AGENDA

SPECIAL MEETING OF THE
BUDGET & FINANCE COMMITTEE
Chair: Marv Southard

Thursday, December 20, 2012
1:00 pm - 3:00 pm

Meeting Location:
First 5 LA
Commissioner Conference Room – 1st Floor
750 N. Alameda Street
Los Angeles, CA 90012

Item 1 Call to Order
Item 2 Public Comment for Items on the Agenda
Item 3 Review of Meeting Notes – April 20, 2012
Item 4 Long-Term Financial Plan
Item 5 FY 2013-14 Budget Schedule
Item 6 Adjournment

ACTION
INFORMATION
INFORMATION
DISCUSSION
DISCUSSION
ACTION
Item 1

Call to Order
Item 2

Public Comment
for Items on the Agenda
Item 3

Review
of Meeting Notes – April 20, 2012
SUMMARY MEETING NOTES
Special Meeting of the Budget & Finance Committee
April 20, 2012

COMMISSIONERS PRESENT:
Commissioners:
Marvin Southard [Committee Chair]
Philip Browning

COMMISSIONERS ABSENT:
Jane Boeckmann [Excused]
Antronette Yancey [Excused]

STAFF PRESENT:
Craig Steele, Interim Chief Executive Officer
Antonio Gallardo, Chief Program Officer
Raoul Ortega, Interim Finance Director
Alison Mendes, Economic Analyst
Maria Romero, Executive Assistant

CONSULTANT(S):
Christina Atmayer, Atmayer Consulting

LEGAL COUNSEL:
None

1. Call to Order
The meeting was called to order by Chair Southard at 9:20 am.

2. Public Comment for Items on the Agenda
None.

No changes were made to the meeting notes.

THE ITEM WAS RECEIVED AND FILED

4. Introduction of Operating and Program Budgets
Interim CEO Steele provided context for the budget presentation. The presentation will provide an overview of the FY 2012-13 budget process. Actual budget detail will be presented at the meeting scheduled for May 4. Interim CEO Steele introduced Christina Atmayer, the consultant hired to work on the budget given the departure of the Finance Director earlier in the year.

The presentation focused on five major areas: (1) changes in the FY 2012-13 budget process; (2) FY 2012-13 budget assumptions; (3) long-term financial plan and fund balance forecast; (4) budgetary control and management recommendations; and, (5) next steps.
Ms. Altmayer reported the total preliminary budget was $205.7 million. This number was 95 percent accurate with minor changes still pending.

The First 5 LA budget is comprised of two major elements—programs and operations. The program budget totals $188.9 million (92% of total budget) and includes the cost of services provided by grantees and contractors on behalf of First 5 LA. The program budget encompasses all program planning, implementation, evaluation and associated public education and marketing expenses.

The operating budget totals $16.8 million (8% of total budget) and reflects the costs of First 5 LA’s internal operations and management. This includes salaries and benefits, travel, and related supplies and services. Within the operating budget, there are three types of expenses:

- Program – program design, development and management.
- Research & Evaluation – program evaluation, data collection and reporting.
- Administration - support, general management, common purpose costs; First 5 LA policy is to review and establish an administrative cap annually.

Ms. Altmayer also reported that cost determinations were based on the First 5 Financial Management Guide; and, program and Research and Evaluation costs were charged to the program budget.

The FY 2012-13 budget process was redesigned to support accurate and realistic expenditure forecasts since one of the issues that needs to be address by the Commission is the level of under spending. Out of the approved FY 2011-12 budget of $180 million, it is estimated that approximately $90 million will only be spent through June 30, 2012. This year, program staff and managers have prepared a workplan for each major program initiative or project. Each workplan defines the long-term goal that the project seeks to impact, major measurable objectives of the project, and the specific activities associated with achieving the objective. Each activity is linked to the fiscal year quarter in which the activity will be completed and each activity is also linked to specific program or operational budget requests. All of the work from all departments that are involved in supporting a program or initiative is consolidated in one common workplan.

Ms. Altmayer commented that significant progress was made in the revised process, but further work will be necessary to support effective planning with partners and grantees to develop more accurate budgets, forecasts, and program management. This may include training, planning sessions or other tools.

As part of the budget development process, program staff was trained on new budget requirements. Regular meetings between Finance Department and program staff were scheduled to improve accurate and realistic budget projections, identify dependencies (i.e., workplans contingent on new staff), highlight operational impacts of program growths (i.e., estimate contracting implications), and promote program accountability for budget projections. Staff also identified areas for improved financial management and budgetary control.

Additional changes in the FY 2012-13 budget process include a segregated approval for contract authority. Per contracting requirements, sufficient budget authority
must be in place to execute new agreements. Given the time needed to execute contracts, segregated contract approval requests should be done for those contracts anticipated to be executed in FY 2011-12 with expenses in FY 2012-13.

A funding baseline and supplemental budget requests were developed to highlight new funding and policy actions for the Commission. The funding baseline can meet either of three criteria:

(1) program or project included in the FY 2011-12 budget and there is continuation of the current scope or the next planned step in the budget; or
(2) program or project has received a multi-year allocation; or,
(3) program or project was approved for a multi-year contract

The supplemental budget requests represent notable expansion or change of a scope previously approved in the FY 2011-12 budget or allocation. It can also be a new program or project that does not have a prior Commission allocation action or was not approved in the FY 2011-12 approved budget.

Ms. Altmayer stated the proposed First 5 LA budget will be finalized based on the following set of budget assumptions.

a) The FY 2011-12 actual revenue forecasted is expected to be 2.5 percent lower than the FY 2010-11 actuals.

b) FY 2012-13 revenue is projected to be $94.8 million.

c) Program revenue of $9 million will consist of the First 5 CA Signature Project Funding for Preschool.

d) Operating revenue will be supplemented by a $60,000 lease of the childcare center.

e) Interest earnings are projected to be 1.12 percent of the projected cash balance.

Interim CEO Steele clarified that this was the first time the Commission would receive lease revenue from the childcare center. The childcare center has been operating rent free since they moved in.

Ms. Altmayer also reported that the program budget package will summarize major efforts in each of the program areas for FY 2012-13 in Best Start, prior strategic plan investments, County-wide strategies, and research and evaluation.

The overall operating budget is approximately $16.7 million; an increase of five percent from FY 2011-12 budget. Salaries and benefits comprise 78 percent of the operating budget; approximately 43 percent of the five percent increase. There is a proposed total staff increase of nine positions: Best Start (3); Grants Management (2); Contracts & Compliance (2); and Research & Evaluation (2). A cost of living increase is budgeted at two percent over FY 2011-12 budgeted salaries.

Commissioner Browning asked how staff positions were approved. Specifically, he wanted to know if the staff positions were approved at the full Commission or at a committee level. Interim CEO Steele responded that the approval of new staff positions would be done through the Executive Committee. The Budget & Finance Committee would address administrative and programmatic issues. All personnel issues and related policies fall under the realm of the Executive Committee.
Other major components of the operating budget include a capital outlay increase of 160 percent for telephone and building maintenance; the consultant budget line item was increased by approximately 24 percent primarily related to the CEO vacancy; the administrative budget is projected to be less than 4.5 percent of total budget and reflects changes in proposed cost determination methodology. The total administrative budget is projected to be $9.3 million.

The new budget process also provided an opportunity to develop standard budgeting for other administrative cost items such as travel, conferences, and subscriptions.

As a result of the new budget process, several budgetary control and management recommendations will be made for consideration by the Commission. These recommendations include regular monitoring of budget and activities against workplans. This can be accomplished through a quarterly review of progress report of workplans and a refined budget amendment process where first quarter amendments are based on year-end actual amounts and mid-year amendments are based on year-to-date actual amounts.

Another recommendation consists of revisions to the budgetary control policies and procedures. Proposed revisions include for the Finance Department to review all agendas prior to Commission action for conformance with budget, updates to the budgetary control policies and procedures, as well as aligning the budget and contracting policies and procedures.

Regarding administrative cost determination and reporting, the budget should align First 5 LA practices with comparable Proposition 10 Commission practices, a more limited definition of program costs should be established, the current policy should be revised to clarify controlling limit on administrative costs, and specific procedures should be developed to ensure compliance with administrative cost policies.

Ms. Altmayer concluded the presentation by reviewing the budget timeline. At the Budget & Finance Committee meeting of May 4, a detailed review will be done of the program and operating budget. During the May Commission meeting, the draft program and operating budget will be presented for discussion. The final proposed budget will be presented to the Commission for approval in June.

5. Introduction of Fund Balance Forecast

Ms. Altmayer reviewed the fund balance calculation and the multi-year financial plan. She advised the committee that some clean-up of the numbers reported would be done as funding continues to move from approved allocation to executed contract.

Based on the information presented, staff is recommending that the financial plan be updated in advance of the FY 2013-14 budget process. Additionally, staff recommends that the planning horizon be extended through 2020 to consider long-term implications of programs that are still in start-up, particularly Best Start.

Other staff recommendations include presenting the financial plan to the Commission in January 2013 to drive the FY 2013-14 budget and to consider moving to two-year budget planning as well as aligning the contract and budget cycle. This
SUMMARY MEETING NOTES

is especially important because the County does not include First 5 LA funding in the budget sent to the Board of Supervisors for approval as First 5 LA’s budget process is not completed in time. As a result, funding is not included in the County budget until the supplementary County budget is presented. More recently, the County has asked for a letter of commitment so that First 5 LA funding can be included in their budget without having to wait until the supplemental budget submission.

Furthermore, staff recommends that the Commission annually revisit the projections based on actual expenses and Commission funding actions, including actual expenses against allocations.

Ms. Altmayer also presented potential financial strategies that the Commission might want to consider to reduce reported fund balance. For instance, the Commission has $580 million in approved allocations that are pending contract executions or reserved funding for future year contracts. Ms. Altmayer also mentioned that an evaluation of other one-time strategies to reduce unrestricted fund balance should be considered such as expanding existing programs.

Chair Southard commented that it would be prudent for the Commission to have a reserve fund. Interim CEO Steele responded that Commission Chair Yaroslavsky feels that a reserve fund should exist and has instructed him to provide options in the next couple of months for having a reserve fund.

Interim CEO Steele also commented that further refinement to the total board approved demands include looking at the allocations for public education and research and evaluation as it is Commission policy for these two components to be included in every program. Given this, there is an approximate $15 million that potentially could be moved in to the unrestricted fund balance. In addition, some of the allocations to the County-wide programs may be unrealistic for implementation, meaning that allocations are greater than needed. Further analysis will provide more realistic figures.

ADJOURNMENT:

The meeting was adjourned at 10:34 am.

NEXT MEETING:

The next regularly scheduled meeting will be taking place as follows.

10:00 am – 12:00 pm
May 4, 2012
Commission Conference Room

Meeting minutes were recorded by Maria Romero, Secretary to the Board of Commissioners.
Item 4

Long-Term
Financial Plan
FIRST 5 LA

Long Term Financial Projection – FY 2013-17

Budget and Finance Committee
December 20, 2012
Agenda

- Long Term Financial Projection Overview and Purpose
- Summary of Key Findings
- Findings
- Assumptions
- Board Considerations
- Next Steps
Long Term Financial Projection Overview

- As part of the FY 12-13 Budget approval, the Board directed staff to prepare a Long Term Financial Projection that provided detailed and comprehensive projections based on a rigorous and systematic forecasting approach.
  - This approach represents an important step in the process of moving toward a 2-year budget.

- The LTFP goal is to establish a standard for financial stewardship whereby the expenditure of finite and declining resources is focused to maximize impact.
Long Term Financial Projection Overview

• Structure of LTFP:
  • Revenue forecast
  • Expenditure commitments/projections
    • Projections are supported by the current Strategic Plan and Board action, including policy decisions and allocations

• LTFP does not formally obligate or commit funds
  • Funds can only be committed as part of the annual budget or through a resolution
Summary of Key Findings

- The FY 2013–2017 LTFP reflects a transition from funding of the prior Strategic Plan investments to implementation of the current Strategic Plan
  - The Strategic Plan Implementation Plan acknowledged that time beyond the 5 years outlined in the current Plan is needed to achieve the goals in the Plan.
- The LTFP demonstrates a need to balance short-term and long-term strategies
  - In the short term, resources are adequate to cover existing obligations through the course of the current Strategic Plan.
  - In the long term, declining resources—fund balance and revenue are both projected to decline—combined with the design of the Family Strengthening strategies suggest that expenditures will exceed incoming revenue during the course of the next Strategic Plan and will depend on the remaining and declining fund balance and/or outside resources for sustainability.
Summary of Key Findings

- Long Term Funding Outlook – By the next strategic planning period (FY 2016 – FY 2020) the Commission will need to align annual funding with annual revenue.

- Engage Budget and Finance Committee to solicit input and guidance in Board level policy.
Findings

- Proposition 10 Tax Revenue – Revenues are projected to decline a total of 13% from FY 12-13 ($91.5 million) to FY 16-17 ($79.7 million). (See Chart on Slide 8.)

- Fund Balance –
  - July 1, 2012 beginning fund balance was $821 million
  - This total fund balance is projected to decrease by 64% to $299 million by June 30, 2017, a total decrease of $522 million. (See Chart on Slide 8.)

- Obligations (Allocations) –
  - Obligated resources have already been committed via Board action from the existing fund balance.
  - Of the total beginning fund balance of $821 million, approximately 79% is obligated to approved Board allocations ($646.5 million) as of July 1, 2012.
  - The LTFP estimates a remaining fund balance at June 30, 2017 of $299 million, of which approximately 22% continues to be committed for Board-approved allocations ($65.7 million).
Revenue and Ending Fund Balance Projections

First 5 LA is projected to spend down fund balance by 64% over the next five years
Findings

• Family Strengthening (Welcome Baby and Intensive Home Visitation) and Universal Assessment expenditures are projected to comprise approximately 65% of the estimated annual tax revenue of $79.7 million by FY 16-17 (the end of the LTFP period)

• Although beyond the scope of the current LTFP, current projections estimate that Family Strengthening and Universal Assessment expenditures will approximately equal incoming Proposition 10 revenue by FY 19-20.
  • These projections indicate that at full implementation (projected to be achieved beyond FY 19-20), Family Strengthening and Universal Assessment are projected to spend approximately $94 million annually.

• For areas of major investment, First 5 LA will develop a comprehensive policy agenda and sustainability plan.
Revenue and Major Expenditure Projections

As part of the next Strategic Planning period (FY 16-17 – FY 20-21), First 5 LA will need to align program expenditures with annual revenue.
# Best Start and Universal Assessment Forecast

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<th>FY 12-13</th>
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<th>FY 14-15</th>
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<td>Community-Level Funding</td>
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Assumptions - Revenue

- Based on the most recent forecast from the State Department of Finance
  - Projections typically revised annually in May
  - Projected to decline 3-4% annually

- Revenue is projected to decline over the next four years by approximately 13% from FY 12-13 ($91.5 million) to FY 16-17 ($79.7 million)

- Interest income is currently projected at 1.12% of available cash balances

- Other Revenue – F5LA currently has a lease agreement through FY 14-15 for $99,000 annually
Assumptions - Operating

- Operating expense projections include assumptions related to staff salary, benefits and other operating costs

- LTFP assumes an increase of 2% annually from FY 12-13 to FY 15-16 with no increase for FY 16-17

- Assumes compliance with the Commission's annual administrative limit of 5%
Assumptions - Program (General)

- LTFP assumes fidelity to decisions made by the Board of Commissioners

- LTFP assumes that allocations made by the Board (e.g. Countywide Initiatives) will be spent down and end as supported by Board action

- LTFP assumes that the Board will continue to annually appropriate funds for programs associated with the current Strategic Plan that adhere to a zero-based budgeting platform
Assumptions - Program

Family Strengthening

- Comprised of Welcome Baby and Intensive Home Visitation and is fundamentally linked to the Countywide Initiative Universal Assessment of Newborns

- Welcome Baby (WB) – offers up to 9 contacts for families in the Best Start communities

  - Expenditure projections for the WB pilot assume that all staff are hired and in place to provide the 9-contact program to all participating families with a final take-up rate target of 80% (assumptions are not based on a per-community formula and are for a single provider)

- 24 hospitals identified as strategic partners to participate in implementation of WB across all 14 Best Start communities, as well as the Universal Assessment of Newborns program

- 8 hospitals have expressed interest and are in contract negotiations
Assumptions - Program

Family Strengthening (Ctnd.)

- **Universal Assessment of Newborns** – offers an abbreviated version of the WB program (up to 4 contacts) to families outside the Best Start communities

- Assume a ramp-up and sustained funding within the time period of the LTFP

- Expenditure projections take into account the interest level of the target hospitals, estimating at least 16 will enter into contract between FY 12-13 and FY 13-14

- Assume that hospital eligibility will be expanded to additional hospitals, with a projection of 34 participating hospitals by FY 16-17
Assumptions - Program

Family Strengthening (Ctnd.)

- **Intensive Home Visitation** – provides intensive home visitation services to an estimated 30% of Best Start families identified through a screening for risk of poor child outcomes
  - Costs are not projected on a per-community basis
  - Projections assume that up to 5 contracts will be initiated in late FY 12/13, with more executed as additional hospitals begin participating in the WB/Universal Assessment programs
  - Significant factors in projecting cost are:
    - Cost per child of $2,750
    - Rate of referrals based on projections of hospital participation
    - Birthrate
    - Estimated time of ramp-up
Assumptions - Program

Countywide Strategies –

- **Health Access (Healthy Kids)** –
  - Projections from FY 12-13 through 14-15 are estimated to remain at the same level and expected to remain relatively constant
  - Up to $9 million per year is allocated, with a maximum of $7 million per year expected to be expended

- **ECE Workforce Consortium** –
  - Most program components will reach service targets established for FY 12-13
  - Service increases are projected for FY 13-14 through FY 15-16, with stabilization in FY 16-17
  - Per-service costs are assumed to stay relatively stable

- **Information Resource and Referral (211)** –
  - Assumes the continuation of resource and referral services
  - Assumes current level call volume from FY 12-13 through FY 16-17
Assumptions - Program

Countywide Initiatives –
• In contrast to the zero-based budgeting platform approved as part of the Strategic Plan, these multi-year allocations were approved by the Board in an effort to identify areas where funds could benefit stakeholders throughout LA County while the place-based funding approach was being developed.
• The goal was for these 19 projects to be immediately ready to implement and fund.

Black Infant Health –
• Board action approved funding at the current level through FY 13-14 or until place-based planning efforts are finalized and include strategies to address the inequities in birth outcomes within the African American population in LA County.
• LTFP assumes funding only through FY 13-14.
Assumptions - Program

Countywide Initiatives (Ctnd.) –

• **Little by Little/One Step Ahead** –
  • Number of sites offering the program will increase from 3 in FY 12-13 to 20 by FY 15-16
  • Number of children/families served will increase from 10,000 in FY 12-13 to over 100,000 by FY 15-16
  • The entire $30 million allocation is not projected to be spent down by the end of the LTFP time frame due to some delays in program expansion

• **Family Education** –
  • No costs projected for this $13.1 million allocation due to inactivity

• **Uninterrupted Care for Prenatal to Postpartum** –
  • No costs projected for this $2.8 million allocation due to inactivity
Assumptions - Program

Prior Strategic Plan –

• **Best Start LA** –
  - Funding consists of Baby Friendly Hospitals, Family Place Libraries and the P-3 Workforce Development project
  - Baby Friendly Hospital awards were up to $473,000 per hospital for three years with the last cycle set to end in FY 15-16
  - Projections for Family Place Libraries assume that 10 additional libraries are identified as participants, with 6 launching in FY 13-14 and 4 in FY 14-15. Assumes 3 years of funding at approximately $30,000 for Year 1 and $5,000-10,000 per library for Years 2 & 3
  - P-3 Workforce Development ends in FY 12-13
Assumptions - Program

Prior Strategic Plan (Ctnd.) –

• LAUP –
  • LTFP assumes that LAUP will have full access to the Sustainability fund as well as $9.75 million per year through the First 5 California Child Signature Program through FY 14-15
  
  • Projections through the FY 15-16 are based on the LAUP Sustainability Plan reviewed by the Board in January 2012
    • No decrease assumed to the number of children served of 10,722
  
  • LTFP projects costs through FY 15-16, when the contract ends.
Board Considerations

1. Review and reassess existing allocations for reasonableness, accuracy and alignment with the Strategic Plan
   a. Short-Term – align with the FY 13-14 Budget process
      i. Allocations with no activity (short-term decision)
         i. Family Education - $13.1 million
         ii. Uninterrupted Care for Prenatal to Postpartum - $2.8 million
      ii. Policy decisions that require additional fiscal direction to continue funding
         i. The Children’s Council/Neighborhood Action Councils
   b. Long-Term
      i. Continue to analyze cost projections as programs move past development and into implementation to reconcile with allocation levels approved by the Board
         i. Countywide Initiatives
      ii. Allocations that are not projected to spend balance by the end of the LTFP
         i. Best Start LA
         ii. Oral Health Community Development
      iii. Policy decisions that require additional fiscal direction to continue funding
          i. Black Infant Health
          ii. Health Access (Healthy Kids)
Board Considerations

2. Realign Family Strengthening and Universal Assessment of Newborns to promote program integration and transparency
   - Programs are fundamentally linked, even though they address different investment areas (place-based vs. countywide)

3. Analyze the sustainability of the Strategic Plan strategies against available resources
   - Assess individual program sustainability

4. Develop a policy governing the establishment of a fund balance reserve
   - Proactive approach to future fiscal policy, even though the need is not necessarily immediate based on projections
Budget and Finance Committee Input

- Principal findings and takeaways

- Underlying assumptions

- Board-level considerations and policy issues

- Presentation of LTFP findings to the Commission
First 5 LA

Long Term Financial Projection

FY 2013 – 2017
I. Introduction

In June 2012, as part of the approval of the FY 2012-13 Program and Operating Budget, the First 5 LA Commission directed the development of an updated Long Term Financial Projection. While First 5 LA has annually prepared and presented a Long Term Financial Plan, the planning has generally occurred after the budget adoption, limiting the opportunity to incorporate the long-term impacts into annual decision-making. The updated plan was requested to provide a comprehensive financial forecast of the expenditures of allocated and planned funding consistent with the adopted Strategic Plan. The period covered by the Long Term Financial Projection is July 1, 2012 through June 30, 2017.

Beginning in July 2012, Commission fiscal staff worked to develop an updated Long Term Financial Projection that:

- Uses the July 1, 2012 fund balance as starting point;
- Includes updated revenue forecasts based on the most current available data;
- Projects actual expenditures for all programs approved by the Commission, including projects that have received a program allocation and those that are annually budgeted; and
- Forecasts ending obligated and unrestricted fund balance for each fiscal year through June 30, 2017.

The updated Long Term Financial Projection is intended to provide policy guidance for the move toward a two-year Program and Operating Budget beginning FY 2013-14. It is presented in advance of the annual budget to provide a longer-term perspective of annual funding decisions and to inform budgetary actions.

A. Purpose of the Long Term Financial Projection (LTFP)

The LTFP is intended to provide a multi-year outlook of anticipated expenditures of allocated funds, as well as annual operating and program demands against forecasted revenue. The LTFP does not formally obligate or commit any funds; funds must be committed as part of the annual budget, or through a resolution that specifically “allocates” funds for a project or program.

In sum, the LTFP is intended to:

- Provide a framework and context for reviewing specific budget and/or funding actions by providing a five-year forecast of the revenue, program and operating expenses, and fund balance. The LTFP will be updated annually and provided as input to decision-making prior to the budget.
- Support the development of a two-year budget. Although the LTFP does not formally obligate funds, the assumptions can be used to support the development of a two-year budget and to facilitate the consideration of the budget earlier. In June 2012, the Commission approved policies that would transition First 5 LA to a two-year budget cycle and initiate the budget process earlier to allow for Commission consideration of the proposed budget by the March prior to the beginning of the fiscal year, instead of June.
- Provide a planning exercise by informing the Commissioners of potential alternatives and highlighting important long-term strategic financial decisions.
• Provide a catalyst for Commission action. The multi-year perspective should inform the Commission of upcoming decisions and help to set the timing for future actions.

B. Methodology/Approach

This 2012 update of the LTTF marked the first time that a comprehensive collaborative effort was undertaken, including the incorporation of input from program staff throughout the organization working with Finance. Program staff was requested to use the FY 2012-13 Budget as a baseline and to forecast actual program expenses, not program allocations, through FY 2016-17. This window goes two years beyond the current Strategic Planning period (FY 2014-15) to account for the major programs that are funded through this time, including Los Angeles Universal Preschool (LAUP). The current Strategic Plan period is from July 1, 2010 through June 30, 2015, not including the one-year transition period from July 1, 2009 through June 30, 2010.

The 2012 LTTF was developed using the following approach and methods:

• The FY 2012-13 budget as baseline – The approved FY 2012-13 Budget was used as the first year in developing the LTTF. Some program budgets were modified from the approved FY 2012-13 Budget to reflect updated estimates provided by program staff. At the time of development of the plan, only first quarter expenses were available so actual expenses for FY 2012-13 could not be used to test reliability of budget forecasts. This may overstate actual expenses for the current fiscal year.

• Board approved allocations reauthorized in June 2012 – As part of the FY 2012-13 Budget adoption, the Commission affirmed multi-year commitments and program allocations. This schedule, known as the GASB 54 schedule, was approved by formal resolution and reserves funds for the specific program purposes approved by the First 5 LA Commission.

• Distinguish between and provide forecasts for all known program and operating expenses:
  o Program Allocations – As indicated above, the Commission has approved allocations for specific programs for two to seven-year periods, depending on the program. Program and financial staff then conducted analysis to forecast how funding would be expended over the approved funding term. Actual planned expenses sometimes matched to the term or in some cases the forecast identified that funding would not be fully expended by the end of the approved allocation period.
  o Annual Program Demands – Other programs, such as Best Start, have not received a multi-year allocation. While these programs do not have a multi-year allocation, they have been identified as priorities in the Commission Strategic Plan. Funding for these programs is a demand against annual revenue and each year the specific funding is requested and approved through the annual budget.
  o Operating Expenses – Costs for operating the Commission offices and associated staffing are the third element of the forecast. The administrative portion of the operating budget is assumed to be contained within the 5% limit as approved by the Commission.
II. Assumptions

A. Beginning Fund Balance

The FY 2012-13 beginning fund balance utilized in the LTFFP is the ending fund balance per the Comprehensive Annual Financial Report for the fiscal year ending June 30, 2012. Beginning fund balance in future years is calculated based on projected revenues and expenditures for the year prior.

B. Revenue

First 5 LA is funded through the Proposition 10 Tobacco Tax, 80% of which is distributed to the County Commissions based on their proportion of statewide births. Los Angeles County receives the highest share, typically approximately 27% of the total County allocations. Tobacco tax revenue is anticipated to continue to decline in future years. Tax revenue is projected to decline based on the most recent forecast from the State Department of Finance. Tobacco tax revenues are projected to be $91.5 million for FY 2012-13 for Los Angeles County. Based on the FY 2011-12 actuals, this revenue forecast for FY 2012-13 may understate actuals. Actuals for FY 2011-12 were higher than the prior year; however, forecasts from the State Department of Finance continue to project on average a 3-4% annual decline in tax revenue.

Staff also continues to monitor the increasing administrative costs that the State Board of Equalization (BOE) charges Proposition 10. BOE is responsible for determining the Proposition 99 backfill requirements and for the enforcement and collection of tobacco taxes. In FY 2011-12, the Proposition 99 backfill amount decreased from the prior year for the first time, positively impacting Proposition 10 tax revenue, but BOE administrative costs increased by 10 percent. For the last five years, BOE administrative costs have increased on average by 17%. First 5 LA will continue to work with other county Commissions and the State First 5 Association to track and evaluate the growing BOE administrative costs.

Interest earnings are projected based on 1.12% return on anticipated cash balances. Interest earnings for FY 2012-13 are projected at approximately $8.4 million. Lease revenue is also projected at $99,000 for FY 2012-13 based on the negotiated lease payments for the preschool occupying space on the first floor of the First 5 LA building.

C. Program Assumptions

Significant assumptions are highlighted below for selected investment areas across each programmatic category (Place-Based Investments, Countywide Strategies, Countywide Initiatives and Prior Strategic Plan Investments).

1) Place-Based Investments

- Community-level funding – For purposes of the FY 2012-13 Program Budget, it was assumed that the community plans for the Best Start communities would be approved and related contracts would be executed in early FY 2012-13. Each community was budgeted $1.71 million for the fiscal year, broken down as follows:
<table>
<thead>
<tr>
<th>Community Plan Component</th>
<th>Total Per Component</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family Strengthening (Community-based)</td>
<td>$700,000</td>
</tr>
<tr>
<td>Capacity Building</td>
<td>450,000</td>
</tr>
<tr>
<td>Evaluation</td>
<td>200,000</td>
</tr>
<tr>
<td>Communications</td>
<td>150,000</td>
</tr>
<tr>
<td>Partnership Logistical Support</td>
<td>210,000</td>
</tr>
<tr>
<td></td>
<td>$1,710,000</td>
</tr>
</tbody>
</table>

Based on Commission action in July 2012, only 6 months of funding was ultimately approved for the Evaluation, Communications and Partnership Logistical Support components. Although for purposes of the LTTP the approved community-level FY 2012-13 budget total was not altered, if and how these funds are used depends on final Commission action. The LTTP assumes that direct project funding at the community level will not be substantial in the subsequent years, with the Family Strengthening component reduced to a level of $100,000 per community for FY 2013-14 through FY 2016-17. It is further assumed that capacity building needs will decrease considerably over the course of the years presented in the LTTP, reducing to $200,000 per community per year in FY 2014-15. Partnership Logistical Support costs for facilitation, meeting support and partnership coordination are assumed to decrease to $100,000 per community by FY 2015-16.

The Commission will need to make a final decision regarding how place-based funding within communities will be implemented moving forward. This decision will need to include consideration of the Best Start Logic Model, Implementation Plan and a funding allocation.

(Refer also to “Prior Strategic Plan Initiatives – The Children’s Council” for assumptions related to Neighborhood Action Councils as they relate to the Best Start communities.)

- Family Strengthening – Family Strengthening is comprised of the Welcome Baby and Intensive Home Visitation programs, which are fundamentally linked to the Universal Assessment of Newborns Countywide Initiative that was approved by the Commission in January 2011.

  - Welcome Baby/Universal Assessment of Newborns – The Welcome Baby pilot program was initiated in July 2009 as a five-year award, and is expected to be extended to achieve alignment with the Commission’s Universal Assessment of Newborns Countywide Initiative. Costs for the pilot include the assumption that all staff are hired and in place to provide the 9-contract Welcome Baby program to all participating families with a final take-up rate target of 80%. Assumptions for the pilot are not based on a per-community formula and are for a single provider.

  Additional assumptions for Welcome Baby assume offering the program to families in the 14 Best Start communities. 24 hospitals have been identified as strategic partners to act as providers and fiscal agents of this program and the Universal Assessment of Newborns program, which will offer an abbreviated 4-contact Welcome Baby program to families delivering outside the Best Start communities. The cost projections take into account the interest level of the
target hospitals, estimating that at least 16 will enter into contracts in FY 2012-13 and FY 2013-14. After FY 2013-14 it is projected that the Board will act to expand eligibility to additional hospitals, increasing the projection to include 34 total hospitals. Contracts will be executed on an annual basis with no multi-year award. However, the projections assume a ramp-up and sustained funding of all participating hospitals with no ramp-down projected within the time period covered by the LTTP.

- Intensive Home Visitation – This investment provides Intensive Home Visitation services for 30% of Best Start families delivering in hospitals participating in the Welcome Baby program and as identified through a hospital-based screening for risk of poor child outcomes. It is estimated that up to five contracts will be initiated in late FY 2012-13, with additional contracts will being executed as more hospitals participate in the Welcome Baby/Universal Assessment program. The most significant factors in projecting cost are the cost per child of $2,750, the rate of referrals based on projections of hospital participation, birthrate and estimated time of ramp-up. Growth factors are directly related to hospital participation in Welcome Baby/Universal Assessment, which will be the sole referral source for these services. The costs are not projected on a per community basis. However, an initial set of hospitals eligible to participate in Welcome Baby/Universal Assessment have been identified due to their greater market share of Best Start births. Note that costs related to the Home Visitation Oversight Entity are projected at 5% of estimated programmatic expenditures for Universal Assessment, Welcome Baby and Intensive Home Visitation.

2) Countywide Strategies

- Health Access (Healthy Kids) – Continued funding for Healthy Kids, approved by the Commission in January 2012, is projected to be maintained at the same level, with the number of children and families served expected to remain relatively constant through FY 2014-15.

- ECE Workforce Consortium – The contract with LAUP to implement the ECE Workforce Consortium began on September 1, 2011. Although there were some delays in the planning phase, all program components of the Consortium are now in implementation mode. Most program components of the Consortium are expected to reach service targets established for FY 2012-13, and the LTTP projections assume service increases for FY 2013-14 through FY 2015-16, with service levels stabilizing at that point. Per-service costs are assumed to stay relatively stable.

3) Countywide Initiatives – The Commission’s Countywide Initiatives were approved primarily in late 2010 and early 2011 in an effort to identify additional areas in which First 5 LA funding could be utilized to benefit stakeholders more broadly throughout LA County while the place-based funding approach was being developed for the 14 Best Start communities identified as areas of high-need. Committed multi-year allocation amounts were approved for these initiatives in contrast to the zero-based budgeting platform that was approved as part of the 2009-2015 Strategic Plan. Although the goal was to identify projects that were immediately ready to implement and fund, a number of these initiatives have encountered delays in program design and planning, and as
such the total expenditures to date for this investment area have been lower than expected.

- **Black Infant Health** – In January 2011, Commission action approved the Black Infant Health funding at the current level through June 2014 or until the place-based planning efforts are finalized and include strategies to address the alarming birth outcome inequities within the African American population in LA County. The LTFP cost projections assume that the Commission will continue to fund BIH at the same level through FY 2013-14.

- **Family Education** – This initiative, approved by the Commission for a total allocation of $13.1 million in February 2011, has not moved forward with the planning or design phase. As such, no cost projections were included in the LTFP.

- **Little by Little/One Step Ahead** – Cost projections for FY 2013-14 through FY 2016-17 are based on preliminary data gathered as part of a sustainability report developed during the program expansion planning phase, as well as cost-per-participant analysis that was conducted as part of the report process. Based on the preliminary data and analysis, the number of sites offering the program is anticipated to increase from 3 in FY 2012-13 to 20 by FY 2015-16; similarly, the cost projections assume that the number of children/families served will increase from approximately 10,000 in FY 2012-13 and leveling out at over 100,000 by FY 2015-16. Because of delays in program expansion, the cost projections assume that the program will be extended through FY 2018-19 in order to expend most of the approved allocation amount of $30 million.

- **Uninterrupted Care for Prenatal to Postpartum** – This initiative, approved by the Commission for a total allocation of $2.8 million in April 2011, has not moved forward with the planning or design phase. As such, no cost projections were included in the LTFP.

- **Universal Assessment of Newborns** – The Universal Assessment of Newborns initiative is designed to offer an abbreviated version of the Welcome Baby program (a perinatal hospital and home visitation curriculum incorporating up to four of the Welcome Baby contact points) to families delivering outside of the Best Start communities. For a discussion of the specific assumptions included in the LTFP cost projections, please refer to “Place-Based Investments – Family Strengthening.”

4) **Prior Strategic Plan Initiatives**

- **Best Start LA** – This line item represents funding for Baby Friendly Hospitals, Family Place Libraries, and the P-3 Workforce Development project.
  - Baby Friendly Hospital contracts were awarded in several cycles beginning in July 2009; awards were for up to $473,000 per hospital for three years, with the last cycle set to end in late FY 2015-16.
  - Cost projections for Family Place Libraries assume that an additional 10 libraries will be identified through an expansion of the existing strategic partnership or through new agreements with other library districts serving
the Best Start Communities. It is projected that six libraries will launch in FY 2013-14 and four in FY 2014-15, with replacement costs extending through FY 2016-17. The Family Place Library model assumes three years of funding, with initial funding of approximately $30,000 in Year 1 and funding in Years 2 and 3 of $5,000-$10,000 per library per year.

- Funding for the P-3 Workforce Development project ends in FY 2012-13.

- LAUP – The LAUP estimates for FY 2013-14 through FY 2015-16 are based on projections within LAUP’s Sustainability Plan reviewed at the January 2012 Commission meeting. These estimates assume LAUP will have full access to the Sustainability Fund, as well as $9.75 million per year of funding by First 5 California for the Child Signature Program through FY 2014-15. It is assumed that LAUP will not implement the additional requirements for the Child Signature Program. Note that projected costs for the LAUP evaluation are reflected separately under “Research and Evaluation – Early Learning.” The current LAUP contract ends in FY 2015-16.

5) Research and Evaluation – As described in the Revised Accountability and Learning Framework (approved in February 2012), the approach to evaluating the effectiveness of First 5 LA’s work is structured around four broad categories: program evaluations, data and research projects, dissemination of findings, and learning and improvement activities. The goal of this work is to provide the most thorough, useful and relevant information to internal and external stakeholders. Such evaluation expenditures were projected for FY 2012-13 as part of the approved Program Budget and were included within the budgets for each strategy/initiative. For FY 2013-14 through FY 2016-17, evaluation costs are projected for specific projects that are known and measurable at the time that this LTFP was developed. An adjustment was then utilized to bring total evaluation costs to 5% of annual estimated program demands (not including Research and Evaluation projects and initiatives, as well as LAUP, which incorporates a separate evaluation). It is assumed that the evaluation for LAUP (“Research and Evaluation – Early Learning”) will maintain a consistent effort throughout the course of the program and allocation period. This evaluation process is anticipated to conclude in FY 2016-17.

D. Operating Assumptions

The approved FY 2012-13 Operating Budget of $16.7 million included assumptions related to staffing, salary and benefit increases, and other operating costs. The LTFP assumes that total operating costs will increase at a rate of 2% annually until FY 2016-17, when operating costs are kept constant from the previous year due to the significant decrease in estimated program expenditures. The LTFP also assumes compliance with the Commission’s annual administrative limit of 5%. The annual administrative expense will be adjusted as necessary to stay within this limit.

Per adopted policy, administrative expenses are assumed to include all costs incurred in support of the general management and administration of First 5 LA for a common or joint purpose that benefits more than one cost objective (other than evaluation activities), and/or those costs not readily assignable to a specifically benefited cost objective. Costs are defined as follows:
• 100% of the following Departments’ costs proposed within the annual fiscal Operating Budget: Board of Commissioners, Executive, Chief Administrative Office, Contract Compliance, Facilities Management, Finance, Finance – Medi-Cal Administrative Activities, Human Resources, Information Technology, Chief Program Office and Public Affairs; and
• Estimated salary and benefit costs for Director and Administrative positions for the following Departments: Best Start Communities, Community Investments, Grants Management, Policy, Program Development, and Research and Evaluation.

III. Analysis and Recommendations

A. Summary Analysis of 5-Year Funding Outlook

The LTFP begins with the July 1, 2012 beginning fund balance of $821.4 million, of which only $646.6 million is committed to existing Board-approved allocations. Over the next five years, First 5 LA’s total fund balance is projected to decrease to $299 million by June 30, 2017, of which $65.7 million remains committed at that point to existing Board-approved allocations.

From a financial perspective, the focus of FY 2012-13 through FY 2016-17 is to execute and implement the program services as planned, including expending program dollars as projected, and achieve the targeted reduction in fund balance through program delivery. The projected ending fund balance, as of June 30, 2017, that would be available to support additional program needs (beyond what has been committed via Board-approved allocations) is $233.5 million, assuming that actual expenditures occur as planned. This fund balance, while restricted to implementation of the Strategic Plan, has not been specifically allocated to any programs or projects.

One of the issues that the First 5 LA Commission will need to address is establishing a fund balance reserve. County Commissions and First 5 CA have adopted policies that stipulate the minimum fund balance required for each organization to maintain to address unanticipated revenue shortfalls, interruption in revenue, and/or mitigate unforeseen financial challenges. While not an issue for the short-term, this is an issue that the Commission should address as its fund balance declines over the next five years.

The LTFP demonstrates that First 5 LA will need to make strategic decisions about balancing future investments in the next strategic planning period (FY 2016 – 2020). During the next Strategic Plan cycle, First 5 LA will need to align annual program expenditures to annual program revenue and will need to limit the reliance on the fund balance to support annual operations. Based on current forecasts, it is projected that by the end of the current LTFP period, implementation of the Family Strengthening portion of the Best Start program, including Welcome Baby and Intensive Home Visitation, as well as Universal Assessment, will include a targeted 34 hospitals requiring annual support going forward of approximately $52 million, representing 65% of annual tax revenue.

B. Key Issues and Considerations

While this LTFP anticipates issues that will need to be addressed in the next strategic planning cycle, the primary focus is to promote awareness of the financial implications of the current Strategic Plan and forecast through June 30, 2017. The challenges for the next
five-year period are to execute the plan as approved in all four of the major areas of funding, Place-Based Investments (Best Start), Countywide Strategies, Countywide Initiatives and Prior Strategic Plan Investments. This includes:

- Ensuring that actual program implementation occurs consistent with projections – As First 5 LA transitioned to this new strategic plan and the placed-based strategies, implementation has occurred slower than anticipated. Similarly, the Countywide Initiatives approved by the Commission beginning in October 2010 are just beginning implementation. The LTFP assumes that the programs will be implemented according the planned schedule and provides an important tool to monitor progress.
- Regular monitoring of the LTFP – The LTFP will be updated and presented annually to the First 5 LA Commission to evaluate actual versus what was forecast in the plan and to develop updated revenue and expenditure assumptions.
- Anticipating future year impacts – Anticipating future impacts includes aligning future year program expenditures with revenue. First 5 LA is currently projecting to spend 150% above estimated FY 2012-13 tax revenue. First 5 LA needs to begin to align program funding with annual revenue as available fund balances decrease as projected.

Staff recommends the following as part of the LTFP:

1. Review and reassess existing program allocations both in the short and long term for reasonableness, accuracy and alignment with the Strategic Plan –

   Short-Term
   Aligning with the FY 2013-14 budgeting process, several allocations should be reviewed to determine whether amounts should be budgeted for the upcoming fiscal year. These short-term allocation decisions fall into two categories: a) multi-year allocations that have not had any expenditures or activity to date, and b) allocations for which policy decisions need to be made at the Board level regarding whether to continue funding.

   a) Two program allocations that were approved by the Commission in FY 2010-11 have had no expenditures to date and have no specific plans for expenditure. These are:
   - Family Education – $13.1 million
   - Uninterrupted Care for Prenatal to Postpartum – $2.8 million

   These allocations are reflected as commitments against available fund balance. Finance staff understands that no specific plans have been developed for the use of these funds and recommends that the Commission and/or the Program and Planning Committee review these allocations and determine whether the allocations should be reversed and funding directed back to the general fund.

   b) An allocation for The Children’s Council was made as part of the FY 2012-13 Program Budget to reflect the Commission’s decision to include funding for Neighborhood Action Councils (NACs) in conjunction with the plans being developed for the Best Start communities. As the community plans move forward with development, the Commission will again need to make the policy decision whether to commit funding for the NACs in FY 2013-14 and after.
Long-Term
In addition to short-term funding decisions, a number of allocations should be monitored and reassessed in order to: a) reconcile actual costs and projections to approved allocation levels as various programs move past the development stage and into full implementation; b) assess the overall allocation level for programs that are not projected to spend down the balance; and c) assess allocations for which policy decisions need to be made at the Board level regarding whether to continue funding.

a) Although most of the Countywide Initiatives are moving past the development stage and into full implementation, many of these initiatives still have not realized a full year of expenditures on which to accurately base cost projections. As full implementation occurs for the Countywide Initiatives, these cost projections should be updated and reconciled to the existing Board-approved allocation amount to determine if the allocation amount is appropriate for the scope of each program as implemented.

b) A number of programs, including Best Start LA and Oral Health Community Development, are not currently projected to spend down the entire approved allocation balance. In these cases, the Board should reassess the allocation level given the cost projections estimated using the best available data to determine whether the allocation level could be reduced to align with projected costs. This further analysis requires input by program staff, the Program and Planning Committee and final action by the Commission.

c) The Board has made policy decisions that approve funding for multiple years for programs such as Black Infant Health and Health Access (Healthy Kids) with the goal of aligning these programs with current Strategic Plan funding strategies. However, as these decisions have approved funding for a limited time period, additional fiscal direction will ultimately be needed from the Board regarding whether to continue funding for such programs.

2. **Realign the Family Strengthening program financial reporting to improve program transparency** – Family Strengthening is a component of the Best Start place-based program. It includes the hospital-based newborn screening program, Welcome Baby, and the related Home Visitation program. A corollary program is the Universal Assessment of Newborns Initiative, which received a $54 million allocation in FY 2010-11 to provide a comparable countywide hospital-based program for births outside of the targeted 14 communities. These programs are being implemented through contracts with the major birthing hospitals and, in many cases, an integrated contract with the hospital. The total costs of this program are forecasted to be approximately $52 million annually by the end of FY 2017, or approximately 65% of annual tax revenue. Given this significant financial investment, staff recommends that financial reporting for these programs be integrated in all financial reporting.

3. **Analyze the sustainability of the Strategic Plan strategies against available resources** – Programs funded according to the strategies outlined in the current Strategic Plan should be assessed for individual program sustainability above and beyond First 5 LA’s investment. As programs addressing these strategies are developed, both the Board and staff should ensure that program sustainability beyond planned
First 5 LA investment is addressed as appropriate within the program design and during implementation.

4. **Develop a policy governing the establishment of a fund balance reserve** – While not an issue for the short-term, a fund balance reserve policy represents a proactive approach to future fiscal policy and will impact future funding decisions. The Board should consider developing and implementing such a policy prior to a significant decline in fund balance as is projected over the course of the LTFP period.

**Attachments:**

- Attachment 1 – Long Term Financial Projection Summary
- Attachment 2 – LTFP Multi-Year Forecast Detail
- Attachment 3 – LTFP Detail of Program Allocations and Estimated Demands
- Attachment 4 – Best Start Multi-Year Forecast Detail
- Attachment 5 – Historical Revenue Analysis
# FIRST 5 LA
## LONG TERM FINANCIAL PROJECTION - SUMMARY

<table>
<thead>
<tr>
<th></th>
<th>CURRENT STRATEGIC PLAN</th>
<th>NEXT STRATEGIC PLAN</th>
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<tbody>
<tr>
<td><strong>Beginning Fund Balance as of July 1</strong></td>
<td>$821,448,583</td>
<td>$692,867,925</td>
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<tr>
<td><strong>Total Projected Revenue</strong></td>
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<td>$95,518,801</td>
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<tr>
<td><strong>Annual Program Demands by Fiscal Year (Excluding Allocations)</strong></td>
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<tr>
<td>PLACED BASED INVESTMENTS</td>
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<td>PRIOR STRATEGIC PLAN AND COUNTYWIDE INVESTMENTS</td>
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<td><strong>Total Estimated Program Demands (Excluding Allocations)</strong></td>
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<td>$57,388,135</td>
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<table>
<thead>
<tr>
<th>Program Allocations</th>
<th>Alloc. Remain. As of June 30, 2012</th>
<th>Estimated Program Demands (by Fiscal Year)</th>
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<tbody>
<tr>
<td>COUNTYWIDE STRATEGIES</td>
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<td>$16,166,587</td>
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<tr>
<td>COUNTYWIDE INITIATIVES</td>
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<td>PRIOR STRATEGIC PLAN INVESTMENTS</td>
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<td>Total Allocations/Estimated Program Demands</td>
<td>$646,558,924</td>
<td>$150,404,589</td>
</tr>
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</table>

| Total Research & Evaluation | $2,236,846 | $6,475,980 | $6,727,036 | $5,879,506 | $4,685,311 |
| Funding for Other Programs (To Be Defined) | - | - | - | - | - |
| **Total Estimated Program Demands** | $211,934,957 | $198,096,579 | $202,193,738 | $180,306,656 | $99,515,980 |
| Estimated Operating Expenditures | $16,721,138 | $17,055,561 | $17,396,672 | $17,744,605 | $17,744,605 |
| **Total Estimated Spending in Excess of Revenues** | $128,580,658 | $119,633,339 | $128,430,324 | $111,525,638 | $34,011,208 |
| Projected Ending Fund Balance | $692,867,925 | $573,234,586 | $444,804,262 | $333,278,624 | $299,267,416 |
| Estimated Allocations Remaining as of June 30 | $496,154,335 | $361,921,871 | $224,288,857 | $104,995,198 | $65,736,273 |
| Available Uncommitted Fund Balance | $196,713,590 | $211,312,715 | $220,515,405 | $228,283,427 | $233,531,143 |

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**Notes:**
- B: Total Projected Revenue
- C: Total Estimated Program Demands (Excluding Allocations)
- D: Total Allocations/Estimated Program Demands
- E: Total Research & Evaluation
- F: Funding for Other Programs (To Be Defined)
- G: Total Estimated Program Demands
- H: Estimated Operating Expenditures
- I: Total Estimated Spending in Excess of Revenues
- J: Projected Ending Fund Balance
- K: Estimated Allocations Remaining as of June 30
- L: Available Uncommitted Fund Balance

**Formulas:**
- Estimated Operating Expenditures = $16,721,138 (FY 2012-13) + $17,055,561 (FY 2013-14) + $17,396,672 (FY 2014-15) + $17,744,605 (FY 2015-16) + $17,744,605 (FY 2016-17)
Beginning Fund Balance as of July 1 $2,427,848,682 $2,487,972,557 $2,524,314,249 $2,448,266,262 $2,512,376,279 A
Projected Revenues (by Fiscal Year) FY 2015-16 FY 2016-17 FY 2017-18 FY 2018-19 FY 2019-20
Property and Other Revenue $17,162,495 $16,869,311 $17,851,818 $16,916,624 $17,760,965
Other Revenue 93,000 93,000 99,000 99,000
Interest Earnings $2,467,946 $7,003,660 $3,370,090 $3,022,359 $2,532,312
Total Projected Revenues $20,807,347 $20,745,668 $20,843,928 $20,864,603 $20,926,656 B
Annual Program Demand/Total Fiscal Year (Excluding Allocations) FY 2015-16 FY 2016-17 FY 2017-18 FY 2018-19 FY 2019-20
PLANNED BASED INVESTMENTS
Best Start $31,289,149 $50,137,998 $69,785,561 $41,345,123 $44,677,568
COUNTRYSIDE STRATEGIES
Data Systems Integration $740,000 $2,013,000 $840,000 $775,000 $775,000
Information Retention and Retrieval (211) $1,250,536 $2,170,496 $2,150,632 $1,294,022 $1,592,839
Public Education $1,883,130 $2,770,000 $2,450,000 $2,500,000 $2,670,000
Mental Health & Substance Use $6,304,333 $3,126,414 $3,206,332 $3,206,332 $3,900,333
Policy Advocacy $2,436,571 $1,866,700 $3,057,000 $3,057,000 $2,806,000
Workforce Development $750,000 $750,000 $750,000 $750,000 $750,000
Total COUNTRYSIDE Strategies $16,661,493 $23,292,154 $18,308,497 $13,889,355 $13,094,179 B
PRIOR STRATEGIC PLAN AND COUNTRYSIDE INVESTMENTS
School Readiness $5,176,427 - - - -
Family 211 $2,708,500 - - - -
Healthy Aths $4,323,429 $3,999,485 $1,689,780 - -
Mental Health $11,812,894 $9,989,589 $8,899,740 - - C
Total Estimated Program Demand (Excluding Allocations) $58,833,632 $57,288,135 $57,631,668 $51,153,490 $51,771,746
Program Allocations
Allot. Recons. Estimated Program Demand (by Fiscal Year)
COUNTRYSIDE STRATEGIES
Health Access (Healthy KIDS) $23,635,086 $7,032,000 $7,000,000 $7,000,000 - -
East LA College Promise Funders 765,872 624,898 - - -
ICCE Career Development Policy Project (LACDEI) 2,285,307 1,051,490 921,395 396,512 - -
LACDEI Community Workforce 44,137,159 7,692,589 7,643,131 2,342,007 1,414,552 -
Total COUNTRYSIDE Strategic Initiatives $78,155,594 $16,366,587 $20,930,466 $23,158,737 $18,414,661 B
PRIOR STRATEGIC PLAN AND COUNTRYSIDE INVESTMENTS
School Readiness $5,176,427 - - - -
Family 211 $2,708,500 - - - -
Healthy Aths $4,323,429 $3,999,485 $1,689,780 - -
Mental Health $11,812,894 $9,989,589 $8,899,740 - -
Total Prior Strategic Plan and Countryside Investments $26,510,251 $21,777,004 $18,489,254 - -
Total Estimated Program Demand (Excluding Allocations) $85,343,883 $78,965,139 $76,120,922 $69,642,741 $62,661,004
Programs
Diagnostics & Evaluation - Early Care & Education
Research & Evaluation Projects - Projected $2,326,866 $2,872,669 $1,795,260 $1,795,260 $1,795,268
Research & Evaluation - 5% Allocation 0 $0 $0 $0 $0 $0
Total Research & Evaluation $2,326,866 $2,872,669 $1,795,260 $1,795,260 $1,795,268
Aiding for Other Programs (To be Defined) - - - - -
Total Estimated Program Demand $83,660,747 $81,797,468 $80,426,482 $78,847,481 $79,366,272
Total Estimated Spending in Excess of Revenues $138,084,680 $124,313,339 $128,490,325 $117,322,638 $104,831,469 M(No) A
Projected Ending Fund Balance $405,097,939 $372,226,114 $444,884,262 $484,170,264 $529,207,617 B(No) M(No)
Estimated Remaining Allocations as of June 30 $496,154,335 $561,027,871 $224,288,857 $194,995,198 $68,769,279 D
Available Unreconciled Fund Balance $196,713,323 $211,312,773 $729,545,847 $570,288,425 $397,965,149 B(No) M(No)
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<tr>
<th>Program Allocations</th>
<th>Alloc. Remain. As of June 30, 2012</th>
<th>Estimated Program Demands (by Fiscal Year)</th>
<th>Total Est. Spending</th>
<th>Allocation Remaining</th>
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<td><strong>COUNTYWIDE STRATEGIES</strong></td>
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<td>Health Access (Healthy Kids)</td>
<td>$29,055,895</td>
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<td>East LA College Child Care Providers</td>
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<td>ECE Career Development Policy Project (LACOE)</td>
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<td>1,031,490 921,385 336,512 -</td>
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<td>ECE Workforce Consortium</td>
<td>44,107,535</td>
<td>7,490,598 12,413,061 12,789,215 11,414,661 -</td>
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<td><strong>Total Countywide Strategies</strong></td>
<td>$76,155,954</td>
<td>$16,166,587 $20,134,446 $20,125,727 $11,414,661 -</td>
<td>$68,041,421</td>
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<td><strong>COUNTYWIDE INITIATIVES</strong></td>
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<td>Black Infant Health</td>
<td>$2,377,661</td>
<td>$1,296,986 $1,196,986 $ - $ -</td>
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<td>$216,311</td>
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<td>Children's Dental Care</td>
<td>40,000,000</td>
<td>3,244,420 7,518,900 8,789,626 8,462,486 7,452,884</td>
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<td>Children's Vision Care</td>
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<td>376,800 673,600 842,000 926,200 1,010,400</td>
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<td>Connecting Risk and Perinatal Services</td>
<td>244,647</td>
<td>144,562 - - -</td>
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<td>Data Partnership with Funders</td>
<td>4,866,811</td>
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<td>Early Identification and Intervention of Autism</td>
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<td>17,000 75,720 300,000 300,000 -</td>
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<td>Family Education</td>
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<td>Healthy Food Access</td>
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<td>1,992,838 2,146,858 1,282,919 1,209,775 793,622</td>
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<td>Infant SafeSleeping Public Education Campaign</td>
<td>1,327,873</td>
<td>750,000 377,873 - -</td>
<td>1,327,873</td>
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<td>Infant Safe Surrender</td>
<td>500,000</td>
<td>500,000 - - -</td>
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<td>Little by Little/One Step Ahead</td>
<td>29,565,507</td>
<td>936,159 2,887,728 4,341,814 5,104,429 5,104,429</td>
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<td>Peer Support Groups for Parents</td>
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<td>Permanent: Supportive Housing</td>
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<td>24,850,000 150,000 - -</td>
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<td>Reducing Childhood Obesity</td>
<td>41,197,400</td>
<td>3,926,842 13,322,946 12,575,874 11,671,738 -</td>
<td>41,197,400</td>
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<td>Substance Abuse Treatment Services</td>
<td>13,704,440</td>
<td>5,241,637 4,331,400 4,231,403 - -</td>
<td>13,704,440</td>
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<td>Tot Parks and Trails</td>
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<td>3,695,517 2,771,035 2,771,034 575,000 -</td>
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<td>Uninterrupted Care for Prenatal to Postpartum</td>
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<td>- - - -</td>
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<td>$(2,800,000)</td>
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<td>Universal Assessment of Newborns</td>
<td>54,100,000</td>
<td>389,000 5,110,000 11,618,000 17,134,000 19,549,000</td>
<td>54,100,000</td>
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<td><strong>Total Countywide Initiatives</strong></td>
<td>$273,396,087</td>
<td>$51,477,990 $46,988,797 $53,340,592 $51,319,629 $38,876,921</td>
<td>$241,714,928</td>
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<td><strong>PRIOR STRATEGIC PLAN INVESTMENTS</strong></td>
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<td>Best Start</td>
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<td>$4,315,488 $1,118,498 $1,473,332 $786,156 $32,562</td>
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<td>Community Opportunities Fund</td>
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<td>2,080,831 852,400 216,500 - -</td>
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<td>Family Friends and Neighbors</td>
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<td>LAUP</td>
<td>218,838,122</td>
<td>51,394,091 57,156,000 57,156,000 53,132,031 -</td>
<td>218,838,122</td>
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<td>Oral Health Community Development</td>
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<td>4,250,000 - - -</td>
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<td>Oral Health and Nutrition</td>
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<td>6,137,434 5,289,323 3,859,864 1,181,182 -</td>
<td>16,267,803</td>
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<td>Partnerships For Families</td>
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<td>10,912,168 - - -</td>
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<td>Research &amp; Evaluation - Early Learning (LAUP)</td>
<td>5,939,441</td>
<td>1,210,000 1,460,000 1,460,000 1,460,000 349,441</td>
<td>5,939,441</td>
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<td>The Children's Council</td>
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<td>1,460,000 - - -</td>
<td>1,460,000</td>
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<td><strong>Total Prior Strategic Plan Investments</strong></td>
<td>$297,006,883</td>
<td>$82,760,012 $67,199,221 $64,165,696 $56,559,369 $382,003</td>
<td>$271,066,301</td>
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<td><strong>Total Allocations/Estimated Program Demands</strong></td>
<td>$646,558,924</td>
<td>$150,404,589</td>
<td>$134,232,464</td>
<td>$137,633,014</td>
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### Long Term Financial Projection

**Best Start - Multi-Year Forecast Detail**

<table>
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<tr>
<th>Objective</th>
<th>FY 12-13 Budget</th>
<th>FY 13-14 Projected</th>
<th>FY 14-15 Projected</th>
<th>FY 15-16 Projected</th>
<th>FY 16-17 Projected</th>
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</thead>
<tbody>
<tr>
<td>Community-Level Funding</td>
<td>$ 23,590,000</td>
<td>$ 14,350,000</td>
<td>$ 11,200,000</td>
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<td>Family Strengthening</td>
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<td>Welcome Baby</td>
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<td>3,701,190</td>
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<td>Research &amp; Evaluation</td>
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<td>Logistical Support/Implementation</td>
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<td><strong>TOTAL BEST START</strong></td>
<td>$ 31,269,349</td>
<td>$ 30,137,398</td>
<td>$ 37,885,501</td>
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Annual Revenue

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<th>Year</th>
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<td>2001</td>
<td>152,951,067</td>
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<td>2002</td>
<td>148,445,132</td>
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<td>2003</td>
<td>134,058,535</td>
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<td>2004</td>
<td>131,232,345</td>
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<td>2005</td>
<td>138,542,842</td>
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<tr>
<td>2006</td>
<td>132,633,446</td>
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<td>2007</td>
<td>125,602,050</td>
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<td>2008</td>
<td>122,655,958</td>
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<td>2009</td>
<td>114,925,729</td>
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<td>2010</td>
<td>102,504,928</td>
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<td>2011</td>
<td>100,269,182</td>
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<td>2012</td>
<td>100,187,619</td>
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Item 5

FY 2013-14
Budget Schedule
Item 6

Adjournment