

SUMMARY MEETING NOTES

**FIRST 5 LA
SUMMARY MEETING NOTES
Budget & Finance Committee Meeting
May 4, 2015**

APPROVED: 6/1/15

COMMITTEE MEMBERS PRESENT:

Judy Abdo
Jane Boeckmann
Sandra Figueroa-Villa
Marvin Southard [Chair]

Armando Jimenez, Director
Research and Evaluation
Jessica Kaczmarek, Director
Office of Strategic Planning and Implementation
Alison Mendes, Interim Finance Manager
Sharareh Motamed, Staff Accountant

COMMISSIONERS PRESENT

Suzanne Bostwick [Alternate]

Teresa Nuno
Acting Chief of Programs and Planning
Raoul Ortega, Finance Director
Jennifer Pippard, Interim Director
Community Investments
Gabriel Sanchez, Director
Communications and Marketing
Linda Vo, Board Secretary
John Wagner, Chief Operating Officer

STAFF PRESENT:

Peter Barth, Director
Policy and Intergovernmental Affairs
Kim Belshé, Executive Director
Barbara Dubransky, Interim Director
Program Development
Tara Ficek, Director
Grants Management
Rafael Gonzalez, Director
Best Start Communities
Faustino Genio, Staff Accountant

1. Call to Order/Roll Call

The meeting was called to order by Committee Vice Chair Figueroa-Villa at 3:06 pm. Roll call completed.

2. Review of Meeting Notes – Budget and Finance Committee, March 2, 2015

The item was reviewed, received and files with no deletions, additions, and/or changes.

3. Monthly Financial Statements

Mr. Ortega goes over the current monthly financial statements for the month ending March 31, 2015. The statements represent business as usual and current revenue is coming in on time. Expenditures are also tracking as projected. One thing that Mr. Ortega wanted to call out was on Page 10, under operating and administrative budget expenditures, we are going over by \$13,000 under mobile services. The reason for this is that the previous phone service contract had expired so First 5 LA is now negotiating a new contract with AT&T. We are still anticipating a \$50,000 credit from AT&T that will realign the expenditure and overage under this line item.

Mr. Ortega informs the Committee that staff plan on taking these financial statements to the May Commission meeting for approval.

Commissioner Bostwick would like to know if there will be any follow up to determine if the \$50,000 credit from AT&T will hit the following fiscal year and if there will be any issues if it does?

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Mr. Ortega says that there are sufficient funds that have been allocated for this and does not foresee any issues.

Vice Chair Figueroa-Villa offered to use her contact over at AT&T should First 5 LA run into any hurdles in receiving its \$50,000 credit. Staff thanked Vice Chair Figueroa Villa for her offer and informed her that they would reach out to her for additional help should they run into any issues.

4. Draft FY 2015-16 Budget

Mr. Ortega and Ms. Mendes present the draft FY 2015-16 budget to Committee members. They inform the Committee that this draft budget will also be brought before the full Commission at the May 14 Commission meeting.

This is the first year of the budget that has been developed to align with and support the newly approved strategic plan. He informs the Committee that this budget is informed by the following key activities and inputs:

- 2015-2020 Strategic Plan Implementation
 - Strategy Refinement Process
- Expiring Initiative Assessments
- Organizational Development & Transformation
- Long Term Financial Projection
- Governance Guidelines

For this year, Mr. Ortega says that First 5 LA stretched its budget a little different. This year we developed the budget framework on four main components of the FY 2015-16 budget:

1. 2015-2020 Strategic Plan: Focusing for the Future
2. Legacy Investments
3. Research & Evaluation
4. Internal Operations

Previously, the budget framework followed the structure below:

Initiative ➡ Program ➡ Project/Contract

Mr. Ortega informs the Committee that the current investment categories are as follows:

1. Investments/Approaches Reaffirmed by the Board and Aligned with the Strategic Plan
2. Existing Investments Potentially Aligned to the Strategic Plan
3. New Investments Under Development (Strategic Plan Implementation Fund)

He then proceeds to go over the summary of the FY 2015-16 budget:

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BUDGET COMPONENT	FY 2014-15 Budget				Proposed	
	Original		Revised		FY 2015-16 Budget	
Program						
<i>2015-2020 Strategic Plan: Focusing for the Future</i>						
a. Investments/Approaches Reaffirmed by the Board and Aligned with SP	\$ 48,801,000	20%	\$ 44,698,000	20%	\$ 61,301,000	27%
b. Existing Investments Potentially Aligned with SP	7,305,000	3%	6,652,000	3%	3,610,000	2%
c. New Investments Under Development, to be Aligned with SP (Strategic Plan Implementation Fund)	-	0%	250,000	0%	3,104,000	1%
<i>Total 2015-2020 Strategic Plan</i>	\$ 56,106,000	23%	\$ 51,600,000	23%	\$ 68,015,000	30%
<i>Legacy Investments</i>	151,454,000	63%	143,153,000	63%	131,556,000	58%
<i>Research & Evaluation</i>	13,643,000	6%	11,360,000	5%	7,914,000	3%
Total Program	\$ 221,203,000	92%	\$ 206,113,000	91%	\$ 207,485,000	91%
Operating	19,355,179	8%	19,355,179	9%	20,684,362	9%
TOTAL BUDGET	\$ 240,558,179	100%	\$ 225,468,179	100%	\$ 228,169,362	100%

Mr. Ortega now hands over the presentation to Ms. Mendes who continues the presentation by doing a more in depth overview of the broad categories that First 5 LA used to structure the FY 15-16 budget.

She informs the Committee that that the first category represents activities that are already underway and aligned with the 2015-20 strategic plan, which totals about \$61.3 Million, which is approximately 27% of the FY budget. This includes:

- Welcome Baby and Select Home Visiting, which at \$36.6M represent approximately 17.6% of the overall programmatic budget (16% overall).
- Community capacity building work in the 14 Best Start Communities, which at \$17M represent approximately 8.2% of the overall programmatic budget (7% overall).
- These are reflective of the Commission’s dedication to promoting the Protective Factors, consistent with the Building Stronger Families Framework.

In addition, because there is a new emphasis on policy and systems change, this category also includes approaches included in the strategic plan that are instrumental to advancing the four outcome areas. These approaches are:

- Policy and advocacy efforts: opinion research, policy briefs, and federal/state advocacy related to First 5 LA’s priority policy and sustainability issues, as well as resources to support a number of early learning advocacy strategies.
- Strategic communications and marketing: public education, social marketing, public relations, event participation and sponsorship, promotional and collateral materials, and ongoing efforts to promote effective messaging of our SP and guiding principles.

Ms. Mendes then proceeds with covering another category that reflects existing investments that may potentially align with our new strategic plan. These include two investments that were recommended for extension as part of the expiring initiatives assessment process:

1. Information Resource & Referral
2. Healthy Kids

She underscores that FY 2015-16 activities and costs in this category may be modified during the fiscal year to align with the strategic plan.

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Ms. Mendes now goes over the strategic plan implementation fund that as discussed at last week's Special Commission meeting/Program and Planning Committee meeting. She explains this fund includes estimated resources to support new work related to the anticipated year one activities of the strategic plan based on the strategy refinement work conducted within the four outcome areas.

2015-2020 STRATEGIC PLAN OUTCOME AREA	Proposed FY 2015-16 Budget	
Families	\$ 604,000	19%
Communities	1,093,750	35%
Early Care & Education (ECE) Systems	370,000	12%
Health, Mental Health & Substance Abuse Systems	546,250	18%
Other/Cross-Cutting Activities	490,000	16%
Total Strategic Plan Implementation Fund	\$ 3,104,000	100%

Ms. Mendes continues the presentation by going over legacy investments. She informs the Committee that we currently have 35 ongoing initiatives of which 25 of them fall into the category of Legacy investments, which reflect ongoing work based on previous Board decisions.

A lot of these have already gone through the expiring initiatives assessment process, which falls into one of the following categories:

- End as scheduled in FY 2015-16 (e.g. Peer Support Groups for Parents)
- Extended beyond FY 2015-16, but no modifications will be made to align activities to the new strategic direction (e.g. Reducing Childhood Obesity)
- Extended beyond FY 2015-16, with work to align activities to the new strategic direction taking place in a future fiscal year (e.g. LAUP, ECE Workforce Consortium)

For those investments that may align with the new strategic plan, but have yet to be assessed will be evaluated in the future, consistent with the governance guidelines and the expiring initiatives assessment process.

For Research & Evaluation, Ms. Mendes informs the Committee that this category includes projects that align with and contribute to the strategic plan outcomes and strategies, as well as ongoing projects aligns to legacy investments. This totals about \$7.9 million, which is about 3% of the overall budget.

Ms. Mendes reminds the Committee that this category is consistent with analysis presented to the Commission in March 2015 by the Research & Evaluation (R&E) Department. She also informs the Committee that the Monitoring, Evaluation and Learning tool (MEL) framework is currently underway and will provide a comprehensive structure for First 5 LA's Research & Evaluation activities. Ms. Mendes states that the transition to this new framework may result in changes to how R&E items are categorized in the context of the fiscal year budget.

Finally, Ms. Mendes goes over the internal operations category.

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OPERATING COST CATEGORY	FY 2014-15 Budget				Proposed	
	Original		Revised		FY 2015-16 Budget	
Personnel Services	\$ 15,238,672	79%	\$ 14,757,141	76%	\$ 16,367,981	79%
General Operating Expenses	1,509,250	8%	\$ 1,395,100	7%	1,398,990	7%
Professional Services	722,846	4%	\$ 718,246	4%	714,900	3%
Consultant Services	1,394,900	7%	\$ 1,865,900	10%	1,623,500	8%
Travel & Meeting Expenses	329,511	2%	\$ 458,793	2%	458,991	2%
Capital Improvements	160,000	1%	\$ 160,000	1%	120,000	1%
Total Operating Costs	\$ 19,355,179	100%	\$ 19,355,180	100%	\$ 20,684,362	100%

She informs the Committee that the primary drivers of the budget increase for internal operations are:

1. Implementation of compensation study recommendations
 - Second phase of salary adjustments
 - Changes to retirement benefits
2. Additional positions included to advance the work of the 2015-2020 Strategic Plan

Ms. Mendes reminds the Committee that based on current policy, the Commission approves an administrative cost limit each fiscal year, which has historically been below 5% of projected spending. The current Administrative Cost limit is 4.94% of the total budget.

Mr. Ortega closes the presentation by discussing next steps for this item. He goes over the following schedule:

- **May 14, 2015 – Commission Meeting**
 - Informational Item: Overview and discussion of the FY 2015-16 Proposed Budget
- **May 21, 2015 – Executive Committee**
 - Discussion of FY 2015-16 proposed operating costs
- **May 28, 2015 – Program & Planning Committee**
 - Discussion of FY 2015-16 proposed programmatic costs
- **June 1, 2015 – Budget & Finance Committee**
 - Review changes to the FY 2015-16 Proposed Budget based on:
 - Commission Feedback
 - Updated information/direction
- **June 11, 2015 – Commission Meeting**
 - Action Item: Presented for Commission Approval

He opens up the discussion for any questions that Committee members may have.

There is no further discussion on the item.

5. Public Comment

ADJOURNMENT:

The meeting was adjourned at 3:58 pm.

NEXT MEETING:

The next Budget and Finance Committee meeting will take place on Monday, June 1, 2015 at 3:00 pm.

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First 5 LA
Conference Room B, First Floor
750 N. Alameda Street
Los Angeles, CA 90012

Summary minutes were recorded by Linda Vo, Secretary of the Board of Commissioners.