

Summary of Commission Actions



Champions For Our Children
www.First5LA.org

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Meeting of October 9, 2014

Financial Report Approved

The Commission unanimously approved the Comprehensive Annual Financial Report (CAFR) including the Independent Auditor's Report for the Fiscal Year Ending June 30, 2014. The CAFR highlighted the following:

Decreasing Tobacco Tax Revenue and Declining Fund Balance: The combination of lower smoking rates and fewer births in Los Angeles County continues to reduce First5 LA annual revenues. In 2011-2012 the fund balance was \$821.5 million, in 2012-2013 it was \$723.8 million and for 2013-2014 it had declined to \$625.9 million.

Clean Audit: The CPA firm of Vavrinek, Trine, Day & Co. presented First 5 LA with a clean audit and the report included that the agency also received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the sixth consecutive year.

FY 2013-14 Budget Highlights: In June 2013 the Commission approved a FY 2013-14 Program Budget of \$194.3 million. In June 2014, the year ends with a \$213.4 million budget, with the increase primarily due to \$6.6 million for place-based-Best Start, \$254,000 for countywide strategies, \$11.3 million for countywide initiatives, \$413,722 for the prior strategic plan and \$515,500 for research & evaluation.

FY 2013-14 Revenues vs. Expenditures: Revenues in 2012-2013 were \$93.8 million with \$200 million in expenditures, and in 2013-2014 revenues were \$114.9 million with \$205 million in expenditures.

Comparison Between FY 2011-12 to FY 2013-14 Program and Administrative Expenditures: Program expenditures were \$124.7 million and administrative costs were \$6 million or 4.33 percent in 2011-2012, expenditures for programs in 2012-2013 had risen to \$185.7 million with administrative costs at \$7.2 million or 3.61 percent, in 2013-2014 program costs were \$189.9 million and 4.31 percent or \$8.8 million for administrative expenditures.

Compensation Study

The Board of Commissioners approved First 5 LA's first formal, externally-informed comprehensive classification and salary structure for employees. The structure was informed by best practice and market data as well as staff input resulting from staff surveys. The new compensation structure includes a mechanism to help address pay disparities among staff and a "reward for performance" approach to compensation for

Highlights

- Annual Financial Report Approved
- Update on Strategic Plan Community Meetings
- Approval of New Compensation Structure
- Executive Director Discusses recent First 5 Association Summit

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employees. In addition, the Board enhanced First 5 LA's retirement benefit to support the agency's ability to recruit and retain talented employees from the market in which it competes.

The Board also endorsed a Compensation Philosophy that is the foundation to First 5 LA's total compensation structure and articulates the goals of our compensation program. This four-part framework was used in the analysis and ultimate recommended changes to the compensation program and will continue to guide the implementation of First 5 LA's compensation structure going forward:

1. External competitiveness
2. Alignment with best practice
3. Internal equity
4. Reward for Performance

With this action, First 5 LA took action on the only outstanding recommendation from the 2012 Harvey Rose Audit, an action that represents an important step in ensuring that First 5 LA has the infrastructure to be a strong, high-performing organization that the young children of LA County deserve.

Community Meetings Update on Strategic Plan

The Commission was presented an update on the outcome of the five community meetings which were held recently across L.A. County. Feedback from these meetings affirmed some important points about early child development: parents are critical to a child's physical and socio-emotional health and cognitive development; parents and caregivers must be empowered to help their child through access to information, social connections and resources; communities need to be strengthened, in terms of their capacity to support families; and there are gaps in health and early education systems, policies and practices.

Attending the community meetings were parents, representatives from community based organizations, community leaders, staff of civic leaders, and other stakeholders. First 5 LA staff presented them with information on the strategic plan. The staff presentation gave an overview of the strategic planning process, including the approved vision, goals, outcomes, areas of focus for the work, and emerging programmatic strategies. Staff also led small breakout sessions with attendees to explore how First 5 LA can create new or expand current partnerships with parents, communities and organizations as the agency moves toward the implementation phase of the plan.

The community feedback offered a number of positive reactions to the Strategic Plan under development. For example, First 5 LA heard that the Plan:

- Provides more focus for First 5 LA's work going forward
 - Places parents at the center of the new Strategic Plan
 - Makes explicit that parent and family strengthening occurs in the context of communities and systems
 - Continues First 5 LA's place-based focus on family strengthening (Welcome Baby) and community capacity-building (Best Start)
 - Recognizes the potential for larger, more sustainable impact via policy and systems change
 - Focuses on quality early care and learning – access, quality, workforce, parent engagement
 - Emphasizes the importance of partnership
 - Provides transparency regarding First 5 LA's fiscal realities
 - Incorporates learning from First 5 LA's 2013-14 Listening, Learning and Leading effort and other inputs, including parent voices
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Concerns and considerations were also identified by meeting attendees, which offered a number of recommendations to First 5 LA, including the need to:

- Develop Strategic Planning language that is more understandable to parents and residents
- Help connect parents with existing resources and supports
- Support strategies to address resource needs associated with services broadly and early learning services/slots specifically
- Prioritize policy change objectives

Several new ideas were also brought forward by the community during the meetings for further exploration by First 5 LA. These ideas included examining the use of parents as agents of scale and sustainability, leveraging existing systems and community resources to achieve broader impact, leveraging Best Start Communities' learning to inform and advance broader system and policy change, and pursuing new revenues to augment First 5 LA's declining tobacco tax revenues. For more information, [click here](#) to see the October 9 Strategic Plan update and video of the community meeting.

Executive Director's Report

Executive Director Kim Belshé spoke of a contingent of First 5 LA staff who attended a recent First 5 Association of California staff development Summit. She said our team was well represented as active listeners and learners in the multiple workshops, as well as participants on panels focusing on systems change integration, 3rd grade reading partnerships, and evaluating outcomes and impact. In addition, the opening plenary highlighted the First 5 LA-supported Children's Data Network, which will help inform and focus the work of First 5 Commissions statewide.

Belshé said she had the opportunity to offer opening remarks to set the stage for the Summit. Her comments highlighted the changing strategic and fiscal context within which all First 5 Commissions do their work and the evolving paradigm for impact – a paradigm that will become less about direct services and more about systems change, collaboration, and public policy.

The First 5 Association of California is increasing its focus on priority policy objectives for the year ahead, objectives that align well with First 5 LA's emerging focus on parents, early screening and development, quality early learning for infants, toddlers and four year olds, and systems change. She said she was delighted to see First 5 LA so engaged in the Association's work and contributing to our shared goals on behalf of stronger parents and improved child outcomes.

