In the Matter of:
FIRST 5 COMMISSIONERS' MEETING

SPECIAL BOARD MEETING
January 13, 2014

Dianne Jones & Associates
Reporting and Videography
P.O. Box 1736
Pacific Palisades, California 90272
310.472.9882
MEETING OF FIRST 5 LA

MONDAY, JANUARY 13, 2014

750 North Alameda Street, First Floor
Los Angeles, California 90012

REPORTED BY:
HEATHERLYNN GONZALEZ
CSR #13646
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1:37 p.m.

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COMMISSIONER KAUFMAN: Call to order. Please call the roll.

SECRETARY: Nancy Au?

COMMISSIONER AU: Here.

SECRETARY: Jane Boeckmann?

Phillip Browning?

COMMISSIONER BROWNING: Here.

SECRETARY: Arturo Delgado?

COMMISSIONER DELGADO: Here.

SECRETARY: Duane Dennis?

COMMISSIONER DENNIS: Here.

SECRETARY: Jonathan Fielding?

COMMISSIONER FIELDING: Here.

SECRETARY: Sandra Figueroa-Villa?

COMMISSIONER FIGUEROA-VILLA: Here.

SECRETARY: Neal Kaufman?

COMMISSIONER KAUFMAN: Here.

SECRETARY: Patricia Curry?

COMMISSIONER CURRY: Here.

SECRETARY: Karla Pleitez Howell?

COMMISSIONER HOWELL: Here.
SECRETARY: Marvin Southard?

COMMISSIONER SOUTHARD: Here.

SECRETARY: Deanne Tilton?

Don Knabe?

COMMISSIONER KNAEBE: Here.

COMMISSIONER KAUFMAN: So we have a couple of procedural matters.

We had a closed session in which no reportable action was taken. We also have a procedural matter. At the end of last year, the board of supervisors made an amendment to our ordinance which describes how members are assigned. And beginning with this year, there will be a rotational system between the LA County Department Of Health -- Mental Health, Protective Services, and Child Protective Services -- or Family Services, and LACO.

So this year, the representative from LACO, Art, will be a voting member; and Marv, the representative from the Department of Mental Health, will be an ex officio member. The ordinance then has a rotational system. I don't know the order, but presumably Health and Department of Children and Family Services will rotate off in subsequent years.

So that we have to also provide a memo to LAUP indicating that they need to change their language so that we move any possible conflicts of interest between LACO
representative here as well as the LACO activities representative in the LAUP board.

Craig, did I say that we well enough?

MR. STEELE: That's correct. And that notification is Item 7 on today's agenda, the contract amendment.

COMMISSIONER KAUFMAN: The final is we have a new board member. Karla -- I don't know how to pronounce the middle part of your name.

COMMISSIONER PLEITEZ: Pleitez.

COMMISSIONER KAUFMAN: -- Howell. She is an appointee of the policy roundtable for child care and development. She's an attorney at Public Counsel. She also is a new mom of a four-and-a-half month old baby.

We tried to decide if that was the first time we had a commissioner who had a child and not a grandchild at our age, and believe Maria Post may have had her daughter -- right, Maria -- under five. So this may be the second commissioner.

But Karla, maybe just introduce yourself to the public and to the commission.

COMMISSIONER PLEITEZ HOWELL: Thank you. My name's Karla. I work with Public Counsel, and Public Counsel is a nonprofit law firm. We provide free legal services in Los Angeles county. And one of the areas of
The law in which we focus is early care and education. So I've done work related to early care and education, helping child care providers open up small business in Los Angeles county. And we've done some work related to outreach to local jurisdictions to try to get cities to be more family friendly in terms of allowing more parks, green space, and child care programs.

I'm very excited to be here. Thanks.

COMMISSIONER KAUFMAN: Welcome to the commission. You're in for a real treat, and I do believe that.

The next item is election of commission chair. Do I have any nominations?

COMMISSIONER AU: Nominate?

COMMISSIONER KAUFMAN: Nominate the --

UNIDENTIFIED SPEAKER: Supervisor Knabe.

COMMISSIONER KAUFMAN: Supervisor Knabe nominated to chair the commission. Do we have a second? Second by everybody.

Any discussion, any public comment, any objections?

Hearing no objections, it's my pleasure to turn the podium or the microphone over to the new commission chair.

COMMISSIONER KNABE: Thank you, Chair Kaufman.

Now we will have the election of the vice chair
and I --

COMMISSIONER KAUFMAN: I'd like to nominate Nancy Au.

COMMISSIONER KNABE: Is there a second?

Any further nominations? Any objections? Any objections? So be the order.

That's the easiest election I've ever been involved in.

Welcome. Congratulations, Nancy, and to all of you. I'll make a few opening comments.

Chairman -- once again, I think this is the --
this is my fourth time as chairman of First 5. It's a great -- once again, good to be part of this commission once again in its 15th year. The first time in the opening meeting, I was the first chair of First 5 when they opened their doors, and I had much darker hair. But like I said, as many of you know, I was the first chair back in 1999.

This commission has kept its reputation. It's the only commission that I chaired that the first meeting we opened the doors and we had $200 million in the bank. Other than that, every other commission I've chaired had been broke.

But as you've heard me say so many times, the county is the ultimate safety net for the most vulnerable
in our community, particularly our children. And, frankly, the role of government in the lives of families is generally limited to helping them get through crises. And government's always going to be part of that role. But if we really want to help our children survive and thrive, we need to look towards achieving things that will improve those kids' lives and prevent them from falling into the safety net in the first place. And that's the ultimate goal. And that's where First 5 came in from the very beginning and where it continues to do.

The birth to age five time frame is so crucial in the child's life, as you all know, both in the health standpoint as well as the educational standpoint. And here at First 5, we will continue to make significant and positive impacts in those areas.

However, 2014 is going to be a very pivotal year for this commission. Our work is really cut out for us. My main goal as chairman is to lay the ground work to sustain the good and great work of this agency over the last 15 years, but more importantly, over the long term in the future. But with all things worthwhile, it's not going to be easy. The commission's primary source of revenue, tobacco taxes, has been steadily decreasing. And all indicators are showing that downward trend.

This reality, which I pointed out at my very
first meeting and my second time and my third time, and
I'll do it my fourth time, must factor into every decision
we make, large or small, from this point forward.

I was telling my colleagues in closed session,
you know, when you drive by out in the street and you see
somebody having a cigarette, you don't stop and clap and
say, hooray, for First 5. The goal of our entire revenue
was based on a successful program. And we seem to be
having a very, very good impact on the lives of those kids
and adults quitting smoking.

So I don't want to put us in a position of paying
for programs that we cannot afford to sustain over time.
That's obviously going to require some tough financial
decisions by all of us up here and working with all of you
and developing some new ways of doing business.

To that end, I have asked staff to develop a
draft of what we are calling governance guidelines for the
commission's consideration. Kim's going to go over it in
more detail later on. But the bottom line is that we need
to have a strong, consistent, transparent process for our
decision making. Our children's future is going to rely
on that and the future of this agency. Our job demands
it, and I'm hopeful that we'll have a final version for
the commission to vote on in March.

So at the end of the day, the level of discipline
that we all show now will have an incredible benefit to
the children and families that we are also concerned about
and allow First 5 to continue well into the future.

None of that means we will remain immobile or not
doing anything. We're business as usual. But we do have
important work to do. The commission needs to finish what
we started. The Welcome Baby program is ready to launch.
Thousands of families will benefit from the nurse visiting
them in the early months of their infants' lives. That,
ladies and gentlemen, is very, very significant. I
remember the first discussion in the first year of this
organization. So it's pretty exciting to be part of that
rollout.

We have to continue to work with our friends at
LAUP in finding a sustainable source of funding for the
incredible preschools that have given thousands of
four-year olds a rich, high-quality learning environment.

Finally, we'll be hitting the play button finally
on the Best Start initiative by moving forward with the
groundbreaking work that engages families in all of our
communities.

We will also continue to make an impact by
providing health insurance, dental care, vision care for
kids from zero to five as well as continue to target
services for our high-risk infants.
I'd like to share one final thought. This past weekend I had the opportunity through my staff, Nick Paleto, who you all have been hanging here around for years right over here. Incredible asset for me. And he gave me some information to look through, particularly the Listening, Learning, and Leading survey that was undertaken last year.

And while there's no question that the relevancy and importance of First 5 is felt throughout this entire county across the 4,000 square miles, it is clear that some of the perceptions of us that I think we need -- that we're going to have to address. The First 5 -- or comments that we lack a focus, that we lack clarity, consensus, that we have a scatter-shot approach.

I really want to turn that around this year. I really want to know and the county and the citizens and the people we work with out there to what you all have done over the last 15 years to make such an incredible impact in our families.

So that's why we also want to complete and vote on our five-year strategic plan this year. Doing so will set us on a clearer future path so the commission has clear guidelines -- to quote our executive director, clear guardrails to structure that work. And I know to all of us it really sounds easy, doesn't it? I mean, we don't
have much to do. So the meetings will go quick. We'll be here five or ten minutes. That was a joke, folks.

But in conclusion, I'd like to thank all of you up here for your ongoing dedication and passion for serving our children and families. I'm looking forward to working with all of you. And to all of you out there and to all of those that we impact and work with from day to day over the next 12 months.

So I'm going to have Kim go over the draft governance guidelines that I mentioned and also just to -- again, to my colleagues, I look forward to working with you and also a big shout out to my staff, Mr. Nick Paleto, who by the way -- I mean, he probably didn't make a big deal out of it, but I actually performed his wedding ceremony. He's a newlywed.

Well, I mean, my wife and I will be celebrating 46 years next movement. Nick is celebrating four-and-a-half months. But it's all the same. Anyway, Nick, thank you.

Kim, it's all yours.

MS. BELSHE: Thank you, Supervisor. And congratulations to our new chair and vice chair. And I want to acknowledge Neal for his vice chairmanship in 2013 and we'll be talking -- I know that y'all will be talking about committee leadership and assignment in a moment, but
appreciate very much, Neal, your thoughtful stewardship and guidance over 2013.

I want to welcome Karla. How fabulous to have a board member. We have some fabulous grandparents, but now we have a parent as well.

Mr. Chair, with our --

COMMISSIONER KNABE: Before you jump into that, I see in my little guideline here that I forgot to do something. And that was to ask Mr. Wagner to comment briefly on the consent items, and the chair would take one vote for all those items. If there are any questions or anyone wishing to withdraw an item off consent calendar, we'll do that. If not, are there any questions of Mr. Wagner, any general comments you want to make quickly? And then we'll take a vote on the consent.

MS. BELSHE: Thank you. If I may, I did exactly want to make sure we covered the consent agenda. And as the Chair shared in his comments in the board memo to commissioners, he's suggesting we take a different approach to the consent calendar with an eye towards improving the efficiency and effectiveness of our use of time.

So with the board's support and the Chair's recommendation, we want to take up all the consent items as a single vote in consideration which we believe will
save quite a bit of time.

COMMISSIONER KNABE: In other words, my point being, like we do it in other groups and organizations that I'm involved in. We take a single vote on all the consent items. Any member of the commission can pull an item off the consent and we'll take it with the regular agenda. So that's why I was asking. If anyone has any item they'd like to pull off the consent calendar; if not, I would entertain a motion to approve.

COMMISSIONER DELGADO: I do have, just for the minutes, to show that for Item 7 of consent would I have to abstain.

COMMISSIONER KNABE: Okay. Anything else, Nancy?

COMMISSIONER AU: Item 6. If I could have some further clarification on my end, please.

COMMISSIONER KNABE: You want to pull it off?

For the record --

COMMISSIONER AU: I still want to us act on it.

COMMISSIONER KNABE: No, no. When I say "pull it off," I mean pull it off and discuss it under the regular commission items. I don't mean pull it off the agenda totally.

COMMISSIONER AU: Okay. If you could do that.

COMMISSIONER KNABE: We'll take Item 6 under commission items.
Anything else of Mr. Wagner at this point?

Unless there's -- is it a brief item, Nancy, or --

COMMISSIONER AU: It's a relatively -- I just need some clarification.

MR. WAGNER: Context?

COMMISSIONER AU: Yeah, just to touch on a little bit more and then -- so I feel like I'm truly informed. And then Item 8 as well, if I could have --

COMMISSIONER KNABE: Item 6 and 8 will be pulled under the regular commission agenda. So that leaves us with 4, 5, 7, and 9 with the abstention noted on 6.

Is there a motion to approve?

MS. BELSHE: Abstention on Item 7.

COMMISSIONER KNABE: Right. Second?

So moved and seconded.

Okay. Thank you.

MS. BELSHE: So since we are taking this approach for the first time, again, with an eye towards improving the efficiency and effectiveness of our use of time, Commissioner Au has requested Items 6 and 7 be considered separately, so I think at this point in the agenda if there's specific comment --

COMMISSIONER KNABE: I thought it was 6 and 8.

MS. BELSHE: Excuse me. 6 and 8. I apologize.

Specific questions that we can be responsive to and then
return for full board consideration.

COMMISSIONER KNABE: Commissioner Au, your questions on Item 6 is before us.

COMMISSIONER AU: Okay. Now specifically with the children's vision care piece, I do note that the Affordable Care Act does encompass vision care for children. So is this particular project or initiative -- how is that going to interface and what possibly could there be some fiscal alleviation, if you want to call it that, when the Affordable Care Account kicks in full force in California?

MR. WAGNER: So I'll ask program to get ready to jump in to answer the latter part of our question. But the Item Number 6 that's before you is seeking budget and contract authority that is consistent with the action the board took at our last meeting in November.

So you know that the -- when the board passed the vision care initiative, the line item, the item we discussed in November, this action amends our program budget to bring it -- so that we can enter into a contract. So this is a ministerial vote to bring the contract authority and the dollars in alignment to the action you took in November.

Having said that with the ACA connection, that's a -- Kim might be able to answer that.
MS. BELSHE: Let me jump in with the honorable.

As John noted, this is a ministerial matter before the board to align board action of November with our -- our program budget. This year raising, Commissioner Au, is one we talked a little bit about at our last meeting about how the Affordable Care Act absolutely covers vision services. Indeed, our current Medi-Cal program covers visions services. And Medi-Cal, managed care organization contractors contract with vision services plan to provide these very same services.

So the issue, in my judgment, is: Number one, there are access issue, and providing mobile services, which First 5 LA has been doing through UCLA and now with the board action of November will expand, will help address access issues more broadly. But I think the real issues is, what are the barriers that are preventing kids who parents have Medi-Cal cards in their wallets to cover these very same services from accessing the services they need. Governor Brown, in the budget he release just last week, includes roughly $18,000,000 to support outreach for vision and oral care services. Very important, but in my judgment, it's, while necessary, probably incomplete because the issues certainly for some families is about awareness, but for many families it's about access.

We don't have enough provider participating in
Medi-Cal because of low reimbursement rates. The rules are structured in a way so that reimbursement for mobily-delivered services aren't reimbursed. So one of the things we are doing in partnership with UCLA, Vision to Learn, Junior Blind, and our Sacramento advocate, is to really dig into some of the policy and administrative barriers that make it challenging for families to connect to these services because we are effectively, in my judgment, paying for services that Medi-Cal really should be paying for.

But until those barriers are addressed, kids are experiencing access problems and First 5 LA's investment will help address at least that part of the problem.

COMMISSIONER AU: So with this particular funding -- and I do understand, this is a ministerial issue here. But it's still a question that I have, is that, will our dollars be -- the bottom line is wasted unless it's really targeted to address the issue that Kim outlined in terms of an access issue --

MS. BELSHE: The board --

COMMISSIONER AU: -- funding do this?

MS. BELSHE: I'm sorry?

COMMISSIONER AU: Will this particular funding be targeted to that barrier towards access --

MS. BELSHE: Yes, it will. To the extent mobile
services help address some of that access barriers that
families experience to vision services, then, yes. But
again, these are families who, by and large, are insured
through Medi-Cal for these very same services. So that's
why we're also, as a complimentary strategy, focusing on
policy change to see if some of those barriers can be
addressed.

For example, Medi-Cal will not compensate right
now or reimburse for mobily-provided services. So we want
to better understand why that is so and if there's an
opportunity to better address that. So it's -- we're
trying to bring a comprehensive approach. So even thought
the board action was on services, I'm sharing with you
we're also undertaking policy work.

COMMISSIONER AU: Okay. Thank you.

COMMISSIONER KNABE: We will take Item 6. To me,
the bigger issue there was an issue that I raised to my
colleagues on some other discussion, and that's the issue
of how we address those kinds of expenditures that might
be covered under other programs. And that will be part of
our governance issue as we deal with that because, as I
understand it, that issue was brought up at the last
minute at the last meeting on the agenda and voted on
there without referring it to any committee. And as we
look at the difficulty we have with the big picture in our
funding sources, we're just going to have to take a closer
look at that.

COMMISSIONER KAUFMAN: Kim, would it be
appropriate for that one particular contract to come back
to the commissioner before it's signed so we can have a
better understanding of the nuances of where our money's
going compared to things that Medi-Cal would cover?

MS. BELSHE: I mean, if -- that feels like a
revisitation, Neal, of a decision the commission has made.
That's certainly within the prerogative of the board, but
we have -- consistent with the direction, we've provided
the process issue the Chair just touched upon
notwithstanding we have moved forward with the funding of
the -- or the finalizing of the contract as well as the
complementary policy and advocacy work.

COMMISSIONER KNABE: I wouldn't mind revisiting
it. I just think it's appropriate, since you did take a
final action, and that was my concern, that you leave it
as is and move forward. I think in the context as it
comes back -- I mean, there may be issues that that
barrier is removed and it may enhance our ability to pull
back some of our participation. Okay.

So with that, Item 6. Yes.

COMMISSIONER BROWNING: Kim, I had one question:
Is it a regulatory or a statutory issue about
reimbursement, that prevents reimbursement for mobile
vision care?

    MS. BELSHE: It's something we're looking at.
    We're trying to better diagnosis the problem.

    COMMISSIONER BROWNING: There's no way we can get
reimbursed for the --

    MS. BELSHE: I'm not sure. That's why I don't
want to give you an incomplete or inaccurate response,
Philip, because my understanding is there may in fact be
an allowable way for mobile services, under current
statute and regulation, to be funded, but I really want to
hear from the Title 19, Medi-Cal funding experts that we
are working with. But that's something we'll follow up
with you about.

    COMMISSIONER BROWNING: That would be helpful to
have it come back.

    COMMISSIONER AU: So is there a way for us to
sort of table this particular approval until we sort of
get many of these questions addressed?

    COMMISSIONER KNABE: Well, that would be if it
had gone to a committee. But you've already taken an
action.

    MR. WAGNER: If I can acknowledge that these --
pursuant to the action that the board took in November,
what we will be doing is working with these two vendors,
the Vision to Learn and Junior Blind of America, and those contracts or strategic partnerships will come back to you on a consent calendar in the future. This authorizes us to put aside the funding consistent with that November action and the contract authority so we can negotiate a contract for this next year.

COMMISSIONER KNABE: Maybe we'll have some additional answers by that time then.

With that understanding then, the items before us, a motion on Item 6.

The Chair will second. Without objection, so ordered.

Item Number 8 off the consent calendar.

Question?

COMMISSIONER AU: Yeah. Let me -- one of the things that I have regarding -- well, maybe this is something that will have to be addressed -- again, this is ministerial. I totally understand that. But I guess I wanted to insert that many of these items, as a commissioner, is often an augmentation or an extension of an existing contract.

And the question I have is, as a commissioner, I -- I don't have an understanding of how that particular contractor has performed up to this point in time. And in many of it is based on the staff's -- just their
recommendation to -- to amend it or continue it. So if
there is a way for -- for me to get a sense of how well
these -- these contractors have been performing and
executing the original criteria or expectation of the
contract, I would appreciate that. I feel then I would be
much more informed to approve and authorize additional
funding.

MR. WAGNER: In the past, what we've endeavored
to do is, there's three kinds of contracts that come back
to the board during the consent calendar: New, what you
see on here. So, obviously, performance, we don't
necessarily know; amendments, which -- the vast majority
of which are -- the 27 that are before you are amendments
to existing contracts; and then modifications to
contracts.

In the past, what we have done is provided a
column on the consent calendar that, for those contracts
that we're seeking to renew. There has been a column to
say what their performance has been, if it's been
satisfactory or not. So I would be happy to work with
finance staff as we -- and Genie works on some of the
budget process improvement going forward to see, is there
a better way to capture that column for some of the other
contracts that would come to you on consent.

COMMISSIONER AU: Thank you. Appreciate that.
COMMISSIONER KNABE: Any other question on Item 10? So moved, seconded. Any further discussions? Any objections? So be the order.

Let's go back then. That completes consent calendar. We'll go back to Item Number 10.

MS. BELSHE: Mr. Chair, you have shared your remarks and touched upon the governance guidelines, so we will move on to Item 11, which is a more focused presentation and discussion of the governance guidelines, which commissioners will find under tab 10 and 11. And building upon the comments that the Chair made, let me begin by talking process and then context and substance.

First in terms of process, what the Chair noted in his summary memo to the board is a recommendation that the executive committee be tasked with -- you know what? Honorable Mr. Wagner --

MR. WAGNER: Uh-oh.

COMMISSIONER KNABE: That's a great segue.

MS. BELSHE: The Chair was going to share the committee assignments.

COMMISSIONER KNABE: Well, I had another consent calendar, but I certainly can --

MS. BELSHE: Do we have it on the --

COMMISSIONER KNABE: I can announce it if you'd like me to.
MS. BELSHE: We have copies to share with commissioners. Has that been shared? It has been.

Okay. I'm sorry. So I'm catching up. Tick tock.

So I was about to invoke the executive committee and P and P. From a process perspective, the Chair has asked that we task the executive committee with working with the staff in further developing, refining, and bringing back to the board what we're characterizing as governance guidelines. Also the recommendation that we work with the specific committees that have pieces of this work; for example, the budget and finance committee, which will be chaired in 2013 -- 2014 by Commissioner Browning. We will talk on Wednesday in more detail about the budget development categories of the governance guidelines and program and planning, which Commissioner Duane Dennis will chair which meets later this month. We'll focus on strategic planning.

So the point is, there will be process working with committees and then bringing back to the executive committee at its February meeting and an update to the full board in February with the expectations, as the Chair said, of approval no later than March.

The context for the good governance guidelines is a year of experience working together and some
observations about opportunities and value to update our decision making guidelines to reflect current practice as well as best practices as well as to advance some of the discipline and accountability that the Chair spoke to. We think there is opportunity, with the guidelines that have been drafted, to improve transparency and consistency of decision making as well as accountability for what we understand to be declining revenues.

And that's going to be the focus of our next staff presentation. But also recognizing that, whatever governance guidelines are refined and adopted by the board of commissioners, it's important that there always be the flexibility to respond to pressing and emerging needs and circumstances and to waive or make exceptions via two-thirds vote.

Many of these guidelines are responsive to not only what we have learned around our current practice, but also responsive to many of the findings that were a part of L-3 relative to the importance of strategic focus, alignment of our efforts, and being increasingly attentive to and disciplined regarding our declining financial resources as well as the commitment of this commission and our staff for First 5 LA to be as high performing and strategic and accountable as possible.

What I'd like to suggest is just -- I will
quickly go over the three categories of the governance guidelines and then, with the Chair's support, invite some initial comments and questions, again recognizing that executive committee and budget and finance will be meeting on Wednesday, and then P and P on the 27th.

The first category is really process. And number one is really reflective of generally our current practice, which is for the board to consider an action in one meeting, take staff presentation, public comment, board discussion that is then used to consider and inform a final action before the board. We would recommend that that be formalized.

Second process recommendation relates to staff presentations. Again, in the spirit of transparency and informed decision making that staff presentations on agenda items occur prior to public comment.

We then have five recommendations that reflect many of the comments the Chair just shared regarding the importance of fiscal discipline and accountability in the context of our long-term financial forecast and declining revenues.

First relates to the forecast itself. Last year it was an informational item. It will be an informational item for today's agenda. We would recommend that the board formally adopt the long-term financial projection;
not because it's a decision-making document, but more to
have the board formally acknowledge and put its imprimatur
on the importance of looking at out five years to help
inform decisions made this year.

The next recommendation is what we characterize
as Pay-go, And this is something we, frankly, have done to
varying degrees; that is, when there's new investments for
new projects and initiative that requires that we be
really explicit and transparent about what's the funding
source. We talk about a lot about the general accounting
standards. Board, did I get that right? Raoul, GASB 54?

So let's just be explicit about from where will
the money come to support our work going forward.

COMMISSIONER KNABE: GASB 53.

MS. BELSHE: Don't mess with me. I'm proud I got
the GASB out.

But also looking at not only from where the money
will come, but unless it's a discrete one-time project,
providing a longer-term spending projection.

The third budget development guideline relates to
sustainability. And the next three, in terms
sustainability, leveraging, and grant expiration. These
three budget development guidelines -- I just got a
picture of Matthew. So cute -- is really for -- reflects
many of the comments the commission Chair just made, which
is -- in terms of acknowledging our fiscal context and really making clear this commission's expectations that investments of First 5 LA need to be stretched as far as possible in the context of our declining revenues, and that our contractors and grantees really can't expect ongoing, indefinite support.

So financial sustainability, we would recommend that staff be directed to include in any proposed initiative or project that requires financial resources, we have to include some provisions related to financial sustainability in terms of what is the -- the off-ramp, if you will, for support of a project or initiative once its expiration -- once First 5 LA's support expires.

The next budget development category -- guideline, I should say, represents leveraging. And the idea here is that First 5 LA -- and we actually -- the vision example I think is a really good one. We have not done an audit of our investments portfolio-wide in terms of what investments are we take making today that either are substituting for public funding or could be leveraged relative to drawing in additional funding.

Now some First 5 county commissions have made a requirement of their contractors and grantees, in order to get funded and to have funding prioritized, those contractors and grantees have to demonstrate how that
First 5 investment is going to be leveraging other resources. As a start, I think it would be beneficial for us, frankly, to do the kind of audit I briefly touched on a moment ago. It's something we would like to work with the budget and finance committee in terms of further developing. But the idea here is that, in the context of our declining revenues, we need to work with our contractors and grantees to stretch those dollars to the fullest amount possible.

The final budget guideline that we put forward in draft relates to this -- the expectation -- clarifying the expectation of First 5 LA investments are not indefinite and ongoing, but rather for multiyear projects and initiatives. When a grant comes to or contract comes to an end, the expectation is that that contract will indeed expire unless the work is very tightly aligned with the new strategic plan, along the -- the -- in a manner consistent with the strategic planning guidelines that represent 8, 9 and 10.

And so very quickly, the third category relates to strategic planning. And to be clear, we're talking about strategic planning for 2015/20. As the Chair indicated, 2014 is going to be a year of strategic planning and an opportunity and indeed imperative to step back and focus our work going forward, clarify our role,
be clear about the impact we seek and intend to monitor and report.

So for strategic planning guidelines consistent with that imperative, we would recommend a guideline that makes clear that a strategic plan in fact is a decision-making document. The intent is for it to be a roadmap to inform of what we do as well as to help work through what we are going to be unable to do.

The next guideline reflects the legacy investments. So to the extent we have supported work in the past, consideration of that work going forward in the context of our next strategic plan would be informed by alignment with the new strategic direction and clarity about specific and measurable outcomes and performance measures.

Finally, we would -- as we begin strategic planning in 2014, we would propose that there -- that we develop some very specific criteria for consideration of new investments going forward and working with and securing support and input from the appropriate board committee. We have identified a number of specific criteria that we think really represent the kind of threshold questions that we need to be asking about our investments going forward, again, informed by the budget context within which we undertake this planning work and
informed by our learning from L-3, the Best Start inquiry, and other important inputs focused on how we prioritize and focus our investments going forward.

I know that was a very quick overview. These are very important and meaty issues, some of which are reflective, as I said, of current and best practice; some of which are refinements of current decision-making guidelines, but all of which will be the focus of further discussion with the commission as a whole, certainly, and in the immediate term with some of the specific -- each of the specific committees.

COMMISSIONER KNABE: Okay. Are there any questions? This is going to go through the committee process and then come back for another discussion and ultimately a vote in March hopefully. So any general questions right now? Anything that you'd like to the committees to look at? Any suggestions? I know this is a brief overview, but in your quick review, is there anything you'd like for any of the committees to look at in particular?

Okay. I would just -- I don't think we a -- do we need a formal action on this?

MS. BELSHE: No, sir.

COMMISSIONER KNABE: This is a receive and file, correct?
MS. BELSHE: This is -- you're providing direction to us to work with the appropriate committees via a reporting document in February with, as the Chair said, expected action in March.

COMMISSIONER KNABE: All right. Let's go on to 12.


MS. NUNO: Under this item -- good afternoon, Chairman. Welcome -- welcome back.

Under this item, item 12, we'd like to report out on two updates as informed by the December budget and finance committee meeting. The first is our efforts to streamline our contract approval process, a more administrative information item. And the second is our long-term -- our much more needy, long-term financial protection.

I'd like to offer Commissioner Southard, our esteemed and outgoing budget and finance committee chair, an opportunity to make any comments with regard to these items before I get into the briefing.

COMMISSIONER SOUTHARD: I just would want to begin by thanking Genie and the staff and my fellow members of the committee for what has been a very interesting and I think productive work together.

And on these items, I -- since I'm impaired by a
cold and my eloquence will therefore be curtailed, I
wanted to say two things: The first element of this is
really to try to streamline our activities so that we
don't duplicate efforts, and also do it in such a way that
increases our transparency and is in line with the Rose
audit recommendations. So it's a simplification, but it's
a simplification in the direction of transparency.

The second issue that we're dealing with has to
do with other matters that have been raised earlier today
about how we match our resources with our commitments both
in the short term and the long term. And Genie will be
sharing with you what we believe will be the tool that our
board can use to enforce upon ourselves a discipline, a
discipline not just of -- of resources, but a discipline
of priorities so that we know, as we're investing, what
we're investing in towards what purpose.

So those are the purposes that the financial
services committee undertook these recommendations and
Genie will guide you through the details.

MS. CHOUGH: Thank you, Commissioner.

So as Commissioner Southard mentioned, 12(a) is
the informational item to keep you apprised of our efforts
to streamline our contract approval process. Currently,
you approve our contracts at two points during our
contract process: On the front end before we begin the
solicitation process, and then on the back end once we've
gone through the solicitation process, we've identified a
contractor or grantee, and we're coming to you for
contract approval to execute that contract.

On the front end, we request contract authority
to begin the solicitation process. When you approved the
budget in June of 2013, you not only provided budget
authority that is a maximum cap on how much we can spend
for each initiative and program. You also, even though
you didn't see it and even though our budget is at the
higher initiative level, not at the contract level which
-- of which many comprise in initiative, you also approved
contract authority. That was an amount which we could not
exceed for entering into contracts. Then on the back end
of the process, once we select the grantee or contractor,
we come back on the consent calendar requesting contract
approval.

We've been working with the Government Finance
Officers Association to implement systemic improvements
agency-wide. And as a part of this effort, we sat down
with them a few months ago to scrutinize our contract
approval process, and they sort of his their head -- hands
on their foreheads and said, what, you go to your
governing body twice on the same contract. It's highly
unusual and regarded as inefficient. Most entities do go
to their board either at upfront -- upfront phase of the process or the back end, but rarely both.

We did an analysis and are coming to you to let you know that we would like to eliminate the upfront approval phase and seek contractor authority as part of the consent calendar on the back end for a few reasons. First, knowing which grantee we've selected is important for you to provide effective oversight as well as avoid conflicts of interest. Second, as part of our efforts to improve the fiscal year 14/15 budget process, we're trying to separate the contracting process from the budget. These two items were inextricably linked in the fiscal year 13/14 budget process and has caused some level of confusion, inefficiency, and not allowed us to focus on the most meaningful things.

Finally, the 2011 Harvey Rose audit, as Commissioner Southard mentioned, specifically recommends board approval at the back end phase. And this course of accident, eliminating the front end contract authority process, will have minimal impact on what you see. As part of the annual budget, you will no longer see -- right now, it's like four columns, you know, the initiative and how much it is in terms of budget authority as well as the contract authority amount, which doesn't make much sense because you're not seeing the budget at a contract level.
What you will no longer see is the contract authority amount.

Instead, we hope to engage you in a more meaningful way by developing a mechanism to alert you of upcoming funding opportunities as part of our redesigned website as well as continuing to provide updates for larger RFPs or funding opportunities in the executive director's report.

Let me pause here before we move on to the long-term financial projection to see if there are any questions or final remarks from Commissioner Southard.

COMMISSIONER KNABE: Are there any questions at this particular point?

Is there a cap amount on the contract authority?

MS. CHOUGH: No, there is not. We're limited to a funding source. And so to the extent that the funds are available in the budget, that would be the cap.

COMMISSIONER KNABE: Funding source.

MS. CHOUGH: That's right.

COMMISSIONER KNABE: Okay. Any questions?


COMMISSIONER BROWNING: What do other first 5 organizations do? Do they have a similar process?

MS. CHOUGH: I can't speak specifically to what other First 5 organizations do. We were informed by John
Namo of the Auditor Controller's office in terms of county practice as well as the Government Finance Officers Association. But that is something that we can query with other First 5 organizations through our association. That's a good question.

COMMISSIONER KNABE: Nancy.

COMMISSIONER AU: Okay. I just want to clarify again so I --

COMMISSIONER KNABE: Will you pull your mike up, please? Pull your mike down so we --

COMMISSIONER AU: Here we go.

Genie, so when the commission decides on a program or a project or initiative and they -- when they do the approval, they also approve sort of an amount for that particular project. That will be the -- sort of the parameter within which the contracting process will begin. And then your recommendation for -- for -- for this particular approval process to occur at the back end is that the staff will then enter into whatever process, which is the RFP issuance or RFQ or whatever -- a call for some kind of application to be considered. And then -- then the staff will then do all of the required solicitation and selection.

And once that selection is done, then you would come back to the commission for the final approval for the
execution or the authorization of that particular
contract. Is that --

    MS. CHOUGH: That's exactly right. Right now
there are two ways to sort of provide budget authority and
contract authority. The vast majority of our programs
have contract authority approved as part of the June
budget. So we -- then our staff goes forward, completes
the solicitation, and then comes back. You'll see it
again on consent when John provides the monthly consent.

In some instances during the middle of the year
where there's a new program conceived -- vision care might
be a good or bad example -- that program was -- that was
brought in by motion in November by Supervisor Mark
Ridley-Thomas. There was no budget authority or contract
authority provided; thus you see on Item 6 where we have
to come back to you with -- specifically requesting budget
authority that is funding in this current fiscal year
budget, and secondly approval to enter to into -- begin
the contract authority process. And as John -- as we
discussed earlier, we are coming back to the board once
those grantees have been selected to -- prior to contract
execution.

    COMMISSIONER AU: So using that example, again
the vision care example, by eliminating the front-end
approval process, you would have been coming back to us a
few months down the road after the contract has been
worked out with whoever the selecting contractee was going
to be and then place it in the consent calendar for
approval?

MR. WAGNER: Right.

COMMISSIONER AU: Okay. Got it.

COMMISSIONER SOUTHARD: Nancy, it would be in
some ways mirroring what the county process is now. So
county departments' budget, their overall budget is
approved but the specific contracts then need to come to
the board for approval when we've done the RFS or whatever
process is.

So in some ways, it be would be very amenable to
understanding of us and the people who work with the
county because it's mirroring the county's process.

COMMISSIONER AU: Okay. Thank you.

COMMISSIONER KNABE: Okay.

COMMISSIONER DENNIS: I have no problems with
what you're requesting, Genie. And I think it's quite
appropriate and I think it isn't as duplicative. My -- I
have no greater concern with the review process and I
don't know whether or not that should be dealt with right
now or should be dealt with in budget and finance, because
I think we really need to look at the review process that
we have for our contracts because it in essence mirrors
what the federal government does. The federal government
gets a group of independent experts, they review on the
criteria, and then make recommendations to your staff.
That's what we, in essence, do. And I do have some
thought and concern about that, but I don't know if that's
appropriate for this at this particular time or whether it
should go to budget and finance.

COMMISSIONER KNABE: I think it's probably going
to budget and finance because it's a little more -- it's
probably a little more technical and needs to be
processed.

Phillip.

COMMISSIONER BROWNING. A question, Genie. Under
this process, would the budget and finance committee or
some other look at details before it came back on our
consent item? This is sort of a followup to the question
that was just posed -- or the comment.

MS. CHOUGH: At this point, we did not
envision --

COMMISSIONER SOUTHARD: I would see it more as a
program, you know, whichever part of the organization is
issuing the RFP. So, you know -- so depending on what
kind of program is being put out for bid that would be
under contract, that -- that part of the organization
would review it before it comes back to the board. I
would --

COMMISSIONER KNABE: Committee or the department? The committee you mean?

COMMISSIONER SOUTHARD: The committee, yeah. I think I would imagine it as an analogue to the -- to the board process.

COMMISSIONER BROWNING: The board process is much more detailed in terms of briefing everybody and their brother. So I mean, I don't want to be critical, but I'm following up on your comment, Duane, that I do wonder if there's some value of having this looked at by a committee, and maybe program and planning is the best, although budget and finance might be one as long as Duane is willing to come over and help me.

COMMISSIONER KNABE: I think both committees could look at the process and evaluate it and see what the comments might be.

MS. BELSHE: We have, if I may, budget and finance committee meeting on Wednesday afternoon, and this is something that's on the agenda so we can talk further about it then and come back with some additional thoughts and --

COMMISSIONER KNABE: A lot of these things being discussed today will be on the committee agendas coming up as well, too. And I think they're very appropriate in
terms of the review process.

COMMISSIONER DELGADO: I have a question over here. So I'm assuming that this would also apply to amendments to contracts, and would that also be falling within the guideline of that particular year's budget as a guideline, and then that's partial in support of what Commissioner Dennis is talking about and actually evaluating the contract periodically to make sure. Oftentimes you have these renewable contracts that, over the years, start out at a million dollars and end up over time being $10 million contracts. And so, just wondering if there's a way for us to look at that.

COMMISSIONER KNABE: Amendments or renewals?

COMMISSIONER DELGADO: Pardon me?

COMMISSIONER KNABE: Amendments or renewals?

COMMISSIONER DELGADO: I'm talking about amendments. On occasion, we -- I'm talking about amendments --

COMMISSIONER KNABE: Amendment would have to be within the budget authority, so that would require a review.

MS. CHOUGH: We're not proposing any change at this point for budget authority. So to the extent that a contract will require an increase to the current year budget, it would still, for example, be on Item Number 6
today as a budget amendment to the fiscal year 13/14 budget. If, however, there's a contract amendment that doesn't effect the budget, I assume that that would be part of consent calendar which was under Item 8 today that John was presenting.

It's -- we make thing a little more complicated than they have to be. So we're sort of trying to bring the pendulum back into the middle.

COMMISSIONER KNABE: Okay. All right. Any other questions before we proceed? Okay.

MS. CHOUGH: Thank you very much.

COMMISSIONER KNABE: Your next item you're going to discuss the budget piece, right?

MS. CHOUGH: Yes, the long-term financial projection under Item 12.

COMMISSIONER KNABE: Just so the public speakers that signed up, I will call you up after this presentation.

MS. CHOUGH: So under this item, consistent with the new governance guidelines, as Kim described, we'll be returning to you -- for today's presentation, it's for your information purposes only. But we'll be returning to you next month requesting board approval on the long-term financial projection.

This item I'm very excited about. It's the
perfect way to kick off the new year as it provides important fiscal context in which you'll be making near-term and long-term decisions. As you'll soon be hearing from Alison Mendez, we're at a critical turning point in the agency's history. As Chairman Knabe noted in his opening remarks, we opened the doors with revenues close to $200 million. Today, that figure is below $100,000,000. And I think the story of declining revenues is not news to you. I'm new, but I presume that declining revenues, not a headline for you.

What I do hope you walk away with at the end of this presentation, what is new and particularly for me, is that -- you know, I can't help but use this metaphor. We're on this ship and we've been heading in this direction where historically we've been spending -- over time we've started to spend more than we've taken in. At this point, we're at more than double. We're spending more than double our annual revenue. This means that we have been using -- relying heavily on our fund balance.

If we want to turn the ship towards a new destination and that destination is a place where our annual revenues align with our expenditures, it will take time for us to turn our ship and get to that destination. We have just enough gas -- maybe not just -- we have enough gas in this ship to last us the next couple of
years to get us to that destination if we stay focused on
to that goal to right sizing our budget to align revenues
with expenditures. However, what's very clear is
sustaining this current course of direction of
expenditures doubling -- spending. It's just
unsustainable. We cannot -- we cannot maintain that
current trajectory.

So now is the time to start bringing focus to our
budget. With that, I would like to turn it over to
economic analyst, Alison Mendes, who just celebrated four
years at First 5 LA, and most importantly has been -- also
like Carla has been doing her part in contributing to the
county target population with her ten-month old daughter,
Aria.

MS. MENDES: Thank you, Genie, and good
afternoon, commissioners.

As Genie mentioned today, I will be reviewing our
long-term financial projection, or we call it the LTFP for
short. This covers fiscal years 13/14 through fiscal
years 17/18.

First, I want to briefly review the purpose of
the LTFP as well as discussing some overarching
assumptions that we used in preparing the projections. I
will then review some key points, trends, and big picture
highlights, including a look at both historical and future
projected data on the fiscal position of First 5. To conclude, I will call out some of the major implications that we projections may have on decision making moving forward.

The primary goal of the LTFP is to provide a framework that shows the long-term implications of fiscal -- of funding decisions. This multiyear forecast includes projections of revenue, fund balance, program commitments and expenditures, and operating expenditures. This LTFP extends three years beyond the current strategic plan and thus reflects the commission's acknowledgment that the investments outlined in the strategic plan are place-based investments and are county-wide strategies would require more than the plan's five years to fully implement.

Some of the major assumptions that we utilized in putting together these projections include fidelity to allocations and other funding decisions made by the commission. This includes assume that allocations currently scheduled to expire are not extended.

Also, as I mentioned on the previous slide, we also do assume that the commission will continue to approve annual appropriations for all programs associated with the current strategic plan that adhere to a zero-based budgeting platform, such as our place-based investments and our county-wide strategies. We assume
that these investments will continue beyond 14/15.

We also assumed an operating expense increase of
two percent annually through 15/16 with level funding
thereafter. And we do assume compliance with commission's
annual administrative limit which is currently five
percent.

Now, I want to turn to some major highlights from
the LTFP. As you've heard several times already today,
our primary revenue source, Proposition 10 tax revenue,
has been steadily decreasing since fiscal year 04/05.
According to the State Department of Finance, this revenue
source is projected to decline an additional 11 percent
over the next four years down to approximately 80 million
in 17/18.

On the expenditures side, our annual spending
began to exceed incoming revenue in fiscal year 08/09. By
fiscal year 12/13, this past fiscal year, our expenditures
of just over 200 million were more than double our total
annual revenue. In 13/14, we are projected to spend more
that $242 million, and remain above 220 million annually
through 15/16.

As Genie mentioned, any time that we spend more
than what we bring in, we do rely on our fund balance to
cover the difference. And the LTFP does paint a clear
picture of declining resources both in revenue and fund
balance that is projected to continue.

This graph illustrates the difference between our incoming revenue and our expenditures through the duration of the current strategic plan through 14/15. Again, I want to reiterate that this does assume that expiring programs are not extended. During the time period of fiscal year of 01/02 through fiscal year 07/08, you can see that we were building up our fund balance because our revenue exceeded our expenditures. Conversely, any time the expenditure line is above the revenue line, we are dependant on our fund balance to cover the difference.

More recently, you can see that we have been sending down our fund balance as expenditures have far exceeded our incoming revenue. Again, can you see that expenditures in 12/13 were more than double our annual revenue with this gap expected to expand in the next couple of years.

The significant increase in spending in 12/13, as you can see on this graph, was driven by a couple of factors. First, various programs were ramping up during this physical year, including our investments in Welcome Baby and Home Visitation, as well as a number of our county-wide initiatives. These programs are continuing to ramp up demonstrating improved performance by First 5 LA in getting funds out of the door. In addition $25 million
of the increase was due to the new permanent supportive
housing initiative and the contract with the Community
Development Commission for which funds were expensed up
front.

This slide extends our projections through the
duration of the LTFP through 17/18, again, assuming that
expiring programs are not extended. While projected
expenditures in the out years are closer to the level of
incoming revenue, you can see that we are still projecting
spend more than what we bring in and thus still relying on
our fund balance to cover the difference.

One thing to note is the significant drop in
projected expenditures from 15/16 to 16/17. This is
partly due to the assumed expiration of the LAUP contract
as well as the ramp down and expiration of a number of
other county-wide initiatives and programs.

This graph really focuses in on the duration of
the LTFP 13/14 through 17/18 and really focuses on our
projected expenditures against our revenue. You see here
a breakdown of projected expenditures by category. I
realize there's a lot going on in this graph. So there
are a few things that I want to call out specifically.

First you can see a significant decrease in
spending for our prior strategic plan investments, the
purple section, between 15/16 and 16/17. As I mentioned
previously, this is primarily due to the expiration of the LAUP contract which is scheduled to end in June of 2016. You can also see a decrease in spending on our county-wide initiatives, or the green section, which is due to a number of these spending down their allocation balances and either expiring or ramping down, according to schedule.

Also I want to call out some of our assumptions for place-based investments, or the orange section, which, as you can see, is the primary driver of our costs in the out years. I want to reiterate that this funding for placed-based investments does include funding for our community partnerships as well as our Welcome Baby and Home Visitation investments.

First, we are projecting an increase in spending for Welcome Baby and Home Visitation through 15/16 with funding stabilizing at that point as the programs reach full implementation. And based on the cost projections for our community funding that you approved in November, we projected a modest increase for 14/15 with level funding thereafter for the community partnerships.

Now, as I've mentioned previously, the expenditure and revenue projections have a direct impact on our fund balance. So I want to briefly review our categories of fund balance. These categories are based on
standardized definitions outlined in governmental
accounting standards for statement 54, GASB 54 as Kim
mentioned earlier and reflect varying strengths in
commitment of existing funds.

The first category of nonspendable reflects funds
that have been advanced to contractors or grantees. These
are considered to be an asset of First 5 LA and are
expensed as the grantee or contractor spends them now.

Committed funds are directed by the commission
via resolution for a specific purpose and do include our
multi-year allocations. Our assigned funds are reserved
for commission use consistent with our existing strategic
plan. Unassigned funds include amounts designated for our
operating budget and our fund balance reserve.

This graph shows the breakdown of our June 30,
2013, fund balance by these categories that I just went
over. As you can see, more than three-quarters of our
total fund balance is already committed to
commission-approved allocations and the annual
appropriation for our fiscal year 13/14 budget.
Approximately nine percent is in the assigned category for
use consistent with our strategic plan guidelines. Ten
percent is unassigned, which, like I mentioned earlier,
consists of approximately 17.8 designated for our
operating budget and approximately 53.1 designated for our
fund balance reserve. Less than four percent is considered non-spendable, which, like I mentioned earlier, consists of advances to contractors and grantees.

This July 2013 beginning fund balance of 723.7 million is projected to decrease by 65 percent over the course of the long-term financial projection to approximately 250 million by June 2018. Again, this does assume that expiring programs are not extended.

Of this 250 million, just under 17 million is estimated to still remain as committed to commission-approved allocations, and approximately 46 million would be set aside for the operating budget and the reserve for the following year.

This graph shows our projected decline in our fund balance over the course of the long-term financial projection, graphically shows the effect of our continued spending in excess of revenue as shown on previous slides. Again, based on our forecast, our ending fund balance at June 30, 2018, is projected to be approximately 250 million. As noted earlier, of this amount, approximately 17 million is estimated to still remain committed to commission-approved allocations with roughly 46 million designated for our operating budget and reserve.

Now, this similar slide shows a picture of declining fund balance based on a general analysis.
assuming expiring programs are extended. As you can see, if we continue spending at these high levels, our fund balance is projected to decline substantially by the end of five-year terms covered by the LTFP. By the end of 17/18, it would decline to the point where we would no longer be able to rely on our fund balance to cover the difference between incoming revenue and our expenditures, thus forcing us to align our annual spending with our incoming revenue.

Based on our analysis, this projected ending fund balance, assuming expiring programs are extended, is not even enough to cover our operating budget and our reserve for the following year.

This graph is yet another way to demonstrate our projected demand on fund balance during the course of the LTFP. This does go back to assuming that expiring programs are not extended.

As noted earlier, our expenditures in orange are projected to continue exceeding our revenue, which is shown in blue. The difference each year is shown in red and represents the amount that we are relying on our fund balance to cover each year.

To conclude, the LTFP does demonstrate that, although in the short term, resources are adequate to cover our existing obligations and projected spending due
to the fund balance that we have built up in previous years. These declining resources must be considered carefully in the longer term. Revenue is projected to continue declining as is our fund balance as long as our expenditures continue to exceed our incoming revenue.

The fiscal outlook illustrated by the LTFP should inform any policy and fiscal decisions made, particularly in the context of the new strategic planning process set to get underway this year. In particular, the commission should take steps to insure that existing and new funding commitments are both sustainable and aligned with the strategic plan and the Building Stronger Families framework.

As you can see here, it is clear that maintaining our current rate of spending is unsustainable in the long run. Once fund balance is depleted, the commission will be dependant on incoming revenue to support spending and will thus need to make difficult choices in order to align our annual spending with our annual revenue.

Thank you very much for the opportunity to present and at this time, I'm happy to answer any questions.

COMMISSIONER KNABE: We want to thank you for the great news.

MS. MENDES: I tried.
COMMISSIONER KNABE: Happy new year, too.

Absolutely. It's, you know, from day one to this point, it's what it's supposed to be and that just shows you the difficulty that we're going to be presented with as we move forward.

Are there any questions before I open up to public comment at this particular point? I know the budgets -- yes.

COMMISSIONER AU: Yeah. I'm just assuming that one of the things that the finance committee will need to grapple with, and perhaps in the context of our next strategic planning process, is to look at what will -- we will need to have in place as sort of a -- a fund allocation that is going to be tucked away to continue to earn interest. It's essentially an investment fund. And so then we will always have this cushion. We talked about a rainy-day fund. And as revenues are declining, it's going to be very difficult for us to sort of carve out on an annualized basis a portion of that to sort of set aside as a rainy-day fund.

So I'm looking at the -- at the fund balance piece as perhaps there needs to be a dollar amount sort of designated to say, these are the untouchables that have to be used to work as a way to generate revenue from a -- from the fund balance source rather than from the tax
I'm not sure if I -- you know, I'm not an accountant. I'm terrible with numbers, but just for me common sense that there needs to be some investment pool that is going to generate revenue in addition to the -- the State revenue.

MS. CHOUGH: If I may respond, what I think you're referring to is our reserves. We did pass, prior to my arrival, I think in May or June of last year, we did -- the board did approve a new reserve policy, which is to maintain 25 percent of what's in our program budget in a reserve. If you look on slide 10, this pie chart that shows the breakout of our different fund balance categories, that is captured in unassigned. So it's -- these general accounting standards, the titles are a little bit misleading and hard -- you have to untangle. And unassigned doesn't really mean unassigned because part of what is -- a large part of what makes up that $70 million is about $53 million of our reserves because we have not -- they're not tagged for anything specific.

COMMISSIONER AU: But does that make it vulnerable though because --

COMMISSIONER KNABE: All reserves are vulnerable. You try to create one or put a threshold on your fund balance or put ten percent or 15 percent away, but it's
vulnerable if you need it. That's why the flip side of
that -- it's always good to work towards that, but the
flip side of that, the discipline comes on the programs
you fund.

COMMISSIONER AU: Well, I guess I'm looking at
what confronted us in 2009 when -- when the State was
looking at First 5 LA's so-called unassigned funds as a
way for them to balance their -- their budget up in
Sacramento.

COMMISSIONER KNABE: They looked -- they'll look
at any reserve. I mean, that's the pot that's vulnerable.

COMMISSIONER AU: So there isn't any way for us
to project that particular funding pot that we could --
that we are using to sort of generate revenue from a
different source that would be sort of that rainy-day fund
for us. Do you know what --

COMMISSIONER KNABE: I mean, there's a way to do
it. I'm just saying it's going to be vulnerable. You
can't just pull money out of the sky because you don't --

COMMISSIONER AU: -- protections around it.

COMMISSIONER KNABE: Can do PFUs or something
like that, but -- right, the accountants.

MS. CHOUGH: Yeah, a PFU is basically a holding
-- a provisional financing unit account is basically
another budget unit that holds fund balance, but it
doesn't really afford any protections from State raid.

COMMISSIONER KNABE: Or any commission raid. I don't think you have to worry about the State at this point. I think you have to worry about the commission and decisions we make because our fund balance is the one declining.

Yes, sir.

COMMISSIONER DENNIS: Two things, Genie. Does this take into account interest made off investments, number one. And I forget the second one. Come back. The interest off investments, does this include interest off --

MS. MENDES: It does include interest revenue.

COMMISSIONER DENNIS: Now, I remember. The second question is, does this take into consideration allocation and our rate of uptake because, historically, we have been behind on our commitments and the rate at which we use those funds. So does that take into consideration current practice with regards to spending --

COMMISSIONER KNABE: Wasn't that part of your little pie chart there?

MS. CHOUGH: That's right. It's also part of this simple table that we provided. This is actually the long-term financial plan.
So I wanted to address your point that historically in our first decade of First 5 LA, we do -- we did allocate funds and had slow spending. We were not as quick to spend. Over the past few years, we've made efforts to further align our expenditures with our spending so much so that I think we -- this is what I mean, the pendulum is sort of swung the other way and we've tried to tie contracts with the budget so that the budget represented a document that shows money going out the door, too much so. We're trying to right size that now so that the role of the budget is really a blueprint for fiscal spending priorities for the board based on estimates.

And over the years you'll see -- I mean, if you recall, Raul Ortega, our finance manager, gave you a presentation last October showing our 12/13 annual audit which showed that our annual budget for 12/13 was about $200 million, maybe 212, and we actually spent -- the money that went out the door was about $185 million. So that gap between projected spending and actual spending has been closing more and more each year.

With that, over the next five years, as you know -- I mean the minute a budget gets printed, it's outdated, reality hits. So the further out you go, the more challenging it is to make projections in the out years.
With each program, with each initiative, we worked with all of our departments to make projections about where our spending would align. So line by line, you'll see, depending on the initiative, in the out years we've done our best to project that spending for each program.

I hope that answers your question.

COMMISSIONER DENNIS: It does, Genie. Thank you.

COMMISSIONER KNABE: Now we're all fast to spend and slow to say no.

COMMISSIONER FIELDING: I want to make sure we don't confuse the issue of our operating statement with the cash flow. And so what your question is, is, well, what if we spend slower. If we've already commit it, it still doesn't help us. It's not a cash flow. It's an issue of operating expenses and commitment. It's a balance sheet in a sense. How much is a liability because we've already committed it versus how much we've spent. They're two different things. We have to be concerned about -- we have to be concerned about both, but primarily what I think we're talking about is what's committed versus what we have.

COMMISSIONER KNABE: You can't spend 190 and only take in 90. It catches up with you.

COMMISSIONER DENNIS: What my point is, Jonathan, I think is a different point because it may be that
contractors cannot spend. So what you do, you would have
to redistribute. There are situations in which you find
that your grantees don't have -- it's not just slow, they
don't have the ability to spend the allocated funds. And
then, you know, you have to make strategic decisions how
you reallocate that money and what you do differently with
it.

COMMISSIONER KNABE: Okay.

We've known about this. It's more clarified. We have
never in my recollection I think -- actually take it back
once -- thought about us trying to increase our revenue
and not by getting more people to smoke but by other
methods. I can't remember what it was. We had one time
where we thought someone might want to -- a state or
federal entity was going to put money into LA county and
it might have come to us. I'm blanking on what it was.
But I would like to --

COMMISSIONER KNABE: It was a dream.

COMMISSIONER KAUFMAN: Maybe it was a nightmare.

I'd like to challenge us all to think about --
there are some conflicts of interest, for example, if our
grantees are trying to raise money and we're raising from
the same place. On the other hand, we might have a
compelling story for partners, for promised neighborhoods,
for other things -- I don't know what they would be --
where money coming to First 5 LA could increase our total.
We could use it to cover some of the things that we think
are important. It makes it a way so that each grantee
doesn't have to raise the money but we help raise the
money to cover their expenses. We haven't actually
approached that. I don't know exactly how we would do it,
but I really feel like making assumptions -- we need to
live in reality, which is that the funds are going to go
down, but we also can dream that we might be able to
increase our funds. And I think if we make an effort to
do that we have a much -- without it, we won't happen.
With it, we might make it happen.

COMMISSIONER KNABE: Yes, Trish.

COMMISSIONER CURRY: I think in addition to what
Neal said, we also need to look at an overall county plan
which includes maybe some of the departments that has some
funding in certain areas that maybe they'd be able to pick
up some of the slack that -- well --

COMMISSIONER KNABE: I yield to the department
heads at the table. I want to know what you got extra.

COMMISSIONER CURRY: I'm not suggesting DCFS, but
all departments. I mean, they're a part of it, obviously,
you know, and they do have some prevention money, but so
does that DMH, does DPH. They all have different pots of
money. And some of the things that First 5 is currently
could be integrated into a county plan that identified
where those different pots of money are.

COMMISSIONER KNABE: I'll ask Siri. No, just
kidding.

You're right. I mean, you're going to have to
potentially look at other avenues of funding.

Any other questions? Okay. All right. Thank
you very much for that heart-warming report.

MS. BELSHE: Now, Mr. Chair, I don't want you to
discourage Alison. This was her first presentation to the
commission in her four years.

COMMISSIONER KNABE: No, I mean, that's what
she's supposed to do. She's supposed to let us know what
we don't want to hear.

MS. BELSHE: One of our guiding principles is
speak truth to power. And, Alison, you did a very nice
job.

COMMISSIONER KNABE: You did a very excellent
job. Don't let the executive director confuse you.

COMMISSIONER TILTON: That was her baby at the
end.

COMMISSIONER KNABE: Oh, really? I didn't get to
see it. I had to look at Kaufman. I didn't get to see
the baby.
Ric Wilson and Ivette Pineda both have signed up to speak.

MS. PINEDA: Good afternoon, commissioners. My name is Ivette Pineda. My board member will be here, Ric Wilson, at the end of the meeting. He will comment on Item 18.

I'd like to make a comment on the budget. Again, I'm Ivette Pineda, executive direct of North Valley Caring Services, a community organization in North Hills in the valley. And NVCS is a grant recipient of two First 5 initiatives, FLI and FFN. First 5's budget for next year has zeroed out both of these initiatives, and I would like to tell you how this will affect the Panorama City Best Start LA.

Both FLI and FFN are aligned to Best Starts Building Stronger Families framework. There is a system of community support and coordinated service that already exists are in place in the BS LA community. FLI and FFN are aligned with the framework's core results. Under families capacities, FLI model promotes school readiness and enables parents to take an active role in their child's education with some parents becoming parent leaders in their community. The model also promotes a shared vision and solidarity amongst families.

Under social connections, FLI promotes social
connections through its parenting education and its (inaudible) component, which parents are required to attend ten hours a month.

FFN training in child development and home visitation reduces isolation amongst child care providers and many have gained confidence through the program and have gone on to become licensed or have obtained jobs in the child care field. Under concrete support through its outreach programs, NVCS offers a food pantry, breakfast program, clothing, and referral services.

I'd like to give you an example of how the coordinated system works by sharing a success story. We have a family, literacy mom, that came to the program when she was homeless, sleeping in her car with her two young daughters. She was running away from an abusive relationship. She initially came to North Valley because she wanted food. So she came to our breakfast program. Then she learned about our family literacy program and decided she needed to learn English to obtain a job. The two daughters that were sleeping in her car with her have now gone through the program and are excelling in school. Her third child will graduate this June. She's obtained her U.S. citizenship. She's obtained employment because she is now bilingual. She's also the representative of her daughters' school and she's on the guidance council of
our Best Start community.

I believe the framework is looking for these kinds of results, and I hope that you will consider supporting your current investments and letting FLI and FFN initiatives sunset will eliminate a system of coordinated services that already exist and support the Best Start framework.

Thank you very much.

COMMISSIONER KNABE: Thank you. Thank you for your input.

Probably -- that presentation probably typifies the decisions we all are going to be faced with in the next year.

Okay. With that then, if there are no further, we will move to the next item.

MS. BELSHE: And the next item, actually in an effort to model -- in spirit of Tony Yancey, of not doing a physical break, taking a physical break.

COMMISSIONER KNABE: We get breaks here?

MS. BELSHE: We actually are going to try and do that.

COMMISSIONER KAUFMAN: We actually have a policy that says we have to.

MS. BELSHE: But at a minimum --

COMMISSIONER KNABE: Can we try that at the board
of supervisors?

MS. BELSHE: But for our transcriber who needs to take a little break and I know there are biological breaks that are often necessary. So as we get up and walk --

COMMISSIONER KNABE: Now you're talk about my age.

MS. BELSHE: As we get up and walk, do so in honor of Tony Yancey.

(Brief recess.)

COMMISSIONER KNABE: Item Number 14.

MS. BELSHE: If I may ask the Honorable John Wagner -- in the absence of our HR director, who is unfortunately unwell. So while Hay Group comes to the --

Can you get a little closer to the microphone?

MR. WAGNER: Just is to recall that the -- sounds like we have no AV.

To recall that back, when the Rose audit was done back in 2011, one of the recommendations of the audit was that First 5 LA undertake a compensation study every five years. And is this as much to insure equity internal to the organization as it is equity external to the organization with comparable markets.

Back in April of 2012, the board passed a -- passed action that allowed the commission to move forward solicitation process. We did an RFP earlier this year
back in February when it was released, and we have
selected the Hay Group to undertake this compensation
study. So you'll hear a little bit more about their
methodology and their approach to this.

But before I turn it over to Hay Group, I wanted
to remind all of the commissioners that what we have done
is, we have presented the -- an update before budget and
finance back in September. So budget and finance has been
briefed on the work. We also had a presentation to the
executive committee back in November, and as part of that
discussion and making sure that all the commissioners are
briefed on the status of this compensation study and have
an ability to hear about the work, we wanted to make sure
we had this opportunity -- opportunity to present this to
the full board in addition to all of the interviews and
discussions that Hay Group has been engaged with staff on.

So in that, I will ask Ron Keimach, who is a
principle with the Hay Group, to come forward, and Leah
Springer, who is an associate consult with the Hay Group,
to provide a little bit of an update to the board on where
we're at with the compensation study.

MR. KEIMACH: Good afternoon. Thank you very
much for your time and for engaging Hay Group in this
important project.

We're going to take you briskly through the
agenda on these slides. Any questions you have during the
course of our presentation, please ask, or we have an
equally engaging questions picture at the end of our
presentation if you want to wait for that.

MS. BELSHE: Good luck.

MR. KEIMACH: Yeah, okay.

Hey Group has been doing this kind of work for 71
years. We're the longest serving compensation consulting
firm in our industry. We do a lot of work in
classification, which is job evaluation and design, and
compensation, which is how pay is delivered to people, for
a number of organizations here in California, across the
U.S., and across the world. Compensation and benefits is
our only business.

We follow a very rigorous process, which John
alluded to, which is underpinned by communication with
staff, with leadership, with elected officials, to make
sure everybody understands the process and has an
opportunity to talk about and discuss the process with us.
When we met with the employees, we met with the unit
leaders, we met with their staffs. And we want to
understand the type of work that's being done here.

Now, we in our business define work very
specifically. Work has a number of specific components
that have get accomplished in order to complete the work.
All of us, consultants, your jobs, your commissioner jobs, jobs here at First 5, all exercise these elements of work to get their things accomplished. We start very rigorously in this box. And I -- I don't know if this is going to work. We make sure that we go in order because, when most folks are asking to be reclassified, meaning they want a new or different job description, they're really asking for more money. It's not about the money. Our work is designed to help this organization make the right investments in jobs and investments in people to accomplish their objectives and your objectives -- your shared objectives.

Describe the work to us. We have tools to measure the work on a scale. Everybody's applied to the same common scale. We price the work in comparable marketplaces with organizations like yours with work being done similar to you, and then the pay is delivered. And that's where -- that's the only and last time where individual performance in a job is recognized. So we follow this path very rigorously.

Very briefly, especially now, people's work and the competitor markets where you attract talent from and lose talent to are very concerned about this investment value. It is especially difficult in the public sector to attract and retain quality staff. The mix of what we call
reward, which is everything to do with what you get for
doing your job, is very, very important for the public
sector, especially not-for-profits. It's not always the
salary. The benefits that are afforded by an organization
to its employees are critical. We spend a lot of time in
this study also on looking at benefits package. So it's
not just the base pay; it includes the benefits.

As I say, we have tools to measure work. We have
market data, thousands and thousands of data points from
organizations in this country and around the world, around
the world not so relevant to First 5, but similarly
situated organizations in the not-for-profit space.
So we spend a great deal of time with that.

I'm going to ask Leah to take us through the
objectives and the scope of this work -- it includes
everybody at First 5 -- and some preliminary results of
what we're seeing here at the organization.

Any questions up to now? All right.

COMMISSIONER KNABE: What do you mean by
preliminary results? Is this just an update or is this
the --

MR. KEIMACH: In the spirit of taking everybody
through this process, every time we meet with
representatives of this organization, we share what we
know up to now. So we have provided in this packet what
we are -- what we have done individually, evaluated each job here at First 5. And it's just an image of how jobs relate to how much they're paid. Just the salary element. It is just a diagnostic picture, but you can see -- and we were quite happy to see that, as jobs get bigger in this organization, that is more complex and more broad, they tend to be paid more, which is exactly what you would expect to have happen. So jobs are rewarded fairly for their contribution in this organization. That's the preliminary finding.

COMMISSIONER AU: Could I ask another question? During this process, will you be addressing the fact that First 5 LA does not have a defined retirement plan --

MR. KEIMACH: Yes.

COMMISSIONER AU: -- as part of the benefit package? Okay.

MR. KEIMACH: There is a retirement plan.

COMMISSIONER AU: Yes, but no --

MR. KEIMACH: It's not a defined benefit plan.

COMMISSIONER AU: Exactly. Okay.

MS. SPRINGER: Hi, everyone. So they need to make these for people my size.

So really quickly to go over objective and scope. We are looking at 121 people and 57 jobs. We'll talk about benchmarks in a minute. But we'll be looking at I
think 37 benchmark positions. So it's representing most of the organization. And we do that to make sure that jobs vertically and also horizontally are represented throughout the organization.

We're looking at both internal and external alignment to see where jobs fall in relation to one another and also where they fall externally. And we're looking to develop fair compensation levels based on First 5 LA's desire to work philosophy and their market position. And then we'll also be looking at benefits prevalence as Ron just said.

We're also going to be doing an FSLA study to make sure that there's consistency in classification based on the job content and duties. We're going to be providing recommendations to update and administer the plan, including training HR staff in the organization; looking to build internal capacities so that, when we leave, the organization can carry the recommendations, if you choose to, forward. And we also to want to insure a high degree of acceptance which we've work to communicate internally and also to the staff management and the commission throughout the project.

So we have a whole slide on communication. Again, communication is of utmost important to us making sure that there is buy-in throughout the process and
throughout the organization and across the organization as well.

So we've met with several committee -- or two different committees and then this meeting with the commission. We've met with First 5 leadership. We did some office hours with staff in addition to an all-staff presentation. And as the study moves on, we're continuing -- we're committed to continue this communication across the organization to make sure that everyone understands the credibility and the fairness of the study.

Really quick project time line. Our goal is to wrap up by the end of February in order to line up with the budgeting process for the next fiscal year. So that's where that arrow is second week of January, and here we are.

So this is the internal leveling that Ron was just referring to. This is the scattergram that basically shows the current pay practices of First 5 LA line up -- are in line with best practices, which is that. In general the bigger the jobs are, the more people are paid. That's what we want to see. It's just meant to be a diagnostic scattergram to highlight the internal pay practices relative to the existing structure. So it's based upon the classification piece of the study where the jobs fall within the organization.
We have an FLSA analysis study that's ongoing, the benefit study is ongoing, and we are starting to look at compensation and go external to the market. And, again, communication is an ongoing priority. So as the study progresses, we've tried to make ourselves open and available to staff leadership and the commission.

On the next two slides are benchmark jobs. There's 37 total. There again, we tried to represent the organization both laterally and horizontally -- vertically -- laterally and vertically in order to get a good representation of where are -- of staff in all the different departments and programs.

MS. BELSHE: Clarifying, if I may, going back that the -- in terms of benchmarking of current jobs, program development is intended generically as opposed to the program development department. So that also captures jobs within community investments and Best Start because similar classifications are used.

MS. SPRINGER: Exactly. Thank you.

This is -- this is a partial list of the organizations that we're looking to in terms of comparative market. It includes other First 5 organizations of similar size. We know that there's no First 5 organization that's the same because LA is the biggest. These are similar -- as similar in size as we
could find. So we want to look at those organizations to see what's out there in terms of the comparative market.

We also want to look at several foundations: UCLA, Riverside, and the City. We -- in addition to these organizations that we're going to be contacting and trying to get more information about pay, we also have an internal database that's enormous and it has public sector, private sector, not-for-profit organizations. It has thousands and thousands of organizations that we're able to tap into our internal database to also get this information.

MR. KEIMACH: So the general theme of this slide is, you are attracting talent from more than one place. And we want to be as broad and fair as we can to look at those places to give this organization information about what is the market for jobs like yours.

COMMISSIONER KAUFMAN: Could you go back to that slide, please? I know you can't do everybody, but how do you make a decision of Valley Presbyterian Hospital over any other nonprofit community hospital? I'm just curious how that particular hospital or any hospital got picked.

MS. SPRINGER: It's a good question. I think it was one of the ones that was recommended to us when we presented to the executive committee I think.

COMMISSIONER KNABE: Recommended by who?
MS. BELSHE: By the executive committee.

MS. SPRINGER: We were brainstorming in that committee and I think it came up --

COMMISSIONER KAUFMAN: Did I make the --

MS. BELSHE: I think it was --

COMMISSIONER KAUFMAN: It would not have been me.

Turns out I understand a very important question, not the particular -- but the whole issue of comparability because that's really the crux of how you decide if our salaries and benefits and other amenities are within range. I'll leave it to you to figure out. I don't know the -- I don't have wisdom on it. I just -- it seemed unusual. So UCLA is there but USC is not; Cal State is not there, but UC Riverside is. I don't know how to judge it to make it so that you get good information.

MR. KEIMACH: You can also get --

MS. BELSHE: Ron, can you get to the microphone because we also are streaming. Well, I mean within the organization.

MR. KEIMACH: Oh, I'm on the interweb. Wow.

Indications from the slide are that we are looking at the sector. So Hay Group, by way of information, we get about 20 percent of our revenue as a firm from not-for-profit health care. Our health care practice is very vast and large. All the VA hospitals are
in our database, but the LA VA hospital is not on this list. We can extract from our database health care organizations pay practice. Now every health care organization has a foundation. So we can even extract foundation jobs from our health care database. There are other sources for academic compensation information. The COPA organization collects volumes and volumes of data on all different types of jobs in academia. We can use that as a guide as well.

COMMISSIONER KAUFMAN: I guess my only request would be, at the end, that people feel it's fair. I don't know how to judge that. But it passes some fairness test that staff say, yeah, I think you kind of looked at the kinds of jobs that I could imagine and public or commissioners say, yeah, that sort of fits right in. I trust your wisdom to do that. So enough said.

MR. KEIMACH: Okay.

COMMISSIONER KNABE: All right. Keep going.

MR. KEIMACH: Back to Leah.

MS. SPRINGER: So we want to talk about implementation very briefly. We want to be -- make sure that there's an understanding of where First 5 LA is positioned relative to the external market. And again, that's for benefits and compensation. And what that's going to do is allow for an informed conversation about
equity and pay philosophy within the organization. So we want to identify similarities and differences in the benefits plans versus the market. We're going to be recommending an updated grade in salary structure. And then we'll -- at the very end, we'll be able to look at an individual salary placement and movement within the new salary structure. So then we'll be provided a costing analysis and alternatives as well as guidelines for plan administration.

To keep the plan current dynamic, we know that it's -- it's recommended that these studies are done every five years so we don't just want to have a stop gap in time. We want to make it dynamic enough that it can move with the market. And then we're going to be providing guidelines on how to communicate to the managers and employees and other stakeholders.

COMMISSIONER KNABE: Any questions?

COMMISSIONER AU: Yeah. Could you expand on that costing analysis and alternatives piece?

MS. SPRINGER: Sure. So what it eventually is going to look like is, we will do a line item per staff of, if our recommendations are implemented, what it's going to look like in terms of dollars. So it's going to say, of your percent of total payroll, here's what it's going to look like if you take our recommendations, and
here's the percent it's going to be and here's the dollar impact. And we'll be able to provide alternates for -- we've seen it so that we have alternatives for -- I lost my train of thought.

MR. KEIMACH: How much would it cost to make all the adjustments now or are some jobs already paid at such a level that they need don't need to be adjusted, and you direct that fund -- you direct those funds to other jobs that -- or you direct those funds to other jobs or other families of jobs that you're having difficulty attracting or retaining from.

COMMISSIONER AU: Do you do any projections? I guess I'm focusing in on the benefit piece. With salaries, the adjustment can be made just based on cost of living, for example, on an annual basis, right, every year, and then there's a perform-based salary changes.

But when we talk about benefit packages and specifically define retirement plans, will you be able to do some cost projections there?

MR. KEIMACH: The extent of this benefit study is not to redesign the benefits package. It is to look at what First 5 is currently delivering to its employees and how that compares to these comparative sets of organizations. It may turn out that the value of the defined benefit plans in the marketplace is similar to the
value of the defined contribution plan at this
organization. If there is a significant difference in any
benefit element, dental, retirement, other health care
elements, we'll call that out and suggest that the
organization may look to closing this gap or becoming more
or less competitive against that element. That will
determine for your next benefits negotiation and shopping,
what should we emphasize as an organization for our
benefits plan.

We're not going to be able to define exactly what
the projection is for the cost of next year's benefits or
five years from now benefits.

COMMISSIONER KAUFMAN: Craig, I have a question
for you. Does any of this become closed door sessions
when we talk about individual salaries that then summate
into the entire organization salary, or are these all open
sessions?

MR. STEELE: No. The individualized information
would be confidential information. The big question as to
whether it's a closed session topic for the commission
because the employees don't report to commissioners
directionally; they report to the executive director. So
we'll have to have some discussions about what format
information comes -- individualized information would come
to the commission if it did. But individualized
information is confidential.

    COMMISSIONER KAUFMAN:  Kim, where does this go next?  I know we're not done.  I'm sorry.  I just happened to think of it now.  Does this go to the budget and finance, go to the executive committee once the report is at a place where you all look at it --

    MS. BELSHE:  It will come back to the executive committee and budget and finance before coming to the full commission.

    COMMISSIONER KAUFMAN:  Thank you.

    COMMISSIONER KNABE:  Sorry.  Keep moving.

    MR. KEIMACH:  This we the future impact.  We just discussed the implementation plan and what's going to happen next.  And that's it.  Oh, we didn't -- it was a cute shot of some kid looking into a tree.

    MS. SPRINGER:  And it was a kid.

    MR. KEIMACH:  Questions?

    MS. SPRINGER:  Are there any other questions at this time?

    COMMISSIONER KNABE:  Any other questions?  If not, thank you very much.  We will receive and file.  So that was just an update.  Is that correct?

    MS. BELSHE:  Absolutely.  Yes.

    COMMISSIONER KNABE:  All right.  Let's move to Item 15.
MS. BELSHE: This is the very brief update on the year ahead, which is celebrating the 15th anniversary of the voters' approval of Prop 10.

Francisco.

MR. OAXACA: Thank you very much. And on a clearly lighter note, I'd like to thank you, Mr. Chairman and members of the commission.

I'm going to be spending the next few minutes speaking to you about activities staff has planned throughout the year to recognize the 15th anniversary of the approval of Proposition 10 by California voters and the formation of First 5 LA and the other county commissions across the state.

Just as background, and it's come up a little bit earlier in the meeting today, Prop 10 was passed by the California voters in late 1998 and the First 5 county commissions across the state were formed and began meeting in early 1999, making 2014 the 15th anniversary year of the formation of the county commissions.

Staff's approach during 2014 will be to spread anniversary events and activities throughout this year highlighting our accomplishments, what we have, and also our plans for the future. We are working in coordination with commissions across the state as well as with the State commission and the First 5 Association.
The recognition of the anniversary will also include the use of a special statewide logo, which you can see on the bottom right of these slides, but here is a larger version of the logo. You can see it was developed by the First 5 Association and many of the commissions across the state are starting to use it already in different materials that they're distributing this year. and we will be doing the same.

Other activities will include a monthly feature in our Monday morning report, our e-newsletter with a fast fact about First 5 LA, information about our accomplishments over the past 15 years, monthly highlight interview with one of our commissioners -- current commissioners providing their thoughts about First 5 LA over the past 15 years. So we'll be reaching out to each one of you and we hope to make our first feature with our incoming chairman, Supervisor Knabe.

We also want to make sure that we include regular features about our grantees and their success stories about what all the great work they've been doing over the past 15 years. Other activities include recognition of First 5 LA, which has already occurred through the LA county board of supervises and pending recognition by the City of Los Angeles city council. Staff will be preparing op-eds and letters to the editor to key publications with
additional information highlights about our past 15 years. All of our activities will be supported by key messages on our website as well as through social media channels. We will also be making targeted pitches to selected media for more indepth interviews that we hope will feature our commissioners, our senior leadership, and our grantees regarding highlights of First 5 LA's first 15 years.

Public affairs staff is also working with policy department staff to organize a legislative day sometime in March in the State capitol which would be held in conjunction with our colleagues throughout the state, other commissions, and provide a chance to meet with legislators and staff and also highlight accomplishments of the past 15 years by the First 5 commissions.

I just want to close here with a photo of the recent recognition before the LA County Board of Supervisors featuring our executive director, some familiar faces here sitting in the dais, some of our commissioners, representatives from maternal child health access, Dr. Yellen from LAUP, and several parents from our Best Start Metro LA community who are were all present to receive a recognition certificate from Supervisor Ridley-Thomas.

So with that, I'll close and I'll be happy to take any questions.
COMMISSIONER KNABE: Are there any questions?

Happy birthday.

MR. OAXACA: We have a custom of including a
younger child, but I have been sworn to keep a commitment
by my children, the youngest of whom is 14, that I will
not embarrass any of them with a baby picture. So I've
picked randomly-selected children from our target
audience.

MS. BELSHE: One suggestion there, total cutie
pies, is we might want to go back into our photo archives
in terms of some of the little squirts we got to know back
in the day and close with a picture of a bunch of 15-year
olds.

MR. OAXACA: We will certainly do that.

MS. BELSHE: Assuming they turned out ok.

COMMISSIONER KNABE: You can find a picture of me
at my first meeting. My hair was really dark.

MS. BELSHE: And our chair, our founding chair.

COMMISSIONER KNABE: Yeah, my hair was really
dark, thinner --

COMMISSIONER DENNIS: Baby commissioner pictures.

MR. OAXACA: So baby pictures of our
commissioners? Is that what you said?

COMMISSIONER KNABE: Don't do that to me.

MS. BELSHE: It's actually an interesting idea.
I asked Linda Vo to follow the commissioners regarding their interest in business cards. And one approach could be to also include a baby picture on our --

COMMISSIONER KNABE: Can we move to the executive director highlights, Item Number 16?

MS. BELSHE: I actually think that is one of the highlights. I think it's a good idea.

Thank you very much, Francisco.

I will be very brief, members. And I will send around a little note regarding the year ahead with some of my thoughts and observations about what gives me optimism and hope for our work together in 2014. And a couple of things I will call out in terms of our -- among the things that give me some hope and context, aside from First 5 LA, specific strength such as our staff, our board, the fact that, yes, our revenue source is declining, but it is a dedicated revenue source, and it is a precious and scarce commodity that we have an obligation, as the board well knows, to invest wisely.

But our environment is changing. Our state fiscal context has improved. The good news is that the discussion in Sacramento is about where to invest and why; not where to reduce and what not to. So I touched on, for example, the Governor's budget that came out a day early, remarkably. I don't think it has ever happened when a
budget gets leaked, but a budget was leaked. So the
Governor shouted it all out on Thursday rather than
Friday. But includes nearly $18 million for outreach for
vision and oral health services for very young children,
assumes as a State First 5 commission match. So that's an
important point to note. It's not clear if that was done
with the anticipated support of the commission -- State
commission or whether there's still an interest or an
eagerness to tap unspent First 5 monies at least at State
level.

There is over $5 billion in new funding for K
through 12. And in the context of local control funding
formula, which is one of the positive contextual changes
in our communities, there's some opportunities there for
making the case for local school districts to invest in
evidence-based programs, including quality early
education.

There's an additional resources in Calworks, our
welfare-to-work and public assistance program, to support
demonstrations that includes a parental education and
engagement piece, which is something we're going to want
to learn more about.

We also have legislative leadership. Even though
the Governor really did not acknowledge early education in
a meaningful way in terms of back filling losses from the
federal sequestration or putting additional resources into Calworks stage-three child care, which we know is underfunded and with a significant wait list. We do see leadership in the Senate and the Assembly articulating a very, very strong priority and set of proposals to make high-quality transitional kindergarten universally available to all four-year olds as well as to support additional early learning for infants and toddlers. So I think a very important policy window has been opened in the context of both our state fiscal picture, which is improving, and legislative leadership proposals.

As we touched upon earlier, aside from Sacramento here at home, our strategic planning effort I think is an opportunity to bring that kind of strategic focus to the impact we seek for 2015 to 2020.

Last week, I think we all heard a lot of news and reports about the 50th anniversary of our nation's declaration of the war on poverty. So while I think there's a lot of hope and promise relative to the work this organization is undertaken the past year and the changing state fiscal and policy landscape, I think our focus on kind of where we are in the war on poverty reminds us that there's still a lot of work to do. There are two reports that came out last week that also underscore the work to be done. Here at home, the LA
20/20 report as well as the Shriver report through both a local and a national lens really call out some troubling trends as it relates to the challenges of our public education system, the widening income gap, as well as growing poverty, particularly among women and children.

So it's against that -- that backstop or that backdrop that we do our work on behalf of young children and their families. And we have many strengths and many opportunities, and I'm very much looking forward to the year ahead and our work together.

So I will leave it there and look -- absent any comments or questions, I will look to the Chair -- or I would encourage the Chair to look to the Honorable John Wagner to bring it home.

MR. WAGNER: Great. Thank you, madam executive director.

MS. BELSHE: That's how we talk upstairs by the way. Let's be clear here.

COMMISSIONER KNABE: You've really gone formal on me over here.

MR. WAGNER: Moving on to Item 17. What is before you is a proposal to establish a conference sponsorship policy. And as many of you may recall, conference sponsorship protocols were first established by the board back in 2002. Through the budget process, when
the board makes the decision to provide funding to sponsor conferences, the protocols -- those established by the board back in 2012 were used by the public affairs liaisons working closely with First 5 LA staff, especially within our public affairs department, to decide which conferences would be sponsored. During last year's review of the bylaws and during several board discussions, it was decided the use of the liaisons was no longer needed given the update and enhanced committee structure. In addition, the executive committee, while undertaking the bylaw review, asked First 5 LA staff to report back to the committee and eventually the board those policies that were worth board consideration for input and eventual approval.

So the 3M, group which is the internal policies and procedures work group that this has been put together inside First 5 LA, had been doing that on a number of policies like the procurement policy that came back before the board that was worked through the executive committee.

So what we are presenting today is an initial draft of a conference sponsorship policy that would be brought to the executive committee this Wednesday for their input and consideration. Given our desire not to bring to the board items for action prior to a presentation, we are providing this item as an
informational item first to make you are aware of this process and anticipate how it would go to the executive committee and that is it is going to an executive committee, and also provide you an early draft of -- for your consideration on some of the initial thinking of staff, and third to answer any questions you might have at this point.

COMMISSIONER KNABE: So this is going to the committee, right?

MR. WAGNER: This is going to executive --

COMMISSIONER KNABE: For a mor thorough -- then it will eventually come back to the full board for a full analysis. This is just an opportunity for the board members to have in hand a draft of your recommendation?

MR. WAGNER: That's exactly right.

COMMISSIONER KNABE: The change will be made in committee and then the committee will make recommendation, come back to the board, and then final --

MS. BELSHE: This is -- if I may, Mr. Chair, this is an opportunity for any initial comments, observations, and thoughts to hear from the board so that we can incorporate into the final action that we would bring to the board.

COMMISSIONER KNABE: I think, in light of our previous budget conversations, this is a very appropriate
thing to do.

MR. WAGNER: So just to call out then how this policy would differ from the existing protocols so that folks are aware of this in the draft policies contained in your board book. This proposal would establish the guidelines for funding tied to First 5 LA priorities and areas of strategic focus. It would delegate implementation to staff and the executive director along the lines of the guidelines that this board would approve, and it would divide any future funding the board approves for the purpose of conference sponsorship into two distinct timeframes so that we would not necessarily make all those decisions in the beginning of the fiscal year; we would allocate half for the first half of the fiscal year and the second half for the second half of the fiscal year.

And finally, just to reiterate, this is going to executive committee on the 15th. Their input will also be obtained and then we will present final recommended language back to the full board likely in February.

So I'm happy to answer any questions that you might have at this point, and public affairs staff are here as well to answer any questions about how it currently works.

COMMISSIONER AU: Will you be able to list the -- sort of in a historical sense, conferences that we have funded and -- and the dollar amount that was allocated for those conferences?

MR. WAGNER: Okay.

COMMISSIONER AU: And perhaps a brief description of what the purpose of those conferences were.

MR. WAGNER: Okay.

COMMISSIONER AU: Thank you.

MS. BELSHE: If we could, I want to us be responsive. I also am mindful, Commissioner Au, that we have a meeting in just a short 24 or 36 hours. So we'll get as much of that, too, at a minimum, the board approved budget for conferences and the number of conferences and the type we funded if not detailed descriptions.

COMMISSIONER AU: Thank you.

MR. OAXACA: Let me just add briefly, Commissioner Au. We've normally kept a running record of every conference that's been funded, the original amount that was requested, and if, at the time the liaisons made a decision to grant the full amount or some different amount. And each conference grant awardee has been required to provide a short report or summary of the results of the conference. So, as the executive director has noted, we'll be able to pull together as much of that
information as possible and have it ready for the next meeting.

COMMISSIONER AU: If you could put it in a spreadsheet so it can be a quick look.

MR. OAXACA: We compiled the conference funding record in a spreadsheet format already. The reports are obviously not integrated in there, but we do have the record of the historical record.

COMMISSIONER AU: Thank you. That would be helpful.

COMMISSIONER KNABE: I don't think it's so import as the dollar amount as it is the process of how they come before us and --

COMMISSIONER DENNIS: To that point, John, is staff recommending that the dollar amount remain the same, one? And then after that, have our requests exceeded our dollar amount or have our requests traditionally been under the allocated amount?

That information would be helpful with regard to demand for these funds. I know, when I was dealing with DeAnne, there were -- I mean, we were a little under at times. So I just wanted to know whether or not --

COMMISSIONER KNABE: DeAnne was under budget?

MS. BELSHE: First 5 LA.

COMMISSIONER KNABE: Wow, wow, wow.
COMMISSIONER DENNIS: I just wanted to know --
COMMISSIONER KNABE: Thanks for letting me know.
COMMISSIONER DENNIS: -- are we recommending the
same dollar amount, one. Two, is the demand greater than
the dollar amount or is it under? And that would be
helpful for the executive committee meeting on Wednesday.

MR. WAGNER: Maybe we could present the second
part of your question as much information as we can pull
together before the executive committee meeting, which
given it's Wednesday.

To answer the first part, we're not making
recommendations on funding via this policy. The board
exercises your prerogative at that level when we go
through the annual budget process. So when we would make
recommendations to the board on the annual budget, that's
when staff recommendations would be included on an amount
for conference sponsorship. And then you could debate if
that was enough for not. But we will provide the
historical information for executive committee.

COMMISSIONER DENNIS: Thanks a lot, John.

COMMISSIONER KNABE: Thank you. I believe that
completes the agenda if I'm correct. And we have Item 18.
And is Mr. Wilson here yet?

MR. WILSON: I am indeed.

COMMISSIONER KNABE: Thank you.
MR. WILSON: Thank you for the opportunity to speak. My name is Ric Wilson, and I have been a board member of North Valley Caring Services since 2013 and a volunteer there for the last 15 years.

On behalf of the board of directors, we appreciate your support of NVCS through two First 5 LA-supported funded initiatives: Family Literacy Support for eight years, and Family Friends and Neighbors for six years. I understand that both of these initiatives are up for sunsetting. So I'm here to urge you to reconsider based on documented outcomes and benefits to the Panorama City Best Start LA community.

We at North Valley, along with my family and I, personally recognize the value of these services in the community and are committed to continue leveraging First 5 dollars to support these programs. On our part, my family and I have invested close to half a million dollars to expand North Valley, which included building a brand new playground, giving children a safe place to play and learn in your BS LA community. As a result, even more children are able to benefit from the services offered at North Valley. My family and I want to continue to partner with First 5 and others to invest in initiative such as these that have documented outcomes for children and families in the county.
Currently, First 5 has allocated no money in next year's budget to either the Family Literacy or Family Friends and Neighbors Initiatives. I urge you to reconsider this decision and support what works while the kinks of BS LA are being worked out.

Thank you for your time.

COMMISSIONER KNABE: Thank you and thank you for taking the time to come down and testify. We appreciate your input. Again, as the previous speaker on this item, this is the classic example of what we're going to have to be dealing with and how we're going to have to, you know, develop a decision making tree of some sort to deal with these strategies.

So if there is no other business to come before this commission, if there's no other closing comments or anything, then I know there's always extensive discussion about adjournment, but would I like to move the meeting be adjourned.

UNIDENTIFIED SPEAKER: Second.

COMMISSIONER KNABE: All right. So order. Thank you all.

(The meeting was adjourned at 3:49 p.m.)
CERTIFICATE

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 in shorthand and transcribed into English under my supervision and authority;

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