

# AGENDA

## MEETING OF THE BOARD OF COMMISSIONERS

Chair: Sheila Kuehl

Tuesday, March 7, 2017  
1:30 PM - 4:30 PM

### Meeting Location:

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

(If you would like to speak to any item on the agenda, please complete a public comment form)

- 
1. **ACTION**  
Call to Order  
- Jane Boeckmann, Chair
2. **INFORMATION** 3  
Review Special Meeting of the Budget and Finance Committee  
Notes – January 23, 2017  
- Jane Boeckmann, Chair
3. **INFORMATION** 8  
Monthly Financial Statements  
- Raoul Ortega, Finance Director
4. **INFORMATION** 14  
Mid-Year Budget Adjustments  
- Raoul Ortega, Finance Director  
- Daisy Lopez, Financial Planning & Analysis Analyst, Budget  
Manager
5. **INFORMATION** 46  
Chart of Accounts Rebuilding Project  
- Carl Gayden, Senior Director of Administration  
- Kaya Tith, Manager of Operational Excellence

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#### COMMISSIONERS

Los Angeles County Supervisor	Jane Boeckmann	Yvette Martinez
Sheila Kuehl	Bobby Cagle	Romalis J. Taylor
Chair	Barbara Ferrer, Ph.D., M.P.H., M.Ed.	Keesha Woods
Judy Abdo		Marlene Zepeda, Ph.D.
Vice Chair		

#### EX OFFICIO MEMBERS

Karla Pleitez Howell
Jonathan E. Sherin, M.D., Ph.D.
Wendy Smith, Ph.D., LCSW
Deanne Tilton

#### EXECUTIVE DIRECTOR

Kim Belshé

#### EXECUTIVE VICE PRESIDENT

John A. Wagner

#### A PUBLIC ENTITY

6. **INFORMATION**  
Public Comment
7. **ACTION**  
Adjournment



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**SUMMARY MEETING NOTES**

**FIRST 5 LA  
SUMMARY MEETING NOTES  
Special Meeting of the Budget & Finance Committee  
January 23, 2017  
3:00 pm – 4:30 pm**

**COMMITTEE MEMBERS PRESENT:**

Nancy Au (Chair)  
Jane Boeckmann  
Dayton Gilleland  
Marlene Zepeda (Vice-Chair)

**COMMITTEE MEMBERS ABSENT:**

NONE

**STAFF PRESENT:**

Kim Belshé, Executive Director  
Carl Gayden, Senior Director of Administration  
Daisy Lopez, Financial Planning and Analysis, Budget  
Manager  
Raoul Ortega, Finance Director  
Alison Mendes, Finance Manager  
Linda Vo, Board Secretary  
John Wagner, Executive Vice President

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

The meeting was called to order by Committee Chair Au at 3:04 pm. Roll call completed.

**2. Review of Meeting Notes – Special Meeting of the Budget and Finance Committee, September 28, 2016**

Meeting notes were received and filed with no deletions and/or additions.

**3. Monthly Financial Statements**

Mr. Ortega went over the current monthly financial statements for the months ending October 31 and November 30, 2016. He noted that these will be presented to and approved by the Commission at the upcoming January 26, Special Commission/Program and Planning Committee meeting. He highlighted then highlighted some of the transactions for the month of August. First 5 LA started the month with a cash balance of approximately \$452.6 million and had \$15 million in total revenue (July and August revenues).

He went on to explain that there was about \$1.5 million out the door in operating expenditures, \$3.7 million in program expenditures, and \$536,197 in pass-through expenditures. As a result, First 5 LA ended the month with a cash balance of \$461.9 million.

Committee Chair Au asked if First 5 LA is on track in meeting its projected expenditures.

Mr. Ortega responded telling Committee Chair Au that staff were in the process of making these calculations and would be coming back to the Commission with a full report.

There is no further discussion on this item.

**4. Long-Term Financial Projection (LTFP)**

Ms. Lopez went over the goals and objectives of her presentation. She said one of the goals of the LTFP is to aid in the Commission's financial stewardship role by providing a framework that shows the long-term implications of funding decisions.

**SUMMARY MEETING NOTES**

She gave a brief overview of what the LTFP is. She said it is a multi-year forecast—not a spending plan—that includes: revenue, fund balance, program commitments and expenditure projections, and operating expenses. In addition, the LTFP is presented to the Board provide fiscal context for the organization, not as a vehicle to make policy decisions. Ms. Lopez informed the Committee that the forecast period of FY 2017 – 2021, one year beyond the 2015-2020 Strategic Plan.

There are some assumptions made as part of the LTFP:

- Projections assume fidelity to allocations and other funding decisions made by the Commission.
  - All programs will be implemented according to the planned schedule and are assumed to end consistent with the Board-approved Governance Guidelines.
  - Any unspent funding from multi-year allocations will remain committed, pending Board action.
- Strategic Plan cost estimates were revised where additional information was available.
- Spending levels for FY 2020-21 are assumed to remain relatively consistent with FY 2019-20.
- Operating expenses increase slightly based on standard salary/benefit increases, inflation, and costs related to one-time capital improvements.

Some of the highlights Ms. Lopez covered included the following:

**Revenue:**

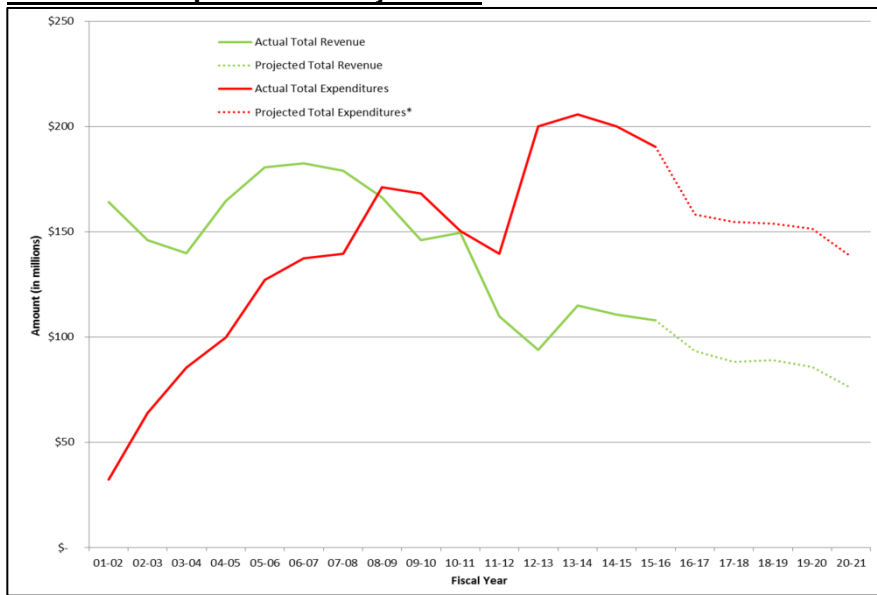
Proposition 10 tax revenue is projected to decline by 16% by FY 2020-21, from \$87.9 million (FY 2015-16) to \$73.5 million (FY 2020-21).

**Expenditures:**

- Annual spending began to exceed revenue in FY 2008-09.
- In FY 2015-16, expenditures of \$190.3 million were more than double the tobacco tax revenue of \$87.9 million.
- In FY 2016-17, spending is estimated to be \$158.2 million and remain above \$138.0 million through FY 2020-21, further reducing fund balance.
- Over the course of the 5 years covered by the LTFP, more than half of incoming tobacco tax revenue is projected to be spent on the Commission’s direct service investments in home visiting

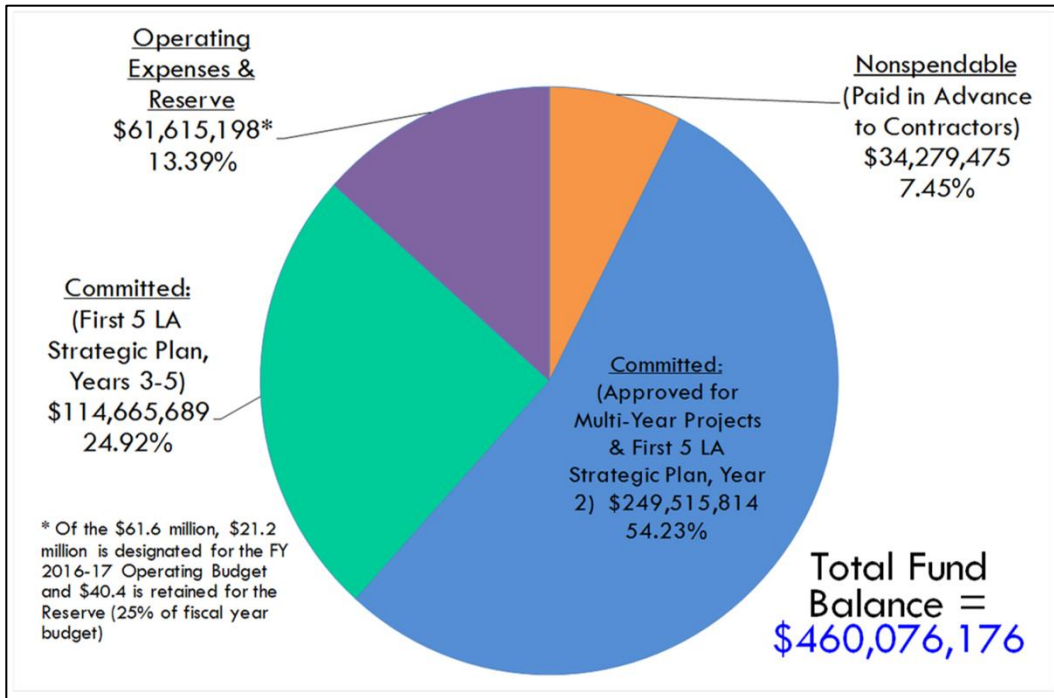
She also went over the following charts:

**Revenue & Expenditure Projections**



**Fund Balance (6/30/2016): 100% Board Dedicated**

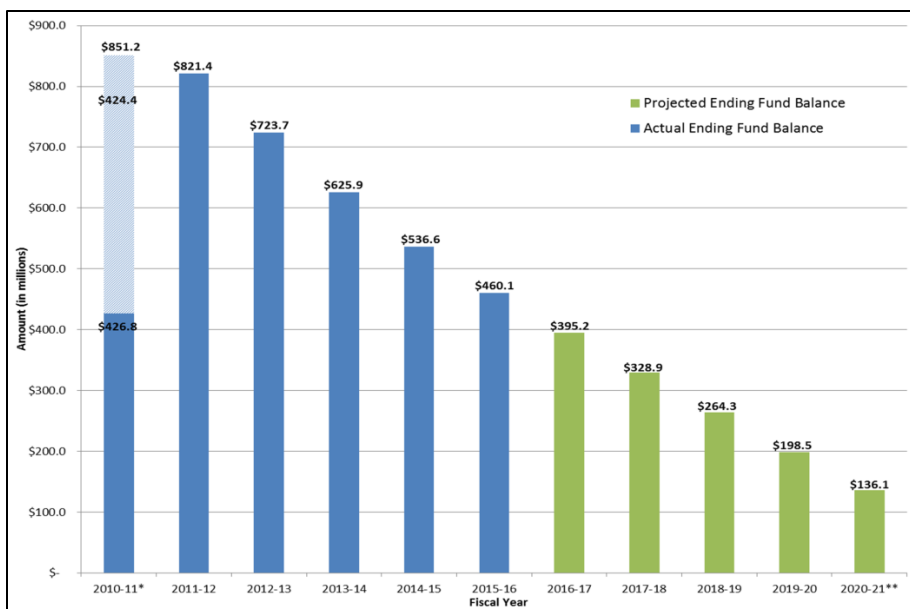
**SUMMARY MEETING NOTES**



Ms. Lopez went over some highlights of the fund balance:

- July 2016 beginning fund balance was \$460.1 million, of which \$283.8 million, or 62%, was committed to approved multi-year allocations, advances to contractors/grantees, and FY 2016-17 appropriations.
- Total fund balance is projected to decrease by 70% by June 2021, from \$460.1 million in July 2016 to \$136.1 million by June 2021.
- The \$136.1 million would need to account for FY 2021-22 operating costs, the fund balance reserve, and unspent multi-year committed allocations.

In looking in to the future, Ms. Lopez presented the following chart:



**SUMMARY MEETING NOTES**

Some key takeaways:

- Underspending in FY 2015-16 resulted in a higher FY 2016-17 beginning fund balance than previously expected.
- Compared to previous projections, the current LTFP shows higher revenues, lower anticipated expenditures, and an overall higher fund balance.
- An additional year of actual spending data and implementation produced revised projections for the four Outcome Areas that demonstrate a lower than anticipated level of spending by June 30, 2020
  - Staff will provide additional detail in the FY 2017-18 Budget, and will continue to revise resource estimates and update the Board as implementation continues and more is known

In conclusion, Ms. Lopez stated the following:

- LTFP shows spending continuing to exceed revenue, placing demands on the diminishing fund balance.
- Staff continue to monitor the changing political landscape—both at the State and Federal levels—which will likely have implications for incoming revenue, as well as feasible sustainability strategies.
- Resources are adequate to cover existing obligations and projected spending through the course of the 2015-2020 Strategic Plan, providing the Commission with the opportunity to gradually transition to a more sustainable spending portfolio with the goal of aligning annual spending with revenue.
- In the short-term, the Commission must adhere to the Governance Guidelines relative to expiring initiatives and the efficiency & cost effectiveness of the 2015-2020 Strategic Plan strategies to reflect F5LA’s fiscal reality.

Before she ended her presentation, Ms. Lopez informed the Committee that the LTFP will be presented at the January 26 Special Commission/Program & Planning Committee meeting and then will be formally voted on at the February Commission meeting. She also said that staff plans on coming back to the Commission in the near future to present revised long-term projections for the Home Visiting investments, with a focus on program and sustainability strategies

There is no further discussion on this item.

**5. FY 2017-18 Budget Calendar**

Mr. Ortega went through the following Budget calendar:

FY 2017-18 BUDGET CALENDAR		
DATE	ACTIVITY	VENUE
January 2017	Brief Budget and Finance Committee on recommended FY 2017-18 budget calendar Provide annual Long Term Financial Plan (LTFP) update to the Budget & Finance Committee	Budget & Finance Committee Meeting
January 2017	Brief Commission on recommended budget calendar Provide annual LTFP update to the Commission	Commission Meeting
February 2017	Provide training to First 5 LA staff on budget process and development	Internal Staff Training
February 2017	Request Commission approval on the recommended budget calendar	Commission Meeting
February - April 2017	Complete budget development	Internal Staff Process
April 2017	EVP reviews first draft of budget documents	Budget & Finance Committee Meeting
May 2017	Present FY 2016-17 Proposed Budget to the Commission	Commission Meeting
May 2017	Revise FY 2017-18 Proposed Budget as necessary	Internal Staff Process
May 2017	Present revised FY 2016-17 Proposed Budget to the Budget & Finance Committee as necessary	Mid-week of April 10
June 2017	Request Commission adoption of the FY 2017-18 Proposed Budget	Commission Meeting

There is no further discussion on this item.

**SUMMARY MEETING NOTES**

**6. Public Comment**

No public comment.

**ADJOURNMENT:**

The meeting was adjourned at 4:20 pm.

**NEXT MEETING:**

The next Budget and Finance Committee meeting will take place on Tuesday, March 7, 2017 at 1:30 pm.

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

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

FIRST 5 LA

**SUBJECT:**  
**Monthly Financial Reports**

**RECOMMENDATION:**  
**Approval of the monthly financial statements for the month ending January 31, 2017.**

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

**DISCUSSION:**

First 5 LA began the month with a cash balance of \$461 million. During the month of January 2017, we received \$4.5 million in revenues, which includes \$3.7 million for November 2016 tobacco tax revenue and \$800,000 in other revenue. The November 2016 tobacco tax revenue does reflect a decrease from the prior months due to Proposition 99 backfill and the first transfer of the Board of Equalization (BOE) Administration Costs occurring in the same month. We had \$5.4 million in program expenditures, \$230,535 in pass-through expenditures and \$1.3 million in operating expenditures. As a result, First 5 LA ended the month with a cash balance of \$458.6 million.

This report includes detailed financial information for the month ending January 31, 2017. The financial statements are unaudited and reported as a "soft close." All materials in this packet and check registers are available online. Statements in this report include the following:

- Revenue and Expense Statement: Summarizes financial statements to highlight the starting cash balance, revenues received, program and operating expenses, and the ending cash balance for the month.
- Balance Sheet: Provides a "snapshot" view of the Commission's assets, liabilities and fund balance as of January 31, 2017.
- Detailed operating and program expenditures: Shows expenses against the FY 2016-17 Budget approved on June 09, 2016, concluding with a report of expenditures related to programs functioning as pass-through agreements.

Los Angeles County Children and Family First -  
Proposition 10 Commission (aka) First 5 LA  
Revenue and Expense Statement  
January 31, 2017, Unaudited

	<b>REVENUES AND EXPENDITURES</b>	<b>FISCAL YTD EXPENDITURES/ BUDGET</b>
	<b>\$</b>	<b>%</b>
<b>Cash Balance as of December 31, 2016</b>	<b>\$ 461,027,659</b>	
<b>Revenue</b>		
Monthly State Allotments	\$ 3,746,209	(1)
State Commission Matching Grant - Cares Program	-	
Medi-Cal Administrative Activities (MAA)	-	
State Commission - Other Program Funds	-	
Interest Income - Unreserved	112,136	
Investment Income - Other	-	
Rental Revenue - La Petite	9,363	
Partnerships for Families (PFF) - LA County Dept. of Children and Family Services (DCFS)	627,934	
ECE-LA County IMPACT	-	
<b>Total Revenue</b>	<b>\$ 4,495,642</b>	
<b>Expenses</b>		
<b>Program Budget (Attachment A)</b>		
2015-2020 Strategic Plan: Focusing For The Future	\$ 2,878,834	16%
Legacy Investments	1,734,605	27%
Research and Evaluation	750,171	26%
<b>Total Initiative/Program Expenses</b>	<b>\$ 5,363,610</b>	<b>20%</b>
<b>Pass-Through (Attachment B)</b>		
Medi-Cal Administrative Activities (MAA)	\$ -	
Partnerships for Families (PFF) - LA County Dept. of Children and Family Services (DCFS)	230,535	
<b>Total Pass-Through Expenses</b>	<b>\$ 230,535</b>	
<b>Operation and Administration (Attachment C)</b>		
Personnel	\$ 1,171,448	51%
General Operating	61,847	49%
Professional Services	1,281	25%
Consultant Services	33,729	32%
Travel & Meetings	14,200	35%
Capital Improvements	-	3%
<b>Total Operation and Administration</b>	<b>\$ 1,282,504</b>	<b>48%</b>
<b>Total Expenses</b>	<b>\$ 6,876,649</b>	
<b>Variance (Revenue - Expenses)</b>	<b>\$ (2,381,006)</b>	
<b>Cash Balance as of January 31, 2017</b>	<b>\$ 458,646,653</b>	<b>(2)</b>

**NOTE:**

- 1) Tobacco Tax Revenue for November 2016 reflects a decrease due to the transfer of Board of Equalization (BOE) Administration Costs and Proposition 99 backfill.
- 2) Cash Balance excludes fixed assets and liabilities.

**LOS ANGELES COUNTY CHILDREN AND FAMILY FIRST - PROPOSITION 10 COMMISSION (AKA FIRST 5 LA)  
PROGRAM EXPENDITURES BY FY 2016-17 BUDGET  
JANUARY 31, 2017, UNAUDITED**

INITIATIVE/PROGRAM	FY 2016-17 BUDGET*	JANUARY EXPENDITURES	FISCAL YTD EXPENDITURES	BALANCE REMAINING	FISCAL YTD EXPENDITURES /BUDGET%
<b>2015-2020 STRATEGIC PLAN: FOCUSING FOR THE FUTURE</b>					
Strategic Plan Priority Outcome Areas					
Families	38,081,000	1,184,426	7,909,411	30,171,589	21%
Communities	18,883,000	1,377,680	5,106,840	13,776,160	27%
Early Care & Education Systems	24,199,000	67,374	605,200	23,593,800	3%
Health-Related Systems	2,421,000	9,368	98,864	2,322,136	4%
Strategic Plan Investment Areas & Support Costs					
Policy Agenda/Advocacy	2,442,000	82,618	448,600	1,993,400	18%
Communications & Marketing	5,345,000	142,476	873,412	4,471,588	16%
Communications - Conference Funding	300,000	14,892	53,942	246,058	18%
<b>Subtotal 2015-2020 Strategic Plan</b>	<b>91,671,000</b>	<b>2,878,834</b>	<b>15,096,269</b>	<b>76,574,731</b>	<b>16%</b>
<b>LEGACY INVESTMENTS</b>					
At-Risk Fathers Investment	299,000	-	-	299,000	0%
Baby Friendly Hospitals	918,000	44,210	194,624	723,376	21%
Black Infant Health	2,203,000	29,457	149,943	2,053,057	7%
Children's Dental Care	8,908,000	97,856	1,659,208	7,248,792	19%
Children's Vision Care	1,333,000	33,452	549,502	783,498	41%
Early Identification and Intervention - Autism and other Developmental Delays	908,000	70,249	365,149	542,851	40%
Healthy Food Access	1,174,000	42,040	414,345	759,655	35%
Healthy Kids	373,000	21,933	271,381	101,619	73%
Information Resource and Referral	1,260,000	-	398,523	861,477	32%
Little by Little/One Step Ahead	3,312,000	-	695,024	2,616,976	21%
Oral Health & Nutrition - Dental Home	890,000	-	-	890,000	0%
Parent Child Interaction Therapy	3,590,000	536,305	904,464	2,685,536	25%
Policy Advocacy Fund	1,263,000	-	420,922	842,078	33%
Reducing Childhood Obesity	5,133,000	-	821,145	4,311,855	16%
Resource Mobilization - ECE	800,000	-	-	800,000	0%
Resource Mobilization - Funder Partnership	75,000	-	45,000	30,000	60%
Resource Mobilization - Health	326,000	-	50,264	275,736	15%
Resource Mobilization - Organizational Capacity Building	125,000	-	9,228	115,772	7%
Resource Mobilization - Project Development	250,000	-	-	250,000	0%
Universal Assessment of Newborns	8,451,000	859,103	4,168,601	4,282,399	49%
Workforce Development	555,000	-	121,995	433,005	22%
<b>Subtotal Legacy Investments</b>	<b>42,146,000</b>	<b>1,734,605</b>	<b>11,239,318</b>	<b>30,906,682</b>	<b>27%</b>
<b>RESEARCH AND EVALUATION</b>					
Data Development and Integration	861,000	93,790	393,406	467,594	46%
Data Partnership with Funders	900,000	85,884	338,816	561,184	38%
Program Evaluation	4,707,000	570,497	939,898	3,767,102	20%
<b>Subtotal Research and Evaluation</b>	<b>6,468,000</b>	<b>750,171</b>	<b>1,672,120</b>	<b>4,795,880</b>	<b>26%</b>
<b>TOTAL</b>	<b>140,285,000</b>	<b>5,363,610</b>	<b>28,007,707</b>	<b>112,277,293</b>	<b>20%</b>

\* The FY 2016-17 Program Budget was approved by the Board of Commissioners on June 09, 2016.

**NOTES -PROGRAM EXPENDITURES BY FY 2016-17 BUDGET:**

Journal entries for FY 2015-16 accrued expenses were reversed in July 2016. The amounts reported are the actual program expenditures for January 2017.

LOS ANGELES COUNTY CHILDREN AND FAMILY FIRST - PROPOSITION 10 COMMISSION (AKA FIRST 5 LA)  
 EXPENDITURES - PASS-THROUGH  
 JANUARY 31 2017, UNAUDITED

Attachment B

January 31, 2017, UNAUDITED

INITIATIVE/PROGRAM - PASS-THROUGH	JANUARY EXPENDITURES	YEAR TO DATE EXPENDITURES
Medi-Cal Administrative Activities (MAA) - LA County Charges	-	-
Medi-Cal Administrative Activities (MAA) - Participation Payment	-	3,272
Partnerships For Families - LA County Department of Children and Family Services (DCFS)	230,535	3,356,184
<b>TOTAL</b>	<b>230,535</b>	<b>3,359,456</b>

**Los Angeles County Children and Family First -  
Proposition 10 Commission (aka) First 5 LA  
Operating & Administrative Budget Update  
January 31, 2017, UNAUDITED**

OPERATION AND ADMINISTRATION EXPENSE	JANUARY ACTUAL	FISCAL YTD ACTUAL	FY 2016-17 BUDGET	FISCAL YTD VARIANCE	FISCAL YTD/BUDGET %
<b>Personnel Services</b>					
Salaries & Wages	879,414	6,705,570	13,178,557	6,472,987	51%
Fringe Benefits	292,034	1,928,667	3,909,538	1,980,871	49%
<b>Total Personnel Services</b>	<b>1,171,448</b>	<b>8,634,237</b>	<b>17,088,095</b>	<b>8,453,858</b>	<b>51%</b>
<b>General Operating Expenses</b>					
ADP Payroll Charges	3,300	17,956	31,000	13,044	58%
Workers Compensation Insurance	-	76,103	100,000	23,897	76%
Corporate Insurance	2,728	32,525	76,000	43,475	43%
Mileage Expense	2,470	26,375	64,450	38,075	41%
Telephones & Modems	4,896	31,273	35,000	3,727	89%
Printing	1,864	6,664	18,750	12,086	36%
Postage & Delivery	1,100	7,700	13,300	5,600	58%
Office Supplies	5,569	37,149	80,640	43,491	46%
Subscriptions & Publication	779	1,651	10,060	8,409	16%
Equipment Rental	1,190	48,917	118,200	69,283	41%
Repair & Maintenance - Furniture & Fixtures	13,990	107,003	180,000	72,997	59%
Repair & Maintenance - Equipment	260	529	26,000	25,471	2%
Rents & Lease - Offsite Storage	2,602	15,874	19,700	3,826	81%
Los Angeles County Overhead	-	6,096	27,000	20,904	23%
Contingency	-	23,000	75,000	52,000	31%
Facilities & Other Supplies	680	9,881	12,150	2,269	81%
Utilities	10,825	94,503	165,000	70,497	57%
Educational Supplies	55	308	1,450	1,142	21%
Cell Phones	4,502	25,094	51,240	26,146	49%
Hardware & Software Maintenance	5,038	84,163	220,600	136,437	38%
<b>Total General Operating Expenses</b>	<b>61,847</b>	<b>652,762</b>	<b>1,325,540</b>	<b>672,778</b>	<b>49%</b>
<b>Professional Services</b>					
Audit and Accounting Fees	-	36,085	70,000	33,915	52%
Legal Fees	-	33,424	175,000	141,576	19%
Membership Dues	(199)	22,557	85,052	62,495	27%
Professional Development	1,161	14,276	266,000	251,724	5%
Professional Dues First 5 Association	-	70,000	70,000	-	100%
Staff Recruitment	319	1,824	25,000	23,176	7%
Commission Stipends	-	9,000	34,000	25,000	26%
Human Resources Related Costs	-	15,438	78,000	62,562	20%
<b>Total Professional Services</b>	<b>1,281</b>	<b>202,605</b>	<b>803,052</b>	<b>600,447</b>	<b>25%</b>
<b>Consultant Services</b>					
Consultant Fees	12,657	329,378	1,208,000	878,622	27%
Other Professional Fees	21,072	151,499	276,950	125,451	55%
External Reviewers	-	1,500	8,000	6,500	19%
<b>Total Consultant Services</b>	<b>33,729</b>	<b>482,377</b>	<b>1,492,950</b>	<b>1,010,573</b>	<b>32%</b>
<b>Travel &amp; Meeting Expenses</b>					
Conferences - Travel & Lodging	3,077	34,285	89,492	55,207	38%
State Prop 10 Commission Activities	-	989	-	(989)	
Conference - Registration Fees	6,365	38,635	119,285	80,650	32%
Local Meeting Expenses	2,473	24,308	71,700	47,392	34%
Lodging	1,027	35,586	98,726	63,140	36%
Per Diem	1,258	17,084	51,318	34,234	33%
<b>Total Travel &amp; Meeting Expenses</b>	<b>14,200</b>	<b>150,888</b>	<b>430,521</b>	<b>279,633</b>	<b>35%</b>
<b>Capital Improvements</b>					
Capital Outlay (Equipment Purchases)	-	2,400	75,000	72,600	3%
Capital Improvements	-	-	20,000	20,000	0%
<b>Total Capital Improvements</b>	<b>-</b>	<b>2,400</b>	<b>95,000</b>	<b>92,600</b>	<b>3%</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>1,282,504</b>	<b>10,125,268</b>	<b>21,235,158</b>	<b>11,109,890</b>	<b>48%</b>

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

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

\* The FY 2016-17 Operating Budget was approved by the Board of Commissioners on June 09, 2016.

**Los Angeles County Children and Families First -  
Proposition 10 Commission  
Statement of Net Assets  
January 31, 2017 Unaudited**

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**Current Assets:**

Cash	\$	6,885,415
Cash- Morlin Mgmt Corp		26,950
Investment:		
Operating and Allocated funds		416,844,054
Operating Fund - SRI		-
Advance - LA Care Health Plan		7,983,209
Advance - LAUP		25,320,585
Advance - UCLA Dental Home Project		776,697
Interest Receivable		-
Other Receivables		1,610,056
<b>Total Current Assets</b>	<b>\$</b>	<b>459,446,966</b>

**Fixed Assets:**

Land	\$	2,039,000
Building & Improvements		12,076,512
Furniture & Fixtures		627,671
Computer, Software & Accessories		1,779,722
Office Equipment		331,033
Accumulated Depreciation		(5,260,912)
<b>Total Fixed Assets</b>	<b>\$</b>	<b>11,593,026</b>

**Total Assets** **\$ 471,039,992**

**Liabilities and Net Assets**

**Current liabilities:**

Other Liabilities	\$	268,629	(1)
<b>Total Current Liabilities</b>	<b>\$</b>	<b>268,629</b>	

**Net Assets:**

Investment in capital assets	\$	11,593,026
Restricted		459,178,337
<b>Total Net Assets</b>	<b>\$</b>	<b>470,771,363</b>

**Total Liabilities and Net Assets** **\$ 471,039,992**

**NOTES:**

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

FIRST 5 LA

**SUBJECT:**  
Mid-Year Adjustments to the FY 2016-17 Budget

**RECOMMENDATION:**  
Mid-year adjustments to the FY 2016-17 Budget as detailed in Attachment 1 (Program Budget) and Attachment 2 (Operating Budget) are presented to the Committee for informational and discussion purposes. Staff recommends that this item be brought to the Commission as informational at the March 9, 2017 meeting and again for final approval at the April 13, 2017 meeting, consistent with the Governance Guidelines as well as past budgeting practices.

**BACKGROUND:**  
The \$161.5 million FY 2016-17 Budget, approved via Resolution by the Board of Commissioners on June 9, 2016, included \$140.3 million of funding for program costs and \$21.2 million for operating costs. Initial funding requests were generated using the information available at the time of budget development, and were based on spending estimates—rather than final negotiated contract amounts—so staff would have the flexibility to manage contracts within a budget unit without having to return to the Commission.

The Program Budget includes 31 initiatives with anticipated costs to be incurred during FY 2016-17. Based on updated information and analysis, this item reflects a net decrease to the overall FY 2016-17 Program Budget of \$14.5 million for a revised fiscal year Program Budget of \$125.8 million. These adjustments are detailed by priority outcome area and initiative in Attachment 1A and by program—which aggregate up to the amounts at the priority outcome area, strategy and initiative level—in Attachment 1B.

This item also includes increases and decreases to various Operating Budget line items, the net effect of which is cost neutral, for reasons discussed more fully below. As a result, the Operating Budget remains at \$21.2 million for the fiscal year. These adjustments are detailed at a summary level in Attachment 2.

The net result to the approved FY 2016-17 Budget of \$161.5 million is a decrease of \$14.5 million, or approximately 9.0%, for a revised total fiscal year budget of \$147.0 million, as illustrated in the high-level table below.

Budget Component	Approved FY 16-17 Budget	Proposed Adjustments	Revised FY 16-17 Budget	% Change
Program	\$ 140,285,000	\$ (14,525,500)	\$ 125,759,500	-10.4%
Operating	\$ 21,235,158	\$ -	\$ 21,235,158	0.0%
Total Revised FY 2016-17 Budget	\$ 161,520,158	\$ (14,525,500)	\$ 146,994,658	-9.0%

**DISCUSSION:**  
Program Budget:

Per current First 5 LA policy, any change to the spending levels approved at the initiative level in the Program Budget requires formal approval by the Board of Commissioners via Resolution. As in the prior year, staff consolidated all FY 2016-17 Program Budget adjustments into a single process for presentation to the Commission at mid-year for approval. These adjustments, including both augmentations and reductions for programs that are anticipated to significantly underspend their

approved budget levels, are detailed by priority outcome area and initiative in *Attachment 1A* and by program—which aggregate up to the amounts at the priority outcome area, strategy and initiative level—in *Attachment 1B*.

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

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

#### *Strategic Plan Priority Outcome Areas*

##### Outcome 1: Families: Reduction of \$6,082,500

The overall decrease to this priority outcome area is primarily driven by a \$3.7 million reduction for the Welcome Baby Hospitals program and an approximately \$2.0 million reduction for the Select Home Visiting Programs (Strategy 1). Additional reductions were also made to the Data Development Program (\$140,000), Project Dulce (\$109,500) and the Project Dulce Evaluation program (\$100,000) (Strategy 2).

- Welcome Baby Hospitals (Strategy 1) – Reduction of \$3,735,000: Updated estimates were revised based on actual expenditure rates, which eliminated the need to maintain a small contingency initially built into the budget amounts. In addition, Welcome Baby estimates were revised based on an assessment of the actual service rate by hospital which identified lower than anticipated enrollments and associated costs, resulting in a significant cost savings.
- Select Home Visiting Programs (Strategy 1) – Reduction of \$1,998,000: Estimates reflected a reduction in resource needs for FY 2016-17 as a result of actual expenditure analysis, identified need for ongoing costs and unused Targeted Case Management (TCM) pilot funds. First 5 LA staff is working with representatives from Los Angeles County to address current barriers to piloting Targeted Case Management participation by First 5 LA-funded and other home visiting programs. Expenditures to support grantee participation in the pilot are expected to be utilized in FY 17-18.
- Data Development (Strategy 2) – Reduction of \$140,000: Launch of a data workgroup to establish measurement and reporting related to prevention-oriented indicators is currently in the planning phase and may launch by the end of the fiscal year. The program budget is being reduced to align with actual estimated need for the remainder of the fiscal year.
- Project Dulce (Strategy 2) – Reduction of \$109,500: The contract with the Center for the Study of Social Policy (CSSP) for additional training and technical assistance was finalized after the approval of the FY 2016-17 budget. The proposed need was identified to be less than originally estimated. Additionally, the CSSP contract included language to support the provision of services that had been budgeted separately resulting in an increased reduction in resources for FY 2016-17.
- Project Dulce Evaluation (Strategy 2) – Reduction of \$100,000: Expenditures are dependent on potential gaps identified in the national evaluation of Project DULCE by the Center for the Study of Social Policy (CSSP). Deficiencies have not yet been identified. Earliest projected need for resources is late in the fiscal year. Remaining funds will be utilized to support the prospective initial implementation of the program.

##### Outcome 2: Communities: Reduction of \$1,482,000

The overall decrease to this priority outcome area is driven by cost reductions in Community Resource Networks (\$664,000), Policy/Advocacy Partnerships (\$310,000), Capacity Building

Consortium (\$893,000) and Marketing and Communications (\$370,000). These reductions are offset by an increase in Community Partnerships (\$755,000), for an overall net decrease of \$1,482,000.

- Marketing & Communications (Strategy 1) – Reduction of \$370,000: Fewer costs are anticipated due to a delay in enacting a plan to bring on Communications Capacity Builders for all 14 Best Start Communities. The plan was delayed due to further consideration for how to support a stronger, more efficient communications capacity building approach for the partnerships. As a result, solicitation for communications capacity builders will not occur in FY 2016-17. Instead, the Center for the Study of Social Policy (CSSP) contract was expanded to provide support to the communications workgroups of the Community Partnerships.
- Community Partnerships (Strategy 1) – Increase of \$755,000: Additional partnership support costs are needed to support the necessary activities to transition operational functions to community based organizations by December 2017. This includes activities such as community-specific specialized training and technical assistance, an increase in the Center for the Study of Social Policy (CSSP) contract for communications coaching and notetaking support, and overall planning coordination and support to aid the Partnerships in successfully meeting the Best Start alignment transition timeline.
- Community Resource Networks (Strategy 2) – Reduction of \$664,000: This amount is being reduced in order to maximize opportunities presented by the Office of Child Protection's (OCP's) work to focus on the Prevention and After-Care Networks and other countywide prevention plans. Remaining funds are being considered for a possible Department of Social Services (DPSS) pilot in Compton, a strategic partnership with the Goldhirsh Foundation for organizational capacity building grants, and other opportunities that may emerge during the remainder of the fiscal year as the partnership with the County OCP becomes more concrete.
- Policy/Advocacy Partnerships (Strategy 3) – Reduction of \$310,000: Updated spending projections for the fiscal year indicate that fewer costs will be needed in this area. Costs were also revised to align estimates with current agreements. Current spending in this program includes a leveraging opportunity with Parks After Dark, partnership with the LA Funders Collaborative to develop an equity framework for the allocation of resources dispersed through Measure A (parks) and Measure M (transportation), and a reserve for potential emerging opportunities, such as City of Los Angeles Great Streets.
- Capacity Building Consortium (Cross-Strategy Investments) – Reduction of \$893,000: The delay in the Capacity Building Consortium launch resulting from the Best Start alignment prioritization has led to an overall reduction of anticipated costs for this program. An increase is needed for planning and development costs to support the extension of Capacity Building Thought Partners and development of framework. However, all other program costs, including Capacity Building Support, Specialized Training & Technical Assistance, Learning Communities and Coordination are being partially reduced or are being shifted to FY 17-18 when the Consortium is expected to launch.

### Outcome 3: Early Care & Education Systems: Reduction of \$821,000

The net decrease to the Early Care & Education Systems priority outcome area is a result of decreases in the Grade Level Reading Campaign (\$220,000), Early Childhood Educators Improving Quality (CCALA) (\$300,000), Early Childhood Educator Competencies Curriculum (\$120,000), and the Higher Education Peer Learning Project (\$181,000) programs.

- Grade Level Reading Campaign (Strategy 1) – Reduction of \$220,000: Upon analysis of the current school readiness landscape, the School Readiness Workgroup (SRW) leadership

(First 5 LA and subgroup leads) identified emerging as well as immediate opportunities to connect and transition key SRW activities to other initiatives with similar priorities which are better positioned to advance the SRW priority goals. As such, the program's facilitation contract was reduced from \$135,000 to \$65,000 and the \$150,000 implementation budget was eliminated resulting in a net decrease of \$220,000.

- Early Childhood Educators Improving Quality (CCALA) (Strategy 2) – Reduction of \$300,000: Underspending is a result of a decision to delay program recruitment in order to maximize other public funding streams. Eligible providers are being identified by the Child Care Alliance of Los Angeles (CCALA) in collaboration with our partners, LACOE and LAUP, to receive funding through a Quality Rating Improvement Systems (QRIS) funding source (IT and California State Preschool Program Block Grants). CCALA is waiting for all eligible providers to be placed into a QRIS funding source before extending the opportunity to participate in the First 5 LA funded program.
- Early Childhood Educator Competencies Curriculum (Strategy 3) – Reduction of \$120,000: This budget is being reduced due to a delay in project implementation resulting from insufficient internal bandwidth. Some funding will be expended on stakeholder's meetings in Spring 2017. Based on an initial stakeholders meeting in January 2017, staff is refining the project scope and timeline.
- Higher Education Peer Learning Project (Strategy 3) – Reduction of \$181,000: The budget for this initiative is being eliminated. Staff is exploring how the original program objectives could be integrated into the existing Early Childhood Education Credential Advocacy Project that is being implemented by the Partnerships for Education, Articulation and Coordination in Higher Education (PEACH) because of the existing link with Institutes of Higher Education.

#### Outcome 4: Health-Related Systems: Reduction of \$1,154,000

The Health-Related Systems priority outcome area budget is being reduced by \$554,000 in Developmental Screening/Help Me Grow and \$600,000 in Trauma-Informed Care, for a net reduction of \$1,154,000.

- Developmental Screening/Help Me Grow (Strategy 1) – Reduction of \$554,000: Help Me Grow was anticipated to start in January 2017. A slower and longer than anticipated program design and development phase is occurring to provide multiple opportunities for partner engagement and input in the planning process. Costs to support the HMG organizing entity will now be expended in next fiscal year.
- Trauma-Informed Care (Strategy 2) – Reduction of \$600,000: The budget is being reduced by \$600,000 to account for Emerging Opportunities that did not materialize during the first half of the fiscal year and updated projections of work to be done by year end. In addition, the amount contracted for countywide working group, environmental scan, and action plan was less than originally budgeted, further adjustments were made to reduce those funds to reflect the contracted amount which are more accurately aligned with true cost.

#### *Strategic Plan Investment Areas & Support Costs*

Policy Agenda/Advocacy – Reduction of \$750,000: This amount is being reduced to align projected spending with agreements executed after the FY 2016-17 budget development process and revised cost estimates for planned policymaker education events and ongoing early childhood advocacy activities based on the latest available information.

Communications & Marketing – Reduction of \$656,000: The net reduction is the result of a \$50,000 increase to support the strategic partnership effort to engage decision makers on Early Care and

Education, and decreases resulting from a reduction in Conference Funding needs based on approved conference sponsorship applications, a delay in the implementation of research and development marketing strategies for the Welcome Baby program, a reduced need for general marketing efforts and promotional/collateral materials, as well as the postponement of the “Text4Baby” platform in the current fiscal year. Limited staff capacity contributed to the reduced spending levels.

### *Legacy Investments*

#### At-Risk Fathers Investment: Reduction of \$183,000

The decrease to the At-Risk Fathers Investment initiative is primarily due to the delay in contract execution, from Fall 2016 to January 2017. Anticipated expenditures include \$88,000 for three grantees and \$28,000 for the Technical Assistance Provider (National Compadres Network). Funds not spent for this initiative in FY 2016-17 will be available for use in future years, consistent with the program design and approved timeframe.

#### Baby Friendly Hospitals: Reduction of \$304,000

The net decrease to the Baby Friendly Hospitals initiative of \$304,000 is due to a reduction in costs related to both Cycle 3 and Cycle 4 programs. Cycle 3 grantees originally expected to have three participating hospitals, however, one contract ended before FY 2016-17. Of the two remaining hospitals, one ended in September 2016 and the other will end in June 2017, resulting in cost savings for that cycle. The two participating hospitals in Cycle 4 entered into contract renewals after the FY 2016-17 budget had been finalized. The renewal process resulted in an identified need for fewer resources for the first year of implementation. Funds not spent for this initiative in FY 2016-17 will be available for use in future years, consistent with the program design and approved timeframe.

#### Black Infant Health: Reduction of \$195,000

Anticipated under-spending by the Los Angeles County Department of Public Health in the amount of \$235,000 due to projected cost-savings in personnel and contracted services, and the projected overspending by The City of Pasadena due to increased personnel, space and telephone costs result in a net reduction of \$195,000 to the FY 2016-17 program budget. Funds not spent for this initiative in FY 2016-17 will be available for use in future years, consistent with the program design and approved timeframe.

#### Children’s Dental Care: Increase of \$105,000

The Children’s Dental Care initiative increase is being driven by increases to two of the three program grantees. Increases are required to align the budget with the projected true service delivery cost based on revised information and new data. Additional dollars are also required due to higher than anticipated training costs related to the Quality Improvement Learning Collaborative convened quarterly.

#### Children’s Vision Care: Increase of \$7,000

The Children’s Vision Care initiative is being increased primarily due to updated spending estimates based on the actual negotiated contract amount which was entered into after the development of the FY 2016-17. The contract budget reflects revised cost per child rates which increased to reflect decreased revenue formerly offset by Medi-Cal reimbursement.

#### Early Identification and Intervention– Autism and Other Developmental Delays: Increase of \$105,000

Five of the six grantees in the Early Identification and Intervention initiative executed contract budget amendments to account for funds that were unspent in FY 2015-16. These funds are expected to be spent in FY 2016-17, resulting in the need for a budget increase for this initiative.

Healthy Food Access: Increase of \$23,000

The purpose of the increase to the Healthy Food Access budget is to utilize unspent funds over the previous 4 years in this final year of the allocation. The amendment will allow for additional staff time to manage the project, complete data collection and build the long-term capacity of the garden membership.

Oral Health & Nutrition – Dental Home: Reduction of \$289,000

The Dental Home project is being reduced to reverse the accrued Special Revenue Fund (SRF) that was included in the original FY 16-17 budget estimate and to reflect anticipated expenditures based on year-to-date expenditure trends and additional cost analysis.

Reducing Childhood Obesity: Increase of \$980,000

The initiative increase is requested to utilize the savings from prior year and spend down the allocation balance in the current and last year of the five-year project. The additional funds will be used to cover administrative oversight from the County, project staffing, and an extended media campaign.

Resource Mobilization – ECE: Reduction of \$650,000

The net decrease for Resource Mobilization – ECE is due to a decrease of \$650,000 for the ECE Recoverable Grant/Bridge Fund. As of December 31, 2016 the draw down matching funds through the \$1 million challenge for the ECE Recoverable Grant Fund, has ended. Only the annual administrative fee of \$75,000 was drawn down in 2016. CCF may draw down an additional \$75,000 to support the administration of the Fund bringing the anticipated FY 2016-17 total to \$150,000.

Resource Mobilization – Project Development: Reduction of \$125,000

The net decrease to the Resource Mobilization – Project Development initiative is due to decreases in both Consulting (\$75,000) and Convening (\$50,000) program costs, resulting from delays in engagement with potential partners to explore areas of alignment/partnership. It is anticipated that engagement will resume during the second half of the fiscal year. As such, the overall initiative budget is being reduced by half.

Universal Assessment of Newborns: Reduction of \$1,798,000

Similar to the reduction under the Families initiative noted above, the reduction for Universal Assessment of Newborns is due to several factors. First, estimates were updated based on actual expenditure rates, which eliminated the need to maintain a small contingency initially built into the budget amounts. Second, the cost estimates were revised based on an assessment of the actual service rate by hospital which identified lower than anticipated enrollments and associated costs, resulting in a significant cost savings. Funds not spent for this initiative in FY 2016-17 will be available for use in future years, consistent with the program design and approved timeframe.

Research and Evaluation

Program Evaluation: Reduction of \$1,256,000

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

- Best Start Evaluation – Reduction of \$515,000: The budget is being reduced to account for a shift in the timeline of the current Best Start alignment process. The development of a framework for the next phase of the Best Start evaluation has already commenced; an RFP for the evaluation will be released in Spring 2017.
- Early Care and Education Policy Advocacy Fund Evaluation – Reduction of \$193,000: The budget is being reduced to align costs with the implementation of the ECE Policy/Advocacy Fund process. The remaining funds will support the development of the evaluation approach.
- Parent-Child Interaction Therapy Evaluation – Reduction of \$8,000: Due to collection and reporting issues, the contractor will no longer be required to submit the deliverable “Data Scan, Report, and Presentation” during the current fiscal year. Instead, this deliverable will be a component of the final report, scheduled for completion in FY 2017-18.
- Quality Rating and Improvement System Evaluation – Reduction of \$20,000: The QRIS Block Grant Evaluation ended December 31, 2016. The budget is being reduced to align with total actual incurred expenditures through the contract end date. No additional costs will be incurred.
- Welcome Baby Impact Study – Reduction of \$406,000: Unexpected implementation delays have resulted in a reduced need for resources under the Welcome Baby Impact Study program. Additionally, staff undertook a revision of the key learning questions to be answered by the impact study. As such, the evaluation plan is being finalized in early 2017. This decision shifted the study implementation timeline by several months.
- Welcome Baby Implementation and Outcomes Evaluation – Reduction of \$114,000: Delays in data collection have resulted in a savings in the current fiscal year. The associated data deliverables cost will be incurred in Fiscal Year 2017-18.

#### Operating Budget:

Per current First 5 LA policy, the Executive Director has the authority to approve budget adjustments to the Operating Budget between line items in an amount not to exceed \$25,000. Adjustments to the various line items within the FY 2016-17 Operating Budget exceed this amount specified in the policy, and as such require approval by the Board of Commissioners. Based on analysis of actual expenditures as well as additional anticipated expenditures through June 2017, we expect that higher-than-anticipated needs in some areas will be offset by savings projected in other areas.

Consistent with past practice, spending projections and necessary adjustments are prepared at the departmental level, which support the organization-wide adjustments presented for Commission approval in *Attachment 2*. This allows for a higher degree of due diligence to ensure that budgets are monitored and managed at the appropriate level, as well as to appropriately inform the development of the FY 2017-18 Budget.

As noted previously, the net effect of the adjustments to line items within the FY 2016-17 Operating Budget are cost neutral. Although savings are anticipated for the fiscal year overall, there are a significant number of unknown variables that could impact the analysis of estimated expenditures. Because of this, staff is not recommending a reduction in the overall FY 2016-17 Operating Budget amount at this time.

One significant variable included in the Operating Budget has been First 5 LA’s effort to align the organizational structure and staffing to First 5 LA’s strategic direction, role and impact, known as

organizational alignment. Due to this priority, over the past two years the organization has intentionally held a higher-than-normal vacancy rate for positions as we transition to this new structure. Consequently, the historical rate of under-spending in our Operating Budget due to Personnel and Service-related costs has been higher than normal. At the same time, as the organizational transformation is finalized, staff has identified a need for additional resources in late FY 2016-17 and FY 2017-18. These resources would be utilized for one-time building updates and capital improvement costs associated with needed upgrades to the physical plant and modifications to the space to support First 5 LA's new structure and staffing model. Accrued savings from under-spending in FY 2015-16 and FY 2016-17 will be requested for use through the FY 2017-18 budgeting process, which will come back to the Board for your consideration. Current projections estimate a net savings of approximately \$3.7 million for the two-year period of July 1, 2015 through June 30, 2017. Further analysis is underway and will continue during the FY 2017-18 budget development process to more reliably project how physical plant improvements and space planning might affect costs.

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

- General Operating Expenses – This category includes a number of transfers both in and out, with a total net decrease of \$16,535. This is primarily due to a net reduction in Hardware and Software Maintenance of \$30,000 and a reduction in costs related to Miscellaneous/Contingency of \$10,000 and other minor reductions offset by increases in Telephones and Modems for \$18,000 and Other Supplies for \$10,000. The reduction in Hardware and Software Maintenance is attributed to the savings resulting from the termination of the SharePoint contract. The \$10,000 identified as a savings under Miscellaneous/Contingency was repurposed and applied toward Other Supplies to offset the increasing demand for ergonomic supplies. The line item for Telephones and Modems was adjusted based on actual expenditure trends to align with true projected cost.
- Professional Services – This category includes savings in Professional Development costs of about \$24,500 across multiple Departments based on actual expenditures incurred to date and identified need for the remainder of the fiscal year, as well as a net increase of \$1,000 in Professional Dues based on membership due needs, resulted in an overall net decrease of \$23,500.
- Consultant Services – This category includes several transfers, resulting in a net overall increase of \$132,000. This is driven primarily by additional funds needed for Consultant Fees related to the provision of coaching at various levels, the IT Assessment project, and the Chart of Accounts project.
- Travel and Meeting Expenses – This category includes a number of adjustments based on the rate of spending through the first six months of the fiscal year, as well as identified needs through the remainder of the fiscal year, for Conference Registration and related travel expenditures. The net result is an increase of \$38,000 to Travel and Meeting Expenses.

#### Administrative Cost:

Though it does not set or mandate a limit, Proposition 10 does require all First 5 commissions to establish an administrative cost cap. As part of the approval of the annual fiscal year budget, First 5 LA approves an annual limit on the organization's administrative spending. While this administrative cost limit represents a percentage of the overall fiscal year budget, the Commission approves the limit at the dollar amount level. This is due to the fact that administrative costs are generally not as fluid as other types of costs, and cannot adapt quickly to respond to changes in actual spending levels.

The administrative cost limit approved in June 2016 as part of the FY 2015-16 Budget was \$12.4 million. Based on the mid-year budget revisions discussed above and detailed in Attachment 2, the total revised administrative cost amount is within the dollar amount limit approved for FY 2016-17 of \$12.4 million, and administrative spending for the fiscal year will not exceed the approved amount.

Revenue:

Tobacco tax revenue is projected to be roughly \$87.0 million in FY 2016-17. This projection does not include any adjustments based on recently approved changes to state law. Although the impacts to Commission revenue are still unknown, staff will continue to monitor and make the appropriate adjustments during the next budgeting cycle.

Interest earnings are projected to yield approximately \$4.2 million in revenue for FY 2016-17 and lease revenue is projected to generate approximately \$157,000 in FY 2016-17, grounded on the negotiated lease agreement for the preschool occupying space on the first floor of the Commission building. In addition, as approved by the Board of Commissioners, First 5 LA will receive pass-through funds for the initiative “Improve and Maximize Programs so All Children Thrive” (IMPACT) from First 5 California to help advance the work within the Early Child and Education (ECE) priority outcome area as well as funds from Department of Child and Family Services (DCFS) to manage the Partnership for Families (PFF) program structure for the first six months of the fiscal year.

**NEXT STEPS:**

This item is being presented to the Budget and Finance Committee for informational and discussion purposes. This item will also be presented as an informational item at the March 9, 2017 Commission meeting, with the intention to return to the Commission for final approval at the April 13, 2017 Commission meeting, consistent with the Governance Guidelines.

The analysis of spending trends and project status that was conducted as part of the mid-year budget adjustment process will be used to inform the FY 2017-18 Budget development process currently underway. This analysis will also inform the reaffirmation process that takes place in conjunction with the approval of the FY 2017-18 Budget, through which all levels of fund balance are evaluated for appropriateness and potential modifications. The proposed FY 2017-18 Budget will be presented to the Board of Commissioners on May 11, 2017 for discussion.

**For Office Use**

Board Action Taken:

Approved:  Yes  No  Further Discussion

Referred to Committee/Workgroup\_\_\_\_\_

BUDGET COMPONENT	APPROVED FY 2016-17	PROPOSED ADJUSTMENT	REVISED FY 2016-17 BUDGET	% CHANGE
<b>2015-2020 STRATEGIC PLAN: FOCUSING FOR THE FUTURE</b>				
<i>Strategic Plan Priority Outcome Areas</i>				
1 Families	\$ 38,081,000	\$ (6,082,500)	\$ 31,998,500	-16%
2 Communities	18,883,000	(1,482,000)	17,401,000	-8%
3 Early Care & Education Systems	24,199,000	(821,000)	23,378,000	-3%
4 Health-Related Systems	2,421,000	(1,154,000)	1,267,000	-48%
* Other/Cross-Cutting Activities	-	-	-	0.0%
<b>Sub-total: Strategic Plan Priority Outcome Areas</b>	<b>\$ 83,584,000</b>	<b>\$ (9,539,500)</b>	<b>\$ 74,044,500</b>	<b>-11%</b>
<i>Strategic Plan Investment Areas &amp; Support Costs</i>				
5 Policy Agenda/Advocacy	\$ 2,442,000	\$ (750,000)	\$ 1,692,000	-30.7%
6 Communications & Marketing	5,345,000	(656,000)	4,689,000	-12.3%
7 Communications - Conference Funding	300,000	-	300,000	0.0%
<b>Sub-total: Strategic Plan Investment Areas &amp; Support Costs</b>	<b>\$ 8,087,000</b>	<b>\$ (1,406,000)</b>	<b>\$ 6,681,000</b>	<b>-17%</b>
<b>TOTAL 2015-2020 STRATEGIC PLAN: FOCUSING FOR THE FUTURE</b>	<b>\$ 91,671,000</b>	<b>\$ (10,945,500)</b>	<b>\$ 80,725,500</b>	<b>-12%</b>
<b>LEGACY INVESTMENTS</b>				
8 At-Risk Fathers Investment	\$ 299,000	\$ (183,000)	\$ 116,000	-61%
9 Baby Friendly Hospitals	918,000	(304,000)	614,000	-33%
10 Black Infant Health	2,203,000	(195,000)	2,008,000	-9%
11 Children's Dental Care	8,908,000	105,000	9,013,000	1%
12 Children's Vision Care	1,333,000	7,000	1,340,000	1%
13 Early Identification and Intervention - Autism and Other Developmental Delays	908,000	105,000	1,013,000	12%
* ECE Environmental Scan	-	-	-	0%
14 Healthy Food Access	1,174,000	23,000	1,197,000	2%
15 Healthy Kids	373,000	-	373,000	0%
16 Information Resource and Referral	1,260,000	-	1,260,000	0%
17 Little by Little/One Step Ahead	3,312,000	-	3,312,000	0%
* Los Angeles Universal Preschool	-	-	-	0%
18 Oral Health & Nutrition - Dental Home	890,000	(289,000)	601,000	-32%
19 Parent Child Interaction Therapy	3,590,000	-	3,590,000	0%
* Partnerships for Families	-	-	-	0%
* Peer Support Groups for Parents	-	-	-	0%
20 Policy Advocacy Fund	1,263,000	-	1,263,000	0%
21 Reducing Childhood Obesity	5,133,000	980,000	6,113,000	19%
22 Resource Mobilization - ECE	800,000	(650,000)	150,000	-81%
23 Resource Mobilization - Funder Partnerships	75,000	-	75,000	0%
24 Resource Mobilization - Health	326,000	-	326,000	0%
25 Resource Mobilization - Organizational Capacity Building	125,000	-	125,000	0%
26 Resource Mobilization - Project Development	250,000	(125,000)	125,000	-50%
* Tot Parks and Trails	-	-	-	0%
27 Universal Assessment of Newborns	8,451,000	(1,798,000)	6,653,000	-21%
28 Workforce Development	555,000	-	555,000	0%
* Workforce Development - ECE Workforce Consortium	-	-	-	0%
<b>TOTAL LEGACY INVESTMENTS</b>	<b>\$ 42,146,000</b>	<b>\$ (2,324,000)</b>	<b>\$ 39,822,000</b>	<b>-6%</b>

BUDGET COMPONENT	APPROVED FY 2016-17	PROPOSED ADJUSTMENT	REVISED FY 2016-17 BUDGET	% CHANGE
<b>RESEARCH AND EVALUATION</b>				
29 Data Development and Integration	\$ 861,000	\$ -	\$ 861,000	0%
30 Data Partnership with Funders	900,000	-	\$ 900,000	0%
31 Program Evaluation	4,707,000	(1,256,000)	\$ 3,451,000	-27%
<b>TOTAL RESEARCH AND EVALUATION</b>	<b>\$ 6,468,000</b>	<b>\$ (1,256,000)</b>	<b>\$ 5,212,000</b>	<b>-19%</b>
<b>TOTAL FIRST 5 LA PROGRAM BUDGET</b>	<b>\$ 140,285,000</b>	<b>\$ (14,525,500)</b>	<b>\$ 125,759,500</b>	<b>-10.4%</b>

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

INITIATIVE / STRATEGY NAME	PROGRAM NAME	APPROVED FY 2016-17 BUDGET	PROPOSED ADJUSTMENTS	REVISED FY 2016-17 BUDGET	% CHANGE
<b>2015-2020 STRATEGIC PLAN: FOCUSING FOR THE FUTURE</b>					
<b>Strategic Plan Priority Outcome Areas</b>					
<b>Families</b>					
Families Strategy 1 - Home Visiting	Welcome Baby Hospitals	\$ 16,447,000	\$ (3,735,000)	\$ 12,712,000	-23%
	Select Home Visiting Programs	15,640,000	(1,998,000)	13,642,000	-13%
	Family Strengthening Oversight Entity	3,373,000		3,373,000	0%
	Stronger Families Database	875,000		875,000	0%
	Family Strengthening Public Education	-		-	0%
Families Strategy 2 - Family Engagement	Abriendo Puertas	601,000		601,000	0%
	Data Development	340,000	(140,000)	200,000	-41%
	Project Dulce	670,000	(109,500)	560,500	-16%
	Project Dulce Evaluation	135,000	(100,000)	35,000	-74%
	Public Education				0%
<b>Sub-total Families</b>		<b>\$ 38,081,000</b>	<b>\$ (6,082,500)</b>	<b>\$ 31,998,500</b>	<b>-16%</b>
<b>Communities</b>					
Communities Strategy 1 - Shared Vision & Collective Action	Community Engagement	\$ 9,300,000	\$ -	\$ 9,300,000	0%
	Community Partnerships	4,815,000	755,000	5,570,000	16%
Communities Strategy 2 - Coordinated Services & Supports	Community Resource Networks	1,064,000	(664,000)	400,000	-62%
Communities Strategy 3 - Built Environment Policy & Advocacy	Policy/Advocacy Partnerships	1,005,000	(310,000)	695,000	-31%
Communitites - Cross-Strategy Investments	Capacity Building Consortium	1,029,000	(893,000)	136,000	-87%
	Communications & Marketing	1,670,000	(370,000)	1,300,000	-22%
<b>Sub-total Communities</b>		<b>\$ 18,883,000</b>	<b>\$ (1,482,000)</b>	<b>\$ 17,401,000</b>	<b>-8%</b>
<b>Early Care &amp; Education (ECE) Systems</b>					
ECE Strategy 1 - Policy/Advocacy	ECE Policy Advocacy Fund	\$ 3,000,000		\$ 3,000,000	0%
	Grade Level Reading Campaign	285,000	(220,000)	65,000	-77%
	Kindergarten Readiness Assessment	475,000		475,000	0%
ECE Strategy 2 - QRIS	Early Childhood Educators Improving Quality (CCALA)	600,000	(300,000)	300,000	-50%
	QRIS Architects Group and Systems Planning	1,085,000		1,085,000	0%
	QRIS Continuous Site Engagement (LAUP)	16,868,000		16,868,000	0%
	Shared Services Support	350,000		350,000	0%
ECE Strategy 3 - Professional Development	Early Childhood Education Credential Advocacy Project	558,000		558,000	0%
	Early Childhood Educator Competencies Curriculum	170,000	(120,000)	50,000	-71%
	Higher Education Peer Learning Project	181,000	(181,000)	-	-100%
	ECE Workforce Registry	627,000		627,000	0%
<b>Sub-total ECE</b>		<b>\$ 24,199,000</b>	<b>\$ (821,000)</b>	<b>\$ 23,378,000</b>	<b>-3%</b>

INITIATIVE / STRATEGY NAME	PROGRAM NAME	APPROVED FY 2016-17 BUDGET	PROPOSED ADJUSTMENTS	REVISED FY 2016-17 BUDGET	% CHANGE
<b>Health, Mental Health &amp; Substance Abuse Systems</b>					
Health Strategy 1 - Early Identification/Developmental Screening/Connection to Services	Developmental Screening: Help Me Grow	\$ 1,124,000	\$ (554,000)	\$ 570,000	-49%
Health Strategy 2 - Trauma-Informed Care	Trauma-Informed Care	1,297,000	(600,000)	\$ 697,000	-46%
<b>Sub-total Health</b>		<b>\$ 2,421,000</b>	<b>\$ (1,154,000)</b>	<b>\$ 1,267,000</b>	<b>-48%</b>
<b>Other/Cross-Cutting Activities</b>		<b>\$ -</b>			<b>0%</b>
<b>Sub-Total: Priority Outcome Areas</b>		<b>\$ 83,584,000</b>	<b>\$ (9,539,500)</b>	<b>\$ 74,044,500</b>	<b>-11%</b>
<b>Strategic Plan Investment Areas &amp; Support Costs</b>					
Policy Agenda/Advocacy	Federal Policy and Sustainability Advocate	\$ 127,000		\$ 127,000	0%
	Opinion Research	-		\$ -	0%
	Policy Briefs	-		\$ -	0%
	State Policy and Sustainability Advocate	440,000		\$ 440,000	0%
	Strategic Plan Advocacy Strategies	1,875,000	(750,000)	\$ 1,125,000	-40%
Communications & Marketing	Communications & Marketing	5,345,000	(656,000)	\$ 4,689,000	-12%
Communications - Conference Funding	Conference Funding	300,000		\$ 300,000	0%
<b>Sub-Total: Strategic Plan Investment Areas &amp; Support Costs</b>		<b>\$ 8,087,000</b>	<b>\$ (1,406,000)</b>	<b>\$ 6,681,000</b>	<b>-17%</b>
<b>TOTAL 2015-2020 STRATEGIC PLAN: FOCUSING FOR THE FUTURE</b>		<b>\$ 91,671,000</b>	<b>\$ (10,945,500)</b>	<b>\$ 80,725,500</b>	<b>-12%</b>
<b>LEGACY INVESTMENTS</b>					
At-Risk Fathers Investment	At-Risk Fathers Investment	\$ 299,000	\$ (183,000)	\$ 116,000	-61%
Baby Friendly Hospitals	Baby Friendly Hospital Project - Cycle 2	-	-	\$ -	0%
	Baby Friendly Hospital Project - Cycle 3	453,000	(114,000)	\$ 339,000	-25%
	Baby Friendly Hospital Project - Cycle 4	465,000	(190,000)	\$ 275,000	-41%
Black Infant Health	Birth Outcomes and Disparities – Policy and Systems Change	500,000		\$ 500,000	0%
	Black Infant Health Program	1,703,000	(195,000)	\$ 1,508,000	-11%
Children's Dental Care	Children's Dental Care Program	8,908,000	105,000	\$ 9,013,000	1%
Children's Vision Care	Children's Vision Care	1,333,000	7,000	\$ 1,340,000	1%
Early Identification and Intervention - Autism and Other Developmental Delays	Early Identification and Intervention - Autism and Other Developmental Delays	908,000	105,000	\$ 1,013,000	12%
ECE Environmental Scan	ECE Environmental Scan	-		\$ -	0%
Healthy Food Access	Children's Garden Collaborative	434,000	23,000	\$ 457,000	5%
	Market Match	740,000		\$ 740,000	0%
Healthy Kids	Healthy Kids Insurance Coverage	373,000		\$ 373,000	0%
	Healthy Kids Outreach, Enrollment, Retention, and Utilization	-		\$ -	0%
Information Resource and Referral	211 LA County	1,240,000		\$ 1,240,000	0%
	Performance Based Agreement (Consulting)	20,000		\$ 20,000	0%
Little by Little/One Step Ahead	Little by Little/One Step Ahead Program	3,312,000		\$ 3,312,000	0%
Los Angeles Universal Preschool	Los Angeles Universal Preschool	-		\$ -	0%

INITIATIVE / STRATEGY NAME	PROGRAM NAME	APPROVED FY 2016-17 BUDGET	PROPOSED ADJUSTMENTS	REVISED FY 2016-17 BUDGET	% CHANGE
Oral Health & Nutrition - Dental Home	Oral Health & Nutrition - Dental Home	890,000	(289,000)	\$ 601,000	-32%
Parent Child Interaction Therapy	Parent Child Interaction Therapy	3,590,000		\$ 3,590,000	0%
Partnerships for Families	Partnerships for Families	-		\$ -	0%
Peer Support Groups for Parents	Peer Support Groups Lead Agency	-		\$ -	0%
	Peer Support Groups Training and Technical Assistance Provider	-		\$ -	0%
Policy Advocacy Fund	Policy Advocacy Fund - I	300,000		\$ 300,000	0%
	Policy Advocacy Fund - II	850,000		\$ 850,000	0%
	Policy Advocacy Fund Technical Assistance Provider	113,000		\$ 113,000	0%
Reducing Childhood Obesity	Reducing Childhood Obesity	5,133,000	980,000	\$ 6,113,000	19%
Resource Mobilization - ECE	ECE Recoverable Grant/Bridge Fund	800,000	(650,000)	\$ 150,000	-81%
Resource Mobilization - Funder Partnerships	Funder Collaboratives	75,000		\$ 75,000	0%
	LA-N-Sync	-		\$ -	0%
	Los Angeles Partnership for Early Childhood Investment	-		\$ -	0%
Resource Mobilization - Health	Early Childhood Linkages to Wellness	326,000		\$ 326,000	0%
	Freshworks Fund	-		\$ -	0%
Resource Mobilization - Organizational Capacity Building	Organizational Capacity Building	125,000		\$ 125,000	0%
Resource Mobilization - Project Development	Consulting	150,000	(75,000)	\$ 75,000	-50%
	Convenings	100,000	(50,000)	\$ 50,000	-50%
Tot Parks and Trails	Tot Parks and Trails	-		\$ -	0%
Universal Assessment of Newborns	Welcome Baby Hospitals	8,451,000	(1,798,000)	\$ 6,653,000	-21%
Workforce Development	CARES Plus	-		\$ -	0%
	P-5 Workforce Development Core Competencies	555,000		\$ 555,000	0%
Workforce Development - ECE Workforce Consortium	ECE Workforce Consortium	-		\$ -	0%
<b>TOTAL LEGACY INVESTMENTS</b>		<b>\$ 42,146,000</b>	<b>\$ (2,324,000)</b>	<b>\$ 39,822,000</b>	<b>-6%</b>
<b>RESEARCH AND EVALUATION</b>					
Data Development and Integration	Data consultant	\$ 4,000		\$ 4,000	0%
	Data Requests	5,000		\$ 5,000	0%
	Dissemination	15,000		\$ 15,000	0%
	First 5 LA Contracts and Grants Program Reporting Database	187,000		\$ 187,000	0%
	Los Angeles County Health Survey	-		\$ -	0%
	Los Angeles Mommy and Baby (LAMB) Project	-		\$ -	0%
	Maternal Infant Hospital Assessment	-		\$ -	0%
Data Partnership with Funders	WIC Data Mining Research Partnership	650,000		\$ 650,000	0%
	Children's Data Network (CDN)	900,000		\$ 900,000	0%

INITIATIVE / STRATEGY NAME	PROGRAM NAME	APPROVED FY 2016-17 BUDGET	PROPOSED ADJUSTMENTS	REVISED FY 2016-17 BUDGET	% CHANGE
Program Evaluation	Best Start Evaluation	734,000	(515,000)	\$ 219,000	-70%
	Countywide Systems Improvement Evaluation	-		\$ -	0%
Program Evaluation (continued)	Early Care and Education Policy Advocacy Fund Evaluation	243,000	(193,000)	\$ 50,000	-79%
	Early Identification and Intervention - Autism and Other Developmental Delays Evaluation	-		\$ -	0%
	Little by Little/One Step Ahead Evaluation	-		\$ -	0%
	Los Angeles Universal Preschool Evaluation - Universal Preschool Child Outcomes Study	-		\$ -	0%
	Medi-Cal Match Feasibility Study	-		\$ -	0%
	Obesity Prevention & Nutrition Collective Impact Evaluation	961,000		\$ 961,000	0%
	Parent-Child Interaction Therapy Evaluation	125,000	(8,000)	\$ 117,000	-6%
	Peer Support Groups for Parents Implementation Evaluation	-		\$ -	0%
	Professional Development Program Evaluation	490,000		\$ 490,000	0%
	Quality Rating and Improvement System Evaluation	100,000	(20,000)	\$ 80,000	-20%
	Universal Screening Psychometric Study	67,000		\$ 67,000	0%
	Welcome Baby Impact Study	1,035,000	(406,000)	\$ 629,000	-39%
	Welcome Baby Implementation and Outcomes Evaluation	952,000	(114,000)	\$ 838,000	-12%
<b>TOTAL RESEARCH AND EVALUATION</b>		<b>\$ 6,468,000</b>	<b>\$ (1,256,000)</b>	<b>\$ 5,212,000</b>	<b>-19%</b>
<b>TOTAL FIRST 5 LA PROGRAM BUDGET</b>		<b>\$ 140,285,000</b>	<b>\$ (14,525,500)</b>	<b>\$ 125,759,500</b>	<b>-10.4%</b>

**BUDGET SUMMARY FY 2016-17**  
**Mid-Year Adjustments**

		Approved FY 2016-17 Budget	Estimated FY 2016-17 Expenditures	Projected Savings/ (Shortfalls)	Mid-Year Adjustments	Revised FY 2016-17 Budget
<b>Personnel Services</b>						
	Total Salaries	13,178,557	10,969,117	2,209,440	(109,965)	13,068,592
	Total Employee Benefits	3,909,538	3,462,497	447,041	(20,000)	3,889,538
	<b>Total Personnel Services</b>	<b>17,088,095</b>	<b>14,431,614</b>	<b>2,656,481</b>	<b>(129,965)</b>	<b>16,958,130</b>
<b>General Operating Expenses</b>						
6131	ADP Payroll Charges	31,000	29,312	1,688	-	31,000
6132	Workers' Compensation Insurance	100,000	76,103	23,897	-	100,000
6202	Utilities	165,000	165,000	-	-	165,000
6203	Corporate Insurance	76,000	68,000	8,000	-	76,000
6205	Mileage and Parking	64,450	54,435	10,015	200	64,650
6206	Telephones and Modems	35,000	52,755	(17,755)	18,000	53,000
6207	Cell Phones and Mobile Devices	51,240	41,834	9,406	1,150	52,390
6208	Outside Printing	18,750	8,866	9,884	-	18,750
6209	Other Supplies	12,150	18,500	(6,350)	10,000	22,150
6210	Postage and Delivery	13,300	13,200	100	-	13,300
6211	Educational Supplies	1,450	233	1,217	-	1,450
6212	Office Supplies	80,640	67,980	12,660	(2,700)	77,940
6214	Subscriptions and Publications	10,060	2,768	7,292	315	10,375
6218	Equipment Rental	118,200	95,455	22,745	-	118,200
6220	Building Repairs and Maintenance	180,000	180,000	-	-	180,000
6221	Equipment Repairs and Maintenance	26,000	538	25,462	(3,500)	22,500
6222	Offsite Storage	19,700	16,753	2,947	-	19,700
6223	Hardware and Software Maintenance	220,600	158,250	62,350	(30,000)	190,600
6230	Miscellaneous Service Charges	27,000	12,000	15,000	-	27,000
6231	Miscellaneous/Contingency	75,000	46,000	29,000	(10,000)	65,000
	<b>Total General Operating Expenses</b>	<b>1,325,540</b>	<b>1,107,982</b>	<b>217,558</b>	<b>(16,535)</b>	<b>1,309,005</b>
<b>Professional Services</b>						
6502	Audit	70,000	70,000	-	-	70,000
6504	Legal	175,000	125,000	50,000	-	175,000
6507	Professional Dues	85,052	52,653	32,399	1,000	86,052
6508	Professional Dues - First 5 Association	70,000	70,000	-	-	70,000
6509	Professional Development	266,000	26,232	239,768	(24,500)	241,500
6512	Staff Recruitment	25,000	3,011	21,989	-	25,000
6514	Commission Stipends	34,000	23,000	11,000	-	34,000
6606	Human Resources Related Costs	78,000	30,878	47,122	-	78,000
	<b>Total Professional Services</b>	<b>803,052</b>	<b>400,773</b>	<b>402,279</b>	<b>(23,500)</b>	<b>779,552</b>
<b>Consultant Services</b>						
6601	Consultant Fees	1,208,000	767,373	440,627	134,000	1,342,000
6602	Other Professional Fees	276,950	260,854	16,096	-	276,950
6603	External Reviewers	8,000	3,000	5,000	(2,000)	6,000
	<b>Total Consultant Services</b>	<b>1,492,950</b>	<b>1,031,227</b>	<b>461,723</b>	<b>132,000</b>	<b>1,624,950</b>
<b>Travel and Meeting Expenses</b>						
6701	Airfare	89,492	63,042	26,450	7,000	96,492
6702	Program Events	-	-	-	-	-
6703	Lodging	98,726	69,619	29,107	12,000	110,726
6704	Conference Registration	119,285	64,251	55,034	7,200	126,485
6706	Local Meetings	71,700	43,671	28,029	8,100	79,800
6707	Per Diem	51,318	32,858	18,460	3,700	55,018
	<b>Total Travel and Meeting Expenses</b>	<b>430,521</b>	<b>273,442</b>	<b>157,079</b>	<b>38,000</b>	<b>468,521</b>
<b>Capital Improvements</b>						
6216	Capital Outlay	75,000	4,800	70,200	-	75,000
6302	Capital Improvements	20,000	-	20,000	-	20,000
	<b>Total Capital Improvements</b>	<b>95,000</b>	<b>4,800</b>	<b>90,200</b>	<b>-</b>	<b>95,000</b>
	<b>Total Operating Expenses</b>	<b>21,235,158</b>	<b>17,249,839</b>	<b>3,985,319</b>	<b>-</b>	<b>21,235,158</b>

# FY 2016-17

# Mid-Year Budget Adjustments

## Budget & Finance Committee

March 7, 2017

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# Objectives

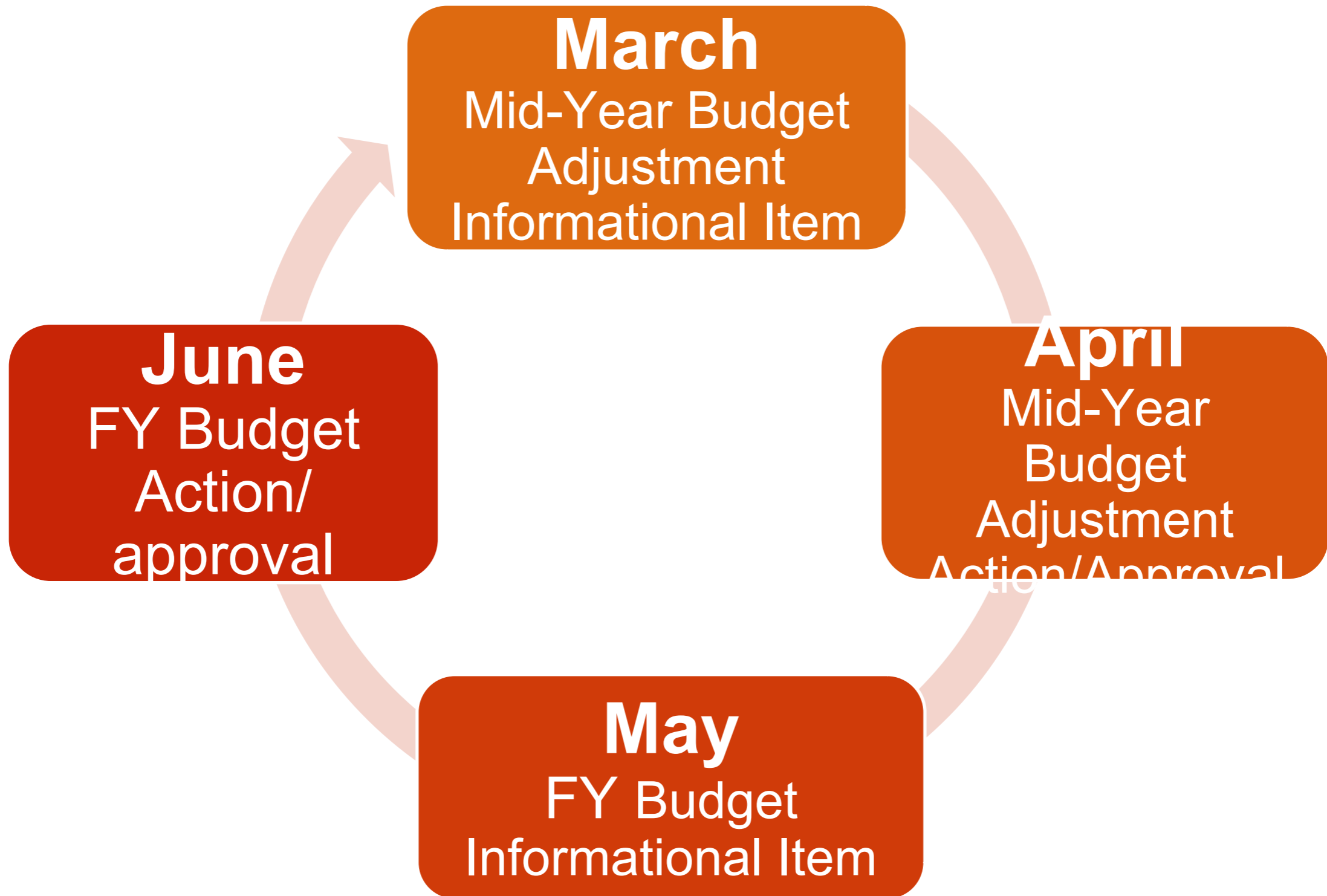
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1. Overview of key budget dates
2. Mid-Year process approach review
3. Board Policy Limitations
4. High-level examination of the Mid-Year Adjustment impact to the FY 2016-17 Budget
5. High-level understanding of Program and Operating cost adjustment drivers
6. Next Steps

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# Commission Budget Review Process

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# Overview & Approach

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

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

# Board Policy Limitations

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

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

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

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# FY 2016-17 Budget Summary

Budget Component	Approved FY 16-17 Budget	Proposed Adjustments	Revised FY 16-17 Budget	% Change
Program				
2015-2020 Strategic Plan: Focusing for the Future	\$ 91,671,000	\$ (10,945,500)	\$ 80,725,500	-11.9%
Legacy Initiatives	42,146,000	(2,324,000)	39,822,000	-5.5%
Research & Evaluation	6,468,000	(1,256,000)	5,212,000	-19.4%
Total Program	\$ 140,285,000	\$ (14,525,500)	\$ 125,759,500	-10.4%
Operating	21,235,158	-	21,235,158	0.0%
Total FY 2016-17 Budget	\$ 161,520,158	\$ (14,525,500)	\$ 146,994,658	-9.0%

# Program Budget Highlights

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Highlights are provided in the accompanying memo at the initiative level

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

# Program Budget Highlights

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

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

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# Strategic Plan (SP) Budget Highlights

Initiative/Program	Approved FY 16-17	Proposed Adjustments	Revised FY 16-17	% Change
<b>Strategic Plan Priority Outcome Areas</b>				
<b>Families</b>	\$ 38,081,000	\$ (6,082,500)	\$ 31,998,500	-16.0%
Strategy 1 - Home Visiting	36,335,000	(5,733,000)	30,602,000	-15.8%
Strategy 2 - Family Engagement	1,746,000	(349,500)	1,396,500	-20.0%
<b>Communities</b>	18,883,000	(1,482,000)	\$ 17,401,000	-7.8%
Strategy 1 - Shared Vision & Collective Action	14,115,000	755,000	\$ 14,870,000	5.3%
Strategy 2 - Coordinated Services & Supports	1,064,000	(664,000)	\$ 400,000	-62.4%
Strategy 3 - Built Environment Policy & Advocacy	1,005,000	(310,000)	\$ 695,000	-30.8%
Cross-Strategy Investments	2,699,000	(1,263,000)	\$ 1,436,000	-46.8%
<b>Early Care &amp; Education Systems</b>	24,199,000	(821,000)	\$ 23,378,000	-3.4%
Strategy 1 - Policy/Advocacy	3,760,000	(220,000)	\$ 3,540,000	-5.9%
Strategy 2 - QRIS	18,903,000	(300,000)	\$ 18,603,000	-1.6%
Strategy 3 - Professional Development	1,536,000	(301,000)	\$ 1,235,000	-19.6%
<b>Health Systems</b>	2,421,000	(1,154,000)	\$ 1,267,000	-47.7%
Developmental Screening: Help Me Grow	1,124,000	(554,000)	\$ 570,000	-49.3%
Trauma-Informed Care	1,297,000	(600,000)	\$ 697,000	-46.3%
<b>Strategic Plan Investment Areas &amp; Support Costs</b>	8,087,000	(1,406,000)	\$ 6,681,000	-17.4%
<b>Total 2015-2020 Strategic Plan</b>	\$ 91,671,000	\$ (10,945,500)	\$ 80,725,500	-11.9%

# SP Outcome Area Budget Highlights

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Families: \$6.1 million reduction represents approximately 56% of the total Strategic Plan adjustments, the majority of which is driven by an alignment of Welcome Baby and Select Home Visiting program budgets to projected costs.

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- Welcome Baby service rate estimates were revised based on an assessment of enrollments and associated costs
- Select Home Visiting was updated to reflect ongoing partnership work and actual expenditure trends

# SP Outcome Area Budget Highlights

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Communities: \$1.5 million reduction represents approximately 13.5% of the total Strategic Plan adjustments. This net decrease is the result of a reevaluation of program needs for the remainder of the fiscal year.

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- Additional Community Partnership support costs are necessary to ensure an appropriate transition of activities to community based organizations
- Community Resource Network costs are anticipated to be lower than originally expected as staff explores opportunities to leverage partnerships through the County and Prevention After Care Network
- Capacity Building Consortium launch postponed to coordinate with the Best Start alignment implementation plans

# SP Outcome Area Budget Highlights

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Health: \$1.2 million reduction represents approximately 10.5% of the total Strategic Plan adjustments. The modification is the result of an extended and inclusive Help Me Grow program design and development phase as well as the reassessment and alignment of Trauma-Informed Care resource estimates to more accurately represent anticipated need.

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ECE: \$821,000 reduction represents approximately 7.5% of the total Strategic Plan adjustments. This adjustment encompasses the integration and realignment of Grade Level Reading Campaign and Higher Education Peer Learning Project program costs and activities within the initiative and the strategic decision to delay Early Childhood Educators Improving Quality (CCALA) program recruitment in order to maximize and prioritize other funding streams.

# Operating Budget Highlights

Operating Cost Category	Approved FY 16-17 Budget	Proposed Adjustments	Revised FY 16-17 Budget	% Change
Personnel Services	\$ 17,088,095	\$ (129,965)	\$ 16,958,130	-0.8%
General Operating Expenses	1,325,540	(16,535)	1,309,005	-1.2%
Professional Services	803,052	(23,500)	779,552	-2.9%
Consultant Services	1,492,950	132,000	1,624,950	8.8%
Travel & Meeting Expenses	430,521	38,000	468,521	8.8%
Capital Improvements	95,000	-	95,000	0.0%
<b>Total Operating Costs</b>	<b>\$ 21,235,158</b>	<b>\$ -</b>	<b>\$ 21,235,158</b>	<b>0.0%</b>

# Operating Budget Highlights

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- Cost Neutral
- The administrative limit remains within the dollar amount limit approved by the Board of \$12.4 million.
- Strategic decision to sustain a higher-than-normal vacancy rate during the organizational alignment process in FY 2015-16 and FY 2016-17 has lead to an increase in Personnel savings
- Accrued savings from personnel under-spending will be presented to the Board during the FY 2017-18 budget process for one-time building upgrades and capital improvement costs associated with the physical plant improvements and space planning

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# Next Steps

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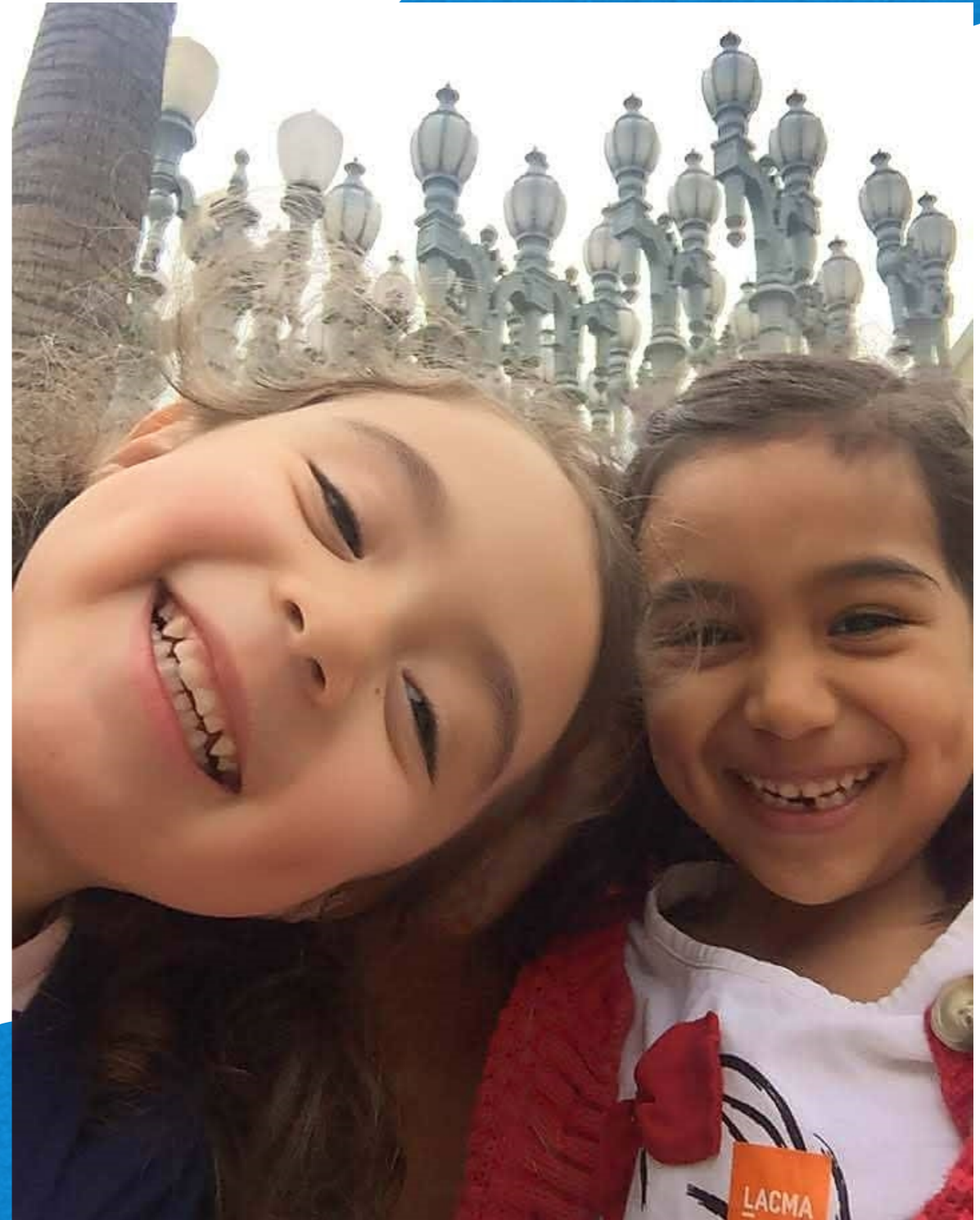
- March 9, 2017: Commission informational item
- April 13, 2017: Commission action item

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## Adjustments will inform:

- Development of the FY 2017-18 Budget
- Reaffirmation process prior to June 30
  - All levels of fund balance will be evaluated for appropriateness and potential modifications

# Questions?



# Chart of Accounts (COA) Rebuilding Project

Budget and Finance  
Committee Meeting

March 7, 2017



[First5LA.org](http://First5LA.org)

# Financial Reengineering Effort

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Financial Reengineering is a Finance Department-led effort to strengthen our fiscal systems, processes, and infrastructure.

## Financial Reengineering

Chart of Accounts (COA)  
Rebuilding

Financial System Modules

Fiscal Life Cycle

Other Future Projects

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# We are shifting to a more strategic approach

The Financial Reengineering effort represents a shift in the way First 5 LA approaches transformational projects.

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In the past we...	But now we are...	And to do this we must...
Took a tactical approach	Taking a strategic approach	Shift our organizational mindset
Approached finance projects from a purely Finance perspective	Approaching finance projects from an organization-wide perspective	Involve a broad range of internal and external stakeholders

# Objectives for today's meeting

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- Provide an overview of the COA Rebuilding Project
- Show how the new COA can benefit First 5 LA
- Review preliminary stakeholder input
- Get your input
- Answer your questions

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# The COA Project ‘why,’ ‘how’ and ‘when’

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**It’s old!** The COA has not been rebuilt since the inception of First 5 LA.

**So, we have an opportunity.** We are transforming how we leverage financial data to operate more efficiently and better serve our mission. To accomplish this, we’re involving broad range of internal and external stakeholders.

**Our goal is in sight.** We will establish and implement a new Chart of Accounts by July 1, 2017.

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# What is a COA?

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A Chart of Accounts (COA) is a listing of account names, descriptions and classifications that are used to record accounting transactions into the General Ledger (GL).

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# What does our current COA look like?

*Today, First 5 LA's COA looks like this:*

Seg. 1		Seg. 2					Seg. 3			
Fund		Transaction Code					Department/ Initiative			
1	0	-	7	0	0	3	-	5	0	6

Tobacco  
Tax  
Revenue

Grantee Contract  
Payments

Home Visiting

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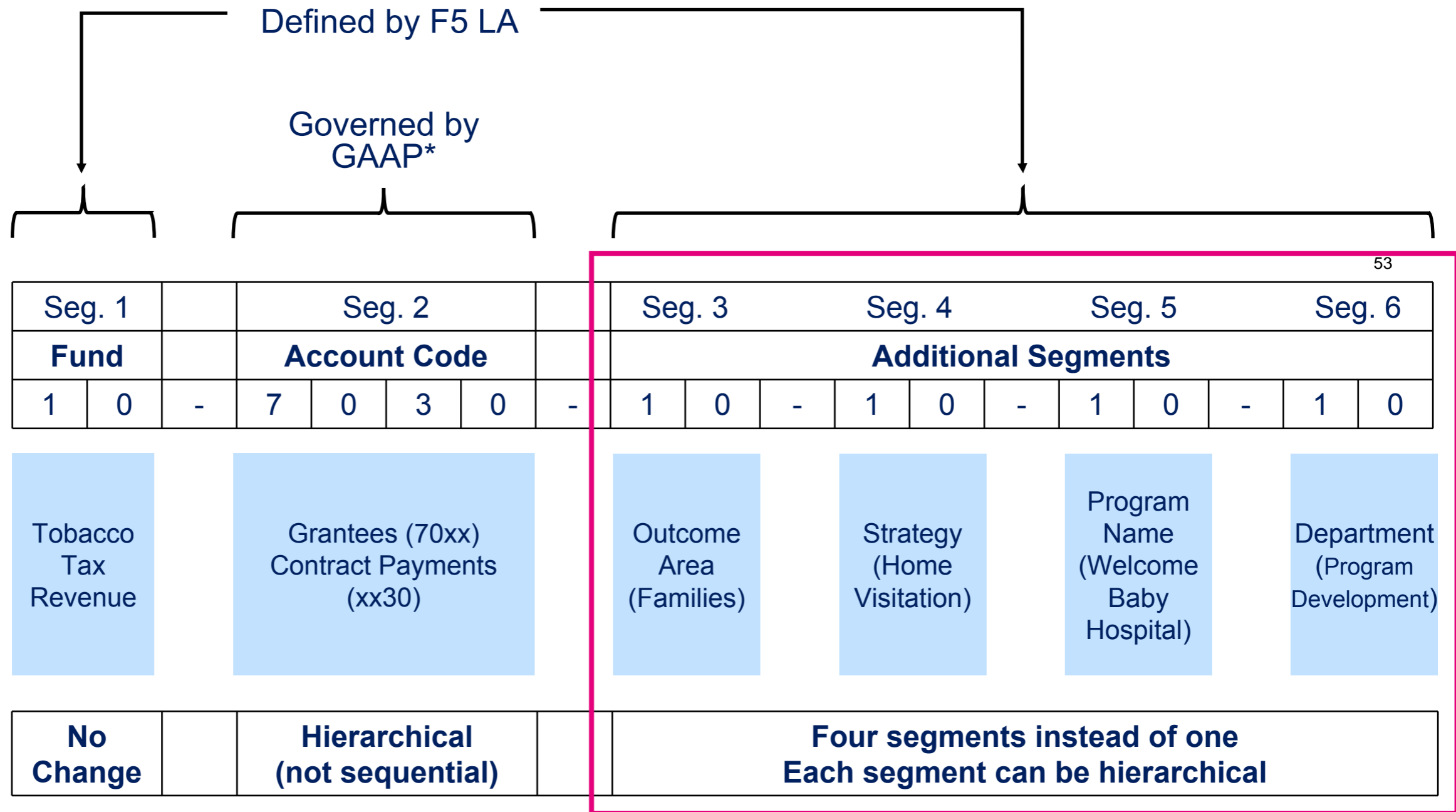


**Advantage of current COA:**  
Simple reporting on the entire Home Visiting Strategy (Strategy 1)

**Limitation of current COA:**  
Labor-intensive manual work is required to calculate total costs for sub-components, such as Welcome Baby and Select Home Visiting



# What could the COA look like?



\* Generally Accepted Accounting Principles (GAAP) are a common set of accounting principles, standards and procedures that companies use to compile their financial statements. GAAP are a combination of authoritative standards (set by policy boards) and the commonly accepted ways of recording and reporting accounting information. GAAP improves the clarity of the communication of financial information. (Source: Investopedia)

# How could the new COA benefit First 5 LA?

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# What this project will and won't do

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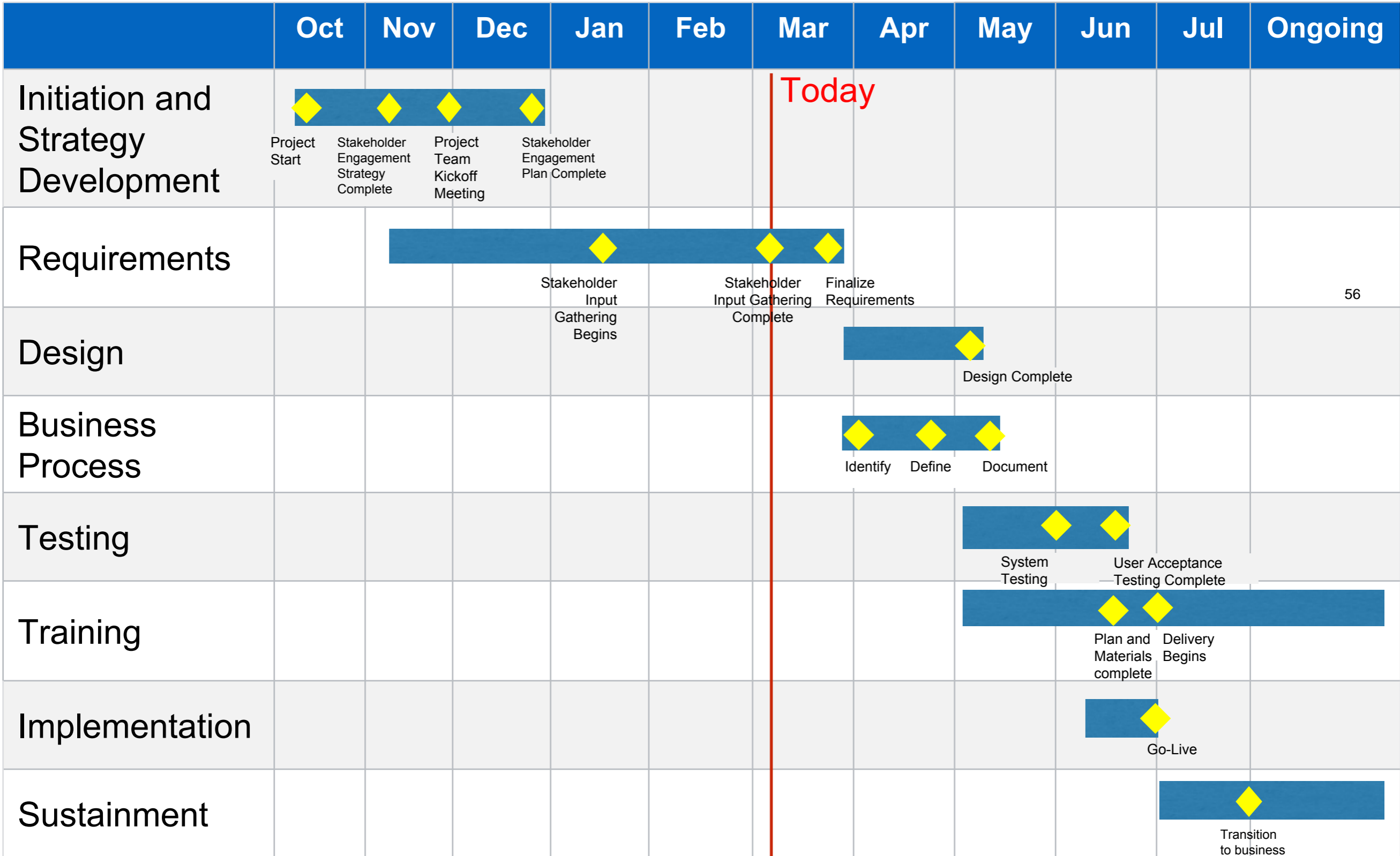
## What this project will do:

Serve as a critical step in rebuilding financial systems and processes to make us more effective and efficient.

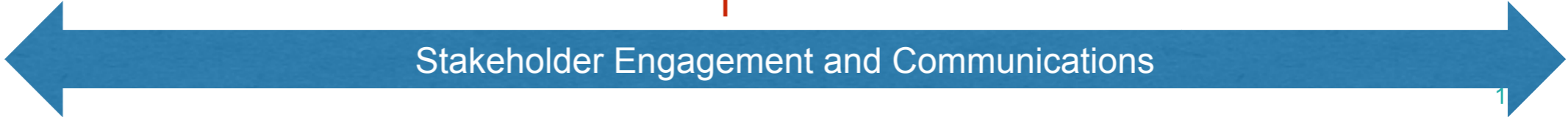
**What this project won't do:** Address all of the organization's reporting needs or enable us to efficiently address all external requests.



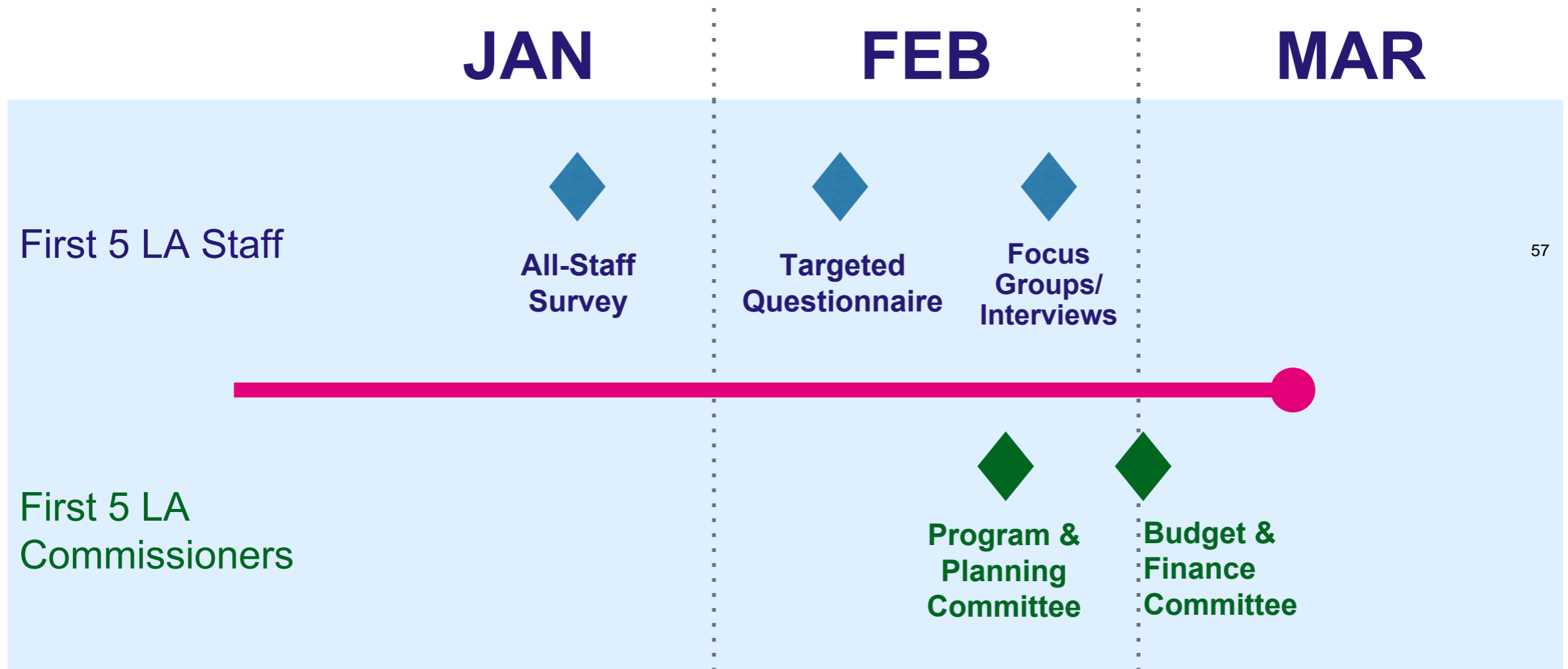
# Project timeline and milestones



Today



# Input gathering timeline



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***Business requirements will be finalized in mid-March***

# Preliminary Findings

Based on internal and external input, we've identified seven preliminary data categories (with example data points) that the system will capture and/or have the ability to report on:

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<b>FISCAL</b> <ul style="list-style-type: none"><li>• Expenditure</li><li>• Matched funds</li></ul>	<b>TYPE OF FUNDING</b> <ul style="list-style-type: none"><li>• Initiative</li><li>• Program</li></ul>	<b>PAYEE</b> <ul style="list-style-type: none"><li>• Grantee</li><li>• Vendor</li></ul>	<b>ACTIVITY TYPE</b> <ul style="list-style-type: none"><li>• Communications</li><li>• Policy work</li></ul>
<b>GEOGRAPHY</b> <ul style="list-style-type: none"><li>• Best Start Community</li><li>• Supervisorial District</li></ul>	<b>ORG UNIT</b> <ul style="list-style-type: none"><li>• Division</li><li>• Dept.</li></ul>	<b>TIMEFRAME</b> <ul style="list-style-type: none"><li>• Fiscal Year-to-Date</li><li>• Quarterly</li></ul>	

# Discussion

FISCAL	TYPE OF FUNDING	PAYEE	ACTIVITY TYPE	GEOGRAPHY	ORG UNIT	TIMEFRAME
<ul style="list-style-type: none"><li>• Expenditure</li><li>• Matched funds</li></ul>	<ul style="list-style-type: none"><li>• Initiative</li><li>• Program</li></ul>	<ul style="list-style-type: none"><li>• Grantee</li><li>• Vendor</li></ul>	<ul style="list-style-type: none"><li>• Communications</li><li>• Policy work</li></ul>	<ul style="list-style-type: none"><li>• Best Start Community</li><li>• Supervisorial District</li></ul>	<ul style="list-style-type: none"><li>• Division</li><li>• Dept.</li></ul>	<ul style="list-style-type: none"><li>• Fiscal Year-to-Date</li><li>• Quarterly</li></ul>

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## Sample Reports:

- Expenditures to-date of Welcome Baby Program
- FY15-16 expenditures in policy-related work
- Expenditures to-date on travel and meetings for all departments
- Expenditures by SPA per Outcome Area

What other data categories should we capture in our financial system to advance First 5 LA's goals?





**Thank You**