not yet spent, including multi-year contracts.
- 3) Resources that have been committed by ~~the~~ Commission for specific agreements that have not yet been executed.
- 4) Resources committed as a local match for State Commission initiatives, programs or projects within the approved long range financial plan, funding recommendations or the strategic plan.

Example: Funds allocated to ~~programs specific initiatives for which the planned use is narrowly defined like Los Angeles Universal Preschool and various Countywide Initiatives, such as Children's Dental Care and Healthy Food Access.~~

D. Assigned: That portion of fund balance that includes amounts constrained by the Commission's intent to be used for ~~specific broadly defined purposes, but that are neither do not rise to the level of restricted nor~~ committed. The purpose of the assignment must be narrower than the fund itself. Assignments can be made via formal motion approved by the Commission; a Resolution is not required to assign funds. The Commission has elected not to designate a separate body, committee or an official who can specify such purposes.

Resources in this category may include:

- 1) Appropriation of a portion of existing fund balance sufficient to eliminate a projected deficit in the subsequent year's budget.
- 2) Resources assigned to a specific program, project or organization for which the

- Commission has approved a plan or budget.
- 3) Resources approved by the Commission for a long range financial plan (where formal approval is not required to modify the amount).

Example: Funds reserved for Commission use consistent with the Fiscal Year 2009-15 current Strategic Plan shall reflect the following parameters—90 percent Program (includes Countywide Strategies and Place-Based Investments), 5 percent Research and Evaluation and 5 percent Administrative.

The following table is from Because the Committed and Assigned fund balance components are commonly confused, the First 5 Association of California Financial Management Guide comparing provides the following chart to distinguish between Committed vs. Assigned these two categories:

Comparison: Committed vs. Assigned		
	Committed	Assigned
<i>A decision to use funds for a specific purpose requires action of governing body</i>	Yes	No
<i>Formal action of governing body is necessary to impose, remove or modify this constraint and formal action has taken place before end of reporting period</i>	Yes	No

- E. Unassigned:** That portion of fund balance that cannot be reported in any other classification but may reflect an internal restriction that requires a footnote to the Financial Statements.

Resources in this category for First 5 LA purposes may include:

- 1) Minimum Fund Balance Reserve: Must include 25 percent of the total Operating and Programmatic fiscal year budget, to be adjusted and approved annually. Reserve funds may be utilized for the following purposes.
 - a) Cash Flow: To mitigate delays in receiving revenues.
 - b) Extreme Events: To restore and continue operations, should an unanticipated event or natural disaster occur.
 - c) Budget Stabilization: To ensure a sufficient level of fund balance to meet the Commission obligations in the event of a revenue shortage.
- 2) Operating funds which includes personnel related cost, services and supplies.

V. RESPONSIBILITIES

It is recommended First 5 LA establish a policy for its fund balances—In accordance with GASB 54 guidelines, the elements of the policy are created by the Commission for its own purposes and may, therefore, be revised by the Commission as needed in the future.

The Commission should undergo an annual reaffirmation process prior to fiscal year-end to review all levels of fund balance and determine what action is needed. As part of this reaffirmation process, the Commission should take formal action prior to the fiscal year-end to either modify the existing fund balance levels or maintain them. This reaffirmation process generally takes place in conjunction with the approval of the fiscal year Budget by the Board of Commissioners.

Los Angeles County Children and Families First Proposition 10 Commission

SUBJECT: Policy and Guidelines for Adoption and Modifications of the Fiscal Year Budget	Policy Number: A-2308x
	Effective Date:
	Supersedes: 6/12/12, 1/12/12
Initiating Authority: Finance Department	Page 1 Of 4

I. PURPOSE

The purpose of this policy is:

- To set forth the requirement for development and authorization of the Budget for the Commission.
- To ensure adjustments to the Budget are formally approved by vote of the Board of Commissioners as appropriate.
- To allow for needed flexibility while providing sufficient controls to ensure accountability over the annual fiscal year Budget.

II. APPLICATION

This policy applies to the First 5 LA fiscal year Budget, including both Program and Operating Budgets. This policy does not address multi-year allocations or other fiscal circumstances outside of the organization's fiscal year Budget.

III. POLICY

Development

It is the policy of First 5 LA that the Budget will be developed and adopted annually by June 30 prior to the implementing fiscal year. First 5 LA's fiscal year will be from July 1 through June 30 of the subsequent calendar year. ~~The Program and Operating Budgets will include a rolling two-year plan of anticipated revenues and expenditures.~~ It is the policy of First 5 LA to hold at least one duly-noticed public hearing before adopting the proposed Budget and/or any adjustments per the guidelines below, and to provide copies of the proposed budgets and any revisions thereto to the members of the Commission.

Commented [MN1]: Changed from April 30

Commented [MN2]: Removal of two-year budget

The Budget will reflect the planned expenditures for First 5 LA and establish the anticipated resources and expenditures to implement the adopted Strategic Plan during the next fiscal year. The Budget and supporting process will be developed in accordance with adopted First 5 LA policies and procedures, relevant governmental accounting rules and regulations, and will reflect the best practices of First 5 Commissions throughout the State as detailed in the First 5 Financial Management Guide, as appropriate.

Prior to consideration of the Budget, staff will develop and present to the Board of Commissioners and the Board of Commissioners will review and approve a Long-Term

Financial Plan. The Long-Term Financial Plan will assess the long-term financial implications of current and proposed policies, programs, and funding assumptions. The Plan will provide a minimum of a five-year view of how resources will be spent to attain the objectives in the strategic plan, and should help inform the development of the fiscal year budget.

Modifications to First 5 LA's fiscal year Budget:

The Executive Director has the authority to make budget adjustments between line items in First 5 LA's annual Operating Budget in an amount up to \$25,000 in the fiscal year. Any budget adjustment, including additions or removals of line items, of \$25,000 or more requires formal approval of the Board of Commissioners, and will be accompanied by a narrative detailing the change. Movement of funds between the Programmatic and Operating portions of the fiscal year Budget is not permitted without formal approval of the Board of Commissioners.

Commented [MN3]: Change from the Operations Committee of the Commission

Year-end Reconciliation of the fiscal year Budget:

After the year-end reconciliation of the fiscal year budget, the Executive Director is authorized to use the unspent/uncommitted portion of the previous year's annual Operating Budget or unexpected one-time revenues, to fund one-time costs such as equipment or capital improvement costs. One-time costs funded from these two sources cannot exceed \$100,000 without approval of the full Board of Commissioners.

IV. PROCEDURES

The annual Budget will specifically identify program, operating and administrative costs. The Finance Department will be responsible for submitting to the Board of Commissioners a written budget calendar no later than the January Commission meeting, which will identify the planned dates of key budget events and deadlines. The budget will be prepared on a modified accrual basis of accounting and will be developed and submitted to the Board of Commissioners for approval no later than the June Commission meeting, in advance of the subsequent fiscal year.

Commented [MN4]: Change from April

The annual Budget shall include the following:

- Schedule of planned program expenses detailed by program including a description of the related program assumptions and service levels.
- Schedule of planned operating expenses identifying the assumptions, staffing levels, facility costs, and other costs associated with the regular operation of First 5 LA.
- Administrative cost calculation consistent with the First 5 LA's *Policy and Guidelines for Administrative Costs and Functions*.

Budget narratives and planning documents shall accompany the required schedules to effectively demonstrate the use of planned resources and to provide the assumptions behind the budget estimates, explain significant changes in budget line items, and detail how the resource allocation in the Budget relates to the goals and objectives in the Strategic Plan. The budget document will be used as a guide for expenditures throughout the budget period so that actual expenditures do not exceed the total adopted budget.

Procedures for modifications to First 5 LA's fiscal year Budget should mirror the annual budget process to the greatest extent feasible and will be determined and communicated by the Finance Department.

V. RESPONSIBILITIES

The Board of Commissioners is responsible for considering and approving the annual fiscal year Budget.

The Budget & Finance Committee is responsible for reviewing the Budget prior to consideration by the Board of Commissioners and providing feedback to First 5 LA staff as necessary.

The Executive Director is responsible for ensuring that the funds appropriated through the Budget are used to further the goals and objectives of First 5 LA and are consistent with the Commission's Strategic Plan, priorities and expectations. The Executive Director, in coordination with the Director of Finance may make budgetary adjustments between budget line items in accordance with this policy and First 5 LA's Governance Guidelines.

The Finance Department is responsible for:

- Coordinating the development of the annual fiscal year Budget and for compiling the Budget document and relevant documentation for provision to the Board of Commissioners;
- Submitting to the Board of Commissioners a written budget calendar no later than the January Commission meeting, which will identify the planned dates of key budget events and deadlines;
- Managing the budget development process in accordance with the parameters outlined in this policy;
- Ensuring that approved budget data is properly uploaded into First 5 LA's financial accounting system;
- Determining and communicating relevant timelines and procedures to staff, both for the annual budget process and for modifications to the fiscal year Budget;
- Ensuring that approval of the Budget and any modifications to the approved Budget are conducted in accordance with First 5 LA's Fund Balance Policy; and
- Developing—in coordination with other First 5 LA staff and departments—and presenting to the Board of Commissioners the annual Long-Term Financial Plan.

Other First 5 LA departments are responsible for adhering to requested deadlines related to the budget process, and for updating the Finance Department of budgetary needs or modifications on a timely basis.

VI. REFERENCES/LEGAL AUTHORITY

F5LA Policy and Guidelines for Administrative Costs and Functions
F5LA Fund Balance Policy A-2301
F5LA Governance Guidelines 03/2014
First 5 Association of California Financial Management Guide

VII. APPROVALS

Raoul Ortega, Director of Finance, Initiating Authority

Date

John Wagner, Chief Operating Officer

Date

Kim Belshé, Executive Director

Date

DRAFT

Los Angeles County Children and Families First Proposition 10 Commission

Board of Commissioners

Policy and Guidelines for Adoption of the Program and Operating Budgets

1. POLICY STATEMENT

Development

It is the policy of the Commission that Program and Operating Budgets will be developed annually that reflect the planned expenditures for the Commission and establish the anticipated resources and expenditures to implement the adopted Strategic Plan during the next and subsequent fiscal year. The Budget and supporting process will be developed in accordance with adopted Commission policies and procedures, relevant governmental accounting rules and regulations, and reflect the best practices of First 5 Commissions throughout the State as detailed in the First 5 Financial Management Guide.

Prior to consideration of the Budget, the Commission will develop and review a Long-Term Financial Plan. The Long-Term Financial Plan will assess the long-term financial implications of current and proposed policies, programs, and funding assumptions. The Plan will provide a minimum of a five year view of how resources will be allocated to attain the objectives in the strategic plan.

It is the policy of the Commission that the Program and Operating Budgets be prepared and adopted annually by April 30 prior to the implementing fiscal year. The Commission's fiscal year will be from July 1 through June 30 of the subsequent calendar year. The Program and Operating Budgets will include a rolling two-year plan of anticipated revenues and expenditures as well as authority to enter into agreements for the delivery of programs and consistent with the Strategic Plan.

The budget shall be balanced where operating revenues are equal to, or exceed, operating expenditures.

It is the policy of the Commission to hold at least one duly-noticed public hearing before adopting the proposed Program and Operating Budgets and/or any adjustments, and provide copies of the proposed budgets and any revisions thereto to the members of the Commission. Any changes to the Approved Budget must be review and approved consistent with the related Board approval policy on "Formal Approval of Additions, Changes, or Deletions to Allocations and the Annual Program Budget"

and/or “Modifications to the Commission’s Annual Operating Budget” (approved January 2012).

2. PURPOSE

The purpose of this policy is to set forth the requirement for development and authorization for budget for the Commission.

3. APPLICATION

This policy applies to the First 5 LA Program and Operating Budgets.

4. RESPONSIBILITIES

The Board of Commissioners is responsible for adopting the Annual Program and Operating Budgets. The Budget & Finance Committee will review the budget prior to consideration by the Commission. The Chief Executive Officer is responsible for using the funds allocated through the Program and Operating Budgets to further the goals and objectives of the Commission.

5. PROCEDURE

The Chief Executive Officer, Director of Finance, and Finance staff will be responsible for preparing and presenting to the Budget & Finance Committee and the Commission a Long-Term Financial Plan prior to the preparation of the Operating Budget. The Long-Term Financial Plan will be developed by the Finance Department, under the guidance of the Budget & Finance Committee, and will include a revenue and expense forecast for a minimum of five years, consistent with the Commission’s adopted Strategic Plan.

The annual budget will include specifically identify program, operating and administrative costs. The Finance Department will be responsible for submitting to the Commission a written budget calendar no later than the January Commission meeting. The budget calendar is a schedule will identify the planned dates of key budget events and deadlines. The calendar will also specify the key budget tasks in the budget process, when they must be completed, and who is responsible for completing each task. The budget will be prepared on a modified accrual basis of accounting and will be developed and submitted to the Commission no later than the April Commission meeting, in advance of the subsequent fiscal year.

The annual budget shall include the following:

- Schedule of Program Expenses detailed by program including a description of the related program assumptions, service levels, and outcomes to be achieved.

- Schedule of Operating Expenses identifying the assumptions, staffing levels, facility costs, and other assumptions.
- Administrative cost calculation consistent with the Commission's Policy and Guidelines for Administrative Costs and Functions.

Budget narratives and planning documents shall accompany the required schedules to effectively demonstrate the use of planned resources and provide the assumptions behind the budget estimates, explain significant changes in budget line items, and explain how the resource allocation in the budget relates to the goals and objectives in the strategic plan. The Chief Executive Officer, with the support of the Finance Department, will be responsible for the overall development of the budget document consistent with the Commission's priorities and expectation.

Finance staff will be responsible for administering and monitoring the adopted budget. The budget document will be used as a guide for expenditures throughout the budget period so that actual expenditures do not exceed the total adopted budget.

Los Angeles County Children and Families First Proposition 10 Commission

Board of Commissioners

Policy and Guidelines for Formal Board Approval of Additions, Changes or Deletions to Allocations and the Annual Program Budget

1. POLICY STATEMENT

Any additions, changes or removals from all Allocations for First 5 LA's resources shall require the formal approval, by vote, of the Commission. Further, the Board must approve, by vote, any changes to the adopted annual Program Budget. This Policy does not address the classification of Fund Balances for GASB 54 purposes, which is covered under a separate policy.

2. PURPOSE

This policy ensures that formal action by vote has been taken by the Board to establish new allocations, modify existing allocations or terminate a program by formally removing allocations. This policy also ensures that any adjustment to the Program Budget is formally approved by vote of the Board of Commissioners.

3. APPLICATION

This policy applies to all First 5 LA Allocations and the annual Program Budget.

4. RESPONSIBILITIES

The Board of Commissioners is responsible for approving new allocations, modifying existing allocations and eliminating allocations if a program is to be terminated. Further, the Board of Commissioners is responsible for changes to the adopted Program Budget. The Chief Executive Officer is responsible for assuring that the funds allocated through the adopted Strategic Plan further the goals and objectives of the Commission, and for ensuring that no changes, additions, deletions or other modifications are made without prior Commission approval.

5. PROCEDURE

- A. The Chief Executive Officer, or his/her designee, in coordination with the Director of Finance and other Department Directors, and through collaboration with the Board of Commissioners, will make recommendations for new allocations or modifications to the current allocations as part of the reports

Policy and Guidelines for Formal Board Approval of Additions, Changes or Deletions to Allocations and the Annual Program Budget
Page 2

that come forward to the Board in the published agenda of their meetings. If an adjustment to the Program Budget is required, the recommendation will be forwarded to the Board.

- B. The report to the Board will always include a Fiscal Impact section that will describe the origination of the allocation (including the purpose, amount and date) and any proposed changes to the allocation, if applicable (including the purpose, amount and date). If the annual Program Budget is affected, a detailed description of the change will also be included.
- C. The report will also incorporate the attachment included in this policy, "Request to Add New Allocation or Modify Allocation/FY Program Budget Form". The form will be completed by staff and approved by the Director of Finance via signature. If the request is approved by the Board, the necessary changes to the allocations and/or Program Budget will be completed in the accounting system by a Staff Accountant and approved by the Finance Manager.

Attachment (1)

- Request to Add New Allocation or Modify Allocation/FY Program Budget Form

Los Angeles County Children and Families First Proposition 10 Commission

Board of Commissioners

Policy and Guidelines for Modifications to the Commission's Annual Operating Budget

1. POLICY STATEMENT

- A. It shall be the policy of the Board of Commissioners that the Chief Executive Officer has the authority to make budget adjustments between line items in the Commission's Annual Operating Budget in an amount not to exceed \$25,000. Any budget adjustment between line items in excess of \$25,000 requires approval of the Operations Committee of the Board of Commissioners.
- B. It shall be the policy of the Board of Commissioners that the Chief Executive Officer, with approval of the Operations Committee of the Board of Commissioners, is authorized to use the unspent/uncommitted portion of the previous year's Annual Operating Budget or unexpected one-time revenues, to fund one-time costs such as equipment or capital improvement costs. One-time costs funded from these two sources cannot exceed \$100,000 without approval of the full Board of Commissioners.
- C. The unspent/uncommitted portion of the previous year's Annual Operating Budget will be used to fund an Operating Budget sustainability reserve. Any use of the Operating Budget sustainability reserve in an amount not to exceed \$100,000 in any one year requires the approval of the Operations Committee. Any use of the sustainability reserve in excess of \$100,000 in any one year requires the approval of the full Board of Commissioners.

2. PURPOSE

This policy provides needed operating flexibility while providing sufficient controls to ensure accountability over the Annual Operating Budget.

3. APPLICATION

This policy applies to the First 5 LA Annual Operating Budget.

4. RESPONSIBILITIES

The Board of Commissioners is responsible for adopting the Annual Operating Budget. The Chief Executive Officer is responsible for using the funds allocated through the Annual Operating Budget to further the goals and objectives of the Commission.

5. PROCEDURE

- A. The Chief Executive Officer in coordination with the Director of Finance may make budgetary adjustments between budget line items in accordance with this policy.
- B. The Chief Executive Officer is required to request approval from the Operations Committee of the Board of Commissioners to use the unspent/uncommitted portion of the previous year's Annual Operating Budget or unexpected one-time revenues to fund one-time costs in an amount not to exceed \$100,000. The Chief Executive Officer is required to request approval from the full Board of Commissioners if the one-time cost amount is in excess of \$100,000.
- C. The Chief Executive Officer must request approval from the Operations Committee of the Board of Commissioners to use up to \$100,000 of the sustainability reserve. The Chief Executive Officer must request the approval from the full Board of Commissioners to use the sustainability reserve if the amount requested is in excess of \$100,000.
- D. All changes made to the Operating Budget will be documented by the attached form "Changes to the Operating Budget".

Attachment (1)

- Request to Modify FY Operating Budget



Champions For Our Children

Request to Modify FY Operating Budget

Commission Meeting Date: _____ (If over \$25,000)

Agenda Item: _____ (If over \$25,000)

Department/Line Item: _____

Previously Approved Budget: \$ _____ **Adjustment to Existing Budget:** \$ _____

New Approved Budget: \$ _____

Detailed Explanation of Adjustment:

Requested By: _____
 Director of Finance - Signature & Date

Acknowledged By: _____
 CEO - Signature & Date

For Internal Use Only:

Input By: _____
 Staff Accountant - Signature & Date

Approved By: _____
 Finance Manager - Signature & Date