Which grants are expiring?
The following grants related to multi-year service related investments due to expire were discussed with the First 5 LA Commission on March 27, 2014:

Partnerships for Families - $10,666,319
Early Head Start Matching Grants - $670,810
Family, Friends and Neighbors - $1,000,000
Family Literacy Initiative - $1,631,720
Oral Health and Nutrition - Expansion and Enhancement Project - $695,671
Safe Sleeping Public Education Campaign - $1,500,000
211 Developmental Screening and Care Coordination - $582,607

TOTAL = $16,747,217

In addition, various grants totaling approximately $2.7 million in areas such as Baby Friendly Hospital - Cycles 1 and 2, several Policy and Advocacy Grants and several Matching Grants are also scheduled to expire during FY 2013-14. This makes a grand total of $19.4 million in grants scheduled to expire during FY 2013-14.

Why is First 5 LA support for these programs not continuing?
In looking at the impact of each of these programs, First 5 LA looked at the ability of the programs to demonstrate positive outcomes on both participant and population levels. First 5 LA defines “Population-level impact” as an observable change in a set of desired program outcomes within a specified geographic region (i.e. school catchment area, community, city, service planning area, County) or an identified target group (i.e. teen mothers, foster children, child care providers). Achieving population-level impact is necessary in order to meet the tremendous need and attempt to reduce the significant disparities that exist. No population-level findings were demonstrated for any of the investment scheduled to expire.

In addition, each program was also examined for its ability to identify and secure opportunities for sustainability beyond First 5 LA funds. Only one program, Partnerships For Families, was the only expiring grant investment with a clear and viable sustainability plan.

Finally, according to the First 5 LA Board's recently approved Governance Guidelines, “Multi-year First 5 LA services-related investments will end pursuant to the time stated in the original allocation or grant award. The Commission is under no obligation to continue funding beyond the initial contract term. Should future requests be forthcoming after the contract term is over, these requests will be evaluated based on the 2015-20 Strategic Plan criteria. Staff will provide an annual Board update each spring on expiring grants and contracts.”

What is First 5 LA’s current fiscal context?
First 5 LA’s fiscal context has changed significantly over the past 15 years. Revenues from tobacco taxes have declined 50% since First 5 LA was established and are projected to continue to decline. In addition, First 5 LA’s current rate of spending is unsustainable, with FY 2013-14 spending projected to reach $240 million – more than double our tobacco tax revenues of $90 million. The agency will not be able to rely on unspent funds to support expenditures in the long term.
• In its first 18 months of existence, First 5 LA received over $430 million in total revenue.
• Since then, annual tobacco tax revenue has dropped to an estimated $90 million in FY 2013-14 and is expected to continue declining.
• Annual expenditures began outpacing annual revenues in 2008 and have continued to do so at a growing rate.

What are F5LA's future fiscal projections?
First 5 LA's Long Term Financial Projection paints a sobering picture of the Commission's financial situation over the next five years.

• First 5 LA's annual expenses are projected to remain above $220 million annually through FY 2015-16.
• According to the State Department of Finance, Prop. 10 tobacco tax revenue is projected to decline over the next four years by approximately **11%** from $90.0 million (FY 2013-14) to $80.1 million (FY 2017-18)
• The total balance of First 5 LA's unspent funds is projected to decrease by 65% from $723.7 million in July 2013 to $250.1 million by June 2018, assuming programs scheduled to expire are not extended

Each expiring grant is relatively small; why does First 5 LA support the need to end these programs?
First 5 LA is committed to creating positive long-term changes for young children and families in Los Angeles County. However, our declining revenues and Long Term Financial Projection require us to make difficult decisions now in order to be able to continue our work into the future.

While in some cases expiring grant amounts are relatively small, it is the total of all grants for each initiative/program which in most cases, is significant. The overall total is also significant. First 5 LA cannot continue to spend more than the tobacco tax revenue it receives each year.

These projects appear to be delivering results for children and their families. Why is First 5 LA ending its support?
While it is true that many of the initiatives/programs scheduled to expire have helped individual children and families, the newly-approved Governance Guidelines make clear that contractors and grantees should not expect First 5 LA to be a permanent source of support. In addition, none of expiring grants has demonstrated changes at the "population" level across a broader number of families and children across Los Angeles County. With First 5 LA's declining resources, the Commission must now focus on investments that can affect change in systems, policy and programs with the potential to reach the greatest number of young children and their families in the county and provide the greatest possibility of achieving the population-level outcomes.

If $19.4 million in grants is allowed to expire, what will be done instead with those funds?
The $19.4 million in funds constitutes investments that have already been made. The recently approved Long Term Financial Projection assumes the grants expiring on June 30,
2014 will end. Even if First 5 LA investments scheduled to expire over the next five years end, the Long Term Financial Projection indicates First 5 LA will continue to spend more than tobacco tax revenues coming in. The already sobering picture of the Long Term Financial Projection does not take into account any additional unplanned expense of extending current grants or contracts past their indicated end dates. To extend any of the grants would only accelerate the depletion of First 5 LA’s already shrinking balance of unspent funds.

**How will the work First 5 LA resources have been supporting be sustained?**

While First 5 LA acknowledges the need for services and programs for young children and their families across L.A. County, it is important for grantees and contractors to realize that they cannot expect First 5 LA to be a permanent source of program funding. It is also the Commission’s expectation that future grantees and contractors will be able to sustain programs after a grant comes to an end. The newly approved Governance Guidelines make both these Commission expectations clear. In regard to the projects for which First 5 LA funding is ending, staff is working with grantees to identify options for sustaining some or all of the work that has been done and the infrastructure created through our investments to date. In other cases, the work to be done has been completed and there is no basis for additional investment.

**Will First 5 LA continue funding for any of the expiring contracts?**

In the case of Partnerships for Families, a sustainability plan has been developed that should result in the initiative being transferred to the Los Angeles County Department of Children and Family Services by early 2015. The First 5 LA Commission approved a recommendation on April 10, 2014 to provide bridge funding for 9 Partnerships for Families lead agencies for 6 months in the amount of $5,333,157 to implement the sustainability plan and transition the initiative to the Department of Children and Family Services (DCFS). The extension would provide funding from July 1 through December 31, 2014.

In addition, staff is recommending a limited three-month extension of the 2-1-1 Developmental Screening Project given three outstanding variables that will inform staff’s final recommendation:

- A pending evaluation of the program scheduled for completion in May
- A scheduled discussion regarding the project’s strategy for sustainability
- The relationship of 2-1-1’s telephonic screening tool with the community-based screening activity to be supported via the Early Identification of and Referrals to Early Intervention Services for Autism and other Developmental Delays, which is scheduled to be presented to the First 5 LA Commission for approval at its meeting on April 10.

Given these variables, staff will present the Board with a recommendation to extend the 2-1-1 Developmental Screening Project grant for an additional 3 months at the April 24 Program and Planning Committee/Special Commission meeting. If the Commission is supportive of moving forward, this extension would come to the full Commission for consideration for action at its May meeting.
If these programs are no longer worth maintaining, why did First 5 LA invest in them in the first place?
First 5 LA is committed to creating positive long-term changes for young children and families in Los Angeles County. However, our declining revenues and Long Term Financial Projection make clear that First 5 LA's current rate of spending is unsustainable.

Grant making organizations regularly refocus investments and make adjustments based on financial realities and programmatic priorities. Each grant scheduled to end represents a program that evaluations have shown has had positive results on those that have participated. With First 5 LA's financial picture having changed significantly since the early years of its existence, the Commission faces a strategic imperative for its work going forward to:

- Maximize the return on the Commission's future investments to achieve mission and the greatest possible impact
- Determine a clearer focus for First 5 LA than has been in place to date
- Align strategic goals to long-term financial projections and strategy

It will be through the upcoming strategic planning process guided by the newly adopted Board Governance Guidelines and the recently approved Long Term Financial Projection that First 5 LA will advance this strategic imperative.

What about continuing support for these expiring grants through investments via the Best Start Community Partnerships?
Over the past 6 months, important progress has been made in First 5 LA’s place-based work in the 14 Best Start communities, both in terms of the direct services provided via the Welcome Baby/Home Visitation program and the community capacity-building efforts led by Best Start Community Partnerships. Under the 2013 Commission-approved Building Stronger Families Framework, First 5 LA funding will be invested to support actions identified by Community Partnerships to affect change in core family and community results. Such community change actions identified by Partnerships are expected to build from current community assets. It is anticipated that additional First 5 LA funding might be needed beyond non-First 5 LA resources identified and/or committed to support implementation. Such funding is intended to support systems change strategies, including investments in organizational capacity development, community resource mobilization, and civic engagement, not direct services.

What process is there to appeal the decision to end a program?
All First 5 LA contracts/grants include an explicit expiration date. There is no formal “appeals” process to challenge the end of a grant on its scheduled end date. However, members of the public can address comments directly to the Board regarding any issue it is considering at any public meeting of the Board. Every First 5 LA Board meeting provides opportunities for public comment.

Will there be future opportunities for First 5 LA support?
Yes there will. Any opportunities would be identified and structured according to the recently approved Commission Governance Guidelines and will be in alignment with the upcoming 2015-20 Strategic Plan and the Long Term Financial Projection.
Hasn’t First 5 LA extended funding for these programs in the past?  
Yes, many of these initiatives have been extended on an annual basis post their initial date of expiration. However, First 5 LA’s financial context has changed significantly over the past 15 years. Annual revenues from tobacco taxes have declined nearly 50% since the agency was formed and are expected to continue to decline. The Long Term Financial Projection has underscored how First 5 LA’s continued rate of spending is not sustainable. Finally, the Commission’s recent approval of Governance Guidelines make clear the priority the Commission places on ensuring financial responsibility and accountability going forward and the expectation that grantees not rely on First 5 LA as a permanent source of program support.