

# AGENDA

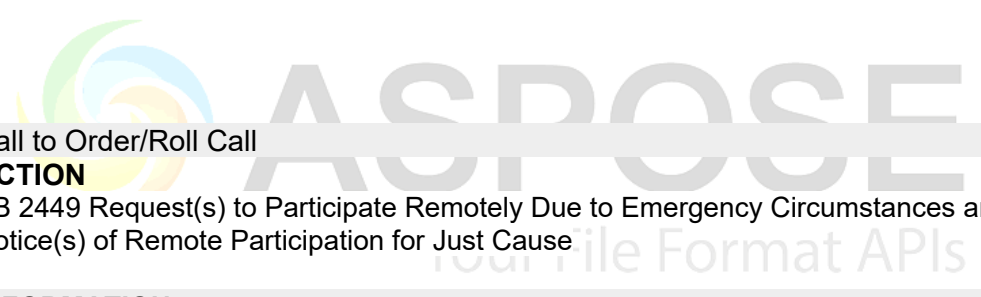
## SPECIAL JOINT MEETING OF THE BOARD OF COMMISSIONERS AND PROGRAM & PLANNING COMMITTEE

Chair: Astrid Heger

Thursday, September 28, 2023  
1:30 PM – 4:30 PM

**Meeting Location:**

First 5 LA, 750 N.  
Alameda Street, Los  
Angeles, CA 90012

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1. Call to Order/Roll Call
  2. **ACTION**  
AB 2449 Request(s) to Participate Remotely Due to Emergency Circumstances and Notice(s) of Remote Participation for Just Cause
  3. **INFORMATION**  
Review Program and Planning Committee Transcript from June 29, 2023 Meeting
  4. **INFORMATION**  
Annual Audit - Draft of the Annual Comprehensive Financial Report, including the Independent Auditor's Report for Fiscal Year ending June 30, 2023

**Presenters: Raoul Ortega, Director of Finance and Kinnaly Soukhaseum, Partner, Eide Bailly, LLP**

5. **INFORMATION**  
Review of First 5 LA Annual Report to First 5 CA
6. **INFORMATION**  
**PUBLIC HEARING**  
Annual Review of First 5 LA's 2020-2028 Strategic Plan

**COMMISSIONERS**

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

7. Break
8. **INFORMATION**  
2023 Advocacy Review and 2024 Policy Agenda

Presenters: **Ofelia Medina, Senior Policy Strategist, Office of Government Affairs and Public Policy and Anais Duran, Government Affairs Strategist, Office of Government Affairs and Public Policy**

9. **INFORMATION**  
Establish a Strategic Partnership with Health Federation of Philadelphia in the Amount of \$400,000 to Pilot the Thriving Providers Guaranteed Basic Income Model in Los Angeles County for the period of 24 months through October 2025 **(WRITTEN ONLY)**
10. Public Comment (for items not on the agenda)
11. Adjournment



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MEETING OF FIRST 5 LOS ANGELES PROGRAM AND PLANNING

Thursday, June 29, 2023

750 North Alameda Street, First Floor

Los Angeles, California 90012

STENOGRAPHICALLY REPORTED BY:  
HEATHERLYNN GONZALEZ  
CSR #13646

1 Thursday, June 29, 2023; Los Angeles, California

2 1:30 p.m.

3 -oOo-

4 COMMISSIONER HEGER: Good afternoon. We're going  
5 to get started if Deanne will stop eating cookies.

6 COMMISSIONER TILTON: I didn't even start yet.

7 COMMISSIONER HEGER: Well, it is exactly 1:30 and  
8 somewhere in my background my parents -- probably their  
9 fault. Isn't everything mother's fault? My mother's  
10 fault. I have this need to start on time.

11 So welcome to the joint meeting and I'm going to  
12 ask Linda to do a roll call.

13 MS. VO: Judy Abdo?

14 Robert Byrd?

15 COMMISSIONER BYRD: Here.

16 MS. VO: Astrid Heger?

17 COMMISSIONER HEGER: Here.

18 MS. VO: Yvette Martinez?

19 Summer McBride?

20 COMMISSIONER McBRIDE: Here.

21 MS. VO: Brandon Nichols?

22 COMMISSIONER NICHOLS: Here.

23 MS. VO: Maricela Ramirez?

24 COMMISSIONER RAMIREZ: Here.

25 MS. VO: Carol Sigala?

1 COMMISSIONER SIGALA: Here.

2 MS. VO: Deborah Allen?

3 COMMISSIONER ALLEN: Here.

4 MS. VO: Jacquelyn McCroskey?

5 Deanne Tilton?

6 COMMISSIONER TILTON: Here.

7 MS. VO: Quorum is present.

8 COMMISSIONER HEGER: Thank you. Are there any  
9 requests for AB 2449?

10 MS. VO: Confirming there are no requests for AB  
11 2449.

12 COMMISSIONER HEGER: Item 3 is review program and  
13 planning committee transcript and meeting notes from  
14 April 27. I'm hoping that I don't have to do that out  
15 loud.

16 MS. VO: If there's no additions, changes, or  
17 deletions, we can note them as received and filed.

18 COMMISSIONER HEGER: Thank you very much, Linda.

19 MS. VO: You're welcome.

20 COMMISSIONER HEGER: Item 4. And we have a  
21 report from Kimberly Hall on the Strategic Plan Reset.

22 Right, Kimberly?

23 MS. HALL: Yes.

24 COMMISSIONER HEGER: Conditions of young children  
25 and their families which is, I won't have to tell you, I

1 love the data that we received, and I have taken that data  
2 and put it into everything that we're writing right now at  
3 my -- in my clinic. So I want to thank you for that. But  
4 it's all yours.

5 MS. HALL: All right. Thank you.

6 Good afternoon, Commissioners, colleagues, and  
7 members of the public. My name is Kimberly Hall, and I'm  
8 the Chief Data Officer in the Office for Data for Action.

9 I'm thrilled to have this opportunity to engage  
10 with you all in the second conversation this month where  
11 we can dive into the data and really look at what we've  
12 learned through the landscape about the conditions of LA  
13 County's youngest children and their families.

14 The conversation that we have today will build on  
15 the one that you had with my colleagues at the June board  
16 meeting. Today we'll go deeper so we can understand and  
17 continue to build our collective understanding -- excuse  
18 me. In order to inform the strategic plan reset process  
19 which is currently underway.

20 So where have we been? At the June board  
21 meeting, Nieszka presented and you all discussed key  
22 findings related to the demographics, health and safety,  
23 and basic needs of young children and their families.

24 Before we move on to an overview of the content  
25 we'll focus on today, I want to take a moment while we're

1 looking at this slide to acknowledge that the indicators  
2 listed here -- so essentially what we included in the  
3 landscape -- was limited by available data. For example,  
4 ideally, we would have included indicators of physical  
5 health such as healthy weight and immunization rates, as  
6 well as indicators of mental health such as maternal  
7 depression and exposure to traumatic experiences. For  
8 basic needs, we would have included indicators such as  
9 access to health care, child care, and transportation.

10 And I wanted to take a moment to note this  
11 because it highlights the limitations of what we've  
12 learned and it also points to potential areas of focus for  
13 future efforts to increase the accessibility and the  
14 availability of data needed to inform and potentially  
15 measure our work.

16 So where are we going today? We're going to  
17 start by briefly revisiting demographics, health and  
18 safety, and basic needs. It's only been two weeks, but I  
19 want to take an opportunity to reiterate the key findings  
20 and to go a little bit deeper by sharing some new data in  
21 these areas. And then we'll move into a discussion of  
22 what we've learned about Family Supports, including safety  
23 net programs like Medi-Cal and CalFresh as well as home  
24 supports like home visiting and subsidized early care and  
25 education.

1           As a reminder, the landscape examines demographic  
2 characteristics including the size of the zero to five  
3 population and their race/ethnicity. We also looked at  
4 the primary language spoken in households with young  
5 children as well as poverty rates.

6           So here I'm going to recap what we learned, which  
7 is that there are over half a million children under five  
8 in LA County. And three out of four of these children are  
9 children of color, with just over half being Latino.  
10 Nearly three out of the four households with children  
11 under five speak a primary language other than English  
12 with over half speaking Spanish.

13           And we've seen that poverty rates are three times  
14 higher in Black, Latino, native Hawaiian, and Pacific  
15 Islander households when compared to the white and Asian  
16 households.

17           In terms of where children are within the County,  
18 as can be seen in the map, we learned they are disbursed  
19 across the County.

20           So with that recap, let's take a look at some new  
21 data. So here we zoom out from the data on poverty  
22 disaggregated by race/ethnicity to look at poverty for all  
23 households with children under five. We found that there  
24 are nearly 57,000 households with children under five --  
25 or one out of six households with children under five --

1 that have income at or below the federal poverty level.  
2 For context, in 2021, the federal poverty level for a  
3 family of four was annual income below \$26,500.

4 As we look at this data, I want to note that  
5 while the federal poverty level is the official poverty  
6 measure, it has limitations. Namely, it's primarily  
7 focused on food costs. It doesn't account for income  
8 necessary for other basic needs or for regional  
9 differences in the cost of living.

10 Given these limitations, the landscape also  
11 looked at the real cost measure, which is the measure of  
12 the economic security that was developed by the United Way  
13 of California, which in contrast to the federal poverty  
14 measure, it does take into account cost of basic needs  
15 beyond food such as housing, health care, childcare, and  
16 transportation.

17 So here we can see that when we looked at the  
18 real cost measure that is specific to LA County, we found  
19 that more than half of households with children under  
20 five, or nearly 240,000 households, lack sufficient income  
21 to meet basic needs.

22 In 2021, the real cost measure for LA County was  
23 roughly \$95,000 for a family of four. In other words,  
24 family needs to earn at least \$95,000 a year to reasonably  
25 afford housing, food, health care, child care,

1 transportation, and other basic expenses.

2 So let's move to health and safety. The  
3 indicators of health and safety included in the landscape  
4 are prenatal care, infant mortality rate, low birth  
5 weight, risk of negative outcomes, and involvement with  
6 Child Protective Services. In terms of health and safety,  
7 we previously shared trends indicating that low birthrate,  
8 risk of negative outcomes, and involvement with child  
9 protective services had been relatively consistent in  
10 recent years.

11 We also noticed that there are have been some  
12 modest improvements in prenatal care and in the infant  
13 mortality rate. However, when we look across the five  
14 indicators, we saw that Black children and families  
15 experienced the greatest disparities in health and safety  
16 conditions.

17 So the chart on the right depicts the disparities  
18 that exist for Black and Native American children. We're  
19 looking at referrals to Child Protective Services.

20 As was noted in the board discussion earlier this  
21 month, a referral to Child Protective Services is just one  
22 way of looking at involvement. So here we present data on  
23 the percentage of children who had allegations  
24 substantiated and those who were in and out of home  
25 placement in the first five years of life.

1           We can see in both charts that the pattern of  
2   disproportionality continues for Black and Native American  
3   children. Of note is that when looking at involvement  
4   beyond the initial referral, we see that Native American  
5   children have the highest levels of involvement with Child  
6   Protective Services. In fact, as many as one in ten  
7   Native American children were in and out of home placement  
8   at least once during their first five years of life.

9           So let's transition to basic needs. Here we  
10  looked at data on food insecurity and a few measures of  
11  housing insecurity, including rent burden, difficulty  
12  paying for housing and difficulty finding housing. Last  
13  month, we shared that many families with children under  
14  five experience challenges meeting basic needs. Nearly  
15  one out of three families experience food insecurity and  
16  two out of the three struggle to pay for and find housing.

17          We also noted disparities in access to resources  
18  to meet basic needs, specifically for Spanish-speaking  
19  Latino families. This can be seen in the chart on the  
20  right, which shows that Spanish-speaking Latino families  
21  have trouble finding housing at rates substantially higher  
22  than other families, further illustrating the challenges  
23  experienced by Spanish-speaking Latino families.

24          This slide shows that the proportion of families  
25  -- while the proportion of families who experience food

1 insecurity was relatively consistent across racial/ethnic  
2 groups, when we looked at English-speaking Latino  
3 families, they had the lowest level of food insecurity;  
4 while Spanish-speaking families experienced the highest  
5 levels.

6 So let's transition to Family Supports. The  
7 landscape examined access to family supports, including  
8 safety net programs, home visiting, subsidized early care  
9 and education, and social support.

10 Before diving into the data, let's take a look at  
11 the key findings. First we found a great deal of  
12 variation when we looked at enrollment across safety-net  
13 programs. When we disaggregate enrollment by safety net  
14 -- or in safety-net programs and home visiting by  
15 race/ethnicity, we observed some interesting patterns. We  
16 saw that the enrollment of Latino families was higher than  
17 expected, enrollment of Asian and Pacific Islander and  
18 white families was lower than expected, and Black families  
19 were participating in home visiting, Medi-Cal, and WIC at  
20 rates that are consistent with their representation in the  
21 population, but lower than we would expect given the high  
22 rates of poverty, food insecurity, and poor health and  
23 safety outcomes.

24 For home visiting, we observed a decrease in the  
25 number of families enrolled following the start of the

1 pandemic. And when we looked at subsidized Early Care and  
2 Education, we found that enrollment is low for  
3 income-eligible children generally, and that enrollment is  
4 especially pronounced for infants and toddlers.

5 So the next couple of slides will illustrate the  
6 patterns of access to Family Supports that I just noted.  
7 The data here shows the variability and access to  
8 safety-net programs. For example, we see that two out of  
9 three children under six were enrolled in Medi-Cal, while  
10 just one out of ten accessed CalWorks.

11 Here we can see enrollment in each program by  
12 race/ethnicity. Since the slide contains more data than  
13 those we've covered thus far, I want to take a moment to  
14 walk through it.

15 So the first four bars identify the percentage of  
16 children under six which are enrolled in each safety-net  
17 program by race/ethnicity. You see there's a bar for  
18 Medi-Cal, WIC, etcetera. The last bar details the  
19 percentage of children under six in LA County by  
20 race/ethnicity.

21 It's important to know that if race/ethnicity was  
22 not related to enrollment, we would expect the percentage  
23 of children enrolled in each program to match their  
24 proportion in the population. So when we looked across  
25 safety-net programs, what you'll see here is that

1 participation among Asian Pacific Islanders and white  
2 families is lower than expected. So the size of each bar  
3 is smaller than the size of the bar on the right.

4 Latino families participated at a rate that was  
5 higher than expected. And for Black families,  
6 participation in CalWorks and CalFresh was higher than  
7 expected.

8 This slide focuses on home visiting. Here we see  
9 that enrollment and home visiting was on an upward  
10 trajectory through 2021 when it declined, which coincided  
11 when the onset of the pandemic appears to have been done.

12 We can also see that the vast majority of  
13 families are participating in Welcome Baby as opposed to  
14 the more intensive home visiting models. When we examined  
15 the enrollment in subsidized Early Care and Education, we  
16 found that only one out of four income-eligible children  
17 is enrolled in subsidized Early Care and Education. So  
18 essentially, only 25 percent of the more 375,000  
19 income-eligible children under five receive subsidized  
20 Early Care and Education.

21 When we looked at enrollment by age, we saw that  
22 fewer than 1 out of 12 income eligible children and  
23 toddlers were enrolled in subsidized Early Care and  
24 Education.

25 The final family support we examined was

1 perceived access to social support. We found that white,  
2 Asian, and Spanish-speaking Latino families reported the  
3 least amount of social support available to them.

4 So as we bring the presentation component of this  
5 item to a close, I want to summarize the overarching  
6 themes.

7 So as we said in the last conversation that we  
8 mentioned, most children under five in LA County are  
9 children of color. These are also the children  
10 significantly more likely to live in poverty.

11 As racial disparities and poverty expose an  
12 increasing percentage of young children to negative  
13 conditions, including deleterious effects on brain  
14 development, the need to address the causes and the  
15 symptoms becomes increasingly urgent to address.

16 When we looked across the conditions, the data  
17 calls attention to disparities not only by race/ethnicity,  
18 but also by language and potentially immigration status.  
19 And I imagine that for many of us, the data from this  
20 landscape provides evidence that confirms what we know  
21 from our personal and professional experiences.

22 And that is that the disparities that exist in  
23 our County are negatively affecting far too many young  
24 children and their families and in far too many ways. For  
25 black children and families in particular, they

1 experienced poor health and safety outcomes along with  
2 high rates of poverty and food insecurities, which may be  
3 exacerbated by what we see as limited access to safety-net  
4 programs and other Family Supports.

5 Finally, while we've learned a lot through this  
6 landscape, it is just a snapshot. And there's still so  
7 much that we don't know due to limited availability of  
8 data on children under five in the post-pandemic era, data  
9 on racial and ethnic subgroups, and data on the root  
10 causes underlying these findings.

11 So that concludes my presentation. But before  
12 turning the floor to Commissioner Heger, I want to note  
13 that in addition to your clarifications and questions and  
14 your reactions to what has been shared, we're also  
15 interested to learn what themes are merging for you. What  
16 do you think is contributing to the conditions highlighted  
17 in the data, and how do you think systems change can  
18 contribute to towards eliminating the disparities  
19 highlighted in the data?

20 Thank you.

21 COMMISSIONER HEGER: Questions? Discussions?

22 Thank you so much, Kimberly. I'm just  
23 overwhelmed by this and depressed.

24 I have one question that jumped out at me. And I  
25 may be wrong because graphs and data and things like that

1 are not necessarily my strong suit. But, you know, in the  
2 overarching things across domains, you're saying Black  
3 children and families experience poor health and safety  
4 outcomes along with a high rate of poverty and food  
5 insecurity, etcetera. But when we're looking over at  
6 Family Supports, looks like Black families participate in  
7 home visiting, Medi-Cal and WIC that are generally  
8 consistent with their representation in the population.  
9 That seems an interesting piece of information.

10 MS. HALL: Uh-huh, yes. I think part of the way  
11 that we sort of landed on that understanding of what we  
12 were seeing is we would expect to see a higher rate of  
13 Black families receiving supports that are intended to  
14 provide for the needs or address some of the needs of  
15 families that -- that lack those support or lack those  
16 resources. And we aren't seeing that.

17 So because we're seeing the numbers the same as  
18 if those families are having the same experiences as all  
19 the other families, and because we don't see that -- that  
20 increase we would expect to see more families, for  
21 example, participating in home visiting, which is an  
22 intervention that we know that helps keep families out of  
23 the child welfare system.

24 So why aren't we seeing more Black families  
25 getting access to a resource like home visiting? And I

1 think that's what we're calling attention to. We would  
2 expect to see a greater proportion of Black families  
3 receiving those supports.

4 COMMISSIONER HEGER: There's always the trust  
5 factor.

6 MS. HALL: That's very true.

7 COMMISSIONER HEGER: Yes?

8 COMMISSIONER ALLEN: Thank you very much for the  
9 data. Always welcome.

10 I would just add as a side point, DPH does have  
11 access to data on child health in terms of gun violence  
12 and its impact on child death, which, since it's now the  
13 leading cause of death of children over one in the  
14 United States, is worth noting.

15 So that might be something you want to add.  
16 Obviously, a very different -- it's sort of a discrete --  
17 it is not a comprehensive marker of child health, but it  
18 is a very important marker of risk for children, and it's  
19 also something very actionable in terms of gun safety.  
20 Because so much of that is unintended death, children  
21 playing with guns, shooting each other, shooting  
22 themselves, etcetera. So that's one sign.

23 I did want to say that I think the data are very  
24 compelling. I would note that our experiences, that under  
25 utilization, is not always a matter of accessibility but

1 it may be a matter of acceptability or, you know, how much  
2 people want the service and see it as germane to them. So  
3 I think we need to learn to parse out quality -- quantity  
4 versus quality in terms of -- I mean, I completely agree  
5 with you that we're intending as a County to achieve  
6 targeted universal access to home visiting. And I think  
7 the same is true of WIC.

8 And where we see utilization that looks the same  
9 as the population for populations that are under -- that  
10 have higher levels of family stressors, we'd like to see  
11 higher participation. And it's not always because the  
12 service isn't there. It may be because the service -- the  
13 way we structured it isn't appealing to them. So there's  
14 work to be done there.

15 COMMISSIONER HEGER: Carol?

16 COMMISSIONER SIGALA: I think the other factor  
17 for home visiting is -- post-pandemic is really the  
18 unhoused children. You know, many of them are really  
19 living with other people, and it varies and if they're --  
20 or they're actually, literally homeless. And so I think  
21 that we need to consider how to reach that population  
22 because there's no home to visit. And, you know, we look  
23 at the staggering amounts of families that are impacted by  
24 that. So I think that's one consideration as well.

25 COMMISSIONER ALLEN: If I can comment? We are

1 working with DCFS on a pilot that would have a new model  
2 of home visiting, specifically directed towards homeless  
3 families.

4 COMMISSIONER HEGER: Deanne?

5 COMMISSIONER TILTON: Thank you so much.

6 A couple of thoughts on this -- this  
7 Spanish-speaking versus the non -- English-speaking Latino  
8 population, I remember we did look at the families that we  
9 served last year. And the largest percentage was  
10 English-speaking Latino. And we weren't really reaching  
11 into the Spanish-speaking or the nonEnglish-speaking  
12 population.

13 Something we need to think about in terms of  
14 priorities and providing services, is the language capable  
15 of the providers?

16 I'm also fascinated by the Native American -- I  
17 mean, I'm sad for the Native American population. I know  
18 the numbers are much lower. I'm not sure that's reflected  
19 in the rate -- actual rate versus numbers. The rate's  
20 certainly very high. I don't know what the numbers are.  
21 And I'm interested in maybe at some point trying to  
22 understand in more depth what the barriers are for them.  
23 How they -- they certainly have a fair amount of attention  
24 lately, in terms of the -- the laws and the policies that  
25 -- that were changed this last year.

1           And finally, I'm -- I'm really pleased and kind  
2 of wondering about the Asian population.

3           I remember Thomas Noguchi years ago was a Medical  
4 Examiner, Coroner. He was a member of our policy  
5 committee. And he said Asian families value their  
6 children more. And in Japan, we have a children's day,  
7 and we celebrate children more. And I live in an area  
8 with a very high Asian population, and I do see an  
9 incredible focus and -- and joy of the childcare among  
10 Asian families. And I'm wondering if we should kind of  
11 take a look at that in a way we haven't, because the child  
12 abuse data that we have been collecting over the years  
13 always holds Asian population at a very low level.  
14 Rarely do you see an Asian child in foster care or  
15 protective custody. So I'm just kind of wondering what we  
16 might learn by looking at the child and family customs in  
17 the Asian population.

18           I don't think it would be hard to hear about  
19 that. I mean, I think that there are people who would be  
20 happy to share about that. I don't see any Asians at the  
21 table; so I just like good news, and whatever we can  
22 transfer over. And, again, this over-representation of  
23 the African-Americans and the Native Americans is -- is  
24 troubling.

25           And I think it's different. I think some are

1 brought up in our -- in our full commission meeting that  
2 you can't really do a comparison between the different  
3 over represented populations including the African  
4 American. I'd like to hear from you again it was so -- it  
5 was very compelling.

6 COMMISSIONER McBRIDE: I think I was making the  
7 point that while the challenges may be similar, the root  
8 causes of some of this data won't necessarily be the same.  
9 You have Spanish-speaking Latinos who are struggling at  
10 similar rates to that of Black families to speak English.  
11 And so language is not the only barrier. There are some  
12 other what looks to be, like, racialized stereotypes  
13 that's clearly with Spanish-speaking families, there is a  
14 bias there against people who don't speak English.

15 And that may be one of their primary challenges.  
16 But I can't say for certain. But with black families,  
17 there's also the history of stereotypes towards who  
18 deserves to have a child. And when they go into a clinic  
19 -- and even we've discussed in the AIM Cat about the one  
20 key question is whether that's a good question to ask a  
21 family or a person who may or may not plan to become  
22 pregnant, because the bias that follows.

23 And my question is also about the under  
24 representation of Black families and some of the social  
25 supports, but over representation that are more than

1 expected like CalWorks and CalFresh, are we using that as  
2 an opportunity to collaborate with DPSS to gain data when  
3 they have that touch point for families who are accessing  
4 CalFresh to find out why they're not accessing other  
5 services? It may be an opportunity to get a little bit  
6 more information. But, of course, in a sensitive way so  
7 that families don't feel like they're being interrogated.  
8 But if there's that touch point, if they're accessing it  
9 for some services and not others, maybe there's an  
10 opportunity to collaborate and get some more data.

11 MS. HALL: Yeah. Absolutely. And I will also  
12 share that one of our data partners is PHFP/WIC and we've  
13 worked with them over the last couple of months to conduct  
14 a series of focus groups with families to better  
15 understand their experiences accessing these various  
16 safety-net programs that we're talking about.

17 So conversations with families. They've done  
18 focus groups with Spanish-speaking Latino families,  
19 English-speaking Latino families, African American  
20 families. There was a focus group done in Chinese and  
21 we're just getting the data; so we haven't yet analyzed  
22 it. But we will be bringing back what we learned from  
23 that to the commission; so we will be happy to share that.

24 And we've asked about experiences with multiple  
25 programs. So we're talking about the experience with

1 Medi-Cal and CalFresh. And so hopefully we gained some  
2 insight. That's, of course, not the only way to learn.  
3 Of course, partnering with DPSS is also an opportunity.  
4 But just wanted to give a heads up on some information  
5 we'll be bringing back to the Commission related to your  
6 question.

7 COMMISSIONER ALLEN: I wanted to sort of also  
8 weigh in and say that I feel very uncomfortable with any  
9 sort of jumping to any conclusion that something is based  
10 on how much people value their children. I mean, every  
11 culture is different, but in general, I think most people  
12 adore their children and do their best. But the pressures  
13 to which people are subjected in trying to raise their  
14 children subjective effectively, I think, are very  
15 different based on racism in our society.

16 And, you know, I think it's just -- it's always  
17 important, I think, to ask could this be a systemic  
18 problem before we say it's something about the people  
19 involved. And I think there's lots of evidence of  
20 systemic differences in the way people are treated. I did  
21 want to also add specifically to the comments that were  
22 made about immigrant children, is that the question of  
23 immigration status always comes up. And increasingly  
24 about participation in programs, because people are so  
25 worried about public charge and that it will keep them

1 from citizenship if they -- or expose them to enforcement  
2 and, you know, potential deportation if they're caught.  
3 So we have to worry about that.

4 COMMISSIONER HEGER: Robert.

5 COMMISSIONER BYRD: So that's a really good  
6 point. And I was thinking the same thing, Commissioner  
7 Allen. I do think that there's in reaches we could  
8 partner with as agencies are trying to extend home  
9 visitation to populations. We've recently been -- at DMH,  
10 we've been approached by the libraries to have some  
11 increased partnership with our promotoras and united  
12 mental health promoter groups; so I think that bringing in  
13 people who are from the community and familiar with the  
14 community I think could be a way to reach and maybe reduce  
15 some fear about reporting, or be able to communicate in a  
16 way that's more familiar with the individuals that are  
17 being interacted with and help normalize some of the  
18 resources or opportunities.

19 COMMISSIONER HEGER: Carol.

20 COMMISSIONER SIGALA: I wanted to say that's a  
21 good idea for both populations: Those that are unhoused  
22 as well as those that are immigrant families. And the  
23 fear with both of them is that this will lead to other  
24 problems within their families or for their families. And  
25 reporting -- since we've -- and also just the shame of

1 where they live or that they're intergenerational and  
2 living together. And there are some immigrants involved  
3 as well; so I think to find safe spaces where they can  
4 meet and really get the services that they would get at  
5 home would be a wonderful opportunity in a safe community  
6 spot. It's a great idea.

7 COMMISSIONER TILTON: Debbie, for sure, all  
8 families love their children. There's no difference in  
9 the level of concern and care and affection. I do think  
10 in a way there's community support within certain cultures  
11 that promotes the ability to find the time and the  
12 resources to enjoy your children and express that in  
13 public.

14 I am glad you brought up gun violence because I  
15 was thinking we're kind of on the safety net area leaving  
16 out the domestic violence issue in the safety net. The  
17 street violence, the substance abuse, the alcohol impact.  
18 Those -- those are real safety concerns. And just -- I'm  
19 the biggest advocate for home visiting on the commission.  
20 Always have been. But unless we really address, first of  
21 all, the population needs but also these deep-seated  
22 problems with children -- little children in homes where  
23 there is -- there is substance abuse and domestic violence  
24 and it's unsafe to go out on the street. The -- you're  
25 right. Gun violence -- now we're looking at fentanyl,

1 just escalating exponentially. There's so many things  
2 that can affect the safety of children, including, as  
3 Astrid and I also mention, isolation. And that's when I  
4 get back to the community. How -- how supportive is the  
5 community to the families.

6 COMMISSIONER McBRIDE: One of the questions that  
7 I wrote down was about the calls to CPS. And I think,  
8 obviously, part of our role is to address these challenges  
9 so that families can be better served, so children can  
10 have better outcomes.

11 And I think this speaks to Commissioner Nichols  
12 area of expertise where can we find out the nature of the  
13 calls? Because we know in this country we kind of tend to  
14 penalize poverty. And so are these calls that are going,  
15 well intentioned, but are they because of neglect or abuse  
16 or perception of these things? And what can we use -- how  
17 can we use that data that whatever triggers those phone  
18 calls to lean more into providing those types of targeted  
19 services?

20 So that's one area of data that I would love to  
21 see more of as we talk about how we can provide services.  
22 Whether they're substantiated or not, whatever triggered  
23 it -- whether it's a child showing up to school hungry and  
24 there's a phone call because there's an accusation of  
25 neglect or a family that's loud and there's not an

1 understanding of cultural differences. Many cultures --  
2 you know, if you live next door to me, I have five  
3 children. I am loud sometimes when I talk to them. But I  
4 think it's helpful for us to be able to use that data to  
5 find ways to be even more intentional about the supports  
6 that we offer preemptively to support these families.

7 COMMISSIONER HEGER: And I want to comment on  
8 that, but I have a feeling -- do you want -- did you want  
9 to say something, Commissioner Nichols?

10 COMMISSIONER NICHOLS: Yeah. I'd be happy to.

11 We have data on that. Certainly we work with  
12 First 5 and provide it if they don't already have access  
13 to it. I will say, though, that the data around neglect  
14 is difficult to unpack because we only record data sort of  
15 in categorical buckets. So it could be mental abuse,  
16 physical abuse, general neglect. And if we don't have a  
17 clean place to put something, often it falls into general  
18 neglect.

19 And the example I'll give is, you know, if  
20 there's substance abuse in the house and the parent is  
21 impaired because of substance abuse, often that gets  
22 written up as just a general neglect kind of call to the  
23 hotline. And it -- you know, it doesn't necessarily tell  
24 the whole story. But we can certainly work with First 5  
25 to make that data available.

1           COMMISSIONER HEGER: I would like to comment on  
2 the idea of neglect versus abuse and what, personally, I  
3 think -- there's a movement afoot to not respond to  
4 neglect calls. And I think this is an opportunity to  
5 identify those families that would benefit by our  
6 involvement and other's involvement in a coordinated,  
7 consistent, collaborative way that provides a family with  
8 a support they need. And the first line that you say when  
9 you deal with that family is: How can I help you? Rather  
10 than: How can I dismember this family? Which is --  
11 everybody -- nobody that I know really wants to do that.

12           But I'm worried that we take those sort of warm  
13 calls or those calls saying this kid is hungry or dirty or  
14 whatever, and -- and we throw them away when I think we  
15 should embrace them and find the community response that  
16 actually addresses that in an appropriate way. And that  
17 could be an entry point for our involvement in keeping  
18 children safe.

19           The other thing is I believe in my limited  
20 experience in the field of child abuse and neglect, that  
21 it's very important to have people respond that speak the  
22 language of those who need the help and who look like  
23 them. And I've had a similar experience, rather than  
24 being -- creating more fear of a white bureaucracy  
25 interfering with their lives, that we should probably try

1 to create excellence in responses that are appropriate to  
2 the community. That's sort of where I am right now in my  
3 life.

4 Yes, Commissioner?

5 COMMISSIONER BYRD: So I do think we have some  
6 opportunities in place currently with our partnership with  
7 child welfare around prevention and after care. So when  
8 calls go in, they can be linked to community providers  
9 that will provide resources. I think FFPSA is allowing us  
10 an opportunity to expand that work.

11 I think with LACOE and the CSIs, we have a  
12 one-stop shop for resources available to the families in a  
13 setting that families are more comfortable accessing  
14 resources perhaps. And we're trying to look at how to  
15 expand that model not necessarily through the community  
16 school initiative but that model, broader. And I think as  
17 we're entertaining this discussion, like, how do we  
18 coordinate and collaborate across different departments,  
19 different initiatives so we can leverage what's in place  
20 and maximize to -- in reach to the communities where their  
21 needs are, especially as planning starts taking root  
22 beyond the learning sites, you know, across the County.

23 COMMISSIONER NICHOLS: Well, if we're going to go  
24 into this conversation -- and it's a rabbit hole, and I  
25 didn't know how deeply one wanted to go. But the

1 presentation occurs at a moment when we are redefining the  
2 role of the child protective agency in the County. And  
3 clearly, the direction we would like to head is where  
4 there are community supports and community can take care  
5 of issues which are not immediate safety threats.

6 So if children are hungry, children have raggedy  
7 clothes, parents have housing insecurity, their resource  
8 and the resource of the community is not to call the  
9 hotline. It's something there and is readily available to  
10 address the need as long as the child is safe.

11 And so the child welfare, the child protective  
12 agency only becomes involved when really immediate safety  
13 is an issue. And we're working very hard to build those  
14 communities supports, prevention and after care is one of  
15 our programs, but there's others.

16 And we're also working out in the community to  
17 start to educate reporters rather than call the hotline,  
18 here are resources which might address your concern as  
19 long as you feel the child is safe. But always call if  
20 you think a child and not safe. That will always remain  
21 our role.

22 COMMISSIONER HEGER: I just want to make sure the  
23 resources are there. And when they -- you know, that's  
24 been an issue for me in the past years. And we want them  
25 to use the resources and sometimes the resources are not

1 there.

2 COMMISSIONER NICHOLS: Follow the math. Today, I  
3 don't think all the resources are there. And the  
4 presentation today, in part, makes me question the impact  
5 and efficacy of some of the services. We see utilization.  
6 We don't have a measure here of, you know, quality and how  
7 it's changing outcomes. And as we see higher than  
8 expected utilization in Black families, yet over  
9 representation in child welfare, it makes we wonder, does  
10 the high utilization of services actually result in  
11 stability and safety. I think it's something that we and  
12 I need to follow-up on, probably.

13 COMMISSIONER HEGER: And I think -- you know, I  
14 share that concern.

15 MS. HALL: Commissioner Nichols, I just want to  
16 add to what you said, that the data that we have really  
17 only lets us know who's enrolled. We don't know how much  
18 they're utilizing the services that they're enrolled in.  
19 So they're a Medi-Cal recipient, but are they going to  
20 well-child visits? What kinds of, you know, support are  
21 they getting? What kind of medical care?

22 So the data that we have is just scratching the  
23 surface.

24 COMMISSIONER RAMIREZ: So I noticed that there  
25 are only 25 percent of eligible young children are

1 enrolled in subsidized ECE. And I know that, you know, we  
2 have been struggling with enrollment of our babies in Head  
3 Start and Early Head Start. And I know that this is  
4 something that's not only effecting ECE, but, you know,  
5 school districts throughout the State are struggling with  
6 enrollment.

7 So I just wonder and am curious to see -- I know  
8 a lot of the data that you have, you know, is 2020; right?  
9 What efforts, you know, we collectively can make to make  
10 sure that more of our young students are enrolled into all  
11 of our programs.

12 MS. PLEITEZ HOWELL: Can I comment on that? And  
13 this is what Dr. Allen was lifting up. We have the data.  
14 And then some of the next steps is the root cause  
15 analysis. So the reason for enrollment, is there simply  
16 aren't enough spaces paid for in certain areas, and in  
17 certain areas, there may be more. So the analysis of that  
18 is something that we could go deeper into as you all lift  
19 up here's data that we should be paying attention to.

20 And I think Commissioner Nichols is lifting up  
21 the same question about what are the root causes that we  
22 really need to pay attention to in each of these data  
23 points as an additional thing. That's something we'll  
24 take on.

25 COMMISSIONER HEGER: Yes, Commissioner Allen.

1           COMMISSIONER ALLEN: I would just also note  
2 around Early Care and Education that it's not an  
3 entitlement. I mean, the extent of need does not reflect  
4 the number of subsidies available by any stretch. There's  
5 a huge gap. So eligible means you're -- you would meet  
6 the criteria. It doesn't mean that the slot is there for  
7 you. So -- and meanwhile, ECE as a field is undergoing  
8 extremely damaging systemic changes that will probably  
9 make fewer slots available absent a lot of work to sustain  
10 it.

11           So, you know, we have some real gaps in that  
12 area. I mean, I think, you know, the number of  
13 entitlements available to children in protective custody  
14 is an entitlement; so to speak. But, you know, Medi-Cal  
15 and school enrollments, special ed., and food stamps --  
16 WIC is not an entitlement program.

17           COMMISSIONER HEGER: I agree. I -- if only we  
18 ruled the world, we could set up a system that we all  
19 believed in. But unfortunately we haven't received that  
20 designation yet.

21           COMMISSIONER BYRD: So I really appreciate that  
22 clarification. And I'm wondering that as we do a deeper  
23 dive into the data, if it's possible to figure out of the  
24 one in four that are enrolled in ECE, like, is that relate  
25 -- how much of is that is related to availability and is

1 -- should there be efforts, you know, at a County level to  
2 expand that availability? Because several of us are  
3 participating in the CEO's office of prevention services  
4 task force that's really looking at, you know, healthy  
5 communities. And children and youth are one of the target  
6 populations that are being focused on. So I think that if  
7 we can figure out, like, if the low number of people  
8 enrolled is related to the lack of availability maybe  
9 there's a desire at the County level to expand that. And  
10 then we try to figure out funding.

11 COMMISSIONER HEGER: Are there any other  
12 comments?

13 COMMISSIONER NICHOLS: I have a few more things.  
14 Just a couple.

15 COMMISSIONER HEGER: Okay.

16 COMMISSIONER NICHOLS: It's just to explicitly  
17 call out some underlying assumptions we seem to be making,  
18 which I say I have to agree with. But I want to be, I  
19 guess, intentional about it.

20 It seems like we are focusing on vulnerable  
21 populations rather than all populations, which I think is  
22 the right thing. Again, I would vote for that, but that's  
23 where our energy of the conversation is going. And within  
24 that subset of vulnerable populations, it seems like we're  
25 looking at particular needs of those vulnerable

1 populations. And it seems like safety has risen up  
2 clearly in our conversation, in the data. I don't know if  
3 that was intentional or not, if you chose the safety data  
4 points. But it certainly seems to be something that we  
5 are energized by. Housing, food insecurity, those seem to  
6 be the three things that have garnered our attention the  
7 most -- most discussion.

8 So, I mean, as we talk about preparing for a  
9 strategic plan and areas of focus, I feel like that's  
10 what's emerging, a focus on a particular population,  
11 vulnerable kids. And then within the safety first,  
12 perhaps, and then food and housing seem to go hand in  
13 hand.

14 COMMISSIONER HEGER: Okay.

15 MS. PLEITEZ HOWELL: And really, really  
16 appreciate you picking up on that. So as we're thinking  
17 about the strategic reset, we are looking at child  
18 development and what is critical for child development.

19 The data that's being presented is looking at  
20 safety and basic needs as part of the child development.  
21 We hope to have additional discussions about what other  
22 components we want to discuss for child development, but  
23 really appreciate you naming that and want to underscore  
24 that. But yes that's been the intent.

25 COMMISSIONER HEGER: And we define safety as --

1 MS. PLEITEZ HOWELL: We have more discussions.

2 COMMISSIONER HEGER: I'm -- I think safety is a  
3 broad topic. And, I mean, I have some ideas and I'll  
4 share them with you. But --

5 COMMISSIONER NICHOLS: You have?

6 COMMISSIONER HEGER: I have. I'm excited that  
7 we're looking at this data. And Kimberly, I want to thank  
8 you very much for an outstanding report, and a report that  
9 obviously had a lot to do with the people sitting behind  
10 you against the wall. And I appreciate all of them.

11 So thank you very much for that. It's a -- it's  
12 thought provoking. It certainly is supportive of many of  
13 the things that some of my friends around the table here  
14 have discussed at length for a very long time. And I -- I  
15 look forward in the next years to see some change for  
16 these children. So thank you very much.

17 And we are due a break at this point. We are  
18 taking a break according to my schedule.

19 MS. VO: Yes, we are due for a break unless you  
20 would like to proceed.

21 COMMISSIONER HEGER: No. I'm -- I don't know.  
22 Can we just forge forward? Or do we want -- who wants a  
23 break? Everybody put their hand up. Can we have a break?

24 MS. PLEITEZ HOWELL: I'm for forging forward.

25 COMMISSIONER HEGER: Forging forward. I'm out

1 hunting support for these children later today; so I am on  
2 a tight schedule. So if we can -- how about the crew  
3 against the wall back there? Are you okay with forging  
4 forward?

5 Item 6 is just -- the 2023 Legislative and Budget  
6 priorities update by an amazing group of individuals. I  
7 would like to comment on the overarching high quality of  
8 the staff of this commission here. That I really am  
9 impressed and not only smart -- and smarter than we are,  
10 which is of course always terrifying. But of course they  
11 are committed and interested in finding change. And I'm  
12 really -- I want to say that it's very validating to hear  
13 you present.

14 So I'm going to turn it over to this group. And  
15 Charna, are you going first?

16 MS. WIBDY: I am. I'm going to kick us off and  
17 dig in. We are a little long-winded sometime, but we're  
18 doing our best to keep it tight to get us out. Let me see  
19 if I can go next.

20 Okay. So we wanted to do a deeper dive into the  
21 current political context as our landscape continues to  
22 change and opportunities shift quickly. So we're going to  
23 start our presentation by providing an overview of some of  
24 the shifts impacting policy and advocacy in 2023. And in  
25 looking both at the State and Federal levels, that will be

1 followed by an updated -- an update focused on the release  
2 of the State budget which, you know, know that it's been  
3 an unusual year.

4 The budget details were still being negotiated  
5 this week amidst hearings and so we're going to do our  
6 best to provide some of the nuance to those changes. And  
7 then next will be highlighting the bills' budgetary and  
8 administrative changes that may have or will impact our  
9 priorities. And then we'll focus on how those changes or  
10 emergent themes interface with the State and Federal  
11 departments and agencies, and often on intersecting and  
12 interconnecting issues.

13 Of course, there's not enough time to do an  
14 exhaustive list as always; so disclaimer that this is our  
15 best sampling or to the broader themes of the work that we  
16 do between systems.

17 And then finally, we will discuss our Federal  
18 advocacy priorities that impact children and families here  
19 in LA. And then we'd love to turn to you to hear a  
20 discussion of the opportunities that resonate, priorities  
21 that are especially top of mind, and general feedback as  
22 we are about to dive into our strategic plan reset. So  
23 really hoping in this presentation and discussion to get  
24 your pulse and your voice.

25 With that, I will turn it over to my brilliant

1 colleague Andrew Olenick to talk about the context and  
2 themes of our landscape before we dig into the details.

3 MR. OLENICK: Thanks, Charna.

4 So we did want to start by sharing some key  
5 contextual factors that impacted our policy and advocacy  
6 work this year. First, starting with the State level,  
7 there were two kinds of overarching contextual factors  
8 that really shaped our work this year.

9 First, the Covid-19 pandemic is largely over, and  
10 though the crisis continues to echo and impact for  
11 children and families, this was a key development.

12 The second shift is in California's fiscal  
13 situation. After two years of record budget surplus that  
14 allowed for unprecedented spending overall and investments  
15 in childcare and Health Systems, the State is now facing a  
16 budget deficit. And these deficits could continue  
17 potentially through 2026. So this context and the more  
18 challenging environment that it creates could continue  
19 into the future.

20 Despite the deficit, the legislature especially  
21 prioritized childcare and Early Learning investments. And  
22 this also emerged as a major point of negotiation between  
23 the administration and lawmakers as they were finalizing  
24 the State budget.

25 For example, highlighting this context, outgoing

1 Speaker Brendan used some of his first comments on the  
2 budget agreement to highlight childcare, emphasizing that  
3 the Assembly has consistently fought for early care  
4 childhood education. And we'll be getting into more of  
5 the specifics in a later portion of the presentation. But  
6 as a contextual factor, the legislature's emphasis on  
7 prioritizing childcare has been really important.

8 Another contextual factor at the State level is  
9 the new political landscape in Sacramento, especially  
10 related to leadership challenges in the Assembly, and also  
11 the large class of new freshmen members across both  
12 Chambers in the legislature. For example, we saw less  
13 legislate introduced this year as new members took the  
14 early part of the year to hire their staffs, set up their  
15 offices, and get up to speed on the issues.

16 This also resulted in First 5 LA really focusing  
17 a lot this year on lawmaker education, meeting with new  
18 members, and discussing the importance of early childhood  
19 and full developmental potential.

20 At the Federal level, the 118th Congress began in  
21 January with Republicans taking control of the House of  
22 Representatives. And in the process, creating divided  
23 control of Congress. And with that change, the pace of  
24 legislation Federally has slowed. And we've seen a shift  
25 towards administrative policy change and implementation

1 especially related to major bills that were passed during  
2 the last Congressional session like the American Rescue  
3 Plan, the Infrastructure Bill, and the Inflation Reduction  
4 Act.

5 And then the debt ceiling negotiations and  
6 agreement there further limited the opportunities for  
7 legislative reforms or large packages; so, again,  
8 administrative opportunities are a key focus.

9 And then, as I mentioned earlier, the State of  
10 emergency and the public health emergencies both ended  
11 this year.

12 So the Governor and lawmakers have agreed to the  
13 State budget for 2023 and 2024. And we wanted to talk  
14 about that a little more specifically. Overall, the  
15 budget projects a \$310 billion spending plan and features  
16 31.5 billion in total deficits. With that deficit in  
17 mind, as they communicated throughout the year, both the  
18 Legislature and the Administration have continued to  
19 emphasize their focus on protecting progress and  
20 investments made over the previous two years rather than  
21 making major new spending investments.

22 Another budget related issue that's emerged this  
23 -- this year especially, but also across the last several  
24 legislative sessions, is the State budget becoming a  
25 primary vehicle for policy change.

1 Governor Newsom, for example, said that policy  
2 changes that require spending should be prioritized in the  
3 budget, and he also alluded to the likelihood that bills  
4 requiring significant appropriations, even if the  
5 legislature passes them, could face a veto come the fall.

6 First 5 LA's advocacy for bills that we're  
7 supporting will continue through the legislative session.  
8 But our focus on budget and administrative advocacy is  
9 also greatly informed by the Governor's veto power.

10 Additionally, given the widespread storms and  
11 flooding that took place in the beginning of this year,  
12 tax filing was delayed until October 16th for California  
13 residents. And this has created some degree of  
14 uncertainty around final revenue, and we can see some  
15 lingering budget action and budget bills pass, even though  
16 the major pieces are set now.

17 So now we want to move into an update on some  
18 First 5 LA's key advocacy priorities for this year. But  
19 first we thought it was important to highlight some of the  
20 critical departments and agencies that play key roles in  
21 the systems that First 5 LA cares about, especially as the  
22 strategic plan reset is helping us narrow and prioritize  
23 the public systems that we focus on. These agencies and  
24 departments are not only levers for administrative change,  
25 but they also lead to much of the policy implementation.

1           As we go through the cross-cutting systems level  
2 priorities in the next slides, you'll see that each  
3 priority, each policy area and bill, they also include an  
4 acronym referring to the related agency or department.

5 This is not necessarily an exhaustive list. But we wanted  
6 to give you some examples of the agencies and departments  
7 that significantly impact our systems change work.

8           So we have the Department of Health Care  
9 Services, or DHCS. And DHCS creates and implements policy  
10 related to health care systems in California and oversees  
11 the Medi-Cal system.

12           We have the Department of Social Services, or  
13 CDSS, which oversees the CalWorks program. That's  
14 important because CalWorks provides aid payments to  
15 families and also operates one of the state-wide home  
16 visiting programs.

17           And then we have the Department of Education or  
18 CDE which oversees the State's early learning systems  
19 alongside CDSS's administration of childcare programs.

20           At the Federal level, we have the Centers for  
21 Medicare and Medicaid services, CMS. And that agency  
22 oversees State Medicaid programs across the country. And  
23 here in California, works in tandem with DHCS to implement  
24 changes for our Medicaid program, known as Medi-Cal. We  
25 have the Health Resources and Service Administration,

1 shortened to HRSA. In -- this is an important development  
2 in creating policy related to maternal health and home  
3 visiting programs.

4 And then finally, the Department of Education,  
5 shortened so USDA. And this is the Federal department  
6 that leads many nutrition programs that support children  
7 and families.

8 So now I will hand it off to Ofelia to dig more  
9 into the specifics within our priorities.

10 MS. MEDINA: Thank you, Andrew.

11 Starting up with the health care and in the  
12 health systems space. SB282 was elevated to a support  
13 position. This bill would reimburse a maximum of two  
14 visits that take place on the same day at a single site at  
15 a Federally qualified center or rural healthcare clinic,  
16 or through a telehealth-based encounter.

17 Currently, DHCS rules have limited reimbursement  
18 to one service per day citing fraud and over utilization  
19 concerns. This still has negative impacts on medical  
20 beneficiaries, especially for families with young children  
21 who then are required to return to see specialists despite  
22 facing difficulties in transportation, childcare, or even  
23 having to take time off work. First 5 LA had previously  
24 supported largely identical bills, cost concerns for the  
25 main factors in preventing those prior versions to passing

1 into law. So this is also likely to happen again,  
2 especially in the light of this budget year.

3 However, the bill so far continues to move  
4 forward, and is set for hearing in Assembly Health mid  
5 next week -- I'm sorry. Mid next month.

6 On the budget side, our main budget priority  
7 impacting the health system that is upholding continuous  
8 Medi-Cal eligibility for children under the age of five,  
9 starting in 2025. Last year's budget committed to  
10 prioritizing 20 million in ongoing funding, but it also  
11 said that the State would assess whether or not to follow  
12 through on the funding depending on the fiscal outlook for  
13 California, although the May revise didn't specifically  
14 affirm this commitment. However, the proposed managed  
15 care organization tax revenue would be used to prevent  
16 this expansion from being cut or delayed.

17 The final budget deal added additional details on  
18 this proposal for preserving progress achieved in the  
19 Medi-Cal program, with far reaching efforts beyond the  
20 question of continued eligibility for children under the  
21 age of five.

22 On the administrative side, we continue to  
23 monitor the quality meetings of the Doula Implementation  
24 Work Group. LA County Doula Representatives are part of  
25 this work group and have elevated their barriers in the

1 process of implementing the new benefit in partnership  
2 with JCS.

3           Additionally, the recent rebranding of EPSTD as  
4 Medi-Cal for kids and teens has been launched and  
5 continued communications to beneficiaries and providers  
6 will be shared. This rebrand is also being positioned as  
7 a mechanism to improve equity by promoting increased  
8 access to essential services. This rebrand was part of  
9 DACS led CalAIM initiative which more broadly centered on  
10 addressing health disparities and advancing health equity.

11           In terms of child and family needs, these efforts  
12 seek to improve accountability and oversight in service  
13 delivery while implementing a whole child's preventative  
14 approach. Looking towards strategies that are  
15 community-based and culturally responsive.

16           Some other CalAIM initiatives we're closely  
17 monitoring include community supports, enhanced care  
18 management for highest need medical enrollees, and  
19 population health management.

20           On basic needs, First 5 is also supporting AB  
21 1015, which will create a statewide diaper and wipe  
22 distribution program for low income families. This bill  
23 supports families in accessing vital resources to meet  
24 their basic needs and may impact their interactions with  
25 other systems, mainly the health system. The bill is

1 currently in Senate appropriations with a hearing set date  
2 for next week.

3 On the budget side, First 5 LA is also advocating  
4 for raising CalWorks maximum aid paid levels to half of  
5 the Federal poverty level throughout budgetary  
6 negotiations. Increasing the CalWorks cash grant levels  
7 is a key component of preventing deep poverty among  
8 families, including many with young children. In fiscal  
9 year 2022, 2023, the Governor's January budget proposed  
10 including a 2.9 percent increase to CalWorks grants, which  
11 was further increased to fiscal year '23, 2024 to a 3.6  
12 percent in the final budget deal.

13 The final budget deal also includes 500 million  
14 in ongoing funds starting in '24, '25 to permanently  
15 increase grant by 10 percent. This temporary increase was  
16 subject to a budget trigger included in the 2022  
17 California budget -- State budget and action now ensures  
18 that the maximum aid payment through CalWorks will not  
19 expire on September 30th of next year as would have  
20 otherwise occurred.

21 Together, these efforts intended to support,  
22 ensuring that no family served by CalWorks lives in deep  
23 poverty. This issue has been a priority of the State  
24 legislature since our Board chair, Holly Mitchell, began  
25 championing this issue as a member of the State -- of the

1 State Senate.

2 In terms of administrative approaches to our  
3 basic needs work, we saw CalFresh return to prepandemic  
4 levels. In March of this year, CalFresh emergency  
5 allotments ended causing approximately 5 million  
6 Californians to see a dramatic drop in their food benefits  
7 on average, losing about \$82 per month with benefits  
8 dropping to an average of about \$6 per person per day.

9 Safety net programs, such as CalFresh, help  
10 families stabilize their income and uplift Californians  
11 out of poverty. And while policy change can increase  
12 available stipends and the availability of individuals to  
13 address nutritional needs, administrative changes, such as  
14 reducing affiliated work requirements for accessing these  
15 resources are also something that we continue to monitor.

16 On the early learning side of the work, a huge  
17 priority for the team this year has been rate reform.  
18 First 5 LA has a support position on AB 596 and SB 380.  
19 These are mirror bills, companion bills that are focused  
20 on fixing the outdated reimbursement system to ensure that  
21 child care providers are paid more equitably for their --  
22 are paid equitably for the work they do in caring for  
23 young children.

24 During the pandemic, family fees for childcare  
25 and preschool services was waived and funded by Federal

1 funds. This action enabled families across the State to  
2 keep their young children in a learning, safe environment  
3 while they navigated work, school, and life during the  
4 pandemic.

5 Both bills would also suspend family fees until a  
6 sliding scale is established in an effort to increase  
7 childcare access. The bills continue to move forward in  
8 and are currently in committees.

9 The two biggest priorities in the ECE budget  
10 space were also provider rate reform and the waiving of  
11 family fees. These priorities were also part of the Early  
12 Care and Education Coalition, which is -- which First 5 LA  
13 is part of. And as a refresher, the EC coalition is a  
14 statewide coalition comprised of over 30 service and  
15 advocacy organizations.

16 The May revised included language supporting the  
17 current efforts to develop an alternate methodology for  
18 rate reform. And while the waiving of family fees was set  
19 to expire at the end of June, early budget action  
20 extending the waiving of family fees until the end of  
21 September.

22 While the details of how and in what form those  
23 funds will be distributed, the 2023, 2024 budget deal does  
24 include 1.4 billion over two year to supplement  
25 reimbursement rates for all childcare providers.

1 Newsom's administration has been working with  
2 Childcare Providers United, or the Childcare Union, on  
3 Collective Bargaining negotiations; so the details on the  
4 funds or how the funds will be distributed will be largely  
5 dependent on contract negotiations which are due by  
6 tomorrow.

7 A big win on the State budget is the elimination  
8 of family fees for families with income below the 75th  
9 percentile of the state median income for families between  
10 the 75th and 85th percentile of the State median income.  
11 Family will potentially pay no more than 1 percent of  
12 their family's monthly income.

13 On the administrative side, CD and CDSS have a  
14 number of work groups currently meeting to strengthen the  
15 ECC Field tied to the State's work, to reform the current  
16 reimbursement rate formula for chapter providers. CDFS is  
17 continuing the work of the Rate and Equality work group,  
18 but now into the rate and quality advisory panel. This  
19 group is not charged with providing our advice on how the  
20 alternative methodology processes so that California can  
21 move ultimately to a single-rate structure.

22 CD is currently convening the universal  
23 pre-kindergarten mixed delivery quality and access work  
24 group on a monthly basis. And until the end of this  
25 calendar year, the main goal of this work group is to

1 provide recommendations on best practices for increasing  
2 access to high quality Universal preschool programs  
3 offered through a mixed delivery model, across a variety  
4 of settings across the State.

5 And finally, CDE and CDSS continue to work  
6 together in the implementation of transition --  
7 transitional kindergarten. As both departments have a  
8 stake in California's early learning, mixed delivery  
9 system, conversations have focused on how to best  
10 implement such a significant preschool program that serves  
11 the needs of all families across the State.

12 And now I'll hand it over to Anais to guide us  
13 through our advocacy roadmap and quick Federal update.

14 MS. DURAN: Thanks, Ofelia. And it's great to  
15 be here. This is the first time I've presented in person  
16 in front of our Board of Commissioners and our director so  
17 it's great to be here in real life.

18 So now that we've talked about our advocacy  
19 priorities and the systems and agencies that impact them,  
20 we want to give a refresher on the advocacy programs we've  
21 taken to get here and what's still to come.

22 So the Governor's proposed budget was released at  
23 the start of the year, shortly after State policy  
24 priorities were then introduced in early spring leading up  
25 to our First 5 advocacy day which took place in the

1 spring, and many of you joined and helped us then.

2 On May 12th, the May revise of the Governor's  
3 January budget was released. As foreshadowed in January  
4 the deficit had grown and this led to seeking other ways  
5 to backfill the budget or delay certain funding plans to  
6 uphold prior commitments rather than outright eliminate  
7 them.

8 This was aligned with the Legislature's finalized  
9 budget which protects core programs without dipping into  
10 key reserves. The Budget Act of 2023 was just signed by  
11 the Governor earlier this week in time for the start of  
12 the new fiscal year on July 1st.

13 Additionally, the Assembly Speakership change  
14 will take place tomorrow. We acknowledge and thank  
15 Speaker Brendan for his tenure and commitment to children  
16 and families and look forward to working in partnership  
17 with Speaker Designate Robert Rivas.

18 Looking forward to later this year, the last day  
19 of the current legislative session is on September 14th,  
20 and the Governor has until October 14th to sign or veto  
21 any bills. Until then OGAP will continue working with our  
22 partners to advocate for approved legislation aligned with  
23 our policy agenda.

24 Moving on to our Federal side of work, starting  
25 with legislation. With the start of a new Congress and

1 the national debt ceiling results last year, legislators  
2 are shifting focus to introducing new and reintroducing  
3 past legislation. The list of bills that you see in front  
4 of you pertain to First 5 LA priorities that OGAP is  
5 working on.

6 I won't go through all the bills, but in summary,  
7 these bills relate to making the monthly child tax  
8 expansion permanent to ensure that families have access to  
9 high-quality, affordable childcare, cap childcare costs,  
10 address the black maternal mortality crisis, and create a  
11 program for national paid family leave, among others.  
12 More to come on that. And we are happy to talk about  
13 specifics if of interest.

14 Moving on to the budget. So the debt limit  
15 agreement that was negotiated and the signed into law caps  
16 the total the government is allowed to borrow for the next  
17 two years at \$31.4 trillion. It does cut fundings for  
18 non-defense programs, mandates for requirements on SNAP or  
19 CalFresh here in California, and (unintelligible);  
20 however, drastic changes that align with First 5 LA  
21 priorities were fortunately avoided, including preserving  
22 the historic gains in FY23 Childcare and Development Block  
23 runs funding.

24 Congress is also now busy request with the annual  
25 appropriations process which must be enacted prior to the

1 beginning of the fiscal year on October 1st, or provide an  
2 interim funding through a continuing resolution which is  
3 something they've done these past years.

4           Aside from advocating for potential First 5  
5 support bills, our team will be advocating for critical  
6 need of investments in childcare, early learning, family  
7 supports, and other Federal programs and services aligned  
8 with First 5 LA priorities through the remaining of the  
9 year.

10           And earlier this month, First 5 LA asked our  
11 California Senators Alex Padilla and Dianne Feinstein to  
12 sign on to a Senate appropriations letter that requested  
13 increased funding for Early Childhood Care and Education,  
14 and they gratefully did so.

15           Finally, on the Administrative end, we are  
16 working with Federal agencies and partners, like I  
17 mentioned earlier, particularly the Health Resources and  
18 Services Administration to implement the expansion of the  
19 newly reauthorized Home Visiting program and the Centers  
20 for Medicare and Medicaid services to help ensure access  
21 to quality health care and Medicaid in the Children's  
22 Health Insurance program, or CHIP.

23           And this concludes our presentation. We're happy  
24 to take questions and would love to hear from you on what  
25 resonates and what is top of mind to elevate in our

1 landscape and opportunity.

2 COMMISSIONER HEGER: Okay. Thank you very much.

3 I shudder to think that you actually read all  
4 those legislative bills, and my sympathies are directly  
5 with you.

6 Are there any comments or questions from any of  
7 the commissioners or etcetera?

8 So I would put forward one legislative proposal  
9 of our own. As we're talking about health care, one of  
10 the things that I would love to see because, you know, I  
11 would love to talk about access, but access to quality  
12 care. And I think it's one thing to talk about people  
13 having access to services, but I would love to see in all  
14 of these Federally-funded clinics, you know, we have  
15 restaurant ratings. You have to have an A in the window,  
16 something like that. I think the Federally-funded clinic  
17 should have to have the same rating system so that we, the  
18 people, would know which ones are -- are giving quality  
19 care and have the oversight.

20 That would be one comment that I would make. I  
21 know that will never happen, but it would certainly  
22 upgrade the quality of care in certain -- certain clinics  
23 around the world and certainly around the County.

24 And I guess maybe it bothers me -- I'm glad it's  
25 there, but it bothers me that we in our society have to

1 have a Black Maternal Health Act. And that should be a  
2 given. And, again, I think we can go back to the ratings  
3 and access to quality care. And so I think that's -- you  
4 can't change that. But I think that something that we  
5 should note and be strong advocates for that it's a given  
6 that everybody has access to quality care.

7 MS. DURAN: Exactly. And on the Black Maternal  
8 Healthcare, that's actually a package of 13 bills that  
9 they're trying to pass. And so definitely agree with you.

10 COMMISSIONER HEGER: I mean, thank you. It's --  
11 yeah.

12 COMMISSIONER McBRIDE: I have a question.  
13 Actually, two.

14 One I just thought of, and if you're not prepared  
15 to answer you can follow-up with me later. But I know  
16 last year a bill died before it even got far about  
17 universal screeners for dyslexia. Is there an effort to  
18 revisit that discussion, especially with the work that  
19 First 5 LA does for early detection and support for  
20 families? And dyslexia goes -- you know, it's one of  
21 those conditions that can have major impacts on a child's  
22 trajectory, but most families don't know the first ways to  
23 identify it.

24 So that's my first question.

25 MS. WIBDY: Yeah. That bill was particularly

1 specific and died around which tool to use and how it  
2 would be measured and incorporated, where would the data  
3 go, if you screen is it based on eligibility for what  
4 services. And because there wasn't a clear connection,  
5 those conversations largely rolled over to developmental  
6 screening and what it means to screen for what services.  
7 And has been included in this conversation. But that  
8 specific issue hasn't been picked up in a bill package  
9 yet.

10 We are heavily invested in that screening and all  
11 screening, but in those pathways, we haven't seen dyslexia  
12 yet this year. Though it is always now incorporated in  
13 developmental screening, that, looking at those signs and  
14 how those tools are used.

15 So we'll follow up, if that's of interest, in  
16 highlighting for future presentations and share an  
17 analysis of where the bill died.

18 COMMISSIONER McBRIDE: Yes. That would be --  
19 yeah.

20 And then my other question is more broad. And  
21 this is just because I'm new here, still learning the best  
22 way to support the work that you're doing. I think this  
23 is so important, the policy work, because if it's not in  
24 policy and it's not in a budget, does it even exist,  
25 really? And so I jut wanted to know as a Board of

1 Commissioners or individually, how can we support the work  
2 that you're doing with the policy advocacy?

3 MS. WIBDY: Being interested is a huge help; so I  
4 appreciate that. I think Advocacy Day is really  
5 important. We've called on commissioners to help us with  
6 making connections and also helping prioritize where we're  
7 paying attention to the policy agenda and refining that to  
8 be really crystal clear on where we have skin in the game  
9 and want to lead and where we support others in  
10 priorities. And where we care to monitor will be a really  
11 important conversation in the fall, but to shape it and  
12 make sure that everything we do is board approved through  
13 that policy agenda, so that it reflects the shared policy  
14 priorities.

15 But we have no problem asking for help and  
16 advocacy and we'll ask for that as well. Advocacy Day is  
17 just one opportunity to share in elevating our message,  
18 but happy to be creative in all of the spaces and how we  
19 communicate that.

20 COMMISSIONER McBRIDE: Okay. Thank you.

21 COMMISSIONER HEGER: Yes, Commissioner Allen.

22 COMMISSIONER ALLEN: I had a question about the  
23 specifics of expansion of EPSDT. I should know what that  
24 is, but I don't know what that is focused on.

25 MR. OLENICK: That I think was an intention to --

1 that acronym is a bit of a mouthful, I think, and has led  
2 to less awareness of what services are required for  
3 families to receive on Medi-Cal. So I think the intention  
4 was to create some materials and rebranding --

5 COMMISSIONER ALLEN: Actually implement it.

6 MR. OLENICK: Right. To make it more  
7 understandable, what's available.

8 COMMISSIONER ALLEN: Thank you.

9 COMMISSIONER HEGER: Commissioner Tilton?

10 COMMISSIONER TILTON: The comment -- our child  
11 abuse bills kind of all died because they cost two cents.  
12 But I'm curious, how did we go from such a large surplus  
13 to \$31.5 billion deficit. And what does the projection  
14 look like in terms off being able to fund anything in the  
15 future?

16 MS. WIBDY: I'm actually going to let Andrew  
17 speak to that a little more because he loves the budget  
18 stuff. But our State Income Tax System, it does go in  
19 peaks and valleys. It isn't a state -- go ahead.

20 MR. OLENICK: I think the technical piece is  
21 around how the State taxes, with such a progressive tax  
22 system, when there's a slow down in the stock market like  
23 we saw for much of last year, that leads to, you know,  
24 potentially large swings in surplus to deficit. So I  
25 think there has been some difficulty in tracking the

1 trajectory of the State economy, especially given coming  
2 out of the pandemic.

3 So we have seen some more pessimistic predictions  
4 for the next couple of years, but I think we've seen  
5 there's definitely uncertainty in kind of how those -- the  
6 taxation levels and the revenues swings so of course  
7 continues to track that. So we're on top of that.

8 COMMISSIONER TILTON: Okay. Thank you.

9 COMMISSIONER HEGER: Question?

10 COMMISSIONER TILTON: I should add, how's your  
11 dad, Michael?

12 He's a second generation of mental health  
13 advocate.

14 COMMISSIONER HEGER: As to the dyslexia,  
15 Commissioner McBride, one of the things -- I sit here as a  
16 pediatrician, and I think that the American Academy of  
17 Pediatrics should become more actively involved in  
18 advocating for that as part of a routine evaluation. And  
19 I'm -- that was inspired -- your question inspired me to  
20 ask them why they're not doing that. Because, you know,  
21 we -- we don't need to have laws, I don't think -- well,  
22 sometimes we do. Laws that talk about quality of care on  
23 children. I mean, we should be part of -- right? What --  
24 what we deliver on a routine basis. I mean, it's an  
25 issue. And it's been brought up several times and I --

1       yeah.  I'll raise that issue to the AAP.

2                If you get paid for it -- you know, sorry.  That  
3       was a flip remark.

4                Are there any other comments or any public  
5       comments?

6                MS. VO:  For the record, confirming there are no  
7       public comments for Item 4 and this item, Item 6.

8                COMMISSIONER HEGER:  So I guess we are actually  
9       finished with the agenda for the day.

10               Are there any other comments from the audience at  
11       large here?

12               MS. VO:  Confirming there are no general public  
13       comments.

14               COMMISSIONER HEGER:  Thank you.  So I think we  
15       can adjourn.

16               MS. VO:  That is correct.

17               (At 2:53 p.m. the meeting was adjourned.)

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C E R T I F I C A T E

I, Heatherlynn Gonzalez, a Certified Shorthand Reporter for the State of California, License Number 13646, do hereby attest that:

The preceding is a true and accurate transcription of the meeting of the organization named herein;

The meeting was taken down stenographically and transcribed into English under my supervision and authority;

I have no interest, financial or otherwise, in any of the parties, issues, or individuals who are involved in this organization.

Attested to on this 27th day of July 2023.

DocuSigned by:

Heatherlynn Gonzalez

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CERTIFIED SHORTHAND REPORTER

FOR THE STATE OF CALIFORNIA

**Los Angeles County Children and Families First –  
Proposition 10 Commission  
Annual Comprehensive Financial Report for the Year  
Ended June 30, 2023**

**Special Board/Program & Planning  
Committee Meeting**

**Presented by: Raoul Ortega  
September 28, 2023**



# Presentation Overview

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- Fiscal Year 2021-22 GFOA Award
- Annual Comprehensive Financial Report Overview and Journey
- Independent Auditor's Report
- Fiscal Year 2022-23 Highlights
- 3 Year Comparisons
- Next Steps



# Government Finance Officers Association Award

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- Our annual report for fiscal year 2021-22 was awarded a Certificate of Achievement for Excellence in Financial Reporting
- 15<sup>th</sup> Consecutive Year for this award

# Annual Financial Report Overview

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- Annual Comprehensive Financial Report
  - Detailed view of the Commission's financial position at a moment in time (June 30, 2023)
  - Activities and results of operations for the fiscal year 22-23
  - Presentation of the Commission's overall financial condition

# Annual Financial Report Journey

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- Audit process: May 2023 through October 2023
  - Entrance interview/planning – May 2023
  - Fieldwork – 6/13-6/17 & 8/15-8/26
  - Reporting – 8/29-10/13
- Board & Committee Meetings
  - 09/28 – Special Board/Program & Planning Committee
  - 10/12 – Board of Commissioners Meeting

# Independent Auditor's Report

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- Clean audit:
  - The CPA firm of Eide Bailly LLP, noted that the financial statements are presented fairly
  - Unmodified opinion
  - Findings/Adjustments

# Budget Highlights

- June 2022: Board approved FY 2022-23 total budget of \$106.0 million:
  - Program Budget = \$83.7 million
  - Operating Budget = \$22.2 million
- The Board approved a revised budget in March 2023 of \$104.9 million:
  - Program Budget = \$82.7 million
  - Operating Budget = \$22.2 million

# Revenue Highlights

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- Total revenue of \$83.5 million:
  - Tobacco tax = \$47.3 million
  - Prop. 56 backfill = \$16.2 million
  - CA Electronic Cigarette = \$1.1
  - Other revenues = \$15.3 million
  - Fair Value Adjustment/Unrealized Loss = \$3.6 million

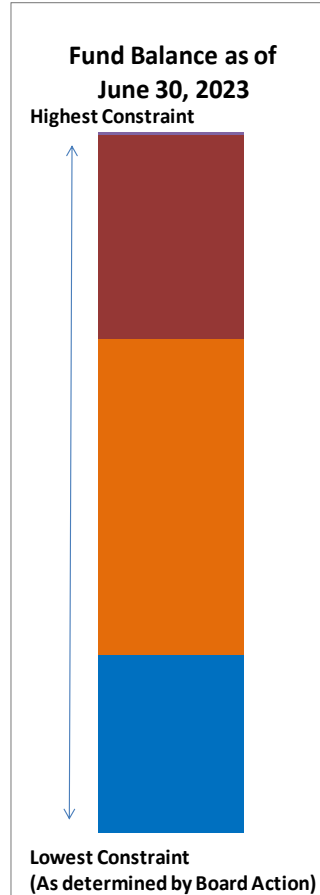
(Other revenues - IMPACT Program, Investment income, MAA Program, F5CA grants (Dual Language Learner and HV Coordination))

# Expenditures Highlights

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- Total expenditures of \$91.9 million:
  - Program expenditures = \$73.0 million
  - Program/Operating expenditures = \$6.6 million
  - Administrative expenditures = \$12.3 million

# Fund Balance Categories



## First 5 LA Fund Balances are 100% Dedicated through Board Action with the following Constraints:

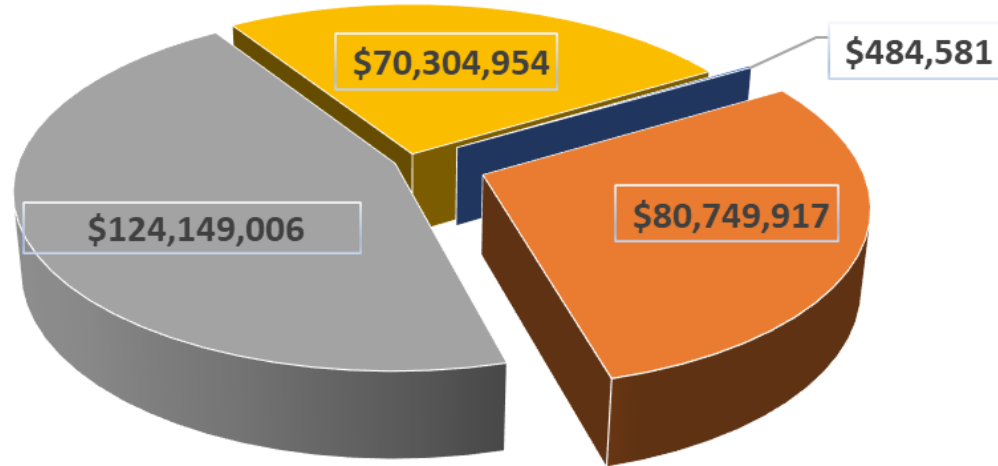
### Level of Constraints:

- **Nonspendable (\$484,581):** Includes all levels of constraints below 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. *Board Action through Contract Consent & Audit (Fund Balance)*
- **Committed (\$80,749,917):** Includes all levels of constraints below 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. *Board Action through the Budget & Audit (Fund Balance)*
- **Assigned (\$124,149,006):** Includes the constraint below. Funds are reserved for Commission use consistent with the 2015-2020 Strategic Plan. *Board Approved through Audit (Fund Balance)*
- **Unassigned (\$70,304,954):** Funds designated for the Operating Budget and Reserve. *Board Approved through Audit (Fund Balance)*

**Total Fund Balance as of June 30, 2023 = \$275,688,458**

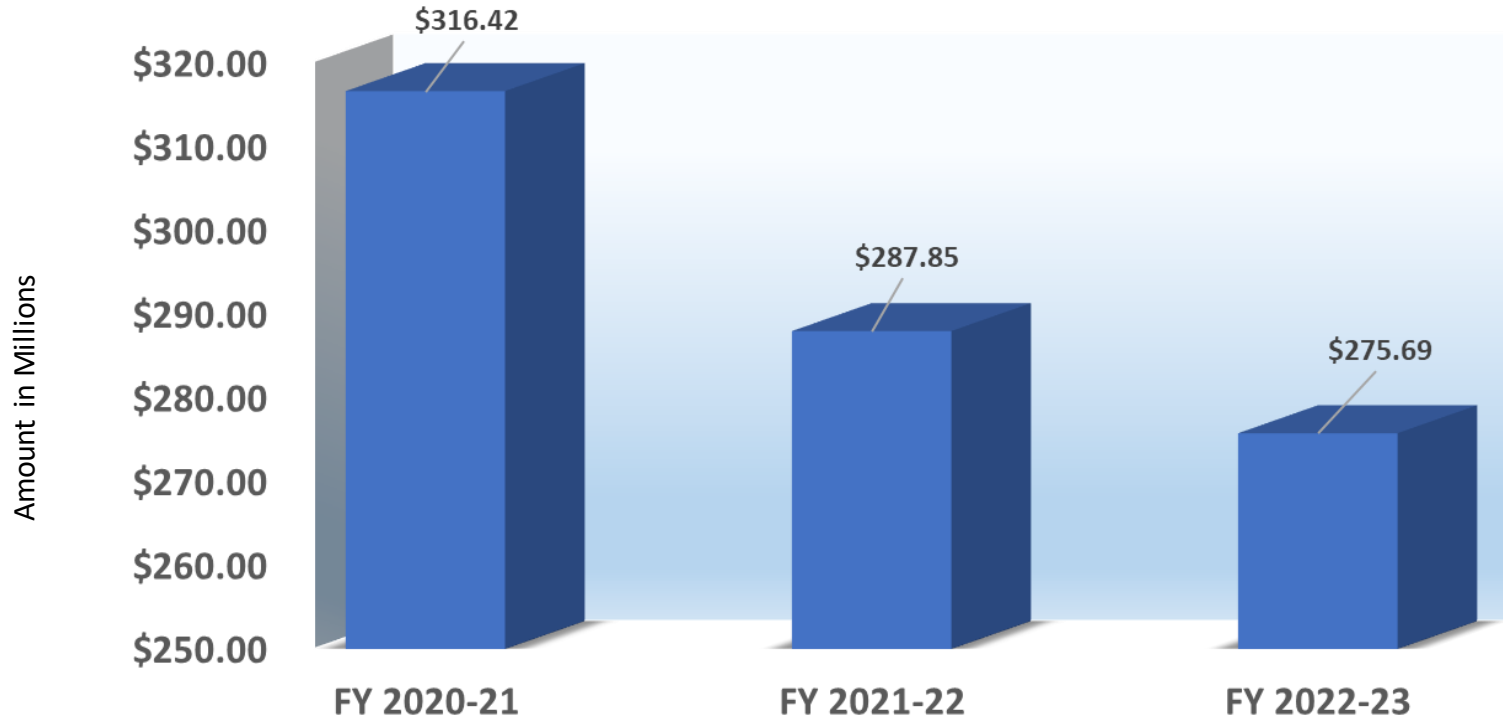
# Fund Balance

Total Fund Balance: \$275,688,458

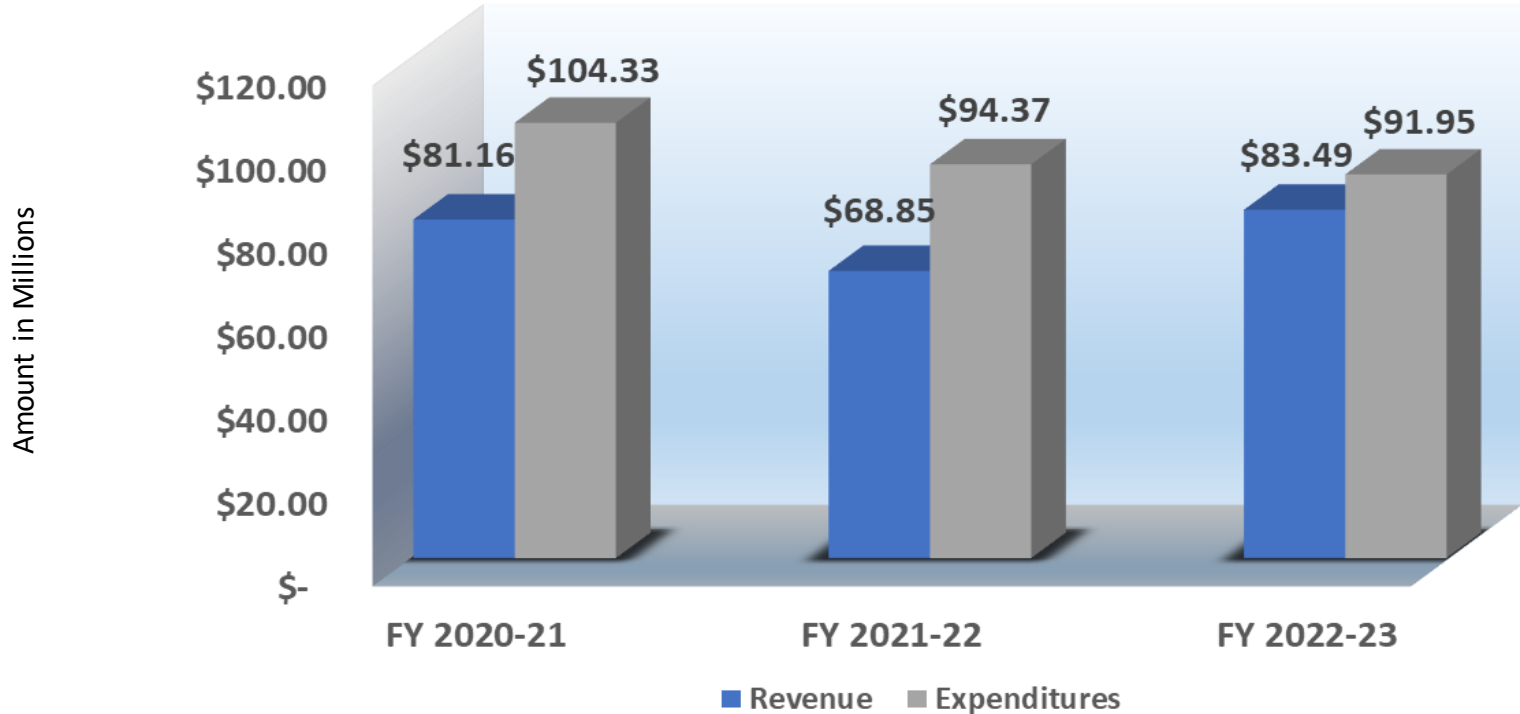


■ Nonspendable   ■ Committed   ■ Assigned   ■ Unassigned

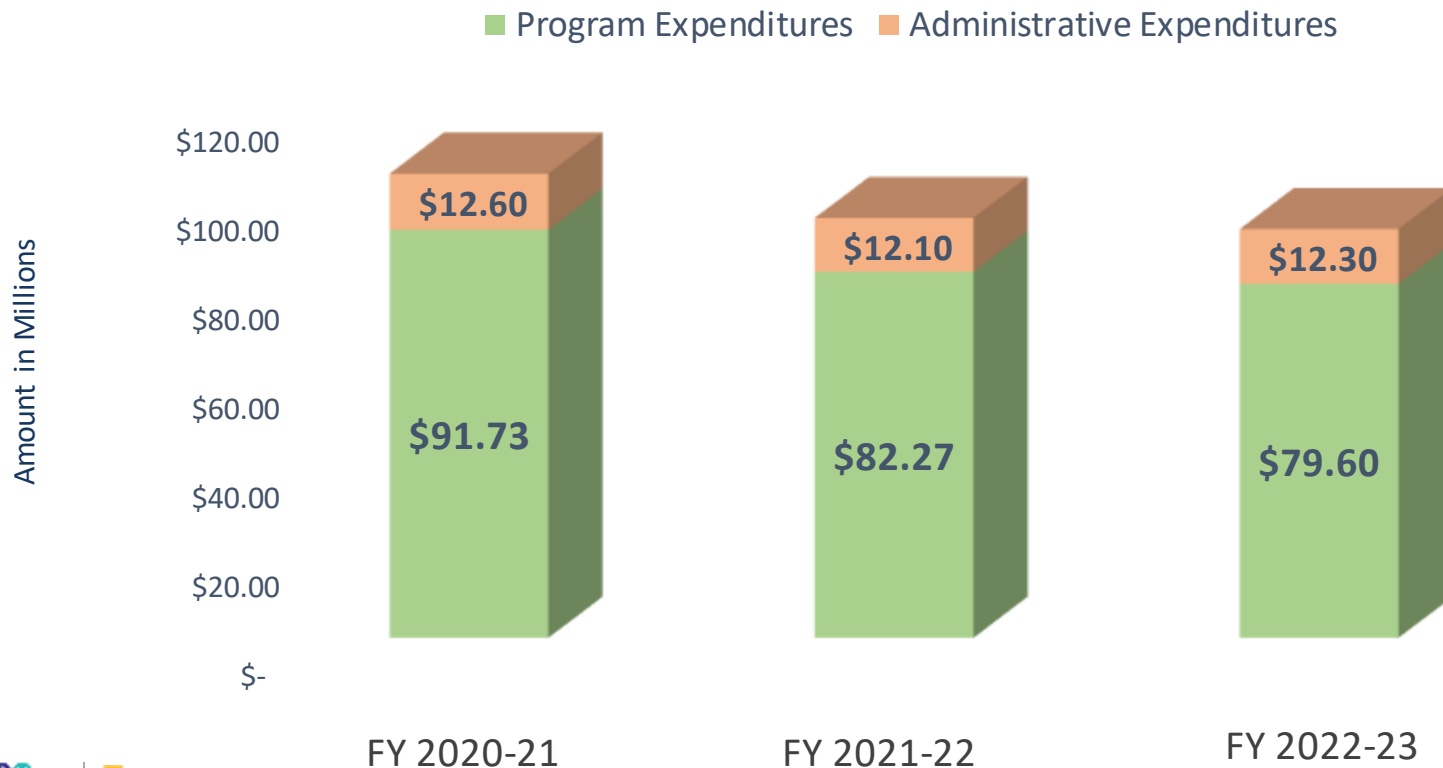
# 3 – Year Comparison: Fund Balance



# 3 – Year Comparison: Revenue vs. Expenditure



# 3 – Year Comparison: Program and Administrative Expenditures



# Audit Partner Overview

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- Kinnaly Soukhaseum, Partner, Eide Bailly, LLP

# Next Steps

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- 10/12 - Board of Commissioners Meeting – for approval
- Submission of the Financial Report by 11/1:
  - State Controller's Office
  - First 5 California
- Update the Long Term Financial Plan (LTFP)

Questions?



Annual Comprehensive Financial Report  
For the Year Ended June 30, 2023

**Los Angeles County Children and  
Families First – Proposition 10  
Commission**

(a Component Unit of the County of Los Angeles, California)

Los Angeles County Children and Families First – Proposition 10 Commission

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October 12, 2023

To the Board of Commissioners and  
 Citizens of County of Los Angeles  
 750 North Alameda Street, Suite 300  
 Los Angeles, CA 90012

Dear Commissioners and Citizens of County of Los Angeles:

The Annual Comprehensive Financial Report of the Los Angeles County Children and Families First – Proposition 10 Commission (First 5 LA) for the year ending June 30, 2023, is hereby submitted, as mandated by applicable statutes. These statutes require First 5 LA to annually issue a report of its financial position and activity.

A complete audit of the report by an independent firm of certified public accountants is also required. Responsibility for both accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Commission’s management team. The information in this report is intended to present the reader with a comprehensive view of the Commission’s financial position and the results of its operations for the fiscal year, along with additional disclosures and financial information designed to provide an understanding of First 5 LA’s financial activities.

Eide Bailly LLP, Certified Public Accountants, has issued an unmodified (“clean”) opinion on First 5 LA’s financial statements for the year ending June 30, 2023. The independent auditor’s report is located at the beginning of the financial section of this report. Management also provides a narrative introduction, overview, and analysis of the basic financial statements in the form of the Management’s Discussion and Analysis (MD&A).

**PROFILE OF THE COMMISSION**

First 5 LA was created by the Los Angeles County Board of Supervisors in December 1998 following the passage of Proposition 10, through which California voters made an unprecedented investment in early childhood development.

Over the last 25 years, First 5 LA has made a lasting positive impact in Los Angeles County through its allocation of more than \$2.5 billion to support diverse partnerships, innovative programs, leading policy, and systems change efforts and operations that improve the well-being of young children and families.

**COMMISSIONERS**

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

## ADVANCING OUR STRATEGIC DIRECTION

In Fiscal Year 2022-2023, First 5 LA completed its third year of implementation of the 2020-2028 Strategic Plan which reflects a shift in approach from mainly funding programs toward a focus on systems change – changing policy, practice and public will to strengthen families and improve child outcomes— greater collaboration and partnership. This strategic approach is based on First 5 LA’s desire to direct its resources to have the greatest impact on families and children prenatal to age 5 in Los Angeles County. Consistent with the Commission-approved strategic direction, First 5 LA has continued to place greater emphasis on efforts to contribute to sustainable public financing, public policy and systems-level change, and less emphasis on funding direct services. Our four strategic priority areas remain:

Strengthen Public and Community Systems: Improve, integrate, and expand systems of early prevention, intervention and learning to become family-centered, child-focused and promote equitable outcomes.

Advance and Build on Community Experience: Connect, maximize, and coordinate public resources, relationships and local assets, and relationships within our 14 Best Start geographies.

Expand Influence and Impact with Data: Expand the availability, use and power of data and parent voice to call attention to disparities, amplify advocacy, and drive policy change, practice change, and will building.

Optimize Our Effectiveness: Heighten organizational performance to enhance our impact.

Building on these priorities, First 5 LA will be focusing on integrated “whole child” advocacy strategies and the pursuit to leverage learning from our programmatic efforts to inform and drive state policy change.

The Commission continues to conduct all decision-making processes in accordance with the governance guidelines, approved in March 2014, with the intention of advancing important First 5 LA goals, including:

- Transparency and consistency in First 5 LA’s decision-making;
- Coordination, coherence, and integration of First 5 LA investments; and
- Accountability, acknowledging First 5 LA’s declining revenues.

These guidelines continue to ensure that decisions made by the Commission are guided by the principles of financial responsibility, accountability, and adherence to the Commission’s 2020-2028 Strategic Plan which is currently being refined to better align with the evolving nature of our work and fiscal reality while continuing to be responsive to the communities we serve in the years ahead.

## ORGANIZATIONAL HIGHLIGHTS

As we continue into year four of the strategic plan, the work undertaken has developed to further align with the 2020-2028 Strategic Plan structure which will continue to evolve next year in response to the Strategic Plan Reset and the revised Long Term Financial Plan to better align with our fiscal reality and more adequately represent resources that will support the strategic plan direction moving forward through FY 2027-28.

Although First 5 LA's primary source of funding, Proposition 10 Tobacco Tax, has been on a gradual rate of decline since FY 2004-05 because of a decreasing number of smokers and births in L.A. County, approval of a recent California ballot measure, Proposition 31, prohibiting the sale of certain flavored tobacco products which took effect December 2022, has exacerbated our fiscal reality. The fiscal effect of this legislation is a reduction to state tobacco tax revenues, and thus an accelerated reduction in revenues to the First 5 Commissions, including First 5 LA. The net effect of this legislation is a decline in the projected revenue beginning in FY 2022-23 and a significant decline in the projected available fund balance for fiscal year ending 2028. As a result of this impact to revenue, we are leveraging the strategic plan reset process to review and reassess our strategic plan priorities, our short-term and longer-term work priorities and proposed spending. As an organization, we will continue to filter our investments through a diversity, equity and inclusion lens to ensure we are engaging and operating in a manner that is reflective and responsive to the needs of our communities.

First 5 LA's work continues to evolve, informed by experience, learning and the dynamic context in which we work. Our ongoing experience has made it clear that one of our primary endeavors of promoting systems change work requires time and effort to effectively develop the partnerships necessary to achieve the desired goals outlined in our strategic plan, and we will continue to invest the time and resources required for systems change. Nevertheless, a long-term emphasis on sustainability, particularly in light of recent changes to tobacco tax revenue, continues to undergird the investment decisions to advance results for children and families in our communities.

## LOOKING AHEAD

- Continued refinement and implementation of our 2020-2028 Strategic Plan.*** The FY 2023-2024 budget represents resources that will support year four implementation of the 2020-2028 Strategic Plan. Completion of year three and the formation of the budget for year four represents the culmination of internal collaboration across teams, alignment of program costs to our strategic direction and fiscal realities of declining tobacco tax revenues, and the continued evolution of First 5 LA as it fulfills its multiple roles as advocate, convener, funder, catalyst, communicator, and partner. The reduced level of spending, compared to the prior year, largely driven by the Proposition 31 approved ballot, has forced us to think more critically and creatively about how we employ our funds for greatest impact as we continue to uphold and advance the goals and priorities of the strategic plan through our work. First 5 LA will continue to evolve as we revisit and update key elements of our strategic plan in an effort toward greater alignment of the Commission's objectives and fiscal realities, as well as the evolving needs of the children and families we serve.
- Long term financial planning.*** First 5 LA's approach to sustainability requires that we take a multi-year view beyond the budget year. Towards that end, the Board-approved Long Term Financial Plan (LTFP) provides financial guardrails to focus and discipline First 5 LA's expenditures over the course of the 2020-2028 Strategic Plan. The LTFP represents a framework for multi-year financial planning to manage continued reduction in tobacco revenue. By taking proactive measures grounded in a longer view, First 5 LA is able to responsibly plan for the future and mitigate the need for dramatic and disruptive reductions in the future. Given the evolving context of our work, guided by refinements to the strategic plan, as well as recent legislative changes impacting our primary source of tobacco tax revenue, First 5 LA will be revisiting the long term plan spending limits and revenue projections to identify the appropriate level of resources for distribution in support of our new fiscal reality and revised strategic plan goals.

## OTHER FINANCIAL INFORMATION

### Internal Controls

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that has been established for this purpose. The internal control structure is designed to protect the Commission's assets from loss, theft, or misuse and to ensure that adequate accounting data is compiled for the preparation of the financial statements in conformity with Generally Accepted Accounting Principles. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

### Budgetary and Accounting System

The Commission is not required to adopt a budget for the following year before the end of each fiscal year. However, the Commission has historically adopted a budget to ensure controlled spending. Any increase to previously adopted appropriations during the fiscal year requires Commission approval. The Executive Director has the authority to adjust the operating budget in an amount not to exceed \$25,000, and any adjustments to the adopted fiscal year budget for programs must be approved by the Commission. Monthly financial updates are also provided to the Board of Commissioners. The Commission has not adopted or revised any financial policies that may have a significant impact on the current period's financial statements.

### Long Term Financial Plan

First 5 LA has annually prepared a long-term financial projection which forecasts future revenues and fund balance, assuming spending trends continue as forecasted and approved. The projection allowed us to test what the future would look like, and it helped the Commission establish financial guardrails to inform future budgeting and spending. Given First 5 LA's declining revenues, fund balance and increased priority on addressing sustainability, First 5 LA staff, with input provided during the June 8, 2023, meeting of the Board of Commissioners, has transitioned to implement a higher degree of fiscal discipline through the adoption of a long-term financial plan in place of the long-term financial projection. While both processes provide important planning and context for the Board on future spending, the Long-Term Financial Plan will change how the organization plans, adjusting to the organization's fiscal reality and 2020-2028 Strategic Plan goals and establishing spending limits for outer years which will help us to better manage our ever-decreasing fund balance. The future spending limits, grounded in an 85%-15% maximum split of total expenditures between programmatic and administrative costs, respectively, will require changing current norms but also promote shared resources and decision making across the organization to leverage and maximize resources and partnerships. Deviations from the established annual limits will require Board review and approval.

## CERTIFICATE OF ACHIEVEMENT

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to First 5 LA for its annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the 15th consecutive year that First 5 LA has achieved this prestigious award. In order to be awarded a Certificate of Achievement, First 5 LA must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

**ACKNOWLEDGEMENTS**

The Commission's Annual Comprehensive Financial Report was prepared through the combined efforts of all First 5 LA staff. Special recognition is due to the Finance Department staff for their effort to ensure timely and accurate reporting. I would also like to thank the Board of Commissioners for your responsible and thoughtful fiscal stewardship of First 5 LA's financial operations.

Sincerely,

Karla Pleitéz Howell  
Executive Director

KPH:ro

**FIRST 5 LA**

**Commissioners**

Holly J. Mitchell, Los Angeles County Supervisor, Chair  
Brandon T. Nichols, J.D., Los Angeles County DCFS, Vice Chair  
Judy Abdo  
Robert Byrd, Psy.D.  
Astrid Heger, M.D.  
Yvette Martinez  
Summer McBride  
Maricela Ramirez, Ed.D.  
Carol Sigala, Ph.D.

**Ex-Officio Commissioners**

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

**Alternate Commissioners**

Deborah Allen, Sc.D.  
Mary Romero Barraza  
Luis Bautista  
Victor Manalo, Ph.D.  
Kristin McGuire  
Frank Ramos  
Sylvia S. Swilley, M.D.  
Winnie Wechsler

**Executive Director**

Karla Pleitéz Howell, J.D.

**Executive Vice President**

John A. Wagner

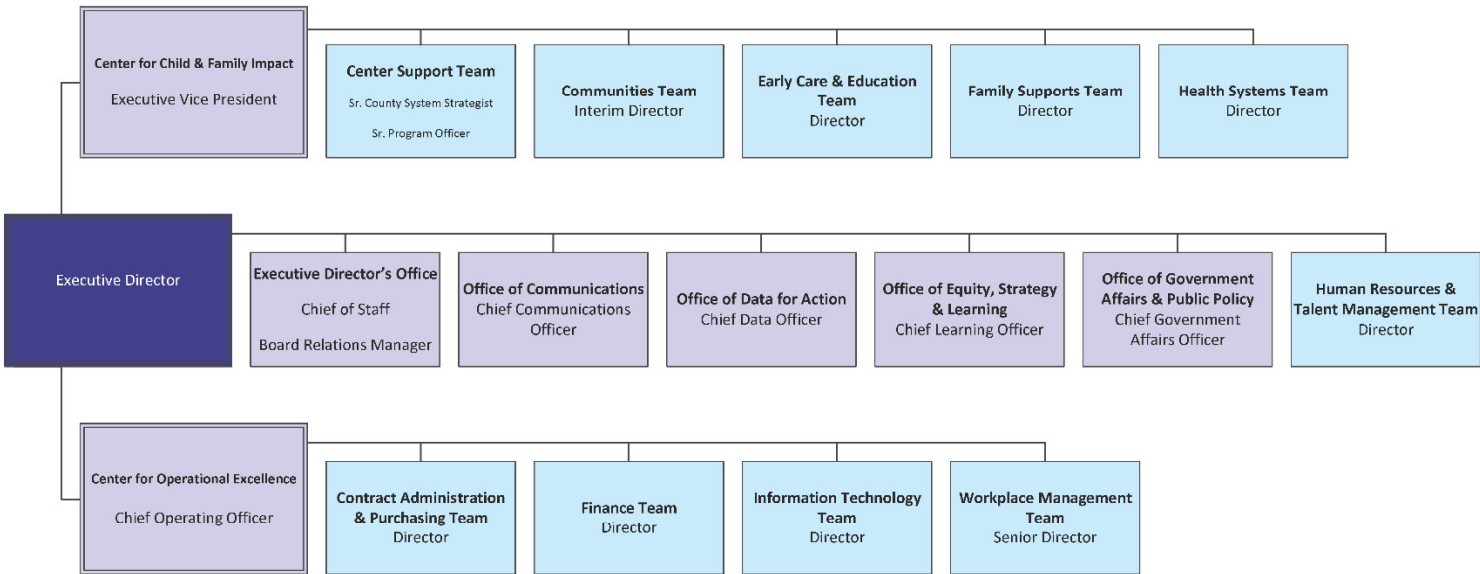
**Chief Operating Officer**

Teofilo "JR" Nino

**Team/Center/Office Chiefs/Directors**

Antoinette Andrews-Bush, Office of Equity, Strategy and Learning  
Diana Careaga, Family Supports  
Galina Collins, Human Resources & Talent Management  
Jennifer L. Eckhart, Contract Administration & Purchasing  
Tara Ficek, Health Systems  
Jasmine Frost, Information Technology  
Kim Hall, Office of Data for Action  
Raoul Ortega, Finance  
Becca Patton, Early Care and Education  
Lee Werbel, Communities

Organization Structure First 5 LA





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**First 5 LA  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

## Independent Auditor's Report

Board of Commissioners  
Los Angeles County Children and Families  
First – Proposition 10 Commission  
Los Angeles, California

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities and the general fund of the Los Angeles County Children and Families First – Proposition 10 Commission (Commission), a component unit of the County of Los Angeles, California, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Commission, as of June 30, 2023, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor’s Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The Schedule of First 5 California Funding is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of First 5 California Funding is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated **report date**, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Rancho Cucamonga, California

**Report date**

**Los Angeles County Children and Families First – Proposition 10 Commission  
Management’s Discussion and Analysis  
(Unaudited)**

This section of the Los Angeles County Children and Families First – Proposition 10 Commission (the “Commission”) annual comprehensive financial report presents management’s discussion and analysis of the Commission’s financial performance during the year ending June 30, 2023. This discussion and analysis is intended to be read in conjunction with the Commission’s basic financial statements and accompanying notes.

**Financial Highlights**

- The Commission recognized a total of \$70.4 million in program revenues which include tobacco taxes, Proposition 56 backfill, IMPACT/Hubs funds, Refugee Family Support Grant and pass-through funds for Medi-Cal Administrative Activities. Revenues from First 5 California (the State) totaled \$69.7 million, reflecting a 9.9% decrease of \$7.7 million from \$77.4 million in FY 2021-22.
- Commission expenses totaled \$91.9 million in FY 2022-23, representing a 2.6% decrease of \$2.4 million from \$94.4 million in FY 2021-22.
- The Commission’s liabilities increased from \$21.5 million in FY 2021-22 to \$21.7 million in FY 2022-23, reflecting a total increase of \$197,978, or 0.9%.
- The Commission’s total net position decreased from \$300.6 million in FY 2021-22 to \$292.1 million in FY 2022-23, a decline of approximately \$8.5 million, or 2.8%.

**Overview of the Financial Statements**

The annual comprehensive financial report consists of two parts, this management’s discussion and analysis and the basic financial statements, including: government-wide financial statements, fund financial statements, and notes to the basic financial statements. The Commission’s financial statements offer key, high-level financial information about its activities.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the Commission’s finances, in a manner similar to a private-sector business. These statements provide both long-term and short-term information about the Commission’s overall financial status.

The Statement of Net Position includes information on all the Commission’s assets and liabilities, with the difference between assets and liabilities reported as net position. Changes in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statement of Activities presents information showing how the Commission’s net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to when the change occurs, regardless of the timing of related cash flows.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All the Commission's activities are accounted for in the general fund.

Governmental fund financial statements focus on near-term inflows and outflows of spendable resources and balances of spendable resources available at the end of the year.

While a nine-member Board of Commissioners governs the Commission, the Commission was created by, and ultimately is, under the authority of the Los Angeles County Board of Supervisors, in accordance with California State Law, through its appointment of the Board of Commissioners and its ability to remove the Commissioners at will. Consequently, the County of Los Angeles Auditor-Controller's Office has designated the Commission as a "discretely presented component unit" of the County of Los Angeles and includes a summary of the Commission's basic financial statements in the County's basic financial statements.

Government-wide Financial Statements Analysis

The following is a summary of the Commission's assets, liabilities and net position comparing FY 2022-23 with FY 2021-22:

|                                    | FY 2022-23    | FY 2021-22    | Percent<br>Increase<br>(Decrease) | Increase<br>(Decrease) |
|------------------------------------|---------------|---------------|-----------------------------------|------------------------|
| <b>Assets:</b>                     |               |               |                                   |                        |
| Current and other assets           | \$300,335,306 | \$309,181,599 | -2.86%                            | (\$8,846,293)          |
| Capital assets                     | 13,464,635    | 12,880,231    | 4.54%                             | 584,404                |
| Total assets                       | \$313,799,941 | \$322,061,830 | -2.57%                            | (\$8,261,889)          |
| <b>Liabilities:</b>                |               |               |                                   |                        |
| Long-term liabilities              | \$883,953     | \$935,048     | -5.46%                            | (\$51,095)             |
| Other liabilities                  | 20,809,081    | 20,560,008    | 1.21%                             | 249,073                |
| Total liabilities                  | \$21,693,034  | \$21,495,056  | 0.92%                             | \$197,978              |
| <b>Net Position:</b>               |               |               |                                   |                        |
| Unrestricted                       | \$278,642,272 | \$287,686,543 | -3.14%                            | (\$9,044,271)          |
| Investment in capital assets       | 13,464,635    | 12,880,231    | 4.54%                             | 584,404                |
| Total net position                 | \$292,106,907 | \$300,566,774 | -2.81%                            | (\$8,459,867)          |
| Total liabilities and net position | \$313,799,941 | \$322,061,830 | -2.57%                            | (\$8,261,889)          |

The Commission's FY 2022-23 total assets of \$313.8 million represent a decrease of \$8.3 million, or a 2.6% decline, compared with the prior year. Of this total, the decrease in current and other assets is approximately \$8.8 million. The key factor contributing to this reduction in total assets is that total expenses, including program expenses (such as provider grants and contractors), were higher than the total revenue by \$8.5 million.

The \$584,404 increase in capital assets is a result of the organization's completion of Phase 1 and launch of Phase 2 of its Capital Improvement Project to provide physical improvements to the 750 N. Alameda Street building. The depreciation expense for FY 2022-23 was \$438,429. Additional information on capital assets can be found in Note 3 of this report.

The following is a summary of the Commission's revenues; expenses and change in net position comparing FY 2022-23 with FY 2021-22:

|  | FY 2022-23          | FY 2021-22          | Percent Increase<br>(Decrease) | Increase<br>(Decrease) |
|--|---------------------|---------------------|--------------------------------|------------------------|
| <b>Revenues:</b>                                     |                     |                     |                                |                        |
| <b>Program revenues</b>                              |                     |                     |                                |                        |
| Tobacco taxes  | \$47,253,504        | \$55,265,755        | -14.50%                        | (\$8,012,251)          |
| Proposition 56                                       | 16,236,701          | 18,534,434          | -12.40%                        | (2,297,733)            |
| CA Electronic Cigarette Excise Tax                   | 1,114,427           | -                   | N/A                            | 1,114,427              |
| State Commission Program Funds                       | 5,109,088           | 3,574,885           | 42.92%                         | 1,534,203              |
| Medi-Cal Administrative Activities                   | 132,945             | 189,125             | -29.71%                        | (56,180)               |
| Other program revenue                                | 550,017             | 811,368             | -32.21%                        | (261,351)              |
| <b>Total program revenues</b>                        | <b>\$70,396,682</b> | <b>\$78,375,567</b> | <b>-10.18%</b>                 | <b>(\$7,978,885)</b>   |
| <b>General revenues</b>                              |                     |                     |                                |                        |
| Investment income                                    | \$9,440,982         | \$1,629,048         | 479.54%                        | \$7,811,934            |
| Net increase (decrease) in fair value of investments | 3,649,787           | (11,173,321)        | -132.67%                       | \$14,823,108           |
| Other general income                                 | 2,500               | 18,000              | -86.11%                        | (\$15,500)             |
| <b>Total general revenues</b>                        | <b>13,093,269</b>   | <b>(9,526,273)</b>  | <b>-237.44%</b>                | <b>22,619,542</b>      |
| <b>Total revenues</b>                                | <b>\$83,489,951</b> | <b>\$68,849,294</b> | <b>21.26%</b>                  | <b>\$14,640,657</b>    |
| <b>Expenses:</b>                                     |                     |                     |                                |                        |
| Provider grants and other allocations                | \$73,000,450        | \$75,838,658        | -3.74%                         | (\$2,838,208)          |
| Salaries and benefits                                | 15,672,576          | 15,131,025          | 3.58%                          | 541,551                |
| Operating services                                   | 1,136,076           | 1,217,057           | -6.65%                         | (80,981)               |
| Consultant services                                  | 1,274,116           | 1,343,030           | -5.13%                         | (68,914)               |
| Professional services                                | 293,063             | 327,245             | -10.45%                        | (34,182)               |
| Professional development                             | 68,743              | 113,106             | -39.22%                        | (44,363)               |
| Other expenses                                       | 66,365              | 2,087               | 3079.92%                       | 64,278                 |
| Depreciation   | 438,429             | 399,451             | 9.76%                          | 38,978                 |
| <b>Total expenses</b>                                | <b>\$91,949,818</b> | <b>\$94,371,659</b> | <b>-2.57%</b>                  | <b>(\$2,421,841)</b>   |
| <b>Change in net position:</b>                       | <b>(8,459,867)</b>  | <b>(25,522,365)</b> | <b>-66.85%</b>                 | <b>17,062,498</b>      |
| Net position – beginning                             | 300,566,774         | 326,089,139         | -7.83%                         | (25,522,365)           |
| Net position – ending                                | \$292,106,907       | \$300,566,774       | -2.81%                         | (\$8,459,867)          |

## Revenues

The Commission received a total of roughly \$83.5 million in revenues for FY 2022-23, reflecting an increase of \$14.6 million, or 21.3% compared with the prior year's total revenues of \$68.8 million. The overall changes in revenue are due to the following:

### Tobacco Tax

Tobacco tax revenue decreased from \$55.3 million in FY 2021-22 to \$47.3 million in FY 2022-23, a decrease of roughly \$8 million, or 14.5%. Revenue decreased due to a decline in overall tobacco sales and the enactment of Proposition 31 (SB 793) in December 2022, which prohibits in-person stores and vending machines from selling most flavored tobacco products or tobacco product flavor enhancers.

### Proposition 56

Proposition 56 backfill (or "hold harmless") amounts are calculated in arrears, which considered in FY 2016-17 actual revenue loss was attributable to Proposition 56. The backfill amount increases revenue in FY 2022-23 by \$16.2 million compared to \$18.5 million in the prior fiscal year, a decrease of \$2.3 million, or 12.4%. The backfill is received the following fiscal year and the actual amount represented here is for FY 2021-22.

### California Electronic Cigarette Excise Tax

Beginning July 1, 2022, retailers of electronic cigarettes (in-state or out-of-state) are required to collect from the purchaser at the time of sale the California Electronic Cigarette Excise Tax (CECET) at the rate of 12.5% of the retail selling price of electronic cigarettes containing or sold with nicotine. First 5 California receives 12% of that total tax, which is then distributed following the First 5 County disbursement guidelines to the 58 individual counties. The collection of the CECET is estimated to total \$1.1 million in FY2022-23.

### State Commission Program Funds

State Commission program funds increased from \$3.6 million in FY 2021-22 to \$5.1 million in FY 2022-23, an increase of \$1.5 million or 42.9%. This increase was primarily due to several programs from First 5 CA including IMPACT/Hubs funds and Refugee Family Support Grant.

### Medi-Cal Administrative Activities

The Medi-Cal Administrative Activities (MAA) program decreased from \$189,125 in FY 2021-22 to \$132,945 in FY 2022-23. This is a decrease of \$56,180 or 29.7%. The program, contracted through the County of Los Angeles, assists in the administration of the Medi-Cal program by improving the availability and accessibility of Medi-Cal services to eligible participants.

### Other Program Revenue

Other Program revenue decreased from \$811,368 in FY 2021-22 to \$550,017 in FY 2022-23. This is a decrease of \$261,351 or 32.2%. This revenue includes grants from a Medi-Cal Managed Care Plan, Los Angeles County Office of Education, and Los Angeles County – Department of Public Health.

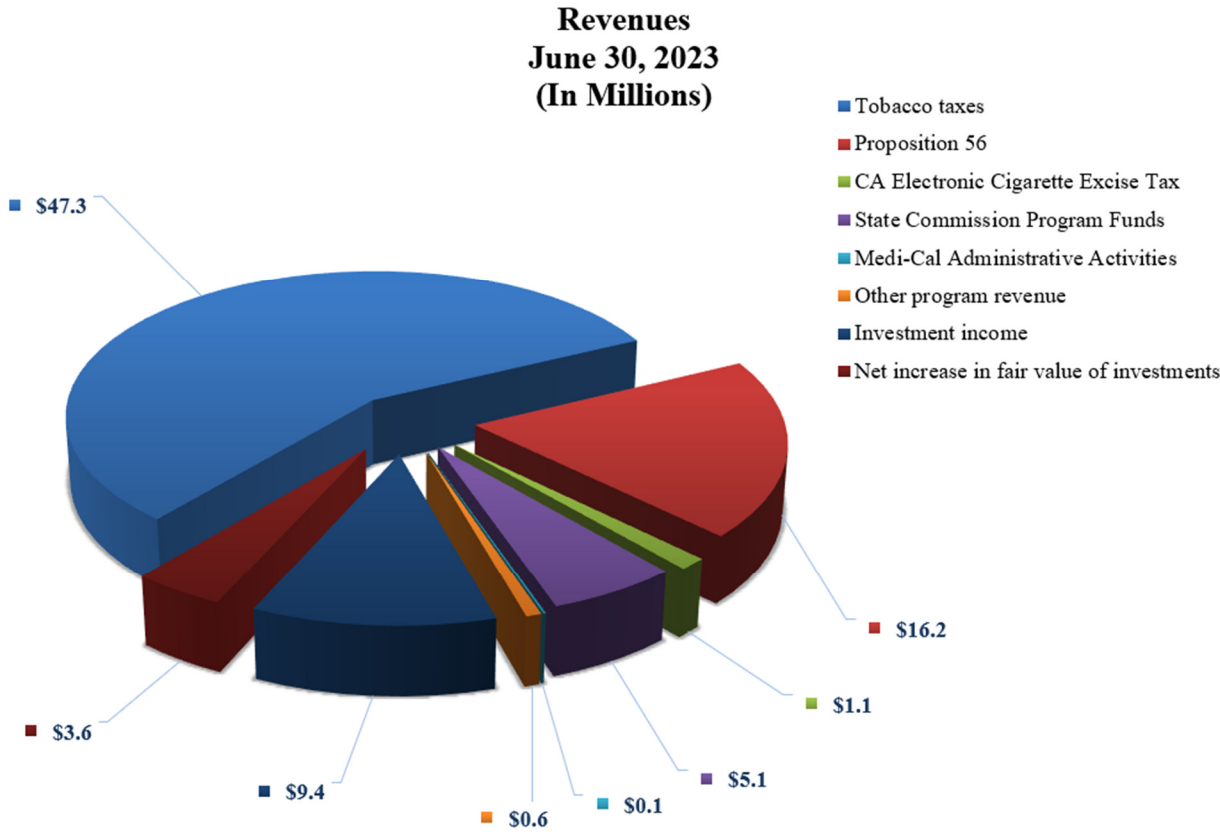
### Investment Income

The Commission earned \$9.4 million of investment income in FY 2022-23, which was an increase of \$7.8 million, or approximately 480%, compared with the \$1.6 million earned in the prior year. The overall rate of return for FY22-23 was 2.89%, an increase of 2.24% over the prior year. This was due to increases in interest rates over the course of the fiscal year and the establishment of the three-year specific investment with the County of Los Angeles.

Fair Value Adjustment

First 5 LA separates the fair value adjustment under investment income from the Statement of Activities to more accurately reflect true interest earned. In FY 2022-23, the fair value of First 5 LA's investment portfolio adjustment increase was roughly \$3.6 million, compared to the \$11.2 million unrealized loss in FY 2021-22. This increase can be attributed a significant increase in interest rates in the prior year and improvements to the ongoing external macroeconomic factors affecting overall economic health at this point-in-time.

The fair value adjustments included an unrealized gain on investments in the County Pooled investment account of \$4.9 million offset by an unrealized loss of \$1.3 million for the 3-year specific investment with Los Angeles County.



**Expenses**

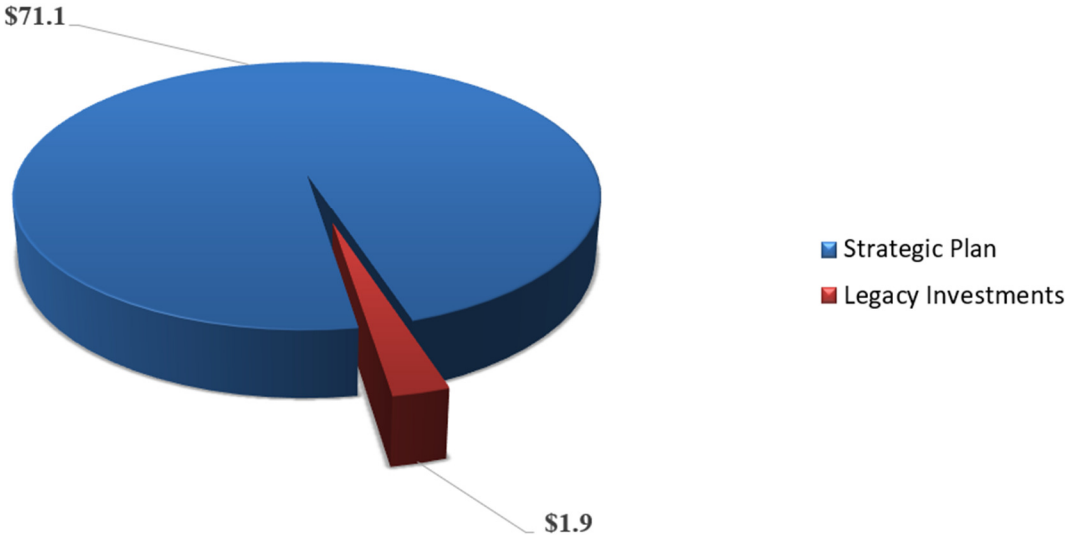
The Commission recognized expenses of \$91.9 million in FY 2022-23 compared with \$94.4 million in FY 2021-22, a decrease of \$2.4 million, or 2.6%. The \$2.4 million net decrease in overall expenses encompasses the following in FY 2022-23:

**Provider Grants and Other Allocations**

The Commission experienced a decrease of \$2.8 million, or 3.7% in support of “Provider grants and other allocations,” spending approximately \$73.0 million in FY 2022-23 compared to \$75.8 million in FY 2021-22. The net decrease is the result of the continued learning and refinement to the work and proposed spending in alignment to the Long-Term Financial Plan spending limits and downward revenue trajectory, as well as adjusted activity timelines and sunsetted or ramped down projects. The following details activity based on the Commission’s investment categories, during the fiscal year:

- 2020-2028 Strategic Plan: Focusing for the Future: FY 2022-23 marks the third year of the eight-year 2020-2028 Strategic Plan. Roughly \$71.1 million was expended in FY 2022-23, a decrease of approximately \$4.7 million or 6.2% as compared to FY 2021-22. A significant driver of the strategic plan is a long-term emphasis on sustainability, particularly considering recent changes to tobacco tax revenue, which has and will continue to undergird the investment decisions to advance results for children and families in Los Angeles’ communities. As such, the decline in spending was anticipated and was consistent with the long-term financial plan and annual spending limits. Spending was reduced within the areas of Family Supports, Communities, Early Care and Education (ECE), and Office of Communications.
- Legacy Investments: This category includes existing multi-year funding representing ongoing work of the Commission that is expected to end according to the terms of the project approval or was determined to be aligned with the 2020-2028 Strategic Plan. There is only one legacy investment remaining—Little by Little. Approximately \$1.9 million of the remaining allocation balance was expended in FY 2022-23 which reflected a \$547,840 or roughly 39.4% increase in spending. This investment, with an original allocation of \$30 million, is anticipated to fully expend in 2025.

**First 5 LA Funded Provider Grants and Other Allocations Expenses  
Fiscal Year Ended June 30, 2023  
(In Millions)**



Salaries and Benefits

Salaries and Benefits increased from FY 2021-22 by \$541,551 or 3.6%. This was primarily due to annual merit increases, as well as increased costs to benefits such as health insurance.

Operating Services

Operating Services decreased by \$80,981 or 6.7% from the prior year due to stabilization of inflationary pressures and macroeconomic factors affecting general operating costs, particularly in facilities, maintenance, and utilities.

Consultant Services

The Commission recorded \$1.3 million in expenses for Consultant services in FY 2022-23, a 5.1% decrease from FY 2021-22. The decrease is primarily due to the reduced engagement of firms and individuals for assistance in ongoing strategic plan reset temporary labor support for IT services and building management services.

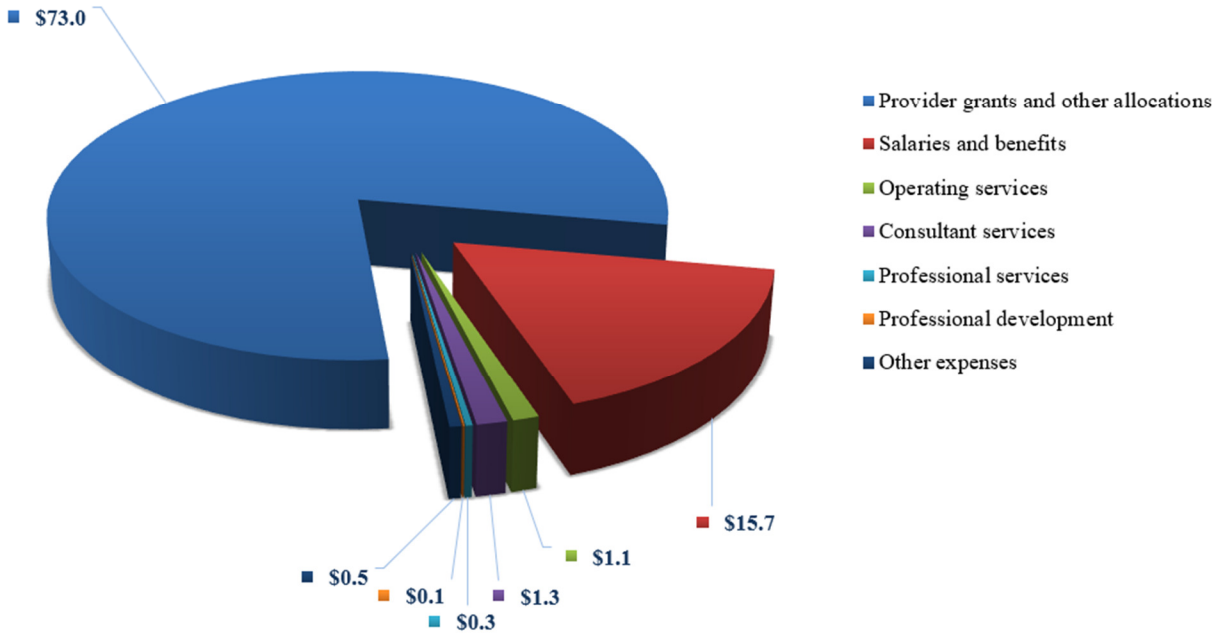
Professional Services

Professional services decreased from FY 2021-22 by \$34,182 or 10.5%. The decrease is largely due to a decline in expenses for legal, audit and staff recruitment services.

Professional Development

Professional development decreased in FY 2022-23 by \$44,363 or 39.2% from FY 2021-22. The decrease is due to a variety of factors, including the increase of virtual conferences and development opportunities which are more cost-effective than on-site gatherings. Additionally, there was a waning interest in virtual leadership programs which resulted in reduced spending for FY 2022-23.

**Program and Operating Expenses  
Fiscal Year Ended June 30, 2023  
(In Millions)**



### **Analysis of the Governmental Fund**

The activities are contained in the general fund of the Commission. The focus of the Commission's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Commission's financing requirements. In particular, fund balance may serve as a useful measure of the Commission's net resources, both committed and available for future operation needs.

At the end of FY 2022-23, the Commission's general fund reported a total ending fund balance of \$275.7 million, a decrease of \$12.2 million, or 4.2% in comparison with the prior fiscal year balance of \$287.8 million.

Total fund balance decreased due to an ongoing decline between annual incoming revenue and the expenditures that are required to advance the activities and strategies outlined in the 2020-2028 Strategic Plan, including the ongoing responsibility to multi-year commitments for specific initiatives.

### **Budgetary Highlights:**

Based on the information provided in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, the following analysis is presented:

### **Final Revenue Budget vs. Actual Revenue**

The information below provides a summary of the primary factors that caused the variance between revenue estimates and actual revenue.

#### **Tobacco Taxes, Prop 56, and CA Electronic Cigarette Excise Tax (CECET)**

Tobacco tax revenue recorded for FY 2022-23 was \$47.3 million of tobacco tax revenue, \$16.2 million of Proposition 56 backfill, and \$868,385 in CECET revenue. The total combined amount of \$64.4 million was approximately \$1.3 million or 1.5% lower than the anticipated amount of \$65.7 million. The original estimate of \$65.7 million was based on data provided by the California Department of Tax and Fee Administration, updated March 2023.

#### **Other Program Revenue**

Other program revenue recorded for FY 2022-23 was \$1.2 million which was in line with expectations estimated in the Long-Term Financial Plan approved by the Commission in June of 2023. Revenue recorded includes funds from a Medi-Cal Managed Care Plan, Los Angeles County – Department of Public Health and Los Angeles County Office of Education for the Quality Improvement System project.

#### **Investment Income**

Investment income of \$8.6 million was earned in FY 2022-23. The monthly average return of 2.89% is higher than the 1.25% anticipated and included in the Long-Term Financial Projection approved by the Commission in June 2023. In November 2022, the Commission invested in a 3-year specific investment which is earning an approximate \$581,000 in monthly interest in addition to the interest the Commission is earning from its County Treasurer Surplus Investment Pool.

## Original Expenditure Budget vs. Final Expenditure Budget

In February 2023, the Commission received and filed the proposed mid-year adjustments to the FY 2022-23 budget, reducing the original approved \$106 million budget by \$1.1 million or 1.1%. This streamlined approach, presented to the board and approved in November 2019, bypassed formal board-approval of the mid-year adjustments in favor of a lighter touch engagement with the board and staff. Approval of this approach was grounded in adherence to the annual spending limit approved by the board as well as full transparency of the detailed spending plan to the Commission. Materials shared for board review were comparable to those shared in previous years. Like the previous three years, the net change to the original board-approved budget for FY 2022-23 was less than 3%. The following provides a brief summary of the primary factors that contributed to the decrease in the final budgeted expenditures compared with the original budgeted expenditures:

### Provider Grants and Other Allocations

The overall Program Budget (Provider Grants and Other Allocations) was adjusted downward during the year by \$1.1 million or 1.3%. In February 2023, through the process of receiving and filing, the Commission agreed to a mid-year revised budget adjusting Family Supports downward by just over \$1.0 million, adjusting Communities upward by \$290,000, cost-neutral adjustments to Early Care & Education, an increase to Health Systems by \$177,000, a downward adjustment to the Office of Data for Action of \$129,000, and a downward adjustment to Legacy Investments reduction of \$400,000. The downward adjustment to Family Supports was a result of projected spending trends, as well as the receipt of \$100,000 from a Medi-Cal Managed Care Plan to offset existing costs. The increase to Communities was the result of new additional external funding from First 5 California for the purpose of advancing the Refugee Resettlement L.A. program. The upward adjustment to the Health Systems budget was due to the receipt of external funding from the Los Angeles County Department of Public Health (LACDPH) and corresponding activities and costs related to the African American Infant and Maternal Mortality (AAIMM) Strategic Communications initiative, along with some cost-neutral adjustments. The net downward adjustment to the Office of Data for Action was the result of postponing activities related to the Impact Framework until after the Strategic Plan Refinements were finalized, to update and align indicators and intentions.

In an effort toward sustainability, the Legacy Investment Little by Little/One Step Ahead program grantee was able to acquire additional funding at a higher rate than originally anticipated for the project, resulting in a downward adjustment to the budget for FY 2022-23.

### Operating Services

This category includes several line-item adjustments, both upward and downward, with a total net increase of \$6,000. Adjustments include a decrease of \$12,500 to the Worker's Compensation line item within the Finance Team budget, based on reduced anticipated need compared to the original budget. Additional decreases include Divisional Capacity Building (\$15,000) and Internal Meetings (\$3,000). Both line items are primarily being driven down by the Center for Child and Family Impact (CCFI) Team as they have been reduced to adjust for savings from the first half of the fiscal year. These decreases are offset by an increase to Corporate Insurance (\$10,000) which is adjusted to align with revised anticipated needs. The most notable upward adjustment is an increase to Hardware and Software Maintenance of \$27,500, which will fund an additional four Power Plan/ABM licenses of \$2,500 and offset the \$25,000 increase to the Blackbaud Grant Management (BBGM) software licensing. There has been a significant increase in the licensing fees of BBGM which have risen from \$150,000 to \$172,000.

Consultant Services

This category includes adjustments across multiple departments, resulting in a net overall increase of \$30,000. There were adjustments across two teams, resulting in a net overall decrease of \$30,000. The decrease is primarily driven by the Contract Administration & Purchasing (CAP) and CCFI teams. Both were downward adjustments due to cost savings which were used to offset additional costs in other line items.

Professional Services

This category reflects a net downward adjustment in costs of \$500 resulting from anticipated savings in professional dues.

Travel Expenses

There was a decrease in the Travel cost category of \$9,500 and the largest drivers behind the decreases were the CAP and Family Supports teams. Many of the events that required in-person visitation will be offered virtually. For this reason, airfare and lodging budgets have also decreased.

Professional Development

This category includes Training Materials & Supplies, Internal Training, Leadership Programs, Conference Registrations and External Education/Training. There was an overall decrease of \$4,000 made to the Professional Development cost category. A downward adjustment of \$3,000 was made to the Conference Training and registration line item under Family Supports due to an increase in more economical virtual trainings. Similarly, CCFI also made a downward adjustment to this line item due to cost savings they had from the first half of the fiscal year.

**Final Expenditure Budget vs. Actual Expenditure Amounts**

The following provides a summary of the primary factors causing the significant variances in the actual expenditures compared with the final budgeted expenditures:

Provider Grants and Other Allocations

The total Provider Grants and Other Allocations variance for FY 2022-23 was approximately \$9.7 million. The primary overarching factor contributing to the FY 2022-23 budget to actual variance was the residual impact related to the COVID-19 pandemic, and the challenges associated with rethinking our approach to services and engagement. In addition, more time was required to establish the needed partnerships and infrastructure to render services in redefined work structures. In addition:

- Many activity timelines were assessed and extended into the following fiscal year.
- Several activities were assessed and put on a hold or eliminated.
- New external funds were received to offset some budgeted costs.

Salaries and Benefits

Salary and Benefit costs were lower than budgeted, with a total variance of \$1.8 million. This is due to a combination of regular employee turnover during this fiscal year and vacant positions that were budgeted but not filled.

Operating Services were less than final budget by \$525,602. Below is an analysis of the significant activities comprising this variance:

Utilities

Utilities expenses were higher than budgeted, with a variance of \$64,370. This is due to macroeconomic factors including higher energy prices and continuing work on the remodel of the building during this fiscal year.

Mileage and Parking

Mileage and parking costs were lower than budgeted, with a variance of \$17,660. Staff continuing remote work in the prior fiscal year yielded significant savings in this cost category.

Telephones and Modems

Telephones, modems and related expenses were lower, with a savings of \$17,905. Existing technology and equipment were able to support much of the needs in this category, resulting in an overall decrease in expenses.

Cell Phones and Mobile Devices

Cell phone and mobile device costs came in lower than budgeted, with a variance of \$19,939. This is due to overall lower cellular reimbursements than expected due to staff vacancies and absences.

Office Supplies

Office Supplies were lower than budgeted, with a variance of \$28,469. This is due to ongoing remote work and lower utilization of the building and offices for meetings.

Building Repairs and Maintenance

Building repairs and maintenance expenses exceeded the final budget by \$20,162. Maintenance costs stayed consistently high over the course of the year. Additional costs related to the preparation of the building for the start of hybrid work schedules also contributed to expenses late in the fiscal year.

Hardware & Software Maintenance

Hardware & Software Maintenance was lower than budgeted with a variance of \$206,398. This is primarily due to several applications that were not utilized in FY 22-23 and did not require licenses to be obtained.

Miscellaneous/Contingency

Miscellaneous and Contingency expenses had a savings of \$73,038 for FY 22-23. This is due to a reduction in one-time events or emergency needs over the fiscal year.

Internal Meetings

Internal Meeting expenses were lower than budgeted, with a variance of \$61,425. This is due to a large portion of staff still working remotely during this fiscal year and lack of in-person meetings.

Division Capacity Building

There were no costs for Division Capacity Building in FY 22-23, with a variance of \$15,000 or 100%. Remote work, limited hybrid work schedules and lack of in-person meetings with internal staff and contractor/external partner meetings have created ongoing delays in spending within this expense category.

Capital Outlay

Capital Outlay fees were significantly lower than budgeted, with a variance of \$117,458. This is due to the utilization of existing computer equipment inventory and any new purchases of laptops and computer equipment transferred and added to fixed asset category and depreciated.

Consultant Services

Consultant services costs came in under budget in all categories for a total savings of \$733,984. The variance is primarily the result of a lower anticipated need for consultants.

Professional Services

Professional services costs came in under budget in all categories, for a total savings of \$227,432. Considerable decreases in legal services and web-based services led to cost savings for the organization.

Travel

Travel and travel related expenses were considerably lower than budgeted. The \$137,023 in cost savings coincides with the ongoing use of virtual instead on in-person meetings, in addition to lower levels of travel for a variety of uses, including professional development, in-person conferences and offsite meetings. Travel expenses are expected to return closer in line with expectations in the upcoming year.

Professional Development

Professional Development expenditures were \$249,807 less than the final budget. The variance was primarily the result of timing issues related to Internal Training and Conference Registration which were less than the final budget by \$116,800 and \$68,952 respectively. This is a result of ongoing delays in the ramp up of in-person professional development opportunities, particularly for in-person leadership cohorts and conferences.

**Other Potentially Significant Matters**

The State projections have assumed a roughly 3-5% rate of revenue decline on an annual basis over the last several years, through to the end of the Strategic Plan term in 2028. However, approval of the recent ballot measure prohibiting the sale of certain flavored tobacco, Proposition 31, has resulted in an accelerated decline in First 5 LA’s Proposition 10 tobacco tax funding as of November 2022. Based on the most recent forecast from the Department of Finance (DOF) and the California Department of Tax and Fee Administration (CDTFA) updated May 2023, which was adjusted in response to Proposition 31, tobacco tax revenues are projected to decline by 13.4% from FY 2023 to FY 2024, with another higher-than-average decline in revenues projected between FY 2024 to FY 2025.

The long-term impact to the primary source of funding will be closely monitored. The established long-term spending limits will be revisited, informed by the impact of Proposition 31 and the strategic plan reset process, and a revised long-term plan will be shared with the First 5 LA Commission for review and approval in FY 2023-24.

First 5 LA continues to receive backfill “hold harmless” payments from the State to keep Proposition 10 revenue whole for participating counties following the passage and implementation of SBx2 and Proposition 56.

**Contacting the Commission’s Financial Management**

This financial report is designed to provide the public with an overview of the Commission’s financial operations and condition. If you have questions about this report or need additional information, please contact the Commission’s Director of Finance at (213) 482-7545 or 750 N. Alameda Street, Suite 300, Los Angeles, California 90012.

Los Angeles County Children and Families First – Proposition 10 Commission  
Statement of Net Position and Governmental Fund Balance Sheet  
June 30, 2023

|   | General<br>Fund       | Adjustments<br>(Note 1) | Statement of Net<br>Position |
|---|-----------------------|-------------------------|------------------------------|
| <b>Assets</b>   |                       |                         |                              |
| Cash and investments  | \$ 286,758,811        | \$ -                    | \$ 286,758,811               |
| State receivable  | 11,882,953            | -                       | 11,882,953                   |
| Interest receivable   | 1,208,961             | -                       | 1,208,961                    |
| Advances to grantees  | 484,581               | -                       | 484,581                      |
| Capital assets  |                       |                         |                              |
| Not depreciated   | -                     | 2,039,000               | 2,039,000                    |
| Depreciable capital assets (net)  | -                     | 11,425,635              | 11,425,635                   |
| <b>Total assets</b>   | <b>\$ 300,335,306</b> | <b>\$ 13,464,635</b>    | <b>\$ 313,799,941</b>        |
| <b>Liabilities</b>  |                       |                         |                              |
| Accounts payable and accrued liabilities  | \$ 20,688,542         | \$ -                    | \$ 20,688,542                |
| Compensated absences  |                       |                         |                              |
| Due within one year   | -                     | 120,539                 | 120,539                      |
| Due in more than one year   | -                     | 883,953                 | 883,953                      |
| <b>Total liabilities</b>  | <b>20,688,542</b>     | <b>1,004,492</b>        | <b>21,693,034</b>            |
| <b>Deferred Inflows of Resources</b>  |                       |                         |                              |
| Unavailable revenue   | 3,958,306             | (3,958,306)             | -                            |
| <b>Total deferred inflows of resources</b>  | <b>3,958,306</b>      | <b>(3,958,306)</b>      | <b>-</b>                     |
| <b>Fund Balance/Net Position</b>  |                       |                         |                              |
| Fund balance  |                       |                         |                              |
| Nonspendable  | 484,581               | (484,581)               | -                            |
| Committed   | 80,749,917            | (80,749,917)            | -                            |
| Assigned  | 124,149,006           | (124,149,006)           | -                            |
| Unassigned  | 70,304,954            | (70,304,954)            | -                            |
| <b>Total fund balance</b>   | <b>275,688,458</b>    | <b>(275,688,458)</b>    | <b>-</b>                     |
| <b>Net position</b>   |                       |                         |                              |
| Investment in capital assets  | -                     | 13,464,635              | 13,464,635                   |
| Unrestricted  | -                     | 278,642,272             | 278,642,272                  |
| <b>Total net position</b>   | <b>-</b>              | <b>292,106,907</b>      | <b>292,106,907</b>           |
| <b>Total liabilities, deferred inflows of<br/>resources and fund balance/net position</b> | <b>\$ 300,335,306</b> | <b>\$ 13,464,635</b>    | <b>\$ 313,799,941</b>        |

Los Angeles County Children and Families First – Proposition 10 Commission  
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance  
For the Year Ended June 30, 2023

|   | General<br>Fund       | Adjustments<br>(Note 1) | Statement of<br>Activities |
|---|-----------------------|-------------------------|----------------------------|
| <b>Revenues</b>                           |                       |                         |                            |
| Program revenues                          |                       |                         |                            |
| Operating grants and contributions        |                       |                         |                            |
| Tobacco taxes                             | \$ 47,253,504         | \$ -                    | \$ 47,253,504              |
| Proposition 56                            | 16,236,701            | -                       | 16,236,701                 |
| CA Electronic Cigarette Excise Tax        | 868,385               | 246,042                 | 1,114,427                  |
| State Commission Program Funds            | 2,510,249             | 2,598,839               | 5,109,088                  |
| Medi-Cal Administrative Activities        | 132,945               | -                       | 132,945                    |
| Other program revenue                     | 1,153,255             | (603,238)               | 550,017                    |
| Total program revenues                    | <u>68,155,039</u>     | <u>2,241,643</u>        | <u>70,396,682</u>          |
| General revenues                          |                       |                         |                            |
| Investment income                         | 8,621,291             | 819,691                 | 9,440,982                  |
| Net increase in fair value of investments | 3,649,787             | -                       | 3,649,787                  |
| Other general income                      | 2,500                 | -                       | 2,500                      |
| Total general revenues                    | <u>12,273,578</u>     | <u>819,691</u>          | <u>13,093,269</u>          |
| Total revenues                            | <u>80,428,617</u>     | <u>3,061,334</u>        | <u>83,489,951</u>          |
| <b>Expenditures/expenses</b>              |                       |                         |                            |
| Provider grants and other allocations     | 73,000,450            | -                       | 73,000,450                 |
| Salaries and benefits                     | 15,725,095            | (52,519)                | 15,672,576                 |
| Operating services                        | 1,136,076             | -                       | 1,136,076                  |
| Consultant services                       | 1,274,116             | -                       | 1,274,116                  |
| Professional services                     | 293,063               | -                       | 293,063                    |
| Professional development                  | 68,743                | -                       | 68,743                     |
| Travel                                    | 56,365                | -                       | 56,365                     |
| Marketing                                 | 10,000                | -                       | 10,000                     |
| Capital outlay                            | 1,022,833             | (1,022,833)             | -                          |
| Depreciation                              | -                     | 438,429                 | 438,429                    |
| Total expenditures/expenses               | <u>92,586,741</u>     | <u>(636,923)</u>        | <u>91,949,818</u>          |
| Net Change in Fund Balance                | (12,158,124)          | 12,158,124              | -                          |
| Change in Net Position                    | -                     | (8,459,867)             | (8,459,867)                |
| Fund balance/net position                 |                       |                         |                            |
| Beginning of year                         | <u>287,846,582</u>    | <u>12,720,192</u>       | <u>300,566,774</u>         |
| End of year                               | <u>\$ 275,688,458</u> | <u>\$ 16,418,449</u>    | <u>\$ 292,106,907</u>      |

## Los Angeles County Children and Families First – Proposition 10 Commission

Notes to Financial Statements  
For the Year Ended June 30, 2023

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**Note 1 - Organization and Summary of Significant Accounting Policies****Reporting Entity**

With the passage of a ballot initiative in November 1998, California (the “State”) voters approved the establishment of the Los Angeles County Children and Families First – Proposition 10 Commission (the “Commission”), a component unit of Los Angeles County. A thirteen-member Board of Commissioners governs the Commission. The Commission was created by and ultimately is under the authority of the Los Angeles County Board of Supervisors, in accordance with California State Law, through its appointment of the Board of Commissioners and its ability to remove the Commissioners at will. The Commission is a public entity legally separate and apart from the County. The initiative, Proposition 10, mandated an additional 50-cent-per-pack tax on cigarettes and a comparable increase in the tax of other tobacco products and required that the new funds be used on programs focused exclusively on early childhood development for children prenatal up to five years of age.

Following the directive of Proposition 10 to fund programs at the community level, each of the State’s 58 counties created a Proposition 10 Commission as well as a trust fund to receive Proposition 10 revenues. In Los Angeles County, the Board of Supervisors passed an ordinance in December 1998 to establish the Los Angeles County Children and Families First – Proposition 10 Commission, and in May 1999, the Commission held its first meeting, elected officers and established a number of ad hoc committees to address organizational and planning issues. The Commissioners and others who were involved in the effort regarded Proposition 10 as an extraordinary and unprecedented opportunity to begin making a difference in the lives of pregnant women, young children, and their families, and to do so at a point in their lives when it can make the most difference. In August 2002, the Commission introduced a new branding identity, First 5 LA, to signify the importance of the first five years of life.

The Commission’s vision statement is that all children throughout Los Angeles’ diverse communities, “are born healthy and raised in a safe, loving and nurturing environment so that they grow up healthy in mind, body, and spirit, are eager to learn with opportunities to reach their full potential.” The Commission’s mission, in partnership with others, is to “strengthen families, communities, and systems of services and support so all children in LA County enter kindergarten ready to succeed in school and life”.

Upon termination of the Commission, all assets of the Commission shall be returned to the State of California. The liabilities of the Commission shall not become liabilities of the County upon either termination of the Commission or the liquidation or disposition of the Commission’s remaining assets.

**Los Angeles County Children and Families First – Proposition 10 Commission**

Notes to Financial Statements  
For the Year Ended June 30, 2023

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**Basis of Accounting and Measurement Focus****Government-Wide Financial Statements**

Government-wide financial statements consist of the statement of net position and the statement of activities. These statements are presented on an economic resources measurement focus. All economic resources and obligations of the reporting government are reported in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with operation of the Commission's fund are included on the statement of net position. The statement of activities presents a comparison of the direct expenses and program revenues for the Commission's governmental activities. Program revenues include grants and contributions restricted for the operational requirements of a particular program. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Program revenues include tobacco taxes and grants and contributions that are restricted to meeting the operational requirements of a particular program. General revenues are all revenues that do not qualify as program revenues and include investment income and other income. Net position represents the resources that the Commission has available for use in providing services. Net position is composed of investment in capital assets and unrestricted funds. At June 30, 2023, the Commission reported unrestricted net position of \$278,642,272.

**Fund Financial Statements**

The fund financial statements consist of the balance sheet and the statement of revenues, expenditures and changes in fund balance of the Commission's general fund. These statements are presented on a current-financial resources measurement focus. The fund financial statements focus on near-term inflows and outflows of spendable resources and on balances of spendable resources available at the end of the fiscal year. The statement of revenues, expenditures and changes in fund balance for the governmental fund generally presents increases (revenues) and decreases (expenditures) in net current resources. All operations of the Commission are accounted for in the general fund.

The fund financial statements have been prepared on the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Revenues are considered available if they are received within 60 days after year-end. Revenues susceptible to accrual include tax revenues, grants, and investment income. Expenditures are recognized in the accounting period in which the fund liability is incurred except for compensated absences which are recorded only when payment is due.

Los Angeles County Children and Families First – Proposition 10 Commission  
Notes to Financial Statements  
For the Year Ended June 30, 2023

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**Adjustments Between Fund Financial Statements and Government-Wide Financial Statements****a. Capital Assets**

Capital assets are not considered to be financial resources and therefore, are not reported as an asset in the fund financial statements. Capital assets in the amount of \$13,464,635 are capitalized and reported at cost, net of accumulated depreciation, in the government-wide financial statements. Capital assets purchased during the year in the amount of \$1,022,833 are reported as expenditures on the fund financial statements and capitalized on the government-wide financial statements. Depreciation expense for the year ended June 30, 2023 amounted to \$438,429 and is included in the government-wide financial statements.

**b. Long-Term Liabilities**

As of June 30, 2023, the Commission estimated its liability for vested compensated absences to be \$1,004,492. Compensated absence obligations are considered long-term in nature and are reported in the fund financial statements as expenditures in the period paid or when due and payable at year-end under the modified accrual basis of accounting. The compensated absences have been accrued in the government-wide financial statements and are included in long-term liabilities. The decrease in compensated absences during the year of \$52,519 is reported in the statement of activities and does not require the use of current financial resources.

**c. Unavailable Revenue**

Under the modified accrual basis of accounting, revenue is recognized in the fund financial statements if it has been collected after year-end within the Commission's established availability period of 60 days. All other accrued revenues due to the Commission are recognized as unavailable revenue at year-end in the fund financial statements. Governmental funds recognized unavailable revenue where receivables are not available to liquidate liabilities of the current period. As of June 30, 2023, the Commission has unavailable revenues of \$3,958,306. The change in unavailable revenue during the year of \$3,061,334 is reported in the statement of activities and is presented in the adjustments column on page 18 of the statements.

**Net Position**

In the government-wide financial statements, net position represents the difference between assets less liabilities and is classified into two components:

- Investment in capital assets – This balance reflects the net position of the Commission that are invested in capital assets. This amount is generally not accessible for other purposes.
- Unrestricted net position – This balance represents the net amount of the assets and liabilities that are available for general use.

## Los Angeles County Children and Families First – Proposition 10 Commission

Notes to Financial Statements  
For the Year Ended June 30, 2023

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**Fund Balance**

Fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Commission established the following classifications and definitions of fund balance for the year ended June 30, 2023:

- a. **Nonspendable**  
Portion of net resources that cannot be spent because they are not in an expendable form (e.g., Advances to Grantees) or the portion of net resources that cannot be spent because they must be maintained intact (e.g., revolving fund or the principal of an endowment).
- b. **Restricted (externally enforceable limitations on use)**  
Amounts constrained to specific purposes by their providers (such as creditors, grantors, contributors, or laws and regulations of other governments: e.g., funds advanced by First 5 CA under specific agreements for services such as matching funds for specific initiatives). Amounts constrained by limitations imposed by law through constitutional provisions or enabling legislation (e.g., funds legally restricted by County, state, or federal legislature, or a government's charter or constitution; or amounts collected from non-spendable items such as long-term portion of loan outstanding if those amounts are subject to legal constraint).
- c. **Committed (self-imposed limitations in place prior to end of the period)**  
Amounts constrained by limitations imposed at the highest level of decision making authority that requires the same formal action at the same level to remove or modify. The formal action required by the Board of Commissioners for funds to be committed is action by way of resolution allocating funding for a specific program or initiative.
- d. **Assigned (limitation resulting from intended use)**  
Amounts or limitations that are constrained by the Commission's intent to be used for a specific purpose (the purpose of the assignment must be narrower than the general fund itself) and are not either restricted or committed. Adoption of a Strategic Plan or Long-Term Financial Plan with general spending parameters would be examples of the Commission's intent and would constitute an assignment. Accordingly, modification to the Commission's intent would not require formal action. Further, the Commission may designate a body/committee or an official who can specify such purposes. However, as of June 30, 2023, the Commission had not made such a designation.
- e. **Unassigned (residual net resources)**  
Resources in the fund balance that cannot be reported in any other classification including a minimum fund balance reserve based on 50% of the operating and programmatic budget. It also includes the negative residual fund balance that cannot be eliminated by offsetting assigned fund balance amounts.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first and then unrestricted resources as needed. The spending priority of fund balance is restricted, committed, assigned, and then unassigned.

Los Angeles County Children and Families First – Proposition 10 Commission  
Notes to Financial Statements  
For the Year Ended June 30, 2023

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## Effect of New Governmental Accounting Standards Board (GASB) Pronouncements

### Effective in Current Fiscal Year

**GASB Statement No. 94** – In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)*. The objective of this Statement is to establish standards of accounting and financial reporting for PPPs and APAs. The Statement requires recognition of certain assets, receivables, deferred inflows of revenues (transferor) and liabilities and deferred outflows of resources (operators) for PPP arrangements. This Statement is effective for reporting periods beginning after June 15, 2022. The Commission has determined that there was no material impact on the Commission’s financial statements.

**GASB Statement No. 96** – In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The Statement is effective for reporting periods beginning after June 15, 2022. The Commission has determined that there was no material impact on the Commission’s financial statements.

**GASB Statement No. 97** – In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statement No.14 and No.84 and A Supersession of GASB Statement No.32*. The objective of this Statement is (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The Statement is effective for reporting periods beginning after June 15, 2022. The Commission has determined that there was no material impact on the financial statements.

**GASB Statement No. 99** – In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in account and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement related to the extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022. The Commission has determined that there was no material impact on the Commission’s financial statements.

## Los Angeles County Children and Families First – Proposition 10 Commission

Notes to Financial Statements  
For the Year Ended June 30, 2023**Effective in Future Fiscal Years**

The GASB has issued the following pronouncements that have effective dates which may impact future financial statement presentation. The Commission has not determined the effect of the following Statements:

GASB Statement No. 99 - *Omnibus 2022* - The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 100 - *Accounting Changes and Error Corrections*

GASB Statement No. 101 - *Compensated Absences*

**Investments**

The Commission participates in the common investment pool of Los Angeles County as well as investments in a 3-year specific investment program administered by Los Angeles County. Investments are reported at fair value which is the amount at which financial instruments could be exchanged in a current transaction between willing parties. The Commission categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Los Angeles County Treasurer is responsible for establishing and consistently applying a policy for identifying those events that might affect fair value measurements.

**Advances to Grantees**

The Commission may provide advances to grantees/contractors that are repayable by the end of the fiscal year unless otherwise stipulated by contract or agreement. During fiscal year 2020-21, the Commission entered into agreements with various grantees to support the Commission's 2020-2028 Strategic Plan "North Star" – *that by 2028, all children in Los Angeles County will enter kindergarten ready to succeed in school and life*. The Commission has the following outstanding advances to grantees as of June 30, 2023.

|                            |                          |
|----------------------------|--------------------------|
| Advances to Grantees       |                          |
| Para Los Ninos             | \$ 319,534               |
| The Nonprofit Partnership  | 31,733                   |
| El Nido Family Centers     | 42,114                   |
| Community Health Councils  | <u>91,200</u>            |
| Total advances to grantees | <u><u>\$ 484,581</u></u> |

## Los Angeles County Children and Families First – Proposition 10 Commission

Notes to Financial Statements  
For the Year Ended June 30, 2023**Capital Assets**

Capital assets are composed of land, buildings, building improvements, computer software and accessories, office equipment and furniture and fixtures and are recorded at cost. Donated capital assets are recorded at acquisition value at the date of donation. The Commission capitalizes assets with a cost in excess of \$5,000 and with a useful life greater than one year. The Commission depreciates capital assets using a straight-line method over the estimated useful life of fifty years for buildings, four years for computers and five years for office equipment and furniture and fixtures. Building improvements are depreciated over the remaining useful life of the building.

**Deferred Inflows of Resources**

Deferred inflows of resources represent an acquisition of fund balance that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Commission has one type of deferred inflow, unavailable revenue, which occurs only under the modified accrual basis of accounting. Accordingly, the item is reported only in the governmental fund balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Note 2 - Cash and Investments**

Total cash and investments at fair value, as of June 30, 2023 are as follows:

|                                   |                |
|-----------------------------------|----------------|
| Cash                              |                |
| Cash in bank                      | \$ 237,380     |
| Investments                       |                |
| Money market mutual funds         | 3,497,941      |
| Investments with County Treasurer |                |
| Pooled cash and investments       | 150,363,610    |
| 3 Year Specific Investments       | 132,659,880    |
| Total investments                 | 286,521,431    |
| Total cash and investments        | \$ 286,758,811 |

## Los Angeles County Children and Families First – Proposition 10 Commission

Notes to Financial Statements  
For the Year Ended June 30, 2023**Cash in Bank**

The California Government Code requires California banks and savings and loan associations to secure the Commission's deposits by pledging government securities as collateral. The fair value of pledged securities must equal 110% of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150% of an agency's total deposits and collateral is considered to be held in the name of the Commission. At June 30, 2023, cash held by financial institutions of \$248,162 was entirely insured and collateralized as described above. The book balance at June 30, 2023 was \$237,380.

**Investments**

Investments with the Los Angeles County Treasurer at June 30, 2023 are stated at fair value.

The fair value of investments is determined annually and is based on current market prices. The fair value of each participant's position in the pool is the same as the value of the pool shares. The method used to determine the value of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of such withdrawals. The Los Angeles County Treasury is sponsored and administered by the County of Los Angeles and oversight is conducted by the County Treasury Oversight Committee. At June 30, 2023, the remaining maturity for the County pool approximated 753 days and the County pool is not rated.

For further information regarding the Los Angeles County Investment Pool, refer to the County of Los Angeles Annual Comprehensive Financial Report.

The Commission had the following investments and maturities at June 30, 2023:

| Investment Type                   | Investment Maturities (in Months) |                    |                       | Total                 |
|-----------------------------------|-----------------------------------|--------------------|-----------------------|-----------------------|
|                                   | 12 Months<br>or Less              | 13 to 24<br>Months | 25 to 36<br>Months    |                       |
| Money Market Mutual Funds         | \$ 3,497,941                      | \$ -               | \$ -                  | \$ 3,497,941          |
| Investments with County Treasurer |                                   |                    |                       |                       |
| 3 Year Specific Investments:      |                                   |                    |                       |                       |
| Federal Agencies                  | -                                 | -                  | 132,659,880           | 132,659,880           |
| Pooled Cash and Investments       | 150,363,610                       | -                  | -                     | 150,363,610           |
| Total investments                 | <u>\$ 153,861,551</u>             | <u>\$ -</u>        | <u>\$ 132,659,880</u> | <u>\$ 286,521,431</u> |

## Los Angeles County Children and Families First – Proposition 10 Commission

Notes to Financial Statements  
For the Year Ended June 30, 2023**Fair Value Measurements**

The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Commission's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Investments' fair value measurements are as follows as of June 30, 2023:

| Investment Type   | Level 1 | Level 2        | Level 3 | Fair Value            |
|---|---------|----------------|---------|-----------------------|
| Investments with County Treasurer<br>3 Year Specific Investment<br>Federal Agencies | \$ -    | \$ 132,659,880 | \$ -    | \$ 132,659,880        |
| Investments not Leveled   |         |                |         |                       |
| Money Market Mutual Funds   |         |                |         | 3,497,941             |
| Investments with County Treasurer<br>Pooled Cash and Investments                    |         |                |         | <u>150,363,610</u>    |
| Total investments   |         |                |         | <u>\$ 286,521,431</u> |

Deposits and withdrawals are made on the basis of \$1 and not fair value. Accordingly, the Commission's proportionate share of investments in the Los Angeles County Investment Pool and investments in money market mutual funds at June 30, 2023 are uncategorized and not defined as a Level 1, Level 2, or Level 3 input.

**Authorized Investments**

The Commission has adopted an investment policy that identifies the authorized investment types consistent with the California Government Code, where more restrictive. The investments authorized in the policy include Certificates of Deposits (CD's), Commercial Paper (CP), Corporate Notes, Federal Agencies, U.S. Treasuries, Los Angeles County Investment Pool, and Money Market Mutual Funds.

The County Treasurer's Investment Policy diversifies investments among issues and issuers with a minimum credit rating to mitigate credit risk. For an issuer of short-term debt, the rating must be no less than P-1/A (Moody's) or A-1/A (S&P) while an issuer of long-term debt shall be rated no less than A. The Commission's investment in money market mutual funds is rated Aaa (Moody's) and AAA (S&P), and has weighted average maturity of 10 days. The Commission's investment in Federal Agencies is rated Aaa (Moody's) and AA+ (S&P).

Los Angeles County Children and Families First – Proposition 10 Commission  
Notes to Financial Statements  
For the Year Ended June 30, 2023

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**Concentration Credit Risk**

Investments in any one issuer (other than Money Market Mutual Funds, U.S. Treasury Securities, or external investment pools) that represent 5% or more of the total investments of the Commission are as follows:

| Issuer   | Investment<br>Type | Fair<br>Value | Percent of<br>Portfolio |
|--|--------------------|---------------|-------------------------|
| The Federal Home Loan Bank (FHLB)                  | Federal Agencies   | \$ 83,249,880 | 29%                     |
| The Federal Home Loan Mortgage Corporation (FHLMC) | Federal Agencies   | 49,410,000    | 17%                     |

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover collateral securities that are in the possession of an outside party.

Deposits that potentially subject the Commission to custodial credit risk consist of demand deposits. The Commission had no deposits at June 30, 2023, which were not covered by the FDIC insurance. However, these amounts are secured in accordance with the California Government Code, which requires that financial institutions secure deposits made by state and local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Collateral is considered held in the Commission's name.

Los Angeles County Children and Families First – Proposition 10 Commission  
Notes to Financial Statements  
For the Year Ended June 30, 2023

**Note 3 - Capital Assets**

|   | Balance<br>June 30, 2022 | Increases         | Decreases   | Balance<br>June 30, 2023 |
|---|--------------------------|-------------------|-------------|--------------------------|
| Capital assets, not depreciated         |                          |                   |             |                          |
| Land                                    | \$ 2,039,000             | \$ -              | \$ -        | \$ 2,039,000             |
| Capital assets, depreciable             |                          |                   |             |                          |
| Building and improvements               | 14,933,008               | 889,433           | -           | 15,822,441               |
| Computer software and accessories       | 2,144,492                | 118,389           | -           | 2,262,881                |
| Office equipment                        | 331,035                  | 15,011            | -           | 346,046                  |
| Furniture and fixtures                  | 627,670                  | -                 | -           | 627,670                  |
| Total depreciable capital assets        | <u>18,036,205</u>        | <u>1,022,833</u>  | <u>-</u>    | <u>19,059,038</u>        |
| Less accumulated depreciation           |                          |                   |             |                          |
| Building and improvements               | (4,217,300)              | (353,509)         | -           | (4,570,809)              |
| Computer software and accessories       | (2,018,973)              | (83,419)          | -           | (2,102,392)              |
| Office equipment                        | (331,032)                | (1,501)           | -           | (332,533)                |
| Furniture and fixtures                  | (627,669)                | -                 | -           | (627,669)                |
| Total accumulated depreciation          | <u>(7,194,974)</u>       | <u>(438,429)</u>  | <u>-</u>    | <u>(7,633,403)</u>       |
| Total capital assets, depreciable (Net) | <u>10,841,231</u>        | <u>584,404</u>    | <u>-</u>    | <u>11,425,635</u>        |
| Capital assets, net                     | <u>\$ 12,880,231</u>     | <u>\$ 584,404</u> | <u>\$ -</u> | <u>\$ 13,464,635</u>     |

**Note 4 - Changes in Compensated Absences**

Compensated absences liability activities for the year ended June 30, 2023 is as follows:

|                      | Balance<br>June 30, 2022 | Increases         | Decreases           | Balance<br>June 30, 2023 | Due Within<br>One Year |
|----------------------|--------------------------|-------------------|---------------------|--------------------------|------------------------|
| Compensated absences | <u>\$ 1,057,011</u>      | <u>\$ 700,041</u> | <u>\$ (752,560)</u> | <u>\$ 1,004,492</u>      | <u>\$ 120,539</u>      |

## Los Angeles County Children and Families First – Proposition 10 Commission

Notes to Financial Statements  
For the Year Ended June 30, 2023**Note 5 - Fund Balance**

Fund balance is classified using a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance at June 30, 2023 consists of the following:

| <u>Initiative/Program Allocation</u>               | Nonspendable      |
|--|-------------------|
| Advances   |                   |
| Para Los Ninos                                     | \$ 319,534        |
| The Nonprofit Partnership                          | 31,733            |
| El Nido Family Centers                             | 42,114            |
| Community Health Councils                          | 91,200            |
|  | <u>484,581</u>    |
| Total nonspendable                                 | 484,581           |
|  | Committed         |
| Annual Reporting                                   | 63,000            |
| Capital Project Fund                               | 2,379,635         |
| Center Support                                     | 450,000           |
| Children's Data Network (CDN)                      | 723,000           |
| Communities  | 14,367,200        |
| County Data Partnership                            | 75,000            |
| Data Requests                                      | 5,000             |
| Early Care & Education                             | 6,174,615         |
| Early Childhood Policy and Advocacy Fund           | 4,000,000         |
| Emerging Opportunities Fund                        | 150,000           |
| Family Supports                                    | 39,103,000        |
| First 5 LA Data Strategy                           | 200,000           |
| Health Systems                                     | 4,750,550         |
| Impact Framework                                   | 122,000           |
| Little by Little/One Step Ahead                    | 2,027,000         |
| Organizational Memberships                         | 175,000           |
| Organization-Wide Partnerships                     | 175,000           |
| Organization-Wide Sponsorships                     | 300,000           |
| Policy Advocacy Fund Technical Assistance Provider | 596,000           |
| Policy Advocacy Stakeholder Engagement             | 180,000           |
| State Policy and Sustainability Advocate           | 320,000           |
| Strategic Communications                           | 1,587,417         |
| Strategic Communications Partnerships              | 200,000           |
| Strategic Marketing                                | 1,400,000         |
| Strategic Plan Advocacy Strategies                 | 819,500           |
| WIC Data Mining Research Partnership               | 407,000           |
|  | <u>80,749,917</u> |
| Total committed                                    | 80,749,917        |

Los Angeles County Children and Families First – Proposition 10 Commission  
Notes to Financial Statements  
For the Year Ended June 30, 2023

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Initiative/Program Allocation

|   |                              |
|---|------------------------------|
|   | Assigned                     |
| Strategic Plan                                      | <u>\$ 124,149,006</u>        |
| Total assigned                                      | <u>124,149,006</u>           |
|   | Unassigned                   |
| Operating Budget - FY 2023-24                       | 20,746,542                   |
| Fund Balance Reserve - 50% of total FY 23-24 Budget | <u>49,558,412</u>            |
| Total unassigned                                    | <u>70,304,954</u>            |
| Total fund balance                                  | <u><u>\$ 275,688,458</u></u> |

**Note 6 - Program Evaluation**

In accordance with the *Standards and Procedures for Audits of California Counties Participating in the California Children and Families Program*, issued by the California State Controller, the Commission is required to disclose the amounts expended during the fiscal year on program evaluation. Program evaluation costs pertain to those activities undertaken to support the collection, production, analysis, and presentation of evaluation information for Commission management, Commissioners, and other interested parties.

The Commission spent \$2,066,866 on program evaluation during the year ended June 30, 2023.

**Note 7 - Deferred Compensation Plans**

All regular and limited-term employees of the Commission participate in the 403(b) Savings and Investment Plan, a defined contribution plan administered by The Standard. Benefit provisions under the plan are established by the California Government Code Section 31694(a) and other applicable statutes. The 403(b) Savings and Investment Plan provides for service retirement, death, and disability benefits to plan members. The plan can be amended by executive management of the Commission.

Regular and limited-term employees are eligible to receive both an elective and a non-elective contribution based on years of completed service with the organization. The elective contribution requires employee participation in order to receive the employer match and is between 1% and 3% depending on the employee's contribution and the years of service the employee has completed with the organization: 1% for less than one year, 2% after one year and 3% for after two years or more of completed service. The Commission also makes a separate, non-elective contribution into the retirement plan regardless of employee participation. This non-elective employer contribution is between 3% and 7.5% based on years of completed service with the organization: 3% for less than 5 years, 4.5% for 5 to 9 years, 6% for 10 to 14 years, and 7.5% after 15 years or more of completed service. Employer contributions are not 100% vested until an employee has completed three years of service with the organization, with a graded vesting schedule for employees who complete at least one year of service. The Commission contributed a total of \$788,392, comprised of \$289,606 in elective contribution and \$498,786 in non-elective contribution for the fiscal year ended June 30, 2023.

## Los Angeles County Children and Families First – Proposition 10 Commission

Notes to Financial Statements

For the Year Ended June 30, 2023

**Note 8 - Unavailable Revenue**

The general fund reports unavailable revenue on the governmental fund balance sheet in connection with resources that have been earned but are not yet available to finance expenditures of the current fiscal period. This type of deferred inflow of resources occurs only under the modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the general fund balance sheet. At the end of the current fiscal year, the components of unavailable revenue resulting from funds not received within the 60-day period of availability were as follows:

|                                    |                                |
|------------------------------------|--------------------------------|
| Unavailable Revenue                |                                |
| CA Electronic Cigarette Excise Tax | \$ 246,042                     |
| LACOE IMPACT                       | 2,773,452                      |
| AAIMM Strategic Communications     | 69,999                         |
| Refugee Family Support Program     | 49,122                         |
| Investment Income                  | <u>819,691</u>                 |
| <br>Total unavailable revenue      | <br><u><u>\$ 3,958,306</u></u> |

**Note 9 - Risk Management**

The Commission is exposed to various risks of loss related to general liability, property liability, health benefits, workers' compensation and auto. These risks are addressed through commercial insurance policies.

The Commission's property and liability insurance is provided by insurance companies that are "non-Admitted" insurance companies in the State of California. If such a company becomes insolvent, the California Insurance Guarantee Association will not settle unpaid claims.

No claims or suits are pending against the Commission arising out of proposed claim settlements covered by insurance. No settlements exceeded insurance coverage during the last three years.

**Note 10 - Related Party Transactions**

The Commission incurred expenses totaling \$10,964 for County of Los Angeles services provided during the year ended June 30, 2023.

In the fiscal year, the Commission incurred \$49,708,025 of expenditures for provider grants, operating services, consultant services, and professional services to organizations which are represented by 12 members of the Board of Commissioners. As of June 30, 2023, amounts of \$9,206,580 are included in accounts payable to these organizations.

**Note 11 - First 5 California Signature Programs**

**Improve and Maximize Programs so All Children Thrive (IMPACT) Regional Coordination and Training and Technical Assistance Hubs (Hubs) Program**

The purpose of IMPACT is to support a network of local quality improvement systems to better coordinate, assesses, and improve the quality of early learning settings to achieve the goal of helping children ages 0 to 5 and their families thrive by increasing the number of high-quality early learning settings, including supporting and engaging families in the early learning process. Funding is to center around continuous quality improvement, including a network of local Quality Rating and Improving System (QRIS). All IMPACT funds require a local match based on county size. For the Commission, a one-to-one match ratio or a dollar of local funding match with a dollar of IMPACT fund is required. The Commission claimed \$3,723,794 in IMPACT Regional Coordination and Training reimbursable expenditures for the year ended June 30, 2023.

For IMPACT Hubs, the primary focus is to provide coordination and specialized support to consortia within a region or with similar technical assistance needs to create economies of scale while building a local early learning system. The Commission claimed \$741,610 in IMPACT Technical Assistance Hubs reimbursable expenditures for the year ended June 30, 2023.

Required Supplementary Information  
June 30, 2023

**Los Angeles County Children and  
Families First – Proposition 10  
Commission**

Los Angeles County Children and Families First – Proposition 10 Commission  
 Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund  
 For the Year Ended June 30, 2023

|   | Original<br>Budget | Final<br>Budget   | Actual            | Variance<br>Increase<br>(Decrease) |
|---|--------------------|-------------------|-------------------|------------------------------------|
| <b>Revenues</b>                           |                    |                   |                   |                                    |
| Tobacco Taxes                             | \$ 72,899,428      | \$ 65,652,207     | \$ 47,253,504     | \$ (18,398,703)                    |
| Proposition 56                            | -                  | -                 | 16,236,701        | 16,236,701                         |
| CA Electronic Cigarette Excise Tax        | -                  | -                 | 868,385           | 868,385                            |
| State Commission Program Funds            | -                  | -                 | 2,510,249         | 2,510,249                          |
| Medi-Cal Administrative Activities        | -                  | -                 | 132,945           | 132,945                            |
| Other Program Revenue                     | -                  | -                 | 1,153,255         | 1,153,255                          |
| Investment Income                         | -                  | -                 | 8,621,291         | 8,621,291                          |
| Net Increase in Fair Value of Investments | 5,308,077          | 5,874,813         | 3,649,787         | (2,225,026)                        |
| Other General Income                      | 3,962,292          | 4,184,793         | 2,500             | (4,182,293)                        |
|   | <u>82,169,797</u>  | <u>75,711,813</u> | <u>80,428,617</u> | <u>4,716,804</u>                   |
| <b>Expenditures</b>                       |                    |                   |                   |                                    |
| <b>Program Costs</b>                      |                    |                   |                   |                                    |
| Provider Grants and Other Allocations     | 83,748,000         | 82,659,602        | 73,000,450        | 9,659,152                          |
| <b>Operations &amp; Administration</b>    |                    |                   |                   |                                    |
| <b>Salaries and Benefits</b>              |                    |                   |                   |                                    |
| Salaries and Wages                        | 13,351,910         | 13,351,910        | 12,093,863        | 1,258,047                          |
| Fringe Benefits                           | 4,152,966          | 4,152,966         | 3,631,232         | 521,734                            |
|   | <u>17,504,876</u>  | <u>17,504,876</u> | <u>15,725,095</u> | <u>1,779,781</u>                   |
| <b>Operating Services</b>                 |                    |                   |                   |                                    |
| ADP Payroll Charges                       | 42,000             | 42,000            | 36,454            | 5,546                              |
| Workers' Compensation Insurance           | 65,000             | 52,500            | 42,801            | 9,699                              |
| Utilities                                 | 120,000            | 120,000           | 184,370           | (64,370)                           |
| Corporate Insurance                       | 100,000            | 110,000           | 109,614           | 386                                |
| Mileage and Parking                       | 25,405             | 25,405            | 7,745             | 17,660                             |
| Telephones and Modems                     | 70,000             | 70,000            | 52,095            | 17,905                             |
| Cell Phones and Mobile Devices            | 130,338            | 129,338           | 109,399           | 19,939                             |
| Outside Printing                          | 2,000              | 2,000             | 801               | 1,199                              |
| Other Supplies                            | 5,250              | 5,250             | 1,821             | 3,429                              |
| Postage and Delivery                      | 9,500              | 9,500             | 2,364             | 7,136                              |
| Educational Supplies                      | 3,000              | 3,000             | 498               | 2,502                              |
| Office Supplies                           | 62,705             | 62,705            | 34,236            | 28,469                             |
| Subscriptions and Publications            | 34,385             | 34,385            | 33,141            | 1,244                              |
| Equipment Rental                          | 26,190             | 26,190            | 20,809            | 5,381                              |
| Building Repairs and Maintenance          | 150,000            | 150,000           | 170,162           | (20,162)                           |
| Equipment Repairs and Maintenance         | 11,100             | 11,100            | 494               | 10,606                             |
| Offsite Storage                           | 22,500             | 22,500            | 15,436            | 7,064                              |
| Hardware and Software Maintenance         | 419,000            | 446,500           | 240,102           | 206,398                            |
| Miscellaneous/Contingency                 | 102,800            | 102,800           | 29,762            | 73,038                             |
| Stipend/Honorarium                        | -                  | -                 | 1,350             | (1,350)                            |
| Internal Meetings                         | 94,505             | 91,505            | 30,080            | 61,425                             |
| Division Capacity Building                | 30,000             | 15,000            | -                 | 15,000                             |
| Capital Outlay                            | 130,000            | 130,000           | 12,542            | 117,458                            |
|   | <u>1,655,678</u>   | <u>1,661,678</u>  | <u>1,136,076</u>  | <u>525,602</u>                     |

Los Angeles County Children and Families First – Proposition 10 Commission  
 Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund  
 For the Year Ended June 30, 2023

|   | Original<br>Budget     | Final<br>Budget        | Actual                | Variance<br>Increase<br>(Decrease) |
|---|------------------------|------------------------|-----------------------|------------------------------------|
| Consultant Services                                       |                        |                        |                       |                                    |
| Consultant Fees   | \$ 1,660,100           | \$ 1,630,100           | \$ 958,022            | \$ 672,078                         |
| Other Professional Fees                                   | 378,000                | 378,000                | 316,094               | 61,906                             |
| Total consultant services                                 | <u>2,038,100</u>       | <u>2,008,100</u>       | <u>1,274,116</u>      | <u>733,984</u>                     |
| Professional Services                                     |                        |                        |                       |                                    |
| Audit   | 90,000                 | 90,000                 | 66,115                | 23,885                             |
| Legal   | 225,000                | 225,000                | 146,253               | 78,747                             |
| Professional Dues   | 57,995                 | 57,495                 | 29,976                | 27,519                             |
| Staff Recruitment   | 20,000                 | 20,000                 | 2,851                 | 17,149                             |
| Commission Stipends                                       | 20,000                 | 20,000                 | 15,750                | 4,250                              |
| Web-Based Services  | 88,000                 | 88,000                 | 21,154                | 66,846                             |
| Bank & Other Service Charges                              | 20,000                 | 20,000                 | 10,964                | 9,036                              |
| Total professional services                               | <u>520,995</u>         | <u>520,495</u>         | <u>293,063</u>        | <u>227,432</u>                     |
| Travel  |                        |                        |                       |                                    |
| Airfare   | 75,649                 | 74,649                 | 19,415                | 55,234                             |
| Lodging   | 77,014                 | 71,514                 | 22,233                | 49,281                             |
| Per Diem  | 39,997                 | 36,747                 | 11,207                | 25,540                             |
| Other Travel Expense                                      | 10,228                 | 10,478                 | 3,510                 | 6,968                              |
| Total travel and meetings                                 | <u>202,888</u>         | <u>193,388</u>         | <u>56,365</u>         | <u>137,023</u>                     |
| Marketing   |                        |                        |                       |                                    |
| Advertising-Print   | -                      | -                      | 10,000                | (10,000)                           |
| Professional Development                                  |                        |                        |                       |                                    |
| Training Materials & Supplies                             | 10,700                 | 10,700                 | 100                   | 10,600                             |
| Internal Training   | 122,400                | 122,400                | 5,600                 | 116,800                            |
| Leadership Programs                                       | 31,000                 | 31,000                 | 18,350                | 12,650                             |
| Conference Registration                                   | 103,700                | 99,700                 | 30,748                | 68,952                             |
| External Education/Training                               | 54,750                 | 54,750                 | 13,945                | 40,805                             |
| Total professional development                            | <u>322,550</u>         | <u>318,550</u>         | <u>68,743</u>         | <u>249,807</u>                     |
| Capital Outlay  | -                      | -                      | 1,022,833             | (1,022,833)                        |
| Total operating expenditures                              | <u>22,245,087</u>      | <u>22,207,087</u>      | <u>19,586,291</u>     | <u>2,620,796</u>                   |
| Total program costs and operating expenditures            | <u>105,993,087</u>     | <u>104,866,689</u>     | <u>92,586,741</u>     | <u>12,279,948</u>                  |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (23,823,290)</u> | <u>\$ (29,154,876)</u> | (12,158,124)          | <u>\$ 16,996,752</u>               |
| Fund balance - Beginning of year                          |                        |                        | <u>287,846,582</u>    |                                    |
| Fund balance - End of year                                |                        |                        | <u>\$ 275,688,458</u> |                                    |

Los Angeles County Children and Families First – Proposition 10 Commission  
Note to the Required Supplementary Information  
For the Year Ended June 30, 2023

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**Note 1 – Budget Adoption**

The Commission adopts a budget annually in accordance with generally accepted accounting principles based on estimates of revenue and anticipated expenditures. The Board of Commissioners has given the Executive Director authority to make budget adjustments between line items in the Commission’s annual budget for Operating and Administrative costs in an amount not to exceed \$25,000. Any budget adjustment between line items in excess of \$25,000 requires approval of the Board of Commissioners.

The accompanying Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund includes the budgeted expenditures for the year, along with management’s estimate of revenues for the year. The legal level of budgetary control is at the total fund level. The total final budget for fiscal year 2022-23 was \$105 million, which included \$83 million for Program costs and \$22 million for Operating and Administrative costs.

Other Supplementary Information

June 30, 2023

**Los Angeles County Children and  
Families First – Proposition 10  
Commission**

Los Angeles County Children and Families First – Proposition 10 Commission  
Schedule of First 5 California Funding  
For the Year Ended June 30, 2023

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| <u>Program</u>                            | <u>Source</u>      | <u>Revenue<br/>Funds</u> | <u>Expenditures</u> |
|---|--------------------|--------------------------|---------------------|
| IMPACT Regional Coordination and Training | First 5 California | \$ 3,723,794             | \$ 3,723,794        |
| Technical Assistance Hubs (Hubs)          | First 5 California | 741,610                  | 741,610             |

Los Angeles County Children and Families First – Proposition 10 Commission

Statistical Section  
(Unaudited)

The information in this section is not covered by the Independent Auditor’s Report, but it is presented as supplemental data for the benefit of the readers of the Annual Comprehensive Financial Report. The objectives of statistical section information are to provide financial statement users with additional information to understand and assess the Commission's economic condition.

|  | Page  |
|--|-------|
| <b>Financial Trends</b>  |       |
| These schedules contain trend information to help the reader understand how the Commission's financial performance and well-being have changed over time.  | 39-42 |
| <b>Revenue Capacity</b>  |       |
| These schedules contain trend information to help the reader assess the Commission's most significant revenue base.  | 43-45 |
| <b>Demographic Information</b>   |       |
| These schedules offer economic and demographic indicators to help the reader understand how the information in the Commission's financial report relates to the services the Commission provides and the activities it performs. | 46-48 |
| <b>Operating Information</b>   |       |
| This schedule contains infrastructure data to help the reader understand how the information in the Commission's financial report relates to the services the Commission performs.   | 49-50 |

Sources:

Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant years.

Los Angeles County Children and Families First – Proposition 10 Commission  
Net Position by Component  
Last Ten Fiscal Years

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|                             | Fiscal Year           |                       |                       |                       |                       |                       |                       |                       |                       |                       |
|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                             | 2023                  | 2022                  | 2021                  | 2020                  | 2019                  | 2018                  | 2017                  | 2016                  | 2015                  | 2014                  |
| Unrestricted                | \$ 278,642,272        | \$ 287,686,543        | \$ 315,694,716        | \$ 338,630,916        | \$ 364,338,314        | \$ 379,018,838        | \$ 422,015,244        | \$ 461,512,770        | \$ 543,521,742        | \$ 632,680,166        |
| Investment in capital asset | 13,464,635            | 12,880,231            | 10,394,423            | 10,628,033            | 10,841,379            | 11,046,294            | 11,310,273            | 11,593,026            | 11,885,041            | 12,082,438            |
| <b>Total net position</b>   | <b>\$ 292,106,907</b> | <b>\$ 300,566,774</b> | <b>\$ 326,089,139</b> | <b>\$ 349,258,949</b> | <b>\$ 375,179,693</b> | <b>\$ 390,065,132</b> | <b>\$ 433,325,517</b> | <b>\$ 473,105,796</b> | <b>\$ 555,406,783</b> | <b>\$ 644,762,604</b> |

Los Angeles County Children and Families First – Proposition 10 Commission  
Changes in Net Position  
Last Ten Fiscal Years

|   | Fiscal Year           |                        |                        |                        |                        |                        |                        |                        |                        |                        |
|---|-----------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|   | 2023                  | 2022                   | 2021                   | 2020                   | 2019                   | 2018*                  | 2017                   | 2016                   | 2015                   | 2014                   |
| <b>Revenues</b>                               |                       |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Tobacco taxes*                                | \$ 47,253,504         | \$ 55,265,755          | \$ 60,590,413          | \$ 60,022,841          | \$ 68,580,443          | \$ 72,330,836          | \$ 83,567,141          | \$ 87,942,700          | \$ 89,475,135          | \$ 90,280,307          |
| Prop. 56                                      | 16,236,701            | 18,534,434             | 18,215,617             | 18,068,329             | 7,482,310              | -                      | -                      | -                      | -                      | -                      |
| California Electronic Cigarette Excise Tax    | 1,114,427             | -                      | -                      | -                      | -                      | -                      | -                      | -                      | -                      | -                      |
| State Commission Program Funds                | 5,109,088             | 3,574,885              | 2,469,410              | 922,472                | 13,986,085             | 896,040                | 556,665                | 5,796,252              | 10,283,414             | 18,009,907             |
| Medi-Cal Administrative Activities            | 132,945               | 189,125                | 80,319                 | 133,955                | 350,924                | 181,859                | 137,599                | 159,549                | 80,799                 | 232,408                |
| Partnership for Families Fund**               | -                     | -                      | -                      | -                      | -                      | -                      | 4,334,967              | 9,001,152              | 4,615,313              | -                      |
| California Department of Education            | -                     | -                      | 32,830                 | 328,658                | 376,551                | 298,700                | -                      | -                      | -                      | -                      |
| Other program revenue                         | 550,017               | 811,368                | 522,406                | 584,118                | 123,793                | 1,016,683              | 401,956                | 115,000                | -                      | -                      |
| Investment income                             | 9,440,982             | 1,629,048              | 1,987,840              | 6,938,051              | 8,183,532              | 6,830,856              | 4,003,489              | 3,759,751              | 3,903,275              | 6,368,593              |
| Net increase (decrease) in FMV of investments | 3,649,787             | (11,173,321)           | (2,861,364)            | 1,354,275              | 4,898,141              | (2,742,856)            | (3,026,254)            | 1,064,007              | 2,152,879              | -                      |
| Other revenues                                | 2,500                 | 18,000                 | 121,894                | 110,899                | 133,321                | 148,135                | 122,208                | 119,100                | 104,072                | 100,320                |
| <b>Total revenues:</b>                        | <b>\$ 83,489,951</b>  | <b>\$ 68,849,294</b>   | <b>\$ 81,159,365</b>   | <b>\$ 88,463,598</b>   | <b>\$ 104,115,100</b>  | <b>\$ 78,960,253</b>   | <b>\$ 90,097,771</b>   | <b>\$ 107,957,511</b>  | <b>\$ 110,614,887</b>  | <b>\$ 114,991,535</b>  |
| <b>Expenses</b>                               |                       |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Provider grants and other allocations         | \$ 73,000,450         | \$ 75,838,658          | \$ 84,700,927          | \$ 93,379,930          | \$ 97,979,838          | \$ 101,364,209         | \$ 106,777,128         | \$ 159,337,913         | \$ 182,991,937         | \$ 189,910,283         |
| Salaries and benefits                         | 15,672,576            | 15,131,025             | 16,838,090             | 17,393,319             | 17,532,230             | 17,382,747             | 15,763,620             | 14,357,480             | 13,423,832             | 12,682,373             |
| Operating services                            | 1,136,076             | 1,217,057              | 1,087,787              | 1,212,116              | 1,122,911              | 1,232,687              | 1,172,319              | 1,157,290              | 1,346,532              | 1,207,259              |
| Consultant services                           | 1,274,116             | 1,343,030              | 905,278                | 1,308,527              | 881,090                | 850,154                | 999,806                | 990,724                | 1,216,609              | 956,488                |
| Professional services                         | 293,063               | 327,245                | 426,218                | 323,816                | 382,450                | 500,050                | 346,529                | 323,336                | 404,560                | 543,038                |
| Professional development                      | 68,743                | 113,106                | 61,235                 | 176,217                | 186,902                | 166,975                | -                      | -                      | -                      | -                      |
| Other expenses                                | 66,365                | 2,087                  | 86                     | 224,934                | 339,524                | 273,951                | 358,346                | 255,453                | 264,892                | 183,974                |
| Depreciation                                  | 438,429               | 399,451                | 309,554                | 300,441                | 302,300                | 312,988                | 309,327                | 316,567                | 322,346                | 353,258                |
| <b>Total expenses:</b>                        | <b>\$ 91,949,818</b>  | <b>\$ 94,371,659</b>   | <b>\$ 104,329,175</b>  | <b>\$ 114,384,342</b>  | <b>\$ 119,000,539</b>  | <b>\$ 122,220,638</b>  | <b>\$ 129,878,050</b>  | <b>\$ 190,258,498</b>  | <b>\$ 199,970,708</b>  | <b>\$ 205,836,673</b>  |
| <b>Change in net position</b>                 | <b>\$ (8,459,867)</b> | <b>\$ (25,522,365)</b> | <b>\$ (23,169,810)</b> | <b>\$ (25,920,744)</b> | <b>\$ (14,885,439)</b> | <b>\$ (43,260,385)</b> | <b>\$ (39,780,279)</b> | <b>\$ (82,300,987)</b> | <b>\$ (89,355,821)</b> | <b>\$ (90,845,138)</b> |

\* For FY 2018, tobacco taxes include \$3,212,942 of Prop. 56 backfill.

\*\*Partnership for Families initiative was funded by the LA County Department of Children and Family Services (DCFS), with First 5 LA acted as a pass-through entity and received reimbursement from DCFS. This initiative ended December 2016.

Los Angeles County Children and Families First – Proposition 10 Commission  
 Fund Balances – General Fund  
 Last Ten Fiscal Years

|                           | Fiscal Year           |                       |                       |                       |                       |                       |                       |                       |                       |                       |
|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                           | 2023                  | 2022                  | 2021                  | 2020                  | 2019                  | 2018                  | 2017                  | 2016                  | 2015                  | 2014                  |
| <b>Fund Balance</b>       |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Nonspendable              | \$ 484,581            | \$ 884,546            | \$ 2,239,303          | \$ 2,193,116          | \$ 50,000             | \$ 1,044,000          | \$ 19,760,505         | \$ 34,279,475         | \$ 39,411,636         | \$ 37,578,099         |
| Committed                 | 80,749,917            | 91,366,959            | 175,100,818           | 138,338,530           | 154,580,859           | 195,282,039           | 216,214,576           | 249,515,814           | 340,879,636           | 451,133,640           |
| Assigned                  | 124,149,006           | 120,353,448           | 59,941,864            | 113,226,421           | 141,221,211           | 125,245,775           | 128,331,556           | 114,665,689           | 78,113,279            | 57,716,899            |
| Unassigned                | 70,304,954            | 75,241,629            | 79,140,252            | 84,925,739            | 56,257,698            | 57,847,860            | 57,832,380            | 61,615,198            | 78,223,453            | 79,494,722            |
| <b>Total Fund Balance</b> | <u>\$ 275,688,458</u> | <u>\$ 287,846,582</u> | <u>\$ 316,422,237</u> | <u>\$ 338,683,806</u> | <u>\$ 352,109,768</u> | <u>\$ 379,419,674</u> | <u>\$ 422,139,017</u> | <u>\$ 460,076,176</u> | <u>\$ 536,628,004</u> | <u>\$ 625,923,360</u> |

Los Angeles County Children and Families First – Proposition 10 Commission  
 Changes in Fund Balances – General Fund  
 Last Ten Fiscal Years

|   | Fiscal Year     |                 |                 |                 |                 |                 |                 |                 |                 |                 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|   | 2023            | 2022            | 2021            | 2020            | 2019            | 2018            | 2017            | 2016            | 2015            | 2014            |
| <b>Revenues</b>                               |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Tobacco taxes*                                | \$ 47,253,504   | \$ 55,265,755   | \$ 60,590,413   | \$ 71,477,179   | \$ 68,580,443   | \$ 72,330,836   | \$ 83,567,141   | \$ 87,942,700   | \$ 89,475,135   | \$ 90,280,307   |
| Prop. 56                                      | 16,236,701      | 18,534,434      | 18,215,617      | 18,068,329      | 7,482,310       | -               | -               | -               | -               | -               |
| California Electronic Cigarette Excise Tax    | 868,385         | -               | -               | -               | -               | -               | -               | -               | -               | -               |
| State Commission Program Funds                | 2,510,249       | 2,901,648       | 2,952,210       | 1,450,823       | 13,986,085      | 896,040         | 556,665         | 5,796,252       | 11,050,327      | 10,668,187      |
| Medi-Cal Administrative Activities            | 132,945         | 189,125         | 80,319          | 133,955         | 350,924         | 181,859         | 137,599         | 159,549         | 80,799          | 232,408         |
| Partnership for Families Funds**              | -               | -               | -               | -               | -               | -               | 4,334,967       | 9,001,152       | 3,701,993       | -               |
| California Department of Education            | -               | -               | 32,830          | 328,658         | 376,551         | 298,700         | -               | -               | -               | -               |
| Other program revenue                         | 1,153,255       | 861,659         | 531,868         | 320,982         | 123,793         | 1,016,683       | 401,956         | 115,000         | -               | -               |
| Investment income                             | 8,621,291       | 1,629,048       | 1,987,840       | 6,938,051       | 8,183,532       | 6,830,856       | 4,003,489       | 3,759,751       | 3,903,275       | 6,368,593       |
| Net increase (decrease) in FMV of investments | 3,649,787       | (11,173,321)    | (2,861,364)     | 1,354,275       | 4,898,141       | (2,742,856)     | (3,026,254)     | 1,064,007       | 2,152,879       | -               |
| Other income                                  | 2,500           | 18,000          | 105,414         | 110,899         | 133,321         | 148,135         | 122,208         | 119,100         | 104,072         | 100,320         |
| Total revenues:                               | \$ 80,428,617   | \$ 68,226,348   | \$ 81,635,147   | \$ 100,183,151  | \$ 104,115,100  | \$ 78,960,253   | \$ 90,097,771   | \$ 107,957,511  | \$ 110,468,480  | \$ 107,649,815  |
| <b>Expenditures:</b>                          |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Provider grants and other allocations         | \$ 73,000,450   | \$ 75,838,658   | \$ 84,700,927   | \$ 93,379,930   | \$ 97,979,838   | \$ 101,364,209  | \$ 106,777,128  | \$ 159,337,913  | \$ 182,991,937  | \$ 189,910,283  |
| Pass-through grants                           | -               | -               | -               | 65,042          | 273,294         | 136,877         | 4,150,975       | 13,519,735      | N/A             | N/A             |
| Salaries and benefits                         | 15,725,095      | 15,075,561      | 16,639,241      | 17,281,687      | 17,532,230      | 17,382,747      | 15,763,620      | 14,357,480      | 13,414,357      | 12,589,911      |
| Operating services                            | 1,136,076       | 1,217,057       | 1,087,787       | 1,212,116       | 1,122,911       | 1,232,687       | 1,172,319       | 1,157,290       | 1,346,532       | 1,207,258       |
| Consultant services                           | 1,274,116       | 1,343,030       | 905,278         | 1,308,527       | 881,090         | 850,154         | 999,806         | 990,724         | 1,216,609       | 956,488         |
| Professional services                         | 293,063         | 327,245         | 426,218         | 323,816         | 382,450         | 500,050         | 346,529         | 323,336         | 404,560         | 543,038         |
| Professional development                      | 68,743          | 113,106         | 61,235          | 176,217         | 186,902         | 166,975         | -               | -               | -               | -               |
| Other expenses                                | 66,365          | 2,087           | 86              | 224,934         | 339,524         | 273,951         | 358,346         | 255,453         | 264,892         | 183,974         |
| Capital outlay                                | 1,022,833       | 2,885,259       | 75,944          | 87,095          | 302,300         | 312,988         | 309,327         | \$ 316,567      | 124,949         | 80,471          |
| Total expenditures:                           | \$ 92,586,741   | \$ 96,802,003   | \$ 103,896,716  | \$ 114,059,364  | \$ 119,000,539  | \$ 122,220,638  | \$ 129,878,050  | \$ 190,258,498  | \$ 199,763,836  | \$ 205,471,423  |
| <b>Excess of revenues over expenditures</b>   | \$ (12,158,124) | \$ (28,575,655) | \$ (22,261,569) | \$ (13,876,213) | \$ (14,885,439) | \$ (43,260,385) | \$ (39,780,279) | \$ (82,300,987) | \$ (89,295,356) | \$ (97,821,608) |

\*For FY 2018, tobacco taxes include \$3,212,942 of Prop. 56 backfill.

\*\*Partnership for Families initiative was funded by the LA County Department of Children and Family Services (DCFS), with First 5 LA acted as a pass-through entity and received reimbursement from DCFS. This initiative ended December 2016.

**Los Angeles County Children and Families First – Proposition 10 Commission**  
 First 5 California County Tax Revenue Projections for FY 2020-2021 – FY 2023-2024

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| <b>2018<br/>Projected<br/>Births</b> | <b>2018<br/>Projected<br/>Birthrate</b> | <b>2020-2021<br/>Tax Revenue<br/>Projection</b> | <b>2019<br/>Projected<br/>Births</b> | <b>2019<br/>Projected<br/>Birthrate</b> | <b>2021-2022<br/>Tax Revenue<br/>Projection</b> | <b>2020<br/>Projected<br/>Births</b> | <b>2020<br/>Projected<br/>Birthrate</b> | <b>2022-2023<br/>Tax Revenue<br/>Projection</b> | <b>2021<br/>Projected<br/>Births</b> | <b>2021<br/>Projected<br/>Birthrate</b> | <b>2023-2024<br/>Tax Revenue<br/>Projection</b> |
|--------------------------------------|---|---|--------------------------------------|---|---|--------------------------------------|---|---|--------------------------------------|---|---|
| 119,336                              | 24.735%                                 | \$ 69,271,309                                   | 117,752                              | 24.555%                                 | \$ 67,078,213                                   | 115,758                              | 24.303%                                 | \$ 64,761,175                                   | 114,079                              | 24.070%                                 | \$ 62,565,322                                   |

Source:  
 "First 5 California County Tax Revenue Projections for FY 2018-19 through 2023-24"  
 (Updated 5/20/2019 Utilizing DOF May Revise 2019 Tobacco Tax Projections and DOF Birth Projections for California State and Counties 1990-2040)

Los Angeles County Children and Families First – Proposition 10 Commission  
 Cigarette Taxes and Other Tobacco Products Surtax Revenue  
 1959-60 to 2021-22  
 (In thousands of dollars)

| Fiscal year | Cigarette tax |                            |                               |            | Other tobacco products surtax |           |
|-------------|---------------|----------------------------|-------------------------------|------------|-------------------------------|-----------|
|             | Revenue a/    | Distributors' discounts b/ | Gross value of tax indicia c/ | Refunds    | Revenue                       | Rate      |
| 2021-22     | 1,552,563,789 | 4,611,767                  | 1,557,175,556                 | 847,881    | 288,966,313                   | 63.49%    |
| 2020-21     | 1,700,943,000 | 5,053,000                  | 1,705,996,000                 | 335,000    | 266,694,000                   | 56.93%    |
| 2019-20     | 1,708,597,000 | 5,075,000                  | 1,713,672,000                 | 1,191,000  | 258,560,000                   | 59.27%    |
| 2018-19     | 1,786,074,000 | 5,305,000                  | 1,791,379,000                 | 3,659,000  | 271,772,000                   | 62.78%    |
| 2017-18     | 1,852,854,000 | 15,884,000                 | 1,868,738,000                 | 1,033,000  | 169,244,000                   | 65.08%    |
| 2016-17     | 948,636,000   | 8,133,000 d/               | 956,769,000 d/                | 1,185,000  | 95,330,000                    | 27.30%    |
| 2015-16     | 741,937,000   | 6,360,000                  | 748,297,000                   | 1,262,000  | 101,427,000                   | 28.13%    |
| 2014-15     | 748,022,000   | 6,413,000                  | 754,434,000                   | 837,000    | 86,949,000                    | 28.95%    |
| 2013-14     | 751,513,000   | 6,443,000                  | 757,956,000                   | 600,000    | 86,424,000                    | 29.82%    |
| 2012-13     | 782,115,000   | 6,705,000                  | 788,820,000                   | 498,000    | 82,548,000                    | 30.68%    |
| 2011-12     | 820,322,000   | 7,032,000                  | 827,355,000                   | 1,017,000  | 80,424,000                    | 31.73%    |
| 2010-11     | 828,831,000   | 7,105,000                  | 835,937,000                   | 1,308,000  | 77,016,000                    | 33.02%    |
| 2009-10     | 838,709,000   | 7,187,000                  | 845,896,000                   | 1,583,000  | 84,617,000                    | 41.11%    |
| 2008-09     | 912,724,000   | 7,819,000                  | 920,543,000                   | 626,000    | 85,506,000                    | 45.13%    |
| 2007-08     | 955,030,000   | 8,185,000                  | 963,215,000                   | 727,000    | 85,929,000                    | 45.13%    |
| 2006-07     | 998,723,000   | 8,558,000                  | 1,007,281,000                 | 1,330,000  | 79,946,000                    | 46.76%    |
| 2005-06     | 1,026,497,000 | 8,795,000                  | 1,035,293,000                 | 1,707,000  | 67,348,000                    | 46.76%    |
| 2004-05     | 1,024,272,000 | 8,778,000                  | 1,033,051,000                 | 1,653,000  | 58,441,000                    | 46.76%    |
| 2003-04     | 1,021,366,000 | 8,755,000                  | 1,030,121,000                 | 4,721,000  | 44,166,000                    | 46.76%    |
| 2002-03     | 1,031,772,000 | 8,845,000                  | 1,040,617,000                 | 13,248,000 | 40,996,000                    | 48.89%    |
| 2001-02     | 1,067,004,000 | 9,146,000                  | 1,076,150,000                 | 10,774,000 | 50,037,000                    | 52.65% e/ |
| 2000-01     | 1,110,692,000 | 9,503,000                  | 1,120,195,000                 | 8,741,000  | 52,834,000                    | 54.89%    |
| 1999-00     | 1,166,880,000 | 9,980,000                  | 1,176,859,000                 | 9,413,000  | 66,884,000                    | 66.50%    |
| 1998-99     | 841,911,000   | 7,206,000                  | 849,117,000                   | 6,808,000  | 42,137,000 g/                 | 61.53% g/ |
| 1997-98     | 612,066,000   | 5,244,000                  | 617,309,000                   | 5,448,000  | 39,617,000                    | 29.37%    |
| 1996-97     | 629,579,000   | 5,394,000                  | 634,973,000                   | 5,060,000  | 41,590,000                    | 30.38%    |
| 1995-96     | 639,030,000   | 5,469,000                  | 644,499,000                   | 6,193,000  | 32,788,000                    | 31.20%    |
| 1994-95     | 656,923,000   | 5,628,000                  | 662,551,000                   | 11,159,000 | 28,460,000                    | 31.20%    |
| 1993-94     | 647,993,000   | 5,553,000                  | 653,546,000                   | 8,353,000  | 19,773,000                    | 23.03%    |
| 1992-93     | 667,479,000   | 5,715,000                  | 673,195,000                   | 9,138,000  | 21,480,000                    | 26.82%    |
| 1991-92     | 711,275,000   | 6,086,000                  | 717,362,000                   | 7,791,000  | 22,016,000                    | 29.35%    |
| 1990-91     | 729,612,000   | 6,242,000                  | 735,854,000                   | 7,904,000  | 24,064,000                    | 34.17%    |
| 1989-90     | 770,042,000   | 6,581,000                  | 776,623,000                   | 11,615,000 | 24,956,000 h/                 | 37.47%    |
| 1988-89     | 499,712,000   | 4,273,000                  | 503,984,000                   | 4,968,000  | 9,994,000 h/                  | 41.67%    |
| 1987-88     | 254,869,000   | 2,180,000                  | 257,049,000                   | 2,970,000  |                               |           |
| 1986-87     | 257,337,000   | 2,202,000                  | 259,539,000                   | 2,661,000  |                               |           |
| 1985-86     | 260,960,000   | 2,231,000                  | 263,190,000                   | 2,834,000  |                               |           |
| 1984-85     | 265,070,000   | 2,267,000                  | 267,337,000                   | 2,390,000  |                               |           |
| 1983-84     | 265,265,000   | 2,267,000                  | 267,532,000                   | 2,756,000  |                               |           |
| 1982-83     | 273,748,000   | 2,336,000                  | 276,084,000                   | 2,060,000  |                               |           |
| 1981-82     | 278,667,000   | 2,383,000                  | 281,050,000                   | 1,843,000  |                               |           |
| 1980-81     | 280,087,000   | 2,395,000                  | 282,482,000                   | 1,567,000  |                               |           |
| 1979-80     | 272,119,000   | 2,327,000                  | 274,446,000                   | 1,645,000  |                               |           |
| 1978-79     | 270,658,000   | 2,315,000                  | 272,973,000                   | 1,408,000  |                               |           |
| 1977-78     | 275,042,000   | 2,352,000                  | 277,394,000                   | 1,239,000  |                               |           |
| 1976-77     | 270,502,000   | 2,315,000                  | 272,817,000                   | 832,000    |                               |           |

Los Angeles County Children and Families First – Proposition 10 Commission  
Cigarette Taxes and Other Tobacco Products Surtax Revenue  
1959-60 to 2021-22  
(In thousands of dollars)

| Fiscal year | Cigarette tax |                            |                               |         | Other tobacco products surtax |      |
|-------------|---------------|----------------------------|-------------------------------|---------|-------------------------------|------|
|             | Revenue a/    | Distributors' discounts b/ | Gross value of tax indicia c/ | Refunds | Revenue                       | Rate |
| 1975-76     | 269,852,000   | 2,309,000                  | 272,161,000                   | 927,000 |                               |      |
| 1974-75     | 264,182,000   | 2,262,000                  | 266,444,000                   | 745,000 |                               |      |
| 1973-74     | 259,738,000   | 2,222,000                  | 261,960,000                   | 632,000 |                               |      |
| 1972-73     | 253,089,000   | 2,167,000                  | 255,256,000                   | 626,000 |                               |      |
| 1971-72     | 248,398,000   | 2,127,000                  | 250,525,000                   | 677,000 |                               |      |
| 1970-71     | 240,372,000   | 2,058,000                  | 242,430,000                   | 552,000 |                               |      |
| 1969-70     | 237,220,000   | 2,032,000                  | 239,253,000                   | 455,000 |                               |      |
| 1968-69     | 238,836,000   | 2,046,000                  | 240,882,000                   | 492,000 |                               |      |
| 1967-68     | 208,125,000   | 1,862,000                  | 209,987,000                   | 328,000 |                               |      |
| 1966-67     | 75,659,000    | 1,543,000                  | 77,202,000                    | 129,000 |                               |      |
| 1965-66     | 74,880,000    | 1,528,000                  | 76,407,000                    | 88,000  |                               |      |
| 1964-65     | 74,487,000    | 1,520,000                  | 76,007,000                    | 61,000  |                               |      |
| 1963-64     | 71,530,000    | 1,459,000                  | 72,989,000                    | 71,000  |                               |      |
| 1962-63     | 70,829,000    | 1,445,000                  | 72,274,000                    | 79,000  |                               |      |
| 1961-62     | 68,203,000    | 1,390,000                  | 69,593,000                    | 47,000  |                               |      |
| 1960-61     | 66,051,000    | 1,675,000 <sup>l/</sup>    | 67,726,000                    | 76,000  |                               |      |
| 1959-60     | 61,791,000    | 767,000 <sup>m/</sup>      | 62,558,000                    | 67,000  |                               |      |

Note: Detail may not compute to total due to rounding.

#### Footnotes

- a. Net of refunds for tax indicia on cigarettes that become unfit for use (See Refunds).
- b. A discount of .85 percent of gross value of tax indicia is granted to distributors for affixing the stamps. From July 1, 1960, until August 1, 1967, the discount rate was 2 percent.
- c. Includes sales of indicia purchased on credit. Effective July 16, 1961, distributors have been able to purchase tax indicia on credit.
- d. Effective April 1, 2017, the overall tax rate on cigarettes was increased from 87 cents to \$2.87 per pack.
- e. From July 1, 2001, through September 9, 2001, the surtax rate on smokeless tobacco ranged from 131 percent for moist snuff to 490 percent for chewing tobacco. Effective September 10, 2001, the surtax rate on smokeless tobacco was lowered to 52.65 percent.
- f. Effective January 1, 1999, the overall tax rate on cigarettes was increased from 37 cents to 87 cents per pack under voter-approved Proposition 10. The additional 50-cent-per-pack tax was imposed to raise funds for early childhood development programs. Excludes \$87,978,766 in 1998-99 from the floor stocks taxes for both cigarettes and other tobacco products levied on January 1, 1999.
- g. From July 1, 1998, through December 31, 1998, the surtax rate was 26.17 percent for other tobacco products. Effective January 1, 1999, the new surtax imposed under Proposition 10 raised the combined surtax rate to 61.53 percent for other tobacco products. The new surtax is equivalent (in terms of the wholesale costs of other tobacco products) to a 50-cent-per-pack tax on cigarettes.
- h. Effective January 1, 1994, the overall tax rate on cigarettes was increased from 35 cents to 37 cents per pack. The additional 2-cent-per-pack tax was imposed to raise funds for breast cancer research and education.
- i. Effective January 1, 1989, an additional 25-cent-per-pack surtax was imposed on cigarettes and a new 41.67 percent surtax was imposed on other tobacco products. Excludes \$57,927,856 in 1988-89 and \$595,000 in 1989-90 from the floor stocks tax levied on January 1, 1989.
- j. Effective August 1, 1967, the tax rate was increased from 3 cents to 7 cents per pack. On October 1, 1967, the rate was further increased to 10 cents per pack, with the stipulation that 30 percent of the tax be allocated to cities and counties. Includes \$6,515,209 from the 4-cent-per-pack floor stocks tax levied on August 1, 1967; and \$4,889,485 from the 3-cent-per-pack floor stocks tax imposed October 1, 1967.
- k. Refunds made for distributors' discounts in the 1960-61 fiscal year on purchases made in the 1959-60 fiscal year have been deducted. These refunds amounted to \$324,000.
- l. Effective July 1, 1960, a discount was allowed at the time tax indicia were purchased.
- m. Includes \$2,673,048 from the 3-cent-per-pack floor stocks tax imposed July 1, 1959; and also includes the amount of distributors' discounts which were refunded after purchase of indicia. During July and August of 1959, the tax was collected by invoice and no discount was allowed on these collections of \$8,123,700, nor on the \$2,673,048 tax on floor stocks.

Los Angeles County Children and Families First – Proposition 10 Commission  
Demographic Data and Economic Statistics

Demographic Data

|  | 2011 (1)  | 2012 (1)  | 2013 (1)   | 2014 (1)   | 2015 (1)   | 2016 (1)   | 2017 (1)   | 2018 (1)   | 2019 (1)   | 2020 (1)*  |
|--|-----------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|
| Total Population                         | 9,902,197 | 9,990,748 | 10,067,904 | 10,126,977 | 10,181,066 | 10,215,207 | 10,261,736 | 10,278,836 | 10,324,698 | 10,257,557 |
| White                                    | 2,743,604 | 2,746,860 | 2,747,854  | 2,745,389  | 2,742,057  | 2,734,611  | 2,732,047  | 2,722,365  | 2,724,168  | 2,637,825  |
| Black                                    | 827,192   | 830,806   | 833,290    | 834,117    | 833,564    | 831,614    | 831,069    | 828,565    | 832,355    | 833,261    |
| American Indian                          | 19,581    | 19,753    | 19,859     | 19,959     | 20,027     | 20,093     | 20,175     | 20,229     | 20,410     | 29,994     |
| Asian                                    | 1,344,135 | 1,354,023 | 1,364,296  | 1,372,821  | 1,381,892  | 1,385,913  | 1,393,055  | 1,395,155  | 1,395,377  | 1,646,804  |
| Native Hawaiian & Other Pacific Islander | 23,398    | 23,705    | 23,919     | 24,085     | 24,189     | 24,289     | 24,403     | 24,476     | 24,597     | 23,806     |
| Hispanic or Latino                       | 4,759,731 | 4,827,179 | 4,886,304  | 4,934,442  | 4,979,470  | 5,015,652  | 5,054,516  | 5,078,483  | 5,114,541  | 4,877,565  |
| Multi-race                               | 184,556   | 188,422   | 192,382    | 196,164    | 199,867    | 203,035    | 206,471    | 209,563    | 209,563    | 208,302    |
| Female                                   | 5,019,305 | 5,062,122 | 5,099,417  | 5,127,633  | 5,155,652  | 5,175,095  | 5,201,009  | 5,210,549  | 5,232,284  | 5,194,651  |
| Male                                     | 4,882,892 | 4,928,626 | 4,968,487  | 4,999,344  | 5,025,414  | 5,040,112  | 5,060,727  | 5,068,287  | 5,092,414  | 5,062,906  |
| Under 5 years                            | 649,434   | 648,278   | 646,688    | 646,206    | 645,034    | 634,158    | 624,988    | 607,092    | 587,690    | 568,989    |
| 5-9 years                                | 631,437   | 638,148   | 643,942    | 644,459    | 643,497    | 644,771    | 640,576    | 636,547    | 637,200    | 634,122    |
| 10-14 years                              | 662,373   | 651,743   | 643,751    | 637,498    | 632,422    | 629,523    | 634,291    | 637,463    | 638,667    | 632,785    |
| 15-19 years                              | 766,806   | 767,285   | 755,305    | 742,241    | 727,556    | 713,861    | 697,383    | 692,400    | 691,590    | 682,645    |
| 20-24 years                              | 752,195   | 764,271   | 783,178    | 797,897    | 807,553    | 810,493    | 802,622    | 786,678    | 773,665    | 771,182    |
| 25-29 years                              | 740,780   | 722,040   | 700,712    | 681,244    | 668,489    | 666,490    | 676,732    | 691,365    | 706,231    | 705,970    |
| 30-39 years                              | 1,429,129 | 1,437,704 | 1,447,018  | 1,450,724  | 1,447,331  | 1,440,568  | 1,431,051  | 1,413,067  | 1,397,968  | 1,423,634  |
| 40-49 years                              | 1,428,340 | 1,432,793 | 1,429,492  | 1,423,090  | 1,419,677  | 1,414,860  | 1,413,542  | 1,406,380  | 1,400,493  | 1,351,616  |
| 50-59 years                              | 1,257,742 | 1,285,111 | 1,311,668  | 1,330,539  | 1,343,517  | 1,348,247  | 1,354,647  | 1,355,259  | 1,362,848  | 1,333,654  |
| 60-69 years                              | 821,450   | 859,004   | 896,157    | 935,625    | 979,320    | 1,016,812  | 1,048,181  | 1,075,050  | 1,104,938  | 1,100,157  |
| 70-79 years                              | 449,308   | 465,003   | 484,287    | 504,232    | 525,638    | 546,827    | 579,910    | 611,339    | 643,520    | 657,221    |
| 80+ years                                | 313,203   | 319,368   | 325,706    | 333,222    | 341,032    | 348,597    | 357,813    | 366,196    | 379,888    | 395,582    |

Source:

(1) State of California, Department of Finance, Population Projections for California and Its Counties 2010-2060. Sacramento, CA, January 2013.

\*2021 and 2022 demographic data is not yet available for Los Angeles County.

Economic Data

|  | 2013           | 2014          | 2015           | 2016           | 2017           | 2018           | 2019           | 2020           | 2021           | 2022**         |
|--|----------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| LA County Personal Income                | 483,578,594    | 514,516,564   | 549,073,019    | 563,907,868    | 593,741,110    | 628,808,732    | 653,482,910    | 678,829,092    | 728,772,915    | -              |
| LA County Per Capita Personal Income     | 48,283         | 51,111        | 54,298         | 55,624         | 58,419         | 62,224         | 65,094         | 68,272         | 74,141         | -              |
| California Personal Income               | 1,861,956,514  | 1,986,025,976 | 2,133,664,158  | 2,212,691,221  | 2,303,870,496  | 2,475,727,500  | 2,632,279,800  | 2,814,010,800  | 2,997,205,600  | 3,018,471,000  |
| California Per Capita Personal Income    | 48,555         | 51,317        | 54,664         | 56,374         | 58,272         | 62,586         | 66,745         | 71,480         | 76,386         | 77,339         |
| United States Personal Income            | 14,068,960,000 | 14,811,388    | 15,547,661,000 | 15,913,777,000 | 16,413,550,863 | 17,572,929,100 | 18,551,503,000 | 19,690,964,000 | 21,056,621,900 | 21,777,200,000 |
| United States Per Capita Personal Income | 44,489         | 46,486        | 48,429         | 49,204         | 50,392         | 53,712         | 49,763         | 52,992         | 63,444         | 76,326         |

Source:

Bureau of Economic Analysis: <http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=4> (Tables SA1-3 and CA1-3)

Personal income data are shown in thousands of dollars; per capita income data are shown in dollars.

\*\*2022 economic data is not yet available for Los Angeles County.

Data provided reflects the most recent updates released by the Bureau of Economic Analysis.

Los Angeles County Children and Families First – Proposition 10 Commission  
Unemployment Rate  
2013 - 2022

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| Area               | 2022 | 2021 | 2020  | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--------------------|------|------|-------|------|------|------|------|------|------|------|
| United States      | 3.6% | 5.3% | 8.1%  | 3.7% | 3.7% | 4.4% | 4.3% | 5.3% | 6.2% | 7.4% |
| California         | 4.2% | 7.3% | 10.1% | 4.0% | 4.2% | 4.8% | 4.7% | 6.2% | 7.5% | 8.9% |
| Los Angeles County | 4.5% | 8.2% | 12.8% | 4.0% | 4.6% | 4.7% | 4.6% | 6.7% | 8.3% | 9.9% |

Source:

Bureau of Labor Statistics (<http://www.bls.gov/>; annual averages)

Los Angeles County Children and Families First – Proposition 10 Commission  
 Ten Largest Industries  
 Last Year and Ten Years Ago

| Industry                          | June 30, 2022       |      |                     | June 30, 2013       |      |                     |
|-----------------------------------|---------------------|------|---------------------|---------------------|------|---------------------|
|                                   | Number of Employees | Rank | Percentage of Total | Number of Employees | Rank | Percentage of Total |
| Educational & Health Services     | 867,600             | 1    | 19.19%              | 695,900             | 2    | 16.89%              |
| Trade, Transportation & Utilities | 846,800             | 2    | 18.73%              | 780,900             | 1    | 18.95%              |
| Professional & Business Services  | 657,000             | 3    | 14.53%              | 579,100             | 3    | 14.06%              |
| Government                        | 572,100             | 4    | 12.66%              | 561,300             | 4    | 13.62%              |
| Leisure & Hospitality             | 499,900             | 5    | 11.06%              | 445,700             | 5    | 10.82%              |
| Manufacturing                     | 321,800             | 6    | 7.12%               | 377,400             | 6    | 9.16%               |
| Information                       | 228,200             | 7    | 5.05%               | 195,900             | 8    | 4.75%               |
| Financial Activities              | 214,200             | 8    | 4.74%               | 213,300             | 7    | 5.18%               |
| Construction                      | 156,600             | 9    | 3.46%               | 115,100             | 10   | 2.79%               |
| Other Services                    | 150,200             | 10   | 3.32%               | 146,300             | 9    | 3.55%               |
| Sub-total Ten Largest Industries  | 4,514,400           |      | 99.86%              | 4,110,900           |      | 99.78%              |
| All Other Industries              | 6,300               |      | 0.14%               | 9,000               |      | 0.22%               |
| <b>Total Industries</b>           | <b>4,520,700</b>    |      | <b>100.00%</b>      | <b>4,119,900</b>    |      | <b>100.00%</b>      |

Source:

County of Los Angeles Annual Comprehensive Financial Report for the year ended June 30, 2022:

<https://auditor.lacounty.gov/wp-content/uploads/2023/01/Annual-Comprehensive-Financial-Report-FY-2021-2022.pdf>

Los Angeles County Children and Families First – Proposition 10 Commission  
Capital Assets Statistics

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Capital Assets (Land, Building, Furniture & Equipment) are used by the Commission for general operating and administrative function. The Commission has only one (1) centrally located building supported by other capital assets.

Los Angeles County Children and Families First – Proposition 10 Commission  
 Authorized Positions by Function  
 2014 - 2023

| Functional Area                   | Fiscal Year |            |            |            |            |            |            |              |              |            |
|-----------------------------------|-------------|------------|------------|------------|------------|------------|------------|--------------|--------------|------------|
|                                   | 2023 (10)   | 2022 (9)   | 2021 (8)   | 2020 (7)   | 2019 (6)   | 2018 (5)   | 2017 (4)   | 2016 (3)     | 2015 (2)     | 2014 (1)   |
| Executive Administration Programs | 6           | 7          | 6          | 8          | 8          | 7          | 8          | 5            | 4.5          | 5.5        |
|                                   | 34          | 34         | 34         | 32         | 32         | 30         | 38         | 37.5         | 34.5         | 34         |
|                                   | 80          | 79         | 80         | 108        | 108        | 111        | 107        | 106          | 101.5        | 91.5       |
| <b>Total</b>                      | <b>120</b>  | <b>120</b> | <b>120</b> | <b>148</b> | <b>148</b> | <b>148</b> | <b>153</b> | <b>148.5</b> | <b>140.5</b> | <b>131</b> |

Source:  
 (1) First 5 LA Approved FY 2013-14 Operating Budget  
 (2) First 5 LA Approved FY 2014-15 Operating Budget  
 (3) First 5 LA Approved FY 2015-16 Operating Budget  
 (4) First 5 LA Approved FY 2016-17 Operating Budget  
 (5) First 5 LA Approved FY 2017-18 Operating Budget  
 (6) First 5 LA Approved FY 2018-19 Operating Budget  
 (7) First 5 LA Approved FY 2019-20 Operating Budget  
 (8) First 5 LA Approved FY 2020-21 Operating Budget  
 (9) First 5 LA Approved FY 2021-22 Operating Budget  
 (10) First 5 LA Approved FY 2022-23 Operating Budget

**Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

Board of Commissioners  
Los Angeles County Children and Families  
First – Proposition 10 Commission  
Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Los Angeles County Children and Families First – Proposition 10 Commission (Commission), a component unit of the County of Los Angeles, California, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Commission’s basic financial statements, and have issued our report thereon dated **report date**.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Commission’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rancho Cucamonga, California

Report date

## Independent Auditor's Report on State Compliance

To the Board of Commissioners  
Los Angeles County Children and Families  
First – Proposition 10 Commission  
Los Angeles, California

### Report on Compliance Opinion

We have audited the Los Angeles County Children and Families First – Proposition 10 Commission's (Commission), a component unit of the County of Los Angeles, California, compliance with the requirements specified in the *State of California's Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, issued by the State Controller's Office, applicable to the Commission's statutory requirements identified below for the year ended June 30, 2023.

In our opinion, the Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the California Children and Families Program for the year ended June 30, 2023.

### Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *State of California's Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, issued by the State Controller's Office. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Commission's compliance with the compliance requirements referred to above.

### Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above, and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the California Children and Families Program.

**Auditor’s Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether the material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *State of California’s Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission’s compliance with the requirements of the California Children and Families Program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commission’s compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the Commission’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *State of California’s Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, but not for the purpose of expressing an opinion on the effectiveness of the Commission’s internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the Commission’s compliance with the state laws and regulations applicable to the following items:

| Description                           | Audit Guide Procedures | Procedures Performed |
|---------------------------------------|------------------------|----------------------|
| Contracting and Procurement           | 6                      | Yes                  |
| Administrative Costs                  | 3                      | Yes                  |
| Conflict-of-Interest                  | 3                      | Yes                  |
| County Ordinance                      | 4                      | Yes                  |
| Long-range Financial Plans            | 2                      | Yes                  |
| Financial Condition of the Commission | 1                      | Yes                  |
| Program Evaluation                    | 3                      | Yes                  |
| Salaries and Benefits Policies        | 2                      | Yes                  |

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identify during the audit.

### **Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *State of California's Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*. Accordingly, this report is not suitable for any other purpose.

Rancho Cucamonga, California

Report date

October 12, 2023

To the Board of Commissioners  
Los Angeles County Children and Families First – Proposition 10 Commission  
Los Angeles, California

We have audited the financial statements of the governmental activities and general fund of the Los Angeles County Children and Families First – Proposition 10 Commission (Commission), a component unit of the County of Los Angeles, California, as of and for the year ended June 30, 2023, and have issued our report thereon dated October 12, 2023. Professional standards require that we advise you of the following matters relating to our audit.

#### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated on May 2, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Commission solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated October 12, 2023.

#### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Commission is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the fiscal year ended June 30, 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

Management's estimate of the fair value of investments as disclosed in Note 1 to the financial statements is based on information provided by the County of Los Angeles, California. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

### *Financial Statement Disclosures*

There were no financial statement disclosures that we consider to be particularly sensitive or involve significant judgment.

## **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

## **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

The attached schedule of corrected misstatements summarizes misstatements identified as a result of our audit procedures were brought to the attention of, and corrected by, management. There were no uncorrected misstatements identified as a result of our audit procedures.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Commission’s financial statements or the auditor’s report. No such disagreements arose during the course of the audit.

**Circumstances that Affect the Form and Content of the Auditor’s Report**

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor’s report. We did not identify any circumstances that affect the form and content of the auditor’s report.

**Representations Requested from Management**

We have requested certain written representations from management which are included in the management representation letter dated **October 12, 2023**.

**Management’s Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

**Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the Commission, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Commission’s auditors.

**Other Information Included in Annual Reports**

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in Commission’s annual reports, does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the Board of Commissioners, and management of the Commission and is not intended to be, and should not be, used by anyone other than these specified parties.

Rancho Cucamonga, California

Los Angeles County Children and Families First – Proposition 10 Commission  
Schedule of Corrected Misstatements  
June 30, 2023

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| Number | Opinion Unit(s)                          | Account                                   | Debit        | Credit       |
|--------|--|---|--------------|--------------|
| 1      | General Fund/<br>Governmental Activities | Investment income<br>Cash and investments | \$ 1,340,120 | \$ 1,340,120 |

*(To adjust for the unrealized loss related to the 3-year specific investment in Federal Agencies as of June 30, 2023.)*

Management Letter

For Fiscal Year Ended June 30, 2023

**Los Angeles County Children and  
Families First – Proposition 10  
Commission**

(a Component Unit of the County of Los Angeles, California)

To the Management of the  
Los Angeles County Children and Families First – Proposition 10 Commission  
Los Angeles, California

In planning and performing our audit of the financial statements of the Los Angeles County Children and Families First – Proposition 10 Commission (Commission) as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Commission’s internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission’s internal control.

During our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses that are opportunities for strengthening internal controls and operating efficiency. The observations and recommendations are summarized below. This letter does not affect our report dated **October 13, 2023**, on the financial statements of the Commission.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Commission personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

## **CURRENT YEAR OBSERVATIONS AND RECOMMENDATIONS**

### **Approval of Salary Ranges**

#### *Observation:*

The Commission’s salaries and benefit policies require the Board of Commissioners to approve the Commission’s salary schedule; however, the Commission’s current practice is only to obtain the approval of the salary ranges by the Executive Director. Furthermore, we identified that the Executive Director’s approval of the salary ranges is evidenced through email to Human Resources.

*Recommendation:*

We recommend the Commission to review its salaries and benefit policy and either update the policy to reflect the delegation of authority for the approval of the salary ranges to the Executive Director or obtain approval of the salary ranges by the Board of Commissioners as required by the existing policy.

Additionally, should the Commission revise its salaries and benefit policy to reflect the delegation of authority to the Executive Director for the approval of the salary ranges, we recommend that the Commission review its procedure for formally documenting the approval of the salary ranges in the audit records, as email records are not permanent and may be lost or deleted, resulting in loss of the record of the authorization.

*Management's Response:*

First 5 LA will be updating the Policy and Guidelines for Salaries, Wage, Merit Increases & Cost of Living Adjustment.

**Approval of Merit Increases**

*Observation:*

We identified that the approval of annual merit increases by the Executive Director is provided to Human Resources through email to Human Resources.

*Recommendation:*

We recommend that the Commission review its procedure for formally documenting the approval of the merit increases in the audit records, as email records are not permanent and may be lost or deleted, resulting in loss of the record of the authorization.

*Management's Response:*

In the future, we will be documenting the approval of merit by the Executive Director and the documentation will be placed in a file located in Human Resources titled "Merit approvals".

**Information Technology**

*Observation:*

We identified two matters related to the Commission's information technology environment and procedures:

1. The Commission does not have a formalized information security policy. The Commission is currently working to develop a formalized policy; however, it has not been adopted or distributed to affected personnel.
2. The Commission did not document their review of the service organization control (SOC) reports for critical vendors providing services/solutions to the Commission, including ADP and Blackbaud, for consideration of exceptions and consideration of complementary user entity controls (CUECs).

*Recommendation:*

We recommend that the Commission adopt a formal information security policy and distribute it to affected personnel.

Additionally, recommend that the Commission review its procedures to include formally reviewing SOC reports for critical vendors.

*Management’s Response:*

The Information Technology Team will finalize and formally adopt the Information Security Policy by January 1, 2024.

A formal subservice SOC Report Review will be implemented by the Information Technology team for critical vendors providing services and solutions including but not limited to ADP and Blackbaud. This will be implemented as each new contract is executed, or as existing contracts are renewed. The IT team will work in close collaboration with the contracts and procurement team (CAP) to ensure this is operationalized.

**Fair Value Adjustment**

*Observation:*

We identified that the Commission did not adjust for the unrecognized fair value loss on their investments in federal agencies.

*Recommendation:*

We recommend management revise their procedures related to the annual fair value adjustment of its investments for financial reporting to include those investments in federal agencies.

*Management’s Response:*

Management will review and revise appropriately procedures for the year end annual fair value adjustment to include investments outside the County pool.

\*\*\*\*\*

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore, may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the Commission gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

This report is intended solely for the information and use of management of the Commission, and others within the Commission and is not intended to be and should not be used by anyone other than these specified parties.

Rancho Cucamonga, California  
**October 13, 2023**

**FIRST 5 LA**

**SUBJECT:**

2022-2023 Annual Report to First 5 California (State Commission)

**RECOMMENDATION:**

This memo is provided as preliminary information for the Board's consideration at the September 28, 2023, Special Meeting of the Board of Commissioners, Program & Planning Committee, Budget And Finance And Executive Committees. First 5 LA recommends that at the next Commission Meeting on October 12, 2023, the Board approve the final Annual Report for submission to the State Commission.

**BACKGROUND:**

Each year First 5 LA staff prepares a report to the State Commission that provides fiscal and programmatic information following a State Commission-designated template. Staff will be seeking approval of the First 5 LA Annual Report for Fiscal Year 2022-2023 (July 1, 2022 – June 30, 2023), which is due to First 5 California by October 31, 2023. First 5 LA staff will submit the report via the web-based platform provided by the State Commission. This request is brought as information at the September 28, 2023, Special Meeting of the Board of Commissioners Program & Planning Committee, Budget And Finance And Executive Committees (per the Bylaws) and will be brought for action on consent at the October 12, 2023, meeting of the Board of Commissioners.

The annual report consists of the following three sections:

- **Section 1: Revenue and Expenditure Summary:** This section captures First 5 LA's financial audit data showing the relationship between financial resources and First 5 CA categories.
- **Section 2: Demographic Worksheet:** This section captures demographic information about the populations reached through First 5 LA's direct service investments.
- **Section 3: Evaluation Summary/County Highlights:** This section provides information about completed evaluations focused on improved family functioning, child development, child health, and systems of care. Also included in this section are county highlights that describe accomplishments during the fiscal year.

As part of the data submission requirement, staff must categorize First 5 LA programmatic efforts into the following Result Areas defined by First 5 California:

- **Improved Child Health:** Investments in this area include general health education and promotion programs, perinatal and early childhood home visiting services, prenatal and infant/toddler pediatric supports, and early intervention services.
- **Improved Child Development:** Investments in this area include quality early learning supports and early learning program direct costs.
- **Improved Family Functioning:** Investments in this area include short-term non-intensive general family support programs, targeted intensive family support services, and family literacy and book programs.
- **Improved Systems of Care:** Investments in this area include policy and public advocacy as well as program and systems improvement efforts.

**DISCUSSION:**

The preliminary findings summarize First 5 LA's investments and the populations reached through these investments. Some key findings include the following:

1. In FY 22-23, more than half of First 5 LA's grants focused on advancing systems change and are categorized under First 5 California's Improved Systems of Care Result Area.

2. In FY 22-23, the majority of children reached through First 5 LA investments were within the critical development period of birth to age 3.
3. In FY22-23 the number of children and primary caregivers reached through First 5 LA investments increased compared to FY21-22. Over 90% of children reached by First 5 LA investments are children of color. However, with the exception of Latino/Hispanic children, there is an under-representation of children of color compared to LA County demographics.

First 5 LA staff will incorporate expenditure data and add details on county highlights and evaluation summary for the report.

**NEXT STEP:**

Staff will present the final report and request Board approval to submit to the State Commission at the October 12, 2023 Board meeting.



# First 5 LA Annual Report to the State, FY22-23: Preliminary Results

HaRi Kim Han, Office of Data For Action, F5LA

*Annual Reporting Partner:*  
Datalink Partners

**September 28, 2023**



# Today We Will...

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1. Provide background on the State Annual Report
2. Review preliminary results for First 5 LA's Annual Report
3. Summarize key takeaways from today's presentation
4. Provide an overview of next steps for State Annual Reporting





# Background on State Annual Report

1<sup>ST</sup>  LA  
**first 5 la**  
Giving kids the best start

# Background: State Annual Report

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- Requirement of Prop 10 Funding
- First 5 CA collects data from all 58 First 5 county commissions to summarize the past fiscal year's work
- Each county needs to report on the following sections:
  - Section 1: Revenue and Expenditure Summary
  - Section 2: Demographic Worksheet
  - Section 3: Evaluation Summary & County Highlights

# Background: Where do we get the information?

| Sections  | Grantee Survey | Financial Audit Data | F5LA Staff |
|---|----------------|----------------------|------------|
| Section 1: Revenue and Expenditure Summary        | ✓              | ✓                    |            |
| Section 2: Demographic Worksheet                  | ✓              |                      |            |
| Section 3: Evaluation Summary & County Highlights | ✓              |                      | ✓          |

# Background: First 5 California Result Areas

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## Child Health

- Welcome Baby
- Select Home Visiting

## Child Development

- ECE Workforce Registry
- Quality Start Los Angeles

## Family Functioning

- Little by Little

## Systems of Care

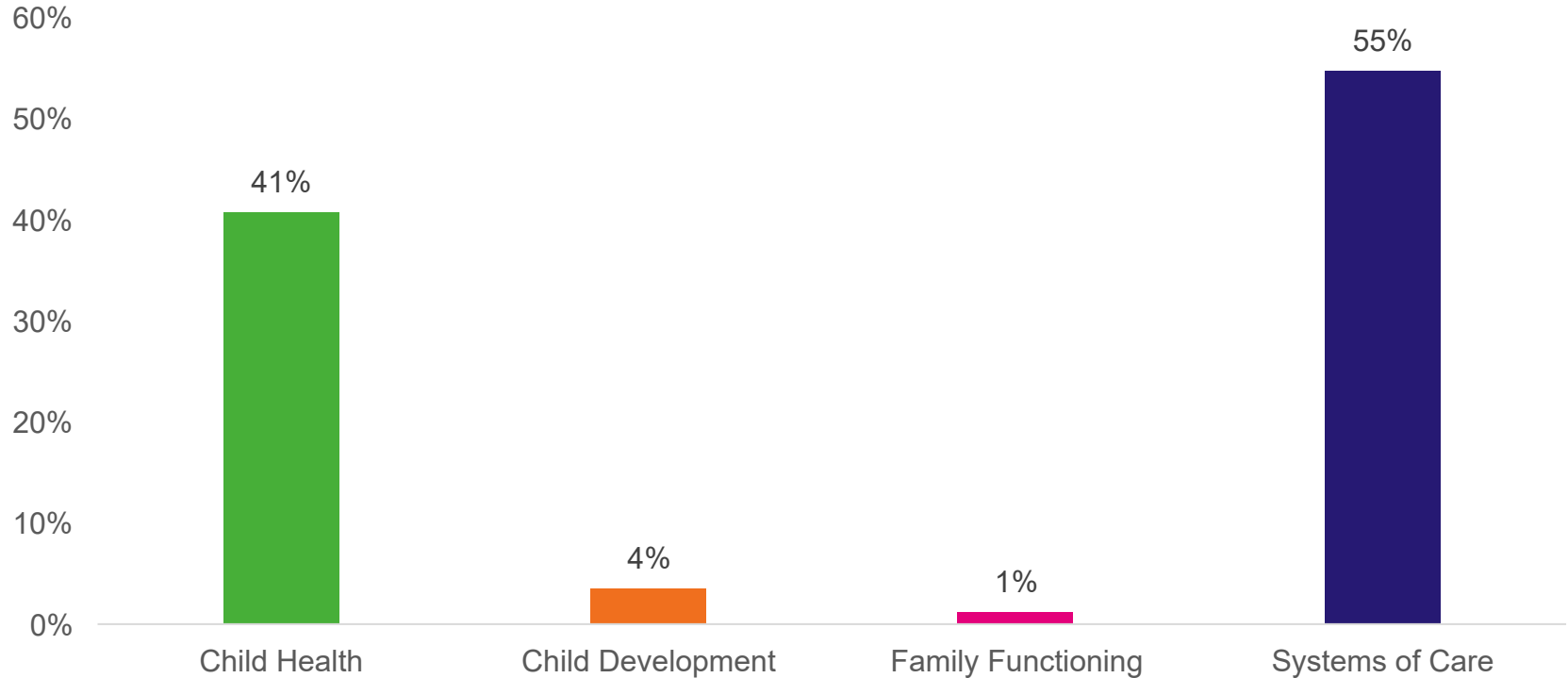
- Best Start Regional Network Grantees
- EC Policy Advocacy Funds
- Help Me Grow LA



# Preliminary Results

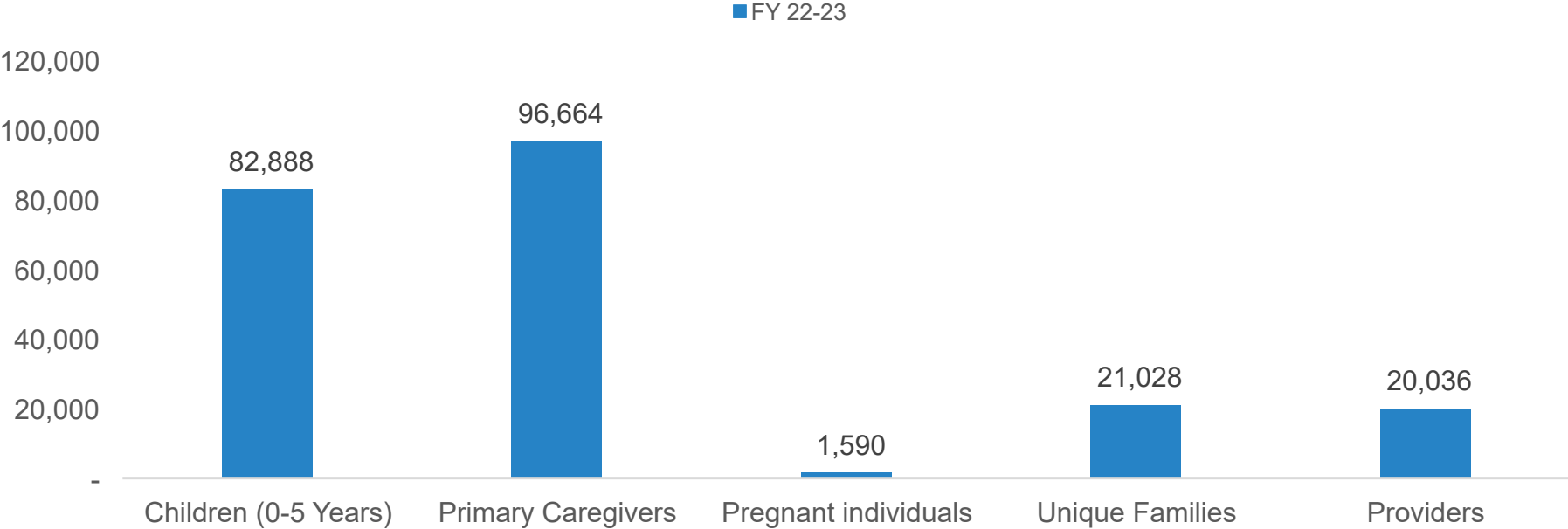
# First 5 LA primarily funds grants that focuses on advancing systems change

Distribution of First 5 LA Grants by First 5 CA Result Area



# Even though First 5 LA grants decreased from the previous fiscal year, more children and primary caregivers were reached in FY 22-23

Number of Individuals Reached, by Type



**Note:** Based on First 5 CA guidelines, Primary Caregivers include other family members, which includes older siblings more than 5 years old.

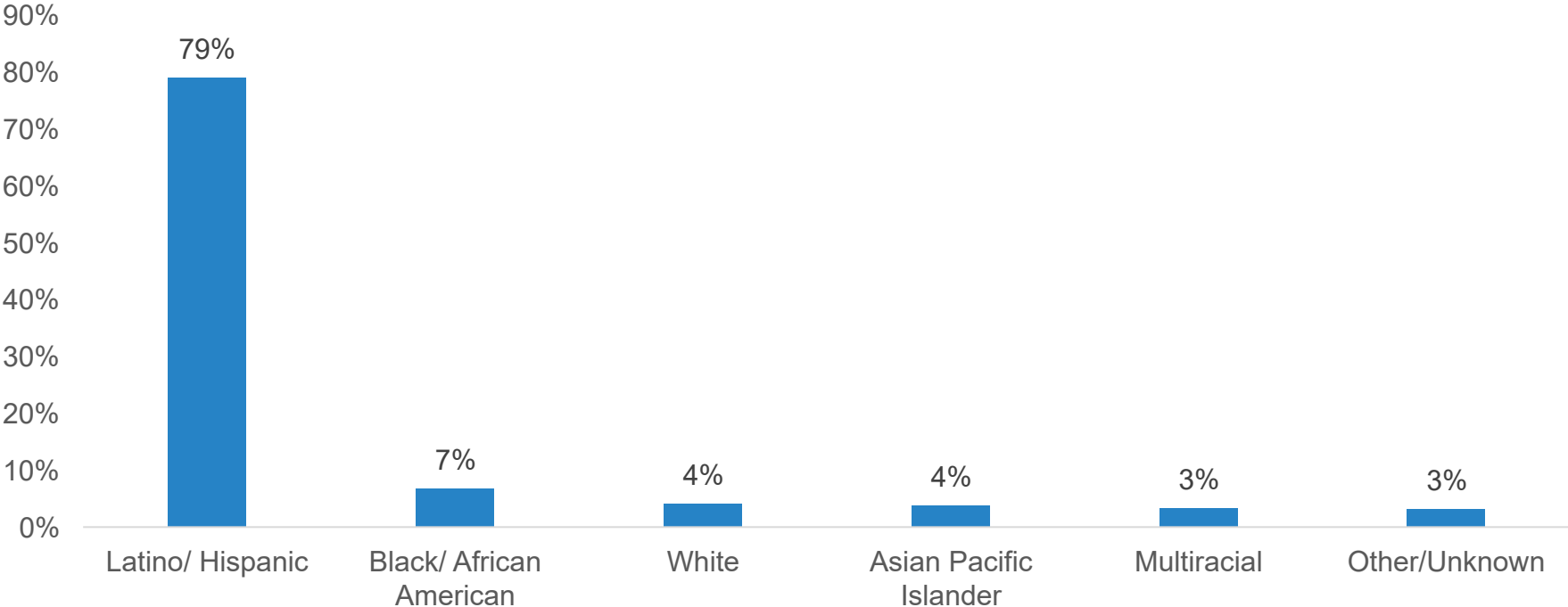
In FY 22-23, more than 3 out of 4 children reached by First 5 LA investments were younger than three years old

Percentage of Children Reached, by Age Group



# More than 9 out of 10 children reached through First 5 LA investments are children of color, with a majority being Latino/ Hispanic

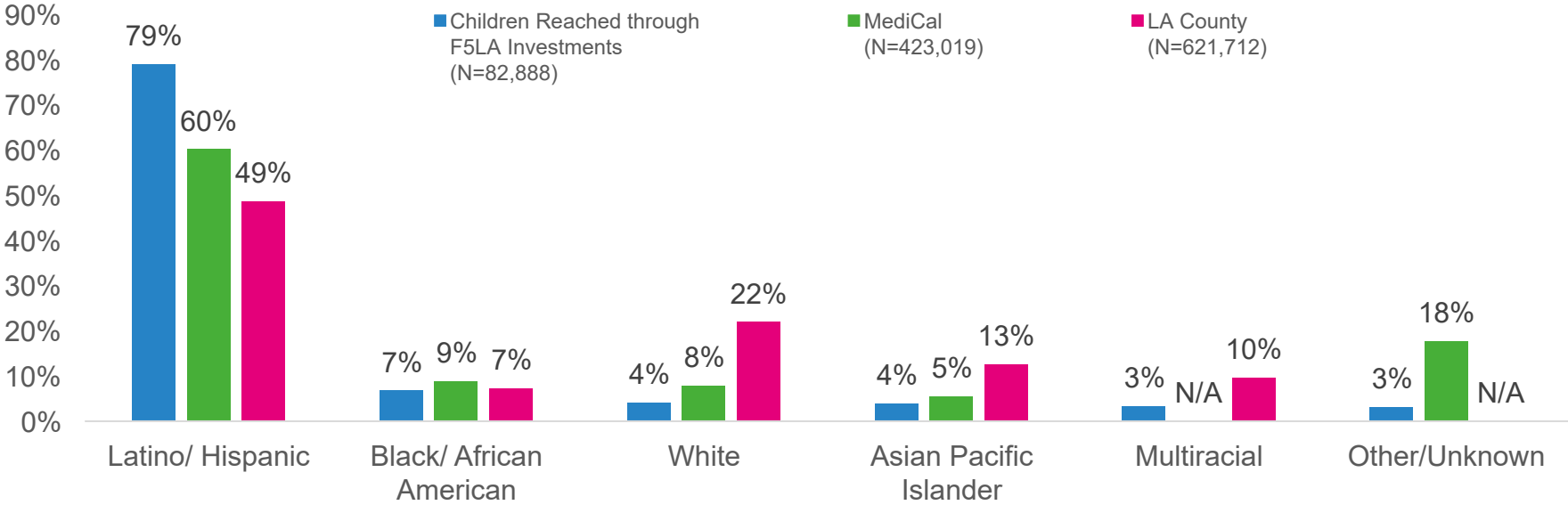
Percentage of Children Reached, by Race/Ethnicity



Children of color include: Asian Pacific Islander, Black / African American, Latino / Hispanic, Multiracial

# The race/ethnicity of children reached by First 5 LA investments are more in line with the Medi-Cal population for children ages 0 through 5 years than LA County overall.

**Percentage of Children 0 through 5 Years, by Race/Ethnicity**



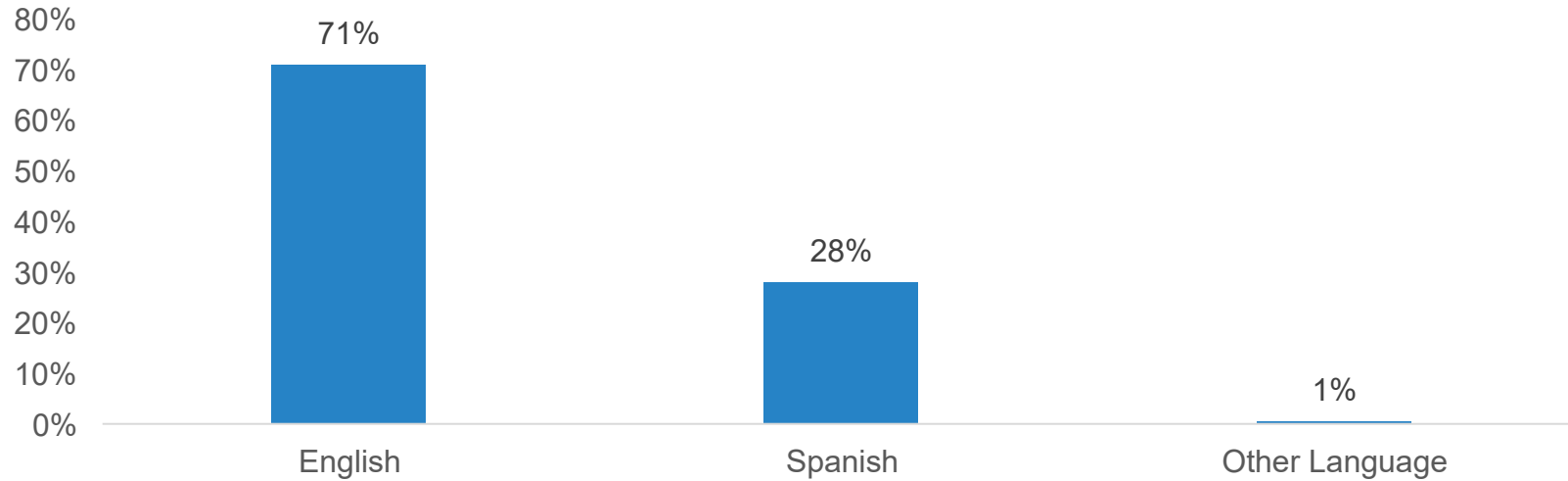
**Note:** MediCal data does not include a “Multiracial” option. Children who fall under the “Multiracial” category could be under “Other/Unknown”. LA County data does not include a “Other” or “Unknown” option.



Source for MediCal: 2021 Linked Administrative Data, Children’s Data Network  
 Source for LA County: California Department of Finance. Demographic Research Unit. Report P-3: Population Projections, California, 2010-2060 (Baseline 2019 Population Projections; Vintage 2023 Release). Sacramento: California. July 2023.

## English is reported as the primary language spoken in most homes of those reached by First 5 LA investments

Percentage of Children Reached, by Primary Language Spoken in the Home



**Note:** Does not include children with “Unknown” primary language (N=395, or 0.5% of children reached by F5LA investments);



# Summary of Findings & Next Steps

# Key Takeaways from FY 22-23

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1. More than half of First 5 LA investments were focused on advancing systems change.
2. The majority of children reached through First 5 LA investments are less than 3 years old.
3. Over 90% of children reached by First 5 LA investments are children of color, with over 3 in 4 of them being Latino/Hispanic.
4. English is reported as a primary language spoken in majority of homes of children reached by First 5 LA investments.

# Next Steps for Annual Reporting to First 5 California

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# Questions?

**First 5 LA**

**SUBJECT:**

Public Hearing: Annual Review of the First 5 LA Strategic Plan

**BACKGROUND:**

First 5 LA is funded through the voter-enacted Proposition 10, which was designed to support decision making at the county level to ensure that the investments generated by the revenue address the diverse and unique needs of each county in California. To ensure accountability across the state, Proposition 10 requires certain annual procedures for each county commission as a condition for receiving Proposition 10 tobacco tax funds. Each year, First 5 LA is required to submit an annual report to First 5 California, conduct an annual audit, hold an annual public hearing to review First 5 LA's strategic plan, and hold a public hearing on any changes to First 5 LA's strategic plan.

The last public hearing of First 5 LA's strategic plan occurred during the June 2022 Board of Commissioners Meeting. At that time, staff shared that the annual public hearing would be moved to the Fall of each year to align with the First 5 California annual report and annual audit. Each of these procedural requirements reflect the preceding fiscal year. The September 28th Special Meeting of the Board of Commissioners will serve as the annual public hearing on First 5 LA's Strategic Plan, consistent with the Proposition 10 requirements.

**DISCUSSION:**

Last fiscal year (July 1, 2022, through June 30, 2022) was the third year of implementing First 5 LA's 2020-2028 Strategic Plan. During Commission and committee meetings throughout the fiscal year, staff provided the Board of Commissioners more comprehensive updates on implementation progress with opportunities for public comment. For the September 2023 public hearing, staff will provide brief highlights from Year 3 strategic plan implementation that focus on the following areas:

- Engaging in partnerships to increase access and availability of public resources and services
- Supporting community-led systems change
- Strengthening capacity of organizations serving children and families
- Attracting alternative revenue
- Adjusting First 5 LA's strategic direction

**NEXT STEPS:**

During the October 2023 Board of Commissioners Meeting, Staff will share additional Year 3 highlights and evaluation findings that will be included in First 5 LA's annual report to First 5 California. Staff will also bring the proposed new strategic plan to the Board for review. Per Proposition 10 requirements, First 5 LA will hold another public hearing on the new strategic plan during the October 2023 Board of Commissioners Meeting.

# Public Hearing: Annual Review of First 5 LA's 2020-2028 Strategic Plan

Presentation By:  
Antoinette Andrews-Bush  
Office of Equity, Strategy, & Learning

Special Meeting of the Board of  
Commissioners  
September 28, 2023



1ST 5 LA  
**first 5 la**  
Giving kids the best start

# Proposition 10 Requirements

- Annual Report to First 5 California
- Annual Independent Audit
- Annual Public Hearing on First 5 LA's Strategic Plan
- Public Hearing on Changes to First 5 LA's Strategic Plan

# Purpose of Today's Presentation

- Conduct annual public hearing on First 5 LA's 2020-2028 Strategic Plan, in accordance to Proposition 10 annual procedural requirements
- Highlight learnings from Year 3 implementation of First 5 LA's Strategic Plan (July 1, 2022 – June 30, 2023)

# Year 3 Implementation of the 2020-2028 Strategic Plan

We began Year 3 with four strategic priorities for implementation:

- Strengthen Public and Community Systems
- Advance and Leverage Community Experience
- Expand Influence and Impact with Data
- Optimize Our Effectiveness

We also started the first 3-year review and refinement cycle for the 2020-2028 Strategic Plan based on shifts in the external environment, fiscal reality, and First 5 LA's evolving role within the early childhood ecosystem.

# Highlights from Year 3 Implementation

- Engaging in partnerships to increase access and availability of public resources and services
- Supporting community-led systems change
- Strengthening capacity of organizations serving children and families
- Attracting alternative revenue
- Adjusting First 5 LA's strategic direction

# Highlights from Year 3 Implementation

Engaging in partnerships to increase access and availability of public resources and services

- Quality Start Los Angeles
- FFPSA Community Pathway Implementation Workgroup
- Antelope Valley Resource Infusion
- Link Advocates, Government, Families, and Parks Initiative
- National Home Visiting Coalition

Supporting community-led systems change

- African American Infant and Maternal Mortality
- Help Me Grow LA Community and Family Advisory Council
- Participatory Budgeting in Best Start Regions
- Best Start Network Building

# Highlights from Year 3 Implementation

## Strengthening capacity of organizations serving children and families

- Children's Health Conference
- ECE Provider Advisory Group
- Early Screening, Better Outcomes: Developmental Screening, Referral, and Outreach Toolkit
- Optimizing Organizational Capacity in Best Start Networks

## Attracting alternative revenue

- First 5 California (Home Visiting Coordination Project, IMPACT, Refugee Resettlement LA)
- Los Angeles County Office of Education (QSLA)
- Medi-Cal Managed Care Plans (Home Visiting)
- Los Angeles County Department of Mental Health (Home Visiting)
- Los Angeles County Department of Public Health (AAIMM)

# Highlights from Year 3 Implementation

## Adjusting First 5 LA's strategic direction

- Initial refinements to the 2020-2028 Strategic Plan approved in November 2022
- Landscape Analysis conducted February – May 2023
  - Impact of the pandemic on children and families
  - Implications of Proposition 31
- Opportunities in the external environment
- Proposed new strategic plan using a Results Based Accountability Framework  
*(currently underway)*

# Next Steps

## October 2023 Board of Commissioners Meeting

- Approval of Annual Report
  - Staff will share additional Year 3 highlights and evaluation findings that will be included in First 5 LA's annual report to First 5 California.
- Review and Public Hearing on First 5 LA's proposed new strategic plan

**First 5 LA**

**SUBJECT:**

Information regarding a review of the 2023 Policy and Advocacy activities and a forecast of the 2024 Policy Agenda.

**RECOMMENDATION (FOR INFORMATION):**

This memo is provided as information for the Board's consideration at the September 28, 2023, Program and Planning Committee meeting. First 5 LA staff recommends at the November 9, 2023, Board of Commissioners meeting, the Board approve the First 5 LA 2024 Policy Agenda.

**BACKGROUND:**

In partnership with others, First 5 LA's Office of Government Affairs and Public Policy (OGAPP) executes policy and advocacy strategies to advance policies that strengthen systems of support at the local, state, and federal levels of government on behalf of Los Angeles County's youngest children and their families. To support this work, the First 5 LA Board of Commissioners has approved annual policy agendas to allow First 5 LA staff to take positions on specific proposed policy proposals (administrative, legislative, budget) aligned with our Strategic Plan.

**DISCUSSION:**

The purpose of the conversation at the September PPC meeting is two-fold. OGAPP will: (1) review the 2023 Policy and Advocacy activities, and (2) provide an update on the 2024 Policy Agenda priorities to continue the current Policy Agenda and ensure refinements will align with Strategic Plan Reset.

**2023 Policy and Advocacy Activities**

**State**

**Budget**

On July 10, 2023, Governor Newsom signed the 2023-2024 California state budget into law, projecting a \$310.8 billion spending plan and utilizing \$226 billion in state General Funds. The finalized budget featured \$31.5 billion in total deficits and retained \$37.8 billion in reserves. The fiscal uncertainty that emerged this year led to both the legislature and administration to emphasize "protecting the state's core ongoing programs in education, health care, the human services safety net," etc., as the state's key overarching goal, while underscoring fiscal prudence. Emphasis on prioritizing policies within the budget, in turn, shaped First 5 LA's advocacy approaches.

- **Early learning rate reform (CDE & CDSS)** – Comprehensive reform of California's early learning rate reimbursement system was a top priority for First 5 LA this year and a leading talking point during Advocacy Day. Our advocacy strategy included significant collaboration with our partners from the Early Care and Education Budget Coalition (ECE Coalition), where we took additional meetings with members of the Los Angeles Delegation to ensure that this policy would be included in the 2023 State Budget. These efforts were successful as the final budget dedicated resources to moving the state to a single reimbursement system using a cost-based model. Moving forward, the OGAPP team will continue to monitor implementation. More details on this topic are provided throughout different sections of this memo.

- **Waiving and eliminating early learning family fees (CDE & CDSS)** – This year First 5 LA advocated with state policymakers the importance of continuing the waiver of early learning family fees until CDSS and CDE could create an equitable sliding scale for fees. Our advocacy on this priority was also done in collaboration with members of the ECE Coalition. Once again, these efforts were successful with the final state budget extending the waiver through September 30, 2023 and dedicating money to revise the fee schedule to go in effect beginning October 1, 2023. Any debt accrued from fees will be forgiven and the new scale will cap family fees to no more than 1 percent of their monthly income and eliminate fees altogether for those making less below 75 percent the state median income (SMI).
- **Maintaining 20,000 additional child care spaces (CDE & CDSS)** – Completing our early learning policy priorities this year, First 5 LA, in collaboration with our ECE Coalition partners, advocated for the state to not delay the addition of 20,000 child care spaces. These spaces were part of the 2021-22 State Budget to expand by 200,000 seats by 2023-24. Given the existing high need for these critical services, we felt that postponing these spaces was not a smart policy decision. However, policymakers were not swayed, and these spots will instead be funded in 2024-25.
- **Continuous Medi-Cal eligibility for children under the age of 5 years old, starting in 2025 (DHCS & CMS)** - Advocating for this policy was a key priority for First 5 LA during Advocacy Day meetings with state lawmakers. Additionally, the Policy Team published [an article](#) on the topic that was circulated on First 5 LA's social media platforms. Funding to provide continuous Medi-Cal eligibility was not included in the governor's final budget, demonstrating the important role of focused advocacy amongst First 5 LA and partners. However, the trigger featured in the FY 2022-2023 budget remains, and requires a decision on funding for continuous Medi-Cal eligibility for young children by September 2024. Effectively, lawmakers and the administration could still include it in next year's budget. As such, First 5 LA will continue advocating for prioritization of early childhood health, and ensure lawmakers understand the importance role continuous and uninterrupted access to care plays in supporting optimal childhood development.
- **Raise CalWORKs Maximum Aid Payment levels to half of the federal poverty level (FPL)** - CalWORKs cash grants are a lever for preventing deep poverty for families, and can reduce associated experiences of trauma and stress which are profoundly detrimental to young children's development and long-term health outcomes. As one of First 5 LA's budgetary priorities for this fiscal year, the importance of raising the levels of CalWORKs cash grants was highlighted during Advocacy Day meetings. Ultimately, the Governor's budget included a 3.6 percent increase to CalWORKs grants, bringing the aid payment levels close to the 50 percent FPL threshold.
- **Proposed Managed Care Organization (MCO) Tax (DHCS & CMS)** - Pending federal approval, the renewal of the MCO tax would be retroactively effective from April 1, 2023, and remain in place through December 31, 2026, bringing in an estimated \$19.4 billion in net benefits to the state, and provide money to specific health-related accounts. It's estimated that \$11.1 billion over the next decade will be allocated to the Medi-Cal Provider Payment Reserve Fund to provide rate increases to 87.5 percent of Medicare levels for primary care physicians, obstetricians and doulas, and non-specialty mental health care providers, starting on January 1, 2024. Additional programs will be funded by the tax, but overall, the revenue from the MCO tax will bolster investments in the Medi-Cal system and

include the goals of improving equity in health care, including for children under the age of 5 years old and in perinatal health.

### Legislative

First 5 LA supported several state bills, which are currently in suspense, and monitored the progress of other bills and sought opportunities to further shape and refine the proposed legislation. September 15<sup>th</sup> was the deadline for the governor to sign or veto bills.

- **AB 596 (Reyes) and SB 380 (Limón): Early learning and care rate reform (CDE & CDSS)** – AB 596 and SB 380 are mirror bills that seek to enact comprehensive reform of California’s early learning rate reimbursement system. These proposals align with First 5 LA’s early learning policy priorities and have the support from many of our partners. As a result, we established official positions of support for both bills and continue to monitor their progress through the legislative process.
  - Current Status: In suspense file.
- **SB 282 (Eggman & McGuire): Medi-Cal Reimbursement for Federally Qualified Health Clinics & Rural Health Clinics (DHCS)** - This bill would authorize reimbursement for a maximum of 2 visits that take place on the same day at a single site, at a federally qualified health center or rural health clinic, or through a telehealth-based encounter.
  - Current Status: In suspense file.
- **AB 1015 (Calderon): Statewide Diaper and Wipe Distribution Program for Low-Income Families (CDSS)** - AB 1015 would create a Statewide Diaper and Wipe Distribution Program for Low-Income Families (CDSS) to promote the optimal development of children by supporting families in accessing vital resources to meet their basic needs and impacting their possible interactions with other systems, namely health.
  - Current Status: In suspense file.

### Administrative

Through administrative advocacy, OGAPP shares First 5 LA policy and government affairs priorities with state departments and agencies, advocating for the implementation of rules, regulations, and policies that support the needs of young children and families.

Currently, OGAPP is monitoring several activities where administrative advocacy may be effective:

- **Rate & Quality Advisory Panel (CDSS & CDE)** – The Rate & Quality Advisory Panel is an extension of the Rate & Quality Stakeholder Workgroup, which was formed as part of the enactment of AB 131 and in agreement with Child Care Provider United (CCPU) in 2021. CDSS, with the consultation of CDE, leads regular panel meetings to create the final recommendations on the state’s new early learning rate reimbursement system. OGAPP is monitoring the progress of this work by attending the monthly meetings and will provide input when necessary and as opportunities present themselves.
- **Universal Prekindergarten (UPK) Mixed Delivery Quality and Access Workgroup (CDE)** – The UPK Mixed Delivery Quality and Access Workgroup is charged with providing recommendations on best practices for increasing access to high-quality universal preschool programs, transitional kindergarten programs, and ensuring those recommendations aligned with the state’s Master Plan for Early Learning and Care. First

5 LA is concerned with the equitable implementation of and access to these early learning settings and joins the workgroup's monthly meetings to monitor its progress. When appropriate, we plan to provide input to advance that priority.

- **Implementation of Universal Transitional Kindergarten (UTK) implementation (CDE & CDSS)** – Universal Transitional Kindergarten was enacted through the 2021-22 State Budget becoming an additional setting within CDE's Universal Prekindergarten programs and California's early learning mixed-delivery system. UTK is intended to provide access to free, quality early learning services to all 3- and 4-year-olds by 2025-26. First 5 LA recognizes the importance of family choice and the benefits of having a program such as UTK as an option that parents may choose from. However, there have been some challenges in its roll out, such as staffing shortages and lack of developmentally appropriate facilities. In partnership with the Early Care and Education Team (ECE Team), OGAPP continues to closely monitor the implementation of these programs and their impact on young children and their families.
- **Doula Implementation Workgroup (DHCS)** - The California Department of Health Care Services (DHCS) has convened a Doula Implementation Workgroup, in accordance with SB 65. With the implementation of the Medi-Cal doula services benefit beginning in January 2023, this workgroup serves as a space to elevate and discuss lessons learned and barriers in the process of implementing the benefit, and includes a variety of stakeholder, including doulas, managed care plan representatives, and health service providers. The workgroup and related report on utilization of doula services were extended to June 30 and July 1, 2025, respectively. First 5 LA has monitored the first of the two quarterly meetings and has leveraged this information in dialogue with local managed care plans to identify ways to support their implementation efforts. Monitoring will continue until the end of the extended workgroup and reporting period.
- **Medical for Kids & Teens (DHCS)** - In February 2023, DHCS announced a rebranding for the existing Early and Periodic Screening, Diagnostic and Treatment (EPSDT) benefit as part of the California Advancing and Innovating Medi-Cal (CalAIM) Strategy to Support Health and Opportunity for Children and Families. "Medi-Cal for Kids and Teens" is the new terminology adopted to increase awareness and access to these essential Medi-Cal services. The rebranding process included the creation and distribution of a toolkit for enrollees and providers with an overview of required services. Managed care plans (MCP) were required to begin delivering trainings to network providers in January 2023, offering these trainings biannually going forward. First 5 LA will monitor the implementation of this process as part of the broader efforts to support local managed care plans in improving access to screenings and interventions for children below the age of 5. First 5 LA will monitor the progress of MCPs in improving accountability in efforts to reach designated DHCS screening benchmarks.
- **California Advancing and Innovating Medi-Cal (CalAIM) (DHCS)** - CalAIM consists of a series of reforms that aim at improving outcomes for Californians enrolled in Medi-Cal, especially those with the most complex needs. The implementation of the first CalAIM reforms began in January 2022, and further reforms will be phased in through 2027. First 5 LA is monitoring these changes and attending DHCS hosted webinars to understand the impact of CalAIM on children and families to identify opportunities to support local managed care plans in their implementation efforts, with particular focus on the areas of Population Health Management (PHM) initiative, Enhanced Care Management (ECM),

Community Supports, Behavioral Health Initiative, and Medi-Cal's Strategy to Support Health and Opportunity for Children and Families.

- **CalFresh (Supplemental Nutrition Assistance Program, SNAP) return to pre-pandemic levels (CDSS)** - Administered by the California Department of Social Services (CDSS), the Supplemental Nutrition Assistance Program (SNAP), known as CalFresh in California, was significantly reduced (to pre-pandemic levels) in March of this year. The sunset of CalFresh emergency allotments caused approximately 5 million Californians to see a dramatic drop in their food benefits, on average, losing \$82 per month. As CalFresh helps families stabilize their income and lifts Californians out of poverty, First 5 LA has monitored these policy changes and will look for opportunities to continue to support families by increasing food security, such as reducing work requirements for accessing these resources, and supporting complementary policies on the federal level.

### ***Federal***

OGAPP continues to actively engage on the federal level by advocating for priorities that align with the First 5 LA Policy agenda, collaborating with national partners and sharing important updates and information with the First 5 network.

Below are some current federal priorities and updates:

- **Child care and Development Fund notice of Proposed Rulemaking** – Earlier this summer, the Office of the Administration for Children and Families under the Department of Health and Human Services (HHS) proposed amending the Child Care and Development Fund (CCDF) by lowering family child care costs, increasing family child care options, improving child care provider payment rates and practices; and improving enrollment processes. First 5 LA worked alongside national partners to share opportunities and shape comments submitted by national partners with the First 5 network and the California ECE Coalition.
- **Extending American Rescue Plan Act (ARPA) child care funding** – Child care stabilization funds under ARPA will expire at the end of this month unless Congress invests in emergency supplemental child care funding. The OGAPP team has reached out to our delegation of Los Angeles Congressional members and Senators to advocate on the potential detrimental impact this would have in California and joined our national partners in asking Congress for \$16 Billion per year in additional funding.
- **FY 23-24 Appropriations** – Congress has until September 30 to pass an appropriations package or a continuing resolution that will continue keeping the government funded beyond the end of the fiscal year. OGAPP continues to advocate to ensure funding allocations for important child care development programs and services continue being prioritized in Congress.
- **2023 Farm Bill Reauthorization** – The deadline to reauthorize the 2023 Farm bill is also approaching at the end of the month, which has major SNAP and WIC provisions. Fortunately, major nutritional programs under the Farm Bill will continue being funded despite the expiration. OGAPP will be advocating around the importance of Cal Fresh in California and the need for additional and increased funding.
- **Maternal, Infant and Early Childhood Home Visiting (MIECHV) Reauthorization** – the Jackie Walorski Maternal and Child Home Visiting Reauthorization Act of 2022 included a \$100 million increase in base funding to states starting in fiscal year 2023 and phased-in additional federal matching funding starting in fiscal year 2024, which requires a 25 percent state match. Earlier this summer, HRSA launched a new reauthorization website and they continue to work on implementation.

Looking to the future, OGAPP is eager to continue to increase the impact of First 5 LA's policy and advocacy efforts, continuing to move the organization from reacting to policy proposals and responding to others to introducing solutions and driving policy and systems change. The following information outlines 2024 Policy and Advocacy activities and other tools proposed by OGAPP for Commission approval to continue working to strengthen systems of support for children and families.

### **2024 Policy Agenda**

First 5 LA uses the Policy Agenda to inform and prioritize legislative, budget, and administrative work to align with the organization's strategic priorities, and to clarify the federal, state, and policy priorities in which First 5 LA engages. OGAPP also uses the Policy Agenda as the guide for formal analysis of policy proposals and as the blueprint to develop policy recommendations. Starting in 2020, OGAPP engaged offices and teams across First 5 LA to refine the policy agenda for each upcoming year, incorporating learnings and best practices from the past year, all to further improve, focus, and clarify First 5 LA's high-level policy related goals.

With the 2023 Policy Agenda, OGAPP worked toward embedding both equity and the need to support children holistically in the context of their families and communities, referred to as the "Whole Child and Whole Family" systems framework, across every First 5 LA policy priority. The 2023 Policy Agenda sought to close race-based disparities in health, well-being, and opportunity; utilizing full, complete and disaggregated data, where available, to understand which communities face the most significant barriers to resources, and so have the greatest opportunity to benefit from First 5 LA policy and systems change efforts; and promoting a holistic system of supports that is language- and culturally- responsive.

First 5 LA's Strategic Plan will be finalized and approved by the Board of Commissioners in November 2023. The 2024 Policy Agenda will mirror the 2023 Policy Agenda in the meantime to allow OGAPP to begin identifying legislative, budget, and administrative policy opportunities in early 2024 at the beginning of the legislative and budget year. In early 2024, OGAPP will return to the Board with a revised policy agenda aligned with F5LA's Strategic Plan goals and objectives.

### **NEXT STEPS:**

OGAPP will review Commissioner feedback on the draft 2024 Policy Agenda and return to the Board at the November meeting to ask for approval and adoption of the 2024 Policy Agenda.

# 2023 Advocacy Review and 2024 Policy Agenda

.....  
Ofelia Medina, Senior Policy Strategist  
Anais Duran, Government Affairs Strategist





| <b>State-level</b>   | <b>Federal-level</b>   |
|--|--|
| <ul style="list-style-type: none"><li>• Projected budget deficits.</li><li>• Child care as a priority of the Legislature.</li><li>• Changing political landscape.</li><li>• End of state of emergency.</li></ul> | <ul style="list-style-type: none"><li>• New 118th Congress &amp; leadership.</li><li>• Shifting focus to introduction of new legislation, administrative change and policy implementation.</li><li>• End of Public Health Emergency (PHE).</li></ul> |

# 2023 Policy and Systems Overview

**Examples of  
prioritized  
Departments and  
Agencies**

**State**

- Department of Education (CDE)
- Department of Health Care Services (DHCS)
- Department of Social Services (CDSS)

**Federal**

- Centers for Medicare and Medicaid Services (CMS)
- Department of Agriculture (USDA)
- Health Resources and Services Administration (HRSA)



## Support

- **AB 596 (Reyes) & SB 380 (Limon):** Early learning and care rate reform.
  - ❖ CDE & CDSS
- **AB 1015 (Calderon):** Statewide Diaper and Wipe Distribution Program for Low-Income Families.
  - ❖ CDSS
- **SB 282 (Eggman & McGuire):** Medi-Cal Reimbursement for Federally Qualified Health Clinics & Rural Health Clinics.
  - ❖ DHCS

## Watch

- SB 326 (Eggman): The Mental Health Services Act (MHSA).
- AB 608 (Schiavo): Medi-Cal: comprehensive perinatal services.
- AB 51 (Bonta): Early childcare and education.

**Rate & Quality Advisory Panel**  
(CDSS & CDE)

**Universal Prekindergarten (UPK) Mixed Delivery Quality and Access Workgroup**  
(CDE)

**Implementation of Universal Transitional Kindergarten (TK) implementation**  
(CDE & CDSS)

**Doula Implementation Workgroup**  
(DHCS)

**Medical for Kids & Teens**  
(DHCS)

**California Advancing and Innovating Medi-Cal (CalAIM)**  
(DHCS)

**CalFresh (Supplemental Nutrition Assistance Program, SNAP) return to pre-pandemic levels**  
(CDSS)

## **Child care and Development Fund notice of Proposed Rulemaking**

- ❖ Worked w/ national partners to share proposed rulemaking opportunity

## **Extending American Rescue Plan (ARPA) child care funding**

- ❖ Potential Child Care “Cliff”
- ❖ In CA → more than 87,000 children are set to lose child care and more than 13,000 child care programs are expected to close.

## **FY 23-24 Appropriations**

- ❖ Deadline to pass Appropriations Package or Continuing Resolution is Sept. 30, 2023

## **2023 Farm Bill Reauthorization**

- ❖ SNAP and WIC provisions

## **Maternal, Infant and Early Childhood Home Visiting (MIECHV) Reauthorization**

- ❖ Phased-in additional federal matching starting in FY24

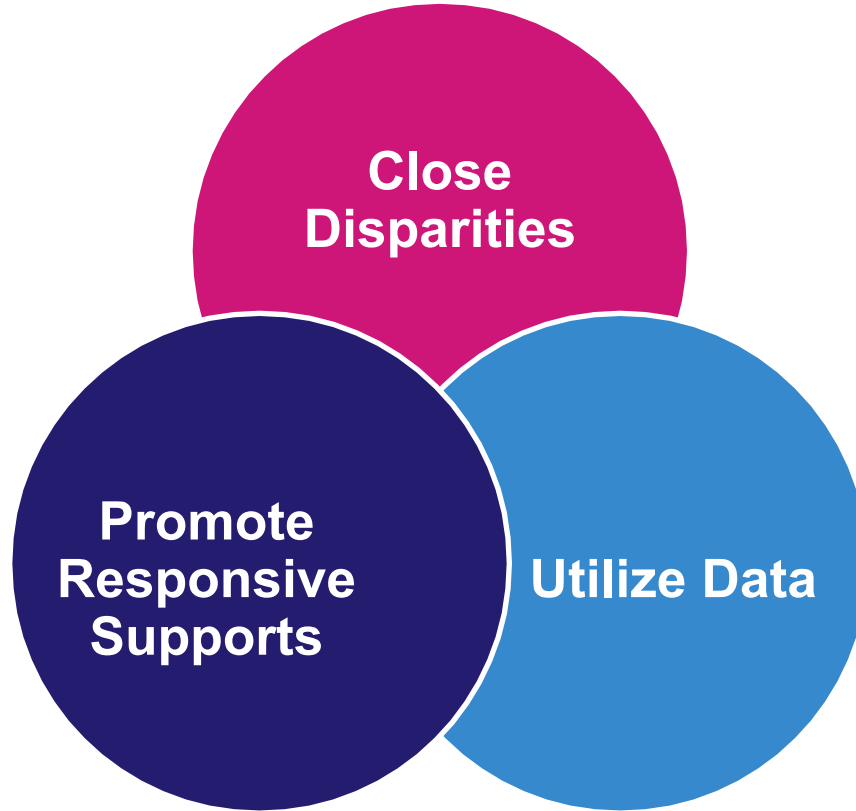
## High-level policy goals that align with and advance the Strategic Plan.

Authorizes First 5 LA's policy and advocacy work, informing where First 5 LA leads, supports or does not engage on policy issues.

Recognizes the full range of policy changes necessary to achieve desired outcomes, including budget items, legislation, and administrative change.

Guides First 5 LA public policy analysis and policy proposal development.

Supports efforts to both advance long-term policy change and respond to short-term needs, issues, and opportunities.



**Promote a comprehensive system of family supports to advance positive outcomes for the whole child and whole family.**

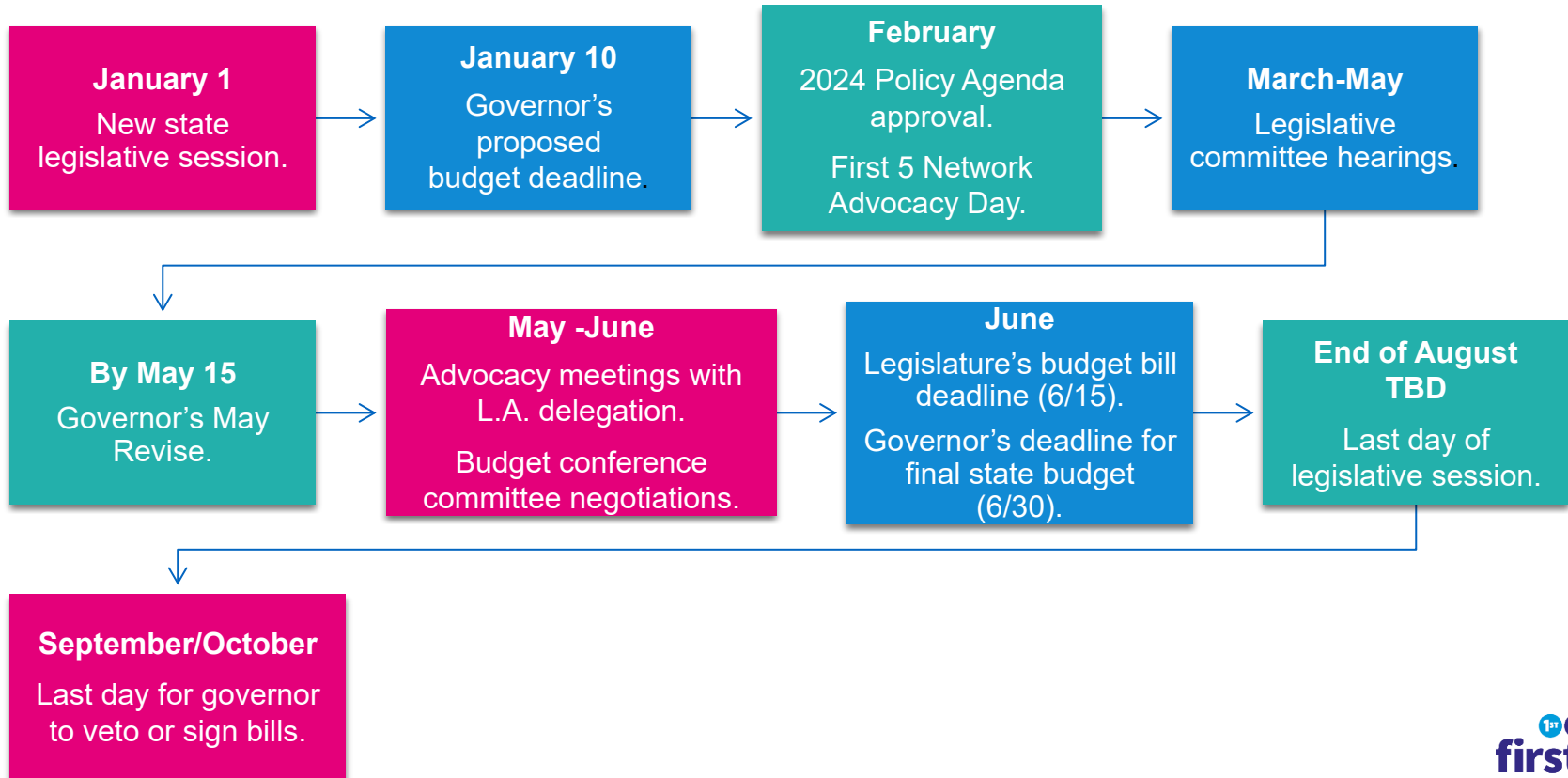
**Improve systems to promote the optimal development of children through early identification and supports.**

**Expand access to affordable, quality early care and education.**

**Ensure communities have the resources and environment that support optimal development of children prenatal to age 5.**

- Current priorities reflected in 2024 Policy Agenda
- Once the F5LA's Strategic Plan is finalized, the Policy Agenda will be updated and refined.
- We expect to return to the Board in early 2024 for Policy Agenda refinements and approval.





# Questions and Discussion

1<sup>ST</sup>  LA  
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**FIRST 5 LA**

**SUBJECT:**

**Establish a Strategic Partnership with Health Federation of Philadelphia in the Amount of \$400,000 to Pilot the Thriving Providers Guaranteed Basic Income Model in Los Angeles County for the period of 24 months through October 2025.**

**RECOMMENDATION (PROVIDED AS INFORMATION):**

This memo is provided as information for the Board's consideration at the September 28, 2023, Program and Planning Committee meeting. First 5 LA staff recommends that at the October 13, 2023 Board of Commissioners meeting, the Board approve the establishment of a Strategic Partnership with Health Federation of Philadelphia ("Home Grown") for an amount not to exceed \$400,000 for the period of 24 months through April 2025. Funds for FY 23-24 are included within the current First 5 LA Programmatic Budget under Quality Improvement System – Home Based Child Care Strategy, which was approved by the Board of Commissioners on June 8, 2023. Beyond FY 23-24, funds will be pulled from the assigned fund balance which will be brought to the Board of Commissioners for approval in June of the corresponding fiscal year. At the time of budget approval, requested resources will shift from the Assigned resource category of the fund balance, dedicated for broad Strategic Plan purposes, to the Committed category, amounts dedicated for a more specified purpose via resolution.

**BACKGROUND:**

In September 2021, the Board approved a strategic partnership to launch a landscape analysis of home based child care. This landscape analysis was the first step in First 5 LA's Early Care and Education (ECE) team's journey to better understand the assets and needs of Los Angeles County home based child care providers and the children and families in their care in order to develop to strategies to sustain and improve families' access to this type of child care. Home based child care, both licensed and license-exempt, is the primary setting of non-parental care in Los Angeles County and is particularly conducive to the care of infants and toddlers. Home based care often offers families more flexible hours, more affordable pricing, and more cultural and linguistic competence relative to center-based settings. Despite their prominence and strengths, relatively little is known about these providers and what supports they need to provide optimal care for children. These settings generally have fewer resources and receive less targeted support relative to licensed center-based care settings. Additionally, there is emergent data on the reliance on and preference of parents for home based care for children, specifically for infants and toddlers. This reliance is reflected among families from various economic backgrounds in Los Angeles County and California.

[The Landscape of Home Based Child Care in Los Angeles County: A Framework for Future Planning](#) was shared with the Board at the July 13, 2023 Board of Commissioners meeting. In addition to data to illuminate families' reliance on and preference for home based child care, the report also elevates key recommendations to support the quality, sustainability, and accessibility of the home based child care system and ensure parents have access to this care setting. First 5 LA staff, in partnership with the Child Care Alliance of Los Angeles (CCALA), Child Care Resource and Referral agency (CCRC), and members of the First 5 LA Early Childhood Educator Advisory Committee (ECEAC) have begun to identify potential strategies and partnerships to move these recommendations forward to improve families access to and experience of home based child care. The Homegrown Thriving Providers Project is an opportunity to advance strategies that support these recommendations for home based child care in Los Angeles County by leveraging the expertise, learning, and funding of national collaborators.

The Home Grown Thriving Providers Project (TPP) is aligned to two of the recommendations in the home based child care landscape analysis: 1) support a mixed delivery system and livable wages for home based child care providers; and 2) ensure seamless, responsive and holistic model of support for providers.

Home Grown is a national collaborative of funders committed to improving the quality of and access to home based child care. The Thriving Providers Project aims to stabilize home based child care providers so that children can succeed. The program works with regional partners to provide direct cash payments to Family, Friend, and Neighbor (FFN) providers and newly licensed Family Child Care (FCC) providers. In addition to direct payments, providers also receive peer and professional support that reduces isolation and increases access to other resources. This pilot will allow First 5 LA to gather data and build partnerships that support advocacy for increased wages and access to benefits for providers. It will also advance the recommendation to create more seamless, responsive, and holistic supports through the additional layers of support offered to providers who participate in the TPP pilot.

To implement this model, Home Grown provides significant support, funding, and guidance. Home Grown provides regional partners with project management support, policy and strategy advising, payment and data collection tools, peer learning tools, and backbone funding and support. Home Grown has successfully launched TPP pilots in several municipalities including New York City and Colorado. Home Grown has also partnered with the Stanford Center for Early Childhood to provide evaluation of the project both nationally and locally for each regional partner.

As a regional partner, First 5 LA will support this project in Los Angeles County in several ways. First 5 LA will support local implementation and project management, identify and convene local stakeholders and partners to advise the project and implement components of the model, identify opportunities for additional local funding, support recruitment and enrollment of providers, and ensure data and lessons from the pilot are part of larger local advocacy to support home based child care providers and children in their care.

The Thriving Providers Pilot in Los Angeles will support 25 Family, Friend and Neighbor providers for a period of 24 months. Following the Home Grown model, these providers will also receive additional holistic supports and resources. A full implementation plan, including developing these supports, will be created in partnership with local community-based organizations and stakeholders one the partnership with Home Grown is approved.

The anticipated cost for the entire pilot program in Los Angeles is \$780,000. The First 5 LA contribution will be \$400,000. Home Grown will manage these funds, in addition to other national and local funding sources and in-kind supports, to provide all project components described above. Home Grown's funding and in-kind support will cover the remaining \$380,000.

Pursuant to the Procurement Policy, Strategic Partners greater than \$150,000 must be presented to the Board for approval. Staff is requesting the establishment of a Strategic Partnership for an amount not to exceed \$400,000 to comply with this policy.

**GOVERNANCE GUIDELINES #5 AND #6 (SUSTAINABILITY AND LEVERAGING):**

*Summarize the **sustainability plan** and the existing funding landscape as well as all secured, pending and potential **leveraged resources** (suggested length: 1 – 2 paragraphs).*

The Thriving Providers Pilot in Los Angeles County is designed to run for a period of 24 months. Data gathered from the pilot will be used to inform advocacy, policy work, and future funding if needed. A portion of this advocacy and policy work will be sustained through the ongoing work of Home Grown at national scale. As described above, this pilot leverages both funding and in-kind support from Home Grown.

**JUSTIFICATION:**

A strategic partner is defined as having an existing infrastructure or substantial investment in a Program or project that either cannot be duplicated or would be duplicated at the expense of First 5 LA, and has the demonstrated resources, ability, program reach, or level of expertise to support First 5 LA's systems change work. Strategic Partnerships also include entities that administer jointly Funded programs or entities with key relationships when these are critical to advancing First 5 LA's Strategic Plan

Home Grown has unique expertise and infrastructure which justify First 5 LA entering in a strategic partnership. The Thriving Providers Project is a model that is unique to Home Grown. While there are several programs across the County exploring the benefits of direct cash payments or guaranteed basic income, the Thriving Providers Project is uniquely designed to meet the needs of child care providers by layering in specific supports and resources relevant to this child care setting and provider type. Home Grown has also piloted this model in other regions, and as a result has tools, learnings, and infrastructure for payment and data collection that are unique to the Home Grown model and could not be recreated without significant additional investment. The opportunity to leverage funding from national and local partners, in-kind support from Home Grown, and participate in a national evaluation of the pilot are also unique components to a partnership with Home Grown.

First 5 LA staff conducted research on other guaranteed income pilots to evaluate if they were uniquely tailored to the needs of child care providers like the Home Grown model and did not find any comparable models. The Home Based Child Care Landscape Analysis also included research on local providers access to and use of various supports - direct cash program were not identified as a support providers in Los Angeles use.

As described above, the objective of the program is to gather data and learnings and develop partnerships to advance recommendations from the landscape analysis that describe the need for increased wages and more holistic and seamless support models for home based providers. The anticipated outcomes are data to support advocacy for increased wages, learning and data about how to connect to providers to additional supports and resources, and data about the benefits of networked and peer supports for providers. The data gathered, lessons learned, and partnerships built will inform future work to scale these initiatives through advocacy, policy recommendations, and other systems change strategies.

The anticipated cost for the entire pilot program in Los Angeles is \$780,000. The First 5 LA contribution will be \$400,000. The entirety of this amount will be contracted to Home Grown, who will manage these funds, in addition to other national and local funding sources and in-kind supports, to implement the full model. The costs include: monthly payments of approximately \$954 per provider for a cohort of 25 providers over 24 months, project management and implementation cost for a community-based partner leading provider recruitment, enrollment, and supports (partner yet to be identified), use of a payment platform and data collection tools, evaluation costs, policy advising, and national peer learning efforts.

**NEXT STEPS:**

Staff anticipates returning to the Board for action at the October Board meeting to approve this Strategic Partnership and execute a contract with Health Federation of Philadelphia (“Home Grown”) for an anticipated amount of \$400,000 for the period of 24 months.