


# AGENDA

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

Budget & Finance Committee Chair: Robert Byrd

Friday, October 14, 2022  
1:00 PM

Meeting Location:  
VIRTUAL

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1. **ACTION**  
Call to Order/Roll Call
  2. **INFORMATION**  
Public Comment (for Items on this Agenda)
  3. **INFORMATION** 3  
Review Meeting Minutes from Special Meeting of the Executive Committee on October 3, 2022
  4. **INFORMATION** 5  
2022 Compensation Study Update
- Presenters: Antoinette Andrews Bush, Chief Transformation Officer and Gala Collins, Director, Human Resources and Talent Management**
5. Public Employee Appointment/Employment  
Government Code Section 54957(b)(1)  
Executive Director
  6. **ACTION**  
Adjournment of Special Meeting and Closed Session

### COMMISSIONERS

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

### EX OFFICIO MEMBERS

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

### EXECUTIVE DIRECTOR

Karla Pleitéz Howell

### EXECUTIVE VICE PRESIDENT

John A. Wagner

### A PUBLIC ENTITY



**SUMMARY MEETING NOTES**

**FIRST 5 LA  
SUMMARY MEETING NOTES  
Special Meeting of the Executive Committee  
(Open and Closed Sessions)  
October 3, 2022  
10:00 am – 12:00 pm**

**COMMITTEE MEMBERS PRESENT:**

Judy Abdo (Chair)  
Astrid Heger  
Yvette Martinez  
Frank Ramos

**STAFF PRESENT:**

Peter Barth, Chief of Staff  
Kim Belshé, Executive Director  
Linda Vo, Board Relations Manager  
John Wagner, Executive Vice President

**LEGAL COUNSEL:**

Craig Steele  
Serita Young

**OPEN SESSION**

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

The Special Meeting of the Executive Committee was called to order by Committee Chair Abdo at 11:00 am. Roll call completed.

**2. Public Comment (for items on the agenda)**

No public comments.

**3. Review Meeting Minutes from Executive Committee on September 16, 2022**

Notes were received and filed without any deletions, additions, or changes.

**4. Investment Strategy Update**

Raoul O. presented a follow-up from the May and June Board meetings where staff presented an update to First 5 LA's fiscal imperative and Long-term financial plan. At that time staff had discussed the potential of looking at alternative forms of investing a portion of First 5 LA's fund balance that would help maximize returns. At this Executive Committee meeting, Raoul O. presented different investment options that staff are looking into that have already been reviewed by the Executive Director. The scenarios are below:

1. Scenario 1 – 3 Year Investment @ 3.80%
2. Scenario 2 – 5 Year Investment @ 3.60%
3. Scenario 3 – 7 Year Investment @ 3.53%
4. Scenario 4 – General Pool @ 1.39% (FIRST 5 LA Current Investment)

## **SUMMARY MEETING NOTES**

Based on staff analysis of these scenarios, staff are recommending that First 5 LA go with Scenario #1 which will provide FIRST 5 LA the opportunity to maximize our investments to increase projected revenues estimated to be an annualized amount of \$5.4 million.

The Executive Committee had no objections to this recommendation.

There is no further discussion on this item.

### **5. CLOSED SESSION**

Executive Committee members resumed the meeting in closed session.

There were no reportable actions or public comments.

Summary minutes were recorded by Linda Vo, Board Relations Manager.

## **FIRST 5 LA**

**SUBJECT:**

2022 Compensation Study

**BACKGROUND:**

First 5 LA's 2020-2028 Strategic Plan includes improving organizational effectiveness as a strategic priority. Over the last two years, First 5 LA has been considering how our effectiveness is driven by one of our greatest assets – our people. Increasing competition for top talent, rising inflation, and the Executive Director search have triggered the need to conduct a compensation study to support First 5 LA's ability to attract, retain, and motivate its talent, while meeting the organization's responsibility to be accountable for and efficient in its expenditures of public funds.

First 5 LA last conducted a compensation study in 2013, completed by Hay Group (now Korn Ferry). Best practice is to conduct a compensation study every 3-5 years. Since the completion of the 2013 compensation study, First 5 LA has been working with a compensation specialist to adjust the salary structure periodically to keep up with the current job market. In addition, First 5 LA's annual Board-approved budget includes resources for merit, internal equity, and market adjustments aligned with our compensation philosophy. Though First 5 LA has been actively assessing and adjusting compensation, these efforts may not be sufficient in the current market.

In July 2022, staff provided an overview of First 5 LA's compensation philosophy and focus of the compensation study to the Executive Committee. Commissioners affirmed the compensation philosophy and supported the need for an updated compensation study to better understand First 5 LA's market position in the current context.

In August 2022, First 5 LA contracted with Mercer, a leading professional services firm with specialty in the areas of risk, strategy, and people. With an 84-year history, Mercer has supported its clients with organizational design and effectiveness, workforce strategy, compensation, and total rewards, job and career architecture, talent assessment and development, and executive compensation, among other key employee rewards. Mercer's work with First 5 LA focuses on the following:

- Analyzing and providing recommendations on Executive Director compensation to inform executive recruitment (*Mercer working exclusively with the Executive Director and Director of Human Resources & Talent Management to maintain integrity of the ED hiring process*)
- Assessing the competitiveness of First 5 LA's reward programs as an employer in the current market
- Informing refinements, as needed, to First 5 LA's compensation philosophy, salary structure, and base pay

**DISCUSSION:**

For the past two months, Mercer has been analyzing First 5 LA's job descriptions, salaries, salary structure plus an optimization review of retirement, health, and welfare plans (e.g., paid time off) to gain insights on total reward positioning in the market. Mercer is using a blended approach to assess First 5 LA's base pay testing against comparable jobs in both the nonprofit and corporate sectors. Nonprofit and corporate are the primary sectors from which First 5 LA attracts talent and to which First 5 LA loses talent. Though the analysis is still underway, Mercer's initial observations include opportunities for strengthening our compensation philosophy and better aligning positions to market.

**NEXT STEPS:**

Mercer will complete analysis of First 5 LA's market position and provide recommendations for compensation philosophy, salaries, pay grades and structure, benefits, and job titles. During the November 2022 Board of Commissioners meeting, staff will share an overview of the findings. Findings

that have significant budget implications will be brought to the Board for consideration and approval during First 5 LA's annual budget development and approval process.

## 2022 COMPENSATION STUDY UPDATE

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**Antoinette Andrews Bush**  
Chief Transformation Officer

**Galina Collins**  
Director of Human Resources & Talent  
Management



- Introduce the Executive Committee to Mercer, the firm conducting First 5 LA's Compensation Study
- Share where we are in the process and Mercer's initial observations
- Discuss next steps



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- Best Practice for Frequency of Comp Studies
- Competitive Job Market
- Inflation
- First 5 LA's Fiscal Reality
- Leadership Transitions

## External Competitiveness

- Develop a compensation program informed by an understanding of how First 5 LA's base pay practices and benefits compare to other organizations in First 5 LA's market for talent.

## Alignment with Best Practices

- Align existing compensation practices with appropriate levels of base pay upon analysis of internal and external data, taking into account emerging and best practices in the market.

## Internal Equity

- Achieve an appropriate alignment of positions and compensation in an internally fair and equitable manner based on job content and responsibility.

## Reward for Performance

- While recognizing equity-based job content, also reward talented and high-performing employees.

Strengthen First 5 LA's ability to attract, retain, and motivate its talent, while meeting the organization's responsibility to be accountable for and efficient in its expenditures of public funds

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First 5 LA contracted with Mercer in August 2022 to conduct the study.

- Mercer is a leading professional services firm with specialty in the areas of risk, strategy, and people.
- With an 84-year history, Mercer has supported its clients with key employee rewards, including but not limited to:
  - Organizational design and effectiveness
  - Workforce strategy, compensation, and total rewards
  - Job and career architecture
  - Talent assessment and development
  - Executive compensation

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Mercer's work with First 5 LA focuses on the following:

- Analyzing and providing recommendations on Executive Director compensation to inform executive recruitment
  - *Mercer working exclusively with the Executive Director and Director of Human Resources & Talent Management to maintain integrity of the ED hiring process*
- Assessing the competitiveness of First 5 LA's reward programs as an employer in the current market
- Informing refinements, as needed, to First 5 LA's compensation philosophy, salary structure, and base pay

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- Analysis of job descriptions, salaries, and salary structure plus an optimization review of retirement, health, and welfare plans (e.g., paid time off) to gain insights on total reward positioning in the market
- Assessment of base pay using a blended approach, testing against comparable jobs in both the nonprofit and corporate sectors
  - Nonprofit and corporate are the primary sectors from which First 5 LA attracts talent and to which First 5 LA loses talent
- Review First 5 LA's benefits package for a deeper understanding of market position
- Provide total reward recommendations based on findings, inclusive of cost to implement any salary changes

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- Opportunities to strengthen the compensation philosophy
  - Better align compensation administration programs to the market
  - Clarify compensation philosophy for directors and above
  - Strengthen approach to Reward for Performance
  - Recommend a differentiated executive compensation philosophy and strategy
- Inflation is a current concern; however, including a cost-of-living adjustment at this<sub>15</sub> time is not recommended
  - Once the market pricing of positions is finalized, Mercer will recommend any needed changes so that both our salary structure and employee pay is aligned with the market (this includes understanding of our competitive positioning to market and costs to implement recommended changes)
- Job titles do not have a strong connection to the external market, which may limit candidate understanding and impact recruitment of a strong talent pool

- Complete analysis of First 5 LA's market position
  - Compensation Philosophy
  - Salaries
  - Pay Grades and Structure
  - Benefits
  - Job Titles
- Executive Director will share ED compensation findings with Executive Committee in Oct/Nov 2022
- Provide overview of findings during the November 2022 Board of Commissioners meeting

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