AGENDA

MEETING OF THE BOARD OF COMMISSIONERS

Chair: Sheila Kuehl

Thursday, September 23, 2021
1:30 PM Click HERE for Public Zoom and Dial-in Info

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/Roll Call
2. **INFORMATION** 3
   Review Special Board/Program and Planning Committee Meeting Transcript and Meeting Summary from June 24, 2021 Meeting

3. **INFORMATION** 81
   Annual Audit - Draft of the Annual Comprehensive Financial Report, including the Independent Auditor's Report for Fiscal Year Ending June 30, 2021

   Presenters: Raoul Ortega, Director, Finance; Faustino Genio, Manager, Accounting; and Kinnaly Soukhaseum, Partner, Eide Bailly, LLP
4. Break
5. **INFORMATION** 164
   Review of First 5 LA Annual Report to First 5 CA

6. **INFORMATION (Written Only)**
   Establish a Strategic Partnership with Communities Lifting Communities, Fiscal

 184

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750 N. Alameda Street, Suite 300 Los Angeles, CA 90012 Phone: 213.482.5902 Fax: 213.482.5903 First5LA.org

Sponsor for Cherished Futures for Black Moms and Babies, in the Amount of $500,000 to Provide a Hospital Quality Improvement Initiative to Reduce Birth Disparities for the Period of 24 Months

7. **INFORMATION (Written Only)** **190**
Authorize First 5 LA to Receive Funds from Los Angeles County Department of Public Health (LACDPH) for African American Infant and Maternal Mortality (AAIMM) Strategic Communications, Approve Resolution # 2021-07, and Authorize First 5 LA Staff to Execute a Memorandum of Understanding (MOU) in the Amount of $385,000

8. **INFORMATION (Written Only)** **193**
Amend a Strategic Partnership with Resources Legacy Fund in the Amount of $150,000 for a Total of $750,000 Through October 29, 2022 to Manage the Pooled Fund for Link Advocates Governments Families and Parks (LINK), a Parks and Open Space Advocacy Program in the Best Start Communities

9. Public Comment (for items not on the agenda)
10. Adjournment

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SUMMARY MEETING NOTES

FIRST 5 LA
June 24, 2021
Special Board/Program & Planning Committee Meeting (VIRTUAL)
1:30-3:30 pm

COMMITTEE MEMBERS PRESENT
Astrid Heger
Jacquelyn McCroskey
Karla Pleitez Howell (Committee Vice Chair)
Romalis Taylor
Deanne Tilton
Keesha Woods
Marlene Zepeda (Committee Chair)

NON-COMMITTEE MEMBERS PRESENT
Judy Abdo
Linda Aragon (Alternate)
Yvette Martinez

COMMITTEE MEMBERS ABSENT:
Jonathan Sherin [Excused]

STAFF PRESENT:
Peter Barth, Chief of Staff
Kim Belshé, Executive Director
Linda Vo, Board Relations Manager
John Wagner, Executive Vice President, Center for Child and Family Impact

1. Call to Order / Roll Call

Committee Chair Zepeda called the meeting to order at 1:32 pm. Quorum was present.

2. Review Special Board/Program and Planning Committee Transcript from May 27, 2021 Meeting

Notes were received and filed with no deletions/additions or changes.

3. Supporting Home-based Care: Creating a More Equitable and Inclusive Early Learning System

The ECE team (Becca P., Gina R., & Kevin D.) presented an update that highlighted what First 5 LA has learned over the years regarding ECE access and equity and shared initial ideas for addressing current limitations in the ECE landscape. Commissioners heard how thinking and priorities are shifting at the state level and at First 5 LA to deliver on our priorities that children have high quality early care and education experiences and that our diversity, equity and inclusion value is present in all that we do.

4. Break

5. 2021 State Budget, Advocacy and Policy Priorities

Charna M., Andrew O. and Ofelia M., provided an update on First 5 LA's advocacy efforts following adoption of First 5 LA's refined Policy agenda. Through the Office of Government Affairs and Public Policy (OGAPP), First 5 LA has conducted advocacy for policies that support children and families, and that will ultimately help achieve the Four Results for Children and Families featured within the 2020-2028 Strategic Plan. The OGAPP team informed the Board that advocacy has occurred through multiple channels, including administrative opportunities, budget shaping and legislative support. Below is a discussion of the major advocacy OGAPP has undertaken this legislative session, organized by the medium through which that advocacy took place.

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

- California Department of Education transition
  Throughout the community engagement process, OGAPP participated in transfer calls and monitored the transition. When the draft of the transition plan was released, OGAPP participated in the meeting coordinated by First 5 Association to discuss major themes and priorities and develop specific feedback to the transition plan draft.
- Master Plan for Early Learning and Care
  Before the Master Plan was released, the OGAPP Team, the Center for Child and Family Impact and First 5 Policy Center provided valuable information and guidance for the development of its goals and objectives.
- California Advancing and Innovating Medi-Cal (CalAIM)
  Throughout the CalAIM process, OGAPP has conducted advocacy to ensure state policymakers incorporate provisions within this effort that would benefit children and families
- California state Medi-Cal Waivers
  First 5 LA advocated that the Medi-Cal system directly prioritize young children and families. Specifically, OGAPP advocated that the Medi-Cal waivers include provisions acknowledging children ages prenatal to 5-years old are a special population, even within the cohort of children more broadly defined
- Medi-Cal Managed Care Plan Reprocurement
  First 5 LA, led by OGAPP, in partnership with the Center for Child and Family Impact, the First 5 Association and Health Management Associates, is currently developing a draft set of responses to the RFP. This includes calling on Medi-Cal to prioritize health plans have strong records in promoting child health and closing disparities when awarding contracts
- Advocacy to state committees, stakeholder meetings and agency convenings
  Monitoring and providing feedback to relevant legislative and budget committees, as well as the wide range of state department convenings and stakeholder meetings, such as the Department of Health Care Services' Stakeholder Advisory Committee (DHCS SAC), Medi-Cal Children's Health Advisory Panel and Interagency Coordinating Committee, among others

6. Public Comment (for items not on the agenda)

There were no public comments.

ADJOURNMENT:

The meeting adjourned at 3:22 pm.

NEXT MEETING:

The next Special Board/Program & Planning Committee meeting will take place on Thursday, September 23, 2021 at 1:30 pm.

VIRTUAL COMMITTEE MEETING
Meeting details will be posted per Brown Act Requirements

Meeting minutes were recorded by Linda Vo, Board Relations Manager

MEETING OF FIRST 5 LOS ANGELES PROGRAM AND PLANNING

Thursday, June 24, 2021

750 North Alameda Street, First Floor

Los Angeles, California 90012

STENOGRAPHICALLY REPORTED BY:
HEATHERLYNN GONZALEZ
CSR #13646

Thursday, June 24, 2021; Los Angeles, California

1:30 p.m.

-oOo-

COMMISSIONER ZEPEDA: Welcome, everybody. Go ahead, Linda. You're on.

THE SECRETARY: Good afternoon, commissioners and public. I'm Linda Vo and I'm with First 5 LA. And before we begin today's meeting, I'll be going over some important information. I know you've all heard this before, but pursuant to Governor Newsom's executive order N-25-20, members of the First 5 LA board of commissioners or staff may participate in this meeting via teleconference. And in the interest of maintaining appropriate social distancing, members of the public may observe this meeting telephonically or otherwise electronically as posted on our website and this agenda. To provide public comments, you may submit written public comments by e-mail to lvo@first5la.org or call 213-276 --

(Technical Interruption.)

-- before 1:30 p.m. the day of the meeting. Any received after 1:30 p.m. will become part of public records. All public comments received prior to 1:30 p.m. today will be read aloud at the end of each item it coincides with.

And before we do begin today's meeting, please do note the following: Today's meeting will include video and audio allowing all meeting participants and public members to view presentations via shared screen. To minimize background disruptions, all board members and panelists should place their lines on mute until called upon to speak. And to minimize multiple speaking people many speaking at the same time and to ensure for a coherent dialogue, if board members would like to speak to an item or have a question --

(Technical Interruption.)

COMMISSIONER ZEPEDA: I don't hear her any longer.

COMMISSIONER TAYLOR: She's frozen again.

THE SECRETARY: -- and I will coordinate with Commissioner Zepeda to indicate an interest in speaking.

MS. BELSHE: Linda, this is Kim. I apologize for interrupting, but you have been breaking up during some of your comments. So I'm not sure if going off camera might be helpful.

SECRETARY: I'll go ahead and do that.

MS. BELSHE: Thank you. Or not.

SECRETARY: If it works best, I can continue where she left off --

MS. BELSHE: That would be great, Jamie. Thank you.

SECRETARY: So I believe she was at the part where, if you do have any comments, you can use the chat box as well as the hand raise function, and you can chat with Linda directly and she'll let Marlene know that you do have a comment. And I believe that's it.

COMMISSIONER ZEPEDA: Jamie, do you think you need to repeat the phone numbers, the very last phone number that she gave because that's where she got frozen in case any of the public needs access to whatever that phone number provides access to.

SECRETARY: Yes. Correct. Thank you. To provide public comment, I'll go over that again as well.

You may submit public comments to Linda Vo by e-mail at lindavo@first5la.org or you may call Linda Vo at 213-276-9389. And please do indicate the item number your comment corresponds with when you do have that public comment.

And just another note as well that these comments do need to be received before 1:30 p.m. on the day of the meeting for them to be addressed during the meeting. Any received after 1:30 will become a part of public record.

COMMISSIONER ZEPEDA: Okay. I think Linda's still frozen; correct?

SECRETARY: It looks like it to me as well. She said she logged off and is going to log back on. So, hopefully, that helps, but I can also do the roll call if necessary.

COMMISSIONER ZEPEDA: I'll ask you to do that, Jaime. If you don't mind, that would be great.

SECRETARY: No problem.

COMMISSIONER ZEPEDA: So let's call the meeting to order. So, Jaime, if you could do the roll call.

THE SECRETARY: Okay. Judy Abdo?

COMMISSIONER ABDO: Here,

THE SECRETARY: Linda Aragon?

COMMISSIONER ARAGON: Here.

THE SECRETARY: Bobby Cagle?

Astrid Heger? I see her waving.

Yvette Martinez?

COMMISSIONER MARTINEZ: Here.

THE SECRETARY: Jonathan Sherin?

Romalis Taylor?

COMMISSIONER TAYLOR: Here.

THE SECRETARY: Marlene Zepeda?

COMMISSIONER ZEPEDA: Here.

THE SECRETARY: Carla Pleitez Howell?

COMMISSIONER PLEITEZ HOWELL: Here.

THE SECRETARY: Jacquelyn McCroskey?

COMMISSIONER ZEPEDA: Jacquelyn said she'd be a little late for the meeting. She texted me early.

THE SECRETARY: Okay. Thank you so much. I'll look out for her as we move forward.

Deanne Tilton?

COMMISSIONER TILTON: Here.

THE SECRETARY: Keesha Woods? I believe I saw her on as well.

COMMISSIONER WOODS: Keesha's here.

THE SECRETARY: Thank you, commissioner. And lastly, Sheila Kuehl.

Quorum is present.

COMMISSIONER ZEPEDA: Thank you, Jamie.

THE SECRETARY: Thank you.

COMMISSIONER ZEPEDA: So welcome to our program and planning committee meeting. And let's go to item review of the transcripts. Are there any questions or comments about the transcripts from any of the commissioners? You have a summary and you also have the verbatim transcripts.

So hearing none, I will accept them as they are and move onto Item Number 3, which is supporting home-based, care creating a more equitable and inclusive early learning system. And Becca will be presenting. Gina will be presenting, Kevin -- and those are the three. We look forward to your presentation.

MS. PATTON: Thank you so much. Let me share my screen.

All right. Good afternoon, commissioners. The ECE team is delighted to present on our new and emerging strategy to support home-based childcare.

Before I get started, I'd like to note that historically our investments and strategies to support the early learning system have wrongly left out home-based care. We are excited that our new strategic plan grounded in our DEI value corrects this and we are embarking on a new chapter for First 5 LA.

Today I'm joined by my colleagues and the brain trust for this strategy, Gina and Kevin.

Before I hand it over to them, let me go through our objectives today. So during today's presentation we'll provide some information and background on home-based care. We will share what we have learned to date about home-based care, in particular what we have learned over the past year alongside our colleagues as we supported home-based care during the Covid pandemic. We will also provide an update on our first formal step in developing this strategy launching a landscape analysis.

You do have an information memo in your materials. And we'll be back at the July board meeting with the request to execute a strategic partnership and contract with the Childcare Alliance of Los Angeles for this work.

Finally, we are looking forward to learning from all of you and will use our discussion at the end of the presentation to further inform and refine our approach.

And with that, I'll hand it over to Gina.

MS. RODRIGUEZ: Thank you, Becca, and good afternoon, commissioners. I'm noticing that I'm freezing, so I may have to go off and on camera so I stop freezing. Okay. Here we go.

So anchored in out strategic plan and impact framework, the ECE team is focused on children having high-quality early care and education experiences. The long-term system outcomes are that we want systems to be of quality, accessible, aligned, and sustainable. And our short-term markers of progress are how we'll get there is to increase the capacity of a unified quality support system that includes all -- and I want to family size all -- provider types which in this case the unified quality support system is in support reference to Quality Start Los Angeles.

We also want to increase the number of home-based providers, and this includes family, friends, and neighbors, and family childcare providers. We want to increase the number of home-based providers in the Best Start communities participating in quality support activities.

MR. DIETERLE: Hi, everyone. I want to share a little bit of fundamentals around home-based childcare just so that we kind of have a level understanding. Home-based childcare can include both licensed and unlicensed setting. When we refer to licensed home-based care provider, we're typically referring to what we often call family childcare homes which you might also heard here as FCC or FCCHs. But when we talk about unlicensed home-based care, we also family, friend, and neighbor care. You might hear FFN, informal care or kinship care.

And home-based care is actually the setting of where the majority of children receive their care and disproportionately are infants and toddlers really do rely on home-based care settings. And that is also the age group that most acutely feels kind of the lack of access that families often face when trying to find a childcare arrangement. As many of you are probably aware, the majority of the workforce is women of color. In California that's -- that's true both in home-based settings and in center-based settings. And family, friend, and neighbor care actually makes up approximately 50 percent of our paid caregiving, according to the best data that we have available to us. And, typically speaking, family, friend, and neighbor care is care that is provided to assist a family member or a friend. So it's often someone that is known by the family on kind of a personal level. But, traditionally, these home-based providers, specifically FFN care, has not been a community that has been served by LA County's formal quality improvement efforts such as Quality Start Los Angeles.

Next slide. But one of the exciting things -- and Becca mentioned that, you know, now we want to do better. We want to really think about supporting quality in the variety of environments in which children are served. But one of the other opportunities that really make that's possible is in First 5 California's impact initiative. Impact stands for improve and maximize programs so all children thrive, but we always just call it impact. So you don't really need to know that.

But Impact 2020 really did create a mandate for us to also broaden our thinking about quality supports and to really decouple our notions of quality from the rating matrix. So it really created a mandate for us to go in and serve those communities in a way that didn't exist from the state before.

So Quality Counts California now has really lessened their focus on providing the rating. We still do have to do that for state preschool programs, but they're really emphasizing the focus on quality improvement and quality support.

But more importantly we also know that, if we want to build a more equitable early learning system, we have to prioritize home-based care setting. It's just imperative because we know that that is where a lot of our children are, especially our most vulnerable children, which are those infants and toddlers that are being served in those home-based settings.

And the last thing is that it really -- in addition to all the things I mentioned, it's really not appropriate to anchor our quality support to the Quality Counts California rating matrix which is currently the methodology used to measure quality within the state. I won't go too deep into that, but there's a lot of fundamental structural problems with the matrix that really are not well suited for home-based care providers. It's actually -- you know, those criticisms are also valid for center-based care provider, but that that dilemma is even more acute in the home-based setting. They simply do not have access to the resources that are needed to do well on that rating matrix. So thinking about a quality support strategy that is not anchored in that rating matrix really provides a lot of opportunity for us to go and meet them where they are.

Next slide.

MS. RODRIGUEZ: So what have we learn and what are our take-aways after experiencing a once-in-a-lifetime pandemic. We know that even in the best of economic times, the ECE financial model is precarious at best. Now even more so after Covid. We learned that family childcare providers stayed open at a higher rate than centers, and there was more reliance on family, friend, and neighbor care during the pandemic.

Statewide, it was reported that 49 percent of FCCs shared that they could -- at some point they could not pay themselves and 34 percent of them had to take on personal credit card debt to cover program expenses.

Providers also reported an estimated that they needed any time anywhere between 1,000 and $8,000 to obtain supplies and modify facilities to comply with health guidelines to reopen. We also learned that the resource and referral agencies have different capacities, especially when it came to communication and communicating efficiently with all provider types and also in their ability to collect data in real time.

We also learned that municipalities do not understand home-based care and the reliance on family, friend, and neighbor care and family childcare where they're especially to take care of infants and toddlers.

The good news is that there is an increased recognition of early learning -- the early learning workforce as essential, but there are still issues of inequities in compensation.

I just want to take a moment right now and just take a little deep breath here and honor these women. They are heroes. They keep the doors open. And despite all of these challenges, they embrace their role as early learning providers and continue to be there for the babies and children and families of their communities. They're passionate about what they do and are eager to learn and grow. So I just want to honor them at this point and honoring them through our work.

I also want to take this time to share how First 5 L and our partners through the Covid response team supported FCC providers and thought through specific family childcare needs. This is the foundation for this work going forward.

Through First 5 California, LA County received supplies and distributed them to providers that remained open, and a good amount of supplies went to FCCs. To pool funding from philanthropy, stipends were provided to LA Family Childcare Providers United, a shared service alliance that was formed as a result of a five-year investment from First 5 LA. The county and the city of LA provided small grants to FCCs and ensured that a certain amount of grants were set aside for family childcare providers. The money came from the Cares Act.

The ECE Covid response team organized over 5,000 calls to providers that did not have e-mails and conducted vaccination outreach calls and surveyed providers on whether they had -- whether they had received vaccines. And in instances that they were not vaccinated, assisted them in getting them registered through monitoring the county vaccination website.

The State also held providers harmless as they were compensated for the same number of children that they had on their rosters in the previous year and families did not have to pay any childcare fees if they were income eligible.

MR. DIETERLE: So in the learning that we've done so far -- and we are definitely very early in this stage. That's why you'll see that at this meeting we are not really presenting you with a strategy of programming. We're presenting you with a strategy for engaging this population and kind of support steps.

But family, friend, and neighbor care and family childcare homes are really essential and critical to California's early learning and care system. The system will collapse without them. That became very abundantly clear during Covid, as Gina kind of mentioned; that these home-based care providers were really stepping up to the plate and keeping their doors open when even when kind of the infrastructure around them was really crumbling. And they were doing it without a lot of financial reward for doing it. But they do it because they love the work and care about the work.

Home-based care provider also has a lot more flexibility to meet the needs of families. I think we've often, unfortunately, kind of characterized family, friend, and neighbor care and home-based care more broadly as a kind of a lesser alternative to center-based care, but that's simply not true. Home-based care actually really offers a lot that families are actively looking for, including, but not limited to, nontraditional working hours, they do meet cultural and implicit needs. And it's just an environment that a lot of families feel much more comfortable having their children in compared to a more kind of academic or class -- formal classroom environment.

But what we also know that we really do not know enough to support this segment of ECE workforce. They have not been part of our quality improvement strategies in recent years. And so in order to adequately meet their needs and to -- we have to engage with them and we have to build a rapport with them, build some trust with them, and let them really drive the strategy and hear directly from them what they need and how we can help best support their ability to provide quality care.

And as I mentioned, we also want to know what is -- in addition to what do they need, what's working well in home-based care and how can we strengthen those aspects and what are those elements that we can carry forward to other types of programs as well. You know, it's kind of a reciprocal relationship. It's not just about making them better; it's about sharing what we know that they do well and how do we impart that with other environments as well.

Next slide.

MS. RODRIGUEZ: First 5 LA is uniquely positioned. We find ourselves in the role of catalyzer to bring about fundamental change moving forward with partners as we focus on Covid recovery and building back through our equitable and inclusive early learning system.

I'm going to go off camera.

We also play the role of convener and connector by maintaining a 3,000-foot view to connect and when necessary convene key partners as stockholders coordinate efforts. An example of this is the Early Childhood Alliance will be conducting a landscape analysis of family childcare needs. We will be looking to see how our landscape analysis can compliment their strategies. Their focus will be on capturing voices from the field, stories and creating a narrative.

We can also play the role of being strategic and looking forward to opportunities to leverage funding across sectors for maximum impact and long-term sustainability. We also want to hold ourselves accountable to working side by side with families and providers and communities to drive strategies. We believe those closest to the problem are closest to the solution.

So being uniquely positioned, First 5 LA convened these partners, LACOE, the Alliance, the CCRC. And we applied to receive technical assistance from All Our Kin. All Our Kin are national experts on home-based care with expertise on working with family childcare providers. All Our Kin assisted us in designing the scope of the landscape and developed the goals and the research questions that are attached at the end of this presentation in the appendix.

I just want to briefly just share the landscape goals with you. What we want to accomplish is we want to increase our understanding of the demographics and needs of home-based care in LA County. We want to increase our understanding of families accessing home-based childcare and the reasons for choosing home-based childcare. We want to identify successes and barriers that limit supply, quality, and sustainability. And we want to identify and disseminate potential strategies that can be piloted. And we also want to identify and promote policies that prioritize home-based childcare in LA County.

MR. DIETERLE: So one of the things that we're really hoping out of this landscape analysis that we plan on conducting around home-based care is that we can really use our findings to support our home-based quality support strategies and kind of have it as a launching pad for us to develop programming strategies to meet the needs of home-based care providers that are unique from center-based based providers.

Naturally, as you might imagine, we have identified Best Start communities as geographic areas of highest priority. So that is an area that we'll be focusing on during this landscape analysis. And we're also, of course, working very closely with all of our QSLA partners in our regional consortia to inform our strategy for landscape and programmatic implementation. They are also bound to serve home-based childcare providers and family, friend, and neighbor care through the First 5 California work that they implement. So there's, obviously, a very tight collaboration happening there always in partnership with our QSLA partners.

Next slide. So in terms of next steps for the board, one thing that you will be seeing is the strategic partnership with the Childcare Alliance of Los Angeles. They are really uniquely positioned to reach the population of interest, which is family, friend, and neighbor care providers who are receiving alternative payment or State payment. Because they administer this, they are uniquely positioned to reach this population instantly. In addition to that, we've also are establishing a partnership with Duane Dennis contingent upon board approval, of course. I believe he's joined this call. He has very deep, longstanding expertise in family, friend, and neighbor care given his previous role in LA's resource and referral system. So we're excited to have him build up our own team's knowledge and also our knowledge across the agency of the role of home-based care in LA County.

In addition, we're hoping to launch or we will be launching and we'll be getting support and technical assistance for an ECE provider advisory council. Like Gina said, we do not want to continue working creating programs about those folks without actually centering them in developing the work. So this provider advisory is really meant to help center them and their voices as we develop a strategy in partnership and collaboration with them rather than them having them react to something that we develop in the absence of their input.

So will you be seeing a board action at the July commission meeting to execute our strategic partnership with the Childcare Alliance of Los Angeles which will then allow us to move forward with the landscape analysis contract.

Next slide. And this is a very, very brief video. I think it's around two, two and a half minutes long. This was done by LAist. And it really is I think a great example of centering the voices of childcare providers, specifically most of the views, if not all of them, are home-based care providers. And it's really letting them -- they gave them a camera so that they could share about their programs. I think it will be helpful and grounding this work and just how crucial it is to keep those who actually have the lived experience at the center of our work.

(Video plays.)

MS. PATTON: So based on our presentation and the video from LAist, we're curious to hear your thoughts and your feedback about our emergent thinking for this strategy. We have some suggested guided questions on the PowerPoint, but really just excited to engage in a discussion with all of you.

So with that, I'll stop sharing my screen so that we can participate in a group full discussion.

COMMISSIONER ZEPEDA: Thank you for that presentation. Do any commissioners have any -- any responses to the questions or any comments to start us off? Because I could take the whole time, frankly, but I'll let you -- your questions come first.

COMMISSIONER ABDO: Let me try. This is Judy.

We've been working in a recovery task force in Santa Monica that has -- has focused a lot of attention on home-based care and all of the different levels of service to the community. And one of the things that's come up -- and I just -- I don't know if you've done enough -- enough work on this to have any answer. But one of the things that I think we've learned is that these are businesses being -- being conducted by people who don't think of themselves as businesses. And there are dangers in that if -- if the providers do not understand what they're -- what they're supposed to be doing as businesses.

And I just wondered if we are doing anything in looking at helping them to be more aware of what they need to do to be not -- not acted upon in a -- in a way that would be difficult for them.

And I -- I am just so thrilled that we are doing this work because, as we all know, we've got huge numbers of children who are being served by this very vital service and very scattered service and people that we will have a lot of trouble finding. So I'm so glad we're doing this. Thank you.

COMMISSIONER ZEPEDA: Thank you, Judy. I have a cue: Commissioner Taylor, then Commissioner Pleitez Howell, and then Commissioner McCroskey.

So, Romalis, if you want to ask your question or comment.

COMMISSIONER TAYLOR: Yeah. I read the memo. The memo was very informative, but have I questions about the structure and the framework of that. It looks like we're going to -- at least the way the memo was written, we're going to step back and let the alliance identify and create the structure and framework plus the questions plus the outline of which I'm kind of confused. Are we going to have a greater input and a review of that process, you know, as we go along? I'm corresponded about -- I don't see milestones and frameworks for the deliverable -- or deliverable from this entity to say when we're going to see what that analysis is look back, review it, and then make a decision about going forward because my understanding as written that you're going to go forward and create a identify pilots or something to test how to improve or enhance that process for the benefit of the children and the families and the providers that are serving.

Very clearly, based on the way the memo is written with R and R only doing it and these families associated with R and Rs in some cases get support by that system and training. What about the families that are just people that are connected to none of this and everything? What are we going to do about identify that go. Do you know what I'm saying?

So I'm having a struggle. And you want five years with no clear framework and time work at a million dollar a pop. I don't do any contracts without understanding what it is I'm paying for, whether or not it's going to be relevant to me. And that touch points are milestones so that I can see whether or not I'm getting the results I'm thinking I'm getting. Right? And then there's, of course, correction if you're not. So it's not kind of that.

So to me, until I see that, I'm having deep concerns about this broad concept that says, do this, and then you're going to tell us what you're going to do and how you're going to do it without our input. I'm having a very strong difficulty with that, at least the way the memo is written. So you may have a better plan than I'm seeing, but at this point, I don't see it and I'm very concerned about it.

There are some things beyond that that I'm concerned about as well. Are we going to capture the impact of Covid on the system and the children as part of this informative approach, you know, effort? Are we going to capture the cultural issues, nuances, et cetera, as part of this effort? Who will set the framework, the data collection, and the analysis of that? Is it going to be them and none of us looking at that to see if we need to say, hey, at a certain point, we need to know this and this so you need to add this to your framework so that there some real learning going on?

So I'm kind of puzzled at what I'm seeing and it's not -- it's not coming together for me in the mindset of what we're doing.

And out of all of this, where is the voice of the parents? I -- you know, I don't see it. At least I don't see like a parent council or something like that. That's going to look at what is being said about them giving us input. Yeah, that sounds right; no, it isn't. That's off to the right or left of what we think.

So the whole thing is, I need to see a really researched kind of framework that says how we're going to do this and who's going to do what and when and what is our role in that. I don't want to pay somebody else to do all this work and we step back and say, you're the know it all to everything when I know that you guys are sharp and know a lot more than I do. So the end result is, I want to know what your role is as compared to their role and I want to see it laid out. I'm just saying because if it goes to the board next month in the framework I'm seeing, I'm going to have difficulty going along with that. Just my opinion.

Thank you.

COMMISSIONER ZEPEDA: Thank you, Commissioner Taylor.

Becca, do you want to respond? I know there's a lot there, but do you want to respond?

MS. PATTON: Yeah. Let me talk about the strategic partnership and the contract specifically, and then I'll let Gina and Kevin can dive in more about specifically year-one deliverables which will be the landscape analysis and also the parent input piece.

So what you do see in front of you, we know that it is a long-term strategic partnership with a larger dollar amount than commissioners are potentially used to seeing. So that is a strategic partnership though that is just indicating that we know that the Childcare Alliance of Los Angeles, which is the association of resource and referral agencies and alternative payment agencies in LA County, will be our strategic partnership in this work.

The contract that you will see for the first year

-- so we will still come back each year to the commission for an annual contract. So you will only be asked in July to execute just one-year contract and open up the strategic partnership with the Childcare Alliance. And the first year contract will just be for the landscape analysis. So there will be clear deliverables about what we want that landscape analysis to look like. And we're anticipating -- Lana always wants to say hi. There's an ambulance going.

So the first year deliverable is the landscape analysis. And we're hoping that landscape analysis is going to inform what our strategies would look like for the pilots and that subsequent contracts would have embedded deliverables for those pilots. But I'm going to go on mute now because Gina and Kevin can talk more specifically about the landscape analysis and our parent input piece.

COMMISSIONER ZEPEDA: Gina or Kevin.

MS. RODRIGUEZ: Yes. I was unmuting myself.

Commissioner Taylor, the whole process and approach to the landscape analysis is participatory, which means that we want to make sure that the research questions and the approach is being vetted with providers and with families before even they're asked research questions at a broader scale. So that is really critical and important to us. The first year, as Becca said, will be a contract with the Alliance to move forward with the landscape, and they will be working with the CCRC, the evaluation team, to conduct the landscape analysis.

And speaking to the CCRC, they -- they want to be thorough, they want to be comprehensive, and they anticipate having preliminary results mid year. And at that point, we would then be able to share with stakeholders and with our commissioner in terms of where we're at.

As Becca said, the landscape analysis is really to understand what are some of the strengths and challenges. And from there, we will then be working closely with our stakeholders and partners including our commissioners to move forward and determine, how do we pilot strategies? What is the criteria for piloting strategies? So it is in -- in partnership with you because we do not want to be doing this is isolation. We want to make sure that we bring everyone along as we're learning about what is happening in home base -- in home-base care and especially with families.

Kevin.

MR. DIETERLE: Yeah, I guess couple other things I might suggest or add to what has already been said, with regard to the questions, the questions are definitely being not solely driven by the Childcare Alliance. We've actually have done a fair amount of work already, Gina and I both, in terms of working with various partners and probing on what types of questions we want to ask that will help us get at the type of information we need to serve family, friend, and neighbor care and home-based childcare providers.

And so we have a whole litany of questions that we are considering being asked. Right now our challenge is that we're going to have to narrow them somewhat to make sure that they are sharp and focused and that we don't get a ton of attrition when we actually launch out the survey due to the length of the survey. But that is something we're working with numerous partners, not even just the Alliance. And we will, of course, have authority to, you know, on what actually goes out before it's launched. That's not something we will do without First 5 or other agencies' input.

The other piece, and I believe both Gina and Becca alluded to this, but it was our, I think, strong feeling that the landscape analysis was a predicate to a lot of the family and provider engagement more deeply in terms of focus groups and the like because findings -- initial findings would emerge that we'd want to probe more deeply on with the populations of interest; so, for example, with families and with providers so that we can ask more specific and targets questions based on what emerged from the landscape analysis.

One of your other questions though I think is something that family, friend, and neighbor care kind of by its definition is an unknowable population. It's sort of infinite because any arrangement of noncustodial care can be considered family, friend, and neighbor care, but it's also not necessarily serving the most marginalized communities in that regard because a grandma watching a kid in Brentwood can be a family, friend, and neighbor care arrangement.

For the purposes of our landscape analysis, we're more focused on those receiving subsidy payment because they're serving children from very low-income families who were felt were maybe most vulnerable for adverse outcomes. So that was a way that we were able to narrow.

That's not to say it's totally off the table to reach people who are completely out of the segment, but I would definitely welcome input on how you suggest we reach those individuals because, as you might imagine, it's very hard because they don't exist in any one singular space. So we have to go hunt them down and reach out to them. So we'd definitely welcome any insight on how we might be able to reach those.

COMMISSIONER ZEPEDA: Thank you.

COMMISSIONER TAYLOR: Well, I think it's important that we identify that that is the population that we're really going to because it's significant because you're putting quantifying things even though you have this friends and neighbors under R and R, this other population exist. They're many existing because of cultural reasons, linguistic reasons that are not connected to anything and not getting any information or resources. So a strategy for how we generalize and reach the general public who may be those people and say it's -- and come up with a strategy not in this study, but as an enhancement to this study to say -- just like how First 5 California did their reaching all of the community by having just an advertisement that says, talk, read, sing. So they're telling everyone in the state, this is what is needed to make the child. So if you're caring for a child these are some of the things you need to do. Very simplistic, very -- that might be the secondary alternative strategy from this one.

I totally agree we need to do this. This makes sense, but I really want to see now I'm hearing things about milestones and what you intend to do in the first year. That's what I'm asking for in that, and then what we're going to do in the second and third and the fourth year because, if we don't have that, what are we putting millions of dollars up each year for, if not to learn something. And I want to know what we intend to learn in each of the year. Even if it changes or shifts, I'm okay with that. But I just want to know what it is that we're anticipating getting out of that and what is our role and what is their role. And if we're going to pilot it, that's fine. But the idea is that we have this segment of the population that are poor, that are family members, that people are taking care of their relatives, family members, children that are not connected to the educational developmental stages that these families are under R and R. So the idea is, what are we going to do about them? And we don't have to have it now, but I want that to be a part of the discussion down the road and a strategy that these other people can help us come up with and maybe even are saying that we can come up with to help those children, help those families to say, this is it.

And you can go to an R and R and learn some things and the can be a distributor of little toolkits or something like that to help them. Something simple. Something like that and if we advertise, they can go there and get, you know, that kind of thing so the whole population is being helped because all those children are not advancing at all other than being taken care of and sometimes just being stuck in front of a TV.

So the end result is we need to -- I just need to understand your strategy, your methodology, and what you want to do because I see this population being left out again. Just a thought.

COMMISSIONER ZEPEDA: Thank you, Commissioner Taylor.

We have Commissioner Pleitez Howell has a question or comment.

COMMISSIONER PLEITEZ HOWELL: Thank you, Dr. Zepeda.

I'll continue on the path that Commissioner Taylor just talked about. This is a remarkable opportunity as presented. I do worry we're missing sectors that historically are not looked at because there isn't the infrastructure that supports them. So because family, friends, and neighbors is such a complex, loose system, I think the strategy requires additional partners, and especially as we look at the CDSS transition and think about SDIU and the new role that SDIU will be playing, I don't think this is setting us up to look at the reimagined system that's being -- that will be coming. So agree with the strategies, but I think we need more.

So I don't know if this addresses some of Commissioner Taylor's inputs, but I think we need to look at diversifying the partners that are being included and folks to look at. I'll give a really concrete example. So the AP system, there are childcare providers that don't even get to come into it because there may not be sufficient funds, there may be sort of like changing incomes for a family. So those individuals will not make it into the system that we'll be studying, but those are the family, friends, and neighbors that we also really closely want to connect with. So if there's a way of adding diversity of partners to this strategic partnership considering SDIUs, considering family childcare network that exists, and the strategic partnerships also including those childcare providers that may not be in a system because I think that gives us a more nuanced complex view of the actual system. And, yes, this is one realm and it might be the first year. But making, as Ms. Belshe reminds us, really complicating our thinking on this one because the system is going to be working very differently given the transitions that are happening in the state. And as is, we're only studying the system as it's been. I don't think we'll be prepared to make comments on the new system that's being developed unless we diversify some of these strategic partners.

THE SECRETARY: Commissioner Zepeda actually dropped off as well. She's restarting so I'm going to go ahead ask Commissioner McCroskey to give comments as she was next in the cue.

COMMISSIONER McCROSKEY: Thank you.

I also want to start off with, I love that we're focusing on this critically important part of our ECE infrastructure, but -- and I -- you probably expect it from all of us by now. And it's probably just because we've done so little work in this area, we all have pent up ideas about what could happen. So what I'm particularly concerned about is, if we take a -- just an early childhood education view of this issue as opposed to a view which is at least coming a little bit more to the fore, which is how communities organize themselves to support families, that there are multiple partners at the community level, many of which work with the same families or certainly in the same neighborhoods.

I'm not suggesting they would be partners at the same level as SDIU, for example. But just this morning having been in a home visiting leadership council meeting, the questions -- a lot of conversations that are happening in the home visiting world are very much related because home visiting is working on not only a professional workforce but a paraprofessional, apprenticeship models, et cetera, how are we preparing people for livelihoods, sustainable livelihoods in early education broadly speaking.

They're also -- there's a -- there's a very enlivened family support world too where there are multiple entities that are providing not only early intervention, but early support for parents, et cetera: Tele-sessions to support parenting, parenting skills enhancement being included in the State's plan for family first prevention services.

I'm not trying to make this all too complicated really, but just because I sit in a number of those conversations, I know a lot of topics are the same and that each of us has a lot to learn from each other about how people are approaching these questions: The structural, the systemic, the financing questions, and certainly the ongoing support for coaching and mentoring kinds of questions.

So I -- I hope that we could give some thought to how we need some of those conversations in over time because I think they'd be extremely informative to First 5 because First 5 has fingers in a lot of those pools too.

Nonetheless, I want to end with, I love this work. I love that we're venturing down this lane. So thank you, guys.

COMMISSIONER ZEPEDA: Thank you. I'm back. Thank you, Commissioner McCroskey.

Other commissioners, I didn't get any other texts from anybody. All right. So that allows me then to ask my questions.

Gina, you mentioned in your comments that municipalities did not understand home-based care. What exactly did you mean by that? Could you elaborate on that?

MS. RODRIGUEZ: Yes. I don't think they have an idea the extent to which families actually use their family, friends, and neighbors for taking care of infants and toddlers specifically.

COMMISSIONER ZEPEDA: And when you may municipalities, who are you referring to?

MS. RODRIGUEZ: Local governments. Local governments, cities. So we're working with the City of Los Angeles. We're working with other cities in LA County and having those conversations. And there's work to be done in building the capacity of -- of city governments in understanding the -- and planning around childcare needs and also how things have shifted to home-based care, or not even shifted but just a recognition that that is a reality that that has been going on and we need to come together to support those providers.

COMMISSIONER ZEPEDA: You know, that is very surprising because some of you who have been in the field for a long time know how many reports have come out about the economic contributions of childcare -- family childcare to our economy. And yet the municipalities -- like we've got to have some PD for our leadership here, I think. So I needed clarification on that.

And then also I just -- you know what I'm going to say because I've been talking to you all about this issue. There needs to -- when they do this landscape analysis, there needs to be a lot of attention being paid to the languages that these family providers speak, who they're serving, what are the goals that these parents have for supporting the home language. There is legislation right now being considered for identification, at least in publicly-subsidized programs, for identification of dual language learners, what kinds of barriers are -- are they experiencing because they do not speak English or their English is limited, and then your -- and then the issue of technology right now with the pandemic. You know, a lot of them don't have the power -- the Internet power. I could go on and on, but there needs to be -- that needs to be included in the landscape analysis.

And I think the exempt care issue, going to Commissioner Taylor's point, that there is many families that are not connected to the -- it is very challenging to kind of figure that out. And maybe when you talk to your providers and your families, that would be one of the questions that could be asked because I -- it's almost like this invisible economy out there.

And then I think we have to recognize that some of our -- the people that do this kind of work, they don't particularly want to be connected. You know? So -- and assume that they do want to be, but those that do how -- how can we reach them. So I think that's very important.

I really commend this -- I really applaud this work. This is something that I have been talking about from the get-go as a commissioner that -- and I'm so happy. And I -- when I heard Kevin say that the rating system doesn't work for family childcare providers. Hallelujah. What a light bulb moment, you know. Something that many of us have been saying for a whole long time. So I'm really looking forward to what happens with this work moving forward. I did have a question.

Gina, you probably know this. Do we have percentage of how many home-based care homes we've lost during the pandemic?

MS. RODRIGUEZ: We don't have the exact figures right now, but they're already -- we were already losing family childcare providers even before the pandemic. So we were -- the system was already bleeding those businesses. And then with the pandemic, we did lose some as well, yet many remained open in comparison to centers.

COMMISSIONER ZEPEDA: Yes. So there's a question of kind of rebooting our system and how are we going to bring people into the system because we don't -- we're losing people and how do we incentivize them. So there's lots of stuff to think about and reflect on. And I'm so pleased to hear that we're having a ground-up approach instead of a top-down approach because that's been my complaint for a long time.

MS. RODRIGUEZ: And -- and just to add, you know, in terms of the scope of work, the intention is to have surveys and focus groups in multiple languages to be able to have interviews for family, friends, and neighbors that are a receiving alternative payment through the alternative payment agencies. Okay? And we wanted to ask those FFNs, family, friends, and neighbors, do they know of others who are taking care of young children who aren't receiving subsidies from alternative payment to be able to get to that population that you are talking about and Commissioner Taylor was talking about.

So the research questions at the end of this presentation, those are broad, but there's also a number of subquestions under each of them. So we face the challenge of, we want to know so much, but how do we narrow it down so that it's manageable because there's just so many layers and complexities that we want to learn about.

COMMISSIONER ZEPEDA: Thank you.

Commissioner Taylor has another question or comment. Commissioner Taylor.

COMMISSIONER TAYLOR: Yeah. I -- I just want to add, some of these families don't come to these systems because of their cultural needs and their desire to have someone of their culture, if you're Arab, if you're Buddhist, if you have different things that you want to not only learn what we're doing but also reaffirm your culture. They do it for different reasons. So we've got to make sure that we're thinking out of box on this for that other group that needs support. And it goes true for the native Americans and first nations. At least that's what Canadians always call themselves. First nation.

So the idea is that we're looking at this from a cultural perspective as well and honoring that this is why people do what they do and how do we share our impetus to help those children as well prosper in this society. So I know we're not there yet, but just throwing it in there for the mix.

COMMISSIONER ZEPEDA: Thank you, Commissioner Taylor.

Okay. Are there any other questions from -- Commissioner Abdo has a question or comment.

COMMISSIONER ABDO: Yeah. Just on the municipal issue, I -- I think we all feel lucky to have this whole segment of services for the community, but I know that -- that municipalities, shall we say, cities, are really good at enforcement and sometimes not so good at educating and assisting. So I could understand why there would be actually a large number of these programs who don't want to be discovered because the moment they're discovered, they are enforced upon in many, many ways. It can be zoning. It can be noise. It can be -- you know, there's all kinds of city-related laws -- believe me I know about this -- as well as licensing.

So I don't -- I want to make sure we're not outing anybody who doesn't want to be outed I guess is what I'm saying.

COMMISSIONER ZEPEDA: Thank you, Commissioner Abdo.

I know that during the pandemic, some municipalities relaxed a lot of regulations on parking and that kind of thing. So we'll see if they go back to the mean or they go back -- regression to the mean as we say in statistics. Hopefully not, but we'll see.

Any other questions or comments from

commissioners?

Hearing none. Again, I want to thank the presenters. This is the big lift. But I have to say this is going on all over the country right now. This is a conversation that is going on all over the country because the pandemic revealed the importance of these essential workers. So we'll see if -- if this period of focus and spotlight on them remains over time. You know, I'm not a -- I'm kind of a cynic, but we're hoping that it does. And I'm so happy to see that we're working in this area.

So with that, I thank you. And let me see what's next on the agenda. We don't have a break; right? Linda?

SECRETARY: We do have a break, commissioner, for ten minutes.

COMMISSIONER ZEPEDA: Right now.

SECRETARY: Yes.

MS. BELSHE: And any public comment, Linda?

SECRETARY: There are no public comments on this item.

COMMISSIONER ZEPEDA: So right now we'll take a five-minute break and I'll see you in about five minutes. Thanks, everybody.

(A brief break.)

COMMISSIONER ZEPEDA: We're okay. So is everybody -- is everybody back? Let me see. Not yet.

Almost. I think we can go ahead.

MS. BELSHE: Yup.

COMMISSIONER ZEPEDA: We're now moving on to a presentation regarding the budget. Everybody's been talking about it for the last month. We've all been scrambling about the budget, the 20-21 budget. And our presenters are Charna Widby-Martin. And she's our government affairs person. Ofelia Medina who is our senior policy strategist.

Take it away, Charna.

MS. WIDBY-MARTIN: I'm going to share my screen and then start, if that works. Is that sharing?

COMMISSIONER ZEPEDA: Yes. For me it does.

MS. WIDBY-MARTIN: Notes or just the slides?

COMMISSIONER ZEPEDA: I just see slides.

MS. WIDBY-MARTIN: Perfect. That means I did a perfect job. Well, let's start.

Good afternoon, commissioners we are excited to be here with you today to present a slightly more complicated presentation than we originally intended. As I'm sure you are all watching closely to, we don't have a real final state budget to discuss with you today. While we will likely have a budget vote in the next week, it will likely also be very high level with a lot of negotiation and details to be added in budget trailer bills through the summer and also the likelihood we will see budget junior bill or a series of bills, especially with the volume of federal funds that we have yet to be allocated.

So today we are giving you our real time thinking and a snapshot of what we know as of this morning. Andrew and Ofelia will highlight areas of the budget still in negotiation as well as highlights policy priorities we're closely watching, shaping and prioritizing for implementation.

Because of the high volume of activity and moving parts in Sacramento, we're not focusing or including our federal or local policy in this briefing. We are tracking and engaging in the federal space, of course. But as you can see in the following slides, the focus on federal funding priorities is deeply tied to our state priorities as well. We will be coming back to the PPC in the fall with an update and a summary of state and federal work from 2021 as well as identified priorities for 2022 at the federal, state, and local levels as well.

So to start our conversation, I also wanted to ground us in the 2021 policy priorities that we identified and presented in February to focus our 2021 policy agenda, which is all a continued conversation to today. We have been much more deeply engaged in administering of advocacy and the implementation of previous advocacy wins. Our work in the context of Covid has changed the way that we have approached this work and has further clarified our focus in our agenda to impact, moving beyond the legislative and budget wins and really focusing on impact, implementation, and prioritizing local community flexibility and systems.

Also, we're commenting that the budgets being still not finalized, that this unprecedented budget surplus is a defining and tremendous opportunity to focus investments and systems improvement.

And so with that frame, I'm going to hand it over to the brilliant Andrew Olenick to lead us off on the health portfolio and priority summaries.

MR. OLENICK: Thank you, Charna.

I wanted to start by talking about some of the health related -- health systems-related administrative advocacy that we've conducted. So I wanted to start with speaking about the California Advancing and Innovating Medi-Cal reforms or Cal AIM for short. We've called on state policymakers to more fully ensure that children and families are a primary focus in these efforts to reform the Medi-Cal system. For example, in response to the proposals for enhanced care management and in lieu of services, First 5 LA has advocated that young children and pregnant and postpartum women be included as populations of focus within the enhanced care management benefit, and that evidence-based home visiting be added as one of the in lieu of services that help clients must provide.

Related to Cal AIM, we've also engaged the Department of Healthcare Services as it works to renew California state waivers for Medi-Cal. And here First 5 LA's advocated that the Medi-Cal system directly prioritize young children and families, especially by acknowledging young children ages prenatal to five as a special population -- special population even within the cohort of childhood more broadly defined.

Next California is in the process of reprocuring contracts for commercial Medi-Cal managed care plans that provide Medi-Cal services. They've -- the Department of Healthcare Services has released an RFP that lays out obligations that health plans will need to fulfill if they want to win contracts to serve Medi-Cal beneficiaries. We want the department to prioritize health plans that have strong records in promoting child health and closing disparities when it begins scoring its RFP and awarding contracts to health plans.

As implementation of the new Medi-Cal contracts begin into next year, we'll continue advocating for stronger incentive and accountability measures to ensure health plans comply with requirements around children receiving preventive health services. We know that as of right now every child served by Medi-Cal is not receiving all preventive services to which they're entitled, and children of color are most likely to miss out on these preventive services. So there's also an important equity component here.

And then, finally, we've continued to attend, monitor, and provide feedback to the relevant legislative and budget committees, as well as the range of state department and agency convenings and stakeholder meetings speaking to the importance of supporting families and also to treating children ages prenatal to five as a special population, as I mentioned.

And then on the state budget or the negotiations as they are currently going along, you can see here, commissioners, that there are budget proposals from both the legislature and Newsom administration related to the set of First 5 LA health priorities. In some cases, lawmakers and the Governor have really differing proposals that will have to be reconciled in the final state budget. And those items are highlighted in blue on the table.

And then in other areas, the May revise and legislative budgets -- proposals are in alignment, and we expect those to feature in the final state budget.

So, for example, you can see that the Governor's May revise and the legislature's budget proposal have different priorities related to telehealth. The legislature has proposed to adopt language that aligns with Assembly Bill 32, and that would continue payment parity between audio only and virtual telehealth services with the May revise as proposed to reimburse audio only telehealth services at 65 percent of the fee for service rate once the public health emergency related to Covid 19 ends. So we're waiting to see here where negotiations between the legislature and the administration when the on final budget releases.

On the next item lawmakers have approved the Governor's proposal to extend Medi-Cal continuous eligibility for postpartum individuals from 60 days to now 12 months. This is really important because continuous health coverage is essential for avoiding disruptions in care, especially as one-third of all maternal deaths occur one week to one year after pregnancy ends and one in seven women experience some symptoms of postpartum depression in the year after they give birth.

The legislature and the Governor's May revise also both agree on providing diet and care services through Medi-Cal which would provide integrated and physical behavioral health screening and services to the whole family. But they've provided different levels of funding at this time. So we again, have to see where they end up in the negotiations.

And then finally, both the May revise in the legislature have agreed to fund an implementation of the Cal AIM reforms that I was speaking to earlier.

On the -- in terms of legislation on the health systems space, First 5 LA supporting one bill and then closely monitoring two others. The bill that carries the support position is Senate Bill 316 from Senator Edmond. This bill would allow Medi-Cal to reimburse federally-qualified health clinics and rural health clinics for two services when a patient receives a medical visit and a mental health or dental visit on the same day at the same clinic location. So as such, SB316 promotes our 20-21 policy agenda priorities around building more comprehensive and integrated and coordinated system of family supports.

The bill would also increase access to mental health supports that are crucial after more than a year of unprecedented challenges caused by the Covid-19 pandemic, especially for families in the most impacted communities of color.

So overall, SB316 represents a system change that will bring down barriers to care, increase access to needed mental health supports and, as such, benefit families that depend on federally-qualified health clinics for care.

The next bill is SB17, and that would establish a state office of racial equity. And we want to better understand what this office's priorities would be and how it would prevent the state's equity focus work from becoming siloed within it. And that's why we have it listed as a watch position currently.

And then, finally, AB32, which I brought up in the context of the budget, OGAP has been monitoring this bill throughout the year to understand the legislature's priority on telehealth and virtual care beyond the pandemic. So depending on what's included in the final budget, AB32 may become a trailer bill within the budget or it could continue on as a legislative vehicle if it's not included in the budget. So, again, we're anticipating more clarity here when the final budget does release.

So now we're going to speak a little bit to the budget proposals related to family strengthening priorities. So on paid family leave, the legislature's budget proposal would ensure that families for one additional year can continue to receive 60 to 70 percent of the wages they earned when they take time off from work to care for their child. And without this action --

without action this year, the level of wage replacement families receive from the state's paid family leave program, that would drop to 55 percent due to the expiration of some previously passed legislation.

The legislature's proposal would also reinstate previously eliminated ramp-up funding for the CalWorks home visiting program, although the May revise did not call.

An important area of agreement in the budget is proposals related to doula and community health workers. the Governor's May revise proposed to add doula services as a covered benefit in the Medi-Cal program and then also to add community health workers to the class of health care workers who are able to provide benefits and services to Medi-Cal beneficiaries both effective January 1st, 2022.

These providers are important to making language and culturally-appropriate care more available to families served by Medi-Cal. And First 5 LA advocacy has regularly promoted the need for greater access for families to these providers.

Our office is ready to support the Center for Child and Family Impact here at First 5 LA to ensure a successful implementation of these budget items in LA County and implementation will be really important in these items.

Finally, the legislature approved the Governor's proposal to increase the maximum level of cash grants that families receive through Medi-Cal and increase that by 5.3 percent. This bill does critically important work that was started by then-senator, now LA county supervisor Mitchell to ensure that no child in California grows up in conditions of deep poverty. And family economic security is also a key First 5 LA priority now also articulated in the 20-21 policy agenda, and we will certainly continue to stay engaged in this area.

Related to legislation in the family strengthening priority area, First 5 LA is supporting AB123 from Assembly Member Gonzalez. This bill would increase wage replacement provided by the paid family leave program in California to 90 percent of a new parent's wages which would allow more people to take time off of work and to bond with their new child, which is really important for optimal child development and maternal health.

I also just want to note that this is the first of a year-two legislative session in Sacramento; so we'll remain engaged on AB123 as well as other legislation throughout the legislative process and bills that will take to further shaping with more opportunities for input and advocacy as the session continues into next year.

And then, finally, AB65, which is a watch position currently for us. This bill would create and establish a statewide universal basic income program to provide certain residents with $1,000 each month. But the legislator's budget proposal approved a plan to pilot local universal basic income programs throughout the state, and that potentially impacts the need for this bill. So as such, we, like I said, have this listed as a watch position as of right now.

With that, I will pass it to Ofelia to speak to some of our early learning priorities.

MS. MEDINA: Thank you so much, Andrew.

So now we'll transition into first review First 5 LA's early learning priority starting with our administrative priorities. First, we have a (unintelligible) programs from the Department of Education to the Department of Social Services. We mentioned this before, but the data is fast approaching so the transfer will go into effect actually a week from today. The intended goal of this transition is to create a better alignment for (unintelligible) program to better serve children and families across the state.

While some stakeholders and advocates have raised concerns about this further distinguishing chapter for early education, there's also great potential for this transition to allow for a more integrated system for young children and families who already in care and (unintelligible) programs such as CalWorks under the Department of Social Services, which allows First 5 policy priority to promote a comprehensive system (unintelligible).

Aligned with the recommendations of master plan, we also continue to monitor the Department of Education and west ed development of integrated services and community wellness centers to ensure communities have the resources and environment needed to optimize child development. We will continue to check the progress on this and see where we can align our efforts.

Continuing our discussion on the state budget, we'll go over state budget priorities for early learning. Key difference to note between the May revise versus the legislature proposals include childcare (unintelligible), universal transition kindergarten, and childcare rate reform.

In the May revise, the Governor proposed 100,000 ongoing subsidized childcare spaces across state-funded programs. The legislature proposal doubled that amount while prioritizing ongoing (unintelligible) for essential workers.

We're happy to see that the legislature proposal doubled what the proposed May revise included. The state ECE coalition advocated for the increase in state from several hundred thousand to 200,000 acknowledging that there's still room for (unintelligible) even given the continued need for -- for -- for active to care across the state.

For example, here in LA County we hold the highest number of children who qualify for subsidized childcare but are not active. So continuing to advocate for more seats is critical to expanding access to affordable quality early learning.

The most transformative part of the budget this year to the field is arguably transition to kindergarten. The legislature proposal adopts these (unintelligible) delivery systems, expanded age eligibility for further implementation in 2025-26, and rebenching Proposition 96 (unintelligible) provide ongoing funding for TK expansion of approximately two (unintelligible).

This proposal compared to the May revise allows an additional year of implementation, which is critical for ensuring a more equitable rollout. However, childcare providers and state -- state childcare program continue to remain concerned about the implications for this -- for the programs they are left to serve versus the (unintelligible) population as families begin to enroll (unintelligible) in TK. This will also have an implication on what families choose TK and who will need TK services.

One of the highest pieces of contention in the budget is the early learning has been around rate increases and rate reform for providers.

In the presentation by our ECE colleague, we saw how the critical work that childcare providers perform. However, rate increases for providers was not included the May revise. On the other hand, the Assembly and the Senate have made it one of their top priorities understanding that a key component of high-quality programs is a fairly compensated workforce and the training (unintelligible) of low reimbursement rates and overall low salaries for providers. (Unintelligible) draw on the Governor urging him to address reimbursement rates until today. this morning Childcare Providers United held a press conference outside the capitol building urging him to raise rates. National union leaders as well as the speaker and the pro tem joined the (unintelligible) increase pressure.

And, lastly, the May revise provides key one-time Covid-related investment which were approved in legislature proposal (unintelligible). This includes family fee waivers for eligible family, continued hold harmless for providers, one-time stipend for licensed providers, and funds for early childhood mental health consultation.

Rounding out discussion on the early learning priorities we'll next move on to legislation that First 5 is supporting and watching. We're currently supporting AB92 and SB246. AB92 would establish a more equitable sliding scale for family -- for family fees and that fees do not exceed 1 percent of a family's monthly income and that no family earning below 75 percent of the state's median income any family fees at all.

Supporting AB92 aligned with our priorities outlined in the policy agenda of expanding affordability and access, while also supporting the state (unintelligible) delivery system.

We are also supporting SB246 by (unintelligible) which will create a signal regionalized state reimbursement rate for childcare preschool, and early learning services. Under the current aligned -- and align, system providers receiving a standard reimbursement rate are required to be meet the most stringent training and program standards but are reimbursed at a lower rate than those receiving the regional monthly rate. What makes them more (unintelligible) is that neither system adequately compensates teachers or providers for the true cost of providing these services, making it extremely challenging for the State to create and maintain a more stable early learning workforce and maximize program quality.

Together these two pieces of legislation move us close to a more equitable and just system that provides providers at the essential workers that they are and the essential services that they provide for our children.

Under the bills we're watching, we have AB22 and AB321. AB22 (unintelligible) transitional kindergarten to full day for all three years old at 2024-25 school year. Much like what's happening -- much like what's been proposed in the Governor and the legislature. Under the budget, there are still concerns from the early learning field on the unintended consequences of what would happen when the majority of families choose to enroll four year olds in TK rather than utilizing local childcare centers, family childcare homes, and family, friends, and neighbors programs. So giving all the moving pieces around TK, the bill remains on a watch position for us.

And then, finally, we're also watching AB321 which will require that a family who's primary language is other than English receive priority for preschool and childcare enrollment if there's no other family of the same priority with a child (unintelligible). The goal of this bill is to increase access to services for dual language learners to ensure that they prepare for K through 12. Access to early learning services needs to be limited to those eligible. However, we know that there's a long wait list already, so we continue to watch this bill at the moment.

Now, moving on to our community budget side. Key differences to note from the May revise versus the legislature proposal as relates to priorities identified by our communities, colleagues, and partners centered around how to address homelessness and food insecurity. The Governor proposed 6.8 billion to address a broader portfolio of how he supports to help end homelessness in California, including 3 billion over with two years to help families either experiencing homelessness or at the brink of becoming homeless. This proposal also has federal funds to support rental and utility assistance. The legislative proposal, on the other hand, provides 8.5 billion in new funding for homelessness programs for the next two years.

And, finally, the legislature proposal includes funding to provide state funding nutrition benefits for those ineligible for CalFresh or the California food assistance program solely due to immigration status.

On the legislative side, we're monitoring a number of bills that range from those focused on food assistance and public meetings. Broad band access is a topic that we've heard as a priority, especially as it relates to the pandemic which had really heightened and exacerbated the digital divide and overall Internet access for students and families (unintelligible) without. A bill to highlight SB4, the broadband for all, introduced by Senator Lena Gonzalez. This bill will secure continuous funding and implement a number of reforms to the California band services fund program which is a state program administered by the California Public Utilities Commission that provides for us to bridge the digital divide in unserved and underserved areas across the state.

Besides providing ongoing funding, the bill also makes communities eligible for grant space under two Internet needs, promotes development of employment of high-speed broadband, and makes it much more easier for local governments to apply for that.

And with that, I'll turn it back over to Charna.

MS. WIDBY-MARTIN: Thank you, Ofelia and Andrew, for that. That was a lot of content and tracking to try to add clarity or prioritization to today.

So we wanted to close with a preview of what comes next over the next few months before we meet again and to share line of sight to where we'll be spending our time. With the budget finalization and trailer bills to be detailed, we are looking at a busy summer of details and cleanup. We will be sharing a final budget memo with highlights and implementation priorities once it's finalized. And welcome -- really do welcome the conversation and feedback as it's likely to be a slow moving process and a steady stream of engagement over the summer.

There will likely also be a number of updates we can share over the summer months and we'll do our best to package in helpful things. And as we work through the end of the session, we will continue to advocate on our priorities, but we'll also be spending the summer internally refining our policy agenda for 2022. We will come back to the PPC in the fall with the summary of 2021 and identified policy priorities for 2022 which includes the board taking action on our 2022 policy agenda in November. Yes, we are seriously talking about that right now.

This will include priorities and opportunities at the federal, state, and local levels of our government affairs work. So identifying that today was largely based on state policy and moving pieces.

So I'll end there and ask for reflections, feedback. And really our team would love to hear your priorities in this portfolio of our work, especially since this year has not been traditional and has really been unprecedented. So I will stop sharing and really ask for feedback, reflections, and priorities as well.

COMMISSIONER ZEPEDA: Thank you, Charna.

And apologies, Andrew. You were on the back of the page and I didn't catch your name when I was introducing people.

Any questions or comments from commissioners? I'm -- Commissioner Taylor has a comment.

COMMISSIONER TAYLOR: I just hope that we will keep an eye out on what's going on with the infrastructure issue and the May revise for them in a sense that they don't have a reconciliation bill and I'd like to under this -- when you update us around that, how that impacts the state and our agenda of what they're doing because those two have two different kinds of impact for the infrastructure in the sense of broadband expansion throughout the whole state, which is going to be critical for those counties that don't have that broadband access and communities that even here that don't have that broadband access. That's going to be crucial.

The second thing is that what they're doing under the reconciliation bill is going to be crucial to see what falls out onto that. That effects our communities and family strengthening efforts. So they're doing a lot of different things. Hopefully we can have that as we do an update in the future.

COMMISSIONER ZEPEDA: Thank you, Commissioner Taylor. Other --

COMMISSIONER TAYLOR: Oh, can I say one more thing? Thank you, Andrew. I forgot to say thank you. Good job.

And, Ofelia, did you a great job too. I'm not leaving you out.

COMMISSIONER ZEPEDA: Thank you, commissioner.

Other questions or reflections by commissioners? I know this is quite a bit and it's somewhat overwhelming, but --

MS. WIDBY-MARTIN: But also happy to hear ideas or priorities that you would like to focus on over the summer while going into our fall presentation. This is a lot of moving pieces.

COMMISSIONER ZEPEDA: Yeah. Well, I have a couple of questions and maybe it will be time for commissioners to reflect a little bit.

Andrew, on that -- on that issue of the office of racial equity -- I have to go back and look exactly what the title.

Who is sponsoring that? I know that's a watch position for us. I know that the -- the Department of Education under Tony Thurman has an equity office. So -- and I know equity is sort of like the new -- the new buzz -- I don't want to be so down on it. But we're talking a lot about it. It's being used quite a bit.

Could you tell me a little bit more about that bill and what the -- what the proposal looks like?

MR. OLENICK: Yeah. Happy to, commissioner.

So that bill is authored by Senator Pan who chairs the health committee in the Senate. I think to your point, the reason that we currently have that as a watch position is because several of the agencies within the administration and departments are undertaking equity-related work or have committed to focusing on equity as a priority, and we just want to have a better understanding about what would happen to that work were this office to be created. We don't obviously want to see silos being built around the priority -- you know, the policy areas and the equity work that they're doing. And, of course, we made it a priority within our administrative advocacy to be focusing on closing health disparities and looking at promoting equity in health.

So that bill is moving along in legislature, but, obviously, with all the different proposals around equity, we just want to make sure that the way that we weight in is the most effective way possible.

Charna, do you want to add anything on that bill?

MS. WIDBY-MARTIN: No, I agree with everything you said. I think it's the details that are missing and making sure that it's -- yeah. Making sure equity is not siloed in one place, but that it's embedded in all priorities. So what that action plan looks like is the detail we want to influence.

COMMISSIONER ZEPEDA: Then I also had a question about -- and I think this was in Andrew's presentation and maybe Commissioner Pleitez Howell can chime in on this as well -- on the community -- wellness centers that were mentioned. There is a lot of conversation around these community schools is that -- does that overlap with the community school idea or is that separate from? Do you know?

MS. WIDBY-MARTIN: Yeah. So I will -- I will add another layer to that as we've been pushing not just community wellness centers, community schools, or integrated services, but saying that this is part of an spectrum in approach to systems building and that it's not one designation but it's an approach to systems building within settings. So we've been -- we've been advocating from that perspective, but, of course, would invite commissioner expertise Pleitez Howell to add some color to that as well.

COMMISSIONER ZEPEDA: Carla, would you like to add some color?

COMMISSIONER PLEITEZ HOWELL: I'd love to. I love color.

So there's -- there are a lot of conversations with CDE about including early care within the community schools funding that is going out and making sure that there is an equity focus. So it's turning into sort of a administrative conversation. So, yes. And First 5 LA sits on that table.

Adding a little bit of color on SB17 also fully transparent, wearing the Advancement Project hat. This is something that Advancement Project is sponsoring about creating an office of racial equity at the state level. So happy to talk to folks at First 5 LA in terms of some of those silos, but wearing a different hat.

And then there's two things that lift up as there's these discussions on (unintelligible) of the moving and speaking particular to ECE. There's so many moving pieces, and this is such a different year than what we've ever had before. There's conversations with the Governor's office. Some things in the revised trailer bill no longer has that. And there's been so many of those moments. And the summer will present a lot of that.

So wondering what sort of infrastructure First 5 LA will have over the summer to quickly respond to those things that are really important to us. And there's the reaching out to partners, and that might be it, but it's such a different way than it's been done before and the responses are so quickly needed. So systemically what's being built within First 5 LA to get those voices and really have First 5 LA go to put our -- our two cents in. And, of course, you have the commissioners to look at, but I am very curious about how that will be handled because the changes aren't minor. They're pretty significant. So that's one piece.

And then the second piece, Charna, to what you're speaking to preparing for November already. The internal analysis that's needed of the things that we -- we can't do as an organization. We can't do it all. So what will we be letting go of to really take on the new opportunities that are coming up in order to open up space in our policy slate. And those are conversations, again, that will be informed by what's happening in the summer, figuring out -- I'd like clarity of what, here's the things we won't do at the state level because this is where our capacity is going.

MS. WIDBY-MARTIN: So I will let Ofelia tackle how active she's going to be with the Department of

Finance in the next section, first. And then I would like to talk about our policy agenda refinement process quickly as well.

MS. MEDINA: So I think the tone and the message for this meeting is that this is a year unlike other. So as we're thinking about possibly taking a vacation in July or August, that's not going to be happening at state level. There's a lot of moving pieces like you mentioned, commissioner. And I think one of the pieces that we're starting to think about is that how is that going to look in the summer months even as we start thinking about what are the priorities going to be for next year. So we've already as part of the number of ECE coalition we already know those conversations are going to continue with our partners and really working both with (unintelligible) administration but with (unintelligible) budget department knowing that a lot of the work is also going to happen within those departments. So really having to listen to needs to make sure that we're (unintelligible) talking to a part of the and that we're working with the department of (unintelligible).

MS. WIDBY-MARTIN: You'll also see from our presentation today it's a large volume of priorities that are mixed, but we have been very narrow in our legislative advocacy this year, mainly because this year was wild and because the summer's going to take a lot of focus and narrowing. So we have a very small in comparison to previous years agenda.

Going into the summer as we start talking about the policy agenda refinement we're looking to narrow even more. In the last year what we presented for this policy agenda was a more disciplined approach to tying our policy priorities to learned experience from our investments and knowing that that's the area that we should lean into expertise of where we should lead versus where we should support. So you started seeing not just support in watch positions, but support priority watch, but we are engaging and shaping to get it some place. And then there's the places that we should just generally support in advocacy.

And this year we are really challenging ourselves to go farther to say, it's not just where we have expertise, but where we have aligned it with opportunity in 2022 so that's it's a more relevant annual policy agenda for recommendations and it's not such a broad platform that it's hard to get our arm around.

We will still, of course, engage on issues that are broader than our agenda that have an impact on early childhood, but where it comes to us leaving a voice, we are going to be coming to you in the fall with a recommendation around a very narrow -- a much more narrow.

We'll never -- I mean, it won't be totally perfect, but it will be perfect. But a narrow, actionable agenda that you can see recommendations in and you can also see the alignment to opportunities within the year, not just in five or ten years. So I think you'll hear more from us on. impact I don't know what exactly those things are to tell you to take off the table, but we are exploring it deeply and would love to have conversations as we go individually if you have advice for alignment for us as well.

COMMISSIONER ZEPEDA: Thank you. I believe Commissioner Taylor has another question or comment.

COMMISSIONER TAYLOR: Yeah. I'm going to lower my hand first. There you go.

What I wanted to do is, you know, like, Commissioner Howell is saying, you have wonderful talents on this commission that are willing to advocate and work with your team when you feel that it's critical based on their expertise or our own expertise to go up there and advocate with you or reach out to our partners in the -- in LA County to advocate for a position that we're strongly trying to make go forward, and it's especially if the Governor or some department is not listening. So the idea is that what is the -- is there a consideration to tapping this wonderful talent to go with you to be an adjunct support to you what you're trying to do as far as advocating?

MS. WIDBY-MARTIN: I appreciate that willingness to go with us as we're not going anywhere, but where we're called and where we virtually advocate. Yes. We are thinking through what areas of influence we have. It's been a fast moving train to get to today. We would have had a budget by June 15th that was cleanly presented to you today with priorities for implementation and a forward look, but we're still in the advocacy space. So, yes, we are think more creatively about what we need do this summer, but know that this summer is largely administrative to get details into trailer bill. It's not as -- it's not going to be as loud as it has in the past couple months. So we'll be looking to tap expertise and advice, especially looking for engagement on those priorities around the junior budget bill which may come, around the federal funds. So we'll be asking commissioners where you might have good relationships to help, if willing.

I saw Commissioner Martinez already raised her hand, and I am delighted by that.

COMMISSIONER ZEPEDA: Go ahead.

MS. WIDBY-MARTIN: No. She raised her hand to advocate for us. I was just -- I saw that message and

I --

COMMISSIONER MARTINEZ: No. I put it in chat. If you need -- I'm happy to help advocate for the priority bills. Just let me know.

COMMISSIONER ZEPEDA: Other questions or comments, commissioners, on this -- this set of policy agendas? As I say, we are in like uncharted waters in a lot of ways this year. But we also have more resources available for -- in the budget than we have seen before. So there's opportunities here.

Other comments or questions from commissioners?

Well, would I like to thank you for your presentation. I'm going -- you know, when I look at what you're doing I'm really thinking about the whole child notion. Maybe notion is not the right word to be using here. But we need something a little bit more definitive. But that there's going to be opportunities to advance the well-being of young children and families within -- within a number of different arenas that maybe we haven't been players in so much. So to me that's very, very important and exciting. So it's part of the way we have structured the strategic plan so it's consistent with that.

Thank you for that presentation.

Linda, is there any public comment on this item?

THE SECRETARY: I don't have any public comment, but I do see Commissioner Pleitez Howell's hand raise for another comment.

COMMISSIONER ZEPEDA: Okay. Commissioner Pleitez Howell.

COMMISSIONER PLEITEZ HOWELL: Thank you, Linda and Dr. Zepeda.

The lingering thought, I know we're watching the preschool bill and some of those conversations. And those are tough conversations locally at the state level. I think First 5 LA is going to have to take a position on some of this be it on the quality work that we do really well, be it on some of the how do you connect with community, family, friends, and neighbors. But in terms of the upcoming season, I understand why we're not doing it right now. But I do think it's a thing that we're being asked about. So just want to make sure that it's one of those -- that we're all on the same page about creating the position and the things that will really be putting forward.

COMMISSIONER ZEPEDA: And can I just chime in, Carla, on that point. I think with the family childcare landscape study that is going to go forward, I'm hearing those comments from family childcare providers in terms of market share, if you will, of the children going to TK and even Early Head Start partnerships taking away some of their work or they're becoming part of the work. So the -- the landscape or the ground in which early childhood has been traditionally working is shifting quite a bit right now. So we need to be cognizant of that, I think, in both book policy work and family childcare. So thank you for that.

Any other questions or comments by commissioners then?

COMMISSIONER TAYLOR: I just want to add something to what you just said, Marlene. The idea is that not everybody can go to provide their need childcare from 8:00 to 5:00. There are people that work through off hours, weekends, long, weird shifts and things of that nature. So there's going to have to be a -- a -- what I call it, a more broader or transitional kind of support and services to this. It's not just about TK. It's about -- because the funding -- the problem is the funding is all being put into one pot and the problem is the way the government is putting it is not rational in the sense of reality of the real world.

So we have to be very careful about that that we don't throw the kid out with the dish pan or with the water because the bottom line is those parents need support on those off hours for services and childcare and on the weekend when they're working for childcare. So there has to be a more broader or a transitional kind of support and services designed to this that makes sense for the whole community.

COMMISSIONER ZEPEDA: Correct. We've been very categorical. I think that's part of the issue with our funding.

If there's no other questions for commissioners from commissioners, I would like to thank the presenters again and look forward to the next set of recommendations that come forward or the more streamlined recommendations that come forward.

And I don't believe we have any public comment. Right, Linda? You said no.

THE SECRETARY: There are no general public comments either.

COMMISSIONER ZEPEDA: Okay. With that, I think we are ready for adjournment. I don't think we need a motion for that. Okay.

THE SECRETARY: No, commissioner.

COMMISSIONER ZEPEDA: So thank you very much and have a good rest of the day. We are having warm weather in Los Angeles. So go out and take a walk. Thank you.

(At 3:22 p.m. the meeting was adjourned.)

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 7th day of July 2021.

DocuSigned by:

Heatherlynn Gonzalez

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CERTIFIED SHORTHAND REPORTER

FOR THE STATE OF CALIFORNIA

October 14, 2021

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, 2021, and have issued our report thereon dated October 14, 2021. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under *Government Auditing Standards*

As communicated in our letter dated June 11, 2021, 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.

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. The Commission implemented Governmental Accounting Standards Board Statement No. 84 and 90 during the fiscal year ended June 30, 2021. 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. 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

The financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

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

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.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated October 14, 2021.

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, 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.

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

Annual Comprehensive Financial Report
For the Year Ended June 30, 2021

Los Angeles County Children and Families First – Proposition 10 Commission

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

first 5 la
Giving kids the best start

October 14, 2021

Board of Commissioners
First 5 LA
750 North Alameda Street, Suite 300
Los Angeles, CA 90012

Dear Commissioners:

The Comprehensive Annual Financial Report of the Los Angeles County Children and Families First – Proposition 10 Commission (First 5 LA) for the year ending June 30, 2021, 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, 2021. The independent auditors' 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 20+ years, First 5 LA has made a lasting positive impact in Los Angeles County through its allocation of over $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.

A POLICY AND SYSTEMS CHANGE APPROACH

In Fiscal Year 2020-21, First 5 LA embarked on its first 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. 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 five in Los Angeles County.

A PUBLIC ENTITY
750 N. Alameda Street, Suite 300 Los Angeles, CA 90012 Phone: 213.482.5902 Fax: 213.482.5903 First5LA.org

Consistent with the Commission-approved strategic direction, First 5 LA will continue 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.

To ensure all children in L.A. County enter kindergarten ready to succeed in school and life, the 2020-2028 Strategic Plan directed that the Commission's work focus on the following four strategic priorities and objectives, as defined below:

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

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

<u>Expand Influence and Impact with Data</u>: 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.

<u>Optimize Our Effectiveness</u>: Heighten organizational performance to enhance our impact.

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 continues to build off work and learnings from the 2015-2020 strategic approach and direction.

ORGANIZATIONAL HIGHLIGHTS

- ***Developing our diversity, equity and inclusion journey***. First 5 LA's refined Strategic Plan provides a solid roadmap to guide our work as a systems change leader, grounded in our values and investment guidelines, including diversity, equity and inclusion (DEI). Consistent with Board direction, we're challenging ourselves in our Strategic Plan Implementation to recognize racial disparities and inequities in the systems we seek to change, better identify causes that contribute to inequities, and work to change the underlying policies and practices that continue to hold these inequities in place.

  In FY 20-21, First 5 LA has continued to build on our refined resources were included to support changes in policy, practice and public norms and attitudes that reflect important learning about where and how First 5 LA can contribute to addressing the systemic barriers that impede equity and opportunity for Black children and families and communities of color. First 5 LA contracted with SEED Collaborative in 2020 to begin our DEI journey internally so that we may collectively grow as an organization and ensure we are living our DEI values in the workplace. We recognize what we refer to as our equity journey has just begun and are dedicated to both the work and the resources required to achieve substantive and transformational foundations on which to build. Our first steps of robust data collection, staff surveys, staff interviews and other valuable

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exchanges of information have already yielded considerable value. We recognize that the road ahead to live into our DEI value and investment guideline will take time and effort; and, we understand this work is critical to how First 5 LA undertakes its work and to the safe, equitable and just future we envision for our County's youngest children.

- ***Mobilizing advocacy across our work, diverse partners, the Association of First 5s***. First 5 LA plays an increasingly important and visible role as a connector, convener and partner in local, county and state advocacy to prioritize young children and their families in policy and practice. The approved budget includes resources for continued support of the Early Care and Education Policy and Advocacy Fund and the Built Environment Policy and Advocacy Fund as well as support to initiate a new Early Childhood Development Policy and Advocacy Fund, focused on engaging and building the capacity of early childhood health and family strengthening advocates to shape and help advance a whole child, whole family framework in state and local policies. In addition, budget support for the Association of First 5s supports the development and execution of a coordinated, proactive statewide policy and legislative agenda informed by the network of First 5s.

- ***Continued remote work in second year of pandemic***. First 5 LA is deeply committed to supporting the needs of staff, partners and children and communities in this moment of time and going forward. Our response to COVID-19 is anchored in three primary objectives: 1) Protecting and supporting the health of our staff; 2) Supporting our contracted partners (grantees, vendors, contractors); and 3) Supporting LA County's young children and their families, with a focus on those most vulnerable during this pandemic. Throughout FY 2020-21, First 5 LA continued mandatory telework and the First 5 LA building remains restricted to essential workers only until further notice.

- ***First 5 LA reorganization and restructure***. As noted, First 5 LA's Strategic Plan for 2020-28 places less emphasis on direct services and more emphasis on partnership, policy and systems. To align structure and staffing to strategy, a new organizational structure was established in November 2020, which is intended to promote efficiencies, foster integration, and recognize our evolving fiscal environment. The FY 21-22 budget reflects this restructure which reduced the overall number of full-time equivalent positions authorized in the current year budget to 120. The new adapted structure is built on Centers, Teams and Offices, along with the critical budget year priorities for each function that are foundational to our longer-term systems change goals. For the critical work ahead across the organization, the deployment of First 5 LA's human assets in furtherance will be more deliberate and intentional using as guidance our goals, and points of integration across functional responsibilities.

LOOKING AHEAD

- ***Continued refinement and implementation of our 2020-2028 Strategic Plan***. The FY 2021-22 budget represents resources that will support Year 2 implementation of the 2020-2028 Strategic Plan. Completion of year one and the formation of the budget for year 2 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 prior year, reflects the progress undertaken to apply the drivers of strategic plan implementation – focus and prioritization, alignment and integration, and diversity, equity and inclusion – to our work. This has led to greater clarity around how to deploy and maximize First 5 LA's human and fiscal resources strategically and in alignment with the evolution of First 5 LA, our fiscal reality, and the results we seek for children and families in Los Angeles County.

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- ***Work begins on improving our capital asset, 750 N Alameda Street.*** As the owner and operator of its building, into which First 5 LA moved in 2005, we are proceeding with work and capital expenditures on our facility to maintain this critical asset. Following the Board's direction in establishing a Capital Improvement Fund (CIF) as part of the FY 2017-18 Budget process as well as the Board-approved Capital Improvement Plan (CIP), we have made several steps to move this work forward in a way to provide needed upgrades to the building as well as to enhance the way in which we work. In FY 2020-21, First 5 LA selected a general contractor, Dewberry Design-Builders, Inc., and work began on CIP first steps to prepare the interior building space. Upcoming plans include exterior and interior renovations of three floors of the existing office building, with specific attention to rooftop replacement, HVAC, solar panel installation and site security improvements. The timeline for this project extends into 2022 but will yield considerable value for the physical space as well as the occupants when the First 5 LA team returns to work within the building, maximizing the health and safety of our employees and the public.

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 $75,000, 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 by the June 11, 2020, 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 for the long-term, 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 comprehensive annual financial report for the fiscal year ended June 30, 2020. This was the thirteenth 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 comprehensive annual 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 comprehensive annual 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 Comprehensive Annual 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,

Kim Belshé
Executive Director

KB:ro

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Becca Patton, Early Care and Education
Lee Werbel, Communities
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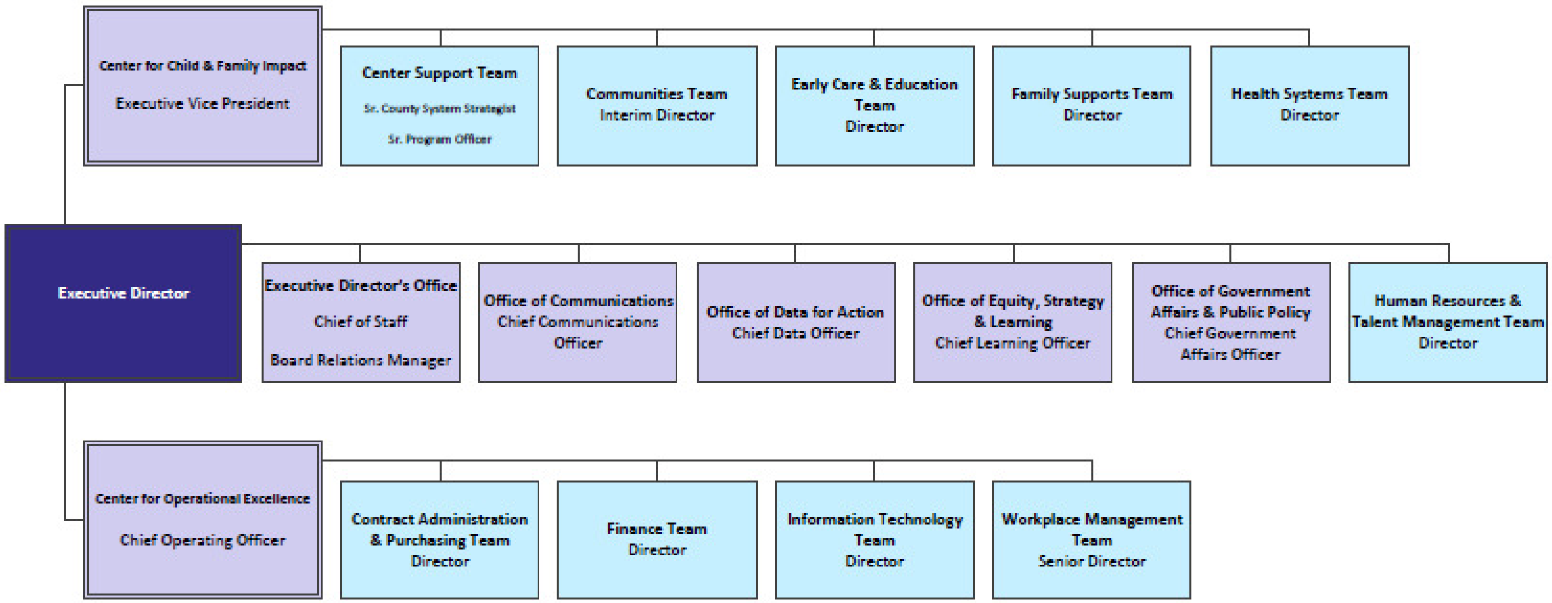
Organization Structure | First 5 LA



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

First 5 LA
California

For its Comprehensive Annual Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

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 Financial Statements
We have audited the accompanying 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, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the 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, 2021, 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.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that 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, 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.

Other 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 introductory section, schedule of First 5 California Funding, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of First 5 California Funding 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. Such 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.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2021, 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
October 14, 2021

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") comprehensive annual financial report presents management's discussion and analysis of the Commission's financial performance during the year ending June 30, 2021. 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 $81.9 million in program revenues which include tobacco taxes, Proposition 56 backfill, IMPACT funds, Dual Learning Language Grant, Home Visiting Coordination Grant and pass-through funds for Medi-Cal Administrative Activities. Revenues from First 5 California (the State) totaled $81.3 million, reflecting a 2.9% increase of $2.3 million from $79 million in FY 2019-20.

- Commission expenses totaled $104.3 million in FY 2020-21, representing an 8.8% decrease of $10.1 million from $114.4 million in FY 2019-20.

- The Commission's liabilities increased from $22.6 million in FY 2019-20 to $22.9 million in FY 2020-21, reflecting a total increase of approximately $258,000, or 1.1%.

- The Commission's total net position decreased from $349.3 million in FY 2019-20 to $326.1 million in FY 2020-21, a decline of approximately $23.2 million, or 6.6%.

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 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 2020-21 with FY 2019-20:

	FY 2020-21	FY 2019-20	Percent Increase (Decrease)	Increase (Decrease)
Assets:				
Current and other assets	$338,580,128	$361,258,011	-6.28%	($22,677,883)
Capital assets	10,394,423	10,628,033	-2.20%	(233,610)
Total assets	$348,974,551	$371,886,044	-6.16%	($22,911,493)
Liabilities:				
Long-term liabilities	$806,802	$668,916	20.61%	$137,886
Other liabilities	22,078,610	21,958,179	0.55%	120,431
Total liabilities	$22,885,412	$22,627,095	1.14%	$258,317
Net Position:				
Unrestricted	$315,694,716	$338,630,916	-6.77%	($22,936,200)
Net investment in capital assets	10,394,423	10,628,033	-2.20%	(233,610)
Total net position	$326,089,139	$349,258,949	-6.63%	($23,169,810)
Total liabilities and net position	$348,974,551	$371,886,044	-6.16%	($22,911,493)

The Commission's total assets of $349 million represent a decrease of $22.9 million, or a 6.16% decline, compared with the prior year. Of this total, the decrease in current and other assets is approximately $22.7 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 $23.2 million.

The $233,610 decrease in capital assets resulted from continued depreciation of the Commission's capital assets. The depreciation expense for FY 2020-21 was $309,554. 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 2020-21 with FY 2019-20:

	FY 2020-21	FY 2019-20	Percent Increase (Decrease)	Increase (Decrease)
Revenues:				
Program revenues				
Tobacco taxes	$60,590,413	$60,022,841	0.95%	$567,572
Prop 56	18,215,617	18,068,329	0.82%	147,288
State Commission program funds	2,469,410	922,472	167.69%	1,546,938
Medi-Cal Administrative Activities	80,319	133,955	-40.04%	(53,636)
California Department of Education	32,830	328,658	-90.01%	(295,828)
Other program revenue	522,406	584,118	-10.56%	(61,712)
Total program revenues	$81,910,995	$80,060,373	2.31%	$1,850,622
General revenues				
Investment income	$1,987,840	$6,938,051	-71.35%	($4,950,211)
Net Increase (decrease) in fair value of Investments	(2,861,364)	1,354,275	-311.28%	($4,215,639)
Other general income	121,894	110,899	9.91%	$10,995
Total general revenues	(751,630)	8,403,225	-108.94%	(9,154,855)
Total revenues	$81,159,365	$88,463,598	-8.26%	($7,304,233)
Expenses:				
Provider grants and other allocations	$84,700,927	$93,379,930	-9.29%	($8,679,003)
Pass-through grants	0	65,042	-100.00%	(65,042)
Salaries and benefits	16,838,090	17,393,319	-3.19%	(555,229)
Operating services	1,087,787	1,212,116	-10.26%	(124,329)
Consultant services	905,278	1,308,527	-30.82%	(403,249)
Professional services	426,218	323,816	31.62%	102,402
Professional development	61,235	176,217	-65.25%	(114,982)
Other expenses	86	224,934	-99.96%	(224,848)
Depreciation	309,554	300,441	3.03%	9,113
Total expenses	$104,329,175	$114,384,342	-8.79%	($10,055,167)
Change in net position:	(23,169,810)	(25,920,744)	-10.61%	2,750,934
Net position – beginning	349,258,949	375,179,693	-6.91%	(25,920,744)
Net position – ending	$326,089,139	$349,258,949	-6.63%	($23,169,810)

Revenues

The Commission received a total of roughly $81.2 million in revenues for FY 2020-21, reflecting a decrease of $7.3 million, or 8.3% compared with the prior year's total revenues of $88.5 million. The overall changes in revenue are due to the following.

Tobacco Tax

Tobacco tax revenue increased from $60.0 million in FY 2019-20 to $60.6 million in FY 2020-21, an increase of $567,572, or 1.0%. Revenue was relatively flat due to a steady year over year sale of tobacco products.

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 2020-21 by $18.2 million compared to $18.1 million in the prior fiscal year. The backfill is received the following fiscal year and the actual amount represented here is for FY 2019-20.

State Commission Program Funds

State Commission program funds increased from $0.9 million in FY 2019-20 to $2.5 million in FY 2020-21, an increase of $1.6 million. This increase was primarily due to higher IMPACT and Hubs funds received from First 5 CA.

Medi-Cal Administrative Activities

The Medi-Cal Administrative Activities (MAA) program decreased from $133,955 in FY 2019-20 to $80,319 in FY 2020-21. 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. This decrease is a result of delays in County reimbursements from prior periods. It is important to note that MAA reimbursements are based on activities that are reimbursed from 18 months prior to billing.

California Department of Education

The California Department of Education fund decreased from $328,658 in FY 2019-20 to $32,830 in FY 2020-21, a decrease of $295,828, or 90.0%.

Other Program Revenue

Other Program revenue decreased slightly from $584,118 in FY 2019-20 to $522,406 in FY 2020-21. This revenue includes grants from Department of Health for the African-American Infant and Maternal Mortality (AAIMM) Initiative, Los Angeles County of Education and Aurrera Health Group for ACEs Aware program.

Investment Income

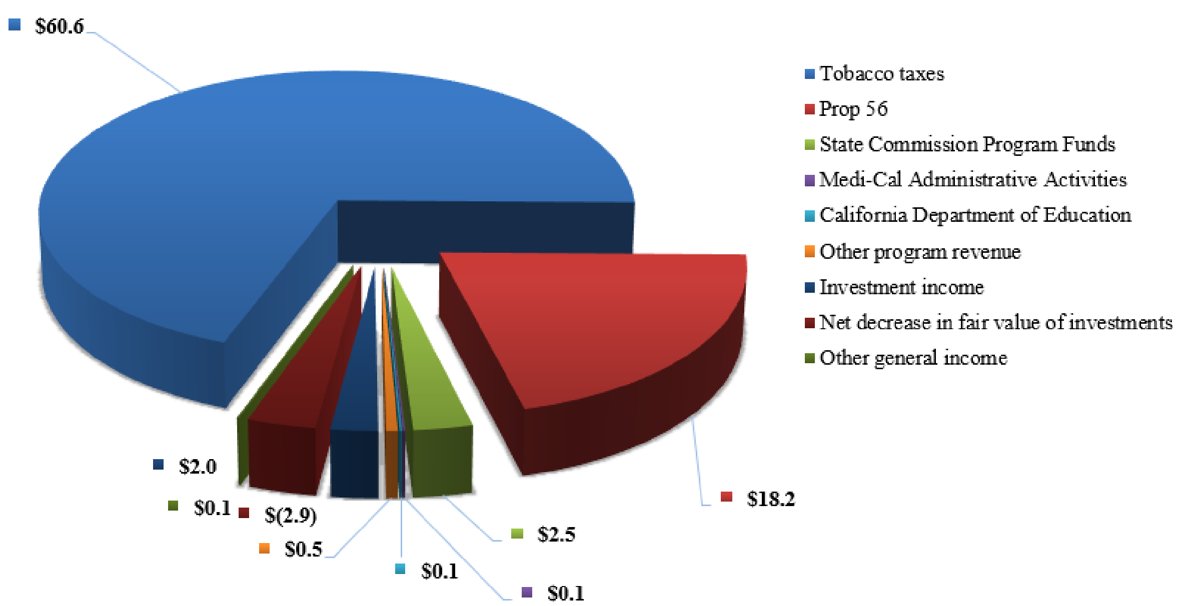
The Commission earned $1.99 million of investment income in FY 2020-21, which was a decrease of $4.95 million, or approximately 71.4%, compared with the $6.9 million earned in the prior year. This decrease is due to the overall rate of return which decreased 1.2% from the prior year with an average earning of 0.6% and a lower average balance in our invested funds.

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 2020-21, the fair value of First 5 LA investment portfolio adjustment was down $2.86 million, compared to $1.35 million unrealized gain in FY 2019-20. This decrease can be attributed to ongoing external economic factors related to low interest rates and overall economic health at this point-in-time.

Other General Income
The Commission generated $121,894 in other revenue for the FY 2020-21, from sources including one month rental income from the Academy of Motion Pictures Arts and Sciences and the close-out fees from the Learning Care Center.

Revenues
June 30, 2021
(In Millions)



Expenses

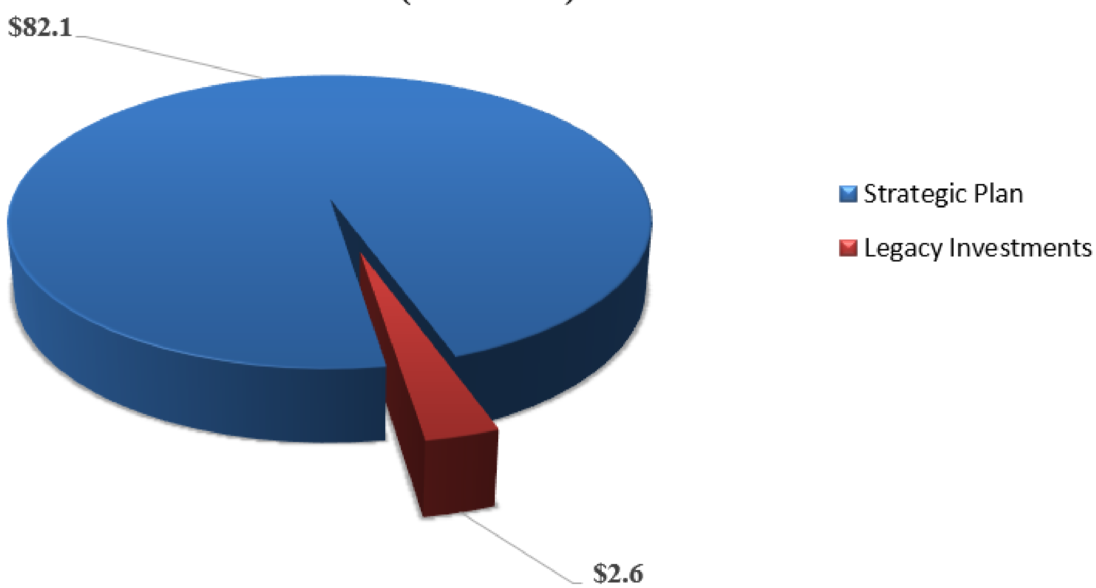
The Commission recognized expenses of $104.3 million in FY 2020-21 compared with $114.4 million in FY 2019-20, a decrease of $10.1 million, or 8.8%. The $10.1 million net decrease in overall expenditures encompasses the following from FY 2020-21.

Provider Grants and Other Allocations
The Commission experienced a decrease of $8.7 million, or 9.3%, expending approximately $84.7 million in FY 2020-21 compared to $93.4 million in FY 2019-20 for "Provider grants and other allocations". The net decrease is largely the result of the ongoing COVID-19 pandemic, which impacted how services were rendered, the type of services rendered, and the timelines for the proposed activities as well as sunsetted or scaled-back 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 2020-21 marks the first year to align with the eight-year 2020-2028 Strategic Plan. Due to the transition from one strategic plan to another, the strategic plan framework for FY 2020-21 mirrors the 2015-2020 outline with a focus on the activities within the four priority outcome areas, followed by the Policy & Strategy Support costs and Integration & Learning. Roughly $82.1 million was expended in FY 2020-21, a decrease of approximately $8.1 million as compared to FY 2019-20. The primary driver for the decrease were reduced costs within the areas of Families, Early Care and Education (ECE), Communications & Marketing and Program Evaluation. The projects within the Families Family Engagement area of work were scheduled to end in FY 2019-20, however, due to the unforeseen consequences of the pandemic, these activities were extended for 90-days into FY 2020-21. Nevertheless, Family Engagement costs were significantly less than those in FY 2019-20. One project within ECE was also earmarked to end in June 2020 but was extended due to the extenuating circumstances stemming from the global pandemic, reducing the budget and actual spending from FY 2019-20 to FY 2020-21 by close to $11 million. Additionally, new external restricted funding received in FY 2020-21 was used to offset costs within ECE. The reduced year-to-year spending in Communications & Marketing is also largely the result of pandemic-related implications as annual spending used to support large-scale public events, sponsorships, meetings, ads and promotional items for said events were not used in FY 20-21. Program Evaluation activities were delayed or paused due to the pandemic, and others sunsetted according to schedule. These decreases were offset by incremental increases across a small number of projects.

- Legacy Investments: This category includes existing multi-year funding scheduled to conclude or be realigned with the 2020-2028 Strategic Plan. Approximately $2.6 million was expended in FY 2020-21 which reflected just over a $605,000 reduction in spending. The overall continued decline of resources in support of the Legacy Investments is aligned with internal projections and will continue to decrease in the coming years.

First 5 LA Funded Provider Grants and Other Allocations Expenses
June 30, 2021
(In Millions)



Salaries and Benefits
Salaries and Benefits decreased from FY 2019-20 by $555,229 or 3.2%. This was primarily due to vacancy savings and a reorganization and restructure during the fall of 2020 which eliminated selected positions and reduced the full-time equivalent positions going forward from 148 to 120.

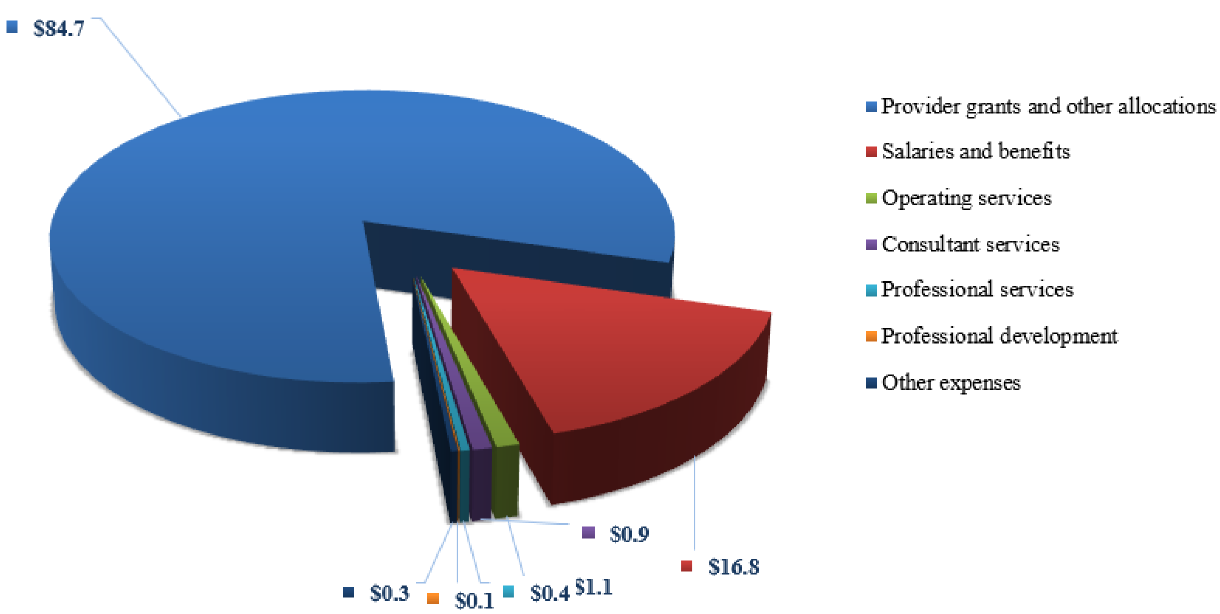
Operating Services
Operating Services decreased by $124,329 or 10.3% from prior year due to decrease in general operating costs from the absence of most staff from the workplace due to remote work.

Consultant Services
The Commission recorded $905,278 in expenses for the Consultant services in FY 2020-21, a 30.8% decrease from FY 2019-20. The decrease is primarily due to a decrease in temporary labor support for IT services and building management services.

Professional Services
Professional services increased from FY 2019-20 by $102,402 or 31.6%. The increase is largely due to higher fees incurred for legal, audit and staff recruitment services.

Professional Development
Professional development decreased in FY 2020-21 by $114,982 or 65.3% from FY 2019-20. The decrease is primarily due to travel restrictions and lack of conference opportunities throughout the fiscal year caused by the COVID-19 pandemic.

Program and Operating Expenses
June 30, 2021
(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.

As of the end of FY 2020-21, the Commission's general fund reported a total ending fund balance of $316.4 million, a decrease of $22.3 million, or 6.6% in comparison with the prior fiscal year balance of $338.7 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 and Prop 56
Tobacco tax revenue recorded for FY 2020-21 was $60.6 million of tobacco tax revenue and $18.2 million of Proposition 56 backfill. The total combined amount of $78.8 million was approximately $7.9 million or 11.1% higher than the anticipated amount of $70.9 million. The original estimate of $70.9 million was based on data provided by the California Department of Tax and Fee Administration, updated May 2020.

Other Program Revenue
Other program revenue recorded for FY 2020-21 was $522,406 which was significantly lower than estimated in the Long-Term Financial Plan approved by the Commission in July of 2020 due to a program which First 5 LA did not implement. Revenue recorded includes funds from Aurrera Health Group for ACEs Aware and from Los Angeles County Office of Education for the Quality Improvement System project.

Investment Income
Investment income of $1.98 million was earned in FY 2020-21. The monthly average return of 0.6% is lower than the 1.2% anticipated and included in the Long-Term Financial Projection approved by the Commission in July of 2020.

Original Expenditure Budget vs. Final Expenditure Budget

In March 2021, the Commission approved an overall reduction of $444,045 or 0.04% to the original approved $124.3 million FY 2020-21 Budget. 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 upward during the year by $45,200 or 0.04%. In March 2021 the Commission approved a mid-year budget revision adjusting the Families budget upward by $587,000, Communities by roughly $205,000 and Early Care & Education (ECE) Systems by nearly $2.5 million. The upward adjustment to Families is primarily due to an increase to the Select Home Visiting (SHV) program to better align budget with the actual spending rate, based on higher staff retention and higher than usual personnel expenses. The overall increase to SHV is still within the approved contracted amount. Additionally, Families was awarded $100,000 in new funding from First 5 California for the Home Visiting Coordination Project. The increase to Communities was the result of adjustments across multiple programs largely in response to the COVID-pandemic and the net increase to ECE is primarily the result of new pass-through funding from First 5 CA to support the Dual Language Learner initiative and the QRIS Continuous Site Engagement Quality Start L.A. work. The downward adjustments include Healthy-Related Systems by $193,000, Policy & Strategy Support by $275,000, Integration & Learning by $75,000 and Emerging Opportunities by nearly $2.8 million. The biggest driver in the net downward adjustment to the total program budget was the nearly $2.8 million-dollar downward adjustment to the Emerging Opportunities Fund, dedicated to enhancing First 5 LA's capacity to act on new opportunities or respond to emerging needs when found to align with the strategic direction of the organization. In FY 2020-21, this funding source was also used to centralize funding to aid with the additional costs required to respond to immediate needs resulting from the COVID-19 pandemic. At mid-year, however, it was determined that sufficient resources were included in each of the individual program budgets to offset their respective COVID-19-related support needs. As such, the Emerging Opportunities Fund was adjusted downward accordingly.

Operating Services

Funds were adjusted downward at mid-year, resulting in a net increase of $150,650 to reflect revised projections based on expenditures through November 2020. This decrease is primarily due to reduced anticipated spending because of the ongoing COVID-19 pandemic in areas such as: Mileage, Parking and Other Transportation; Internal Meetings; Office Supplies; Capital Outlay; and Miscellaneous/Contingency resources intended to support the safety of staff upon returning to the office building, which was postponed until 2022.

Consultant Services

Funds were adjusted downward at mid-year by $17,000. This was driven primarily by a decrease in the Early Care and Education Department budget which a budget for offsite retreat was eliminated.

Professional Services

Funds were adjusted downward at mid-year by $6,900 based on incurred expenditure trends in the first half of the fiscal year and projected need for the remainder of the fiscal year.

Travel and Meetings

Funds were adjusted downward at mid-year by $286,195. This category includes adjustments eliminating all remaining travel related costs including Airfare, Lodging, Per Diem and Other Travel Expenses that were anticipated for the second half of the fiscal year, due to the ongoing COVID-19 pandemic.

Professional Development

Funds were adjusted downward at mid-year by $28,500. This category was adjusted to reflect the current conditions where staff are working remotely and unable to attend in-person conferences and trainings due to the ongoing COVID-19 pandemic.

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 2020-21 was approximately $16.8 million. The primary overarching factor contributing to the FY 2020-21 budget to actual variance was the ongoing COVID-19 pandemic and challenges related to the virtual provision of services and establishing the necessary 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 variance of $1,165,464. This is due to a combination of regular employee turnover during this fiscal year and vacant positions that were budgeted but not immediately filled. In addition, a reorganization and restructure during the fall of 2020 which eliminated selected positions and lowered the full time equivalent from 148 to 120 going forward.

General Operating Expenditures were less than final budget by $765,823. Below is an analysis of the significant activities comprising this variance:

Office Supplies
Office Supplies were lower than budgeted, with a variance of $66,140. This is due to fewer needs related to stay-at-home work orders than what was originally anticipated for FY 2020-21.

Hardware & Software Maintenance
Hardware & Software Maintenance was lower than budgeted with a variance of $152,123. This is primarily due to several applications that were not utilized in FY 20-21 and did not require licenses to be obtained.

Miscellaneous/Contingency
Miscellaneous and contingency expenses had a savings of $89,407 for FY 20-21. This is due to a reduction in one-time events or emergency needs over the fiscal year.

Internal Meetings
Internal Meeting expense was lower than budgeted, with a variance of $91,830. This is due to staff working remotely during the fiscal year and virtual meetings were held.

Division Capacity Building
Costs for division capacity building were lower than budgeted, with a variance of $72,900 or 97.2%. This is due to resources being categorized in different expense categories.

Capital Outlay
Capital outlay fees were significantly lower than budgeted, with a variance of $138,274. This is primarily due to purchases of laptops and computer equipment were transferred and added to fixed asset category and depreciated.

Consultant Services
Consultant services expenditures were $866,947 less than the final budget. The variance was primarily the result of Consultant Fees being less than final budget by $786,048 as a result of decrease need for temporary labor support for Information Technology services.

Professional Development
Professional development expenditures were $298,115 less than the final budget. The variance was primarily the result of Conference Registration being less than the final budget of $100,713 as a result of less opportunities for an in-person conferences and travel restrictions that were placed due to the on-going pandemic.

The final budget for Operating Services was reduced by just over $489,000 to $22.3 million for FY 2020-21, while the Program Budget was increased by just over $45,000 due to various adjustments but primarily because of new revenues received to offset existing budget costs. Other adjustments were related to the alignment of budget to actual spending trends for the first half of FY 2020-21, alignment to final negotiated contract amounts and a reassessment of the timeline activities which extended some activities, and costs, into the next fiscal year and eliminated others.

Other Potentially Significant Matters

The State projections assume a roughly 3-5% rate of revenue decline on an annual basis starting in FY 2020-21 through FY 2027-28. The projected annual revenue decrease is estimated to be 3.9% through FY 2021-22 based on the most recent estimate from the California Department of Tax and Fee Administration (CDFTA) projections updated May 21, 2020.

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, 2021

	General Fund	Adjustments (Note 1)	Statement of Net Position
Assets			
Cash and investments	$ 329,633,220	$ -	$ 329,633,220
State receivable	6,518,992	-	6,518,992
Investment income receivable	188,613	-	188,613
Advances to grantees	2,239,303	-	2,239,303
Capital assets			
Not depreciated	-	2,039,000	2,039,000
Depreciable capital assets (net)	-	8,355,423	8,355,423
Total assets	$ 338,580,128	$ 10,394,423	$ 348,974,551
Liabilities			
Accounts payable and accrued liabilities	$ 21,883,865	$ -	$ 21,883,865
Compensated absences			
Due within one year	-	194,745	194,745
Due in more than one year	-	806,802	806,802
Total liabilities	21,883,865	1,001,547	22,885,412
Deferred Inflows of Resources			
Unavailable revenue	274,026	(274,026)	-
Total deferred inflows of resources	274,026	(274,026)	-
Fund Balance/Net Position			
Fund balance			
Nonspendable	2,239,303	(2,239,303)	-
Committed	175,100,818	(175,100,818)	-
Assigned	59,941,864	(59,941,864)	-
Unassigned	79,140,252	(79,140,252)	-
Total fund balance	316,422,237	(316,422,237)	-
Net position			
Net investment in capital assets	-	10,394,423	10,394,423
Unrestricted	-	315,694,716	315,694,716
Total net position	-	326,089,139	326,089,139
Total liabilities, deferred inflows of resources and fund balance/net position	$ 338,580,128	$ 10,394,423	$ 348,974,551

See Notes to Financial Statements

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, 2021

	General Fund	Adjustments (Note 1)	Statement of Activities
Revenues			
Program revenues			
Operating grants and contributions			
Tobacco taxes	$ 60,590,413	$ -	$ 60,590,413
Prop 56	18,215,617	-	18,215,617
State Commission Program Funds	2,952,210	(482,800)	2,469,410
Medi-Cal Administrative Activities	80,319	-	80,319
California Department of Education	32,830	-	32,830
Other program revenue	531,868	(9,462)	522,406
Total program revenues	82,403,257	(492,262)	81,910,995
General revenues			
Investment income	1,987,840	-	1,987,840
Net decrease in fair value of investments	(2,861,364)	-	(2,861,364)
Other general income	105,414	16,480	121,894
Total general revenues	(768,110)	16,480	(751,630)
Total revenues	81,635,147	(475,782)	81,159,365
Expenditures/expenses			
Provider grants and other allocations	84,700,927	-	84,700,927
Salaries and benefits	16,639,241	198,849	16,838,090
Operating services	1,087,787	-	1,087,787
Consultant services	905,278	-	905,278
Professional services	426,218	-	426,218
Professional development	61,235	-	61,235
Travel	86	-	86
Capital outlay	75,944	(75,944)	-
Depreciation	-	309,554	309,554
Total expenditures/expenses	103,896,716	432,459	104,329,175
Excess/(deficiency) of revenues over/(under) expenditures	(22,261,569)	-	-
Net Change in Fund Balance	(22,261,569)	22,261,569	-
Change in Net Position	-	(23,169,810)	(23,169,810)
Fund balance/net position Beginning of year	338,683,806	10,575,143	349,258,949
End of year	$ 316,422,237	$ 9,666,902	$ 326,089,139

See Notes to Financial Statements

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.

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 represent the resources that the Commission has available for use in providing services. Net position is composed of net investment in capital assets and unrestricted funds. At June 30, 2021, the Commission reported unrestricted net position of $315,694,716.

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.

Adjustments Between Fund Financial Statements and Government-Wide Financial Statements

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 $10,394,423 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 $75,944 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, 2021 amounted to $309,554 and is included in the government-wide financial statements.

Long-Term Liabilities

As of June 30, 2021, the Commission estimated its liability for vested compensated absences to be $1,001,547. 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 change in compensated absences during the year of $198,849 is reported in the statement of activities and does not require the use of current financial resources.

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, 2021, the Commission has unavailable revenues of $274,026. The change in unavailable revenue during the year of $(475,782) is reported in the statement of activities.

Net Position

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

- Net 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.

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, 2021:

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, 2021, 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.

Effect of New Governmental Accounting Standards Board (GASB) Pronouncements

Effective in Current Fiscal Year

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement is effective for reporting periods beginning after December 15, 2019. The Commission implemented this statement effective July 1, 2020 and determined that there was no impact on the Commission's financial statements.

GASB Statement No. 90 – In September 2018, the GASB issued Statement No. 90, *Majority Equity Interests*, An Amendment of GASB Statements No. 14 and No. 61. The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The Statement is effective for reporting periods beginning after December 15, 2019. The Commission implemented this statement effective July 1, 2020 and has determined that there was no impact on the Commission's financial statements.

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. 87 - *Leases*.
GASB Statement No. 91 - *Conduit Debt Obligations*.
GASB Statement No. 92 - *Omnibus 2020*.
GASB Statement No. 93 - *Replacement of Interbank Offered Rates*.
GASB Statement No. 94 - *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*.
GASB Statement No. 96 - *Subscription-Based Information Technology Arrangements*.
GASB Statement No. 97 - *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

Investments

The Commission participates in the common investment pool of 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, 2021.

Advances to Grantees		
California Community Foundation	$	75,000
Child Care Alliance of Los Angeles		77,866
Child Care Alliance of Los Angeles (PEACH)		48,138
Community Health Councils		139,278
Community Partners		461,036
El Nido Family Centers		128,570
Long Beach Nonprofit Partnership, Inc.		83,556
Los Angeles County Office of Education (LACOE)		163,156
Los Angeles Universal Preschool dba Child360		673,235
Para Los Ninos		365,917
Seed Collaborative		10,143
Southern California For Nonprofit Management		13,408
Total advances to grantees	$	2,239,303

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, 2021 are as follows:

Cash	
Cash in bank	$ 213,437
Investments	
Money Market Mutual Funds	8,000,058
Investments with County Treasurer	
Pooled cash and investments	321,419,725
Total investments	329,419,783
Total cash and investments	$ 329,633,220

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 market 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, 2021, cash held by financial institutions of $213,838 was entirely insured and collateralized as described above. The book balance at June 30, 2021 was $213,437.

Pooled Cash and Investments

Investments with the Los Angeles County Treasurer at June 30, 2021 are stated at fair value. The fair value of pooled 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. As of June 30, 2021, the Commission's percentage of participation is 0.82. 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, 2021, the weighted average maturity for the County pool approximated 1045 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.

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.

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 at June 30, 2021 is uncategorized and not defined as a Level 1, Level 2, or Level 3 input. The Commission’s investment in money market mutual funds is defined as Level 2.

The table below identifies the investment types that are authorized by the California Government Code or the Commission’s investment policy, where more restrictive. The table also identifies certain provisions of the California Government Code or the Commission’s investment policy for a Specifically Invested Portfolio, where more restrictive, that address interest rate risk, credit risk, and concentration of credit risk.

Type	Limit Per Issuer	Total Limit	Maximum Maturity
Certificates of Deposits (CDs)	5%	30%	5 Years
Commercial Paper (CP)	5%	40%	5 Years
Corporate Notes	5%	30%	5 Years
Federal Agencies	15%	60%	5 Years
U.S. Treasuries	100%	100%	5 Years
Los Angeles County Investment Pool	None	None	N/A
Money Markey Mutual Funds	None	None	None

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).

Note 3 - Capital Assets

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021
Capital assets, not depreciated				
Land	$ 2,039,000	$ -	$ -	$ 2,039,000
Capital assets, depreciable				
Building and improvements	12,076,512	-	-	12,076,512
Computer software and accessories	2,039,785	75,944	-	2,115,729
Office equipment	331,035	-	-	331,035
Furniture and fixtures	627,670	-	-	627,670
Total depreciable capital assets	15,075,002	75,944	-	15,150,946
Less accumulated depreciation				
Building and improvements	(3,648,202)	(242,542)	-	(3,890,744)
Computer software and accessories	(1,879,066)	(67,012)	-	(1,946,078)
Office equipment	(331,032)	-	-	(331,032)
Furniture and fixtures	(627,669)	-	-	(627,669)
Total accumulated depreciation	(6,485,969)	(309,554)	-	(6,795,523)
Total capital assets, depreciable (Net)	8,589,033	(233,610)	-	8,355,423
Capital assets, net	$ 10,628,033	$ (233,610)	$ -	$ 10,394,423

Note 4 - Changes in Compensated Absences

Compensated absences liability activities for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Due Within One Year
Compensated absences	$ 802,698	$ 753,403	$ (554,554)	$ 1,001,547	$ 194,745

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, 2021 consists of the following:

Initiative/Program Allocation	
	Nonspendable
California Community Foundation	$ 75,000
Child Care Alliance of Los Angeles	77,866
Child Care Alliance of Los Angeles (PEACH)	48,138
Community Health Councils	139,278
Community Partners	461,036
El Nido Family Centers	128,570
Long Beach Nonprofit Partnership, Inc.	83,556
Los Angeles County Office of Education (LACOE)	163,156
Los Angeles Universal Preschool dba Child360	673,235
Para Los Ninos	365,917
Seed Collaborative	10,143
Southern California For Nonprofit Management	13,408
Total Nonspendable	$ 2,239,303
	Committed
Annual Reporting	$ 74,000
Assisting and Supporting Staff with Information for Specialized Tasks	119,000
Baby Friendly Hostpitals/Family Place Libraries	22,857,729
Bold Vision	150,000
California Health Foundation & Trust	125,000
California Strategies - State Policy and Sustainability Advocate	220,500
California Strategies - Strategic Plan Advocacy Strategies	178,850
Capital Project Fund	6,138,336
Center for Strategic Partnerships	25,000
Child Care Alliance of Los Angeles	564,846
Child360	518,746
Children's Data Network (CDN)	850,000
Children's Hospital Los Angeles	24,483
Communities	17,379,000
Community Partners - Capacity Strengthening Learning Consortium	289,334
Community Partners - Early Care and Education, ECE Policy and Advocacy Fund	3,130,567
Conference Funding to Advance the Field of Early Childhood Development	150,000
County Data Partnership	115,000
County Partnership Fund	225,000
Data Policies & Practices	150,000
Data Requests	5,000
Early Care & Education Systems	8,085,029
Emerging Opportunities Fund	1,500,000
Family Supports	6,259,000

Initiative/Program Allocation	
Federal Policy and Sustainability Advocate	$ 100,000
First 5 LA Data Strategy	250,000
Health Systems	5,146,517
Impact Framework	430,000
Infrastructure Support for Sustainability and Health Planning	180,000
L.A. Care Health Plan	1,209,460
Little by Little/One Step Ahead	7,636,121
Los Angeles County Office of Education	641,814
Medi-Cal Administrative Activities Implementation Support	108,545
Mountain View School District - KRA	22,998
Organizational Memberships and Stakeholder Engagement Efforts	508,000
Organization-wide Sponsorships to Build Partnerships and PublicWill for First 5 LA's Results Areas	200,000
Policy Advocacy Fund Technical Assistance Provider	400,000
Select Home Visitation	28,071,660
Southern California Grantmakers (SCG)	50,000
State Policy and Sustainability Advocate	227,500
Strategic Communications	2,500,000
Strategic Communications Partnerships	539,000
Strategic Marketing	1,575,000
Strategic Plan Advocacy Strategies	1,084,150
Welcome Baby Hospital	54,701,633
WIC Data Mining Research Partnership	384,000
Total Committed	$ 175,100,818
	Assigned
Strategic Plan	$ 59,941,864
Total Assigned	$ 59,941,864
	Unassigned
Unassigned	$ 21,992,168
Fund Balance Reserve - 50% of total FY 21-22 Budget	57,148,084
Total Unassigned	$ 79,140,252
Total Fund Balance	$ 316,422,237

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 $2,653,729 on program evaluation during the year ended June 30, 2021.

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 $786,774 , comprised of $321,650 in elective contribution and $465,124 in non-elective contribution for the fiscal year ended June 30, 2021.

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		
ACEs Aware Funds	$	156,770
Home Visiting Coordination Funds from F5CA		35,544
DLL Grant from F5CA		81,712
Total unavailable revenue	$	274,026

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 - Commitments and Contingencies

Operating Lease

The Commission leases equipment from a third party which expires in May 2022 and August 2024 and are non-cancelable. The future minimum rental payments due under the lease are as follows:

For the Year Ending June 30,		Annual
2022	$	32,715
2023		21,290
2024		21,290
2025		3,548
Total	$	78,843

The Commission recognized $22,368 in lease expense for the year ended June 30, 2021.

Future Funding

The Commission has entered into future funding commitments with various entities, which are contingent on State funding.

Note 11 - Related Party Transactions

The Commission incurred expenses totaling $10,596 for County of Los Angeles services provided during the year ended June 30, 2021.

In the fiscal year, the Commission incurred $53,868,155 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, 2021, amounts of $9,531,736 are included in accounts payable to these organizations.

Note 12 - 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 $1,305,244 in IMPACT Regional Coordination and Training reimbursable expenditures for the year ended June 30, 2021.

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 $809,029 in IMPACT Hubs reimbursable expenditures for the year ended June 30, 2021.

Required Supplementary Information
June 30, 2021

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, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Tobacco taxes	$ 67,885,883	$ 70,909,108	$ 60,590,413	$ (10,318,695)
Prop 56	-	-	18,215,617	18,215,617
State Commission Program Funds	2,765,000	2,765,000	2,952,210	187,210
Medi-Cal Administrative Activities	-	-	80,319	80,319
California Department of Education	-	-	32,830	32,830
Other program revenue	4,375,000	4,375,000	531,868	(3,843,132)
Investment income	4,050,792	4,050,792	1,987,840	(2,062,952)
Net increase (decrease) in fair value of investments	-	-	(2,861,364)	(2,861,364)
Other general income	-	-	105,414	105,414
Total revenues	79,076,675	82,099,900	81,635,147	(464,753)
Expenditures				
Program Costs				
Provider grants and other allocations	101,459,000	101,504,200	84,700,927	16,803,273
Total program costs	101,459,000	101,504,200	84,700,927	16,803,273
Operations & Administration				
Personnel Related Expenditures				
Salaries and wages	13,722,800	13,722,800	13,380,527	342,273
Fringe Benefits	4,081,895	4,081,895	3,258,714	823,181
Total personnel related expenditures	17,804,695	17,804,695	16,639,241	1,165,454
General Operating Expenditures				
ADP Payroll Charges	40,000	40,000	35,568	4,432
Workers' Compensation Insurance	75,000	61,000	60,927	73
Utilities	145,000	145,000	112,742	32,258
Corporate Insurance	90,000	101,000	101,638	(638)
Mileage and Parking	43,370	34,670	256	34,414
Telephones and Modems	70,000	70,000	62,844	7,156
Cell Phones and Mobile Devices	116,100	167,400	119,100	48,300
Outside Printing	3,600	3,600	352	3,248
Other Supplies	10,250	10,250	-	10,250
Postage and Delivery	13,200	13,200	5,656	7,544
Educational Supplies	2,900	2,900	1,630	1,270
Office Supplies	77,870	77,570	11,430	66,140
Subscriptions and Publications	25,440	28,240	22,557	5,683
Equipment Rental	27,000	27,000	22,368	4,632
Building Repairs and Maintenance	150,000	150,000	161,830	(11,830)
Equipment Repairs and Maintenance	12,000	12,000	232	11,768
Offsite Storage	25,000	29,550	32,961	(3,411)
Hardware and Software Maintenance	470,730	470,730	318,607	152,123
Miscellaneous/Contingency	259,000	95,000	5,593	89,407
Internal Meetings	125,800	95,000	3,170	91,830
Division Capacity Building	75,000	75,000	2,100	72,900
Capital Outlay	147,000	144,500	6,226	138,274
Total general operating expenditures	2,004,260	1,853,610	1,087,787	765,823

See Note to Required Supplementary Information

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Professional Services				
Audit	$ 90,000	$ 90,000	$ 58,130	$ 31,870
Legal	150,000	150,000	154,342	(4,342)
Professional Dues	126,718	119,818	88,613	31,205
Staff Recruitment	10,000	10,000	58,197	(48,197)
Commission Stipends	25,000	25,000	25,050	(50)
Web-Based Services	48,000	48,000	31,290	16,710
Bank & Other Service Charges	35,000	35,000	10,596	24,404
Total professional services	484,718	477,818	426,218	51,600
Consultant Services				
Consultant Fees	1,435,725	1,418,725	632,677	786,048
Other Professional Fees	350,500	350,500	272,601	77,899
External Reviewers	3,000	3,000	-	3,000
Total consutant services	1,789,225	1,772,225	905,278	866,947
Travel and Meetings				
Airfare	127,350	10,500	6	10,494
Lodging	114,225	6,000	-	6,000
Per Diem	59,745	4,125	-	4,125
Other Travel Expense	25,425	19,925	80	19,845
Total travel and meetings	326,745	40,550	86	40,464
Professional Development				
Training Materials & Supplies	11,300	11,300	80	11,220
Internal Training	92,000	91,000	-	91,000
Leadership Programs	48,500	48,500	14,005	34,495
Conference Registration	158,750	142,650	41,937	100,713
External Education/Training	77,300	65,900	5,213	60,687
Total professional development	387,850	359,350	61,235	298,115
Capital Improvements	-	-	75,944	(75,944)
Total operating expenditures	22,797,493	22,308,248	19,195,789	3,112,459
Total program costs and operating expenditures	124,256,493	123,812,448	103,896,716	19,915,732
Excess (deficiency) of revenues over (under) expenditures	$ (45,179,818)	$ (41,712,548)	$ (22,261,569)	$ 19,450,979
Fund balance - Beginning of year			338,683,806	
Fund balance - End of year			$ 316,422,237	

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 FY 2020-21 was $123.8 million, which included $101.5 million for Program costs and $22.3 million for Operating and Administrative costs.

Other Supplementary Information
June 30, 2021

Los Angeles County Children and Families First – Proposition 10 Commission

Program	Source	Revenue Funds	Expenditures
IMPACT Regional Coordination and Training	First 5 California	$ 1,305,244	$ 1,305,244
Technical Assistance Hubs (Hubs)	First 5 California	809,029	809,029

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.

Sources:

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

Net Position by Component
Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Restricted	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unrestricted	315,694,716	338,630,916	364,338,314	379,018,838	422,015,244	461,512,770	543,521,742	632,680,166	723,252,516	829,030,048
Net investment in capital asset	10,394,423	10,628,033	10,841,379	11,046,294	11,310,273	11,593,026	11,885,041	12,082,438	12,355,226	12,777,760
Total net position	$ 326,089,139	$ 349,258,949	$ 375,179,693	$ 390,065,132	$ 433,325,517	$ 473,105,796	$ 555,406,783	$ 644,762,604	$ 735,607,742	$ 841,807,808

* The Commission presented net position as unrestricted beginning with 2010.

Los Angeles County Children and Families First – Proposition 10 Commission

Changes Net Position

Last Ten Fiscal Years

	2021	2020	2019	2018*	2017	2016	2015	2014	2013	2012
Revenues										
Tobacco taxes*	$ 60,590,413	$ 60,022,841	$ 68,580,443	$ 72,330,836	$ 83,567,141	$ 87,942,700	$ 89,475,135	$ 90,280,307	$ 94,112,590	$ 100,187,619
Prop. 56	18,215,617	18,068,329	7,482,310							
State School Readiness	-	-	-	-	-	-	-	-	-	-
State Commission Program Funds	2,469,410	922,472	13,986,085	896,040	556,665	5,796,252	10,283,414	18,009,907	2,749,082	8,098,412
Medi-Cal Administrative Activities	80,319	133,955	350,924	181,859	137,599	159,549	80,799	232,408	316,369	483,325
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	522,406	584,118	123,793	1,016,683	401,956	115,000	-	-	-	-
Investment income	1,987,840	6,938,051	8,183,532	6,830,856	4,003,489	3,759,751	3,903,275	6,368,593	(3,402,141)	915,935
Net increase (decrease) in FMV of investments	(2,861,364)	1,354,275	4,898,141	(2,742,856)	(3,026,254)	1,064,007	2,152,879	-	-	-
Other revenues	121,894	110,899	133,321	148,135	122,208	119,100	104,072	100,320	98,880	9,048
Total revenues:	$ 81,159,365	$ 88,463,598	$ 104,115,100	$ 78,960,253	$ 90,097,771	$ 107,957,511	$ 110,614,887	$ 114,991,535	$ 93,874,779	$ 109,694,339
Expenses										
Provider grants and other allocations	$ 84,700,927	$ 93,379,930	$ 97,979,838	$ 101,364,209	$ 106,777,128	$ 159,337,913	$ 182,991,937	$ 189,910,283	$ 185,753,622	$ 124,709,026
Pass-through grants	-	65,042	273,294	136,877	4,150,975	13,519,735	N/A	N/A	N/A	N/A
AB 99	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(424,388,705)
First 5 California (SRI)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,137,220
Salaries and benefits	16,838,090	17,393,319	17,532,230	17,382,747	15,763,620	14,357,480	13,423,832	12,682,373	11,583,915	11,153,057
Operating services	1,087,787	1,212,116	1,122,911	1,232,687	1,172,319	1,157,290	1,346,532	1,207,259	1,159,609	1,138,850
Consultant services	905,278	1,308,527	881,090	850,154	999,806	990,724	1,216,609	956,488	549,676	331,046
Professional services	426,218	323,816	382,450	500,050	346,529	323,336	404,560	543,038	426,726	540,606
Professional development	61,235	176,217	186,902	166,975	-	-	-	-	-	-
Other expenses	86	224,934	339,524	273,951	358,346	255,453	264,892	183,974	149,116	114,384
Depreciation	309,554	300,441	302,300	312,988	309,327	316,567	322,346	353,258	452,182	471,732
Total expenses:	$ 104,329,175	$ 114,384,342	$ 119,000,539	$ 122,220,638	$ 129,878,050	$ 190,258,498	$ 199,970,708	$ 205,836,673	$ 200,074,846	$ (284,792,784)
Change in net position	$ (23,169,810)	$ (25,920,744)	$ (14,885,439)	$ (43,260,385)	$ (39,780,279)	$ (82,300,987)	$ (89,355,821)	$ (90,845,138)	$ (106,200,066)	$ 394,487,123

* 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

	2021*	2020*	2019*	2018*	2017*	2016*	2015*	2014*	2013*	2012*
Fund Balance										
Nonspendable	$ 2,239,303	$ 2,193,116	$ 50,000	$ 1,044,000	$ 19,760,505	$ 34,279,475	$ 39,411,636	$ 37,578,099	$ 27,022,268	$ 19,960,620
Committed	175,100,818	138,338,530	154,580,859	195,282,039	216,214,576	249,515,814	340,879,636	451,133,640	561,003,855	631,710,435
Assigned	59,941,864	113,226,421	141,221,211	125,245,775	128,331,556	114,665,689	78,113,279	57,716,899	64,902,466	153,086,390
Unassigned	79,140,252	84,925,739	56,257,698	57,847,860	57,832,380	61,615,198	78,223,453	79,494,722	70,816,380	16,691,138
Total Fund Balance	$ 316,422,237	$ 338,683,806	$ 352,109,768	$ 379,419,674	$ 422,139,017	$ 460,076,176	$ 536,628,004	$ 625,923,360	$ 723,744,969	$ 821,448,583

* Fund balance presentation changed in fiscal year 2010-2011 due to the implementation of GASB 54.

Los Angeles County Children and Families First – Proposition 10 Commission

Changes in Fund Balances – General Fund

Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
Tobacco taxes*	$ 60,590,413	$ 71,477,179	$ 68,580,443	$ 72,330,836	$ 83,567,141	$ 87,942,700	$ 89,475,135	$ 90,280,307	$ 94,112,590	$ 100,187,619
Prop. 56	18,215,617	18,068,329	7,482,310	-	-	-	-	-	-	-
State School Readiness	-	-	-	-	-	-	-	-	-	-
State Commission Program Funds	2,952,210	1,450,823	13,986,085	896,040	556,665	5,796,252	11,050,327	10,668,187	10,741,413	7,960,036
Medi-Cal Administrative Activities	80,319	133,955	350,924	181,859	137,599	159,549	80,799	232,408	316,369	483,325
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	531,868	320,982	123,793	1,016,683	401,956	115,000	-	-	-	-
Investment income	1,987,840	6,938,051	8,183,532	6,830,856	4,003,489	3,759,751	3,903,275	6,368,593	(3,402,141)	915,935
Net increase (decrease) in FMV of investments	(2,861,364)	1,354,275	4,898,141	(2,742,856)	(3,026,254)	1,064,007	2,152,879	-	-	-
Other income	105,414	110,899	133,321	148,135	122,208	119,100	104,072	100,320	98,880	9,048
Total revenues:	$ 81,635,147	$ 100,183,151	$ 104,115,100	$ 78,960,253	$ 90,097,771	$ 107,957,511	$ 110,468,480	$ 107,649,815	$ 101,867,110	$ 109,555,963
Expenditures:										
Provider grants and other allocations	$ 84,700,927	$ 93,379,930	$ 97,979,838	$ 101,364,209	$ 106,777,128	$ 159,337,913	$ 182,991,937	$ 189,910,283	$ 185,753,622	$ 124,709,026
Pass-through grants	-	65,042	273,294	136,877	4,150,975	13,519,735	N/A	N/A	N/A	N/A
AB 99	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(424,388,705)
First 5 California (SRI)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,137,220
Salaries and benefits	16,639,241	17,281,687	17,532,230	17,382,747	15,763,620	14,357,480	13,414,357	12,589,911	11,502,328	11,144,681
Operating services	1,087,787	1,212,116	1,122,911	1,232,687	1,172,319	1,157,290	1,346,532	1,207,258	1,159,609	1,138,850
Consultant services	905,278	1,308,527	881,090	850,154	999,806	990,724	1,216,609	956,488	549,676	331,046
Professional services	426,218	323,816	382,450	500,050	346,529	323,336	404,560	543,038	426,726	540,606
Professional development	61,235	176,217	186,902	166,975	-	-	-	-	-	-
Other expenses	86	224,934	339,524	273,951	358,346	255,453	264,892	183,974	149,116	114,384
Capital outlay	75,944	87,095	302,300	312,988	309,327	$ 316,567	124,949	80,471	29,648	135,298
Total expenditures:	$ 103,896,716	$ 114,059,364	$ 119,000,539	$ 122,220,638	$ 129,878,050	$ 190,258,498	$ 199,763,836	$ 205,471,423	$ 199,570,724	$ (285,137,594)
Excess of revenues over expenditures	$ (22,261,569)	$ (13,876,213)	$ (14,885,439)	$ (43,260,385)	$ (39,780,279)	$ (82,300,987)	$ (89,295,356)	$ (97,821,608)	$ (97,703,614)	$ 394,693,557

*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.

2016 Projected Births	2016 Projected Birthrate	2018-2019 Tax Revenue Projection	2017 Projected Births	2017 Projected Birthrate	2019-2020 Tax Revenue Projection	2018 Projected Births	2018 Projected Birthrate	2020-2021 Tax Revenue Projection	2019 Projected Births	2019 Projected Birthrate	2021-2022 Tax Revenue Projection	2020 Projected Births	2020 Projected Birthrate	2022-2023 Tax Revenue Projection	2021 Projected Births	2021 Projected Birthrate	2023-2024 Tax Revenue Projection
122,958	25.169%	$ 72,739,589	121,413	24.987%	$ 71,741,717	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)

Cigarette Taxes and Other Tobacco Products Surtax Revenue

1959-60 to 2018-19

(In thousands of dollars)

Fiscal year	Cigarette tax Revenue a/	Distributors' discounts b/	Gross value of tax indicia c/	Refunds	Other tobacco products surtax Revenue	Rate
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		
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		

Fiscal year	Cigarette tax: Revenue a/	Cigarette tax: Distributors' discounts b/	Cigarette tax: Gross value of tax indicia c/	Cigarette tax: Refunds	Other tobacco products surtax: Revenue	Other tobacco products surtax: Rate
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 l/	67,726,000	76,000		
1959-60	61,791,000	767,000 m/	62,558,000	67,000		

Oversight of this information has been transferred to the California Department of Tax and Fee Administration. Table reflects latest update on cigarette taxes and other tobacco products revenue released for the fiscal year ending June 30, 2019.

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.

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
Other	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
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.

Economic Data

	2011	2012	2013	2014	2015	2016	2017	2018	2019**	2020**
LA County Personal Income	454,935,533	486,733,508	483,578,594	514,516,564	549,073,019	563,907,868	593,741,110	628,808,732	653,482,910	N/A
LA County Per Capita Personal Income	46,007	48,900	48,283	51,111	54,298	55,624	58,419	62,224	65,094	N/A
California Personal Income	1,727,433,579	1,838,567,162	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
California Per Capita Personal Income	45,854	48,359	48,555	51,317	54,664	56,374	58,272	62,586	66,745	71,480
United States Personal Income	13,233,436,000	13,904,485,000	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
United States Per Capita Personal Income	42,463	44,283	44,489	46,486	48,429	49,204	50,392	53,712	49,763	52,992

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.

***2020 economic data is not yet available for Los Angeles County*

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

Area	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
United States	8.1%	3.7%	3.7%	4.4%	4.3%	5.3%	6.2%	7.4%	8.1%	8.9%
California	10.1%	4.0%	4.2%	4.8%	4.7%	6.2%	7.5%	8.9%	10.4%	11.8%
Los Angeles County	12.8%	4.0%	4.6%	4.7%	4.6%	6.7%	8.3%	9.9%	10.9%	12.3%

Source:

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

Industry	June 30, 2020 Number of Employees	June 30, 2020 Rank	June 30, 2020 Percentage of Total	June 30, 2011 Number of Employees	June 30, 2011 Rank	June 30, 2011 Percentage of Total
Educational & Health Services	799,800	1	19.47%	670,900	2	16.96%
Trade, Transportation & Utilities	777,000	2	18.92%	749,600	1	18.95%
Professional & Business Services	590,100	3	14.37%	530,600	4	13.41%
Government	579,300	4	14.10%	581,700	3	14.70%
Leisure & Hospitality	378,600	5	9.22%	396,600	5	10.02%
Manufacturing	314,700	6	7.66%	376,100	6	9.51%
Financial Activities	218,600	7	5.32%	210,300	7	5.32%
Information	178,400	8	4.34%	190,900	8	4.83%
Other Services	146,100	9	3.56%	104,100	10	2.63%
Construction	118,900	10	2.89%	137,000	9	3.46%
Sub-total Ten Largest Industries	4,101,500		99.86%	3,947,800		99.78%
All Other Industries	5,700		0.14%	8,500		0.22%
Total Industries	4,107,200		100.00%	3,956,300		100.00%

Note:
(1) Employment by industry is presented because employment data for individual employers was unavailable.

Source:
County of Los Angeles Annual Comprehensive Financial Report for the year ended June 30, 2020

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

2013 - 2021

Functional Area	2021 (9)	2020 (8)	2019 (7)	2018 (6)	2017 (5)	2016 (4)	2015 (3)	2014 (2)	2013 (1)
Executive	8	8	8	7	8	5	4.5	5.5	3
Administration	32	32	32	30	38	37.5	34.5	34	35
Programs	108	108	108	111	107	106	101.5	91.5	92
Total	**148**	**148**	**148**	**148**	**153**	**148.5**	**140.5**	**131**	**130**

Note:
(1) Data are budgeted authorized positions approved as part of the fiscal year budget. Prior to FY 2010-11, positions were reported by department only, and not according to functional area.

Source:
(1) First 5 LA Approved FY 2012-13 Operating Budget
(2) First 5 LA Approved FY 2013-14 Operating Budget
(3) First 5 LA Approved FY 2014-15 Operating Budget
(4) First 5 LA Approved FY 2015-16 Operating Budget
(5) First 5 LA Approved FY 2016-17 Operating Budget
(6) First 5 LA Approved FY 2017-18 Operating Budget
(7) First 5 LA Approved FY 2018-19 Operating Budget
(8) First 5 LA Approved FY 2019-20 Operating Budget
(9) First 5 LA Approved FY 2020-21 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, 2021, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated October 14, 2021.

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.

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
October 14, 2021

Independent Auditor's Report on State Compliance

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

Compliance
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, 2021.

Management's Responsibility
Management is responsible for compliance with the requirements of the laws and regulations applicable to the California Children and Families Act.

Auditor's Responsibility
Our responsibility is to express an opinion on the Commission's compliance with the requirements referred to above based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, 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. Those standards and the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the requirements referred to above that could have a direct and material effect on the statutory requirements listed below. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance. However, our audit does not provide a legal determination of the Commission's compliance with those requirements. In connection with the audit referred to above, we selected and tested 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 Benefit Policies	2	Yes

Opinion

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, 2021.

Purpose of Report

The purpose of this report on compliance is solely to describe the scope of our testing 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*, issued by the State Controller's Office. Accordingly, this report is not suitable for any other purpose.

Rancho Cucamonga, California
October 14, 2021

Los Angeles County Children and Families First – Proposition 10 Commission
Annual Comprehensive Financial Report for the Year Ended June 30, 2021

Special Board/Program & Planning Committee Meeting

Presented by: Faustino Genio

September 23, 2021

Presentation Overview

- Fiscal Year 2019-20 GFOA Award
- Annual Comprehensive Financial Report Overview and Journey
- Independent Auditor's Report
- Fiscal Year 2020-21 highlights
- 3 Year Comparisons
- Next steps

Government Finance Officers Association Award

- Our annual report for fiscal year 2019-20 was awarded a Certificate of Achievement for Excellence in Financial Reporting
- 13th Consecutive Year for this award

Annual Financial Report Overview

- Annual Comprehensive Financial Report

  - Detailed view of the Commission's financial position at a moment in time (June 30, 2021)

  - Activities and results of operations for the fiscal year 20-21

  - Presentation of the Commission's overall financial condition

Annual Financial Report Journey

- Audit process: May 2021 through October 2021
  - Entrance interview/planning – May 2021
  - Fieldwork – 6/22-6/26 & 8/17-8/28
  - Reporting – 8/27-10/14
- Committee Meetings
  - 9/23 – Special Board/Program & Planning Committee
  - 10/14 - Board of Commissioners Meeting

Independent Auditor’s Report

- Clean audit:
  - The CPA firm of Eide Bailly LLP, noted that the financial statements are presented fairly
  - Unmodified opinion
  - No findings or adjustments

Budget Highlights

- July 2020: Board approved FY 2020-21 total budget of $124.3 million:
  - Program Budget = $101.5 million
  - Operating Budget = $22.8 million
- The Board approved a revised budget in March 2021 of $123.8 million:
  - Program Budget = $101.5 million
  - Operating Budget = $22.3 million

Revenue Highlights

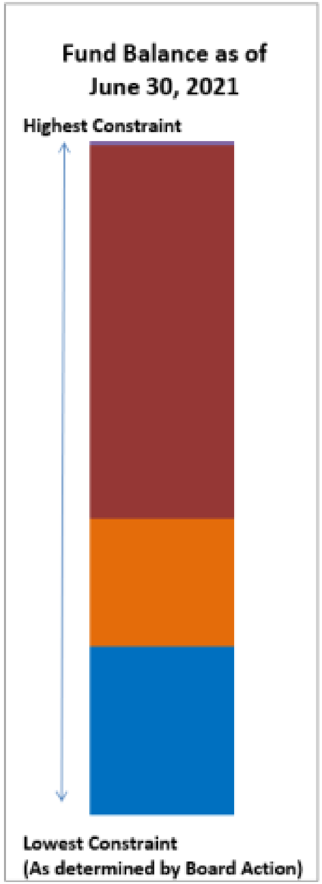
- Total revenue of $81.2 million:
  - Tobacco tax = $60.6 million
  - Prop. 56 backfill = $18.2 million
  - Other revenues = $2.4 million

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

Expenditures Highlights

- Total expenditures of $104.3 million:
  - Program expenditures = $84.7million
  - Program/Operating expenditures = $7.0 million
  - Administrative expenditures = $12.6 million

Fund Balance Categories



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

Level of Constraints:

<u>Nonspendable</u> <u>($2,239,303)</u>: 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)***

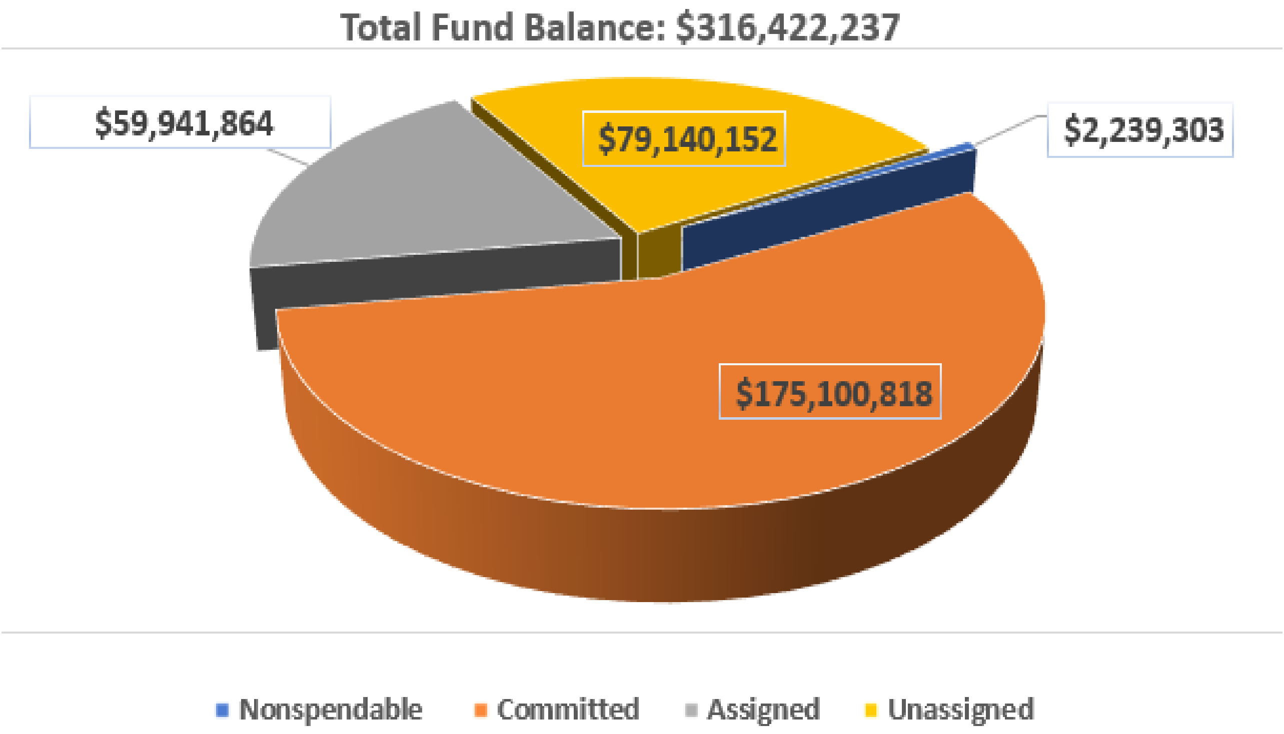
<u>Committed</u> <u>($175,100,818)</u>: Includes all levels of constraints below
Funds allocated for a specified purpose and directed by the Commission via Resolution. The Commission must adopt another Resolution to reappropriate these funds for other purposes. ***Board Action through the Budget & Audit (Fund Balance)***

<u>Assigned</u> <u>($59,941,864)</u>: Includes the constraint below. Funds are reserved for Commission use consistent with the 2015-2020 Strategic Plan. ***Board Approved through Audit (Fund Balance)***

<u>Unassigned</u> <u>($79,140,252)</u>: Funds designated for the Operating Budget and Reserve. ***Board Approved through Audit (Fund Balance)***

Total Fund Balance as of June 30, 2021 = $316,422,237

Fund Balance



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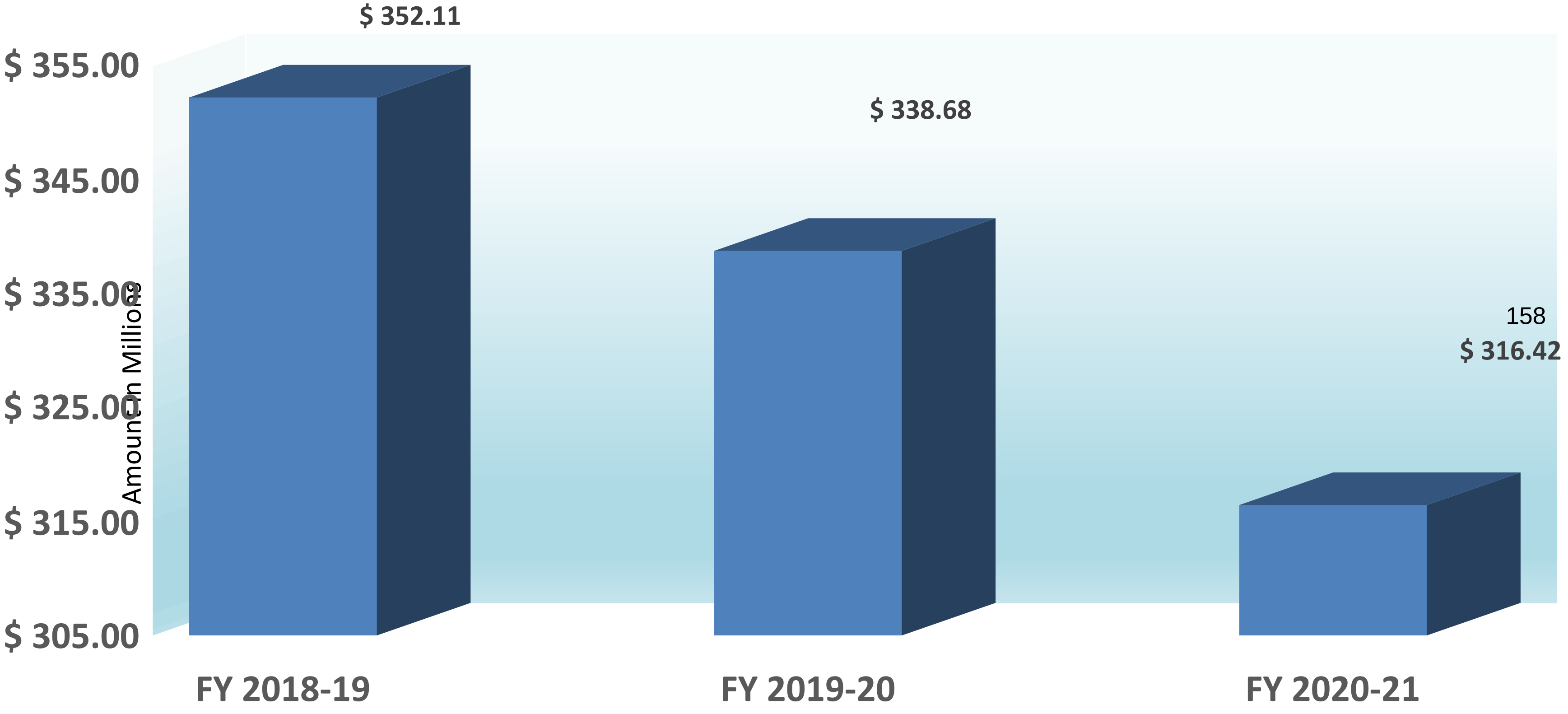
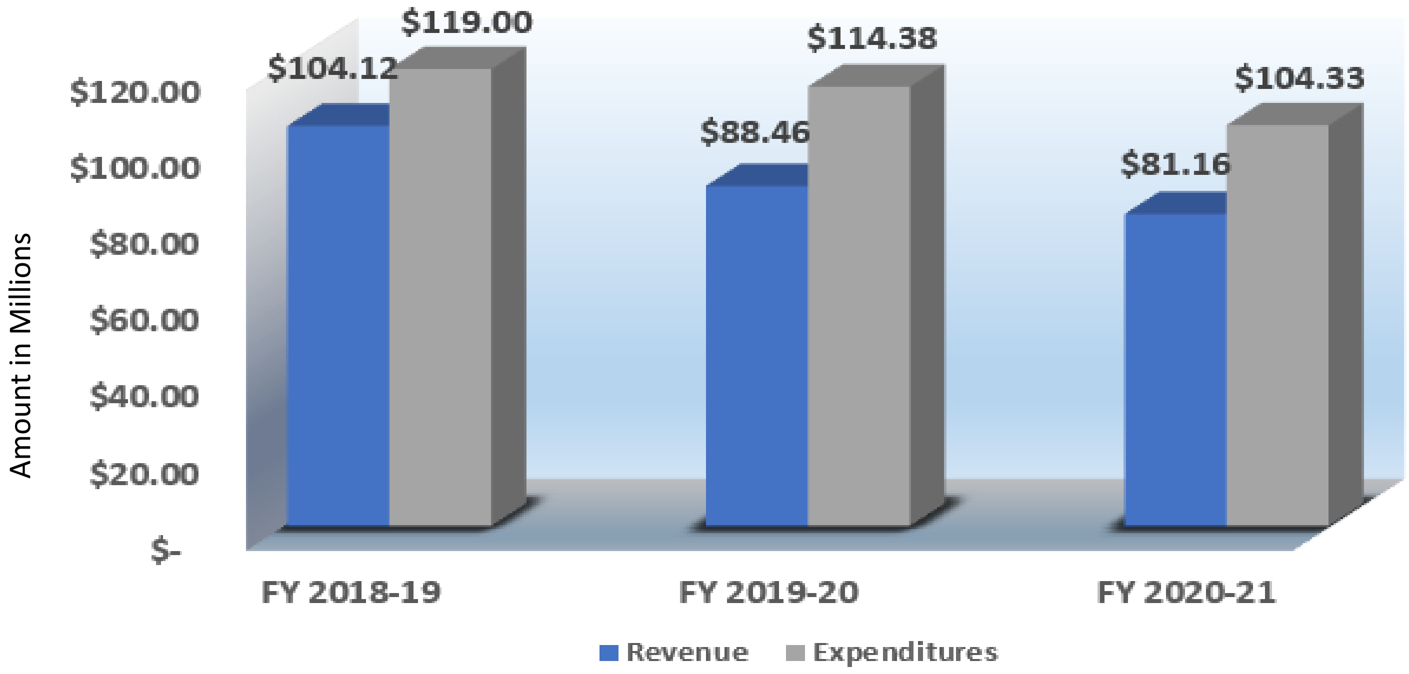
3 – Year Comparison: Fund Balance



3 – Year Comparison: Revenue vs. Expenditure



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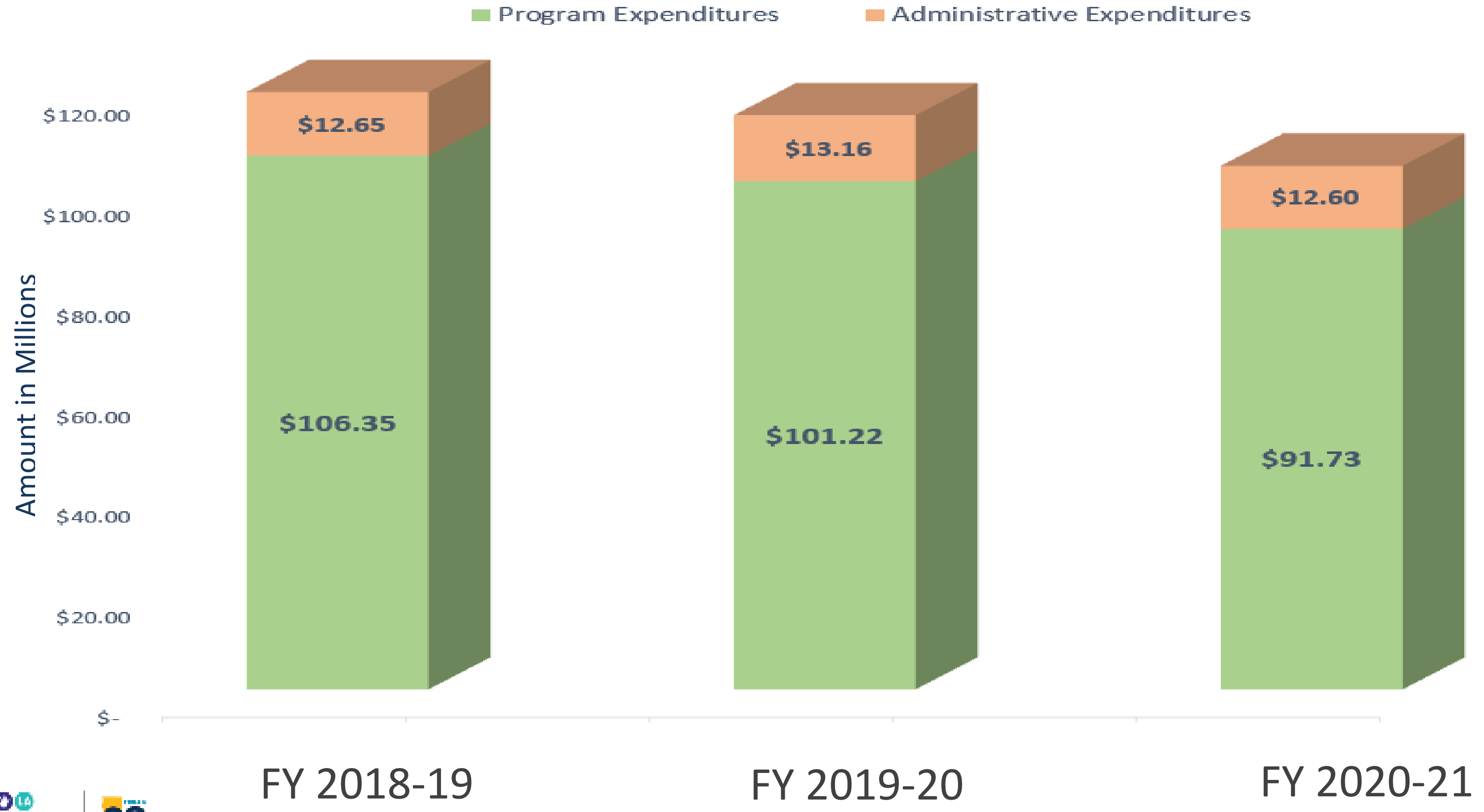
3 – Year Comparison: Program and Administrative Expenditures



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Audit Partner Overview

- Kinnaly Soukhaseum, Partner, Eide Bailly, LLP

Next Steps

- 10/14 - Board of Commissioners Meeting – for approval
- Submission of the Financial Report by 11/1: 162
  - State Controller's Office
  - First 5 California
- Update the Long Term Financial Plan (LTFP)

Questions?

Agenda Item: Item 5
Date: September 23, 2021

FIRST 5 LA

SUBJECT:
2020-2021 Annual Report to First 5 California (State Commission)

RECOMMENDATION:
This memo is provided as preliminary information for the Board's consideration at the September 23, 2021, Special Meeting of the Board of Commissioners/Program and Planning Committee. First 5 LA recommends that at the next Commission Meeting on October 14, 2021, the Board approve the final Annual Report for submission to the State Commission.

BACKGROUND:
Each year staff prepares a report to the State Commission that provides fiscal and programmatic information in the format of a State Commission-designated template. Staff will be seeking approval of the First 5 LA Annual Report for Fiscal Year 2020-2021 (July 1, 2020 – June 30, 2021), which is due to First 5 California by October 30, 2021. First 5 LA staff will submit the entire report via the web-based forms provided by the State Commission. This request is brought as information at the September 23, 2021, Special Meeting of the Board of Commissioners/Program and Planning Committee (per the Bylaws) and will be brought for action on consent at the October 8, 2020, meeting of the Board of Commissioners.

The report sections outlined below reflect the categories and format required by First 5 California:

- Section 1: Revenue and Expenditure Summary
  - This section captures First 5 LA's fiscal data showing the relationship between financial resources and services.
- Section 2: Demographic Worksheet
  - This section captures demographic information about the populations served by First 5 LA at the county level.
- 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. County highlights describing accomplishments during the fiscal year are also reported in this section.

As part of the data submission requirement, staff must map First 5 LA programmatic efforts to the following investment 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.

It is important to note that the First 5 California investment areas do not align with the strategies outlined in our current strategic plan, and therefore provide an additional perspective than our typical approach to telling First 5 LA's story.

DISCUSSION:
Preliminary findings summarize First 5 LA's investment areas and the populations served through these investments. Some key findings include the following:

1. Consistent with the increased emphasis on systems change in the First 5 LA 2020-2028 Strategic Plan, in FY 20-21, over 50% of our grants are categorized into the Systems of Care Investment area according to the First 5 CA guidelines. This represents an increase from 46 grants in FY19-20 to 70 grants in FY20-21.

2. Even with our increasing emphasis on systems change, the number of children and providers reached through First 5 LA investments doubled in FY20-21 compared to FY19-20. This may be in part due to the increased demand for services from the systems we partner with due to the COVID-19 pandemic.

3. While there was an increase in the number of children and family members/caregivers reached through our investments, the race/ethnicity and language spoken in the home of children and family members/caregivers remained consistent with the previous year. The overwhelming majority of those served through First 5 LA investments identified as Latino/Hispanic and reported that English was the primary language spoken in the home.

The data currently available is programmatic. We will incorporate expenditure data once available. Additionally, we will add highlights reflecting themes from grantee and contractor descriptions of FY 20-21 systems change accomplishments and their impacts on children and families.

NEXT STEPS:

- Staff will present the final report and request Board approval to submit to the State Commission at the October 14, 2021 Board meeting.
- Staff will solicit board insights on the L.A. County Data Brief at the January Program and Planning Committee meeting. The L.A. County Data Brief is a new endeavor that will leverage Annual Report data locally by examining First 5 LA investments through the lens of our Strategic Plan, with a focus on progress towards the Results for Children and Families, the Long-Terms Systems Outcomes and Equity.
- Staff will continue to collaborate with First 5 California to re-envision the approach to annual reporting to better reflect the systems change work of counties across the state.

September 23, 2021

FIRST 5 LA ANNUAL REPORT TO THE STATE, FY20-21: PRELIMINARY RESULTS

Presentation to the Program and Planning Committee, F5LA Commission Board

Agnieszka Rykaczewska, Office of Data For Action, F5LA

State Annual Reporting Partners:
Gary Resnick, Ph.D.
Sara Rajapakse Montolla (Juarez & Associates)
Cynthia Benavides (Juarez & Associates)

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FIRST 5 20 YEARS
OUR KIDS OUR FUTURE

Today We Will…

1. Provide background on the State Annual Report

2. Review preliminary results

3. Provide a summary of key findings

4. Provide an overview of next steps

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Background on State Annual Report

Background: State Annual Report

- Requirement of Prop 10 Funding
- First 5 CA collects data from all 58 First 5 county commissions and summarizes the past fiscal year's accomplishments at both the state and county levels.
- The report consists of the following sections:
  - Section 1: Revenue and Expenditure Summary
  - Section 2: Demographic Worksheet
  - Section 3: Evaluation Summary & County Highlights

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Background: Where do we get the information?

	Grantee Survey	State Financial Audit Data	F5LA Reports
Revenue and Expenditure Summary	✓	✓	
Demographic Worksheet	✓		
Evaluation Summary & County Highlights	✓		✓

Background: First 5 California Investment Areas

Child Health

- General Health Education Programs
- Home Visiting Services
- Pediatric Supports
- Early Intervention Services

Child Development

- Quality Early Learning Supports
- Early Learning Program Direct Costs

Family Functioning

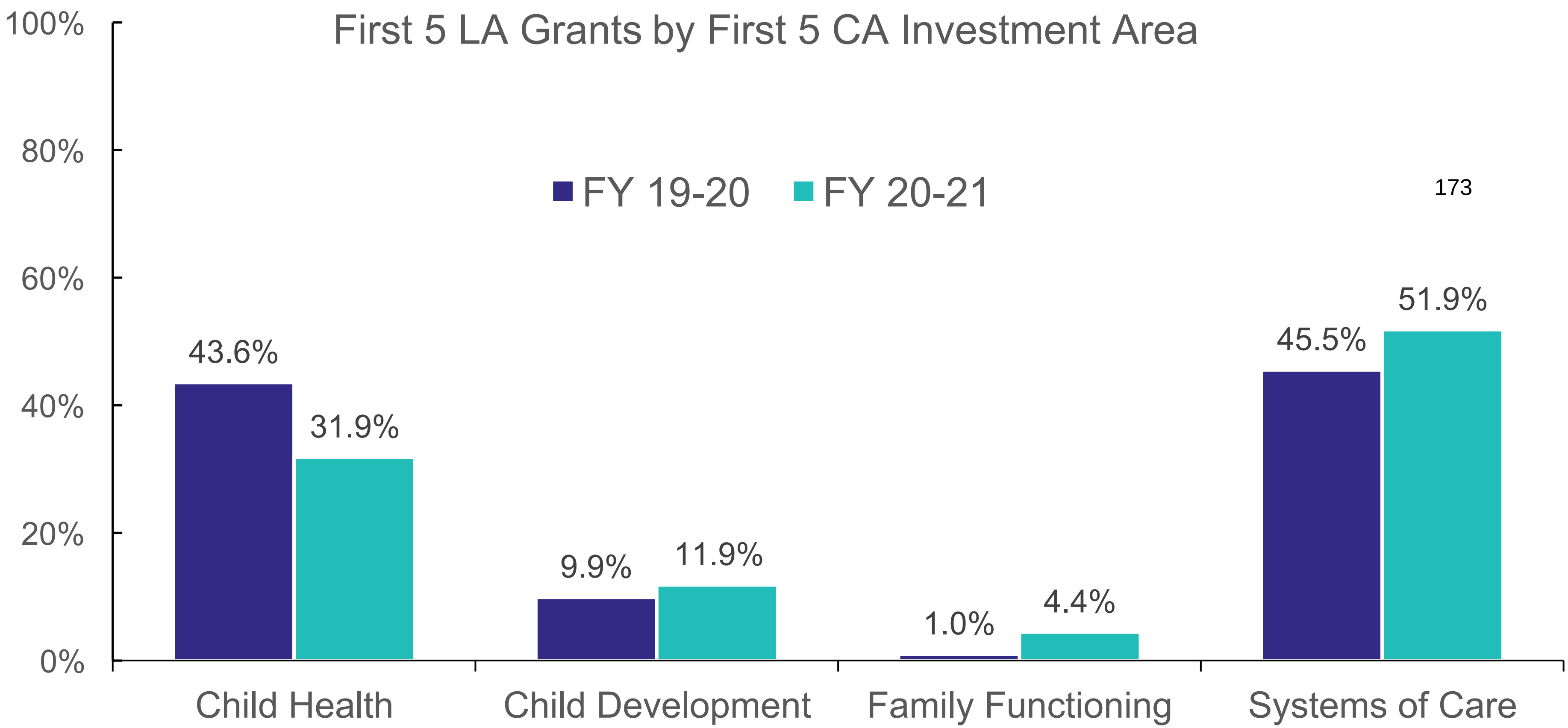
- Short-term General Family Support Programs
- Targeted Intensive Family Support Programs
- Family Literacy & Book Programs

Systems of Care

- Policy & Public Advocacy
- Program & Systems Improvement Efforts

Preliminary Results

Compared to FY 2019-20, there was an increase in the number of grants in the Systems of Care investment area in FY 2020-21.



<u>Total number of grants</u>:
FY 19-20 N = 101
FY 20-21 N = 135

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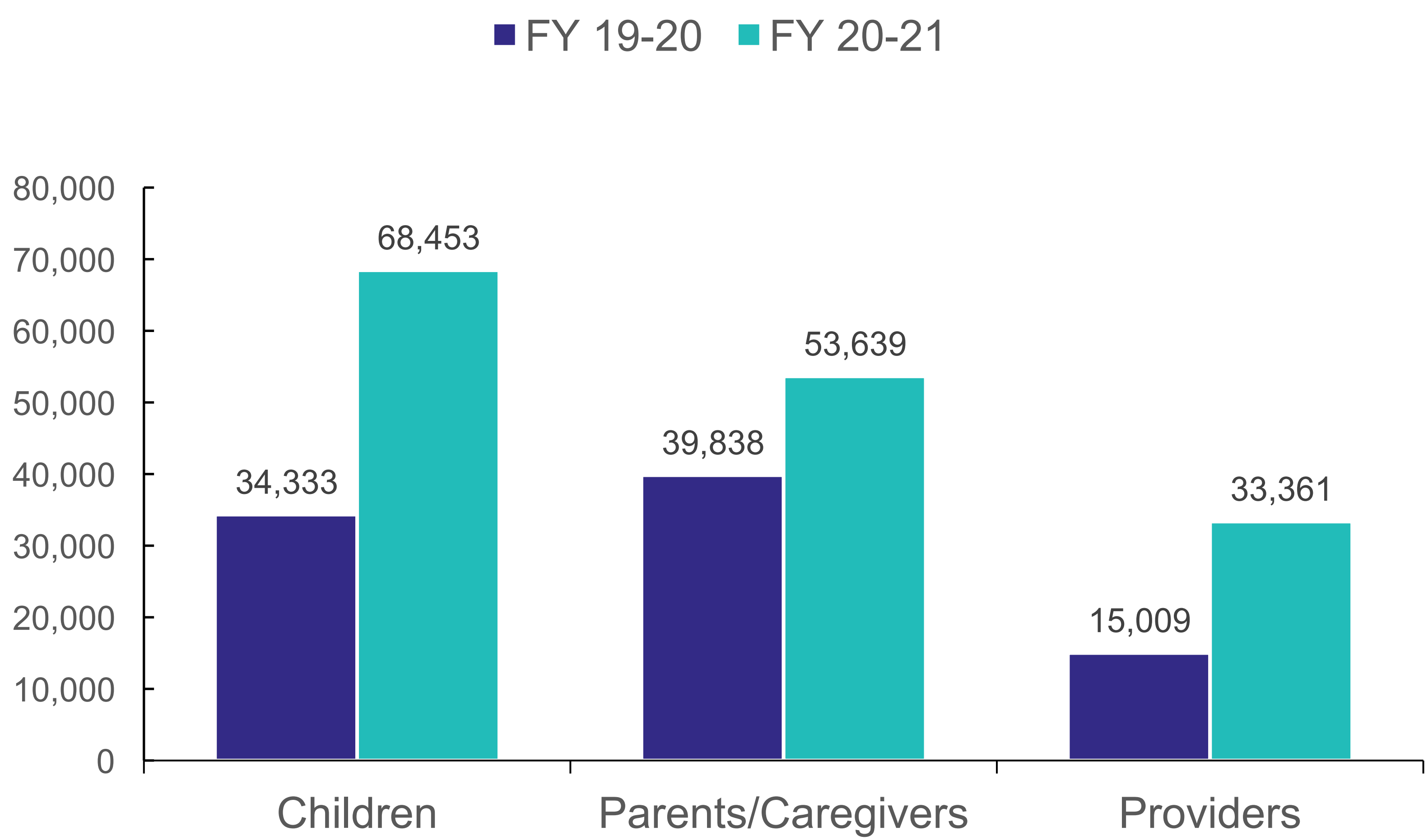
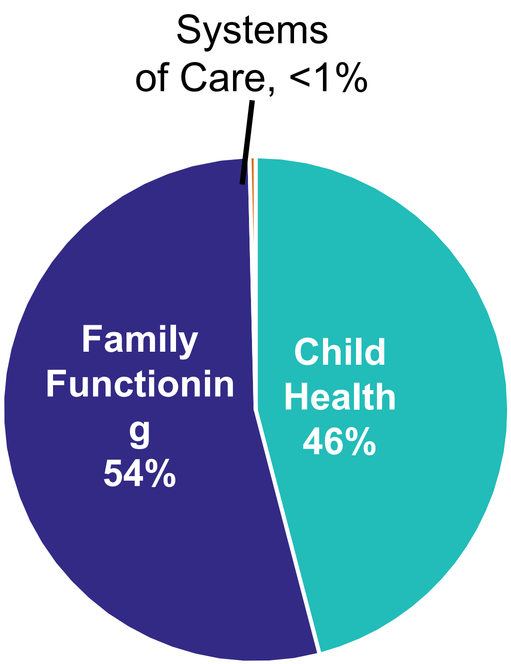
Compared to FY19-20, First 5 LA investments reached twice the number of children and providers in FY 20-21.

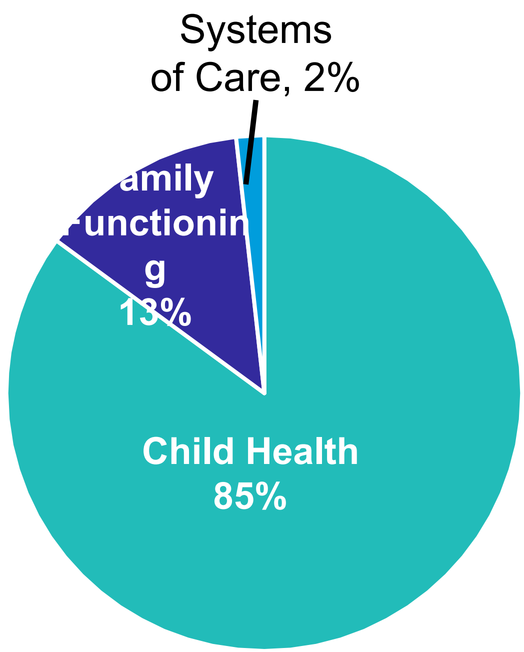


Providers were served primarily through Child Development investments

Children



Family Members/ Caregivers



Providers

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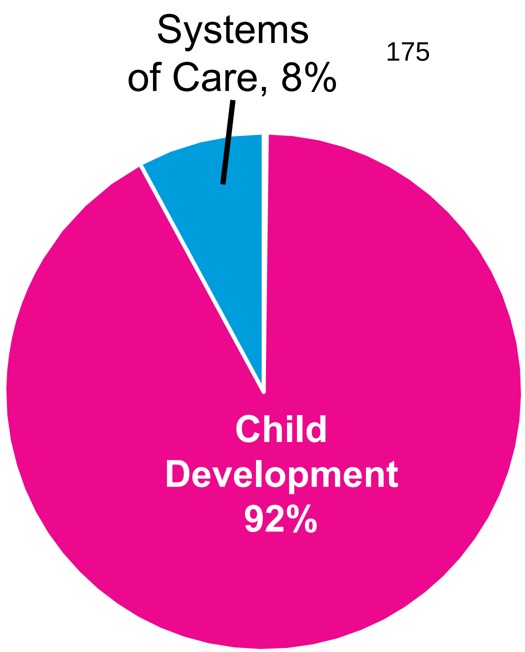
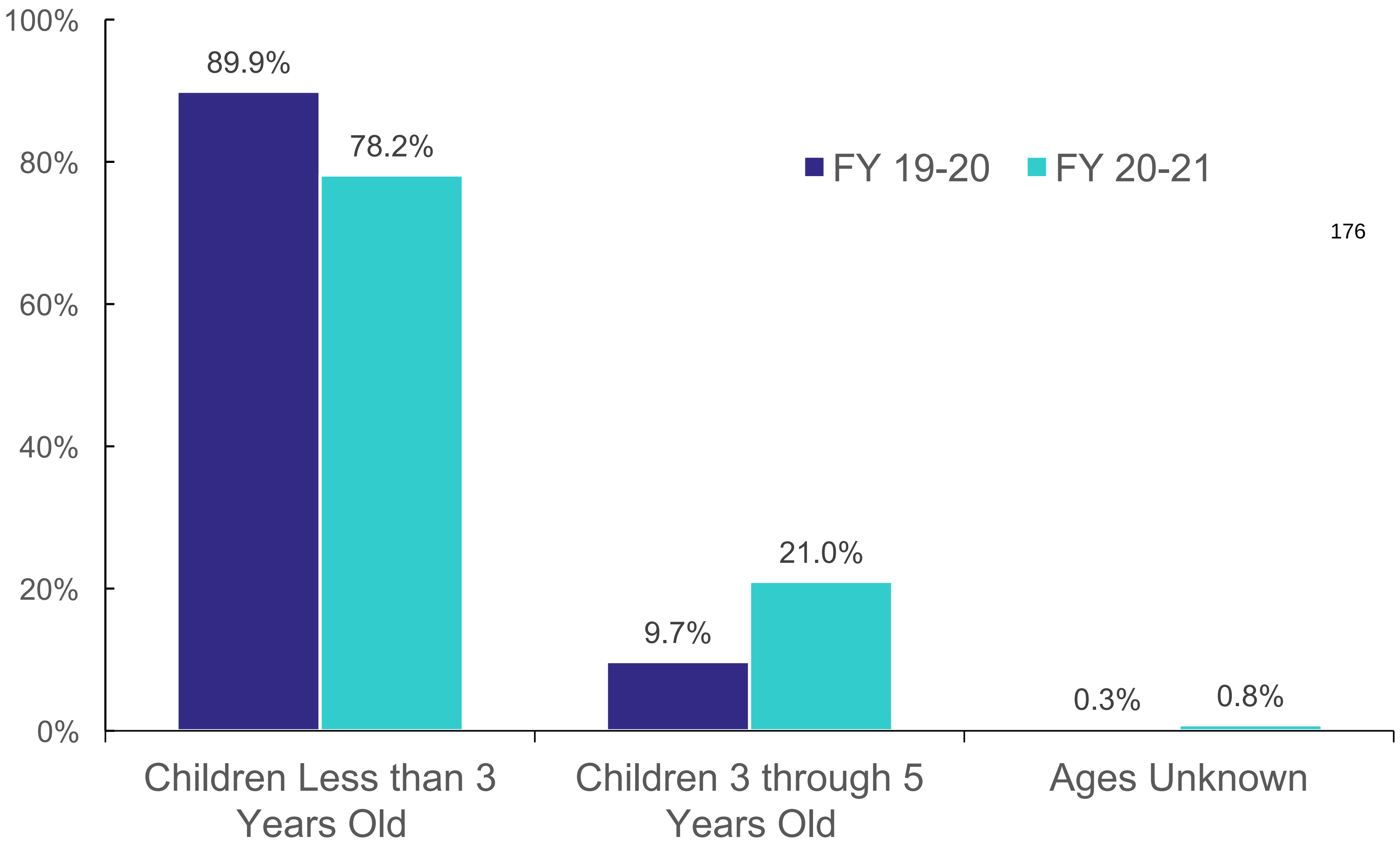
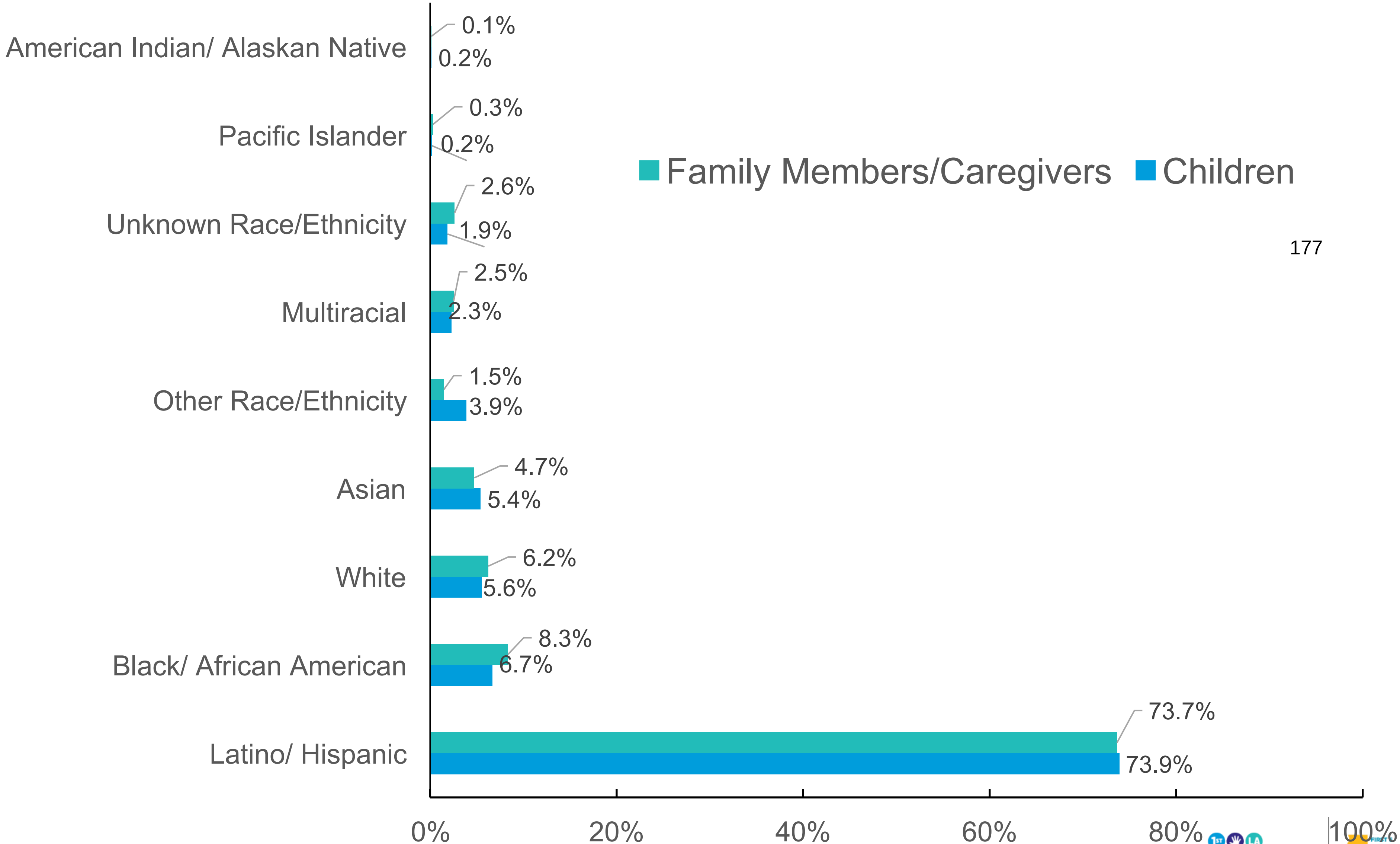


Compared to FY19-20, the proportion of 3- to 5-year-olds served through First 5 LA investments increased in FY20-21



Consistent with previous years, the overwhelming majority of those served were Latino/Hispanic



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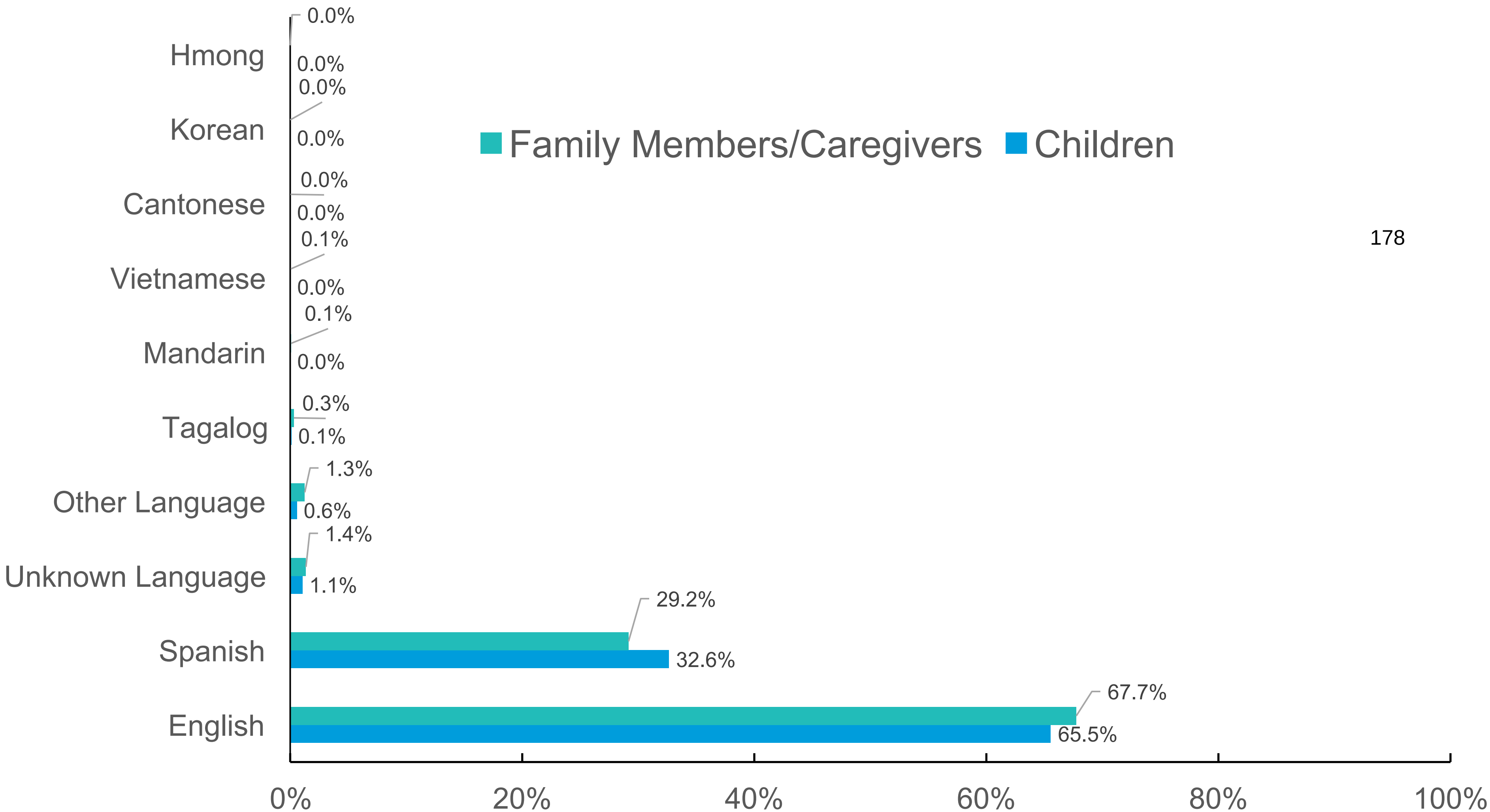
Consistent with previous years, English is reported as the primary language spoken in the majority homes of those served



Summary of Findings & Next Steps

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Summary of FY 20-21 Preliminary Findings

1. The number of children and providers served through First 5 LA investments doubled compared to FY19-20.

2. Demographics of children and family members/caregivers served remained consistent with the previous year.

3. Consistent with the 2020-28 Strategic Plan, First 5 LA continues to increase its investments aimed at improving systems of care.

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Next Steps

1. Finalize Report Content

- Finalize revenue and expenditure data
- Finalize County Highlights

2. Receive approval to submit

- Present final report at October Board of Commissioners meeting, 10/14/21

3. Submit Report

- Upload into F5CA data system
- Submit by 10/30/21

4. Develop L.A. County Data Brief

- Gather Board insights at January Program and Planning Committee meeting
- Release L.A. County Data Brief in Spring 2022

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1. What questions do you about the Annual Report preliminary findings?

2. What are your reactions to the Annual Report preliminary findings?

Questions?

Agenda Item: 6
Date: September 23, 2021

FIRST 5 LA

SUBJECT:
Establish a Strategic Partnership with Communities Lifting Communities, Fiscal Sponsor for Cherished Futures for Black Moms and Babies, in the Amount of $500,000 to Provide a Hospital Quality Improvement Initiative to Reduce Birth Disparities for the Period of 24 Months.

RECOMMENDATION (PROVIDED AS INFORMATION):
This memo is provided as information for the Board's consideration at the September 23, 2021 Program and Planning Committee. First 5 LA staff recommends that at the October 14, 2021 Commission meeting, the Board approve the establishment of a Strategic Partnership with Communities Lifting Communities for an amount not to exceed $500,000 for the period of 24 months. Funds for FY 2021-22 are included within the FY 2021-22 First 5 LA Programmatic Budget under AAIMM Birth Outcomes & Disparities - Policy and Systems Change, which was approved by the Board of Commissioners in June 2021. Funds for FY 2022-23 will be included in the FY 2022-23 First 5 LA Programmatic Budget which will be presented to the Board for approval in June 2022. 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.

Additionally, the establishment of this Strategic Partnership changes the fiscal sponsor of Cherished Futures for Black Moms and Babies from the California Health Foundation and Trust, which previously served as fiscal sponsor and intermediary, to Communities Lifting Communities (CLC), which directly co-implements Cherished Futures in partnership with the Hospital Association of Southern California (HASC) and the Public Health Alliance (Alliance). CLC recently acquired 501(c)(3) status as a nonprofit corporation under HASC.

BACKGROUND:

Los Angeles County's African American Infant and Maternal Mortality Initiative

Cherished Futures for Black Moms and Babies is part of First 5 LA's $1,050,000 FY21-22 investment in the larger Los Angeles County African American Infant and Maternal Mortality (AAIMM) Initiative, a countywide coalition dedicated to addressing the disproportionately high rates of Black infant and maternal deaths and ensuring healthy and joyous births for Black families in L.A. County. Black mothers are currently four times more likely to die from pregnancy complications than their white counterparts, while Black infants are three times more likely to die within their first year of life when compared to white babies.

Led by the L.A. Department of Public Health (LACDPH) and in partnership with First 5 LA, AAIMM was launched in 2018 as part of LACDPH's 5-Year Plan to address the Black-White infant mortality gap in L.A. County. Through a series of comprehensive, coordinated strategies, AAIMM's goal is to reduce the gap in Black/white infant mortality rates by 30 percent by 2023. A central component of AAIMM is also recognizing and addressing racism and the stress resulting from exposure to racism as the root cause of birth disparities. First 5 LA's directly funds AAIMM efforts

First 5 LA's unique contribution and AAIMM investment strategy are grounded in policy and systems change in support of interventions through three focus areas: quality improvement, sustainability and communications/stakeholder engagement. Our support of Cherished Futures for Black Moms and Babies falls within quality improvement as it is directly focused on increasing capacity of hospital/health care delivery to improve clinical practices and institutional policies aligned with community informed strategies to reduce black infant and maternal mortality.

First 5 LA will continually review and align our policy and systems change contributions to improve practice and service delivery to meet the needs of Los Angeles County's African American families and reduce disparities in birth outcomes.

Cherished Futures for Black Moms & Babies

A core component of the AAIMM initiative, Cherished Futures for Black Moms and Babies is a collaborative multi-sector hospital quality improvement effort led by Communities Lifting Communities (CLC), the Hospital Association of Southern California (HASC), and the Public Health Alliance of Southern California (Alliance) which aims to reduce mortality of Black infants and improve patient experience and safety for Black mothers and birthing people. Guided by the data and grounded in Black women's experiences, Cherished Futures brings together decision-makers from local birthing hospitals, public health departments, health plans, and regional Community Ambassadors to co-design upstream, systems-change solutions at the clinical, institutional, and community levels.

The project is currently centered in South Los Angeles, South Bay, and the Antelope Valley -- the regions of LA county with the highest rates of adverse outcomes for Black families, though the need exists throughout the county. Five hospitals have participated in the pilot cohort of Cherished Futures: Antelope Valley Hospital, Cedars-Sinai, Centinela Hospital Medical Center, Dignity Health California Hospital Medical Center, and Providence Little Company of Mary Medical Center Torrance. Collectively, these five hospitals accounted for one-third of all African American hospital births in Los Angeles County in 2016. Due to the COVID-19 pandemic, two hospitals (Antelope Valley Hospital and Centinela Hospital Medical Center) reduced or halted engagement with Cherished Futures during late 2020-early 2021; however, Antelope Valley has since indicated interest in re-engaging.

Cherished Futures Partnership Structure

Cherished Futures for Black Moms & Babies is a joint initiative of Communities Lifting Communities (CLC), the Public Health Alliance of Southern California (Alliance), and the Hospital Association of Southern California (HASC). CLC and Alliance are "co-implementers" for Cherished Futures and Alliance will be a subcontractor to CLC for funding purposes. HASC serves as the backbone organization for CLC and provides accounting, contracts management, auditing and employment support services.

In the initial year of Cherished Futures funding (2021), the California Health Foundation and Trust (CHFT) served as fiscal sponsor for CLC, Alliance, and HASC and provided the infrastructure needed to receive funding. However, CHFT does not play a major role in the implementation of the Cherished Futures Initiative. In 2021 CLC applied for and successfully received 501(c)(3) status, strengthening their organizational infrastructure and becoming eligible to directly receive and administer their own funding. Therefore, the establishment of this Strategic Partnership would change the fiscal sponsor for Cherished Futures from CHFT to CLC beginning in January 2022, providing funds directly to the co-implementing organization and reducing additional and unnecessary administrative burdens. CLC will administer funds and Alliance will be a subcontractor for funding purposes. Additional information about each partner is provided in the Justification section under "The Strategic Partnership can provide a demonstrated level of ability or expertise that is only available in the community through the proposed Strategic Partnership."

Board approval for the initial Strategic Partnership—with CHFT serving as the fiscal sponsor for Cherished Futures—was obtained on November 12, 2020 for the amount of $250,000 from January 1, 2021 to December 31, 2021. The establishment of this Strategic Partnership with Communities Lifting Communities would extend the Cherished Futures project for two additional years and in the amount of $500,000 for a total investment of $750,000 through December 31, 2023.

The Cherished Futures 2021 total Implementation Year budget was $535,000, including $250,000 of funding from First 5 LA for the initial year's funding, as well as $210,000 from LACDPH and $75,000 from the California Health Care Foundation (CHCF). Funds for 2022 and 2023 will be used to continue the core

Cherished Futures hospital improvement work, in combination with other funding sources: at this time, CHCF has committed funding in the amount of $150,000 for 2022 and $25,000 for 2023. LACDPH will also continue to fund Cherished Futures at an amount still to be determined.

Cherished Futures Achievements in 2021 and Planned Activities for 2022-2023

Cherished Futures completed the following activities in the 2021 Implementation Year:

- Hospital Cohort 1 Implementation Plans**:** Following a year-long planning and capacity-building process, all five pilot cohort hospitals developed initial implementation plans for reducing African-American maternal and infant health disparities. Implementation plans aim to reduce disparities through one or more interventions at each of four levels:
    - Clinical (e.g., prevention efforts focused on hypertension and preeclampsia)
    - Institutional (e.g., implicit bias trainings)
    - Community (e.g. community advisors, strategies to improve the patient experience)
    - Data (e.g. embedding routine reviews of data disaggregated by race)
- Collaborative Learning Convenings**:** Hosted three Collaborative Learning Convenings with participants representing hospital teams, Community Advisors, and strategic partners.
- Sister Circles and Community Advisors: In July 2020, Cherished Futures held their first "Sister Circle" listening session focused on uplifting the voices of Black birthing people and informing hospital implementation plans. Several participants in this event have since joined the hospital teams as Community Advisors, and a second Sister Circle is planned for fall 2021.
- Reviewing Disaggregated Data**:** Worked with all pilot hospitals to review data disaggregated by race/ethnicity on key maternal and infant health indicators in order to better identify and monitor disparities. Cherished Futures is providing technical assistance to embed these data reviews as a routine practice.
- Technical Assistance**:** Led monthly technical assistance calls with hospital teams to support further planning and implementation of hospital equity initiatives, and developed a Quality Improvement Coaching/Technical Assistance template to assess progress.
- Developed and Launched an Evaluation Plan, including benchmarks and specific measures to assess hospitals' success in implementing the Cherished Futures interventions.
- Initiated Planning for a Second Cohort of Hospitals: Reviewed available data & completed planning meetings to define criteria for recruiting the next cohort of Cherished Futures sites.
- Secured Additional Funds: Secured new funding from Blue Shield of California Promise Health Plan, Healthnet, and Centene Foundation to support expanding Cherished Futures work in areas that complement their core work on hospital quality improvement. Specifically, these new funding sources will be used to fund: (1) exploration of a Birth Equity Designation for hospitals, (2) an initiative to identify strategies to strengthen doula-hospital connections, and (3) expand Cherished Futures work to include community clinics.
- Connections to AAIMM: Connected hospital teams to AAIMM and Frontline Doula leadership to foster collaboration in the broader AAIMM initiative.
- Communications: Launched the Cherished Futures website in April 2021; published the first Cherished Futures Collaborative Newsletter in July 2021; partnered with Our Health California on a three-part series about the Cherished Futures story.

In FY2022 and 2023, Cherished Futures will extend its work to a second cohort of hospitals while continuing to provide ongoing technical assistance to and evaluation of the first cohort. Implementation year 2022 will focus primarily on planning and capacity building for cohort 2, and ongoing implementation support and evaluation for cohort 1. Implementation Year 2023 will focus on ongoing implementation and evaluation support for both cohorts, as well as expanding Cherished Futures communications and disseminating findings. Cherished Futures will support hospital teams in the new cohort to develop community-informed implementation plans to improve the experience and outcomes of Black birthing families, while continuing to strengthen network-building and regional collaboration through continued Collaborative Convenings and Learning Sessions (3-4 per year). Additionally, in 2022 Cherished Futures will hold a second Sister Circle listening session to uplift the voices of Black women and birthing families and to inform hospital implementation plans.

Pursuant to the Procurement Policy, Strategic Partners of $75,000 or more in a fiscal year must be presented to the Board for approval. Staff is requesting an establishment of a Strategic Partnership for an amount not to exceed $500,000 for the period of 24 months to comply with this policy.

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

Sustainability: First 5 LA's support to Cherished Futures for Black Moms and Babies will continue to build evidence for the interventions and strategies of the hospital quality improvement effort, serving as a catalyst for additional adoption, scale and sustainability of interventions and strategies. While Cherished Futures provides ongoing support and technical assistance, implementation plans are primarily co-designed, led, and funded by hospital teams and their Community Advisors, thus better ensuring long-term sustainability.

Leveraging: Cherished Futures leveraged a total of $285,000 in 2021 from LACDPH and CHCF to support their core work, in addition to First 5 LA's investment of $250,000. In 2022-2023 Cherished Futures will continue to leverage funds from these sources, with additional funding from Blue Shield of California Promise Health Plan and Health Net and Centene Foundation for Quality Healthcare. For additional details, please see the Justification Section, under "The Strategic Partnership provides an opportunity to leverage First 5 LA funds to produce additional funding for the program or initiative or service."

JUSTIFICATION:

This Strategic Partnership meets the criteria below:

☐ The Strategic Partnership can provide specific resources needed by First 5 LA to implement an approved program or initiative in a manner or on a scale that makes the Strategic Partnership more cost effective than resources provided through a competitive solicitation; or

☐ The Strategic Partnership can implement an approved program or initiative more expeditiously than resources provided through a competitive solicitation; or

☒ The Strategic Partnership can provide a demonstrated level of ability or expertise that is only available in the community through the proposed Strategic Partnership; or

☒ The Strategic Partnership provides an opportunity to leverage First 5 LA funds to produce additional funding for the program or initiative or service.

AND

☒ The proposed Strategic Partnership is aligned with the adopted Strategic Plan.

The Strategic Partnership can provide a demonstrated level of ability or expertise that is only available in the community through the proposed Strategic Partnership:

Communities Lifting Communities (CLC), the Hospital Association of Southern California (HASC), and Public Health Alliance (Alliance) have demonstrated in the first year of implementation their ability and expertise to further the goals of supporting better outcomes for Black mothers and infants through hospital quality improvement. Drawing on lessons learned from their first cohort of five hospitals, the Cherished Futures team intends to expand this model to a new cohort in 2022-2023. Cherished Futures for Black Moms and Babies is also the only hospital quality improvement effort that is a partner in the AAIMM Initiative.

Each partner organization additionally brings unique assets and areas of expertise to the Cherished Futures Initiative:

- Communities Lifting Communities is a 501(c)(3) nonprofit organization working to advance systems change through a collective action model. CLC's expertise lies in building collaboration and collective action across health systems, community members, and other stakeholders, and together with Alliance and HASC they ensure that Black women's voices remain at the center of the Cherished Futures work. CLC was founded in 2017 as an initiative of HASC focused on developing and implementing community health projects, and has co-led Cherished Futures since its inception. In 2021, CLC obtained independent 501(c)(3) status in order to institutionalize this work and open the door to new funding opportunities. However, CLC retains a close relationship with HASC and will continue to receive backbone support related to accounting, contracts management, auditing and employment services.

- The Hospital Association of Southern California is a not-for-profit 501(c)(6) trade association comprised of nearly 180 member hospitals and 35 health systems in Los Angeles, Orange, Riverside, San Bernardino, Santa Barbara and Ventura counties. HASC's participation in Cherished Futures provides a unique opportunity to reach and partner with hospitals in Los Angeles County, as well as to share lessons learned across a broader network of hospitals in the future.
- The Public Health Alliance of Southern California is an existing collaborative of local health departments in Southern California, including Los Angeles, Long Beach and Pasadena. Collectively, Alliance members have statutory responsibility for the health of 50% of California's residents. They focus on multi-sector policy, systems and environmental change to improve population health and equity. Similarly to HASC, partnership with Alliance helps to strengthen the current and future reach of Cherished Futures, leverage local expertise across health systems, and provides opportunities for sharing lessons learned in the future to amplify impact.

Altogether, the implementation experience and combined expertise of the Cherished Futures partners clearly demonstrate that this level of ability and expertise is only available through the proposed Strategic Partnership.

The Strategic Partnership provides an opportunity to leverage First 5 LA funds to produce additional funding for the program or initiative or service:
The Strategic Partnership provides an opportunity to leverage LACDPH and CHCF funds to support Cherished Futures for Black Moms and Babies. LACDPH contributed $210,000 for the 2021 Implementation Year to support core program work, with future funding amounts to be determined. CHCF funded $75,000 in 2021 and has committed to funding $150,000 for 2022 and $25,000 for 2023 to support core program work. The following additional funding has also been committed to expand Cherished Futures' scope to include complementary projects focused on strengthening doula-hospital connections, exploring a birth equity designation for hospitals, and increasing engagement with community clinics: $300,000 over three years (2021-2023) from Health Net and Centene Foundation for Quality Healthcare, and $200,000 from Blue Shield of California Promise Health Plan for FY21 with potential for continued funding.

The proposed Strategic Partnership is aligned with the adopted Strategic Plan:
The proposed funding is closely aligned with Strategic Priority 1.2 *Advocate for policies and transformative practices to ensure that public systems provide maternal health services as well as child early identification and intervention services* and 1.2-3 *Increased accessibility, quality and responsiveness of hospital and health plan systems to reduce disparities in Black infant and maternal mortality*. This proposed Strategic Partnership aligns with First 5 LA's policy and systems change strategy by supporting efforts to bolster African-American families' utilization of and experience with primary, prenatal and postnatal services.

Additionally, the proposed strategic partnership with Communities Lifting Communities aligns with First 5 LA's Investment Guidelines of Equity and Partnership, as Cherished Futures aims to reduce disparities in maternal and infant mortality and improve the birth experience of Black birthing people and babies through partnership with community, public, and private sector partners.

NEXT STEPS

Staff anticipates returning to the Board for action on the Strategic Partnership and for approval to execute a contract with Communities Lifting Communities for an initial contract not to exceed $250,000 for the period of 12 months at the October Board meeting.

Agenda Item: 7
Date: September 23, 2021

FIRST 5 LA

SUBJECT:
Authorize First 5 LA to Receive Funds from Los Angeles County Department of Public Health (LACDPH) for African American Infant and Maternal Mortality (AAIMM) Strategic Communications, Approve Resolution # 2021-07, and Authorize First 5 LA Staff to Execute a Memorandum of Understanding (MOU) in the Amount of $385,000.

RECOMMENDATION:
The following recommendations are being presented as written information for the Board's consideration at the September 23, 2021 Program and Planning Committee meeting. First 5 LA staff recommends that at the October 14, 2021 Commission meeting, the Board approve the following actions related to the African American Infant and Maternal Mortality (AAIMM) Strategic Communications Initiative:

1. Approve Budget Resolution #2021-07 to approve receipt of funds in the amount of $385,000 through June 30, 2023 to continue implementation of the African American Infant and Maternal Mortality Strategic Communications Initiative.

2. Authorize the Executive Director to complete execution of amended Memorandum of Understanding (MOU) with LACDPH upon approval from the Board at the October 14, 2021 Board of Commissioners meeting to receive additional funding of $385,000 for total funding of $735,000 through June 30, 2023.

3. Authorize the Executive Director to accept and enter into agreements for additional funding from Los Angeles County Department of Public Health (LACDPH) should additional funding continue for the African American Infant and Maternal Mortality Strategic Communications Initiative.

BACKGROUND:

First 5 LA's Birth Disparities Allocation
On November 14, 2013 the First 5 LA Board of Commissioners approved a motion to allocate $500,000 to support policy and systems change approaches that address the disparity in positive birth outcomes in African-American families. In the same motion the board approved allocations to: enhance and extend the First 5 LA's Black Infant Health Initiative for five years; and, (2) to support at-risk fathers of children from birth to five-years-old. Through the allocation First 5 LA has supported:

- The creation of a fellow, initially funded by the Pritzker Family Foundation with matching funds from First 5 LA, to lead AAIMM stakeholder engagement and strategic communications efforts in partnership with Los Angeles Department of Public Health;
- Strategic communications efforts to foster awareness about the disparity, interventions and associated efforts within the County;
- Data requests to the California Department of Health Care Services on Medi-Cal prenatal health care utilization of African-American enrollees within the County to inform key County and State birth disparity reduction initiatives; and
- Research to better understand African-American families' experiences with systems of care, improve the recruitment and retention of African-American families in home visitation and increase home visitation workforce diversity.

Los Angeles County's African American Infant and Maternal Mortality Initiative and the California Perinatal Equity Initiative
The Center for Health Equity, a Los Angeles County Health Agency Initiative led by the LACDPH, has a focus on eliminating the African-American infant mortality disparity. This has created a critical opportunity to align First 5 LA's work in improving perinatal outcomes with the efforts of the Health Agency. First 5 LA is well positioned to contribute to this effort. First 5 LA supports several County-wide strategies to reduce African-American infant and maternal mortality rates in collaboration with the Los Angeles County

Department of Public Health. First 5 LA staff including the Pritzker Fellow serve on the AAIMM management team alongside LACDPH leadership to guide the implementation of the Center for Health Equity's 5-year action plan to reduce disparities by 30% and inform the activities to be funded by the State of California Perinatal Equity Initiative ("PEI"). The purpose of the State PEI funding is to expand the scope of interventions provided under the Black Infant Health ("BIH") program to mitigate disparities in African American perinatal outcomes. Funding projections estimate the total funding available to LA County will be $1.4 million annually from FY 19-20 until FY 22-23. Through a community needs, preferences and feasibility assessment, three interventions were included in the Los Angeles County PEI application: (1) group prenatal care; (2) pregnancy intentionality; and (3) fatherhood engagement. An additional $2.2 million has been contributed by the Los Angeles County Department of Health Services Whole Person Care Program to expand doula support access for African American families. The Doula Project aims to improve birth outcomes for African American women and infants and will include free doula services for eligible families, public awareness and doula trainings.

Receipt of Funds for Strategic Communications Initiative
In order to build community awareness of the disparities and generate demand around the interventions being created or expanded, First 5 LA has led the development and implementation of strategic communications. Implemented communication strategies include core message development; establishment and maintenance of a website (Black Infants and Families Los Angeles) that serves as a central point for fostering awareness about the disparity, interventions and associated efforts within the County; stories on NPR and social media channels; and sponsorship of community events. First 5 LA initially received $350,000 to support AAIMM Communications for FY19-20 and 20-21. Additional funding of $385,000 is available to First 5 LA, thus the request for the amended MOU to continue the work through 2023 for a project total of $735,000.

Key Activities and Deliverables
First 5 LA responsibilities under this MOU will include:

1. Conduct at least one focus group to understand current level of awareness of African American women related to doulas, as well as what messages most resonate with them as culturally relevant, respectful, and prompting of action;
2. Develop radio advertising targeting Los Angeles County African American women and their families for AAIMM initiative activities;
3. Develop print advertising concerning AAIMM initiative activities in community newspapers targeted towards African American people in Los Angeles County;
4. Develop outdoor advertising (e.g., billboards) concerning AAIMM initiative activities targeted towards African American people in Los Angeles County;
5. Develop digital media advertising concerning AAIMM initiative activities (e.g., web banner ads, social media ads, creation of social media posts in the form of video, banner ads, blogs, etc.);
6. Create digital and print collateral concerning AAIMM initiative activities;
7. Implement two (2) community events designed to engage the local African American community around awareness of the value of doulas;
8. Compile annual report of communications activities, reach, and impact; and
9. Participate in monthly meetings with AAIMM Management Team.

This proposed Initiative aligns with First 5 LA's Policy and Systems Change strategy by supporting efforts to bolster African-American families' utilization of and experience with primary, prenatal and postnatal services. The Strategic Communications Initiative leverages external funding to support and expand strategic communication efforts already underway. The received funds will be included in the FY 2021-22 Budget, by way of the mid-year adjustment process, and the FY 2022-23 proposed Budget.

On November 14, 2019, the Board approved Budget Resolution #2019-05 to approve receipt of funds in the amount of $350,000 through June 30, 2021 to implement the African American Infant and Maternal Mortality Strategic Communications Initiative and authorized the Executive Director to complete execution of the MOU with LACDPH to receive funds in the amount of $350,000 through June 30, 2021. Presently, we have a no-cost extension in place through October 2021 until this amended MOU is approved. DPH is concurrently seeking Board approval and will grant funds and issue the MOU to First 5 LA for $385,000 through June 30,2023 once both parties have signed the MOU.

NEXT STEPS:

Staff will return to the next scheduled Board of Commissioners meeting on October 14, 2021 to request approval of a budget resolution to accept receipt of funds in the amount $385,000 through June 30, 2023 from Los Angeles County Department of Public Health (LACDPH) to continue implementation of the African American Infant and Maternal Mortality (AAIMM) Strategic Communications, authorize the Executive Director to complete execution of the amended MOU with LACDPH upon approval from the Board, and authorize the Executive Director to accept additional funding from Los Angeles County Department of Public Health (LACDPH) should additional funding continue for the African American Infant and Maternal Mortality (AAIMM) Strategic Communications Initiative.

Agenda Item: 8
Date: September 23, 2021

FIRST 5 LA

SUBJECT:
Amend a Strategic Partnership with Resources Legacy Fund in the Amount of $150,000 for a Total of $750,000 Through October 29, 2022 to Manage the Pooled Fund for Link Advocates Governments Families and Parks (LINK), a Parks and Open Space Advocacy Program in the Best Start Communities

RECOMMENDATION (PROVIDED AS INFORMATION):
This memo is provided as information for the Board's consideration at the September 23, 2021 Program and Planning Committee meeting. First 5 LA staff recommends that at the October 14, 2021 Commission meeting, the Board approve the amendment of a Strategic Partnership with Resources Legacy Fund in the amount of $150,000 for a total of $750,000 through October 29, 2022. Funds for FY 2021-22 are included within the current First 5 LA Programmatic Budget under *Link Advocates Governments Families and Parks (LINK)*, which was approved by the Board of Commissioners in June 2021. Funds for FY 2021-22 will be included in the FY 2022-23 Budget which will be presented to the Board for approval in June 2022. 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:
The current Strategic Plan acknowledges the important role that access to parks and open space plays in supporting a child's growth and development. Today, only half of young children in LA County live within walking distance of a park. Research finds that access to green space may support increased prosocial behavior among children, and by increasing access to parks and open spaces, particularly in the areas with low access (like the Best Start communities), families may have more opportunities to be active and connect with others. Access to parks and open space can improve community conditions that will impact a child's development for school readiness and success in life. As a result, First 5 LA's Indicators Report identified "Access to Parks" as a key result indicator, which measures the percentage of Los Angeles County children from birth through age 5 who reside within walking distance (one half-mile) of a park or other open space.

With this strategic imperative, the *Link Advocates Governments Families and Parks (LINK)* program, spearheaded by First 5 LA, has been working since October 2019 towards two outcomes:

1. **Strengthening capacity and supporting movement building in Best Start communities to leverage funding for parks and open space:** Current and future Link grantees include a local community partner, an expert in park development, and municipal government. This expert will help build the capacity of the partners to leverage government funding through creating a park plan and supporting them in applying for at least one grant to build a project from the plan. The goal is to help support the emergence of movements and to strengthen community capacity to advocate for resources that can be sustained throughout the life of a park or open space project.
2. **Ensuring that parents and residents have a voice in decision-making and that the funding meets the needs of children and families:** The teams will collaborate with Best Start parents and residents to develop a Parks Vision document. The plan will outline the community's priorities for parks and open space, ensuring that the leveraged funding – which may draw down from local, county, or state grants – responds to their needs. The goal is to help strengthen capacity to advocate for parks and open space, and to help connect, maximize, and coordinate public resources, relationships, and local assets within the Best Start geography (our Strategic Priority 2).

This project has leveraged over $1.15 million in funding for parks and open space advocacy in Best Start communities, including First 5 LA's initial contribution of $600,000. Three additional funders have contributed funding to the program and pool with Resources Legacy Fund (RLF) to manage the Link program. This includes:

- The Rosalinde and Arthur Gilbert Foundation, $100,000
- Resources Legacy Fund, $200,000
- The California Wellness Foundation, $250,000

These funders were engaged through the Los Angeles Funders Collaborative, a network of Los Angeles-based funders focused on improving built environment conditions. Currently, First 5 LA holds a co-chair position on the Los Angeles Funders Collaborative, and we continue our outreach to funders for leveraging and collaboration opportunities for the Link program in other Best Start regions. With this amended and extended Strategic Partnership, First 5 LA can leverage recent funding from The California Wellness Foundation ($250,000) to support the community-based organizations, parents, and residents who are advocating for higher quality parks and open space in Best Start Region 2 through the Link program.

Link established teams in 3 Best Start communities. The teams have secured – or are in the process of securing – a Memorandum of Understanding (MOU) with the municipal governments to formalize the partnerships. All teams have engaged and surveyed community residents for their needs and desires as it relates to parks and open space. The 3 teams include:

1. **Southeast LA (Cities of Cudahy and Maywood):**
   a. Community partner: Communities for a Better Environment (CBE)
   b. Parks expert: LA Neighborhood Land Trust
   c. Municipal partner: Cities of Cudahy and Maywood
2. **South El Monte/El Monte:**
   a. Community partner: ActiveSGV
   b. Parks expert: Trust for Public Land
   c. Municipal partner: City of El Monte
3. **Panorama City:**
   a. Community partner and parks expert: Pacoima Beautiful
   b. Pro-bono technical expert: Studio MLA
   c. Municipal partners: Office of Council President Nury Martinez and the City of Los Angeles

Strategic Partnership with Resources Legacy Fund (RLF)
The Strategic Partnership with Resources Legacy Fund was previously approved by the First 5 LA Board of Commissioners on July 11, 2019 in the amount of $600,000 for a two-year period, with an estimated project and contract start date of October 2019. Since October 2019, RLF has managed the pooled fund for Link. Tasks include: administering grants, convening and providing technical assistance to grantees, convening philanthropic partners, and providing communications and outreach support to external stakeholders.

This request is to amend the Strategic Partnership with RLF for additional funding in the amount of $150,000 and extension of one year for a total project cost of $750,000 and project period of three years (October 2019 – October 2022). The augmented funds and extended time will help: 1) Strengthen RLF's capacity to manage the Link program, 2) Support evaluation and communications of the Link program in order to influence the philanthropic field and build sustainability of program outcomes, and 3) Leverage the $250,000 contribution from The California Wellness Foundation to expand the Link program into Best Start Region 2 (South LA communities) and, depending on need, into Best Start Region 4 or 5.

Pursuant to the Procurement Policy, Strategic Partnerships of $75,000 or more in a fiscal year must be presented to the Board for approval. Staff is requesting an amendment and extension to the Strategic Partnership through October 29, 2022 in the Amount of $150,000 for a Total Project Cost of $750,000 to comply with this policy.

GOVERNANCE GUIDELINES #5 AND #6 (SUSTAINABILITY AND LEVERAGING):
An amendment of the Strategic Partnership with RLF provides an opportunity to leverage First 5 LA's funds to garner additional funding from philanthropic partners to support Strategic Priority 2 of First 5 LA's Strategic Plan and work towards success in the "Access to Parks" indicator of First 5 LA's Indicators Report. RLF primarily manages the Link program, however, the strategy and decisions are driven by and in consultation with the Link funders, including: First 5 LA, The Rosalinde and Arthur Gilbert Foundation, RLF, and most recently, The California Wellness Foundation. Currently, the Link program has pooled more than $1.15 million in assets, including First 5 LA's initial contribution of $600,000. In 2019, the Link program initially proposed 2 pilot locations – currently, Link operates in 4 cities and is close to securing a fifth location in the South LA area. When First 5 LA's support ends, it is anticipated that some of the Link funders will continue to support the Link program at a reduced level and with program adjustments. Additionally, all contributing partners are committed to continuing outreach to additional funder partners to support the overall effort.

JUSTIFICATION:

This Strategic Partnership meets the criteria below:

☐ The Strategic Partnership can provide specific resources needed by First 5 LA to implement an approved program or initiative in a manner or on a scale that makes the Strategic Partnership more cost effective than resources provided through a competitive solicitation; or

☒ The Strategic Partnership can implement an approved program or initiative more expeditiously than resources provided through a competitive solicitation; or

☐ The Strategic Partnership can provide a demonstrated level of ability or expertise that is only available in the community through the proposed Strategic Partnership; or

☒ The Strategic Partnership provides an opportunity to leverage First 5 LA funds to produce additional funding for the program or initiative or service.

AND

☒ The proposed Strategic Partnership is aligned with the adopted Strategic Plan.

The Strategic Partnership can implement an approved program or initiative more expeditiously than resources provided through a competitive solicitation.

The Resources Legacy Fund (RLF) has the organizational capacity and experience to continue implementing the Link project in a more expeditious manner because of their capacity and experience in managing pooled funds and partnerships. RLF's mission is to partner with donors from idea conception to final success with donors driving the results while RLF manages program implementation. Through partnerships, RLF receives funding from multiple donors and manages pooled funds to achieve the desired results. This includes invoicing, contracting, convening and managing networks of donors for shared decision making to work toward a common goal. For example, RLF has experience pooling funds from members of the Los Angeles Funders' Collaborative to manage the creation of the Measures Matter report. Additionally, RLF has nearly 20 years of experience working in partnerships with funders and donors on complex projects related to parks and open space and other environmental issues. One example is supporting the Climate Justice Working Group composed of 14 organizations as they crafted guiding principles for funding and policy decisions related to climate change impacts.

The Strategic Partnership provides an opportunity to leverage First 5 LA funds to produce additional funding for the program or initiative or service.

Through partnering with RLF, First 5 LA will be able to leverage our existing funds committed to Link with anticipated funds from several other funders. To date, three additional funders have contributed funding to the program (see description of additional funders above) and pool with RLF to manage the Link program.

The Strategic Partnership is aligned with the adopted Strategic Plan.

The current Strategic Plan acknowledges the important role that access to parks and open space plays in supporting a child's growth and development. Research finds that access to green space may support increased prosocial behavior among children, and by increasing access to parks and open spaces, particularly in the areas with low access (like the Best Start communities), families may have more opportunities to be active and connect with others. The amended strategic partnership with RLF is aligned with First 5 LA's efforts to address access to parks and open space.

NEXT STEPS

Staff anticipates returning to the Board for action at the October Board meeting to amend this Strategic Partnership and seek authority to execute a contract amendment and an extension to the contract through October 29, 2022 in the amount of $150,000 for a total project cost of $750,000.