

Summary of Commission Actions



Champions For Our Children
www.First5LA.org

Meeting of February 13, 2014

Commission Adopts Long Term Financial Projection

The Commission unanimously approved a five-year long term financial projection that indicates the agency must adjust its rate of future spending in the face of continued declining revenues. The projection is one of three important milestones for 2014, along with new draft Commission governance guidelines and a new Strategic Plan for 2015-20, that will create a clear path for First 5 LA's future focus and sustainability. Since 1998, First 5 LA's annual revenues from the Proposition 10 tax on tobacco products have steadily dropped due to declining tobacco use in the state. Revenues from tobacco taxes have decreased from an average of approximately \$180 million annually between 1998 and 2000 to about \$90 million for the current year.

According to First 5 LA Executive Director Kim Belshé, the Board's adoption of the long term financial projection means "we are formally recognizing that our fiscal context has to be ever present in how we are going forward." The long term financial projection paints a sobering picture for First 5 LA ahead. The Commission will be required to make the difficult but necessary decisions that will sharpen First 5 LA's strategic focus, intended impact and sustainability.

Although First 5 LA is in good fiscal health, expenditures have outpaced revenues since FY 2008-09 and the agency has had to rely on a balance of unspent funds to cover the difference. This year's expenditures on programs to ensure young children in Los Angeles County are healthy, protected and ready to succeed in school are expected to reach over \$240 million - well above expected tobacco tax revenue of \$90 million for the year. The balance of unspent funds expanded during First 5 LA's early years when it received over \$430 million in tobacco tax revenue and programs for children and families were still being developed and initiated.

Currently, there are \$724 million in unexpended funds, but nearly 80 percent is already committed to future year spending on various children's programs, including health, early education, and child abuse prevention programs. The long term financial projection notes that available unspent funds are projected to be depleted by 2018 if programs currently scheduled to expire are extended. However, even if these programs end as scheduled, First 5 LA's expenditures would still exceed revenues and require continued dependence on a diminishing balance of unspent funds.

Highlights

- Long Term Financial Projection adopted
- Timeline and process for upcoming strategic plan development reviewed
- New Commission governance guidelines discussed
- State policy and advocacy activities updated

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Strategic Plan for 2015-20 Process and Timeline

First 5 LA's current strategic plan, as modified, provides a broad framework for First 5 LA activity and investments through June 2015. Consistent with Chairman Knabe's comments at the Commission's January meeting, planning for the next strategic plan will commence in 2014 and be completed by November of this year.

At the February Commission meeting, Community Investments senior program officer Jessica Kaczmarek gave a presentation noting that development of the new strategic plan will be organized into three phases beginning in 2014 and running through June of 2015. This is in order to address implementation implications for the new strategic plan, which will guide the Commission's work from 2015 to 2020.. The three phases are: Phase I: Alignment and Preplanning (December 2013 to May 2014); Phase II: Analysis and Decision Making (May 2014 to November 2014); and Phase III: Implementation (November 2014 to June 2015).

These phases will help prepare the Board and staff representatives from across the organization to undertake the analysis, decision-making and internal alignment necessary for effective development and implementation of the strategic plan. Throughout, staff expects opportunities for external engagement and input, building upon the outreach activity of 2013 that helped to inform First 5 LA's Listening, Learning and Leading (L3) effort and other processes.

First 5 LA has completed a number of assessments in the past year, such as L3, which produced a comprehensive baseline of information that will be foundational to completing this strategic plan. These important inputs will be utilized to help frame key questions and scenarios for the Commission. Additional strategies and activities to facilitate decision-making will be introduced following selection of a consultant in March 2014.

New Commission Governance Guidelines Moving Forward

First 5 LA staff has been working in recent weeks to develop new governance guidelines to promote greater consistency, transparency and accountability in First 5 LA decision-making, budget development, and strategic planning. The guidelines reflect First 5 LA's changing fiscal context and the importance that contractors and grantees not expect First 5 LA to be a permanent source of funding for programs and services.

A final draft of the new Commission Governance Guidelines will be brought back to the Commission March, informed by additional Board input at upcoming Committee meetings. Belshé highlighted some of the feedback from Commissioners thus far and modifications to the initial draft, including modifications to sustainability and leveraging guidelines. For sustainability, Belshé said, applicants would be required to incorporate a sustainability plan into their work as a condition of funding. Second, as far as leveraging is concerned, as a condition of funding, applicants would have to demonstrate their ability to gain funding outside of First 5 LA. Belshe also noted that a continuum of approaches will be required for sustainability and leveraging, recognizing the diversity of First 5 LA applicants.

The Guidelines are one of three important activities taking place in 2014 that are designed to support greater discipline and accountability for decision-making by the Commission, particularly in the environment of declining revenues First 5 LA faces. The others are the long term financial projection and the upcoming strategic plan for 2015-20.

Sacramento Policy and Advocacy Update

In 2013, the Commission approved Early Childhood Education (ECE) and Home Visitation (HV) as policy and advocacy priorities for First 5 LA. With respect to these priorities, Policy Director James Lau highlighted 2013 activities, lessons learned and accomplishments as well as new policy and fiscal opportunities for 2014 in those areas.

In the area of ECE, First 5 LA has helped develop a statewide ECE advocacy coalition, advocated for the inclusion of early learning in the Local Control Funding Formula and participated in a state task force on the development of a prenatal to 3 teacher credential. Opportunities for engagement in 2014 include transitional kindergarten for all 4-year-olds and the doubling of ECE services for 0-3.

Regarding HV, First 5 LA aligned home visiting advocates and programs to aggregate data that tout the positive outcomes of HV, met with key officials and staff to identify data needs that would help them support HV, initiated analysis of options with Medi-Cal to support HV, and organized a briefing to educate policymakers in Sacramento on the benefits of Home Visitation. In 2014, opportunities to promote HV involve the Governor's budget -- a CalWorks six-county pilot project -- and State Assemblymember Richard Pan, whom Lau said is "willing to push the envelope on Home Visitation." Assemblymember Pan will be hosting an information briefing on voluntary home visiting at the state Capitol on February 25, 2014 at which various experts will speak including Armando Jimenez, First 5 LA's Director of Research and Evaluation.

First 5 LA's 2014 Legislative Agenda, which will include the transitional kindergarten bill, will be brought before the Commission for Approval in March and April.

Commission Chair's Report

Commission Chair Don Knabe said he spent time in Sacramento last week with state legislators discussing a number of issues, including a number related to First 5 LA, such as transitional kindergarten and home visitation. He was hopeful of the opportunities in the upcoming legislative session. He also noted that CVS is stopping the sale of all tobacco. While this is a good thing from a health standpoint, from a financial standpoint "it is more evidence that we need to be protective of the revenue we have in house," he said.

Executive Director's Report

Executive Director Kim Belshé shared news about the appointment of Rafael González as the new director of the Best Start Communities Department. She noted how First 5 LA is fortunate to have Rafael step into this important role. Rafael's experience in LA County and track record of catalyzing and supporting community change initiatives will build upon the good work of Best Start staff and community partnerships in their efforts to strengthen families and promote family supporting communities. González spoke before the Commission, saying he was honored to be a part of First 5 LA and was impressed by the knowledge and experience of the staff. Best Start, he said, is about community change and recognizing that community driven process is critical to change. Belshé also acknowledged the appointment of Dr. Antoinette Andrews as Assistant Director of Program and Implementation.

Belshé also highlighted work that First 5 LA is undertaking to better understand and explore opportunities around social innovation funding, a concept which uses innovative investment strategies to test and demonstrated improved outcomes and do so in a way where partners, typically government, pays for successful results. First 5 LA has been focusing on something called Pay For Success, which may be an important model for First 5 LA's work going forward. She noted that the James Irvine Foundation is supporting an initiative and competitive process to provide analytic and other support to successful applicants in an effort to move pay for success projects from concept to reality in California. Pay for Success projects will be considered at a future Program and Planning Committee Meeting.

New Agreements Made, Amendments Approved to Maintain Important Investments and Services

The Commission approved four new agreements totaling \$2,639,024. These included:

- Three from the Countywide Investments area with one from the Resource Mobilization Initiative with Capital Impact Partners (\$2 million) to administer a healthy corner store conversion program and two under the Children's Vision Care Initiative with Junior Blind of America (\$218,620) and Vision to Learn (\$420,404) in order to provide vision screenings, referrals and services.
- One from the Research and Evaluation Investment Area as part of the Data Systems Integration Initiative with Persimmony (\$66,667) to capture data collected through First 5 LA's "Getting Better Data" effort in which the contractor will customize, maintain and support a grantee database that will collect service and activity data.

The Commission also approved one contract amendment for a total of \$145,950:

- From the Countywide Strategies Investment area which extends the contract period from March 15, 2014 to June 30, 2014 with California Strategies and Advocacy LLC, and augments funding (\$145,950) to maximize new policy and advocacy opportunities for the State Policy & Sustainability Consultant Project, including advocacy on early childhood education sustainability proposals, home visiting education and engagement events and activities.

The First 5 LA Board of Commissioners is comprised of 17 members (nine voting, four ex-officio, four alternates). The board includes voting members appointed by each of the Los Angeles County supervisors and the L.A. County departments of Children and Family Services, Public Health and **Mental Health**. The Chairman of the L.A. County Board of Supervisors also serves as Chairman of the First 5 LA Commission. The Board also includes representatives from other educational, children and families organizations throughout the county. The Board of Commissioners meets on the second Thursday of each month at 1:30 p.m. unless otherwise indicated at the First 5 LA offices. All meetings are open to the public and agendas are posted [here](#) at least 72 hours in advance.